



29 June 2016

Instruction 2-2016

As of 3 July 2016, there is a revision of rule 10.3 of the Swedish Corporate Governance Code (the "Code"). The reason for this is the European Union's Market Abuse Regulation¹, which comes into effect on 3 July 2016 and the changes to the Reporting Obligations for Certain Holdings of Financial Instruments Act and relevant stock exchange regulations as a result of this EU regulation.

From 3 July 2016, the Financial Supervisory Authority's (Finansinspektionen's) insider register will be replaced by a new version. In the new register, which will be available on the Authority's website, only transactions that are notifiable under the Market Abuse Regulation will be published. The Market Abuse Regulation includes an annual threshold of EUR 5000 for when transactions must be reported and published. In addition, related parties holdings no longer need to be declared by the insiders themselves, but directly by the related parties, and related parties must reach the threshold before needing to report. Neither insiders' individual shareholdings nor joint shareholding with related parties will be shown in the register, and the company will not otherwise be made aware of this information.

The Swedish Corporate Governance Board deems it sufficient that companies collect updated information about directors' and CEOs' and their related parties' shares etc. in the company in connection with the annual general meeting in order to be able to publish the information on the company's website in connection with the notice of the meeting (regarding the board) and in the corporate governance report (regarding the board and CEO). It is not justified to then require companies to keep this information updated throughout the year.

The Market Abuse Regulation has also led to changes in the Nasdaq Stockholm regulations for issuers (rule 3.2) and NGM Equity's rules for companies whose shares are traded on NGM Equity (rule 4.1.6), which as of 3 July prescribe that all published information is to be available to the public on the issuer's/company's website for at least five years (as opposed to three years in the previous rules). However, since 1 January 2016, Nasdaq Stockholm's regulations for issuers stipulate that financial statements (of which the management report is a part) are to be available on the website for ten years after publication. The corporate governance report is covered by these rules. The Code's regulation of availability of corporate governance reports on companies' websites therefore needs to be amended and the Corporate Governance Board is of the opinion that that these rules should now be in line with the Stockholm Stock Exchange rule on financial reports in this regard.

For this reason, the following changes have been made to Code rule 10.3:

- The requirement in the first paragraph that the last three years' corporate governance reports are to be available on company websites has been amended to instead apply to the last ten years' corporate governance reports.
- The requirement in the second paragraph that information on board members and the CEO published on companies' websites is to be up to date (meaning it is to be updated within seven days) has been removed

¹ Regulation (EU) No 596/2014 of the European Parliament and of the Council on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC

The changes to the rules are as follows, with deletions in red crossed out text and insertions in underlined blue text:

10.3 The company is to have a section of its website devoted to corporate governance matters, where the company's ~~three~~ ten most recent corporate governance reports are to be posted, together with that part of the audit report which deals with the corporate governance report or the auditor's written statement on the corporate governance report.²

The corporate governance section of the website is to include the company's current articles of association, along with any other information required by the Code.³ It is also to include ~~up to date~~⁴ information regarding:

- members of the board, the chief executive officer and the statutory auditor,⁵

and

- a description of the company's system of variable remuneration to the board and executive management, and of each outstanding share- and share-price related incentive scheme.

The board is also to publish the results of the evaluation required by points two and three of Code rule 9.1 in the corporate governance section of the company's website no later than three weeks before the annual general meeting.

² The requirement for an auditor review of the corporate governance report if it is included in the director's report or of the information that is otherwise found in the company's or group's director's report is stipulated in chapter 9, section 31 of the Companies Act (2005:551). The requirement for auditor review if the corporate governance report is published separately from the annual report is stipulated in chapter 6, section 9 of the Annual Accounts Act (1995:1554).

³ See 1.1, 2.5 and 2.6.

⁴ ~~The term up to date is to be interpreted as meaning that the information is to be updated within seven days of any changes made or becoming known to the company.~~

⁵ See the second and seventh points in the first paragraph of rule 10.2 regarding information on members of the board and the chief executive officer.