



Press Release

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Arion Bank reaches settlement with the Financial Supervisory Authority

Arion Bank has reached a settlement with the Financial Supervisory Authority of the Central Bank of Iceland (the FSA). The settlement follows a review initiated by the FSA in April 2024 concerning the Bank's compliance with the Act on measures against market abuse and the Act on markets in financial instruments. Under the settlement, the Bank acknowledges deficiencies in its procedures and agrees to pay a fine of ISK 280 million. The Bank also undertakes to implement appropriate remedial measures, which are already well advanced.

The settlement concerns the Bank's failure to fulfil its reporting obligations to the FSA in connection with share transactions by two customers in 2022 and 2023, where there were clear indications of possible market manipulation. One case involved transactions identified in the course of the FSA's review, while the other involved transactions that the Bank reported to the FSA after they were identified during a review initiated by the Bank itself in light of the FSA's review. In addition, the Bank's procedures and systems for detecting and reporting suspicious orders and transactions, including employee training and the configuration of its automated monitoring system, were not considered adequate at the time the transactions in question took place. The Financial Supervisory Authority also considers that the Bank failed to meet certain requirements under the Act on markets in financial instruments relating to product governance, appropriateness assessments, and employee knowledge and competence.

The Bank regrets that these matters were not handled appropriately at the time and has implemented extensive remedial measures since the matter arose. With regard to measures against market abuse, the Bank has, among other things, implemented a new international monitoring system, developed automated solutions for detecting potential market manipulation, and reviewed its rules and procedures. In the area of investor protection, rules and procedures have also been reviewed, questionnaires used for appropriateness assessments have been updated, training for employees providing investment services has been strengthened, new monitoring tools have been introduced, and reviews of compliance with applicable requirements have been carried out.

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Attachments

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