

Decision



Date 2022-05-24
Author Finansinspektionen

FI Ref. 21-8336

Finansinspektionen
Box 7821
SE-103 97 Stockholm
Sweden
Tel +46 8 408 980 00
finansinspektionen@fi.se
www.fi.se

Nordnet Bank receives a remark and an administrative fine

Summary

Finansinspektionen has investigated Nordnet's service for intraday short selling and the bank's internal procedures and processes related to this service. The investigation was initiated by the short-selling transactions of Nordnet's customers in shares of Moment Group AB on 19 February 2021 that resulted in a large number of shares being sold short without coverage (so-called naked short selling). The investigation shows that Nordnet, during the period October 2018–March 2021, has not met the requirements placed on a third party according to the Short Selling Regulation by not having controlled that shares for short selling have been available (the locate requirement). Nordnet has also not fulfilled the requirements that apply to internal guidelines and procedures and to risk management and risk assessment, in particular that the bank has decided to continue to provide the service despite being aware of the deficiencies and without taking the measures required to ensure compliance. In addition, the bank has failed in its duty of care by implying to the customer that it has been possible to perform short selling in accordance with applicable regulations even though the bank has not controlled that shares for short selling have been available before the short selling transaction was carried out.

Finansinspektionen makes the assessment that the violations have been of such a nature that there are grounds on which to intervene against Nordnet. The observed violations are not negligible or excusable but neither are they so serious that there is cause to consider withdrawing the bank's authorisation or issuing the bank a warning. Finansinspektionen is therefore issuing the company a remark and an administrative fine of SEK 100 million.