

A fine imposed to SAV-Rahoitus Oyj for breaching First North Bond Market Rules

Helsinki, Mar 31, 2021 – The Disciplinary Committee of Nasdaq Helsinki Ltd has imposed a fine of EUR 10,000 to SAV-Rahoitus Oyj, a bond issuer, due to the breaches of the Nasdaq First North Bond Market Rulebook (“the Rules”) of Nasdaq Helsinki (“the Exchange”). SAV-Rahoitus Oyj (“the Company”) did not comply with the Rules concerning bond issuers when announcing the notice to its 2020 Annual General Meeting and the resolutions of the Annual General Meeting and its half-yearly report in 2020. Furthermore, the Company breached the Rules on the organizational requirements of an issuer.

Events

In its Company description on April 2, 2020, connected to the listing of the bond, the Company had announced that it will disclose the date of the general meeting as soon as the date is known. In the same document the Company had announced the expected date, August 14, 2020, for the disclosure date of the Company’s half-yearly report. On Friday, September 18, 2020, the Company had contacted the Exchange regarding the disclosure of the half-yearly report since it had been completed and since it had appeared that the Company did not possess a valid agreement on the announcement distribution system. The Company informed the Exchange that it will disclose the half-yearly report as soon as possible, which took place on Monday, September 21, 2020. It also turned out that the resolutions of the general meeting on June 16, 2020, had not been disclosed after the meeting but only on September 21, 2020, after the Exchange had paid attention to it. Furthermore, the notice to the general meeting was not disclosed at all.

Content of the Rules

According to the Rules, the Issuer shall disclose the notice to general meetings and the resolutions adopted by the general meeting.

According to the Rules, half-yearly reports shall be published as soon as possible, however not later than within two months from the expiry of the reporting period. Further, the Rules require that in case the disclosed information changes, the issuer shall disclose the change with an announcement as soon as possible.

The Rules require that the issuer must possess the organization and staff required in order to comply with the requirements regarding disclosure of information to the market.

Disclosure of notice to Annual General Meeting and its resolutions

According to the Disciplinary Committee, the company explained that they did not have a valid agreement to distribute announcements due to a human error. They had erroneously made a nonrecurring agreement instead of a continuous one.

The Disciplinary Committee states that in order to disclose releases the issuers of bonds, as other listed companies, shall have an agreement on the distribution of announcements with a service provider. This is to facilitate that the announcements required by the regulations can be disclosed as soon as possible and in such a manner that the information is available in a fast and non-discriminatory way. The Company and, especially its board of directors based on the rule 3.3 of the Rules, have a duty to look after that the Company possesses

necessary resources in accordance with the Rules to disclose notices to the general meeting and the resolutions made. This obligation exists even though the potential human mistake had taken place regarding the term of the agreement on the announcement distribution system. Further, the mistake does not explain why the operative management or the board of the Company had not noticed before the general meeting that the notice to meeting or the resolutions made thereafter had not been disclosed as required by the rules.

The Disciplinary Committee states further that the disclosure of the notice to the general meeting and the resolutions of the general meeting are an essential part of the Company's disclosure obligation. Based on this, the non-disclosure of those is substantial negligence.

Disclosure of half-yearly report

According to the decision of the Disciplinary Committee, the Company has said to immediately taken actions to acquire continuous announcement distribution agreement with another service provider and to try to disclose the half-yearly report immediately. According to the Company, it had not delayed the announcement on purpose, as another announcement distribution system was not available until Monday, September 21, 2020, immediately on the first working day after the weekend.

The Disciplinary Committee states that the half-yearly report was disclosed after the timeline in the Rules and over one month later than what was announced in the Company description. The changed timetable had neither been announced separately. This kind of action is not appropriate in the securities market and not in accordance with the Rules. According to the Disciplinary Committee, this is the conclusion despite the disclosure date was originally announced as an expected date.

The Disciplinary Committee further states that the Rules do not allow that the disclosure of the completed half-yearly report is postponed over the weekend. It is the obligation of the Company and its board to arrange the operation in such a manner that the Company has necessary resources for disclosure of announcements as soon as possible as required by the Rules.

Organizational requirements

The Disciplinary Committee states in the decision that it has not been presented that the organization and staff of the Company would have been arranged insufficiently as such. In connection to to listing the board had accepted a disclosure policy which had been delivered to the operative management, and a separate training had been arranged to the operative management.

What comes to supervising of the fulfillment of the disclosure obligation, the Disciplinary Committee states that, in a company listed as an bond issuer, there are duties of the operative management and the board that typically relate to invitation to general meeting and preparation of the resolutions of the general meeting and the half-yearly report. In connection to those practical matters related to the disclosure obligation are needed to be dealt with. There have been several occasions during the reviewed period where the operative management and the board of the Company should have paid attention to what the requirements for disclosing information of the rules of the marketplace are. The Disciplinary Committee further states, based on the general supervisory obligation and the Rule 3.3, that the sufficient monitoring and supervisory actions belong to the duties of the board of a listed bond issuer.

According to the Disciplinary Committee, the Company has neglected the obligations by not disclosing the notice to the general meeting and by disclosing late, the general meeting's resolutions and the half-yearly report. After the listing, the Company did not have a valid agreement on the announcement distribution system. In addition, the board of the Company said that it had not noticed or otherwise become aware of the aforementioned negligence or deficiencies before the disciplinary process that was started by the Exchange.

The Disciplinary Committee says in its decision that even though the organization of the Company is arranged as such in accordance with the Rules, the board of the Company has failed in monitoring and supervising the disclosure of announcements. The responsibility of the board in this respect cannot be excluded based on the circumstance that the operative management had not informed the board about the matter and based on the circumstance that the board has had reason to trust on the operation of the operative management as such. Instead, the Disciplinary Committee takes in its assessment into account that the board has immediately after being informed about the aforementioned negligence and deficiencies taken actions to correct the situation. According to the Disciplinary Committee and based on the information given by the Company, there is no reason to suspect that the operation of the Company would not have been organized after the corrective actions as required by the Rules.

The conclusion of the Disciplinary Committee on this is that the operation of Company regarding the supervision of the disclosure obligation has not been organized in accordance with the Rules, but in this respect, it is corrected.

Assessment of sanctions

The decision of the Disciplinary Committee states that several consecutive but separate breaches of disclosure obligation, partly essential, show that the Company has neglected in a sufficient manner to take into account the market rules that it has committed as an issuer of a bond. The Disciplinary Committee states that disclosing information in timely manner is one of the main obligations of the bond issuer. This applies to all disclosures of information by the bond issuer, also to the regular annual reporting. The negligence of disclosing information and timely disclosure are likely to substantially affect the trustworthiness of the operation of the securities markets and the Exchange. Disregarding the proper disclosure of information may weaken the position of the investors both on the primary and secondary markets. It is essential for the objectives of the regulations that the organization and the responsible governing bodies of the Company deal sufficiently seriously with the fulfillment and supervision of disclosure obligation.

On the other hand, when assessing the sanctions, the Disciplinary Committee has taken into account the corrective actions by the Company related to disclosing of information and deficiencies in organizing it. These remedial actions made afterwards cannot however be given a crucial relevance. Neither the circumstance, raised by the Company, that there has not been trading with the bond on the market place, cannot have substantial relevance when the Company is still committed to the rules of the market and, with the listing, received the public trustworthiness in the primary bond market.

Based on the aforementioned, and taking into account the partial materiality of the negligence, the Disciplinary Committee states in its decision that under the circumstances the Company shall be imposed a fine of EUR 10,000.

Resolution statement

SAV-Rahoitus Oyj has when announcing the notice to the Annual General Meeting 2020 and the resolutions of the general meeting as well as the half-yearly report 2020 breached the rules 4.2.1, 4.2.2 and 4.4.c of the Nasdaq First North Bond Market Rulebook. In addition, SAV-Rahoitus Oyj has breached the rule 2.2.3 on the organizational requirements of the issuer.

In accordance with the Rules, the Disciplinary Committee imposed SAV-Rahoitus Oyj a fine of EUR 10,000.

Surveillance at Nasdaq Helsinki and the Disciplinary Committee

The surveillance unit of Nasdaq Helsinki Ltd investigates all suspected breaches of regulations. Minor breaches will result in non-public reprimand to the company, whereas more serious cases are referred to the

Disciplinary Committee. The members of the Disciplinary Committee are legal and financial experts independent of Nasdaq Helsinki Ltd. The members of the Committee are Mr. Ari Kantor, Justice, Supreme Court of Finland, Mrs. Helena Kontkanen, L. of Laws, Bankruptcy Ombudsman of Finland, Mr. Kari Hietanen, Executive Vice President, Mr. Markku Savikko, M. of Laws, and Mr. Sami Torstila, D. Sc, M. of Laws, Associate Professor. According to the First North Bond Market Rulebook, sanctions may be a reprimand, a fine or in an utmost case a delisting. For more information about the Disciplinary Committee please visit <https://www.nasdaq.com/solutions/helsinki-disciplinary-processes>

Nasdaq Nordic Foundation

The Disciplinary Committees of Nasdaq Helsinki, Nasdaq Copenhagen and Nasdaq Stockholm may, in case of a breach by a member or a listed company, resolve to fine the member or the listed company. The paid fine is transferred to the Nasdaq Nordic Foundation for the promotion of the foundation's objective, which is to promote scientific research of the financial markets in Finland, Denmark and Sweden, providing impetus for increased competence and competitiveness for these financial markets. Three of the directors of the Foundation shall have extensive academic experience within the field of financial markets.

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