

Finansinspektionens Regulatory Code

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Regulations amending Finansinspektionens regulations (FFFS 2007:17) governing operations on trading venues;

FFFS 2016:36

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decided 21 December 2016.

Finansinspektionen prescribes pursuant to Chapter 6, section 1, points 12, 15, 44, 51–53, 59 and 65 of the Securities Market Ordinance (2007:572) and section 4, points 11 and 12 of the Financial Instruments Trading Ordinance (2007:375) in respect of Finansinspektionens regulations (FFFS 2007:17) regarding operations on trading venues

in part that Chapter 10, sections 3–4, 10a and 15 and Chapter 13, section 2 shall be repealed,

in part that the heading immediately preceding Chapter 10, section 3 shall be removed,

in part that current Chapter 10, sections 8–10, 11–14 and 16 shall be designated Chapter 10, sections 3–10 and that current Chapter 13, section 4 shall be designated Chapter 13, section 2,

in part that Chapter 5, sections 3, 7, 9, 11, 15 and 17–19, Chapter 6, sections 1 and 5–8, Chapter 10, section 1, new Chapter 10, sections 3, 4 and 7, Chapter 12, sections 2 and 4, Chapter 13, section 1 and new Chapter 13, section 2 shall have the following wording,

in part that the headings immediately preceding Chapter 10, sections 8, 10 and 16 shall be placed immediately preceding Chapter 10, sections 3, 5 and 10, respectively, and

in part that new sections, Chapter 5, section 11a and Chapter 6, section 9, shall be inserted with the following wording.

Chapter 5

Section 3 A stock exchange shall have written procedures for carrying out surveillance and, with regard to the obligations in accordance with section 1, point 5, for taking action in the event of breaches in accordance with the purposes referred to in section 12.

Section 7 As a part of its market surveillance, a stock exchange shall monitor in accordance with section 1, point 4 that issuers fulfil their obligations to file and disclose information in accordance with agreements between the stock exchange and the issuer.

Section 9 Unless otherwise set out in Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (Market Abuse Regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC, a stock exchange shall document investigatory measures it has taken

in accordance with section 1, points 1–4. The documentation shall be stored in an orderly, secure and transparent manner for at least ten years.

The stock exchange shall annually publish a surveillance report in accordance with section 1, points 1–4.

Section 11 As a part of its surveillance of trading and price determination, a stock exchange shall immediately inform Finansinspektionen if transactions in financial instruments are suspected to violate the regulations or generally accepted practices that apply on the securities market.

Where it can be assumed that a trade order or transaction is – or relates to – insider trading or undue market manipulation, or attempts at insider trading or market manipulation, there are special rules for reporting obligations set out in Regulation (EU) No 596/2014 of the European Parliament and of the Council.

Section 11a A stock exchange shall notify Finansinspektionen immediately after it has initiated proceedings to investigate if an identified breach of the information obligation pursuant to Article 17 of Regulation (EU) No 596/2014 of the European Parliament and of the Council will lead to action against the issuer. The stock exchange shall turn over to Finansinspektionen at the same time documentation that belongs to the investigation.

If the stock exchange takes action against the issuer, the stock exchange shall inform Finansinspektionen about the action no later than the day following the decision and turn over a copy of the decision with any additional documentation that belongs to the investigation.

Section 15 A stock exchange shall conduct reviews quickly. The stock exchange shall inform the issuers whose periodic financial information is subject for review.

Section 17 A stock exchange shall take action when it discovers breaches in the periodic financial information. The measures shall be efficient, prompt and in proportion to the breach. Decisions about actions shall be disclosed regularly.

Section 18 A stock exchange shall notify Finansinspektionen immediately after it has initiated proceedings to investigate if an identified breach will result in action against an issuer.

The stock exchange shall submit no later than March 1 every year a report to Finansinspektionen about the surveillance from the previous year. As a minimum, the report shall contain information about the surveillance, the results of the reviews and information about how the stock exchange set up the requirements placed on surveillance in Chapter 16, section 13 of the Securities Market Act (2007:528) and these regulations.

The stock exchange shall publish no later than March 1 every year a report on the surveillance during the previous year. As a minimum, the report shall contain information about the surveillance and the results of the reviews.

Section 19 A stock exchange shall document its surveillance procedures. The stock exchange shall also document adopted surveillance actions, including as a minimum the selection process, review procedures, communication with the issuers and actions in the event of identified breaches. The documentation shall be stored in an orderly, secure and transparent manner for at least ten years.

Chapter 6

Section 1 A securities institution that has authorisation to operate a trading venue or organise trading in financial instruments in accordance with Chapter 2, section 1, point 1 of the Securities Market Act (2007:528) shall structure or have its market surveillance structured in such a way that trading in violation of Regulation (EU) No 596/2014 of the European Parliament and of the Council, the rules of the institution or generally accepted practice on the securities market can be detected and investigated.

In these regulations, *to organise trading through the investment service reception and transmission of orders* refers to such trade in which it is possible for a larger customer base to participate. In addition, trading shall be of such a scope and frequency that continuous turnovers are detected by the instrument.

The regulations in this chapter also apply to a stock exchange that operates a trading venue.

Section 5 As a part of its market surveillance, a securities institution shall have at its disposal technological systems that continuously register fluctuations in prices and turnover and detect deviant trading patterns.

For each market or financial instrument, the securities institution shall define and program into the technological system suitable threshold values for what will be considered a deviant trading pattern.

If the securities institution that organises trading through the investment service *reception and transmission of orders*, given its nature and scope, can conduct effective surveillance without a technological system such as that referred to in the first paragraph, the surveillance may be conducted manually. However, as a part of its manual surveillance, the securities institution shall have given consideration to and documented what qualifies as a deviant trading pattern.

Section 6 Unless otherwise set out in Regulation (EU) No 596/2014 of the European Parliament and of the Council, the following applies: A securities institution shall document adopted investigation actions. Observations shall be summarised in writing and attested by responsible market monitors. The documentation shall be stored in an orderly, secure and transparent manner for at least ten years.

Section 7 A securities institution shall annually report on the implementation of its surveillance to Finansinspektionen.

Section 8 A securities institution shall immediately notify Finansinspektionen about financial instrument transactions that are suspected to contravene the regulations, the institution's rules or generally accepted practices that apply to the securities market.

Where it can be assumed that a trade order or transaction is – or relates to – insider trading or undue market manipulation, or attempts at insider trading or market manipulation, there are special rules for reporting obligations set out in Regulation (EU) No 596/2014 of the European Parliament and of the Council.

Section 9 A securities institution shall notify Finansinspektionen immediately after it has initiated proceedings to investigate if an identified breach of the information obligation pursuant to Article 17 of Regulation (EU) No 596/2014 of

the European Parliament and of the Council will lead to action against the issuer. The securities institution shall turn over to Finansinspektionen at the same time documentation that belongs to the investigation.

If the securities institution takes action against the issuer, the securities institution shall inform Finansinspektionen about the action no later than the day following the decision and turn over a copy of the decision with any additional documentation that belongs to the investigation.

Chapter 10

Section 1 This chapter contains provisions regarding the information obligation for an issuer who has Sweden as the home Member State in accordance with Chapter 1, sections 7–9a of the Securities Market Act (2007:528) and whose transferable securities in accordance with Chapter 1, section 4, first paragraph, point 2a or 2b of the Securities Market Act are admitted to trading or registered on a regulated market following application by the issuer. The provisions also apply to an issuer who has applied for admission to trading or registration.

An issuer of transferable securities in accordance with Chapter 1, section 4, first paragraph, points 2a or 2b of the Securities Market Act that do not have Sweden as their home Member State, if the transferable securities are registered or admitted to trading on a regulated market, shall apply section 8. If the securities are not admitted to trading on a regulated market in the issuer's home Member State, the issuer shall also apply sections 5 and 6.

The provisions set out in sections 2, 6, 7 and 9 shall also apply to issuers whose transferable securities in accordance with Chapter 1, section 4, first paragraph, points 2a or 2b of the Securities Market Act are traded on a trading facility.

Section 3 If the issuer is preparing to submit a public offer to acquire shares or equity-related financial instruments in a limited liability company, the issuer shall immediately notify the stock exchange when there is reasonable cause that the preparation will lead to such an offer.

Section 4 An issuer shall also immediately notify the stock exchange if it has been informed that a party will submit to its owners a public offer to acquire such financial instruments as set out in section 3.

Section 7 The information that is disclosed in accordance with section 5 shall also be published as soon as possible on the issuer's website. The information shall be available on the website for at least three years.

Significant changes to previously published information shall be disclosed as quickly as possible after the change has occurred. This shall take place via the same channels that were used for the original information.

Chapter 12

Section 2 When a limited liability company discloses information in accordance with Chapter 4, section 9, first paragraph or section 18 of the Financial Instruments Trading Act (1991:980), it shall follow the provisions in Chapter 10, sections 5 or 6 of these regulations.

Section 4 When a limited liability company provides Finansinspektionen with information in accordance with Chapter 4, section 21 of the Financial Instruments Trading Act (1991:980), it shall follow the provisions set out in Chapter 10, section 10 of these regulations.

Chapter 13

Section 1 A Swedish, limited liability company shall register trading in own shares that is part of a buy-back program, pursuant to Article 5 of Regulation (EU) No 596/2014 of the European Parliament and of the Council, to the stock exchange that operates the regulated market on which the shares are admitted to trading.

Section 2 The stock exchange shall disclose on its website information about the trading in own shares reported to the stock exchange in accordance with section 1 or Chapter 4, section 19 of the Financial Instruments Trading Act (1991:980).

These regulations shall enter into force on 1 February 2017.

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