

NASDAQ COPENHAGEN HAS PUBLISHED NEW RULES FOR ISSUERS OF SHARES AND BONDS

In connection with Regulation No. 596/2014 of the European Parliament and the Council on market abuse (MAR) entering into force on 3 July 2016, on 10 June 2016 NASDAQ Copenhagen published new rules for issuers of shares and bonds. The new rules will also enter into force on 3 July 2016.

MAR contains a set of new rules about what amounts to inside information, including public disclosure of this, markets soundings and managers' transactions. For a review of these new rules, please see our previous news article [here](#).

The new rules incorporate provisions of MAR by reference instead of reproduction to avoid discrepancy and inconsistency. This news article reviews the new rules published by NASDAQ Copenhagen.

The new rules may be amended by 30 days' notice from the publications of the rules on NASDAQ Copenhagen's website.

Background of the Rules

The purpose of the rules of NASDAQ Copenhagen for issuers of shares and bonds is to ensure that trading with freely transferable shares and bonds happens in an honest, well-ordered and efficient way.

In addition to this, the rules are harmonized between the Nordic stock exchanges, i.e. Stockholm, Helsinki, Copenhagen and Iceland.

New Requirements to Preparation of Information Policy

In connection with issuers' request for admission to trade on NASDAQ Copenhagen, going forward it will be a requirement that the issuer prepares an information policy and potential inside rules and attaches these to the request for admission to trade.

The information policy must ensure that issuers deliver timely, reliably, specifically and updated information to the market.

The information policy must contain information on:

- who may speak on behalf of the issuer;
- which type of information is to be disclosed;
- time and place for public disclosure of information; and

how information is conveyed to the market in crisis situations.

On NASDAQ Copenhagen's request, the information policy must be submitted to them.

Recommendation on Preparation of Inside Rules

Furthermore, NASDAQ Copenhagen recommends that issuers prepare inside rules applicable to the issuers' trading in their own financial instruments, including managers' trading with the issuers' financial instruments.

However, it is only a question of recommendations and thus not requirements in relation to Danish law or MAR.

On that occasion it is recommended to prepare rules on trading periods, especially in connection with issuer's public disclosure of financial instruments, including managers' exercise of incentive arrangements. This is given the rules of MAR on managers' trading during closed periods, i.e. 30 days in advance for issuers public disclosure of financial reports and annual reports. For a review of MAR's rules see our previous news article [here](#).

At minimum, inside rules must satisfy the minimum requirements provided in MAR, however NASDAQ Copenhagen recommends that trading periods are adapted to the individual issuer, including e.g. the issuers' undertaking with open trading periods instead of closed (i.e. periods where trading is allowed instead of periods where trading is prohibited).

As examples on what the inside rules may concern, the new rules of NASDAQ Copenhagen mention specific matters as following:

1. Inside rules may be applicable to the access for persons with managerial responsibility with an issuer to trade, on its own or any third party's account, directly or indirectly, with the issuers' financial instruments;
2. Inside rules may be applicable to other persons, departments or functions, including e.g. the accounting function, Investor Relations Function or IT-employees; and
3. Under specific circumstances, the option for persons subject to the rules to derogate from the closed respectively open period.

It is recommended that inside rules are reassessed e.g. once a year, and that the persons subject to the rules are familiar with the content of the inside rules applicable from time to time.

Disclosure of Inside Information

MAR passes amended rules for the definition and disclosure of inside information. For a review of these rules please see our previous news article [here](#).

In relation to the new rules, NASDAQ Copenhagen has prepared a handbook to their assessment on what amounts to inside information and when such is to be disclosed.

Issuers may contact NASDAQ Copenhagen if in doubt about whether any matter amounts to inside information and consequently is to be publicly disclosed. It is specified in the new rules that employees of NASDAQ Copenhagen are subject to a duty of non-disclosure pursuant to the Danish Securities Trading Act.

NASDAQ Copenhagen lists the following matters which determine whether information is inside information:

1. The expected extent of the decision, the matter or circumstances compared with the totality of the related issuer's activity;
2. The relevance of the information to the determining factors on the price and value of financial instruments; and
3. Any other market variables likely to affect the price and value on financial instruments.

If the information originates from any third party/external party, the reliability of the source must be taken into consideration.

What may specifically be considered to affect the price and value of any issuer's financial instruments is a specific assessment under which the historical development of similar information, matters or circumstances, the relevant industry and the present market conditions must be taken into consideration.

In this connection, NASDAQ Copenhagen lists the following circumstances which may fall under the scope of the duty of non-disclosure regarding disclosure of inside information:

- a) Orders and investment decisions;
- b) Cooperation agreements or other contracts;
- c) Acquisitions and disposals;
- d) Price and value or exchange rate changes
- e) Credit and customer loss;
- f) New joint ventures;
- g) Research findings, development of new products or important inventions;
- h) Introduction of or settlement in or ruling of significant legal disputes;
- i) Financial complications;
- j) Decisions made by public authorities or courts of justice;
- k) Shareholders' agreements with which the issuer is familiar that may affect the use of voting rights and transferability of shares;
- l) Rumors in the market and leakages;
- m) Market maker agreements;
- n) Information on subsidiary companies and affiliated companies;
- o) Any significant change in the result or the financial position, however emphasized exclusively

related to the issuer's own announcements and thus not in relation with other persons' announcements, and;

p) Change of the issuer's identity.

NASDAQ Copenhagen specifies a number of the above-mentioned clauses and for a review of the specific sub-clauses please see NASDAQ Copenhagen's handbook on the new rules.

Duty of Disclosure related to the proper functioning of the Market

As a new area under NASDAQ Copenhagen's rules, NASDAQ Copenhagen now has the option to order issuers to disclose information, including non-inside information.

NASDAQ Copenhagen may use this option i) when special circumstances cause significant uncertainty in regards to any issuer or determination of price of its financial instruments; or ii) when in need of further information to ensure honest, well-ordered and efficient trading with any issuer's financial instruments.

If such situation occurs, NASDAQ Copenhagen may order the issuer to disclose such necessary information to ensure honest, well-ordered and efficient trading can take place.

When ordering the issuer to disclose such information, NASDAQ Copenhagen may omit putting financial instruments on their observation list or suspend trading with financial instruments.

Extension of Disclosure on the Website

The duty to disclose information and to have such information publicly available on one's website is extended from three to five years in relation to NASDAQ Copenhagen's new rules.

Our Assessment

The new rules become applicable on 3 July 2016, however issuers admitted to trading on a regulated market and who will consequently be subject to the new rules should amend their present information policy and if necessary, conduct such amendments for the issuer to meet the new requirements.

Furthermore, the issuers should assess their need to prepare inside rules on managing information etc. as recommended and assess the compatibility of the issuers' inside guidelines with NASDAQ Copenhagen's interpretation of inside information and the rules in MAR.

Finally, the issuer should assess the necessity to amend its inside procedures on disclosure of inside information so that going forward, the issuer is capable of complying with dictations from NASDAQ Copenhagen on disclosure of information necessary to ensure honest, well-ordered and efficient trading

with the issuer's financial instruments.

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