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**NASDAQ STOCKHOLM'S
DISCIPLINARY COMMITTEE**

Decision
2018:05

May 16, 2018

Nasdaq Stockholm

CLX Communications AB

DECISION

In its consideration of the matter, the Disciplinary Committee has not found reason to impose any sanctions on CLX Communications AB.

Motion

The shares in CLX Communications AB (publ) (“CLX” or the “Company”) are admitted to trading on Nasdaq Stockholm AB (the “Exchange”). The Company has signed an undertaking to comply with the Exchange’s rules for issuers in effect from time to time (the “Rule Book”).

The Exchange has argued that CLX violated item 3.1 of the Rule Book by not including information about a counterparty’s name in a press release issued on September 1, 2017, with the heading “CLX signs strategic agreement with one of the world’s largest mobile handset and software brands” (the “Press Release”).

Citing section 5 of the Rule Book, the Exchange has moved that the Disciplinary Committee consider the violations of the Rule Book and establish an appropriate sanction.

CLX has admitted the facts but denies that it is guilty of the alleged violation of the Rule Book.

A hearing was held in the matter before the Disciplinary Committee on May 7, 2018, at which the Exchange was represented by Karin Ydén (Head of Issuer Surveillance), Elias Skog (Regulatory Compliance Specialist) and Andreas Blomquist (Senior Legal Counsel). CLX was represented by Erik Fröberg (chairman of the board of directors), Od Bolin (CFO) and attorney Sixten Nordmark.

Reasons for the decision

The Rule Book

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

According to Article 7 of MAR, inside information is 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 [...].

According to Article 17.1 of MAR, an issuer shall inform the public as soon as possible of inside information which directly concerns that issuer. The issuer shall also ensure that the inside information is made public in a manner which enables fast access and complete, correct and timely assessment of the information by the public [...].

According to the guidance text to item 3.1, the issuer cannot evade its obligation to make public inside information by entering into an agreement with another party to the effect that certain information, or details in such information, may not be made public by the issuer.

Background

The Press Release contained information that CLX had entered into a strategic agreement with a “leading US manufacturer of mobile telephones, software and other consumer electronics”. However, the name of the other party was not stated. The Press Release further stated that the information constituted inside information according to MAR. The information had a positive effect on the Company’s share price which, immediately after publication of the Press Release, rose by 8% and then stabilized at an increase of approximately 5%.

In light of the fact that the Press Release did not contain any information regarding the other party’s name, the Exchange contacted the Company and requested the Company’s view of the matter. The Company’s Investor Relations consultant stated that the Company’s share price might rise by as much as 20% if CLX made public the name of the other party, but that the Company left the name out since the Company was prevented according to a confidentiality undertaking from publishing the name. The Exchange then notified the Company that the information in the Press Release was incomplete and encouraged CLX to supplement the Press Release by publishing the name of the other party. However, the Company did not follow the advice citing the confidentiality undertaking.

The Exchange has argued the following. As a basic premise, the counterparty’s name should have been stated in the Press Release since the name does not lack relevance to an assessment

of the significance of the published information for CLX and its financial instruments. The Company has also not provided an alternative description of the other party which makes possible an equivalent assessment of the information in the same manner as if the other party's name had been stated directly in the Press Release. The information published in the Press Release was therefore not of such a nature that it was possible to make a complete and correct assessment of the significance of the information for the Company and its financial instruments.

The Company has argued the following. It is CLX's opinion that the content of the Press Release makes possible a complete and accurate assessment of the significance of the information for the Company and its financial instruments and that an additional publication of the other party's name would not have affected the share price of the Company more than actually was the case. It is already well known on the market that CLX's customer base includes most of the global leading IT and Internet companies and that such an additional customer is not regarded as in any way surprising. Consequently, the Company regards the assessment by its Investor Relations consultant at the time that CLX's share price might rise by as much as 20% if the Company published the other party's name as an incorrect conclusion and, as a consequence of this, has terminated its cooperation with the consultant. In addition, CLX entered into a confidentiality agreement with the other party which entails that were the Company to make public the other party's name it might be regarded as a material breach of contract and entitle the other party to terminate the agreement with immediate effect and seek damages against the Company.

Considerations

The Disciplinary Committee notes that there is no disagreement regarding the facts in the matter. In the Press Release, CLX stated that the information which was made public constituted inside information. In the opinion of the Company, this is an incorrect assessment made by management which the current management does not agree with. The Committee proceeds in its assessment on the basis that the information constituted inside information. The confidentiality undertaking which CLX entered into with the other party to the agreement does not release the Company from its information obligations. The question is whether the information contained in the press release was sufficient and fulfills the requirements of being accurate, relevant and clear and whether it makes possible an assessment of the significance of the information to CLX and its financial instruments.

With respect to the cooperation agreement which likely can be assumed to have a material impact on the price of the issuer's financial instruments, the Disciplinary Committee shares the opinion of the Exchange that the other party's name, as a rule, must be made public. Where the other party's identity is not stated, in such exceptional cases it must be required that an alternative description of the counterparty be made public which makes possible an equivalent assessment of the information in the same way as if the other party's name had been stated. In the opinion of the Disciplinary Committee, particularly stringent requirements must be imposed on the clarity of such alternative descriptions when, as in the instant case, the matter involves a strategic cooperation agreement where monetary values are not

involved. With respect to such agreements, where it is primarily the potential of the cooperation which can be assumed to be of significance to the pricing of the issuer's shares, the specific identity of the counterparty can be assumed to be particularly relevant information to an investor.

CLX stated in the Press Release that the other party to the cooperation agreement is "a leading US manufacturer of mobile telephones, software and other consumer electronics" with "one of the world's absolute strongest trademarks". Even if, based upon this information, it is not possible to identify a specific counterparty, the description limits the potential counterparties to such a specific and small group of companies with such small differences amongst them that a publication of the other party's name, in the opinion of the Disciplinary Committee, cannot be assumed to have an additional material impact on the price of the Company's shares. The Disciplinary Committee therefore finds that the information contained in the Press Release was sufficient.

The Disciplinary Committee thus finds that CLX's actions, as argued by the Exchange, should not give rise to any sanctions.

On behalf of the Disciplinary Committee,

Marianne Lundius

Former Justice of the Supreme Court Marianne Lundius, Economist Ragnar Boman, *Advokat* Patrik Marcellius, Company Director Carl-Johan Högbom and *Advokat* Wilhelm Lünig participated in the Committee's decision.

Committee Secretary: *Jur.kand.* Erik Lidman