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NASDAQ STOCKHOLM'S DECISION 8 NOVEMBER 2019

DISCIPLINARY COMMITTEE 2019:06

Nasdaq Stockholm

C-RAD AB (publ)

DECISION

The Disciplinary Committee orders C-RAD AB to pay a fine to Nasdaq Stockholm corresponding to two times the annual fee.

Motion

The shares in C-RAD AB (publ) ("C-RAD" or the "Company") are admitted for trading on Nasdaq Stockholm AB ("Exchange"). The Company has signed an undertaking to comply with the Exchange's rules for issuers applicable from time to time ("Rule Book").

The Exchange has alleged that C-RAD violated section 3.1 of the Rule Book by erroneously delaying publication of inside information and by failing to possess the capacity for providing information to the market according to section 2.4.3 of the Rule Book.

C-RAD has admitted the facts in the case.

A meeting of the Disciplinary Committee took place in the matter on 29 October 2019 at which the Exchange was represented by Karin Ydén (Head of Issuer Surveillance), Andreas Blomquist (Senior Legal Counsel) and Elias Skog (Regulatory Compliance Specialist). C-RAD was represented by Tim Thurn (CEO), Therese Björklund (CFO) and *advokat* Dennis Westermark and *advokat* Ola Svanberg.

Reasons for the decision

The Rule Book

Pursuant to section 2.4.3 of the Rule Book, well in advance of the admission to trading, the issuer must establish and maintain adequate procedures, controls and systems, including systems and procedures for financial reporting, to enable compliance with its obligation to provide the market with timely, reliable, accurate and up-to-date information as required by the Exchange.

Pursuant to section 3.1 of the Rule Book, an issuer shall make public as soon as possible inside information in accordance with Article 17 of Regulation (EU) No. 596/2014 of the European Parliament and of the Council ("MAR").

According to Article 17.1 of the MAR, an issuer shall inform the public as soon as possible of inside information which directly concerns that issuer. The issuer shall also ensure that the inside information is made public in a manner which enables fast access and complete, correct and timely assessment of the information by the public […].

Article 17.4 of the MAR prescribes, *inter alia*, that an issuer may, on its own responsibility, delay disclosure to the public of inside information provided that immediate disclosure would likely prejudice legitimate interests of the issuer, it is not likely that delayed disclosure would mislead the public and that the issuer is able to ensure the confidentiality of the information. In addition, an issuer that has delayed publication of inside information must notify the Swedish Financial Supervisory Authority immediately after the information has been made public that publication of the information had been delayed and must submit an explanation in writing concerning how the conditions for the delayed publication of inside information have been fulfilled. Article 4.1 of the Commission Implementing Regulation (EU) no. 2016/1055 of 29 June 2016 ("Implementing Regulation") also establishes a number of formal requirements applicable to delays in the publication of inside information pursuant to article 17.4 of the MRA.

Considerations

Background

On 30 December 2016, Elekta AB published a press release containing information stating that Elekta, Region Stockholm, and Nya Karolinska Solna ("NKS") had entered into a 13-year cooperation agreement in the field of radiation treatment focusing on innovation, joint research, and education. The press release stated that Elekta, as the sole supplier, would equip the cancer center and the radiation therapy departments at NKS and Södersjukhuset and that the value of the initial order was SEK 350 million.

On 3 August 2017, C-RAD made public in a press release that it had entered into an agreement with Elekta pursuant to which C-RAD would provide certain radiation therapy products to NKS and Södersjukhuset as a subcontractor to Elekta, including C-RAD's own surface scanning solutions and products which C-RAD provides as a retailer for other suppliers. The agreement between Elekta and C-RAD was stated to contain an order in the amount of approximately SEK 21 million. The press release stated that the information contained in the press release constituted inside information.

On 12 December 2017, at 1 PM, Elekta published a press release with information to the effect that the agreement between Elekta and Region Stockholm, which was made public on 30 December 2016, had been amended ("Contract Amendment"). The Contract Amendment entailed that Elekta, going forward, would equip the radiation therapy department at Södersjukhuset and provide brachytherapy solutions to NKS, but that Region Stockholm would have the possibility of finding a separate solution for the remaining equipment to be provided to NKS. The press release also stated that the value of the remaining order was SEK 160 million.

On 13 December at 8:30 AM, C-RAD published a press release in which C-RAD commented on the significance of the Contract Amendment for C-RAD. In the press release, it was stated that Region Stockholm had specifically requested C-RAD's products and that C-RAD's goal was to deliver in accordance with the original agreement. It was stated in the press release that the information contained in the press release constituted inside information.

The Exchange has argued: On 12 December, Elekta announced that the order value of Elekta's agreement with Södersjukhuset and NKS had decreased significantly. However, C-RAD did not comment on the significance of the Contract Amendment for the its subcontracting agreement with Elekta until the next day, despite the fact that the Company believed that the information regarding the Contract Amendment and its effects on the Company constituted inside information. In contacts with the Exchange on 13 December, C-RAD stated that it had made a decision on 12 December to postpone the publication of the inside information now relevant. However, the Exchange does not believe that grounds existed for a delay of publication. C-RAD thereby violated section 3.1 of the Rule Book. In light of this, the Exchange also questions whether the Company possessed sufficient capacity at the time for providing information to the market in accordance with section 2.4.3 of the Rule Book.

C-RAD has argued: After Elekta published the press release on 12 December 2017 at 1 PM, it was not obvious what effect the Contract Amendment would have on C-RAD's position as a subcontractor. During the afternoon of 12 December, C-RAD therefore contacted Södersjukhuset and NKS, which provided positive feedback that, irrespective of the Contract Amendment, they still had a specific interest in having C-RAD's products delivered. C-RAD concluded at 3:33 PM that the information the Company possessed constituted inside information and it continued to analyze the situation which had arisen and to prepare a press release with its comments. The press release was completed at approximately 11 PM of the same day and uploaded shortly thereafter to the Exchange's system for publication of press releases. The Company admits that it should have published the press release at this time. However, the Company mistakenly set the time for publication as 8:30 AM on 13 December – a mistake which should be considered in light of the practices which existed prior to application of the MAR, namely to publish press releases in the morning before the Exchange opens. That C-RAD stated to the Exchange that it had taken a decision regarding delayed publication of inside information is also erroneous. No such decision had been taken by the Company on 12 December and the information that the Company had taken such a decision was an incorrect description of the Company's actions, which was a result of a stressful situation at the company.

The Disciplinary Committee notes that C-RAD has admitted that it should have published the inside information now relevant at the time the press release was completed on 12 December

at 11 PM. Based upon the information which the Disciplinary Committee has received, it is not possible to determine exactly at what point in time the inside information now relevant should have been published. However, taking into consideration the fact that information regarding the Contract Amendment was published in the early afternoon of 12 December, that the Company opened a logbook regarding the inside information now relevant at 3:33 PM, and that the press release which the Company subsequently published did not contain particularly complex information, it is the opinion of the Disciplinary Committee that, in order to fulfill the requirement that information be made public as soon as possible pursuant to Article 17 of the MAR, the Company should have published the inside information now relevant earlier than when it actually did and earlier than what the Company admitted it did. The Company thereby violated section 3.1 of the Rule Book.

With respect to its capacity to make public information, the Disciplinary Committee notes that the Company erroneously proceeded upon the basis that the relevant inside information could be made public at 8:30 AM on 13 December 2017. A factor which contributed to the Company's late publication was also that it took the Company approximately eight hours from the time at which the logbook was opened to prepare a press release, indicating that the Company at this time lacked the necessary routines and systems for publication of information. In addition, the Company stated that it decided to delay publication of the information without stating any reason why immediate publication would likely prejudice the Company's legitimate interests and without preparing the necessary decision-making documentation. Even if the Company felt it was in a stressed situation at the time of the first contacts with the Exchange after publication on 13 December 2017, the Company maintained this line in the subsequent exchange of correspondence with the Exchange. In the opinion of the Disciplinary Committee, this indicates that the Company lacked insight into the significance of central provisions of the MAR. It is therefore the conclusion of the Disciplinary Committee that, at the time, the Company did not possess the capacity for providing information as required by the Rule Book and that the Company therefore violated section 2.4.3 of the Rule Book.

The Disciplinary Committee thus finds that the Company violated sections 3.1 and 2.4.3 of the Rule Book. The Disciplinary Committee establishes the sanction as a fine corresponding to two times the annual fee.

On behalf of the Disciplinary Committee,

Marianne Lundius

Former Justice Marianne Lundius, Justice Ann-Christine Lindeblad, MBA Ragnar Boman, *advokat* Patrik Marcelius and company director Anders Oscarsson participated in the committee's decision.

Secretary: *Jur. kand*. Erik Lidman