Stockholm, December 11, 2003

Press release

Liquidity providers reduce investment risk and trading costs

An independent study of the liquidity provider system available at Stockholmsbörsen shows that the companies that have enlisted the services of liquidity providers have experienced a reduced spread and an increased trading volume for their shares. Accordingly, the system has reduced the investors' costs and risk for trading in such shares. Interest in liquidity providers has exceeded expectations and 45 companies have commissioned liquidity providers to date, while 11 members have agreed to function as liquidity providers.

Stockholmsbörsen launched the liquidity provider system in May 2003. The study of the system was conducted by Dan Weaver of Rutgers University, Carsten Tanggard of Aarhus School of Business and Amber Anand of Syracuse University, who studied trading in the shares of 22 companies prior to and after the companies had commissioned a liquidity provider. The study shows that:

- The average percentage spread decreased by more than 50%
- The order-book volume rose by more than 40%
- Intra-day volatility[1] was reduced
- The number of transactions rose by an average of 75%
- The average order size almost doubled
- Indications that the reduced transaction costs have resulted in higher share prices

"Naturally, we are extremely pleased that we have facilitated an improvement in the prerequisites for share investment, particularly in those shares that were previously less liquid. As a result of the liquidity provider initiative, we have improved the quality of share trading and reduced the investors' risk and transaction costs, while increasing the potential for providing a correct valuation of listed companies," says Torsten Örtengren, Head of Listing at Stockholmsbörsen.

Stockholmsbörsen focuses continuously on creating the best possible conditions for efficiently functioning trading among all of the parties in the market. All of the parties, not least the investors, regard the liquidity of share trading as one of the principal factors in this respect. Satisfactory liquidity results in lower investment costs and, from the investors' viewpoint, simplifies the process of both buying and selling shares, thus reducing the risk. In an international perspective, share liquidity on Stockholmsbörsen is very good. However, certain companies, mainly smaller ones, have experienced lower liquidity. To date, 11 members have concluded agreements with Stockholmsbörsen under which they undertake to serve as liquidity providers, while 45 listed companies have enlisted the services of a liquidity provider.

"Interest among members in becoming liquidity providers has exceeded our expectations, as has the companies' interest in commissioning liquidity providers. Companies with healthy share liquidity have also elected to utilize liquidity providers in order to further improve the conditions for investment in their shares, which we regard as very positive. We now hope that the media will show an increased

[1] Intra-day volatility express changes in share price during a trading trade.



interest in including the LP designation[2] in their price lists, so that investors are aware of which companies have liquidity providers," says Torsten Örtengren, Head of Listing.

For further information

Torsten Örtengren, Head of Listing, Stockholmsbörsen +46 (0)8 405 70 40
Maria Andark, Vice President Corporate Communications, Stockholmsbörsen +46 (0)70 597 52 76
Also see fact sheet on www.stockholmsborsen.se

Liquidity providers

Members conclude agreements with Stockholmsbörsen under which they undertake to comply with certain minimum requirements for functioning as liquidity providers. A liquidity provider promotes liquidity in a listed company's shares. Only Stockholmsbörsen's members, meaning banks and stockbrokers, may function as liquidity providers. During Stockholmsbörsen's trading hours, liquidity providers are obliged to continuously set buy and sell prices for the shares in the companies with which they have concluded agreements. A liquidity provider must set prices for at least four trading lots and ensure that the buy and sell prices do not deviate from each other by more than 4%, based on the sell price. Those members who elect to serve as liquidity providers must have at least two people who are responsible for the service. To be able to function as a liquidity provider, the member must conclude a special agreement with Stockholmsbörsen. Stockholmsbörsen monitors compliance with this agreement and is entitled to cancel the agreement if the liquidity provider fails to satisfy the provisions of the agreement. The members offer the liquidity provider service to listed companies and enter into agreements with interested companies. The companies that commission liquidity providers are marked with "LP" (Liquidity Provider) in the share-price lists of the newspapers that have elected to provide such special information to investors.

[2] LP=Liquidity provider. Although this designation is included in the price lists provided by Stockholmsbörsen, it is not included in the pricelists provided by certain parts of the media.