



Nasdaq Helsinki disciplinary committee imposed a warning and a fine on Digia Ltd for breaching the Rules of the Exchange

Helsinki, March 31, 2017 – The Disciplinary Committee of Nasdaq Helsinki Ltd (the “Exchange”) has stated that Digia Ltd has breached the Rules of the Exchange when announcing a significant business contract. The Disciplinary Committee imposed a public warning and a fine of EUR 40,000 on Digia Ltd due to the breaches of the Rules of the Exchange (the “Rules”).

Digia Ltd disclosed a company announcement on October 14, 2016, at 16.10 EET “Finnish Tax Administration chooses Digia Finland Ltd as software supplier of national income register”. The Finnish Tax Administration had earlier the same day published a press release at 13.17 EET saying it has chosen Digia Finland Ltd as software supplier of national income register. The trading of Digia Ltd shares was afterwards suspended until the company was able to disclose a company announcement regarding the decision of the Finnish Tax Administration. Just prior to the trading suspension the company share had risen by 7.8 per cent and the trading volume was approximately 30 times bigger than the trading during the previous trading hour.

Digia Ltd stated in the company announcement on October 14, 2016, that “the project is very important for Digia”, and “the overall cost for a 15-year contract period is about EUR 90 million, of which Digia accounts for approximately EUR 60 million.” Also in the interim report on October 28, 2016, Digia said the project is very significant for the company.

The Disciplinary Committee assessed if the company had breached the procedures on inside information required by the Rules of the Exchange when participating in the public procurement process of the national income register and when it received the information on the selection to the software supplier for the Finnish Tax Administration.

The company was informed on October 14, 2016, at 12.08 EET that the Finnish Tax Administration has chosen the company as the contract partner in the public procurement process.

According to the decision of the Disciplinary Committee the information regarding to the framework agreement was non-public and precise concerning the positive result of the public procurement process. The company was offered a significant possibility for a long-term project representing the value of approximately EUR 60 million when completed in full. When assessing the preciseness of the information, it is not a determining factor that the contract is a framework agreement. There can always be uncertainties when it comes to the materialization of the framework agreements and other long-term contracts. These kinds of uncertainties in an agreement relating to its actual occurrence or materialization later do not decrease the preciseness of the information if there has been a factual possibility for the circumstance or event to occur.

The Disciplinary Committee concludes that the framework agreement in its entirety has been significant for the company. When the Finnish Tax Administration informed the decision of the public procurement process to the company by phone, that information was latest at that point such which - if made public - would have had a significant effect on the price of the share. The company should then have assessed the matter as inside information and prepare it to be disclosed. The company would have had an opportunity to do so, and the

contract partners had also indicated the same. According to the Rules inside information shall be disclosed as soon as possible in such a manner that information is available in a non-discriminatory way enabling fast access and complete, correct and timely assessment of the information by the public.

When the press release of the Finnish Tax Administration became public, the situation changed. Therefore, when assessing the disclosure the company should have taken into the consideration also the information published in the press release by the Finnish Tax Administration.

The Disciplinary Committee has stated that after the mentioned press release was published, the company had been obliged to correct the erroneous information of material significance without delay. The company has specified in its own company announcement the total value of the contract for the company itself. However, the company announcement did not state, among other things, that the contract was a framework agreement, and that there were uncertainties related to it. The company announcement disclosed was inadequate as stated by the company itself, and misleading. Thus the company has not kept sufficient information equally and consistently available to the investors on factors that may have a material effect on the value of the security.

The Disciplinary Committee has stated that the administration of the company in this case has not been established in such a way that the company was able to provide the market with reliable, accurate and up-to-date information as required from a listed company. The company should have as a listed company been able to prepare an appropriate company announcement in accordance with the Rules and to disclose it as soon as possible. The company announcement was disclosed not until four hours later when the company had been informed about the decision, and the content in the announcement was inadequate.

Applicable Rules of the Exchange

According to the rule 2.3.1.1 a listed company shall inform the public as soon as possible of inside information which directly concerns that company.

The inside information is defined in Article 7 in the market abuse regulation.

The rule 2.3.1.2 states the inside information under market abuse regulation shall be disclosed by the listed company as soon as possible in such a manner that information is available in a non-discriminatory way enabling fast access and complete, correct and timely assessment of the information by the public.

Furthermore according to the rules 1.2.6 and 1.2.7 it is prohibited to provide false or misleading information upon fulfilling the disclosure obligation.

Untruthful or misleading information which is revealed following the disclosure and which may be of material significance to the investor shall without delay be corrected or supplemented in an adequate manner.

Anyone who is subject to the disclosure obligation towards the investors, shall be liable to keep sufficient information equally and consistently available to the investors on factors that may have a material effect on the value of the security.

Rule 2.2.4.3 states that well in advance of the listing, the company must establish and maintain adequate procedures, controls and systems, including systems and procedures for financial reporting, to enable compliance with its obligation to provide the market with timely, reliable, accurate and up-to-date information as required from a listed company.

The Disciplinary Committee of the Exchange states in its resolution that Digia Ltd has, when disclosing the information on the agreement regarding the company, breached the rules 1.2.6, 1.2.7, 2.2.4.3, 2.3.1.1 and 2.3.1.2 of the Rules of the Exchange. Accordingly, the Committee has imposed a public warning and a fine of

EUR 40,000 on Digia Ltd. The main argumentation and the resolution statement shall be disclosed by the Exchange.

This press release contains the main argumentation and the resolution statement by the Disciplinary Committee.

Risto Nuolimaa (chairman), Simo-Pekka Helander and Tuula Pynnä participated in the Committee's decision.

NOTICE: This version is a translation of the original Finnish text and is only made available for information purposes.

Surveillance at Nasdaq Helsinki

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 Chairman of the Committee is Mr. Mikko Tulokas, former Supreme Court Justice, the Deputy Chairman is Mr. Risto Nuolimaa, former Professor, and the other members are Mr. Simo-Pekka Helander, Counselor of Economics, Ms. Tuula Pynnä, Supreme Court Justice, and Mr. Sami Torstila, Associate Professor. Sanctions for a listed company may be a warning, a fine or delisting. For more information about the Disciplinary Committee please visit www.nasdaqomx.com/listing/europe/surveillance/helsinki

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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Cautionary Note Regarding Forward-Looking Statements

The matters described herein contain forward-looking statements that are made under the Safe Harbor provisions of the Private Securities Litigation Reform Act of 1995. These statements include, but are not limited to, statements about Nasdaq and its products and offerings. We caution that these statements are not guarantees of future performance. Actual results may differ materially from those expressed or implied in the forward-looking statements. Forward-looking statements involve a number of risks, uncertainties or other factors beyond Nasdaq's control. These factors include, but are not limited to factors detailed in Nasdaq's annual report on Form 10-K, and periodic reports filed with the U.S. Securities and Exchange Commission. We undertake no obligation to release any revisions to any forward-looking statements.

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