Finantsinspektsioon has withdrawn the operating licence from AS KIT Finance Europe

10. October 2022

Finantsinspektsioon withdrew the operating licence on 10 October for AS KIT Finance Europe (registry code: 11058103) to operate as an investment firm and as an investment adviser under an additional authorisation. The authorisation was withdrawn following an application from the company itself.

Finantsinspektsioon prohibited AS KIT Finance Europe (KFE) on 11 March this year from creating new client relationships and providing investment services and services auxiliary to investment services to new clients because the business model of the company was aimed mainly at residents of Russia. There were also major weaknesses in the control systems of the investment firm for identifying and handling clients under the circumstances where many countries have passed and applied numerous international sanctions.

The ownership structure and business model that leant heavily on Russian owners and clients meant it was not possible for KFE to continue as an investment firm in Estonia. KFE has confirmed to Finantsinspektsioon that it has terminated the majority of its client contracts. The termination of some client contracts has been held up because accounts or funds have been blocked by the sanctions. The remaining client contracts will continue to be wound up.

There is no liability for compensation from the Guarantee Fund since the licence was withdrawn following an application from the company itself, meaning it voluntarily terminated its activities. KFE will continue to return assets to its clients after its licence has been withdrawn. Any questions from clients of KIT should be addressed directly to KFE.

There are currently eight investment firms operating in Estonia with a licence issued by Finantsinspektsioon. The list of investment firms can be found in the register of market participants on the Finantsinspektsioon website.