

Market Newsletter 1/2024

Review of market supervision for 2023 and priorities for 2024

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1 Introduction

In this article, we outline the main features of market supervision in 2023, what we focused on in prospectus and takeover bid supervision, disclosure obligation supervision and monitoring of securities market trading, and what we will focus on in these areas of supervision in 2024. In the article, we also highlight issues that we hope market participants will pay attention to in order for us to carry out our supervisory role as efficiently and smoothly as possible. The article does not cover supervision of IFRS and sustainability reporting, which were covered in market newsletters in the latter part of 2023¹.

2 2023 in the light of statistics published by the FIN-FSA

During 2023, the Financial Supervisory Authority (FIN-FSA) made eight requests for police investigation, most of which related to the misuse of inside information, market manipulation and listed companies' disclosure obligation. The FIN-FSA imposed two administrative sanctions in 2023.

Table 1. FIN-FSA's requests for police investigation and administrative sanctions in 2013–2023

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Request for police investigation	4	3	5	2	6	5	2	6	8	5	8
Public reprimand*	-	-	2	-	-	-	-	-	-	-	-
Public warning	2	2	-	2	5	3	1	1	1	2	1
Administrative fine	6	2	19	2	3	-	-	1	-	2	1
Penalty payment	-	1	-	3	4	3	5	2	2	3	-

* From 1 January 2013, the FIN-FSA has been unable to issue a public reprimand for an infringement occurring after this date.

Source: Financial Supervisory Authority.

¹ [Market Newsletter 3/2023](#) (e.g. [common enforcement priorities in 2024](#)) and [Market Newsletter 4/2023](#).

The table below shows the supervision cases processed by the FIN-FSA related to securities market trading and the disclosure obligation. The table covers the cases whose investigation the FIN-FSA has, for its part, completed in the year in question. The statistics are published [on the FIN-FSA's website](#) twice a year.

Table 2. Supervision cases related to securities market trading and the disclosure requirement processed by the FIN-FSA in 2013–2023

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total number of cases	100	83	127	104	95	108	150	155	115	127	191
Abuse of inside information	47	36	57	48	58	71	83	105	65	88	145
Market manipulation	28	23	40	31	24	23	50	39	41	21	31
Disclosure obligation: periodic, ongoing, delayed disclosure, disclosure of major holdings, takeover bid, and primary markets	17	18	24	23	12	12	15	9	6	13	11
Other	8	6	6	2	1	2	2	2	3	5	4

Source: Financial Supervisory Authority.

Investigations may lead to, among other things, a request for police investigation, the imposition of an administrative sanction, cooperation with the stock exchange's market surveillance or, for example, a request for judicial assistance to another supervisor. The majority of supervision cases, however, are those where, based on an investigation, there is no cause for further action.

We are often asked whether we are investigating a particular event, for example an event that has attracted publicity in the securities markets. We do not comment publicly in such cases, because commenting on our investigations could jeopardise the realisation of supervision or its purpose, and could prejudice the performance of a pre-trial investigation in cases where a matter might be referred to the police. Cases concerning requests for police investigation become public when they are heard for the first time by a court.

During last year, we have received numerous requests for information and have provided to the requesting party documentation related to the requests for information insofar as it is public. We process requests for information in accordance with the Act on the Openness of Government Activities. Our work is made easier and our processing is significantly accelerated where requests for information are clearly defined and targeted. Although it is not necessary to explain the purpose of the request for information, opening up the perspective often helps us to understand the requesting party's needs, which also avoids unnecessary work and speeds up processing.

3 Prospectuses and takeover bids

In a FIN-FSA prospectus review, we scrutinise and approve the prospectus related to the offering and listing of securities. Our takeover bid team scrutinises and approves offer documents related to public takeover bids and, among other things, makes interpretations in matters concerning takeover bid regulation. Our supervision is mainly related to supervision of compliance with the Securities Markets Act and the Prospectus Regulation. We do not, however, have the power to supervise compliance with the provisions of the Limited Liability Companies Act, nor do we supervise, for example, corporate law procedures on share issuances, nor issues related to dividend payment or other decision-making under the Limited Liability Companies Act.

Number of prospectus and takeover bid cases processed in 2023

In 2023, we scrutinised a total of 29 prospectuses and 32 prospectus supplements. We particularly discussed with the authors of the prospectuses the requirements for the disclosure of financial information. We scrutinised seven takeover bid offer documents, and a total of 30 supplements related to them. In connection with four takeover bids, of which some were consortium bids, we paid particular attention to the assessment of equivalent treatment.

Figure 1. Number of prospectuses and takeover bids in 2023



Source: Financial Supervisory Authority.

Prospectus review priorities in 2024

As part of our scrutiny of prospectuses, we will continue to pay particular attention to prospectuses' justifications for the adequacy of working capital. The justifications must be carefully prepared, and consistent with the content of the prospectus.

We will assess the disclosure of sustainability information in prospectuses in accordance with ESMA guidance². The guidance contains detailed requirements, particularly for prospectuses concerning 'use of proceeds' bonds or 'sustainability-linked' bonds. For more details, see Market Newsletter 3/2023³.

² [Statement on the sustainability disclosure in prospectuses](#)

³ [Sustainability matters in prospectuses - Market Newsletter 3/2023 – 24.11.2023 - www.finanssivalvonta.fi](#)

In 2024, the comprehensibility of prospectuses is one of the priority areas defined by ESMA. In addition to the comprehensibility of prospectuses, we will also pay attention to the comprehensibility of supplements to prospectuses. Supplements must clearly indicate what supplementary information has been added to the prospectus. In order for the scrutiny and approval of supplements within five working days to take place smoothly, a careful assessment should be made already at the preparation stage of supplements as to which sections of the prospectus are to be affected by the supplemented information.

We will continue to try to scrutinise and approve prospectuses within 10 working days (IPO prospectuses within 20 working days) if there are no further comments on the draft prospectus at the end of this period. If necessary, a new scrutiny period of ten working days is calculated for the delivery of a new draft prospectus in accordance with the Prospectus Regulation. We ask entities to inform us in advance of all prospectus applications (e.g. type of prospectus and preliminary schedule), even if there are no specific questions related to the prospectus. In order to enhance our scrutiny of prospectuses, we will continue to develop and utilise an artificial intelligence tool.

We will monitor the progress of prospectus-related regulatory reforms (e.g. the Listing Act and the EU Green Bond Regulation) and will seek to report on upcoming changes and their potential impact on prospectus scrutiny in a Market Newsletter, once the content and impact assessment of the new regulations are confirmed.

It is the intention to repeal FIN-FSA Regulations and guidelines *Securities offerings and listings* in spring 2024. Up-to-date guidance will be added at the same time to the [Offering securities and prospectuses](#) section of the FIN-FSA website.

We will also participate in ESMA's upcoming follow-up evaluation of supervisors' prospectus scrutiny process, which relates to the peer review report published by ESMA in 2022⁴.

Observations on takeover bids

In recent years, most of the interpretation issues referred to the FIN-FSA with regard to takeover bids have concerned equivalent treatment. Equivalent treatment is one of the key principles to be followed in a public takeover bid. When approving an offer document, we pay particular attention to the terms of the offer, the equivalent treatment of security holders, and whether the offer consideration meets the requirements of the Securities Markets Act.

The FIN-FSA should be contacted in good time if it is planned to make a takeover bid as a consortium bid or if there may be interpretation issues regarding equivalent treatment connected with the bid. The duration of the processing of interpretation issues will be impacted by the structure and complexity of the issues and the underlying arrangements as well as how clearly the arrangement is described, and whether the FIN-FSA needs further clarification in the matter. We emphasise that the descriptions of the arrangement in the offer documents must correspond and be consistent with how the matter has been presented to the FIN-FSA in connection with interpretation issues.

When scrutinising offer documents, we aim to pay attention to the comprehensibility and clarity of supplements to offer documents, so that the points being supplemented are clearly evident in the supplement documents.

⁴ [Peer review of the scrutiny and approval procedures of prospectuses by competent authorities](#)

Changes to takeover bid regulations are also on the way. Amendments have been proposed to the Securities Market Act (HE 3/2024 vp) that would also extend the obligation to launch a bid, the code of conduct provisions to be followed in public takeover bids, and the flagging obligation to apply to the multilateral trading facility (First North companies). In practice, this means that, through the amendments, the offer documents and their supplements for takeover bids made for FN companies would also come to the FIN-FSA for approval, and if the holding of a shareholder of an FN company exceeds limit of the obligation to launch a bid, they would be obliged to launch a bid. The shareholders of FN companies would have to submit a flagging notification to the target company and the FIN-FSA when an ownership or voting share would exceed, fall below or reach the flagging threshold, and the target company would have to publish the flagging notification it has received. It is also the intention to amend the definition of persons acting in concert of chapter 11, section 5 of the Securities Market Act so that the definition of persons acting in concert would not lead to inappropriate situations in relation to other financial market legislation that have been identified in market practice. The amendments will also result in changes to FIN-FSA Regulations and guidelines *Takeover bid and the obligation to launch a bid*.

4 Supervision of disclosure obligation

Our aim in the supervision of listed companies' disclosure obligations is to ensure that investors have access to adequate information for making an informed assessment of listed companies and their securities. Reliability, transparency, timeliness and fairness of investor information are central to this.

Supervision in 2023 and priorities for 2024

During 2022, we launched a new concept regarding inspections directed at listed companies. The aim of a listed company inspection is to assess what capabilities and processes the company has in order to handle the obligation to disclose inside information laid down in the Market Abuse Regulation, as well as what capabilities and processes the company has in managing inside information, for example for delaying the disclosure of inside information and preparing and maintaining insider lists. Our intention is to continue these inspections in the future.

Recently, supervision has focused particularly on companies' future outlook and the timely publication of changes in future outlook. We have paid further attention to the definition of inside information and the timeliness of delaying the disclosure of inside information and the establishment of insider lists. From the beginning of 2024, notifications with regard to the delaying of the disclosure of inside information have been reported to the FIN-FSA through the e-services system.

At the end of last year, we published in the Market Newsletter an [article](#) on issuers' contact with analysts. There has been public discussion about cases where, for example, a significant reaction in the share price has occurred in connection with a phone call made to analysts. With this article, the FIN-FSA wished to highlight good practices by which issuers may endeavour to ensure that their communication with analysts is in accordance with regulations and that no suspicions of illegal disclosure arise. We also had an active discussion on the subject with representatives of the Finnish IR Association.

We gave feedback to listed companies on ESEF reporting. Feedback was particularly directed at those companies about whose reporting the same findings were made as in the previous year. The FIN-FSA required that the findings be discussed by the company's board of directors and that the FIN-FSA be informed of the company's corrective measures.

In 2024, we will continue our supervision on broadly the same themes as in 2023. The FIN-FSA will also continue to work closely with the Helsinki Stock Exchange's Market Surveillance, which oversees listed companies' disclosure of information from the perspective of compliance with stock exchange rules.

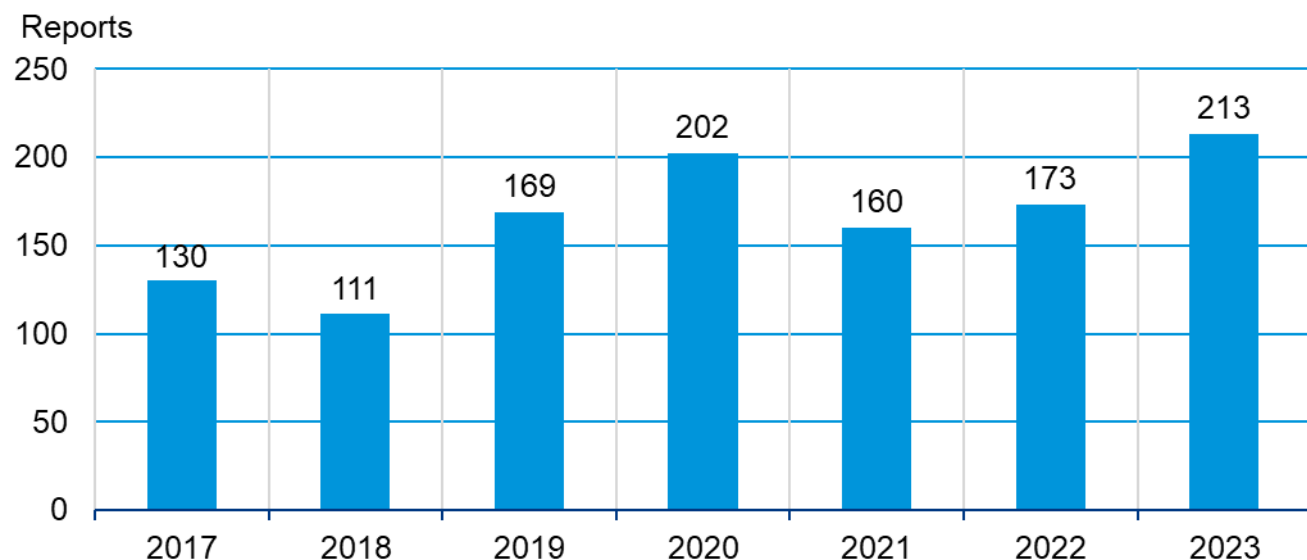
5 Monitoring of securities market trading

A requirement for the functioning of the securities markets is that investors have confidence in the markets and market participants. Market abuses, such as misuse of inside information and market manipulation, erode this confidence and are therefore prohibited by the Market Abuse Regulation (MAR). Our market surveillance team investigates suspicious transactions and possible abuses in the securities markets.

Supervision in 2023 and priorities for 2024

Monitoring of securities market trading is performed by many participants. In addition to the FIN-FSA, key actors include market operators such as stock exchanges as well as banks and investment firms that participate in receiving, transmitting or executing orders involving financial instruments. Under MAR, these actors are obliged to submit to the FIN-FSA a suspicious transaction and order report (STOR) without delay for transactions and orders that may involve insider trading and market manipulation or attempts to do so⁵. In 2023, we received 213 STOR reports, which is slightly more than in previous years (see Figure 2). Two-thirds of the STOR reports came from Finnish entities and one-third from foreign entities, forwarded to the FIN-FSA by other national securities market supervisors.

Figure 2. STOR reports submitted to the FIN-FSA in 2017–2023



Source: Financial Supervisory Authority.

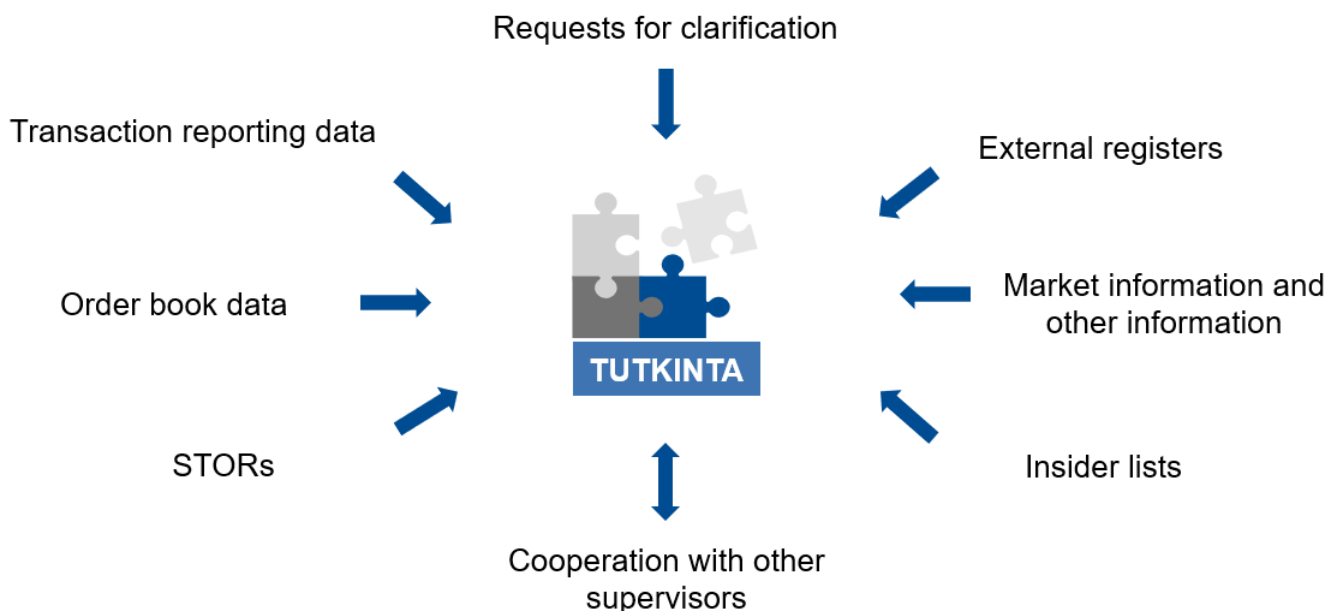
In addition to STOR reports, any market participant, for example a retail investor, has the opportunity to submit reports of suspected infringement (so-called *whistleblowing* system) or informal market observations to the FIN-FSA⁶. In 2023, we received a total of 18 such observations or suspicions with regard to insider trading, market manipulation or managers' transactions.

⁵ [Reporting obligation concerning the prevention and detection of market abuse - Issuers and investors - www.finanssivalvonta.fi](http://www.finanssivalvonta.fi)

⁶ [Report of suspected infringement - About us - www.finanssivalvonta.fi](http://www.finanssivalvonta.fi)

In addition to investigating reports of potential market abuse submitted to us by market participants, we screen and analyse such incidents using our own supervisory systems and procedures. In a more detailed investigation, we make use, in particular, of transaction reporting data⁷ and other detailed supervisory material and, if necessary, obtain additional information to clarify the issue or suspicion (see Figure 3). At the end of last year, the FIN-FSA organised an event for financial journalists where we made a presentation on market abuse monitoring as one of the topics ([presentation material](#) - in Finnish).

Figure 3. An investigation of market abuse combines and analyses data from different data sources



Source: Financial Supervisory Authority.

In 2023, the FIN-FSA investigated nearly 200 supervision cases related to securities market trading and disclosure obligations, which is 50% more than in the previous year. Most of the cases investigated concerned trading and, in particular, suspected misuse of inside information. The increase in the number of cases investigated is due to, among other things, the development of the FIN-FSA's supervisory processes and methods, particularly in the investigation of misuse of inside information.

In monitoring of securities market trading, we have observed more delays than in the past in the reporting of managers' transactions⁸. Reports are an important source of investor information, and the obligations and restrictions on trading by managers are intended to promote confidence in the market. In early 2024, the FIN-FSA imposed a penalty payment on a former board member of a listed company for trading during a closed period⁹.

In supervision of market manipulation, in 2023 we focused particularly on wash trades and trading in which the price of a financial instrument is repeatedly influenced by small trades. We wrote about wash trades, for example in the Market Newsletter, in order to draw the attention of traders to the types of transactions that may be wash trades and therefore prohibited market manipulation¹⁰. In addition, we

⁷ [Reporting - Transaction reporting - www.finanssivalvonta.fi](http://www.finanssivalvonta.fi)

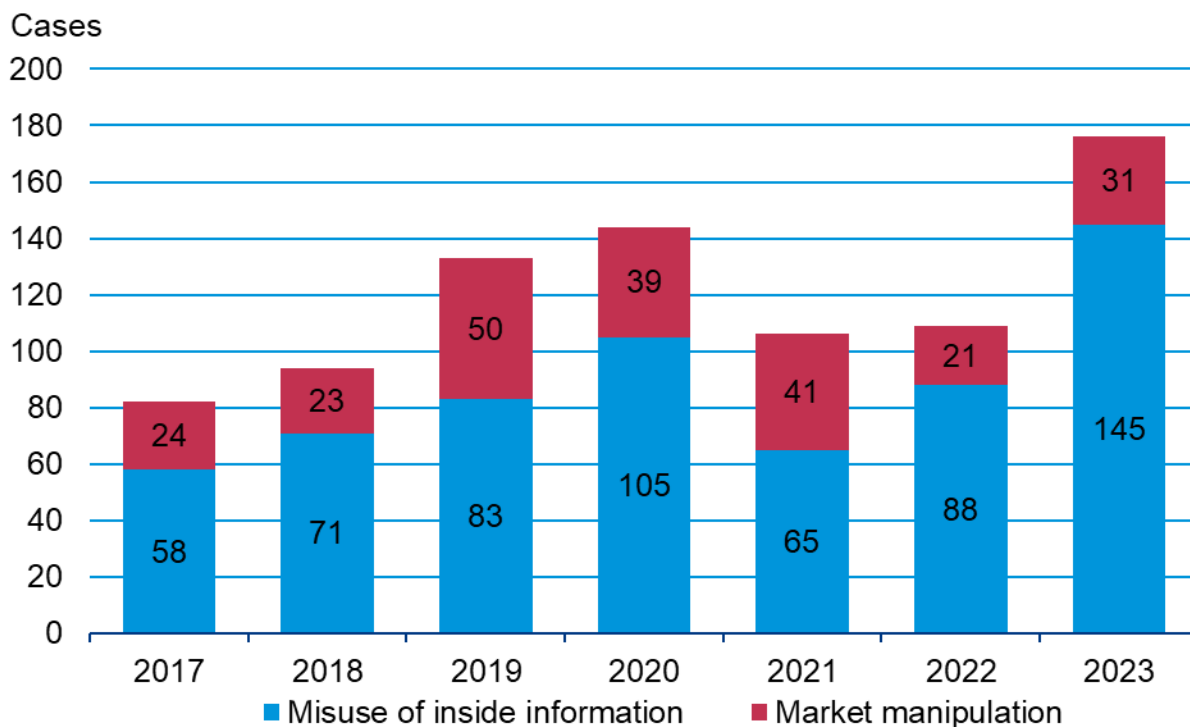
⁸ [Managers' transactions and the closed period- Issuers and investorst - www.finanssivalvonta.fi](http://www.finanssivalvonta.fi)

⁹ [Penalty payment imposed on former board member of listed company for violation of prohibition on transactions - 2024 - www.finanssivalvonta.fi](http://www.finanssivalvonta.fi)

¹⁰ [Wash trades prohibited as market manipulation - Market Newsletter 1/2023 – 25.5.2023 - www.finanssivalvonta.fi](http://www.finanssivalvonta.fi)

reviewed the practices of investment service providers and the organisation of trading supervision. We will also continue to focus supervision on these themes during 2024.

Figure 4. Supervision cases related to misuse of inside information and market manipulation investigated by the FIN-FSA in 2017–2023



Source: Financial Supervisory Authority.

If, at the end of an investigation, there is reason to suspect misuse of inside information, market manipulation or another MAR violation, we intervene in the case either with administrative sanctions or by making a request for police investigation, if we have reason to suspect a crime.

We are monitoring the progress of regulatory reforms (e.g. Listing Act and Markets in Crypto-Assets Regulation, MiCA) and aim to report on upcoming changes and their impact in the Market Newsletter.

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