

Exchange Notice
News for listed companies 5/20

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Information from the Surveillance function at Nasdaq with regards to the Corona outbreak

The spread of the Coronavirus COVID-19 poses challenges in various respects for Issuers. Below, the Surveillance function at Nasdaq Stockholm AB (the "Exchange") comments on a couple of issues that may arise.

Disclosure of information

Information about the Coronavirus in general or its spread in Sweden or other geographical areas of the world should not, as a starting point, constitute inside information or otherwise require specific disclosures from Issuers. However, the Corona situation may have such an impact on an Issuer so that the effects themselves constitute inside information and thus actualize the provision on disclosure pursuant to Article 17 of the EU Market Abuse Regulation ("MAR"). The Issuer's financial situation and development could for example be significantly affected and different measures might be required. In this context, it should be noted that the possibility of deciding to delay disclosure of inside information regarding the effects of the Corona situation can, for natural reasons, be restricted as the market and the investors under prevailing conditions are likely to have limited possibility for a reasonable expectation regarding Issuer's financial position and development.

We emphasize that the requirement to disclose inside information as soon as possible entail that only a short period of time can elapse between the identification of inside information and the disclosure of it. That being said, it should also be noted that Article 17 of the MAR stipulates that inside information must be made public in a manner which enables fast access and complete, correct and timely assessment of the information. Thus, inside information must not always be made public immediately but the Issuer needs to be able to justify the time extension up to the disclosure. If the disclosure of inside information has been foreseen and therefore could be prepared for, the disclosure should be carried out promptly. If, instead, the inside information suddenly arises, a slightly more time can often be justified with reference to the qualitative content requirements in Article 17 of MAR. In any case, preparedness and robust procedures and processes are prerequisites to uphold proper capacity to provide information to the market and ensuring compliance.

Also, we would like to draw your attention to a number of recommendations from ESMA, the European Securities and Markets Authority, published on March 11, 2020, *inter alia* the following:

- Market disclosure – issuers should disclose as soon as possible any relevant significant information concerning the impacts of COVID-19 on their fundamentals, prospects or financial situation in accordance with their transparency obligations under the Market Abuse Regulation; and
- Financial Reporting – issuers should provide transparency on the actual and potential impacts of COVID-19, to the extent possible based on both a qualitative and quantitative assessment on their business activities, financial situation and economic performance in their 2019 year-

end financial report if these have not yet been finalized or otherwise in their interim financial reporting disclosures.

You can find ESMA's recommendations here – <https://www.esma.europa.eu/press-news/esma-news/esma-recommends-action-financial-market-participants-covid-19-impact>

Observation status and advance information to the Exchange

Issuers may, as a result of the Corona situation, be adversely affected financially. If there is a material adverse uncertainty in respect of the Issuer's financial position, the Exchange will give the Issuer observation status. Material financial uncertainty exists, *inter alia*, if the issuer lacks sufficient working capital for the next three-month period.

It is important to note that observation status is not a sanction but merely a tool for the Exchange to ensure that the market and investors remain informed of extraordinary circumstances regarding the Issuer. The trading in the shares is not affected by an observation status, which is subsequently traded on the same segment as before. The Exchange informs about the observation status through an exchange notice and thus calls for special attention.

We remind all Issuers of the obligation to provide advance information to the Exchange, prior to the disclosure of certain inside information. This applies to inside information of extraordinary importance to the Issuer, to enable the Exchange to decide whether different surveillance measures are required, such as observation status or a trading halt. A trading halt may be considered required if the Issuer intends to publish inside information during ongoing trading, if the information is expected to significantly impact the share price. Under which conditions an observation listing can be actualized is stated in the Exchange's rule books.

Finally, please be advised that we are available for discussions regarding regulatory and disclosure-related matters. We encourage all Issuers to contact the Surveillance function should there be any questions regarding the rule books or the information in this letter.

You can contact the Surveillance function at:

Telephone: +46 (8) 405 70 50; or

E-mail: iss@nasdaq.com

Kind regards,

Nasdaq Stockholm AB



Karin Ydén



Elias Skog