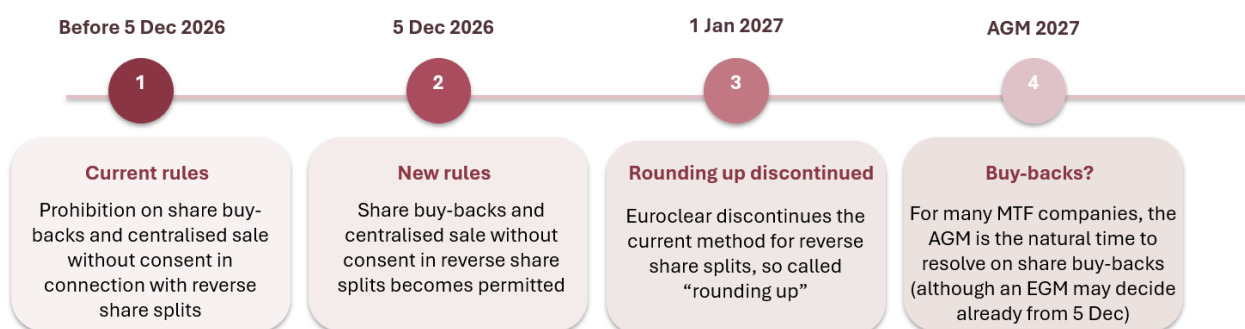


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Q&A: New rules on share buy-backs and reverse share splits on MTF

On 5 December 2026, legislative amendments enter into force giving Swedish public companies whose shares are admitted to trading on a multilateral trading facility (MTF) ("**MTF companies**") the same possibility under the Swedish Companies Act (2005:551) (the "**Companies Act**") to acquire and sell own shares as companies whose shares are traded on a regulated market. MTF companies will also be able to handle excess bonus shares through central sale in connection with share splits and reverse share splits. The reform affects approximately 600 companies whose shares are traded on Nasdaq First North Growth Market, Spotlight Stock Market and NGM Growth Market.

This article first outlines the changes, followed by a Q&A summarising the key regulatory issues arising from the new rules.



Share buy-backs – a new tool for MTF companies

The possibility of share buy-backs is the most significant change in practical terms.

A common purpose of share buy-backs by listed companies is to return capital to shareholders as an alternative to dividends. If the repurchased shares are cancelled, the number of shares outstanding decreases, which, all else being equal, increases each remaining share's proportionate interest in the company and thereby compensates shareholders.

A commonly cited advantage of share buy-backs is tax-related: unlike dividends, buy-backs do not result in immediate taxation for the remaining shareholders; instead, the benefit lies in a (hopefully) higher share price. Buy-backs also allow the company to take advantage of situations where the Board considers the shares undervalued, for example due to what the company considers unjustified downward price pressure or short selling.

Share buy-backs must always comply with the prohibitions on insider dealing, unlawful disclosure of inside information and market manipulation in Articles 14 and 15 of Regulation (EU) No 596/2014 on market abuse ("**MAR**"). To enable buy-back programmes without exposing the company to the risk of breaching those rules, Article 5 MAR and Commission Delegated Regulation (EU) 2016/1052 (the "**Safe Harbour Regulation**") provide a safe harbour. If a programme satisfies those conditions, the prohibitions in Articles 14 and 15 MAR do not apply to trading under the programme.

In addition to the Companies Act, MAR and the Safe Harbour Regulation, Chapter 4, Section 19 of the Swedish Financial Instruments Trading Act (1991:980) (the "**Financial Instruments Trading Act**") and

Chapter 13 of Finansinspektionen's Regulations (FFFS 2007:17) contain specific rules on reporting transactions in own shares. The relevant trading venue's issuer rulebook must also be taken into account.

Reverse share splits – a practical problem solved

The amendments also introduce new rules on share splits and reverse share splits. Since share splits rarely give rise to excess bonus shares, the changes are of limited practical significance for them, and the discussion below focuses on reverse share splits.

The issue to date has been how to handle so-called excess bonus shares, i.e. where a shareholder's holding is not evenly divisible by the reverse share split ratio (for example, eleven shares in a 2:1 reverse share split become five new shares and one excess bonus share). From 5 December 2026, these may be handled through central sale: the shares pass to the company and are sold at the company's expense, after which the proceeds are distributed among the affected shareholders. This possibility is currently available only for shares traded on a regulated market.

MTF companies have instead used Euroclear's model of so-called "rounding up", under which a shareholder agrees to contribute additional shares so that all shareholders receive a whole number of shares. Euroclear has announced that this option will be discontinued on 1 January 2027 as part of the harmonisation with European standards for corporate actions. The amendments therefore ensure that reverse share splits can continue to be implemented by MTF companies.

QUESTIONS AND ANSWERS (Q&A)

Acquisition of own shares

1. What proportion of the shares may the company acquire?

The company may not, as a result of an acquisition, hold more than ten per cent of all shares, whereby shares held by its subsidiaries are treated as held by the company (Chapter 19, Section 15 of the Companies Act).

2. Can the company acquire more than ten per cent of the shares over time?

Yes. The ten per cent limit is a cap on the company's holding at any given time, not on the total number of shares that may be acquired over time. If the holding is reduced, for example by cancelling acquired shares (see question 10), the company may then make further acquisitions up to the ten per cent limit. However, acquisitions may not be made to such an extent that the trading venue's applicable share liquidity requirements are no longer met.

3. Must there be unrestricted shareholders' equity?

An acquisition of own shares constitutes a value transfer. It therefore requires full coverage for the company's restricted shareholders' equity and must be justifiable under the prudence rule in Chapter 17, Section 3 of the Companies Act.

4. Who resolves on the acquisition and what documents must be prepared?

The general meeting adopts the resolution or authorises the Board of Directors to do so.

If the general meeting resolves on the acquisition, a detailed proposed resolution must be prepared and the Board of Directors must issue a reasoned statement on whether the acquisition is justifiable under the prudence rule in Chapter 17, Section 3 of the Companies Act (Chapter 19, Sections 20-24). If the general meeting instead authorises the Board to acquire own shares, substantially corresponding documents must be prepared for the meeting (Chapter 19, Section 28). Additional documents are required if the annual report is not addressed at the meeting (see question 6).

Before the Board later exercises the authorisation, a new reasoned statement must be prepared. The Board must also state the disposable amount available for value transfers and prepare the corresponding accounting documentation, Board report and auditor's statement required for a general meeting resolution on an acquisition of own shares (Chapter 19, Section 29 of the Companies Act).

5. What must an authorisation to acquire own shares contain and how long does it apply?

The authorisation must state, among other things, how acquisitions may be made, the period before the next annual general meeting within which it may be exercised, the maximum number of shares that may be acquired and the minimum and maximum price payable (Chapter 19, Section 28 of the Companies Act).

6. Can an extraordinary general meeting resolve on an acquisition or authorisation, or must this be done at the annual general meeting?

Acquisitions of own shares and authorisations are normally resolved at the annual general meeting, in the same way as dividends, but may also be resolved at an extraordinary general meeting.

If the annual report is not addressed at that meeting, the proposal must include the information needed to give shareholders a complete basis for decision, including a Board report on events of material significance after presentation of the annual report, stating changes in the company's restricted shareholders' equity after the balance sheet date, and an auditor's statement on that report (Chapter 19, Section 24 of the Companies Act). The Board's reasoned statement on whether the acquisition is justifiable must also take developments after the balance sheet date into account (Chapter 19, Section 22).

7. What majority is required?

A general meeting resolution on an acquisition or authorisation requires a two-thirds majority of both the votes cast and the shares represented at the meeting (Chapter 19, Sections 17 and 18 of the Companies Act). A Board resolution under an authorisation is passed by simple majority unless the articles of association prescribe a special majority requirement (Chapter 8, Section 22).

8. Must the authorisation be registered with the Swedish Companies Registration Office?

No. Unlike an authorisation to issue shares, which is also normally resolved at the annual general meeting, there is no corresponding registration requirement.

9. Where may the company acquire its own shares?

Acquisitions may be made on a regulated market or an MTF, or through an offer to purchase directed to all shareholders or all holders of a particular class of shares (new Chapter 19, Section 14 of the Companies Act). They may therefore not be made through directed off-venue transactions (OTC transactions), although this does not prevent a block transaction executed on the trading venue.

10. What does the company do with the acquired shares?

If shares are acquired for cancellation, as is common when buy-backs are used as an alternative to dividends, a separate general meeting resolution to reduce the share capital through cancellation is required (Chapter 20 of the Companies Act). The shares may also be held for later sale. From 5 December, they may be sold on the MTF where they are traded under Chapter 19, Sections 32-34. Own shares may also be sold in other ways, for example as consideration in a corporate acquisition or under certain incentive programmes. Some of these purposes are not available under MAR's safe harbour (see question 13).

11. What applies to the shares while the company holds them?

A share held by the company does not carry a right to dividends (Chapter 4, Section 44 of the Companies Act) and may not be represented at a general meeting (Chapter 7, Section 7). Own shares are also disregarded for certain calculations of majority and ownership percentages under the Companies Act (Chapter 4, Section 45).

12. Must a buy-back be carried out within MAR's safe harbour?

No. MAR applies to all trading in the company's own shares, but the safe harbour under Article 5 MAR and the Safe Harbour Regulation is optional. If it is not used, the company must exercise particular caution to avoid breaching the prohibitions on insider dealing, unlawful disclosure of inside information and market manipulation. The relevant trading venue's issuer rules must also be taken into account (see question 18).

13. What are the requirements for MAR's safe harbour?

To benefit from the safe harbour, the buy-back programme must satisfy all conditions in Article 5 MAR and Articles 2-4 of the Safe Harbour Regulation. In summary:

- Purpose: The programme's sole purpose must be to (i) reduce the issuer's capital, (ii) meet obligations arising from convertible debt instruments, or (iii) meet obligations arising from share option programmes or other allocations of shares to employees or members of management. Buy-backs for purposes such as using shares as consideration in a corporate acquisition are therefore not covered by the safe harbour.
- Conditions for trading: Buy-backs must comply with specific rules on, among other things, trading venue, price and volume. As a general rule, the company may not purchase more than 25 per cent of the average daily volume, and orders may not be placed during the trading venue's auction phases.
- Trading restrictions: As a general rule, the company may not trade during closed periods or while it has decided to delay disclosure of inside information. Since the June amendments to Article 17 MAR, inside information concerning intermediate steps in a protracted process no longer needs to be subject to a decision to delay disclosure. The wording of the Safe Harbour Regulation means that the restriction does not apply in such a situation, but a risk-averse issuer should nevertheless refrain from buy-backs while in possession of inside information. Exceptions apply, among other things, to time-scheduled programmes and where trading decisions are made by an investment firm or credit institution independently of the company.
- Disclosure and reporting: Additional disclosure and reporting requirements apply, as discussed below.

14. What disclosure requirements apply to decisions on buy-backs?

Under the issuer rulebooks for both the Main Market and Sweden's three MTFs, proposed resolutions on buy-backs must be disclosed by press release. A Board resolution to exercise a buy-back authorisation must also be disclosed. If buy-backs are carried out under MAR's safe harbour, specific disclosure requirements apply before trading under the programme begins (Article 2(1) of the Safe Harbour Regulation).

15. What reporting and disclosure is required for buy-back transactions within MAR's safe harbour?

Buy-back transactions by a company listed in Sweden should be reported to the trading venue on which the company is listed. However, in the unusual situation that the company's shares are traded on several trading venues within the EU and the most relevant market in terms of liquidity is located in another Member State, the transactions must instead be reported to the competent authority for that trading venue (see 5.3 MAR and FI's [proposed amendments](#) to Chapter 13 of FFFS 2007:17).

As regards disclosure, article 2(3) of the Safe Harbour Regulation requires aggregated information on completed transactions to be disclosed no later than by the end of the seventh trading day following the date of execution. The information must also be published on the company's website and remain publicly available there for at least five years.

16. What reporting and disclosure is required for completed buy-backs outside MAR's safe harbour?

Transactions outside MAR's safe harbour must be notified to the trading venue where the shares are traded (Chapter 4, Section 19 of the Financial Instruments Trading Act), after which the venue must publish information on the buy-backs on its website (see FI's proposed Chapter 13 of FFFS 2007:17). For further information on the specifics There is no requirement to disclose the transactions on the company's own website, although Nasdaq has [encouraged](#) issuers to do so voluntarily in the same manner as under the Safe Harbour Regulation.

For further information on reporting of share buy-back transactions (including which information to be provided in the report), see Nasdaq's website [here](#) applicable to Nasdaq Stockholm (regulated market). Similar guidance may be published regarding the MTFs closer to 6 December 2026.

17. Is a bank or securities institution required to carry out the buy-backs?

There is no general requirement for a buy-back programme to be administered by a bank or securities institution. However, since buy-backs in practice must be executed through trading on the relevant venue the company must engage a bank or investment firm affiliated with the exchange to execute them.

18. What applies under the trading venues' rulebooks?

The Nasdaq Stockholm Main Market Rulebook contains specific rules on purchases and sales of own shares that partly overlap with MAR's safe harbour. These include disclosure requirements and trading restrictions, such as a general 25 per cent cap on average daily turnover and a general prohibition on transactions outside the prevailing bid-ask spread. Compliance with MAR's safe harbour should also satisfy the Rulebook's buy-back provisions, so the issuer rules are particularly relevant where a programme does not follow the safe harbour.

As of the date of this article, however, the MTFs do not have corresponding specific rules on trading in own shares. It remains to be seen whether their rulebooks will be supplemented before the legislative amendments enter into force. In any event, the general disclosure requirements for notices of general meetings, general meeting resolutions and Board resolutions under an authorisation also apply to buy-backs. Companies admitted to trading on Nasdaq First North Growth Market that are considering buy-backs should also involve their Certified Adviser well in advance.

19. Can an authorisation for the Board of Directors to acquire own shares be resolved before 5 December 2026?

No. The preparatory works state that it will be possible to pass resolutions on "...acquisition and sale of own shares under the new provisions at general meetings held on 5 December 2026 or thereafter (from the same date, the general meeting may authorise the Board of Directors to adopt a resolution regarding

acquisition of own shares under Chapter 19, Section 17 of the Companies Act)." (Government Bill 2025/26:125, p. 44).

20. What should MTF companies consider ahead of the 2027 annual general meeting?

Companies with unrestricted shareholders' equity that want the ability to carry out buy-backs during the year may consider proposing a buy-back resolution or an annual authorisation for the Board of Directors. An authorisation does not require any buy-backs, but allows the Board to act if the company's financial position and market conditions justify it.

Reverse share splits

1. What exactly is new in relation to reverse share splits?

The principal change is that the exemption from the consent requirement for holders of excess bonus shares is extended to MTF companies. This allows the shares to be handled centrally by the company instead of obtaining consent from all affected shareholders (Chapter 4, Sections 47 and 50 of the Companies Act). Without the amendment, reverse share splits would in practice become impossible for MTF companies when Euroclear discontinues the so-called rounding-up method from 1 January 2027.

2. What happens to the excess bonus shares in practice?

Title in the excess bonus shares passes to the company on the record date. The shares must then be sold without unnecessary delay via a securities institution and at the company's expense. The payment realised from the sale must be divided among the former owners in proportion to their interest in the shares sold (Chapter 4, Section 50 of the Companies Act).

3. What majority is required for a reverse share split?

The reverse share split itself is resolved by the general meeting and, as a starting point, is subject to the ordinary majority rule, i.e. more than half of the votes cast. If it also requires the limits on the number of shares in the articles of association to be amended – which in practice will usually be the case – the qualified majority for such an amendment applies: two-thirds of both the votes cast and the shares represented at the meeting.
