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**NASDAQ STOCKHOLM**

**DECISION**

**26 November 2021**

**DISCIPLINARY COMMITTEE**

**2021:07**

Nasdaq Stockholm  
Nordea Hypotek Aktiebolag

## **DECISION**

The Disciplinary Committee orders Nordea Hypotek Aktiebolag to pay to Nasdaq Stockholm a fine of SEK 1,500,000.

## **Motion**

Nordea Hypotek Aktiebolag (“Nordea” or the “Company”) has issued bonds that are admitted to trading on Nasdaq Stockholm (the “Exchange”) and the Company has also signed a commitment to comply with the Exchange’s rules in force from time to time for issuers of such instruments, which at the time relevant for the disciplinary matter comprised Nasdaq Stockholm’s Rule Book for issuers (the “Rule Book”).<sup>1</sup>

The Exchange has asserted that over the course of several years and on repeated occasions the Company has made its annual accounts and half yearly statements available in a discriminatory manner in violation of law and the Rule Book. Citing section 4 of the Rule Book, the Exchange has moved that the Disciplinary Committee assess the alleged violations of the Rule Book and determine a reasonable sanction.

Nordea has admitted the violations of the Rule Book.

Neither party has requested an oral hearing. The Disciplinary Committee has reviewed the documents in the matter.

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<sup>1</sup> P. 44 *et seq.*, regarding interest bearing financial instruments.

## Reasons for the decision

### The Rule Book

Pursuant to 3.3.2 of the Rule Book, issuers must prepare and disclose financial statements in accordance with applicable legislation and relevant accounting standards.

Pursuant to Chap.16, sec. 4 of the Securities Market Act (2007:528) (hereinafter *LVPM*), as soon as possible and not later than four months from the end of each financial year issuers must publish their annual accounts and, where appropriate, consolidated financial statements.

Chap. 17, secs. 1 and 2 *LVPM* provide that the issuer's annual accounts must be publicly disclosed so as to be available to the public within the EEA promptly and in a non-discriminatory manner. Pursuant to section 3.3.2 of the Rule Book, the issuer must disclose unaudited annual earnings and half-yearly statements. It is evident from section 3.3.1 combined with section 3.1 of the Rule Book that, as regards time and method, unaudited annual earnings and half-yearly statements must be publicly disclosed in the same manner as inside information.

Pursuant to Article 17 of Regulation (EU) no 59 6/2014 of the European Parliament and the Council of 16 April 2014, an issuer shall inform the public as soon as possible of inside information which directly concerns that issuer. The issuer shall 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. Pursuant to Article 2 of the Commission's Implementing Regulation (EU) no 2016/1055 of 29 June 2016, such publication shall take place using technical means that ensure that the information is disseminated to as wide a public as possible on a non-discriminatory basis.

### Considerations

During 2020, the Exchange conducted a review of the websites of a selection of issuers with interest bearing bonds listed on Nasdaq Stockholm. Within the scope of this review, the Exchange noted that the Company's website contained no press releases concerning publication of the Company's half-yearly statements or year-end reports. The Exchange was unable to find at all any year-end reports by the Company on the Company's website. The Exchange further noted that it was also not possible to find any press releases from the Company concerning disclosure of the Company's annual accounts.

*The Exchange has asserted:* It is common ground in the matter that the Company has not published any year-end reports for the years 2016 up to and including 2019. In its exchange of correspondence with the Exchange, the Company has asserted, in rebuttal, that the Company has instead prepared annual accounts that satisfy the content requirements for year-end reports and that these annual accounts were also published within the deadline applicable for the publication of year-end reports. Be that as it may, it is noted however that the Company has failed to publish its annual accounts in a non-discriminatory manner as prescribed for the publication of such financial statements (as well as for year-end reports). By having published annual accounts only on the Company's website, without any simultaneous publication through a press release, they have, on the contrary, been made available to the public in a discriminatory manner in violation of *LVPM*. Accordingly, through this procedure the Company has also violated section 3.3.2 of the Rule Book. By, in a corresponding manner, having made the Company's half-yearly statements for the years 2016 up to and including 2019 available only on the Company's website, the Company has also made these financial statements available to the public in a discriminatory manner. The Company has thus, in this respect, violated section 3.3.2 in combination with sections 3.3.1 and 3.1 of the Rule Book.

*The Company has asserted:* The Company admits both the circumstances *per se* and the violations of the Rule Book asserted by the Exchange. However, the Company has accorded the greatest seriousness to the observation regarding deficiencies in the disclosure of information and has given the matter top priority, and taken necessary, sufficient and relevant

measures to rectify the deficiencies immediately after the Exchange notified the Company thereof. The Company has also retained a leading and well reputed law firm to carry out an external review to further ensure regulatory compliance. In addition, the Company is one of the largest issuers on the Swedish market for covered bonds. The price differences between the largest issuers for the same bond term are usually extremely small, since all of them offer covered bonds with the highest rating and issue them in a similar manner. Since the high credit rating of covered bonds is, to a large extent, due to the strong Swedish legislation regarding covered bonds and the good credit quality of the assets comprising the security, it is uncommon that financial information from the issuer has an impact on the price structure of the issued covered bonds. During the period 2016 to 2019, the Company was unable to observe any differences in the price structure for the Company's bonds compared with those of comparable competitors which can be ascribed to dates when the Company published its financial statements. During the same period, the Company has also not received enquiries from investors regarding the Company's financial information or where the Company's financial statements were available.

*The Disciplinary Committee notes* that it is common ground that the Company violated the Rule Book. The Disciplinary Committee considers the violations to be serious and therefore a fine shall be paid as a sanction.

The fine shall be set as an amount between SEK 100,000 and SEK 5,000,000. The Committee has no reason to call into question the Company's assertions regarding the effects of the violations on the pricing of the covered bonds. The Company, which conducts extensive financing operations, has however disregarded over a long period of time the rules regarding disclosure of financial information, and therefore the violation should result in a fine which clearly exceeds the minimum amount. The fine is set at SEK 1,500,000.

On behalf of the Disciplinary Committee,

A handwritten signature in blue ink, appearing to be 'Lidman', written on a light-colored background.

The following have participated in the Committee's decision: former Justice Marianne Lundius, Justice Petter Asp, Director Carl Johan Högbom, Attorney Wilhelm Lünig and Director Joakim Strid.

Secretary: Jur.dr Erik Lidman