

Surveillance and Enforcement

April 2007

Stockholm Stock Exchange

The Disciplinary Committee of the Stockholm Stock Exchange (SSE) has during April decided upon two cases regarding exchange member's trading in securities. One of these decisions concerned Timber Hill AG and a case of insufficient control regarding automatic order routing. Timber Hill had on several occasions placed orders that deviated from the current market price for the securities involved and had by doing so caused disturbances in the market. The Committee agreed that the rules could be hard to implement, but considered that the breaches of the rules could not be seen as less serious since the exchange had made several remarks regarding similar matters prior to this incident. Timber Hill was sentenced to pay a fine of SEK 200 000.

The other errand concerned JP Morgan International Ltd and concerned the trading in Nordea Bank AB. JP Morgan had during a period of two weeks been involved in a number of transactions in the share where JP Morgan appeared as both buyer and seller. The trades were therefore not considered as real transactions and were made in conflict with the trading rules. JP Morgan had admitted that the transactions constituted a breach of the rules but claimed that the reason behind the occurred was that the trader had misunderstood his assignment and not been aware of that his action constituted a breach of the rules. The Committee stated that the trading rules had been breached and that the breaches could not be considered as minor. The trader involved received a warning and JP Morgan was sentenced to pay a fine of SEK 200 000 based on their strict responsibility for their traders action.

The SSE has criticized one company since the company did not publish a notice to convene the Annual general meeting in accordance with the rules of the exchange. The company did not publish the information by a press release.

One company was criticized for not having followed the exchange rules that states that a company shall immediately after an extra meeting of shareholders publish a press release with the most important resolutions from the meeting. The company published the release almost twenty-four hours after the end of the meeting.

During the month, six cases of suspected market abuse have been handed over to the Swedish Financial Supervisory Authority. Three of these cases have concerned suspected illegal insider trading in different types of situations and the three other cases concerned suspected market manipulation.

Invik & Co. AB was placed on the observation segment since the company is subject to a public offer from Milestone ehf.

Helsinki Stock Exchange

One company was criticized for not having delivered a stock exchange release regarding a disposal of the company's own shares without undue delay.

During the month, one case of possible abuse of insider information was handed over to the Finnish Financial Supervision Authority.

The trading in the Ramirent Oyj shares was suspended for one hour due to a corporate action that was not updated in the trading system and hence trading with a fair price was not possible.

Copenhagen Stock Exchange

One listed company received a reprimand for having breached both law and the disclosure rules of the exchange when the company did not publish a stock exchange announcement about an increase in the company's share capital in connection with the board of directors' making a decision about the matter.

One listed company received a reprimand for having breached the disclosure rules of the exchange when the company had not clearly stated that the issued prospectus announcement also contained change expectations for the 2006 financial year.

FLSmith & Co. was transferred to the observation segment due to the fact that the company had made a conditional offer to the shareholders in Groupe Laperrière & Verreault Inc.

Icelandic Stock Exchange

ICEX criticized one company for failing to send ICEX information on resolutions from the Annual General Meeting (AGM) immediately upon the conclusion of the meeting. Trading in the company's shares was suspended from just before the commencement of the AGM until an announcement of its results was sent to ICEX. ICEX pointed out that information on the results of the company's AGM could be considered price-sensitive information and in accordance with the rules on the issuer's disclosure obligations, the company must send ICEX information on its AGM proceedings immediately upon the conclusion of the meeting.

ICEX criticized one company since it did not publish a news announcement on a ratings update without delay. In fact, the announcement was published in the ICEX News System the day after the publication of the ratings update by the rating agency.

ICEX criticized one company for not publishing its annual accounts within the time limits of the ICEX's Rules.

ICEX strongly criticized a member for matching its own orders on four occasions in a single day and for reporting two trades which reflected a transfer within the member firm so that the member was in fact both the buyer and seller. ICEX had late last year criticized the same member for matching its own orders on numerous occasions. ICEX urged the member to prevent breaches of this nature in the future and warned that if it did not, the member could face more severe sanctions.

ICEX handed one case of suspected insider trading over to the FSA.

Tallinn Stock Exchange

Tallinn Stock Exchange has issued criticism to three exchange members concerning cases, where manual trades were concluded for less than established minimum volume of the shares.

Riga Stock Exchange

Two surveillance cases from March were, due to the reiterative breaches of the disclosure rules, during April forwarded to the Riga Stock Exchange (RSE) Surveillance committee for further examination. After having reviewed the cases and considering the importance of disclosing information to the stock exchange in a timely manner, the committee decided to sentence a fine of

Ls 6000 to AS “Latvijas Gāze” and a fine of Ls 250 to AS “Baloži”. When evaluating the amount of the fine the importance of every breach and the influence on the securities market were considered.

A warning was issued to a company that had failed to publish draft resolutions prior to the AGM. The RSE disclosure rules require a company to publish draft resolutions two weeks prior to the AGM.

Trading was suspended in Laima since the company had released information to media, without submitting the same information to the RSE. The RSE disclosure rules state that price sensitive information may not be disclosed to media in comments or interviews prior to publishing the information via the stock exchange’s information system. The trading was resumed after the company had provided the required information to the RSE.

A trading halt was initiated in SAF based on a request from the company. A daily newspaper had published price sensitive information regarding the company from a third person that was not yet made public by the company. According to the RSE disclosure rules the exchange has the right to suspend trading in the securities based on a company’s request. The trading was resumed once the company had provided the required information to the RSE.

The RSE has informed Financial and Capital Market Commission on the breaches of the rules mentioned above.

Vilnius Stock Exchange

The Vilnius Stock Exchange (VSE) has issued criticism towards one company, due to the fact, that the company failed to announce a change of director general. The VSE Trading rules state that information regarding a change to the management of the company has to be published through the VSE information system.

The VSE has issued criticism towards one company with the request to confirm or deny press information that the company is not going to pay dividend this year. This kind of information is considered as material information and the rules state that, when a company has made a resolution regarding the dividend, this information has to be disclosed through the VSE information system.

The VSE has suspended trading in Gubernija due to the fact that the company had failed to comply with the VSE rule that states that price sensitive information may not be disclosed in media before the information is disclosed through the information system of the VSE. The trading was resumed once the information was duly disclosed to the market.

The VSE has informed the Lithuanian Securities Commission about the above mentioned cases.

The VSE has imposed a minor fine to a member for breaching the requirements of the Trading Rules since the member had failed to provide a sufficient amount of cash for settlement in due time for transactions concluded on the VSE.

During the month, the VSE has detected four cases of possible market manipulation. The issues concerned cases where clients’ orders and transactions have amounted to a very large proportion of the trading in those securities during the trading day and resulted in considerable price changes.

First North

Enlight International AB was placed on the observation segment since the company had decided to prepare a balance sheet for liquidation purposes.