

Press release, June 16, 2005

# Stockholm Stock Exchange's Disciplinary Committee warns Citigroup

**Citigroup Global Markets Limited, London, has breached the rules that state that a party who acquires 5 percent or more of the shares in a company must disclose the acquisition. The company acquired more than 5 percent of the shares in Lindex AB without openly disclosing the acquisitions. Accordingly, Stockholm Stock Exchange's Disciplinary Committee has decided to warn the company.**

Citigroup is a member of Stockholm Stock Exchange. Exchange Members must abide by the Swedish Industry and Commerce Stock Exchange Committee's disclosure rules, which require disclosure of the acquisition and transfer of shareholdings. According to these rules, a member who acquires shares in a listed company and thereafter owns 5 percent or more of the company's share capital or voting rights must disclose the acquisition not later than 9 a.m. on the trading day that follows the date of acquisition. At the same time, Stockholm Stock Exchange must be informed.

On February 16, 2005, Citigroup acquired more than 5 percent of the shares in Lindex. However, Citigroup did not disclose the acquisition until April 8, 2005, and also failed to inform the Exchange.

The Disciplinary Committee found that Citigroup had disregarded generally acceptable practices in the Swedish securities market and therefore decided to warn the company.

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## Disciplinary Committee

The role of Stockholm Stock Exchange's Disciplinary Committee is to consider suspicions regarding whether Exchange Members or listed companies have breached the rules and regulations applying on the Exchange. If Stockholm Stock Exchange suspects that a member or a listed company has acted in breach of Stockholmsborsens's rules and regulations, the matter is reported to the Disciplinary Committee. Stockholm Stock Exchange investigates the suspicions and pursues the matter and the Disciplinary Committee issues a ruling regarding possible sanctions. The sanctions possible for listed companies are a warning, a fine or delisting. The fines that may be imposed range from one to fifteen annual fees. The sanctions possible for Exchange Members are a warning, a fine or debarment. The Disciplinary Committee's Chairman and Deputy Chairman must be lawyers with experience of serving as judges. At least two of the other members of the Committee must have in-depth insight into the workings of the securities market.

Members: Supreme Court Justice Johan Munck (Chairman), Supreme Court Justice Marianne Lundius (Deputy Chairman), Madeleine Leijonhufvud (professor), Stefan Erneholm (company director) and Hans Mertzig (company director). Deputy Members: Hans Edenhammar (MBA), Claes Beyer (lawyer), Jack Junel (company director) and Ragnar Boman (MBA).

## For more information, please contact

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**STOCKHOLM STOCK EXCHANGE'S  
DISCIPLINARY COMMITTEE**

RULING  
2005:5

June 15, 2005

President of Stockholm Stock Exchange

Citigroup Global Markets Limited

Matter involving breach of membership agreement

Citigroup Global Markets Limited is a member of the Stockholm Stock Exchange. The membership is governed by the Norex Member Rules (NMR). On June 11, 2002, Citigroup signed an agreement (Norex Membership Agreement) through which Citigroup undertook to comply with NMR as long as the company was a member of Stockholm Stock Exchange.

As shown in the enclosed appendix, the President of Stockholm Stock Exchange has requested that the Disciplinary Committee announce a ruling regarding disciplinary action concerning Citigroup.

Citigroup has not responded to the Disciplinary Committee and has not requested a verbal hearing.

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According to Item 4.11.3 of NMR, Stockholm Stock Exchange's Disciplinary Committee shall decide on sanctions if a member breaches the rules and regulations contained in NMR, Swedish law or other provisions that govern the members' activities on the Exchange or that contravene generally acceptable practices in the securities market.

In Sweden, the Swedish Industry and Commerce Stock Exchange Committee (NBK) has issued rules (flagging rules) concerning the disclosure of acquisitions and transfers of shares, etc. NBK's rules, together with the regulations governing the disclosure of shareholdings contained in the Financial Instruments Trading Act (1991:980), stipulate what is to be regarded as generally acceptable practices for the disclosure of acquisitions and transfers of shares in the Swedish securities market. Since NBK's rules are part of the Exchange's agreement with the listed companies, they are legally binding on exchange-listed companies. In several rulings (2003:8, 2005:3 and 2005:4), the Disciplinary Committee has concluded that breaches of NBK's regulations also constitute a disregard of

generally acceptable practices by exchange members, which also applies to exchange members operating on behalf of clients.

According to Item II:1 of NBK's flagging rules, a party who acquires shares in a Swedish listed company and thereafter owns 5 percent or more of the shares or voting rights in the company must disclose the acquisition. Such disclosure must occur not later than 9 a.m. on the trading day that immediately follows the date of acquisition and be effected by means of a notification sent to an established news agency and at least one national newspaper. At the same time, the notification shall be sent to Stockholm Stock Exchange and to the company concerned.

The inquiry shows that on February 16, 2005 Citigroup acquired shares in Lindex AB, which is listed on Stockholm Stock Exchange's O List, and that, as a result, Citigroup's combined holding of Lindex shares exceeded 5 percent. However, Citigroup did not disclose the acquisition and also did not inform the Exchange until April 8, 2005. The records also show that Citigroup itself drew the Exchange's attention to the matter and has conducted corrective action.

Since Citigroup failed to disclose the acquisition in time and in the manner stipulated in NBK's regulations, and also failed to inform the Exchange, Citigroup has disregarded generally acceptable practices in the Swedish securities market.

In view of the circumstances, the breach may be considered to be of a less serious magnitude, which the President of the Exchange has also indicated. Accordingly, it may be regarded as sufficient to issue a warning to Citigroup.

The Disciplinary Committee hereby issues a warning to Citigroup Global Markets Limited.

On behalf of the Disciplinary Committee,  
Johan Munck

Supreme Court Justice Johan Munck, Supreme Court Justice Marianne Lundius, Professor Madeleine Leijonhufvud, Company Director Hans Mertzig and Company Director Stefan Erneholm participated in the deliberations. Unanimous.