

Oceanteam ASA – Violation of disclosure obligations and other issuer rules

1. Introduction

This matter relates to whether the Oslo Stock Exchange shall impose a violation charge on Oceanteam ASA (the “**Company**”), due to a number of breaches of the Continuing obligations of stock exchange listed companies (the “**Continuing Obligations**”) and the Securities Trading Act (the “**STA**”).

The Company has been involved in a number of matters handled by the Oslo Stock Exchange over the last two years. These involve both breaches of rules applicable to issuers listed on the Oslo Stock Exchange, but also other matters that have raised concerns with the Exchange in terms of the Company’s suitability for listing. The Exchange has therefore also found it necessary to consider whether the Company’s financial instruments are suitable for listing on the Oslo Stock Exchange and Nordic ABM.

The Exchange’s handling of the case is set out under section 3 below. Under section 4, the Exchange will give an account of the breaches of issuer rules the Exchange has concluded on. Under section 5, an account will be given of other matters that have raised concerns with the Exchange in terms of the Company’s suitability for listing. The Company’s account of the case is provided under section 6. Under section 7, the Exchange will provide its assessment of the case, both in terms of the suitability for listing (section 7.1) and violation charge for the breaches of the issuer rules (section 7.2).

2. About the Company

The Company was listed on the Oslo Stock Exchange on 8 February 2007. The business of the Company is comprised of two operating segments, Oceanteam Shipping and Oceanteam Solutions. Oceanteam Shipping owns, charters and manages deep-water offshore support vessels and fast support vessels. Oceanteam Solutions’ focus is to provide its clients with complete offshore solutions. The Company is headquartered in Bergen, Norway and also has offices in Amsterdam, Monaco and Mexico.

The Company’s shares are listed on the Oslo Stock Exchange under the ticker “OTS” and the Company also has a bond loan listed on Nordic ABM under the ticker “OTS02 PRO”.

The Company’s Board of Directors consists of the following: Hessel Halbesma (Chairman), Catharina Petronella Johanna Pos (board member) and Diederik Legger (board member). The Company’s executive management currently consists of the following: Haico Halbesma (CEO) and Jos van Dijk (CFO).

3. The Oslo Stock Exchange’s handling of the case

In addition to the written correspondence and oral dialogue with the Company which has been accounted for under each relevant matter under sections 4 and 5 below, the Exchange has had the following correspondence with the Company:

On 14 November 2017, the Exchange held a telephone meeting with the Company where the Exchange accounted for certain of its concerns with the Company’s compliance with applicable rules for listed companies. In the telephone meeting, the Oslo Stock Exchange informed the Company that it was assessing the matters subject to this case, and that it would carry out an assessment as to whether the Company was suitable for listing on the Oslo Stock Exchange.

On 3 November 2017, the Exchange participated at a video conference with the Company, where the Exchange and the Company discussed certain of the items subject to this case. The Exchange also informed the Company the Exchange's preliminary assessment would be sent to the Company when such had been made, and how the process would be going forward if the Exchange resolved upon a violation charge.

At the video conference, the Company expressed that they wanted to improve the competency within their organization on the issuer rules and wanted a dialogue with the Exchange on relevant courses in that respect. The Oslo Stock Exchange found this positive and referred the Company to the relevant persons at the Exchange for this purpose.

On 12 January 2018, the Oslo Stock Exchange sent an advance notice of a resolution of imposing a violation charge on the Company due to breaches of the Continuing Obligations. The deadline for the Company to reply with comments was set to 29 January 2018. The Company confirmed receipt on the same day and stated that they would respond as requested.

On 19 January 2018, the Company requested the Exchange of an extension of the deadline to 7 February 2018. The Exchange replied on 22 January 2018 and provided an extension of the deadline to 31 January 2018¹.

On 30 January 2018, the Company sent their comments to the advance to the Exchange².

4. The circumstances of the case

4.1 Audit committee

Pursuant to section 1 (2) of the Stock Exchange Regulations, issuers of transferable securities listed on a regulated market must establish an audit committee or equivalent corporate body. This is accordingly a listing rule and a continuing obligation for companies listed on the Oslo Stock Exchange, cf. section 2.3.6 of the Listing Rules and section 2.3 of the Continuing Obligations. The composition of the audit committee must comply with the requirements of Article 41 of the Statutory Audit Directive. As a Norwegian public limited liability company (Nw. *allmennaksjeselskap*), the Company is also subject to the provisions of sections 6-41 to 6-43 of the Public Limited Liability Companies Act (the "**Companies Act**"). At least one of the members of the audit committee shall be independent of the Company's operations and shall also have qualifications within auditing or accounting, cf. section 6-42 (2) second sentence of the Companies Act. The members shall be elected by and amongst the board of directors, cf. section 6-42 (1).

In February 2016, the Oslo Stock Exchange received information that the Company did not have an audit committee in accordance with the requirements in the Companies Act. The Exchange contacted the Company in March and there was extensive correspondence on the matter in the period from March 2016 and up to May 2017³ before the Company established an audit committee that fulfilled the requirements set out in section 6-41 to 6-43 of the Companies Act.

¹ E-mail correspondence between the Company and the Oslo Stock Exchange between 12 January 2018 and 22 January 2018 regarding this matter is attached as [Appendix 1](#)

² The Company's comments to the advance notice dated 30 January 2018 is attached as [Appendix 2](#)

³ E-mail correspondence between the Oslo Stock Exchange and the Company between 18 March 2016 and 19 June 2017 regarding this matter is attached as [Appendix 3](#)

In terms of this matter, the Company has stated that extensive investigations were performed in order to establish whether the Company fulfilled the criteria to have an audit committee. The Company has argued that once the investigations were completed and it was concluded that the Company should have an audit committee, immediate action was taken by the board and an audit committee charter was approved on 11 October 2016. The Company has stated to the Exchange that an interim audit committee at such time consisting of one board member and one external advisor was established in order to support the board in the starting reorganization.

The Oslo Stock Exchange would in this regard like to emphasize that the Exchange throughout the dialogue with the Company maintained its view that the Company was required to have an audit committee. Any uncertainty as to whether the Company was required to have an audit committee was accordingly created by the Company itself. In the correspondence with the Company, the Exchange also provided significant guidance on the rules regarding the audit committee.

The Company has further argued that in the negotiations with the bondholders, which took more than seven months to complete, specific limitations were imposed on the board composition (including a bondholders nominated director and a limitation of the number of board members to three). In this constellation, no fast solution could be found by increasing the board with an independent and appropriately qualified new member to serve as an audit committee member. With the completion of the reorganization and appointment of the new independent board member, the Company could complete the audit committee appointment in accordance with the applicable rules not earlier than May 2017.

The Oslo Stock Exchange would like to emphasize that it is the Company's responsibility to ensure that it fulfills the criteria for being exempted from the requirement to have an audit committee before making use of the exemption. The Oslo Stock Exchange does accordingly not consider any of the arguments raised by the Company as valid for why the Company did not comply with the requirement of having an audit committee over such long period of time.

In terms of the interim audit committee which was established in October 2016, this did not fulfill the requirements to the audit committee, as this did not include a member of the board of directors which was independent of the Company's operations and had qualifications within auditing or accounting, cf. section 6-42 (2) second sentence of the Companies Act. Such member was first elected as board member on the Company's general meeting on 9 May 2017 and appointed as member of the audit committee on the first board meeting following this general meeting⁴. This matter accordingly constituted a breach of section 2.3 of the Continuing Obligations over a significant time period, at the latest from when the Exchange first contacted the Company in this regard on 18 March 2016 and up to some time after the extraordinary general meeting was held on 9 May 2017.

The Exchange considers it serious that the Company did not comply with the requirements of an audit committee for such a long period of time and the extensive follow-up the Exchange had to carry out to have the matter solved.

During the period the Exchange followed up on the matter, the Company did not reply to several of the deadlines set by the Oslo Stock Exchange pursuant to section 2.6 (5) of the Continuing Obligations and section 24 (7) of the Stock Exchange Act, which entails a breach of the said regulations. The

⁴ See the e-mail of 30 May 2017 from the Company to the Oslo Stock Exchange included in [Appendix 3](#)

Exchange had to send a number of reminders to receive the requested information for being able to handle the matter, which is considered serious by the Exchange.

4.2 Suspension of services of interim CFO

In August 2017, the Oslo Stock Exchange received information that at the EGM held on 4 August 2017, the attending shareholders were informed that the current CFO (interim) no longer worked for the Company.

Pursuant to section 3.2 (1) no. 8 of the Continuing Obligations, a company must immediately disclose changes to the company's board of directors, managing director or financial director. The Oslo Stock Exchange therefore sent an e-mail to the Company on 17 August 2017⁵ requesting the Company to clarify the status of the CFO and if the received information was correct. The Exchange also reminded the Company of section 3.2 (1) no. 8 of the Continuing Obligations.

The Company sent a reply to the Exchange on 18 August 2017, but did not respond to whether the information the Exchange had received was correct. The Company stated that the interim CFO still was under a consultancy agreement with the Company for his services as interim CFO. Furthermore, the Company informed that the contract with the interim CFO was suspended for reasons that would have to be handled confidential as it involved HR-issues and a contractual dispute. The Company stated that they would publish a stock exchange release upon official termination of the contract with the interim CFO.

The Oslo Stock Exchange responded on 18 August 2017 and asked the Company to provide the date of which the interim CFO was suspended and repeated the question of whether it was communicated at the EGM that he no longer worked for the Company. The Exchange also stated that it was the opinion of the Exchange that the Company was obliged to issue a stock exchange release on the suspension of the interim CFO pursuant to section 3.2 (1) no. 8 of the Continuing Obligations. The Company did not reply to the Exchange's follow-up questions, but released a stock exchange notice on 19 August 2017 where it was stated that "*Oceanteam ASA herewith announces that the company has suspended the services of [REDACTED], interim CFO.*"⁶

The Exchange sent an e-mail on 23 August 2017 requesting the Company to revert on the follow-up questions that had remained unanswered. The Company replied on 25 August 2017 and stated that the suspension was effective per 11 July 2017. The Company highlighted that the interim CFO was still formally under contract with the Company until his agreement was terminated or had expired. Furthermore, the Company informed that the Board of Directors had not yet taken any final decision on the position of the interim CFO and that the dispute between him and the Company was still ongoing. As to what was communicated about the status of the interim CFO at the EGM, the Company stated that there by no means had been a formal notification of the suspension of the CFO during the EGM on 4 August 2017. The Company stated that if the suspension was mentioned at all, which they could not confirm with certainty, it might have been done in the context of clarifying why there was a vacancy for CFO as a reply to one of the questions of the shareholders attending the EGM, however, this was an assumption.

⁵ E-mail correspondence between the Oslo Stock Exchange and the Company between 17 August 2017 and 25 August 2017 regarding this matter is attached as [Appendix 4](#)

⁶ <http://www.newsweb.no/newsweb/search.do?messageId=433102>

The Oslo Stock Exchange considers that the information about the suspension of the interim CFO falls within the scope of section 3.2 (1) no. 8 of the Continuing Obligations. The Exchange considers this to be the case regardless of whether the CFO was interim and whether he was formally still under a consultancy agreement with the Company. What was key to the market in the situation was that the Company did not have an acting CFO and this should have been communicated to the market as soon as the suspension was decided upon. The failure by the Company to publish the information about the suspension at such time, being no later than 11 July 2017 when the suspension was effective, therefore constituted a breach of section 3.2 (1) no. 8 of the Continuing Obligations.

In any event, the information should not have been made available to the attending shareholders at the EGM on 4 August 2017 when this had not been communicated to the market. In addition, the fact that the Company, when questioned about this matter by the Exchange, was not able to confirm what was said at its own EGM about the matter, shows in the opinion of the Exchange that the Company did not have control of the flow of information, which makes the matter even more aggravating.

During the period the Exchange followed up on the matter, the Exchange had to follow-up on the Company as they did not reply to all of the questions asked by the Oslo Stock Exchange pursuant to section 2.6 (5) of the Continuing Obligations and section 24 (7) of the Stock Exchange Act, which entails a breach of the said regulations.

4.3 Resignation by auditor

Background

On 14 November 2017 at 15:44 (CET), the Company released a stock exchange notice⁷ with the heading “*Oceanteam ASA - Suspends services of auditor KPMG*”. The stock exchange notice stated that the Company’s Board of Directors had resolved to suspend the services of KPMG due to the Company’s investigative findings regarding audit costs that were charged for worked not performed. The stock exchange notice further stated that an investigation had been carried out by an independent consultancy firm and that despite attempts to resolve the dispute with KPMG, no solution could be reached during 2017. According to the release, the Company had notified KPMG about the suspension, but continued its effort to resolve the matter in an amicable way.

Later the same day at 18:44 (CET), Dagens Næringsliv (“**DN**”) published a news article⁸ referring to the Company’s stock exchange release. DN had also been in contact with KPMG, which was quoted on the following: “*The Company has for a period of time been warned about our resignation. We have today sent a notice to the Norwegian Register of Business Enterprises, and our reason for the resignation has been sent to the Norwegian Financial Supervisory Authority*”. KPMG also stated that it is the general meeting, and not the Board of Directors, which formally appoints the auditor.

Inquires by the Oslo Stock Exchange

Due to the discrepancy between the information in the stock exchange notice and the quotes from the auditor in DN, the Oslo Stock Exchange sent an e-mail to the Company on 16 November 2017⁹ requesting (i) information about the process leading up to the decision to suspend the services of

⁷ <http://www.newsweb.no/newsweb/search.do?messageId=438682>

⁸ News article from DN dated 14 November 2017 is attached as Appendix 5 (<https://www.dn.no/nyheter/2017/11/14/1814/Bors/bryter-med-revisor>)

⁹ E-mail correspondence between the Company and the Oslo Stock Exchange between 16 November 2017 and 6 December 2017 regarding this matter is attached as Appendix 6

KPMG, (ii) comment from the Company on the quotes from KPMG in DN, (iii) copies of correspondence between KPMG and the Company on the matter, and (iv) an explanation from the Company on the legality of the suspension of services from KPMG given the authority of the general meeting to elect and dismiss the auditor. The Company replied on 22 November 2017 at 09:28 and argued towards the Exchange that they had been struggling to receive the support requested from KPMG on various issues, including, but not limited to closing of the comments on related parties' transactions, timely conclusion of the annual accounts for 2016, ongoing issues related to availability of KPMG and its billing practices.

The Company further disagreed with KPMG's statements that the Company had been warned about KPMG's possible resignation for a period of time. The Company was of the opinion that the warning was first received with management letter no. 34, issued on Thursday 9 November 2017.

With regard to the question of whether the Company had legal grounds to suspend the services of the auditor, the Company argued that they had not dismissed the auditor, but suspended its services until clarity could be obtained on the billing process and the increased pressure for provision of documents and lack of response. It was the Company's intention, to continue make use of KPMG once clarity and joint understanding about the working relation and the way forward could be agreed between the parties and at least until a successor could be engaged.

The Exchange sent an e-mail to the Company the same day at 15:20, stating that the Exchange considered that the stock exchange notice of 14 November 2017 did not give a complete picture of the situation with the auditor. The fact that KPMG had formally resigned as the Company's statutory auditor should in the opinion of the Exchange have been published as soon as the Company received Management letter no. 35 from KPMG on 14 November 2017. The Exchange asked the Company to immediately publish a stock exchange notice informing about KPMG's resignation as the Company's statutory auditor on 14 November 2017.

The Company replied later the same day at 18:51 and stated that they considered the resignation by KPMG as invalid and that there were ongoing discussions with KPMG in that regard. The Company would therefore send a stock exchange notice when the discussions were completed. The Exchange replied on 23 November 2017 at 08:14 and recommended that the Company published the stock exchange notice regarding the resignation by KPMG as soon as possible, but that they could also inform that the Company disputed the resignation.

On 23 November 2017 at 11:45 (CET), the Company published a stock exchange notice¹⁰ with the heading "*Oceanteam ASA - Disputed withdrawal of services by KPMG*". The notice stated that following the Company's suspension of the auditor's services of KPMG in Norway on 14 November 2017, KPMG had informed the Company that it withdrew its services as statutory auditor in Norway with immediate effect. The stock exchange notice stated that the Company disputed the validity of such resignation and was in process of filing a formal complaint.

Due to the Company not having a functioning statutory auditor, the Exchange shortly thereafter resolved to move the Company to special observation in accordance with section 14.4 of the Continuing Obligations¹¹.

¹⁰ <http://www.newsweb.no/newsweb/search.do?messageld=439347>

¹¹ <http://www.newsweb.no/newsweb/search.do?messageld=439353>

The Oslo Stock Exchange sent certain follow-up questions to the Company on 24 November 2017. The Company did not respond within the deadline of 29 November 2017 and the Exchange sent a reminder on the same date. The Company sent an e-mail to the Exchange on 1 December 2017 where it apologized for the delay and would revert as soon as possible. On 6 December 2017, the Exchange sent a further reminder that was not answered by the Company.

On 13 December 2017, the Oslo Stock Exchange requested a call to be held with the Company on 14 December 2017¹². In this call, the Exchange emphasized, among other things, the importance of the issuers' duty to provide information to the Exchange pursuant to section 2.6 (5) of the Continuing Obligations. At the call, the Exchange also agreed to the Company's request of providing the requested information within 19 December 2017. On 19 December 2017, the Company replied to the Exchange's outstanding request.

Process leading up to the resignation by KPMG as statutory auditor

Below is a summary of the correspondence between the Company and KPMG from 20 October 2017 and 15 November 2017, the letters of which have been provided by the Company to the Exchange¹³.

23 June 2017 – 5 October 2017 – Management letter no. 30, 31 and 32

In this period, KPMG sent three management letters to the Company. In management letter no. 30 dated 23 June 2017, KPMG addresses the matters set out in their audit opinion for 2016. In management letter no. 31, dated 10 July 2017, KPMG followed up on internal control deficiencies, basis for going concern and related party transactions. In management letter no. 32 dated 5 October 2017, KPMG stated that they would not co-sign the Company's "Næringsoppgave", due to the management not having fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's transactions and account balances on a timely basis. Furthermore, KPMG stated that management had not fulfilled its duty to produce proper and clearly set out documentation of the Company's related party transactions.

20 October 2017 - Management letter no. 33

On 20 October 2017, KPMG sent management letter no. 33 to the Company. The letter was sent to follow-up certain matters that had been discussed earlier, such as internal control deficiencies. KPMG addressed lack of timely and appropriate response from the Company on requests set out in previous management letters and informed the Company that this may lead KPMG to draw the conclusion that they were not able to fulfill the obligations as statutory auditor for the Company. The letter also addressed lack of payment of services by KPMG from the Company, and that this could constitute a threat to the auditor's independence. KPMG further stated that if they did not receive timely and appropriate responses to its concerns, it would have no other option than to withdraw as statutory auditors for the Company. The deadline for response was set to 27 October 2017. The qualification also extended to the Company's tax return, where KPMG as auditors were unable to co-sign.

¹² E-mail correspondence between the Company and the Oslo Stock Exchange between 13 December 2017 and 19 December 2017 regarding this matter is attached as [Appendix 7](#)

¹³ The correspondence between KPMG and the Company between 23 June 2017 and 21 November 2017 is attached as [Appendix 8](#)

31 October 2017 – Reply to management letter no. 33

The Company responded on 31 October 2017 and provided a high-level account of the issues addressed by KPMG in management letter no. 33. In terms of the unpaid invoices, the Company stated that they would like to assure KPMG that the Company did everything possible in order to settle any outstanding invoices timely.

9 November 2017 – Management letter no. 34

On 9 November 2017, KPMG sent management letter no. 34. KPMG stated that they considered that the Company's response of 31 October 2017 did not provide sufficient level of detail to the request made by KPMG. KPMG therefore requested supporting documentation. KPMG also stated that they would withdraw as auditor effective from 15 November 2017 if appropriate responses were not received from the Company within 14 November 2017.

14 November 2017 – Suspension / resignation, reply to management letter no. 34 and management letter no. 35

On 14 November 2017 at 15:44 (CET), the Company published the stock exchange notice about the suspension of services by KPMG.

The Company responded to KPMG's last management letter no. 34 on 14 November 2017. According to KPMG, the letter from the Company was received at 16:07 (CET). In the letter, the Company stated that they were of the opinion that they had covered all inquiries raised by KPMG in a timely manner and was of the opinion that the oral feedback given by KPMG differed from the feedback issued in management letter no. 34. The Company stated that it would make certain documentation available for KPMG's review. The Company was of the opinion that it had made enormous resources and efforts to rectify omissions from the past and to answer all requests and instructions from KPMG. The Company claimed that it had experienced a lack of response and changing requirements from KPMG and that KPMG did not have legal grounds to withdraw as the Company's auditor. The Company then stated that it would suspend the services of KPMG with immediate effect, but proposed a meeting between the parties to discuss the relationship and payment schedule.

Later the same day, KPMG sent management letter no. 35 where they argued that the Company's response of 14 November 2017 did not address the issues raised by KPMG. Furthermore, KPMG stated that they, contrary to the information in the stock exchange notice, had not been given prior notice of the suspension before the stock exchange notice was published. KPMG also disagreed with the Company's claim in the stock exchange notice that an agreement had not been made on audit costs, and requested the Company to issue a correction notice to the Oslo Stock Exchange. KPMG then gave notice that they resigned as the Company's auditor with immediate effect and reminded the Company of the obligation to issue a notice to the Oslo Stock Exchange with immediate effect. The letter also stated that KPMG would give notification to the Norwegian Financial Supervisory Authority (Nw. *Finanstilsynet*) ("**NFSA**") and the Company Registrar (which the Exchange understands refers to the Norwegian Register of Business Enterprises ("**NRBE**")) of their withdrawal as statutory auditor.

15 November 2017 – Reply to management letter no. 35 and management letter no. 36

The Company responded on Wednesday 15 November 2017. According to KPMG, the letter was received at 17:19 (CET). The Company disputed that KPMG had not been warned about the suspension of their services in advance of the stock exchange notice and further stated that they had been unable to verify and approve the audit costs presented by KPMG, which had been a topic of discussion for at

least the last two years. The Company continued to dispute the withdrawal by KPMG as auditor and invited KPMG to discuss and resolve the situation.

On 15 November 2017, KPMG sent management letter no. 36, where they still claimed that they had not been warned in advance of the stock exchange notice regarding suspension of their services. The Company stated that there were no doubt that they had no other option than to withdraw as auditors and that the assessment process commenced in June 2017 after signing the audit opinion on 23 June 2017.

21 November 2017 – Reply to management letter no. 36

On Tuesday 21 November 2017, the Company replied to KPMG and acknowledged that KPMG did not receive prior notification of the suspension as previously claimed. The Company still contested the reasons for withdrawal by KPMG.

Legal background

Section 5-2 (1) of the STA, cf. section 3.1.1 of the Continuing Obligations, stipulates that listed companies must without delay and on their own initiative publicly disclose inside information which concerns the issuer directly, cf. section 3-2 (1) to (3) of the STA. Inside information is defined in section 3-2 (1) of the STA: "*Inside information' means any information of a precise nature relating to financial instruments, the issuers thereof or other circumstances which has not been made public and is not commonly known in the market and which is likely to have a significant effect on the price of those financial instruments or of related financial instruments.*"

The definition imposes three main conditions for information to be deemed inside information. Firstly, the information must be information of a precise nature relating to the financial instruments in question. Secondly, the information must be likely to have a significant effect on the price of the financial instruments. Finally, the definition relates to information which has not been made public and is not commonly known in the market.

The first and second main conditions for information to be deemed to be inside information (i.e. the requirements for information to be of a precise nature and likely to have a significant effect on the share price) are explained in greater detail in STA Section 3-2 (2) and (3): "*(2) 'Information of a precise nature' means information which indicates circumstances that exist or may reasonably be expected to come into existence or an event that has occurred or may reasonably be expected to occur and which is specific enough to enable a conclusion to be drawn as to the possible effect of those circumstances or that event on the price of the financial instruments or related financial instruments. (3) 'Information likely to have a significant effect on the price of financial instruments or of related financial instruments' means information of the kind which a reasonable investor would be likely to use as part of the basis of his investment decisions.*"

According to the first main condition, the information must as a minimum indicate that circumstances exist or may reasonably be expected to come into existence or an event has occurred or may reasonably be expected to occur. Neither the wording of the legislation, the preparatory work on the legislation nor established practice impose any restrictions on what can actually constitute "information", subject to the other conditions being satisfied.

Moreover, pursuant to section 3-2 (2) of the STA, the information must be sufficiently precise for it to be possible to draw a conclusion on the possible effect of the information on the price of the financial

instruments in question. According to the preparatory work on the legislation, the requirement stipulated by the wording for information to be of a precise nature is intended to exclude rumors and speculation, cf. Ot. prp. nr. 12 (2004-2005) section 4.5. In connection with the implementation of the EU Market Abuse Directive, the NFSA has taken the view that information can be of a precise nature even if it is not complete, unambiguous, final or unconditional, so long as it is sufficiently specific, cf. page 15 of Consultation document dated 1 March 2004.

The second main condition for the definition of inside information, namely that the information must be likely to have a significant effect on the price of the financial instruments, is further clarified in the STA by the "reasonable investor test", cf. section 3-2 (3). The preparatory work for the STA set out the criteria in this connection as "information of the type that a reasonable investor would be likely to use as part of the basis of his investment decisions", cf. Ot. prp. nr. 12 (2004-2005) section 4.5. The wording of the legislation does not include any condition that the information must actually affect the price of the financial instruments in question. Accordingly, this test applies in advance of the event or circumstance in question (which may for example be a purchase or the public disclosure of information).

In order for information to be subject to the definition of inside information, the information must not have been made public or be commonly known in the market. Evaluating whether particular information must be deemed to be inside information requires a case-by-case approach. The evaluation is relative, and may reach different conclusions for different companies and markets. The responsibility for supervision and imposing sanctions in respect of the rules for the public disclosure of inside information is delegated to Oslo Børs, cf. section 17-4 (3) third sentence of the STA and section 15-2 (2), cf. section 13-1 of the Norwegian Securities Trading Regulations.

The Company's account of the matter

The Company has filed a complaint with the NFSA in which all details around the matters that lead to suspension of the services of KPMG have been covered, and all points related to the quality of audit provided by KPMG have been raised. The Company has therefore stated to the Exchange that no further comments will be made to this case.

The assessment by the Oslo Stock Exchange

The Oslo Stock Exchange considers that information about the resignation by the statutory auditor constituted inside information pursuant to section 3-2 of the STA.

The fact that the auditor had resolved to formally resign as the Company's auditor, constitutes information of a precise nature, cf. section 3-2 (2) of the STA.

Furthermore, the Exchange considers that the information was of such kind that a reasonable investor would be likely to use as part of the basis for its investment decision, cf. section 3-2 (3) of the STA.

The statutory auditor is elected by the general meeting and has limited grounds to resign prior to the expiry of their engagement. Pursuant to section 7-1 (1) of the Auditors Act, the auditor has a duty to resign as auditor when the auditor through its work has identified and drawn attention to significant breaches of laws and regulations applicable to the company and the company does not implement necessary measures to correct the breaches. If these conditions are not fulfilled, it follows from section 7-2 of the Auditor Act that the auditor only is entitled to unilaterally withdraw from the assignment if he is not given the opportunity to discharge his duties under the Auditor Act or if other special grounds

exist. The Exchange's experience is that it is very rare that a statutory auditor formally resigns and accordingly constitutes an extraordinary event. When an auditor quite suddenly resigns as was the case in this matter, it is therefore essential information for the market and something a reasonable investor would be likely to use as part of the basis for its investment decision. The Exchange considers this to be the case regardless of the Company disputing the auditor's grounds for resignation.

The fact that the auditor had decided to formally resign as the Company's auditor was not made public before the information was published in DN at 18:44 (CET) on 14 November 2017.

The Exchange does not rule out that inside information occurred some time between 9 November 2017 and 14 November 2017, when the Company understood that they would not be able to provide the requested information and documentation to KPMG for them not to resign as auditor for the Company. KPMG had given a clear warning about this in their letter of 9 November 2017 and also in management letter no. 33 of 20 October 2017. The Exchange accordingly considers that there is a possibility that it could have been reasonably expected by the Company that KPMG would resign as the Company's auditor in the period between 9 November 2017 and 14 November 2017, cf. section 3-2 (2) of the STA.

The Oslo Stock Exchange concludes that inside information occurred no later than 14 November 2017, at the time the Company received management letter no. 35 from KPMG following the publication of the stock exchange notice. Based on the information in the management letter, the letter was sent shortly after the stock exchange notice about the Company suspending the services of KPMG was published at 15:44 (CET) on 14 November 2017. The letter was also sent prior to KPMG making the notifications to the NFSA and the NRBE about their resignation, which entails that the information was not public at the time the inside information at the latest occurred.

The failure of the Company to immediately and at its own initiative disclose this information, accordingly constituted a breach of section 5-2 (1) of the STA.

Although the Company at such time had announced that it had suspended the services of the auditor, this only gave a part of the information about the situation with the auditor to the market. The Exchange considers that the fact about the auditor having formally resigned from its position as important for the basis for the investment decisions made in the Company's share, although the Company's announcement may have reduced the potential effect on the share price. The Company's share price declined from NOK 1.74 to NOK 1.45 per share in the period between 14 November 2017 and 24 November 2017, which equals a decline of approximately 17%. It should be noted that the Company's share price has been declining steadily throughout 2017, and the decline most likely reflects the totality of the situation with the auditor and not only the formal resignation. However, the Exchange is still of the opinion that this indicates that the formal resignation by the auditor was price sensitive to the Company's share.

That the auditor had resolved to formally resign as statutory auditor was key for the market to be informed of and not something the Company could withhold from the market on the grounds that they contested the validity of the resignation. An issuer cannot withhold parts of inside information on the grounds of delayed disclosure. In addition, the Company cannot delay disclosure of a factual circumstance that has occurred, solely on the basis that they disagree with the legal grounds for its occurrence. The Exchange would like to emphasize that it in any event was not informed of any

decision by the issuer to delay disclosure pursuant to section 3.1.2 (3) of the Continuing Obligations and section 5-1 of the Securities Trading Regulations.

The Exchange also has concerns in terms of the information provided in the stock exchange notice by the Company published at 14 November 2017 at 15:44 (CET), regarding the information that the Company had suspended the services of KPMG. The notice stated that the decision to suspend the services of KPMG was made based on the Company's investigative findings regarding audit costs that were charged for work not performed. The stock exchange notice further stated that the investigation by an independent consultancy firm also showed that the amounts charged by KPMG compared to audit costs of peer companies in the offshore industry were substantially higher. Despite attempts made to resolve the dispute, to optimize costs and to improve the efficiency of KPMG's services, no solution could be reached during 2017.

The Exchange has been provided with an extract of a report from FTI Consulting, with three slides on audit costs¹⁴. The presentation gives a high level review of the Company's audit costs, and states, among other things, that the Company's audit costs were significant higher for a Company of its size, compared to similar businesses in its sector. The Company has informed the Exchange that the review was completed on 20 September 2017.

However, based on the documentation provided to the Exchange of the correspondence between KPMG and the Company leading up to the stock exchange notice of 14 November 2017, there are no mention of the grounds for the decision to suspend the services of KPMG, such as high audit costs compared to other peers or audit costs charged for work not performed. On the contrary, in the letter from the Company on 31 October 2017, the Company assures KPMG that they are doing everything possible in order to settle the outstanding invoices timely. It is first in the letter of 14 November 2017, where the note of the decision of suspension first is made, that the Company mentions that they are not satisfied with certain of the work and invoicing by KPMG.

For the Oslo Stock Exchange, it appears as if the Company tried to get ahead of KPMG's resignation by making the decision to suspend their services in advance of KPMG formally resigning as they had warned about in their letters of 20 October 2017 and 9 November 2017. By doing this, the information given by the Company on 14 November 2017 gave a one-sided and fragmented part of the information regarding the situation with the auditor.

5. Other matters

5.1 Filing of notice of general meeting

According to section 10.3 (2) of the Continuing Obligations, the company must publicly disclose the notice for a general meeting. Further, section 3.6 of the Continuing Obligations requires that any information sent to shareholders shall be made public no later than the time at which such information is distributed. The procedures for publishing and filing such information are stated in section 5.1 and 5.2 of the Continuing Obligations.

The Company held an extraordinary general meeting ("EGM") on 9 May 2017 where the notice of such meeting was not published through Newsweb prior to the EGM. The EGM handled, among other things, amendment of the Company's articles of association and election of new director to the Board.

¹⁴ Extract from FTI Consulting Report is attached as [Appendix 9](#)

When the Exchange followed-up on the outstanding publication of the notice through Newsweb, the Company stated in an e-mail to the Exchange¹⁵ that the notice had been published through a press release on 12 April 2017¹⁶. The press release was also published on Newsweb¹⁷, however this did not include links to the EGM materials. The notice of the EGM was first published through Newsweb when the EGM had been held on 9 May 2017¹⁸.

In its comments to the advance notice, the Company has stated that the Company issues the notices for general meetings on its website under the heading Investors as well as on the Newsweb. Notifications were placed on both locations on 12 April 2017 and individual distribution was initiated the same day through the VPS service of Danske Bank. As it appeared later (the Company received a notification from Exchange on this matter), the link to the documents for the EGM placed on Newsweb, appeared not to function properly. This was rectified by attaching a PDF document once the malfunction was detected. The Company has argued that as all the notifications were timely placed, albeit with a technical malfunction, no negative consequences for the investors could have occurred as the notice was available in its complete version at least on the website of the Company. The Company therefore disputes the conclusion that the Company failed to place the notice on Newsweb.

The Exchange would like to highlight that the notice of the EGM was included in a press release with the heading *“Oceanteam ASA - Reaches agreement with majority of bond holders on refinancing of bond loan agreement”* and that the information about the EGM is included in the bottom of the release. Although the notice of the EGM was publicly available at the Company’s website, the notice should have been published in a separate stock exchange notice, and not included in the end of a press release which mainly comprised of information regarding the Company’s bond loan.

Although the shareholders at the time of the distribution of the notice received the notice pursuant to the rules in the Companies Act and the notice was available at the Company’s web site, the lack of proper filing through Newsweb could have had consequences for investors trading in the shares in the period from the distribution of the notice and up to the extraordinary general meeting which was held on 9 May 2017.

The publication of the notice of the EGM must also comply with the rules of storage of the information pursuant to section 5.2 of the Continuing Obligations. The Oslo Stock Exchange is the officially appointed mechanism (OAM) for storage in Norway. Submission to the storage mechanism may be performed via the Oslo Børs NewsPoint or via a third party that can deliver notifications directly to the OAM.

It is specifically stated in the comments to section 5.2 of the Continuing Obligations that *“Documents that are published by stating the website on which they are available must nonetheless be submitted to the OAM in PDF format”*. This was not done before the EGM had been held on 9 May 2017.

¹⁵ The e-mail correspondence between the Company and the Oslo Stock Exchange from 16 May 2017 and 30 May 2017 is attached as [Appendix 10](#)

¹⁶

http://www.oceanteam.nl/pressreleases/http://cws.huginonline.com/O/136936/PR/201704/2095443_5.html

¹⁷ <http://www.newsweb.no/newsweb/search.do?messageld=424865>

¹⁸ <http://www.newsweb.no/newsweb/search.do?messageld=426859>

The failure to publish the notice on Newsweb on 12 April 2017 accordingly constituted a breach of section 5.2 of the Continuing Obligations, as addressed in the e-mail from the Exchange to the Company on 30 May 2017.

5.2 Publication of audited annual report for 2016

According to section 5-5 of the STA and section 4.5 of the Continuing Obligations, the audited annual financial report shall be made public at the latest four months after the end of each financial year. This entails that the Company's audited annual report for the financial year 2016 should have been made public no later than 30 April 2017.

The Company published its audited annual report for 2016 on 23 June 2017¹⁹, approximately one month and three weeks after the stipulated deadline. The report was released after the Company had communicated several postponements to the market by updating its financial calendar.

On 14 August 2017, the NFSA imposed a violation charge to the Company due to the violation of the statutory deadline for the publication of the audited annual report.²⁰

Financial information is a key factor in the information regime for listed companies, and constitutes an essential part of the Company's duty to provide correct and updated information to the market. The Oslo Stock Exchange considers the delay of nearly two months as a serious violation of the deadline that raises concerns with the Exchange in terms of the Company's compliance with the financial reporting obligations going forward.

5.3 Audit report for the annual report for 2016

The audit report for 2016 was a qualified opinion. As basis for the qualified opinion, KPMG stated that they had not been able to obtain sufficient audit evidence over the completeness of the statement from the Company's management regarding transactions with related parties. It was further stated that KPMG consequently had not been able to establish whether there were undisclosed related party transactions or assess the impact of these on the consolidated financial statements. In terms of the qualified opinion, KPMG stated that management had not fulfilled its duty to produce proper and clearly set out registration and documentation of the Group's transactions and account balances on a timely basis. It furthermore read that management had not fulfilled its duty to produce proper and clearly set out documentation of the Group's related party transactions.

The audit opinion contained a material uncertainty related to going concern, an emphasis of matter related to correction of errors in the previous period and qualification of board member. The audit opinion also reported on a receivable with a related party which was not in compliance with section 8-7 of the Companies Act and a possible breach of chapter 3 and 8 of the Companies Act due to the Company possibly not having identified and disclosed all related party transactions.

While a qualified audit opinion does not in itself entail a breach of the rules applicable to issuers listed on the Oslo Stock Exchange, the Exchange finds it alarming that the audit opinion highlights that the

¹⁹ <http://www.newsweb.no/newsweb/search.do?messagelId=430409>

²⁰ <https://www.finanstilsynet.no/contentassets/c5031d92d0984f3b8f5d7f93c823d024/vedtak-om-overtredelsesgebyr-oceanteam-as.pdf>

auditor did not receive the necessary documentation for assessing certain matters and also points out certain possible breaches of Company Law.

In the comments to the advance notice of resolution, the Company has stated that it has given a clarification on the matters surrounding the qualified opinion. The clarification was presented to the annual general meeting of shareholders held on 30 June 2017 as well as during the extraordinary general meeting of shareholders held on 4 August 2017, and was added to the minutes of meeting of 4 August 2017²¹.

The Company has argued that the clarification shows that the information the Company was not able to provide timely to the auditor relates to two companies respectively out of a sample of 76 audited companies. The Company is therefore of the opinion that the Exchange's conclusion the auditor did not receive the necessary documentation, which is found alarming, is overstated.

The Oslo Stock Exchange would like to point out that the clarification which is referred to is provided by the Board of Directors of the Company. The Exchange is not in a position to consider whether the information stated in the clarification is correct. Based on the minutes from the EGM of 4 August 2017, the auditor was not present at the EGM and the clarification therefore represented the view of the Company regarding this matter. The Exchange notes that the auditor addresses outstanding information and documentation in several of their management letters issued to the Company after the EGM, which points in the direction that this issue was not resolved at the time the EGM where the clarification was given.

The Oslo Stock Exchange upholds its concerns regarding the content of the audit opinion. The Exchange emphasizes that the audit opinion contains a number of concerns from the auditor, both in terms of outstanding documentation and possible breaches of law. Given the level and number of qualifications, emphasis of matter and other matters addressed in the audit opinion, the Exchange finds this alarming regardless of whether this was due to a relatively low number of outstanding matters. The audit opinion is an essential document for the information value of the audited annual report. When a listed issuer is not able to sort out outstanding issues with the auditor in terms of available documentation and information for them to conclude on the various matters in time for the publication of the audited annual report, and the audit report refers to possible breaches of Company Law, this causes concern for the Exchange.

5.4 Investigation of the Company

On 14 July 2017, the Company published a notice of an EGM²² where it was disclosed that the Company had received a demand from shareholders representing more than 1/20 of the Company's share capital that an investigation (Nw. *granskning*) of the Board of Directors, the CEO and related party transactions between them and the Company was initiated, cf. section 5-25 of the Companies Act.

On 4 August 2017, the Company published the minutes from the EGM²³. Under the item regarding the proposed investigation, the minutes stated that the general meeting had resolved to reject the proposal for an investigation. The minutes read that 75.27% had voted in favor of the resolution to reject the proposal and 24.73% had voted against.

²¹ <http://www.newsweb.no/newsweb/search.do?messageld=432142>

²² <http://www.newsweb.no/newsweb/search.do?messageld=431385>

²³ <http://www.newsweb.no/newsweb/search.do?messageld=432142>

It follows from section 5-25 (2) of the Companies Act that if a proposal for an investigation obtains more than 1/10 of the votes, any shareholder has the right to within one month from the date of the EGM require the District Court to pronounce by decree a decision for an investigation. The Oslo Stock Exchange therefore contacted the Company as the Exchange was of the opinion that the information in the minutes was misleading, as the proposal had obtained more than 1/10 of the votes. The proposal had accordingly not been rejected as stated in the minutes from the meeting.

On 7 August 2017, the Company published a stock exchange notice²⁴ where it referred to the said item and stated that pursuant to section 5-25 (2) of the Companies Act, any shareholder could within one month from the date of the general meeting require the district court to pronounce by decree a decision for investigation. Furthermore, the stock exchange notice stated that it had become evident at the EGM that the information requests and questions raised by the shareholders in the demand of an investigation of the Company had been, in the opinion of the Company, thoroughly assessed by the auditor and covered through available documentation and at the Company's annual general meeting.

On 5 September 2017²⁵, the Company published a stock exchange notice which stated that a petition for an investigation of the Company had been filed with Bergen city court by shareholders of the Company.

The Company has in its comments to the advance notice of resolution contested that the minutes of meeting of the extraordinary general meeting of the Company held on 4 August 2017 were misleading. The Company has argued that the investigation request was indeed rejected as the majority of shareholders voted against such investigation. The Company has stated that it is a separate matter that in case 1/10th of the shareholders vote for investigation, any of the shareholders may request such investigation with the court. Pursuant to section 5-25 (2) of the Companies Act, any shareholder may within one month from the date of the general meeting require the district court to pronounce by decree a decision for investigation, however, this does not happen automatically. The Company does however acknowledge that such court case has been initiated.

The Oslo Stock Exchange considers that the information made to the market about the EGM rejecting the proposal for an investigation of the Company was incomplete and could lead to misunderstandings amongst the Company's shareholders that the proposal had not obtained the sufficient number of votes for the shareholders to demand an investigation. Correct information about shareholders' rights is essential for issuers listed on the Oslo Stock Exchange. That the Company did not give complete information about this matter, and that the Exchange had to follow-up with the Company to have the information corrected, is considered unfortunate by the Oslo Stock Exchange.

5.5 Appointment of new CFO

Pursuant to section 3.2 (1) no. 8 of the Continuing Obligations, a company must immediately disclose changes to the company's board of directors, managing director or financial director.

In addition, a company must immediately and on its own initiative disclose inside information that concerns the company directly, cf. section 3-2 of the STA and section 3.1.1 (1) of the Continuing Obligations. The company may delay public disclosure of inside information such as to not prejudice

²⁴ <http://www.newsweb.no/newsweb/search.do?messageId=432198>

²⁵ <http://www.newsweb.no/newsweb/search.do?messageId=434143>

its legitimate interests, provided that such omission does not mislead the public and provided that the company ensures confidentiality of that information, cf. section 5-3 (1) of the STA and section 3.1.2 (1). The company must promptly notify the Oslo Stock Exchange of any such delayed public disclosure, cf. section 3.1.2 (3) of the Continuing Obligations and section 5-1 of the Securities Trading Regulations.

On 24 September 2017 at 20:55 (CET), DN published a news article²⁶ which, among other things, stated that the Company now announced that the Company had appointed [REDACTED] as new CFO. The article was also published in the paper edition of DN of 25 September 2017. The Company published a stock exchange on the matter on 25 September 2017 at 10:52 (CET)²⁷. The Company's share price inclined from NOK 2.07 to NOK 2.23 per share during 25 September 2017, which entails an increase of approximately 7%.

Due to the difference in time between the news article and the Company's stock exchange notice, the Oslo Stock Exchange sent an e-mail to the Company on 2 October 2017 and requested more information about factual circumstances of the appointment of the new CFO and asked whether the Company considered this as inside information, how the information was handled and an explanation of the information being made available in DN in advance of the stock exchange notice.

Through subsequent e-mail correspondence²⁸, the Company informed the Oslo Stock Exchange that it reached a final agreement with the Company on 25 September 2017. It further informed the Exchange that it considered the information to constitute inside information. The Company argued that the newspaper article was a result of a leakage.

The Exchange participated on a conference call with the Company on 27 October 2017, to discuss the matter further. The Company informed that although they had considered the information about the appointment of the new CEO as inside information, the Company had not drawn up insider list for the matter.

The Exchange considers the information about the appointment of the new CFO as inside information. The appointment of the CFO was a factual circumstance which constitutes precise information, cf. section 3.2 (2) of the STA. Furthermore, the information was of such kind that a reasonable investor would be likely to use as part of the basis for its investment decision, cf. section 3-2 (2) of the STA. This in particular because the Company did not have an acting CFO at the time of the appointment. The information should at the latest be published at the time the new CFO was appointed, cf. section 3.2 (1) no. 8 of the Continuing Obligations.

The Exchange does not have grounds to conclude that the appointment of the new CFO constituted inside information prior to the publication of the stock exchange notice on 25 September 2017. However, the Exchange finds it concerning that the Company, when considering the information to be inside information, does not appear to have a sufficient level of awareness of the duties that apply when inside information occurs. This both with respect to the handling of the information itself and the duty to draw up a list of persons with access to the information. It is of a high concern for the

²⁶ News article from DN dated 24 September 2017 is attached as [Appendix 11](#) (<https://www.dn.no/nyheter/2017/09/24/2055/Bors/beskyldninger-om-vanstyre-i-oceanteam>)

²⁷ <http://www.newsweb.no/newsweb/search.do?messageld=435348>

²⁸ E-mail correspondence between the Company and the Oslo Stock Exchange between 2 October 2017 and 25 October 2017 is attached as [Appendix 12](#)

Exchange that the press was able to obtain the information in the stock exchange release in advance of the notice being published.

In the Company's comments to the advance notice of resolution, the Company has stated that it regrets the leakage of information around the appointment of CFO and that it is correct that the Company was unable to discover how the leakage occurred. The Company is however of the opinion that it is incorrect to conclude that the Company is not aware of its obligation to draw up insider lists, which obligation is considered every time external parties, not yet subject to the inside information restrictions, are involved in matters considering inside information.

To the latter, the Exchange would like to point out the obligation to draw up an insider list does not only apply when inside information is given to external parties. The insider list shall contain a list of all persons having access to the inside information in question, both representatives of the Company, and regardless of whether these are included on the primary insider lists, as well as any external parties.

5.6 News article with non-accurate statements from the Company

The news article in DN dated 24 September 2017, included certain accusations between the Company and its two former CFOs, as well as claims of the auditor having addressed a number of items towards the Company, including outstanding payments to employees and customers and certain related party arrangements²⁹. In the news article, [REDACTED] (chairman) is quoted the following: *"Everything is covered in the annual accounts. They have been checked out by banks, the auditor, lenders, the Norwegian Financial Supervisory Authority, the Oslo Stock Exchange. Nothing is wrong"*.

The Oslo Stock Exchange considers this statement to be incorrect. The Oslo Stock Exchange has not reviewed nor checked out the matters addressed in the article. In addition, the auditor raised a number of concerns in the audit report for 2016 and the Oslo Stock Exchange is of the understanding that KPMG had not checked these out at the time of the news article.

Based on the Company's correspondence with KPMG as presented to the Exchange by the Company, the Oslo Stock Exchange has not seen any indications that KPMG and the Company resolved the matter regarding the related party transactions prior the news article of 24 September 2017, as KPMG continued to request information and documentation regarding related party transactions until their services are suspended and KPMG resigned as the Company's auditor on 14 November 2017.

In the news article in DN dated 14 November 2017³⁰, [REDACTED] (CFO) is quoted on stating that they have solved the issue with the auditor regarding the related party transactions, but that they are waiting a confirmation from KPMG on this.

In their comments to the advance notice of resolution, the Company has stated that it has had unsatisfying experience with the biased reporting and has in the meantime stopped giving any comments to the press.

²⁹ News article from DN dated 24 September 2017 is attached as [Appendix 11](https://www.dn.no/nyheter/2017/09/24/2055/Bors/beskyldninger-om-vanstyre-i-oceanteam) (<https://www.dn.no/nyheter/2017/09/24/2055/Bors/beskyldninger-om-vanstyre-i-oceanteam>)

³⁰ News article from DN dated 14 November 2017 is attached as [Appendix 5](https://www.dn.no/nyheter/2017/11/14/1814/Bors/bryter-med-revisor) (<https://www.dn.no/nyheter/2017/11/14/1814/Bors/bryter-med-revisor>)

The Oslo Stock Exchange considers it highly unfortunate that the Company has provided such incorrect statements to the public. The statements could give the impression that on-going disagreements regarding matters such as legality of related party transactions had been checked out, when in fact this was still a concern for the auditor and had not been considered nor checked out by the Oslo Stock Exchange at the time of news article in DN on 24 September 2017.

6. The Company's account of the case

The Company has stated that a number of events have taken place in the past two years in relation to the Company. The global decline in the offshore industry has affected the Company severely, and is a matter which affects all parties active in the industry, creating shortage of funds, lack of resources and lost markets.

The Company has explained that despite its adaptability, it entered into a reorganization in October 2016, followed by lengthy negotiations with its bondholders and banks, eventually resulting in amendment and restatement of the Companies' long term loans in June 2017. In the meantime, the Company has sold one of its major assets North Ocean 105, and also been faced with various issues around the accounting and compliance department with the dismissal of its former CFO and its former interim CFO.

The Company has acknowledged that it has been subject to leakages in the Norwegian press. The Company has argued that one of the effects of such leakages has been the negative publicity campaign in the Norwegian press, which is still ongoing and which creates unbalanced, insinuating and incorrect picture of the board and management of the Company and of the Company itself. The Company has stated that one of the direct effects of this campaign is the ongoing court case of minority shareholders seeking to enforce investigation and using as evidence confidential information of the Company and newspaper articles, causing substantial commercial damage to the Company.

Amidst the above, the Company has stated that it has attempted to continue its operations in compliance with the applicable rules and regulations in the various jurisdictions in which the group is active, which the Company acknowledges it has managed with a varying success.

The Company has acknowledged its failure to fully comply with the applicable rules and regulations for listed companies, but has argued that the Company has never intentionally withheld or provided misleading information to the public. The Company has stated that they have taken the findings by the Exchange very seriously and considers to make use of the offer provided on Company's request by the Exchange to further train its management and personnel in order to increase awareness and avoid non-compliance. This will be combined with further improvement measures currently considered by the board.

The Company has also provided certain comments to the various matters covered in this case, which have been set out and commented upon by the Oslo Stock Exchange under the relevant item under sections 4 and 5 above to which they apply. The comments are related to issues that appear incorrect to the Company or to give further clarification on. The Company has underlined that it has never been the intention of the Company and its management to intentionally breach its statutory obligations, to mislead the market or hide information.

7. The Oslo Stock Exchange's assessment of the case

The Oslo Stock Exchange does continuously monitor the issuers' compliance with the applicable disclosure obligations on the Exchange's market places. The Oslo Stock Exchange considers this work to be of high importance for maintaining the integrity of the market place. A well-functioning market is characterized by all market participants having access to the same information from the issuers at the same time so that investment decisions can be made on the same basis. This contributes to a correct pricing of the relevant financial instruments. The quality of the marketplace is accordingly affected negatively when the issuers do not comply with the disclosure obligations that apply to the issuers listed on the Oslo Stock Exchange.

The Exchange considers the issuers' competence on the disclosure obligations as important, which is also reflected in the Exchange rules. Pursuant to section 2.3.4 (2) first sentence of the Listing Rules, the company must have sufficient expertise to satisfy the requirements for the correct and proper management and distribution of information. Furthermore, it follows from section 2.3.4 (3) of the Listing Rules that the company must have procedures in place and be organized to ensure that the company's management and the officers responsible for disclosing information to the market become aware of essential information without undue delay. In addition, all members of the board of directors must have satisfactory expertise in respect of the rules that apply to companies listed on the Oslo Stock Exchange, cf. section 2.3.5 (4) of the Listing Rules. All the said provisions also applies as continuing obligations for the issuers, cf. section 2.3 of the Continuing Obligations.

The account of the various matters under section 4 and 5 has raised serious concerns with the Oslo Stock Exchange. The Company has on a number of occasions not provided information to the market in a timely and appropriate manner, this being both financial information, information about items set out in section 3.2 (1) no. 8 of the Continuing Obligations and inside information pursuant to section 3-2 of the STA and section 3.1.1 (1) of the Continuing Obligations. In addition, the several leakages of price sensitive information is of a high concern for the Exchange.

The disclosure rules are as mentioned key obligations for a listed issuer on the Oslo Stock Exchange, and compliance with these rules and other applicable issuer rules are essential when considering whether an issuer is suitable for listing. In addition, the various matters accounted for under section 5 above, has raised additional concerns with the Exchange in terms of the Company's suitability for listing. The Exchange has therefore found it necessary to assess whether the Company's financial instruments are suitable for listing on the Oslo Stock Exchange and Nordic ABM.

7.1 Suitability for listing

Pursuant to section 25 (1) first sentence of the Stock Exchange Act, cf. section 15.1 (1) of the Continuing Obligations and section 6.1 (1) of the ABM-rules, the Oslo Stock Exchange may delist financial instruments issued by the company if they no longer satisfy the exchange's conditions or rules, or if called for on other special grounds.

The Oslo Stock Exchange finds the Company's repeated breaches of the rules applicable to stock exchange listed companies serious. Although the Exchange several times has contacted the Company to ensure that complete and correct information is provided to the market and also asked the Company to review its internal procedures, the Company has not shown an improvement of its ability to comply with the rules applicable to stock exchange listed companies. The Exchange accordingly considers that there is a risk of future breaches by the Company.

As the account shows, the Exchange has had to follow-up with the Company on a number of occasions to ensure that appropriate information is given to the market. This is not in accordance with applicable rules, as both inside information and other required disclosures as a main rule shall be published at the issuer's own initiative and not as a result of control and instructions by the Exchange.

In addition, the Company's tendency to provide only fragmented parts of the relevant information to the market is of high concern for the Oslo Stock Exchange. When providing information to the market, it is important that all information relevant for the Company's investors to make a properly informed assessment when considering an investment decision in the Company's financial instruments is disclosed. As the account under section 4 and 5 shows, the Company has on several occasions not disclosed information which has entailed that the market has not been given a fair and complete picture of the information at hand with the Company. When an issuer fails to provide the market with correct and complete information, this increases the risk of different information being available in the market and an incorrect pricing of the Company's financial instruments.

The Exchange understands that a company may find itself in situations where there are disagreements with other parties about the grounds for the situation. However, this does not entail that the Company can omit key information from the market about incurred facts which the Company is obliged to disclose as an issuer, such as the suspension of the former CFO and the resignation by KPMG as the Company's statutory auditor. Although the issuers can provide their view on disputed matters, information about factual circumstances that have occurred should be as objective as possible. In addition, the issuers should also give a fair account of the view of the other party, although they were to disagree.

The Company appears to have a lack of awareness and competence on several of the rules that apply to companies listed on the Oslo Stock Exchange, this being both the obligations set out in the STA and the Continuing Obligations, as well as applicable Company Law.

The Exchange would also like to emphasize the importance of the issuers' duty to provide information to the Oslo Stock Exchange pursuant to section 2.6 (5) of the Continuing Obligations and section 24 (7) of the Stock Exchange Act.

The ability for the Oslo Stock Exchange to obtain information from the issuers is essential for the Exchange's follow-up of the issuers' compliance with the applicable issuer rules. Compliance with this duty to provide information to the Exchange is crucial for the Exchange's continuous efforts to facilitate a marketplace where market participants have the same basis for information for their investment decisions.

The Company has breached the deadlines for reply to the Oslo Stock Exchange a number of times. This has required substantial additional work on the Exchange's hand for both obtaining information for making an appropriate assessment of the situation and also ensuring corrections of rule breaches by the Company.

The Exchange would like to address that the disclosure obligations on Nordic ABM are not equivalent to the disclosure obligations for issuers with shares listed on the Oslo Stock Exchange, and that the Exchange has not addressed any breaches of the ABM-rules in this case. However, where there are several breaches of rules applicable to issuers with shares listed on the Oslo Stock Exchange, and the Company has shown a lack of awareness and competence on several of the rules that apply to

companies listed on the Oslo Stock Exchange to the extent as in this case, this is also of relevance when considering whether the Company's bonds are suitable for listing on Nordic ABM.

Pursuant to section 25 (1) second sentence of the Stock Exchange Act, cf. section 15.1 (1) second sentence of the Continuing Obligations, the Exchange cannot delist a financial instrument if this can be expected to cause material disadvantage for the shareholders or for the market's duties and function. This implies that a wide discretion has to be made as to the reasons for and against delisting when making the assessment of delisting. The interest of the Exchange and the market in being able to delist issuers which do not comply with the applicable rules must be weighed against the shareholders' interest in a continued listing. An equivalent assessment shall be made pursuant to section 6.1 (1) of the ABM rules in terms of the bondholders.

The Oslo Stock Exchange is of the opinion that a delisting generally will represent disadvantage for the holders of the Company's financial instruments as this implies that investors will lose the security from organized trading, such as the Company's disclosure obligations, financial reporting, disclosure of large shareholdings (Nw. *flaggeplikt*), mandatory offer rules etc.

However, the Exchange considers that when the Company does not comply with its disclosure obligations in a timely and appropriate manner, as well as breaches other relevant rules applicable to listed issuers, this reduces the value of the listing for the holders of the Company's financial instruments. This can contribute to the Company's financial instruments trading on different information and thereby affect the correctness of the pricing of its shares, which again is essential for trust in the securities trading market.

After an overall assessment, the Oslo Stock Exchange has concluded not to delist the Company's financial instruments from trading. The Exchange has placed emphasis on the interests of the Company's shareholders and bondholders in a continued listing of the Company. The Exchange however emphasizes that if the Company does not take sufficient measures to improve its routines, competence and disclosures to avoid further breaches of the rules applicable to stock exchange listed companies, a new suitability assessment by the Exchange could lead to a delisting of the Company's financial instruments.

7.2 Violation charge

The Oslo Stock Exchange may impose a violation charge if a company breaches the provisions of the Stock Exchange Act or the Stock Exchange Regulations, or materially breaches the Stock Exchange Rules or business terms and conditions, cf. section 13-1 of the Stock Exchange Regulations and section 15.4 (1) of the Continuing Obligations. In terms of breaches of section 3.1.1 of the Continuing Obligations, the Exchange may impose a violation charge in accordance with section 17-4 of the STA and section 13-1 of the Securities Trading Regulations.

As mentioned above, compliance with the disclosure obligations are essential for issuers with financial instruments listed on the Oslo Stock Exchange. The Company's failure to comply with the rules on two different occasions, as well as not having the required audit committee in place over such long period of time, reduces the security an organized listing shall provide to the holders of the financial instruments and increase the risk of the financial instruments trading on different information. The Exchange finds it serious that the Company has failed to comply with several of the applicable stock exchange rules.

In addition, the ability for the Oslo Stock Exchange to obtain relevant information and documentation from the issuers listed on the Exchange is vital for the Exchange's ability to ensure appropriate control of and compliance with the rules applicable to the issuers listed on the Exchange.

The Oslo Stock Exchange has resolved to impose a violation charge on the Company due to the breaches of the Continuing Obligations as accounted for under section 4 above. The Exchange has concluded on three breaches of the Continuing Obligations, which entails breach of (i) section 3.2 of the Continuing Obligations regarding audit committee, (ii) section 3.2 (1) no. 8 of the Continuing Obligations regarding suspension of CFO, and (iii) section 5.2 (1) of the STA and section 3.1.1 of the Continuing Obligations regarding the resignation by KPMG as the Company's statutory auditor. In addition, the Company has breached the duty to provide requested information to the Exchange within the deadlines set by the Exchange pursuant to section 2.6 (5) of the Continuing Obligations and section 24 (7) of the Stock Exchange Act on several occasions. The Exchange considers the breaches of the Continuing Obligations as material.

The Oslo Stock Exchange has not imposed violation charges on cases that have comparable circumstances to this case. When determining the size of the violation charge, the Exchange has placed emphasis on the number of repeated breaches and that in all of the cases, the Exchange had to contact the Company to ensure that the relevant matter was corrected. The repeated breaches of section 2.6 (5) of the Continuing Obligations and section 24 (7) of the Stock Exchange Act is also taken into consideration when imposing the violation charge. It is the totality of the different matters which has been decisive for the Exchange when determining the size of the violation charge.

After an overall assessment, the Oslo Stock Exchange has resolved to impose a violation charge of seven (7) times the annual listing fee for the breaches set out in section 4 above.

The Oslo Stock Exchange has on 14 February 2018 made the following resolution:

"A violation charge is hereby imposed on Oceanteam ASA for material breaches of the Continuing Obligations and the duty to immediately disclose inside information to the market in an amount of seven times the annual listing fee, i.e. NOK 1 315 300, cf. section 31 of the Stock Exchange Regulations and section 15.4 (1) of the Continuing Obligations, and sections 17-4 (3) and 15-1 of the Securities Trading Act and section 15-1 of the Securities Trading Regulations."