

02/06/2020

DECISION

Exceed Capital Sverige AB  
via the Chairperson of the Board  
Kungsgatan 62  
111 22 Stockholm

FI Ref. 19-10203  
Notification 1



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## Withdrawal of authorisation

### Finansinspektionen's decision (to be announced 2 June 2020 at 12:00 p.m.)

1. Finansinspektionen withdraws all Exceed Capital Sverige AB's (556550-3116) authorisations to conduct securities business and authorisation for ancillary services. The authorisations refer to
  - a) receipt and forwarding orders for one or more financial instruments,
  - b) execution of orders on behalf of clients,
  - c) dealing on own account,
  - d) portfolio management,
  - e) investment advice,
  - f) investment of financial instruments without fixed commitments,
  - g) safeguarding of financial instruments on behalf of clients and receipt of funds with a reporting obligation, although not provision or maintaining securities accounts at the top tier level (central maintenance service),
  - h) advice to firms concerning capital structure, industrial strategy, and similar matters as well as services relating to mergers and acquisitions
  - i) execution of payment services where these are associated with the investment services, and
  - j) execution of services associated with guarantees for financial instruments.

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

2. Finansinspektionen withdraws all authorisations of Exceed Capital Sverige AB to conduct insurance distribution.

*(Chapter 9, section 1 of the Insurance Distribution Act [2018:1219])*

3. Finansinspektionen withdraws Exceed Capital Sverige AB's authorisation to be registered as a manager of fund units.

*(Chapter 4, section 12, third paragraph of the Swedish UCITS Act [2004:46] and Chapter 12, section 5 of the Alternative Investment Fund Managers Act [2004:561])*

4. Finansinspektionen decides that the business must be wound up no later than 2 September 2020 and that this shall occur in accordance with the conditions set out in Appendix 1. Exceed Capital Sverige AB shall provide a description to Finansinspektionen no later than 16 June 2020 of how the business will be wound up.

Exceed Capital Sverige AB shall submit to Finansinspektionen no later than 2 September 2020 a notification that the business has been wound up. The status shall be confirmed by the firm's auditor.

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

5. Finansinspektionen's decision according to the above applies immediately.

*(Chapter 26, section 1 of the Securities Market Act, Chapter 10, section 1 of the Insurance distribution Act, Chapter 14, section 1 of the Swedish UCITS Act, and Chapter 16, section 1 of the Alternative Investment Fund Managers Act)*

To appeal the decision, see *Appendix 2*.

## **Summary**

Exceed Capital Sverige AB (Exceed or the firm) is an investment firm with authorisation to conduct, among other business, securities business pursuant to the Securities Market Act (2007:528).

Finansinspektionen investigated whether the firm has rectified the deficiencies in the safeguarding of financial instruments and client funds that resulted in a decision by Finansinspektionen to issue a warning and administration fine in November 2017. Finansinspektionen's investigation shows that Exceed continued to have deficiencies in its handling of client funds.

Furthermore, Finansinspektionen investigated the firm's and the firm's tied agents' application of certain provisions that aim to protect the person investing in financial products. The investigation shows in this part that Exceed systematically and continuously fails in its duty of care obligation in respect of the firm's customers. The deficiencies in question are linked to specific requirements that apply to investment firms' information to customers, product governance arrangements, third-party remuneration, suitability assessments, and suitability explanations. These deficiencies have been attributable both to the business the firm has conducted directly and to the business the firm conducted through tied agents, where the firm has an equally large responsibility.

Finansinspektionen makes the assessment that most of the deficiencies are due to insufficient internal governance and control throughout the organisation. The

Board of Directors did not request information or controls to ensure compliance with the rules, and the Board did not take appropriate measures to rectify the deficiencies, either. It was also noted that the compliance function and the risk compliance function have done very little to monitor that the requirements placed on investment advice are met.

Exceed furthermore hindered Finansinspektionen's supervision, in part by withholding material from Finansinspektionen within this investigation and in part by not reporting the outsourcing agreements the firm has entered into for the firm's risk management function.

Finansinspektionen makes the assessment that Exceed has once again conducted a number of serious breaches and that Exceed through these breaches shows that the firm does not have the ability to follow basic rules that are in place to protect the customers that engage the firm. Finansinspektionen's overall assessment is that there is no possibility for deciding on a warning once more, and that the only measure that can apply is a withdrawal of the firm's authorisation.

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