



Navig8 Risk Management Pte. Ltd
70 Victoria Street
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UNITED KINGDOM

OUR REFERENCE
22/5684

YOUR REFERENCE
22/5684

DATE
19.06.2023

Decision regarding violation penalty

1. Introduction

Reference is made to the letter regarding disclosure of large shareholdings from the Financial Supervisory Authority of Norway ("Finanstilsynet") dated 15 February 2023 and 21 March 2023, and Finanstilsynet's advance notification of violation penalty of 10 May 2023 and the replies received from Navig8 Risk Management Pte. ("Navig8") dated 8 March 2023, 21 March 2023 and 30 May 2023.

Based on the information made available to Finanstilsynet, Finanstilsynet finds that Navig8 violated the Norwegian Securities Trading Act ("NSTA") section 4-2 (as the provision was phrased before 1 September 2022, i.e. at the time when the transaction took place), when Navig8 on 6 May 2022 sold 20 039 097 shares and its total shareholding in Awilco LNG ASA ("ALNG") and thereby crossed the 15 %, 10 % and 5 % disclosure threshold in ALNG. In addition, the Securities Regulation of 29 June 2007 no 876 (the "Securities Regulation") section 4-1, subsection 1 (as the provision was phrased before 1 September 2022, i.e. at the time when the transaction took place) has been violated.

On this background, Finanstilsynet has decided to impose Navig8 a violation penalty of NOK 300,000.

According to Regulation of 27 June 2022 no. 1205 Section 3 on transitional rules to the amendments to the NSTA Section 4-2 of June 2022, the rules which applied when the transaction took place shall be applied, unless the new rules adopted will lead to a more favorable result. The NSTA and the Securities Regulation hereafter refer to the provisions as they were phrased before 1 September 2022.

2. Legal basis

Pursuant to the NSTA section 4-2, a shareholder shall immediately notify the regulated market of a transaction which causes the shareholder's portion of shares and/or rights to shares to reach, exceed or fall below 5 %, 10 %, 15 %, 20 %, 25 %, 1/3, 50 %, 2/3 or 90 % of the share capital or an equivalent proportion of the voting rights in a company whose shares are quoted on a regulated market.

The NSTA section 4-2 applies to shares admitted to trading on a regulated market of an issuer having Norway as its home state.

The notification requirement also applies to anyone who through disposal or other circumstances change their proportion of the share capital, rights to shares or voting rights so that the proportion reaches, crosses or falls below the mentioned thresholds.

Pursuant to the Securities Regulation of 29 June 2007 no 876 (the "Securities Regulation") section 4-1, subsection 1, the notification to the Oslo Stock Exchange shall contain information concerning:

- a) the name of the issuer of the shares,
- b) the date on which the proportion of shares held reached, exceeded or fell below the thresholds set in section 4-3 subsection (1) of the Securities Trading Act,
- c) the name of the entity subject to the mandatory disclosure obligation, including the name of the shareholder,
- d) the number of shares encompassed by the notification,
- e) the subsequent situation with regard to voting rights, including the percentage of the votes and shares of the company held by the entity concerned,
- f) what percentage of the votes and shares of the company the entity concerned holds in the form of rights to shares,
- g) the circumstance that triggered the mandatory disclosure obligation and whether such circumstance applied to the entity concerned itself or to any related party as mentioned in section 2-5 of the Securities Trading Act,
- h) the chain of controlled undertakings through which the shares or rights are owned,
- i) where the notification concerns rights to shares as mentioned in section 4-3 subsection (4) of the Securities Trading Act the notification shall also contain a description of the rights, including information on the date and time that the rights will or can be exercised and the date and time of their expiry.

According to the NSTA section 4-2 subsection 6, the notification to the regulated market shall be made "immediately" after an agreement on acquisition or disposal has been entered into or the party concerned becomes aware of, or should have become aware of, any other circumstance causing the party concerned to reach or fall below a threshold as provided in the NSTA section 4-2 subsection 1.

According to the Guidelines of Finanstilsynet regarding chapter 4 of the NSTA of 19 October 2021 paragraph 3.8 ("*Veiledning til verdipapirhandelloven kapittel 4 – flaggeplikt*"), this should be understood as the time it takes to write and send the notification to the market. Finanstilsynet may under the NSTA section 21-3 subsection 1, impose individuals and/or legal persons a violation penalty in the event of negligent or willful violation of the NSTA section 4-2.

In order to impose a violation penalty on a legal person, the NSTA section 21-9 subsection 2 refers to the Public Administration Act (PAA) section 46 subsection 1. Finanstilsynet will practice the PAA section 46 in a manner that requires the legal person in question to have acted with at least negligence. This means that a violation penalty can be imposed if a person acting on behalf of the company commits the violation negligently or willfully. However, the subjective requirements can also be met by anonymous or cumulative errors.

When deciding whether an administrative sanction is to be imposed and the size of such sanction, attention may under the NSTA section 21-14 be given to the following:

- 1) the gravity and length of the breach;
- 2) the degree of guilt of the perpetrator;
- 3) the financial strength of the perpetrator, in particular total turnover or annual income and assets;
- 4) profits gained or loss avoided;
- 5) any loss inflicted on a third party due to the breach;
- 6) will by the perpetrator to cooperate with public authorities;
- 7) earlier violations;
- 8) arguments as mentioned under the Public Administration Act section 46 subsection (2);
- 9) other relevant arguments.

3. Factual background

Navig8 is indirectly wholly owned by Navig8 Topco Holdings Inc as stated by Navig8 in the letter of 8 March 2023.

On 10 May 2022 at 10:27 CET Navig8 Topco Holdings Inc notified the Oslo Stock Exchange that intermediaries of the company sold 20 039 097 shares, and its entire shareholding, in ALNG, and thereby crossed the 15 %, 10 % and 5 % disclosure thresholds in ALNG. According to the notification the transaction took place on 10 May 2022. The Oslo Stock Exchange published the notification at 10:39 on 10 May 2022.

Finanstilsynet receives transaction reports ("TRS-reports") from investment firms on transactions executed in financial instruments. The obligation for the investment firms to submit TRS-reports is regulated in Markets in Financial Instruments Regulation MiFIR (Regulation (EU) no. 600/2014) article 26. According to the TRS reports, the abovementioned transaction, took place on 6 May 2022 at 14:40 CET.

4. Statement of the discloser

In the letter of 8 March 2023, Navig8 agrees that the notification was not given immediately, and that the notification did not state the correct date on which the proportion of shares held by Navig8 fell below the notification thresholds. According to Navig8, the late notification was caused by imperfect internal communication and a misinterpretation of section 4-2 of the NSTA, which in turn also led to incorrect information in the notification with regards to the transaction date.

Navig8 furthermore agrees with Finanstilsynet that the relevant trade did not take place on 10 May 2022. However, in Navig8's opinion the relevant trade took place on 9 May 2022 and not on 6 May 2022. In its letter of 8 March 2022 Navig8 stated that:

" In our opinion, the TRS Report states a premature date and time for the Relevant Trade, because (as we understand it):

6.1.1. the commercial heads of terms for the Relevant Trade were agreed at about 5 pm (Dubai local time) / 15:00 (CET) on Friday, 6 May 2022, but these were conditional on the Group and the broker agreeing and entering into a contract (and heads of terms which are subject to contract are not yet legally binding). Parties continued working towards a contract for the Relevant Trade until after close of business in London (6:11 pm) and Norway (19:11) on 6 May 2022, but the contract was only made during the morning of Monday, 9 May 2022; and

6.1.2. consistent with the above position, the broker issued the confirmation note for the Relevant Trade on Monday, 9 May 2022 (Appendix 1 (Confirmation Note), the "Confirmation Note"). In that regard, we note that the Confirmation Note states the "Order Created" date and time as "09.05.2022 09:36:32", and the "Trade Started" and "Trade Ended" date and time as "06.05.2022 14:40:48". This was not queried at the time, but we assume is due to a misunderstanding of when the contract was concluded. Page 3 of 9 6.2. Relevance to the present matter. We believe it was correct to not notify the Relevant Trade on 6 May 2022, and that it was right for the Group to be focusing on not making a premature notification to the market. To elaborate: 6.2.1. the distinction between non-binding commercial heads of terms and a legally binding agreement is, as we understand, key for notification purposes. A person notifying the market of a transaction that is not legally binding risks misleading the market if the contract is not made (and, in any case, is notifying too early); and

6.2.2. the Group's focus on not making a premature notification is documented in an email between the Group's securities trading and legal desks, albeit in the context of discussing whether to notify the Relevant Trade on 9 or 10 May 2022 (Appendix 2). As explained at paragraph 7, the decision to notify the Relevant Trade on 10 May 2022 was ultimately based on a misinterpretation of the law. However, it was correct to focus on not notifying the

market before the Relevant Trade was legally binding, and this valid concern was informing the Group's choices at the time of the Relevant Trade. [...]"

Navig8 further refers to that the notification did not have any advantage for the group and no third parties suffered any loss. Navig8 in that respect refers to that ALNG's share price closed higher than before the notification. The share price from 6 May 2022 to 10 May 2022 is also consistent with the development of ALNG's peers.

Navig8 also claims that it is not enough to assert that third parties suffered any loss due to the potential late notification. Navig8 also refers to that there also is another notification to the market from the period 9-11 May 2022 in the same issuer which lead to a violation fee from Finanstilsynet. In that case Finanstilsynet did not refer to any third parties' loss.

Navig8 further refers to that there is a potential error in Finanstilsynet's trading information on page 3 of Finanstilsynet's letter of 15 February 2023. According to Bloomberg intraday data, the last ALNG trade prior to the Group's notification was executed at 10:20:35 CET at the price of 5.64 NOK for 15,551 shares (as opposed to Finanstilsynet's stated 10:37:18 CET at a price of 5.71 NOK). The intraday change in share price from the last trade before the Group's notification to the lowest share price afterwards is therefore -3.37% (not -4.6%). The ALNG share price on 10 May 2022 closed at 0.11 NOK (i.e., 1.95%) higher (not 0.7% higher) than the last trade before the Group's notification of the Relevant Trade.

Finally, Navig8 emphasizes that it agrees with the importance of timely notifications to the market, and that it was not Navig8's intention to notify the market late. Navig8 is sorry for this and emphasizes that the company has updated its procedures in order for this to not happen again.

Navig8 also refers to that in its opinion the notification was only sent one day late.

5. Assessment of whether a violation penalty shall be imposed and its size

Finanstilsynet finds that the trade was completed on 6 May 2022 at 14:40 CET. This follows from the TRS-reports received and is also supported by the confirmation note that was issued by the broker to Navig8 and also by notifications published by three other markets participants that acquired ALNG shares that were disposed by Navig8. Finanstilsynet has in its assessment taken into consideration the facts and circumstances addressed by Navig 8 where Navig 8 argues that the relevant trade on 6 May 2022 was conditional.

According to Navig8 the commercial terms for the relevant trade were agreed upon on 6 May 2022. However, Navig8 argues that the relevant trade at this time was conditional and refers to the fact that the confirmation note from the broker first was issued on 9 May 2022 and stated "Order Created" date and time as "09.05.2022 09:36:32".

The timing of the issuance of the confirmation note is however not decisive for the assessment of when the trade took place. Finanstilsynet has not seen any other documentation that supports that

the relevant trade was conditional on 6 May 2022. On the contrary, the confirmation note issued by the broker on 9 May 2022 stated that "Trade Started" and "Trade Ended" date and time as "06.05.222 14:40:48". In addition to the Navig8 notification, three other major shareholding notifications were published in the period 9-11 May 2022 by other market participants regarding acquisitions of ALNG shares. These acquisitions were related to the shares disposed by Navig8 and the notifications stated 6 May 2022 as transaction date for the trades. The major shareholding notifications by the other market participants supports that the relevant trade by Navig8 was completed 6 May 2022. The major shareholding notifications published by other market participants are available at www.newsweb.no with the following links:

Notification from BlueBay Asset Management LLP:

<https://newsweb.oslobors.no/message/561497>

Notification from EPS Ventures Ltd.:

<https://newsweb.oslobors.no/message/561652>

Notification from Mirabella Financial Services LLP:

<https://newsweb.oslobors.no/message/561826>

Navig8 notified the Oslo Stock Exchange on Tuesday 10 May 2022 at 10:27 CET of the sale of its entire shareholding of 20 039 097 shares and thereby crossed the 15%, 10% and 5 % disclosure thresholds in the NSTA. Finanstilsynet finds that this notification was made too late.

According to the NSTA section 4-2, the notification to the Oslo Stock Exchange should have been made "immediately" after the transaction was completed on Friday 6 May 2022. Pursuant to the Guidelines of Finanstilsynet regarding chapter 4 of the NSTA (cf. section 1 above), this should be understood as the time it takes to write and send the notification to the market. For larger group companies which operate in different jurisdictions and time zones, and therefore have a need for certain extra time, Finanstilsynet has accepted that such companies shall be permitted extra time in order to consolidate their data. However, based on previous cases, Finanstilsynet finds that Navig8 is not covered by this practice. In any case, Finanstilsynet underlines that Navig8's notification was made too late also if such practice was applicable.

Navig8 has referred to that it has misinterpreted the NSTA section 4-2 and that the NSTA section 4-2 refers to trade and notification occurring on settlement date. Finanstilsynet does not agree with this understanding. According to the NSTA section 4-2 subsection 6 (as it was phrased in May 2022), the notification should have been sent immediately after the agreement on sale was entered into. In this case the crossing took place after the agreement of sale on 6 May 2023, which is the decisive criterion. Finanstilsynet does not find it decisive that an unofficial English translation of the NSTA is not entirely clear.

Navig8 has also referred to that they were afraid of misleading the market by notifying the market too early and thus waited with the notification until 10 May 2022. Finanstilsynet does not agree

with such understanding. The deadline for notifying the market starts when the agreement on the sale was entered into. As referred to above, Finanstilsynet finds that this was on 6 May 2022. A notification to the market after the agreement has been entered into is mandatory under the NSTA and does not in any way mislead the market.

Finanstilsynet's finds therefore that Navig8 violated section 4-2 of the NSTA.

Finanstilsynet also finds that the notification published at the Oslo Stock Exchange on 6 May 2022 states incorrect information regarding the timing of the transaction. As such the notification is also in breach of section 4-1 of the Securities Regulation.

Navig8, as a professional company operating in the Norwegian securities market is expected to have in place appropriate procedures and/or systems that will enable it to identify and satisfy the disclosure obligations, hereunder submit their notifications, in a timely and complete manner, and in accordance with the relevant specific requirements applicable in the jurisdiction in which it operates.

Finanstilsynet's finds that one or more persons acting on behalf of Navig8 acted negligently, and that cumulative errors were present. Finanstilsynet therefore finds that the criterion of negligence is met in this case. Finanstilsynet finds that both the objective and subjective conditions for imposing a violation penalty are met, cf. the NSTA section 21-3 subsection 1, section 21-9, 21-14 cf. PAA section 46.

When assessing whether to make use of a violation penalty, Finanstilsynet has made a concrete assessment of the case in accordance with the NSTA section 21-14. Finanstilsynet has taken into consideration that the violation of the disclosure obligation could have been prevented had Navig8 put in place appropriate procedures and/or systems.

The rules on disclosure obligations under NSTA section 4-2 are meant to assure that the issuer and the stock market receive fast knowledge of the acquisition or disposal of shares or other circumstances changing the proportion of the share capital, rights to shares or voting rights in the issuer.

Changes of ownership in a company listed on a regulated market can have a notable influence on the price of the issuer's shares in the market, as this could give an indication that someone has, or no longer has a strategic interest in the issuing company. For this reason, it is important that the market receives this information as soon as possible. Compliance with the disclosure rules is important to ensure that relevant information on significant changes in ownership at listed companies is disclosed to the market. This information enables the investors to make well-considered investment decisions, which in turn is important to maintain confidence in the market.

Finanstilsynet has previously imposed violation penalties in cases of similar violations. Considerations for equal treatment therefore imply that a penalty should be imposed in this case.

Finanstilsynet also refers to that Navig8 sold its entire shareholding and crossed three notification thresholds.

Finanstilsynet's therefore finds that a violation penalty should be imposed.

Finanstilsynet refers to the NSTA section 21-14 which states that when the size of a violation penalty is assessed, importance shall be attached to the gravity and the length of the breach, as well as the degree of guilt found. In addition, also other criteria specified in the NSTA section 21-14 may be taken into consideration when assessing the size of the violation penalty.

In its overall assessment, Finanstilsynet has taken into consideration all facts and circumstances specific to this matter and which have been addressed by Navig8. Finanstilsynet has emphasised that Navig8 sold its the entire shareholding and thereby crossed three thresholds (15%, 10 % and 5%). Finanstilsynet finds that a sale the complete holding in one transaction which crosses three notification thresholds is capable of influencing the price of the share.

Navig8 has in this respect referred to that no third parties suffered any loss and has also referred to that ALNG's share price closed higher than before the notification. Finanstilsynet does not find it decisive that no specific loss by third parties has been established.

Navig8 has also referred to that one other notification relating to ALNG shares in the same period resulted in a violation penalty under the NSTA section 4-2. This refers to Finanstilsynet's case 22/5364. In that case Finanstilsynet did not refer to that any third parties suffered any loss. In that case the shareholder held 9.91 % of the shares before the transaction and 11.00 % after. Such violation is not in the same way capable of influencing the price of the share, and Finanstilsynet does not find this case comparable.

Navig8 further refers to that there is a potential error in Finanstilsynet's trading information on page 3 of Finanstilsynet's letter of 15 February 2023. According to Bloomberg intraday data, the last ALNG trade prior the Group's notification was executed at 10:20:35 CET at the price of 5.64 NOK for 15,551 shares (as opposed to Finanstilsynet's stated 10:37:18 CET at a price of 5.71 NOK). The intraday change in share price from the last trade before the Group's notification to the lowest share price afterwards is therefore -3.37% (not -4.6%). The ALNG share price on 10 May 2022 closed 0.11 NOK (i.e., 1.95%) higher (not 0.7% higher) than the last trade before the Group's notification of the Relevant Trade.

As Finanstilsynet gives weight to the fact that the transaction was apt to influence the price, and not whether any specific loss was suffered by third parties, Finanstilsynet does not find this decisive. For the sake of completeness Finanstilsynet cannot see that there are any errors in the trading information and the share price development tables as set out on page 3 of Finanstilsynet's letter of 15 February 2023. The basis for calculations are numbers from TRS reports where the last trade before the Group's notification was an automatch transaction at the Oslo Stock Exchange executed

10.37.18 CET to a price of NOK 5.71. According to TRS data the closing price on notification date was NOK 5.75.

Navig8 has also referred to that the notification was only sent one day late. As discussed Finanstilsynet finds that the transaction took place on 6 May 2022 and does not agree with Navig8.

Finanstilsynet considers this as an important argument when deciding the size of the violation penalty. Finanstilsynet has also given considerable weight to the fact that the value of the transaction was NOK 125 million and thus considerable. Furthermore, it has been taken into consideration that the violation of the disclosure obligations could have been prevented had Navig8 put in place appropriate procedures and/or systems in advance which would have allowed them to notify the market in a timely and correct manner in accordance with the NSTA and the Securities Regulation. It is also taken into consideration that Navig8 incorrectly stated in the notification to the Oslo Stock Exchange that the transaction took place on 10 May 2022, as well of the length of the delay.

An overview of violation penalties that has previously been imposed is published on Finanstilsynet's website at <https://www.finanstilsynet.no/tilsyn/markedsatferd/vedtak-om-overtredelsesgebyr---flaggeplikt/>.

6. Decision regarding violation penalty

Finanstilsynet finds that the current provisions under NSTA section 4-4 will not give a more favourable result for Navig8.

Based on the facts listed above and with the legal basis under the NSTA sections 21-3, 21-9 and 21-14 cf. the NSTA section 4-2 and the Securities Regulation section 4-1, Finanstilsynet has made the following decision regarding a violation penalty:

"Navig8 Risk Management Pte. Ltd is required to pay a violation penalty of NOK 300,000 (three hundred thousand Norwegian kroner) to the Norwegian Treasury."

This administrative decision can be appealed within 3 weeks after receipt. An appeal shall be sent to Finanstilsynet. The appellate instance is the Ministry of Finance. Sections 18 and 19 of the Public Administration Act, on the parties' right to become acquainted with the case documents, apply.

Violation penalties are collected by the Tax Administration at the Norwegian National Collection Agency. If the administrative decision is not appealed, the Norwegian National Collection Agency will send a claim for payment immediately after the deadline for an appeal has expired. If the

decision is appealed, provided that the violation penalty is upheld, the claim is sent after the appeal has been decided by the Ministry of Finance. The Norwegian National Collection Agency's deadline for payment is 3 weeks after the invoice has been sent.

On behalf of Finanstilsynet

Thomas Borchgrevink
Head of Section

Linn Cathrin Slettedal
Senior Advisor

This document has been electronically approved and does not require handwritten signatures.