

SURVEILLANCE ANNUAL REPORT OMX NORDIC EXCHANGE



2007

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INTRODUCTION

Confidence in the capital market is one of the most important and necessary pillars for successful exchange activities. Surveillance entities at each of the seven exchanges within OMX (Stockholm, Helsinki, Copenhagen, Iceland, Tallinn, Vilnius and Riga) are of great importance in upholding the market's confidence. This is achieved by acting in a professional manner, displaying credibility and independence, enforcing relevant actions as well as sustaining high qualitative processes for admittance to trading and listing.

OMX Surveillance constitutes three Surveillance departments; one at each of the OMX Nordic exchanges in Stockholm, Helsinki and Copenhagen, and separate Surveillance functions at OMX Nordic Exchange Iceland and the respective Baltic exchanges. The Surveillance departments are organized in two functions: Trading Surveillance and Issuer Surveillance. In Iceland and the Baltics such function are carried out by especially appointed staff.

The basis for the activities is to be found in (1) legislation; (2) different kinds of self-regulation; and (3) sound practices on the markets.

The Surveillance responsibilities cover trading activities, members' behavior in different aspects, listed companies' activities, other market participants' adherence to market practice and the listing of equities, bonds, warrants, investment funds and other financial instruments.

This Annual Report describes the main activities within OMX Surveillance and gives a detailed account of the achievements during 2007. To support the Annual Report, OMX Surveillance publishes monthly reports summarizing activities during the previous month.

Furthermore, Surveillance offers several training programs. Special seminars are arranged for board members and the management of listed companies. Among other things, certain requirements of the exchange rules provide that said persons shall have sufficient knowledge of rules and regulations applicable to listed companies. The training programs are conducted partly as company specific training sessions and partly as public seminars. In Sweden the exchange has trained about 5,600 persons so far. Training in exchange rules is also provided for members and brokers.

In 2007, two important EU Directives – the Transparency Directive and the Markets in Financial Instruments Directive (MiFID) – were implemented. They had direct effects on legislation and exchange regulation in all countries. The main effect of the Transparency Directive is on the disclosure obligations of the listed companies, and the main effect of MiFID is on trading and the obligations of members as it liberates members to choose the means by which to publish executed transactions so that they need not report them to the regulated markets. MiFID has also introduced possibilities for exchanges and others to establish so-called Multilateral Trading Facilities (MTFs), of which First North is a good example.

17 March 2008

Anders Acebo

Head of OMX Surveillance

TRADING SURVEILLANCE

Trading Surveillance performs real-time and post-trade surveillance of all OMX-operated markets for all types of instruments. Surveillance of trading is a regulated activity, which an exchange operator is obliged to perform. Moreover, surveillance is an important process to uphold an orderly and efficient trading environment – to secure the integrity of the market. The tasks of Trading Surveillance can be summarized as follows:

- arrange and perform monitoring of trading activities in order to detect and report suspected cases of market abuse in due time
- arrange and perform monitoring to detect breaches of exchange rules by trading participants
- provide advice to trading participants and assist them in complying with relevant rules
- participate in rule formulation and market development, and take other relevant initiatives in order to promote a fair, orderly and efficient trading environment
- monitor the order and trade flow for erroneous prices and volumes in order to secure a high quality of market data.

For some years now, the OMX exchanges in the Nordic countries have had a common set of member and trading rules. The harmonization of European securities legislation in recent years, the latest step being the implementation of MiFID, has created an even more common and harmonized environment for trading and thus a common framework for Trading Surveillance. The OMX exchanges make use of the same surveillance system, which was implemented on the Nordic Exchange several years ago and launched on the Baltic exchanges in 2007. Such initiatives – the international trading environment and the common framework for surveillance – mean that Surveillance operates in very similar ways on the seven exchanges within OMX. That is why we have chosen to present Trading Surveillance activities under a joint heading.

TRADING HALTS

An exchange will under certain circumstances impose a trading halt; often referred to as 'suspension of trading'. On the OMX exchanges a trading halt is imposed when there is an obvious risk that trading will no longer be carried out on equal terms or will not be based upon sufficient information. Information is a key element on the financial markets, and in order for trading in financial instruments to take place in an orderly fashion, all investors must have equal access to information about the instruments traded. Whenever an OMX exchange encounters a situation where this is judged not to be the case, a trading halt is considered. To learn more about these procedures, please see the examples below.

On 5 July, trading in the shares of TJ Group Oyj on OMX Nordic Exchange Helsinki was halted at the request of the company. The Helsinki Court of Appeal had passed a judgment concerning the share issue and sale of TJ Group Oyj in the year 2000. The Court sentenced the Chairman of the Board, Tuomo Tilmán, the Board Member Jyrki Salminen and the CFO of the company to conditional sentences of imprisonment. In addition, the Court ordered the proceeds of the crime enjoyed by Salminen and Tilmán forfeited to the state. This information was considered very important for the share holders and potential investors in the company. Trading was resumed after the company had disclosed this decision and the exchange had published a market notice that the company would remain on the Observation Segment.

On the morning of 11 September 2007, the Swedish paper Dagens Industri published an article on the front page stating that Tanganyika Oil was about to divest its Syrian oil field assets and that the deal would be worth over SEK 10 billion. As the total market cap of Tanganyika was SEK 5.7 billion, the alleged deal was substantial, and information about it could reasonably be expected to have a significant price impact. The article quoted anonymous sources. If this information was accurate, the company would have been expected to publish it in accordance with the procedures intended to ensure that all market participants get simultaneous access. However, no such information was communicated by the company, and there was no way of knowing whether this extremely price-sensitive rumor was true. Surveillance in Stockholm decided to suspend trading in the shares of the company until the company had published a formal statement on the matter. The company later stated that the information referred to in the article was false, whereupon trading was resumed.

Generally, trading is suspended when there is a material risk of leakages or an actual indication of a leakage of price-sensitive information. Such potential or actual leakages may occur in connection with a takeover bid for a company or a profit warning. This can be exemplified by Pergo AB, at the time listed on OMX Nordic Exchange Stockholm. A trading halt was imposed on 12 January after a sharp increase in both the share price and the share's turnover on the exchange. A takeover announcement was imminent. The trading pattern indicated a leakage of highly price-sensitive information. When the announcement was disclosed, trading was resumed, and the share price immediately adopted this new information. The company was later de-listed (after completion of the takeover). Another case of information leakage took place on OMX Nordic Exchange Iceland in December. In the days leading up to 4 December, a lot of speculation and rumors circulated in the Icelandic media about imminent changes within FL Group hf. Strong claims were being made that the CEO would be or had already been replaced as part of a restructuring of the company. On 3 December, FL Group issued a statement in which it did not directly address the rumors, but stated that the company was in discussions with a third party "around the evaluation of different investment opportunities and financing". Because of the uncertainty surrounding the matter and the risk of a potential information leakage, the exchange decided to put FL Group on the Observation Segment. Before the market opened on 4 December, the exchange was informed by FL Group that an announcement was expected later that day. It was subsequently decided to suspend trading in FL Group until the information had been disseminated. The company announced later in the day the appointment of a new CEO and a capital increase. Trading was resumed on 5 December.

Trading halts may also be declared in situations when information about a company or a financial instrument made available to market participants is inaccurate. For example, trading in Ramirent Oyj shares was suspended for one hour on 20 April because relevant information about a corporate action had not been updated in the trading system, and thus there was an obvious risk that market participants would trade the shares on the basis of erroneous information. Market participants must reasonably expect that information made available through the trading system is reliable. Once the information had been correctly updated, trading was resumed.

The procedures for trading halts have differed between the OMX exchanges in the past, because some, as a regular procedure, temporarily halted trading when sensitive announcements were published by a company. Following the introduction of the Transparency Directive in 2007, these differences disappeared and the principles of when to suspend trading have to a large extent been harmonized. The introduction of MiFID has also had an effect on these procedures. In Sweden, for example, Finansinspektionen (the Swedish Financial Supervisory Authority) shall decide whether such trading halt shall prevail. If Finansinspektionen decides that the trading halt shall prevail, no trading is allowed in the shares of the halted company nor in any related instrument on any trading platform, including all different kinds of MTFs (Multilateral Trading Facilities).

The number of trading halts initiated by each exchange¹ is presented in the table below:

Trading halts 2007 (2006)	
Iceland	13 (13)
Stockholm	17 (15)
Helsinki	10 (8)

ISSUES REGARDING BREACHES OF RULES BY MEMBERS

Disciplinary procedures on the various OMX exchanges differ somewhat in practice; however, the principles are much the same. There are procedures for handling less serious breaches of rules that may result in criticism or reprimands towards the member or its employees. Furthermore, there are procedures for handling more serious breaches of rules eligible for public sanctions and possibly fines. This section describes the breaches of rules that have not been considered serious enough to result in formal sanctions.

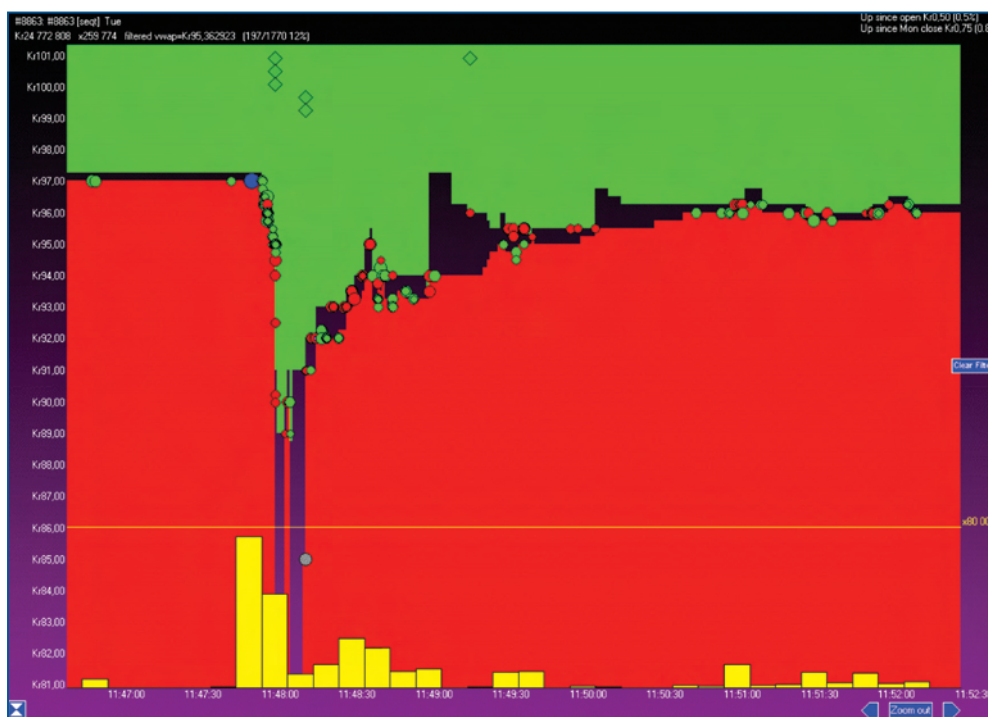
Pricing of orders and trades

A central part of the trading rules concerns the quality of the pricing of orders and trades. Every order and trade registered in the trading systems must reflect the current market value of the instrument. An example: a member must sometimes question whether to submit a client order to the exchange if the price of such order fails to meet the requirement above. Moreover, precautions must be taken when deciding at which price to trade. Failure of orders and trades to reflect current market values at sensitive times, e.g. at the end of a month, has decreased over the last years. The matters we deal with now mostly involve trading through Automatic Order Routing or Program Trading². Matters concerning Automatic Order Routing are normally about the controls and routines expected to be in place with the member, and the member's strict responsibility for trades initiated by clients.

¹ No comparable statistics are available for OMX Copenhagen, but will be included in future reports.

² Automatic Order Routing refers to a member providing a technical facility for its clients to place orders for automatic forwarding to OMX. Program Trading refers to an automated trading facility whereby the member sets up its systems to send orders to OMX based upon rules and parameters and without manual intervention. Program Trading can be used to perform so-called market making, trade arbitrages or execute client orders by use of algorithms designed to optimize the probability for successful execution.

Four such cases resulted in criticism from OMX Stockholm, one from OMX Iceland and one from OMX Helsinki, during 2007. The cases regarding Program Trading often concern the so-called Algorithmic Trading; i.e. situations where the algorithm has initiated trading in an unforeseen and unwanted fashion. There were two such cases in Stockholm during 2007, and a typical case is presented in the graph below.



The graph illustrates trading in a relatively liquid share for five minutes of a trading day. A member uses an algorithm to trade a sell order on behalf of a client. The algorithm trades at the prevailing market prices throughout the day, and it has both an absolute and a relative volume restriction, i.e. it will trade a certain fraction of the market turnover. When a large trade is executed, illustrated by the blue circle and the highest yellow volume bar, the algorithm has a gap before it reaches its relative volume restriction and starts selling shares at a rapid pace, failing to take order book liquidity into account. The algorithm empties the buy side of the order book completely and causes a market disturbance. The algorithm should probably not have responded to the trade at all, but should have been prevented from generating trades at unreasonable prices.

During 2008, trading safeguards will be implemented in order to prevent orders with wrong or too deviating prices from being entered into the order books. This will help members prevent clearly erroneous orders from going into the system. However, there is still a need for members to uphold relevant controls.

The development in cases regarding automated algorithmic trading is somewhat alarming. We have not yet been forced to sanction a member in a case like the one described above, but based on our experience over the last couple of years, we strongly urge members to devote substantial resources to testing algorithms prior to application, and rule compliance must be a central part of such testing. Moreover, unusual but not extreme trading events should be handled by such algorithms without resulting in unintentional or erroneous trades.

Trading rules

All OMX exchanges have trading rules that aim at supporting efficient trading in different aspects. Some of the rules concern transparency issues as described below. Other rules deal with the size of trades allowed to be completed outside the order book or at prices that differ from those in the order book. Such rules aim at ensuring that small trades are handled centrally in the order book, while acknowledging the need for large trades to be handled separately. Moreover, this rule ensures priority for those who place orders in the order book by not allowing trading for small amounts without first honoring such large orders. In other words, the “time priority” makes sure that orders placed in the order book benefit from taking part in the formation of the price picture of the security.

In Tallinn, two members were criticized for reporting manual trades below the threshold levels, thereby breaching the trading rule referred to above. In Vilnius, two members received criticism on three occasions for a similar rule breach.

Another central trading rule applicable to most markets is a prohibition against entering into trades resulting in the same buyer and seller. Although it is often acknowledged that this can happen without intent and no harm meant to the market, it is prohibited to willingly enter into such trades. One member in Iceland was criticized for repeatedly matching own orders, which resulted in trades with the same beneficial buyer and seller, i.e. no real transaction at all. Another member matched own orders on two occasions; the first time the member was only criticized, but the second time he was reprimanded. Furthermore, the trader responsible for the transactions was criticized for his behavior. In Vilnius, a member placed orders 11 times to buy and sell shares in such a way and order that the buyer and seller in the transactions were one and the same person. This was possible due to insufficient internal control of the automated order placement system. As a result, any client placing orders via the internet could conclude transactions with himself. The Vilnius exchange issued a warning to the member and demanded that control of orders be restored.

Vilnius, moreover, requires a client identification code for each order. Members have been criticized on five occasions for breach of this rule.

Market transparency

Another important part of the trading rules concerns the obligation to make information about effected trades readily available to the general public. This is a matter of market transparency, and trading data are important to market participants when making investment decisions. To ensure quality of disseminated data, we have rules regulating submission of information to the trading system. In 2007, a group of members were criticized for having failed to report large numbers of trades to some or all of the OMX exchanges. Two such cases led to formal criticism, and two were deemed serious enough to impose sanctions (commented upon below). All of these cases concerned remote members, i.e. members domiciled outside the Nordic region that access the markets from such remote locations. Apart from these general cases, we issued criticism towards a member on OMX Iceland for failing to report trades according to the exchange rules. The member reported the trade on the date when the securities were delivered, and not on the date when the trade was entered into.

Furthermore, criticism towards trading members were issued on two occasions – both handled by OMX Helsinki – where the members failed to make public disclosures of holdings. Major shareholdings and changes to such holdings must be made public for the same reason as trading data is disseminated. The members bought shares to such an extent that the thresholds for mandatory disclosures were exceeded, but they did not make any disclosures and failed to report the trades to the exchange in due time.

Up to now, the OMX exchanges have played a central role in ensuring market transparency; a role which to a large extent has been taken over by the supervisory authorities following the implementation of MiFID. It is now possible for members to comply with the general requirements to uphold market transparency by publishing trades on different venues, and thus, the exchanges will no longer have a tool for enforcing the transparency rules. It is extremely important that the authorities continue this work and that there will be no regulatory arbitrages if, for example, different venues were to enforce the transparency rules differently.

Settlement

Another rule referred to when issuing criticism is the obligation of a member to settle trades according to the terms of the transaction. This is an area where we have become more active during the last two years. The settlement systems and the market practices in this area differ somewhat between the countries, as do the level and nature of activities. In Sweden there were three cases in 2007 where members were criticized for failure to settle trades. In one case criticism was issued because the members were selling short in a proprietary capacity; in another case the same client failed to deliver shares on a previous occasion, and in the third case it should have been obvious to the member that the transactions risked failure when settled. During 2008, so-called buy-in rules will be implemented and further strengthen the focus on timely and accurate settlement. A buy-in is a procedure where the buyer of securities who has not received full delivery of such securities is given the right to buy the securities on the market at the expense of the seller, instead of awaiting delivery from the seller. If the development in incidents continues, it is likely that we will soon have to impose sanctions in settlement related cases.

In Vilnius, penalties were imposed on nine members for 47 instances of failing to ensure sufficient quantities of securities or funds for settlement of concluded trades as required by the exchange rules.

Market making

In Helsinki, one member was criticized for failing to uphold its market maker obligations³. The market maker did not place any orders during the final stages of the last day of trading in a covered warrant.

In Tallinn, one member was criticized for failing to provide sufficient market making in a share. The member only entered orders after 20 minutes of continuous trading and failed to uphold quotes throughout the day.

Furthermore, one member was criticized by our exchange in Vilnius for failing to meet its market making obligations (liquidity provider agreement) on two occasions.

DISCIPLINARY SANCTIONS REGARDING MEMBERS

When a breach of rules is regarded serious, there are procedures for issuing disciplinary sanctions.

In January, Erik Penser Fondkommission AB was sanctioned by the Disciplinary Committee of OMX Nordic Exchange Stockholm on the basis of an incident discovered in 2006. A trader employed by the member was found to have entered into a large number of trades in the name of the member where no real transactions took place. The member was the ultimate buyer and seller of the trades, which in reality means that there is no buyer and seller, and thus, no transaction. A disproportionate number of the trades took place at a price that differed from the last traded price, and the intention appears to have been to influence the perception of the pricing of the share. Erik Penser Fondkommission AB was fined SEK 300 000.

³ A market maker is a market participant, usually a member, who has a contractual obligation to enter orders or provide quotes for a certain instrument(s) in order to provide better possibilities for other market participants to trade such securities. One form of market maker regime used on OMX is the Liquidity Provider concept, whereby companies whose shares are illiquid can assign exchange members to provide additional liquidity, and where the exchange will monitor the performance of the Liquidity Provider.

In April, Timber Hill Europe AG was sanctioned by the Swedish Disciplinary Committee and fined SEK 200 000. The reason for the sanctioning of the member was a number of incidents where Timber Hill by the use of Automatic Order Routing sent orders to OMX Stockholm that failed to reflect the current market values of the instruments. The matter was regarded as serious, partly because of the repeated incidents and partly because Timber Hill's order routing system had assigned the price limits of the orders.

JP Morgan Securities Ltd was sanctioned in April and ordered to pay fines amounting to SEK 200 000. A trader employed by JP Morgan had sent orders to OMX Stockholm to buy and sell Nordea shares in such a way that the orders matched and traded against one another. All of the orders were sent in a principal capacity, i.e. on behalf of the bank itself, but did not represent real transactions. The purpose of the trading behavior apparently was to increase the member's activities and market share. In addition to the fines, the responsible trader, who was also disciplined by JP Morgan, was given a warning by the Disciplinary Committee.

In August, Kaupthing Bank Sweden was sanctioned and fined SEK 200 000. A trader employed by the bank had entered into trades on behalf of clients in the share Nordic Mines AB. It later turned out that some of the trades were never settled, and trades executed in the trading system did not represent genuine transactions. No documentation existed for the orders that were supposed to constitute the trades. Lack of documentation meant that manipulative intent could not be ruled out. The trader responsible for the trading received a warning by Swedsec, the Swedish licensing institute.

In September, HSBC Bank Plc was sanctioned by the Disciplinary Committee of OMX Nordic Exchange Helsinki and fined EUR 40 000. The matter was very much identical to the one above where the member failed to report trades in due time and where such failures resulted in trading information not being made available to the general public. HSBC failed to report the trades to OMX Copenhagen, OMX Helsinki and OMX Stockholm. The consequences of the failures were most serious on the Helsinki market, and the matter was handled by the Disciplinary Committee in Helsinki. A similar case regarding another member was also referred to the Committee, but no decision had been made by the end of 2007.

In October, Carnegie Bank A/S in Copenhagen was sanctioned by the Disciplinary Committee of OMX Nordic Exchange Stockholm. Carnegie was found to have entered orders for certain index futures, not with the intent to trade but to influence another market maker to re-quote options based upon the same index. After such re-quoting Carnegie took advantage of the more favorable prices and entered into transactions at those prices. Once the bank had traded on the option quotes, the orders for the futures contracts were withdrawn. Carnegie was fined SEK 300 000.

The case that attracted the most attention in 2007 and which resulted in the highest fines concerned Carnegie. The Carnegie group is a member of OMX Nordic Exchange Stockholm through Carnegie Investment Bank AB, and furthermore, it is a listed company through D. Carnegie & Co AB. In a decision made in November 2007, both of these companies were sanctioned, and the Carnegie group faced the Disciplinary Committee in its capacity as both an exchange member and a listed company. The part of the case concerning the obligations of the listed company is described below so this section covers only the trading activities. Carnegie was found to have entered orders and in some cases completed trades for a number of shares and index options at year-end 2006. By entering buy orders for contracts where the proprietary position of the bank was positive and vice versa, the price picture of the contracts was influenced in a direction that gave a more favorable impression of the value of the bank's proprietary trading positions. It appeared that the prices were distorted to enable valuations at theoretical prices that would otherwise have appeared unreasonable. By manipulating the market prices, the theoretical prices did not attract the attention of the risk controlling functions at Carnegie, and a loss in the trading portfolio was not discovered. The loss was later calculated by Carnegie to amount to SEK 630 million. The bank was fined SEK 5 million by the Disciplinary Committee.

ISSUES REGARDING SUSPECTED MARKET ABUSE REPORTED TO THE AUTHORITIES

Following the national implementations of the Market Abuse Directive, the OMX exchanges are obliged to report cases of suspected market abuse to the relevant authorities. The processes may differ between the countries, but the basic occurrences searched for and reported are the same. On an overall level, the cases can be divided into:

- Suspected illegal insider trading: This concerns situations where trades in a security are based upon non-public price-sensitive information regarding that security.
- Suspected market manipulation: This refers to some kind of manipulative actions intended at misleading other market participants. There are numerous ways this can occur; e.g. by placing orders with no intention to trade, but aiming at influencing the pricing of other securities, and by entering into transactions without any economic involvement and with the intent to create a false picture of the trading in the security, and by trading with the intent to create a misleading price picture at a sensitive point of time.

	Suspected illegal insider trading 2007 (2006)	Suspected market manipulation 2007 (2006)	Other cases 2007 (2006)
Iceland	3 (0)	2 (2)	0
Copenhagen	12 (15)	19 (17)	7 (5)
Stockholm	59 (31)	12 (12)	0 (2)
Helsinki	7 (12)	7 (3)	0
Tallinn	0	0	0
Vilnius	0	6 (34)	0
Riga	0	1	0

“Other cases” in the above table refers to transparency issues where information has not been disseminated to market participants in a proper way, or issues where a financial institution may not have treated its clients in a proper way (conflicts of interest, best execution requirements).

Apart from the cases formally reported, all OMX exchanges have a dialogue with their respective authorities and procedures for handling less obvious cases. In Vilnius for example, regular consultations are carried out with the Lithuanian Securities Commission (LSC) regarding suspected insider trading or market manipulation (market abuse). Information about any unusual trading activity is reported to the LSC without delay.

There are, of course, numerous cases that are investigated but never reported, because the level of suspicion or the seriousness of the incident is not deemed serious enough. For example: in Vilnius five instances of potential market abuse were detected when the trading volumes of one member’s clients constituted a major part of the day’s turnover and had a significant effect on the market price of the shares. Later, the market prices of the shares returned to the usual level.

The OMX exchanges are not part of the legal processing that may follow after a case has been referred. However, sometimes Surveillance staff is asked to testify in court. The outcome of cases that have taken place on our exchanges is of course extremely important and of great interest to us. During 2007, three Danish cases regarding price manipulation were decided in court. In all three cases the defendants were found guilty. In Sweden there were two court decisions regarding market manipulation where the defendants were found guilty, and one court decision regarding insider trading. The insider case has been appealed, and the outcome of the appeal hearing is expected in January 2008.

OTHER CONFIDENCE BUILDING MEASURES

Generally, Trading Surveillance helps market participants rather than pointing fingers at those who act in breach of the rules. Any preventive measures we can take and any efforts we can make in order to help establish the highest possible level of market integrity and sound practices are regarded as crucial for the long-term success of our activities.

Rulebook harmonizations and MiFID implementation

The implementation of MiFID demanded a lot of resources from many parts of OMX, and Trading Surveillance has actively participated in these processes. As a consequence of the directive, some local differences in legislation and regulation have disappeared, and we have been given the opportunity to even further harmonize our rules and routines. This is important in order to make our rules consistent and easy to comply with while taking best practices into consideration.

When the directive was introduced, OMX launched a specific service for investment companies to publish their off exchange (OTC) trades. Trading Surveillance is not performing actual surveillance of OTC trades, but OMX Copenhagen has decided to help the investment companies by screening the OTC trade flow for apparent errors.

Forced Cancellations

At the beginning of 2007, a common guideline for forced cancellations was introduced. The Cancellation Guideline contains procedures for the cancellation of erroneous trades on the equity market. The aim of introducing the Cancellation Guideline is to harmonize the procedures within the Nordic Exchange and to ensure the integrity of the market. The guideline acts as a supplement to the Norex Member Rules.

As a rule of thumb, the order causing forced cancellation must be an indisputable error or unfortunate mistake - and the trade must create a substantial impact on the market price and depth of the instrument. Trades that are considered to be at the market price, even though executed as a result of an erroneous order, will normally not be cancelled.

ISSUER SURVEILLANCE

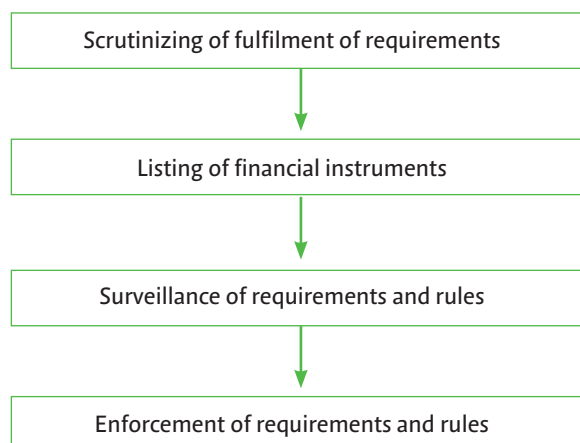
Issuer Surveillance processes the formal listing of financial instruments such as equities, bonds, warrants and funds, performs surveillance of issuers' compliance with the exchange rules and other market participants' adherence to market practice. Furthermore, Issuer Surveillance in Stockholm is obliged by law to monitor the takeover rules and perform surveillance of the companies' compliance with financial reporting standards (IFRS).

Issuer Surveillance dedicates a lot of time and effort to educating market participants on the rules. It is of the utmost importance to provide a high degree of service to issuers, members and advisors by giving advice and guidelines.

The general purpose of the exchange rules and the supervision of observance is to ensure that the market is fair for all participants, and that the confidence of the general public in the securities market is upheld. If necessary, the exchange will enforce the rules in order to create a level playing field for market participants.

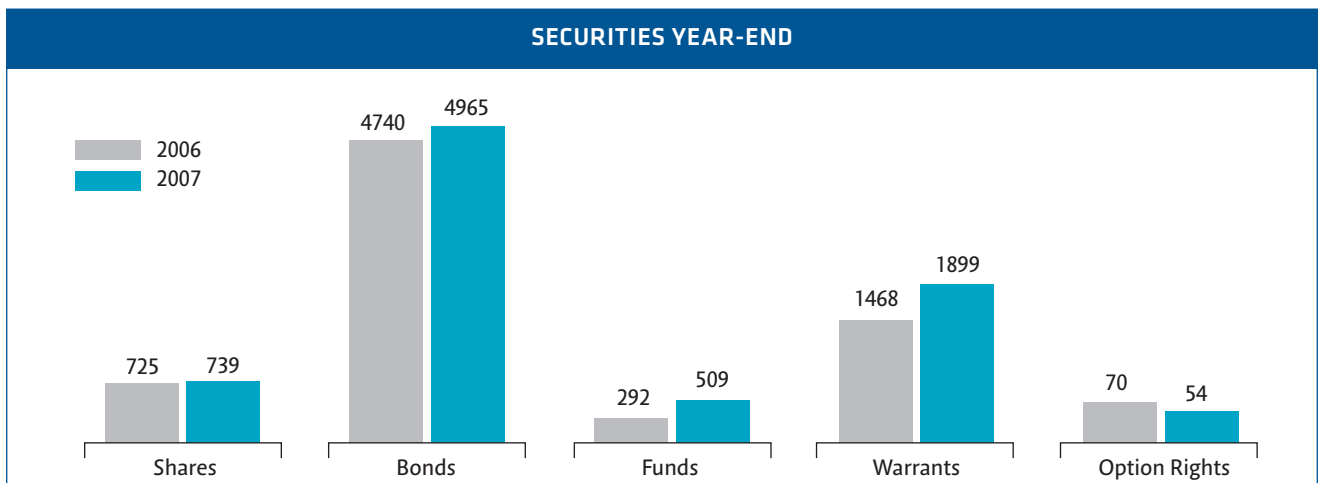
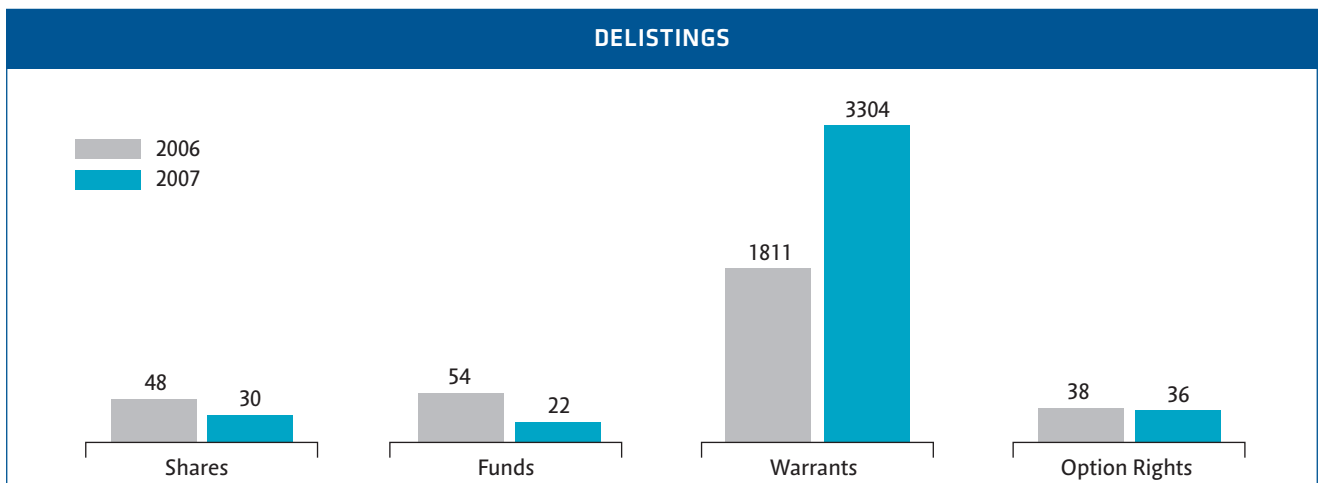
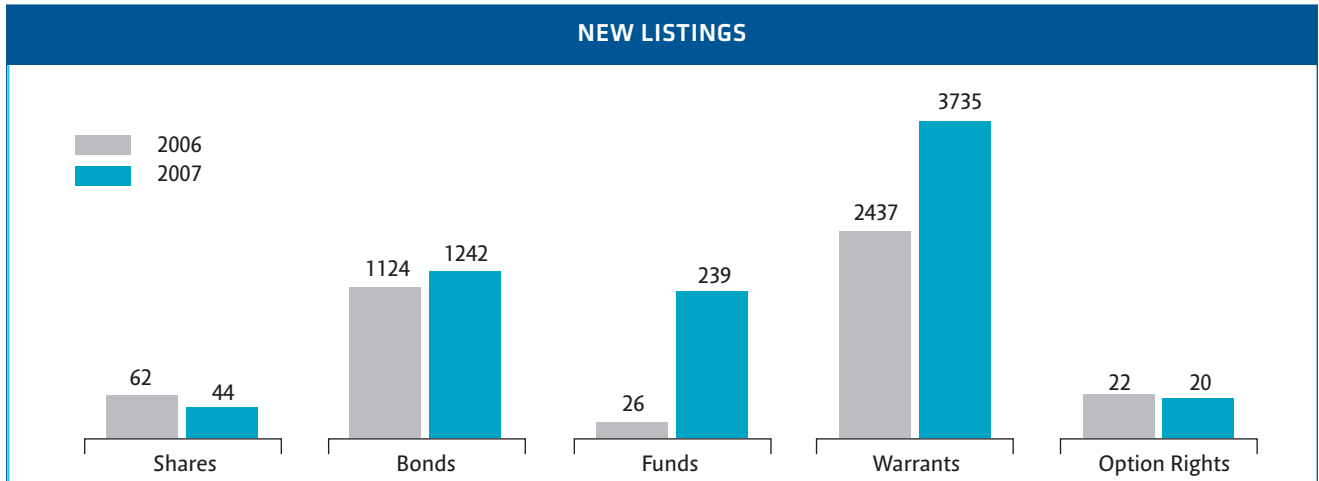
If an issuer does not comply with the rules, Issuer Surveillance may issue criticism, place the issuer on the Observation Segment or hand over the case to the Disciplinary Committee or the Financial Supervisory Authority. Moreover, the issuer may be publicly criticized, fined or delisted.

The activities performed by Issuer Surveillance may be summarized as:



LISTINGS, DELISTINGS AND TAKEOVERS

The total number of securities year-end as well as listings and delistings during the year are collated in the figures below. For detailed information, please see the descriptive text for each of the exchanges.



COPENHAGEN

Shares:

17 (20) new companies were listed in 2007.

In the segment Industrials, two companies were listed in 2007: Erria, an efficient provider of a wide range of maritime services to ship owners and operators throughout the world, and SCF Technologies, which develops and commercializes technologies used to refine products, enhance processes, and produce intelligent materials.

In the segment Consumer Discretionary, Nordic Tankers was listed. Nordic Tankers is a shipping company specializing in the tanker segment.

In the segment Health Care, Exiqon was listed. The company combines leading edge scientific expertise in gene expression with its proprietary LNA™ technology, in the field of e.g. development of cancer diagnostic tools.

In the segment Financials, 11 new companies were listed. Five of those are banks (bankTrelleborg, Eik Banki, Føroya Banki, Sparekassen Lolland, and Sparekassen Hvetbo) and five are investment companies (Scandinavian Privat Equity A/S, DK Trends Invest, KlimaInvest, Investea German High Street II and Griffin IV Berlin B). KlimaInvest differs from the normal investment companies by having the price of CO2 quotas as a central part of their investments, while Investea German High Street II and Griffin IV Berlin B differ by investing in German real estate. The eleventh company is Deltaq; an equity fund buying and selling medium-sized enterprises.

In the segment IT, two companies, Euroinvestor.com and Trifork, were listed. Euroinvestor.com provides information data bases and systems for analysis for the use of private investors, while Trifork inspires and advises on the optimization of business critical IT systems and takes future IT technologies and put them to use for customers.

During 2007, 3 (7) companies were delisted: Keops A/S was acquired by Stodir and delisted. Codan A/S was acquired by RSA Overseas Holding B.V and delisted. Bioscan A/S entered into bankruptcy proceedings and was therefore delisted.

During 2007, there have been 7 takeover attempts; 2 of those were successful and the companies were delisted. 1 attempt was not successful and the company is still listed. The remaining 4 attempts were not concluded by the end of 2007.

Bonds:

During 2007, 6 (15) new issuers entered the bond market, and 231 (166) new bonds were listed. At the end of 2007, a total of 2,319 (2,278) bonds were listed on the bond market.

Collective Investment Undertakings:

Negotiations between the exchange and IFR (the Danish industry association for UCITS funds) lead to the launch of a new marketplace for funds in February, and the number of listed funds soared from 274 to 450. Of the 176 newcomers, 46 originated from the XtraList, which was then closed down.

The above figures do not include ex dividend units of which 80 (38) were listed at the beginning of the year and delisted in the period March/April in connection with their annual general meetings.

During the period, 225 (21) new funds were admitted to trading, and 21 (16) were terminated from trading. By far, the majority of the terminations from trading were due to mergers.

The total number of funds admitted to trading at end-2007 was 474 (270).

HELSINKI

Shares:

The Listing Committee decided on listing 2 (6) companies in 2007: Suomen Terveystalo Oyj and SRV Yhtiöt Oyj.

Suomen Terveystalo Oyj offers healthcare, occupational health and hospital services for corporations and private individuals in Finland. SRV Yhtiöt Oyj is a developer of integrated construction projects. The offering included project and property development, investment planning, design and construction. The company operates in Finland, the Baltic countries and Russia.

Five companies were delisted. The shares of Kylpyläkasino Oyj, Puuharyhmä Oyj, Evox Rifa Group Oyj, FIM Group Oyj and eQ Oyj were delisted after acquisition by other companies.

The company Satama Interactive Oyj, Trainers' House Oy and all of the shareholders of Trainers' House signed a combination agreement, according to which Satama Interactive purchased 45 per cent of the shares in Trainers' House, and Trainers' House merged into Satama Interactive. The name of the listed company was changed to Trainers' House Oyj.

The company Kasola Oyj became Nurminen Logistics Oyj in the full demerger of John Nurminen.

The company Suomen Helasto Oyj became an engineering parent company. Suomen Helasto Oyj sold its existing business units to Panostaja Oyj and acquired the share capital of Hervannan Koneistus Oy and the business activities of Tampereen Laatumoneistus Oy. The new name of the company became Takoma Oyj.

The total number of listed companies at the end of 2007 was 134 (136 and one on the Broker's List). Of these 134 companies, one company was listed on the Prelist.

Warrants:

A total of 1,580 covered warrants were listed during the year. This is a significant increase in the number of listed warrants compared with 2006, where 922 warrants were listed. One new issuer, Commerzbank AG, made a warrant listing agreement with the exchange.

1,511 (926) warrants were delisted in 2007.

At the end of the year, a total of 408 (339) warrants were listed.

Bonds:

The listing of bank certificates started in June 2007. Three issuers have listed bank certificates during the year. A total of 140 (105) bonds, including 35 bank certificates, were listed. During the year, two new issuers made a bond listing agreement with the exchange, JP Morgan International Derivatives Ltd and Goldman Sachs International.

In total, 393 (339) bonds were listed at the end of the year.

Exchange Traded Funds (ETFs):

No (1) new ETFs were listed during the year. In total, 2 (2) ETFs were listed at the end of the year.

Option Rights:

A total of 20 (22) option rights and two (18) additional lots of option rights were listed. In total 54 (70) option rights were listed at the end of the year.

ICELAND

Shares:

5 (5) new companies were listed over the year 2007. The shares of Icelandair Group, P/F Føroya Banki, Eik Banki, Sparisjodur Reykjavikur og Nagrennis (SPRON), and Atlantic Airways were listed.

3 (4) companies were delisted during 2007. Actavis Group hf. and Mosaic Fashions were delisted because of a takeover of the companies' shares. Icelandair Group Holding hf. was delisted due to a change in the business and listed again as a new legal entity under the name Icelandair Group hf.

The total number of companies listed at the end of 2007 was 26 (25).

Bonds:

161 (125) bonds were listed during 2007. The total number of listed fixed income securities at the end of 2007 was 362 (360).

Exchange Traded Funds (ETF):

1 (1) exchange traded fund is listed.

STOCKHOLM

Shares:

During 2007, a total of 13 (25) listings of new company shares took place on the Main List. Four of these companies, Tanganyika Oil Company Ltd, Björn Borg AB, West Siberian Resources Ltd and AB Sagax, were already listed on First North, but chose to apply for introduction on the exchange.

Tanganyika Oil Ltd is a company in the Energy sector, and is mainly engaged in conventional exploration and production activities with a focus on the Middle East. Björn Borg Group is a company comprising clothing, footwear and similar products. The company generates its profits by developing and exploiting the Björn Borg brand on the international fashion market. West Siberian Resources Ltd is traded in the Energy sector and has most of its businesses in Russia. AB Sagax is a real estate company investing in commercial properties; mostly within the warehouse and light industry.

Six IPOs were conducted. Nederman Holding AB is a company that creates better working environments and thereby reduces environment-related health and production problems. Aerocrine is a company in the Health Care sector that has developed products for diagnosing asthma. Systemair AB is a leading ventilation company with the main part of its operations in Europe and North America. East Capital Explorer AB is a company that brings investment opportunities in Eastern Europe to a broader investor base. Duni AB is a supplier of solutions and products for table arrangements and setting meals. HMS Networks AB is a world supplier of communication technology for industrial automation.

NovaCast Technologies changed its listing from the Nordic Growth Market to the exchange and is located in the Industry sector. Vostok Nafta Investment Ltd is an investment company focusing on investments in the oil and gas sector in Russia and other CIS states. Peab Industrier AB is a producer of products and services aimed at the Nordic Construction and Civil Engineering market.

During the period, 12 (21) companies were delisted owing to either acquisitions or on own initiative. Nokia Abp requested that its depository receipts be delisted and converted into the underlying Nokia shares listed on OMX Nordic Exchange Helsinki. In Stockholm, Nokia is now traded on the Xternal list. Furthermore, Old Mutual decided to apply for a delisting, and the shares started trading on the Xternal list. 24hPoker Holding AB has been delisted from the Main List and transferred to First North on its own initiative.

Eight companies were delisted in connection with tender offers: Sardus AB was acquired by the Atria Koncern Abp., Pergo AB was acquired by Pfeleiderer AG, Protect Data AB was acquired by Check Point Software Technologies Ltd., Invik & Co. AB was acquired by Milestone ehf., Nefab AB was acquired by NPNC Intressenter AB, SalusAnsvar was acquired by DNB NOR Bank ASA, Mandator AB was acquired by Fujitsu Overseas Holdings Ltd., and All Cards Service Center – ACSC AB was acquired by XPonCards Group AB, a company listed on Nordic Exchange Stockholm.

ScanMining was delisted on its own initiative at the same time as it filed for bankruptcy.

The total number of listed companies at the end of the period was 274 (273)

Warrants:

A total of 2,155 new warrants were listed during the period, which is an increase from 2006 when 1,515 warrants were listed. During the period, the number of delisted warrants was 1,710 (885). A total of 363 (149) knock-out warrants were listed on the exchange during the period. At the end of the period, a total of 1,491 (1,129) warrants were listed.

Bonds:

A total of 533 (503) new bonds were listed during 2007, 416 (400) of those on the Retail bond list, 96 (78) on the Corporate bond list and 18 (25) on the Benchmark bond list. 3 (3) MTN-programs and 6 (8) programs for corporate certificates were approved. The list structure was expanded on 1 July 2007 in order to make it easier for investors to find different kinds of bonds. During the period, seven new issuers signed a bond listing agreement with the exchange: UBS AG, Société Générale Acceptance N.V., Länsförsäkringar Hypotek, Natixis, DnB NOR, Black Earth Farming Ltd. and Bear Stearns Global Asset Holdings Ltd. At the end of the period, a total of 1,828 (1,696) bonds were listed.

Other Financial Instruments - Exchange Traded Funds and Subscription Options:

One new ETF was listed during the period, XACT FTSE RAFI Fundamental Sweden. XACT VINX changed its name to XACT NORDIC 30. In total, 7 (6) ETFs were listed at the end of the period.

2 (1) subscription options were listed in 2007: Vostok Nafta and Teligent. 2 subscription options were delisted: Bure TO1 and Neonet.

Takeovers:

During 2007, 17 (18) tender offers were disclosed to the market. Seven of those have been completed and three were withdrawn. At year-end, seven offers still had acceptance periods running. NASDAQ's and Borse Dubai's competing bids for OMX AB have attracted the most attention in the market. The two bidders finally joined forces and are going to form a new company that will own OMX if the bid is successful. Lindex AB was another company involved in rival bids. First KappAhl AB launched a bid for Lindex, and almost two months later Stockman Oyj presented a tender offer that was 14 % higher than the offer from KappAhl. This offer was successful, and Lindex will be delisted at the beginning of January 2008.

RIGA

Shares:

3 (3) new companies were listed in 2007. Two of the companies were the sweets producers: AS "Laima" and AS "Staburadze", which, according to Latvian legislation, were listed in order to perform a squeeze out. The third listed company was the forestry company AS "Tukuma MRS".

3 (6) companies were delisted in 2007; two after the execution of a squeeze out bid in the summer of 2007, cf. above, and the third one was AS Kvadrapak.

In total 41 (41) shares were listed at year-end 2007.

Bonds:

During the period, 13 (13) new fixed income instruments were listed on the Main List. In total, 33 (33) debt securities were listed at year-end 2007.

Funds:

13 (1) new investment funds were listed on the Fund List, and one fund was delisted and transferred to the Fund Center, resulting in a total of 25 (13) funds listed at the end of 2007.

TALLINN**Shares:**

3 (2) new companies were admitted to listing in 2007, bringing the total number of listed companies to 18 (16) at year-end 2007. The new companies are: Viisnurk, Arco Vara and Ekspress Grupp.

1 (1) company, Tallinna Farmaatsiatehase AS, was delisted in 2007.

Bonds:

2 new bonds were listed in 2007: AS Balti Investeeringute Grupi Pank and OÜ Manudent. At year-end 2007, 5 (6) bonds were listed.

VILNIUS**Shares:**

In 2007, after a public offering of shares, 1 (1) company, City Service AB, was admitted to the Main List. In addition, 1 (3) company, Rytu Skirtomieji Tinklai AB, was moved from the Secondary List to the Main List.

3 (2) companies were removed from the trading lists: DFDS LISCO AB was delisted on the basis of the issuer's application received by the exchange as early as 2005. However, due to the minority investors' appeal against the decision, its execution was postponed and the procedure of delisting the shares was temporarily suspended.

Alytaus Tekstile AB was removed from the Secondary List after bankruptcy proceedings were instituted against the company. The third company, Mazeikiu Nafta AB, was delisted from the Secondary List at the request of the issuer after the completion of a mandatory squeeze out.

Bonds:

During 2007, 15 (16) new bond issues were admitted to the Debt Securities List, viz. 8 (7) issues of Lithuanian government bonds and 7 (9) issues of corporate bonds. Furthermore, the Government of the Republic of Lithuania issued 15 (11) supplementary issues of debt securities.

THE OBSERVATION SEGMENT

In order to alert the securities market, a company's shares can temporarily be placed under special observation. The Observation Segment is a subset of the Official List, and a placing under observation shall only take place for a limited period of time; usually no more than six months.

The purpose of the Observation Segment is to alert the market of specific events and circumstances or actions pertaining to the issuer or security in question. The most common reasons for transferring companies to the Observation Segment is acquisitions, tender offers, mergers, financial distress, waiting for delisting or awaiting clarification of the company's situation.

COPENHAGEN

20 (13) companies were transferred to the Observation Segment during 2007.

As an example can be mentioned D/S Orion, which announced the sale of its ships, whereby no activities remained in the company. The company considered the possibility of selling or liquidating the company. Due to the uncertainty of the company's future situation it was transferred to the Observation Segment.

HELSINKI

The shares of 10 (9) companies were transferred to the Observation Segment. Of these ten companies, nine were transferred due to public offers to the shareholders. One such company was Suomen Helasto Oyj, the name of which was changed to Takoma Oyj. Takoma Oyj remains on the Observation Segment because it does not fulfil the listing requirements. The exchange found that the essential aspects of the administration were outsourced. In addition, the company had less than 500 shareholders and only 4.59 per cent of the shares were on public hands.

The shares of Kasola Oyj were transferred to the Observation Segment when the company disclosed that it had signed an agreement to become a logistics company. The company decided to sell all current business activities and acquire new business activities. The company's name was changed to Nurminen Logistics Oyj.

The shares of three companies were removed from the Observation Segment, because the public tender offers regarding the companies had ended.

ICELAND

Six companies were transferred to the Observation Segment during 2007. The shares of Actavis Group hf. and OMX AB were placed on the segment due to a voluntary takeover bid. The shares of Mosaic Fashion, Vinnslustodin and Tryggingamidstodin hf. were placed on the segment due to mandatory takeover bids. The shares of FL Group hf. were placed on the Observation Segment because of a change in the ownership of the company's shares.

STOCKHOLM

During the period, the shares of 21 (24) companies were transferred to the Observation Segment, and 5 (4) companies were transferred from the Observation Segment. 15 companies were placed on the Observation Segment because they were subject to tender offers. Dagon AB (former Wise Group AB) was placed under observation as a consequence of a planned significant change in the company's line of business. ScanMining AB, Teligent AB and SwitchCore AB because the exchange concluded that there were material adverse uncertainties regarding the financial situation of the companies. Nokia Abp and Old Mutual Plc were placed on the Observation Segment because the companies had applied for delisting.

The shares in Din Bostad AB and Dagon AB, which had been traded on the Observation Segment due to comprehensive changes in the companies' line of business, were transferred back to their ordinary positions after the companies had gone through new listing processes. The shares in Teligent AB were transferred back after the company had announced that the new share issue was fully subscribed, and therefore, the company's financial situation was no longer regarded as uncertain. Scania AB and TradeDoubler AB were transferred back after the tender offers to the shareholders had been withdrawn.

RIGA

In 9 (7) cases companies were transferred to the Observation Segment. Three companies, AS Protezēšanas un ortopēdijas centrs, AS Rīgas raugs and AS Lode, were transferred to the segment due to their extraordinary general announcements regarding withdrawal from the Main List. Six other companies: AS Olainfarm, AS Rīgas Farmaceutiskā fabrika, AS VEF Radiotehnika RRR, AS Latvijas gāze, AS Baloži and AS Latvijas Zoovetapgāde were transferred to the Observation Segment due to failure to publish 12-month financial reports on time according to the Financial instrument market law and the exchange rules. Having published their annual reports, the companies were immediately transferred back from the Observation Segment.

TALLINN

In three cases companies were transferred to the Observation Segment. AS Starman was transferred because of a mandatory takeover bid made by Calto CDO II B.V. AS Kalev was added to the segment because AS Rubla announced through the TSE information system that in connection with acquiring dominant influence over AS Kalev, an obligation had arisen to launch a takeover bid with respect to all shares of AS Kalev not belonging to AS Rubla. AS Viisnurk was added to the segment because of a division plan made public by the company.

VILNIUS

Six companies were transferred to the Observation Segment: Alytaus Tekstile AB because the Government was discussing the future prospects of the company. Upon the government's approval of a privatization of the company, the period of observation was prolonged until the delisting of the company.

Mazeikiu Nafta AB was placed under observation when one of the major shareholders announced information about a mandatory sale of shares.

Vilniaus Vingis AB was moved to the Observation Segment when a major shareholder announced a mandatory tender offer to acquire the rest of the shares of the company.

The status of an issuer under observation was given to three energy companies: Rytų Skirstomieji Tinklai AB, Lietuvos Energija AB and VST AB with the appearance of contradictory information in the media regarding the valuation of the companies' shares.

CORPORATE ACTIONS

Corporate actions are different types of share issues, such as rights issues and bonus issues, reduction in share capital, and other changes in share characteristics such as splits, change of name, ISIN code etc.

COPENHAGEN

121 new issues of varying characteristics were processed during 2007: 25 directed issues, 12 rights issues, 41 issues following utilization of warrants etc., 5 listings of new shares due to a non-cash contribution, 19 public offerings, 6 bonus issues, 1 issue resulting from exercise of over-allotment options, 6 registered issues of employee shares, 1 amalgamation, and 5 capital increases due to the utilization of convertible bonds etc. These new issues totaled DKK 16 billion.

Moreover, proceeds from the issue of G4S shares amounted to GBP 2.4 million, and SEK 270.8 million through the issue of shares in OMX AB.

The most significant corporate action in 2007 was the directed issue conducted by Genmab A/S, which resulted in proceeds of DKK 2 billion.

The total number of splits and reversed splits was 12, the number of redemption cash programs 28, and the number of traded subscription rights was 12.

HELSINKI

Fifty new issues were processed, of which forty were directed issues, six share issues without payment, two share issues, and two share issues as merger consideration. Four subscription rights and eleven paid interim shares were traded. New share issues amounted to EUR 1.2 billion. Four companies combined their share series into only one series.

ICELAND

11 companies made a private placement of shares and two companies a rights issue. One company redeemed own shares. New share issues amounted to ISK 4 billion, and the redemption program transferred ISK 13 million to the shareholders.

STOCKHOLM

Please note that the figures only include rights new issues.

16 (20) new share issues were carried out during 2007. SSAB's share issue to finance the purchase of Ipsco was the biggest and totaled SEK 10 billion. The number of splits was 22(21), and reversed splits 3 (3). This was on a par with the year 2006.

In addition to the general cash dividends, redemption programs amounted to a substantial portion of the total transfer of value to the shareholders. 19 (9) redemption programs were carried out in total, 14 of which were combined with a split. This is a substantial increase compared to 2006.

There was an increase in the number of companies (subsidiaries) distributed to the shareholders. During 2007, 9 (8) companies were distributed.

The above-mentioned corporate actions resulted in trading in 13 (24) subscription rights, 15 (20) paid subscription shares, 4 (3) redemption rights, and 23 (10) redemption shares. New share issues amounted to SEK 14 billion (7 billion), whereas the redemption programs transferred SEK 73 billion (7 billion) to the shareholders.

RIGA

Two companies, AS Olainfarm and AS Latvijas Krājbanka raised new capital in 2007. Altogether 3,118,857 new shares (equivalent to EUR 4 million) were issued in 2007. The nominal value of the shares issued is LVL 1. New share issues amounted to LVL 3.12 million (EUR 4.44 million).

TALLINN

Four bonus issues were processed during 2007. The companies AS Baltika, AS Eesti Ehitus, AS Olympic Entertainment Group and AS Tallink issued new shares to existing shareholders.

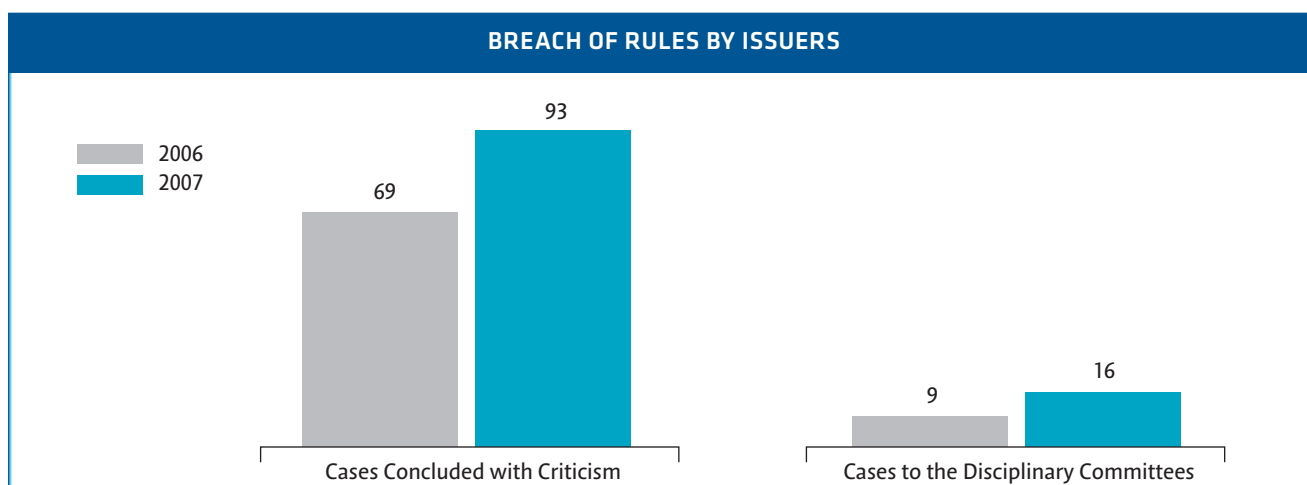
VILNIUS

During 2007, 7 (8) listed companies: Snaige AB, DnB Nord bankas AB, Stumbras AB, City Service AB, Ukio Bankas AB, Bankas Snoras AB and Siauliu Bankas AB, launched 7 (9) new share issues by paying them up from supplementary contributions. 2 (2) issues were issued by Siauliu Bankas AB and Bankas Snoras AB by increasing the companies' authorized capital from own funds.

Mažeikių nafta AB increased the number of shares by acquiring a listed company. All in all, new share issues amounted to EUR144 million (EUR 163 million).

In order to increase the share liquidity, the two companies Bankas Snoras AB and Rokiskio Suris AB reduced the par value of their shares.

BREACH OF RULES BY ISSUERS



COPENHAGEN

At present, there is no Disciplinary Committee in Copenhagen. This task is instead handled by the exchange.

During 2007, the exchange gave 9 (15) reprimands to listed companies.

One company was reprimanded for having failed to publish a company notice with full information about an incentive scheme as required by the exchange rules.

One company received a reprimand for having failed to publish a company notice about an incentive scheme at the time the decision was made.

One company got a reprimand for issuing a preliminary announcement regarding its annual results, which was based on an annual report that was approved by neither the board nor by its accountants.

One company received a reprimand for violation of section 27 of the Danish *Securities Trading Act*, and Rules 16 and 22 of the *Disclosure Requirements for issuers of shares*. The company had failed to publish a company notice about an increase in the company's share capital, when the board of directors made a decision to increase it.

One company received a reprimand for violation of Rule 14 of the *Disclosure Requirements for issuers of shares* because the company had not clearly stated that the prospectus announcement contained altered expectations for the 2006 financial year (the annual report had not yet been published).

One company received a reprimand for violation of section 27 of the Danish *Securities Trading Act* because the company failed to publish a company notice about a new joint venture at the same time as their partner published an announcement about the same joint venture.

One company was reprimanded for having failed to publish a company notice concerning an order at the time when the company realized that a journalist had knowledge of the order. Thus, the company did not ensure that all market participants had simultaneous access to all material information about the company and thereby violated the disclosure rules.

One company got a reprimand for having failed to publish the annual report according to the rules, and furthermore, did not include a statement regarding corporate governance in the annual report.

One company was reprimanded because it did not include succinct information in the quarterly report regarding the company's financial situation. Furthermore, the company received a reprimand because it did not clearly mention the loss of capital, cf. the rules in the Danish *Companies Act*, in the quarterly report.

HELSINKI

The Disciplinary Committee of OMX Nordic Exchange Helsinki made 3 (2) decisions during 2007 regarding listed companies. The Secretary of the Disciplinary Committee issued a reprimand to 3 (5) listed companies during 2007.

In the first case, the Disciplinary Committee found no breach of the rules.

In the other case a company (Listed Company) disclosed an offer for the acquisition of a non-listed company (Target Company). While the offer was still considered by the Target Company, the offer was enhanced by an additional offer by another non-listed company related to the Listed Company. The Listed Company did not disclose the additional offer immediately it became aware of the enhanced offer. Information about the additional offer was disclosed only after several days when both of the offers were accepted by the Target Company. The Disciplinary Committee judged that the additional offer in itself added value to the original offer even though it was not offered by the Listed Company itself, and thus, had material effect. The Disciplinary Committee stated that the information which changed the previously disclosed information should have been disclosed according to the exchange rules. The Disciplinary Committee, however, decided that there was no need to sanction the Listed Company. The decision not to sanction was based on the breach being considered both minor and unintentional due to the circumstances of the case.

In the third case the Disciplinary Committee issued Stora Enso Oyj a warning for breach of the exchange rules. The listed company had not fulfilled the requirement for simultaneous disclosure when disclosing the interim report. The shares of the company had been trading at deviating prices up until the time when the interim report was published on 26 July 2007. The company's share price had fallen by approx. 4.7 per cent before the information was published. The company stated that the mistake was caused by its sub-supplier who, contrary to instructions issued by the company, published the second quarter interim report on the company's website about one hour before the agreed publication time.

One company was given a reprimand by the Secretary of the Disciplinary Committee, because the company initially filed only the financial statement release with the OAM (Official Appointed Mechanism) at the exchange. This action meant that the release was only available on the web site of the exchange, and it was not until the next day that the release was disclosed to the mass media in accordance with the disclosure rules.

Another company received a reprimand from the Secretary of the Disciplinary Committee, because the company had failed to disclose an investment that had a significant effect on the price of the company's shares in accordance with the exchange rules.

Furthermore, one listed company received a reprimand from the Secretary of the Disciplinary Committee, because material for analysts about the interim report was available on the company's web site before the interim report was disclosed by a company notice.

Issues regarding breach of rules by listed companies

OMX Helsinki sent 22 (31) written requests for statements. 10 (11) of those resulted in criticism from the exchange; 3 (5) were forwarded to the secretary of the Disciplinary Committee and 3 (2) to the Disciplinary Committee.

Six companies were criticized for breaching the simultaneous disclosure requirement. For instance, one company was criticized for giving comments about the future outlook for the year 2007 to a reporter without disclosing a company notice about the company's outlook. One company was criticized for giving misleading information to the media, which had an effect on the company's share price. However, the information given by the CEO in an interview had been taken out of its context by the journalists, which made it even more misleading. The company was also criticized because it took several hours before it corrected the information by disclosing a company notice.

Four companies were criticized for breaching the requirement to publish information without undue delay. For example, one company was criticized because it had failed to published a company notice regarding a disposal of the company's own shares without undue delay, and another company was criticized because it had failed to disclose the proposals to the annual general meeting without undue delay.

ICELAND

The exchange sent 30 written requests for statements. 16 of those resulted in criticism from the exchange, eight cases were disallowed after the exchange had reviewed the explanations from the issuers, and six issuers were reprimanded. The exchange criticized 17 issuers without requesting statements or asking for explanations.

One listed company was criticized because an announcement from the issuer about a certain transaction did not contain sufficient information on some aspects of the transaction, such as financing and the effect on the issuer.

The exchange criticized one company for having failed to publish a company notice without delay when it was discovered that the company had to remake the annual accounts for the year 2005. Furthermore, it was pointed out to the company that, contrary to its actions, it could not make a confidential agreement about the remake with a third party or negotiate how the information should be presented in a company notice to the market.

One company was criticized for having failed to publish a company notice regarding its annual accounts until the day after the board's approval and for subsequent repeated corrections of the announcement.

One company and the member who acted as co-ordinator when the company's securities were listed were criticized because of a discrepancy between the prospectus and the company's annual account.

The exchange criticized an issuer because the company notice did not mention the sale of an asset which was subject to conditions. The sale was eventually terminated. The exchange decided not to take any further actions against the issuer because the amount involved was small.

An issuer was criticized because the details of a financing agreement signed by the issuer and its lender were not disclosed. According to the rules for issuers of securities listed on OMX Nordic Exchange Iceland an issuer shall provide information on the size and terms of its major financing agreements.

An issuer was criticized for publishing information that could not be considered price sensitive. In its announcement regarding the company's annual report, the issuer criticized the government on certain matters. The exchange found that the information could not be considered to have significant impact on the market price, and therefore, it should not have been included in the company notice.

The exchange criticized an issuer for having failed to notify the exchange of redemption of its bonds. The issuer did not request delisting of the bonds until a few months after redemption and payment had been effected. As stipulated by the rules for issuers of securities, an issuer shall notify the exchange of all decisions or events concerning the rights of bond owners and shall send information to the exchange before making a decision regarding the redemption and payment of its bonds.

In ten cases the exchange criticized an issuer for publishing information in the media before it was published through the reporting system Company News Service.

The exchange criticized eight issuers for too late or non-disclosure of information that could have significant impact on the market price of their shares. One issuer was reprimanded because information about an agreement with a third party was not sent to the exchange without undue delay. 27 days had passed until the information was published. According to the rules for issuers, information covered by the rules shall be made public immediately or as soon as possible.

Seven bond issuers were criticized, and two were reprimanded for failing to publish their annual accounts in accordance with the limits set forth in the exchange rules.

STOCKHOLM

The exchange initiated 41 (49) written issues regarding breaches of the exchange rules on the Main List during 2007. 3 cases (2) were referred to the Disciplinary Committee, see the part below, and 23 (26) issues regarding listed companies resulted in written criticism. These latter cases concerned the following matters:

Five companies were criticized for having disclosed forward looking price-sensitive information in conjunction with interviews, telephone conferences or capital market days. One of those companies was also criticized for having provided the exchange with incorrect information in connection with this matter.

Six companies were criticized because they did not comply with the exchange rules concerning either annual general meetings or extraordinary general meetings. The companies had failed to published a company notice to convene the general meetings or had not immediately after the meetings published a company notice with the most important resolutions from the meeting.

Three companies were criticized for having failed to observe the information rules regarding repurchase of the companies' own shares. The companies had not published a company notice with information that they intended to start a buy back program before the repurchase was initiated, or had not before the opening of the market the next trading day informed the exchange of any repurchase being made.

One company was criticized because it had announced that an investigation by the Swedish Medical Products Agency regarding the safety of the company's products had been closed when in fact the investigation was still ongoing.

One company was criticized for having breached the rules concerning benefits for senior executives.

One company was criticized for having failed to immediately inform the market of the appointment of a new CEO. The company should have prepared a draft press release and informed the market immediately after the contract with the new CEO was signed.

One company was criticized for having failed to publish a financial report within the two month deadline stated in the exchange rules.

An issuer was criticized for non-disclosure of information that influenced the valuation of the issuer's financial instruments. With reference to the fact that the issuer immediately corrected the mistake the exchange chose not to take any further actions.

Four foreign investment companies were criticized for having failed to disclose acquisitions of shares in accordance with the Swedish Industry and Commerce Stock Exchange Committee rules (NBK) concerning disclosure of acquisitions and transfers of shares. The breaches occurred before 1 July 2007, when the new rules regarding disclosure notices of major shareholdings (flagging) were implemented into Swedish law and the NBK rules ceased to be in force.

The exchange made 89 (80) remarks to companies or other market participants regarding minor breaches of the rules during 2007. Most of the cases were identified in connection with the review of the companies' quarterly reports, and the exchange contacted the companies concerning minor formal errors in the reports.

Decisions by the Disciplinary Committee

The role of the Disciplinary Committee (DC) is to consider suspected rule violations by exchange members, brokers or listed companies. If the exchange suspects that a member, broker or listed company has acted in breach of the exchange rules and regulations, the matter is reported to the DC. The exchange investigates the suspicion and pursues the matter, and the DC issues a ruling regarding possible sanctions. Such sanctions towards listed companies include warnings, fines or delisting. The fines that may be imposed range from one to 15 times the annual fee payable by the company to the exchange. Possible sanctions towards members include warnings, fines or expulsion, while brokers may be warned or have their brokerage license rescinded. The Disciplinary Committee's Chairman and Deputy Chairman must be lawyers with experience as judges. At least two of the other members of the Committee must have in-depth insight into the workings of the securities market.

The DC decided three issues regarding companies listed on the Main List during 2007. For information regarding members, please see the section Trading Surveillance above.

Svenska Handelsbanken AB was fined one annual fee, corresponding to SEK 3 million because the bank was found to have contravened the listing agreement of the exchange by not handling price-sensitive information correctly. The DC established that the bank's report for the third quarter of 2006 became available externally about 15 minutes before being released in the prescribed manner. In similar cases from 2003, the DC found that the clause in the listing agreement prohibiting the release of price-sensitive information in any manner other than through correct disclosure also applies to the unintentional release of information. Because the report was made available on the internet with an address that was easy to work out, it was concluded that the bank had released the information.

Nobel Biocare Holding AG (Nobel) was ordered to pay a fine of four annual fees, corresponding to SEK 768 000, for not handling price-sensitive information correctly. The background of the case was that the Swedish Medical Products Agency (MPA) had conducted an investigation into dental products from Nobel. The MPA issued a press release stating that Nobel

needed to complement and clarify its user instructions for the products, and until the information activities were concluded Nobel was not allowed to actively market the products. On the same day, Nobel issued a press release with the headline “Swedish Medical Products Agency reconfirms safety and efficiency of NobelDirect and NobelPerfect one-piece implants”. The DC established that the description in the press release did not reflect the information given by the MPA in their press release, and therefore the information was not accurate and reliable.

The listed company D. Carnegie & Co AB (Carnegie) and its subsidiary Carnegie Investment Bank AB (the Bank) had contravened the exchange rules in connection with manipulation of options on the exchange. Carnegie, in its capacity of a listed company, contravened the listing agreement by disclosing incorrect information; partly in the interim report for the first quarter of 2007 and partly in a press release concerning the impact of the valuation manipulations on Carnegie’s earnings, where the effects for the years 2005 and 2006 were not accounted for. For these violations, the Disciplinary Committee decided that Carnegie shall pay a fine corresponding to four annual fees, a total of SEK 1,783,000. Moreover, as a member of the exchange, the bank was fined. For further information regarding that matter, please see the section Trading Surveillance above.

To see the complete rulings of the Disciplinary Committee, please visit the web site

<http://www.omxnordicexchange.com/forbolagochemittenter/surveillance/surveillancestockholm/determinations>

RIGA

The exchange-independent Surveillance Committee was established on 2 January 2007.

Two breaches of the exchange listing rules were reported to the Surveillance Committee, and at its meeting on 29 March 2007, it was decided to fine both companies, AS Latvijas Gāze and AS Baloži, for the repeated late submission of financial reports.

10 (6) of the surveillance cases were concluded with criticism during 2007, and 9 (14) warnings were issued to companies.

TALLINN

The Listing and Surveillance Committee of the Tallinn Stock Exchange (LSC) decided to impose a fine amounting to EEK 5,000 on AS Starman for a breach of the information disclosure rules. AS Starman had published an invitation to an annual general meeting in the media before it was published through the exchange’s information system. The company had also breached the exchange rule stipulating that a company shall publish a company notice with the resolutions of the annual general meeting immediately after the closing of the general meeting.

The LSC also decided to give a warning to AS Tallinna Vesi because the company had published an invitation to an annual general meeting in the media before it was published through the exchange’s information system.

The LSC decided to impose a fine of EEK 250,000 on AS Kalev for violating the information disclosure rules. The company had failed to publish information regarding possible changes in the agenda for the shareholders’ meeting. During the meeting, AS Kalev published a company notice disclosing the intention to sell five subsidiaries. In addition, AS Kalev announced that on the day of the shareholders’ meeting it had already signed the relevant sale agreements and that Kalev through the transaction would exit from two of its main activities, confectionary and milk products, making media and real estate the main focus of the company. The subsidiary companies’ sales agreements were approved by the annual general meeting despite the fact that many shareholders had not been informed in advance that such important issues were to be decided upon at the meeting.

The LSC decided to impose a fine of EEK 50,000 on AS Tallink Grupp for violating the information disclosure rules. On 10 November 2006, Tallink Grupp published a company notice stating that Tallink Grupp would reply to the accusations concerning of an alleged incident on the board of M/S Silja Symphony after an internal investigation. The exchange requested

Tallink Grupp to publish the information by 25 October 2007. Tallink Grupp, however, did not disclose the requested investigation before the deadline and was consequently fined.

The exchange decided to impose a fine of EEK 10,000 on AS Starman for a violation of the information disclosure rules because the company had failed to include the Corporate Governance Recommendation Report in its audited financial report.

VILNIUS

The exchange rules provide that where an issuer anticipates or it becomes clear that a company's performance will differ from previously made projections by more than 10 %, the issuer must make adjustments to the projections without delay, and explain the causes for the changes or the actual result to the exchange. Failure to comply with this requirement was registered five times, and the exchange demanded that issuers immediately disclose information about the changed performance projections or the results achieved.

The exchange issued a warning to a company after information concerning the company's financial results was made public in the press prior to its announcement through the exchange's information system.

The exchange rules provide that an issuer must disclose all financial statements through the exchange's information system at least 10 days before the annual general meeting. One company was issued a warning for the breaching of this rule.

One company was warned because of its failure to comment on information made public by a news agency concerning the fact that it suffered considerable loss during the first quarter of 2007. The exchange rules provide that an issuer must comment on material information disclosed by other parties about the issuer, irrespective of this information being right or wrong, if said information is likely to have an effect on the market price and not yet made public through the exchange's information system.

The exchange issued criticism to four issuers who failed to submit interim information in due time. According to requirements in both law and exchange rules, an issuer must submit interim information immediately after the end of the relevant financial period and not later than two months from the end of the period.

One company was warned because the company failed to publish that a significant commercial agreement had been signed. The announcement appeared in the press before it was submitted to the exchange.

Two companies were warned because of their failure to inform about annual general meetings and the resolutions from such.

CORPORATE GOVERNANCE

COPENHAGEN

Danish companies shall in their annual reports include a statement explaining how they address the Recommendations for corporate governance issued by the Committee of Corporate Governance in 2005. The companies shall adopt the "comply-or-explain" principle when preparing this statement. The comply-or-explain principle is directed at annual reports published for fiscal years beginning on or after 1 January 2006.

Until the spring of 2007, the Corporate Governance Committee was founded under the auspice of the Nordic Exchange Copenhagen. Hereafter, a new committee has been anchored as an independent body supplemented by the Secretary from the Ministry of Economic and Business Affairs. The majority of the members continued in the new committee, and furthermore, a member from the regulated market, OMX Nordic Exchange Copenhagen A/S, was appointed.

An overview of the companies' compliance with the comply-or-explain rule shows that, with a few exceptions, most companies follow the rule. If a company has decided not to follow a recommendation, in full or partly, an explanation has almost always been enclosed. In a few cases, the companies have been told to make statements in relation to the lack of compliance with section 36 of the recommendations. 67 % of the companies have provided supplementary information about Corporate Governance on their website.

HELSINKI

The current *Corporate Governance Recommendation* for listed companies came into force in December 2003, and the Recommendation complements Finnish legislation. The exchange has adopted the Recommendation as a part of the exchange self-regulation. The Recommendation is intended to be complied with by companies listed on OMX Nordic Exchange Helsinki, provided it is not in conflict with the compelling regulations applicable at the domicile of the company.

The objective of the *Corporate Governance Recommendation* is to harmonize the practices of listed companies, improve transparency of their operations, harmonize the information given to investors and shareholders, and improve the quality of disclosure.

The *Corporate Governance Recommendation* has 57 recommendations. The Recommendation has been prepared in accordance with the comply-or-explain principle according to which a company should comply with the entire Recommendation. If, however, a company decides to deviate from the Recommendation, it should account for such deviation by explaining the reasons. The company must give information on compliance with the Recommendation both in its annual report and on its website.

Surveillance Measures and Studies Conducted by the Exchange:

The Surveillance function in Helsinki supervises the companies' compliance with the *Corporate Governance Recommendation*. A study concerning the listed companies' compliance with the *Corporate Governance Recommendation* was made during the spring of 2007. The study was a follow-up of the study made in the spring of 2006, which examined the *Corporate Governance* statements of listed companies on their web pages and annual reports. All listed companies had adopted the Recommendation, but at the time of the examination few companies did not provide all the required information. The study showed that 78 companies complied with the Recommendation without deviations in comparison to 90 companies in the 2006 study. 36 companies had deviations that were explained in accordance with the comply-or-explain principle. 15 companies had either deviations that were not explained, or had not disclosed all the required details about their compliance with the Recommendation. Surveillance contacted these 15 companies.

Future plans for developing the Finnish Corporate Governance Recommendation:

The Confederation of Finnish Industries EK, OMX Nordic Exchange Helsinki Oy and the Central Chamber of Commerce of Finland established a Securities Market Association on 21 December 2006. The association administers the *Corporate Governance Recommendation* for listed companies. The founding members of the association share a common view concerning development of cooperation and promotion of joint rules, or self-regulation. There is a pressing need to develop self-regulation in the field.

The board of the Finnish Securities Market Association established a Corporate Governance working group on 26 December 2006. General Counsel, Legal Affairs Ms Anne Leppälä-Nilsson from Kesko Corporation was appointed chairman of the working group. The following persons were appointed as members of the working group: Senior Vice President, Legal Affairs Mr Jyrki Kurkinen from Stora Enso Oyj, Group Chief Counsel, Group Executive Vice President Ms Ilona Ervasti-Vaintola from Sampo plc, Director Ms Leena Linnainmaa from the Central Chamber of Commerce of Finland, Managing Director Mr Timo Löyttyniemi from the State Pension Fund, General Counsel Mr Jaakko Raulo from OMX Nordic Exchange Helsinki Oy and Vice President, Assistant General Counsel Ms Kaarina Ståhlberg from Nokia Corporation. Chief Policy Advisor Ms Tytti Peltonen was appointed permanent expert to the working group. The working group commenced its work in February 2007.

The mission of the working group is to find out the updating needs of the present *Corporate Governance Recommendation* and to develop the Recommendation onwards. In addition, the working group shall evaluate the harmonization needs of the Nordic practices and prepare the possible Nordic harmonization work.

The working group has established the application procedure of the present Recommendation and has heard widely various interest groups and experts, such as board members, internal and international investors, authorities and auditors. The present Recommendation is considered well working. However, some updating needs have come up due to, among others, the renewal of the Finnish *Companies Act*, EU related discussions as well as the international development. In addition, there is a need to improve the possibilities to receive information regarding the Finnish Corporate Governance system in general.

The intention of the working group is to prepare a proposal for updating the present Recommendation at the beginning of 2008, after which time the interest groups will be heard. The objective of the working group is to finish its work during the spring of 2008, enforcing the new Recommendation at the beginning of 2009.

The Nordic harmonization work is under discussion, and the chairman of the working group Ms Anne Leppälä-Nilsson participates in the discussions as a representative of the Finnish Securities Market Association.

ICELAND

Guidelines regarding Corporate Governance were issued in 2004 as an outcome of cooperative efforts by the exchange, the Icelandic Chamber of Commerce, and the Confederation of Icelandic Employers. The Guidelines are not binding for the companies, but exchange rules demand that issuers declare whether the company complies in full or partly.

All companies have declared their compliance with the *Guidelines on Corporate Governance*.

STOCKHOLM

On 1 July 2005, the OMX Nordic Exchange Stockholm included the *Swedish Code of Corporate Governance* in the listing requirements. The Code applies to all officially listed companies and all exchange listed companies with a market capitalization exceeding SEK 3 billion. Other companies may on a voluntary basis choose to apply the Code. At the end of the year, 115 (99) listed companies had applied the Code.

The *Swedish Code of Corporate Governance* aims to improve the governance of Swedish companies, primarily to ensure that companies are run in the best interests of the owners. Good corporate governance increases confidence in the companies on the capital markets and among the general public, thereby creating better conditions for attracting risk capital to Swedish companies.

The Code is based on the principle of comply-or-explain. This means that companies are not obliged to follow every rule in the Code at all times. If a company finds that a certain rule is inappropriate due to special circumstances, it can choose to deviate from that particular rule. The company must, however, clearly state that it has not complied with the rule along with an explanation why that is so. Companies must also give an account in an annual corporate governance report how they have applied the Code, and they must provide continuous information on key figures regarding corporate governance on their websites.

The Surveillance function in Stockholm to some extent supervises the companies' compliance with the *Corporate Governance Code*. However, it is primarily the task of the market, not the exchange, to evaluate the explanations regarding deviations from the rules of the Code. Severe breaches of the Code could result in the company being placed on the Observation Segment or brought to the Disciplinary Committee for assessment.

The Code is under review by the Swedish Corporate Governance Board, and the intention is that it shall be applicable to all listed companies during 2008.

RIGA

Starting with the financial year ended 31 December 2006, all of the Official List and prior-merger I-list companies must prepare a stand-alone Corporate Governance Comply or Explain Report at the same time as preparing the annual reports. Altogether, there are six chapters and 14 sub-chapters in the *Corporate Governance recommendations*. All of the issuers have complied with the requirement and submitted Comply or Explain Reports. The Reports are available online. The Exchange will amend its *Corporate Governance Code* with the Financial and Capital Market Committee's suggestions, which are in line with the EU recommendations in year 2008.

TALLINN

The *Corporate Governance Code* was enforced at the exchange from and including January 2007. The Code consists of 57 recommendations, which are divided into six chapters. The Code is enforced according to the comply-or-explain principle, and all listed companies have filed a report as an integrated part of their annual report. According to a study concerning filed reports, some guidelines were issued to companies in order to unify reporting practices. The Code is adopted by the FSA, and according to the exchange rules, every listed company must present a Corporate Governance Code report. Corporate Governance was first enforced in 2007; consequently, the exchange will provide further support to listed companies regarding their reports.

VILNIUS

The first version of a *Corporate Governance Code* for the listed companies was approved by exchange Management Board already in 2004.

Later, in 2006, a new wording of the Code was prepared which was approved by the Securities Commission.

From and including 2007, all listed companies must report on their compliance with the *Corporate Governance Code* recommendations while providing annual reports. The *Corporate Governance Code* is a part of the annual report. In case of failure to comply with any of the Code's recommended principles, the company must specify the reasons for such non-compliance (comply-or-explain). This obligation is set forth in the *Law on Securities* and in the exchange rules.

The Code is based on an analysis of the world's best corporate governance practices and the latest EU recommendations regarding improvement of corporate governance. The Code covers the spheres related to the protection of shareholders' interests, adequate balance and distribution of functions between management and supervisory bodies, and urges the companies to properly disclose corporate information to the market.

The study regarding compliance with the Code for the year ended 31 December 2006 was made during the autumn of 2007 and was presented to the Management Board of the exchange. The study examined the disclosures on compliance with the Corporate Governance of all exchange listed companies in their annual reports. All listed companies provided the required disclosures, although eight did not use the disclosure form that was set up by the exchange, and two companies did not provide their disclosures in English.

Because it was the first year that companies were obliged to disclose compliance with the Corporate Governance Code recommendations, the primary focus was to encourage all listed companies to get acquainted with the recommendations. In the future, all listed companies will be encouraged to gradually start applying those principles and standards in practice.

SURVEILLANCE OF FINANCIAL REPORTING

Surveillance of the financial reporting 2007

As from 1 July 2007, OMX Nordic Exchange Stockholm became responsible for the surveillance of financial reporting according to Swedish legislation. The law requires that all annual reports from companies listed on OMX Nordic Exchange Stockholm must be surveyed within a five-year-period.

Although the law does not require a survey of annual reports for the year 2006, the exchange has probed into those in 65-70 cases, and the companies were informed of the findings. Approximately one third of the companies were informed that the exchange did not find any material deviations from IFRS or legislation. Letters to another third of the companies related to clarifications and did not imply any criticism against the companies. Regarding the rest of the companies the exchange found minor inconsistencies, which did not carry enough importance for the companies to make any immediate changes. However, if relevant, the comment made by the exchange must be dealt with in the next report. A handful of cases were not closed by the time of this report.

Regarding interim reports, the exchange surveys all reports to a certain extent. As is the case when surveying annual reports, the exchange will not send letters to the companies in cases where no important deviations have been found.

At the end of the year, the exchange published a report including the most relevant and most common deviations from relevant provisions. The purpose of the report is to inform the companies and their auditors of the areas of improvement in order to avoid unnecessary deviations in relation to IFRS and applicable law.

In order to create coordinated European enforcement of IFRS, a special body named EECS (European Enforcers' Coordination Sessions) has been established. The exchange has assisted the Swedish FSA in this work during 2007. The aim of EECS is to analyze and discuss important decisions and share practical experiences with one another.

Furthermore, in 2007, the exchange arranged the competition "The Best Financial Reporting" during 2006. Winner in the segment for large companies was SAS AB, and in the segment for smaller companies the winner was Concordia Maritime AB.

RULES AND REGULATIONS

COPENHAGEN

On 1 June 2007, the Transparency Directive was implemented into Danish legislation. The exchange rules governing issuers were amended to reflect the legislative changes.

Moreover, with effect from 1 November 2007, the rules governing issuers were amended to be compliant with the Markets in Financial Instruments Directive (MiFID) as implemented into Danish legislation.

The delegation agreement between the Danish Financial Supervisory Authority (FSA) and OMX Nordic Exchange Copenhagen was amended with effect from 1 November 2007, after which time the competence to decide cases on violation of the disclosure requirements in the Danish *Securities Trading Act* rests with the FSA.

OMX Copenhagen will continue to have an active obligation to check that the listed companies and other issuers meet the disclosure requirements of both said Act and the exchange rules. After 1 November 2007, the FSA makes decisions and imposes sanctions in cases relating to the disclosure requirements in the Danish Securities Trading Act, and, as is the case today, the exchange will make decisions and impose sanctions in cases relating to the disclosure requirements in the exchange rules.

Thus, OMX Copenhagen will continue to supervise whether the issuers meet all of the disclosure requirements, and therefore, the exchange will make the initial contact to the issuer in case of suspected violation. Subsequently, if there is still suspicion of violation of the disclosure requirements in the Act, the exchange will refer such cases to the FSA, which will then decide on any actions to be taken.

STOCKHOLM

During the period, staff from the Surveillance department attended 14 (11) annual general meetings. Staff from the Surveillance department has also been active as speakers at several seminars.

FIRST NORTH

THE MARKET

First North is OMX' alternative marketplace with less demanding requirements and rules than those in force on the Main List. First North is a trading venue supervised by the OMX exchanges and advisers. The legal rules for Main List companies, including IFRS and disclosure requirements, are not applicable to companies on First North. First North suits small, new, or growth companies, and combines the benefits of being public with simplicity, and is often the first step towards the Main List.

The regulatory demands are less rigorous than on the Main List, and hence, there is a higher risk connected with investments in companies on First North. Such higher risk may lead to a higher earning potential on the investments. First North provides a large investor base because the infrastructure is based on the same trading and settlement systems as are used by the Main List.

First North in Finland was established in June 2007. It is operated by OMX Nordic Exchange Stockholm, but Surveillance Helsinki provides surveillance. Surveillance has approved twelve Certified Advisers for the First North Finland submarket.

In 2007, legal documents for the establishment of First North in Lithuania were prepared. The rules on the admittance of issuers as well as trading rules were drafted and agreed upon with the surveillance authorities. Personnel from potential Certified Advisors were familiarized with the rules at two training seminars. The seminars were attended by 37 participants representing 15 potential Certified Advisors.

Regulation

The admission criteria for companies to First North are laid down in detail in the First North Rulebook. The overall admission requirements are:

- Conditions for sufficient supply and demand:
 - a sufficient number of shareholders and
 - at least 10 % of the share capital in public hands or
 - acquire the services of a Liquidity Provider
- Publication of a company description/prospectus
- The company must at all times have an agreement with a Certified Adviser
- The company must accept and sign the general terms and conditions for admission to trading on First North
- The company must possess the organization and staff required in order to comply with the requirements regarding disclosure of information to the market.

When a company is admitted to trading on First North it must as soon as possible publish any decisions taken as well as any facts and circumstances pertaining to the company that are likely to have a significant effect on the price of its shares.

Surveillance and Certified Advisers

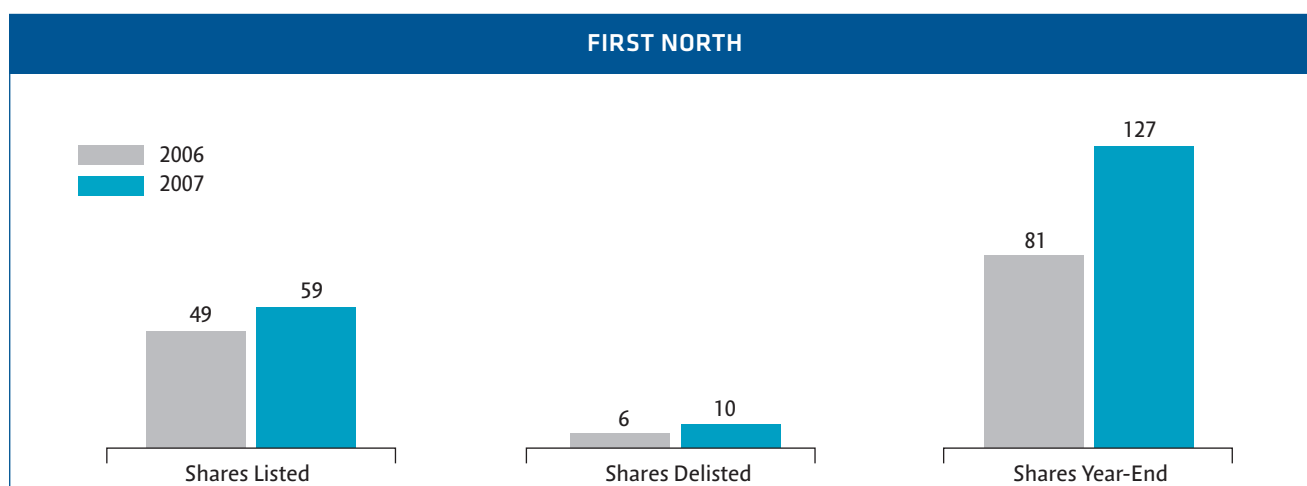
Companies wishing to apply for trading on First North must engage an adviser. It is the adviser who has the obligation to provide support and to ensure that the company, initially as well as continuously, meets the obligations required by companies traded on First North.

In order to be approved as an adviser, an agreement must be entered into with the exchange. At the end of 2007, there were 61 Certified Advisers on First North.

The Surveillance functions on the exchanges are responsible for monitoring that the advisers fulfil their obligations to supervise the companies on First North. Surveillance also monitors the trading on First North.

If a company does not fulfill the First North rules, it is the advisers' responsibility to perform a short investigation of the matter and inform the exchange about the infringement. Thereafter, Surveillance is responsible for the further handling of the matter.

FIRST NORTH ACTIVITIES 2007



COPENHAGEN

During 2007, 15 new companies were admitted to trading. The capital raised by the new companies totaled DKK 389 million. The admitted companies performed 19 new issues during 2007, raising DKK 259 million. One company performed a stock split in 2007.

In 2007, two companies were deleted: Abaris Ejendomme A/S because of a lack of communication, which constituted a severe breach of the disclosure requirements. SCF Technologies A/S was deleted because they were admitted and transferred to trading and official stock exchange listing on the Main List.

HELSINKI

The shares of one company, Eirikuva Digital Image Oyj Abp, were admitted to trading in 2007.

ICELAND

1 (2) company was admitted to trading during 2007. The total number of companies on First North Iceland was 3 (2) at the end of 2007.

STOCKHOLM

During 2007, 39 (38) companies were admitted to trading, and 8 (6) companies were delisted. The total number of companies on First North Stockholm was 99 at the end of 2007.

The Surveillance functions on the exchanges are responsible for monitoring that the advisers fulfil their obligations to supervise the companies on First North. One case was referred to the Disciplinary Committee, 2 (1) warnings were issued by the exchange, and 10 issues regarding companies or Certified Adviser (CA) resulted in written criticism.

The Disciplinary Committee (DC) of OMX Nordic Exchange Stockholm decided that the shares in FME Europe AB (formerly Fly Me Europe AB) should be delisted from First North. The DC found that FME's only operational subsidiary had been declared bankrupt, and that FME itself is in the process of corporate reorganization. The company lacked an agreement with a CA, and its financial situation was extremely unclear. There was also some uncertainty as to the company's ability to meet the disclosure requirements. The company's shares had been suspended from trading for more than eight months and it was unclear when the company would again be able to comply with the rules, and thus, the suspension be rescinded. The shares of FME were therefore delisted with immediate effect.

PV Enterprise AB received a public warning because the company's report for the first quarter of 2007 was available on the web site of the company approximately 20 minutes before it was published through a company notice in accordance with the FN rules.

Bringwell AB received a public warning because the company had revealed information about a major acquisition to a journalist before the information was published through a company notice in accordance with the FN rules.

One company was criticized for breaching the FN rule prescribing that a company immediately after the end of the annual general meeting shall publish a press release with the resolutions from the meeting. The company published the release more than 18 hours after the meeting had ended despite several reminders from the CA that the resolutions must be published immediately.

Two CAs were criticized because they had not informed the exchange about corporate actions in companies for which they acted as CA. One CA was criticized for giving incorrect advice on an information matter to a company for which they acted as CA. Six CAs received criticism because they had not ensured that the companies for which they acted as CA were following all of the FN rules regarding information on the web site of the company in question.

FIRST NORTH OBSERVATION SEGMENT

COPENHAGEN

Two First North companies were transferred to the Observation Segment in Copenhagen: Abaris Ejendomme A/S and Danventures A/S.

Abaris Ejendomme's Certified Adviser, Nordic Corporate Finance, informed that they were to withdraw as Certified Advisor for Abaris Ejendomme A/S because they did not feel capable of monitoring Abaris Ejendomme A/S and had not been sufficiently informed of issues mentioned in the media. Because of this and the resulting uncertainty about the company, Abaris Ejendomme was transferred to the Observation Segment.

Danventures was transferred due to uncertainty about the company's financial situation.

STOCKHOLM

The exchange transferred the shares of 7 (0) companies to the Observation Segment of FN during the period. El & Industrimontage AB and Gymgrossisten AB were placed on the Observation Segment because the companies were subject to a public offer; Enlight International AB because the company had decided to prepare a balance sheet for liquidation purposes; TV4 because the company had applied for delisting of the company's shares.

Svensk Internetrekrytering AB was placed on the Observation Segment after the CEO resigned from the company, the chairman of the board of the company had announced that he would resign from the board, and furthermore, another board member had resigned. For these reasons the exchange decided that there was a substantial uncertainty regarding the management of the company and the pricing of its listed securities.

Home Capital AB was placed under observation because the company no longer fulfilled the listing requirement that at least 10 per cent of the shares in a company on First North must be owned by the general public. The situation occurred after Home Invest AB had announced that the company had acquired more than 90 per cent of the shares in Home Capital AB.

Despite several requests from the exchange C.I.S.L Gruppen AB (C.I.S.L) failed to publish an income statement and a balance sheet for the associated company La Jolla Gaming. Because La Jolla Gaming by C.I.S.L. was considered an important part of the company, the exchange considered that there was a substantial uncertainty about the company and the pricing of its shares. C.I.S.L had also received criticism by its auditor in the annual report for 2006 regarding the valuation of another subsidiary. For these reasons C.I.S.L was placed on the Observation Segment.

Enlight International AB was in December returned to its ordinary position on First North after a general meeting of the company had been held where it was decided that the operations of the company should be continued.

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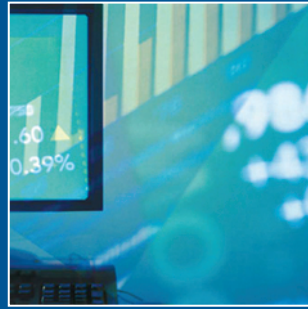
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