Nasdaq Copenhagen's Decisions and Statements in 2016

I. MAIN MARKET

1. REPRIMANDS

SHARES

1.1 Lack of confidentiality prior to disclosure of interim report

(Ambu A/S)

A company disclosed an interim report a Friday morning before the market opened. The same morning around 20 minutes earlier the company's interim report was by mistake e-mailed to around 100 investors.

The company explained that the e-mails, which were sent out by mistake, were promptly sought revoked. It was further explained that immediate steps had been taken to implement procedures preventing a similar event from happening in the future.

It appears from rule 3.1 in the Rules for issuers of shares on Nasdaq Copenhagen that an issuer has to disclose inside information in compliance with article 17 in MAR (Market Abuse Regulation)

From the comment to the rule it follows that an issuer shall ensure that all market participants have simultaneous access to any inside information about the issuer. The issuer should therefore ensure that inside information is treated confidentially and that no unauthorized party is given such information prior to disclosure. Unless the inside information is simultaneously made public to the market, it should not be disclosed to analysts, journalists, or any other parties (either individually or in groups).

The exchange reprimanded the company for not having ensured confidentiality prior to disclosure of the interim report.

1.2 Changes to the board of directors

(Blue Vision)

A listed company disclosed a company announcement from which it appeared that a board member had retired from the board of directors 2 days earlier.

From the Rules for issuers of shares on Nasdaq Copenhagen rule 3.3.9 and 3.1 it appears that changes in a company's board of directors has to be disclosed as soon as possible.

On this basis the exchange requested the company to explain why the change in the board of directors was not disclosed until after the changes had taken effect.

From the company's explanation it appeared that it was due to a miscommunication between the retiring board member and the company's directors and the rest of the board. The company emphasized that it was their opinion that the retirement of the board member did not have share price impact and/or effect on the trading of the company's shares.

The exchange reprimanded the company since the company did not disclose information regarding changes in the board as soon as possible, cf. rule 3.3.9 and rule 3.1 in the Rules for issuers of shares on Nasdaq Copenhagen.

1.3 Timeframe for disclosure of the interim report

A company disclosed its interim report in accordance with the date specified in the company's financial calendar, but one day after the end of the 2-month deadline in the exchange rules.

According to rule 3.1.3 in Rules for issuers of shares on Nasdaq Copenhagen A/S a company must disclose interim reports within 2 months after the end of the accounting period.

The exchange requested the company to explain the process leading up to the disclosure of the interim report.

The company explained that the reason for the late disclosure was only due to lack of attention, which the company will ensure does not happen in the future.

The exchange reprimanded the company, but deemed that this specific case was a less serious violation of the rules.

1.4 Timeframe for disclosure of the interim report

(Expedit A/S)

A company disclosed its interim report in accordance with the date specified in the company's financial calendar, but one day after the end of the 2-month deadline in the exchange rules.

According to rule 3.3.3 in Rules for issuers of shares on Nasdaq Copenhagen A/S a company must disclose interim reports within 2 months after the end of the accounting period.

The exchange requested the company to explain the process leading up to the disclosure of the interim report.

The company explained that the reason for the late disclosure was that the company thought that the deadline had been extended to 3 months, since this was discussed at some point.

The exchange reprimanded the company, since it was a considerable overstepping of the deadline and partly because the company should have been aware of the deadlines for the disclosure of interim reports.

INVESTMENT FUNDS

1.1 Disclosure of interim and annual report, convening of general meeting and minutes of meeting

(Skagen Fondene A/S)

In connection with a general control of publication of annual and interim reports of investment undertakings, it was discovered that an investment undertaking had failed to disclose the 2014 annual report and the interim report covering the first six months of 2015. Furthermore, it was discovered that

the investment undertaking had failed to disclose the notice convening the annual general meeting as well as information about resolutions passed following the annual general meeting. The documents were available at the investment undertaking's webpage.

From rule 3.8.9 in Rules for issuers of investment undertakings on Nasdaq Copenhagen it follows that the investment undertaking must publish notices convening annual and extraordinary general meeting. It also states that information about resolutions passed shall be published immediately after the general meeting.

From rule 3.8.13 follows that the investment undertaking, immediately following the board meeting in which the audited financial statement is approved, must publish a preliminary announcement of the financial statement which must be a summary of the annual report.

It further follows from rule 3.8.13 that the investment undertaking can choose not to publish a preliminary financial statement provided it publishes the audited annual report immediately upon approval. From 3.8.14 follows that the investment undertaking must, as soon as possible and no later than eight days prior to the general meeting, publish the annual report through the exchange. According to rule 3.8.15 the investment undertaking shall publish an interim report covering the first six months of each financial year. The interim report must be published immediately upon board approval and no later than two months after the close of the period under review.

Finally follows from rule 3.2 that all matters covered by the investment undertaking's disclosure obligation shall be published as soon as possible and that the obligation will be considered met when the announcement has been disseminated through GlobeNewswire.

The exchange requested that the investment undertaking explained the missing publication. The investment undertaking acknowledged that the missing disclosure was a mistake on their part.

The exchange concluded that the notice convening the annual general meeting and the information on resolutions passed here; as well as the financial reports had not been correctly disclosed within the time frame and through GlobeNewswire in accordance with the rules of the exchange.

The exchange reprimanded the investment undertaking.

1.2 Disclosure of annual report

(Sparinvest SICAV)

In connection with a general control of publication of annual and interim reports of investment undertakings it was discovered that an investment undertaking had failed to publish the 2014 annual report.

From rule 3.8.13 in Rules for investment undertakings on Nasdaq Copenhagen it states that the investment undertaking, immediately following the board meeting in which the audited financial statement is approved, shall publish a preliminary announcement of the financial statement which must be a summary of the annual report.

It further follows from rule 3.8.13 that the investment undertaking can choose not to publish a preliminary financial statement provided it publishes the audited annual report immediately upon approval. From rule 3.8.14 follows that the investment undertaking must, as soon as possible and no later than eight days prior to the general meeting, publish the annual report through the exchange. Finally follows from rule 3.2 that all matters covered by the investment undertaking's disclosure obligation shall be published as soon as possible and that the obligation will be considered met when the announcement has been disseminated through GlobeNewswire.

The exchange requested that the investment undertaking explained the missing publication. The investment undertaking acknowledged that the missing disclosure was a mistake on their part.
On the basis hereof the exchange concluded that the annual report was not published correctly within the time frame and through GlobeNewswire in accordance with the rules of the exchange.

The exchange reprimanded the investment undertaking.

1.3 Disclosure of correction of historic net asset value

(MS Invest)

In October 2015 it came to the attention of Nasdaq Copenhagen (the exchange) that an investment undertaking had reported to the Danish FSA, that the investment undertaking had discovered a mistake in the calculation of net asset value.

It appears from the report that the mistake was discovered on July 14, 2015 and that the mistake in question had been ongoing for nearly three months. The report to the Danish FSA was available on the investment undertaking's website.

As requested by the exchange an announcement regarding the miscalculation and the following correction was disclosed by the investment undertaking.

From rule 3.8.1. in Rules for issuers of investment undertakings on Nasdaq Copenhagen follows that an investment undertaking shall disclose inside information as soon as possible if such information directly relates to the business of the undertaking.

Further follows from rule 3.2 that all matters covered by the investment undertaking's disclosure obligation shall be published as soon as possible and that the obligation shall be considered met when the announcement has been disseminated through OMX Company News Service [GlobeNewswire].

The exchange requested that the investment undertaking explain the missing disclosure upon which the manager for the investment undertaking explained that the manager was not familiar with the specific rule regarding disclosure of such information through an announcement.

The exchange reprimanded the investment undertaking.

MEMBERS

1.1 Erroneous trades during the closing auction

In October 2015 a member registered two large purchase orders (Market-On-Close), which were subsequently executed during the closing auction. Combined, the volume of the two orders almost amounted to the average daily turnover of the share. The orders did not have a limit price, but were included in the calculation of the equilibrium price, which as a result of the two orders during the closing auction was raised by about 44 pct. compared to the last traded price prior to the auction. Nasdaq Copenhagen (the exchange) subsequently chose to cancel all trades that had been executed during the closing auction.

On this background the exchange requested that the member explained the event. The member explained that the orders had been registered through their Direct Market Access (DMA) and that the customer meant to execute the order, but not for the orders to have the impact on the price, as the orders had had on the closing price. The member also informed that they have automatic pre trading control, but that it primarily applies to limit orders. The surveillance of market orders took place via the members Trading Desk, who were unaware of the orders market impact until they were contacted by the exchange surveillance team. This took place approx. two minutes prior to the closing auction.

Upon request from the exchange the member tried to find the relevant orders and contact their customer in order to convert the orders by setting a limit price before the closing auction. The member did not succeed in establishing contact with the customer and convert or delete the orders before the closing auction.

According to the Nasdaq Nordic Member Rules;

NMR 4.2.3: *A Member shall possess a suitable organisation for the business, requisite risk management routines, secure technical systems, and otherwise be deemed suitable to participate in trading.*
NMR 4.8.3: *The Member has the same liability for Orders which are routed via Direct Market Access as for Orders which the Member places in any other manner.*
NMR 4.8.4: *The Member shall establish appropriate technical and administrative arrangements in order to ensure that Orders routed via Direct Market Access do not violate the Nasdaq Nordic Member Rules.*
NMR 4.8.9: *The Member shall enter into a separate written agreement regarding the terms and conditions for Direct Market Access with each client which desires to utilize Direct Market Access. Such an agreement shall contain at least the following:*

- *Provisions regulating the Member's responsibility towards the client for monitoring and cancellation of Orders from the Trading System when specific situations outlined in the agreement occur;*

- *Provisions regulating the Member's right to cancel Trades which fail to meet the requirements concerning the quality of pricing for Orders and Trades in sections 4.6 and Nasdaq Nordic's right to cancel Trades pursuant to sections 5.7 and 6.7;*

The exchange puts emphasis on the fact that the member was not even aware of the change to the equilibrium exchange rate in the closing auction as a result of the registration of the two market orders (MOC). Furthermore, the member did not manage to delete the two orders or alternatively to set a limit price for the orders despite the fact that the exchange contacted the members Trading Desk just over two minutes before the end of the closing auction. Nasdaq Copenhagen estimates that the member's failure to act in relation to deleting or converting the orders is an aggravating circumstance.

Based on the information above it is the assessment of the exchange that the member did not have adequate procedures for monitoring orders registered via Direct Market Access and the member has failed to act in relation to the exchange's inquiry and should have prevented the erroneous trades. Nasdaq Copenhagen reprimand that the member has not adhered to the rules in accordance with Nasdaq Nordic Member Rules *4.2.3, 4.8.3, 4.8.4* and *4.8.9*.

In order to harmonize the sanctioning by the same rules (Nasdaq Nordic Member Rules) across the Nordic stock exchanges, Nasdaq Copenhagen has in this case decided not to publish the member's identity.

2. DECLARATIONS AND OTHER CASES

SHARES

2.1 Request to be removed from trading

A bidder made a voluntary offer to the shareholders of a company. Roughly a month later the offer was raised and 14 days later the bidder announced, that after having attained control over the company a mandatory offer to buy would be made to the shareholders of the company. At the completion of the mandatory offer to buy the bidder owned 78,90% of the capital and voting rights in the company.

The bidder hereafter proposed to be removed from trading at the company’s extraordinary general meeting and the proposal was passed with 86,84% of the votes cast. 13,15% of the votes cast (228 shareholders) voted against the proposal, whilst 0.01% abstained from voting.

92,28% of the company's share capital and votes were represented at the general meeting. A total of 238 shareholders participated equivalent of 17,6% of all registered shareholders at the general meeting. Several shareholders had input when the proposal was put forward for consideration. Nine minority shareholders argued against a removal from trading of the company at the general meeting.

Nasdaq Copenhagen (the exchange) then received a request for the company's shares to be removed from trading and official listing from Nasdaq Copenhagen.

It is stated in section 2.9 in Rules for issuers of shares at Nasdaq Copenhagen that the exchange, in accordance with §25 of The Securities Trading Act, has the decision making capacity to remove a security from trading.

As stated in The Securities Trading Act §25, section 3, if an issuer, whose securities are admitted to trading on a regulated market, submits a request for removal from trading, the operator of the regulated market shall comply with such request. The removal may, however, not be made if it is likely that this will be of detriment to the interest of the investors or the proper functioning of the market.

If the exchange finds that a removal will be of detriment to the interests of the investors or the proper functioning of the market the exchange will need to make an assessment as to whether such detriment can be remedied by imposing conditions for the company to fulfil prior to a removal from trading.

If the exchange finds that a removal will be of *significant* detriment the exchange will not be able to comply with the request for removal from trading.

If the exchange finds that a removal will not impose detriment to the interest of the investors or the proper market function, a removal will be able to take place without further conditions from the exchange.

It was assessed by the exchange, that there had not been made significant objections or other accounts that argued against the removal from trading of the company. The exchange assessed that the uncertainty that had already been raised concerning the value of the company at the time of the bid, which was confirmed by the following share price development, was not adequately supported to

conclude that the bidder had gained an unfair advantage at the expense of other shareholders or the company.

Furthermore, it was assessed that despite the opposition from a number of the minority shareholders there had not been any accounts which argued against the exchange's decision to comply with the company's request to be removed from trading. The majority of the opposition against a removal revolved around the fact that the company following a removal from trading would no longer be subject to the disclosure requirements as well as the fact that there would no longer be a market place on which to trade the share. None of these objections, however, constitute significant detriment to the investors, for the simple reason that it would then never be possible for a company to be removed from trading. The exchange, however, noted that the minority shareholders had been very active and had made a variety of objections to the company being removed from trading and also that the exchange on a general level expressed understanding for the opinions of the minority shareholders in this matter including the frustration and uncertainty the whole process has brought to the market.

The exchange based its decision on the following:

- that the bidder had submitted a voluntary as well as a mandatory offer to the shareholders of the company
- that the board of directors of the company obtained a fairness opinion from a bank to be used as a form of assessment in relation to the original offer
- that the board of directors recommended the shareholders to accept the mandatory offer
- that the board of dirpatectors supported the wish to be removed from trading
- that the shareholders of the company had a reasonable basis on which to make a decision at the general meeting regarding the removal from trading of the company at Nasdaq Copenhagen
- that the shareholders of the company for a long period of time had the opportunity to sell their shares knowing that the company would seek to be removed from trading from Nasdaq Copenhagen – and even at a price, which was higher than the offering price
- that the minority shareholders had been very active regarding the question of removal from trading by participating at the general meeting and making objections, but it was the assessment of the exchange, that there had not been made objections or other accounts that could argue that a removal from trading of the company would be of significant detriment

- that there was a sufficient share liquidity to maintain admission to trading, why this part of the company's argument was not included in the assessment
- that the shareholders through both a voluntary and a mandatory offer had been offered a price in accordance with the legislative demands for a takeover offer and that the shareholders had been offered a premium offer rate of 23,1%
- that the exchange's decision to remove from trading should not involve a particular consideration towards the shareholders who had bought shares in the period after the mandatory offer had been made
- that the shareholders who had bought shares in the period in between the voluntary and the mandatory offer had known that there was a considerable risk that the bidder would gain a sufficient amount of shares to be able to make the decision to request to be removed from trading
- that the price development for the share after the expiration of the offer to buy cannot necessarily be explained on the background of the information that has been made public by the company
- that it was the opinion of the company that price sensitive information was not lacking in the market
- that there was not a sufficient basis on which to conclude that the bidder would attain an undue advantage by the removal from trading of the company

In situations where it is however likely that the removal from trading will be damaging to the interests of investors or the proper market function, even if there is no significant detriment, the exchange can impose conditions to remedy such detriment. Under these conditions the exchange can for example demand that the company ensures that the shareholders can sell their shares by offering to buy the outstanding shares until the time where the company is removed from trading. The remaining shareholders will then have the opportunity to sell their shares with the knowledge that the company will be removed from trading on Nasdaq Copenhagen based on the decision of the exchange to comply with the company's request for removal from trading.

The exchange found no reason to deviate from this practice in this case and therefore complied with the company's request for removal from trading, provided that the company ensured that an offer would be made on terms similar to what the bidder had previously made as a mandatory offer, unless the legislation provided for a higher price.

Furthermore, the exchange found it of significance that the company, in connection with a publication of a notice regarding the decision of the exchange, in particular stressed the following conditions:

- that the company's request to be removed from trading had been complied with by the exchange under the condition that a renewed offer be made or a standing offer to purchase
- that the company following the expiration of the offer period would be removed from trading
- that a shareholder can choose to continue as a shareholder in the non-listed company
- that it be made clear from a new offer document what the consequences of the removal from trading would be in regards to the company's disclosure obligations and the tradability of the company's share

2.2 Website Project 2015 - Issuers published information on website

At the end of 2015 a systematic review of websites for Danish companies admitted to trading on Nasdaq Copenhagen (the exchange) was carried out. It was checked whether:

1) Company websites meet the requirements in Rules for issuers of shares on Nasdaq Copenhagen A / S of November 26th 2015, section 3.1.6[1]

2) How many companies prepare the report on corporate governance in Danish and have statements available on the website for at least five years

3) How many companies, as recommended by the Committee on Corporate Governance, terms of reference for board committees etc. on the website

All in all the websites of 140 companies were reviewed.

1. Publication on the website pursuant to the exchange's disclosure requirements

According to section 3.1.6 in Rules for issuers of shares on Nasdaq Copenhagen the information published pursuant to the disclosure requirements must be available on the company's website for at least three years[2]. Which information that is subject to an obligation is stated in sections 3.2 and 3.3 of the said rule set. Financial reports must however be available on the website for ten years. With the rules of the 26th of November 2015 the demand for financial reports was intensified, as financial reports were

[1] Rules for issuers of shares on Nasdaq Copenhagen A / S have been updated as of July 3rd 2016. The requirements for the companies' website can be found in the new rulebook section 3.2.

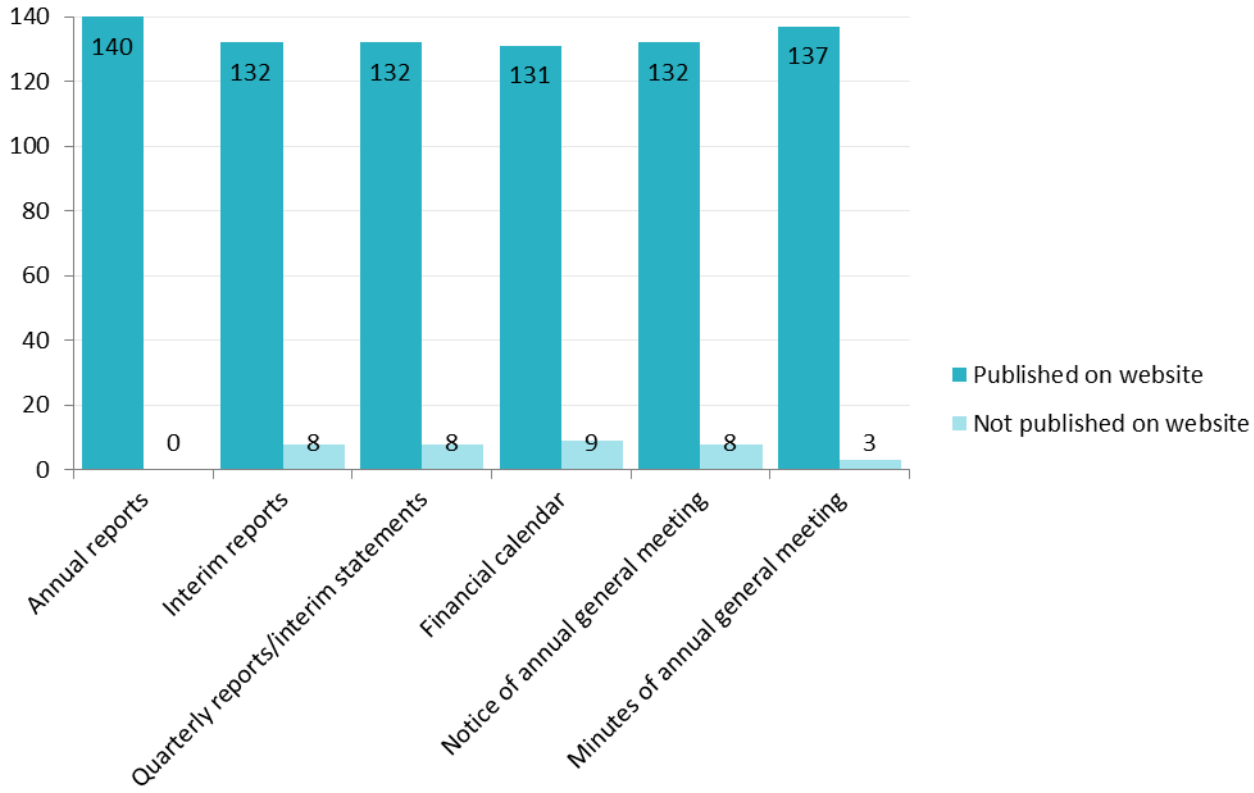
[2] According to the applicable rules, section 3.2, the information published pursuant to the disclosure requirements must be now available for at least five years. Financial statements must remain available for at least 10 years.

previously only supposed to be available for five years. This requirement applies prospectively and therefore only to future and already published financial reports.

As a part of this review of websites it was also checked whether the following were available on the website:

1) Annual reports (5 years)
2) Interim reports (5 years)
3) Quarterly reports or interim statements (5 years)[3]
4) Financial Calendars (3 years)
5) Notice of General Meetings (3 years)
6) Minutes of the General Meetings (3 years)

All companies had annual reports for at least the past five years available on the website. In addition, the breakdown is as follows:



[3] As of November 26th 2015 it is no longer a requirement to publish quarterly or interim statements. If a company chooses to do so anyway, the information must be available on the website for at least 10 years.

The deficiencies identified were distributed among a total of nine companies whom were approached in order to get the websites in order. Of the responses received from the companies it was stated that the errors were due to oversights and in a few cases that the company were not aware that for instance, notices of general meetings must be available on the website for at least three years from publication.

All websites have subsequently been rectified.

2. Corporate Governance

In addition, it was checked whether the companies' statements on corporate governance were available on the website for at least five years from the publication of the annual report to which they relate and whether the statements were available in Danish.

Statements for the past five years were found on 75 out of 140 websites[4]. This means that a total of 65 companies do not have statements available in the required five years from publication. The requirement for five-year history is understandably only applicable during the period in which the company has been listed. Of the 65 companies that do not have the full history available on the website, six have been listed within the past five years.

114 companies had statements available in Danish. The 26 companies that do not have statements in Danish publish the statement in English instead. 22 of the cases can be attributed to the companies publishing their annual reports in English. The exchange rules do not require the disclosure of corporate governance to be in the same language as used in the annual report.

3. Compliance with the recommendations of the publication on website

Based on the Committee on Corporate Governance's recommendations no. 3.4.1 and 4.1.1, it was checked how many companies actually publish the relevant material on the website in accordance with the recommendations. It was only checked whether the relevant information has been published on the website and it is therefore not an actual check of the contents of the published information.

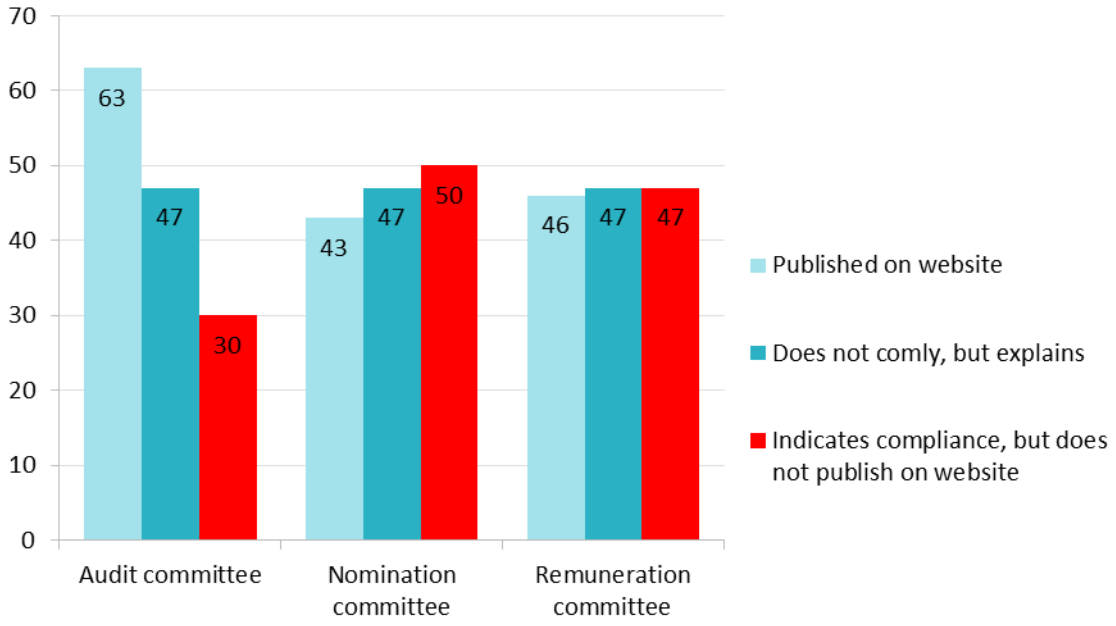
It is up to the company to decide whether a given recommendation is complied with or not - as long as it is explained why the company is not compliance and what it has done differently. Ideally, there ought to be exactly the same number of companies that have indicated not to follow the recommendations as the number of companies that have not published on the website as recommended. In the figures below the red column represents the number of companies that have indicated to follow the recommendations, but have not published as recommended.

[4] At the time of the review the requirement for statements from the past five years applied following the Notice of publication of the report on corporate governance and corporate social responsibility on the company's website (Order no. 761 of 20/07/2009), which on July 1st 2016 was replaced by the aforementioned Notice of publication of a series of statements following the Statements Act (Order no. 558 of 06/01/2016).

Recommendation 3.4.1

> **3.4.1. THE COMMITTEE RECOMMENDS** that the company publish the following on the company's website:
> - the terms of reference of the board committees,
> - the most important activities of the committees during the year, and the number of meetings held by each committee, and
> - the names of the members of each committee, including the chairmen of the committees, as well as information on which members are independent members and which members have special qualifications.

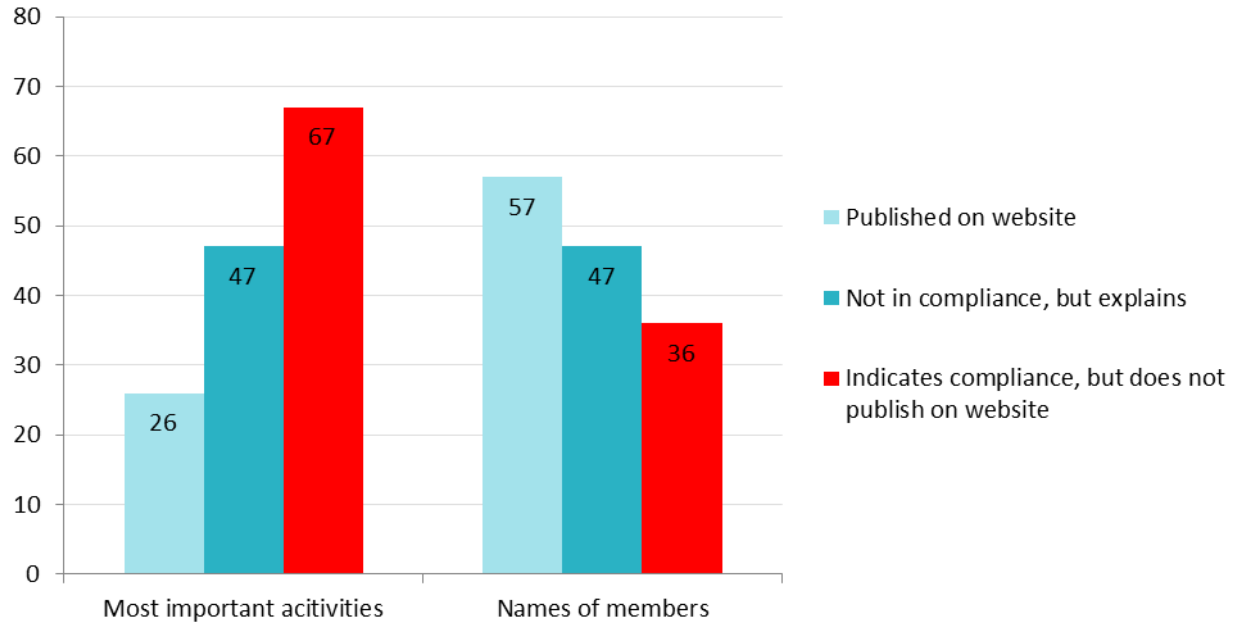
In relation to recommendation 3.4.1, it was checked which board committee's terms of reference were available on the website and whether the activities of the committee and the names of the members were published on the website. Regarding the terms of reference the distribution is as follows:



As can be seen 30, 50 and 47 companies have not published terms of reference regarding respectively the audit-, nomination- and remuneration committee, despite having indicated to be in compliance with recommendation 3.4.1. It must be stressed that the recommendation to establish the board committees can be found in three separate recommendations (3.4.3, 3.4.6 and 3.4.7). Recommendation 3.4.1 counts the three board committees as one and stipulates that "the company publish the terms of reference of the board committees on the company's website".

Part of the explanation can be that a number of companies have not formed all three committees.

Also regarding significant activity in the committees as well as the names of members, a high proportion of companies had indicated to comply with the recommendation, but had not published the names and/or the committees' most important activities.



As apparent in the above figure, 67 of the companies, having indicated to comply with recommendation 3.4.1 in its entirety, had not published the main activities of the committees. As for the names of the members, 36 companies had not lived up to their responsibility as stated.

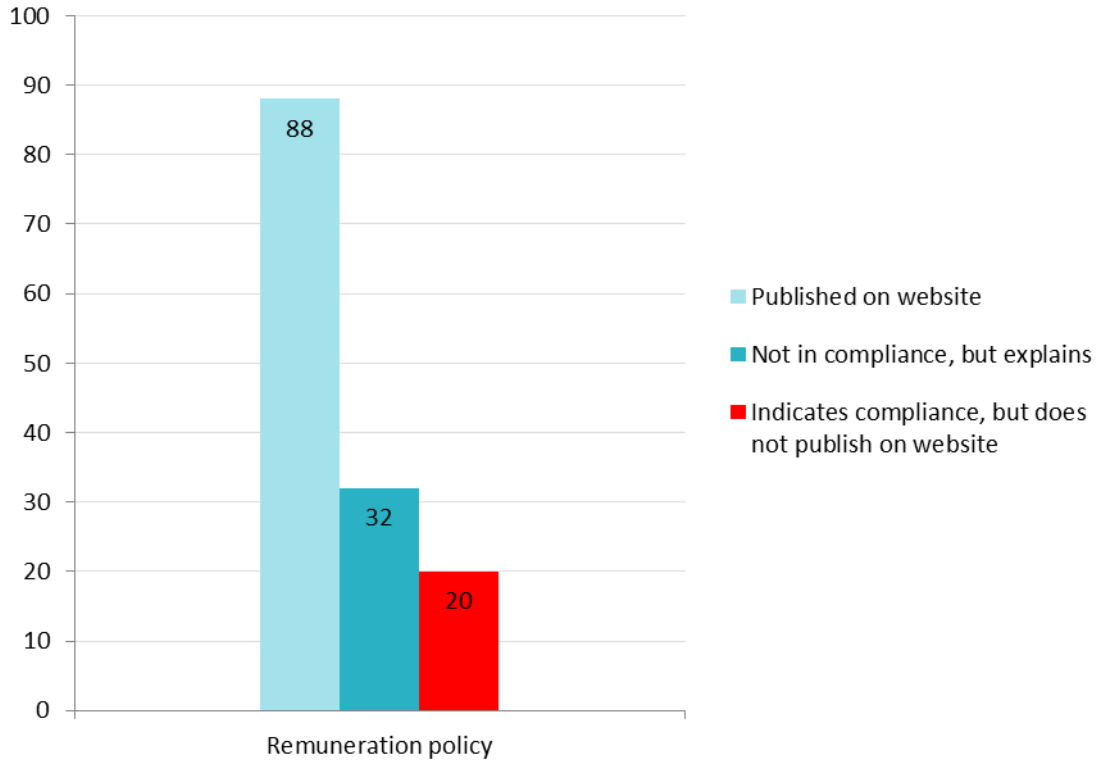
Recommendation 3.4.1 contains many elements, all of which must *all* be followed if the company indicates to comply with the recommendation. If it is stated that the company follows the recommendation, it is not sufficient to for example simply publish terms of reference and the names of the committees' members. If only some of the information is published it must be stated that the company only partially complies with the recommendation. Only two out of the 140 companies had stated that they only partially comply with recommendation 3.4.1.

Overall, it can be concluded that the recommendation was not fully complied with in the same degree as stated in the companies' reports on corporate governance in 2014.

Recommendation 4.1.1

> **4.1.1. THE COMMITTEE RECOMMENDS** that the board of directors prepare a clear and transparent remuneration policy for the board of directors and the executive board, including
> - a detailed description of the components of the remuneration for members of the board of directors and the executive board,
> - the reasons for choosing the individual components of the remuneration, and
> - a description of the criteria on which the balance between the individual components of the remuneration is based.
>
> The remuneration policy should be approved by the general meeting and published on the company's website.

As shown in the figure below, 20 companies had specified to follow the recommendation, but had despite this still not published a remuneration policy.



4. Conclusions and messages

Publication pursuant to the exchange's disclosure requirements

The vast majority of the companies' websites met the requirements in Rules for issuers of shares on Nasdaq Copenhagen A / S section 3.1.6 (now 3.2). Some company websites did not feature financial calendars and/or minutes from the general meeting, which in several cases was due to a misunderstanding of the rules. It is therefore emphasized that *all* information published pursuant to the disclosure requirements, is covered by the obligation to also disclose on the company website. From November 26th, 2015, the financial statements must be available for at least 10 years from the date of publication and other information for five years. A similar rule for annual reports is stated in the Securities Trading Act article 27, section 1.

Corporate Governance

On a high proportion of the companies' websites (65 out of 140) a five-year history of reports on corporate governance could not be found. The requirement for five-year history was effective at the time of carrying out this review following Notice of publication of the report on corporate governance and corporate social responsibility on the company's website, etc. (Order no. 761 of 20/07/2009). The notice was subsequently replaced by Notice of publication of a series of statements following the Statements Act (Order no. 558 of 01/06/2016), which entered into force on the 1st of July 2016. Following the new notice it is still a requirement that notices on corporate governance must be available on the company's website for at least five years from the date of publication. Furthermore, the notice must remain available on the company's website from the time the annual report is published. If the URL listed in the annual report is modified, there must be a direct diversion from the old to the new URL. With the new notice it is emphasized that the statements must be on the same page and that the companies are now required, to the extent possible, to maintain the availability of the domain where the statements are published until the end of the five year period. On this background it is emphasized that it is a legal requirement to have a five-year history of statements on corporate governance available on the company's website.

Based on this review it is evident that the companies do not comply with the recommendations 3.4.1 and 4.1.1 to the same extent as stated in the companies' reports on corporate governance in 2014.

The reporting form issued by the Committee on Corporate Governance, which is used by most of the companies, can be used as a tool to ensure that the company considers all 47 recommendations. Statements published in table form can also make the statement more understandable to the reader. Using the table, it is important to only use the answer “following” if the company actually follows all elements of the recommendation. If the recommendation is not followed, this should be stated in the report to give a true and fair view of corporate governance. The company must then explain why the recommendation is not followed and what it has chosen to do instead. If the recommendations are only partially followed the response option must be "partially follows". It must be stressed that such a

response is only adequate if it is accompanied by an explanation of the parts that are not followed and the reason why.

The purpose of the recommendations on corporate governance and the annual statement is to ensure the investor's confidence in the company through information dissemination and transparency. The review of the companies' website showed that the relevant information is placed differently on the website from company to company. The information, which is recommended to be published on the website, should therefore be readily available. The companies could benefit from creating a corporate governance page where all records and information published pursuant thereto are available. Such a page would facilitate the overview for investors and make the information more accessible.

2.3 New procedure for IPOs of public limited companies

Based on recent IPOs on Nasdaq Copenhagen (the exchange), there have been some discrepancies in the existing structure and practices for admission to trading.

Introduction of Temporary Purchase Certificates
In Denmark it is the practise that the shares at an IPO are admitted to trading as soon as possible after the result of the offering has been published. In the cases where the supply of new shares exceeds the number of existing shares or it is not possible to borrow existing shares it is, in accordance with VP Securities (VP) rules, necessary to admit existing and new shares respectively in two separate ISIN codes[5] that are traded simultaneously.

This practice has proved unsuitable for the proper functioning of the market, since there is a risk of subsequent settlement problems and the risk of differences in the price of the same share when two ISIN codes are admitted to trade in the same share, at the same time.

To compensate for that risk Nasdaq and other relevant stakeholders have discussed a new model for the structure of offerings and admission to trading.

The work group have agreed on a model in which the stock market can admit temporary purchase certificates for trading using a temporary ISIN code. Each temporary purchase certificate represents a proof of delivery of a share at a later date and the number of temporary purchase certificates is equivalent to the total number of both all the new shares in the offer as well as over-allotment shares and possibly a number of existing shares sold in the offering[6].

[5] International Security Identification Number. International standard term for securities. An ISIN code consists of an alpha-numeric result of twelve signs.
[6] The Tax Board has on August 30th, 2016 issued a binding response and confirmed that the so-called share certificates, which will be used in connection with the subscription of new shares and the possible purchase of existing shares in connection with an initial public offering, which technically represents a proof of delivery of a publicly traded stock at a later date, are not financial contracts, but should be treated as shares subject to the Capital Gains Tax Act.
Link: http://www.skat.dk/SKAT.aspx?oId=2233572&vId=0

The temporary purchase certificates will be admitted to trading using a temporary ISIN code from day one, see table below, where the practical course of events is outlined. The short name of the instrument will be **'XXX TEMP'**[7] to make it clear to the market participants that it is a temporary ISIN code.

Temporary purchase certificates will as a minimum be required in the following cases:

- When the supply of shares consists of new shares and possibly a sale of existing shares and where it is not possible to enter in to a share lending agreement as it is not possible to borrow existing shares for example because they have been pawned.
- When the supply of shares consists of new shares and possibly a sale of existing shares and where the supply of new shares exceeds the number of existing shares.

The practical course of events

Day 1	Notification of the course of events is published before 8 am **The trading in temporary purchase certificates using a temporary ISIN code starts at 9 am.** Investors are given the opportunity to trade temporary purchase certificates via Nasdaq Copenhagen from the time of trading (but before physical delivery and payment) with usual settlement (dvp = delivery versus payment) two trading days later (T+2) **A binding order is given by the investor** (vesting and payment obligation) by accepting the subscription and purchase orders in the offering. In Nasdaq's systems the temporary ISIN codes is traded using the short name 'XXX Temp'. The number of temporary purchase certificates corresponds to the number of newly issued shares, over-allotment shares and possible sale of existing shares.
Day 2	Investors have the opportunity to trade temporary purchase certificates as on day 1 via Nasdaq Copenhagen with the usual settlement (dvp) two trading days later (T+2)
Day 3	Morning: **Settlement in VP of binding orders for original investors who participated in the offering**. Payment for the shares sold in the offering, including the new shares, are subject to simultaneous delivery of temporary purchase certificates (a temporary purchase certificate is evidence of the concluded share trading) [*This formally occurs when settlement day 3 starts - at 6 pm on the previous settlement day*] Subsequent trades in a secondary market, which have taken place on day 1, will be settled in VP on day 3. Registration of the capital increase related to the new shares at Erhvervsstyrelsen (the Danish Business Authority) Documentation of registration in the form of a summary from the Central Business Register (CVR) and updated articles of associations must be handed in to the exchange before 10 am on day 3 Last day of trading with temporary purchase certificates using a temporary ISIN code. Temporary purchase certificates using a temporary ISIN code are automatically deleted due to a technical trade 1:1 between temporary purchase certificates using a temporary ISIN code and

[7] The company's short name followed by the letters TEMP

	shares issued with a permanent ISIN code
Day 4	Subsequent trades in a secondary market, which took place on day 2, are settled in VP on day 4 First day of trading with the **total number of shares using the permanent ISIN code**. The newly issued shares are at this point merged with the existing shares using the permanent ISIN code in the trading system. In Nasdaqs system the permanent ISIN code is traded with the short name 'XXX'. The number of shares corresponds to the total number of shares including the existing shares as well as the new shares sold in the offering.
Day 5	Trading through the exchanges system with the total number of shares using the permanent ISIN code – the total share capital End of day - aggregation of newly issued shares (temporary ISIN code) with the existing shares (permanent ISIN code) is handled through VP
Day 6	Shares with the permanent ISIN code are in the VP depot

Conditional admission to trading - withdrawal of offer

Prospectuses in connection with the admission to trading on a regulated market in Denmark generally contain the right, for example for the company, the selling shareholders or emission banks, in certain exceptional circumstances beyond their control, to withdraw the offering of shares.

This withdrawal is possible until payment is received and the shares delivered, implying that the withdrawal of the offer can actually take place after the first day of trading - and thus after trades have taken place on the exchange.

To the extent that the prospectuses contain such a possibility to withdraw the offer after the first trading day, the exchange will continue to use a modified procedure for admission to trading:

- The company must clearly and in detail describe the right to withdraw the offering in the relevant parts of the prospectus, as well as clearly stating the consequences for the parties involved.
- Nasdaq will condition the company's admission to trading and official listing until the offer is finalised. This will be stated in the announcements which Nasdaq publishes in connection with the admission to trading of the company. The company will as it is today continue to be subject to the disclosure requirements from the time of application for admission to trading.
- The company is assigned a 'note code' 'WI' which shows that the company is conditionally admitted to trading - and that trading in the company shares should be regarded as *conditional trading*.
- The company must promptly publish a notice to the market when the offering is finally completed and thus can no longer be revoked. Then Nasdaq will send out an announcement that the admission to trading is no longer conditional.

In case the offer is withdrawn after the first day of trading

- If the offer is withdrawn after the first day of trading (and before payment and delivery of the shares) the company must publish a notice to the market as soon as possible. Nasdaq will immediately suspend trading in the order book and already executed trades on the exchange will be cancelled, as the basis for the offer and admission to trading has lapsed.

- The company's emission bank must immediately notify VP not to settle the transactions for the ISIN code in question.

The above procedure for conditional admission to trading will also apply for admission to trading of temporary purchase certificates.

II. FIRST NORTH

1. REPRIMANDS

2. OTHER CASES

CERTIFIED ADVISERS

1.1 Cancellation of the right to be Certified Adviser on First North Bond Market, Copenhagen

(Københavns Andelskasse – Certified Adviser)

Certified Advisers on First North play an active role in guiding companies through the application process. The Certified Adviser is obliged to ensure quality and integrity on First North. The company description is essential for admission to First North and Certified Advisers have to show sufficient care to ensure that the company description meets the requirements evident in the First North Rulebook. Since it is the Certified Adviser who is in contact and dialogue with the issuer, the cooperation depends on a high degree of trust.

In January 2016 the exchange approved a new Certified Adviser on the First North Bond Market. In the process of listing an issuer of bonds on the First North Bond Market the exchange received a company description which proved to contain faulty information. During the following dialogue with the Certified Advisor, the exchange received unprecise and insufficient information. It was the exchange's opinion that the Certified Adviser had not conducted a sufficient run-through, control and validation of the

information in the company description and therefore had not met the obligations which are required by Certified Advisers, cf. First North bond Market Rulebook rule 5.2 (i) and 5.2 (ix).

The exchange found it necessary to note that a Certified Adviser has not taken the sufficient steps to ensure that a company description is composed in consistency with the rules of the exchange, when the Certified Advisor merely accepts the information provided by the issuer or other advisers without conducting a run-through, control and validation of the information.

Furthermore, the Certified Adviser received an array of injunctions from Finanstilsynet (the Danish Financial Supervisory Authority), but they did not have a direct relation to the activities as Certified Adviser. The injunctions did though contribute to giving an impression of an organization that lacked control and internal procedures.

On this basis the exchange found that there was a lack of trust in Københavns Andelskasse's ability as Certified Adviser and the exchange was of the opinion that Københavns Andelskasse did not meet the requirements for Certified Advisers in the First North Bond Market Rulebook rules 5.2 (i) and 5.2 (ix).

The case was presented to Disciplinærkomitéen, who decided that the approval of Københavns Andelskasse as Certified Adviser on the First North Bond Market should be withdrawn, cf. First North Bond Market Rulebook rule 7.1 (a) (iii).

BONDS

2. DECLARATIONS AND OTHER CASES

III. THE OVERALL MARKET

2. DECLARATIONS AND OTHER CASES