

March 2006

Surveillance and Enforcement

Stockholm Stock Exchange

The Disciplinary Committee of the Stockholm Stock Exchange (SSE) has in March in one case issued a warning. Goldman Sachs International was warned for not having disclosed an acquisition of shares in accordance with the Swedish Industry and Commerce Stock Exchange Committee (NBK) rules concerning disclosure of acquisitions and transfers of shares.

The SSE has issued criticism to three companies for infringes of the rules of the Exchange. These infringes were not of such a serious nature that they required to be handled by the Disciplinary Committee. One company was criticized for having selectively revealed information regarding the development of the company's sales. One company was criticized for not having published notification to the annual general meeting of shareholders in accordance with the rules of the listing agreement. One company was criticized since a press release from the company did not reach the entire stock market simultaneously.

The SSE has issued criticism on two occasions towards members in relation to breaches of rules. One of these instances concerned an event where the member had acted in the capacity of an investor. Subsequently this did not concern a breach of the member rules. The matter was a situation where the member was obliged to publicly announce a share holding in accordance with the disclosure rules issued by NBK, but where such public disclosure was not made in due time.

The other matter that generated criticism towards a member concerned a situation where the member had traded through an automatic trading application by use of so called algorithmic trading, but where the trading became more aggressive than the member had intended it to be. This resulted in a sudden and short lasting price impacts for a small number of shares. Even if the member had not had any such intentions, the procedures were considered reckless since the member had not had sufficient control of the trading for which it was fully responsible. This was the third case during the last months where a member has been criticized for lack of control regarding automatic trading applications.

Two foreign investment firms, however not members of the SSE, were criticized for not having disclosed a notice concerning acquisitions and transfers of shares in accordance with the rules of the Swedish Industry and Commerce Stock Exchange Committee.

During the month, three cases have been handed over to the Swedish Financial Supervisory Authority. Two of these cases concerned suspected illegal insider trading and one of them concerned suspected market abuse in connection with trading with strong market impact.

Resco AB and Glocalnet AB were placed on the Observation segment of the SSE's O-list since the companies did not fulfill the listing requirement regarding shareholder concentration. Viking Telecom AB and Daydream Software AB were both placed on the Observation segment of the SSE's O-list since the companies had announced that they planned significant changes in their lines of business.

The Helsinki Stock Exchange

The Disciplinary Committee of the Helsinki Stock Exchange (HSE) has issued a warning and a disciplinary fine of EUR 20,000 to Société Générale, a Member firm, for breaching the Norex Member Rules. The Disciplinary Committee considered that Société Générale had breached the Rules by using its dominant position improperly in trading in a covered warrant.

The secretary of the Disciplinary Board of the HSE issued a reprimand to one listed company for violation of the disclosure rules. The company was reprimanded due to the fact that the company had not commented on public information without undue delay. The public information had a material effect on the pricing of the company's securities. When the company published its release it turned that the public information to a large extent was accurate. In addition, the exchange stated to the company that, as a listed company, it must adhere to its duty to disclose, regardless of possible confidentiality agreements concluded with other parties.

The HSE has issued criticism to two listed companies. The companies had not disclosed the proposals made by the Board of Directors to the Annual General Meeting without undue delay.

During the month the HSE also called a member's attention to its inadequate compliance with the rules regarding reporting of Manual Trades.

One case of possible abuse of insider information and another case regarding possible market manipulation have been handed over to Finnish FSA.

The shares of Endero Plc were transferred to the observation segment, because there will be a change in the business due to a business acquisition.

The Copenhagen Stock Exchange

SIF Fodbold Support A/S was transferred to the observation list. The transfer was made since Silkeborg Fodbold Holding A/S had announced that the company would submit a mandatory bid for SIF Fodbold Support A/S immediately after 31 March 2006.

Two companies were removed from the observation list. D/S Orion A/S was removed as the company is no longer covered by the provisions on loss of capital of section 69a of the Danish Public Companies Act. Schaumann Holding A/S was removed as the company had subscribed for 100 per cent of the share capital increase of 3,750,000 new shares in Schaumann Properties A/S, which was adopted at the extraordinary general meeting of Schaumann Properties A/S on 26 January 2006.

Riga Stock Exchange

The Riga Stock Exchange (RSE) has on four occasions issued warnings to listed companies for breaches of the rules. The companies that received warnings were partly the Free list companies JSC "OT Grupa", JSC "Tukuma galas parstrades sabiedriba" and JSC Nacionala sporta baze "Rigas sporta pils", and partly a Main list company, JSC "Latvijas Gaze". For all four the reasons were their failure to provide financial statements within the set deadlines.

The RSE has issued written criticism to five companies regarding breaches of the RSE rules. The breaches were not serious and therefore no sanctions were applied. The companies were informed about deficiencies in their submitted financial statements and requested to eliminate them in future statements.

The RSE reported the above-mentioned breaches of the RSE rules to the Financial and Capital Market Commission, as well as observed breaches of the Law on the Financial Instruments Market. In addition, a change of shareholders in a company was reported to the Commission, since the company had failed to disclose the change to the stock exchange.

The RSE has during the month applied Surveillance status to JSC "Latvijas Gaze" and JSC Nacionala sporta baze "Rigas sporta pils". JSC "OT Grupa" and JSC "Tukuma galas parstrades sabiedriba" were already since before traded under Surveillance status for breaches of other exchange rules.