

Surveillance and Enforcement

May 2006

Stockholm Stock Exchange

The Disciplinary Committee of the Stockholm Stock Exchange (SSE) has in May in two cases issued fines to listed companies. Wedins Skor & Accessoarer AB had breached the company's listing agreement with the SSE by not providing information about an extraordinary general meeting in time and by not handling price-sensitive information in a correct manner. The SSE's Disciplinary Committee decided to fine Wedins SEK 576,000 corresponding to three annual fees.

Wise Group AB, formerly Sign On i Stockholm AB, has breached the company's listing agreement with the SSE by not providing sufficient information in a press release. In a press release dated June 9, 2004, Sign On informed the market of an agreement it had reached concerning the acquisition of Svea Ekonomi AB. This information had a positive impact on Sign On's share price. The press release did not contain any details stating that the transaction was conditional upon the completion of a due diligence-process or that the parties were entitled to cancel the agreement if it was not possible to reach agreement during the process. Accordingly, the only conclusion that could be drawn from the press release was that the agreement was definitive and irrevocable. However, this did not prove to be the case. The SSE's Disciplinary Committee decided to fine Wise Group SEK 384,000, corresponding to two annual fees.

The SSE has issued criticism towards an exchange member on one occasion, in connection with a breach of exchange rules. The matter was about missing reporting of manual trades, where the member, due to a deficiency in the member's internal trading systems, had failed to report a number of trades in due time. This was the second matter of the same sort that has been handled this year.

One fund Management Company and one member 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, two cases have been handed over to the Swedish Financial Supervisory Authority. One of these cases concerned suspected illegal insider trading and one of them concerned suspected market abuse in connection with spreading of false information regarding a listed company in such way that it could be suspected that there was an intention to influence the trading in and pricing of the shares of the company.

Four companies were placed on the Observation segment of the SSE's O-list. Strålfors AB was placed there since the company did not fulfill the listing requirement regarding shareholder concentration; Trio AB since the company did not fulfill the listing requirement regarding shareholder distribution; Powerwave Technologies, Inc. and Intenia International AB since the companies had applied for delisting of their shares from the SSE.

The Helsinki Stock Exchange

The secretary of the disciplinary committee has issued a reprimand to one listed company for not having disclosed a profit warning.

The shares of Suomen Spar Plc and Pohjola Group Plc were transferred to the Observation segment. Both companies applied for delisting during this month.

The Copenhagen Stock Exchange

Nesa A/S was transferred to the Observation segment due to the fact that the company had announced that the majority shareholder, Elsam A/S, has 99.4% of the shares and that Elsam therefore wants to start a compulsory redemption of the minority shareholders and delist Nesa from the Copenhagen Stock Exchange.

Five companies were removed from the Observation segment during the month. FLSmith & Co was removed from the observation segment due to the fact that the company's share classes were amalgamated on 2 May 2006. SIF Fodbold Support A/S was removed when the company announced the result of the compulsory tender offer. Olicom A/S was removed when the company announced that Olicom and Investeringselskabet Elkær Invest A/S had started to implement the co-operation agreement. Walls A/S was removed, when the company announced that the merger between Walls and seven property development companies had been completed with Walls as the continuing company. Live Networks Holding A/S was removed when the company announced that the Commerce and Companies Agency had notified that the in-depth investigation of the company's half-year report 2005 was finalised.

Riga Stock Exchange

In May Riga Stock Exchange (RSE) on two occasions suspended the trading in issuers' shares due to failure to comply with the RSE rules. The trading was resumed after the issuers had provided the required information. The RSE has also advised the Financial and Capital Market Commission on these breaches.

On one occasion the RSE suspended the trading in an issuer's shares during the general meeting of shareholders upon request by the issuer. Trading was resumed immediately after the company had released the resolutions of the meeting.

The RSE Management Board on April 26 resolved to list JSC "Valters un Rapa" shares on the RSE Free list from May 10, 2006. However, the company had not signed a listing agreement, and the share trading was therefore not launched. The RSE has advised the Financial and Capital Market Commission. The RSE has also sent a letter to the company, reminding of the information disclosure obligations of a listed company, and has requested that the company shall comply with the RSE disclosure rules.

JSC "Viesnīca Latvija" announced an extraordinary general meeting of shareholders, with an agenda item to vote for delisting from the regulated market. The RSE put the company under surveillance. In May surveillance was cancelled for "Latvijas Gāze". The company had provided an audited 2005 Annual Report; thus the circumstances that were the reason for surveillance status had ceased to exist.

The RSE has advised several issuers about identified deficiencies and inaccuracies in their disclosed information and financial reports.

During the month four equity buy/sell transactions were cancelled, because they had been concluded to be in contravention of the RSE Member and Trading rules. On one occasion there was an oral reproach for a repeated negligence in entering buy/sell orders that had resulted in a breach of rules.