

**NASDAQ STOCKHOLM'S**

DECISION

28 May 2019

**DISCIPLINARY COMMITTEE**

2019:03

Nasdaq Stockholm

Max Fastigheter i Sverige AB (publ)

**DECISION**

The Disciplinary Committee orders Precise Biometrics AB to pay Nasdaq Stockholm a fine corresponding to two times the annual fee.

**Motion**

The shares in Precise Biometrics AB (publ) ("Precise" or the "Company") are admitted to trading on Nasdaq Stockholm (the "Exchange"). The Company has signed an undertaking to comply with the Exchange's Rule Book in force from time to time (the "Rule Book").

The Exchange has alleged that Precise violated section 3.1 of the Rule Book through the Company having published inside information as non-regulatory information.

Citing section 5 of the Rule Book, the Exchange has moved that the Disciplinary Committee consider the violations of the Rule Book and order a suitable sanction.

Precise has substantively admitted the circumstances but denies that the Company has committed the alleged violations of the Rule Book.

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

## Reasons for the decision

### The Rule Book

Section 3.1 of the Rule Book provides that an issuer shall disclose inside information as soon as possible in accordance with Article 17 of Regulation (EU) no 596/2014 of the European Parliament and the Council (“MAR”).

The concept of inside information is defined in Article 7.1 of MAR as information of a precise nature which has not been made public, relating, directly or indirectly, to one or more issuers or to one or more financial instruments and which, if it were made public, would be likely to have a significant effect on the prices of those financial instruments.

Article 17 of MAR and Article 2.1 of Commission Implementation Regulation (EU) 2016/1055 (“the Implementation Regulation”) provide that public disclosure of inside information must take place promptly and in such a manner that the information becomes available to the public on a non-discriminatory basis and it must be stated that the provided information constitutes inside information. The guidance text to section 3.1 of the Rule Book states that the issuer shall ensure that all market participants have simultaneous access to any inside information about the issuer.

Article 17 of MAR also states that the issuer shall ensure that inside information is published in a manner which enables complete, correct and timely assessment of the information by the public.

### Considerations

On 20 October 2017 the Company published a Press Release (the “Press Release”) with the heading “*Precise Biometrics announces a powerful new solution for biometric payment cards*” and containing information regarding an upgrade of the Company’s fingerprint solution for smartcards. The information in the Press Release was not marked as inside information. Following publication of the Press Release, the Company’s share price rose by approximately 41 per cent and, on the following trading day (23 October), by a further 38 per cent.

*The Exchange has asserted the following:* In the Press Release, the Company stated that the Company had developed “a powerful and effective upgrade of [the Company’s] market leading fingerprint solution for smartcards which will reduce the total production cost” for the Company and that “the customers are eager to begin using biometric payment cards”. The information gives the impression of being material and immediately significant for the Company’s future profits. The movements in the Company’s share price, which on the day of publication and the following trading day rose in total by approximately 95 per cent, indicate that the market also viewed the information as relevant for the pricing of the Company’s shares. The information in the Press Release thus constituted inside information and the Company has thereby violated section 3.1 of the Rule Book by treating the information as non-regulatory information.

*Precise has asserted the following:* Precise maintains that the Company’s initial assessment that the information in the Press Release did not constitute inside information was correct at the time in question. It would be extremely unusual if information about an upgrade of the Company’s existing products were to constitute information that a sensible investor would be likely to utilise as part of the basis for any investment decision. In retrospect it is, of course, possible to say that the assessment was incorrect. However, the sharp price movement indicates that it cannot have been this information alone which resulted in the price change. A sensible investor would not make the assessment that the upgrade in question was of such a

character that it should result in a doubling of the Company's value. However, the Company admits that the wording in the Press Release, as noted by the Exchange, provided an excessively positive view of the significance of the upgrade for the Company. The Company believes that the misleading description – together with external factors – may have contributed to the strong price performance.

*The Disciplinary Committee notes* that the information that the Company published in the Press Release had not been published previously, and that it related to the specific circumstance that the Company had upgraded one of the Company's products. The question of whether the information in the Press Release constituted inside information depends, therefore, on whether the information may be assumed to have had a significant impact on the price of the Company's shares. The Disciplinary Committee's assessment in this respect is that a product upgrade of the kind published by the Company, which entailed a not insignificantly improved function of one of the issuer's main products together with a simultaneous reduction in production costs, may typically be deemed to have a material impact on the price of the issuer's financial instruments. The information in the Press Release thus constituted inside information. The Company has thereby violated section 3.1 of the Rule Book by failing to publicly disclose the information in accordance with Article 17 of MAR and Article 2.1 of the Implementation Regulation.

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To summarise, the Disciplinary Committee is of the view that the Company has violated section 3.1 of the Rule Book. The Disciplinary Committee determines the sanction at a fine corresponding to two times the annual fee.

On behalf of the Disciplinary Committee

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

Marianne Lundius

Former Justice Marianne Lundius, Justice Ann-Christine Lindeblad, authorised public accountant Svante Forsberg, director Carl-Johan Högbom and director Anders Oscarsson have participated in the Committee's decision

Secretary: *Jur. kand.* Erik Lidman