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LEGAL UPDATE

ON 1 SEPTEMBER 2019 THE EQUITY SEGMENT OF NASDAQ FIRST NORTH BECOMES AN EU SME GROWTH MARKET AND CHANGES ITS NAME TO NASDAQ FIRST NORTH GROWTH MARKET.

Nasdaq First North covering Sweden, Denmark and Finland has received approval for the European Union SME Growth Market status, a sub-category of the multi-lateral trading facilities (**MTF**). SME Growth Markets are intended to facilitate access to capital for small and medium-sized enterprises (**SME**) and to avail them of certain regulatory reliefs. However, the equity segment of Nasdaq First North Iceland will not become an SME Growth Market at this juncture. Nasdaq First North's transition to SME Growth Market will become effective on September 1, 2019, and the equity segment of the market in Sweden, Denmark and Finland will then be referred to as Nasdaq First North Growth Market.

Nasdaq First North is widely regarded as one of the top European market places for SMEs with nearly 300 new listings since 2015 and approximately EUR 3 billion capital raised by issuers. Other European MTFs that have received the SME Growth Market status include London Stock Exchange (AIM), Borsa Italiana, Zagreb Stock Exchange, the Bulgarian Stock Exchange and the Warsaw Stock Exchange Group (NewConnect).

Next Steps

- For current issuers on Nasdaq First North the change means that the new name of the market segment, Nasdaq First North Growth Market, shall be used in all communication to the market from 1 September 2019 forward.
- Moreover, issuers must include direct links in the disclosure of financial reports, prospectuses and the company description to the page on the relevant issuer's website where financial reports, prospectuses and the company description are available. The links must be valid for no less than five years (cf. sections 3.4 (a), 4.3 (a), 4.4 (b) and 4.6 (b) of the Nasdaq First North Growth Market Rulebook).

Simplified Regulation for SMEs

Broadening access to market-based sources of financing for European companies at each stage of their development is a central aim of the capital markets union. Listing on stock exchanges is a significant growth factor for SMEs and promotes economic growth within the EU. For an SME, the benefits of a listing on a SME Growth Market entail a reduced dependence on bank funding, a diversification of the investor base, access to further equity capital and debt finance and a higher market profile and brand recognition in the process. It reduces the administrative burden for SMEs and makes it easier to both raise capital in the public market and to operate in a public environment with a view to transition to a main market listing.



The SME Growth Market initiative by the Commission aims to:

- reduce the administrative burden and the high compliance costs faced by SME growth market issuers while ensuring a high level of market integrity and investor protection;
- promote the liquidity of publicly-listed SME shares to make them more attractive to investors, issuers and intermediaries; and
- facilitate the registration of MTEs as SME Growth Markets.

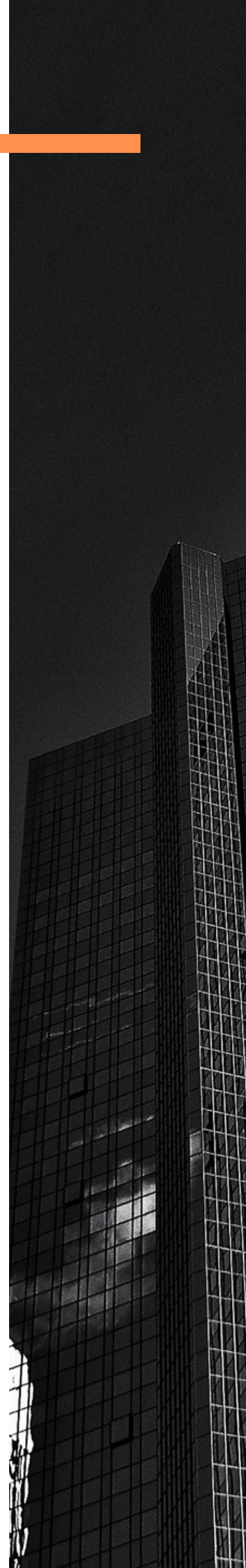
The current SME Growth Market regulation includes alleviations in two key legislations: the Market Abuse Regulation (**MAR**) and the Prospectus Regulation. The more relaxed regulatory requirements are intended to permit a simplified prospectus for secondary issuance and to facilitate administrative burden such as e.g. information retention and maintaining insider lists while adequately protecting investors, albeit with a higher risk profile than main market listings.

Nasdaq First North

Nasdaq First North is regulated as a multilateral trading facility and it is operated by the exchanges within Nasdaq Nordic. However, it is not classified as an EU-regulated market. The issuers are therefore subject to the Nasdaq First North rule book and not to the more expansive legal framework for admission to trading on a regulated market within the EU. In addition, a simplified prospectus can also be published when transferring to a regulated market such as the Nasdaq Nordic Main Market, if the issuer has been listed on a growth market for two years or more. This should lead to increased cost-savings for issuers aiming to raise additional capital or seek a listing on the main market.

Market operators such as Nasdaq First North who apply to become an EU SME Growth Market must be operated as an MTF and no less than fifty percent of the issuers must be classified as SMEs with a market capitalisation of less than EUR 200,000,000. Issuers at Nasdaq First North have the option to move to the Nasdaq First North Premier segment within Nasdaq First North. It requires the issuers to comply with higher disclosure and accounting standards than required by the Nasdaq First North rules to further prepare them for a subsequent main market listing.

For further information, please visit: new.nasdaq.com/SME-growth-market



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