



FJÁRMÁLAEFTIRLITIÐ

THE FINANCIAL SUPERVISORY AUTHORITY, ICELAND

Investigations by the Financial Supervisory Authority (FME)

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FME's investigations of the banking collapse

- In 2009-2012 FME worked systematically at investigating alleged violations in connection with the banking collapse.
 - Securities market transactions
 - Activities of financial institutions and regulated entities
- Increased funding
 - As many as 15 employees at a time



FME's investigations of the banking collapse have now concluded

- A total of 103 cases have been referred to the police

	No. of cases
Complaints lodged with OSP	66
Cases referred to the OSP	37
Administrative fines	4
Cases closed without further action	98
Total no. of cases	205



Complaints

- Individual cases where complaints have been lodged
 - Include violations of various Articles of the the Acts on Securities Transactions and on Financial Undertakings
 - Many complaints have been referred due to alleged breach of fiduciary duty
- Number of alleged offences is higher than the number of cases which have been referred onwards or complaints lodged



Guidelines

- Investigators emphasise that cases are handled with integrity and professionalism
- Investigators aim at gathering sufficient data to shed as clear a light as possible on the series of events being investigated
- A decision concerning the outcome of a case is based on the relevant data.



Commencement of investigations

- Agreement concluded with auditing firm
- Report of the Parliamentary Special Investigation Commission
- Communications from
 - Winding-up Boards of the failed financial institutions
 - Individuals
 - NASDAQ OMX Iceland
 - Office of the Special Prosecutor (OSP)
- Own initiative



Large exposures

- Violations are very extensive
- Substantial amounts involved
- Could undermine the stability of the banking system



Main categories of violations

- Market abuse
- Insider misconduct
- Violations concerning large exposures
- Breach of fiduciary duty

The most extensive cases involve alleged market abuse and breach of fiduciary duty



Alleged offences by type

Alleged offences by type	
Market abuse	18
Insider trading	22
Breach of fiduciary duty	47
Large exposures	6
Act on Mandatory Guarantee of Pension Rights	6
Other violations of the Act on Financial Undertakings	9
Other violations of the Act on Securities Transactions	3
Act on UCITS and Investment Funds etc.	3
Act on Insurance Companies	2

This is not an exhaustive list



FME's investigations into current violations

- Substantial expertise and experience in investigating economic crimes
- FME well prepared to deal with challenges of this type in the future
- Communications from external parties increasing
- As before, FME examines all communications



