

Press release

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FINMA reprimands Coop Bank for market manipulation

From 2009 to 2013, the Coop Bank manipulated the market price of its own bearer shares. Its actions constituted a serious violation of supervisory provisions on market manipulation and an infringement of its organisational and business conduct requirements. This conclusion has resulted from the enforcement proceedings conducted by the Swiss Financial Supervisory Authority FINMA. The supervisory authority has imposed special conditions on the Coop Bank and issued the former CEO with an order prohibiting him from acting in a management capacity at any supervised institution. FINMA recognises the measures that have since been taken by the bank.

FINMA conducted an in-depth investigation of market conduct at a number of banks which was directly aimed at examining proprietary trading of listed shares on a Swiss exchange. The supervisory authority found significant irregularities at the Coop Bank. Enforcement proceedings initiated against the Coop Bank in March 2014 concluded that the bank inadmissibly propped up the market price of its own shares from the summer of 2009 to the spring of 2013. The bank's actions constituted a serious violation of the ban on market manipulation under supervisory law.

Support buying to prop up own securities

From the summer of 2009 to the spring of 2013, the Coop Bank influenced normal market pricing of its own bearer shares. The bank bought its own securities over a considerable period of time in order to counteract a fall in price. In particular, before and during the publication of business results, as well as at month and year-end, the bank propped up the exchange price of bearer shares. Neither the Coop Bank nor its staff made any personal financial gains through these actions.

FINMA imposes special conditions

In its handling of proprietary trading, the Coop Bank seriously violated supervisory provisions on market conduct, as well as its organisational and business conduct requirements. As set out in its final decision of 24 October 2014, FINMA has subsequently imposed special conditions on the bank. In addition, separate proceedings were conducted against the bank's former CEO who was mainly responsi-

ble for the market manipulation. He has been issued with an order prohibiting him from acting in a management capacity at any supervised institution for a period of three years.

Coop Bank cooperative

FINMA acknowledges that the Coop Bank behaved cooperatively at all times during the enforcement proceedings, thus contributing to the rapid conclusion of the investigation. In July 2013, the Coop Bank stopped trading its own equity securities on its own initiative. While the proceedings were under way, the bank itself also introduced wide-ranging measures that have already largely been implemented and, from the current perspective, appear to be targeted and appropriate for rectifying the organisational deficiencies identified.

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