

Listing of Debt-Based Instruments on the Nasdaq Bond Market for AIFs

Alternative Investment Funds (AIFs) have become increasingly popular in the Swedish markets in recent years, allowing both professional and private investors to access new asset classes. An AIF can be listed in several different formats. This guide is specifically aimed for Debt-based instruments, often referred to as debentures (Sw. vinständelslån/kapitaländelslån).

Regardless of the chosen wrapper or type of instrument, the starting position is that AIFs can only be marketed towards professional investors. However, a listing (admission to trading) of an AIF on a regulated market, such as Nasdaq Stockholm, makes it possible to obtain authorization from the Swedish Financial Supervisory Authority (Sw. Finansinspektionen, the "Swedish FSA") to market the AIF to non-professional investors in Sweden.

Key benefits



Global visibility

Unlock access to an extensive community of investors through Nasdaq's globally recognized brand.



Investor protection

Nasdaq monitors both issuers and their listed instruments to provide security and comfort for investors.



Increased liquidity

Make your fund shares available for trading to the Nordic market participants on Nasdaq Stockholm.

This guide aims to describe and clarify how AIF managers can leverage a listing on a regulated market to access a broader investor base in the Swedish market. Do not hesitate to reach out to the Nasdaq team if you are interested in establishing an AIF or transferring an already listed AIF from another venue.

Considerations in regard to instrument type

- Debentures offer more flexibility.
- Debentures carry no votes.
- The choice of instrument also includes considerations from an accounting perspective since shares and debentures may be treated differently depending on the terms of the specific instrument. From a tax point of view, differences may also apply, in terms of treatment for investors from different jurisdictions.

The Rulebook applicable is [Nasdaq Stockholm Main Market – Fixed Income Rulebook](#).

Additional listing requirements specific for Debt Instruments

Please review the relevant rulebook (see above) for an exhaustive set of requirements. A summary of the most important requirements is found below:

- The issuer of the debt instruments must be duly incorporated or otherwise validly established according to the relevant laws and regulations of the country of incorporation or establishment.
- The listed instruments must be freely negotiable.
- The application for admission to trading must apply to all the instruments that are part of the issue.

Contents of the listing application – Debentures

The following documents must be included in the listing application for an AIF seeking to list debentures on Nasdaq Stockholm:

- Undertaking to comply with the rules of the exchange [available here](#).
- Sanctions Screening Template [available here](#).
- Prospectus and a confirmation from the Swedish FSA of the prospectus approval.¹
- Name of news distributor.
- Information policy or equivalent signed statement on disclosure procedures.
- Copy of authorization from the Swedish FSA (or other foreign national competent authority) to manage AIFs.
- Copy of authorization from the Swedish FSA to market the AIF in Sweden (must be submitted to Nasdaq at latest 30 days following the listing).

¹ Prospectus exemptions may apply for certain funds that are not of the closed-end type, Nasdaq recommends that the applicant consults their legal adviser regarding the applicability of possible exemptions. Please note that a special fund (Sw. specialfond) or a foreign equivalents approved for marketing by the Swedish FSA is not required to prepare a prospectus.

Step-by-step guide to a Nasdaq listing

This section covers the main steps from initial preparations until the final application to list your AIF. These steps can be summarized as:



Preparations and planning for issuing/listing



Strategic planning and timely execution

An AIF that intends to list should start preparing at an early stage.

The amount of preparation depends heavily on whether the AIF managers already have received authorizations from the Swedish FSA or if that needs to be factored into the process. The Swedish FSA's processing time for approvals of authorizations to manage AIFs may normally take three to six months. It should however be noted that an AIF, regardless of its pre-existing authorizations, should start preparing a listing as early as possible as there are several other time sensitive processes that need to fit the schedule, e.g. the prospectus approval and registration of the instruments with a CSD.



Navigating regulatory processes

The application to receive necessary authorizations from the Swedish FSA Swedish law includes detailed requirements on what the application to manage an AIF must contain.

An AIF that has not received authorization to manage an AIF before should start the preparations at an early stage to have time to adapt its business and to file an application to the FSA. Normally, the preparations involved with preparing the application may take three to six months which means the full process can take up to a year, factoring the Swedish FSA's processing times into the equation. An AIF that is already authorized to manage AIFs has a shorter time to market. If the listing relates to a pre-existing AIF, the AIF only needs to notify the Swedish FSA about the change and apply for authorization to market the AIF to non-professional investors. In this case, the lead time is usually one month for the notification and two months for the marketing authorization. These lead times also apply to newly established AIFs.

Please contact the Swedish FSA for detailed information about the authorization process.

Drafting a prospectus, register with a CSD and marketing the AIF



Drafting of prospectus

The process of drafting and filing the prospectus is usually handled in collaboration between the AIF, the financial advisor, and the legal advisor. An approved prospectus is a pre-requisite for the listing and thus also for the application to obtain authorizations to market the AIF to non-professional investors.



Registering securities with a CSD, e.g. Euroclear Sweden

Euroclear Sweden is the most commonly used CSD in the Swedish market. Euroclear Sweden also maintains the official register of most equity-based and debt-based instruments in the Swedish market. An AIF listed on Nasdaq Stockholm must, as a main rule, be registered with Euroclear Sweden. However, exemptions can be sought and received from Nasdaq given that conditions for efficient clearing and settlement can be achieved by using another CSD.



Marketing of an AIF and the establishment of a Key Investor Information Document (KIID)

An AIF must be authorized to be marketed towards non-professional investors. In case these criteria are not fulfilled, the AIF can, under certain circumstances, perform some marketing activities before it has received the authorization from the Swedish FSA. Which type of marketing activities that are permitted must be evaluated case-by-case. Furthermore, a KIID must be created before an AIF can be marketed to nonprofessional investors. The KIID aims to give investors an overview of the most relevant information before investing in a fund. The information in the KIID should be presented in the same manner for all fund types, including AIFs and other mutual funds. More detailed requirements for the contents of the KIID is available in the PRIIPs Regulation (1286/2014/EU). An investor shall be presented with both the KIID and the prospectus/marketing brochure.

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