

Exchange Notice
News for listed companies 6/20

Stockholm 2020-03-31

Information from the Surveillance function at Nasdaq Stockholm with regards to ESMAS Public Statement on financial reporting

Following up on the Surveillance update on March 8, 2020, regarding Corona related topics in the context of issuers compliance with listing rules, Nasdaq wants to draw your attention to a Public Statement issued by the European Securities and Markets Authority (ESMA) on March 27, 2020.

The Public Statement address the implications of the COVID-19 pandemic on the deadlines for publishing financial reports which apply to listed issuers under the Transparency Directive (TD).

Summary

The Statement acknowledges the difficulties encountered by issuers in preparing financial reports and the challenges faced by auditors in carrying out timely audits of accounts due to the COVID-19 pandemic, which may impair the ability of issuers to publish within the legislative deadlines.

On that basis, the Statement recommends National Competent Authorities (NCAs) to apply forbearance powers towards issuers who need to delay publication of financial reports beyond the statutory deadline. At the same time, the Statement underlines that issuers should keep their investors informed of the expected publication delay and that requirements under the Market Abuse Regulation still apply.

You can find ESMA's Public Statement here – <https://www.esma.europa.eu/press-news/esma-news/esma-issues-guidance-financial-reporting-deadlines-in-light-covid-19>

Scope

The Public Statement refers to issuers' obligations to publish periodic information for reporting periods ending on 31 December 2019 or after. Specifically the Statement address the requirement to publish an annual financial report, which must include audited financial statements, at the latest four months after the end of each financial year and the requirement to publish a half-yearly financial report covering the first six months of the financial year at the latest within three months from the end of the six-month period. For issuers where that six-month period ended on 31 December 2019, the latest publication date is 31 March 2020.

Reporting deadlines

Recognizing the importance of timely and transparent disclosure of financial reports, ESMA is of the view that the burdens on issuers associated with the COVID-19 outbreak should be taken into account by NCAs in a coordinated way. ESMA therefore, in coordination with NCAs and considering that issuers may be prevented from fulfilling the requirements due to COVID-19, expects NCAs during this specific period not to prioritize supervisory actions against issuers in respect of the upcoming deadlines set out in the TD regarding:

- a) annual financial reports referring to a year-end occurring on or after 31 December 2019 but before 1 April 2020 for a period of two months following the TD deadline; and
- b) half-yearly financial reports referring to a reporting period ending on or after 31 December 2019 but before 1 April 2020 for a period of **one month** following the TD deadline.

Information to the NCA and the market on adjustments

Where issuers expects that publication of their financial reports will be delayed beyond the deadline set out in national laws¹ transposing the TD, they are expected to inform their NCA of this and inform the market of the delay, the reasons for such delay and to the extent possible the estimated publication date.

Disclosures under article 17 of the Market Abuse Regulation (MAR)

ESMA reminds issuers that they continue to be subject to the disclosure obligations laid down in Article 17 of the Market Abuse Regulation. In particular, issuers must continue to inform the market as soon as possible of any inside information that directly concerns them.

Nasdaq Stockholm remarks

The NCA in Sweden, the Swedish Financial Supervisory Authority (SFSA), has expressed that they acknowledge the ESMA Public Statement meaning that the NCAs will normally not intervene provided that:

- i. the NCA is notified by the issuer about the delay;
- ii. the issuer notifies the market about the adjustment of their financial calendar; and
- iii. that the financial report is published within the extended time period.

You can find SFSAs statement here – <https://fi.se/sv/publicerat/nyheter/2020/esma-uttalande-om-utstrackt-tid-for-att-offentliggora-finansiella-rapporter/>

Nasdaq Stockholm takes the same position as the NCA but requires issuers to also inform the local Surveillance department regarding any adjustments, outside the legislative deadlines, to the publication date of financial reports.

In line with the Public Statement Nasdaq has decided to include all financial reports referring to a reporting period ending on or after 31 December 2019 but before 1 April 2020. The reporting deadline, as regulated in the Nasdaq Stockholm Rulebook, for such financial report are therefore extended with **one month**. This applies provided that:

- i. the issuer notifies the local Surveillance department about the delay; and
- ii. the issuer notifies the market about the adjustment of their financial calendar.

It should be noted however, that ESMA emphasize that issuers are expected to exercise their best efforts to prepare their financial reports and publish them within the legislative deadline.

¹ Note that Swedish legislation, the Securities Markets Act (2007:528), stipulates that half-yearly financial reports shall be published within two (2) months which is also stipulated in the Nasdaq Stockholm Rulebook.

The Statements application to First North Issuers

Since the ESMA Public Statement refers to the TD and by that issuers listed on a regulated market only, it is not formally applicable to First North issuers.

As a SME Growth Market issuers listed on First North are allowed to publish the annual report within six (6) months. With regards to half-yearly financial reports, which according to the Rulebook shall be published within two (2) months, and all other financial reports referring to a reporting period ending on or after 31 December 2019 but before 1 April 2020, Nasdaq has decided in line with the ESMA Statement to extend the reporting deadline with **one month**.

It should be noted however, that issuers are expected to exercise their best efforts to prepare their financial reports and publish them within the regulated deadline.

Finally, please be advised that we are available for discussions regarding regulatory and disclosure-related matters. We encourage all Issuers to contact the Surveillance function should there be any questions regarding the rule books or the information in this letter.

You can contact the Surveillance function at:

Telephone: +46 (8) 405 70 50; or

E-mail: iss@nasdaq.com

Kind regards,

Nasdaq Stockholm AB



Karin Ydén



Elias Skog