



Nasdaq First North Q&A

*Questions and Answers on the admission requirements,
admission process, and Certified Adviser*

Table of Contents

1 Introduction.....	1
2 Admission Requirements	2
Board of Directors, management and auditors.....	2
2.1 Can the issuer have a temporary Board of Directors at the time of admission?	2
2.2 Can the Board of Directors and management of a foreign issuer consist solely of foreign representatives?	2
2.3 Does the issuer’s auditor need previous auditing experience for listed companies?	2
Capacity for providing information to the market	2
2.4 What factors are of significance in the Exchange’s assessment of the issuer’s capacity for providing information to the market?.....	2
Miscellaneous	3
2.5 To what extent does the Exchange take into consideration transactions with closely-related parties in its admission review?.....	3
2.6 What details regarding shareholdings shall be included on the website?.....	3
2.7 When in the application process does the issuer have to begin to apply the EU Market Abuse Regulation?	4
2.8 May the issuer have its offices located in so-called corporate or startup hubs?	4
2.9 Nasdaq First North Sweden – Is the issuer obligated to comply with generally accepted practices in the securities market?.....	4
3 Company Description and Prospectus.....	5
3.1 What is the basis for the Exchange’s assessment of the Company Description?	5
3.2 What information is required if an issue of shares carried out in conjunction with the admission is concluded after the time of approval and publication of the Company Description or prospectus?	5

3.3 Is a report from an independent auditor required when an earnings forecast is included in the Company Description?	5
3.4 Are there any special information requirements imposed on real estate issuers?	5
3.5 Are there any special information requirements imposed on Life Science issuers?	6
3.6 Nasdaq First North Finland – Is it possible to include a Basic Information Document as part of the Company Description?	6
4 The Admission Review Process and Approval	7
4.1 What is the Exchange’s admission review time?	7
4.2 When can the admission review begin if the issuer uses a prospectus?	7
4.3 Can the Exchange provide conditional approval of the application?.....	7
4.4 Does the Exchange regulate the scope of a review of the issuer?.....	7
4.5 Does the Exchange carry out any sanction review of the issuer?.....	8
4.6 In what situations can the Exchange deny an application?	8
5 Certified Adviser	9
5.1 What requirements on independence does the Certified Adviser need to fulfil?	9
5.2 Is the Certified Adviser allowed to own shares in an issuer?.....	9
5.3 Is personnel involved in the function as Certified Adviser allowed to own shares in an issuer?	9
Appendix.....	11

1 | Introduction

This Q&A seeks to facilitate the understanding of the Nasdaq First North admission requirements and admission process, as well as the requirements on Certified Advisers, in addition to the rules and guidance text set out in the Nasdaq First North Nordic rulebook as applicable from time to time (the “**Rulebook**”). Similar to the guidance text set out in the Rulebook, the Q&A is not binding and represents Nasdaq Nordic’s (the “**Exchange**”) interpretation of current practice.

The Q&A should be read in conjunction with the Rulebook and may be subject to change at short notice. For the latest version of the Q&A, please refer to Nasdaq First North’s website at www.business.nasdaq.com. Please note that specific local practices and procedures may apply.

2 | Admission Requirements

Board of Directors, management and auditors

2.1 Can the issuer have a temporary Board of Directors at the time of admission?

No. The Exchange does not accept temporary Board of Directors intended to be replaced shortly after the admission to trading.

2.2 Can the Board of Directors and management of a foreign issuer consist solely of foreign representatives?

Yes. However, just as is the case with a domestic issuer, the foreign issuer must ensure that there is sufficient and up-to-date knowledge within the Board of Directors and management regarding national applicable regulations and generally accepted practices on the securities market. This includes that the issuer must be able to demonstrate that it has the ability, and a plan, to keep itself informed of changes in the rules, and that the issuer must ensure that authorized persons within the issuer are available to answer questions from the Exchange and other interested parties regardless of any time differences, particularly during trading hours.

2.3 Does the issuer's auditor need previous auditing experience for listed companies?

No. However, in order to ensure that the issuer's financial reporting fulfils the requirements imposed on a listed company, the Exchange recommends that the issuer's auditor should have previously performed an audit on a listed company.

Capacity for providing information to the market

2.4 What factors are of significance in the Exchange's assessment of the issuer's capacity for providing information to the market?

The issuer must maintain the necessary routines and systems for information disclosure, including systems and procedures for financial reporting. This is necessary in order to ensure that the issuer has the ability to provide the market with correct, relevant and clear information. The issuer must have the requisite internal controls and ability to ensure the quality of the information it intends to make public. Consequently, the requisite internal management, controls, and regulatory compliance are part of the admission requirement on capacity for providing information to the market.

The Exchange carries out an overall assessment, taking into consideration, among other things, the following:

- The overall experience and expertise of the management regarding information disclosure and financial reporting.

- Whether the Board of Directors and management have undergone the Exchange’s training seminar in securities market regulation.
- The availability of the relevant individuals, particularly during trading hours.
- The requisite backup within the operating organization in order to be able to handle information disclosure issues.

The basis for the assessment primarily consists of information provided by the issuer’s Certified Adviser in the Nasdaq Listing Center, the issuer’s information/communication policy and, as applicable, other relevant documentation such as a due diligence report.

Miscellaneous

2.5 To what extent does the Exchange take into consideration transactions with closely-related parties in its admission review?

The Exchange carries out an overall assessment of the issuer’s general appropriateness. Transactions between the issuer and closely-related parties which are not entered into in the normal course of business, and which have taken place recently, may be a relevant factor in this context and may be questioned by the Exchange. The issuer should be prepared to explain the background to any such transactions and to what extent such transactions will continue or be entered into after the admission. Such transactions may also be subject to additional disclosure.

The widespread existence of transactions with closely-related parties, even those considered to be carried out in the normal course of business, may also lead to additional requirements being imposed on the issuer’s Board of Directors and management, for example with respect to the existence of independent directors.

The term “closely related parties” shall, for the purpose of this Section 2.5 and 4.2.2 of the Rulebook, be defined in accordance with the definition in the accounting legislation applicable to the specific issuer.

2.6 What details regarding shareholdings shall be included on the website?

According to 4.6(c)(iii) of the Rulebook, the issuer’s website shall include details of the issuer’s shares and other financial instruments which are held by the Board of Directors and senior management and/or closely-related parties. The information is normally presented together with the presentation of the Board of Directors and senior management on the website. However, due to national differences in the legal framework regarding the disclosure of transactions conducted by such persons, presentation of this information on the website is optional for issuers on Nasdaq First North Finland.

The term “closely related parties” shall, for the purpose of this Section 2.6 and 4.6(c)(iii) of the Rulebook, be defined in accordance with the definition of “persons closely associated” in the EU Market Abuse Regulation (“MAR”).

2.7 When in the application process does the issuer have to begin to apply MAR?

According to Article 2 of MAR, the regulation is applied to financial instruments for which an application has been submitted for admission to trading on a regulated market or an MTF, such as Nasdaq First North. The Exchange has published a separate Q&A on MAR and the duty to disclose inside information, available at: <https://business.nasdaq.com/list/Rules-and-Regulations/European-rules/common/index.html>.

2.8 May the issuer have its offices located in so-called corporate or startup hubs?

When the issuer applies for admission to trading it shall have made necessary preparations to be able to act in a listed environment. This includes, among other things, that the issuer's main offices shall be arranged in a way that ensures compliance with legislative requirements such as limitations on information sharing. As described in Section 2.7 above, MAR begins to apply at the time of application for admission to trading. From this point in time, the issuer needs to comply with the requirements on disclosure of inside information. In addition, MAR also contains a penal prohibition in relation to unlawful disclosure of inside information. This means the legislation naturally limits the possibility for the issuer to share its offices with other entities if this would risk intentional, or unintentional, unlawful disclosure of inside information. However, provided that the issuer's offices and technical equipment have robust perimeter protection preventing unrestricted third party access, there are no restrictions on an issuer having offices in the same complex as other tenants.

2.9 Nasdaq First North Sweden – Is the issuer obligated to comply with generally accepted practices in the securities market?

Every measure taken by a Swedish limited company with shares admitted to trading on an MTF, such as Nasdaq First North, is subject to the assessment of the Swedish Securities Council. The same applies in relation to foreign limited companies with shares or depositary receipts admitted to trading on an MTF to the extent the measure taken is subject to assessment according to Swedish rules. Supplement B to the Rulebook states that issuers on Nasdaq First North Sweden shall comply with generally accepted practice on the securities market.

Even if the issuer is not yet admitted to trading but has taken measures for the purpose of having its shares admitted, it must ensure that its actions are in compliance with generally accepted practice.

The Exchange wishes to particularly point out to issuers in admission process the principles set forth by the Swedish Securities Council in AMN 2002:01 regarding incentive programs. Issuers which have made preparations for an admission have been expressly exempted from the application of these principles provided that the ownership is not widespread and no organized trading in the shares is occurring. However, the Exchange may question the adoption of an incentive program in contravention of the principles set forth in AMN 2002:01 where this takes place after the issuer has commenced an admission procedure. Such actions may be regarded as an obvious circumvention of AMN 2002:01 which is unacceptable to the Exchange.

3 | Company Description and Prospectus

3.1 What is the basis for the Exchange's assessment of the Company Description?

The requirements on the content of the Company Description are set forth in Section 3.2 of the Rulebook. However, the Exchange may require additional content where considered necessary in order for an investor to be able to make a well-founded assessment of the issuer and the financial instruments. The Exchange has drafted additional guidance set out in the [Appendix](#) with examples of when such further information may be required.

Due to the nature of Nasdaq First North, it is clear that the requirements applicable to prospectuses as set forth in applicable prospectus legislation in general are more detailed and stringent than the requirements on the Company Description as set forth in the Rulebook. However, the requirements on the content of the Company Description are to a large extent based originally on the requirements applicable to prospectuses. It is therefore natural for the Exchange to seek guidance in both the EU Prospectus Regulation as well as the case law of ESMA or the national Financial Supervisory Authorities, as applicable, in situations where corresponding requirements exist in the prospectus legislation. Typical examples include the drafting of pro forma accounts (cf. Appendix 2 to the EU Prospectus Regulation) and the publication of earnings forecasts (cf. Section 13 of Appendix 1 to the EU Prospectus Regulation).

3.2 What information is required if an issue of shares carried out in conjunction with the admission is concluded after the time of approval and publication of the Company Description or prospectus?

If an issue of shares carried out in conjunction with the admission has not yet been concluded at the time of approval of admission to trading and publication of the Company Description or prospectus, the issuer must following the completion of the share issue disclose, as applicable on the specific Nasdaq First North market, the result of the offering, including information about number of shareholders and free float, as well as updated information regarding capitalization and net liabilities, and ownership structure after the share issue.

3.3 Is a report from an independent auditor required when an earnings forecast is included in the Company Description?

Yes. A report compiled by an independent accounting expert or auditor must be appended to the forecast. Please note that the issuer's own auditor is considered as independent. See also Section 3.1 above.

3.4 Are there any special information requirements imposed on real estate issuers?

According to Sections 128–130 of CSR's (now ESMA) recommendations on the prospectus rules, a valuation certificate shall be included in prospectuses for real estate issuers. The certificate may not be more than one year old and shall cover all real estate held. The Exchange applies corresponding practice in relation to Company Descriptions for real estate issuers. See also Section 3.1 above.

3.5 Are there any special information requirements imposed on Life Science issuers?

Life Science issuers includes, for example, pharmaceuticals companies and medical-technical companies. For these issuers which are in a development phase, but also for issuers in a commercial phase, the need for transparency is often particularly important. It is therefore of significance that the Company Description or prospectus contains thorough and clear information regarding (1) what development phase the issuer is in, (2) which licenses are required to commercialize the product, (3) at what stage in such licensing process the issuer is, (4) what remains to be done in the licensing process, (5) the financing required in order to achieve the commercialization or sales, or other ultimate goals, and (6) for how long the issuer's existing financing will last.

Additional guidance regarding what information investors in Life Science issuers often consider relevant can also be found in recommendations and guidelines from national industry organizations, as applicable, such as the Swedish organization SwedenBIO's "Recommendations for publication of information regarding companies in a development phase", available at: http://swedenbio.se/wp-content/uploads/2017/11/171019_SwedenBIO_Disclosure_Recommendations_Eng.pdf

3.6 Nasdaq First North Finland – Is it possible to include a Basic Information Document as part of the Company Description?

Yes. No separate document is required. The Company Description shall be disclosed and delivered to the Finnish Financial Supervisory Authority as required by the Finnish Securities Market Act.

4 | The Admission Review Process and Approval

4.1 What is the Exchange's admission review time?

According to Section 2.2 of the Rulebook, the Exchange's admission review of the issuer will normally take no less than 20 business days. In order for the processing time to begin, the documentation provided to the Exchange must be sufficiently complete for the Exchange to begin its review. Normally, the documentation is deemed sufficiently complete by the Exchange when the following have been received:

- Company Description or prospectus fulfilling the applicable requirements.
- Certified Adviser Certification, i.e. the information regarding, and certification of, the issuer's satisfaction of all admission requirements and the issuer's appropriateness for admission to trading which the Certified Adviser submits to the Exchange.

In the event there are any follow-up questions and/or requests by the Exchange for additional information or adjustments within the scope of the admission review, additional review time may be added unless the scope of such supplementation or adjustments are insignificant.

4.2 When can the admission review begin if the issuer uses a prospectus?

The Exchange can begin the admission review even if the prospectus has not yet been approved by the relevant Financial Supervisory Authority, provided the prospectus is in its final form in all material respects, meaning that the relevant Financial Supervisory Authority's initial and main comments have been received and incorporated into the prospectus.

4.3 Can the Exchange provide conditional approval of the application?

Yes. A decision for approval of admission to trading may be subject to conditions. Some examples of such conditions include that the requirement on number of shareholders and free float be fulfilled prior to the admission to trading or, where applicable, that the relevant Financial Supervisory Authority approves the issuer's prospectus.

Please note that the Exchange's approvals are always conditional on nothing occurring with respect to the issuer, before the first day of trading, which might give rise to a different assessment by the Exchange.

4.4 Does the Exchange regulate the scope of a review of the issuer?

The Exchange expects that a review of the issuer will cover the issuer's entire group, and not only the legal entity of the issuer itself, in form of due diligence, including internal procedures and policies. If the issuer considers there is special reason to exclude parts of the group from the review, the reasoning for this should be presented to the Exchange.

The Certified Adviser normally bases its certification on the issuer fulfilling all admission requirements to the Exchange on a legal review, i.e. that the Certified Adviser has taken every reasonable

measure to inform itself of the issuer's history and admission to trading and that the Certified Adviser can recommend the Exchange to approve the application for admission to trading. The Certified Adviser may therefore have an opinion regarding the scope of the legal review, based on e.g. the size of the issuer, its geographic scope and type of business operations conducted.

4.5 Does the Exchange carry out any sanction review of the issuer?

The Exchange complies with relevant sanctions legislation and other regulations issued by the EU, UN and United States of America, as well as at national level. Prior to the admission, the Exchange therefore carries out a sanctions screening in relation to the issuer, its directors and senior management, major shareholders and ultimate beneficiaries.

The Exchange requires the following information to carry out the screening:

- Name and company registration number of the issuer.
- Organizational chart.
- Information regarding name and years of birth of all directors and senior management.
- Information regarding name and year of birth of natural persons that control at least 25% of the share capital or voting rights of the issuer.
- Name and company registration number of legal entities that control at least 25% of the share capital or voting rights of the issuer, as well as information regarding name and year of birth of directors of such legal entities.

The information must be compiled in a separate form, available on Nasdaq First North's website. The form, together with a certificate of registration not more than two months old, shall be sent to the Exchange.

4.6 In what situations can the Exchange deny an application?

According to 2.1(a) and 2.1(b) of the Rulebook, financial instruments may be admitted to trading on Nasdaq First North where the Exchange finds that the issuer and the instruments meet Nasdaq First North's requirements and where the Exchange finds that trading in the instruments is of public interest. The Exchange may impose any special eligibility requirement on the issuer 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 is entitled to reject the application if it concludes that an approval might damage public confidence in the Exchange, Nasdaq First North or the securities market.

The Exchange has drafted additional guidance set out in the [Appendix](#) with examples of when it may impose any special eligibility requirement and when it shall be entitled to deny an application if it concludes that an approval might damage public confidence in the Exchange, Nasdaq First North or the securities market.

5 | Certified Adviser

5.1 What requirements on independence does the Certified Adviser need to fulfil?

Section 5.5 of the Rulebook contains requirements on independence in relation to the Certified Adviser. The purpose of the requirements is to safeguard the integrity of Nasdaq First North and the Certified Adviser role.

5.2 Is the Certified Adviser allowed to own shares in an issuer?

According to 5.5(a) of the Rulebook, the starting point is that the Certified Adviser, including the group of companies which the Certified Adviser is part of, should not own any shares or share-related instruments in an issuer for which it acts as Certified Adviser, on the basis that this can lead to a conflict of interest. However, such shareholdings are permitted under certain conditions. These exemptions are regulated in 5.5(b) and 5.5(c) of the Rulebook.

According to 5.5(b) of the Rulebook, holdings are allowed under the conditions that (i) they do not exceed 10% of either the shares or voting rights in the issuer, and (ii) the Certified Adviser ensures it has in place adequate safeguards to prevent any conflicts of interest arising from the holding. It is for the Certified Adviser to ensure that any holding does not exceed the 10% threshold, and to ensure the robustness of the adequate safeguards.

The trading (i.e. buying or selling, as opposed to merely holding) by a Certified Adviser of shares or share-related instruments in an issuer for which it acts as Certified Adviser leads to particular risk of conflict of interest. The Certified Adviser should therefore exercise particular caution in this regard. In line with the principle set out above, it is for the Certified Adviser to ensure the robustness of its safeguards against conflict of interest if it chooses to trade in the shares or share-related instruments of an issuer. Note that personnel acting as Certified Adviser may not deal at all in shares or share-related instruments in any issuer for which the Certified Adviser acts as such. Please see Section 5.3 below.

Payment by an issuer, in whole or in part, of its Certified Adviser in shares or share-related instruments of the issuer is not permitted since such a payment in itself can produce a conflict of interest. This is the case regardless of whether or not the Certified Adviser has separate shareholding and advisory departments, for example.

According to 5.5(c) of the Rulebook, acquisition by the Certified Adviser of shares or share-related instruments in an issuer for which it acts as Certified Adviser for the purpose of acting as an underwriter or as an equivalent guarantor in case of a public offering are not subject to any restriction. However, where this occurs, the Certified Adviser shall take appropriate measures to reduce its holdings whenever possible according to prevailing market conditions.

5.3 Is personnel involved in the function as Certified Adviser allowed to own shares in an issuer?

No. The trading (i.e. buying or selling) by personnel involved in the function as Certified Adviser of shares or share-related instruments in an issuer for which the Certified Adviser acts as such is

not allowed. This restriction applies to shares or share-related instruments in any and all issuers for which the Certified Adviser acts as such, and not just the issuer(s) with which the personnel in question works. In practice, this will usually exclude such personnel from owning shares in an issuer for which the Certified Adviser acts.

A very limited exception to the above could arise in a case where personnel had pre-existing shareholdings in an issuer at the time at which the Certified Adviser for which they work began acting for that issuer. In such case, the shareholding of the personnel shall be maintained and no trading in these shares or share-related instruments may take place during the period of engagement of the Certified Adviser.

Please also note that according to 5.1(a)(viii) of the Rulebook, the Certified Adviser shall have in place internal rules regarding trading in financial instruments in issuers for which the Certified Adviser acts as such. The Exchange expects that such internal rules prescribe, among other things, that personnel involved in the function as Certified Adviser shall not be allowed to trade in the shares or share-related financial instruments of any issuer for which the Certified Adviser acts as such.

Appendix

Guidelines regarding when the Exchange may impose special eligibility requirements and shall be entitled to deny an application when an approval might damage public confidence

Background

According to 2.1(a) and 2.1(b) of the Rulebook, financial instruments may be admitted to trading on Nasdaq First North where the Exchange finds that the issuer and the instruments meet Nasdaq First North's requirements and where the Exchange finds that trading in the instruments is of public interest. The Exchange may impose any special eligibility requirement on the issuer 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 is entitled to reject the application if it concludes that an approval 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 issuers admitted to trading on Nasdaq First North. The issuer and its Certified Adviser have a mutual responsibility to actively provide the Exchange and the market with all relevant information about the issuer and its business activities.

Set out below are examples of when the Exchange may impose any special eligibility requirement on the issuer and when the Exchange shall be entitled to deny an application if it concludes that an approval might damage public confidence in the Exchange, Nasdaq First North or the securities market. Please note that the examples are not intended to be exhaustive.

1. Insufficient transparency

- 1.1 If the history of the issuer and the issuer's Board of Directors and management is deemed problematic and insufficiently transparent, the Exchange may ask the issuer to complement its application and, if the issuer does not do so adequately, deny the application for 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 issuer, including Board members, do not have a history that may jeopardize the reputation of the issuer and thus confidence in the securities market. It is also important that the history of such persons be sufficiently disclosed prior to the admission to trading, as part of the information presented in the Company Description or prospectus (cf. 3.2(a)(ix) of the Rulebook). 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, this may disqualify the issuer from being admitted to trading, unless the person is relieved from its position in the issuer.

- 1.2 If the issuer's corporate structure and/or ownership structure are deemed complex and insufficiently transparent, the Exchange may ask the issuer to complement its application and, if the issuer does not do so adequately, deny the application for admission to trading.
- 1.3 If the issuer's business model is deemed complex and insufficiently transparent, the Exchange may ask the issuer to complement its application and, if the issuer does not do so adequately, deny the application for admission to trading.
- 1.4 If the issuer's financial information is deemed complex and insufficiently transparent, the Exchange may ask the issuer to complement its application and, if the issuer does not do so adequately, deny the application for admission to trading.

2. Previous rejections

- 2.1 If the issuer has had an application for admission to trading denied by a Nasdaq trading venue or another trading venue within the last 12 months, this may be a reason to deny the application if the issuer cannot show that it has done sufficient improvements in order to mitigate concerns raised at the time of the previous rejection. The issuer is responsible to notify the Exchange if it has had an application for admission to trading rejected by a Nasdaq trading venue or another trading venue within the last 12 months.

3. Issuers incorporated in a non-Nordic jurisdiction

- 3.1 If a non-Nordic issuer applies for admission to trading on Nasdaq First North, the Exchange may ask the issuer to complement its application with, for example, an explanation of local clearing and settlement arrangements, procedures for corporate actions (e.g. participation in annual general meetings of shareholders or proxy voting), major differences in accounting principles and special tax issues, and require that the information is made public.

4. Incorrect or insufficient information to the Exchange

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

The issuer has the responsibility to show that it is suitable for admission to trading on Nasdaq First North. This entails providing the Exchange with all information that is of relevance for the Exchange's decision to admit the issuer to trading on Nasdaq First North. It is of utmost importance that the issuer gives the Exchange confidence in the issuer by providing sufficient, correct and accurate information in the application process.

5. Insufficient preparedness

- 5.1 A fundamental requisite for safeguarding public confidence in the Exchange, Nasdaq First North and the securities market is that the issuer demonstrates during the admission process sufficient preparedness to comply with the requirements imposed on public companies, as well as a willingness and ability to comply with the relevant regulatory scheme. Failure to do so adequately will result in an application for admission to trading being denied.

6. Certified Adviser

- 6.1 The issuer and its Certified Adviser have a mutual responsibility to ensure that the Certified Adviser has sufficient knowledge about the issuer and its business activities at the time of initiation of the application process and that all relevant information about the issuer is reported to the Exchange. If it is apparent that the Certified Adviser does not possess such sufficient knowledge at the time of initiation of the applications process, the Exchange may decide not to continue the applications process or, subsequently, decide to deny the application for admission to trading.