

13/01/2014



DECISION

Exchange Finans Europe AB
Chairman of the board
Box 12
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FI Ref. 13-399
Notification no. 1

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Withdrawal of authorisation

Finansinspektionen's decision (to be announced on 14 January 2014 at 8:00 a.m.)

1. Finansinspektionen withdraws the authorisation to conduct financing business of Exchange Finans Europe AB (corp. id no. 556517-1773).

(Chapter 15, section 1 of the Banking and Financing Business Act [2004:297])

2. Finansinspektionen decides that the winding-up of the operations subject to authorisation shall occur according to the conditions set forth in *Appendix 1*. Exchange Finans Europe AB shall, by 1 February 2014 at the latest, provide a specification of how such winding up of the operations shall be managed.

(Chapter 15, section 4 of the Banking and Financing Business Act)

3. Exchange Finans Europe AB shall, by 1 April 2014 at the latest, provide Finansinspektionen with information stating that the operations subject to authorisation have been wound up. Such information shall be confirmed by the company's auditor.
4. Finansinspektionen's decision as set forth above takes immediate effect.

(Chapter 17, section 1 of the Banking and Financing Business Act)

To appeal the decision, see *Appendix 2*.

Summary

Exchange Finans Europe AB (Exchange or the firm) is a Swedish credit market company authorised to conduct financing business pursuant to the Banking and Financing Business Act (2004:297).

During the spring of 2013, Finansinspektionen carried out an investigation of Exchange. The investigation covered the firm's internal governance and control and in particular the firm's management of measures against money laundering and terrorist financing.

Finansinspektionen's investigation shows that Exchange has breached many of the provisions regulating the firm's operations.

Exchange has not fulfilled the requirements placed on the firm in terms of governing and controlling its operations subject to authorisation, according to Chapter 6 of the Banking and Financing Business Act (2004:297), and Finansinspektionen's general guidelines (FFFS 2005:1) regarding governance and control.

The deficiencies in internal governance and control are particularly manifest in the money laundering area, where the deficiencies relate to compliance with the Money Laundering and Terrorist Financing (Prevention) Act (2009:62), Finansinspektionen's regulations and general guidelines (FFFS 2009:1) governing measures against money laundering and terrorist financing (FFFS 2009:1) and the EU's sanctions regulations. The deficiencies are so serious that there is a clear risk of Exchange having been used for money laundering and terrorist financing.

Exchange has, due to the identified deficiencies, taken measures; however, Finansinspektionen finds these measures insufficient. The measures do not provide a basis for the assessment that the firm will in future conduct operations according to current regulations. This assessment is supported by the fact that the firm has previously failed in rectifying deficiencies pointed out by Finansinspektionen in a previous sanctions decision against Exchange in April 2007.

In light of the serious deficiencies in internal governance and control, and particularly in the money laundering area and with reference to the fact that the firm has been issued with a warning previously in the same area, there are grounds for withdrawing the firm's authorisation. Exchange's plan of measures does not alter that assessment. Exchange's authorisation to conduct financing business shall therefore be withdrawn.