

FIN-FSA imposes penalty payment and public warning on Privanet Capital Markets Ltd for actions in the marketing and sales of Lapis Group shares and debt certificates

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FIN-FSA imposes penalty payment and public warning on Privanet Capital Markets Ltd for actions in the marketing and sales of Lapis Group shares and debt certificates

The Financial Supervisory Authority (FIN-FSA) has imposed a penalty payment of EUR 450,000 on investment firm Privanet Capital Markets Ltd and issued the firm a public warning for several violations and failures to comply with the Securities Markets Act and the Investment Services Act. The violations and failures are related to incorrect and inadequate information provided on the shares and debt certificates of the Lapis Group (Lapis Rakennus Holding Oy and Lapis Rakennus Oy) and to the inadequate management of conflicts of interest in 2015–2017.

Privanet Capital Markets Ltd (hereinafter Privanet) belongs to the Privanet Group and is a subsidiary of Privanet Group Oyj, which is listed on the Nasdaq First North Growth Market.

There have been numerous cases of Privanet providing false and misleading information in the marketing and sales of the shares of Lapis Rakennus Holding Oy and the debt certificates of Lapis Rakennus Oy. The false and misleading information provided in marketing material on the shares prepared by Privanet has related to, for example, the financial position and key risks of the Lapis Group and conflicts of interest that have occurred in the sales of shares held by the parent company, Privanet Group Oyj. The information has been of material importance and has been likely to influence the investment decisions of customers, and Privanet has failed to correct or supplement the information known by it to be false and misleading.

In addition, Privanet has neglected its responsibilities to manage conflicts of interest in connection with e.g. the sales and price-setting of shares in Lapis Rakennus Holding Oy. Privanet has not identified or prevented the occurrence of conflicts of interest, nor provided customers with sufficient information on the nature and causes of conflicts of interest that have arisen.

For these violations and failures, the FIN-FSA has imposed a penalty payment of EUR 450,000 on Privanet Capital Markets Ltd.

In assessing the size of the penalty payment, the nature, extent and duration of the failures and violations by Privanet have been considered as aggravating factors, as well as the fact that the failures and violations have had major adverse implications for overall confidence in the securities markets and the status of Privanet's customers.

A public warning is issued to Privanet for violations of and failures to comply with its responsibilities under the Investment Services Act. Privanet had failed to comply with its responsibility to act honestly, fairly, professionally and in the interests of its customers. Among other things, Privanet had not provided sufficient information on the nature of the debt certificates of Lapis Rakennus Oy and on the related risks.

The FIN-FSA's decision is not yet legally binding. Privanet has the right to appeal the decision within 30 days of its receipt of notice of said decision. Information on the legal validity of the decision is available on the FIN-FSA's website.

For further information, please contact

Sonja Lohse, Chief Advisor. Requests for interviews are coordinated by FIN-FSA Communications, tel. +358 9 183 5030, weekdays 9.00–16.00. **NB:** On Thursday, 2 July 2020 until 17.00.

Appendix

[Decision by the Financial Supervisory Authority](#) (pdf, in Finnish)

Contacts

- Media phone service number, can be contacted on weekdays 9–16, except on Holy Thursday and New Year's Eve on 9–13, +358 9 183 5030

About Finansivalvonta

Finanssivalvonta, or the Financial Supervisory Authority (FIN-FSA), is the authority for supervision of Finland's financial and insurance sectors. The entities supervised by the authority include banks, insurance and pension companies as well as other companies operating in the insurance sector, investment firms, fund management companies and the Helsinki Stock Exchange. We foster financial stability and confidence in the financial markets and enhance protection for customers, investors and the insured.

Attachments

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