

**IMPORTANT NOTICE: This version is a translation of the original Swedish decision and is only made available for information purposes.**

NASDAQ STOCKHOLM'S

DECISION

9 September 2024

DISCIPLINARY COMMITTEE

2024:03

Nasdaq Stockholm

Arctic Securities AS

## **DECISION**

The Disciplinary Committee orders Arctic Securities to pay a fine of SEK 2 million to Nasdaq Stockholm.

### **Motion**

Arctic Securities AS ("Arctic" or the "Company") is approved as a Certified Adviser on Nasdaq First North Growth Market Sweden and is obliged to comply with the rules for Certified Advisers in the Nasdaq First North Growth Market Rulebook (the "Rule Book").

The Exchange has argued that the Company violated the Rule Book by not informing the Exchange of changes in its activities as a Certified Adviser and by failing to meet the requirements for this activity. The Exchange has moved for the Disciplinary Committee to suspend Arctic's approval as a Certified Adviser on Nasdaq First North Growth Market Sweden and to order Arctic to pay a fine.

The Company has contested the violations of the Rule Book.

An oral hearing in the matter took place on 26 August 2024. Liselotte Berglund (Branch Manager Sweden), Christian Falkenberg Kjøde (Chief Compliance Officer), Olof Pierrou (Head of Advisory, Investment Banking), Edvin Steffensson (Investment Banking), and *Advokat* Björn Wendleby participated in the meeting on behalf of the Company. Christine Hult (Head of Enforcement and Investigations) and Peter Olivecrona (Lead Regulatory Compliance) participated on behalf of the Exchange.

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**Reasons for the decision**

The Rule Book

Pursuant to section 5.1.4 of the Rule Book, a Certified Adviser must guide, support and update the issuer on its obligations according to the Rule Book and monitor the issuer's fulfilment of the same rules.

Pursuant to section 5.2.1 of the Rule Book, a Certified Adviser must, *inter alia*, on a continuous basis: (a) have an adequate number of contact persons, not less than two full-time engagements; and (b) ensure that the contact persons fulfill the requirements of the Rule Book.

Pursuant to section 5.8.1 of the Rule Book, a Certified Adviser shall notify the Exchange of any changes that affect its ability to perform its function as Certified Adviser, for example, personnel changes.

Pursuant to section 5.8.2 of the Rule Book, a Certified Adviser shall immediately notify the Exchange of all changes regarding contact persons.

Pursuant to section 5.10.2 of the Rule Book, when a Certified Adviser terminates its agreement with an issuer, the notice of termination period shall be not less than three months, unless otherwise approved by the Exchange.

Considerations

On 11 March 2024, Arctic contacted the Exchange by email with information that Arctic considered it necessary to terminate its engagement as Certified Adviser for three companies whose shares were traded on Nasdaq First North Growth Market. Arctic stated that the three employees approved by the Exchange to act as Designated Contact Persons for these companies, who were also the only persons to have served as Certified Adviser in connection with Arctic, left Arctic between 22 and 27 February 2024. In addition, it appeared that Arctic had not terminated the agreements with the companies concerned or informed them of the situation. In a follow-up email on 13 March, the Company stated that the three contact persons were still employed by Arctic (during a notice of termination period) but that they were not required to work. During a certain period, the persons had no access to their work email.

*The Exchange has argued:* It is evident from Arctic's email on 11 March that all three contact persons for Arctic's activities as Certified Adviser were terminated between 22 and 27 February 2024 and that they were then relieved from work. The Exchange assesses that Arctic's obligation to immediately notify the Exchange in accordance with section 5.8.2 of the Rule Book arose as early as at the time of the terminations because the persons were then also relieved from work. Arctic Exchange did not make any notification of this whatsoever until 11 March. Arctic thereby violated section 5.8.2 of the Rule Book. It follows from the Rule Book that the engagement as Certified Adviser entails a day-to-day obligation to guide and support issuers and to monitor the issuer's compliance with the Rule Book. From the initial contacts between Arctic and the Exchange, it was clear that Arctic had not given the terminated contact persons the task of continuing to manage Arctic's day-to-day undertaking as Certified Adviser for the three companies for which Arctic was Certified Adviser. Arctic thereby violated section 5.1.4 of the Rule Book. All three contact persons are subject to a notice of termination period that is still running, but they are relieved from work during the

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notice of termination period. Thus, in any event, Arctic has, as from 27 February 2024, had no contact persons corresponding to not less than two full-time positions. Arctic thereby violated section 5.2.1 (a) of the Rule Book.

*The Company has argued:* Arctic contests that the Company violated section 5.8.2 of the Rule Book. The contact persons are still employed by Arctic and the provision should, as Arctic interprets it, be read together with the provision in section 5.8.1 of the Rule Book. Arctic has notified the Exchange of the changes during the notice of termination period of the persons concerned. Thus, the purpose of the content of the two cited provisions should be fulfilled. Thus, Arctic also contests that the Company violated section 5.2.1 (a) of the Rule Book. In addition, Arctic disputes that the Company *de facto* terminated its engagement as Certified Adviser in February 2024 in the manner alleged by the Exchange or that the three companies concerned were, in practice, without a Certified Adviser for an indefinite period of time. Arctic has also actively assisted the three companies concerned with entering into agreements with a new Certified Adviser. However, Arctic's communication with the contact persons regarding their obligation to continue to perform their work tasks within the scope of the three Certified Adviser engagements during the notice of termination period has been inadequate for a short period. Arctic refers to the Disciplinary Committee's assessment of whether Arctic's handling has resulted in the Company violating section 5.1.4 of the Rule Book. However, in Arctic's opinion, no concrete circumstances have emerged which show that the companies concerned, or the stock market have suffered any harm.

*The Disciplinary Committee notes* that it is clear in the matter that the employment of all three contact persons at Arctic was terminated between 22 and 27 February 2024. At the oral hearing before the Disciplinary Committee on 26 August 2024, Arctic stated that the contact persons were relieved from work tasks at Arctic other than the work tasks related to their role as contact persons, but that they were available as contact persons for the companies for which Arctic was a Certified Adviser, at least during most of the notice of termination period. However, pursuant to section 5.1.4 of the Rule Book, a Certified Adviser is not only required to be available when needed, but the role also includes a day-to-day responsibility to monitor that the companies covered by the engagement as Certified Adviser fulfil their obligations in accordance with the Rule Book. From that which has been adduced in the matter, it is clear in the opinion of the Disciplinary Committee that Arctic has not fulfilled this day-to-day responsibility during the contact persons' notice of termination period, at least since 27 February 2024. Arctic thereby violated section 5.1.4 of the Rule Book, as well as section 5.8.2 of the Rule Book, by failing to notify the Exchange of the change in personnel that the employment terminations, in practice, entailed. In light of the above, it is also the Disciplinary Committee's assessment that Arctic, during the contact persons' notice of termination period, failed to meet requirement to have not less than two full-time contact persons and that Arctic thereby also violated section 5.2.1 of the Rule Book.

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Taken as a whole, the Disciplinary Committee finds that Arctic failed, for a longer period of time, to fulfill the basic requirements regarding contact persons that the Rule Book imposes on a Certified Adviser and also did not inform the Exchange of this change immediately. The Disciplinary Committee takes a very serious view of the violations of the Rule Book and therefore a fine shall be imposed as a sanction. In light of the fact that Arctic was not completely without personnel for its obligations as Certified Adviser during the period and

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that the deficiencies in Arctic's activities do not seem to have adversely affected the issuers who engaged the Company as Certified Adviser, the Disciplinary Committee sets the fine at SEK 2 million. In addition, the Disciplinary Committee cancels Arctic's permission to act as Certified Adviser on Nasdaq First North Stockholm with immediate effect.

On behalf of the Disciplinary Committee,

A handwritten signature in blue ink, appearing to read 'Marianne Lundius', is shown on a light-colored background.

Marianne Lundius

Former Justice Marianne Lundius, former exchange president Carl Johan Högbom, *Advokat* Magnus Lindstedt, *Advokat* Wilhelm Lüning, and *Advokat* Erik Sjöman participated in the Committee's decision.

Secretary: Associate Professor Erik Lidman