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10 trading guidelines for insiders

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The Financial Supervision Authority (FIN-FSA) has drafted trading guidelines for insiders to meet the market's wishes for further instructions on insider issues. According to feedback received, the market welcomes the issuance of these guidelines, as they are seen as combining important concerns that insiders need to consider in their trading. The guidelines are perceived as steering insiders into adopting a good code of conduct.

## 10 Trading guidelines for insiders

The FIN-FSA proposes 10 advisable guidelines that help insiders avoid suspected abuse of inside information in their own trading activities. These guidelines incorporate a list of approaches rather than binding rules for action.

### 1. Seek to make long-term investments.

If possible, buy shares at the start of your employment provided that you do not, at that time, possess inside information related to your company or its securities. Otherwise, you may use trading plans for your acquisitions. You may also anticipate your potential needs for sales and issue a trading plan for sales. Avoid active trading.

### 2. You may use trading plans. (See model plan at the end of the text).

You may issue an explicit trading plan in writing, with as detailed terms and conditions as possible for the volume of securities purchased or sold, their prices and trading times or the grounds on which they are determined. Remember, however, that you must not have inside information when issuing such a plan; alternatively, the plan, under its terms and conditions, must not be executed prior to disclosure or expiration of such inside information.

The trading plan should be documented in a reliable manner, eg by providing a copy of the plan to

the person in charge of insider issues at the company or having it recorded in the minutes of a board meeting. If you are in possession of inside information, do not amend the terms and conditions of the plan or give further instructions to securities intermediaries for post-execution of the plan. If you have inside information, avoid interrupting or ending the execution of the plan (see item 9). You may, however, interrupt or end the execution of the plan provided that it takes place in accordance with the terms and conditions pre-attached to the plan (eg share price ceiling as a condition for execution).

The company may also publish the existence of trading plans on its website, for instance. In doing so, no unfounded suspicions concerning abuse of inside information are provided to the public in respect of trades that have been executed during the time when the insider may have had access to inside information.

### 3. If you or persons closely associated with you have discretionary portfolio management agreements based on full powers of attorney, consider the need to exclude the securities of your own company and related derivatives from the agreements.

To avoid unfounded suspicions of abuse of inside information, it is advisable that your portfolio manager does not trade with the securities of a



company to whose permanent insiders you belong. The same applies to person closely associated with you.

**4. Ensure that you execute trades at a time other than the closed period defined by your company.**

It is advisable to inform persons closely associated with you of such closed periods. However, never disclose any inside information that you may have to them.

**5. Time your trading to take place after results publication.**

Avoid, however, the execution of trades immediately after the financial result disclosure (eg on the day of publication) in order to also enable other investors to assess the importance of new information. Also ensure at that time that you are not registered on project-specific insider registers or that you do not otherwise possess inside information.

**6. If you are one of your company's insiders, you may ensure from the person in charge of insider issues at the company there are no insider barriers to your trading. However, consider also yourself whether you have inside information, as the responsibility lies with you.**

Remember that the person in charge of insider issues at your company does not necessarily know all projects or other information of which you are aware. You may have inside information even though you do not belong to a project-specific register, or in a situation where such registers have not yet been drawn up.

**7. Irrespective of inside information, insiders may receive stock options related to incentive schemes and subsequently subscribe for shares. The same applies to receipt of shares as bonuses.**

**8. If you have inside information, do not sell or buy stock options (see item 9).**

This prohibition will also apply to sale and subscription arrangements if you have negative inside information. In these arrangements, a person sells part of his/her holdings of stock options to finance share subscriptions. You may, however, execute a sale and subscription arrangement if the inside information you have is clearly positive or if you have previously issued a trading plan on the arrangement at a time when you did not yet have inside information.

**9. Purchase of securities (regardless of a trading plan) will be allowed if it is objectively justified to assume that the inside information you have is clearly negative for the value of the security. Similarly, sale of securities will be allowed if it is objectively justified to assume that the inside information you have is clearly positive for the value of the security.**

Such information may, by definition, be inside information, but the conditions for abuse of inside information and intention of obtaining benefit are not fulfilled in this case. Remember, however, that the markets may react to inside information that you have and that will be disclosed at a later point of time in a manner other than you and your company, for example, assess the information on the basis of your possibly deeper knowledge of matters. Seize this opportunity only as an exceptional measure and only when you are sufficiently sure of the effect of the information on the price of the security.

**10. Purchase, sale and subscription of securities will be allowed if you know that the other party to the deal has the same inside information as you have.**

Remember, however, that you cannot disclose the inside information you have to the other party to the deal, without a justified reason.



### Trading plan (example)

I undertake to buy shares in Company X after publication of the Company's next two interim reports. Securities intermediary Y will execute the purchases during two weeks following publication of the interim reports so that, after publication of each interim report, a total of 500 shares are purchased, at a price not exceeding EUR x per share.

At the time of signing the trading plan, I possess inside information only on project Z. After disclosure or expiration of the project, this plan will be entrusted to securities intermediary Y for execu-

tion under the terms and conditions of the plan. No later changes will be made to the plan terms and conditions, and the securities intermediary will execute the plan independently.

A copy of this trading plan has been submitted to the person in charge of insider issues at the company.

Signature and date

