Regulation No.887/2008 amending Regulation No. 630/2005 on inside information and market abuse

Article 1

A new sentence is added to the final paragraph of Article 10 of Regulation No. 630/2005 on inside information and market abuse, as follows: In addition, the Financial Supervisory Authority may define particular behaviour as contrary to accepted market practices, taking into account financial stability and market conditions.

Article 2

This Regulation is issued on the basis of Article 118 of Act No. 108/2007 on securities transactions and shall take effect immediately.

The Ministry of Business Affairs, 19 September 2008.

For the Minister

Áslaug Árnadóttir.

Kjartan Gunnarsson.

Regulation No. 630/2005 on inside information and market abuse

Article 1

Scope

This Regulation applies to inside information, means of public disclosure and the delay of public disclosure of inside information, and market manipulation or market abuse in connection with trading in financial instruments.

This Regulation also applies to multilateral trading facilities, cf. Article 34(a) of Act No. 34/1998 on activities of stock exchanges and regulated OTC markets, as subsequently amended.

Article 2

Inside information

“Inside information” shall mean sufficiently precise information which has not been made public, relating directly or indirectly to issuers of securities, the securities themselves or other aspects, and which would be likely to have a significant impact on the market price of the financial instruments if made public, cf. the first sentence of paragraph 1 of Article 57 of Act No. 33/2003 on securities transactions.

Information shall be deemed to be sufficiently precise if it indicates a set of circumstances which exists or may reasonably be expected to come into existence or an event which has occurred or may reasonably be expected to occur. However, the information must be sufficiently precise to enable a conclusion to be drawn as to the possible effect of that set of circumstances or event on the prices of financial instrument or related derivative financial instruments.

Inside information which, if it were made public, would be likely to have a significant effect on the prices of financial instrument or related derivative financial instruments is the kind of information that an informed investor would be likely to use as part of the basis of his investment decisions.

Article 3

Inside information in relation to client orders

"Inside information" shall also mean sufficiently precise information obtained by persons charged with the execution of transactions in relation to client orders which have not been executed, relating directly or indirectly to issuers of securities, the securities themselves or other aspects, and which would be likely to have a significant impact on the market price of the financial instruments, or related derivative financial instruments, if made public, cf. Article 57 of Act No. 33/2003 on securities transactions.

Article 4

Inside information in relation to derivatives on commodities

In relation to derivatives on commodities, "inside information" shall mean sufficiently precise information which has not been made public, relating directly or indirectly to one or more such derivatives, and which users of markets on which such derivatives are traded would expect to receive in accordance with accepted market practices on those markets.

For the purposes of paragraph 1, information disclosure in accordance with accepted market practices refers to information which is routinely made available to the users of the market or which is required to be disclosed in accordance with legal or regulatory provisions, market rules or contracts on the relevant commodity derivatives market or underlying commodity market.

Article 5

Means and time-limits for public disclosure of inside information

The issuers of financial instruments which have been admitted for public listing on a regulated securities market shall promptly make public any inside information which concerns the said issuers in a clear and accessible manner.

Issuers shall have a clear separation between the marketing of their activities and the provision of inside information to the public to prevent misleading disclosure of information.

Upon the coming into existence of a set of circumstances or the occurrence of an event, even if not yet formalised, issuers shall promptly comply with their disclosure obligation under paragraph 1 of Article 59 of Act No. 33/2003 on securities transactions. Any significant changes concerning already publicly disclosed inside information shall be publicly disclosed promptly through the same channel as the one used for public disclosure of the original information.

Issuers shall ensure that the disclosure of inside information is synchronised between all categories of investors in all EEA States in which those issuers have requested or approved the admission to trading of financial instruments on a regulated securities market.

When inside information has been publicly disclosed in accordance with Article 59 of Act No. 33/2003 on securities transactions, the issuer in question shall publish the inside information on its Internet website.

Article 6

Legitimate interests for delaying public disclosure and confidentiality

For the purposes of paragraph 3 of Article 59 of the Act on securities transactions, issuers' legitimate interests for delaying public disclosure may, among other things, relate to the following circumstances:

a) Negotiations in progress, or comparable circumstances, where the outcome or normal pattern of those negotiations could be affected by public disclosure. This applies in particular in the event that the financial viability of the issuer is in grave and imminent danger, without falling under the provisions of the applicable insolvency legislation. Under these circumstances, public disclosure of information may be delayed for a limited period. This authorisation applies where such a public disclosure would seriously jeopardise the interests of existing and potential shareholders by undermining the conclusion of specific negotiations designed to ensure the financial restructuring of the issuer.

b) Decisions taken or contracts made by certain managers of an issuer which, under the organisation of the issuer, require the approval of other managers of the issuer in order to become effective. The delay is subject to the condition that a public disclosure of the information before such approval together with the simultaneous announcement that this approval is still pending could jeopardise the accurate assessment of the information by the public.

Where an authorisation to delay public disclosure pursuant to Article 59 of the Act on securities transactions is exercised, an issuer shall control access to inside information and ensure that:

a) Arrangements are established to deny access to such information to persons other than employees who require it for the exercise of their functions within the issuer.

b) The necessary measures are taken by the issuer to ensure that any persons with access to such information are made aware of their legal and regulatory duties and the sanctions attaching to the misuse or circulation of such information.

c) Measures are in place which allow immediate public disclosure in case the issuer is not able to ensure the confidentiality of the relevant inside information, cf. paragraph 4 of Article 59 of the Act on securities transactions.

Article 7

Market manipulation

For the purposes of assessing whether particular behaviour constitutes market manipulation pursuant to paragraph 1 of Article 55 of the Act on securities transactions, the following instances shall be regarded as market manipulation:

a) Conduct by one or more persons to secure a dominant position over the supply or demand for a financial instrument which has the effect of fixing, directly or indirectly, purchase or sale prices or creating other unfair trading conditions.

b) The buying or selling of financial instruments at the close of market with the effect of misleading investors acting on the basis of closing prices.

c) Where a person takes advantage of occasional or regular access to traditional or electronic media to voice an opinion about a financial instrument or indirectly about its issuer. This applies if the person concerned has previously taken positions on that financial instrument and subsequently profited from the impact of the opinions voiced on the price of that instrument, without having simultaneously disclosed that conflict of interest to the public in a proper and effective way.

Article 8

Manipulative behaviour related to false or misleading signals and to price securing

For the purposes of assessing whether particular behaviour constitutes market manipulation pursuant to subparagraph (a) of item 1 of paragraph 1 of Article 55 of Act No. 33/2003 on securities transactions, the following factors shall, among other things, be taken into account:

a) The extent to which offers to trade or transactions undertaken represent a significant proportion of the daily volume of transactions in the relevant financial instrument on the regulated securities market concerned, in particular when these activities lead to a significant change in the price of the financial instrument.

b) The extent to which offers to trade or transactions undertaken by persons with a position in a financial instrument lead to significant changes in the price of the financial instrument or underlying securities admitted to trading on a regulated securities market.

c) Whether transactions lead to changes in the beneficial ownership of the relevant financial instrument admitted to trading on a regulated securities market.

d) The extent to which offers to trade or transactions undertaken include significant changes in the position of the relevant financial instrument in a short period and represent a substantial proportion of the daily volume of transactions in the relevant financial instrument on the regulated market concerned. Consideration shall also be given to whether the transactions in question might be associated with significant changes in the price of a financial instrument admitted to trading on a regulated market.

e) The extent to which offers to trade or transactions undertaken are concentrated within a short time span in the trading session and eventually lead to a price change.

f) The extent to which offers to trade change the representation of the best bid or offer prices in the relevant financial instrument admitted to trading on a regulated securities market. Account shall also be taken of whether the representation of the order book available to market participants, and are removed before orders to trade are executed.

g) The extent to which offers to trade are given or transactions are undertaken at or around a specific time when prices are calculated, e.g. in connection with market value and price formation, and lead to price changes which have an effect on such prices and valuations.

Article 9

Manipulative behaviour involving fictitious devices or any other form of deception or contrivance

For the purposes of assessing whether market manipulation involving fictitious devices or any other form of deception or contrivance pursuant to item 2 of paragraph 1 of Article 55 of the Act on securities transactions is being conducted, the following factors shall, among other things, be taken into account:

a) Whether offers to trade given or transactions undertaken by persons are preceded or followed by dissemination of false or misleading information by the same persons or persons linked to them.

b) Whether offers to trade are given or transactions are undertaken by persons before or after the same persons or persons linked to them produce or disseminate research or investment recommendations which are erroneous or biased or demonstrably influenced by material interest.

Article 10

Factors to be taken into account when considering accepted market practices

When assessing whether particular behaviour is consistent with accepted market practices, the Financial Supervisory Authority of Iceland shall, among other things, take the following factors into account:

a) The level of transparency of the relevant market practices to the whole securities market.

b) The need to safeguard the operation of market forces and the normal interplay of the forces of supply and demand.

c) The degree to which the relevant market practice has an impact on market liquidity and efficiency.

d) The degree to which the relevant practice takes into account the trading mechanism of the relevant securities market and enables market participants to react properly and in a timely manner to the new market situation created by that practice.

e) The risk inherent in the relevant practice for the integrity of, directly or indirectly, related securities markets, whether regulated or not, in the relevant financial instrument within the whole European Economic Area.

f) The outcome of any investigation of the relevant market practice by the Financial Supervisory Authority or any other competent authority, in particular whether the relevant market practice breached rules or regulations designed to prevent market abuse, or codes of conduct, be it on the securities market in question or on directly or indirectly related markets within the European Economic Area.

g) The structural characteristics of the relevant securities market, including whether it is regulated or not, the types of financial instruments traded and the type of market participants, including the extent of retail investor participation in the relevant market.

New or emerging market practices shall not be regarded as unacceptable by the Financial Supervisory Authority simply because they have not been previously accepted by it.

The Financial Supervisory Authority shall regularly review the market practices it has accepted, in particular taking into account significant changes to the market environment, such as changes to trading rules or the organisation of the securities market. [Furthermore, the Financial Supervisory Authority may define a particular behaviour as contrary to accepted market practices, taking into account financial stability and market conditions].*

* Regulation No. 887/2008 amending Regulation 630/2005 on insider information and market abuse, Art. 1.

Article 11

Consultation when accepting market practices

The Financial Supervisory Authority shall, as applicable, consult stakeholders such as representatives of issuers, financial undertakings and investors, before making a decision on whether to accept a particular market practice.

Moreover, the Financial Supervisory Authority shall, as applicable, consult the competent authorities of other countries, in particular where there exist comparable markets with regard to organisation, volume and type of transactions.

Article 12

Disclosure of decisions

The Financial Supervisory Authority shall publicly disclose its decision pursuant to Article 10. The decision shall state what type of behaviour in a securities market is regarded as an accepted market practice. The Financial Supervisory Authority's decision shall also be transmitted to the Committee of European Securities Regulators.

The disclosure shall include the premises of the Financial Supervisory Authority's decision to accept a market practice, in particular where the decision is not consistent with accepted market practices in other States within the European Economic Area.

When investigatory actions on specific cases have already started, the Financial Supervisory Authority may delay the consultation with stakeholders provided for in Article 11 until the end of such investigation and possible related sanctions.

A decision on what constitutes an accepted market practice which is made following the consultation procedures set out in Article 11 may not be changed by the Financial Supervisory Authority without using a similar consultation procedure.

Article 13

Notifications of suspicious transactions

Financial undertakings and their employees shall decide on a case-by-case basis whether a transaction involving suspected insider dealing or market manipulation should be notified to the Financial Supervisory Authority pursuant to paragraph 3 of Article 55 or paragraph 2 of Article 61 of Act No. 33/2003 on securities transactions, taking into account the elements constituting insider dealing and market manipulation according to this Regulation and the Act on securities transactions.

Article 14

Content of notification

Persons who notify a suspicion of insider dealing or market manipulation pursuant to paragraph 3 of Article 55 or paragraph 2 of Article 61 of Act No. 33/2003 on securities transactions to the Financial Supervisory Authority, shall transmit to the Authority the following information:

a) A description of the transactions, including the type of order, such as limit order, market order or other type of order, and the type of trading market.

b) The reasons for suspicion that the transactions might constitute market abuse.

c) Identification of the persons on behalf of whom the transactions are carried out, and of other persons involved in the relevant transactions.

d) the capacity in which the person subject to the notification obligation operates, such as for own account or on behalf of third parties,

e) Any information which in their opinion may have significance in reviewing the transactions.

Where the above information is not available at the time of notification, the notification shall include at least the reasons why the notifying persons suspect that the transactions might constitute insider dealing or market manipulation.

All other information shall be provided to the Financial Supervisory Authority as soon as it becomes available.

Article 15

Entry into force, etc.

This Regulation is adopted in accordance with the decisions of the joint EEA Committee to incorporate into the EEA Agreement and to transpose into national law the provisions of the following Directives and

Regulation: Directive No. 2003/6/EC of the European Parliament and of the Council on insider dealing and market manipulation (market abuse), Commission Directive No. 2003/124/EC as regards the definition and public disclosure of inside information and the definition of market manipulation, Commission Directive No. 2003/125/EC as regards the fair representation of investment recommendations and the disclosure of conflicts of interest, Commission Directive No. 2004/72/EC as regards accepted market practices, the definition of inside information in relation to derivatives on commodities, the drawing up of lists of insiders, the notification of managers' transactions and the notification of suspicious transaction, Commission Regulation No. 2273/2003/EC as regards exemptions for buy-back programmes and stabilisation of financial instruments.

This Regulation is issued on the basis of Article 73 of Act No. 33/2003 on securities transactions, as amended, and shall take effect immediately.

The Ministry of Business Affairs, 1 July 2005.

Valgerður Sverrisdóttir.

Kristján Skarphéðinsson.

ANNEX

Trading in own shares in buy-back programmes and stabilisation of financial instruments

CHAPTER I

Subject matter

Article 1

This Annex lays down the conditions to be met by buy-back programmes and the stabilisation of financial instruments in order to benefit from the exemption provided for in item 1 of paragraph 2 of Article 53 and paragraph 2 of Article 56 of Act No. 33/2003 on securities transactions.

Article 2

Definitions

For the purposes of this Annex, the following definitions shall apply in addition to those laid down in Act No. 33/2003 on securities transactions:

1. Securities company: A financial undertaking licensed to carry out securities transactions under Act No. 161/2002 on financial undertakings.

2. Credit institution: A financial undertaking licensed under Act No. 161/2002 financial undertakings.

3. Buy-back programme: Trading in own shares in accordance with Section VIII of Act No. 2/1995 respecting public limited companies.

4. Time-scheduled buy-back programme: A buy-back programme where the dates and quantities of securities to be traded during the time period of the programme are set out at the time of the public disclosure of the buy-back programme.

5. Adequate public disclosure: Disclosure made in accordance with the procedure laid down in Act No. 33/2003 on securities transactions.

6. Relevant securities: Transferable securities as defined in subparagraph (a) of item 2 of Article 2 of Act No. 33/2003 on securities transactions.

7. Stabilisation: Any purchase or offer to purchase relevant securities, or any transaction in associated instruments equivalent thereto, by securities companies or credit institutions, which is undertaken in the context of a significant distribution of such relevant securities. The purpose of stabilisation is to support the market price of relevant securities for a predetermined period of time, due to a selling pressure on such securities.

8. Associated instruments: The following financial instruments, including those which have not been admitted to trading on a regulated securities market or for which a request for admission to trading on such a market has not been made, provided that the Financial Supervisory Authority's instructions regarding transparency in connection with transactions in such financial instruments have been complied with:

a) Contracts or rights to subscribe for, acquire or dispose of relevant securities.

b) Financial derivatives on relevant securities.

c) Where the relevant securities are convertible or exchangeable debt instruments, the securities into which such convertible or exchangeable debt instruments may be converted or exchanged.

d) Instruments which are issued or guaranteed by the issuer or guarantor of the relevant securities and whose market price is likely to influence the price of the relevant securities, or vice versa.

e) Where the relevant securities are securities equivalent to shares, the shares represented by those securities, and any other securities equivalent to those shares.

9. Significant distribution: An initial or secondary offer of relevant securities, publicly announced and distinct from ordinary trading, both in terms of the amount in value of the securities offered and the selling methods employed.

10. Offeror: The prior holders or issuers of the relevant securities.

11. Allotment: The process by which the number of relevant securities to be received by investors who have previously subscribed or applied for them is determined.

12. Ancillary stabilisation: The exercise of an overallotment facility or of a greenshoe option by securities companies or credit institutions, in the context of a significant distribution of relevant securities, for facilitating stabilisation activity.

13. Overallotment facility: A clause in an underwriting agreement or lead management agreement which permits acceptance of subscriptions or offers to purchase a greater number of relevant securities than originally offered.

14. Greenshoe option: An option granted by an offeror in favour of the securities companies or credit institutions involved in the offer for the purpose of covering overallotments, under the terms of which such companies or institutions may purchase up to a certain amount of relevant securities at the offer price for a certain period of time after the offer of the relevant securities.

CHAPTER II

Buy-back programmes

Article 3

Objectives of buy-back programmes

In order to benefit from the exemption provided for in item 1 of paragraph 2 of Article 53 and paragraph 2 of Article 56 of Act No. 33/2003 on securities transactions, a buy-back programme must comply with the provisions of Articles 4, 5 and 6 of this Annex and the sole purpose of that buy-back programme must be to reduce the share capital of an issuer (in value or in number of shares) or to meet obligations arising from any of the following:

a) Debt financial instruments exchangeable into shares.

b) Employee share option programmes or other allocations of shares to employees of the issuer or of an associate company.

Article 4

Conditions for buy-back programmes and disclosure

The buy-back programme must comply with the conditions laid down in Chapter VIII of Act No. 2/1995 respecting public limited companies.

Prior to the start of trading, full details of the programme approved in accordance with Chapter VIII of Act No. 2/1995 respecting public limited companies must be disclosed to the public.

Those details must include the objective of the programme as referred to in Article 3, the maximum consideration, the maximum number of shares to be acquired and the duration of the period for which authorisation for the programme has been given.

Subsequent changes to the programme must be subject to adequate public disclosure in EEA States.

The issuer must have in place the mechanisms ensuring that it fulfils trade reporting obligations to the competent authority of the regulated securities market on which the shares have been admitted to trading. These mechanisms must record each transaction related to buy-back programmes, including the information specified in Chapter VII of Act No. 34/1998 on the activities of stock exchanges and regulated OTC markets.

The issuer must publicly disclose details of all transactions as referred to in paragraph 3 no later than the end of the seventh business day following the date of execution of such transactions.

Article 5

Conditions for trading

As far as prices are concerned, the issuer must not, when executing trades under a buy back programme, purchase shares at a price higher than the higher of the price of the last independent trade and the highest current independent bid on the trading venues where the purchase is carried out.

If the trading venue is not a regulated securities market, the price of the last independent trade or the highest current independent bid taken in reference shall be the one of the regulated securities market of the EEA State in which the purchase is carried out.

Where the issuer carries out the purchase of own shares through derivative financial instruments, the exercise price of those derivative financial instruments shall not be above the higher of the price of the last independent trade and the highest current independent bid.

As far as volume is concerned, the issuer must not purchase more than 25% of the average daily volume of the shares in any one day on the regulated securities market on which the purchase is carried out.

The average daily volume figure must be based on the average daily volume traded in the month preceding the month of public disclosure of that programme and fixed on that basis for the authorised period of the programme.

Where the programme makes no reference to that volume, the average daily volume figure must be based on the average daily volume traded in the 20 trading days preceding the date of purchase.

For the purposes of paragraph 2, in cases of extreme low liquidity on the relevant market, the issuer may exceed the 25% limit, provided that the following conditions are met:

a) The issuer informs the competent authority of the relevant market, in advance, of its intention to deviate from the 25% limit.

b) The issuer discloses adequately to the public the fact that he may deviate from the 25% limit.

c) The issuer does not exceed 50% of the average daily volume.

Article 6

Restrictions

In order to benefit from the exemption provided by item 1 of paragraph 2 of Article 53 and paragraph 2 of Article 56 of Act No. 33/2003 on securities transactions, the issuer shall not, during participation in a buy-back programme, engage in the following trading:

a) Selling of own shares during the life of the programme.

b) Trading during a period which, under the law of the EEA State in which trading takes place, is a closed period.

c) Trading where the issuer has decided to delay the public disclosure of inside information in accordance with paragraph 3 of Article 59 of Act No. 33/2003 on securities transactions.

Subparagraph (a) of paragraph 1 shall not apply if the issuer is a securities company or credit institution and has established measures to prevent conflicts of interest by having in place a clear separation between individual business units (Chinese Walls) subject to supervision by the Financial Supervisory Authority. Chinese Walls are

to be put in place between the units responsible for the handling of inside information related directly or indirectly to the issuer and those responsible for any decision relating to the trading of own shares, including the trading of own shares on behalf of clients, when trading in own shares on the basis of such decision.

Subparagraphs (b) and (c) of paragraph 1 shall not apply if the issuer is a securities company or credit institution and has established measures to prevent conflicts of interest by having in place a clear separation between individual business units (Chinese Walls) subject to supervision by the Financial Supervisory Authority.This refers to a separation between the units responsible for the handling of inside information related directly or indirectly to the issuer (including trading decisions under the buy-back programme) and those responsible for the trading of own shares on behalf of clients, when trading in own shares on behalf of those clients.

The provisions of paragraph 1 shall not apply if:

a) the issuer has in place a time-scheduled buy-back programme; or

b) the buy-back programme is lead-managed by a securities company or a credit institution which makes its trading decisions in relation to the issuer's shares independently of, and without influence by, the issuer with regard to the timing of the purchases.

CHAPTER III

Stabilisation of financial instruments

Article 7

Conditions for stabilisation

In order to benefit from the exemption provided for in item 1 of paragraph 2 of Article 53 and paragraph 2 of Article 56 of Act No. 33/2003 on securities transactions, stabilisation of financial instruments must be carried out in accordance with Articles 8, 9 and 10 of this Annex.

Article 8

Time-related conditions for stabilisation

Stabilisation shall be carried out only for a limited time period.

In respect of shares and other securities equivalent to shares, the time period referred to in paragraph 1 shall, in the case of an initial offer publicly announced, start on the date of commencement of trading of the relevant securities on the regulated securities market and end no later than 30 calendar days thereafter.

Where the initial offer publicly announced takes place in a EEA State that permits trading prior to the commencement of trading on a regulated market, the time period referred to in paragraph 1 shall start on the date of adequate public disclosure of the final price of the relevant securities and end no later than 30 calendar days thereafter, provided that any such trading is carried out in compliance with the rules, if any, of the regulated market on which the relevant securities are to be admitted to trading, including any rules concerning public disclosure and trade reporting.

In respect of shares and other securities equivalent to shares, the time period referred to in paragraph 1 shall, in the case of a secondary offer, start on the date of adequate public disclosure of the final price of the relevant securities and end no later than 30 calendar days after the date of allotment.

In respect of bonds and other forms of securitised debt, which are not convertible or exchangeable into shares or into other securities equivalent to shares, the time period referred to in paragraph 1 shall start on the date of public disclosure of the terms of the offer of the relevant securities, i.e. including the deviation from the established benchmark, if any, and end, whatever is earlier, either no later than 30 calendar days after the date on which the issuer of the instruments received the proceeds of the issue, or no later than 60 calendar days after the date of allotment of subscriptions to the relevant securities.

In respect of securitised debt instruments convertible or exchangeable into shares or into other securities equivalent to shares, the time period referred to in paragraph 1 shall start on the date of public disclosure of the terms of the offer of the relevant securities and end, whatever is earlier, either no later than 30 calendar days after the date on which the issuer of the instruments received the proceeds of the issue, or no later than 60 calendar days after the date of allotment of subscriptions to the relevant securities.

Article 9

Disclosure and reporting conditions for stabilisation

The following information shall be adequately publicly disclosed by issuers, offerors, entities undertaking the stabilisation or entities acting on behalf of such persons, before the opening of the offer period of the relevant securities:

a) The fact that stabilisation may be undertaken, that there is no assurance that it will be undertaken and that it may be stopped at some point in time.

b) The fact that stabilisation transactions are aimed to support the market price of the relevant securities.

c) The period during which stabilisation may occur.

d) The identity of the stabilisation manager, unless this is not known at the time of publication in which case it must be publicly disclosed before any stabilisation activity begins.

e) The existence and maximum size of any overallotment facility or greenshoe option, the exercise period of the maximum option and any conditions for the use of the overallotment facility or exercise of the greenshoe option.

The provisions of paragraph 1 shall not apply to offers made on the basis Chapter IV of the Act on securities transactions as of 1 January 2006.

Issuers, offerors or entities undertaking the stabilisation shall notify the Financial Supervisory Authority of any stabilisation transactions no later than the end of the seventh daily market session following the date of execution of such transactions.

Within one week of the end of the stabilisation period, the following information must be adequately disclosed to the public by issuers, offerors, entities undertaking the stabilisation or entities acting on behalf of such persons:

a) Whether or not stabilisation was undertaken.

b) The date at which stabilisation started.

c) The date at which stabilisation last occurred.

d) The price range within which stabilisation was carried out, for each of the dates during which stabilisation transactions were carried out.

Issuers, offerors, entities undertaking the stabilisation or entities acting on behalf of such persons, must record each stabilisation order or transaction with, as a minimum, the information specified in Chapter VII of Act No. 34/1998 on the activities of stock exchanges and regulated OTC markets, extended to financial instruments other than those admitted to the regulated securities market.

Where more than one securities company undertakes the stabilisation, whether or not acting on behalf of the issuer or offeror, one of those companies shall act as a contact for the Financial Supervisory Authority.

Article 10

Specific price conditions

In the case of an offer of shares or other securities equivalent to shares, stabilisation of the relevant securities shall not in any circumstances be executed above the offering price.

In the case of an offer of securitised debt instruments convertible or exchangeable into instruments as referred to in paragraph 1, stabilisation of those instruments shall not in any circumstances be executed above the market price of those instruments at the time of the public disclosure of the final terms of the new offer.

Article 11

Conditions for ancillary stabilisation

In order to benefit from the exemption provided for in item 1 of paragraph 2 of Article 53 and paragraph 2 of Article 56 of Act No. 33/2003 on securities transactions, ancillary stabilisation must be undertaken in accordance with Article 9 of this Annex and with the following conditions:

a) Relevant securities may be overallotted only during the subscription period and at the offer price.

b) A position resulting from the exercise of an overallotment facility by a securities company which is not covered by the overallotment facility or greenshoe option may not exceed 5% of the original offer.

c) The overallotment facility or the greenshoe option may be exercised by the beneficiaries of such facilities or options only where relevant securities have been overallotted.

d) The overallotment facility or the greenshoe option may not amount to more than 15% of the original offer.

e) The exercise period of the overallotment facility or greenshoe option must be the same as the stabilisation period required under Article 8.

f) The exercise of the overallotment facility or greenshoe option must be disclosed to the public promptly, together with all appropriate details, including in particular the date of exercise and the number and nature of relevant securities involved.

Amendments:
887/2008 - Regulation amending Regulation No. 630/2005 on inside information and market abuse.