Market Newsletter 2/2024

FIN-FSA prospectus supervision's observations of prospectuses in spring 2024

The quality of the prospectuses submitted to the Financial Supervisory Authority (FIN-FSA) for scrutiny during spring 2024 was lower than previously, with prospectuses attracting more comments than usual. The FIN-FSA urges preparers of prospectuses to ensure that prospectuses submitted for scrutiny have been prepared carefully in compliance with applicable regulations and guidelines. Particular attention should be paid to issues related to the working capital statement in equity prospectuses.

In late spring 2024, FIN-FSA prospectus supervision had numerous prospectuses under scrutiny at the same time. In January–May, we received a total of 22 prospectuses for approval. Of the prospectuses, 10 were equity prospectuses and 12 were debt prospectuses. In April, we contacted preparers of prospectuses and urged them to pay attention to the quality of prospectuses to ensure that the prospectus review went smoothly. Some excellently prepared prospectuses were submitted to us for approval. Some of the prospectuses submitted for approval, however, were exceptionally poorly prepared or their quality otherwise did not meet the requirements. A draft prospectus submitted to the FIN-FSA for approval must be carefully prepared and should meet the requirements of the Prospectus Regulation on the date of the prospectus application. Certain financial information can exceptionally be submitted during the processing period of the application, if this has been separately agreed with the FIN-FSA before the submission of the application.

The FIN-FSA had many comments to make on a number of the prospectuses, and the comments on many equity prospectuses concerned the same type of issues related to the financial situation of the company. In this article, we highlight the issues that we wish preparers of prospectuses to pay attention to, so that the quality of the prospectuses submitted to us for approval in the future is more in line with the requirements of regulations and guidelines.

General information about prospectus scrutiny

The issuer is responsible for the information in the prospectus and for assessing the material risks associated with the company and the security in question. The FIN-FSA only approves prospectuses to

the extent that they meet the requirements of completeness, comprehensibility and consistency as set out in the Prospectus Regulation[1].

- In terms of completeness, the FIN-FSA assesses whether the prospectus has been prepared in accordance with the correct content requirements and whether there is a need for pro forma information, for example.
- The assessment of comprehensibility covers, for example, whether the draft prospectus clearly describes the issuer's business and whether the structure of the prospectus is clear.
- Consistency requires, for example, that the working capital statement is consistent with risk factors, the audit report, the use of proceeds, and the strategy published by the issuer and information on the financing of the strategy.

In accordance with ESMA Guidelines on prospectus scrutiny, we take a risk-based approach and target our prospectus supervision particularly at issues that are of greatest significance from the standpoint of investor protection.

Working capital statement and other material information

The most essential content of equity prospectuses includes the working capital statement, the use of the proceeds raised, a description of the financing arrangements, and the risks associated with the company's financial situation. Our prospectus scrutiny focuses, in a risk-based manner, on these elements in particular. The significance of essential and adequate information is emphasised in a situation where the company's working capital is insufficient for 12 months after the approval date of the prospectus. Situations related to the sufficiency of working capital vary from company to company, and the information included in the prospectus is always evaluated on a case-by-case basis.

The content requirements of prospectuses and ESMA Guidelines must be followed when preparing texts regarding the working capital statement and the use of proceeds. When preparing descriptions of risk factors, the requirements of the Prospectus Regulation[4] and ESMA Guidelines[5] on risk factors must be followed. Prospectus texts must be mutually consistent. In addition, they must be consistent with the justifications of the working capital statement submitted to the FIN-FSA. For example, the amount of any shortfall in working capital stated in the prospectus, or the point in time at which working capital is estimated to be sufficient, must correspond to that which is presented in the calculations provided as justifications for the working capital statement.

Risks related to working capital position

The issuer itself assesses what the material risks related to the issuer and the security are as well as the direct effects of their possible realisation. The FIN-FSA, on the other hand, will challenge, in accordance with ESMA Guidelines, the descriptions of risk factors in the prospectus if a risk and its direct effects are not clearly described or the risks do not seem to be consistent from the perspective of the other information in the prospectus or the justifications of the working capital statement. If the company's working capital is insufficient for the next 12 months and the continuity of the company's operations is at risk, this has in practice generally been considered the most material risk to the financial position.

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[1] Commission Delegated Regulation (EU) 2019/980, Articles 36–38
[2] Commission Delegated Regulation (EU) 2019/980, e.g. Annex 11, Items 3.1 Working capital statement and 3.4 Reasons for the offer and use of proceeds.
[3] ESMA Guidelines on disclosure requirements under the Prospectus Regulation (ESMA32-382-1138), Section V.8. Working capital statements
[4] Prospectus Regulation (2017/1129), Article 16 Risk factors.
[5] ESMA Guidelines on risk factors under the Prospectus Regulation (ESMA31-62-1293).

If a company does not have sufficient working capital, this generally also affects the risks associated with a share issue. If there are uncertainties about the realisation of all or part of a share issue, the risk factor description should explain the different situations that might arise and what the consequences of these would be. In particular, the situations in which an issue can be implemented with a lower amount than the working capital requirement should be described. Subscriptions made by the investors are binding, and they cannot cancel them at the point when it possibly becomes clear that the company did not manage to collect the necessary amount of funding for the working capital requirement. The prospectus should therefore clearly describe the risk that investors may end up investing in a company whose working capital will not be sufficient beyond a certain point in time.

Experiences of the quality of prospectuses in spring 2024

During this spring, exceptionally incomplete or poor quality equity prospectuses were submitted to the FIN-FSA for approval. The most material shortcomings concerned the description of companies' financial position and to the financial information in prospectuses. In several cases, the most essential parts of the prospectus, such as the working capital statement and the associated risks, were almost completely reformulated after the FIN-FSA had commented on the prospectus. It is evident that the various situations of companies may be very challenging and that the guidelines have to be interpreted in practice. However, as nearly every equity prospectus required a large number of corrections to essential points, we would like to bring to the attention of preparers of prospectuses some of the aspects we have commented on, by way of example. We hope that these examples will help to improve the quality of prospectuses submitted for approval in the future.

The FIN-FSA also drew attention to the fact that for some prospectuses many changes were also made during the scrutiny period to texts on which the FIN-FSA had not commented. In such situations, we also have to evaluate the consistency of the changed texts in relation to other information in the prospectus, which may also affect the length of the scrutiny period. As a rule, changes should be made to a prospectus during the scrutiny period only as a result of comments made by the FIN-FSA and aspects that have changed during the scrutiny period.

Examples of FIN-FSA comments on equity prospectuses

Share issue and amount of proceeds to be raised

Comments related to share issues and the amount of proceeds to be raised are often result from incomplete or inconsistent information in the prospectus. Examples of comments:

- What amount of proceeds is intended to be raised in the share issue? What is the net amount of proceeds to be raised?
- To what extent are the net proceeds to be raised by the share issue estimated to be sufficient?
- Can the share issue be implemented for a lower amount than that needed to cover the working capital deficit?
    - In that case, until when will the proceeds be sufficient?
    - In this situation, how does the company intend to raise additional funding or adjust its operations?
    - Has this been taken into account in the prospectus' risk descriptions?

Use of proceeds

The FIN-FSA's comments regarding the use of proceeds are generally based on the content requirement of the securities note "Reasons for the offer and use of proceeds". Examples of comments:

- What is the estimated net amount of proceeds to be raised by the share issue?
- Are the planned uses presented in order of importance?
- Will the proceeds sought by the share issue be sufficient to finance all the planned uses? If not sufficient, what is the amount and sources of the other funding needed?
- Will the proceeds be used to pay or reduce debts? How much? Which loans are involved?

Working capital statement

The FIN-FSA's comments regarding the working capital statement are generally based on the content requirements for prospectuses[6], ESMA Guidelines[7] and inconsistencies with the information given elsewhere in the prospectus or the justifications of the working capital statement. Examples of comments:

- The prospectus must clearly state whether or not the working capital (as required by the Prospectus Regulation) is sufficient.
- For how long will the company's working capital be sufficient?
- Approximately, how large is the shortfall in working capital?
- How does the issuer intend to remedy the shortfall in working capital?
    - What are the proposed actions? (For example, renegotiation of credit, reducing discretionary investments, reviewing strategy or selling assets)
    - What is the timetable for the proposed actions and how certain is their success?
- What are the consequences of the failure of the proposed actions (for example: Is it likely that the issuer will go into administration or bankruptcy and, if so, when?).
- Why does the information in the prospectus differ from the calculations provided as justifications for the working capital statement?

Financial information in prospectuses

The FIN-FSA has made many comments on the financial information in most equity and debt prospectuses. The following comments, among others, were repeated during the spring:

- The summary must present all of the required[8] financial performance measures.
- All financial performance measures presented in the summary must also be presented elsewhere in the prospectus.
- Where possible, the relevant risk descriptions should include quantitative information, e.g. the amount of variable interest rate loans, the amount of goodwill and the amount of outstanding debt.
- The sections on financial information must indicate which information is audited and which is not.
- The capitalisation and indebtedness table must be presented in accordance with the ESMA Guidelines[9], with regard to both structure and content.

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[6] *Commission Delegated Regulation (EU) 2019/980, e.g. Annex 11, Item 3.1: "Statement by the issuer that, in its opinion, the working capital is sufficient for the issuer's present requirements or, if not, how it proposes to provide the additional working capital needed."*

[7] *ESMA Guidelines on disclosure requirements under the Prospectus Regulation (ESMA32-382-1138), Section V.8. Working capital statements.*

[8] *Commission Delegated Regulation (EU) 2019/979, Article 9 Format of the key financial information in the summary of a prospectus and Annexes I-IV.*

[9] *ESMA Guidelines on disclosure requirements under the Prospectus Regulation (ESMA32-382-1138), Section V.9. Capitalisation and indebtedness.*

- With regard to alternative performance measures, the ESMA Guidelines[10] should be followed, which means, in principle, means that the definitions, uses and reconciliations of the performance measures should be presented in the prospectus.
- The use of figures based on different accounting principles should be avoided, where possible, and attention should be paid to the comparability of financial figures. The presentation of information should be assessed to ensure it is no way misleading.
- Sufficient information should be provided about financing agreements and related terms and conditions, such as covenants.
- Pro forma financial information must be prepared in accordance with the regulatory framework[11] and the ESMA Guidelines[12]. Particular attention should be paid to the clear presentation of tables and any pro forma adjustments made.

Other aspects related to prospectus applications

- We recommend that entities notify the FIN-FSA of all planned prospectus applications at the earliest possible stage.
- Prospectus applications should state the aspects essential for the scrutiny of the prospectus: for example, which aspects will be clarified after the application and added to the prospectus during the scrutiny period.
- It is recommended that reference lists be prepared to a sufficiently detailed level, according to the template formats available on the FIN-FSA's website. It is also recommended that a reference list be prepared for the summary.
- If any of the information required according to the reference list is not applicable, this must be justified, unless it is obvious.
- Prospectuses must indicate the sources of information used, for example which market research is involved. If there is no source of information, but the views of the company's management are involved, this should be mentioned in the body text of the prospectus.
- As a rule, changes should be made to a prospectus during the scrutiny period only as a result of comments made by the FIN-FSA and aspects that have changed during the scrutiny period.
- If the prospectus is to be notified to another EEA state, this must be requested in the prospectus approval application. A more detailed notification timetable should be agreed with the FIN-FSA in advance.
- A prospectus cannot be freely amended after its approval; the text and format of the prospectus made available to the public must always be the same as in the original version approved by the FIN-FSA. If an error is found in the prospectus after it has been approved, the prospectus must either be supplemented or the error corrected.

Marketing material

The applicable regulations and guidelines must also be followed in the preparation of marketing material. Particular attention should be paid to ensuring that marketing material is consistent in all respects with the information in the prospectus. Supervision with regard to marketing material is mainly ex-post, and the FIN-FSA does not review marketing material in connection with prospectus scrutiny, except in certain

[10] *ESMA Guidelines on Alternative Performance Measures (ESMA/2015/1415).*
[11] *Commission Delegated Regulation (EU) 2019/980, Annex 20.*
[12] *ESMA Guidelines on disclosure requirements under the Prospectus Regulation (ESMA32-382-1138), Section V.6. Pro forma financial information.*
[13] *Offering of securities and prospectuses - Issuers and investors - www.finanssivalvonta.fi Prospectuses and prospectus scrutiny - How to seek approval for a prospectus?*

situations (e.g. IPOs). Marketing material must be submitted to the FIN-FSA at the latest when marketing begins.

Prospectus scrutiny period

In accordance with its established practice, the FIN-FSA has generally scrutinised prospectuses in their entirety within 10 or 20 working days. However, as the Prospectus Regulation allows, a new 10-day scrutiny period may start from the date of submission of a new version of the draft prospectus. The quality of the draft prospectus submitted to the FIN-FSA and the number of changes made to the draft may affect the scrutiny period. Naturally, an exceptional number of simultaneous prospectus applications may also mean that the FIN-FSA may use the longer scrutiny period allowed by the Prospectus Regulation. Preparers of prospectuses should anticipate this.

Guidelines

The FIN-FSA Regulations and instructions 6/2013 “Securities offerings and listings” was revoked on 31 March 2024 and the relevant guidelines and interpretations have been moved to the FIN-FSA website, where more detailed guidelines on prospectus applications and prospectus scrutiny are provided.

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Good practices in supervision of wash trades by investment service providers and special trading situations

The FIN-FSA has drawn the attention of traders to wash trades and has addressed the issue, for example in Market Newsletter 1/2023[14], after which the Financial Supervisory Authority has surveyed the practices of investment service providers in the supervision of wash trades. Based on the survey, this article reviews best practices of investment service providers to prevent wash trades. The article also discusses special trading situations.

A wash trade refers to, for example, a situation in which a trader trades with itself at a trading venue, such as Nasdaq Helsinki. In such cases, the buy and sell orders placed by the trader are executed at the trading venue as a trade, either in whole or in part. A trade can also be considered a wash trade if the same party or different but colluding parties enter buy and sell orders to trade at or nearly at the same time, with very similar quantity and similar price (improper matched orders).[15]

[14] *Wash trades prohibited as market manipulation - Market Newsletter 1/2023 – 25.5.2023 - www.finanssivalvonta.fi*
[15] *Commission Delegated Regulation (EU) 2016/522 Annex II, Section 1, Point 3 a) and c).*

Market manipulation means, among other things, placing trades or orders that give, or are likely to give, false or misleading signals as to the supply of, demand for, or price of, a financial instrument[16]. Wash trades artificially increase the trading volume of a financial instrument in the trading venue, creating a misleading picture of supply and demand, which is particularly evident with thinly traded financial instruments. Wash trades may also affect the price of a financial instrument, but price change is not a prerequisite for the identifying characteristics of market manipulation to be met.

The FIN-FSA may impose an administrative penalty payment for wash trades or submit a request for investigation to the police. Market manipulation is punishable under the Penal Code.

FIN-FSA has surveyed practices of investment service providers in supervision of wash trades

Article 16 of the Market Abuse Regulation (EU) 596/2014 (MAR) requires all persons professionally arranging or executing transactions to establish and maintain effective arrangements, systems and procedures to detect and report suspicious orders and transactions.

The FIN-FSA has surveyed the practices of selected investment service providers with regard to how they have arranged the supervision of wash trades. Based on the survey, the FIN-FSA recommends for investment service providers the following practices to prevent wash trades. It is in the interest of all market participants that wash trading is prevented in advance as comprehensively and effectively as possible. The practices set out below also serve the interests of investment service providers' clients by reducing the risk of clients being suspected of market manipulation.

Wash trades can be effectively prevented with automated blocking mechanisms

Based on the survey, a number of investment service providers have automated blocking mechanisms in place that reduce the risk that orders placed by clients will result in a trade in which they would be both the buyer and the seller. The FIN-FSA generally considers automated wash trade blocking mechanisms to be good practice.

One of the most effective ways to prevent wash trades is to put in place an automated blocking mechanism that prevents a client from placing an order that would lead to a trade with an opposing order placed by the client through the same broker (so-called hard block). Some investment service providers have in place functionality to warn clients that an order they are placing may result in a trade with a previous order they have placed in the opposite direction. Such functionality (so-called soft block) does not prevent the order, however, and is therefore less effective in preventing wash trades.

Wash trade also refers to a situation in which the same person is the investment decision-maker on both the buying and selling sides of an executed trade. Thus, for example, situations in which a person makes the investment decision in a trade on behalf of both themselves and their investment company, or on behalf of a family member by power of attorney, may, as a general rule, be considered wash trades. Entities may seek to improve the prevention of wash trades by taking into account in the blocking functionality of the trading service not only the beneficiary but also the person who made the investment decision regarding the order.

[16] *Market manipulation is defined in Article 12 of the Market Abuse Regulation (EU No 596/2014) and prohibited in Article 15. Annex II of Commission Delegated Regulation (EU) 2016/522 specifies the indicators of market manipulation in Annex I of the Market Abuse Regulation.*

Other key factors enhancing the prevention and supervision of wash trades

The expertise of the personnel who receive, transmit and execute orders has a key role in ensuring the effectiveness and comprehensiveness of the supervision of market manipulation as required by regulations. Maintaining this expertise is supported by sufficient and regular training. The FIN-FSA draws the attention of investment service providers to ensuring that entities' internal guidelines specify as precisely and clearly as possible the internal processes for detecting and reporting suspicious transactions and orders, also on the practical level. In addition, internal guidelines should be regularly reviewed and updated as necessary.

Increasing clients' understanding of the provisions and prohibitions related to market manipulation will help to reduce the risk that they will enter into a trade that could be considered a wash trade or some other form of market manipulation. Based on the survey, investment service providers are also seeking to guide their clients in a preventive way, for example by providing clients with guidelines or otherwise communicating with them.

If an investment service provider does not have in place the above-mentioned automated blocking mechanisms, even more emphasis falls on the comprehensiveness and effectiveness of the investment service provider's post-trade surveillance. One way for entities to ensure an adequate level of surveillance is to introduce an automated trading surveillance system that generates alerts about possible or attempted wash trades. With regard to surveillance system alerts, the level of monitoring can be improved by, for example, including in the alerts not only the beneficiary but also the person who made the investment decision regarding the order.

The FIN-FSA reminds entities that, according to Article 16 of the Market Abuse Regulation (MAR), the competent authority must be notified without delay of orders and transactions that may involve manipulation or attempted manipulation[17].

Special trading situations

A client might contact the investment service provider in order to execute a trade that might be considered a wash trade. In such cases, the investment service provider must make it clear to the client that the desired order or orders must be executed in such a way that the prohibition of market manipulation under the Market Abuse Regulation or other regulations are not violated. It is prohibited to enter into a wash trade, even if the underlying purpose of the trade is not to influence the market.

The FIN-FSA emphasises that negotiated trades (so-called block trades) in accordance with the rules of a trading venue that are reported to a trading venue, such as Nasdaq Helsinki, and in which the same person makes the investment decision on both the buying and selling side of the trade, may, as a general rule, be regarded as wash trades. Such a situation may arise, for example, if a person makes the investment decision in a trade on behalf of both themselves and their investment company or on behalf of a family member by power of attorney. An investment service provider should accordingly not execute the client's orders as a negotiated trade to be reported to the trading venue if, according to the information available to the investment service provider, the client would be the investment decision-maker on both the buying and selling side of the trade. If, instead of a negotiated trade, the client's orders are executed on the trading venue in an order book with other market participants, care must be taken to ensure that the order book does not show price changes that could be considered misleading and thereby possible market manipulation.

[17] *Reporting obligation concerning the prevention and detection of market abuse - Issuers and investors - www.finanssivalvonta.fi*

As a wash trade can also be considered a trade where the investment decision-makers in the trade are technically reported as different parties, but in fact the investment decision is made by the same person on both sides of the trade.

The FIN-FSA reminds traders that they should primarily contact their own broker if they have any questions or uncertainties about trading.

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Supreme Court precedent on abuse of inside information

With this article, the FIN-FSA wishes to draw the attention of market participants to, among other things, the assessment of the precise nature and significance of inside information and to good practices in trading.

On 5 April 2024, the Supreme Court issued a precedent in a case where a person acting as a company's CEO and a member of the management team had purchased the company's publicly traded shares before the company's announcement of a significant order. The person was sentenced to four months' suspended imprisonment for aggravated abuse of inside information and the financial proceeds of the offence were ordered to be forfeited to the state[18].

For the precise nature of inside information to be satisfied, it is sufficient that there is an actual possibility that the circumstance or event will occur

To meet the definition of inside information, the information must, among other things, be of a precise nature and significant. In its predecent, the Supreme Court states that, in order to be of a precise nature, it is not required that it is possible to draw definite conclusions from the inside information as to the occurrence of the circumstance or event in question or to determine its exact timing. If a high degree of probability for the completion of an event or project were required, such a limitation of the scope of application of the definition would mean that the recipients of inside information would be in a more advantageous position from an information standpoint than others participating in the securities market.

According to the Supreme Court, it is clear from the reports in the written record that, prior to the purchases of shares by the accused person, negotiations on the offer made by the company had already reached a final stage and the contract was expected to be concluded soon.

The Supreme Court considers that the information held by the person concerning the order in question clearly met the requirement of the precise nature of inside information that there was an actual possibility of the project being carried out. According to the Supreme Court, the fact that there may have been uncertainties as to the receipt of the order or its value is not relevant in the assessment of this aspect. This was not vague or general information on the basis of which no conclusion could be drawn as to its possible impact on the value of the share.

[18] *Supreme Court:2024:25, register number R2022/276 (in Finnish)*

Significance of information not affected by quality of information, only by its importance

The Supreme Court's assessment of significance in the case was influenced by the company's own communications. The company itself had previously stated in its interim report that it considered an order worth at least EUR 1.0 million to be significant with regard to the value of a security, and that significant orders are announced in stock exchange releases.

The Supreme Court states that the nature of the order did not deviate from the company's normal business activities. The total value of the order, around EUR 8 million, was significant, however, compared with the company's other order book and the company's turnover of just over EUR 80 million for the year in question, despite the fact that the order was spread over several financial years. The order was also announced by the company as being significant. The person had known at the time of placing the purchase orders that the value of the contract under negotiation exceeded the value of EUR 1.0 million considered to be significant in the company's own disclosure practice.

According to the Supreme Court, significance is assessed at the time of the act by an objective third party observer. Considering the total value of the order in question, its financial importance for the company was considerable. The information contributed to confirming the understanding given to investors of the positive development of the company's financial situation.

In the precedent, the Supreme Court emphasises the perspective of a reasonable investor. The precise nature of the inside information does not require that the direction of the impact on price be predictable. With regard to the order in question, however, it was likely that its announcement would cause a positive price reaction in the market. Taking into account that the company itself had announced in its interim report that it considered an order worth at least EUR 1.0 million as a significant order with regard to the value of a security, a reasonable investor, after receiving information about the order of approximately EUR 8 million, would have acted rather on the basis of the information than have considered the information insignificant in their assessment of trade in a financial instrument.

The Supreme Court states that considering information to be significant does not require clarification of the actual effect on the share price. The actual change in the share price at the time of the transaction may, however, be used as evidence supporting an assessment that the information was significant in terms of its importance. The Supreme Court states that the increase in the share price following the disclosure of the stock exchange release concerning the order in question supports the conclusion that the order had a significant impact on the value of the company's share. The change in the share price is not considered to be minor compared with the typical change in the share price of the company.

Supreme Court's assessment of intentionality

As the company's CEO, the person was responsible for the day-to-day running of the company and reported on the development of the company's financial position to the Board of Directors. By virtue of their position, the person received the information necessary to assess the magnitude and financial significance of the order in question. The person was therefore aware of the progress of the negotiations on the order and the magnitude of the order when entering into the share purchases.

According to the Supreme Court, the person must have understood, as the company's CEO, the significance of the information about the order for investors and also the fact that the stock exchange release announcing the order would likely have an upward impact on the value of the share. The decisive element is that the person knew facts establishing the formation of inside information from

which the legal assessment regarding inside information is made. The person must therefore be considered to have acted intentionally.

According to the Supreme Court, the fact that the person had discussed the share trades beforehand with the company's lawyer or that the company did not consider pending offers of this magnitude to be insider projects is not considered significant in this assessment. It is the responsibility of the person entering into a transaction on a securities market to ensure that there is no obstacle to trading due to inside information.

FIN-FSA's observations on good code of conduct in trading

On its website, the FIN-FSA has published 10 trading guidelines for insiders of listed companies to steer insiders towards a good code of conduct in their securities trading[19]. Some good operating practices include drawing up and using a written trading plan, asking the person in charge of insider issues at the company in advance about any obstacles to trading, and scheduling trading after announcements of financial results.

A well-organised insider administration function will work to reduce suspicions of misconduct by company insiders. It is of prime importance that, among other things, the timely assessment of the formation of inside information, delaying disclosure of inside information, the establishment and ongoing maintenance of insider lists and the provision of information to insiders are organised in an appropriate manner within the company. Deficiencies in complying with obligations according to the Market Abuse Regulation may also lead to action being taken against the company by the FIN-FSA.

The FIN-FSA reminds investors that each investor should, however, always carefully assess themselves whether they are in possession of inside information about a company before placing an order for a financial instrument of the company. A person may be in possession of inside information even if they are not on an insider list. It is always the responsibility of the person entering into a transaction on a securities market to ensure that there is no obstacle to trading due to inside information.

In addition, the FIN-FSA emphasises that the prohibitions on the disclosure and use of inside information as well as on advice related to inside information also apply to investors other than the company's insiders. The prohibitions are universal and apply to all those operating and trading in the securities market, regardless of their status or duties.

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Topical matters at ESMA

On 25 March 2024, ESMA published a final report containing draft technical standards on certain requirements under the EU Markets in Crypto-Assets Regulation (MiCA).

[19] *10 trading guidelines for insiders - Inside information - www.finanssivalvonta.fi*

On 25 March 2024, ESMA published its third consultation package under the MiCA. Responses are requested by 26 June 2024.

On 22 May 2024, ESMA published a position paper, which includes 20 recommendations to strengthen EU capital markets and address the needs of European citizens and businesses.

On 28 May 2024, ESMA published a final report, which includes proposed amendments as regards 2024 to the European Single Electronic Format Regulatory Technical Standards (ESEF RTS). The final report has been submitted to the European Commission for final approval.

On 29 May 2024, ESMA published a statement reminding issuers about the applicable legislative framework regarding communication with analysts (pre-close calls). In autumn 2023, the FIN-FSA published in the Market Newsletter 2/2023 an article on issuers' contact with analysts.

On 31 May 2024, ESMA published a final report, which includes draft regulatory technical standards on the rules on conflicts of interests of crypto-asset service providers (CASP) under the Markets in Crypto Assets Regulation (MiCA).