

Press release, 21 November 2014

The Swedish Corporate Governance Board issues a recommendation on generally accepted principles concerning private placements in listed companies

The Swedish Corporate Governance Board today issues a recommendation regarding private placement of shares, convertibles and warrants in Swedish companies listed on Nasdaq Stockholm, NGM Equity, First North, Nordic MTF and AktieTorget. The recommendation will apply to all issues that are announced on 1 January 2015 or later.

The Board believes that the legislators' clarification on the legality of conducting private placement of shares etc. whereby one or more existing shareholders are able to subscribe for the shares modernises Swedish company legislation and brings it more into line with that of the rest of Europe. The Board has now responded to the legislators' request to specify what is to be regarded as generally accepted principles in this context by issuing this recommendation.

The recommendation states that rights issues continue to be the preferred option for cash issues. On condition that it is permissible according to the Companies Act, i.e. it is objectively regarded as in the shareholders' interest to deviate from preferential rights; it is also normally acceptable with regard to generally accepted principles in the stock market that a cash issue deviates from the shareholders' preferential rights. Special attention must be paid, however, to ensure that no unfair advantage to any shareholders occurs that is to the detriment of other shareholders. The recommendation also states that any issue price that is set in a competitive manner is acceptable from the perspective of generally accepted principles in the stock market

The Board accepts that the recommendation is general in nature. In most cases, however, there should be no doubt about whether a new share issue or private placement is compatible with the recommendation or not, but should any doubts exist, the Board assumes that the matter of whether the share issue contravenes the recommendation will be submitted to the Swedish Securities Council for a ruling.

“This recommendation expresses a modern perspective on how companies raise capital and is in tune with the rest of Europe”, says Björn Kristiansson, Executive Director of the Swedish Corporate Governance Board. “It is our assumption that companies and their owners will now use these new opportunities in a responsible manner.”

The process of producing the recommendation was led by Tomas Nicolin, a member of the Corporate Governance Board, and the work was conducted together with the Board's Executive Director, Björn Kristiansson, and the Director of the Swedish Securities Council, Professor Rolf Skog and in close collaboration with a group of experts from the stock market.

The Board and the Council will monitor developments in this area, and the Board is prepared to tighten the recommendation if required.

For further information and comments, please contact:

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