

Act on Common Funds 29.1.1999/48

Please note: This is an unofficial translation.

Amendments up to 1490/2011 included.
March 2012

Act on Common Funds 29.1.1999/48

Pursuant to the decision of Parliament, the following shall be enacted:

CHAPTER 1

General provisions

Section 1 (29.12.2011/1490)

This Act shall be applied to the activities carried out by a management company and a custodian as well as to the marketing of units to the public in a UCITS and a UCITS other than one in accordance with the UCITS Directive.

This Act shall not be applied to the marketing of units in a UCITS than one in accordance with the UCITS Directive if the units are marketed only to professional investors. A professional investor shall be deemed to be an organisation referred to in chapter 1, section 4, subsection 4 (1 - 4) of the Securities Markets Act (495/1989), an institutional investor referred to in chapter 1, section 4, subsection 5 (5) of the said Act as well as another investor if he has, in writing, informed a UCITS other than one in accordance with the UCITS Directive or its representative that he, based on his professional skills and experience in investing, is a professional investor and if the investor fulfils at least two of the following requirements:

- a) the investor has carried out transactions in significant size on the relevant market at an average frequency of 10 per quarter over the previous four quarters;
- b) the value of the investor's investment assets exceeds EUR 500,000;
- c) the investor works or has worked in the financial sector for at least one year in a professional position, which requires knowledge of the transactions envisaged.

Management companies shall be governed by the Act on Investment Firms (922/2007) as provided for in this Act.

A foreign EEA management company may carry out in Finland the activities referred to in section 5 in accordance with the authorisation granted in its home Member State, with the exception of activities referred to in chapter 12, as provided for in section 3 as well as in chapters 2 a, 2 b and 20 a. A UCITS may market its units to the public in Finland as provided for in sections 128, 131 and 132.

A third-country management company may carry out in Finland the activities referred to in section 5, subsection 2 in accordance with the authorisation granted in its home Member State as provided for in chapters 2 c and 20 a. A third-country management company may not establish in Finland common funds or special common funds.

Units in a UCITS other than one in accordance with the UCITS Directive may be marketed to the public in Finland as provided for in sections 129 - 132.

Section 2

For the purposes of this Act:

- 1) *common fund activity* shall refer to the raising of funds from the public for their joint investment and the investment thereof mainly in financial instruments or real estate and real estate securities as well as the management of a common fund and a special common fund and the marketing of units; (29.12.2011/1490)
- 2) *a common fund* shall refer to the funds acquired as part of the common fund activity as well as invested in accordance with the rules confirmed in Finland and chapter 11 as well as any commitments resulting there from; (29.12.2011/1490)
- 2 a) *a special common fund* shall refer to the funds acquired as part of the common fund activity as well as invested in accordance with the rules confirmed in Finland and chapter 12 as well as any commitments resulting there from; (29.12.2011/1490)

- 2 b) *a feeder fund* shall refer to a common fund, at least 85 % of the assets of which are, by derogation from the provisions of section 68, section 69 (1), sections 71 and 71 a, section 72 (5) and (6), section 73, section 74 (3), section 75 and section 80 (1), invested in units of another common fund or in units of a UCITS (the master fund); (29.12.2011/1490)
- 2 c) *a master fund* shall mean a common fund which has, among its unitholders, at least one feeder fund and which is not itself a feeder fund and whose assets have not been invested in the units of a feeder fund and a UCITS which, on the basis of the legislation of its home Member State meets requirements that are corresponding to the above requirements; (29.12.2011/1490)
- 3) a management company shall refer to a Finnish limited company engaged mainly in common fund activity;
- 3 a) *management company's home Member State* shall mean an EEA Member State other than Finland, which is not the home Member State of the management company but within the territory of which the management company has a branch or provides services; (29.12.2011/1490)
- 3 b) *common fund's host EEA Member State* shall mean an EEA Member State other than Finland which is not the home Member State of the common fund but in which the units of the common fund are marketed; (29.12.2011/1490)
- 4) *custodial activity* shall refer to the keeping of the assets of a common fund and a special common fund as well as the supervision of compliance with the legislation, other provisions and regulations as well as the fund rules in the activity: (29.12.2011/1490)
- 5) *a custodian* shall refer to an organization engaged in custodial activity;
- 6) *a unit* shall refer to an equal portion or at least one fraction of a unit of the assets of a common fund or of a special common fund; (29.12.2011/1490)
- 7) *a unit holder* shall refer to a person, an organisation or a foundation or to a corresponding foreign private or legal person who owns one or more units or a fraction of a unit;
- 8) *a security* shall refer to a certificate defined in chapter 1, section 2 of the Securities Markets Act; (2.4.2004/224)
- 9) *the UCITS Directive* shall refer to Directive 2009/65/EC of the European Parliament and of the Council on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) ; (29.12.2011/1490)
- 10) *a UCITS* shall refer to an undertaking for collective investment authorised in an EEA Member State other than Finland which, on the basis of the legislation of its home Member State, meets the conditions of the UCITS Directive; (29.12.2011/1490)
- 10 a) *a UCITS other than one in accordance with the UCITS Directive* shall mean an undertaking engaged in foreign collective investment activity which, on the basis of the legislation of its home Member State, does not meet the conditions of the UCITS Directive; (29.12.2011/1490)
- 10) *a foreign EEA management company* shall mean a company referred to in the UCITS Directive, which has been granted an authorisation corresponding to the authorisation of a management company referred to in section 5 a in another EEA Member State than Finland; (29.12.2011/1490)
- 10 a) *a third-country management company* shall mean an organisation which has been granted an authorisation corresponding to the authorisation referred to in section 5 a by a competent supervisory authority corresponding to the Financial Supervisory Authority of a State other than an EEA Member State for carrying out activity corresponding to the activity referred to in section 5 (2); (29.12.2011/1490)
- 11) *the home Member State of a foreign EEA management company* shall mean an EEA Member State other than Finland where the management company has its statutory registered office; (29.12.2011/1490)
- 11 a) *UCITS home Member State* shall mean an EEA Member State other than Finland where the UCITS has been granted an authorisation corresponding to the authorisation referred to in section 18 c (1); (29.12.2011/1490)

12) *a financial instrument* shall refer to the financial instruments, money-market instruments and deposits in credit institutions referred to in section 4 of the Act on Investment Firms; (26.10.2007/928)

13) *a money-market instrument* shall mean a debt commitment which is normally subject to trading in the money markets, which can easily be converted into cash and whose value can be accurately determined at any time; (2.4.2004/224)

13 a) *real estate and a real estate security* shall refer to that provided for in section 3 of the Act on Real-Estate Funds (1173/1997); (30.3.2007/351)

14) *an OTC derivatives contract* shall mean a derivative instrument other than a standardized derivatives contract referred to in chapter 1, section 2 of the Act on Trade in Standardized Options and Futures (772/1988) and a derivatives contract comparable to a standardized option or future referred to in chapter 10, section 1 a of the Securities Markets Act; (29.12.2011/1490)

15) *a close link* shall mean a link provided for in section 37 (2) - (4) of the Act on Credit Institutions (121/2007); (29.12.2011/1490)

16) *cross-border merger* shall mean:

a) a merger of such common funds or UCITS at least one of which is established in Finland and one in another EEA Member State than Finland; or

b) a merger of common funds established in Finland into a newly constituted UCITS established in an EEA Member State other than Finland or the merger of UCITS established in another EEA Member State than Finland into a newly constituted common fund established in Finland;

(29.12.2011/1490)

17) *domestic merger with an international connection* shall mean a merger of common funds established in Finland where the marketing of the units of at least one of the involved common funds in an EEA Member State other than Finland has been notified pursuant to section 127; (29.12.2011/1490)

18) *an EEA Member State* shall mean a Member State of the European Economic Area; (29.12.2011/1490)

19) *a branch* shall mean a place of business of a management company elsewhere than in Finland and a place of business of a foreign EEA management company or a third-country management company in Finland, which has no legal personality but which is part of the management company, foreign EEA management company or third-country management company and which provides the services for which the management company has been authorised; (29.12.2011/1490)

20) *competent authorities* shall mean the authorities designated by an EEA Member State other than Finland to ensure that the duties provided for in the UCITS Directive are fulfilled, and of which the said EEA Member State has notified to the Commission. (29.12.2011/1490)

In applying subsection 1 (19) of this section, all the places of business of a management company established in the same EEA Member State or the same third country and all the places of business of a foreign EEA management company or a third-country management company established in Finland shall be regarded as one single branch. (29.12.2011/1490)

The provisions of this Act on units of a common fund shall also apply to units of a UCITS. (29.12.2011/1490)

Section 2 a (29.12.2011/1490)

The Commission KII Regulation shall in this Act mean Commission Regulation (EU) No 583/2010 implementing Directive 2009/65/EC of the European Parliament and of the Council as regards key investor information and conditions to be met when providing key investor information or the prospectus in a durable medium other than paper or by means of a website.

The Commission Notification Regulation shall in this Act mean Commission Regulation (EU) No 584/2010 implementing Directive 2009/65/EC of the European Parliament and of the Council as regards the form and content of the standard notification letter and UCITS attestation, the use of electronic communication between competent authorities for the purpose of notification, and pro-

cedures for on-the-spot verifications and investigations and the exchange of information between competent authorities.

The Commission Risk-Management Directive shall in this Act mean Commission Directive 2010/43/EU implementing Directive 2009/65/EC of the European Parliament and of the Council as regards organisational requirements, conflicts of interest, conduct of business, risk management and content of the agreement between a depositary and a management company.

The Commission Merger Directive shall in this Act mean Commission Directive 2010/44/EC implementing Directive 2009/65/EC of the European Parliament and of the Council as regards certain provisions concerning fund mergers, master-feeder structures and notification procedure.

The European Securities and Markets Authority shall in this Act mean the European Securities and Markets Authority referred to in Regulation (EU) No 1095/2010 of the European Parliament and of the Council establishing a European Supervisory Authority (European Securities and Markets Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/77/EC.

Section 2 b (29.12.2011/1490)

A management company and a custodian shall, in addition to this Act, be governed by the Commission Regulations referred to in section 2 a. In addition, the technical standards issued by a European Commission Regulation or Decision and referred to in the UCITS Directive shall contain provisions on a management company and a custodian.

Section 3 (29.12.2011/1490)

Common fund activity may be carried out only by a management company and custodial activity may be carried out only by a custodian. A condition there for shall also be that they have an authorisation for the activity. The right of a foreign EEA management company to carry out activity in Finland shall be provided for in section 1 (4) and the right of a third-country management company to carry out activity in Finland shall be provided for in section 1 (5).

Section 3 a (29.12.2011/1490)

A special common fund shall be governed by the provisions of sections 5, 6, 19, 20, 22, 24 - 26, 26 b, 27 - 29, 29 a, 29 b, 30, 31, 33, 34, 34 d, 36, 39 - 43, 45 - 50, 53, 55, 57, 57 c, 58, 60 - 62 and 64 - 67, chapter 11, sections 89 and 91 - 93, section 93 a (1) (2) and (4), section 94, 96 - 98 and 98 a, chapter 15, chapter 17, sections 116, 118 - 123, 126, 135 - 137, 139, 140, 145 as well as section 146 on a common fund. A merger of a special common fund shall be governed by the provisions of chapter 16 as provided for in section 107 (2) on other than a cross-border merger of a common fund and a domestic merger with an international connection.

Section 4 (29.12.2011/1490)

The Financial Supervisory Authority shall supervise compliance with this Act as provided for in this Act and in the Act on the Financial Supervisory Authority (878/2008) and act as the competent authority referred to in the UCITS Directive. In this Act, any reference to the Financial Supervision Authority shall mean a reference to the Financial Supervisory Authority.

The Financial Supervisory Authority shall have the right to receive from a UCITS, an EEA management company and a third-country management company the information **necessary for the supervision as well as copies of any documents it deems necessary for the supervision.**

Section 4 a (13.6.2003/483)

A management company shall ensure attendance to its duties with as little disturbance as possible also in exceptional circumstances by participating in the preparedness planning of financial markets and by preparing in advance the actions to be taken in exceptional circumstances as well as by other measures (preparedness).

If the tasks resulting from subsection 1 require measures, which clearly differ from the operations of a management company to be considered ordinary and which entail considerable additional costs, such costs may be reimbursed from the National Emergency Supply Fund referred to in the Act on the Protection of National Emergency Supply (1390/1992).

The Financial Supervision Authority may issue instructions on the application of subsection 1.

Section 4 b (26.10.2007/928)

Outsourcing means an arrangement relating to the operations of a management company by which another service provider performs a process or service for the management company which would otherwise be undertaken by the management company itself.

CHAPTER 2

Authorization of a management company and a custodian

Section 5 (2.4.2004/224)

The management company may carry out common fund activity and activity materially relating to common fund activity if this activity is not likely to endanger the interest of the unit holders.

The management company may also provide:

- 1) asset management referred to in section 5 (4) of the Act on Investment Firms;
- 2) investment advice referred to in section 5 (5) of the Act on Investment Firms;
- 3) custody and administration services of units in common funds and in UCITS as provided for in section 15, subsection 1 (1) of the Act on Investment Firms. (26.10.2007/928)

A management company may not be authorised to carry out only activity referred to in subsection 2. Nor may a management company be authorised to carry out only activity referred to in subsection 2 (2) or (3) if an authorisation has not been granted or simultaneously applied for also for the activity referred to in subsection 2 (1).

The liability of a management company that carries out an activity referred to in subsection 2 to belong to an investor compensation fund shall be governed in the Act on Investment Firms.

A management company which provides the services referred to in subsection 2 shall be governed by the provisions of sections 29 - 31 and 33 - 38 as well as in section 71, subsection 2 of the Act on Investment Firms as well as by the provisions of the Securities Markets Act on the duties of a securities intermediary. (26.10.2007/928)

Section 5 a (2.4.2004/224)

The Financial Supervision Authority shall grant the authorisation of a management company upon application. The accounts to be appended to an application for authorisation shall be governed by a Decree of the Ministry of Finance.

If the organisation applying for an authorisation is a subsidiary of a management company, an investment firm, a credit institution or an insurance company authorised in another State belonging to the European Economic Area or a subsidiary of a parent company of such management company, investment firm, credit institution or insurance company, an opinion of the relevant supervisory authority of the said State shall be requested on the application. The same procedure shall apply if control in the organisation applying for the authorisation is exercised by the same natural or legal persons that exercise control over a foreign management company, investment firm, credit institution or insurance company referred to above. In the request for an opinion, the party submitting the opinion shall especially be requested to assess the suitability of the shareholders as well as the reputation and experience of the managers participating in the management of another undertaking belonging to the same group as well as notify any information regarding the said issues with relevance to the granting of the authorisation or the supervision of the management company. (18.4.2008/294)

Section 5 b (2.4.2004/224)

An authorisation shall be granted to a Finnish limited company if, on the basis of an account obtained on the reliability, good reputation, experience and other suitability of the shareholders, persons corresponding to shareholders under chapter 2, section 9 of the Securities Markets Act as well as of persons attending to the management and taking into account the intended extent of the operations of the applicant, it is possible to ensure that the management company will be managed professionally and in accordance with sound and prudent business principles. It is a further condition for the granting of the authorisation that the company has its registered office in Finland, reliable management, sufficient economic operating conditions and that it fulfils the other requirements set in this Act, unless, on the basis of the account obtained, it can be considered

likely that the close link between the management company and another legal person or natural person or the provisions and administrative orders of a State outside the European Union to be applied to such close link prevent the efficient supervision of the management company. The authorisation may be granted also to a management company being established before its registration.

The application shall be decided on within six months from receipt thereof or, if the application has been defective, from the date on which the applicant has submitted the documents and accounts necessary for deciding on the matter. However, a decision on the granting of an authorisation shall always be made within 12 months from receipt of the application. If the decision is not issued within the period laid down, the applicant may file an appeal. The appeal shall, in that case, be deemed to concern a rejecting decision. Such appeal may be made until the decision has been issued. The Financial Supervision Authority shall notify the appeal authority of the issuing of the decision if the decision is issued after the filing of the appeal. The provisions of the Administrative Judicial Procedure Act (586/1996) shall otherwise, where applicable, be applied to the filing and handling of an appeal referred to in this subsection.

The Financial Supervision Authority shall, prior to deciding on the matter, request an opinion of the Investor Compensation Fund if the management company applies for an authorisation for carrying out the activity referred to in section 5, subsection 2.

Unless otherwise ordered in the terms of the authorisation, a management company may start its operations as soon as the authorisation is granted and, if the authorisation is granted for an undertaking to be established, after the management company is registered. The management company shall notify the Financial Supervision Authority of the date on which it commences its operations.

Section 5 c (13.8.2004/755)

The Financial Supervision Authority shall declare the authorisation for registration. If the authorisation has been granted for activity referred to in section 5, subsection 2, the Financial Supervision Authority shall inform also the Investor Compensation Fund of the authorisation. The authorisation granted to a management company to be established and to a European company transferring its registered office to Finland shall be registered simultaneously with the registration of the undertaking.

The Financial Supervisory Authority shall inform the European Securities and Markets Authority of the authorisation. The right and obligation of disclosure of the Financial Supervisory Authority shall be governed by section 71 of the Act on the Financial Supervisory Authority.
(29.12.2011/1490)

Section 5 d (2.4.2004/224)

The authorisation shall indicate the services referred to in section 5 which the management company may provide in addition to common fund activity. The Financial Supervision Authority may, after the granting of an authorisation, amend the authorisation at the request of the management company to the extent provided for in this subsection.

After hearing the applicant for authorisation, the Financial Supervision Authority may include in the authorisation restrictions and terms relating to the business operations of the management company and necessary for its supervision.

Section 5 e (26.10.2007/928)

The Board of Directors, the Managing Director and the other senior management of a management company shall manage the investment firm with professional skill as well as in accordance with sound and prudent business principles. The members and deputy members of the Board of Directors as well as the Managing Director and Deputy Managing Director as well as another member of the senior management shall be trustworthy persons who are not bankrupt and whose capacity has not been restricted. These persons shall also possess such general knowledge of common-fund activity as is deemed necessary with regard to the nature and scope of the operations of the management company. The members and deputy members of the Board of Directors as well as the Managing Director and the Deputy Managing Director as well as another member of the senior management of a management company authorised to carry out asset management referred to in section 5, subsection 2 shall also possess such general knowledge of investment

firm activity as is deemed necessary with regard to the nature and scope of the operations of the management company. The members of the Board of Directors of a management company elected by the unitholders in accordance with section 8, subsection 2 need not possess knowledge of common fund or investment firm activity.

A person referred to in subsection 1 shall not be deemed trustworthy if he has, with a non-appealable judgement, been sentenced to imprisonment within the last five years prior to the assessment or to a fine within the last three years prior to the assessment for a crime which can be deemed to indicate that he is manifestly unsuitable as a member or deputy member of the Board of Directors, as the Managing Director or deputy Managing Director or as a member of other senior management of a management company. Nor shall a person be deemed trustworthy if he has otherwise with his earlier activity indicated that he is manifestly unsuitable to the said task.

Subsection 3 repealed by Act of 19 December 2008/889.

The management company shall, without delay, notify the Financial Supervision Authority of any changes in its management referred to in subsection 1.

Section 5 f (26.10.2007/928)

A precondition for granting the authorisation referred to in section 5 b shall be that, on the basis of the account received, the founder and shareholder of a management company who holds at least one-tenth of the shares of the management company or a portion which produces at least one-tenth of the votes carried by its shares is reliable. (29.12.2011/1490)

A preconditions for granting the authorisation referred to in section 5 b shall also be that on the basis of the account received, the founder and shareholder of a management company who holds at least one-tenth of the shares of the management company is reliable.

A person shall not be deemed trustworthy if he has, with a non-appealable judgement, been sentenced to imprisonment within the last five years prior to the assessment or to a fine within the last three years prior to the assessment for a crime which can be deemed to indicate that he is manifestly unsuitable to establish or own a management company or if he has otherwise with his earlier activity indicated that he is manifestly unsuitable to establish or own a management company.

Section 6 (2.4.2004/224)

The minimum share capital of a management company shall be at least 125 000 euros. The share capital shall be subscribed in full when the authorisation is granted.

In addition to the minimum share capital provided for in subsection 1, the management company shall have 0.02 one-hundreds of own funds of the amount whereby the total value of the common funds managed by it exceeds 250 million euros. The total amount of own funds of the management company need, however, not exceed 10 million euros.

In calculating the capital requirement provided for in subsection 2, all the common funds managed by the management company, including the common funds the management of the investment activity of which has been referred to be managed by another company, shall be included in the value of the common funds managed by the management company. The assets of the common funds, which the management company manages on the basis of a commission by another management company shall not be taken into account in calculating the capital requirement.

Notwithstanding the requirements set in subsection 2, the amount of own funds of a management company may not fall below a one-fourth of the fixed costs shown in the adopted income statement of the previous financial period or, if significant changes have taken place in the operation of the management company after the adoption of the financial statement, the amount confirmed by the Financial Supervision Authority on application by the management company.

A management company engaged in activities referred to in section 5, subsection 2 shall always, notwithstanding the provisions of subsections 1 - 4, meet the requirements set in section 46, subsection 1 of the Act on Investment Firms. The management company shall be governed by the provisions of subsection 4 of the said section. (30.12.2010/1365)

The Financial Supervision Authority shall issue the provisions necessary for the implementation of the requirements of the Mutual Fund Directive on the application of the requirements set in this section on the own funds of a management company.

Section 7

Subsection 1 repealed by Act of 2 April 2004/224.

Only a management company complying with this Act may use the term "management company" or "limited management company" in its trade name or otherwise to indicate its activity.

Section 8

The Board of Directors of a management company shall comprise at least three members.
(2.4.2004/224)

The unitholders shall elect at least one third of the members of the Board of Directors in the manner provided for in the Articles of Association of the management company. A member of the Board of Directors of the management company elected by the unitholders may not

- 1) be employed by the management company or the custodian;
- 2) exercise control in the management company as referred to in chapter 1, section 5 of the Accounting Act (1336/1997) or a representative thereof; nor
- 3) a member of the Board of Directors or the Board of Supervisors of another management company or custodian.

A management company may not have a Supervisory Board.

Section 8 a (29.12.2011/1490)

A management company shall arrange its activities in a reliable manner taking into account the nature of the common fund activity it carries out. The management company shall have the necessary resources, administrative procedures and supervisory systems for the proper performance of its activity. The measures employed by a management company in a conflict of interests shall be provided for in section 26.

The Financial Supervisory Authority shall issue further regulations on the arrangement of the activities of a management company necessary for the implementation of the Commission Risk-Management Directive.

Section 8 b (29.12.2011/1490)

A management company shall, with adequate measures, aim at preventing any relevant person from making personal transactions if this may result in a conflict of interest with a transaction or service where he is involved due to his position or, if he has access to inside information referred to in the Securities Markets Act or if he has access to confidential information relating to common funds or special common funds or to transactions effected on their behalf. The aim shall be to ensure the confidentiality of such information also otherwise.

A relevant person shall mean:

- 1) a member of the Board of Directors, managing director or another person belonging to the senior management of a management company as well as an employee or another natural person, the services provided by whom are under the control of the management company or who is involved in the common fund activity carried out by the management company;
- 2) a natural person who is involved in the provision of a service belonging to common fund activity outsourced by the management company.

The Financial Supervisory Authority shall issue further regulations on personal transactions necessary for the implementation of the Commission Risk-Management Directive.

Section 8 c (29.12.2011/1490)

The management company shall keep information on each transaction where a common fund or a special common fund is involved at least five years. The keeping of the information on transactions and services belonging to the activity referred to in section 5 (2) shall be provided for in section 36 of the Act on Investment Firms.

The Financial Supervisory Authority shall issue further regulations on the keeping of the information necessary for the implementation of the Commission Risk-Management Directive.

Section 9

The Financial Supervision Authority shall grant the authorisation of a custodian upon application. The accounts to be appended to an application for authorisation shall be governed by a Decree of the Ministry of Finance. (2.4.2004/224)

The custodian may, under the conditions referred to in the authorization, carry out also activity relating materially to custodial activity.

Section 9 a (2.4.2004/224)

An authorisation of a custodian shall be granted to a Finnish limited company if, on the basis of an account obtained on the reliability, good reputation, experience and other suitability of the shareholders, persons corresponding to shareholders under chapter 2, section 9 of the Securities Markets Act as well as of persons attending to the management and taking into account the intended extent of the operations of the applicant it is possible to ensure that the custodian will be managed professionally and in accordance with sound and prudent business principles. It is a further condition for the granting of the authorisation that the company has its registered office in Finland, reliable management, sufficient economic operating conditions and that it fulfils the other requirements set in this Act, unless, on the basis of the account obtained, it can be considered likely that the significant close connection between the custodian and another legal person or natural person or the provisions and administrative orders of a State outside the European Union to be applied to such close connection prevent the efficient supervision of the custodian. The authorisation may be granted also to a custodian to be established before its registration.

The application shall be decided on within six months from receipt thereof or, if the application has been defective, from the date on which the applicant has submitted the documents and accounts necessary for deciding on the matter. However, a decision on the granting of an authorisation shall always be made within 12 months from receipt of the application. If the decision is not issued within the period laid down, the applicant may file an appeal. The appeal shall, in that case, be deemed to concern a rejecting decision. Such appeal may be made until the decision has been issued. The Financial Supervision Authority shall notify the appeal authority of the issuing of the decision if the decision is issued after the filing of the appeal. The provisions of the Administrative Judicial Procedure Act shall otherwise, where applicable, be applied to the filing and handling of an appeal referred to in this subsection.

Unless otherwise ordered in the terms of the authorisation, a custodian may start its operations as soon as the authorisation is granted and, if the authorisation is granted for an undertaking to be established, after the custodian is registered. The custodian shall notify the Financial Supervision Authority of the date on which it commences its operations.

Section 9 b (2.4.2004/224)

The Financial Supervision Authority shall declare the authorisation of the custodian for registration. The authorisation granted to a custodian to be established shall be registered at the same time as the company.

Section 9 c (2.4.2004/224)

The authorisation of a custodian shall indicate the services referred to in section 9, subsection 2 which the custodian may provide in addition to custodial activity. The Financial Supervision Authority may, after the granting of an authorisation, amend the authorisation at the request of the custodian to the extent provided for in this subsection.

After hearing the applicant for authorisation, the Financial Supervision Authority may include in the authorisation restrictions and terms relating to the business operations of the custodian and necessary for its supervision.

Section 9 d (26.10.2007/928)

The Board of Directors and the Managing Director of a custodian shall manage the custodian with professional skill as well as in accordance with sound and prudent business principles. The members and deputy members of the Board of Directors as well as the Managing Director and Deputy Managing Director as well as a member of the other senior management shall be trustworthy persons who are not bankrupt and whose capacity has not been restricted. The members and deputy members of the Board of Directors as well as the Managing Director and the deputy Managing Director as well as another member of senior management shall also possess such general knowledge of custodial activity as is deemed necessary with regard to the nature and scope of the operations of the custodian.

A person referred to in subsection 1 shall not be deemed trustworthy if he has, with a non-appealable judgement, been sentenced to imprisonment within the last five years prior to the assessment or to a fine within the last three years prior to the assessment for a crime which can be deemed to indicate that he is manifestly unsuitable as a member or deputy member of the Board of Directors, as the Managing Director or deputy Managing Director or as a member of other senior management of a custodian. Nor shall a person be deemed trustworthy if he, with his earlier activity, has otherwise indicated that he is manifestly unsuitable to the said task.

Subsection 3 repealed by Act of 19 December 2008/889.

The custodian shall, without delay, notify the Financial Supervision Authority of any changes in its management referred to in subsection 1.

Section 9 e (26.10.2007/928)

A precondition for granting the authorisation referred to in section 9 a shall be that, on the basis of the account received, the founder and shareholder of a custodian who holds at least one-tenth of the shares of the custodian is reliable. A person shall not be deemed trustworthy if he has, with a non-appealable judgement, been sentenced to imprisonment within the last five years prior to the assessment or to a fine within the last three years prior to the assessment for a crime which can be deemed to indicate that he is manifestly unsuitable to establish or own a management company or if he has otherwise with his earlier activity indicated that he is manifestly unsuitable to establish or own a custodian.

Section 10 (2.4.2004/224)

The minimum share capital of a custodian shall be at least 730,000 euros. The share capital shall be subscribed in full when the authorisation is granted.

Section 10 a (13.8.2004/755)

The authorisation referred to in section 5 a or 9 shall also be granted to a European company referred to in Council Regulation (EC) No 2157/2001 on the Statute for a European company (SE), hereinafter the SE Regulation, which has been granted a corresponding authorization in another State belonging to the European Economic Area and which is aiming to transfer its registered office to Finland in accordance with section 8. The Financial Supervision Authority shall also request a statement on the application for authorisation from the authority supervising the operations of UCITS and management companies in the said State. The same shall apply to the establishment of a European company by merger so that the receiving company whose registered office is in another State will be registered as an SE in Finland.

Section 11 (30.12.2010/1365)

Notwithstanding the provisions of section 9, an investment firm referred to in section 3 of the Act on Investment Firms or a credit institution referred to in section 8, subsection 1 of the Act on Credit Institutions may act as a custodian.

Also an investment firm referred to in section 2, paragraph 1 of the Act on the Right of a Foreign Investment Firm to Provide Investment Services in Finland (580/1996) authorised in a State belonging to the European Economic Area or a foreign EEA credit institution referred to in section 8, subsection 3 of the Act on Credit Institutions:

- 1) which has a branch in Finland;
- 2) which fulfils the financial operating conditions provided for in section 10; and
- 3) which in its home State is entitled to carry out custodial activity referred to in the UCITS directive, may act as a custodian.

Sections 12-15

Sections 12-15 repealed by Act of 2 April 2004/224.

Section 16 (29.12.2011/1490)

Anyone who intends to acquire, directly or indirectly, shares of a management company shall notify the Financial Supervisory Authority thereof in advance if:

- 1) his holding, as a result of the acquisition, is at least 10 percent of the share capital of the management company;
- 2) his holding is such that it would correspond to at least 10 percent of the voting rights carried by the all the shares; or if
- 3) his holding otherwise entitles him to exercise influence comparable to a holding referred to in paragraph 2 or otherwise significant influence over the management of the management company.

If the holding referred to in subsection 1 is intended to be increased so that, as a result of the acquisition, the proportion of the holding would reach at least 20, 30 or 50 percent of the share capital of the management company or if the holding corresponds to a proportion of voting rights of the same amount carried by all the shares or if the management company becomes a subsidiary, also this acquisition shall be notified to the Financial Supervisory Authority in advance.

In calculating the proportion of the holding and the voting rights referred to in subsections 1 and 2, the provisions of chapter 1, section 5 and chapter 2, section 9 (1) and (2) of the Securities Markets Act shall be applied. In applying this subsection, shares shall not be taken into account which the party liable to notify has acquired for a period not exceeding one year, in connection with a share issue organised by him or under a market guarantee and on the basis of which the party liable to notify shall not be entitled to exercise voting rights in the organisation or otherwise influence the operations of the management of the organisation.

A notification referred to in subsection 1 or 2 shall also be filed if the proportion of shares held falls below any of the thresholds provided for in subsection 1 or 2 or if the management company ceases to be a subsidiary of the party liable to notify.

The management company and its holding company shall notify the Financial Supervisory Authority of the owners of holdings referred to in subsections 1 and 2 as well as of the sizes of such holdings at least once a year as well as, without delay, communicate any changes in the holdings that have come to their notice.

The information to be appended to the notifications referred to in this section shall be provided for by a Decree of the Council of State.

The provisions of subsections 1 - 6 shall correspondingly apply to the acquisition and conveyance of the shares of a custodian.

Section 17 (29.12.2011/1490)

The right of the Financial Supervisory Authority to forbid the acquisition of a holding referred to in section 16 shall be provided for in section 32 a of the Act on the Financial Supervisory Authority and the procedure relating to the issuing of an injunction in section 32 b of the said Act.

A party liable to notify may not acquire the shares referred to in section 16 before the Financial Supervisory Authority has issued the injunction referred to in subsection 1 or the deadline provided for the making of the decision in section 32 b of the Act on the Financial Supervision Authority has expired unless otherwise ordered in the handling of the matter.

Section 18

The provisions of this Act on a member of the Board of Directors or the managing director of the management company and the custodian shall correspondingly apply to a deputy member of the Board of Directors and the deputy managing director.

CHAPTER 2 a (29.12.2011/1490)

Establishment of a branch of a foreign EEA management company and provision of services in Finland

Establishment of a branch

Section 18 a (29.12.2011/1490)

A foreign EEA management company may establish a branch in Finland after the competent authority of its home Member State has notified the Financial Supervisory Authority of the establishment of the branch. The notification letter shall contain:

- 1) a programme of operations setting out the types and manner of activities to be carried out by the management company in Finland, information on the organisational structure of the branch as well a description of the risk-management process and a description of the measures, procedures and arrangements referred to in section 18 h;
- 2) the address of the branch from which documents may be ordered and obtained;
- 3) the names of those responsible for the activities of the branch;
- 4) information on the cover system intended for the protection of the investors of the branch or on lack thereof.

If a foreign EEA management company intends to manage a common fund in Finland, the notification referred to in subsection 1 shall contain an attestation that the management company has an authorisation corresponding to the authorisation referred to in section 5 a, a description of the scope of the authorisation of the management company and information on restrictions relating to the types of common funds for the management of which the management company has an authorisation.

The activities of a branch of a foreign EEA management company shall be governed by the provisions of section 8 a and 26 (1) and (2).

A branch may commence its activities within two months from receipt by the Financial Supervisory Authority of the information referred to in subsection 1. The Financial Supervisory Authority shall, within two months from receipt of the notification, notify of the information required of the branch for supervision.

A foreign EEA management company shall notify the Financial Supervisory Authority in writing of any changes in the information referred to in subsection 1 (1 - 3) at the latest one month prior to their entry into force.

In the event of change in the information communicated in accordance with subsection 2, the foreign EEA management company may pursue activities in Finland by a branch provided that the Financial Supervisory Authority receives a notification of the changes and the updated information concerning the attestation referred to in subsection 2 from the competent authority of the EEA management company's home Member State.

Provision of services without setting up a branch

Section 18 b (29.12.2011/1490)

A foreign EEA management company shall be entitled to pursue activities in Finland without establishing a subsidiary or a branch.

A foreign EEA management company may commence its activities in Finland after the competent authority of its home Member State has notified the Financial Supervisory Authority thereof. The notification shall contain a programme of operations of the foreign EEA management company setting out the types and manner of activities to be carried out by the management company in Finland as well a description of the risk-management process of the management company and a description of the measures, procedures and arrangements referred to in section 18 h. In addition, the notification shall be appended with information on the cover system intended for the protection of the investors or on lack thereof.

If a foreign EEA management company intends to manage a common fund in Finland, the notification referred to in subsection 2 shall contain an attestation that the management company has an authorisation corresponding to the authorisation referred to in section 5 a, a description of the scope of the authorisation of the management company and information on restrictions relating to the types of common funds for the management of which the management company has an authorisation.

A foreign EEA management company may commence to provide services in Finland after the notification referred to in subsection 2. The Financial Supervisory Authority shall, within two months from receipt of the notification, notify of the information required of the foreign EEA management company for supervision. The establishment of a common fund in Finland shall be provided for in chapter 2 b.

The foreign EEA management company shall notify the Financial Supervisory Authority in advance in writing of any changes in the information referred to in subsection 2.

In the event of change in the information communicated in accordance with subsection 3, the foreign EEA management company may pursue activities in Finland in accordance with subsection 1 provided that the Financial Supervisory Authority receives a notification of the changes and the updated information concerning the attestation referred to in subsection 3 from the competent authority of the EEA management company's home Member State.

Marketing of units of a UCITS in Finland shall be governed by the provisions of sections 128 and 128 a - 128 d.

CHAPTER 2 b (29.12.2011/1490)

Establishment of a common fund managed by a foreign EEA management company in Finland

Authorisation to establish a common fund

Section 18 c (29.12.2011/1490)

The Financial Supervisory Authority shall, on application, grant a foreign EEA management company an authorisation to establish a common fund in Finland. A precondition for obtaining the authorisation shall be that the Financial Supervisory Authority approves the fund rules and any amendments thereto, as provided for in chapter 7, and the choice of the custodian.

In addition to the rules and the information on the custodian, the application for an authorisation shall contain:

- 1) an account to the effect that the applicant is authorised to manage common funds in its home Member State and to market their units in its home Member State;
- 2) a notification of the persons responsible of for the custodian of the common fund to be established referred to in section 9 d;
- 3) the agreement between the management company and the custodian referred to in section 34 c (1);
- 4) information on outsourcing arrangements regarding functions of investment management and administration;

If the foreign EEA management company already manages common funds of the same type in Finland, reference to the information already provided may be made in the application referred to in subsection 1. In so far as it is necessary to ensure compliance with the provisions for which it is responsible, the Financial Supervisory Authority shall have the right to request from the competent authorities of the EEA management company's home Member State the necessary clarifications and information regarding the documents referred to in subsection 2 (3) and (4) as well as, based on the attestation referred to in section 18 a (2) and 18 (3), as to whether the type of the common fund for which authorisation is requested falls within the scope of the authorisation of the foreign EEA management company.

Section 18 d (29.12.2011/1490)

The Financial Supervisory Authority shall refuse the application of the foreign EEA management company referred to in section 18 c (1) if:

- 1) the company does not fulfill the requirements set in section 18 c (1) or comply with the provisions and regulations falling under the supervisory responsibility of the Financial Supervisory Authority pursuant section 18 i;
- 2) the company is not authorised by the competent authorities of its home Member State to manage the type of a common fund for which authorisation is requested; or
- 3) the company has not provided the documents referred to in section 18, subsection 2 (3) and (4).;

Before deciding the issue, the Financial Supervisory Authority shall hear the competent authorities of the foreign EEA management company's home Member State.

Section 18 e (29.12.2011/1490)

The application to establish a common fund of a foreign EEA management company shall be decided on within two months from receipt of the application or, if the application is defective, from the date on which the applicant has submitted the documents necessary for deciding the matter.

Section 18 f (29.12.2011/1490)

A foreign EEA management company shall notify the Financial Supervisory Authority of any material modifications made in the documents referred to in section 18 c, subsection 2 (3) and (4).

The foreign EEA management company or the custodian of a common fund referred to in section 18 c (1) may not be changed or the fund rules amended without the approval of the Financial Supervisory Authority.

Section 18 g (29.12.2011/1490)

The Acts, Decrees and administrative provisions relating to the establishment and activities of a common fund and issued for the implementation of the UCITS Directive shall be kept available in the website of the Financial Supervisory Authority in at least one language commonly used in international financing.

Section 18 h (29.12.2011/1490)

Pursuant to this Act and the provisions and regulations issued there under, a foreign EEA management company shall implement the measures referred to in section 128 a and introduce proper procedures to ensure proper handling of any complaints lodged by investors and that the investors can fully exercise their rights. As a result of these measures, the investors will be able to lodge their complaints in Finnish or in Swedish.

In addition, a foreign EEA management company shall introduce proper procedures and arrangements for making information available on request by the public or by the Financial Supervisory Authority

Provisions applicable to a foreign EEA management company managing a common fund in Finland

Section 18 i (29.12.2011/1490)

A foreign EEA management company shall comply with this Act and the provisions and regulations issued there under with regard to a common fund managed in Finland, with regard to:

- 1) confirmation of the rules;
- 2) issue and redemption of units;
- 3) calculation of global exposure and leverage as well as to other investment policies and limits;
- 4) restrictions on borrowing, lending and uncovered sales;
- 5) the valuation of assets and accounting;
- 6) the calculation of the issue and redemption prices as well as errors made in the calculation of the net asset value and related investor compensation;
- 7) the distribution and reinvestment of the income;
- 8) the disclosure and reporting requirements, including the prospectus, key investor information and periodic reports;
- 9) the arrangements made for marketing;
- 10) the relationship with unitholders;
- 11) merger and restructuring arrangements;
- 12) winding-up and liquidation procedures;
- 13) the contents of the unitholder register;
- 14) the exercise of the unitholders' voting rights and other unitholders' rights relating to paragraphs 1 - 13.

The authorisation and supervision fees of the management company managing a common fund referred to in subsection 1 shall be governed by the provisions of the Act on the Supervision Fees of the Financial Supervisory Authority (879/2008).

The obligation of a foreign EEA management company to submit to the Tax Administration the information necessary for attendance to its duties shall be governed by the Act on the Taxation Procedure (1558/1995).

Restriction and prohibition of the activity of a foreign EEA management company

Section 18 j (29.12.2011/1490)

If a foreign EEA management company, which has a branch in Finland or which provides services in Finland without establishing a branch, refuses to comply with this Act or the provisions and regulations issued there under, the Financial Supervisory Authority may undertake the measures provided for in section 61 of the Act on the Financial Supervisory Authority. If the foreign EEA management company manages a common fund in Finland, the Financial Supervisory Authority may, in a situation referred to in section 61 (3) and (6), require the management company to cease to manage the common fund. The Financial Supervisory Authority may require the cessation of management of a common fund after hearing the management company concerned if, in the course of the management of a common fund, the legislation in force in Finland on safeguarding of general interest has been materially breached. The Financial Supervisory Authority shall inform the European Securities and Markets Authority and the European Commission of the said measures.

If the Financial Supervisory Authority deems that the measures taken by the competent authority of the foreign EEA management company's home Member State and referred to in section 61 (3) of the Act on the Financial Supervisory Authority insufficient, it may, instead of implementing the

measures referred to in subsection 1, inform the European Securities and Markets Authority thereof.

Prior to implementing the measures referred to in subsection 1 or 2, the Financial Supervisory Authority may prohibit activities in violation of this Act if the prohibition is necessary due to the urgency of the matter in order to protect the interests of the investors or the parties to whom the services have been provided. The Financial Supervisory Authority shall, at the earliest opportunity, inform the European Commission, the European Securities and Markets Authority and the competent authority of the foreign EEA management company's home Member State of such measures.

CHAPTER 2 c (29.12.2011/1490)

Establishment of a branch of a third-country management company and provision of services in Finland

Establishment of a branch

Section 18 k (29.12.2011/1490)

A third-country management company shall apply for an authorisation to a branch to be established in Finland from the Financial Supervisory Authority. An opinion of the compensation fund shall be requested on the application if the purpose of the branch is to pursue activities referred to in section 5 (2).

The application shall be appended with the necessary accounts regarding the third-country management company:

- 1) ownership;
- 2) qualifications and trustworthiness of the management;
- 3) administration and internal control;
- 4) risk management;
- 5) solvency and liquidity and their management;
- 6) legislation and financial supervision of the home State of the management company.

The application shall also be appended with the necessary accounts on the arrangement of the administration and activities of the branch including the procedures complied with in customer due diligence and the prevention of money laundering and terrorist financing as well as on the qualifications and trustworthiness of the management of the branch.

Provisions on the contact information to be given in an application as well as further provisions on the accounts to be appended to an application may be given in a Decree of the Ministry of Finance.

The commencement and cessation of the marketing of units by a third-country management company shall also be governed by the provisions of sections 129 and 130.

Section 18 l (29.12.2011/1490)

The Financial Supervisory Authority shall grant an authorisation to a branch of a third-country management company if:

- 1) the activities of the management company do not materially differ from the activities permitted to a Finnish management company;
- 2) internationally approved recommendations on financial supervision and the prevention of criminal abuse of the financial system are applied to the management company in accordance with the legislation of its home State;

- 3) the solvency, large exposures to customers, liquidity, internal control and risk-management systems of the management company as well as the suitability and trustworthiness of the owners and the management do not materially differ from the requirements of this Act;
- 4) the management company is also otherwise subject to adequate supervision in its home State;
- 5) the administration of the branch is arranged in accordance with sound and prudent business principles;
- 6) the director of the branch meets the requirements provided for in section 5 e.

If the branch intends to pursue the activities referred to in section 5 (2), it shall be assessed upon granting the authorisation whether the investor compensation scheme of the branch corresponds to the level and scope of the cover provided by the Investor Compensation Fund. When granting the authorisation, the Financial Supervisory Authority may decide on the membership of the branch in the compensation fund.

The decision on the authorisation shall be governed by the provisions of sections 5 b (2) and 5 d. The Financial Supervisory Authority shall, within 10 working days from receipt of the application for an authorisation, notify the applicant of the deadlines and the possibility to appeal referred to in section 5 b (2).

The authorisation of a branch entitles to carry out the activity in one or several places of business.

Restriction of activities and withdrawal of the authorisation

Section 18 m (29.12.2011/1490)

Withdrawal of the authorisation of a branch of a third-country management company shall be provided for in section 26 and restriction of operations in section 27 of the of the Act on the Financial Supervisory Authority. The Financial Supervisory Authority shall also, without delay, withdraw the authorisation of a branch if the competent authority of the home State of a third-country management company has withdrawn the authorisation of the management company.

Section 18 n (29.12.2011/1490)

The activities of a branch of a third-country management company shall be ceased immediately if the Financial Supervisory Authority has withdrawn its authorisation. The provisions elsewhere in the law on the supervision of a branch shall be applied to the supervision of a branch upon the cessation of its activity until the notification referred to in subsection 2 has been filed and the obligations of the management company to the customers of the branch have been performed.

The third-country management company shall, at the earliest opportunity after the cessation of the activities of its branch, inform the customers of the branch of the manner in which the obligations of the branch to the customers shall be performed. The Financial Supervisory Authority shall, where necessary, issue further regulations on the procedure referred to in this subsection.

The provisions of subsection 1 on the supervision of a branch with regard to the cessation of activities and on the duty to notify of the third-country management company in subsection 2 as well as on the competence of the Financial Supervisory Authority to issue further regulations in subsection 2 shall also be applied in restricting the activities of a branch in the manner provided for in section 18 m of this Act or in section 27 of the Act on the Financial Supervisory Authority.

Provision of services without establishing a subsidiary or a branch

Section 18 o (29.12.2011/1490)

A third-country management company shall apply for an authorisation from the Financial Supervisory Authority if it intends to pursue the activities referred to in section 5 (2) in Finland without establishing a branch or a subsidiary. A precondition for the granting of the authorisation shall be that the competent supervisory authority of the home State of the management company and the Financial Supervisory Authority have signed a supervision record referred to in section 66 of the Act on the Financial Supervisory Authority on the supervision of a third-country management company. In other respects, the granting of the authorisation shall be governed by the provisions

on the granting of an authorisation in section 18 I, subsection 1 (1-4) and subsection 2 of this Act.

The commencement and cessation of the marketing of units by a third-country management company shall further be governed by the provisions of sections 129 and 130.

The withdrawal of an authorisation shall be governed by the provisions of section 26 of the Act on the Financial Supervisory Authority. Prohibition and restriction of activities in accordance with the authorisation and marketing shall be governed by the provisions of section 27 of the said Act on the prohibition and restriction of activities in accordance with the authorisation and marketing.

CHAPTER 3

Meeting of the unitholders and the delegation

Section 19

The matters to be decided together by the unitholders in accordance with this Act or the fund rules shall be handled at a General Meeting of the Unitholders to be held at the time provided in the fund rules.

The General Meeting of the Unitholders shall, where applicable, be governed by the provisions in force on procedure at a meeting of an association unless provided otherwise in the fund rules or in this Act.

A unitholder shall use his right at the General Meeting of the Unitholders personally or through a representative. The representative shall present a dated authorization. The authorization shall apply to one meeting unless indicated otherwise in the authorization. The authorization shall, however, be in force at most three years from its issuance.

A unitholder and a representative may have an assistant at the General Meeting of the Unitholders.

Section 20

Each unit of a common fund shall produce one vote at the General Meeting of the Unitholders.

A unitholder who has control in the management company in the manner referred to in chapter 1, section 5 of the Accounting Act may not himself or through a representative vote at the General Meeting of the Unitholders of a common fund managed by the management company.

The provisions of paragraph 2 on a unitholder shall also apply to an organization or foundation in which the unitholder referred to above has control as referred to in chapter 1, section 5 of the Accounting Act.

Section 21

An Extraordinary General Meeting of the Unitholders shall be held if the Board of Directors of the management company deems it necessary or if an auditor demands it in writing for the handling of a matter specified by him. The provisions of this Act on an auditor shall correspondingly apply to unitholders which together have at least one-twentieth of all the units in circulation.

Section 22

The fund rules may provide that the General Meetings of the Unitholders of the common funds managed by the management company elect a delegation the task of which is to decide on common matters of the common funds in question when the number of members of the Board of Directors of the management company to be elected by the unitholders or the number of auditors to be elected to audit the management company and the common funds managed by it falls below the number of the common funds managed by the management company. The fund rules shall, in that case, state the duties, the manner of election and the term of the delegation.

The delegation shall be governed, where applicable, by the provisions of section 19, paragraph 2.

A unitholder referred to in section 20, paragraph 2 or his representative may not be elected to the delegation.

The provisions of paragraph 3 shall also apply to a unitholder or his representative referred to in section 20, paragraph 3.

CHAPTER 4

Activity and duties of a management company

Section 23

A management company authorised to manage common funds may establish one or more common funds in an EEA Member State and one or more special funds in Finland. Management companies may not establish a joint common fund or special common fund. (29.12.2011/1490)

A common fund shall have fund rules. The Board of Directors of the management company shall decide on the fund rules and their amendment.

Section 24

A management company may not begin to market the units in a common fund managed by it to the public nor may any funds be received into a common fund before the fund rules have been confirmed.

The management company shall notify the Financial Supervision Authority when it shall commence the common fund activity.

If the management company has not started the operations of a common fund within two years from the first confirmation of its Rules in accordance with section 43, the confirmation of the Rules shall be deemed to have lapsed. (2.4.2004/224)

Section 25

The assets of a common fund shall belong to unitholders. The unitholders shall not be personally liable for the liabilities of a common fund.

The management company shall keep separate the assets of a common fund from the assets of the management company by submitting them for safekeeping by a custodian. The assets of a common fund may not be distrained for a debt of the management company.

The management company shall represent the common fund in its own name. With regard to legal actions relating to the common fund, the management company shall state the common fund on the behalf of which it acts.

Section 26

A management company shall carry out common-fund activity independently and with care and expertise and in the best interests of the common fund and its unitholders. The management company shall treat its unitholders equally in its activity. (29.12.2011/1490)

In its common-fund activity and in organising its business structures, the management company shall aim at avoiding situations involving conflicts of interests and, should they occur, ensure that the common funds managed by it, their unit holders and the other customers of the management company are treated equally. (29.12.2011/1490)

The Financial Supervisory Authority shall issue further regulations necessary for the implementation of the Commission Risk-Management Directive on:

- 1) how to act in the best interests of the common fund;
- 2) principles to ensure that the management companies employ effectively the resources and procedures that are necessary for the proper performance of their business activities;
- 3) measures for specifying the structures and organisational requirements relating to the avoidance of conflicts of interests;
- 4) measures for identifying and avoiding conflicts of interests and on basis for defining conflicts of interests.

(29.12.2011/1490)

The management company shall carry out common-fund activity independently and with care and expertise for the joint benefit of all unitholders. The management company shall treat the unitholders equally in its activities.

In its common-fund activity and in organising its business structures, the management company shall aim at avoiding situations involving conflicts of interests and, should they occur, ensure that the common funds, their unit holders and the other customers of the management company are treated equally. The Financial Supervision Authority may issue further regulations to the management companies to avoid situations involving conflicts of interests. (2.4.2004/224)

In order to meet the requirements set in the Mutual Fund Directive, the Financial Supervision Authority may issue further provisions to the management companies on procedures which the management companies shall comply with under this section in carrying out common-fund activity. (2.4.2004/224)

A management company engaged in an activity referred to in section 5, subsection 2 (1) may not invest the assets of its customers in the units of the common funds managed by it unless its customer has consented thereto in advance. (2.4.2004/224)

Section 26 a (26.10.2007/928)

A management company shall have at least one permanent place of business for its operations. A management company may also carry out its operations in branch offices and other places of business.

A management company may carry out its business operations through a representative or otherwise outsource its activities significant with regard to its business operations if this does not impair the risk management or internal control of the management company or other attendance to the business operations of the management company in a significant manner.

An activity is significant with regard to the operations of a management company if an error or deficiency in its performance may materially impair compliance with the Acts relating to the operations of the management company or the provisions and orders issued thereunder or with the terms of the authorisation of the management company, the financial position of the management company or the continuance of the business operations.

A written agreement shall be drafted on the outsourcing of a significant activity indicating the contents of the assignment and the period of validity of the agreement.

A management company that, after the granting of the authorisation, intends to carry out business operations through a representative or otherwise outsource an activity significant with regard to its business operations shall notify the Financial Supervision Authority of the outsourcing in advance. The Financial Supervision Authority shall be notified of any significant changes in the contractual relationship between the management company and the party carrying out the outsourced activity. The Financial Supervision Authority shall issue the necessary further provisions on the contents of the notification.

The notification referred to above need, however, not be submitted if the representative or the other party carrying out the activity to be outsourced belongs to the same consolidation group as the management company or to an amalgamation referred to in the Act on the Amalgamation of Deposit Banks (599/2010). (24.6.2010/608)

The management company shall ensure that it continuously receives from the party carrying out the outsourced activity the necessary information required by supervision by the authorities, risk management and internal control of the management company and that it has the right to convey the information further to the Financial Supervision Authority.

The outsourcing of the investment services provided by the management company shall, in derogation from subsections 1 - 7, be governed by the provisions of sections 29 - 31 of the Act on Investment Firms (922/2007).

Section 26 b (2.4.2004/224)

The use of a representative may not prevent the management company from acting in the best interests of the unit holders of the common fund managed by it. The representative used by the management company shall, taking into account the tasks of the representative, possess adequate professional skill to attend to his duties. The management company shall ensure that it may, during the period of validity of the order issued to a representative, give further instructions to him and dissolve the contract concluded with the representative immediately if this is in the interest of the unit holders.

If a representative is used to carry out investment activity, only an organisation authorised or registered for that activity and the stability of the activity of which is supervised may act as a representative. If the place of registered office of a representative is in a State outside the European Economic Area, the co-operation between its supervisory authority and the Financial Supervision Authority shall be ensured to a sufficient extent. The management company shall, at regular intervals, give the representative orders on the general grounds of the investment activity.

The custodian of a common fund or another organisation whose interest may be in conflict with the interests of the management company or the unit holders may not be used as a representative in attending to the duties relating to the management of a common fund. An agreement on the transfer of liability of the management company to a third party shall be void. A representative shall be governed by the provisions of section 133, subsection 1.

With regard to duties relating to the management of a common fund and the duties of a custodian referred to in section 31, subsection 1, the management company or its representative and the custodian of a common fund managed by it may not have the same persons in their employment.

The fund prospectus of the common fund shall state the extent to which the management company uses an agent in its activities. (29.12.2011/1490)

Section 27 (2.4.2004/224)

The assets of a common fund (*minimum capital*) shall be not less than two million euros and a common fund shall have at least 50 unitholders. Notwithstanding the provisions of section 2, subsection 1 (1), a special common fund investing mainly in real estate and real-estate securities needs, however, only ten unitholders if, in accordance with its rules, each unitholder shall subscribe to units in an amount of at least one million euros. In calculating the number of unitholders, a unitholder and an organisation under his control in the manner provided for in chapter 1, section 5 of the Accounting Act or a corresponding foreign undertaking shall be regarded as one entity. A nominee shall not be deemed one unitholder if the nominee meets the requirements set in section 57 of this Act. The amount of the minimum capital as well as the minimum number of unitholders of a common fund shall be achieved within six months from the commencement of the activities of the common fund. (29.12.2011/1490)

The Financial Supervision Authority may, for a special reason, in order to ensure trust in securities markets or in real estate markets or to safeguard the interests of unitholders, grant an exemption from the time limit referred to in subsection 1, so that the time within which the amount of the minimum capital of the common fund as well as the minimum number of unit holders shall be achieved, may be at most six months from the termination of the time limit referred to in subsection 1. (30.3.2007/351)

The management company shall notify the Financial Supervision Authority immediately when the minimum capital or the minimum number of unit holders referred to in subsection 1 has reached or exceeded or fallen below the threshold referred to in the said subsection.

Section 28

The assets of a common fund shall be invested without undue delay as provided for in chapters 11 and 12.

A management company may not invest the assets of a common fund for a price higher than the market value or convey them for a price lower than the market value unless there is a special reason thereto.

The Financial Supervision Authority shall issue further provisions on the notification of the information relating to the capital and number of unit holders referred to in section 27 as well as to the investment of the assets of the common fund referred to in subsections 1 and 2.

(2.4.2004/224)

Section 29 (2.4.2004/224)

The Board of Directors of a management company shall approve the goals and procedure for the exercise of voting rights attached to the shares belonging to the assets of the common fund at the General Meeting of the Shareholders of a limited company. The goals of owner steering shall be indicated in the fund prospectus. Information on the exercise of voting rights belonging to the common fund during the review period shall be presented in the semi-annual report and annual report of the common fund.

If the management company has invested assets of the common funds managed by it in shares of one limited company in an amount which otherwise than temporarily exceeds one-twentieth of the voting rights carried by all the shares, it shall, in the annual report of the common fund, publish the goals of owner steering in the said limited company to the extent that they derogate from the goals of owner steering indicated in the fund prospectus in accordance with subsection 1.

Section 29 a (13.8.2004/755)

If a management company intends to transfer its registered office to another State belonging to the European Economic Area as provided for in Article 8 of the SE Regulation, the management company shall submit a copy of the transfer proposal and the report referred to in Article 8 (2) and (3) of the SE Regulation without delay after the management company has notified the plan for registration.

If the management company intends to continue common-fund activity in Finland after the transfer of the registered office, it shall be governed by the provisions on the right of a foreign management company to operate in Finland.

The registration authority may not issue the certificate referred to in section 9, subsection 5 of the Act on European companies (742/2004) if the Financial Supervision Authority has notified the registration authority prior to the granting of the permission referred to in subsection 2 of the same section that the management company has not complied with the provisions on the transfer of the registered office or the continuance of operations or the termination of operations in Finland and on the merger, termination or conveyance of the management of the common fund managed by it. The permission may be granted before one month has passed from the due date referred to in chapter 16, section 6, subsection 2 of the Limited Liability Companies Act (624/2006) only if the Financial Supervision Authority has notified that it does not oppose the transfer of the registered office. (21.7.2006/648)

Section 29 b (28.12.2007/1426)

If a management company participates in cross-border merger or cross-border division in the European Economic Area, the registration authority may not issue a certificate relating to merger referred to in section 4, subsection 3 of the Act on European Companies or in chapter 16, section 26 of the Limited-Liability Companies Act or a certificate relating to division referred to in chapter 17, section 25 of the latter Act if the Financial Supervision Authority has notified the registration authority prior to the granting of the permission that the management company has not complied with the provisions on merger or division and the continuance of the operations or the termination of operations in Finland as well as with the provisions on the merger or termination of a common fund managed by it or the conveyance of its management. The permission may be granted before one month has passed from the due date referred to in chapter 16, section 6 (2) or in chapter 17, section 6 (2) of the Limited-Liability Companies Act only if the Financial Supervision Authority has notified that it does not oppose the merger, the division or the transfer of the registered office relating to the establishment of a SE.

If the company registered in another State intends to continue common-fund activity in Finland after the merger or division, it shall be governed by the provisions on the right of a foreign management company to carry out common-fund activity in Finland.

Section 29 c (28.12.2007/1426)

If the place of the registered office of a management company engaged in operations in accordance with section 5, subsection 2 is transferred to another State or if, in a merger or division, the acquiring company has been or is registered in another State, the provisions of section 79 c of the Act on Investment Firms (922/2007) shall correspondingly apply to the liability of the management company to draw up a compensation fund report and to the right of an investor to give notice.

Section 30

A management company may not own shares of another management company nor units in a common fund managed by it.

CHAPTER 4 a

Solvency and risk management of a management company (2.4.2004/224)

Section 30 a (2.4.2004/224)

A management company may not, in the course of its operations, incur a risk that fundamentally endangers the solvency of the management company. A management company shall have adequate internal control and adequate risk management processes vis-à-vis its operations.

The transfer of the tasks relating to risk management and other internal control of a management company to be attended to by an undertaking not belonging to the same consolidation group as the management company or to an amalgamation referred to in the Act on the Amalgamation of Deposit Banks shall be governed by the provisions of section 26 a. (24.6.2010/608)

The Financial Supervision Authority shall issue further orders to the requirements to be set on risk management systems and other internal control referred to in subsection 1 as well as on reliable management. (26.10.2007/928)

Section 30 b (2.4.2004/224)

The liquidity of a management company engaged in activities referred to in section 5, subsection 2 shall be adequately safeguarded vis-à-vis its operations.

Section 30 c (2.4.2004/224)

The total amount of own funds of a management company shall always be at least equal to the minimum capital provided for in section 6. When at least two management companies merge, the Financial Supervision Authority may grant an exemption from this requirement. The amount of own funds of the acquiring management company or the management company to be established may, however, not be less than the total amount of the own funds of the merging management companies at the time of the merger.

If the own funds of a management company fall below the minimum provided for in section 6, the management company shall, without delay, notify the Financial Supervision Authority thereof and undertake measures to meet the requirements relating to the amount of own funds. After receipt of the notification referred to above or after otherwise learning of the fall of the own funds below the amount laid down by the law, the Financial Supervision Authority shall set a period within which the requirement on the own funds of a management company has to be met at the threat of its authorisation being withdrawn. If the requirement is not met even after the termination of the period, the Financial Supervision Authority may decide on the withdrawal of the authorisation.

If the amount of own funds of a management company is below the amount laid down in section 6, the management company may not distribute profit or other return on own capital unless the Financial Supervision Authority grants an exemption for a fixed period of time. The exemption may be granted if the management company has submitted to the Financial Supervision Authority an adopted interim financial statement and the Financial Supervision Authority deems that the granting of the exemption does not endanger the meeting of the requirement on own funds of the management company within the time period laid down in the manner provided for in subsection 2.

In calculating the own funds of a management company, the provisions of sections 45–48 of the Act on Credit Institutions (121/2007) shall be applied. (9.2.2007/134)

CHAPTER 5

Activities and duties of a custodian

Section 31

The duties of the custodian shall be:

- 1) to keep the assets of a common fund;
- 2) to comply with orders given by the management company unless they are in conflict with the law, the orders issued by authorities or the fund rules;
- 3) to ensure that the value of the units is calculated in compliance with the law, the orders issued by authorities or the fund rules;
- 4) to ensure that law and the fund rules are complied with in the issue and redemption of units;
- 5) to ensure that the fees relating to the operations with the assets of the common fund are paid within a time limit generally in use; as well as
- 6) to ensure that the profits of the common funds are used in compliance with the law and the fund rules.

The assets of a common fund shall be kept separate from the assets of the custodian and the assets of other customers and common funds as well as kept in a reliable manner. The assets of a common fund may not be distrained for a debt of the custodian.

The custodian shall carry out its duties independently for the benefit of the unitholders.

Only a custodian referred to in section 9 or an organisation referred to in section 11 and established in Finland may act as a custodian of a common fund. (29.12.2011/1490)

Section 32

If the custodian decides not to comply with an order issued by the management company or if it otherwise objects to the manner of carrying out of the activity of the management company referred to in section 31, paragraph 1, and the company does not withdraw the order or change its manner of operation, the custodian shall notify the Financial Supervision Authority thereof.

Section 33

The assets of a common fund shall be kept with one custodian.

A custodian may use organizations specialized in custodian services under the supervision of the Financial Supervision Authority or a corresponding foreign authority to assist in its duties.

Section 34

The management company and the custodian shall conclude a written contract on the keeping and management of the assets of a single common fund as well as on the other duties referred to in section 31, paragraph 1 relating thereto. The contract shall include provisions on the changing of custodian.

The management company shall submit the contract concluded with the custodian of the common fund managed by it and any changes thereto immediately to the Financial Supervision Authority for reference. (2.4.2004/224)

The management company shall on request present the unitholder or a party aiming to become a unitholder the contract referred to in paragraph 1 or a copy thereof.

Section 34 a (13 .8.2004/755)

If a custodian intends to transfer its registered office to another State belonging to the European Economic Area as provided for in Article 8 of the SE Regulation, the custodian shall submit a copy of the transfer proposal and the report referred to in Article 8 (2) and (3) of the SE Regulation without delay after the custodian has notified the plan for registration.

The registration authority may not issue the certificate referred to in section 9, subsection 5 of the Act on European Companies if the Financial Supervision Authority has notified the registration authority prior to the granting of the permission referred to in subsection 2 of the same section that the custodian has not complied with the provisions on the transfer of the registered office or the termination of operations in Finland. The permission may be granted before one month has passed from the due date referred to in chapter 16, section 6, subsection 2 of the Limited Liability Companies Act only if the Financial Supervision Authority has notified that it does not oppose the transfer of the registered office. (21.7.2006/648)

Section 34 b (28.12.2007/1426)

If a custodian participates in cross-border merger or cross-border division in the European Economic Area, the registration authority may not issue a certificate relating to such merger referred to in section 4, subsection 3 of the Act on European Companies or in chapter 16, section 26 of the Limited-Liability Companies Act or a certificate relating to division referred to in chapter 17, section 25 of the latter Act if the Financial Supervision Authority has notified the registration authority prior to the granting of the permission referred to in subsection 2 of the said section that the custodian has not complied with the provisions on merger or division or the termination of operations in Finland or the provisions of section 11, subsection 2 of this Act. The permission may be granted before one month has passed from the due date referred to in chapter 16, section 6 (2) or in chapter 17, section 6 (2) of the Limited-Liability Companies Act only if the Financial Supervision Authority has notified that it does not oppose the merger, the division or the transfer of the registered office relating to the establishment of a SE.

The acquiring company registered in another State may, after the merger or division, continue the operations of a custodian in Finland subject to the preconditions provided for in section 11, subsection 2.

Section 34 c (29.12.2011/1490)

The custodian shall conclude a contract with a foreign EEA management company which manages a common fund in Finland defining the exchange of information necessary for the custodian to allow it to perform its functions. The contract may be applied to several common funds managed by a foreign EEA management company if the contract lists all common funds within its scope.

The Financial Supervisory Authority shall issue further regulations on the content of the contract referred to in subsection 1 necessary for the implementation of the Commission Risk-Management Directive.

Section 34 d (29.12.2011/1490)

The custodian shall ensure that the Financial Supervisory Authority shall obtain, on request, from the custodian all information that the custodian has obtained in performing its functions and that is necessary for the supervision of the common fund.

CHAPTER 6

Annual accounts and audit

Section 35 repealed by Act of 29.2.2007/134.

Section 36

The General Meeting of the Shareholders of the management company shall, for the purpose of the audit of the company and the common funds managed by it, elect at least one auditor and his deputy for each financial period. In addition to the auditor mentioned above, the unitholders shall elect at least one auditor and his deputy. (13.4.2007/477)

At least one of the auditors shall be a certified auditor or a certified audit organisation referred to in section 2, paragraph 2 of the Audit Act (459/2007). (13.4.2007/477)

The provisions of this Act on an auditor shall correspondingly apply to a deputy auditor.

Section 37

The Financial Supervision Authority shall appoint an auditor meeting the qualifications:

- 1) where the provisions of section 36, subsection 1 or 2 of this Act or section 3 of the Audit Act have been violated;
- 2) where an auditor is not independent in the manner referred to in section 24 or 25 of the Audit Act; or
- 3) where the provision on the number or qualifications of auditors included in the Articles of Association of the management company has not been complied with. (13.4.2007/477)

The Financial Supervision Authority shall request a statement from the Auditing Board of the Central Chamber of Commerce on an issue relating to the independence referred to in subsection 1, paragraph 2 prior to deciding on the issue. (13.4.2007/477)

An order referred to in chapter 7, section 7 of the Limited Liability Companies Act relating to a management company or a custodian shall be issued by the Financial Supervision Authority. (21.7.2006/648)

The Board of Directors of the management company shall be heard prior to issuing an order referred to in this paragraph. The order shall be valid until an auditor has been elected in the order provided for to replace the auditor referred to in paragraph 1.

Section 38

At least one of the auditors referred to in section 36, subsection 2 shall at least six times annually examine the correctness of the calculation of the value of a unit so that the interval between the examinations is at least one month and at most three months. (2.4.2004/224)

An auditor shall draw up a written audit report and submit it to the management company.

Section 39 (9.2.2007/134)

Annual accounts shall be drawn up for each financial period separately for the management company and each common fund comprising the profit and loss account and the balance sheet as well as the notes to the profit and loss account and the balance sheet. An annual report shall be appended to the annual accounts.

The annual accounts of the management company shall be governed by the provisions of section 146 and sections 148–155 of the Act on Credit Institutions.

The layouts for the profit and loss account and the balance sheet of a management company and a common fund as well as the notes to the profit and loss account and the balance sheet as well as the information to be given in the annual report shall be provided for by a Decree of the Ministry of Finance. Prior to issuing the Decree, the Ministry of Finance shall request an opinion thereon from the Financial Supervision Authority and the Accounting Board.

The Financial Supervision Authority shall issue further regulations on the drawing up of the annual accounts referred to in subsection 1. The Financial Supervision Authority shall request an opinion thereon from the Ministry of Finance and the Accounting Board prior to issuing the regulation. If the instruction or opinion of the Financial Supervision Authority on the application of this section or the Decree of the Ministry of Finance issued thereunder is significant with regard to the general application of the Accounting Act or Decree or the Limited-Liability Companies Act, the Financial Supervision Authority shall request an opinion thereon from the Accounting Board prior to issuing the instruction or opinion.

The Financial Supervision Authority may, on application by a management company, for a special reason and for a specified period, grant an exemption from the provisions of subsection 4 if the exemption is necessary in order to obtain a true and fair view of the result of the operations and financial position of the applicant or a common fund. If the matter is of importance with regard to the application of the provisions on annual accounts of the Accounting Act or Decree or the Limited-Liability Companies Act, the Financial Supervision Authority shall, prior to deciding on the matter, request an opinion of the Accounting Board on the application for an exemption.

Section 40

The management company shall, without undue delay, send to the Financial Supervision Authority the annual report, the semi-annual report and, in a case referred to in section 95, the quarter-annual report of the common fund as well as copies of

- 1) the annual account documents of the management company and the common fund;
- 2) the audit reports of the management company and the common fund drawn up by the auditors and submitted to the Board of Directors of the management company as well as of documents relating to the management of the management company and the common fund;
- 3) the minutes of the General Meetings of the Shareholders of the company and of the unitholders of the common fund; as well as of
- 4) the audit report referred to in section 38, paragraph 2.

CHAPTER 7

Fund rules, their amendment and confirmation

Section 41

The rules of a common fund shall include at least:

- 1) the name of the common fund as well as the trade names of the management company and the custodian;
- 2) the purpose of the investment activity of the common fund as well as the investment of the assets of the common fund;
- 3) the nature of the units;
- 4) the grounds for the compensation of the management company and the custodian for their activities;
- 5) an account on other regular expenses incurred by the common fund;
- 6) more detailed grounds for the calculation of the value of a unit as well as of the subscription and redemption price;
- 7) the place and manner for the subscription and redemption of units;
- 8) the place, time and manner for the publication of the value of a unit as well as for the availability to the public of the information on the subscription and redemption prices of units;
- 9) the financial periods of the management company and the common fund;
- 10) the grounds for the distribution of profit as well as the manner for and place of distribution of profit;
- 11) when and where the fund prospectus, key investor information and half-yearly report of the common fund and the annual report of the common fund and the management company are available to the public; (29.12.2011/1490)
- 12) the dates of the General Meetings of the Unitholders as well as the party by whom and the manner in which the meetings shall be convened as well as the manner in which other notices shall be brought to the knowledge of the unitholders; as well as
- 13) the manner and grounds for the election by the unitholders of the members of the Board of Directors.

The rules of a common fund shall also indicate if the common fund intends in its activities to apply the possibility allowed by the law relating to:

Paragraph 1 repealed by Act of 2 April 2004/224.

- 2) the grounds for the winding up of a common fund;
- 3) the incorporation of units, a type of units or a series of units in the book-entry system; (29.12.2011/1490)

4) the division of the units in fractions as well as the distributor used;

Paragraph 5 repealed by Act of 2 April 2004/224.

6) the situations where the management company may interrupt or shall be liable to interrupt the redemption of units;

7) the States referred to in section 76, paragraph 2, local public-law organizations or international organization of public-law nature in the securities issued or guaranteed by which the management company is aiming to invest over 35 percent of the assets of the common fund; as well as

8) the duties, manner of election and term of the Delegation.

The rules of a special common fund shall also clearly indicate the facts due to which the common fund shall be deemed a special common fund.

If derivatives contracts are used in the investment activity of a common fund, its rules shall indicate:

1) the purpose of use of the derivatives contracts, the types of the derivatives contracts to be used and the extent of their use;

2) the counterparties to non-standardized derivatives contracts; as well as

3) the risk management methods which the management company intends to apply.
(2.4.2004/224)

The rules of a common fund shall indicate:

1) the intention of the management company to conclude lending or repurchase agreements regarding securities and money-market instruments belonging to the assets of the common fund;

2) the maximum portion of the amount of investments in securities and money-market instruments or of assets of the common fund that may simultaneously be subject to the agreements referred to in paragraph 1; as well as

3) the organisation referred to in subsection 1, whose services the management company intends to use. (2.4.2004/224)

Section 42

The name of a common fund shall contain the term 'common fund'. Only a common fund complying with this Act may use the name 'common fund'.

A common fund shall in its name be clearly distinguishable from common funds which have had their fund rules confirmed prior to it.

The name of a special common fund shall clearly indicate the special character of the fund so that the name shall contain the term special common fund. The name may not be likely to mislead the investors. A special fund investing its assets mainly in real estate or real estate securities shall have the right to use in its name or otherwise to indicate its activity a term relating to real estate investment. (30.3.2007/351)

Section 43

The Financial Supervision Authority shall, on application by the management company, confirm the fund rules of a common fund referred to in the UCITS directive and any amendments thereto. The rules of a fund referred to in the UCITS directive and any amendments thereto shall be confirmed if they are in compliance with the law and clear.

The Financial Supervision Authority shall, on application by the management company, confirm the rules of a special common fund and any amendments thereto. The rules of a special common fund and amendments thereto shall be confirmed if they are in accordance with the law and if, on the basis of an account obtained, it can be deemed likely that the stability or functionality of and trust in the operations of the financial markets is not endangered and that the risk diversification of the investment activity of a special common fund is carried out in an adequate manner. In approving the rules and any amendments thereto of a special common fund investing mainly in real estate or real estate securities, it shall also be ensured that they are not to be deemed contrary

to the interests of the unitholders of the fund or that there is no other valid reason not to approve them. Further regulations on matters that need to be taken into account in assessing the effects of the operation of a special common fund on the stability and functionality of the financial markets as well as on trust in financial markets may be issued by a Decree of the Ministry of Finance. In confirming the rules and any amendments thereto of a special common fund, the Financial Supervision Authority shall, after hearing the applicant, have the right to include restrictions and terms relating to the operations of the management company and the special common fund necessary for the supervision. (30.3.2007/351)

An amendment to the fund rules shall enter into force one month after the Financial Supervision Authority has confirmed the amendment and the unit holders have been informed of the amendment in the manner provided for in the fund rules unless otherwise ordered by the Financial Supervision Authority taking into account the extent of the amendment and the interests of the unit holders. (2.4.2004/224)

Section 44

A common fund the fund rules of which fulfill the requirements of the UCITS directive may not be changed into a special common fund.

CHAPTER 8

A unit of a common fund and its valuation, issue and redemption

Section 45 (29.12.2011/1490)

A management company shall, on request, issue units of a common fund managed by it. The fund rules may, for a reason arising from the nature of the investment activity of a common fund or for another special reason, provide that units shall be issued only at times specified in more detail in the fund rules.

Notwithstanding the provisions of subsection 1, a management company may temporarily interrupt the issue of units of a common fund managed by it in situations stated in the fund rules. The issue of units may be interrupted only if the equality of the unitholders or another significant interest of the unitholders, in particular, so requires.

The Financial Supervisory Authority may order that the issue of units be interrupted if this is necessary in order to ensure trust in the securities markets or real-estate markets, to safeguard the interests of the unit holders or for another especially weighty reason.

A management company may refuse to issue a unit or to approve a subscription for a unit in case the refusal is subject to a weighty reason referred to in the fund rules. The grounds shall be linked to a customer or his earlier behaviour or to the fact that, in accordance with the management company, there evidently is no actual need for a customer relationship. The customer has to be notified of the grounds for the refusal.

The provisions of subsection 4 shall not be applied if otherwise provided for in section 144 or in the Act on Preventing and Clearing Money Laundering and Terrorist Financing (503/2008).

If the management company has, in the manner referred to in subsection 2, temporarily interrupted the issue of units of a common fund managed by it, it shall notify the Financial Supervisory Authority of its decision without delay. If the management company has, in the manner referred to in subsection 4, refused to issue a unit and to approve a subscription for a unit, it shall notify the Financial Supervisory Authority of its decision by the end of next month.

Section 46

A person who has invested funds in a common fund shall be entitled to a unit.

The units may, if the fund rules so provide, be divided into fractions. The fund rules shall indicate the number of equal fractions that each unit shall be divided into.

Section 47

The units in a common fund shall be either yield or growth units. The fund rules may provide that a fund shall have both yield and growth units. A special common fund investing mainly in real estate and real estate securities shall annually distribute to all unitholders, in the same propor-

tion, at least three-fourths of the profit of the financial period excluding unrealised changes in value. (30.3.2007/351)

The fund rules shall provide for the basis for determination of the annual profit to be paid on a yield unit and to be capitalized on a growth unit from the assets of the fund.

The fund rules may provide that the units in a fund may derogate from each other with respect to the remuneration charged by the management company from the assets of the common fund for the management of the fund. The rules shall, in that case, provide the preconditions under which an investor may subscribe for units derogating from each other with respect to the remuneration. The rules may also provide that yield and growth units may be issued in different currencies and that unit series may be protected with different index, inflation, interest or currency covers or other covers. (29.12.2011/1490)

The units of the same class shall be equal in a common fund and they shall produce equal rights to the assets of the common fund. (2.4.2004/224)

Section 48

A management company shall on each day (*banking day*) on which deposits banks are generally open calculate the value of a unit with the exception of a special common fund investing its assets mainly in real estate and real estate securities, the value of which shall be calculated and published monthly on the last banking day of each month. (30.3.2007/351)

The value of a unit shall be the value of the common fund divided by the number of units in circulation. The value of a common fund shall be calculated so that the liabilities of the fund are deducted from the assets of the fund. A common fund may, in order to enhance the long-term investment activity of the unitholders, introduce a pricing method whereby it is possible to compensate the transaction costs and exchange-rate fluctuations arising to the fund as well as enhance the equality of unitholders and which is provided further in the fund rules. The method shall be transparent and also otherwise in the best interests of the unitholders. (29.12.2011/1490)

The assets of a common fund shall be valued in accordance with their market value. If no market value is available or if it cannot be obtained due to the circumstances, the value of an investment target shall be determined in accordance with the grounds prescribed in the fund rules. The fund rules shall also include further provisions on the calculation of the value of a unit in the fund. If the reliable valuation of a unit is not possible due to an exceptionally unstable or unpredictable market situation or otherwise exceptional circumstances or for another weighty reason, the calculation of the value of a unit may be temporarily postponed to ensure the equality of unitholders. If the management company has temporarily postponed the calculation of the value of a unit, it shall notify the Financial Supervisory Authority of its decision without delay. (29.12.2011/1490)

A special common fund investing mainly in real estate and real-estate based securities shall, in its balance sheet, value real estate in other than own use at market value as well as obtain and publish a valuation report of an impartial and external property valuer authorised by the Central Chamber of Commerce referred to in the Act on Real-Estate Funds (1173/1997) on the real estate and real estate based securities subject to other than public trading or multilateral trading owned by it as well as name and publish in the annual report or the notes to the financial statement the property valuers used by it. A special common fund may, for a special reason, value real estate in other than own use at other than market value or decide not to use a property valuer, in which case the special fund shall, in its annual report or the notes to the financial statement, justify its actions. (21.8.2009/656)

The Financial Supervisory Authority shall issue further provisions on the calculation of the value of a unit. (29.12.2011/1490)

Section 49

The management company shall, on request by a unitholder and in the manner further provided for in the fund rules and on specified dates, redeem the unit of a common fund managed by it. The unit shall be redeemed immediately from the assets of the common fund at the value of the redemption date determined in accordance with section 48. The redemptions shall be effected in the order of requests. The redemption shall be effected on condition that the unit certificate is submitted to the management company if one has been issued. In derogation from the above, the management company shall, on request by a unitholder of a special common fund investing mainly in real estate and real estate securities, redeem his unit in the manner further provided

for in the fund rules at the latest within six months after the redemption request was made and so that redemptions from and subscriptions for such common fund may be made at six-month intervals. (29.12.2011/1490)

The management company shall, on request by a unitholder and in the manner provided for further in the fund rules, redeem the unit in a common fund managed by it. The redemption of the unit shall take place immediately from the assets of the common fund at the value of the redemption date determined in accordance with section 48. The redemptions shall be effected in the order of requests. The redemption shall be effected on condition that the certificate of participation is submitted to the management company if a certificate of participation has been issued of the unit.

If the assets for the redemption have to be acquired by selling securities, the securities shall be sold without undue delay, however, at the latest within two weeks after the redemption request was made. The unit shall be redeemed as soon as the assets from the sale of securities, real estate and real estate securities have been received. The Financial Supervision Authority may for a special reason grant permission to exceed the time limit set for the sale of securities, real estate and real estate securities. (30.3.2007/351)

Section 50

The management company may temporarily interrupt the redemption of the units of a common fund managed by it in situations referred to in the fund rules. The redemption of units may be interrupted only when the equality of unitholders or another important interest of the unitholders especially so require. (29.12.2011/1490)

The management company may temporarily interrupt the redemption of the units in the common fund managed by it in situations referred to in the fund rules. The redemption of units may be interrupted only when the interests of the unitholders especially so require.

The management company shall interrupt the redemption of units when the value of the assets of the common fund or the number of unit holders has fallen below the minimum prescribed in the law or in the fund rules if the situation has not been corrected within 90 days from the fall below the minimum requirement. The prohibition on redemption shall, however, not be applied before the termination of the time limit referred to in section 27. All the marketing material of the common fund shall during the interruption include a statement on the exceptional status of the common fund. (2.4.2004/224)

Section 51 (30.3.2007/351)

The Financial Supervision Authority may order that the issue of units be interrupted if this is necessary in order to ensure trust in the securities markets or in the real estate markets, to safeguard the interests of the unit holders or for another especially weighty reason.

Section 52

If the management company has interrupted the redemption of units in the manner referred to in section 50, it shall without delay notify the Financial Supervision Authority of its decision.

The management company, in the case referred to in section 50, and the Financial Supervision Authority, in the case referred to in section 51, shall notify the competent authorities of all the States belonging to the European Economic Area in which the units of the common fund have been marketed of its decision.

CHAPTER 9

Unit register and a certificate of participation

Section 53

The management company shall keep a unit register of the units of a common fund, which shall contain at least: (29.12.2011/1490)

- 1) the name and postal address of the unitholder;
- 2) the number of the units held by the unitholder;
- 3) an itemization of the units of different classes and different series; (29.12.2011/1490)

4) the registration date of the unit; as well as

5) the consecutive number of the certificate of participation or the entry of registration.

An entry in the unit register may be made only after the subscription price of the unit has been fully paid. The subscription price of a unit shall be paid in cash or by giving to the common fund a number of securities or money-market instruments referred to in section 69, subsection 1 (1) corresponding to the subscription price so that, at the time of the determination of the subscription price, the distribution of the different securities or money-market instruments corresponds to the investment activity itemised per class in the fund rules and the total market value of the securities or money-market instruments corresponds to the value of the unit given as consideration. The subscription price of a unit of a special fund investing its assets mainly in real estate and real estate securities may also be paid by giving real estate or real estate securities, the total market price of which corresponds to the value of the unit issued against them if the fund rules of the special common fund contain a regulation to the effect that a unit may be subscribed for with the right or obligation to place in the fund other assets than money (*assets in kind*). The subscription price of a unit in another special common fund referred to in chapter 12 and the subscription price of units subscribed for in a master fund by a feeder fund referred to in section 115 a may be paid by giving the financial instruments referred to in chapter 11 as assets in kind. With regard to another special common fund referred to in chapter 12, a precondition shall also be that its fund rules contain a provisions according to which each unitholder shall subscribe for units in an amount of at least one million euros. A valuation report of an impartial and external property valuer referred to in the Act on Real-Estate Funds shall be acquired of the value of the assets in kind and their effect on the equality of unitholders or, unless the assets in kind include real estate and real estate securities, a report of a KHT auditor or KHT audit firm. (29.12.2011/1490)

An acquisition notified by the unitholder to the management company, whereof a reliable account has been presented, as well as any other change in circumstances entered in the register referred to in paragraph 1 and notified to the register shall, without delay, be entered in the unit register.

The management company shall be liable to submit the information referred to in paragraph 1 to a prosecuting or preliminary-investigation authority for the investigation of a crime as well as to another authority entitled to this information under the law. The unit register shall be kept available for the public at the General Meeting of the Unitholders.

Section 54

The management company shall issue a certificate of participation of the unit upon the request of a unitholder.

The certificate of participation may cover several units or their fractions and it may be drawn only on a person, organization or foundation entered in the unit register.

Section 55

A certificate of participation shall contain:

- 1) the name of the unitholder and the common fund as well as the trade names of the management company and the custodian;
- 2) the consecutive number of the certificate;
- 3) the type and number of units attached to the certificate; as well as
- 4) the manner in which a unit shall be redeemed.

The certificate of participation shall be dated and signed by the Board of Directors of the management company or by a person authorized by it. The signature may be effected by printing or in another comparable manner.

Section 56

A person who acquires a unit of a common fund shall not be entitled to exercise the rights laid down in this Act until the unit has been registered in accordance with section 53 or until the acquisition has been notified and an account thereof has been given to the management company.

This shall, however, not apply to a right that is exercised by presenting or conveying a certificate of participation or a dividend warrant belonging thereto.

Section 57

If a certificate of participation is conveyed or pledged, the provisions of sections 13, 14 and 22 of the Promissory Notes Act (622/1947) on negotiable bonds shall correspondingly be applied. In the application of the said provisions, a person who is in possession of the certificate of participation and who, according to an entry made by the management company on the certificate, is entered in the unit register as the unitholder, shall be comparable to the person who, in accordance with section 13, paragraph 2 of the Promissory Notes Act, is presumed to have the right indicated by the promissory note.

Provisions on a dividend warrant attached to a certificate of participation are laid down in sections 24 and 25 of the Promissory Notes Act.

If the certificates of participation do not include dividend warrants or a certificate of participation has not been conveyed, the fund rules may contain a provision under which a person entered in the unit register as the unitholder shall have the right to draw the dividend payable to the unit. The payment of the dividend to the person, organization or foundation entered in the unit register shall be deemed valid even if he or it were not entitled to the dividend, provided that the management company knew or should have known thereof.

If no unit certificate has been given of the unit, an entry shall be made in the unit register of a right of lien or another corresponding right encumbering the unit and notified to the management company. (29.12.2011/1490)

CHAPTER 9 a (11.6.2010/559)

Units managed by a nominee

Section 57 a (11.6.2010/559)

The units owned by a foreign national or a foreign organisation or foundation may be entered in the unit register so that a nominee, who, on commission, manages the units on behalf of the unitholder, shall be entered therein instead of the unitholder. The entry in the unit register shall contain information to the effect that the nominee manages the said units on behalf of the holder as well as the information referred to in section 53 (1) on the nominee.

A precondition for the registration of a unit provided for in subsection 1 shall be that the right of the management company to obtain information on the ultimate owner of the unit is safeguarded as provided for in this chapter. (29.12.2011/1490)

Section 57 b (11.6.2010/559)

The nominee may be a credit institution or an investment firm in accordance with the Act on Credit Institutions or the Act on Investment Firms as well as a management company authorised to provide custody and administration services of securities and an organisation which has been granted a corresponding authorisation in another State belonging to the European Economic Area. Also a central securities depository in accordance with the Act on the Book-Entry System (826/1991) or a corresponding central securities depository or securities transfer organisation operating in the European Economic Area may act as a nominee.

Section 57 c (11.6.2010/559)

The management company and the nominee shall conclude a written contract on the administration of the units of the common fund managed by it. The contract may be concluded only with a party who is trustworthy, of good repute and skilled in its operations. The contract shall conclude that the nominee submits to the management company the information referred to in section 53 relating to the unitholders of the units managed by it as well as other information that the management company may need under the legislation on its operations.

Section 57 d (11.6.2010/559)

The nominee shall conclude a written contract with a foreign unitholder or with a credit institution or investment firm or other party representing it on the management of the units stating the duty of the nominee to provide the necessary information on the unitholder.

If the nominee keeps a register in another State of rights pertaining to units, the rights of the unitholder or another holder of rights shall be governed by the laws of the said State unless otherwise provided for by the entries made in the unit register.

Section 57 e (11.6.2010/559)

The nominee shall have the right to exercise only the financial rights relating to the units managed by it.

By virtue of the units managed by the nominee, no right to participate in the General Meeting of the Unitholders arises.

No certificate of participation shall be issued of units entered in the name of the nominee.

Section 57 f (11.6.2010/559)

The nominee shall be liable to compensate any damage caused by it to a unit holder or another person either willfully or through negligence in connection with its activity.

Section 57 g (11.6.2010/559)

The nominee shall, on request, be liable to notify the Financial Supervisory Authority of the name and home State of the unitholder as well as the number of units held by him. The Financial Supervisory Authority may, alternatively, approve that the nominee submits the corresponding information on a representative acting on behalf of the unitholder as well as a written affirmation given by the representative to the effect that the unitholder is not Finnish.

The Financial Supervisory Authority may issue further regulations on the manner in which the information in accordance with this Act on the unitholder or the representative acting of his behalf as well as on their identification shall be notified as well as of factors that shall be observed in concluding the contract between a management company and a nominee.

The nominee shall be liable to disclose the information on the unitholder to a prosecuting and pre-trial investigation authority for the investigation of a crime as well as to other authorities entitled to this information under the law.

CHAPTER 10

Units incorporated in the book-entry system

Section 58

Notwithstanding the provisions of section 49, subsection 1 and chapter 9, the fund rules may include a provision to the effect that units, a class of units or a series of units be incorporated in the book-entry system. The decision of the management company shall determine the period within which the incorporation of the units shall take place. A unit certificate is not issued of a unit incorporated in the book-entry system. The right to such unit as well as the fulfilment of the performance obligation based on such unit are governed by the Act on Book-Entry Accounts (827/1991). (29.12.2011/1490)

Notwithstanding the provisions of section 49, paragraph 1 and chapter 9, the fund rules may include a statement to the effect that units be incorporated in the book-entry system. The decision of the management company shall determine the period within which the incorporation of the units shall take place. A certificate of participation shall not be issued for a unit entered in the book-entry system. The right to such unit as well as the fulfilment of the performance obligation based on such unit are governed by the Act on the Book-Entry System (827/1991).

The certificate of participation shall be submitted to a book-entry register for the registration of ownership at the latest on the registration day determined in the decision of the management company. The book-entry registrar shall ascertain the title of the owner. The unitholder shall, in

connection with the registration of ownership, submit the certificate of participation to the registrar who shall make an entry thereon on the incorporation of the unit into the book-entry system.

A pledge holder or another holder of a right shall at the latest on the last registration day notify his right to be registered in the book-entry account of the unitholder. If the unitholder does not have a book-entry account and if the applicant presents the necessary proof of his right and submits the certificate of participation to the book-entry registrar, the book-entry registrar shall, in the name of the unitholder, open a book-entry account into which the unit and the right of the holder shall be registered. In this case, a pledge may be registered without the written consent of the account holder.

The management company shall, at the latest on the registration date, notify to the book-entry registrar the units, for which no certificate of participation has been submitted in accordance with section 54, paragraph 1 or the certificate of participation of which is in safekeeping in the management company on behalf of the unitholder, to be registered in the book-entry account of the unitholder. If the unitholder does not have a book-entry account, a book-entry account shall be opened in the book-entry register of the Finnish Central Securities Depository in the name of the unitholder, in which the information of the day of notification referred to in section 53, entered into the unit register and notified by the management company shall be registered.

Section 59

On behalf of unitholders who have not submitted their certificates of participation to a book-entry register for the registration of ownership, a joined book-entry account shall be opened on the registration date in the book-entry register of the Finnish Central Securities Depository, the account holder of which shall be the management company on behalf of the unitholders not registered.

The Finnish Central Securities Depository shall draw a separate list containing those unitholders entered in the unit register whose certificates of participation were not submitted for registration in the manner referred to in section 58 by the registration date. The list need not, however, be prepared if the incorporation of units in the book-entry system takes place in a manner safeguarding the interests of the unitholders and approved by the Finnish Central Securities Depository in which the certificates of participation shall contain an entry on the basis of which their connection to the entry made in the book-entry account of the unitholder may be established. The entries relating to the units registered in the account shall also establish the consecutive number of the certificate of participation.

Anyone who presents proof of his right to the units registered in the book-entry account referred to in paragraph 1 as well as the corresponding certificates of participation shall have the right to demand that his right be registered as provided in section 58.

Section 60

No later than four months before the registration date, the management company shall notify all unitholders whose addresses are known to the company of the decision referred to in section 58 as well as of the procedure which a unitholder or a person in possession of the certificate of participation shall comply with to have his right to the unit registered in a book-entry account. Corresponding instructions shall also be given on the manner in which other rights relating to the unit can be registered.

In addition, notice of the decision referred to in section 58 shall be given in the same manner as the notice to convene the General Meeting of the Unit-holders in accordance with the fund rules. A notice thereof shall also be published in the Official Gazette and in at least one national newspaper. The instructions and notices shall also be sent to the book-entry registrar.

Where necessary, the Finnish Central Securities Depository may issue further orders on the procedure referred to in paragraphs 1 and 2.

Section 61

Within five years from the registration date, the management company may decide to redeem the units in the joint book-entry account referred to in section 59, paragraph 1 in the name of their owners. The owners of the units referred to in the decision and the persons referred to in section 58, paragraph 3 shall be notified of the decision of the management company and they

shall be requested to enter their units in the book-entry system under the threat that the unit shall otherwise be redeemed. The request shall be sent to owners of units and the persons referred to in section 58, paragraph 3 if their names and addresses are known to the management company as well as published in the Official Gazette. In addition, the request shall be notified in the same manner as the notice to convene the General Meeting of the Unitholders is submitted in accordance with the fund rules.

If the owner of a unit in the joint book-entry account or a person referred to in section 58, paragraph 3 has not, within one year from a request based on the decision and notified in accordance with paragraph 1, demanded that his right be registered in accordance with the provisions of section 58, he shall have forfeited his right to the unit. Thereafter the company shall without delay redeem the unit with the assets of the common fund.

In accordance with the Act on Depositing Money, Book-Entries, Securities or Documents as Payment of a Debt or as Discharge from Other Obligation (281/1931) the management company shall without delay deposit the funds, deducted by the costs of the giving of notification and the redemption, with the County Government of the place of the registered office of the management company without reserving the right to reclaim the funds for itself. The unitholder or a person referred to in section 58, paragraph 3 may, against a certificate of participation, withdraw from the funds an amount corresponding to his unit.

Section 62

Distribution of profits or payments that have been decided upon after the registration date and accruing to units referred to in section 59 may not be withdrawn until the certificate of participation has been submitted to the book-entry register for the registration of ownership.

A unitholder who has been entered in the unit register before the registration date and who has notified the management company of and proved his acquisition, may exercise other rights than those referred to in paragraph 1 in the common fund even if he has not submitted his certificate of participation to the book-entry register for the registration of ownership. Upon the demand of the management company, the unitholder shall, in this case, present his certificates of participation or an account of where they are or other account of the fact that his holding of the units has not yet been registered in a book-entry account.

After the registration date, a unit shall not bring other rights in the common fund except the right provided for in section 59, paragraph 3. The effect of a disposal of a certificate of participation after the registration date shall, where appropriate, be governed by the provisions of section 27 and sections 29-31 of the Promissory Notes Act. A certificate of participation may be canceled also after the registration date in accordance with separate provisions thereon.

Section 63

Units incorporated in the book-entry system and their holders shall be entered in a list of unitholders maintained by means of automatic data processing as provided for in section 4 of the Act on the Book-Entry Systems. The registration of a unit in a book-entry account and the list of unitholders shall be governed by the provisions of section 53, paragraph 2.

The book-entry register where the book-entry account in which the units have been registered as well as the information which under section 53, paragraph 1, subparagraphs 1-4 shall be entered in the unit register shall be entered in the list of unitholders.

Units registered in the name of a nominee shall be entered in the list of unitholders separately, so that the register shall contain such information on the custodian of the units as has above been provided to be entered on the unitholder, as well as an entry of their registration in the name of a nominee.

With regard to units registered in the name of a nominee as well as with regard to units where, in accordance with the entries in the book-entry account, a person other than the unitholder has the right to receive the performances based on the unit, the address for payments to be entered in the list of unitholders shall be the book-entry register in question.

The publicity of the list of unitholders and the waiting list shall be governed by the provisions of section 53, paragraph 4. The keeper of the list of unitholders shall, however, be liable to convey information entered in the list of unitholders to the management company.

Section 64

If a temporary registration referred to in section 18 of the Act on Book-Entry Accounts has been made on the acquisition of the transferee, the transferee shall not be entered in the list of unitholders, but the Central Securities Depository shall maintain a separate list (waiting list), in which the acquisition shall be entered until the final registration is made. In the case of a temporary registration, the transferor shall also be canceled from the list of unitholders and entered in the waiting list.

The transferee of a unit incorporated in the book-entry system may not exercise the rights of a unitholder in the common fund until he has been registered in the list of unitholders unless otherwise provided for in section 62, paragraph 2 of this Act or in section 28, paragraph 2 of the Act on the Book-Entry System.

Section 65

A provision shall be incorporated in the fund rules of a common fund according to which the right to obtain profit distributed by the common fund shall, after the registration date, belong only to a person:

- 1) who is entered in the list of unitholders as a unitholder on a certain record date;
- 2) whose right to performance is, on the record date, registered in the book-entry account of a unitholder registered in the list of unitholders; or
- 3) in whose book-entry account the unit is registered on the record date in case the unit is registered in the name of a nominee, and the custodian of whose units is, on the record date, entered in the list of unitholders as custodian of the units in accordance with section 28 of the Act on the Book-Entry System.

If the holding of the unit is entered in the waiting list on the record date, the right referred to in paragraph 1 shall lie with the person proving that the ownership of the unit belonged to him on the record date.

Section 66

The right to participate in a General Meeting of the Unitholders of a common fund whose units, a class of units or a series of units have been incorporated in the book-entry system shall lie only with the unitholder who, ten days prior to the General Meeting of the Unitholders, is entered as the unitholder in the list of unitholders unless otherwise provided for in section 62 (2). In calculating the number of votes of a unitholder, units entered in the list of unitholders as belonging to the unitholder after the date referred to above shall not be taken into account.
(29.12.2011/1490)

The notice to convene a General Meeting of the Unitholders shall be delivered no later than one week prior to the date referred to in paragraph 1.

Section 67

The management company may decide that the units in the common fund managed by it shall be removed from the book-entry system. The provisions of sections 58 and 60 shall, where appropriate, be applied in this case.

The book-entry registrar in question shall issue a certificate of participation to the person who, on the notification date indicated in the decision of the management company, was registered in the book-entry account as the owner of the unit unless otherwise provided for by the entries registered in the book-entry account of the owner.

The units for which no certificate of participation has been given at the latest on the notification date shall be registered in the unit register with the information in accordance with the list of unitholders.

The provisions of paragraphs 1 and 2 shall not apply if the removal of the units from the book-entry system is due to the dissolution or merger of the common fund.

CHAPTER 11

Investment of the assets of a common fund referred to in the UCITS directive

Section 68

A management company shall distribute the risks caused by investment activity when investing the funds of a common fund.

Section 69

The management company may invest the assets of a common fund in: (2.4.2004/224)

1) securities and money-market instruments which are subject to public trading in accordance with the Securities Markets Act or to trading corresponding thereto in another EEA Member State or which are traded on another regulated market place which operates regularly and is recognized and open to the public; and (26.10.2007/928)

2) securities terms of issue of which include an undertaking to submit the securities to trading within one year from their issue in an exchange system referred to in paragraph 1 provided that the trading is likely to commence at the latest within the lapse of the said time. The funds of a common fund may be invested in the following:

The Financial Supervision Authority may, after requesting a joint statement of the common funds, issue further provisions on the preconditions under which a market place may be deemed to fulfil the requirements provided for in subsection 1 (1). (2.4.2004/224)

Subsection 3 repealed by Act of 2 April 2004/224.

Section 70

A common fund shall have the cash assets necessary for its operation.

Section 71 (2.4.2004/224)

A management company may invest assets of a common fund in money-market instruments which are not subject to trading on a market place referred to in section 69, subsection 1 (1) provided that their issue or issuer is subject to regulation issued to protect investors and savings and provided that their

1) issuer or guarantor is a central, regional or local authority or the central bank of a State belonging to the European Economic Area, the European Central Bank, the European Union or the European Investment Bank, a State outside the European Economic Area or a province of such State or an international public organisation whose members include at least one State belonging to the European Economic Area; or

2) the issuer is an organisation, the security issued by which is subject to trading on a market place referred to in section 69, subsection 1 (1); or

3) the issuer or guarantor is an organisation, the stability of operations of which is supervised in accordance with the grounds provided for in European Community legislation or an organisation which is subject to and which complies with the rules on the stability of operations corresponding to European Community legislation; or

4) the issuer is another organisation and that investments made in the money-market instruments issued by it are subject to investor protection that corresponds to that provided for in paragraphs 1, 2 or 3 and that the equity capital of the issuer is at least 10 million euros and that it prepares and publishes its annual accounts in accordance with Council Directive 78/660/EEC, or an organisation which belongs to a Group consisting of one or several companies and that a security issued by it is subject to trading on a market place referred to in section 69, subsection 1 (1) and that it is specialised in Group financing or an organisation that is specialised in financing securitizing instruments which exploit the liquidity limit of a credit institution.

A management company may invest at most one-tenth of the assets of a common fund in securities and money-market instruments other than those referred to in section 69 and in this section.

Section 71 a (2.4.2004/224)

A management company may invest assets of a common fund in deposits in credit institutions provided that:

- 1) the deposit is repayable on demand or may be withdrawn and falls due for payment at the latest within 12 months; and that
- 2) the registered office of the credit institution is situated in a State belonging to the European Economic Area or, if the registered office of the credit institution is in a State outside the European Economic Area, provided that the credit institution is in its home State subject to provisions on the stability of operations that correspond to European Community legislation.

Section 72 (2.4.2004/224)

The management company may invest assets of a common fund managed by it in units of other common funds or UCITS complying with the Mutual Fund Directive as well as in units of other common funds or UCITS if their sole purpose is collective investment of the assets raised from the public in financial instruments referred to in section 69, 71 or 71 a or in this section or in other liquid assets and if they operate on the principle of risk spreading and if their units are redeemed on demand of the unitholder out of the assets of the undertakings carrying out the collective investment activity directly or indirectly. The assets of a common fund may, however, not be invested in units of a common fund or an UCITS, a total of more than one-tenth of the assets of which may under its rules or Articles of Association be invested in the units of other common funds or UCITS. (26.10.2007/928)

The assets of a common fund may be invested in the units of a common fund or a UCITS other than one in accordance with the Mutual Fund Directive provided that, with regard to the common fund or UCITS subject to the investment:

- 1) it is, in accordance with the legislation of its home State, subject to supervision that corresponds to European Community legislation and that the co-operation between the authority supervising it and the Financial Supervision Authority has been adequately ensured;
- 2) it offers such cover to its unit holders that corresponds to the cover of unit holders of a mutual fund and a UCITS in accordance with the Mutual Fund Directive and that the regulation especially of keeping the assets separate, borrowing, lending and uncovered conveyance of securities and money-market instruments corresponds to the requirements of the Mutual Fund Directive; and that
- 3) an interim report and an annual report is published of the operations under which an assessment of the report period may be made of its assets and liabilities as well as of its income and investment activity.

The investments referred to in subsection 2 may total a maximum of three-tenths of the assets of the common fund.

If the assets of a common fund are invested in the units of such common funds or UCITS which are managed directly or on commission by the same management company or another company to which the management company has a connection through joint business management or control or a significant direct or indirect ownership, the management company or other company may not charge subscription or redemption fees for the investments of the common fund made in the units of these other common funds or UCITS.

The management company may invest a maximum of one-fifth of the assets of a common fund in the units of any one common fund or UCITS.

In calculating the investment restrictions provided for in this chapter, the assets of the common funds or UCITS in which the assets of the common fund are invested shall not be taken into account.

Section 73 (2.4.2004/224)

A maximum of one-tenth of the assets of a common fund may be invested in the securities or money-market instruments of any one issuer. A maximum of one-fifth may be invested in deposits in any one credit institution.

The counter-party risk arising from investments in non-standardized derivatives contracts may not, with regard to any one counter party, exceed one-tenth of the assets of the common fund if the counter party is a credit institution referred to in section 71 a and, in another case, one-twentieth of the assets of the common fund.

Investments in the securities or money-market instruments of the same issuer exceeding one-twentieth of the assets of the common fund may form at most two-fifths of the assets of the common fund. This restriction shall not be applied to investments in deposits or such non-standardized derivatives contracts where the counter party is a credit institution referred to in section 71 a.

At most one-fifth of the assets of a common fund may be invested in the securities and money-market instruments of any one issuer, the deposits received by the said organisation or in such non-standardized derivatives contracts from which a counter-party risk directed at the said organisation arises to the common fund.

In calculating the restrictions provided for in this section as well as in section 75, section 76, subsection 1 and section 77, subsection 1, an entity shall be deemed to comprise organisations belonging to the same group in accordance with chapter 1, section 6 of the Accounting Act. Notwithstanding this, a maximum total of one-fifth of the assets of the common fund may, however, be invested in securities and money-market instruments issued by organisations belonging to the same group.

Section 73 a (2.4.2004/224)

Notwithstanding the restrictions provided for in section 73, a management company may invest a total maximum of one-fifth of the assets of a common fund in the shares or bonds of any one issuer if the purpose of the investment activity of the common fund is, in accordance with its rules, to imitate a certain share or bond index generally known in the financial markets. The composition of the index to be imitated shall be adequately diversified and the index shall with adequate exactness describe the markets the development of which it indicates. Adequate information shall be available to the public on the composition and development of the index.

A management company may, under the preconditions referred to in subsection 1, invest a total maximum of 35 one-hundredths of the assets of a common fund in the shares or bonds of any one issuer if this is well-founded due to exceptional market conditions and especially in such regulated markets where certain securities hold an especially dominant position. Investment up to this maximum is allowed only with regard to one issuer.

Section 74 (2.4.2004/224)

A management company may not exercise significant control in a limited company in the shares of which it has invested assets of a common funds managed by it. A management company may not invest assets of a common fund managed by it in the shares of any one limited company in an amount exceeding one-tenth of the share capital of the company or an amount exceeding one-tenth of the number of votes carried by all the shares of the company. If the management company has invested the assets of the common funds managed by it in shares of one limited company in an amount which otherwise than temporarily exceeds one-twentieth of the voting rights carried by all shares, it shall publish the goals of owner steering in the said limited company as provided for in section 29, subsection 2. The said restrictions shall also be applied in investing assets of a common fund in units of such common funds or UCITS which are not redeemed directly or indirectly with the assets of these undertakings engaged in collective investment activity. (30.3.2007/351)

A management company may acquire as holdings of a common fund a maximum of one-tenth of:

- 1) the shares not carrying voting rights;
- 2) the bonds; and
- 3) money-market instruments

of any one issuer.

A management company may acquire as holdings of a common fund a maximum of one-fourth of the units in any one common fund or UCITS.

The restrictions referred to in subsection 2 (2) and (3) as well as in subsection 3 need not be complied with at the time of acquisition unless it is possible to calculate the total number of bonds or money-market instruments or the net amount of units issued in a common fund or UCITS at that time.

Section 75

Notwithstanding the restrictions of section 73, subsections 1, 3 and 4, a management company may invest a maximum of one-fourth of the assets of a common fund in the bonds of any one issuer if (2.4.2004/224)

1) the issuer is a credit institution subject to public inspection for the protection of holders of bonds under the law and has its registered office in a State belonging to the European Economic Area and if

2) the assets received from their issue shall, under the law, be invested in a manner safeguarding the capital as well as the payment of interest provided that the said assets may, with a priority, be used for this purpose if the issuer cannot fulfil its payment obligation.

Investments in the bonds of any one issuer referred to in paragraph 1 which exceed one-twentieth of the assets of the common fund may together constitute a maximum of four-fifths of the assets of the common fund.

The Financial Supervisory Authority shall send to the European Securities and Markets Authority and the European Commission a list of the bonds referred to in subsection 1 as well as of issuers authorised to issue bonds meeting the terms referred to in subsection 1. A notice specifying the guarantees offered shall be attached to the list. (29.12.2011/1490)

Section 76 (2.4.2004/224)

Notwithstanding the provisions of section 73, subsections 1, 3 and 4, and section 74, subsection 2 (2) and (3), a management company may invest a maximum of 35 one-hundredths of the assets of a common fund in the securities or money-market instruments of any one issuer or guarantor when the issuer or guarantor is the State of Finland, a Finnish municipality or joint municipal organisation or a State belonging to the European Economic Area, its province or other regional public organisation, another member state of the OECD or an international public organisation whose members include at least one State belonging to the European Economic Area.

The management company may, in compliance with the risk diversification principle, invest more than 35 one-hundredths of the assets of a common fund in the securities or money-market instruments referred to in subsection 1. A precondition is that the rules of the common fund include a mention thereof and that, in accordance with the rules, the securities or money-market instruments originate from at least six different issues and the intention is not to invest in any one issue an amount exceeding three-tenths of the assets of the common fund and that the unit holders may be guaranteed protection corresponding to that in a common fund which complies with the restrictions referred to in section 73, subsections 1, 3 and 4 and in section 74, subsection 2 (2) and (3).

Section 77 (2.4.2004/224)

Investments referred to in section 73, subsections 1-4, section 75 and section 76, subsection 1 in the securities or money-market instruments of any one issuer or in deposits accepted by it or in non-standardised derivatives contracts where the said organisation is the counter party may not exceed an amount corresponding to 35 one-hundredths of the assets of a common fund.

The securities and money-market instruments referred to in section 75 and section 76, subsection 1 need not be taken into account in applying the restriction of two-fifths laid down in section 73, subsection 3.

The restrictions provided for in this chapter need not be complied with in exercising the subscription rights relating to the securities or money-market instruments belonging to the assets of the common fund. If the restrictions have been exceeded for reasons beyond the control of the management company or due to the exercise of subscription rights, the management company shall consider the rectification of the situation in the manner most beneficial to the unit holders as a priority in its common-fund activity.

Section 78 (2.4.2004/224)

A management company may, when investing the assets of a common fund in compliance with the risk diversification principle, derogate from the restrictions laid down in sections 72, 73, 73 a, 75 and 76 as well as in section 77, subsection 1 for a maximum period of six months from the commencement of the activity of the common fund.

Section 79

The assets of a common fund may be invested in the shares or other capital participations of a company established in a State outside the European Economic Area which invests its assets mainly to securities the registered office of the issuer of which is located in the home State of the company should this, in accordance with the legislation of the State in question be the only practice for investing in securities issued in the said State.

The investments referred to in subsection 1 may be made only if the restrictions laid down in sections 72, 73, 74 and 75, section 76, subsection 1 and section 77, subsection 1 are complied with. Where the restrictions referred to in section 72, section 73, subsections 1 and 3, section 75, section 76, subsection 1 and section 77, subsection 1 are exceeded due to the exercise of subscription rights or for a reason beyond the control of the management company or where during the six months from the commencement of the activity of a common fund managed by the management company, the provisions of section 77, subsection 3 and section 78 shall, where applicable, be applied. (2.4.2004/224)

Section 80 (29.12.2011/1490)

A management company may invest assets of a common fund in standardized derivatives contracts referred to in chapter 1, section 2 of the Act on Trade in Standardized Options and Futures and in derivatives contracts comparable thereto under chapter 10, section 1 a of the Securities Markets Act including corresponding contracts that may be settled by cash as well as in non-standardized derivatives contracts provided that:

- 1) the underlying of a derivatives contract is a financial instrument referred to in section 69, 71, 71 a or 72, a derivatives contract, the underlying of which is a financial instrument referred to in this section or an underlying, financial index, interest, exchange rate or a currency that corresponds to the goals of the investment activity of the common fund set in its rules;
- 2) the counter-party to a non-standardized derivatives contract is an organisation, the stability of operations of which is supervised in accordance with the grounds provided for in European Union legislation or an organisation, which is subject to and which complies with the rules on the stability of operations corresponding to European Union legislation; and that
- 3) the management company is able to determine the value of non-standardized derivatives contracts daily in a reliable and verifiable manner and that they can, at the initiative of the management company, at any time, be sold, converted into cash or covered with a counter measure at their market value.

Section 80 a (2.4.2004/224)

In investing the assets of a common fund in derivatives contracts, the investment restrictions laid down in this chapter may not be exceeded. In calculating the restrictions, investments in derivatives contracts the underlying security of which is a financial index which fulfils the preconditions laid down in section 73 a, subsection 1 shall not, however, be taken into account.

If a security or a money-market instrument includes a derivatives contract, it shall be taken into account when complying with the requirements of section 80 and 80 b and of this section. (29.12.2011/1490)

Section 80 b (29.12.2011/1490)

The overall risk relating to the derivatives contracts of a common fund may not exceed the total net value of all its investments. In calculating the risk, the current value of the assets of a common fund, the counter-party risk, the future development of the markets and the time needed to convert the investments into cash shall be taken into account.

The management company shall use risk management methods with which it can continuously monitor and measure the exposure to an individual investment and its effect on the global exposure to the investments of the common fund. It shall apply methods with which the value of the non-standardized derivatives contracts can be assessed accurately and independently.

The management company shall notify the Financial Supervisory Authority annually of the classes of derivatives contracts used in the investment activity of a common fund managed by it, the related exposures, the methods used for the assessment of the exposures to derivatives contracts as well as the quantitative limits. A notification shall be filed also in case of significant changes in the said information.

The Financial Supervisory Authority shall issue further regulations, necessary for the implementation of the Commission Risk-Management Directive, on the grounds for assessing the adequacy of the risk-management methods and on the valuation procedure of non-standardized derivatives contracts as well as regulations on the content of the information referred to in subsection 3 and of the procedure to be complied with in their delivery.

Section 81

In order to promote efficient asset management, the management company may conclude lending and repurchase agreements on securities and money-market instruments belonging to the assets of a common fund if they are cleared in a clearing organisation referred to in the Securities Markets Act, an option organisation referred to in the Act on Trade in Standardized Options and Futures or in a corresponding foreign organisation or, if the clearing takes place elsewhere, if their counter party is a securities intermediary referred to in the Securities Markets Act and their terms are ordinary and generally known to the markets. (2.4.2004/224)

Securities and money-market instruments belonging to the assets of a common fund may be conveyed on credit and repurchase agreements thereon may be concluded only against sufficient collateral. It shall be the task of the management company to ensure daily that the value of the collateral remains adequate throughout the validity of the lending or repurchase agreement. A clearing organisation or an option organisation or another organisation under the supervision of the Financial Supervision Authority or a corresponding competent authority shall keep the collateral on behalf of the common fund until the termination of the lending or repurchase agreement. (2.4.2004/224)

The total amount of lending agreements concluded by a common fund may not exceed one-fourth of the value of the securities and money-market instrument investments of the common fund. The restriction shall not apply to lending agreements which may be terminated and the securities referred to in which may be recovered at the latest on the following banking day. (29.12.2011/1490)

The total amount of repurchase agreements concluded by the common fund and the credits referred to in section 83 shall not exceed one tenth of the total assets of the common fund.

Subsection 5 repealed by Act of 2 April 2004/224.

The Financial Supervision Authority may issue further provisions on the right of the management company to conclude lending or repurchase agreements on securities belonging to the assets of a common fund. (28.12.2001/1522)

Section 82 (2.4.2004/224)

A management company may not make uncovered conveyances of securities, money-market instruments or derivatives contracts on behalf of a common fund.

Section 83

The management company may, by permission of the Financial Supervision Authority, on a temporary basis for common-fund activity take a loan in the name of the common fund the amount of which corresponds to a maximum of one-tenth of the assets of the common fund. Foreign currency may be acquired to the common fund through credit exchange.

The management company may pledge assets of the common fund as collateral for the loan referred to in paragraph 1, which shall be considered comparable to the securities repurchase

agreements referred to in section 81, as well as as collateral for the liability resulting from a derivatives contract referred to in section 80.

The Financial Supervision Authority may issue further provisions on the borrowing and the use of the assets of the common fund as collateral for a loan.

Section 84 (2.4.2004/224)

A management company may not grant a credit from the assets of a common fund nor grant a guarantee or other collateral for commitments of a third party. Securities, money-market instruments or derivatives contracts, which are not fully paid-up may, however, be acquired to a common fund.

Section 85

The management company may not invest the assets of the common funds it manages in the shares of another management company.

Section 86

The assets of a common fund may not be invested in precious metals or to certificates entitling thereto.

Section 86 a (19.12.2008/889)

The necessary further provisions for the implementation of Commission Directive 2007/16/EC implementing Council Directive 85/611/EEC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) as regards the clarification of certain definitions shall be issued by a Decree of the Ministry of Finance on requirements relating to a money-market instrument referred to in section 2 (13), securities referred to in section 69 (1) and section 71 (2), money-market instruments referred to in section 71 (1), a share or bond index referred to in section 73 a (1), derivatives contracts and financial indices used as underlying security referred to in section 80 (1), securities and money-market instruments referred to in section 80 a (2) and procedures for efficient asset management referred to in section 81.

CHAPTER 12

Investment activity of a special common fund

Section 87

The management company shall diversify the risks relating to the investment activity of a special common fund when investing the assets of the special common fund.

The fund rules of a special common fund may derogate from the provisions of chapter 11.

Section 88

If the investment activities of a special common fund so require, the rules of the special common fund may derogate from the provisions of sections 45, 48 and 49 as well as of section 98, subsections 1 and 2. (2.4.2004/224)

If the fund rules of a special common fund include an exemption from the right to redeem a unit provided for in section 49 of this Act, they shall state the conditions under which a unitholder may demand the redemption of a unit when a decision has been made to amend the fund rules or the transfer of the management of a special common fund or on its merger or division.

A special common fund investing its assets mainly in real estate shall, where applicable, comply with the provisions of chapters 3 and 4 of the Real-Estate Fund Act on the investment, borrowing, valuation and appraisal of property as well as on real estate appraisers and real estate appraisals. (30.3.2007/351)

CHAPTER 13

Marketing of units in a common fund and the management company's duty to inform

Section 89 (29.12.2011/1490)

In marketing the units of a common fund, on request by the Financial Supervisory Authority, Finnish or Swedish or another language approved by the Financial Supervisory Authority shall be used.

Units of a common fund may not be marketed by issuing untruthful or misleading information. The marketing shall reveal its commercial purpose. Any marketing comprising an invitation to buy units of a common fund and containing specific information about the common fund may not make a statement that contradicts or diminishes the significance of the information contained in the prospectus or the key investor information. The marketing communications shall indicate where and in which language the prospectus and key investor information may be obtained by the investors or how they may obtain access to them.

If the net asset value of a common fund is likely to have a high volatility due to its portfolio composition or the portfolio management techniques used, its prospectus and, where necessary, marketing communications shall include a statement of this special characteristic.

Section 90

The marketing material of a special common fund shall clearly indicate the factors due to which the common fund is deemed a special common fund.

Section 91 (29.12.2011/1490)

A common fund referred to in section 76, subsection 2 shall in its fund prospectus and all its marketing communications clearly inform that the assets of the common fund may be invested in the securities of one single issuer referred to in the said provision of law. The prospectus and the marketing communications shall also state the countries, local public-law organisations or public-law organisations of international nature in the securities issued or guaranteed by which the management company intends to invest or has invested over 35 percent of the assets of the common fund.

Section 92

The management company shall publish a fund prospectus on each common fund managed by it (*fund prospectus*). The fund prospectus shall be kept up to date and it shall be appended with the rules of the common fund.

The fund prospectus shall include essential and sufficient information on the goals of the investment activity of the common fund and its other characteristics, the management company managing the common fund as well as on the custodian used by the common fund so that investors may assess the said common fund and especially the related risks in a reliable manner. (2.4.2004/224)

The contents of the fund prospectus and the presentation of the information in the prospectus shall be provided for further by a Decree of the Ministry of Finance. (2.4.2004/224)

Subsection 4 repealed by Act of 29 December 2011/1490.

The management company shall, without delay, notify the Financial Supervision Authority of the fund prospectus of the common fund managed by it and any changes made therein.

Section 93 (29.12.2011/1490)

The management company shall, for each common fund it manages, draw up a short document containing key information for investors (key investor information). The words "key investor information" shall be stated in the key investor information document in Finnish or Swedish or in another language approved by the Financial Supervisory Authority.

The key investor information shall provide information comprehensible to the investor without other documents on:

- 1) identification data of the common fund;
- 2) a short description of the investment objectives and investment policy;
- 3) presentation of past performance or, where necessary, performance scenarios;
- 4) costs and associated charges;
- 5) risk/reward profile of the investment as well as appropriate guidance and warnings in relation to the risks associated with investments in the relevant common fund.

The key investor information shall be published in Finnish or in Swedish or in another language approved by the Financial Supervisory Authority.

The requirements relating to key investor information shall also be governed by the Commission Key Investor Information Regulation.

Section 93 a (29.12.2011/1490)

The key investor information shall specify where and how to obtain the prospectus, the annual and half-yearly reports and any other additional information on the fund as well as in which languages the documents or information is available.

The key investor information shall be written in a concise manner and in non-technical language and it shall be drawn up in a common format, allowing comparison. The key investor information shall be comprehensible also to other than professional investors. The information shall be fair and clear as well as consistent with the relevant information in the prospectus.

The key investor information shall be used as such in all EEA Member States where the units of the common fund are marketed on the basis of the notification referred to in section 127.

The requirements relating to the information given in the key investor information shall also be governed by the Commission KII Regulation.

Section 94

The management company shall publish a semi-annual report on each common fund managed by it at least for the first six months of each financial period. The semi-annual report shall be published within two months from the end of the report period.

The semi-annual report shall present an account of the assets and liabilities of the common fund, the number of units in circulation, the value of a unit, the distribution of investments taking into account the investment policy of the common fund as well as of any changes that have taken place in the composition of the investments during the review period. The contents of the semi-annual report and the presentation of the information in the semi-annual report shall be provided for further by a Decree of the Ministry of Finance. (2.4.2004/224)

Section 95

Section 95 repealed by Act of 29 December 2011/1490.

Section 96

A management company shall publish an annual report on each common fund managed by it for each financial period. The annual report shall be published within three months from the end of the financial period.

The annual report shall contain the annual accounts, the income statement and the balance sheet and the notes thereto as well as essential and sufficient information for the investors to make a reliable assessment of the development of the operation of the common fund and its result.

The contents of the annual report and the presentation of the information in the annual report shall be provided for further by a Decree of the Ministry of Finance. (2.4.2004/224)

Section 97 (29.12.2011/1490)

The management company shall submit to the customer, on his request and free of charge, a prospectus and the latest annual and half-yearly reports relating to the common fund.

The management company shall ensure that the latest annual and half-yearly reports of the common fund are kept available to the public in the manner stated in the prospectus and the key investor information. The annual and half-yearly reports shall be submitted to a customer in writing, on his request and free of charge.

The management company shall submit to a customer, upon his request, additional information on the methods used and the quantitative limits applied in the risk management of the common fund as well as on the latest market development of the risks and profits of the classes of investment instruments that are of central significance in the investment activity of the common fund.

The management company shall submit the prospectus to the customer so that it is directed at the customer personally either in writing or in another durable manner so that the customer may keep, store or copy it unchanged or so that the prospectus is available from the website of the management company for an appropriate period. A prospectus shall be submitted to the customer in writing always on his request and free of charge.

The conditions applicable to the provision of a prospectus or key investor information in a durable medium other than on paper or by means of a website shall be provided for by the Commission KII Regulation.

Section 98

The management company shall, whenever it issues or redeems units in the fund and at least twice a month, publish the value of the units as well as the number of units in circulation.

The Financial Supervision Authority may, on application, permit the management company to publish the information only once a month if this procedure does not endanger the interests of the unitholders.

The management company shall without delay rectify an essential mistake in the publication of the value of a unit. A mistake in the publication shall immediately be communicated to the Financial Supervision Authority which shall decide on the essential nature of the mistake.

Section 98 a (29.12.2011/1490)

A management company which sells units of a common fund directly or through a natural or legal person who acts on its behalf and under the responsibility of the management company shall provide the investor with key investor information in good time before the subscription of units of the common fund.

A management company, the units of a common fund managed by it are sold in a manner other than one referred to in subsection 1, shall, on request, submit key investor information for each common fund:

- 1) to those who use the units as part of their own financial product;
- 2) intermediaries who sell units of the said common fund or products offering exposure to such common fund;
- 3) intermediaries offering advice relating to such investments or products.

The key investor information shall be provided to investors free of charge.

Section 98 b (29.12.2011/1490)

The management company shall provide the investor with the key investor information in a durable medium referred to in section 97 (4) or so that it is available on the website of the management company for an appropriate period. A paper copy of the key investor information shall always be provided to the investor on request and free of charge.

The management company shall keep an up-to-date version of the key investor information available on the website of the management company.

Section 98 c (29.12.2011/1490)

The management company shall submit the key investor information and any changes thereto to the Financial Supervisory Authority without delay.

The essential elements of key investor information shall be kept up-to-date.

CHAPTER 14

Provisions on insiders

Section 99 (13.5.2005/298)

The holding of units in a common fund shall be public provided that the unit holder (*the party liable to declare*) is:

- 1) a member or a deputy member of the Board of Directors elected by the General Meeting of the Shareholders of the management company, the Managing Director or Deputy Managing Director, an auditor or an employee of an audit organisation having main responsibility for the audit for the accounts of the management company; (26.10.2007/928)
- 2) another person employed by the management company or acting on behalf of or in the name of the management company who has a possibility to influence decision making relating to the investment of the assets of the common fund;

Subsection 3 repealed by Act of 26 October 2007/928.

- 4) a minor, whose guardian the person referred to in paragraph 1, 2 or 3 is; (26.10.2007/928)
- 5) an organisation or foundation in which the person referred to in this section directly or indirectly exercises influence in the manner referred to in chapter 1, section 5 of the Securities Markets Act; (26.10.2007/928)
- 6) a shareholder of the management company or a person comparable to him in the manner referred to in chapter 2, section 9 of the Securities Markets Act.

A party liable to declare referred to in subsection 1 (1) and (2) shall declare to the management company: (26.10.2007/928)

- 1) the existence of a circumstance referred to in subsection 1 (4) and (5); (26.10.2007/928)

Subsection 2 repealed by Act of 26 October 2007/928.

- 3) shares or securities entitling to shares under the Limited-Liability Companies Act subject to public trading in Finland owned by him as well as by a person referred to in subsection 1 (4) and (5), any agreements and commitments relating to the acquisition or conveyance of such securities as well as any changes taking place in their holding and in the contractual relationships relating to their acquisition or conveyance of at least EUR 5,000 within seven days from the change. (26.10.2007/928)

The declaration referred to in subsection 2 shall be made within 14 days from the time when

- 1) a person accepted the duty referred to in subsection 1 (1) or (2);
 - 2) a circumstance referred to in subsection 1 (4) or (5) arose; or
 - 3) a change in the circumstances referred to in subsection 1 or in subsection 2 (1) took place.
- (26.10.2007/928)

Should the transactions and conveyances concluded during a calendar year together amount to less than 5,000 euros, the declaration shall, irrespective of this, be submitted at the latest on the 31 January of the following year.

The duty to declare shall not apply to information on housing companies, real-estate companies, non-profit associations or financial associations. If an organisation is engaged in regular trading in securities, also information thereon shall be declared.

If the securities have been incorporated in the book-entry system, the management company may make an arrangement through which the information is available from the book-entry system. A separate declaration relating thereto need not be submitted in that case.

Section 100 (13.5.2005/298)

A management company shall keep a register indicating, with regard to each party liable to declare, the holdings and contractual relationships referred to in section 99 as well as transactions and other conveyances in an itemised form (*insider register*).

The information in the insider register shall be entered so that it cannot be altered or removed afterwards. The maintenance of the register shall be arranged so that only those entitled to maintain the register may alter the information. An entry shall be made in the register without undue delay. Information entered in the register shall be kept at least five years from the making of the entry.

Anyone shall have the right to access to the insider register without difficulty and, by paying the costs incurred, to obtain extracts and copies thereof. The personal identity number and address of a natural person as well as the name of a person referred to in section 99, subsection 1 (4) shall, however, not be public.

Section 101 (13.5.2005/298)

The declaration shall contain the information necessary to individualise the person or organisation or foundation in question as well as information relating to the securities. The Financial Supervision Authority may issue further regulations on the content and the manner of submission of the declaration.

Section 102

The party liable to declare referred to in section 99, paragraph 1 may not, without the permission of the Financial Supervision Authority, against consideration acquire securities or derivatives contracts belonging to the assets of a common fund managed by the management company or convey the funds referred to above to the common fund unless the acquisition or conveyance is realized in trading referred to in section 69, paragraph 1 or unless it is a question of a standardized derivatives contract.

CHAPTER 15

Transfer of the common-fund activity and changing of the custodian

Section 103

A management company (*the transferor management company*) may, under permission of the Financial Supervision Authority, transfer the management of a common fund (*the transferable common fund*) to be managed by another management company (*the transferee management company*).

The management companies participating in the transfer of the management of a common fund shall prepare written draft terms of transfer, which shall be approved by the Boards of Directors of the transferor and transferee management companies. The dated and signed draft terms of transfer shall include at least:

- 1) the trade names, company IDs, addresses and registered offices of the management companies; (2.4.2004/224)
- 2) the name of the transferable common fund;
- 3) an account on the main reasons for the transfer of the management of the common fund;

- 4) the consideration to be paid for the management company for the transfer;
- 5) an account stating that the common fund to be transferred does not have any credits referred to in section 83; as well as
- 6) a proposal for the planned entry into force of the transfer.

The transferor management company shall, in accordance with chapter 10, section 8 of the Commercial Code, be liable for the liabilities of the common fund to be transferred which have arisen prior to the implementation of the transfer of the management of a common fund as referred to in section 105, paragraph 2 and which are still unpaid at that time.

Section 104

The management companies participating in the transfer of the management of a common fund shall apply for a permit for the implementation of the transfer from the Financial Supervision Authority. The permit application, which shall be filed within one month from the approval of the draft terms of transfer, shall be accompanied by the draft terms of transfer with their appendices as well as the transfer decisions. If the application has not been made within the time set, the transfer of the management of a common fund shall lapse.

The Financial Supervision Authority shall within one month from the arrival of the application decide on the implementation permit. The implementation permit may not be granted if the transfer of the management of a common fund cannot be considered to be for the benefit of the unitholders or if the common fund has credits referred to in section 83. If the permit is not granted, the transfer of the management of a common fund shall lapse.

Section 105

If the Financial Supervision Authority has granted the management companies a permit for the transfer of the management of a common fund, the management companies shall immediately notify the unitholders thereof in writing and publish an announcement thereon in at least one national newspaper at the latest one month prior to the implementation of the transfer of the management of the common fund. The notification shall state the contents of the implementation permit and the draft terms of transfer.

The management companies shall submit to the Financial Supervision Authority a notification of the implementation of the transfer of the management of a common fund within two months from the granting of the permit relating thereto under threat that the transfer of the management of the common fund shall lapse unless provided for otherwise in section 103, paragraph 2, subparagraph 6.

Section 106

The management company may change the custodian under permission of the Financial Supervision Authority. The management company shall submit to the Financial Supervision Authority an account stating the manner in which the transfer of the duties referred to in section 31 to a new custodian shall be implemented safeguarding the benefits of the unitholders.

Section 106 a

The provisions of this chapter on a management company shall be applied to a foreign EEA management company authorised to established a common fund in Finland.

CHAPTER 16 (29.12.2011/1490)

Merger of a common fund

Approval of a merger of a common fund

Section 107 (29.12.2011/1490)

A common fund (*the merging fund*) may merge into another common fund (*the receiving fund*) or with a UCITS (the receiving UCITS).

A merger shall mean an operation whereby:

1) the merging fund, on being dissolved without going into liquidation, transfers all its assets and liabilities to another existing receiving fund or receiving UCITS and whereby the unitholders of the merging fund receive as consideration units of the receiving fund or receiving UCITS and, if applicable, a cash payment not exceeding 10 percent of the net asset value of the units; or

2) two or more merging funds or a merging fund and a merging UCITS referred to in section 107 e , on being dissolved without going into liquidation, transfer all of their assets and liabilities to a receiving fund or receiving UCITS which they form and whereby the unitholders of the merging fund receive as consideration units of the receiving fund or receiving UCITS and, if applicable, a cash payment not exceeding 10 percent of the net asset value of these units.

If the merger is other than a cross-border merger referred to in section 2, subsection 1, paragraph 16 or a domestic merger with an international connection referred to in paragraph 17, it shall be governed by the provisions of this chapter with the exception of requirements concerning UCITS or relating to the marketing of units in another EEA Member State than Finland.

Section 107 a (29.12.2011/1490)

A merger of a common fund shall be subject to prior authorisation. The authorisation shall, on request of the management company managing the merging fund, be granted by the Financial Supervisory Authority.

The application shall contain:

- 1) draft terms of merger, which the management company managing the merging fund as well as the management company managing the receiving fund or the receiving UCITS have approved;
- 2) a prospectus and key investor information of the receiving UCITS;
- 3) a statement by each custodian of the merging and receiving funds confirming that the custodian has conducted an inspection referred to in section 108, and a corresponding statement of the custodian of the UCITS;
- 4) the information on the merger to be given to the unitholders of the merging and receiving funds as well as of the receiving UCITS.

The authorisation shall be applied for within two months from the approval of the draft terms of merger referred to in subsection 2 (1), if a common fund merges with another common fund.

The accounts referred to in subsection 2 shall be provided in Finnish or Swedish or in the official language, or one of the official languages, of the UCITS home Member State or in a language approved by the Financial Supervisory Authority and the competent authority of the relevant EEA Member State.

If the Financial Supervisory Authority deems that not all accounts referred to in subsection 2 and necessary for the granting of the authorisation have been submitted to it, it shall request further information within ten days from receipt of the accounts submitted to it.

Section 107 b (29.12.2011/1490)

The Financial Supervisory Authority shall consider the potential impact of the proposed merger on unitholders of the merging and receiving funds to assess whether the information being provided to unitholders is sufficient.

The Financial Supervisory Authority may, where necessary, require that the information to the unitholders of the merging or receiving funds be clarified.

The Financial Supervisory Authority shall immediately transmit all the necessary accounts referred to in section 107 a (2) to the competent authorities of the receiving UCITS home Member State.

Section 107 c (29.12.2011/1490)

The Financial Supervisory Authority shall grant an authorisation for a proposed merger if:

1) the merger complies with the requirements provided for in this section and in sections 107 a, 107 b, 107 d, 108 and 108 a;

2) the receiving fund and the receiving UCITS have been notified to market their units in all EEA Member States where the management company of the merging fund is authorised to manage common funds or where it has been notified to market its units in accordance with section 127;

3) the Financial Supervisory Authority is satisfied with the information on the merger to be provided to the unitholders of the merging fund and the receiving fund; and

4) the Financial Supervisory Authority is convinced that the competent authorities of the receiving UCITS home Member State are satisfied with the information to be provided to the unitholders of the receiving UCITS in a situation where:

a) the latter authorities have not informed the Financial Supervisory Authority that it considers the information to be provided to the unitholders of the receiving UCITS insufficient within 20 days from receiving from the Financial Supervisory Authority all the necessary accounts in accordance with section 107 b (1); or

b) the latter authorities have, within the time period referred to in subparagraph a, first notified the Financial Supervisory Authority that it considers the information to be provided to the unitholders of the receiving UCITS to be insufficient and thereafter notified to be satisfied with the modified information.

The Financial Supervisory Authority shall notify the management company managing the merging fund at the latest within 20 working days from receiving from the management company the accounts referred to in section 107 a and necessary for the granting of the authorisation, whether the merger has been authorised. If the Financial Supervisory Authority has not received from the competent authorities of the receiving UCITS home Member State an indication referred to in subsection 1 (4) (b) of their satisfaction with the modified information, it shall inform the management company that the authorisation cannot be granted until it has received from the authorities referred to above an indication of satisfaction with the modified information.

The Financial Supervisory Authority shall notify the competent authorities of the receiving UCITS home Member State of its decision.

The Financial Supervisory Authority may grant the receiving fund a permission to derogate from the provisions of section 72 (5) and (6) as well as of sections 73, 73 a, 75 and 76 for a period of six months if observance of the principle of risk spreading is ensured.

Section 107 d (29.12.2011/1490)

The management company managing the merging fund as well as the management company managing the receiving fund and the receiving UCITS shall draw up draft terms of merger including at least:

1) the type of merger and the common funds and UCITS participating in the merger;

2) the background to and rationale for the merger;

3) the expected impact of the merger on the unitholders of the merging and receiving funds and the receiving UCITS;

4) the criteria adopted for valuation of the assets and, where applicable, the liabilities on the date for calculating the exchange ratio;

5) the calculation method of the exchange ratio;

6) the planned effective date of the merger;

7) the provisions applicable to the transfer of assets and the exchange of units;

8) the fund rules or instruments of incorporation of the receiving fund or UCITS constituted in the merger referred to in section 107, subsection 2 (2).

The Financial Supervisory Authority may not require that any additional information is included in the draft terms of merger.

The management company managing the merging fund and the management company managing the receiving fund and the receiving UCITS may decide to include in the draft terms of merger also information other than that referred to in subsection 1.

Terms of merger when a UCITS merges into a common fund

Section 107 e (29.12.2011/1490)

A UCITS may merge (*the merging UCITS*) into a common fund (*the receiving fund*) if the competent authorities of the merging UCITS home Member State provide the Financial Supervisory Authority with the following information and documents of the proposed merger:

- 1) draft terms of merger, which the merging UCITS and the management company managing the receiving fund have approved;
- 2) a prospectus and key investor information of the receiving fund;
- 3) a statement by the custodian of the receiving fund confirming that the custodian has conducted the inspection referred to in section 108, and a corresponding statement of the custodian of the merging UCITS;
- 4) the information on the merger to be provided to the unitholders of the merging UCITS and the receiving fund.

The Financial Supervisory Authority shall receive the information and documents referred to in subsection 1 in a language provided for in section 107 a (4).

The Financial Supervisory Authority shall consider the potential impact of the merger on unitholders of the receiving fund to assess whether the information being provided thereto is sufficient. If the Financial Supervisory Authority deems the information insufficient, it may, within 15 working days from receipt of the accounts referred to in subsection 1, in writing, require that the management company managing the receiving fund modify the information to be provided to the unitholders of the receiving fund. The Financial Supervisory Authority shall, in this case, notify the competent authorities of the merging UCITS home Member State that it is not satisfied with the information to be provided to the unitholders. The Financial Supervisory Authority shall, within 20 working days from receipt of the accounts referred to in subsection 1, notify the competent authorities of the merging UCITS home Member State whether it is satisfied with the modified information to be provided to the unitholders.

A precondition for the merger shall be that the Financial Supervisory Authority receives from the competent authorities of the merging UCITS home Member State a notification of the decision on merger.

Third-party control, information to unitholders and other rights of unitholders

Section 108 (29.12.2011/1490)

The custodian of a common fund participating in the merger shall verify that the information referred to in section 107 d, subsection 1 (1) (6) and (7) comply with this Act and the fund rules.

Section 108 a (29.12.2011/1490)

An auditor of the management fund managing a merging or receiving fund and referred to in section 36 (2) or another auditor meeting corresponding requirements shall issue a report validating:

- 1) the criteria adopted for valuation of the assets and, where applicable, the liabilities on the date for calculating the exchange ratio;
- 2) where applicable, the cash payment per unit;
- 3) the calculation method of the exchange ratio and the actual exchange ratio determined at the date for calculating the ratio referred to in section 110 (1).

The report referred to in subsection 1 may not be a fixed-form statement referred to in section 15 (3) of the Accounting Act.

A copy of the report of the auditor shall be made available, on request, to unitholders of the merging fund as well as of the receiving fund and the receiving UCITS as well as to the Financial Supervisory Authority and the competent authorities of the UCITS home Member State. The management company managing the merging fund shall ensure that a copy is made available.

Section 108 b (29.12.2011/1490)

The unitholders of the merging and receiving funds shall receive such appropriate and accurate information on the proposed merger so as to enable them to make an informed judgement on the impact of the merger on their investment.

The information referred to in subsection 1 shall be provided to unitholders in writing and published in at least one national newspaper after the Financial Supervisory Authority has authorised the merger. In cross-border merger, where the merging UCITS merges with a receiving common fund, the information referred to in subsection 1 shall be provided to the unitholders of the receiving fund after the competent authorities of the merging UCITS home Member State have authorised the merger and notified the Financial Supervisory Authority thereof. The information shall be provided at least 30 days before the last date for requesting repurchase, redemption or conversion of units without additional charge as provided for in section 108 d.

Section 108 c (29.12.2011/1490)

The information to be provided to unitholders shall be such as to enable the unitholder, on the basis thereof, to take an informed decision on the possible impact of the merger on his investments as well as to exercise his rights referred to in section 108 d.

The following information and documents shall be provided to the unitholders:

- 1) the background to and rationale for the merger;
- 2) the possible impact of the merger on unitholders, such as material differences in respect of investment policy and strategy, costs, expected outcome, periodic reporting, possible dilution in performance and, where relevant, a warning to unitholders that their tax treatment may be changed following the merger;
- 3) any specific rights arising to unitholders from merger, such as the right to obtain additional information, the right to obtain a copy of the report of the auditor referred to in section 108 a, the right to request the redemption or conversion of the units referred to in section 108 d and the last date for exercising that right;
- 4) procedural information and the planned effective date of the merger;
- 5) key investor information of the receiving fund or UCITS.

If the marketing of units of a merging or receiving fund has been notified in accordance with section 127, the information referred to in subsection 2 shall be provided in the official language, or one of the official languages of the relevant host EEA Member State of the common fund or in a language approved by its competent authorities. The management company managing the common fund shall be responsible for producing the translation.

The Financial Supervisory Authority shall issue further regulations necessary for the implementation of the Commission Merger Directive on the provision of information referred to in section 108 b (1) and subsections 1 and 2 of this section.

Section 108 d (29.12.2011/1490)

The management company shall be obligated to redeem the units of the unitholders of the merging and receiving fund on their request. Alternatively, a management company may, where possible, convert a unit into a unit in another common fund:

- 1) with similar investment policy; and

2) managed by the management company or by any other company with which the management company is linked by common management or control or by a substantial direct or indirect holding.

The obligation referred to in subsection 1 shall become effective on the same date on which the unitholders of the merging fund and the receiving fund have been informed of the proposed merger in accordance with sections 108 b and 108 c and shall cease to exist five working days before the date for calculating the exchange ratio. With regard to redemption or conversion, the management company shall have the right to collect only the indirect costs arising from the dissolution of a common fund.

Costs and entry into effect

Section 109 (29.12.2011/1490)

Any legal, advisory or administrative costs associated with the preparation and implementation of the merger of a common fund shall not be charged to the merging or receiving fund or the receiving UCITS or to any of their unitholders.

Section 110 (29.12.2011/1490)

Management companies managing the common funds participating in other than a cross-border merger referred to in section 107 (2) shall notify the Financial Supervisory Authority of the implementation of the merger within two months from the granting of the authorisation thereto under the threat that the merger shall lapse. The merger shall, however, not lapse if it has been effected at the latest on the planned effective date referred to in section 107 d, subsection 1 (6). The exchange ratio shall be calculated on the effective date of the merger.

The assets and liabilities of the merging fund shall be transferred to the receiving fund as provided for in the draft terms of merger when the Financial Supervisory Authority has been notified of the implementation of the merger. The merging fund shall be dissolved simultaneously.

Upon the notification of implementation of the merger, the unitholders of the merging fund shall become entitled to a consideration and the unitholder shall become a unitholder of the receiving fund in accordance with the draft terms of merger.

Subsections 1 - 3 shall be applicable also to a cross-border merger referred to in section 107 e, where a common fund is the receiving fund.

The management company managing the receiving fund shall notify the competent authorities of the merging UCITS home Member State of the entry into effect of the merger.

A merger which has entered into effect in accordance with subsection 1 may not be declared null and void.

The management company managing the receiving fund shall notify the custodian of the receiving fund that the assets and, where applicable, liabilities of the merging fund or UCITS have been transferred.

Section 111 (29.12.2011/1490)

In a case referred to in section 118 (5), the custodian shall be governed by the provisions of this Chapter on a management company.

CHAPTER 17

Division of a common fund

Section 112 (29.12.2011/1490)

A common fund (*the dividing fund*) may be divided so that the assets and liabilities of the dividing fund shall be transferred partially or in full without a liquidation procedure to at least one common fund (*the target fund*) established by the management company managing the dividing fund. The unitholders of the dividing fund shall receive units of the target fund as consideration.

A common fund (*the dividing fund*) may be divided so that the assets and liabilities of the dividing fund shall be transferred partially or in full without a liquidation procedure to at least one common fund (*the target fund*) established by the management company managing the dividing fund. The unitholders of the dividing fund shall receive units in the target fund as consideration.

Section 113

The Board of Directors of the management company shall draw up draft terms of division and approve them. The dated and signed draft terms of division shall include at least:

- 1) the trade name, company ID, address and registered office of the management company; (2.4.2004/224)
- 2) the name of at least one target fund; (29.12.2011/1490)
- 3) a proposal for the fund rules of at least one target fund; (29.12.2011/1490)
- 4) a proposal for the consideration for the unitholders of the dividing fund;
- 5) a proposal for the date and terms of the distribution of the consideration;
- 6) an account of the reasons for the division and the grounds for the determination of the consideration and its distribution as well as any related essential valuation problems;
- 7) an account stating that the dividing fund does not have any credits referred to in section 83;
- 8) a proposal for the distribution of the assets and liabilities to be transferred in the division to each target fund; (29.12.2011/1490)
- 9) a proposal for the planned entry into force of the division; as well as
- 10) the fee to be paid due to the division to one or more auditors or audit organizations approved by the Central Chamber of Commerce referred to in paragraph 3 and the grounds thereto.

The draft terms of division shall be accompanied by a report on any events with a significant effect on the position of the common fund that have taken place after the publication of the last annual accounts or a semi-annual report or a possible quarter-annual report on each common fund participating in the division approved by the Board of Directors of the management company managing the dividing fund as well as a statement by the auditors on the report submitted by the Board of Directors.

The draft terms of division shall additionally be accompanied by a statement of at least one auditor or audit organisation functioning as an independent expert on whether the draft terms of division contain appropriate and adequate information on matters which are likely to have a material effect on the evaluation of the reasons for the division, the value of assets and liabilities being transferred to the target fund as well as the value of the consideration and its distribution. (29.12.2011/1490)

Subsection 4 repealed by Act of 7 July 2006/648.

The management company managing the dividing common fund shall in accordance with chapter 10, section 8 of the Commercial Code be liable for the liabilities of the dividing common fund which have arisen prior to the implementation of the division as referred to in section 115, paragraph 1 and which are still unpaid at that time.

Section 114

The management company shall, within one month from the approval of the draft terms of division, apply for a permit for the implementation of the division from the Financial Supervision Authority. The permit application shall be accompanied by the draft terms of division with appendices as well as the division decisions. If the application has not been filed within the time given, the division shall lapse.

The Financial Supervision Authority shall decide on the application for the implementation permit within two months from its arrival. If the Financial Supervision Authority should within this time request the applicant for a supplement, the time shall be calculated from the date on which the

Financial Supervision Authority receives the supplement. The implementation permit may not be granted if the division cannot be considered to be for the benefit of the unitholders or if the common fund has credits referred to in section 83. The application shall be considered rejected and division shall be considered to have lapsed if the application is not decided on within the time set.

If the Financial Supervision Authority has granted a permission to the implementation of the division, the management company that has decided on the division shall immediately notify the unit holders thereof in writing and publish an announcement thereon in at least one national newspaper at the latest one month prior the implementation of the division. The notification and announcement shall state the contents of the implementation permit and the draft terms of division. (2.4.2004/224)

Section 115

The management company shall submit to the Financial Supervision Authority a notification on the implementation of the division within two months from the granting of the permit relating thereto under threat that the division shall lapse unless otherwise provided for in section 113, paragraph 1, subparagraph 9.

The assets and liabilities of the dividing fund shall transfer to the target fund as provided for in the draft terms of division when the Financial Supervisory Authority has been notified of the implementation of the division. (29.12.2011/1490)

On the basis of the notification of implementation of the division, the unitholders of the dividing fund shall become entitled to a consideration and the unitholder shall become a unitholder of the target fund in accordance with the draft terms of division. (29.12.2011/1490)

CHAPTER 17 a (29.12.2011/1490)

Feeder fund and master fund

Approval of a feeder fund

Section 115 a (29.12.2011/1490)

A feeder fund may hold up to 15 percent of its assets in:

- 1) ancillary liquid assets; or
- 2) investments in accordance with sections 80, 80 a and 80 b in derivative instruments, which may be used only for hedging purposes.

The global exposure of the feeder fund referred to in section 80 b (1) shall be calculated by combining the direct exposure of the investments referred to in subsection 1 (2) with:

- 1) the master fund's actual exposure to the derivative instruments referred to in section 80 (1) in proportion to the investments of the feeder fund into the master fund; or with
- 2) the master fund's potential maximum global exposure to the derivative instruments referred to in section 80 (1) provided for in the master fund's fund rules in proportion to investments of the feeder fund into the master fund.

Section 115 b (29.12.2011/1490)

If the master fund has at least two feeder funds as unitholders, the management company managing the master fund may, notwithstanding the provisions of section 1 and section 2 (1) (1), decide whether or not to raise capital from other investors.

The provisions of section 127 of this Act shall not apply to a master fund whose unitholders comprise only feeder funds established in an EEA Member State other than Finland and whose units are not marketed to the public in an EEA Member State other than Finland.

The provisions of section 128 of this Act shall not apply to a UCITS acting as a master fund whose unitholders are feeder funds established in Finland and whose units are not marketed to the public in Finland.

Section 115 c (29.12.2011/1490)

The assets of a feeder fund may not, without the approval of the Financial Supervisory Authority, be invested in a master fund in excess of the limit provided for in section 72 (5). The Financial Supervisory Authority shall grant approval if the feeder fund, its custodian and its auditor as well as the master fund comply with the requirements set out in this Chapter.

In order to obtain the approval referred to in subsection 1, the following documents shall be provided to the Financial Supervisory Authority:

- 1) the fund rules and instruments of incorporation of the feeder fund and the master fund;
- 2) a prospectus and key investor information of the feeder fund and the master fund;
- 3) the agreement between the management company managing the feeder fund and the master fund referred to in section 115 d (1) or the internal conduct of business rules;
- 4) the information referred to in section 115 k (1) to be provided to unitholders;
- 5) the agreement referred to in section 115 h (1) between the custodians of the feeder fund and the master fund;
- 6) the agreement referred to in section 115 i (1) between the auditors of the feeder fund and the master fund.

If the feeder fund referred to in subsection 1 is a UCITS, an attestation by the competent authorities of the home Member State of the master fund shall be provided to the Financial Supervisory Authority that, in accordance with the legislation of its home Member State, the master fund complies with the requirements set out in Article 58 (3) (b) and (c) of the UCITS Directive.

The attestation referred to in subsection 3 shall be provided in Finnish or Swedish or in another language approved by the Financial Supervisory Authority.

The Financial Supervisory Authority shall inform the management company managing the feeder fund of the decision on approval at the latest within 15 working days from the date on which it received the documents necessary for the granting of the approval.

Common provisions for feeder and master funds

Section 115 d (29.12.2011/1490)

The management company managing the master fund shall provide the management company managing the feeder fund with the documents and information necessary for the latter to meet the requirements set in this Act. If the master fund is a UCITS, the management company managing the feeder fund shall ensure that it receives from the master UCITS the documents and information necessary to meet the requirements set in this Act. The management company managing the feeder fund shall enter into an agreement with the management company managing the master fund or with the master UCITS on the submission of the necessary information. The agreement shall be made available, on request and free of charge, to unitholders.

The assets of a feeder fund may be invested in the units of a master fund in excess of the limit provided for in section 72 (5) only after the agreement referred to in subsection 1 has become effective. If the same management company manages both the feeder and the master funds, the agreement may be replaced by internal conduct of business rules.

The management company managing the feeder fund and the management company managing the master fund or the master UCITS shall take appropriate measures to coordinate the dates of their net asset value calculation and publication in order to prevent arbitrage opportunities.

The Financial Supervisory Authority shall issue further regulations on the content of the agreement referred to in subsection 1 and of the internal conduct of business rules referred to in subsection 2 necessary for the implementation of the Commission Merger Directive.

Section 115 e (29.12.2011/1490)

If the redemption or issue of the units in a master fund is suspended temporarily at the initiative of the management company managing the master fund or of the master UCITS or at the request of the Financial Supervisory Authority or the competent authorities of the master UCITS home Member State, the management company managing the feeder fund may, notwithstanding the conditions laid down in section 45 and 50 (1), interrupt the redemption or issue of the units in the feeder fund managed by it for a corresponding period of time.

Section 115 f (29.12.2011/1490)

If a master fund is liquidated, also its unitholder feeder fund shall be liquidated. The feeder fund need not be liquidated, if the Financial Supervisory Authority approves that:

- 1) at least 85 percent of the assets of the feeder fund are invested in units of another master fund; or
- 2) the fund rules of the feeder fund are amended so that it is no longer a feeder fund.

A master fund may be liquidated no sooner than three months after the management company managing it has notified the unitholders of the master fund and the Financial Supervisory Authority as well as the competent authorities of the master fund's feeder UCITS home Member State of its binding decision to liquidate.

In order to be granted the approval referred to in subsection 1, the management company managing the feeder fund shall provide the Financial Supervisory Authority with the necessary accounts at the latest within two months from the date on which the management company managing the master fund or the master UCITS has informed it of the liquidation of the master fund.

If the management company managing the master fund or the master UCITS has informed the management company managing the feeder fund of the binding decision to liquidate the master fund more than five months before the date on which the liquidation shall take place, the management company managing the feeder fund shall, in derogation from the provisions of subsection 3, provide the Financial Supervisory Authority with the necessary account for obtaining the approval referred to in subsection 1 at the latest three months before the latter date.

The Financial Supervisory Authority shall notify the management company managing the feeder fund of its decision on approval within 15 working days from receipt of the documents necessary for deciding the matter.

The Financial Supervisory Authority shall issue further regulations on the approval procedure referred to in subsection 1 and the documents to be provided for approval necessary for the implementation of the Commission Merger Directive.

Section 115 g (29.12.2011/1490)

The feeder fund shall be liquidated if its master fund merges with another common fund or UCITS or is divided into two or more common funds. The feeder fund need not be liquidated, if the Financial Supervisory Authority grants approval to that:

- 1) the feeder fund continues to be a feeder fund of the master fund or of another common fund after the merger or division of the master fund;
- 2) at least 85 percent of the assets of the feeder fund are invested in units of a master fund not resulting from the merger or division referred to above;
- 3) the fund rules of the feeder fund are amended so that it is no longer a feeder fund.

The merger or division of the master fund shall become effective if the management company managing the master fund provides the unitholders of the master fund as well as the Financial Supervisory Authority and the competent authorities of the master fund's feeder UCITS home Member State with the information referred to in sections 108 b and 108 c at the latest 60 days before the proposed effective date of the merger or division. A precondition for the entry into effect of the merger or division of a master UCITS of the feeder fund shall be that the management company managing the feeder fund and the Financial Supervisory Authority receive from the re-

levant UCITS information corresponding to the information referred to in sections 108 b and 108 c at the latest 60 days before the proposed effective date of the merger or division.

If the Financial Supervisory Authority has not granted the approval referred to in subsection 1 (1), the units of the feeder fund in the master fund must be made redeemable before the entry into effect of the merger or division of the master fund.

The management company managing the feeder fund shall provide the Financial Supervisory Authority with an account necessary for obtaining the approval referred to in subsection 1 at the latest one month from the date on which the management company has been informed of the proposed merger or division of the master fund in accordance with subsection 2.

If the management company managing the master fund has submitted the information referred to in sections 108 b and 108 c or the master UCITS the corresponding information referred to in subsection 2 of this section to the management company managing the feeder fund more than four months before the proposed effective date of the merger or division, the management company managing the feeder fund shall, in derogation from the provisions of subsection 4, provide the Financial Supervisory Authority with an account necessary for obtaining the approval referred to in subsection 1 at the latest three months before the proposed effective date of the merger or division of the master fund.

The Financial Supervisory Authority shall notify the management company managing the feeder fund of its decision on approval within 15 working days from receipt of the documents necessary for deciding the matter.

The Financial Supervisory Authority shall issue further regulations on the approval procedure referred to in subsection 1 and the documents to be provided for approval necessary for the implementation of the Commission Merger Directive.

Custodians and auditors

Section 115 h (29.12.2011/1490)

The custodians of the feeder fund and the master fund shall enter into an information-sharing agreement to ensure the fulfilment of the duties of both custodians.

The assets of a feeder fund may be invested in the units of a master fund only after the agreement referred to in subsection 1 has become effective.

The custodians of the feeder fund and the master fund shall, notwithstanding the provisions on secrecy of this Act, have the right to make use of the information if this is necessary for the completion of the duties of the custodian under this Act and they comply with the requirements laid down in this chapter.

The management company shall communicate to the custodian of the feeder fund managed by it any information about the master fund which is required for the completion of the duties of the custodian of the feeder fund.

The custodian of the master fund shall immediately inform the Financial Supervisory Authority, the management company managing the feeder fund and the custodian of the feeder fund as well as the feeder UCITS and its custodian about any irregularities it detects with regard to the master fund which are deemed to have a negative impact on the feeder fund.

The Financial Supervisory Authority shall issue further regulations on the content of the agreement referred to in subsection 1 and on factors to be observed in evaluating the irregularities referred to in subsection 5 necessary for the implementation of the Commission Merger Directive.

Section 115 i (29.12.2011/1490)

The auditors of the feeder fund and the master fund shall enter into an information-sharing agreement to ensure the fulfilment of the duties of both auditors.

The assets of a feeder fund may be invested in the units of a master fund only after the agreement referred to in subsection 1 has become effective.

In its audit report, the auditor of the feeder fund shall take into account the audit report of the master fund. If the feeder fund and the master fund have different accounting years, the auditor of the master fund shall make an ad hoc report on the closing date of the feeder fund. The auditor of the feeder fund shall report in the audit report on any irregularities revealed in the audit report of the master fund and on their impact on the feeder fund.

The auditors of the feeder fund and the master fund shall, notwithstanding the provisions on secrecy of this Act, have the right to make use of the information if this is necessary for the completion of the duty of an auditor under this Act and they comply with the requirements laid down in this chapter.

The Financial Supervisory Authority shall issue further regulations on the content of the agreement referred to in subsection 1 necessary for the implementation of the Commission Merger Directive.

Duty to inform of and marketing by the feeder fund

Section 115 j (29.12.2011/1490)

The Ministry of Finance shall issue further provisions by a Decree on information to be provided in the prospectus to be published of the feeder fund in addition to the information referred to in section 92 (2) as well as on information to be presented in the annual report of the feeder fund in addition to the information referred to in section 96. The annual and the half-yearly reports of the feeder fund shall indicate how the annual and the half-yearly report of the master fund can be obtained.

The delivery of the prospectus and key investor information of the feeder fund to the Financial Supervisory Authority shall be governed by the provisions of section 92 (5) and 98 c (1). The management company managing the feeder fund shall also send the annual and the half-yearly reports of the master fund to the Financial Supervisory Authority without delay.

A feeder fund shall in its marketing disclose that at least 85 percent of the assets of the feeder fund are permanently invested in units of the master fund.

The management company managing the feeder fund shall deliver a paper copy of the prospectus and the annual and half-yearly reports of the master fund to investors, on request and free of charge.

Conversion of an existing common fund into a feeder fund and change of the master fund

Section 115 k (29.12.2011/1490)

The unitholders of a feeder fund shall be given the following information:

- 1) a statement that the Financial Supervisory Authority has approved the investment of the assets of the feeder fund in units of the master fund;
- 2) key investor information on the feeder fund and the master fund;
- 3) the date when the investment of the assets of the feeder fund in the master fund starts or the date when the amount of the assets to be invested exceeds the limit laid down in section 72 (5);
- 4) a statement that the unitholders have the right to request, within 30 days from the statement referred to in this subsection, redemption of their units without any charges other than those retained by the management company to cover the direct costs arising from the dissolution of the common fund.

The information referred to in subsection 1 shall be provided at the latest 30 days before the date referred to in subsection 1 (3).

If the units of a feeder fund are marketed subject to the notification referred to in section 127 in an EEA host Member State of the common fund, the information referred to in subsection 1 shall be provided in the official language, or one of the official languages, of the EEA host Member State or in a language approved by the competent authorities of the said EEA Member State. The

management company managing the feeder fund shall be responsible for producing the translation.

The assets of a feeder fund may not be invested in the units of a master fund in excess of the limit provided for in section 72 (5) before the 30-day period referred to in subsection 2 of this section has elapsed .

The Financial Supervisory Authority shall issue further regulations on the provision of the information referred to in subsection 1 necessary for the implementation of the Commission Merger Directive.

Obligations and competent authorities

Section 115 l (29.12.2011/1490)

The management company shall monitor the activity of the master fund of the feeder fund managed by it.

If the feeder fund or the management company managing it or a person acting on their behalf receives a fee or a commission or other monetary benefit in connection with an investment in the units of the master fund, the fee, commission or other monetary benefit shall be included in the assets of the feeder fund.

Section 115 m (29.12.2011/1490)

The management company shall immediately inform the Financial Supervisory Authority of each feeder fund and feeder UCITS which invests its assets in units of a master fund managed by it. The Financial Supervisory Authority shall immediately inform the competent authorities of the UCITS home Member State of an investment by the feeder UCITS.

The management company shall not charge subscription or redemption fees for the investments of a feeder fund or feeder UCITS into units of a master fund managed by it or for their redemption.

The management company managing a master fund shall ensure the timely availability of all information that is required in accordance with this Act as well as the fund rules of the master fund to the management company managing a feeder fund investing in the master fund, the custodian and auditors of the feeder fund, the feeder UCITS, its custodian and auditors as well as to the Financial Supervisory Authority and the competent authorities of the feeder UCITS home Member State.

Section 115 n (29.12.2011/1490)

The Financial Supervisory Authority shall immediately inform the management company managing the feeder fund of any decision, measure, observation of non-compliance with the conditions set in this chapter or of any information reported in accordance with section 31 of the Act on the Financial Supervisory Authority if they concern the master fund or the management company managing it or the custodian or auditor of the master fund. If the feeder fund of the master fund is a UCITS, the competent authorities of the feeder UCITS home Member State shall be informed.

CHAPTER 18

Withdrawal of the authorisation of a management company and restriction of activities as well as termination of a management company and a common fund

Section 116 (2.4.2004/224)

The management company shall apply for the withdrawal of the authorisation from the Financial Supervision Authority if its purpose no longer is to carry out common fund activity. The application shall be accompanied by the decision of the General Meeting of the Shareholders of the management company on the submission of the application for the withdrawal of the authorisation as well as an account of the manner in which the management company has arranged the management of the common funds managed by it.

Section 117 (19.12.2008/889)

The right of the Financial Supervisory Authority to restrict the operations of a management company or to withdraw its authorisation shall be governed by sections 26 and 27 of the Act on the Financial Supervisory Authority (878/2008).

The Financial Supervisory Authority shall hear the competent authorities of the home Member State of a common fund managed by the management company in another EEA Member State than Finland before withdrawing the authorisation of the management company.
(29.12.2011/1490)

Section 117 a (29.12.2011/1490)

The Financial Supervisory Authority shall notify the withdrawal of the authorisation of the management company for registration and report it to the European Securities and Markets Authority. If the management company has been granted the authorisation for an activity referred to in section 5, subsection 2, the Financial Supervisory Authority shall notify the withdrawal of the authorisation also to the Investor Compensation Fund.

When deciding on the withdrawal of the authorisation of a management company that has been granted an authorisation for an activity referred to in section 5, subsection 2, the Financial Supervisory Authority may simultaneously order the claims of the investors payable from the assets of the Investor Compensation Fund as provided for in chapter 6 of the Act on Investment Firms.

Section 118

If the authorization of a management company is withdrawn, the company is placed in liquidation, the assets of the company are placed in bankruptcy or if the company otherwise ceases its operations, the custodian shall immediately undertake the management of the common fund.

During the management of a common fund by the custodian, the rights and obligations of the custodian relating to common fund activity shall, where applicable, be governed by the provisions on the management company unless otherwise provided for in this chapter.

The custodian may not exercise the voting rights attached to shares belonging to a common fund while managing the assets of the common fund.

While managing a common fund, the custodian may not issue or redeem any units in the common fund.

When the custodian has undertaken the management of a common fund, it shall, without delay, undertake measures to transfer the management of the common fund to another management company, to merge the common fund or to dissolve the common fund.

Section 119

A management company may terminate a common fund managed by it. The management company shall, without delay, notify the Financial Supervision Authority of its decision to terminate a common fund managed by it. The management company shall simultaneously notify the unitholders of the decision in writing and publish an announcement thereon in at least one national newspaper. The announcement shall state the date on which and the manner in which the funds of the unitholders may be withdrawn.

The management company shall order that the issue and redemption of units in the common fund to be terminated be interrupted without delay, convert the assets of the common fund into cash, pay its debts or set aside assets for their payment as well as distribute the remaining assets to the unitholders in proportion to their holding of units.

The management company shall draw up a final account on the termination procedure, which shall be forwarded to the unitholders and the Financial Supervision Authority with its appendices.

The funds which are not withdrawn shall, after one year from the date of making the announcement referred to in paragraph 1 be deposited in accordance with the Act on the Depositing of Cash, Securities or Documents as Payment of a Debt or Discharge from Other Performance Liability. If the funds have not been withdrawn within fourteen days, they shall be deposited in a deposit bank or a branch of a foreign credit institution in Finland in a safe and profitable manner. If

the funds are not withdrawn within ten years from the date on which they were deposited, they shall devolve on the State.

After the assets of a common fund have been distributed and the common fund has been terminated, the management company shall notify the Financial Supervision Authority thereof without delay.

Section 120

A custodian shall comply with the termination procedure referred to in section 119 in the case referred to in section 118, paragraph 5.

Section 121 (2.4.2004/224)

A management company shall terminate a common fund as provided for in section 119 or undertake measures to merge the common fund in the manner referred to in chapter 16 if the minimum capital of the common fund referred to in the Act or in the fund rules or the minimum number of unit holders has not been reached within six months from the commencement of the activity of the common fund or if the assets of the common fund or the number of unit holders has fallen below the minimum prescribed in the law or in the fund rules and it has not been possible to rectify the situation within 90 days from the end of the time period referred to in section 50, subsection 2 or if any other condition for dissolution provided for in the fund rules is met.

The provisions of subsection 1 shall correspondingly be complied with when the Financial Supervisory Authority has required the cessation of management of the common fund under section 18 j. (29.12.2011/1490)

Section 122 (19.12.2008/889)

The Financial Supervisory Authority shall appoint an agent referred to in section 29 of the Act on the Financial Supervisory Authority to handle the termination of a common fund as provided for in section 119 if:

- 1) the management company or the custodian does not undertake measures to terminate the common fund or to prepare the merger of common funds within one month from the fulfillment of the requirement referred to in section 121; or if
- 2) the custodian does not undertake measures to transfer the management of the common fund.

The Financial Supervisory Authority shall immediately order that the issue and redemption of the units in the common fund be interrupted.

Section 123 (2.4.2004/224)

The withdrawal or restriction of the authorisation of a management company, the interruption of the redemption of units and the termination of a common fund shall be notified to the competent authorities of all the States belonging to the European Economic Area in which the management company operates or in which the units of the common fund managed by the management company or subject to the measure have been marketed.

The notification shall, in cases referred to in sections 116, 117 and 122, be submitted by the Financial Supervision Authority, in cases referred to in sections 119 and 121 by the management company and in the case referred to in section 118, subsection 5 by the custodian.

Section 123 a (29.12.2011/1490)

The Financial Supervisory Authority shall immediately inform the competent authorities of the host EEA Member State of the common fund of a decision concerning:

- 1) withdrawal of the authorisation of a common fund;
- 2) serious measures taken against a common fund; or
- 3) interruption of the issue or redemption of the units of a common fund.

If the common fund referred to in subsection 1 is managed by a foreign EEA management company, the Financial Supervisory Authority shall inform also the competent authorities of the foreign EEA management company's home Member State of the decision referred to in subsection 1.

Exchange of information between competent authorities shall be governed by the Commission Notification Regulation.

CHAPTER 19

Withdrawal of the authorization of the custodian as well as termination of the custodian

Section 124 (2.4.2004/224)

The custodian shall apply for the withdrawal of the authorisation from the Financial Supervision Authority if its purpose no longer is to carry out custodial activity. The application shall be accompanied by the decision of the General Meeting of the Shareholders of the custodian on the submission of the application for the withdrawal of the authorisation as well as an account to the effect that the custodian is no longer engaged in duties referred to in section 31.

Section 125 (19.12.2008/889)

The right of the Financial Supervisory Authority to restrict the operations of a custodian or to withdraw its authorisation shall be governed by sections 26 and 27 of the Act on the Financial Supervisory Authority.

Section 126

If the authorisation of a custodian is withdrawn, the organisation is placed in liquidation, the assets of the organisation are placed in bankruptcy or if the organisation otherwise ceases its operations, and if the management company does not immediately undertake measures to elect a new custodian, an agent referred to in section 29 of the Act on Financial Supervisory Authority shall be ordered to the custodian to tend to the duties of the custodian until the actual custodian has assumed its duties. (19.12.2008/889)

If a management company does not take measures to elect a custodian, the Financial Supervision Authority shall undertake measures to terminate the common funds managed by the management company in the manner referred to in sections 122 and 123.

CHAPTER 20

Activities of a management company abroad and marketing of units in a UCITS in Finland (29.12.2011/1490)

Activities of a management company pursued abroad by a branch (29.12.2011/1490)

Section 126 a (29.12.2011/1490)

A management company which intends to establish a branch in the management company's host Member State shall notify the Financial Supervisory Authority thereof well in advance. The notification shall include the following information and accounts:

- 1) the management company's host Member State within the territory of which the management company plans to establish a branch;
- 2) the programme of operations of the branch setting out which activities and how the management company intends to carry out in the management company's host Member State, the administrative structure of the branch as well as a description of the risk-management process and a description of the measures, procedures and arrangements referred to in Article 15 of the UCITS Directive to be taken in the host Member State;
- 3) the address of the branch from which documents may be obtained;
- 4) the names of those responsible for the activities of the branch;

5) information on the cover system intended for the protection of the investors of the branch or on lack thereof.

Unless the Financial Supervisory Authority have reason to doubt the adequacy of the administrative structure or the financial situation of the management company, taking into account the activities envisaged, it shall, within two months from receipt of all the information referred to in subsection 1, communicate the information to the competent authorities of the management company's host Member State and inform the management company accordingly. The Financial Supervisory Authority may, within two months from receipt of the notification referred to in subsection 1, decide not to submit such notification if it notices that the establishment of the branch does not meet the requirements set for the establishment of a branch. A branch may not be established if the Financial Supervisory Authority has refused to submit the notification.

If the management company intends to manage a common fund in the management company's host Member State, the Financial Supervisory Authority shall enclose with the documentation to be sent to the competent authorities of the host Member State an attestation that the management company has been authorised, a description of the scope of the management company's authorisation and details of any restriction on the types of common funds that the management company is authorised to manage.

A branch may start its business when the management company has received a communication from the competent authorities of the management company's host Member State or, without receipt of any communication, within two months of receipt of the information referred to in subsection 1 by the said authority.

In the event of change in the information referred to in subsection 1 (2) - (4), the management company shall notify the Financial Supervisory Authority as well as the competent authorities of the management company's host Member State in writing of the changes at the latest one month before their entry into force.

In the event of change in the information referred to in subsection 1 and communicated in accordance with subsection 2, the Financial Supervisory Authority shall notify the competent authorities of the management company's host Member State thereof. In the event of change in the scope of the management company's authorisation or in any restrictions on the types of common funds that the management company is authorised to manage, the Financial Supervisory Authority shall notify the competent authorities of the management company's host Member State of the changes and correspondingly update the information included in the attestation referred to in subsection 3 .

Section 26 of this Act shall not be applied to activities that the management company pursues by a branch.

Section 126 b (2.4.2004/224)

A management company that intends to establish a branch in a State other than one referred to in section 126 a shall apply for permission to establish the branch from the Financial Supervision Authority. The permission shall be granted if the sufficient supervision of the branch can be arranged and if the establishment of the branch, taking into account the management of the management company and its financial situation, is not likely to endanger the operations of the management company. A statement of the Bank of Finland shall be requested on the permission application. After hearing the applicant for the permission, the Financial Supervision Authority may include in the permission restrictions and terms relating to the business operations of the branch necessary for supervision.

The accounts to be appended to an application for a permission shall be governed by a Decree of the Ministry of Finance.

Section 126 c (2.4.2004/224)

If the management company does not fulfil the requirements of sections 126 a and 126 b, the Financial Supervision Authority may set a fixed period of time for the remedy of the situation and, unless the requirement is fulfilled within the set period of time, apply the provisions of section 117, where applicable.

Activities pursued by a management company abroad without establishing a branch

Section 126 d (2.4.2004/224)

A management company which intends to start to pursue activities referred to in section 5 in the management company's host Member State without establishing a branch shall notify the Financial Supervisory Authority thereof well in advance. The notification shall include the following information and accounts:

- 1) the management company's host Member State within the territory of which the management company intends to operate;
- 2) the programme of operations setting out which activities and how the management company intends to carry out in the management company's host Member State, a description of the risk-management process of the management company and a description of the measures, procedures and arrangements referred to in Article 15 of the UCITS Directive to be taken in the host Member State;

The Financial Supervisory Authority shall within one month from receipt of the notification referred to in subsection 1 notify the competent authorities of the management company's host Member State thereof. If the management company intends to manage a common fund in the management company's host Member State, the notification shall further be appended with an attestation that the management company has been authorised, a description of the scope of the management company's authorisation and details of any restriction on the types of common funds that the management company is authorised to manage. The notification shall be appended with information on the cover system intended for the protection of the investors or on lack thereof.

In the event of change in the information referred to in subsection 1, the management company shall notify of the changes in advance in writing to the Financial Supervisory Authority as well as the competent authorities of the management company's host Member State. In the event of change in the scope of the management company's authorisation or in any restrictions on the types of common funds that the management company is authorised to manage, the Financial Supervisory Authority shall notify the competent authorities of the management company's host Member State of the changes and correspondingly update the information included in the attestation referred to in subsection 3.

A management company referred to in this section shall be governed by the provisions of section 26.

Section 126 e (29.12.2011/1490)

A management company which intends to commence the operations referred to in section 5 (2) in the territory of a State other than an EEA Member State without establishing a branch shall notify the Financial Supervisory Authority well in advance what activities the management company intends to carry out as well as where and when.

In the event of change in the information referred to in subsection 1, the management company shall notify the Financial Supervisory Authority and the supervisory authority of the relevant State corresponding to the Financial Supervisory Authority.

Management of a common fund in the host Member State of the management company (29.12.2011/1490)

Section 126 f (29.12.2011/1490)

The provisions of this Act shall not govern the management of a common fund in the host Member State of the management company in so far as it involves the functions and duties referred to in section 18 i (1). The management company shall, however, comply with the provisions of this Act and the provisions and regulations issued there under on the organisation of a management company, such as the arrangements regarding the outsourcing of duties, the risk-management process, the requirements relating to stability of operations and their control as well as the reporting requirements set on the management company.

The Financial Supervisory Authority shall supervise compliance with the provisions of subsection 1 by the management company.

Marketing of units of a common fund managed by the management company and a foreign EEA management company in Finland in the host EEA Member State of the common fund (29.12.2011/1490)

Section 127 (29.12.2011/1490)

A management company and a foreign EEA management company which intends to market units of a common fund managed by it in Finland in the host EEA Member State of the common fund shall submit a notification letter thereof to the Financial Supervisory Authority. The notification letter shall include the following information and documents:

- 1) information on arrangements made for marketing units of the common fund in the host EEA Member State of the common fund and an indication that the units are marketed by the management company that manages the common fund or by a foreign EEA management company;
- 2) the fund rules, prospectus, the latest annual report and a subsequent half-yearly report, translated in accordance with the provisions of section 127 b, subsection 2 (3);
- 3) key investor information, translated in accordance with the provisions of section 127 b, subsection 2 (2).

The Financial Supervisory Authority shall check the notification letter referred to in subsection 1 and the enclosed documents and transmit them to the competent authority of the host EEA Member State of the common fund, no later than 10 working days from receipt thereof. The Financial Supervisory Authority shall enclose with the documentation an attestation that the common fund fulfils the requirements provided for in this Act.

The Financial Supervisory Authority shall immediately notify the management company or the foreign EEA management company about the transmission of the notification letter and attestation to the competent authority of the host EEA Member State of the common fund. The management company or the foreign EEA management company may start the marketing of units in the host EEA Member State of the common fund as from the date of that notification.

The notification letter referred to in subsection 1 and the attestation referred to in subsection 2 shall be provided in a language customary in the sphere of international finance. The Financial Supervisory Authority and the competent authority of the host EEA Member State of the common fund may agree to that the notification letter and the attestation shall be provided in an official language of both Member States.

The Financial Supervisory Authority shall transmit and file the documents referred to in this section electronically.

The Commission Notification Regulation shall govern the standard model notification letter and the form and contents of the attestation regarding a UCITS as well as the electronic notification procedure.

Section 127 a (29.12.2011/1490)

The management company and the foreign EEA management company shall ensure that the documents and, where necessary, their translations are available to the competent authorities of the host EEA Member State of the common fund on the website of the management company and the foreign EEA management company. The management company and the foreign EEA management company shall keep the said documents and translations up to date. They shall notify any amendments to the documents to the competent authorities of the host EEA Member State of the common fund and indicate where those documents can be obtained electronically.

The management company and the foreign EEA management company shall give a written advance notice to the competent authorities of the host EEA Member State of the common fund of any changes in the arrangements referred to in section 127, subsection 1 (1).

The Financial Supervisory Authority shall issue further regulations necessary for the implementation of the Commission Merger Directive on the right of access of the competent authorities of the host EEA Member State of the common fund to the documents referred to in section 127, subsection 1 (2) and (3) in accordance with subsection 1 of this section.

Section 127 b (29.12.2011/1490)

The management company and a foreign EEA management company which markets the units in a common fund managed by it in Finland in the host EEA Member State of the common fund shall there provide the investors with the same information and documents which a company is required to provide in Finland pursuant to chapter 13.

The information and documents and any changes thereto shall be provided as follows:

- 1) without prejudice to the provisions of chapter 13, the information and documents shall be provided in the way prescribed by the legislation of the host EEA Member State of the common fund;
- 2) key investor information of the common fund shall be translated into the official language, or one of the official languages, of the host EEA Member State of the common fund or into a language approved by the competent authorities thereof;
- 3) information and documents other than key investor information shall be translated, at the choice of the management company, into the official language, or one of the official languages, of the host EEA Member State of the common fund, into a language approved by the competent authorities thereof or into a language customary in the sphere of international finance.

The management company and the foreign EEA management company shall be responsible for producing the translations referred to in subsection 2 (2) and (3).

The issue and redemption prices of units of the common fund referred to in subsection 1 shall be published at times determined by this Act.

Section 127 c (29.12.2011/1490)

In the event that the competent authority of the host EEA Member State of a common fund notifies the Financial Supervisory Authority that, in the marketing of units of a common fund, the management company or the foreign EEA management company is in breach of the obligations arising from the provisions adopted pursuant to the UCITS Directive which do not confer powers on the competent authorities of the said EEA Member State, the Financial Supervisory Authority shall take the appropriate measures to ensure that activities in breach of the provisions cease.

Marketing of units in a special common fund elsewhere than in Finland and marketing of units in a common fund in a State other than an EEA Member State (29.12.2011/1490)

Section 127 d (29.12.2011/1490)

A management company may market units in a special common fund also outside Finland as well as units in a common fund also in a State other than an EEA Member State. The Financial Supervisory Authority shall, where necessary, issue to the management company, on its request, a testimonial to the effect that the special common fund or common fund forming the object of the application is registered in Finland and subject to the supervision of the Financial Supervisory Authority.

The Financial Supervisory Authority shall notify the European Securities and Markets Authority and the European Commission of any general difficulties that the management company has in the marketing in third countries of units in the common fund managed by it.

Marketing of UCITS in Finland (29.12.2011/1490)

Section 128 (29.12.2011/1490)

A UCITS may market its units in Finland if the competent authorities of its home Member State have submitted to the Financial Supervisory Authority a notification of the commencement of marketing. The notification letter shall contain:

- 1) information on arrangements made for marketing of units of UCITS in Finland and an indication that the units of UCITS are marketed by the management company managing the UCITS;
- 2) the fund rules of UCITS, prospectus, the latest annual report and a subsequent half-yearly report, translated in accordance with the provisions of section 131 (2);

3) key investor information, translated in accordance with the provisions of section 131 (2);

4) an attestation of the competent authority of the UCITS home Member State that the UCITS fulfils the conditions imposed by the UCITS Directive.

A UCITS may commence the marketing of its units in Finland when the competent authority of the UCITS home Member State has notified it about the transmission of the documents referred to in subsection 1 to the Financial Supervisory Authority.

The notification letter referred to in subsection 1 and the attestation shall be provided in a language customary in the sphere of international finance unless the Financial Supervisory Authority and the competent authority of the UCITS home Member State agree that they be provided in an official language of both Member States.

The UCITS shall ensure that the Financial Supervisory Authority has access, by electronic means, to the documents referred to in subsection 1 (2) and (3) and, if applicable, to translations thereof. The UCITS shall notify the Financial Supervisory Authority of any amendments to the documents and indicate where they can be obtained electronically.

The UCITS shall give the Financial Supervisory Authority a written advance notice of any changes in the arrangements referred to in subsection 1 (1).

The Financial Supervisory Authority shall transmit and file the documents referred to in this section electronically.

The electronic notification procedure shall further be governed by the Commission Notification Regulation.

Section 128 a (29.12.2011/1490)

The UCITS shall, in accordance with this Act and the provisions and orders issued there under, implement arrangements necessary for marketing units for:

- 1) making of payments to unit holders;
- 2) redemption of units;
- 3) keeping available the documents and information which a UCITS is liable to make available.

Before ending the marketing of units, the UCITS shall notify the Financial Supervisory Authority of its decision and publish an announcement thereon in at least one national newspaper. The announcement shall provide information on:

- 1) the manner in which the payments to the unitholders will be made in the future;
- 2) the manner in which and the place where the redemption claims of units shall be presented;
- 3) the manner in which and the place where the documents and information which the UCITS is liable to publish shall be kept available.

Section 128 b (29.12.2011/1490)

The Financial Supervisory Authority shall keep available in its website information on Acts, Decrees and regulations not falling within the scope of application of this Act but with special significance for arrangements referred to in section 128 a to be made in Finland. The information shall be kept available in a clear manner and in a language customary in the sphere of international finance.

Further provisions on the scope of the information referred to in subsection 1, necessary for the implementation of the Commission Merger Directive, shall be issued by a Decree of the Ministry of Finance.

Section 128 c (29.12.2011/1490)

For the purpose of pursuing its activities in Finland, a UCITS may use the same reference to its legal form in its name or trade name as it uses in its home Member State.

Section 128 d (29.12.2011/1490)

In the event that the Financial Supervisory Authority has grounds for believing that a UCITS is in breach of the obligations arising from the provisions adopted pursuant to this Directive which do not confer powers on the Financial Supervisory Authority, it shall notify thereof to the competent authorities of the UCITS home Member State.

To protect the investors, the Financial Supervisory Authority shall have the right to take the necessary measures in accordance with section 61 (6). The Financial Supervisory Authority shall have the right to prevent a UCITS from continuing the marketing of units in Finland if the company continues its activities in a manner that is prejudicial to the interests of the investors:

- 1) despite the measures taken by the competent authorities of the UCITS home Member State;
- 2) because the measures prove to be inadequate; or
- 3) because the measures are not taken within a reasonable time.

The Financial Supervisory Authority shall, before taking the measures, notify the competent authorities of the UCITS home Member State thereof. The Financial Supervisory Authority shall notify any measures taken by it to the European Commission and the European Securities and Markets Authority. Instead of taking the measures referred to in subsection 2, the Financial Supervisory Authority may, where necessary, refer the matter to be handled by the European Securities and Markets Authority.

Section 129 (2.4.2004/224)

The units of a UCITS other than one referred to in section 128 may, by permission of the Financial Supervision Authority, be marketed to the public in Finland. The permission for marketing may be granted if the unit holders are deemed to receive protection adequately equivalent to the cover referred to in this Act and if, in accordance with the legislation of the home State of the UCITS, it is subject to supervision equivalent to European Community legislation and if cooperation between the authority supervising it and the Financial Supervision Authority has been adequately ensured.

When issuing the decision referred to in subsection 1, the Financial Supervision Authority shall, after hearing the applicant, have the right to set requirements regarding the information which the UCITS is liable to publish in Finland and which it shall submit in connection with the marketing of the units.

Marketing of units of a UCITS other than one in accordance with the UCITS Directive

Section 130

Before a UCITS other than one in accordance with the UCITS Directive referred to in section 129 commences the marketing of its units in Finland, it shall submit to the Financial Supervisory Authority: (29.12.2011/1490)

- 1) an account of the fulfilment of the requirements provided for in section 129, subsection 1; (29.12.2011/1490)
- 2) the rules or the instrument of incorporation of the UCITS; (29.12.2011/1490)
- 3) the prospectus, the latest annual report, a subsequent half-yearly report and other documents and information which it shall publish in its home Member State; (29.12.2011/1490)
- 4) information on arrangements for the marketing of the units of the UCITS in Finland;
- 5) information on arrangements for the making of payments to unit holders;
- 6) information on the manner for the redemption of units in Finland;
- 7) information on the manner in which and the place where the documents and information which the UCITS is liable to publish shall be kept available; as well as
- 8) other marketing material.

The account referred to in subsection 1 shall be submitted also in connection with the application for authorisation referred to in section 129 (1) unless the Financial Supervisory Authority, for a special reason, grants an exemption there from. The Financial Supervisory Authority may request from an applicant also other accounts it deems necessary to ensure that the UCITS meets the requirements set in section 129 (1). (29.12.2011/1690)

The Financial Supervision Authority may issue further provisions on the contents of the information referred to in paragraph 1, subparagraphs 4-8. Any changes in the information referred to in paragraph 1, subparagraphs 2-8 shall be notified to the Financial Supervision Authority without delay.

A UCITS referred to in this section shall further be governed by the provisions of section 128 a. (29.12.2011/1490)

Access to information

Section 131 (29.12.2011/1490)

A UCITS which markets its units in Finland shall, in accordance with this Act, provide the investors in Finland with the information and documents and any changes made therein that it shall provide to the investors in the UCITS home Member State under Chapter IX of the UCITS Directive. The UCITS shall provide at least the following documents and information:

- 1) the rules or the instrument of incorporation of the investment company;
- 2) the prospectus;
- 3) key investor information;
- 4) the annual report and the half-yearly report;
- 5) the issue or redemption price of a unit.

Key investor information and any amendments thereto shall be published in Finnish or in Swedish or in another language approved by the Financial Supervisory Authority. The documents and information and any changes thereto shall be published, at the choice of the UCITS, in Finnish or in Swedish or in another language approved by the Financial Supervisory Authority or in a language customary in the sphere of international finance. The UCITS shall be responsible for producing the translations.

The provisions of this section shall also apply to a UCITS other than one in accordance with the UCITS Directive referred to in section 129.

Section 132 (29.12.2011/1490)

In marketing the units of a UCITS other than one in accordance with the UCITS Directive referred to in section 129, the name or trade name registered solely in the home Member State of the UCITS may not be used alone if its use in Finland were likely to mislead the public. The Financial Supervisory Authority shall have the right to require that an explanatory supplement be added to the name or trade name if this is necessary for the sake of clarity.

CHAPTER 20 a (29.12.2011/1490)

Special provisions on foreign management companies and supervisory cooperation

Special provisions on foreign management companies

Section 132 a (29.12.2011/1490)

A foreign EEA management company which carries out activity by a branch shall be governed by the provisions of section 8 a on the necessary resources and procedures for the performance of business and of section 26 on the pursuit of common fund activity.

The Financial Supervisory Authority shall supervise compliance with subsection 1.

Section 132 b (29.12.2011/1490)

A foreign EEA management company which, under its authorisation, carries out the activity referred to in section 5 (2) by a branch shall further be governed by the provisions of the Securities Markets Act, with the exception of the provisions of chapter 4, sections 7, 12, 14 and 15 and chapter 5 sections 5, 5 a and 7 as well as by the provisions sections 36 and 37 of the Act on the Investment Firms on the duties of a securities intermediary in the provision of investment services.

Section 132 c (29.12.2011/1490)

A third-country management company which carries out in Finland activity referred to in section 5 (2) shall, in addition, be governed by the provisions in the law on the provision of investment services as business operations and the duties of a securities intermediary referred to in the Securities Markets Act.

Section 132 d (29.12.2011/1490)

Membership in the Investor Compensation Fund referred to in the Act on Investment Firms of a branch of a foreign management company referred to in sections 132 b and 132 c shall be governed by the provisions of sections 4 a, 4 b, 8 a, 8 b and 13 a of the Act on the Right of a Foreign Investment Firm to Provide Investment Services in Finland.

Section 132 e (29.12.2011/1490)

A notification shall be filed with the Trade Register of a branch of a foreign EEA management company and a third-country management company as provided for in the Trade Register Act (129/1979).

Notwithstanding the provisions elsewhere in the law on a trade name, a foreign EEA management company and a third-country management company may carry out activities in Finland under the same trade name it has in its home Member State.

The National Board of Patents and Registration may require that a distinguishing supplement be added to the trade name, if:

- 1) the trade name is not clearly distinguishable from names enjoying higher priority; or
- 2) there is a danger of mixing it with a trade name or trade mark, to which another party has an exclusive right in Finland.

Section 132 f (29.12.2011/1490)

A branch director shall be responsible for the activities of a branch of a foreign EEA management company and a third-country management company, who shall also represent the management company in legal relationships relating to the activities of the branch.

The branch director may not be a legal person or a minor nor a person for whom a guardian has been appointed, whose capacity has been restricted or who is bankrupt. The effects of a ban on business operations on competence shall be governed by the provisions of the Act on Ban on Business Operations (1059/1985).

The branch director of a foreign EEA management company and a third-country management company shall be governed by the provisions of section 5 e on the Managing Director of a management company.

Section 132 g (29.12.2011/1490)

A foreign EEA management company and a third-country management company may not, in the course of its activities in Finland, incur a risk that fundamentally endangers the interests of the customers of the branch. A branch shall have adequate risk monitoring systems vis-à-vis its activities.

Section 132 h (29.12.2011/1490)

The provisions of section 4 a on preparedness and the reimbursement of the costs incurred thereby shall correspondingly apply to a branch of a foreign EEA management company, through which the management company manages a common fund in Finland.

The obligation provided for in subsection 1 shall not apply to a branch of a foreign EEA management company to the extent that the branch has, under the legislation of the home Member State of the management company, ensured attendance to its duties in exceptional circumstances in a manner corresponding to subsection 1 and presented an adequate account thereon to the Financial Supervisory Authority.

Section 132 i (29.12.2011/1490)

The confidentiality, the right to give information and breach of the secrecy obligation of an employee of a branch of foreign EEA management company and a third-country management company shall be governed by the provisions of sections 133, 133 a, 144 and 147.

Notwithstanding the provisions of subsection 1, a branch shall have the right to give the information for which disclosure has been provided or duly ordered to the competent authority or an organisation responsible for the supervision of the home Member State as well as to an auditor of the management company represented by him.

The auditors' duty to report shall be governed by the provisions of section 31 of the Act on the Financial Supervisory Authority.

Section 132 j (29.12.2011/1490)

A summons or another notice shall be deemed to have been served to a foreign EEA management company and a third-country management company when it has been served to the person who has the right, alone or together with another person, to represent the management company.

If none of the representatives of the management company referred to in subsection 1 has been entered in the Trade Register, the notice may be served by conveying the documents to a person in the employment of the management company or, if no such person is found, to the police authority of the location of the branch of the management company in compliance with the provisions of chapter 11, section 7 (2) - (4) of the Code of Judicial Procedure.

Section 132 k (29.12.2011/1490)

The branch director of a foreign EEA management company and a third-country management company shall be liable to compensate any damage he has caused to a customer of the branch or to another person in his duties either willfully or through negligence by breaching this Act or another regulation concerning the activities of the branch.

The adjustment of damages as well as the division of liability among two or more persons liable for the damages shall be governed by the provisions of chapters 2 and 6 of the Damages Act (412/1974).

Special provisions on supervisory cooperation

Section 132 l (29.12.2011/1490)

The Financial Supervisory Authority shall be heard before the withdrawal of the authorisation of a foreign EEA management company if the company manages a common fund in Finland. Prior to withdrawing the authorisation, the Financial Supervisory Authority shall take the necessary measures to protect the interests of the investors.

Section 132 m (29.12.2011/1490)

In the event that the Financial Supervisory Authority has grounds for believing that an actor falling outside the scope of its supervision pursues or has pursued activities in breach of the UCITS Directive in the territory of another EEA Member State, it shall notify the competent authority of the relevant EEA Member State thereof.

Section 132 n (29.12.2011/1490)

A supervisory measure or on-the-spot verification or investigation carried out in Finland at the request of the competent authorities of another EEA Member State shall be governed by the provisions of section 60 (1) - (3) of the Act on the Financial Supervisory Authority.

The right of the Financial Supervisory Authority to refuse from supervisory cooperation shall be governed by section 53 of the Act on the Financial Supervisory Authority.

Supervisory cooperation in on-the-spot verifications and investigations shall be governed by the Commission Notification Regulation.

Section 132 o (29.12.2011/1490)

If a request of the Financial Supervisory Authority relating to supervisory cooperation has been rejected or has not been acted upon within a reasonable time, the Financial Supervisory Authority may bring the matter to be handled by the European Securities and Markets Authority. A precondition shall be that the request of the Financial Supervisory Authority relates to:

- 1) exchange of information in accordance with Article 109 of the UCITS Directive;
- 2) an on-the-spot verification or investigation to be carried out in another EEA Member State; or
- 3) an authorisation for its officials to accompany those of the competent authority of the other EEA Member State in an on-the-spot verification or investigation to be carried out in the relevant Member State.

Section 132 p (29.12.2011/1490)

The duty of the Financial Supervisory Authority to provide information to the competent authorities of an EEA Member State shall be governed by the provisions of section 52 of the Act on the Financial Supervisory Authority.

The Financial Supervisory Authority shall cooperate with the competent authorities of the host Member State of the management company to ensure that the latter authority collects from the management company the information required for the supervision of compliance by the management company with the provisions applicable thereto in the host Member State.

The Financial Supervisory Authority shall immediately notify the competent authorities of the host Member State of the management company of any problems detected, if they may materially affect the ability of the management company to perform its duties properly, as well as any breach of requirements relating to business operations and in accordance with the provisions of this Act or the provisions and orders issued there under.

The Financial Supervisory Authority shall immediately notify the competent authorities of the host Member State of the EEA management company of any problems detected in the common fund managed by the management company, if they may materially affect the ability of the management company to perform its duties properly or to comply with the requirements in accordance with the provisions of this Act or the provisions and orders issued there under, which fall under the supervisory responsibility of the Financial Supervisory Authority.

The exchange of information between competent authorities shall be governed by the Commission Notification Regulation.

Section 132 q (29.12.2011/1490)

The Financial Supervisory Authority shall notify the European Securities and Markets Authority and the European Commission information on cases where:

- 1) an application referred to in section 18 c has been rejected;
- 2) the Financial Supervisory Authority has decided not to file a notification referred to in section 126 a (2) to the authorities of another EEA Member State.

Section 132 r (29.12.2011/1490)

The Financial Supervisory Authority shall notify the European Securities and Markets Authority, the European Commission and the competent authorities of the EEA Member States the names of the Finnish authorities referred to in section 71, subsection 1 (7) and (8) of the Act on the Financial Supervisory Authority.

CHAPTER 21

Secrecy obligation and liability in damages as well as identification of an investor

Section 133

A member of the Board of Directors, the Managing Director, an auditor as well as an employee of the management company and the custodian shall be liable to keep secret any information acquired by him in the course of his duty on the financial position or trade or business secret of a unitholder or another person.

A management company and a custodian shall be liable to give the information referred to in paragraph 1 only to the prosecution or preliminary investigation authorities for the investigation of a crime as well as to an authority otherwise entitled to receive such information under the law.

Section 133 a (25.1.2002/47)

Notwithstanding the provisions of section 133, a management company shall be entitled to convey the information referred to in section 133 to an organisation belonging to the same group, consolidation group and financial and insurance conglomerate referred to in the Act on the Supervision of Financial and Insurance Conglomerates (44/2002) for the purpose of customer service or other management of a customer relationship, marketing as well as for the risk management of the group, consolidation group or financial and insurance conglomerate. The provisions of this subsection shall not apply to the disclosure of sensitive data referred to in section 11 of the Personal Data Act (523/1999).

In addition to the provisions of subsection 1, a management company may disclose information from its customer register necessary for marketing as well as customer service and other management of a customer relationship to an undertaking that belongs to the same financial group as the management company if the recipient of the information is subject to the confidentiality obligation laid down in this Act or a corresponding confidentiality obligation. The provisions of this subsection shall not apply to the disclosure of sensitive data referred to in section 11 of the Personal Data Act.

Section 134 (29.12.2011/1490)

A management company shall be liable to compensate any damage it has caused to the common fund or a unitholder or to another person willfully or through negligence with a procedure in violation of this Act, the provisions or orders issued there under, EU Regulations issued under the UCITS Directive or the fund rules.

The provisions of subsection 1 on the duty to compensate the damage shall also apply to the party to whom the management company has outsourced the function referred to in section 26 a.

Section 135 (29.12.2011/1490)

A member of the Board of Directors and the Managing Director shall be liable to compensate any damage that he has caused to the management company, its shareholder, a common fund or a unitholder or to another person willfully or through negligence in connection with his function through a violation of this Act, the provisions issued there under or the fund rules. The damage shall be deemed to have been caused by negligence unless the person liable for the procedure proves that he has acted with due care. The provisions of this subsection shall not apply to damage to the extent that they have been caused by breach of the provisions of chapter 13 or the provisions of sections 133 and 133 a as well as sections 144, subsections 1, 3 and 4.

The liability to damages of an auditor shall be governed by section 51 of the Accounting Act.

Section 136 (29.12.2011/1490)

A shareholder of the management company and a person comparable to a shareholder in the manner provided for in chapter 2, section 9 of the Securities Markets Act shall be liable to compensate any damage that he, by contributing to a violation of this Act, the provisions issued there under or the fund rules, willfully or through negligence, has caused to the management company, its shareholder, a common fund or a unitholder or to another person. The provisions of this subsection shall not apply to damage to the extent that they have been caused by breach of the provisions of chapter 13 or the provisions of sections 133 and 133 a as well as sections 144, subsections 1, 3 and 4.

Section 137

A custodian shall be liable to the management company and the unitholders of a common fund for a loss accruing to them when the custodian, either willfully or through negligence, has neglected to fulfill its liability. A contract on the transfer of this liability to a third party shall be void.

A unitholder shall have the right to demand compensation from the custodian either directly or through the management company.

Section 137 a (29.12.2011/1490)

A damage resulting solely from information in the key investor information issued to investors shall be compensated only if the information is misleading, inaccurate or inconsistent with the relevant parts of the prospectus. Key investor information shall contain a clear warning in this respect.

Section 138

The adjustment of damages as well as the distribution of liability for damages among two or several liable shall be governed by the provisions of chapters 2 and 6 of the Damages Act (412/1974).

Section 139

The General Meeting of the Unitholders shall decide on the filing of a claim for damages referred to in sections 134-137 for a damage suffered by all unitholders collectively and on the filing of a complaint.

If a decision to file a complaint is made, the meeting shall elect a representative who shall be entitled to represent the unitholders in the matter relating to the damages. The representative shall be issued with instructions. The costs incurred in the matter and the fee of the representative shall be paid from the assets of the common fund in accordance with a calculation confirmed by the Financial Supervision Authority.

Any damages accruing to the unitholders collectively shall be paid to the common fund.

Section 140

If the General Meeting of the Unitholders has decided not to present a claim for damages or to file a complaint for damages but unitholders with a minimum of one-tenth of all the units or one-third of the units represented at the meeting have voted against the decision, the complaint may be brought on behalf of the unitholders irrespective of the provisions of section 139, paragraph 1.

The complaint may be filed by unitholders with a minimum of one-tenth of all the units or with a minimum of the portion of the units equal to the units held by the unitholders referred to in paragraph 1 who voted against the decision. If a unitholder waives the complaint after it has been filed, the remaining unitholders who have participated in the filing of the complaint may, nevertheless, pursue the complaint.

The complaint shall be filed within three months from the decision of the General Meeting of the Unitholders. The unitholders who file the complaint shall be liable for the litigation costs which shall be compensated from the assets of the common fund to the extent that the funds obtained through litigation suffice.

The merger of a common fund into another common fund pursuing corresponding investment policy shall not effect the right of action of the minority of unitholders of the merged common fund. The assets obtained through the minority right of action shall come to the common fund for the benefit of the unitholders of the merged fund.

Section 140 a (29.12.2011/1490)

If a common fund has been terminated and a decision to present a claim for damages cannot be made at a General Meeting of the Unitholders, each unitholder shall, notwithstanding the provisions of section 139, have independent right of action. In addition, after hearing the Financial Supervisory Authority, the Consumer Ombudsman may, under section 4 of the Act on Class Actions (444/2007), within 1 year from the termination, bring a class action on behalf of the unitholders, who are in the position of consumers, and exercise the right of a party to be heard.

Section 141

If the damage referred to in section 139 has been caused through a criminal act, the demand of the unitholders for punishment for the act shall correspondingly be governed by the provisions on a claim for damages above.

Section 142

A service or other notice addressed to the unitholders collectively in a matter that, under this Act, shall be handled at a General Meeting of the Unitholders, shall be deemed served upon the unitholders when it is served upon the management company.

Section 143

The Financial Supervision Authority shall, when it deems that the interests of the unitholders so require, have the right to pursue an action for damages referred to in sections 134 through 137 on behalf of the unitholders.

Section 144 (18.7.2008/507)

A management company, a nominee and a custodian shall know their customers. The management company, the nominee and the custodian shall, in addition, where necessary, identify the actual beneficiary of the customer and the person acting on behalf of the customer. In fulfilling the requirement provided for in this subsection, the systems referred to in subsection 2 may be utilised. (11.6.2010/559)

A management company, a nominee and a custodian shall have adequate risk-management systems for assessing risk exposures to customers in their activities. (11.6.2010/559)

The identification of customers shall also be governed by the provisions of the Act on Preventing and Clearing Money Laundering and Terrorist Financing (503/2008) .

The Financial Supervision Authority may issue further regulations on the procedures to be complied with in customer due diligence referred to in subsection 1 and on risk management referred to in subsection 2.

CHAPTER 22

Provisions on punishments

Section 145

Anyone who wilfully or through gross negligence (2.4.2004/224)

- 1) is engaged in common fund or custodial activity without an authorisation;
- 2) in violation of section 7, subsection 2 uses the term "management company" or "limited management company" in its trade name or otherwise to indicate its activity; or
- 3) in violation of section 42, subsection 1 uses the term "common fund",

shall, unless the act is subject to a more severe punishment elsewhere in the law, be sentenced for a *common-fund crime* to a fine or to imprisonment not exceeding six months.

Punishment for giving an authority false information shall be governed by the provisions of chapter 16, section 8 of the Penal Code (39/1889).

Section 146

Anyone who wilfully or through gross negligence (2.4.2004/224)

1) violates the prohibition provided for in section 24, subsection 1 or in section 30; (13.5.2005/298)

2) neglects the duties laid down for a management company or a custodian in section 25, subsection 2, section 26, subsection 1, section 28, section 31, subsection 2, section 45, section 47, subsection 3, section 49, section 52, subsection 1, sections 92-96 and section 118, subsections 2 and 3; (13.5.2005/298)

3) acquires or disposes of securities in violation of section 102; or

4) includes a false or misleading fact in the prospectus referred to in section 92, key investor information referred to in section 93, a half-yearly report referred to in section 94 or in an annual report referred to in section 96, (29.12.2011/1490)

shall, unless the act is minor or subject to a more severe punishment elsewhere in the law, be sentenced for a *common-fund offence* to a fine.

Section 147

Punishment for a breach of the secrecy obligation laid down in section 133 shall be governed by chapter 38, section 1 or 2 of the Penal Code unless the act is subject to a more severe punishment elsewhere in the law.

Section 148 (13.5.2011/471)

When a crime provided for in this Act violates private rights only, the prosecutor may not bring charges for the crime unless the injured party has reported it for prosecution.

The prosecutor may otherwise bring charges for an offence punishable under sections 146 and 147 only if the Financial Supervisory Authority has reported it for prosecution.

Section 149 (29.12.2011/1490)

Anyone who willfully or through negligence acquires or disposes of shares of a management company or a custodian without submitting the notification referred to in section 16 or acquires shares in violation of the objection of the Financial Supervisory Authority issued under section 32 a of the Act on the Financial Supervisory Authority shall be sentenced, unless the act is minor or subject to more severe punishment elsewhere in the law, for *breach of the provision on the acquisition and disposal of shares of a management company or a custodian* to a fine.

Section 150 (19.12.2008/889)

Section 150 repealed by Act of 19 December 2008/889.

CHAPTER 23

Provisions on the entry into force and transitional provisions

Section 151

This Act shall enter into force on 1 February 1999.

Section 152

This Act shall repeal the Act on Common Funds, issued on 8 May 1987 (480/1987), with later amendments.

Section 153

A reference to the Act on Common Funds in another act or decree shall, after the entry into force of this Act, refer to this Act.

Section 154

Auditors who meet the qualifications referred to in section 36 shall be elected, at the latest within 12 months from the entry into force of this Act, for the audit of the management company and the common funds. The qualification provided for an auditor in section 38, paragraph 1 relating to the examination of the calculation of the value of a unit shall be applied from the moment at which an auditor meeting the qualifications referred to in section 36, paragraph 2 is elected.

The restriction provided for in section 20, paragraph 3 and section 22, paragraph 4 of this Act for voting at the General Meeting of the Unitholders shall be applied after 12 months from the entry into force of this Act.

Section 155

A management company which on the basis of an authorization granted to it under the repealed Act carries out business operations referred to in this Act need not apply for a new authorization.

The fund rules confirmed and permits other than those referred to in paragraph 1 granted under the repealed Act shall, notwithstanding this Act, remain in force. If the fund rules or the permits referred to in this paragraph are, with regard to their contents, in conflict with this Act, the management company shall, within six months from the entry into force of this Act, file an application for changing the rules and the permits referred to in this paragraph to comply with this Act.

An application relating to the confirmation of the rules or to an authorization or other permit, pending upon the entry into force of this Act, shall be supplemented to meet the requirements of this Act.

GP 1998/202; Economics Committee Report 1998/ 35; Parliament's Reply 1998/219

Entry into force and application of the amendment provisions:

28.12.2001/1522:

This Act enters into force on 1 January 2002.

GP 184/2001, Economics Committee Report 22/2001, Parliament's Reply 218/2001

25.1.2002/47:

This Act enters into force on 1 February 2002.

GP 165/2001, Economics Committee Report 19/2001, Parliament's Reply 215/2001

13.6.2003/483:

This Act enters into force on 1 August 2003.

The liability laid down in section 4 a of this Act shall be fulfilled at the latest within three years from the entry into force of this Act.

GP 200/2002, Defence Committee Report 2/2002, Parliament's Reply 267/2002

27.6.2003/599:

This Act enters into force on 1 July 2003.

GP 175/2002, Economics Committee Report 27/2002, Parliament's Reply 277/2002

2.4.2004/224:

This Act enters into force on 8 April 2004.

If an authorisation, other permission or the confirmation of the rules of a special common fund has been applied for from the Ministry of Finance before the entry into force of this Act, the handling of the permission or application shall be governed by the Act in force upon the entry into

force of this Act. On consent of the applicant, the matter may, however, be transferred to be handled by the Financial Supervision Authority.

The Financial Supervision Authority may take an application relating to an authorisation, other permission or fund rules into handling in accordance with this Act already prior to its entry into force.

The Ministry of Finance shall notify the authorisations granted prior to the entry into force of this Act for registration within one year from the entry into force of the Act.

An investment firm referred to in the Act on Investment Firms which, under its authorisation, has the right to carry out only activity referred to in section 5, subsection 2 may waive its investment firm authorisation and apply for an authorisation of a management company in compliance with section 5 a.

The own funds of a management company shall meet the requirements set in section 6, subsections 2-4 by 13 February 2007.

The amount of minimum capital of a common fund shall, until 31 December 2005, be governed by the provisions in force upon the entry into force of this Act.

A management company shall bring the investment activity and rules of common funds complying with the Mutual Fund Directive to comply with the provisions of this Act by 31 December 2005 if the rules of the common funds have been confirmed by 13 February 2002.

The Financial Supervision Authority shall be notified of information on outsourcing agreements referred to in section 26 a, subsection 3 and section 30 a, subsection 2 valid upon the entry into force of the Act at the latest six months from the entry into force of the Act.

The provisions of section 26 b, subsection 5, the duty to notify the goals of owner steering in the fund prospectus laid down in section 29, and sections 92, 93 and 97 of this Act shall, however, not be applied before 1 October 2004. Until that date, the provisions on a fund prospectus and a simplified fund prospectus in force upon the entry into force of this Act shall be applied. The management company may publish a fund prospectus and a simplified fund prospectus in accordance with this Act prior to 1 October 2004.

Measures necessary for the implementation of the Act may be undertaken prior to its entry into force.

GP 110/2003, Constitutional Committee Report 16/2003, Economics Committee Report 2/2004, Parliament's Reply 12/2004,
Directive 2001/107/EC of the European Parliament and the Council (32001L01107), Official Journal L 041, 13.2.2002, p. 20-34,
Directive 2001/108/EC of the European Parliament and the Council (32001L01108); Official Journal L 041, 13.2.2002, p. 35-42

13.8.2004/755:

This Act enters into force on 8 October 2004.

GP 55/2004, Economics Committee Report 13/2004, Parliament's Reply 107/2004, Council Regulation (EC) No 2157/2001 (32001R2157); Official Journal L 294, 8.10.2001, p. 1

13.5.2005/298:

This Act enters into force on 1 July 2005.

Measures necessary for the implementation of the Act may be undertaken prior to its entry into force.

The insider register referred to in the provisions of section 100 shall be in accordance with this Act within six months from the entry into force of this Act.

GP 137/2004, Economics Committee Report 4/2005, Parliament's Reply 28/2005

21.7.2006/648:

This Act enters into force on 1 September 2006.

GP 109/2005

Finance Committee Report 7/2006

Reply of Parliament 63/2006

9.2.2007/134:

This Act enters into force on 15 February 2007.

A management company shall be governed by the provisions of section 184 of the Act on Credit Institutions. A management company engaged in activities referred to in section 5, subsection 2

shall also be governed by the provisions of sections 177–181 and section 183 of the Act on Credit Institutions.

GP 21/2006:
Finance Committee Report 25/2006
Reply of Parliament 252/2006

30.3.2007/351:

This Act enters into force on 1 May 2007.

The Financial Supervision Authority may take an application relating to an authorisation, other permission or fund rules into handling in accordance with this Act already prior to its entry into force.

Measures necessary for the implementation of the Act may be undertaken prior to its entry into force.

A special common fund investing its assets mainly in real estate and real estate securities shall draw up a semi-annual report, a quarter-annual report and an annual report in accordance with this Act for the first time at the latest for a financial period starting on 1 January 2007 or thereafter.

GP 102/2006
Finance Committee Report 31/2006
Reply of Parliament 277/2006

13.4.2007/477:

This Act enters into force on 1 July 2007.

GP 194/2006
Finance Committee Report 33/2006
Reply of Parliament 293/2006

26.10.2007/928:

This Act enters into force on 1 November 2007.

The information in the insider register referred to in section 100 of the Act shall be brought to comply with this Act within six months from the entry into force of the Act.

GP 43/2007

Finance Committee Report 4/2007

Reply of Parliament 39/2007

Directive 2004/39/EC of the European Parliament and of the Council (32004L0039), Official Journal No L 145, 30.4.2004, p. 1

Commission Directive 2006/73/EY (32006L0073), Official Journal No L 241, 2.9.2006, p. 26

28.12.2007/1426:

This Act enters into force on 31 December 2007.

GP 103/2007

Finance Committee Report 8/2007

Reply of Parliament 115/2007

Directive 2005/56/EC of the European Parliament and of the Council, Official Journal No L 310, 12.07.2005, p. 1-9

18.4.2008/294:

This Act enters into force on 23 July 2008.

GP 16/2008
Finance Committee Report 4/2008
Reply of Parliament 29/2008

Directive 2001/107/EC of the European Parliament and of the Council (32001L0107); Official Journal L 41, 13.02.2002, p. 20

Commission Directive 2007/16/EC (32007L0016); Official Journal L 79, 20.03.2007, p. 11

18.7.2008/507:

This Act enters into force on 1 August 2008.

GP 25/2008

Administration Committee Report 8/2008
Reply of Parliament 77/2008

19.12.2008/889:

This Act enters into force on 1 January 2009.

GP 66/2008
Finance Committee Report 20/2008
Reply of Parliament 109/2008

21.8.2009/656:

This Act enters into force on 1 January 2010.

GP 175/2008
Finance Committee Report 4/2009
Reply of Parliament 46/2009

11.6.2010 /559:

This Act enters into force on 1 July 2010.

GP 287/2009
Finance Committee Report 11/2010
Reply of Parliament 77/2010

24.6.2010/608:

This Act enters into force on 1 July 2010.

GP 243/2009
Finance Committee Report 6/2010
Reply of Parliament 40/2010

30.12.2010/1365:

This Act enters into force on 31 December 2010.

GP 127/2010
Finance Committee Report 33/2010
Reply of Parliament 260/2010
Directive 2009/111/EC of the European Parliament and of the Council (32009L0111); Official Journal L 302, 17.11.2009, p. 97 - 119;
Directive 2010/76/EC of the European Parliament and of the Council (32010L0076); Official Journal L 329, 14.12.2010, p. 3 - 35

13.5.2011/471:

This Act enters into force on 17 May 2011.

GP 286/2010
Legal Affairs Committee Report 34/2010
Reply of Parliament 311/2010

29.12.2011/1490:

This Act enters into force on 31 December 2010.

Measures necessary for the implementation of the Act may be taken prior to its entry into force.

Section 93 of this Act shall not be applied to key investor information published prior to the entry into force of the Act. The management company shall replace its simplified prospectus with key investor information at the latest on 30 June 2012.

The notification referred to in section 16 of the Act, submitted prior to the entry into force of this Act, shall be governed by the provisions in force upon the entry into force of this Act.

An application for the confirmation of rules, an authorisation or other permission that is pending upon the entry into force of this Act shall be supplemented to meet the requirements of this Act.

The classification of a professional investor shall be brought to correspond to the requirements set in section 1 (2) within six months from the entry into force of the Act.

GP 113/201

Finance Committee Report 10/2011

Reply of Parliament 100/2011

Directive 2009/65/EC of the European Parliament and of the Council (3200910065); Official Journal L 302, 17.11.2009, p. 32;

Commission Directive 2010/43/EU (3201010043); Official Journal L 176, 10.7.2010, p. 42
Commission Directive 2010/44/EU (3201010044); Official Journal L 176, 10.7.2010, p. 28 (corrigendum: Official Journal L 179, 14.7.2010, p. 16)

Directive 2010/78/EU (3201010078); Official Journal L 331, 15.12.2010, p. 120