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NASDAQ STOCKHOLM'S

**DECISION
2017-9**

18 September 2017

DISCIPLINARY COMMITTEE

Nasdaq Stockholm

The Marketing Group Plc

Decision

The Disciplinary Committee orders The Marketing Group Plc to pay a fine in the amount of two times the annual fee.

Motion

The shares in The Marketing Group Plc ("TMG" or the "Company") are admitted for trading on NASDAQ Stockholm AB's (the "Exchange") trading platform, Nasdaq First North. TMG has signed an undertaking to comply with the Exchange's rulebook for Nasdaq First North in effect from time to time (the "Rule Book") as long as the Company's shares are traded on Nasdaq First North.

The Exchange has argued that TMG violated section 4.7 (e) of the Rule Book by not informing the Exchange of the potential acquisition of Ulysses Ltd. The Exchange has further argued that section 7.2.1 of Appendix B to the Rule Book is applicable to the Company's inability to induce the chairman of the board to stop tweeting about the share price, which has damaged public confidence in the Exchange, Nasdaq First North, and the securities market in general. The Company has also, according to the Exchange, violated section 2.2.4 of the Rule Book by creating uncertainty regarding the Company's capacity to provide information to the market in the form and manner prescribed by the Rule Book. Finally, the Exchange has argued that TMG violated section 4.1 of the Rule Book by failing to publish, as soon as possible, inside information that three previously announced company acquisitions had been discontinued.

The Exchange, which considers the violations serious, has moved that the Disciplinary Committee consider the violations and order sanctions according to section 7.3 of Appendix B to the Rule Book.

TMG has admitted that the Company, under its earlier management, was guilty of the alleged violations of the Rule Book. Considering that the violations took place under the previous management, the Company has moved that enforcement of any sanctions imposed be made conditional on the Company committing new violations of the Rule Book.

A hearing was held on the matter before the Disciplinary Committee on 15 September 2017 at which the Exchange was represented by Karin Ydén (Head of Issuer Surveillance) and Andreas Blomquist (Senior Legal Counsel). TMG was represented by the current chairman of the board, Don Elgie.

The Disciplinary Committee's assessment

Failure to inform the Exchange

Background

During the period 18-25 July 2016, the Exchange noted a discernible increase in the price of TMG's shares. TMG's Certified Adviser notified the Exchange after two contacts with the Company, most recently on 25 July 2016, that the Company had stated that there was no inside information in the Company which could provide any plausible explanation for the change in share price. On the same day, at 6:08 PM, TMG published a press release stating that the Company had acquired Ulysses Ltd. and subsidiaries, which constituted a watershed event for TMG since the Company was thereby establishing a position in the United States. The press release had a positive effect on the share price.

The Exchange has argued: the acquisition of Ulysses Ltd. must be deemed to constitute a material and significant acquisition since, among other things, it would increase the company's EBITDA by approximately 89 %. The press release on the evening of 25 July 2016 also had positive effect on the Company's share price when trading opened on the morning of 26 July. As far as can be understood from TMG's reply, during the period 18-25 July 2016, the Company was involved in a process to possibly acquire Ulysses Ltd. A significant upswing in the share price took place during this period. In light of the Company's response to the Exchange through its Certified Adviser, the Exchange had no cause to suspect that the price changes might be due to leaks of inside information. The Exchange therefore had no cause to consider a suspension of trading. Regardless of the fact that the Company, on the basis of various circumstances, was able to negotiate and resolve outstanding issues faster than what the Company could have foreseen, the Company knew that it was negotiating a significant transaction which, if executed, would be made public in the near future. In its contacts with the Exchange on 19 July and 25 July

2016, the Company should have informed the Certified Adviser and the Exchange of the transaction even if it was in a discussion phase. The Company failed to fulfil its obligation to immediately disclose information regarding circumstances which might render necessary a suspension of trading and thus violated section 4.7 (e) of the Rule Book.

TMG has argued: TMG was also surprised by the movements in the share price. No measure was taken by the Company to increase the price of TMG's shares nor was there any other reason for the upswing in price. TMG carries out, among other things, mergers and acquisitions activities which constitute the driving force behind the Company's growth and has acquired companies on a regular basis, almost monthly, since the Company was listed. Since a month had passed since the Company's most recent acquisition, the market was speculating that it was probably time for the next acquisition and therefore purchased shares. The chairman of the board, Jeremy Harbour, also participated in a meeting at Nasdaq, New York, which received much publicity. In addition, 25 July is payday in Sweden. The acquisition of Ulysses Ltd. was in a discussion phase long before 25 July 2016. Several questions were outstanding and were to be resolved, including corporate structure, the legal status, taxation and indemnification clauses. At the same time, the price upswing for TMG's shares was causing concern amongst Ulysses Ltd.'s shareholders. Due to the aforementioned circumstances, the Company succeeded in negotiating and resolving all of the outstanding questions faster than anticipated, and the acquisition could be signed at the close of trading on Monday, 25 July 2016. Neither the acquisition of Ulysses Ltd. nor the press release could have had any effect on the share price before 25 July 2016. TMG is always in negotiations regarding several acquisition prospects. The Company is usually involved in extensive negotiations with at least two or three companies at any given time. This is a part of the Company's aggressive growth strategy.

Considerations

Section 4.7 (e) of the Rule Book prescribes the following: The Issuer shall notify the Exchange and the Certified Adviser immediately of circumstances that might necessitate a trading halt.

There is, in principle, no disagreement regarding the actual chain of events. The Disciplinary Committee thus finds that it has been proven that TMG did not inform the Exchange or its Certified Adviser that discussions were underway regarding an acquisition of Ulysses Ltd., which was completed on 25 July 2016. The significance which the acquisition of Ulysses Ltd. would have for the Company and the potential effect on the share price are the types of circumstances which may make it necessary to halt trading in the Company's shares. It was therefore incumbent upon the Company to inform the Exchange and its Certified Adviser of the discussions underway. The information which the press release contained and which was made public on the evening of 25 July 2016 is deemed to be inside information and the press release should thus have contained notice that the information had been made public as a consequence of the EU's Market Abuse Regulation ("MAR"). The Disciplinary Committee finds that TMG violated section 4.7 (e) of the Rule Book.

The tweets by TMG's working chairman of the board of directors

Background

During July and August 2016, the Exchange noted that TMG's working chairman of the board and a significant shareholder, Jeremy Harbour, had made numerous statements in tweets regarding TMG and the Company's share price.

The Exchange has argued: on 13 July 2016, Jeremy Harbour tweeted that he “[s]ent a bunch of draft tweets to [the Company’s] Nasdaq corporate advisors & asked which [he] could legally send”, with the answer “none”, and added “:-(sorry, just have to wait”.

On 2 August 2016, he tweeted that “TMG is ahead of schedule, that doesn’t mean we slow down, just means we are ahead of schedule, still just getting warm!”.

On 15 August 2016, he tweeted “[I] have said before [I] cannot comment, but 8 is a lucky number in [C]hinese!”.

On 25 August 2016, after the Company's share price had fallen notably the same day, he tweeted among other things “Very very crazy. For zero reason”, “You only lose money when you sell”, and “I am buying”. As far as the Exchange is aware, he subsequently deleted the last tweet. These statements had a positive effect on the price of the Company's shares.

Even if, according to TMG, the tweets did not contain any inside information regarding the Company which had not been made public, they could be interpreted as containing this type of information and thus affecting the price of the Company's shares. Such statements are typically inappropriate when made by a person with the position in a listed company that Jeremy Harbour had and they therefore risk undermining public confidence not only in the Company but also in the Exchange, Nasdaq First North, and the securities market in general. Jeremy Harbour's tweets and the Company's inability to stop these gave rise to the very risks mentioned above and therefore section 7.2.1 of Appendix B to the Rule Book is applicable.

TMG has argued: TMG's operations consist of acquiring companies in order to build up the corporate group. This is set forth on the Company's website and the public is aware of this. The tweets on 15 August 2016 had no effect on the share price. With respect to the tweets on 25 August, these were an extrapolation of other tweets from various investors. The Company is involved in a process in order to strengthen its team and its operations with several people working on regulatory compliance: the company secretary, corporate counsel, and several people with financial expertise.

Considerations

Section 7.2.1 of Appendix B to the Rule Book prescribes the following: The Exchange may impose the sanctions set out in (a) (i)-(iii) also in situations where an already listed Issuer, despite fulfilling all admission requirements, is considered to damage public confidence in the Exchange, Nasdaq First North or the securities markets in general.

In the opinion of the Disciplinary Committee, the statements in the tweets which were made by the Company's working chairman of the board were very inappropriate and misleading for the stock market. The statements made on 25 August 2016 also affected the price of the Company's shares. The fact that a listed company's chairman of the board, despite encouragement by the Exchange and the company's Certified Adviser to discontinue similar tweets, nonetheless continues must be deemed to damage public confidence in the Exchange, Nasdaq First North, and the securities market in general. The Disciplinary Committee thus believes that the Company has violated section 7.2.1 of Appendix B to the Rule Book.

Announcement of the withdrawal of three acquisitions

Background

TMG's Certified Adviser contacted the Exchange on 26 January 2017 and informed the Exchange that the Company would publish a press release the next morning, 27 January, and that the Company would discontinue three acquisitions which had previously been made public in 2016 and that the Company believed that the information was inside information.

The Exchange has argued: The Exchange requested that TMG clarify, through its Certified Adviser, why publication would not take place until the next day and not as soon as possible in accordance with the Rule Book. The Exchange informed the Company that it could not apply postponed publication since it might mislead the public considering that the information deviated from previously published information. The share price dropped by almost 9 % over the course of the day. The combination of inside information which had not been made public and the price drop meant that a leak could not be ruled out. Trading in TMG's shares was halted in the afternoon of 26 January. It is uncontested that the relevant information constituted inside information and therefore should have been published as soon as possible in accordance with section 4.1 of the Rule Book and Article 17 of MAR. As far as the Exchange is aware, no decision regarding postponed publication was made. The Company appears to have held off waiting for confirmation from its corporate counsel regarding the validity of the withdrawal before publication of the press release. It is obvious that the period of time between the decision regarding withdrawal from the acquisitions and the press release does not comply with the requirement that the information be published as soon as possible. The Company therefore violated section 4.1 of the Rule Book.

TMG has argued: The decision regarding the withdrawal from the transactions was taken during a telephone conference at 8:45 AM on 26 January 2017. It was decided during the telephone conference that corporate counsel would confirm the validity of the withdrawal and TMG's investor relations consultant was tasked with immediately preparing a press release for publication of inside information as soon as possible in accordance with Nasdaq's requirements. TMG's corporate counsel confirmed the validity of the withdrawal from the transactions the next day, 27 January. As soon as the press release was ready on 27 January, it was immediately sent for approval and to TMG's Certified Adviser. TMG had ensured that the inside information would be kept strictly confidential prior to publication and had taken all reasonable measures to ensure that the inside information would be made public as soon as possible.

Considerations

Section 4.1 of the Rule Book prescribes the following: The Issuer shall disclose inside information in accordance with Article 17 of the Market Abuse Regulation, EU No 596/2014 (MAR).

In the Exchange's guidance to section 4.1 it is stated that Article 17 of MAR sets out the disclosure obligations in respect of inside information. The term inside information is defined in Article 7 in MAR. According to Article 17 the Issuer may, on its own responsibility, delay disclosure to the public of inside information provided that all of the conditions set out in MAR are met (Article 17.4 in MAR and the Commission's Delegated Act on disclosure and for delaying disclosure of inside information).

According to the Exchange's guidance to section 4.1 the Issuer should 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 disclosure. Information may not be misleading or inaccurate in any manner. The information should contain facts which provide sufficient guidance to enable evaluation of such information and its effect on the price of the Issuer's financial instruments. Corrections to errors in information disclosed by the Issuer itself need to be disclosed as soon as possible after the error has been noticed, unless the error is insignificant.

Article 17.1 of MAR prescribes that an issuer must inform the general public as soon as possible regarding inside information directly relating to the issuer.

The term inside information is defined in Article 7 in MAR:

1. For the purposes of this Regulation, inside information shall comprise the following types of information:

(a) 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 or on the price of related derivative financial instruments;

2. For the purposes of paragraph 1, information shall be deemed to be of a precise nature if it indicates a set of circumstances which exists or which may reasonably be expected to come into existence, or an event which has occurred or which may reasonably be expected to occur, where it is specific enough to enable a conclusion to be drawn as to the possible effect of that set of circumstances or event on the prices of the financial instruments or the related derivative financial instrument, the related spot commodity contracts, or the auctioned products based on the emission allowances. In this respect in the case of a protracted process that is intended to bring about, or that results in, particular circumstances or a particular event, those future circumstances or that future event, and also the intermediate steps of that process which are connected with bringing about or resulting in those future circumstances or that future event, may be deemed to be precise information.

3. An intermediate step in a protracted process shall be deemed to be inside information if, by itself, it satisfies the

criteria of inside information as referred to in this Article.

4. For the purposes of paragraph 1, information which, if it were made public, would be likely to have a significant effect on the prices of financial instruments ... shall mean information a reasonable investor would be likely to use as part of the basis of his or her investment decisions.

Through the evidence and the Company's admission, it has been rendered clear that the information consisted of inside information. The information should therefore have been published as soon as possible. The press release was published at 7:00 AM on 27 January and thus 22 hours after the decision regarding withdrawal from the acquisitions. Such a time delay cannot be deemed to be within the scope of the concept "as soon as possible". The Disciplinary Committee therefore finds that TMG violated section 4.1 of the Rule Book.

Capacity for disclosure of information

Section 2.2.4 of the Rule Book prescribes the following: The Issuer must possess the organization and staff required in order to comply with the requirements regarding disclosure of information to the market is set forth in Chapter 4.

The violations TMG has been found to have committed demonstrate that its organization and staffing with respect to the disclosure of information was deficient. It is apparent from the evidence that, through its chairman, management lacked the insight into, and respect for, the requirements imposed on disclosure of information by a listed company. According to information received, the Company's new management has begun to strengthen the organization and staffing in this respect. The Disciplinary Committee notes that TMG has not fulfilled the requirements set forth in section 2.2.4 of the Rule Book.

In summary, the Disciplinary Committee finds that TMG violated the Rule Book in several respects. The Disciplinary Committee views the violations seriously. The fact that the Company has now prioritized the disclosure of information and, through various measures, strengthened its organization in this respect among others, is positive but cannot release the Company from liability for the defects which occurred. Even if the Disciplinary Committee may have understanding for the difficulties the new management has in financially handling the consequences of the regulatory violations committed during the previous management, the Rule Book does not permit any scope for conditional sanctions. Taking into consideration the ongoing strengthening of the Company's organization, the Disciplinary Committee is not imposing sanctions greater than a fine of two times the annual fee.

On behalf of the Disciplinary Committee,

/signature/

Marianne Lundius

Former Justice of the Supreme Court Marianne Lundius, Justice of the Supreme Court Anne-Christine Lindeblad, Company Director Carl-Johan Högbom, Company Director Jack Junel and authorised public accountant Svante Forsberg participated in the Committee's decision.