

13/01/2014



## D E C I S I O N

Festival International AB  
via the Chairman of the Board of Directors  
Kungsgatan 10  
111 43 Stockholm

FI Ref. 13-3155  
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 of Festival International AB (556746-1198) to conduct investment services.

*(Chapter 25, section 1 of the Securities Market Act [2007:528])*

2. Finansinspektionen decides that the investment services shall be wound up by 24 February 2014 at the latest.

Festival International AB shall, by 27 January 2014 at the latest, provide a description of how such winding up of the operations shall be managed.

Festival International AB shall, by 10 March 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.

*(Chapter 25, section 6 of the Securities Market Act).*

3. Finansinspektionen's decision as set forth above shall take immediate effect.

*(Chapter 26, section 1 of the Securities Market Act).*

To appeal the decision, see *Appendix 1*.

### **Summary**

Festival International AB (Festival or the company) has since 1 December 2008 been authorised to conduct investment services pursuant to the Securities Market Act (2007:528).

Finansinspektionen has carried out an investigation that shows that, for almost two years, Festival has been safekeeping financial instruments and related services such as cash management without being authorised to do so.

The investigation shows that Festival, even after the company's attention was called to the fact that it lacked the requisite authorisation, continued to receive funds and financial instruments from its customers, and that the company also subsequently extended the scope of the operations. At the same time, the company has, by neglecting to submit information to or, in certain cases, by submitting erroneous information to Finansinspektionen, attempted to conceal this state of affairs. According to Finansinspektionen, Festival's actions have displayed a clear indifference to the provisions regulating the operations of the company and to Finansinspektionen's supervisory operations.

Finansinspektionen's investigation also shows that Festival has been deficient in its internal governance because the company has not ensured that the board of directors and CEO have received regular, at least annual, written reports about the company's risk management. In addition, Festival has neglected to notify Finansinspektionen of the outsourcing agreement entered by the company regarding its risk management function. The company's deficiencies in this area have made it more difficult for Finansinspektionen to exercise supervision to ensure compliance with the provisions regarding outsourcing agreements.

According to Finansinspektionen, Festival's breaches have been of such nature and scope that there can be no question of any other measure of intervention than an authorisation withdrawal. This is the case despite the measures that the company has taken and intends to take to rectify the deficiencies. Finansinspektionen therefore withdraws Festival's authorisation to conduct securities operations and orders the company to wind up the operations.

Because Festival's current and presumptive customers could be affected negatively if the operations are permitted to continue, the decision shall apply immediately.