



FINANSTILSYNET

THE FINANCIAL SUPERVISORY
AUTHORITY OF NORWAY

YIHENG CAPITAL MANAGEMENT, L.P.
101 California Street, Suit 2880
San Francisco, CA 94111
USA

Our reference
25/4909
Your reference

12.11.2025

This letter is only sent by email to: [REDACTED]

Decision regarding violation penalty

1 Introduction

Reference is made to the Financial Supervisory Authority of Norway's (Finanstilsynet) advance notification of violation penalty dated 13 June 2025, and to the response from Yiheng Capital Management, L.P. (Yiheng) dated 22 August 2025.

Finanstilsynet has concluded that Yiheng has violated the notification requirement under section 3-5 of the Norwegian Securities Trading Act (NSTA) and article 5 cf. article 9 of Regulation (EU) No 236/2012 (SSR), by not notifying Finanstilsynet in accordance with the SSR of the relevant net short positions listed in section 3 below.

Finanstilsynet has made an overall assessment of the circumstances in this matter and has decided to impose a violation penalty of NOK 140,000.

2 Legal Basis

The obligation to report net short positions is set out in the NSTA section 3-5 cf. the SSR.

A natural or legal person who has a net short position (a "position holder") in relation to the issued share capital of a company whose shares are admitted to trading on a trading venue and for which Finanstilsynet is the relevant competent authority, shall in accordance with the NSTA section 3-5 cf. SSR article 5 and article 9, notify Finanstilsynet of certain net short positions.

The notification obligation applies if a net short position reaches or falls below a percentage that equals 0,1 % of the issued share capital and each 0,1% above that. Net short positions reported to Finanstilsynet shall be disclosed to the public if the position reaches or falls below 0,5 % of a company's issued share capital and each 0,1 % above that, cf. SSR article 6.

According to SSR Article 9 subsection (1) any notification or disclosure under Article 5, 6, 7 or 8 shall set out details of the identity of the natural or legal person who holds the relevant position, the size of the relevant position, the issuer in relation to which the relevant position is held and the date on which the relevant position was created, changed or ceased to be held.

According to SSR Article 9, the relevant time for calculation of a net short position shall be at the end of the trading day, and the notification must be made to Finanstilsynet no later than at 15:30 CET on the following trading day, cf. Article 9 subsection (2).

Finanstilsynet may under the NSTA section 21-2 subsection (1), impose individuals and/or legal persons a violation penalty in the event of wilful or negligent violation of the NSTA section 3-5.

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 wilfully. 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:

- a) the gravity and length of the breach,
- b) the degree of guilt of the perpetrator,
- c) the financial strength of the perpetrator, in particular total turnover or annual income and assets,
- d) profits gained or loss avoided,
- e) any loss inflicted on a third party due to breach,
- f) will by the perpetrator to cooperate with public authorities,
- g) earlier breaches,
- h) arguments as mentioned under the public administration act section 46 subsection (2),
- i) other relevant arguments.

According to the PAA section 46 subsection (2), attention may also be given to inter alia whether the enterprise could have prevented the offence through guidelines, instructions, training, controls or other measures.

3 Factual background

Yiheng has filed four positions in Autostore Holdings LTD (AUTO) after the deadline set out in the SSR Article 9. These positions are set out in the overview below:

No.	Position date	Deadline	Position	Reported
1	22 October 2024	23 October 2024, 15:30 CET	0,2%	30 October 2024, 11:35 CET
2	5 November 2024	6 November 2024, 15:30 CET	0,3%	11 November 2024, 03:38 CET
3	24 February 2025	25 February 2025, 15:30 CET	0,5%	4 March 2025, 04:01 CET
4	6 March 2025	7 March 2025, 15:30 CET	0,6%	11 March 2025, 09:53 CET

AUTO (ISIN BMG0670A1099) is listed on Euronext Oslo Børs with Finanstilsynet as the relevant competent authority.

The positions were reported late as follows:

- The position of 22 October 2024 is reported 4 trading days too late;
- The position of 5 November 2024 is reported 2 trading days too late;
- The position of 24 February 2025 is reported 4 trading days too late;
- The position of 6 March 2025 is reported 1 trading day too late.

In addition, the delayed reported positions of 24 February and 6 March exceed the 0,5% threshold and have therefore been published to the market too late.

4 Yiheng`s statements

In emails dated 22 April 2025 and 22 August 2025, Yiheng acknowledged the delayed disclosures and, among other, stated:

"The delays were due to internal discrepancies between our tracking system and records maintained by our brokers and fund administrator".

"Once these discrepancies were identified, we acted promptly to correct the issue and submitted the late reports"

Yiheng emphasizes its commitment to regulatory compliance and the company says they are already implementing additional safeguards to prevent similar occurrences in the future.

Furthermore, Yiheng requests that Finanstilsynet reconsiders the size of the penalty by taking into consideration the following factors as mitigating circumstances:

- The delays were not the result of willful negligence
- The delays stemmed from operational challenges that have since been addressed
- The financial impact of the penalty is disproportionate to the nature of the breach

Finally, should Finanstilsynet choose to publish any decision regarding the violation penalty, Yiheng requests that the company's name not be disclosed, in order to prevent reputational harm.

5 Finanstilsynet`s assessment

Finanstilsynet's assessment is that the failure to notify Finanstilsynet within the time limit constitutes a breach of the reporting requirements under the NSTA section 3-5, cf. Articles 5, 6 and 9 of the SSR.

The relevant net short positions listed as no. 1-4 in the overview above under clause 3 were subject to the notification requirement set out in the SSR Articles 5, 6 and 9 subsection (2).

Accordingly, Finanstilsynet finds that the objective conditions under the NSTA section 3-5 cf. 21-2 subsection (1) cf. the SSR Articles 5, 6 and 9 for imposing a violation penalty on Yiheng are met.

When considering whether the subjective conditions for imposing a violation penalty are met, the starting point is that a participant in the Norwegian securities market is expected to comply with the regulatory rules of that market.

Position holders are generally expected to establish appropriate procedures or systems in advance. These should proactively identify notification obligations under the SSR and ensure that such procedures or systems are consistently applied.

In Yiheng`s case, such procedures and/or systems did not exist or have failed to function properly, since four net short positions in October 2024, November 2024, February 2025 and March 2025 were in fact reported to Finanstilsynet too late.

Finanstilsynet has noted Yiheng`s submission that the breaches regarding AUTO were caused by an error/"discrepancies" between the company`s internal system/"tracking system" and records maintained by the company`s "brokers and fund administrator".

Finanstilsynet does not question the reason for the delayed notifications. However, Finanstilsynet finds that the delay could have been prevented if Yiheng had established functioning procedures which could identify net short positions subject to reporting requirements in due time.

Finanstilsynet finds that one or more persons acting on behalf of Yiheng acted negligently in respect of the delayed notifications.

Accordingly, Finanstilsynet finds that the subjective conditions under NSTA section 3-5 cf. 21-2 subsection (1) for imposing a violation penalty are met.

When assessing whether to make use of a violation penalty in this particular case, Finanstilsynet has made a concrete assessment of the individual matters of the case in accordance with the NSTA section 21-9 subsection (2) and NPA Act section 46 subsection (2).

As mentioned, participants in the Norwegian securities market are expected to have established appropriate procedures and systems in order to proactively identify the notification obligation under the SSR. Finanstilsynet has also imposed violation penalty in similar cases. Considerations of equal treatment indicate that violation penalty must be imposed in the present case.

Based on the above, Finanstilsynet's opinion is that a decision to impose a violation penalty regarding the abovementioned violations of the SSR, will not be disproportionate in this case.

The NSTA section 21-2 cf. section 21-9 and section 21-14 state that when the size of a violation penalty is assessed, importance shall in particular be attached to the scale and effects of the violation as well as the degree of guilt found.

In addition, the criteria specified in NPA Act section 46 subsection (2) may also be taken into consideration when assessing the size of the violation penalty, (cf. section 2 above).

When assessing the size of the violation penalty, Finanstilsynet has made an overall assessment of the individual circumstances in this case and has in particular taken into consideration that Yiheng is a professional legal person and thereby required and expected to have the necessary procedures in place in order to timely report its net short positions. In this particular case, Finanstilsynet finds that a violation penalty in the amount of NOK 140,000 is appropriate.

Finanstilsynet is however not in a position to grant Yiheng's request that the company's name is not disclosed or that the decision of violation penalty is not published on our webpage. Finanstilsynet cannot see any basis in the Freedom of Information Act for withholding the decision, in whole or in part, from public access. Further, the principle of equal treatment obliges Finanstilsynet to publish all decisions on its website. In Finanstilsynet's assessment, there are no specific circumstances or considerations in this case that would legally justify making an exception for Yiheng.

6 Decision regarding violation penalty

On the basis of the above, Finanstilsynet has decided to impose Yiheng Capital Management L.P. a violation penalty in the amount of NOK 140,000 for its violation of the NSTA section 3-5. The legal basis is the NSTA section 21-2, 21-9 and 24-14, cf. SSR Articles 5, 6 and 9.

The decision will be published on Finanstilsynet's website.

This administrative decision can be appealed within 3 weeks after receipt. An appeal shall be sent to Finanstilsynet. The appellate instance is the Financial Supervisory Appeals Board (Finanstilsynsklagenemda). 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 (NNCA). If the administrative decision is not appealed, the NNCA will send a claim for payment after the deadline for an appeal has expired. If the decision is appealed, the claim will be sent after the appeal has been decided by the Financial Supervisory Appeals Board. The NNCA's deadline for payment is 3 weeks after the invoice has been sent.

On behalf of Finanstilsynet

Marte Voie Opland
Deputy Director General

Thomas Borchgrevink
Head of section

This document is electronically approved.