Rule Book for Issuers of Exchange Traded Funds and Exchange Traded Notes

Nasdaq Stockholm (the “Exchange”)

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Introduction

According to the Securities Market Act (2007:528) a securities exchange shall have clear and transparent rules for the admission to trading of financial instruments on a regulated market. Financial instruments may be admitted to trading only where conditions exist for fair, orderly and efficient trading. Where the financial instruments consist of transferable securities, they also need to be freely negotiable.

Through this rule book, the Exchange carries out the conditions which are set forth by the legislator. The rules thus include the specific requirements for a financial instrument to be admitted to trading at the Exchange including the rules which defines an issuer’s disclosure requirements in respect of the market and the Exchange.

The issuer of financial instruments must, in accordance with legislation, continuously inform the Exchange about its operations and otherwise provide the Exchange with information required in order to fulfill its obligations. Furthermore, the issuer must also disclose such information regarding its operations and financial instruments which follows from legislation.

The Swedish Financial Supervisory Authority (Sw. Finansinspektionen) has also issued regulations which supplement the legislation, FFFS 2007:17, Regulations governing operations on marketplaces.

The rules are adapted to existing EU legislation, such as MAR, MIFID II, the Market Abuse Directive¹ and the Transparency Directive. Any references to the said acts, or any other EU legislation or national legislation, shall be construed as those in force at the relevant time.

The rule text is written in bold text. In order to simplify the application of the rules the rule text is in general followed by guidance. The guidance is not binding for the issuer and represents the Exchange’s interpretation of current applicable practice.

The issuer undertakes to follow applicable parts of the rule book by signing an undertaking. By signing the undertaking, the issuer commits to follow the rules applicable from time to time and to be subject to sanctions which could follow from a potential breach of the rules.

Trading of these products is conducted in accordance with the relevant provisions of the Nordic Member Rules.

The latest updated version of the rules is always found on the Exchange’s website www.nasdaq.com

1 GENERAL RULES

1.1 Introduction

In order for Exchange Traded Funds (“ETFs”), Exchange Traded Commodities (“ETCs”) and Exchange Traded Notes (together with ETCs, “ETNs”) to be admitted to trading on the Exchange, the relevant ETF or ETN instrument (the “Instrument”) and the relevant ETF or ETN Issuer (the “Issuer”) shall fulfil the terms and conditions set out in this rule book (the “Rule Book”). To the extent certain rules apply exclusively to ETFs or ETNs, this is indicated by the section title.

1.2 ETF Instruments

The ETF Instruments eligible for trading on the Exchange can be issued by:

i. a UCITS management company established under applicable legislation of an EEA state and licensed to act as such by the competent supervisory authority in the EEA;

ii. an alternative investment fund manager established under applicable legislation of an EEA state and licensed to act as such by the competent supervisory authority in the EEA; or

iii. a non-EEA fund manager considered by the Exchange to be equivalent to (i) or (ii), (each of (i)-(iii), an “ETF Issuer”).

1.3 ETN Instruments

The ETN Instruments eligible for trading on the Exchange can be issued by:

i. a credit institution or an investment firm established under applicable legislation of an EEA state and licensed to act as such by the competent supervisory authority in EEA;

ii. a non-EEA firm considered by the Exchange to be equivalent to (i); or

iii. an entity, other than set out in (i) or (ii) above, but only where such entity has a minimum capitalization of the equivalent of 750,000 Euro,

(each of (i)-(iii), an “ETN Issuer”).

1.4 Term of the Rule Book

The Rule Book shall apply to Issuers as from the first day of trading in the Instruments, or as from the day when the Issuer applies to be admitted to trading on the Exchange and for such time the Issuer’s Instruments are/is admitted to trading at the Exchange. The rules regarding sanctions (chapter 6) are however also applicable during a period of one year after a delisting, in case a violation was committed during the listing period.

1.5 Change of the Rule Book

The Exchange can make changes or amendments to the Rule Book. Such changes or amendments shall apply to the Issuer and Instruments at the earliest 30 days after the Exchange has informed the Issuer and published the information via the Exchange’s website.
1.6 Undertaking to follow the Rule Book

The Issuer shall sign an undertaking with the Exchange to follow the Rule Book, as amended from time to time, together with all other commitments made to Nasdaq, prior to the first day of trading.

1.7 Fees

The Issuer shall, in accordance with the Exchange’s fee list in force from time to time, pay fees to the Exchange. Notification regarding fees must be given at least 30 days before the fee becomes due and payable.

1.8 Confidentiality

Information received by the Exchange from the Issuer pursuant to a confidentiality undertaking may not be disclosed by the Exchange to any third party without the Issuer’s consent prior to such information being made public. However, pursuant to Chapter 23, Section 2 of the Securities Market Act (2007:528), the information shall always be available to the Swedish Financial Supervisory Authority in its capacity as the supervisory authority for the Exchange. According to Chapter 1, Section 11 of the Securities Market Act (2007:528), a person who is or has been associated with the Exchange as an employee, member of the board of directors or other appointee may not, without authorisation, disclose or utilise information gained in the course of his or her employment or duties regarding the business circumstances or personal circumstance of any other party.

2 ADMISSION REQUIREMENTS

2.1 General Requirements

i. The Issuer must be duly incorporated or otherwise validly established according to the relevant laws and regulations of the country of incorporation or establishment.

ii. The Issuer shall satisfy its obligations regarding information brochures, fact sheets, prospectuses or equivalent disclosure documents, as may be applicable from time to time.

iii. The Issuer shall have its Instruments registered on central securities depository (CSD) registers at Euroclear Sweden or, subject to the consent of the Exchange, another EEA CSD or a non-EEA CSD considered equivalent by the Exchange.

iv. The Issuer shall have in place adequate procedures, controls and systems, including systems and procedures for financial reporting, to enable compliance with its obligation to provide the market with timely, reliable, accurate and up-to-date information.

The financial reporting system shall be structured in such a manner that the management and Board of Directors receive the necessary information for decision-making. This should facilitate speedy and frequent reporting to the management and Board of Directors, commonly in the form of monthly reports. The financial reporting system must allow for the speedy production of reliable financial reports. The Issuer shall also have the resources
required to analyse the material so that, for example, profit trends in the external reporting can be commented upon in a manner relevant to the stock market. It may be acceptable that retained external personnel handle parts of the financial function, provided that there is a long-term contractual relationship and reasonable continuity of personnel. However, the responsibility for the fulfilment of the financial functions always rests with the Issuer and having essential aspects of financial expertise provided by external personnel is not acceptable.

2.2 ETF specific requirements

i. The Issuer must possess the necessary permit(s) from the Swedish Financial Supervisory Authority or a corresponding permit in its home state and be subject to satisfactory supervision by the relevant authority or other authorised body;

ii. The Issuer and the relevant fund must in its’ board of directors have at least one member that is independent of the major owner/-s;

iii. The Issuer shall ensure sufficient distribution of its Instruments to the public and shall ensure that there are appropriate market-making arrangements in place, or that the Issuer provides appropriate alternative arrangements for investors to redeem the Instruments.

2.3 ETN specific requirements

i. The Issuer shall submit to the Exchange:
   a. an extract from the Issuer’s relevant register, or a similar legally binding document, stating the internal delegation of the decision-making concerning issuance of Instruments, as well as the list of individuals at the Issuer authorised to apply for issuance of Instruments;
   b. the decision to become an issuer on the Exchange, signed by the members of the board or person(s) authorized to sign for the Issuer;
   c. a certificate of incorporation; and, if an Issuer as defined in 1.3 iii,
   d. an audit report from a reputable audit firm, as agreed with the Exchange, which validates the requirements set out in 2.1 iv, 2.3 iii and 2.3 v.

ii. The Issuer shall ensure sufficient distribution of its Instruments to the public and shall ensure that there are appropriate market-making arrangements in place with a trading member at the Exchange;

iii. The board of directors and the management of the Issuer must collectively have appropriate qualifications, experience and sufficient competence to govern and manage the Issuer on an ongoing basis and to ensure ongoing compliance with (i) all applicable legal and regulatory requirements; and (ii) the rules and guidelines of Nasdaq relating to the admission and trading of the Instruments on the Exchange.
The Exchange will consider the members of the Board and the management as being sufficiently familiar with such circumstances if: (1) they have been active in their respective current positions in the Issuer for a period of at least three (3) months; and (2) they have participated in the production of at least one annual or other financial report issued by the Issuer, prior to the admission to trading.

Prior to admission to trading, members of the Board of Directors and persons in the management of the Issuer shall participate in a seminar provided by the Exchange concerning the obligations of a listed company.

iv. Where the Instrument provides exposure to an underlying, the price of the underlying must be reliable and publicly available, unless the underlying will also be admitted to public trading at the same time as the Instrument (in which case the Exchange needs to be satisfied that the price of the underlying will be reliable and publicly available when it becomes admitted to public trading).

v. The Issuer shall provide appropriate collateral for the benefit of investors as security against its payment obligations. The collateral must cover at least the outstanding amount of the Instruments at any time whilst the Instruments are available for trading. The collateral must be held by an appropriate independent third party, with adequate risk management standards to ensure that the collateral is safeguarded.

2.4 Waivers

The Exchange may approve an application for admission, even if the Issuer does not fulfill all the requirements for admission, if it is satisfied:

- that the objectives behind the relevant Admission Requirements or any statutory requirements are not compromised, or

- that the objectives behind certain Admission Requirements can be achieved by other means.

2.5 Suitability

The Exchange may, notwithstanding that all Admission Requirements are fulfilled, reject an application for admission to trading if the Exchange considers that the admission would be detrimental for the Exchange, the market or investors’ interests.

In exceptional cases, an Issuer applying for admission to trading may be deemed unsuitable for admission, despite the fact that the Issuer fulfils all of the Admission Requirements. This may be the case where, for example, it is believed that the trading of the Issuer’s Instruments might damage confidence in the market in general or in the Exchange in particular. If an already admitted Issuer despite fulfilling all ongoing Admission Requirements, is considered to damage confidence in the market in general, or in the Exchange in particular, because of its operations or organization, the Exchange may consider giving the Issuer’s Instruments observation status or consider removal from trading.
In order to maintain and preserve the public’s confidence in the market, it is imperative that persons discharging managerial responsibilities in the Issuer including members of the board of directors, do not have a history that may jeopardise the reputation of the Issuer and confidence in the market. It is also important that the history of such persons be sufficiently disclosed by the Issuer prior to the admission. If a person discharging managerial responsibilities in the Issuer has a criminal history or has been involved in bankruptcies in the past, such circumstances may disqualify the Issuer from being admitted, unless such a person is relieved from its position in the Issuer.

An Issuer’s financing may lead to a conclusion that the Issuer is not suitable for admission to trading in a case where, for example, the Issuer’s financial stability is threatened. This could be the case, for example, if a company restructuring or a similar process has taken place or is likely to take place.

3 Dual listing

An issuer with Instruments already admitted to trading on another recognised marketplace can apply to have the Instruments admitted to trading on the Exchange.

4 Delisting and observation status

i. Delisting

An Issuer may apply for a delisting of its Instruments. The Exchange will accept such application and make a decision about the last day of trading in consultation with the Issuer.

The Exchange may also, without a prior application, decide to delist Instruments if the Issuer or the Instruments no longer fulfil the Admission Requirements set out in Section 2 of the Rule Book.

ii. Observation status

The Exchange may decide to give an Issuer’s Instruments observations status if:

a) the Issuer fails to satisfy the Admission Requirements and the failure is deemed to be significant,

b) the Issuer has applied for delisting of the Instruments,

c) there is substantial uncertainty in respect of (i) the financial position of any of the Issuer or the fund or (ii) the pricing of the Instruments, or

d) any other circumstance exists that may, in the Exchange’s reasonable opinion, result in substantial uncertainty in respect of (i) the financial position of any of the Issuer or the fund or (ii) the pricing of the Instruments.

5 DISCLOSURE RULES

5.1 Disclosure of inside information
The Issuer shall disclose inside information in accordance with Article 17 of the Market Abuse Regulation\(^2\) (“MAR”).

Guidance by the Exchange regarding the interpretation of MAR Article 17 of MAR sets out the disclosure obligations in respect of inside information. The term inside information is defined in Article 7 of MAR. According to Article 17 the Issuer may, on its own responsibility, delay disclosure to the public of inside information provided that all of the conditions set out in MAR are met.\(^3\)

5.2 Website

The Issuer shall have its own website on which information disclosed by the Issuer shall be available for at least five years.

The information shall be made available on the website as soon as possible after the information has been disclosed.

Information brochures, fact sheets, prospectuses or equivalent disclosure documents shall always be available on the website.

5.3 Other disclosure requirements

This Section 3.3 contains certain disclosure requirements that go beyond the requirements in Article 17 of MAR. Consequently, the information set out in this Section 3.3 should always be disclosed irrespective of whether it constitutes inside information which require disclosure pursuant to MAR. Information to be disclosed in accordance with this Section shall, regardless if considered inside information, be disclosed in the same manner as inside information in Section 3.1, unless otherwise stated.

5.3.1 General disclosure requirements

i. Financial reports

The Issuer, shall prepare and disclose financial reports for itself, and/or for each listed fund or group company, as the case may be.

ii. Timing of financial statement release and interim reports

The Issuer shall, for itself, and/or for each listed fund or group company, as the case may be, publish an annual report as soon as possible and by latest four months from the expiry of the financial year.

The Issuer shall, for itself, and/or for each listed fund or group company, as the case may be, also submit a half yearly report as soon as possible and by latest two months from the expiry of the half yearly period.


\(^3\) Please see Article 17(4) of MAR and the Commission’s Delegated Act on disclosure and for delaying disclosure of inside information.
iii. Content of financial reports

Annual reports and half yearly reports shall contain the information required in order to be able to assess the development and financial position of the Issuer and/or each listed fund or group company, as the case may be. Such reports shall be compiled pursuant to the applicable accounting legislation and regulations.

iv. Audit report

The Issuer shall disclose any audit report together with its annual financial report and annual report. If the audit report includes a statement which is not in standard format or if the audit report has been modified, the audit report shall be disclosed as soon as possible.

v. Changes in board of directors, management and auditors

Changes with respect of members of the board of directors or alternate members, or auditors, elected by the general meeting of the Issuer, or the change of a chief executive officer, or managing director, of the Issuer shall be disclosed.

vi. Change in identity

If substantial changes are made to the constitutional documents of an Issuer or a listed fund, to such a degree that the Issuer or listed fund may be regarded as a new type of entity, the Issuer shall disclose such information in the appropriate format, including, in the case of a listed fund, a new information brochure with the current fund rules.

vii. Disclosure considered necessary to provide fair and orderly trading

If the Exchange considers that special circumstances exist that result in substantial uncertainty regarding the Issuer or the pricing of the Instruments and additional information is required in order for the Exchange to be able to provide fair and orderly trading in the Instruments, the Exchange can require the Issuer to disclose necessary information.

5.3.2 ETF specific disclosure requirements

i. NAV

The Issuer shall every trading day, in ample time before the opening of the Exchange, publish every fund’s Net Asset Value (“NAV”) on its website.

ii. iNAV for actively-managed funds

The Issuer managing an active fund shall, within the Exchange’s normal opening hours, publish an indicative net asset value (“iNAV”) for each fund at least three times a day. The first time before continuous trading starts, secondly within the time period 12:00 to 13:00 and finally within the time period between 16:15 to 17:15. In case of significant changes in the iNAV, such changes shall be published without undue delay.

iii. The fund’s composition
The Issuer shall disclose, on a quarterly basis, the composition of the funds on the Issuer's website.

iv. Fund rules

Amendments to the fund rules shall, if applicable, be published as soon as the amendment has been approved by the Swedish Financial Supervisory Authority, or equivalent foreign Authority, when the Authority has decided that the change shall be informed to the fund unit owners.

v. Consolidation or division of funds

Where the Issuer has obtained authorization from the Financial Supervisory Authority regarding the consolidation of the fund with another fund or the division of the fund, the Issuer shall, if applicable, as soon as possible publish information regarding the planned measure and the Authority's decision.

vi. Waivers

In exceptional cases the Issuer can, after approval by the Exchange, divert from 5.3.2 (i) and (ii).

5.3.3 ETN specific disclosure requirements
i. Reference price

The Issuer shall every trading day, in ample time before the opening of the Exchange, publish a reference price on its website.

5.4 Information to the Exchange only
i. Report to the Financial Supervisory Authority

The Issuer shall, as soon as possible, inform the Exchange of the content of a report that an auditor or a special examiner designated by the general meeting has presented to the Financial Supervisory Authority.

ii. Disclosure documents

The Issuer shall as soon as possible submit to the Exchange (i) any new disclosure documents including final terms and (ii) any new versions of disclosure documents, following their revision.

iii. ETN specific audit requirements

An Issuer, as defined in 1.3 iii, shall submit to the Exchange:

a. on a yearly basis, an audit report from a reputable audit firm, as agreed with the Exchange, which validates the requirement set out in 2.3 v.

b. on a bi-yearly basis, an audit report from a reputable audit firm, as agreed with the Exchange, which validates the requirements set out in 2.1 i, 2.1 iv and 2.3 iii.
6 SANCTIONS

If the Issuer is in breach of any Act, other legislation, this Rule Book, or other Exchange rules the Exchange may, where the breach is material, decide upon the delisting of Instruments, as applicable or, in other cases, impose on the Issuer a conditional fine corresponding to minimum SEK 100,000 and maximum SEK 10 million. When deciding upon the fine, consideration shall be taken to the extent of the breach and circumstances involved. Where the non-compliance is of a less serious nature or is excusable, the Exchange may issue a reprimand to the Issuer instead of imposing a fine.

The question of the determination of sanctions in accordance with this Section shall be decided by a Disciplinary Committee appointed by the board of directors of the Exchange.