

# Rules governing transactions in financial instruments and currencies, etc., undertaken by securities institutions' employees and service providers on their own account or on behalf of closely related persons

adopted by the Board of the Swedish Securities Dealers' Association to apply commencing not later than 1 April 2007.

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## 1. Disposition

The arrangement of the rules is set forth in the table of contents, in which context it may be noted that different rules may appear in each section regarding employees, service providers and closely related persons.

Section 2 contains definitions of terms which are presented in capital letters.

Section 3 contains a short description of the background and purpose of the rules.

Section 4 contains general rules regarding, among other things, sensitive information on the securities market.

Section 5 contains rules regarding the notification obligation regarding own transactions by Employees and Closely Related Persons in Financial Instruments and currencies and rules for Employees regarding Profits and retention periods.

Section 6 contains supplementary rules applicable to employees within and analysis and corporate finance operations.

Section 7 contains rules applicable in the event of an over-subscribed new market listing. They apply to all employees and service providers of securities institutions.

## 2. Definitions, etc.

### 2.1 Definitions

*The following definitions shall apply in the application of these rules.*

*Employee:* A person holding some form of position in the securities institution's securities or currency operation and the institutions service providers in such operation – both external as well as those whose primary position is in another part of the same group – provided that the engagement is intended to be longer than one Month. Customers may determine that the rules shall also apply to other service providers if the engagements are comparable to employment within securities or currency operations, and may also determine that the rules shall not apply to service providers who are engaged for longer periods of time where the engagement has an insignificant connection to such operation. A person who is a member of the board of directors is not deemed to be an Employee on this basis only. See further regarding members of a board of directors in section 5.1.

*Employer:* A securities institution in its capacity as employer of employees and customer of service providers.

*Short Sale:* Sale of Financial Instruments at the Seller's disposal through, e.g. a securities loan.

*Financial Instrument:* Traded securities (e.g. shares, bonds, ownership rights, depository receipts) and other rights or obligations intended for trading on the securities market (e.g. derivative instruments such as options and futures, irrespective of the type of underlying asset).

In these rules, Financial Instrument also means such employee stock options as do not constitute financial instruments in accordance with the Financial Instruments Trading Act and non-standardised derivative instruments (e.g. OTC options, OTC futures and swaps). For the sake of clarification, the aforementioned means that so-called spread betting and

similar activities are equated with holdings of a Financial Instrument in the application of these rules if the underlying type of asset would otherwise be covered by the term, Financial Instrument.

*Legal Person:* Such legal person over whom an Employee, alone or together with others, enjoys a significant influence through either a leading position or community of economic interest. "Community of economic interest" means a holding of not less than ten percent of the shares/participating interests or votes, or the right to receive not less than ten percent of the income.

*Month:* The period of time from a particular date in a calendar month to the same date in the following calendar month. In the event the date does not appear in the following month, such date shall be deemed to fall on the first day of the month thereafter.

*Closely Related Person:* Spouse, co-habitee, registered partner, or children who are minors and under the guardianship of the Employee.

*Item:* The number, the nominal amount, or the number of shares of the Financial Instrument as set forth in the contract note or suchlike. Where the Item relates to shares or share-related Financial Instruments, when determining the size of the Item, consideration shall be given to such changes as may have taken place during the retention period as a consequence of bonus issues, splits, or reverse splits.

*Profit on an acquired Item:* The net payment upon sale (accordingly, less expenses) less the net payment in conjunction with acquisition, including expenses. When calculating Profit, premiums received, e.g. for the issuance of derivative instruments, as well as exchange rate profits on foreign Financial Instruments, shall be included.

*Profit on Items that are the subject of a Short Sale:* The net payment upon sale (accordingly, less expenses including any expenses for securities loans) less expenses for repurchase including expenses, where the difference is positive.

*Securities Institution:* Securities companies, Swedish credit institutions authorised to conduct securities operations and foreign companies conducting securities operations from branches in Sweden.

## **2.2 Particularly regarding units in funds and foreign collective investment undertakings in the application of the rules**

As regards fund units, such units in funds or foreign collective investment undertakings covered by the UCITS Directive or are subject to supervision in accordance with legislation in an EEA State which require a sufficiently large spreading of risks amongst the assets of the fund or foreign collective investment undertaking are exempted from the application of the rules. For the sake of clarification, this means that fund units in so-called UCITS funds/companies and special funds authorised by the Swedish Financial Supervisory Authority may be exempted from the application of these rules. Fund units in other funds and foreign collective investment undertakings may be exempted if they are under supervision in accordance with legislation in an EEA State and have sufficiently large spreading of risks. An example of sufficiently large spreading of risks in the application of the aforementioned is that the fund has holdings of not less than ten traded securities in which holdings of not more than two do not exceed a maximum of 30 percent each of the fund assets from a single issuer, and other holdings may not exceed a maximum of 5 percent each of the fund assets from a single issuer.

However, this exception does not affect the transactions which Employees who are involved in the management of such funds or foreign collective investment undertakings conduct in the relevant funds or foreign collective investment undertakings.

In the event of any doubt whether units in a certain fund or a certain foreign collective investment undertaking are to be exempted from the application of the rules, the Employee shall at all times obtain the Employer's approval before the transaction is carried out.

### **3. Background and purpose of the rules**

The Board of the Swedish Securities Dealers Association – as a supplement to applicable rules and regulations issued by the Swedish Financial Supervisory Authority - decided upon the following rules for transactions in Financial Instruments and currencies, etc., carried out by employees and service providers of member companies on their own account. This self-regulation constitutes a common standard for the Association's member companies. The rules are *de minimus* rules which may be enhanced by the respective companies.

Securities institutions should ensure that Employees do not carry out their own transactions in Financial Instruments in such a manner and to such an extent that customer confidence in the securities market, the institution and the Employees is at a risk of being undermined, e.g. where Employees engage in transactions with very high transaction intensity.

Legislation contains rules protecting, among others, the investors. A central provision in the Securities Operations Act (Chapter 1, section 7) provides that trading in Financial Instruments shall be conducted so that the public's confidence in the securities market is maintained and individual capital investments are not unduly jeopardised. The confidentiality rules in the legislation provide that information regarding a customer's business or personal circumstances may not be unduly disclosed. In addition, there are regulations prohibiting insider dealing and market manipulation.

Existing rules build upon and supplement, among other things, provisions in the Market Abuse Penalty Act, the Notification of Certain Holdings in Financial Instruments Act, the Financial Instruments Trading Act, the Securities Operations Act and various provisions in general guidelines issued by the Swedish Financial Supervisory Authority. Detailed references to the aforementioned laws and regulations are presented in Appendix 1.

The securities operations, like the currency trading, which occurs in certain Securities Institutions play a central role in a well-functioning capital market. Trading in Financial Instruments and currencies rests, among other things, on the foundation that persons involved in trading, as well as the public, in Sweden and abroad have confidence in the way in which the Swedish market functions.

The manner in which Employees conduct their transactions in Financial Instruments and currencies plays a significant role in the confidence enjoyed by the institution and the securities market. It is particularly important that these persons do not unduly exploit information which is available at the Securities Institution or to which they have otherwise obtained access in order to carry out transactions in Financial Instruments and currencies on their own account or on behalf of Closely Related Persons. In order not to jeopardise the confidence of customers and the public in the Securities Market, the Employees may not act to circumvent these rules.

#### **4. Rules applicable to all persons working in Securities Institutions**

No employee or service provider of a Securities Institution (including those persons outside the securities and currency operations) may:

- exploit his position, or act in such a manner that suspicion may arise that the Employee is obtaining such advantages in transactions in Financial Instruments or currencies conducted on his own behalf, on behalf of a Closely Related Person or a Legal Person;
- conduct transactions in Financial Instruments and currencies to such an extent that there is a risk that the Employee's own financial position will thereby be jeopardised;
- through the use of any form of price-sensitive information that has not yet reached the marketplace or otherwise has not been made public, conduct transactions in Financial Instruments and currencies. The prohibition shall apply irrespective of the intended length of time of the investment and irrespective of the anticipated scope of the effect on the price;
- cause another person to carry out, or abstain from, conducting a transaction with Financial Instruments or currencies based on such price-sensitive information which has not yet reached the marketplace or otherwise has not been published;
- take any measures prohibited by these rules by means of a third party (decoy);
- circumvent these rules through the use of, for example, derivatives or combinations of various Financial Instruments or currencies.

It is to be noted that the above list is not exhaustive since legislation may contain additional prohibitions.

The rules in the preceding paragraphs apply equally to situations in which an Employee or service provider of a securities institution is engaged outside the workplace in respect of Financial Instruments or currencies on behalf of another person.

Circumstances that may affect the price of Financial Instruments or currencies and may be relevant in the application of the first paragraph include the following:

- a public offer to a broad group of persons to acquire shares;
- a circumstance in the business of a limited company or its parent company that is normally disclosed in the annual report, interim reports, annual accounts, or suchlike;

- a decision by a securities manager or capital investment institution regarding the purchase or sale of Financial Instruments and knowledge of similar market information;
- changes in interest rates, exchange rates, legislative amendments, and other similar events that may affect the price of Financial Instruments or currency rates;
- the order book at a Securities Institution regarding the purchase or sale of Financial Instruments and currencies;
- special assignments from customers, e.g. within corporate finance operations;
- market and company analyses that have not been presented to customers or not yet made public.

## **5. Special rules governing Employees working in a Securities Institution's securities operations and currency trading**

**In order to facilitate the application of the rules in this section, there is a guide in appendix 2. It should be noted that it is only an aid and that the rules have precedence in interpretation.**

### **5.1 Persons affected**

Unless otherwise stated, the rules in section 5 apply to all Employees.

Persons Closely Related to the Employee should comply with the rules regarding retention periods and Profits applicable to Employees in accordance with section 5.3. In addition, Closely Related Persons should note the specific provisions set forth in rules in sections 5.2, 5.9 and 7. Employees shall inform Closely Related Persons regarding applicable rules and notify the holdings of Closely Related Persons in accordance with section 5.2.

Employees, or Closely Related Persons thereof, with ownership links to a Legal Person, with the exception of Securities Institutions as addressed in section 5.5 or who are engaged by such a Legal Person, shall comply with the notification obligation rules in section 5.2 with respect to the Legal Person's holding of Financial Instruments and changes in holding. The Legal Person should comply with the rules regarding retention periods and Profits applicable to Employees in accordance with section 5.3. The rules in section 5.4 apply to Employees who are members of investment clubs or owners in a company for trading in, and management of, Financial Instruments and currencies.

In the event an Employee is engaged outside of work in respect of Financial Instruments or currencies on behalf of another person, the Employee shall comply with the notification obligation in section 5.2 with respect to the customer's holdings of Financial Instrument and currencies and changes in holdings. The transactions carried out within the context of the engagement may not violate the one-month rule in section 5.3 or the rules in sections 5.4 – 5.9. Where special cause exists, the Employer may grant an exemption from the rules in this paragraph.

The notification obligation in accordance with section 5.2 shall apply to board members of Securities Institutions in respect of their own holdings, and holdings of Closely Related Persons, of Financial Instruments and currencies and changes in such holdings in the event their board work can normally be assumed to result in access to non-published information regarding such circumstances as may effect the price of the Financial Instruments or currencies. The instructions prescribed in the Companies Act and the institution's work procedures for the board of directors may serve as guidance in the assessment of whether a board member normally has access to such information.

Member companies shall prepare lists of the categories of Employees and the board members who may be covered by the applicable rules in section 5. The Employer shall notify the Employees and board members in writing regarding the content of the rules and, in a suitable manner, ensure that they have read these rules. Member companies are reminded also of the obligation to prepare lists in accordance with section 10 a) and 13 of the Notification of Certain Holdings in Financial Instruments Act and in accordance with the regulations and general guidelines issued by the Swedish Financial Supervisory Authority (FFFS 2002:8) regarding lists of certain holdings of financial instruments.

## **5.2 Notification of transactions in Financial Instruments and currencies**

All Employees shall notify the Employer of their own holdings, and those of Closely Related Persons, of Financial Instruments and changes in such holdings in accordance with the following rules.

Holdings of Financial Instruments must be notified immediately after the person subject to the notification obligation has been informed of such notification obligation. Notification shall take place, e.g. through a copy of the most recent securities list from VPC, custodian bank, or equivalent, supplemented with changes in the holding up to the notification date, or in a manner instructed by the Employer. In addition, a person subject to a notification obligation shall report his holdings, and those of the Closely Related Person, of Financial Instruments at the time and in the manner requested by the Employer.

Changes in holdings of Financial Instruments must be notified immediately, e.g. through the submission of a copy of a contract note, custodian account statement, or in any other manner instructed by the Employer.

In addition, the employee's notification obligation shall cover own and Closely Related Person's, purchases and sales of foreign currencies for purposes other than for payment (see 5.3.1) and shall be notified immediately through the submission of a copy of the currency exchange note or in any other manner instructed by the Employer.

Where any of the stated exemptions from the requirements of a minimum retention period of one Month as stated in section 5.3.5 are invoked, such must be specifically stated in conjunction with the notification.

Notifications shall be made to a person or function at the company specifically appointed by company management. Notifications shall thereupon be treated confidentially.

Exemptions from the Employee's notification obligation with respect to Closely Related Persons' holdings of Financial Instruments, changes in the same, and currency transactions shall apply in the following cases:

- where the Employee has not advised or otherwise assisted in the Closely Related Person's transactions so as to be able to influence the business decisions; or
- where the Closely Related Person is employed in the same or another Securities Institution and is himself obligated to notify the institution of his own transactions in Financial Instruments and currencies.

By way of clarification, exemptions from the Employee's notification obligation with respect to Closely Related Persons' holdings of Financial Instruments, changes in the same, and currency transactions shall apply in the following cases, provided the Employee has not by advice or otherwise assisted in the Closely Related Person's transactions so as to be able to influence the business decisions:

- where the Closely Related Person's transactions take place in a manner as described in any of the sections 5.4-5.8; or
- where transactions on behalf of the Closely Related Person are carried out by a guardian appointed in accordance with the Parental Code.

Employees with insider positions should be made aware of the notification obligation in accordance with section 4 of the Notification of Certain Holdings in Financial Instruments Act, which obligation is broader than the obligation pursuant to these rules.

### **5.3 Regarding Retention Periods and Profits for Financial Instruments and Currencies**

#### ***5.3.1 Generally regarding the one-month rule***

No Employee may acquire Swedish ~~an~~or foreign Financial Instruments with the intention that the retention period shall be less than one Month.

Negative (short) positions (e.g. in conjunction with Short Sales) may not be held (closed) during (within) a period of less than one Month.

Currencies purchased spot (i.e. with payment upon purchase) for a purpose other than payment for purchased Financial Instruments, goods, services, real property, travel or travelling funds, shall be retained for a period of not less than one month. The aforementioned shall also apply to positions in derivative instruments with respect to currencies.

#### ***5.3.2 Regarding Profits***

No Employee may realise or in any other manner secure Profits (e.g. through hedging with derivative instruments) within a retention period of less than one month.

This main principle means that the purchase of Financial Instruments and currencies (long positions) as well as negative positions (short positions, e.g. in conjunction with Short Sales) during a period of less than one Month is, in principle, not permitted.

#### ***5.3.3 Specifically regarding the one-month rule***

Upon application of the one-month rule, the following shall apply:

- Items that have increased in value may be sold only after being held for not less than one Month. (Regarding Items that have not increased in value, see 5.3.5, Exemption from the one-month rule.)

- where the sale of Financial Instruments or currencies takes place through a Short Sale, a netting of the negative (short) position may take place through cover purchases of corresponding Financial Instruments, where such results in a Profit, not earlier than one Month after the transaction date for the sale. (Regarding Items that have been the subject of a Short Sale in which a Profit was not realised, see 5.3.5, Exemption from the one-month rule.)
- exchange of Financial Instruments or currencies shall be treated in the same way as purchase and sale;
- shares subscribed for pursuant to pre-emption rights (e.g. in the event of new issues) may only be sold when the retention period for the parent share is one Month.

#### **5.3.4 Use of derivative instruments, structured products, etc.**

The purpose of these rules is to clearly emphasise that the Employees may not, on their own behalf, or on behalf of Closely Related Persons, engage in short-term trading. Accordingly, Employees may not effect short-term transactions in derivative instruments, structured products or other types of Financial Instruments in order that the investment or combination of investments has the effect that the rules regarding minimum retention periods are circumvented. In the event of any uncertainty whether a certain transaction or combination of transactions is permissible, the Employee shall at all times obtain permission from the Employer before the transaction is carried out.

Appendix 3 provides some examples of the application of the one-month rule to transactions in derivative instruments.

#### **5.3.5 Exemptions from the one-month rule**

The requirement of a retention period of not less than one Month shall not apply in the following situations:

- sale of Financial Instruments or currency where the price has fallen so that a Profit is not realised;
- acquisitions in order to cover Financial Instruments or currency that are the subject of Short Sales where the price has risen so that a Profit is not realised;
- sale of allotted pre-emptive and purchase rights and similar rights;
- sale of units in funds acquired through regular savings (Note: the exemption applies to such savings in funds as are covered by the rules and are not exempted in accordance with section 2.2);
- sale of units in funds acquired through one-time acquisitions in an amount not exceeding SEK 15,000 (Note: the exemption applies to such savings in funds as are covered by the rules and are not exempted in accordance with section 2.2);
- redemption of Financial Instruments (not derivative instruments) acquired with a remaining term until redemption of less than one month and with a known redemption amount, e.g. treasury bills and bonds;
- use of, e.g., call options, warrants, and convertible debentures for exercise with delivery, new subscription or conversion to underlying Financial Instruments or currency. Exercise may take place notwithstanding that the instrument used has not been held for one Month. In respect of underlying Financial Instruments or currencies which are acquired

in this manner, when calculating the retention period, the retention period for the exercised instrument may also be included;

- acceptance of public tender offers;
- sale of Financial Instruments acquired in conjunction with a public tender offer (spin-off); or received as a dividend (e.g. in the form of shares) or through a bonus issue where the instrument which entitles the holder thereof to such right is held for a period in excess of one Month.
- where, in other situations, (e.g. unforeseen changes in family or dwelling circumstances), special cause exists for exemption from the one-month rule by given approval of the Employer, and which Employer's approval is required before the transaction is executed.

In addition, the following applies:

- Financial Instruments or currencies already held at the time the notification obligation was incurred as a consequence of the commencement of employment shall be deemed to have been held for a period in excess of one Month;
- Financial Instruments or currencies that the party subject to a notification obligation receives by way of inheritance, partition of the joint property of husband and wife, or testamentary disposition shall be deemed to have been held for a period in excess of one Month;
- Financial Instruments or currencies which the persons subject to a notification obligation receives by way of gift from a party other than a Closely Related Person shall be deemed to have been held for a period in excess of one Month.

#### **5.4 Investment clubs and companies for trading, and management of, Financial Instruments and currencies**

As regards investment clubs and certain companies, Employees may be members or owners only in such investment clubs or private companies for trading in, and management of, Financial Instruments and currencies which, in accordance with their statutes, investment rules, or equivalent are specifically obligated to comply with the rules regarding a minimum Retention Period and Profits as stated in 5.3.

All Employees shall notify the Employer of entry into, and retirement from, an investment club and ownership in the aforementioned type of company. Upon entry, the employee shall provide verification, through statutes, investment rules, or equivalent that the rules regarding a minimum retention period and Profit as set forth in 5.3 are complied with by the investment club or partnership.

The Employee shall regularly notify the Employer of transactions executed by the investment club or partnership, e.g. by submitting contract notes or in a manner instructed by the Employer and shall, each year, submit the annual report in respect of activities of the club or partnership. The Employer may, where it obtains access to the information referred to in this paragraph directly from the investment club or partnership, consent that the employee shall not be required to submit corresponding information.

The Employer may grant an exemption from the provisions of this section for short-term Employees where such is justified taking into account the employment relationship.

### **5.5 Particularly with respect to shares in Securities Institutions**

Employees who intend to acquire shares in Securities Institutions which are not traded on the stock market shall notify the acquisition to the Employer for the latter's review, which may be granted provided that the acquisition cannot be deemed to constitute circumvention of the rule regarding the minimum retention period.

### **5.6 Discretionary management**

Where an Employee as referred to in 5.1 retains a third party to engage in discretionary asset management of the employee's holdings of Financial Instruments and currencies, the rules relating to the notification of transactions to the Employer in accordance with 5.2 and the rules regarding Retention Periods and Profits in accordance with 5.3 shall be complied with, notwithstanding that the employee does not directly participate in decisions regarding transactions. Employees who have executed agreements regarding such management shall notify the same to the Employer.

### **5.7 Savings in funds and other savings in shares covered by the rules**

The rules below do not apply to such savings of units in funds or foreign collective investment undertakings which are exempted from the application of the rules in accordance with section 2.2.

In conjunction with regular fund savings (e.g. through standing orders for the transfer of funds) or through saving in shares (e.g. through standing orders for the transfer of funds) in Financial Instruments that do not constitute units in funds (e.g. stocks), an employee as referred to in 5.1 must submit notification in conjunction with the first acquisition and thereafter upon any change in amount and upon the cessation of the saving in the fund or other saving in shares.

Items of units in funds or other savings in shares that are acquired as a one-time acquisition in an amount of SEK 15,000 or more shall be covered by the rules in 5.3 with respect to the minimum retention period of one month. Employees as referred to in 5.1 must submit notification to the Employer regarding such acquisitions in accordance with 5.2.

All sales of units in funds or other savings in shares, irrespective of amount, including replacement preceded by a sale of shares previously held in funds, shall be notified to the Employer in accordance with 5.2.

### **5.8 Savings in pension and insurance products**

These rules apply in respect of savings in pension and insurance products where the Employee can effect the investments in individual Financial Instruments. However, the rules do not apply to such savings in units in funds or foreign collective investment undertakings which may have been exempted from the application of the rules in accordance with section 2.2.

### **5.9 How transactions and Financial Instruments and currencies should be conducted**

Transactions in Financial Instruments and currencies executed on behalf of employees (as referred to in 5.1), Legal Persons, or Closely Related Persons, where possible, shall be

conducted through the Employer. The transactions shall thereupon be treated as normal customer orders and executed by an employee at the Securities Institution other than the Employee himself, insofar as no form of self-service intended for customers can be used (e.g. through the use of the Internet or telephone).

Where transaction orders must be accorded priority, e.g. in conjunction with deficient allotment or upon making of transactions, orders from customers shall be accorded priority over orders from Employees where the administrative official is aware of the employment relationship.

### **5.10 Public stock trading competitions**

No Employee may, during employment or an engagement, start participation in a publicly organised competition in respect of the outcome of fictitious or real investments (stock trading competitions and suchlike).

## **6. Supplementary rules applicable to personnel within analysis and corporate finance operations**

### **6.1 The purpose of the rules**

In order to strengthen public confidence in the securities market, member companies and relevant employees engaged in analysis and corporate finance operations shall comply with certain rules to foster confidence within their areas of operation, in addition to the rules regarding Employee currency and securities transactions in sections 4, 5, and 7.

Employees within analysis operations shall strive to ensure that their independence and integrity may not be called into question. In their endeavours to avoid conflicts of interest between the institution, its employees, and its customers, member companies shall, among other things, provide enhanced information in conjunction with analyses and afford the customers a reasonable period of time to act, prior to the employees involved, on the securities market on the basis of the institution's analyses and recommendations. Rules governing the aforementioned exist in the Swedish Financial Supervisory Authority's regulations and general guidelines (FFFS 2005:9) entitled "Investment recommendations directed to the public and handling conflicts of interest" and in general guidelines (FFFS 2005:10) entitled "Handling of conflicts of interest involving analysts at Securities Institutions".

### **6.2 Rules regarding analysts, etc.**

Analysts employed at a securities institution who have prepared an analysis or assisted in such work may not trade on their own behalf in the shares or related instruments of the company during the period of time determined by the institution, which period of time shall cover, at a minimum, the day on which the analysis was distributed to customers and the following day.

The Swedish Financial Supervisory Authority's general guidelines regarding handling of conflicts of interest involving analysts at Securities Institutions (FFFS 2005:10) state that such institutions should have guidelines which state, among other things, that analysts may not trade in Financial Instruments which are related to a company which is being analysed

such that it violates its applicable recommendations (section 5, 1st paragraph, subsection 1).

In conjunction with the application of the general guidelines, it should be possible for the institution to grant an exemption from the prohibition on the basis set forth in section 5.3.5 of these rules.

### **6.3 Rules applicable to Employees within corporate finance operations**

No Employee within corporate finance operations may conduct transactions in shares or share-related instruments without authorisation by the Employer.

## **7. Allotment rules in connection with over-subscribed new market listings, etc.**

The rules in this section apply to all employees and service providers of Securities Institutions.

Where the Employer handles a new market listing of shares or share-related instruments, e.g. convertible debentures, warrants, or call options with respect to shares, in the event of over-subscription an employee and a service provider shall obtain an allotment only in accordance with the following conditions.

The issuer must have consented to allotment also taking place to employees and service providers of the issuing institution(s) in the event of over-subscription. This fact must be stated in the prospectus.

An employee and a service provider may not normally obtain more than one allotment unit on his own behalf.

Where employees and service providers, in the course of their employment or performance of their engagement, have duties with respect to the new listing in question, where allotment takes place under the auspices of the institution the Employer shall ensure that the employees and service providers that hold such work duties may not, on a regular basis, obtain allotments in conjunction with each new listing engagement.

The provisions of the preceding paragraph shall also apply to Persons Closely Related to such employees and service providers and allotments to Legal Persons.

In order that employees and service providers do not obtain a disproportionately large allotment, the total allotment to all employees and service providers should not exceed five percent of what is available for allotment to the general public.

Sales engagements and other measures similar to new market listings shall be equated with new market listings.

## Appendix 1

### Applicable statutes, etc.

#### Legislation

Financial Instruments Trading Act (SFS 1991:980) ([www.lagrummet.se](http://www.lagrummet.se))

Securities Operations Act (SFS 1991:981).

Notification of Certain Holdings in Financial Instruments Act (SFS 2000:1087)

Market Abuse Penalty Act (SFS 2005:377)

#### Regulations and general guidelines

The Swedish Financial Supervisory Authority's regulations governing rules of conduct on the securities market (particularly Chapters 7 and 8) (FFFS 2002:7) ([www.fi.se](http://www.fi.se)).

The Swedish Financial Supervisory Authority's regulations and general guidelines regarding lists of certain holdings of Financial Instruments (FFFS 2002:8).

The Swedish Financial Supervisory Authority's regulations and general guidelines regarding investment recommendations directed to the public and handling of conflicts of interest (FFFS 2005:9).

The Swedish Financial Supervisory Authority's general guidelines regarding handling of conflicts of interest involving analysts at Securities Institutions (FFFS 2005:10).

#### Self-regulation

The Swedish Securities Dealers Association's allotment rules in connection with over subscription ([www.fondhandlarna.se](http://www.fondhandlarna.se)).

(This is a translation of the rules "Regler om affärer med finansiella instrument och valuta m m gjorda för egen räkning av anställda och uppdragstagare i värdepappersinstitut samt av deras närstående" published by the Swedish Securities Dealers Association. In case of inconsistencies between the Swedish text and this translation, the Swedish text prevails.)

## Appendix 2

### Guide to application of section 5

|   | Employee/Service provider   |  | Closely related person  |  |       |       |
|---|---|--|---|--|-------|-------|
|   | Reported holdings and confirmation of holdings annually for savings clubs and companies | Purchase/Sale  | Reported holdings and confirmation of holdings annually for savings clubs and companies | Purchase/Sale  |       |       |
| Shares, convertibles, bonds, warrants, equity linked bonds  | Yes   | Yes  | Yes   | Yes  |       |       |
| Fractional rights, subscription rights and suchlike   | Yes   | Reporting takes place when the rights are exercised or sold. In conjunction with new issues, reporting takes place upon subscription | Yes   | Reporting takes place when the rights are exercised or sold. In conjunction with new issues, reporting takes place upon subscription |       |       |
| UCITS funds and special funds authorised by the Swedish Financial Supervisor Authority and other funds exempted in accordance with section 2.2  | No  | No   | No  | No   |       |       |
| Options/futures   | Yes   | Yes. Issuance is reported as a sale.   | Yes   | Yes. Issuance is reported as a sale.   |       |       |
| Currency  | Yes   | Yes  | Yes   | Yes  |       |       |
| Funds within the EEA which are not exempted in accordance with section 2.2 and funds outside the EEA  | Yes   | Yes  | No**)   | No**)  |       |       |
| Savings in pension and insurance instruments in which the investment in individual financial instruments may be influenced by the employee (however, not funds exempted in accordance with section 2.2) | Yes   | Yes  | No**)   | No**)  |       |       |
| Savings in pension and insurance products in which investments in individual financial instruments CANNOT be influenced by the employee   | No  | No   | No  | No   |       |       |
| Investment clubs and suchlike.  | Yes   | Yes  | No**)   | No**)  |       |       |
| Discretionary management. Special management in accordance with the Parental Code   | Employee<br>Yes   | Service<br>provider<br>Yes   | Employee<br>Yes   | Service<br>provider<br>Yes   | No**) | No**) |
| Profit sharing foundation   | No  | No   |   |  |       |       |

\*\* ) Provided that the Employee has not provided advice or otherwise participated in the business decision of the Closely Related Person.

## Appendix 3

***Some examples of the application of the one-month rule in conjunction with transactions in derivative instruments in accordance with section 5.3.4 in the Rules governing transactions in financial instruments and currencies, etc., undertaken by securities institutions' employees and service providers on their own account or on behalf of closely related persons.***

The following does not provide an exhaustive description of the application of the one-month rule in all conceivable situations.

The term “option” with respect to deliverable underlying assets below means American-type options, i.e. with a possibility of exercise during the term. With respect to European type options relating to deliverable underlying assets, i.e. where exercise can only be demanded on the expiration date, the application may be somewhat different than in the examples below. The term “deliverable underlying asset” below means Financial Instruments or currencies.

- issued or held options, where there is no holding of deliverable underlying assets, may not be set off within one Month where the netting gives rise to a Profit (the netting rule);
- the acquisition of call options with respect to deliverable underlying assets may take place without any hindrance other than the netting rule above;
- the acquisition of options with cash settlement may only take place where the remaining term is for not less than one month;
- the issuance of options with cash settlement may take place without any hindrance other than the netting rule stated above;
- the acquisition of put options with an exercise price equal to or exceeding the purchase price for the deliverable underlying asset may only take place where a corresponding asset is held for not less than one Month (constitutes a form of hedging of the selling price);
- the issuance of call options with respect to a deliverable underlying asset may only take place where a corresponding asset is held for not less than one Month (exercise at a profit on the underlying asset cannot be ruled out);
- issuance of put options with respect to deliverable underlying assets may only take place where the remaining term is not less than one Month (options which lapse and become worthless nevertheless provide the issuer with a premium, which is regarded as a profit);
- the sale of forwards/futures with respect to deliverable underlying assets may only take place where the corresponding asset is held for not less than one Month;
- forwards/futures may not be netted within one Month after the day on which the forwards/futures contract is entered into where the netting results in a profit (the netting rule);
- the acquisition of underlying asset on a forward/future may take place without any hindrance other than the netting rule set forth above;
- in conjunction with the use of combinations of options and forwards/futures or in combinations of such instruments with deliverable underlying assets, each part of the combination is regarded as a Financial Instrument to which the main rule of a minimum one-month retention period is applicable.