



Stockholm Stock Exchange's Disciplinary Committee warns stockbroker

A stockbroker and two clients reached an agreement to sell shares and then to immediately repurchase the same shares at a predetermined price. Since such a practice has no commercial meaning, it contravenes the Exchange's trading rules. Moreover, the two transactions were not reported to the Exchange within the period of time applying to transactions agreed outside the Exchange. Accordingly, the Stockholm Stock Exchange's Disciplinary Committee has decided to warn the stockbroker.

On August 22, 2005, the stockbroker, who is employed by a member of the Stockholm Stock Exchange, had agreed with a client by telephone to sell 945,500 shares in Försäkrings AB Skandia to another client and thereafter to repurchase the shares at the same price. Accordingly, the aim of the transactions was not to offer the shares to the market but simply to implement a number of bookkeeping transactions. Such a practice contravenes the Stockholm Stock Exchange's trading rules, which also stipulate that transactions agreed outside the Exchange must be reported to the Exchange within five minutes of completion of the transaction. However, the transactions concerned were not reported to the Exchange until the following day.

Disciplinary Committee

The role of Stockholm Stock Exchange's Disciplinary Committee is to consider suspicions regarding whether Exchange Members, stockbrokers or listed companies have breached the rules and regulations applying on the Exchange. If Stockholm Stock Exchange suspects that a member, stockbroker or a listed company has acted in breach of the Exchange's rules and regulations, the matter is reported to the Disciplinary Committee. Stockholm Stock Exchange investigates the suspicions and pursues the matter and the Disciplinary Committee issues a ruling regarding possible sanctions. The sanctions possible for listed companies are a warning, a fine or delisting. The fines that may be imposed range from one to 15 annual fees. The sanctions possible for Exchange Members are a warning, a fine or debarment, while a stockbroker may be warned or have his/hers license revoked. The Disciplinary Committee's Chairman and Deputy Chairman must be lawyers with experience of serving as judges. At least two of the other members of the Committee must have in-depth insight into the workings of the securities market.

Members: Supreme Court Justice Johan Munck (Chairman), Supreme Court Justice Marianne Lundius (Deputy Chairman), Madeleine Leijonhufvud (professor), Stefan Erneholm (company director) and Hans Mertzig (company director). Deputy Members: Hans Edenhammar (MBA), Claes Beyer (lawyer), Jack Junel (company director) and Ragnar Boman (MBA).

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