

# **Spotlight's Guidelines for Notices of General Meetings for Swedish companies**

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## **Background**

The highest decision-making body in a Swedish limited company is the general meeting. The Swedish Companies Act (2005:551) (the 'SCA') together with the company's articles of association dictate how this body should be convened and on what occasions it must be held. Similar regulations exist in other jurisdictions, but these vary in design and detail. This guidance is aimed at publicly traded companies that are required to comply with the SCA.

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## 1. Content of the notice

The notice must include:

- Time and place of the meeting
- Information on shareholders' rights to participate in the meeting
- The date by which one must be registered in the share register to participate
- The deadline for shareholders to register their participation
- The proposed agenda
- The main content of each proposal

A notice of a general meeting must provide details about the time and place of the meeting and the conditions under which shareholders are entitled to participate. It must also include a proposed agenda where the board clearly lists the items to be addressed. Each item must be numbered, and the main content must be specified unless the item is purely procedural (e.g., the opening of the meeting, election of the chair, etc.). If an item involves amending the articles of association, the main content must always be specified. This also applies to resolutions on share issues, stock splits/reverse splits, or the appointment of a new board member – these matters cannot be considered procedural and their main content must be disclosed.

**Check the company's articles of association to see which points must be included in your notice.**

According to law, a limited company must hold at least one general meeting per year.<sup>1</sup> This is called the Annual General Meeting (AGM), and it must be held within six months of the end of each fiscal year. At this meeting, the board must present the annual report and the auditor's report. At the AGM, shareholders will make decisions regarding the approval of the company's/consolidated financial statements, the disposition of profits or losses, discharge of liability for the board members and the managing director, and any other matters that must be decided according to the SCA and the articles of association.

If the board deems it necessary to hold a meeting before the next AGM, it must call an Extraordinary General Meeting (EGM). The board must also convene an EGM if requested in writing by an auditor of the company or shareholders representing at least one-tenth of the company's total shares.

All companies listed on Spotlight are so-called reconciliation companies, which means that each company's articles of association contain a provision that the company's shares must be registered in a reconciliation register in accordance with the Act (1998:1479) on central securities depositories and the accounting of financial instruments (reconciliation provision). This requires additional information to be included in the notice, such as the date by which one must be entered into the share register to participate in the meeting. This date falls six banking days before the general meeting and is called the record date for the general meeting share register. Only those who own shares in the company on this date are entitled to participate in the general meeting.

The company must place an order for the general meeting share register with Euroclear as soon as the board has determined and announced the date of the general meeting. Such an order from Euroclear must be made no later than 28 calendar days before the annual general meeting and no later than 14 calendar days before an extraordinary general meeting.

Furthermore, the notice must specify the last date for shareholders to notify the company of their participation in the general meeting. This date must not fall earlier than five weekdays/banking days before the general meeting.

According to the Companies Act (ABL), the general meeting share register must be made available to the shareholders at the general meeting but is not a public share register. The register must reflect the conditions six banking days before the general meeting and must account for voting rights registrations of

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<sup>1</sup> The Articles of Association may stipulate that the company shall hold several Annual General Meetings during a year.

trustee-registered shares made no later than four banking days before the meeting. The general meeting share register must be archived by the company for ten (10) years.

## **2. Proposal for changes in company management**

If the company intends to appoint a new member to the board of directors, a brief presentation of that person and their relevant qualifications for the position should be included in the notice for the general meeting where the decision regarding the appointment will be addressed.

## **3. Proposal for incentive programs and directed issues to related parties**

If a decision on an issue is proposed in the notice, which means that existing shareholders in the company will not have preemptive rights to subscribe for shares in relation to the number of shares they own or as stipulated in the articles of association, and those who will instead have the right to subscribe for shares, subscription options, or convertibles are board members of the company, the managing director of the company, other employees of the company, or a company within the same group as the issuing company, special majority requirements must be met during the voting at the general meeting. In such a case, it is required that the decision on the issue is made or approved by the general meeting and supported by shareholders holding at least nine-tenths of both the votes cast and the shares represented at the general meeting. This special majority requirement must be stated in the notice for the meeting.

In addition to the rules in the Companies Act (ABL), companies listed on Spotlight must also adhere to good practice in the stock market. Regarding directed issues, this means, in simplified terms, that all types of arrangements aimed at achieving allocation or transfer to the individuals described in the previous paragraph without applying the special majority requirement of nine-tenths at the general meeting are not permitted.

As for incentive programs, it follows from good practice in the stock market that incentive programs aimed at the board of directors should not be prepared by the board (or a part of the board), and that the board (or a part of the board) should not propose such an incentive program to the general meeting. Furthermore, board members should not participate in incentive programs for senior executives unless there are special reasons to do so. If such special reasons exist, the decision regarding the board's participation should be addressed in a separate decision item in the notice.

## **4. Proposal for stock split, reverse stock split, reclassification, or name change**

Proposals that lead to changes in the securities listed for trading on Spotlight, in the event the proposal is approved at the general meeting, should be coordinated with Spotlight before the proposal is published through the notice. Such a change could, for example, be a split where the number of shares in the company increases without changing the share capital, a consolidation where the number of shares in the company decreases without changing the share capital, a reclassification where share classes in the company are removed or changed, or the company changing its name. It is important for the company to communicate and discuss a timeline with Spotlight in these contexts, as such changes require actions in Spotlight's trading system.

## **5. Notice to the general meeting**

Depending on what is stated in the company's articles of association, companies listed on Spotlight should call a general meeting. If the articles of association state that the company has (i) a simplified notice procedure, the notice shall be made by publishing the full notice in the Post- and Inrikes Tidningar and informing in a nationwide newspaper specified in the articles of association that a notice for the general meeting has been issued, as well as by sending out a press release via its news distributor and making it available on the company's website. If the company does NOT apply the simplified notice procedure, (ii) the notice shall be made by advertising the full notice in the Post- and Inrikes Tidningar and in a nationwide newspaper specified in the articles of association, and it shall be made available on the company's website and published through a press release. If option (i) is applied, the board must keep accounting documents and the auditor's report and all other documents that the company needs to prepare for the annual meeting available to shareholders at the company for at least three weeks up to and including the day of the annual

meeting. If option (ii) is applied, the board must keep the accounting documents and the auditor's report available to shareholders at the company for at least two weeks immediately preceding the annual meeting, and copies of the documents shall be sent promptly and at no cost to the recipient to shareholders who request them and provide their address.

Spotlight recommends that the notice be sent out through a press release before it is printed in the Post- and Inrikes Tidningar and the nationwide newspaper, thereby allowing for the correction of any errors or deficiencies before the notice is printed in the newspapers. The notice should be sent out in its entirety in the press release; it is not sufficient to refer to the notice in a separate PDF file or similar. If the company believes that the notice for the general meeting contains insider information, this information must be sent out as soon as possible through a press release. In such cases, Spotlight recommends that the company publish the insider information in a separate press release before the press release containing the notice is made public.

## **6. Time for notice to the general meeting**

Notice of the general meeting shall be issued prior to the meeting. The notice for the ordinary general meeting in public limited companies shall be issued no earlier than six weeks and no later than four weeks before the general meeting. The notice for an extraordinary general meeting where a matter concerning an amendment to the articles of association will be addressed shall be issued no earlier than six weeks and no later than four weeks before the general meeting. When the notice is to be issued for another extraordinary general meeting, the notice shall be issued no earlier than six weeks and no later than two weeks before the general meeting.

## **7. After the meeting – meeting communiqué**

The company shall without undue delay after the conclusion of the general meeting publish a communiqué from the meeting with information about the decisions that have been made at the meeting. This also applies if the decisions correspond to previously announced proposals. The information shall be made public through a press release. A TIP is to prepare the press release with the communiqué so that it can be published immediately after the meeting concludes (which is in accordance with Spotlight's regulations).