

To issuers and trading members of Nasdaq Helsinki

Regulatory Notice, May 22, 2019

Rule changes of Nasdaq Helsinki, entering into force June 3 2019 (or later)

This Regulatory Notice includes information on the rule changes which are planned to enter into force on June 3 or later.

Entry into force

The rule changes will enter into force on June 3, 2019 or later. The entry into force of the rule changes requires still a confirmation by the Ministry of Finance. Nasdaq Helsinki will inform the exact date if it differs from the above mentioned date. The entry into force date will be informed also on the website of Nasdaq Helsinki.

Changes of the Rules of the Exchange 3.1.2018

The amendments of the current Rules of the Exchange concern mainly the chapters regarding funds and market making. In addition some minor changes and changes of technical nature have been made. All amendments are stated in the mark-up version of the rules (dated May 17, 2019).

Main amendments

Amendments regarding funds (chapter 7)

The rules on funds have been added with new listing and disclosure regulations on managers of alternative investment fund and units of alternative investment funds. The new regulations cover contract based fund units issued in an alternative investment fund. In addition some explanatory texts have been added to the rules in order to give guidance on the purpose of the rules and examples on how the exchange interprets the rules.

The rules require that the manager of the alternative investment fund possesses license in Finland or respective license in abroad, as well as a right for marketing of unit of an alternative investment fund to non-professional investors in Finland.

These changes and other amendments regarding fund rules are mentioned later herein and are stated in the mark-up version of the rules.

Amendments regarding market making (liquidity provision, chapter 10.1)

The chapter 10.1 has been amended to clarify the content, terminology and practices of the rules based on for example MiFID II directive. The name of the market making operation for own account changes to "liquidity provision". The purpose of liquidity provision is either fulfillment of listing requirement or increase of possibilities for investors to trade.

The terms of liquidity provision have also been clarified and a new term of liquidity support has been introduced. The liquidity support refers to operation that does not fulfill the rules or the terms for liquidity provision.

These changes and other amendments are mentioned later herein and stated in the mark-up version of the rules.

Other rule changes

Adjustment of the requirement regarding financial reports (rule 2.2.4.2)

The explanatory text of the rule has been adjusted. The exchange will normally consider the members of the board and the management of the new company to be sufficiently familiar with the financial reporting if they have participated in the production of at least one annual financial statement or *other financial report* issued by the company prior to the listing. A financial report refers to a report that has been made in accordance with the regulation governing production of an annual financial statement and half-yearly report.

Explanatory text – rule 2.3.1.1 – Deviation in financial result or financial position

The word “significant” has been removed from the text (pages 33 and 36). The removal of the word “significant” unifies the wording with headings of other examples mentioned. The removal does not affect the content of the rule. The explanatory text still includes words “in significant way”, which describes the level of the deviation in financial result or financial position when assessing whether it is inside information or not. A reference (footnote 6) is still made to the guidelines of ESMA concerning the delay in the disclosure of inside information regarding the situations in which delay of disclosure of inside information is likely to mislead the public.

The listing requirement of option rights (rule 3.2.3.3)

An addition to the rules has been made stating that the issuer shall be responsible that the clearing and settlement of trades include a central clearing party. This change has no impact on listed companies because their option rights are traded on Nasdaq First North Finland.

In addition the following changes have been made to the Rules of the Exchange, Jan 3 2018 (rule numbers mentioned in brackets):

- the introduction of the rules has been adjusted
- the chapter of definitions has been adjusted and unnecessary definitions have been removed (1.1.14 – 1.1.17)
- term “liquidity provision” have been updated (2.2.3.12, 2.2.7.4 and 4.4.2)
- definition of real estate fund has been added (transferred from chapter 1, 4.4.1)
- the reference to the trading rules has been adjusted (6.2.2.13) and an obligation for the issuer of a warrant has been added. The issuer shall enter into an agreement with the Exchange to comply with the market making terms governing liquidity provision as set by the Exchange (Nasdaq Nordic Member Rules, Rule 4.12)
- rule wordings have been clarified as follows (7.2.2.2):
 - o the legal form of the fund management company and the manager of alternative investment fund is stated in the rule (point 3);

- word “annual report” is replaced with words “annual financial statement and management report” (point 5);
- added a notification of commencement of marketing;
- the right of marketing to non-professional investors has been adjusted (point 7); and
- following descriptions have been added (point 9): registration in the book-entry system, appropriate arrangements on subscription and redemption of fund units, trading procedures and market making
- the wording of the rule (7.2.3.2) has been adjusted as follows:
 - the redemption procedure of a fund unit has been adjusted based on the Article 4 of the Commissions Delegated Act 2017/568 (7.2.3.2, point 2);
 - a requirement on the administration and organization has been added (point 3); and
 - added a requirement on at least one independent member of the board of fund management company or manager (point 3)
- the rule has been removed as unnecessary (7.2.6)
- the rule has been clarified (7.3.1.1)
- an addition has been made to the rule to regulate the publication of the net asset value of the alternative investment fund in case the value cannot be published before each trading day. Furthermore, the heading has been corrected and an explanatory text has been added to the rule (7.3.2.1)
- the terminology and the scope of the rule have been adjusted based on the guideline of ESMA (Aug 1, 2014/ESMA/2014/937) to cover actively managed UCITS ETF funds (as per in the Act of Investment Funds). Furthermore, a requirement of publishing of indicative net asset value at least three times in a trading day has been added. Also the heading has been corrected. (7.3.2.2)
- an unnecessary rule has been removed (7.3.2.3)
- an annual report is used to indicate the way of the fund management company to conduct the periodical disclosure obligation (rules 7.3.2.4 – 7.3.2.7)
- wording of the rule has been clarified (7.4.2)
- a new rule on exemption of disclosure obligation has been added (7.4.3)
- the chapter 10.1 has been adjusted as follows:
 - the terminology has been changed throughout the chapter (“market making” replaced with “liquidity provision”) and other liquidity support has been added to the subheading of the chapter;
 - the “commitment” has been replaced with the “agreement” (10.1.1);
 - the operation of a liquidity provider has been clarified to be operation on own account (10.1.2);
 - clarified who can operate as a liquidity provider;
 - added a sentence stating items on liquidity provision operation, of which the exchange shall separately provide terms (10.1.3);
 - added explanatory text giving guidance on the agreements needed and publication of terms on liquidity provision;
 - clarified the disclosure of the termination of the agreement (10.1.4);
 - added a new rule on the obligation of issuer to disclose the main contents of the liquidity support agreement and its commencement and termination (10.1.5); and
 - current rules 10.1.5 and 10.1.6 have been removed.

The changes and other amendments are stated in more detail in the mark-up version of the rules.

New publications of the Rules of the Exchange

The amended "Rules of the Exchange June __, 2019 are published in Finnish and English on the website of Nasdaq: <http://business.nasdaq.com/european-rules>

The mark-up version is available in the same internet address and also by using a link mentioned in the news on this Regulatory Notice (under the heading News & Consultation).

The latest versions of the rules are available on Nasdaq's website at <http://business.nasdaq.com/european-rules>

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