

MAINTAINING THE QUALITY OF NASDAQ FIRST NORTH

During 2016, 63 companies have been approved for trading on Nasdaq First North. Considering the more limited listing activity amongst SMEs in the rest of Europe, the figure stands out and is worth mentioning. However, it is equally important for the Exchange to represent quality and to ensure that the confidence in our markets is maintained.

The success of Nasdaq First North is partly explained by the model based on the involvement of a Certified Adviser. The role of the Certified Adviser is two-folded in that the Certified Adviser is the Exchange's extended arm in the listing process and in the ongoing monitoring of the company's compliance with the Nasdaq First North Nordic Rulebook but also to advise and support the company in the same respects. This contributes to create conditions for companies with, for example, a more limited internal organization and/or financial resources to operate as listed companies and for the Exchange to operate Nasdaq First North in an efficient manner.

During the past year, and as previously announced in the Nordic Surveillance Annual Report 2015, the Exchange has focused on strengthening the listing process even further and to ensure that the ongoing monitoring of the listed companies is adequate. The Exchange has made efforts to clarify the separation, or rather sharing, of duties between the Exchange and the Certified Advisers. As a result, certain aspects of existing procedures have been improved and new ones established. The Exchange has also strived for a higher level of transparency regarding the Exchange's current practices and interpretation of the listing requirements in the Nasdaq First North Nordic Rulebook.

Nasdaq First North applications are submitted and processed through the Nasdaq Listing Center, except for applications to Nasdaq First North Iceland. It needs to be clear to all companies what is expected of them to become listed and also to Certified Advisers what is expected of their audit of a company. It is also important that the findings of the Certified Adviser's audit are documented in an appropriate manner. To accomplish this, a new more detailed form for the Certified Adviser's certification – a Certification Form – has been developed. The Certification Form sets the scope for the Certified Adviser's audit and also provides guidance on what the Exchange includes in its assessment regarding the fulfillment of the listing requirements.

In this context, it should also be noted that the Exchange may impose any special eligibility requirement on the company that it deems appropriate in order to protect investors and the reputation of Nasdaq First North. Irrespective of whether an applicant satisfies all the requirements, the Exchange is entitled to reject the application if it concludes that approval of the applicant might damage public confidence in the Exchange, Nasdaq First North or the securities market in general. For further information regarding this, please refer to guidance available on the Exchange's website:

[HTTP://BUSINESS.NASDAQ.COM/MEDIA/GUIDELINES%20REGARDING%20ADMISSION%20TO%20TRADING%20AT%20NASDAQ%20FIRST%20NORTH%20-%2030%20NO..._TCM5044-35880.PDF](http://business.nasdaq.com/media/guidelines%20regarding%20admission%20to%20trading%20at%20nasdaq%20first%20north%20-%2030%20no..._TCM5044-35880.pdf)

Relating to the ongoing monitoring of companies, a new procedure has been introduced – an Annual Certification – for already listed companies. The Annual Certification is essentially based on the Certification Form and is performed by the Certified Adviser through the Nasdaq Listing Center. Thereby all companies are subject to an annual review of their compliance with the listing requirements. If the Annual Certification demonstrates any deviations, the Exchange will investigate this according to standard procedure.

The Exchange is convinced that a more structured listing process and increased transparency will be beneficial for all parties involved. It is also the Exchange's anticipation that this will have a positive effect on the companies' ability to operate as listed companies, which in turn will contribute to maintaining the confidence for Nasdaq First North.