

## Guidance regarding admitting new companies to trading at Nasdaq First North

### Background

According to the Nasdaq First North rulebook (the “Rulebook”) financial instruments may be admitted to trading on Nasdaq First North where the Exchange finds that they meet Nasdaq First North’s requirements and where the Exchange finds that trading in such financial instruments is of public interest (sec. 2.1 of the Rulebook). The Exchange may impose any special eligibility requirement on the Company that it deems appropriate in order to protect investors and the reputation of the marketplace. Irrespective of whether an applicant satisfies all the requirements, the Exchange shall be entitled to reject the application if it concludes that approval of the Company might damage public confidence in the Exchange, Nasdaq First North or the securities market.

It is of paramount importance that the confidence and credibility of Nasdaq First North is kept at a high level. A starting point for safeguarding this objective is that there is always good transparency about companies traded at Nasdaq First North. The Company and its Certified Adviser (“CA”) have a mutual responsibility to actively provide the Exchange and the market with all relevant information about the Company and its business activities.

In order to clarify the grounds for when the Exchange may ask a company to complement its application and when it may reject an application the Exchange has drafted guidelines for when the Exchange’s surveillance department may impose any special eligibility requirement on the Company that it deems appropriate in order to protect investors and the reputation of the marketplace and, further, when, irrespective of whether an applicant satisfies all the requirements, the Exchange shall be entitled to reject the application if it concludes that approval of the Company might damage public confidence in the Exchange, Nasdaq First North or the securities market.

The list of guidelines set out below is not intended to be exhaustive.

### Guidelines

#### 1. Insufficient transparency

1.1. If the history of the Company and the Company’s board members and management is deemed problematic and insufficiently transparent the Exchange may ask the Company to complement its application and, if the Company does not do so adequately, reject the application for admission to trading.

- Comment:

- *It is important that the members of the board and the company’s management know the company and its business, and are familiar with the way the company has structured, for example, its internal reporting lines, the management pertaining to financial reporting, its investor relation management and its procedures for disclosing ad hoc and regular information to the stock market. The Exchange will normally consider the members of the board and the management as being sufficiently familiar with such circumstances if they have been active in their respective current positions in the company for a period of at least three months and if*

*they have participated in the production of at least one annual or interim report issued by the company prior to the admission to trading.*

- *In order to maintain and preserve the public's confidence in the market, it is imperative that persons discharging managerial responsibilities in the company, including members of the board, do not have a history that may jeopardize the reputation of the company and thus confidence in the securities market. It is also important that the history of such persons be sufficiently disclosed by the company prior to the admission to trading, as part of the information presented in the prospectus or company description (see sec. 3.2. (v) of the Rulebook). For example, the company should carefully consider whether information relating to the criminal record of such persons should be disclosed and the same goes for information pertaining to involvement in bankruptcies and suchlike. In extreme circumstances, if a relevant person has a history of felonies, in particular white-collar crimes, or has been involved in a number of bankruptcies in the past, such circumstances may disqualify the company from being listed, unless such a person is relieved from his/her position in the company.*

1.2. If the Company's corporate structure and/or ownership structure are deemed complex and insufficiently transparent the Exchange may ask the Company to complement its application and, if the Company does not do so adequately, reject the application for admission to trading.

1.3. If the Company's corporate governance structure is deemed to lack sufficient independence the Exchange may ask the Company to complement its application and, if the Company does not do so adequately, reject the application for admission to trading.

- **Comment:**

*The Rulebook does not state any specific requirements regarding corporate governance. In certain cases the Exchange may, however, require the Company to increase the level of independence among the board of directors, for example by adding an independent director to the board. This could be the case if for example:*

- *The Company has or has recently had a significant business relationship or other significant financial dealings with a closely related person.*
- *The Company has a high concentration of ownership.*
- *There are close relationships between persons in the executive management and the board of directors and these relationships may put in question whether the board can act with sufficient independence.*

1.4. If the Company's business model is deemed complex and insufficiently transparent the Exchange may ask the Company to complement its application and, if the Company does not do so adequately, reject the application for admission to trading.

1.5. If the Company's financial information is deemed complex and insufficiently transparent the Exchange may ask the Company to complement its application and, if the Company does not do so adequately, reject the application for admission to trading.

1.6. If a Company does not possess documented earnings capacity, an explanation stating whether the Company possesses sufficient financial resources in order to be able to conduct the planned business for at least twelve months after the first day of trading shall be provided. It shall also be made clear when the Company expects to be profitable and how the Company intends to finance its operation until such time (see sec. 3.2 (xiv) of the Rulebook). If the Company does not give adequate and well-founded explanations the Exchange may ask the Company to complement its application and, if the Company does not do so adequately, reject the application for admission to trading.

- **Comment:**

*For companies that lack financial history, stringent requirements are imposed regarding the quality and scope of the non-financial information set forth in the prospectus and the admission application in order for investors and the Exchange to be able to make a well-founded assessment of the company and its business. At the very least, it should be made clear when the company expects to be profitable and how the company intends to finance its operations until such time.*

*When demonstrating to the Exchange and investors the existence of sufficient working capital, various means may be used. Means to present sufficient working capital for the next twelve months may include estimates on cash-flow statements, planned and available measures for financing, descriptions of the planned business and investments, and well-founded assessments of the future prospects of the company. It is important that the basis for the company's well-founded assessment be made clear. Despite such financing, the requirement is not considered to be fulfilled in a case where, for some other reason, the company's financial status is extraordinary or threatened, as may be the case, for example, if a company restructuring or a similar voluntary process has taken place.*

## 2. Previous rejections

If the Company has had an application for admission to trading rejected by a Nasdaq Exchange or another trading venue within the last 12 month it may be a reason to reject the application if the Company cannot show that it has done sufficient improvements in order to mitigate concerns raised at the time of the previous rejection. The Company has a responsibility to notify the Exchange if it has had an application for admission to trading rejected by a Nasdaq Exchange or another trading venue within the last 12 month.

## 3. Liquidity

3.1 If the Company cannot show that there are a sufficient number of shareholders holding shares with a value of at least EUR 500 and at least 10 percent of the share class to be traded is held by the general public the Exchange may ask the Company to complement its application and, if the Company does not do so adequately, reject the application for admission to trading.

- **Comment:**

*A prerequisite for trading on Nasdaq First North is that there are conditions for sufficient demand and supply for the listed securities (see sec. 2.2.1 (a) of the Rulebook). Such sufficient demand and supply must support reliable price formation in trading. As a rule of thumb a sufficient number of shareholders should amount to 300. In exceptional cases, the Exchange may also consider this requirement to be satisfied if the Company retains the services of a liquidity provider.*

## 4. Companies incorporated in a non-Nordic country

4.1. If a foreign company applies for admission to trading at Nasdaq First North the Exchange may ask the Company to complement its application with, for example, an explanation of local clearing and settlement arrangements, procedures for corporate actions (e.g. participation in annual meetings or proxy voting), major differences in accounting principles and special tax issues and require that the information is made available on the Company's website.

## 5. Correct information to the Exchange

5.1. If the Company has provided the Exchange with incorrect or obviously insufficient information in the application the Exchange may ask the Company to complement its application and, if the Company does not do so adequately, reject the application for admission to trading. If the incorrect or omitted information is of such obvious and apparent importance for the application that it puts the credibility of the Company in question the Exchange may reject the application for that reason.

- **Comment:**

*The Company has a responsibility to show that it is suitable for admission to trading at Nasdaq First North. This responsibility entails to provide the Exchange with all information that is of relevance for the Exchanges' decision to admit the Company to list at Nasdaq First North. It is of outmost importance that the Company gives the Exchange confidence in the Company by providing sufficient, correct and accurate information in the application process.*

## 6. Capacity to provide the market with information

6.1. If the Company is deemed not to possess the organization and staff required in order to comply with the requirements regarding disclosure of information to the market (see sec. 2.2.4 of the Rulebook) the Exchange may ask the Company to complement its application and, if the Company does not do so adequately, reject the application for admission to trading.

- **Comment:**

*The Company should have an organization that ensures timely dissemination of information to the stock market. To ensure that the Company provides the market with timely, reliable, accurate and up-to-date information, the exchange encourages the Company to adopt an information policy. A company's information policy is a document that helps the company to continuously provide high-quality internal and external information. It should be formulated in such a manner that compliance with it is not dependent on a single person, and it should also be designed to fit the circumstances pertaining to the specific company. The information provided to the stock market shall be correct, relevant and reliable.*

## 7. Certified Adviser

7.1. The Company and its CA have a mutual responsibility to ensure that the CA has sufficient knowledge about the Company and its business activities at the time of starting the application process and that all relevant information about the Company is reported to the Exchange. If it is apparent that the CA does not possess sufficient information about the Company and its business activities at the time of starting the applications process the Exchange may decide not to continue the applications process or, subsequently, to reject the admission for trading.

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