

Press release

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FINMA finds market manipulation at Blackstone Resources AG

The Swiss Financial Market Supervisory Authority FINMA has concluded proceedings for violation of market conduct rules against Blackstone Resources AG and one of its directors. It found market manipulation and violations of disclosure obligations.

In the course of enforcement proceedings, FINMA established that Blackstone Resources AG and one of its directors had inadmissibly influenced the company's share price repeatedly since its listing. FINMA's ruling is still subject to appeal.

Trading and information activities drove up share price

In the proceedings, the parties refused to provide FINMA with all of the requested information. However, on the basis of the information at its disposal, FINMA finds that the company or persons associated with the company repeatedly purchased shares within certain trading periods in order to manipulatively boost the share price. In addition, entries were made in the order book that had no demonstrable economic background.

Furthermore, Blackstone repeatedly made public statements in a manner potentially capable of influencing the stock exchange price. For example, in May 2019 Blackstone published a statement on its website announcing a large off-market private placement where the shares were traded for three times the current stock exchange price. It claimed to have generated net proceeds through this transaction, although the transaction was demonstrably structured in such a way that the company did not raise any new funds. Neither did it mention in the statement that the private investor involved was a director of Blackstone. Moreover Blackstone published sponsored buy recommendations with target prices well above the stock market prices actually paid and that were based on partially incorrect information.

Breaches of disclosure obligations

FINMA established that a director of the company only corrected the notification of his own holdings when pressed to do so by FINMA. In

addition, Blackstone Resources AG calculated and reported its own shares incorrectly and thereby breached disclosure obligations.

FINMA creates transparency for market participants through general market supervision

Overall, FINMA therefore finds market manipulation and breaches of disclosure obligations by Blackstone Resources AG and one of its directors. Blackstone Resources AG is not an institution supervised by FINMA. FINMA's decision is issued as part of general market supervision. The possibilities for financial market supervisors to take measures in such cases are limited. FINMA was in contact with the Federal Audit Oversight Authority (FAOA) and SIX Exchange Regulation (self-regulation of the stock exchange) in these proceedings. Through its communication FINMA ensures that market participants are made aware of manipulative activities.

Patric Eymann, Head of the Enforcement division, emphasises against the background of the present case: "Market manipulation inhibits fair and transparent trading. It undermines market participants' confidence in the markets. FINMA will therefore continue to pursue suspected cases of market abuse consistently and tenaciously."