Translation from Finnish
Legally binding only in Finnish and Swedish
Ministry of Finance, Finland

Act on Common Funds

(213/2019, amendments up to 409/2024 included)

By decision of Parliament, the following is enacted:

PART I
GENERAL PROVISIONS

Chapter 1
General provisions

Section 1
Scope of application and other legislation applicable to a management company

This Act applies to activity carried out by a management company and a depositary and to the marketing of units of a UCITS to the public.

The Act on Investment Services (747/2012) shall apply to management companies as provided in this Act and in chapter 1, section 4 of the Act on Investment Services.

A management company may manage an alternative investment fund referred to in chapter 2, section 1 of the Act on Alternative Investment Fund Managers (162/2014) if the management company holds authorisation as an alternative investment fund manager for such activity or if it has registered with the Financial Supervisory Authority in compliance with the said Act. The alternative investment fund manager of an externally managed alternative investment fund referred to in the Act on Alternative Investment Fund Managers may manage common funds if it holds management company authorisation for such activity.

A foreign EEA management company may, in accordance with the authorisation granted to it in its home Member State, carry on in Finland the activity referred to in chapter 2, section 2 in compliance with chapters 24 and 25. An undertaking for collective investment may market its units to the public in Finland in compliance with chapter 23.

In addition to this Act, provisions on money market funds and their management are also laid down in Regulation (EU) 2017/1131 of the European Parliament and of the Council on money market funds.

Provisions on sustainability-related disclosures are laid down in Regulation (EU) 2019/2088 of the European Parliament and of the Council on sustainability-related disclosures in the financial services sector, and in Regulation (EU) 2020/852 of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088. (380/2021)

In addition to this Act, provisions on the marketing of units in a common fund and units in a UCITS are laid down in Regulation (EU) 2019/1156 of the European Parliament and of the Council on facilitating cross-border distribution of collective investment undertakings and amending Regulations (EU) No 345/2013, (EU) No 346/2013 and (EU) No 1286/2014, hereinafter the Cross-Border Fund Distribution Regulation. (974/2021)

Section 2
Definitions

For the purposes of this Act:

1) *common fund activity* means the raising of funds from the public for collective investment and the investment thereof mainly in financial instruments, as well as the management of a common fund and the marketing of fund units in the manner referred to in the UCITS Directive and this Act;

2) *common fund* means the assets obtained in common fund activity and invested in accordance with rules adopted in Finland and in accordance with chapter 13 as well as the obligations arising from such assets; a common fund may also consist of one or more investment compartments;

3) *investment compartment* means a part of a common fund, the investment activity of which may differ from that of the other investment compartments in the common fund in the manner described in more detail in the rules of the common fund;

4) *feeder fund* means a common fund, at least 85% of the assets of which, in derogation from the provisions laid down chapter 13, section 1; section 2, subsection 1; sections 4 and 5; section 6, subsections 2, 6 and 7; section 7; section 9, subsection 3; section 10; and section 15, subsection 1; are invested in units of another common fund or UCITS acting as the master fund;

5) *master fund* means a common fund which has among its unitholders at least one feeder fund and which is not itself a feeder fund and the assets of which have not been invested in units of a feeder fund, and a UCITS which, on the basis of the legislation of its home Member State, satisfies requirements equivalent to the aforementioned;

6) *management company* means a Finnish limited liability company primarily engaged in common fund activity;

7) *management company's host Member State* means an EEA Member State other than Finland that 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;

8) *common fund's host EEA Member State* means 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;

9) *depositary activity* means the keeping of the assets of a common fund as well as supervision of compliance with the law, other provisions and the rules of the fund in the activity;

10) *depositary* means an entity engaged in depositary activity;

11) *management* means a management company's and depositary's board of directors, supervisory board and managing director as well as all persons reporting directly to the managing director who serve in top management positions in the management company or depositary or who effectively manage the activity of these;

12) *senior management* means a management company's and depositary's managing director and all persons reporting directly to the managing director who serve in top management positions in the management company or depositary or who effectively manage the activity of these;

13) *unit* means an equal portion or at least one fraction of a unit in the assets of a common fund or an investment compartment;

14) *unitholder* means a person, entity or foundation or comparable foreign private individual or legal person who holds one or more units or a fraction thereof;

15) *security* means a security within the meaning of chapter 2, section 1 of the Securities Markets Act (746/2012);

16) *UCITS Directive* means 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);

17) *UCITS* means an undertaking for collective investment in transferable securities authorised in an EEA Member State other than Finland which, on the basis of the legislation of its home Member State, fulfils the conditions under the UCITS Directive;

18) *foreign management company* means an entity carrying on the activity referred to in chapter 2, section 2, subsection 2 that has been granted a license equivalent to the authorisation referred to in chapter 2, section 1 in a state other than Finland;

19) *foreign EEA management company* means an enterprise referred to in the UCITS Directive that has been granted an authorisation equivalent to the management company authorisation referred to in chapter 2, section 1 of this Act in an EEA Member State other than Finland;

20) *home Member State of a foreign EEA management company* means an EEA Member State other than Finland where the management company has its statutory registered office;

21) *UCITS home Member State* means an EEA Member State other than Finland where the UCITS has been granted an authorisation equivalent to the authorisation referred to in chapter 24, section 3, subsection 1;

22) *financial instrument* means the financial instruments referred to in chapter 1, section 14 of the Act on Investment Services;

23) *money market instrument* means a debt obligation which is normally dealt in on the money market, which is liquid and has a value which can be accurately determined at any time;

24) *OTC derivative contract* means a derivative instrument other than one traded in the regulated market referred to in the Act on Trading in Financial Instruments (1070/2017) or another regulated and recognised marketplace that operates on a regular basis and is open to the public;

25) *close links* means the close links referred to in Article 4(1)(38) of Regulation (EU) No 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012;

26) *cross-border merger* means

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

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

27) *domestic merger with an international connection* means a merger of such common funds established in Finland where the marketing of the units of at least one of the common funds involved in the merger in an EEA Member State other than Finland has been notified as referred to in chapter 22, section 7;

28) *EEA Member State* means a Member State of the European Economic Area;

29) *branch* means a place of business of a management company elsewhere than in Finland and the place of business of a foreign EEA management company in Finland that is not a legal person but is a part of the management company or the foreign EEA management company and provides services in accordance with the authorisation granted to the management company;

30) *competent authorities* means the authorities which have been designated by an EEA Member State other than Finland to ensure that the duties laid down in the UCITS Directive are fulfilled and which have been notified to the European Commission by the said EEA Member State;

31) *professional investor* means an entity referred to in chapter 1, section 23, subsection 1, paragraphs 1–4 of the Act on Investment Services and the institutional investor referred to in paragraph 5 of the same, as well as another investor which has in writing notified the management company or the UCITS or its agent of its professional investor status based on its professional skills and investment experience and which meets at least two of the following requirements:

a) the investor has carried out transactions of significant size on the relevant market at an average frequency of ten 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 a professional capacity in the finance sector for at least one year in a position that requires knowledge of the transactions envisaged;

32) *non-professional client* means a retail client within the meaning of chapter 1, section 23, subsection 3 of the Act on Investment Services;

33) *credit rating* means the credit rating referred to in Regulation (EC) No 1060/2009 of the European Parliament and of the Council on credit rating agencies;

34) *outsourcing* means an arrangement relating to the activity of a management company or depositary whereby a function or service which would otherwise have been performed by the management company or the depositary is provided to it by another service provider.

All places of business established by a management company in one EEA Member State or one third country and all places of business established in Finland by a foreign EEA management company shall be regarded as a single branch.

The provisions laid down in this Act concerning units of a common fund shall also apply to units of a UCITS.

Section 3
Definitions relating to EU regulation

For the purposes of this Act:

1) *KII Regulation* means 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;

2) *Notification Regulation* means 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 procedures for on-the-spot verifications and investigations and the exchange of information between competent authorities;

3) *Risk Management Directive* means 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;

4) *Merger Directive* means Commission Directive 2010/44/EU 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;

5) *ESMA* means 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;

6) *Capital Requirements Regulation* means Regulation (EU) No 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012;

7) *Market Abuse Regulation* means Regulation (EU) No 596/2014 of the European Parliament and of the Council on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC;

8) *SE Regulation* means Council Regulation (EC) No 2157/2001 on the Statute for a European Company;

9) *SFTR* means Regulation (EU) 2015/2365 of the European Parliament and of the Council on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012

10) *Securitisation Regulation* means Regulation (EU) 2017/2402 of the European Parliament and of the Council laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation, and amending Directives 2009/65/EC, 2009/138/EC and 2011/61/EU and Regulations (EC) No 1060/2009 and (EU) No 648/2012; (527/2021)

11) the EU's investment firms regulation means Regulation (EU) 2019/2033 of the European Parliament and of the Council on the prudential requirements of investment firms and amending Regulations (EU) No 1093/2010, (EU) No 575/2013, (EU) No 600/2014 and (EU) No 806/2014. (953/2022)

12) the PRIIPS Regulation means Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products (PRIIPs); (953/2022)

Section 4
Commission regulations and delegated regulations

In addition to this Act, provisions on a management company and a depositary are also laid down in the Commission regulations mentioned in section 3 and in the Commission Delegated Regulations referred to in the UCITS Directive and in the technical standards issued by Commission regulation or decision.

Section 5
Supervision

Compliance with this Act shall be supervised by the Financial Supervisory Authority in accordance with the Act on the Financial Supervisory Authority (878/2008) and it shall act as the competent authority referred to in the UCITS Directive.

The Financial Supervisory Authority shall have the right to obtain from a UCITS and an EEA management company the information and copies of documents that are necessary for supervision.

Section 6
Provisions applicable to an investment compartment

The provisions laid down in this Act concerning a common fund shall apply correspondingly to an investment compartment. Provisions applicable to an investment compartment structure are additionally laid down in chapter 7, section 4, subsection 4 concerning annual accounts, in chapter 9, section 1, subsections 3 and 4 concerning segregation of assets, in chapter 10, section 3, subsection 1 concerning the division of a common fund into investment compartments in chapter 15, section 3, subsection 1 and 4, concerning the fund prospectus, and in chapter 16, section 1, subsection 1 concerning merger.

PART II
RIGHT TO ACT AS A MANAGEMENT COMPANY

Chapter 2
Authorisation of a management company

Section 1
Authorisation requirement

A common fund referred to in this Act may only be managed and common fund activity may only be carried on by a management company which holds authorisation for this activity. The provisions on the activity carried on abroad by a management company are laid down in chapter 22. The provisions on the right of a foreign EEA management company to carry on activity in Finland are laid down in chapter 1, section 1, subsection 4.

Section 2
Activity permitted to a management company

A management company may carry on common fund activity and activity materially relating to common fund activity when such activity is not liable to damage the interests of the unitholders.

In addition, a management company may provide

1) the asset management referred to in chapter 1, section 15, paragraph 4 of the Act on Investment Services;

2) the investment advice referred to in chapter 1, section 15, paragraph 5 of the Act on Investment Services;

3) the safekeeping of financial instruments referred to in chapter 2, section 3, subsection 1, paragraph 7 of the Act on Investment Services, in respect of units of common funds and UCITS.

A management company may not be authorised to carry on only the activity referred to in subsection 2. Nor may a management company be authorised to carry on only the activity referred

to in subsection 2, paragraph 2 or 3 unless the authorisation is granted or sought on the same occasion for the activity referred to in subsection 2, paragraph 1.

The provisions on the obligation of a management company which carries on the activity referred to in subsection 2 to belong to an investor compensation fund shall be laid down in the Act on Investment Services.

Chapter 1, section 4 of the Act on Investment Services shall apply to a management company which provides the services referred to in subsection 2.

Provisions on the right of a management company to provide crypto-asset services are laid down in Article 60(5) of Regulation (EU) 2023/1114 of the European Parliament and of the Council on markets in crypto-assets, and amending Regulations (EU) No 1093/2010 and (EU) No 1095/2010 and Directives 2013/36/EU and (EU) 2019/1937 and the Commission regulations and decisions issued under it. (409/2024)

Section 3
Company name

Only a management company as provided in this Act may use the term ”management company” or ”limited management company” in its company name or otherwise to indicate its activity.

Section 4
Application for authorisation

The authorisation of a management company is granted by the Financial Supervisory Authority upon application. The application shall be accompanied by adequate information about the applicant and the management company’s ownership, management and auditors, internal control and risk management as well as its financial capacity. The provisions on the information that must accompany an application for authorisation and the contact information to be given in such an application shall be laid down by Decree of the Ministry of Finance.

When the entity seeking authorisation is a subsidiary of a management company, investment firm, credit institution or insurance company authorised in another EEA Member State or a subsidiary of

the parent company of such a management company, investment firm, credit institution or insurance company, an opinion on the application shall be requested from the relevant supervisory authority of the said State. The same shall apply when the entity seeking authorisation is controlled by the same natural or legal persons as the foreign management company, investment firm, credit institution or insurance company referred to in the foregoing. In the request for an opinion, the requested party shall in particular be asked to assess the suitability of the shareholders as well as the reputation and experience of the persons involved in managing another company in the same group, and to provide any information pertaining to the aforementioned that is relevant to the grant of the authorisation or the supervision of the management company.

Section 5
Conditions for granting authorisation

Management company authorisation shall be granted to a Finnish limited liability company when based on the information obtained, it can be ascertained that the company's owners meet the requirements laid down in chapter 3, section 5 and the company's management the requirements laid down in section 2, and that taking into account the intended scope of the company's business, it can be ensured that the management company will be managed professionally and in accordance with sound and prudent business principles.

Additional conditions for granting an authorisation are that the company has its head office in Finland, it has reliable governance and sufficient financial capacity, and it meets the other requirements laid down in this Act. A further condition is that based on the information obtained, it cannot be considered likely that close links between the management company and another legal or natural person or the third-country provisions and administrative regulations applicable to the natural or legal person with which such close links exist will prevent the efficient supervision of the management company.

An authorisation may also be granted to a management company to be established prior to the registration of the company.

Section 6
Decision on authorisation

An application shall be decided within six months of its receipt or, if the application has been deficient, within six months of the applicant providing the documents and information needed to decide the matter. The decision on authorisation shall always be issued within 12 months of the receipt of the application, however. If the decision has not been issued within the deadline provided, the applicant may file an appeal with Helsinki Administrative Court. In such a case, the decision appealed against is deemed to be the decision to refuse the application. Such an appeal may be filed until such time that the decision is issued. The Financial Supervisory Authority shall notify the appellate authority of the issue of a decision when the decision is issued subsequent to the filing of the appeal. In other respects, the filing and consideration of appeals shall be governed by the Act on the Financial Supervisory Authority.

Before deciding the matter, the Financial Supervisory Authority shall request an opinion on the application from the investor compensation fund when the management company seeks authorisation to carry on the activity referred to in section 2, subsection 2.

Section 7
Scope and amendment of authorisation

The authorisation shall mention the services referred to in subsection 2 which the management company is entitled to provide in addition to carrying on common fund activity. Subsequent to the grant of an authorisation, the Financial Supervisory Authority may, on the application of the management company, amend the authorisation in the respects provided for in this subsection.

The Financial Supervisory Authority shall have the right, after hearing the applicant for the authorisation, to make the authorisation subject to restrictions and conditions pertaining to the management company’s business that are essential to supervision.

Section 8
Registration of authorisation

The Financial Supervisory Authority shall notify the authorisation for registration in the Trade Register. When the authorisation has been granted for carrying on the activity referred to in section 2, subsection 2, the Financial Supervisory Authority shall also notify the authorisation to the investor compensation fund. An authorisation granted to a management company to be established or to a European company (SE) transferring its registered office to Finland shall be registered on the same occasion as the company.

The Financial Supervisory Authority shall notify an authorisation to ESMA. The right and obligation of the Financial Supervisory Authority to disclose information is governed by section 71 of the Act on the Financial Supervisory Authority.

Section 9
Commencement of activity

Unless otherwise provided in the conditions of the authorisation, a management company may commence its activity immediately following the grant of the authorisation. When the authorisation has been granted to a company to be established, the management company shall moreover have been registered. The management company shall inform the Financial Supervisory Authority of the date on which it commences its activity.

Section 10
Transfer of a management company's registered office within the EEA

If a management company intends to transfer its registered office to another EEA Member State in accordance with Article 8 of the SE Regulation or chapter 17a, section 1 of the Limited Liability Companies Act (624/2006), the management company shall submit to the Financial Supervisory Authority a copy of the transfer proposal referred to in Article 8(2) and of the report referred to in Article 8(3) of the SE Regulation, or of the transfer proposal referred to in section 4 and the report of the Board of Directors referred to in section 6 of chapter 17a of the Limited Liability Companies Act, immediately after the management company has declared the proposal for registration. An auditor referred to in chapter 17a, section 9, subsection 1 of the Limited Liability Companies Act is

required to have the competence referred to in chapter 7, section 1, subsection 2 of this Act or another independent expert is required to have a corresponding competence approved in the target state. (1342/2022)

When the management company intends to continue to carry on common fund activity in Finland subsequent to the transfer of registered office, the provisions laid down in the right of a foreign management company to carry on such activity in Finland shall apply to it.

The registration authority may not issue a certificate referred to in section 9, subsection 5 of the Act on European Companies (742/2004) or in chapter 17a, section 21, subsection 4 of the Limited Liability Companies Act if the Financial Supervisory Authority has notified the registration authority prior to the granting of the permission referred to in section 9, subsection 2 of the Act on European Companies or in chapter 17a, section 21, subsection 2 of the Limited Liability Companies Act that the management company has not complied with the provisions on the transfer of the registered office, the continuation or termination of activity taking place in Finland, or the merger, termination or transfer of the management of the common fund managed by it. Permission may be granted before one month has passed from the due date referred to in chapter 16, section 6, subsection 2 or chapter 17a, section 11, subsection 2 of the Limited Liability Companies Act only if the Financial Supervisory Authority has notified the registration authority that it does not oppose the transfer of the registered office. (1342/2022)

Section 11
Involvement of a management company in a merger or division in the EEA

When a management company is involved in a cross-border merger or division in the EEA, the register authority may not issue the merger certificate referred to in section 4, subsection 3 of the Act on European Companies or in chapter 16, section 26, subsection 4 of the Limited Liability Companies Act or the demerger certificate referred to in chapter 17, section 25, subsection 4 of the Limited Liability Companies Act if the Financial Supervisory Authority, prior to granting permission, has notified the register authority that the management company has not complied with the provisions on transfer of registered office, continuation or discontinuation of activity taking place in Finland, or the merger, termination or transfer of the management of the common fund managed by it. The permission may be granted before one month has elapsed from the due date referred to in chapter 16, section 6, subsection 2 or chapter 17, section 6, subsection 2 of the

Limited Liability Companies Act only when the Financial Supervisory Authority has notified that it has no objection to the procedure for which permission is sought. An auditor referred to in chapter 16, section 4, subsection 1 or chapter 17, section 4, subsection 1 of the Limited Liability Companies Act is required to have the competence referred to in chapter 7, section 1, subsection 2 of this Act. (1342/2022)

When the acquiring company registered in another State intends, subsequent to the merger or division, to continue to carry on common fund activity in Finland, the provisions laid down on the right of a foreign management company to carry on common fund activity in Finland shall apply to it.

Section 12
Specific provisions relating to transfer of a management company's registered office

When the registered office of a management company carrying on the activity provided in section 2, subsection 2 is transferred to another State or when the acquiring company in a merger or division has been or is registered in another State, chapter 13, section 9 of the Act on Investment Services shall apply to the obligation of the management company to prepare a compensation fund clarification and the right of the investor to give notice.

Section 13
European company (SE) as a management company

The authorisation referred to in section 4 above is also granted to a European company (SE) within the meaning of the SE Regulation holding equivalent authorisation in another EEA Member State which intends to transfer its registered office to Finland in accordance with Article 8 of the said Regulation. In addition, the Financial Supervisory Authority shall request an opinion on the application for authorisation from the supervisory authority for UCITS and management companies in the relevant State. The same shall apply to the establishment of a European company (SE) through merger such that the acquiring company having its registered office in another State is registered in Finland as a European company (SE).

Section 14

Prohibition on holding shares in another management company or units of a common fund managed

A management company may not hold shares in another management company, a foreign EEA management company or another foreign management company, nor units of a common fund or UCITS which it manages.

PART III
ACTIVITY OF A COMMON FUND

Chapter 3
Operating requirements and minimum capital

Section 1
Minimum capital

The minimum share capital of a management company shall be EUR 125,000. The share capital shall be subscribed for in full when the authorisation is granted.

In addition to the minimum share capital provided in subsection 1, the management company shall have own funds in the amount of 0.02 one hundredths of the amount by which the combined value of the common funds managed by it exceeds EUR 250 million. However, the total own funds of the management company need not exceed EUR 10 million.

When calculating the capital requirement laid down in subsection 2 above, all common funds managed by the management company including those, the management of the investing activities of which has been referred to another company, shall be included in the value of the common funds managed by the management company. The assets of common funds managed by the management company under contract with another management company shall not be taken into account when calculating the capital requirement.

Despite the requirements imposed in subsection 2 above, the amount of a management company's own funds may not be less than the amount laid down in Article 13 of the EU's investment firms regulation or, if material changes in the management company's activities have occurred since the adoption of the financial statements, the amount confirmed by the Financial Supervisory Authority upon application by the alternative management company. (527/2021)

Notwithstanding the provisions of subsections 1–4, a management company carrying out an activity referred to in chapter 2, section 2, subsection 2 shall always meet the requirements concerning initial capital laid down in chapter 6, section 1, subsection 2 or subsection 4 of the Act on Investment Services. (527/2021)

Any further regulations, necessary for the implementation of the requirements of the UCITS Directive, on the amount of a management company's own funds shall be issued by the Financial Supervisory Authority.

Section 2
Management and fit and proper criteria

A management company shall be managed professionally and in accordance with sound and prudent business principles. The members of the management of a management company shall consist of fit and proper persons who are not bankrupt or subject to any restriction of competence. Such persons shall moreover hold the kind of general knowledge of common fund activity as is warranted in light of the nature and scope of the management company's activity. The members of the management of a management company authorised for the asset management referred to in chapter 2, section 2, subsection 2 shall moreover hold the kind of general knowledge of investment services activity as is warranted in light of the nature and scope of the investment services activity carried on by the management company.

The following shall not be considered fit and proper:

1) persons who have been sentenced to imprisonment within the five years preceding the assessment or to a fine within the three years preceding the assessment for a crime that may be considered to demonstrate them to be manifestly unsuitable to belong to the management of a management company; or

2) persons who by prior actions other than referred to in paragraph 1 have demonstrated that they are manifestly unsuitable to hold the position referred to in the said paragraph

When a sentence referred to in subsection 2, paragraph 1 is yet to become final, the sentenced person may continue to hold a position referred to in subsection 1 when, taking into account the person's prior actions, the circumstances leading to the sentence and other relevant factors, this shall be considered to be manifestly justified.

The management company shall, without delay, notify the Financial Supervisory Authority of any changes in the fit and proper status of persons holding the management positions referred to in subsection 1.

Section 3
Management company's board of directors

The board of directors of a management company is elected by the general meeting of the management company. The board of directors shall consist of a minimum of three members, at least one third of whom shall be independent members. (974/2021)

An independent board member may not:

1) be employed by the management company or the depositary;

2) exercise the control referred to in chapter 1, section 5 of the Accounting Act (1336/1997) or represent a party which exercises such control;

3) belong to the management of an entity that belongs to the same group as the management company;

4) belong to the management of or be employed by another service provider responsible for the portfolio management of the common fund managed by the management company;

5) be a member of the board of directors or supervisory board of another management company or a depositary; or

6) be the spouse, sibling or direct ascendant or descendant of a person who is a member of the management of the management company.

Section 4
Deputy board member and deputy managing director

The provisions laid down in this Act concerning members of the board of directors and the managing director of a management company or depositary shall also apply to deputy board members and deputy managing directors.

Section 5
Fit and proper criteria for significant shareholders

Anyone who directly or indirectly owns at least 10% of the management company's share capital or a portion that confers at least 10% of the votes conferred by its shares shall be fit and proper.

The following shall not be considered fit and proper:

1) persons who have been sentenced to imprisonment within the five years preceding the assessment or to a fine within the three years preceding the assessment for a crime that may be considered to demonstrate them to be manifestly unsuitable to be an owner in a management company; or

2) persons who by prior actions other than referred to in paragraph 1 have demonstrated that they are manifestly unsuitable to be an owner in a management company.

When a sentence referred to in subsection 2, paragraph 1 is yet to become final, the sentenced person may continue to exercise the decision-making powers belonging to an owner of the management company when, taking into account the person's prior actions, the circumstances leading to the conviction and other relevant factors, this shall be considered to be manifestly justified.

Section 6
Provisions on insiders

An insider of a management company shall declare the information on the units of common funds managed by the management company or shares admitted to trading in Finland in a regulated

market or multilateral trading facility and financial instruments, the value of which is determined on the basis of such shares, to the management company's insider register referred to in section 9 in the manner laid down in section 7 (*insider declaration*).

A management company's insider means:

1) a management company's board member and deputy board member, managing director and deputy managing director, and auditor, deputy auditor and audit firm employee with principal responsibility for auditing the company;

2) an employee of the management company other than one referred to in paragraph 1 or a person acting on behalf of or on account of the management company who is in a position to influence the making of decisions on investing the assets of a common fund.

Section 7
Insider declaration

An insider of a management company shall file an insider declaration within fourteen days of being appointed to a position referred to in section 6, subsection 2.

The insider declaration shall mention:

1) any minor or incompetent person whose guardian the insider is;

2) any entity or foundation in which the insider or the minor or incompetent person referred to in paragraph 1 exercises direct or indirect control;

3) the holdings of the insider and the minor or incompetent person referred to in paragraph 1 and the entity or foundation referred to in paragraph 2 of units of the common funds managed by the management company as well the shares admitted into trading in a regulated market or a multilateral trading facility in Finland and financial instruments, the value of which is determined on the basis of these shares.

While holding the position, an insider shall within seven days declare to the management company:

1) acquisitions and disposals of the shares and financial instruments referred to in paragraphs 2 and 3 above when the change in holding concerns units or when the value of another change in holding is EUR 5,000 or more;

2) all other changes in the information referred to in this section besides those referred to in paragraph 1.

The information referred to in subsection 2, paragraphs 2 and 3 above need not be declared inasmuch as it concerns a limited liability housing company, a limited-liability joint-stock property company referred to in chapter 28, section 2 of the Limited Liability Housing Companies Act (1599/2009), a non-profit making association or economic association, or a non-profit organisation. However, if the organisation trades in financial instruments on a regular basis, the information concerning shall it be declared.

The declaration shall include the data required to identify the relevant person, entity or foundation as well as the data on the units, shares and other financial instruments.

When the shares or financial instruments referred to in subsection 2, paragraph 3 have been incorporated in the book-entry system, the management company may put into place an arrangement whereby the information is obtained from the book-entry system. In such a case, separate declarations need not be filed.

Section 8
Management company shareholder's obligation to declare

A shareholder in a management company shall declare to the insider register referred to in section 9 the units held by the shareholder in the common funds managed by the management company.

The declaration referred to in subsection 1 above shall be filed within fourteen days of acquisition of a unit. The same time limit shall apply to any declaration of change in holding.

When the units have been incorporated in the book-entry system, the management company may put into place an arrangement whereby the information is obtained from the book-entry system. The management company may likewise put into place an arrangement whereby the information is obtained from the unit register of the common fund managed by the management company. In such cases, separate declarations need not be filed.

Section 9
Insider register

In order to prevent market abuse, a management company shall keep a register of the declarations referred to in sections 7 and 8 (*management company insider register*) and the register shall indicate:

1) for each insider, the holdings of the insider, the minor or incompetent person referred to in section 7, subsection 2, paragraph 1 and the entity or foundation referred to in section 7, subsection 2, paragraph 2 of the units, shares and financial instruments referred to in the said section, as well as an itemisation of acquisitions and disposals;

2) the units held by each shareholder referred to in section 8 and changes in the holding thereof.

When the information is obtained as provided in section 7, subsection 6, the management company's insider register may in this respect be formed from the information obtained from the book-entry system.

The information recorded in the insider register shall be retained for a period of five years from the date of recording. Anyone shall be entitled to obtain extracts and copies of the information in the register against costs. However, the aforementioned right to obtain information shall not apply to the personal identity code and address of a natural person or to the name of any natural person other than the insider and the management company shareholder.

Section 10
Financial Supervisory Authority's power to issue regulations

The Financial Supervisory Authority may issue further regulations on the contents and manner of filing of the declarations referred to in sections 7 and 8 and on the contents of the management company's insider register and the manner of recording of information therein.

Section 11
Prohibition to engage in securities trading with an insider

An insider and a shareholder of a management company may not, without the permission of the Financial Supervisory Authority, acquire for consideration securities or derivative contracts belonging to the assets of the common fund managed by the management company, nor dispose of the assets referred to above to the common fund unless the acquisition or disposal takes place in the market or marketplace referred to in chapter 13, section 2, subsection 1, paragraph 1.

Chapter 4
Arrangement of activity

Section 1
Governance and control arrangements

The activity of a management company shall be arranged in a reliable manner taking into account the nature of the common fund activity which it carries on. The management company shall have the resources, governance procedures and control systems required for its activity to be carried on appropriately. Provisions on the actions of the management company in possible situations of conflict of interest are laid down in section 2.

Any further regulations, necessary for the implementation of the Risk Management Directive, on the arrangement of the activity of a management company shall be issued by the Financial Supervisory Authority.

Section 2
Conflicts of interest

A management company shall carry on its common fund activity with diligence, independence and skill in the best interests of the common fund and its unitholders. In its activity, the management company shall treat all unitholders equally.

In its common fund activity and in arranging the structures of its business, a management company shall strive to avoid conflicts of interests. In the event that conflicts of interest arise, the management company shall ensure the equal treatment of the common funds managed by the management company, the unitholders of these funds and the other clients of the management company.

The Financial Supervisory Authority shall issue the further provisions, necessary for the implementation of the Risk Management Directive, on:

1) how to act in the best interests of the common fund;

2) the principles for ensuring that management companies make appropriate use of the resources and procedures required for the appropriate pursuit of their business;

3) the measures to specify the structures and organisational requirements relating to the limitation of conflicts of interest;

4) the measures to identify and prevent conflicts of interest and policies to define conflicts of interest.

A management company that carries on the activity referred to in chapter 2, section 2, subsection 2, paragraph 1 may not, without the advance approval of the client, invest the assets of its client in units of the common funds managed by it.

Section 3
General requirements concerning the remuneration scheme

A management company shall have a remuneration scheme, covering its remuneration policy and remuneration procedures, that meets the requirements laid down in this Act, taking into account the size and internal organisation of the management company as well as the nature, scope and diversity of its business.

The remuneration scheme shall be consistent with and promote sound and effective risk management in the management company. The remuneration scheme may not encourage risk-taking that is inconsistent with the rules or risk profiles of the common funds managed by the management company or that is contrary to the obligation of the management company to act in the best interests of the common fund. The remuneration scheme shall be consistent with the business strategies, investment objectives, values and best interests of the management company and the common funds it manages. The remuneration scheme shall moreover include measures to avoid conflicts of interest.

Further provisions to implement Directive 2014/91/EU amending 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) as regards depositary functions, remuneration policies and sanctions shall be issued by Decree of the Ministry of Finance.

Section 4
Persons covered by the remuneration scheme

The remuneration scheme of a management company shall apply to such categories of staff of the management company whose professional activities have a material impact on the risk profile of the management company or a common fund it manages. These include:

1) senior management;

2) risk takers;

3) control functions;

4) staff receiving total remuneration not significantly different from the total remuneration of the categories of staff referred to in paragraphs 1 and 2.

The remuneration scheme shall cover all remuneration paid by the management company, including but not limited to remuneration and discretionary pension benefits, their fixed and variable components, performance-related remuneration and compensation paid from the common fund as well as transfers of units of the fund.

Section 5
Adoption of the remuneration scheme

The board of directors of the management company shall adopt the remuneration scheme of the management company and the general principles included therein. The board shall supervise compliance with the general principles and review these at least once annually. A board member who takes part in the aforementioned duties shall possess expertise in risk management and remuneration and may not be a member of the management company's senior management.

An independent internal review of compliance with the management company's remuneration scheme and its principles shall be performed at least once annually.

Section 6
Personal transactions

The management company shall take adequate steps to prevent relevant persons from entering into personal transactions when this may cause a conflict of interest with a transaction or service in which the person concerned takes part owing to their position or when the person concerned holds insider information within the meaning of the Securities Markets Act or non-disclosable information pertaining to the common funds or transactions carried out on their account. Efforts shall be taken also in other respects to safeguard the non-disclosure of such information.

For the purposes of this Act, *relevant person* means

1) a member of the management company's management and an employee of the management company and another natural person, the services provided by whom are subject to the control of the management company or who takes part in the common fund activity carried on by the management company;

2) a natural person who takes part in the provision of a service outsourced by the management company that belongs to common fund activity.

Any further regulations on personal transactions, necessary for the implementation of the Risk Management Directive, shall be issued by the Financial Supervisory Authority.

Section 7
Obligation to declare acquisition and disposal of shares

Anyone who intends directly or indirectly to acquire shares in a management company shall notify the Financial Supervisory Authority thereof in advance when their holding:

1) in consequence of the acquisition would amount to at least 10% of the management company's share capital;

2) would be large enough to be equivalent to at least 10% of the votes conferred by all shares; or

3) would entitle the holder to wield influence comparable to the holding referred to in paragraph 2 or otherwise significant influence in the governance of the management company.

When the holding referred to in subsection 1 is to be increased to at least 20%, 30% or 50% of the management company's share capital or the holding would be equivalent to a portion of the same magnitude of the votes conferred by all shares or would make the management company a subsidiary, the Financial Supervisory Authority shall be notified in advance also of such an acquisition.

When calculating the portion of holding and votes referred to in subsections 1 and 2, chapter 2, section 4 and chapter 9, sections 4–6, 6a, 6b and 7 of the Securities Markets Act shall apply.

Shares which the party liable to notify has obtained for a period of no more than a year in the context of a securities issue arranged by the party or pursuant to a market guarantee and which do not entitle the party liable to notify to vote in the entity or otherwise influence the actions of the management of the entity shall not be taken into account when applying this subsection.

The notification referred to in subsections 1 and 2 above shall also be given when the number of shares held falls below a holding threshold provided in subsection 1 or 2 or the management company ceases to be a subsidiary of the party liable to notify.

The management company and its holding company shall notify to the Financial Supervisory Authority at least once annually the holders of the portions of holding referred to in subsections 1 and 2 and the size of these holdings and also notify, without delay, any changes in holdings of which they have become aware.

The notification referred to in subsections 1 and 2 above shall indicate the necessary information and accounts on:

1) the party liable to notify, their fitness and propriety and their financial circumstances;

2) the holding of the party liable to notify and their other close links with the management company;

3) the agreements concerning the acquisition, the financing of the acquisition and, in the cases referred to in subsection 2, the objectives of the holding.

Further provisions on the information required to accompany the notifications referred to in subsections 1 and 2 above shall be issued by Government Decree.

The provisions laid down in subsections 1–7 concerning acquisition and disposal of management company shares shall also apply to the acquisition and disposal of shares of a depositary.

Section 8
Prohibition to acquire shares

The right of the Financial Supervisory Authority to prohibit the acquisition of a holding referred to in section 7 is governed by section 32a and the procedure for the issue of a prohibition decision by section 32b of the Act on the Financial Supervisory Authority.

Prior to the expiration of the deadline provided in section 32b of the Act on the Financial Supervisory Authority, a party liable to notify may only acquire the shares referred to in section 7 with the consent of the Financial Supervisory Authority.

Section 9
Obligation of management company to prepare

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 what may be considered the ordinary activity of a management company 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).

Section 10
Retention of information

The management company shall retain for at least five years information on each transaction where a common fund is involved. The retention of information on transactions and services belonging to the activity referred to in chapter 2, section 2, subsection 2 above shall be governed by chapter 10, section 11 of the Act on Investment Services.

Any further regulations on the retention of information, necessary for the implementation of the Risk Management Directive, shall be issued by the Financial Supervisory Authority.

Section 11
Processing of client complaints

A management company and a foreign EEA management company which manages a common fund in Finland shall have in place efficient procedures to process appropriately and with all due haste complaints concerning common fund activity filed by clients other than professional investors. The management company shall retain for a period of five years the information on client complaints and the measures undertaken to resolve them.

A company referred to in subsection 1 above shall ensure that its clients other than professional investors may submit their individual disputes concerning common fund activity to an independent body for consideration. The rules of the body shall safeguard the impartial, knowledgeable, open, efficient and fair consideration of disputes.

A company referred to in subsection 1 above shall notify to the Financial Supervisory Authority the name and contact details of the body referred to in subsection 2. Upon request, the said body shall supply the Financial Supervisory Authority with its rules and all other information specified by the Financial Supervisory Authority required for the supervision of compliance with the provisions of subsection 2.

Chapter 5
Solvency and risk management

Section 1
Management company's risk management

A management company may not, in the course of its activity, 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 activity.

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 (599/2010) shall be governed by chapter 6, section 1.

The Financial Supervisory Authority shall issue further regulations on the requirements to be imposed on the risk management systems and other internal control referred to in subsection 1 as well as on sound management.

Section 2
Management company's liquidity

The liquidity of a management company engaged in the activity referred to in chapter 2, section 2, subsection 2 shall be adequately safeguarded vis-à-vis its activity.

Section 3
Minimum own funds

The total amount of own funds of a management company shall always be at least equal to the minimum capital provided in chapter 3, section 1. When at least two management companies merge, the Financial Supervisory Authority may grant an exemption from this requirement. However, the amount of own funds of the acquiring management company or the management company to be established may not be less than the total combined 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 in chapter 3, section 1, the management company shall, without delay, notify the Financial Supervisory 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 equivalent information by other means, the Financial Supervisory Authority shall set a deadline by which the requirement on the own funds of a management company must be met on pain of withdrawal of authorisation. If the requirement is not met even after the expiration of the deadline, the Financial Supervisory Authority may decide on the withdrawal of the authorisation.

If the amount of own funds of a management company is below the amount provided in chapter 3, section 1, the management company may not distribute profit or other return on equity unless

the Financial Supervisory Authority grants an exemption for a fixed period of time. The exemption may be granted if the management company has submitted audited interim financial statements to the Financial Supervisory Authority and the Financial Supervisory Authority finds that the granting of the exemption does not jeopardise the meeting of the requirement on own funds of the management company by the deadline imposed.

Article 26(1)(a–e) of the EU's investment firms regulation shall apply to the calculation of the own funds of a management company. (527/2021)

Chapter 6
Outsourcing

Section 1
Outsourcing of the activity of a management company

A management company shall have at least one permanent place of business for its activity. A management company may also carry on its activity in branches and other places of business.

A management company may pursue its business through an agent or otherwise outsource its functions significant with regard to its business when this does not impair the risk management or internal control of the management company or other attendance to the business of the management company in a significant manner.

A function is significant with regard to the activity of a management company if an error or deficiency in its performance may materially impair compliance with the Acts concerning the activity of the management company or with the terms of the authorisation of the management company, the financial position of the management company or the continuity of its business.

A written agreement indicating the contents of the assignment and the term of the agreement shall be concluded on the outsourcing of a significant function.

A management company that, after the granting of the authorisation, intends to carry on business through an agent or otherwise to outsource a function significant with regard to its business shall notify the Financial Supervisory Authority of the outsourcing in advance. The Financial Supervisory

Authority shall be notified of any significant changes in the contractual relationship between the management company and the party performing the outsourced function. The Financial Supervisory Authority shall issue further regulations on the contents of the notification.

However, the notification referred to above need not be submitted if the agent or other party performing the outsourced function 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.

The management company shall ensure that it continuously receives from the party performing the outsourced function the necessary information required for supervision by the authorities, risk management and internal control of the management company and that it has the right to disclose this information to the Financial Supervisory Authority.

In derogation from subsections 1–7, the outsourcing of investment services provided by a management company shall be governed by chapter 1, section 4 of the Act on Investment Services.

Section 2
Conditions for outsourcing

The use of an agent may not prevent a management company from acting in the best interests of the unitholders of the common fund it manages. The agent used by the management company shall, taking into account the tasks assigned to the agent, possess adequate professional skill to perform the tasks. The management company shall ensure that it may, during the term of the agent's assignment, give further instruction to the agent and dissolve the contract concluded with the agent immediately when this is in the best interests of the unitholders.

When an agent is used to manage common fund activity, the agent must be an entity authorised or registered for such activity and the stability of the agent's activity must be subject to supervision. When the registered office of the agent is in a non-EEA Member State, the cooperation between its supervisory authority and the Financial Supervisory Authority shall be ensured to a sufficient extent. The management company shall from time to time issue to the agent orders on the general grounds of the investment activity.

The depositary of a common fund or another entity whose interests may conflict with the interests of the management company or the unitholders may not be used as an agent in performing the tasks 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. The provisions of chapter 26, section 1, subsection 1 on non-disclosure obligation shall apply to the agent.

A management company or its agent and the depositary of the common fund managed by the management company may not employ the same persons in duties relating to common fund management or the duties of the depositary referred to in chapter 21, section 2.

The fund prospectus of the common fund shall mention the extent to which the management company uses an agent in its activity.

Chapter 7
Annual accounts and audit

Section 1
Auditor qualifications

The general meeting of 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 one deputy auditor for each financial period.

At least one of the auditors shall be a certified public accountant (KHT auditor) or an audit firm in which the principal auditor is a certified public accountant.

The provisions laid down in this Act concerning auditors shall also apply to deputy auditors.

Section 2
Appointment of auditor

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

1) where the provisions of section 1, subsection 1 or 2, or of chapter 2, section 1 of the Auditing Act (1141/2015) have been violated;

2) where an auditor is not independent within the meaning of chapter 4, section 6; or

3) in the event of non-compliance with the provision in the management company's articles of association concerning number or qualifications of auditors.

The Financial Supervisory Authority shall request an opinion from the Auditing Board of the Finnish Patent and Registration Office in matters of independence referred to in subsection 1, paragraph 2 prior to deciding on the matter.

The order referred to in chapter 7, section 7 of the Limited Liability Companies Act in respect of a management company or depositary shall be issued by the Financial Supervisory Authority.

The board of directors of the management company shall be consulted prior to the issue of the order referred to in this section. The order shall remain in force until an auditor has been duly elected to replace the auditor referred to in subsection 1.

Section 3
Audit of value calculation for correctness

At least one of the auditors referred to in section 1, subsection 2 shall at least once annually audit the calculation of the value of a unit for correctness and check the value at the last value calculation date of the calendar year by which the values of the common fund have been calculated.

The auditor shall prepare a written audit report and submit it to the management company.

Section 4

Annual accounts and annual report of the management company and the common fund

Annual accounts 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 shall be prepared for each financial period separately for the management company and each common fund. An annual report shall accompany the annual accounts.

The annual accounts of the management company shall be governed by chapter 12, sections 1 and 3–10 of the Act on Credit Institutions (610/2014) with the exception of the provision of section 5 concerning inclusion of a solvency calculation in the annual report.

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 Supervisory Authority and the Accounting Board.

When a common fund consists of one or more investment compartments, a combined profit and loss account and balance sheet for the common fund shall be presented in addition to compartment-specific accounts and annual reports.

The Financial Supervisory Authority shall issue further regulations on the preparation of the annual accounts referred to in subsection 1. Prior to issuing a regulation, the Financial Supervisory Authority shall request an opinion thereon from the Ministry of Finance and the Accounting Board. If a guideline or opinion of the Financial Supervisory Authority on the application of this section or a Decree of the Ministry of Finance issued thereunder is significant with regard to the general application of the Accounting Act, the Accounting Decree (1339/1997) or the Limited Liability Companies Act, the Financial Supervisory Authority shall request an opinion thereon from the Accounting Board prior to issuing the guideline or opinion.

The Financial Supervisory 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 5 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 significant with regard to the general application of the provisions on annual accounts in the Accounting Act or Decree or the Limited Liability Companies Act, the Financial Supervisory Authority shall, prior to deciding on the matter, request an opinion on the application for an exemption from the Accounting Board.

Section 5
Submission of a common fund's annual report to the Financial Supervisory Authority

The management company shall, without undue delay, submit to the Financial Supervisory Authority the annual report and half-yearly report of the common fund as well as copies of the following:

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 shareholders of the company and the meetings of unitholders;

4) the audit report referred to in section 3, subsection 2.

PART IV
SPECIFIC PROVISIONS RELATED TO MANAGING A COMMON FUND

Chapter 8
Establishment, rules and minimum capital of a common fund and the minimum number of unitholders

Section 1
Decision on establishment

A management company authorised to manage common funds may establish one or more common funds in an EEA Member State. Management companies may not establish a joint common fund, special common fund or general partnership.

A common fund shall have rules. The decision on the rules of the common fund and on any amendment of the rules shall be taken by the board of directors of the management company.

Section 2
Rules of a common fund

The rules of a common fund shall provide at least the following:

1) the name of the common fund as well as the business name of the management company and the depositary;

2) the purpose of the investing activity of the common fund as well as the manner of investment of the assets of the common fund;

3) investment compartment structure, if any;

4) any division of a unit into fractions and the divisor in fractions of units;

5) the nature of the units as either yield units or growth units;

6) the grounds for remunerating the management company and the depositary for their activity;

7) the grounds on which an investor may subscribe for the various classes of units;

8) the expenses regularly incurred by the common fund;

9) more specific grounds for calculating the value of a unit and its subscription and redemption price;

10) the place and manner for the subscription and redemption of units as well as any restrictions on subscription or redemption;

11) the grounds on which the management company may exercise the right which may be reserved for it in the rules to redeem units without the participation of the unitholder;

12) the situations in which the management company may or shall be obligated to suspend the redemption of units;

13) the place, time and manner of publishing the value of the unit and making the information on the subscription and redemption prices of units available to the public;

14) the financial period of the management company and the common fund;

15) the grounds for distribution of profit and the manner for and place of distribution of profit;

16) the time and place for making the common fund's fund prospectus, key investor information document, half-yearly report and annual report of the common fund and the management company available to the public;

17) the manner of convening meetings of unitholders and the manner in which notices are given to unitholders;

18) whether the units, a type of unit or a class of unit are to be incorporated in the book-entry system.

Section 3
Other information to be provided in the rules of a common fund

The rules of a common fund shall mention if the intention is to apply in the activity of the common fund the opportunity allowed by law:

1) to borrow in the name of the common fund on a temporary basis for common-fund activity;

2) the grounds for winding up the common fund; and

3) those States, local public bodies or international bodies governed by public law referred to in chapter 13, section 11, subsection 2, in the securities issued or guaranteed by which the management company intends to invest more than 35% of the assets of the common fund;

When derivative contracts are to be used in the investing activity of the common fund, the rules of the common fund shall mention:

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

2) the counterparties in OTC derivative contracts;

3) the risk management methods which the management company intends to apply.

The rules of a common fund shall furthermore mention:

1) any intent of the management company to conclude lending or repurchase agreements concerning securities and money market instruments belonging to the assets of the common fund;

2) the maximum portion of the common fund's investments in securities and money market instruments or of the common fund's assets which may at any one time be subject to the agreements referred to in paragraph 1 of this subsection; and

3) the entity referred to in chapter 13, section 18, the services of which the management company intends to use.

The management company shall comply with the restrictions on the investment of assets laid down in the rules of the common fund.

Section 4
Naming the common fund

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'.

The name of a common fund shall clearly differ from those of common funds which have had their rules confirmed earlier.

Section 5
Confirmation of the rules of a common fund

The rules of a common fund and any amendments thereto are to be confirmed by the Financial Supervisory Authority on application from the management company. The rules of a common fund and the amendments thereto shall be confirmed when these are clear and in compliance with the law.

An amendment of the rules of a common fund shall take effect after one month of the confirmation of the amendment by the Financial Supervisory Authority and the notification of the amendment to the unitholders in the manner laid down in the rules of the common fund unless otherwise decided by the Financial Supervisory Authority, taking into account the extent of the amendment and the best interests of the unitholders.

Section 6
Prohibition to convert a common fund into a special common fund

A common fund, the rules of which meet the requirements of the UCITS Directive, may not be converted into a special common fund.

Section 7
Commencement of the marketing of a common fund

A management company may not commence the marketing to the public of the units of a common fund it manages and funds may not be accepted into the common fund before the rules of the common fund have been confirmed.

The management company shall notify the Financial Supervisory Authority of the date on which it will commence the activity of the common fund.

If the management company has not commenced the activity of the common fund within two years of its rules having first been confirmed in accordance with section 5, the confirmation of the rules shall be deemed to have lapsed.

Section 8
Minimum capital and openness of a common fund

The minimum assets of a common fund shall be EUR 2 million at least *(minimum capital*). A common fund shall be open to all investors in accordance with the subscription and redemption conditions specified in the rules of the common fund. A common fund shall have at least 30 unitholders. When calculating the number of unitholders, a unitholder and an entity controlled by it within the meaning of chapter 1, section 5 of the Accounting Act as well as a comparable foreign company shall be deemed to comprise a single entity. The nominee of a unit shall not be considered to be a unitholder when the nominee meets the requirements under chapter 11, section 7 of this Act. A common fund must reach its minimum capital and minimum number of unitholders within one year of the commencement of its activity.

The management company shall without delay notify the Financial Supervisory Authority when the minimum capital or the minimum number of unitholders referred to in subsection 1 is first reached or when one or both of these have since fallen below the threshold provided in the said subsection or have again reached the threshold.

Section 9
Principles of the investing activity of a common fund

The assets of a common fund shall be invested without undue delay in accordance with chapter 13.

A management company may not invest the assets of a common fund at a price higher than market value or dispose of the assets of a common fund at a price lower than market value unless there is a special reason to do so.

The Financial Supervisory Authority shall issue further regulations on the notification of the information on the capital and number of unitholders of a common fund referred to in section 8 and the information concerning the investment of the funds of a common fund referred to in subsections 1 and 2 of this section.

Chapter 9
Managing a common fund

Section 1
Right of the management company to represent a common fund and obligation to segregate assets

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

The management company shall segregate the assets of a common fund from the assets of the management company and those of another common fund by entrusting these to a depositary for safekeeping. The assets of a common fund may not be attached for the debt of the management company.

When one or more investment compartments as referred to in chapter 10, section 3, subsection 1 have been established in the common fund, the assets of these shall also be segregated in accordance with subsection 2. The assets of an investment compartment may not be attached for

the debt of the common fund nor for the debt of another investment compartment or the management company.

The management company shall represent the common fund or an investment compartment of the common fund in its own name. Transactions concerning the common fund and an investment compartment shall mention the common fund or investment compartment on behalf of which the management company is acting.

Section 2
Meeting of unitholders and its convocation

A meeting of unitholders shall be held whenever deemed warranted by the board of directors of the management company or when requested in writing by an auditor, an independent member of the board of directors or unitholders which combined hold at least one twentieth of all units issued, in order for a given matter to be dealt with.

The management company shall be obligated to inform the unitholders, in the manner laid down in the rules of the common fund, of any initiative received by it to convene a meeting referred to in chapter 26, section 9 or another initiative by a unitholder to convene a meeting if the unitholder which proposes the convocation of the meeting does not have the minimum holding provided in subsection 1. For a justified reason, the management company may refuse to inform when it holds that there are no grounds to arrange the meeting. The management company shall notify its refusal and the grounds thereto to the unitholder which proposed the convocation of the meeting.

The meeting shall be convened without delay whenever convocation of the meeting is supported by the minority provided in subsection 1.

Section 3
Procedure at a meeting of unitholders and information on unitholders

The provisions to be complied with at the meeting of an association shall apply to the meeting of unitholders unless otherwise provided in the rules of the common fund or in this Act.

A unitholder shall exercise its rights at a meeting of unitholders in person or through a proxy. The proxy shall present a dated power of attorney. Unless otherwise indicated in the power of attorney, the authorisation shall apply to a single meeting. However, a power of attorney shall remain in force for no more than three years from its issue.

A unitholder and a proxy may have an assistant at the meeting of unitholders.

Each unit of the common fund shall confer one vote at the meeting of unitholders.

A unitholder which exercises control in the management company within the meaning of chapter 1, section 5 of the Accounting Act may not vote in person or through a proxy at the meeting of unitholders of a common fund managed by the management company.

The provisions laid down in subsection 5 concerning a unitholder shall also apply to an entity and foundation in which the unitholder referred to in the foregoing exercises control within the meaning of chapter 1, section 5 of the Accounting Act.

Section 4
Unit register

In order to record the holding of a unitholder, the management company shall keep a unit register in which at least the following shall be recorded:

1) the name and postal address of the unitholder;

2) the number of units held;

3) an itemisation of units of different types and classes;

4) the date of registration of the unit;

5) the consecutive number of the unit subscription.

An entry in the unit register may only be made once it has been ensured that the subscription price of the unit is received by the common fund within the time period normally observed in the markets. The subscription price of a unit shall be paid in cash or by giving to the common fund a number of the securities or money market instruments referred to in chapter 13, section 2, subsection 1 equivalent to the subscription price such that at the time of determination of the subscription price, the distribution of the different types of securities or money-market instruments corresponds to the investing activity specified by asset class in the rules of the common fund and the combined market value of the securities or money market instruments is equivalent to the value of the unit given as consideration. The subscription price of units subscribed for in a master fund by the feeder fund referred to below in chapter 14, section 1 may also be paid by giving the financial instruments referred to in chapter 13. Prior to the subscription of the unit, the opinion of a certified public accountant (KHT auditor) or an audit firm in which the auditor responsible for the opinion is a certified public accountant shall be obtained on the value of the financial instruments used to subscribe for the units of the master fund and their impact on the equal treatment of unitholders.

An acquisition notified by a unitholder to the management company on which a reliable account has been presented as well as any other change reported to the management company concerning a matter recorded in the unit register shall be recorded in the unit register without delay.

The management company shall be obligated to disclose the information referred to in subsection 1 to the prosecution authority and the criminal investigative authority for the purpose of investigating a crime and to another authority which under law has the right to obtain such information. The unit register shall be made available for review by the meeting of unitholders.

Section 5
Certificate of participation

At the request of the unitholder, the management company may issue a certificate of participation on the unit when the units of the common fund have not been incorporated in the book-entry system.

The certificate of participation may concern more than one unit or fractions thereof and it may be drawn only on a person, entity or foundation recorded in the unit register.

The certificate of participation shall mention:

1) the name of the unitholder and the common fund as well as the business name of the management company and the depositary;

2) the consecutive number of the certificate;

3) the class, type and number of units attached to the certificate;

4) the manner in which a unit shall be redeemed.

A certificate of participation shall be dated and it shall be signed by the board of directors of the management company or a person authorised by it. However, the signature may also be effected by printing or in another comparable manner.

The board of directors of a management company may decide that no certifications of participate shall be issued for units of the funds it manages as from the date specified in the said decision.

Section 6
Exercise of the rights of a unitholder

A unitholder may not exercise the rights provided to a unitholder under this Act until the unit has been registered in accordance with section 4 or the acquisition and the related account have been notified to the management company. However, this shall not apply to a right that is exercised by presenting or conveying a certificate of participation or a dividend coupon belonging thereto.

Section 7
Conveyance and pledge of unit

The conveyance and pledge of a certificate of participation shall be governed by sections 13, 14 and 22 of the Promissory Notes Act (622/1947). In applying the said provisions, the person who is

in possession of the certificate of participation and who according to an entry made by the management company on the certificate has been recorded in the unit register as a unitholder shall be equated with the person who under section 13, subsection 2 of the Promissory Notes Act is presumed to hold the right indicated by the promissory note.

A dividend coupon attached to a certificate of participation shall be governed by sections 24 and 25 of the Promissory Notes Act.

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

If no certificate of participation has been issued for a unit, any right of lien or an equivalent right encumbering the unit that has been notified to the management company shall additionally be recorded in the unit register.

Section 8
Engagement policy of a common fund

The board of directors of a management company shall adopt the principles and procedures for the exercise of the voting rights conferred by the shares belonging to the assets of a common fund at general meetings of shareholders of a limited liability company. The engagement policy shall be presented in the fund prospectus. The half-yearly and annual report of a common fund shall disclose information on the manner in which the voting rights of the common fund were exercised in the reporting period.

When a management company has invested the assets of the common funds it manages in the shares of any one limited liability company in an amount that other than temporarily exceeds one twentieth of the votes conferred by all shares, it shall in the annual report of the common fund publish the engagement policy in respect of the said limited liability company inasmuch as this

differs from the engagement policy disclosed in the fund prospectus in accordance with subsection 1.

Section 9 (515/2019)
Common fund's engagement policy with a listed company

A management company which invests the assets of the common funds it manages in a share of a company traded in a regulated market as referred to in the Act on Trading in Financial Instruments shall prepare an engagement policy for such common funds.

The engagement policy shall describe the link between shareholder engagement and the common fund's investment strategy. The policy shall describe the procedures for monitoring the activities of a company as referred to in subsection 1 in matters of significance to the investment strategy of the common fund and for exercising voting rights or other rights relating to the shares. The policy shall furthermore describe the manner in which the management company engages in dialogue with a company referred to in subsection 1 and the other shareholders and stakeholders of that company.

The engagement policy shall be disclosed in the fund prospectus or on the management company's website. The major votes and the manner in which the common fund's voting rights were exercised in the review period shall be disclosed in the common fund's half-yearly and annual report. In addition, the management company shall disclose the use of any proxy advisor as referred to in the Securities Markets Act.

When the management company fails in part or in full to prepare the policy referred to in subsections 1 and 2 or to publish the policy or the related disclosures in the manner referred to in subsection 3, it shall provide an explanation for its failure.

Section 10 (515/2019)
Management company's duty to disclose

For the purpose of this section, institutional investor means an insurance company as referred to in the Insurance Companies Act (521/2008) that provides life insurance, a pension trust that engages in the supplementary pension provision referred to in the Pension Trusts Act (1774/1995)

and an insurance fund that engages in the supplementary pension provision referred to in the Insurance Funds Act (1164/1992), or an equivalent institutional investor active in the European Economic Area which has invested its assets in a common fund referred to in section 9, subsection 1.

The management company shall annually disclose to the institutional investor information of the manner in which it complies with the arrangement made with the institutional investor and contributes to the achievement of its performance target. The disclosure need not be provided when the management company publishes the information in the fund prospectus or on its website.

The information referred to above in subsection 2 consists of:

1) the material risks relating to the investments made;

2) the investment portfolio structure, portfolio turnover and turnover costs;

3) the use of a proxy advisor in engagement with the investee company, any securities lending relating to engagement and the use of securities lending in engagement relating to general meetings of shareholders;

4) the basis for investment decisions and the decision-making procedures; and

5) any conflicts of interest and the policies for dealing with them.

The management company may disclose the information referred to in subsections 2 and 3 as a part of the information referred to in chapter 15, section 3 or 7.

Chapter 10
Calculation of value of common fund, issue and redemption

Section 1
Issue of units

A management company shall, upon request, issue units of a common fund it manages. For a reason arising from the nature of the investing activity of the common fund or for another special reason, the rules of the common fund may provide that units shall be issued only at times specified in the rules of the common fund.

Notwithstanding the provisions of subsection 1, a management company may temporarily suspend the issue of units of a common fund it manages in the situations mentioned in the rules of the common fund and when specifically required by the equal treatment of unitholders or another serious interest of the unitholders.

The Financial Supervisory Authority may order the issue of units to be suspended when this is essential in order to ensure trust in the securities markets or real estate market, to safeguard the best interests of the unitholders, or on other very serious grounds.

A management company may refuse to issue a unit and to accept the subscription of a unit when there are the serious grounds for such refusal mentioned in the rules of the common fund. The grounds shall have to do with the client and the client's earlier conduct or the fact that in the opinion of the management company, there is apparently no genuine need for the client relationship. The client shall be informed of the grounds for the refusal.

The provisions laid down in subsection 4 shall not apply when otherwise provided in chapter 26, section 15 or in the Act on Preventing Money Laundering and Terrorist Financing (444/2017).

When a management company in the manner referred to in subsection 2 has temporarily suspended the issue of units of a common fund it manages, it shall without delay inform the Financial Supervisory Authority of its decision. When a management company in the manner referred to in subsection 4 has refused to issue a unit and to accept the subscription for a unit, it shall inform the Financial Supervisory Authority of its decision by the end of the following month.

Section 2
Division of unit into fractions

Anyone who has invested funds in a common fund shall have the right to a unit.

Units may be divided into fractions when the rules of the fund so provide. The rules shall mention the number of equal fractions into which each unit is to be divided.

Section 3
Investment compartments, types of units and classes of units of a common fund

The rules of a common fund may provide that the common fund may be divided into one or more investment compartments, the investing policies of which may differ from one another. In such an event, the rules shall additionally provide the investing policy to be complied with for each investment compartment.

The units of a common fund shall be either yield units or growth units. The rules of a common fund may provide that the fund shall have both yield units and growth units.

The rules of a common fund shall provide for the grounds for determination of the annual profit paid from the assets of the fund on a yield unit and capitalised on a growth unit.

The rules of a common fund may provide that units of the fund may differ from each other with regard to the compensation charged by the management company from the assets of the fund for managing the fund. In such a case, the rules shall provide the conditions on which an investor may subscribe for classes of units which differ with regard to the compensation. The rules may also provide that yield units and growth units may be issued in different currencies or that the classes of units may be made subject to different index, inflation, interest rate or currency hedging or other hedging.

Units of the same type shall be of equal size in a single common fund and they shall confer equal rights to the assets of the common fund.

Section 4
Calculation of the value of a unit

The management company shall calculate the value of a unit on each day on which deposit banks are generally open for business (*banking day*).

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 by deducting the liabilities of the fund from its assets. In order to promote long-term investing activity among unitholders, a common fund may adopt a pricing method by which to compensate for the transaction costs and exchange rate fluctuations arising to the fund and to foster the equal treatment of unitholders, and which is specified in the rules of the common fund. The method shall be transparent and also in other respects consistent with the best interests of the unitholders.

A value shall be assigned to the assets of the common fund according to their market values. If there is no market value or a market value cannot be obtained due to the circumstances, the value of an asset shall be determined on the grounds provided in the rules of the common fund. The rules of the common fund shall also in other respects specify the calculation of the value of a unit. When the value of a unit cannot be reliably determined due to an exceptionally unstable and unpredictable market environment or other exceptional circumstances or for another serious reason, the calculation of the value of a unit may, in order to safeguard the equal treatment of unitholders, temporarily be waived. When the management company has temporarily waived the calculation of the value of a unit, it shall inform the Financial Supervisory Authority of its decision without delay.

The Financial Supervisory Authority shall issue further regulations on the calculation of the value of a unit.

Section 5
Redemption of a unit

The management company shall, at the request of a unitholder and in the manner and at the time specified in the rules of the common fund, redeem a unit of a common fund it manages. A unit shall be redeemed without delay from the assets of the common fund for the value determined

according to section 4 at the redemption date. Redemptions shall take place in the order in which requests for redemption are made. A redemption shall be conditional upon the surrender to the management company of any certificate of participation issued. When the funds for redemption must be obtained by selling securities, the securities shall be sold without undue delay and in any case within two weeks of the redemption request having been made. Units shall be redeemed immediately upon receipt of the funds from the sale of securities. For a special reason, the Financial Supervisory Authority may grant permission to exceed the time period imposed for the sale of securities.

A management company may redeem the units held by a unitholder on its own initiative when special grounds relating to the unitholder are determined in the rules for such action. The grounds shall moreover relate to with the holding in the common fund potentially giving rise to obligations which the management company cannot within reason be expected to fulfil. In such a case, the redemption shall take place at the value on the date on which the decision was taken and no redemption fee may be charged thereon. The unitholder shall be informed of the redemption and the grounds thereto without delay.

Section 6
Restriction and temporary suspension of redemptions

In the manner provided in the rules, a management company may restrict the implementation of sizable redemptions of units of a common fund managed by it and temporarily suspend the redemption of units in the situations mentioned in the rules of the common fund. The redemption of units may only be suspended when this is specifically required by the equal treatment of unitholders or another serious interest of the unitholders.

A management company shall suspend the redemption of units when the value of the assets of the common fund or the number of its unitholders falls below the threshold provided in law or the minimum provided in the rules of the common fund if the situation is not remedied within 90 days of the fall below the minimum. However, the prohibition on redemption shall not be applied before the expiration of the time period referred to in chapter 8, section 8. While the suspension is in place, all marketing materials of the common fund shall mention the exceptional circumstances of the fund.

The Financial Supervisory Authority may issue further regulations on the grounds for the restriction of redemption referred to in subsection 1 and the situations in which it may be put in place.

Section 7
Right of the Financial Supervisory Authority to order a suspension of redemptions

The Financial Supervisory Authority may order the suspension of redemptions of units when this is vital in order to ensure trust in the securities markets, to safeguard the best interests of unitholders or on other very serious grounds.

Section 8
Notification of suspension of redemptions

When a management company suspends the redemption of units in the manner referred to in section 6, it shall, without delay, inform the Financial Supervisory Authority of its decision.

The management company in the situation referred to in section 6 and the Financial Supervisory Authority in the situation referred to in section 7 shall, without delay, notify its decision to the competent authorities of all the EEA Member States in which the units of the said common fund were marketed.

Chapter 11
Units managed by a nominee

Section 1
Units held by a foreigner

The units held by a foreign national or a foreign entity or foundation may be entered in the unit register so that a nominee who, on commission, manages the units on behalf of the unitholder, is 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 chapter 9, section 4, subsection 1 on the nominee.

A condition 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.

Section 2
Nominee acting on behalf of a unitholder

The nominee may be a management company, a credit institution referred to in the Act on Credit Institutions or an investment firm referred to in the Act on Investment Services which has the right to provide the safekeeping of financial instruments referred to in chapter 2, section 3, subsection 1, paragraph 7 of the Act on Investment Services, and an entity authorised in another EEA Member State for equivalent activity. The nominee may also be a central securities depository referred to in chapter 1, section 3, paragraph 5 of the Act on the Book-Entry System and Settlement Activities (348/2017) and a foreign central securities depository as referred to in chapter 1, section 3, paragraph 6 of the same that has been authorised to act as a central securities depository in an EEA Member State or in a third country under Regulation (EU) No 909/2014 of the European Parliament and of the Council on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012.

Section 3
Written contract between management company and nominee

A management company shall conclude a written contract with the nominee on the management of units of a common fund managed by the management company. The contract may only be concluded with a party that is fit and proper, reputable and professional in its activities. The contract shall require the nominee to supply the management company with the information under chapter 9, section 4 on the holders of the units managed by the nominee and with the other information required by the management company based on the legislation applicable to its activity.

Section 4
Written contract between nominee and its client

The nominee shall conclude a written contract with the foreign unit holder or the credit institution, investment firm or other party representing the unitholder on the management of the units and this contract shall state the obligation of the nominee to disclose the required information on the unitholder.

When the nominee maintains in another State a register of rights pertaining to units, subject to the entries made in the unit register the rights of the unitholder or another holder of rights shall be governed by the laws of the said State.

Section 5
Exercise of rights relating to units

A nominee shall have the right to exercise only the financial rights relating to the units it manages.

No right to attend the meeting of unitholders shall arise by virtue of the units managed by the nominee.

No certificate of participation shall be issued for units recorded in the name of a nominee.

Section 6
Liability for damages

A nominee shall be liable to compensate a unitholder or another person for damage which it causes to them deliberately or through negligence in connection with its activity.

Section 7
Disclosure of information to the authorities

A nominee shall be obligated, upon request, to disclose to the Financial Supervisory Authority the name and home State of the holder of the units managed by the nominee and the number of units held by them. Alternatively, the Financial Supervisory Authority may accept the nominee's

disclosure of the equivalent information on an agent acting on behalf of the unitholder and the nominee's written affirmation that the unitholder is not Finnish.

The Financial Supervisory Authority may issue further regulations on the manner in which the information under this Act on a unitholder or an agent acting on a unitholder's behalf as well as the information necessary for customer due diligence in respect of these shall be disclosed, as well as on factors that shall be taken into account when concluding the contract between the management company and the nominee.

A nominee shall be obligated to disclose the information on the unitholder to the prosecution authority and the criminal investigative authority for the purpose of investigating a crime as well as to another authority which under law is entitled to obtain the said information.

Chapter 12
Units incorporated in the book-entry system

Section 1
Incorporation of units in the book entry system

Notwithstanding the provisions laid down in chapter 9, sections 4–7 and chapter 10, section 5, subsection 1, the rules of a common fund may include a provision to the effect that the units, a type of unit or a class of unit shall be incorporated in the book-entry system by decision of the management company. The decision of the management company shall specify the period of time during which the incorporation of the units shall take place. No certificate of participation shall be issued for a unit incorporated in the book-entry system. The right to such a unit and the fulfilment of the performance obligation based on the unit are governed by the Act on Book-Entry Accounts (827/1991).

The certificate of participation shall be submitted to a book-entry register for registration of title no later than on the date specified in the decision of the management company. The book-entry registrar shall ascertain the acquisition of the holder. In connection with the registration of title, the unitholder shall surrender its certificate of participation to the registrar, which shall make an entry therein on the incorporation of the unit in the book-entry system.

A pledge holder or another holder of a right shall no later than on the registration date notify its right for registration in the unitholder's book-entry account. When the unitholder has no book-entry account and the applicant presents the requisite information to verify its right and surrenders the certificate of participation to the book-entry registrar, the book-entry registrar shall open a book-entry account in the name of the unitholder and the unit and the right of the holder shall be registered in this account. In such a case, a pledge may be registered without the written consent of the accountholder.

The management company shall, no later than on the registration date, notify to the book-entry registrar for their registration in the unitholder's book-entry account the units on which a certificate of participation has not been issued in accordance with chapter 9, section 5, subsection 1 or the certificate of participation of which is held in safekeeping by the management company on behalf of the unitholder. When the unitholder has no book-entry account, one shall be opened in the name of the unitholder in the book-entry register of the central securities depository and the information referred to in chapter 9, section 4 notified by the management company and entered in the register of units at the date of notification shall be registered in this account.

Section 2
Joint account

A joint book-entry account shall be opened in the book-entry register at the registration date for those unitholders which have not supplied their certificate of participation or information for registration of title in the book-entry register and the management company shall be entered as the account holder of this account on behalf of the unitholders not registered.

The central securities depository shall prepare a separate list of the unitholders according to the unit register whose certificates of participation have not been submitted for registration in the manner referred to in section 1. However, such a list need not be prepared when the incorporation of the units in the book-entry system takes place in a manner, safeguarding the rights of the unitholder and approved by the central securities depository, in which an entry is made on the certificates of participation, on the basis of which their link to the entry made in the unitholder's book-entry account can be determined. The entries concerning units registered in the account shall also allow the establishment of the consecutive number of the certificate of participation.

Anyone who presents proof of their right to the units registered in the account mentioned in subsection 1 as well as the relevant certificates of participation shall have the right to request that their right be registered in accordance with section 1.

Section 3
Obligation of the management company to notify

No later than three months prior to the registration date, the management company shall notify all unitholders whose address is known to the company of the decision referred to in section 1 and of the procedure for a unitholder or a person in possession of a certificate of participation to have their right to the unit registered in the book-entry account. Similar instructions shall also be provided on the manner in which other rights pertaining to a unit may be registered.

The decision of the management company referred to in section 1 shall additionally be communicated in the same manner as notices to unitholders shall be given under the rules of the common fund. A notice of the decision shall also be published in the Official Gazette and in at least one national newspaper. The instructions and notices shall moreover be sent to the book-entry registrar.

When necessary, further provisions on the procedure referred to in subsections 1 and 2 may be laid down in the rules of the central securities depository.

Section 4
Redemption of units held in a joint account on behalf of the unitholders

After five years from the registration date, the management company may decide to redeem on behalf of their holders the units held in the joint book-entry account referred to in section 2, subsection 1. The decision of the management company shall be served on the unitholders referred to therein and to the persons referred to in section 1, subsection 3, and they shall be invited to register their unit in the book-entry system on pain that the unit shall otherwise be redeemed. The invitation shall be sent to the unitholders and the persons referred to in section 1, subsection 3 when their name and address is known to the management company and it shall be published in the Official Gazette. Notice of the invitation shall additionally be given in the manner in which notices to unitholders shall be given under the rules of the common fund.

When the holder of a unit held in the joint book-entry account or the person referred to in section 1, subsection 3 has not within one year of the invitation referred to in subsection 1 requested the registration of their right, they shall have forfeited their right to the unit. Thereafter the management 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, less the costs of notices and redemption, with the regional state administrative agency of the place of the registered office of the management company without reserving the right to reclaim the deposited funds for itself. The unitholder or the person referred to in section 1, subsection 3 may, against a certificate of participation, withdraw from the funds an amount equivalent to the unit.

Section 5
Payment of profits

Distributions of profits or payments that have been decided after the registration date accruing to the units referred to in section 2 above may not be withdrawn until the unit has been submitted to the book-entry register for registration of title.

A unitholder who prior to the registration date was recorded in the unit register or who notified and proved their acquisition to the management company may exercise rights in the common fund other than those listed in subsection 1 even if the unitholder has not submitted their certificate of participation to the book-entry register for registration of title. At the request of the management company, the unitholder shall in such a case present their certificates of participation or an account of location of the certificates, or other proof that title to the unit has not yet been registered in the book-entry account.

Subsequent to the registration date, a unit only confers in the common fund the right provided in section 2, subsection 3. The effect of the surrender of the certificate of participation subsequent to the registration date shall be governed by sections 27 and 29–31 of the Promissory Notes Act. A certificate of participation may be cancelled also subsequent to the registration date in compliance with the specific provisions thereon.

Section 6
Maintenance of unitholder data in the book-entry system

A list of unitholders shall be kept on the units incorporated in the book-entry system and their holders as provided in chapter 4, section 3 of the Act on the Book-Entry System and Settlement Activities. Chapter 9, section 4, subsection 2 of this Act shall apply to the registration of a unit in a book-entry account and the list of unitholders.

The book-entry register where the book-entry account in which the units have been registered is kept as well as the information to be recorded in the unit register under chapter 9, section 4, subsection 1, paragraphs 1–4 shall be recorded in the list of unitholders.

Nominee registered units shall be recorded separately in the list of unitholders such that the same information as provided above concerning the unitholder shall be recorded on the nominee, as well as a mention of nominee registration.

In respect of nominee registered units and units in respect of which a person other than the unitholder, according to the entries in the book-entry account, is entitled to receive payments based on the unit, the relevant book-entry register shall be recorded in the list of unitholders as the address for payment.

The publicity of the list of unitholders and of the waiting list referred to in section 7 shall be governed by chapter 9, section 4, subsection 4. However, the keeper of the list of unitholders shall be obligated to disclose information recorded in the list of unitholders to the management company.

Section 7
Temporary registration

If a temporary registration referred to in section 18 of the Act on Book-Entry Accounts has been made on the acquisition of a transferee, the transferee may not be recorded in the list of unitholders and instead the central securities depository shall maintain a separate list (*waiting lis*t) 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 removed from the list of unitholders and recorded in the waiting list.

The transferee of a unit incorporated in the book-entry system may not exercise the rights in the common fund belonging to a unitholder until the transferee has been registered in the list of unitholders, unless otherwise provided in section 5, subsection 2 or in chapter 4, section 4, subsection 2 of the Act on the Book-Entry System and Settlement Activities.

Section 8
Rules of a common fund incorporated in the book-entry system

The rules of the common fund shall include a provision under which the right to receive profit distributed from the common fund shall only belong to a person:

1) who at the designated record date is registered as a unitholder in the list of unitholders;

2) whose right to receive the payment is registered at the record date in the book-entry account of the unitholder recorded in the list of unitholders; or

3) into whose book-entry account the unit is registered at the record date and the nominee of whom at the record date, pursuant to chapter 4, section 4 of the Act on the Book-Entry System and Settlement Activities, has been registered as the nominee in the list of unitholders, when the unit has been nominee registered.

When the holding of the unit at the record date has been recorded in the waiting list, the right mentioned in subsection 1 shall belong to the person who proves that at the record date, the unit belonged to them.

Section 9
Unitholder rights in the book-entry system

The right to attend a meeting of unitholders in a common fund whose units, type of unit or class of unit has been incorporated in the book-entry system is only held by unitholders who ten days prior to the meeting of unitholders are registered as unitholders in the list of unitholders, unless

otherwise provided in section 5, subsection 2. When calculating the votes of unitholders, units registered to them in the list of unitholders subsequent to the said date shall not be taken into account.

Notice of a meeting of unitholders shall be given no later than one week prior to the due date referred to in subsection 1.

Section 10
Removal of units from the book-entry system

A management company may decide to have the units of a common fund it manages removed from the book-entry system. In such a case, sections 1 and 3 shall apply to the procedure. The units shall be recorded in the unit register with information according to the list of unitholders.

The provisions laid down in subsection 1 shall not apply when the removal of the units from the book-entry system is due to the termination or merger of the common fund.

PART V
INVESTING THE ASSETS OF A COMMON FUND, FEEDER FUND STRUCTURE, DISCLOSURE OBLIGATION, AND MARKETING

Chapter 13
Investment by a common fund

Section 1
Diversification of the assets of a common fund

When investing the assets of a common fund, a management company shall spread the risk arising from the investing activity.

Section 2
Permitted markets

A management company may invest the assets of a common fund:

1) in securities and money market instruments dealt in on a regulated market within the meaning of the Act on Trading in Financial Instruments or on another regulated market which operates regularly and is recognised and open to the public;

2) in securities, the terms of issue of which include an undertaking to have the securities admitted within one year of their issue to trading in an exchange system referred to in subsection 1 when trading is very likely to commence no later than by the expiration of the said time period.

After requesting a joint opinion from the management companies, the Financial Supervisory Authority may issue further regulations on the conditions under which a market may be deemed to meet the requirements laid down in subsection 1, paragraph 1.

Section 3
Minimum liquidity

A common fund shall hold the cash assets required for the activity.

Section 4

Money market instruments and investing in financial instruments other than ones dealt in on the permitted markets

A management company may invest the assets of a common fund in money market instruments that are not dealt in on a market referred to in section 2, subsection 1, paragraph 1, when their issue or issuer is subject to regulation to protect investors and savings and they are:

1) issued or guaranteed by a central, regional or local authority or central bank of an EEA Member State, the European Central Bank, the European Union or the European Investment Bank, a non-EEA Member State or a constituent state of such a State, or by a public international body in which at least one EEA Member State is a member;

2) issued by an entity, a security issued by which is dealt in on the market referred to in section 2, subsection 1, paragraph 1;

3) issued or guaranteed by an entity subject to prudential supervision, in accordance with criteria defined by EU law, or by an entity which is subject to and complies with prudential rules equivalent to those laid down by EU law; or

4) issued by an entity other than one referred to in paragraphs 1–3 when investments in money market instruments issued by the entity are subject to investor protection equivalent to the disclosure obligation applicable to the issuers referred to in the said paragraphs and provided that the issuer has equity of at least EUR 10 million and prepares and publishes its annual accounts in accordance with Directive 2013/34/EU of the European Parliament and of the Council on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC, or an entity that belongs to a group of companies including one or more companies, a security issued by which is dealt in on a market referred to in section 2, subsection 1, paragraph 1, and that specialises in the financing of the group, or an entity specialising in the financing of securitisation vehicles which benefit from a credit institution’s liquidity line.

A management company may invest no more than one tenth of the assets of a common fund in securities and money market instruments other than those referred to in section 2 and in this section.

A management company shall take the action necessary to safeguard the best interests of unitholders when assets of the common fund have been invested in securitisations referred to in the Securitisation Regulation that no longer meet the requirements laid down for them in the said Regulation.

Section 5
Deposits

A management company may invest the assets of a common fund in deposits with credit institutions when:

1) the deposit is repayable on demand or may be withdrawn, and matures within 12 months; and

2) the credit institution has its registered office in an EEA Member State or, if the credit institution has its registered office in a third country, provided that in its home State, the credit institution is subject to prudential rules equivalent to those laid down by EU law.

Section 6
Investments in common funds

A management company may invest the assets of a common fund it manages in the units of other common funds or UCITS as well as in units of the alternative investment funds referred to in the Act on Alternative Investment Fund Managers and established in an EEA Member State or a third country when the purpose of these is the collective investment of funds obtained from the public in the financial instruments referred to in section 2, 4 or 5 or in this section or in other liquid financial assets and if they operate on the principle of risk spreading and if the units thereof are redeemed at the request of their holder either directly or indirectly with the assets of these undertakings engaging in collective investment.

However, the assets of a common fund may not be invested in the units of a common fund, UCITS or alternative investment fund, more than one tenth of the assets of which in total under its rules or articles of association may be invested in units of other common funds, UCITS or alternative investment funds.

The assets of a common fund may be invested in units of an alternative investment fund referred to in the Act on Alternative Investment Fund Managers and established in an EEA Member State or a third country, as referred to in subsection 1, when the alternative investment fund in which the investment is made:

1) under the legislation of its home State is subject to supervision equivalent to European Union law and the cooperation between its supervisory authority and the Financial Supervisory Authority has been ensured to a sufficient extent;

2) the protection of unitholders is equivalent to the protection of unitholders of the common fund and UCITS, and in particular that the rules on asset segregation, borrowing, lending, and uncovered disposals of securities and money market instruments are equivalent to the requirements of the UCITS Directive; and

3) a half-yearly and annual report are published on the activity to enable an assessment to be made of its assets and liabilities, income and investing activity during the reporting period.

The investments referred to in subsection 3 above may total no more than three tenths of the assets of the common fund.

When the assets of a common fund are invested in the units of such common funds, UCITS or alternative investment funds referred to in subsection 1 or 3 that are directly or under contract managed by the same management company or another company with which the management company is linked on the basis of shared business management or control or a significant direct or indirect holding, the management company or other company may charge no subscription or redemption fee for the investments of the common fund in their units.

A management company may invest no more than one fifth of the assets of a common fund in the units of any one common fund, UCITS or alternative investment fund referred to in paragraph 1 or 3.

When calculating the investment restrictions laid down in this chapter, account shall not be taken of the assets of the common funds, UCITS or alternative investment funds referred to in paragraph 1 or 3 in which assets of the common fund have been invested.

Section 7
Minimum diversification requirements for a common fund

No more than one tenth of the assets of a common fund may be invested in the securities or money market instruments of any one issuer. No more than one fifth may be invested in deposits with any one credit institution.

The counterparty risk arising from investment in OTC derivative contracts may not, in respect of any one counterparty, exceed one tenth of the assets of the common fund when the counterparty is a credit institution referred to in section 5, and in other cases one twentieth of the assets of the common fund.

Investments in the securities or money market instruments of any one issuer that exceed one twentieth of the assets of the common fund may account for no more than two fifths of the assets of the common fund. This restriction shall not apply to deposits and to investments in OTC derivative contracts in which the counterparty is a credit institution referred to in section 5.

No more than one fifth of the assets of a common fund may be invested in the securities and money market instruments of any one issuer, deposits accepted by the said entity or OTC derivative contracts which expose the common fund to a counterparty risk against the said entity.

When calculating the restrictions laid down in this section and in section 10, section 11, subsection 1 and section 12, subsection 1, an entity shall be deemed to comprise entities belonging to the same group under chapter 1, section 6 of the Accounting Act. Notwithstanding this, no more than one fifth of the assets of a common fund in total may, however, be invested in securities and money market instruments issued by entities belonging to the same group.

Section 8
Index fund

Notwithstanding the restrictions laid down in section 7 above, a management company may invest no more than one fifth in total of the assets of a common fund in the shares or bonds of any one issuer when under its rules, the objective of the activity of the common fund is to replicate a given share or bond index well known on the financial markets. The index replicated shall be sufficiently diversified in composition and it shall with sufficient accuracy depict the markets whose movements it is intended to indicate. Adequate information on the composition and the development of the index shall be generally available.

Subject to the requirements laid down in subsection 1 above, a management company may invest no more than 35 one-hundredths in total of the assets of a common fund in the shares or bonds of any one issuer when this is justified due to exceptional market conditions in a regulated market in which certain securities are highly dominant. Investment up to this limit shall only be permitted for one issuer.

Section 9
Exercise of significant influence

A management company may not exercise significant influence in a limited liability company in the shares of which it has invested assets of the common funds it manages. A management company may not exercise voting rights in excess of one tenth of the votes conferred by all shares in another company in which it has invested assets of the common funds it manages. When a management company has invested assets of the common funds it manages in the shares of any one limited liability company in an amount that other than temporarily exceeds one twentieth of the votes conferred by all shares, it shall publish its engagement policy with the said limited liability company as provided in chapter 9, section 8, subsection 2. The aforementioned restrictions shall apply also when investing the assets of a common fund in such units of common funds, UCITS or alternative investment funds that are not redeemed at the request of their holder either directly or indirectly with the assets of these undertakings engaging in collective investment. However, the aforementioned restrictions shall not apply in the case of assets invested through special common funds managed by the management company.

A management company may acquire as holdings of a common fund no more than one tenth of any one issuer's:

1) non-voting shares;

2) bonds; and

3) money market instruments.

A management company may acquire as holdings of a common fund no more than one quarter of the units of any one common fund or UCITS.

The restrictions laid down in subsection 2, paragraphs 2 and 3 and in subsection 3 above need not be complied with at the time of acquisition if at that time, the aggregate amount of bonds or money market instruments or the net amount of issued units of a common fund or UCITS cannot be calculated.

Section 10
Specially secured bonds

Notwithstanding the provisions laid down in section 7, subsections 1, 3 and 4, a management company may invest no more than one quarter of the assets of a common fund in the bonds of any one issuer when:

1) the issuer is a credit institution that by law is subject to public inspection imposed in order to protect holders of bonds and has its registered office in an EEA Member State; and

2) the sums deriving from the issue of the bond shall, by law, be invested in a manner which safeguards payment of capital and interest providing that the said sums could be used for this purpose on a priority basis in the event of the failure of the issuer to perform its payment obligation.

Investments in the bonds of any one issuer mentioned in subsection 1 which exceed one twentieth of the assets of the common fund may total no more than four fifths of the assets of the common fund.

The Financial Supervisory Authority shall submit to ESMA and the European Commission a list of the bonds referred to in subsection 1 and such issuers of them which are authorised to issue bonds fulfilling the conditions mentioned in subsection 1. A notice of the status of the guarantees offered on the bonds shall accompany the list.

Section 11
Securities and money market instruments issued by a public body

Notwithstanding the provisions laid down in section 7, subsections 1, 3 and 4 and in section 9, subsection 2, paragraphs 2 and 3, a management company may invest no more than 35 one-hundredths of the assets of a common fund in the securities or money market instruments of any one issuer when these are issued or guaranteed by the Government of Finland, a Finnish municipality or joint municipal authority, an EEA Member State or a constituent state of an EEA Member State or another local public body of such a State, a member State of the Organization for Economic Cooperation and Development OECD or an international public body in which at least one EEA Member State is a member.

In application of the principle of risk-spreading, a management company may 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 requirement for this is that a mention to this effect is included in the rules of the common fund, according to the rules the securities or money market instruments originate in at least six different issues, and the intent is not to invest in any one issue an amount that exceeds three tenths of the assets of the common fund, and when unitholders can be guaranteed protection equivalent to one offered by a common fund that complies with the restrictions laid down in section 7, subsections 1, 3 and 4 and in section 9, subsection 2, paragraphs 2 and 3.

Section 12
Derogations from the minimum diversification rule

The investments referred to above in section 7, subsections 1–4, section 10 and section 11, subsection 1 in the securities or money market instruments of any one issuer or deposits accepted by it or OTC derivative contracts in which the said entity is a counterparty may not exceed an amount equivalent to 35 one-hundredths of the assets of the common fund.

The securities and money market instruments referred to above in section 10 and section 11, subsection 1 need not be taken into account when applying the restriction laid down in section 7, subsection 3.

The restrictions laid down above in this chapter need not be complied with when exercising subscription rights related to securities or money market instruments belonging to the assets of a common fund. When the restrictions have been exceeded for reasons beyond the management company's control or due to exercise of subscription rights, the management company shall consider the primary objective of common fund activity to be rectification of the situation in a manner consistent with the best interests of the unitholders.

Section 13
Derogations from diversification requirements at the start of the activity of a common fund

When investing the assets of a common fund while applying the principle of risk-spreading, a management company may derogate from the restrictions laid down in sections 6–8, 10 and 11 and in section 12, subsection 1 for no more than six months from the commencement of the activity of the common fund.

Section 14
Special situations when investing outside the EEA

The assets of a common fund may be invested in the shares or other capital participations of a company established outside the EEA which invests its assets mainly in securities, the registered

office of the issuer of which is located in the home State of the company, when under the legislation of the relevant State, this is the only way to invest in securities issued in the said State.

The investments referred to in subsection 1 above may only be made when the restrictions laid down in sections 6, 7, 9 and 10, section 11, subsection 1 and section 12, subsection 1 are complied with in the activity of the company. If the restrictions referred to in section 6, section 7, subsections 1 and 3, section 10, section 11, subsection 1 and section 12, subsection 1 are exceeded due to exercise of subscription rights or for reasons beyond the management company's control, or the activity of the common fund concerned and managed by the management company commenced within the past six months, section 12, subsection 3 and section 13 shall apply.

Section 15
Derivative contracts

A management company may invest the assets of a common fund in derivative contracts that are dealt in on a regulated market within the meaning of the Act on Trading in Financial Instruments or on another regulated market which operates regularly and is recognised and open to the public, and in equivalent cash-settled instruments as well as in OTC derivative contracts when:

1) the underlying of the derivative contract is a financial instrument referred to in section 2 or sections 4–6, a derivative 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 objectives determined for the common fund's investing activity in its rules;

2) the counterparty in an OTC derivative contract is an entity subject to prudential supervision in accordance with criteria determined by EU law, or an entity that is subject to and complies with prudential rules equivalent to EU law;

3) the management company is able to determine the value of the OTC derivative contracts reliably and verifiably on a daily basis and they can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the management company's initiative.

Section 16
Financial indices as the underlying in a derivative contract

When investing the assets of a common fund in derivative contracts, the investment restrictions laid down in this chapter may not be exceeded. However, when calculating the restrictions account shall not be taken of investments in such derivative contracts, the underlying of which is a financial index that meets the requirements laid down in section 8, subsection 1.

A security or money market instrument that includes a derivative contract shall be taken into account when complying with the requirements of sections 15 and 17 and of this section.

Section 17
Minimum diversification requirement for derivative contracts

The global risk exposure of a common fund relating to derivative contracts may not exceed the total net value of all of its investments. The exposure shall be calculated taking into account the current value of the common fund's assets, the counterparty risk, future market movements and the time available to liquidate the positions.

A management company must employ a risk management process that allows it constantly to monitor and measure the risk of any individual investment and its effect on the global risk exposure of the common fund. It shall employ a process for accurate and independent assessment of the value of non-standardised derivatives. A management company may not use credit ratings as the sole criterion or in a mechanical manner when assessing the creditworthiness of the assets of a common fund.

A management company shall notify the Financial Supervisory Authority annually, for each common fund it manages, of the types of derivative instruments, the underlying risks, the methods chosen in order to assess the risks associated with derivative contracts, and quantitative limits. Any significant changes in the aforementioned information shall also be notified.

Any further provisions, necessary for the implementation of the Risk Management Directive, on the criteria for assessing the adequateness of risk management processes and procedures for assessing the value of non-standardised derivative contracts as well as the contents of the

information referred to in subsection 3 and the procedure to be complied with in the notification of such information shall be issued by the Financial Supervisory Authority.

Section 18
Lending and repurchase agreements

In order to promote efficient asset management, a management company may conclude lending and repurchase agreements on the securities and money market instruments belonging to the assets of a common fund when they are settled in a clearing house or foreign clearing house referred to in the Act on the Book-Entry System and Settlement Activities or, when settlement takes place elsewhere, when the counterparty therein is an investment firm referred to in the Act on Investment Services or another investment service provider, and the terms thereof are ordinary and generally known on the markets.

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. The management company is tasked with ensuring, on a daily basis, that the value of the collateral remains adequate throughout the term of the lending or repurchase agreement. A clearing house or another organisation supervised by the Financial Supervisory Authority or an equivalent competent authority shall hold the collateral in safekeeping on behalf of the common fund until the expiration of the lending or repurchase agreement.

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

The combined total amount of the repurchase agreements concluded by a common fund and the credit referred to in section 20 may not exceed one tenth of the value of the assets of the common fund.

The Financial Supervisory Authority may issue further regulations on the right of a management company to conclude lending and repurchase agreements on securities and money market instruments belonging to the assets of a common fund.

Section 19
Prohibition of uncovered conveyances of a common fund's securities, money market instruments or derivative contracts

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

Section 20
Borrowing

A management company may, on behalf of a common fund, on a temporary basis for common fund activity borrow an amount that is equivalent to no more than one tenth of the value of the common fund. Foreign currency may be acquired for the common fund through credit intermediation.

A management company may provide assets of a common fund as collateral on:

1) the borrowing referred to in subsection 1;

2) a securities repurchase agreement referred to in section 18;

3) a liability arising from a derivative contract referred to in section 15.

The Financial Supervisory Authority may issue further regulations on borrowing and the use of the assets of a common fund as collateral on debt.

Section 21
Lending and giving a guarantee

A management company may not lend with the assets of a common fund nor give a guarantee or other security on the commitments of a third party. However, securities, money market instruments or derivative contract not fully paid up may be acquired to a common fund.

Section 22
Investment in other management companies

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

Section 23
Precious metals

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

Section 24
Power to issue Decrees

The further provisions on the requirements concerning the money market instrument referred to in chapter 1, section 2, subsection 1, paragraph 23; the securities referred to in section 2, subsection 1 and section 4, subsection 2 of this chapter; the money market instruments referred to in section 4, subsection 1 of this chapter; the share or bond index referred to in section 8, subsection 1 of this chapter; the derivative contracts and underlying financial indices referred to in section 15, subsection 1 of this chapter; the securities and money market instruments referred to in section 16, subsection 2 of this chapter; and the efficient asset management methods referred to in section 18 of this chapter necessary for the implementation of Commission Directive 2007/16/EC of 19 March 2007 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 Decree of the Ministry of Finance.

Chapter 14
Feeder fund structure

Section 1
Investing the assets of a feeder fund

No more than 15% of the assets of a feeder fund may be:

1) held as the cash assets required for the activity; or

2) invested in derivative contracts for hedging purposes in accordance with chapter 13, sections 15–17.

A feeder fund's global risk exposure referred to in chapter 13, section 17, subsection 1 shall be calculated by aggregating the direct risk exposure arising from the investments referred to in subsection 1, paragraph 2 of this section with:

1) the master fund's actual exposure to the derivative contracts referred to in chapter 13, section 15, subsection 1 in proportion to the investments of the feeder fund in the master fund; or

2) the master fund's potential maximum exposure to the derivative contracts referred to in chapter 13, section 15, subsection 1 provided in the rules of the master fund in proportion to the investments of the feeder fund in the master fund.

Section 2
Openness of a master fund

When a master fund has at least two feeder funds as unitholders, the master fund's management company may, notwithstanding chapter 1, section 1 and section 2, subsection 1, paragraph 1 decide whether to raise capital from other investors.

The provisions laid down in chapter 22, section 7 shall not apply to a master fund, the unitholders of which are only feeder funds established in an EEA Member State other than Finland and the units of which are not marketed to the public in an EEA Member State other than Finland.

The provisions laid down in chapter 23, section 1 shall not apply to a master UCITS, the unitholders of which are feeder funds established in Finland and the units of which are not marketed to the public in Finland.

Section 3
Approval of the Financial Supervisory Authority and confirmation of the rules of a feeder fund

The assets of a feeder fund may not, without the approval of the Financial Supervisory Authority, be invested in a master fund in an amount exceeding the limit laid down in chapter 13, section 6, subsection 6. The Financial Supervisory Authority shall grant the approval when the feeder fund, its depositary and auditor as well as the master fund meet the requirements laid down in this chapter.

The following documents shall be submitted to the Financial Supervisory Authority in order to obtain the approval referred to in subsection 1:

1) the rules or instruments of incorporation of the feeder fund and the master fund;

2) the fund prospectus and the key investor information document of the feeder fund and the master fund;

3) the agreement referred to in section 4, subsection 1 between the feeder fund's management company and the master fund, or the internal conduct of business rules;

4) the information referred to in section 11, subsection 1 to be provided to unitholders.

5) the agreement referred to in section 8, subsection 1 between the depositaries when the feeder fund and the master fund have different depositaries;

6) the agreement referred to in section 9, subsection 1 between the auditors when the feeder fund and the master fund have different auditors.

When the master fund referred to in subsection 1 is a UCITS, the Financial Supervisory Authority shall furthermore be provided with an attestation of the competent authorities of the master fund's home Member State that under the legislation of its home Member State, the master fund meets the requirements laid down in Article 58(3)(b) and (c) of the UCITS Directive.

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

The Financial Supervisory Authority shall notify the feeder fund's management company of its decision no later than within 15 business days of being provided with the documents required for granting the approval.

Section 4
Common provisions for a feeder fund and a master fund

A master fund's management company shall provide the feeder fund's management company with the documents and information needed by the latter to meet the requirements laid down in this Act. When the master fund is a UCITS, the feeder fund's management company shall ensure that it obtains the documents and information referred to above from the master UCITS. The feeder fund's management company shall conclude an agreement with the master fund's management company or with the master UCITS on the disclosure of the necessary information. This agreement shall be made available to unitholders free of charge and upon request.

The assets of a feeder fund may be invested in the units of a master fund in an amount exceeding the limit laid down in chapter 13, section 6, subsection 6 only after the agreement referred to in subsection 1 of this section has taken effect. When the same management company manages both the feeder and the master funds, the agreement may be replaced by internal conduct of business rules.

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

Any further regulations, necessary for the implementation of the Merger Directive, on the contents of the agreement referred to in subsection 1 and the internal conduct of business rules referred to in subsection 2 shall be issued by the Financial Supervisory Authority.

Section 5
Suspension of redemptions in master fund

If the redemption or issue of units of the master fund is temporarily suspended on the initiative of its management company or of the master UCITS or at the request of the Financial Supervisory Authority or the competent authority of the home Member State of the master UCITS, the management company managing the master fund's feeder fund may, the conditions laid down in chapter 10, section 1 and section 6, subsection 1 notwithstanding, suspend the redemption or issue of units of the feeder fund it manages for the equivalent period.

Section 6
Termination of a master fund

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

1) the investment of at least 85% of the assets of the feeder fund in units of another master fund; or

2) the amendment of the rules of the feeder fund such that it is no longer a feeder fund.

A master fund may be terminated no earlier than three months after its management company has notified of its binding decision to terminate to the unitholders of the master fund and the Financial Supervisory Authority as well as the competent authorities of the master fund's feeder UCITS.

The feeder fund's management company shall submit to the Financial Supervisory Authority the information required to obtain the approval referred to in subsection 1 no later than two months after the date on which the termination of the master fund was notified to it by the master fund's management company or by the master UCITS.

If the master fund's management company or the master UCITS has notified its binding decision to terminate to the feeder fund's management company more than five months prior to the date on which the termination commences, in derogation from the provisions laid down in subsection 3 the feeder fund's management company shall submit to the Financial Supervisory Authority the information required to obtain the approval referred to in subsection 1 no later than three months in advance of the latter date.

The Financial Supervisory Authority shall notify the feeder fund's management company of its decision on the approval within 15 business days of receipt of the documents required to take the decision.

Any further regulations, necessary for the implementation of the Merger Directive, on the approval procedure and documents to be submitted for the purpose of approval referred to in subsection 1 shall be issued by the Financial Supervisory Authority

Section 7
Termination of a feeder fund

A feeder fund shall be terminated when its master fund merges with another common fund or UCITS or it divides into two or more common funds. The feeder fund need not be terminated if the Financial Supervisory Authority grants approval to that:

1) subsequent to the merger or division of the master fund, the feeder fund continues as a feeder fund for the master fund or another common fund;

2) at least 85% of the assets of the feeder fund are invested in units of a master fund that is not the result of the aforementioned merger or division; or

3) the rules of the feeder fund are amended such that the fund is no longer a feeder fund.

The merger or division of a master fund shall become effective if the master fund's management company submits the information referred to in chapter 16, sections 9 and 10 to the unitholders of the master fund and to the Financial Supervisory Authority and the competent authorities of the

home Member State of the master fund's feeder UCITS no later than 60 days prior to the intended effective date of the merger or division. The merger or division of a feeder fund's master UCITS is conditional on the feeder fund's management company and the Financial Supervisory Authority receiving from the relevant UCITS information equivalent to the information referred to in chapter 16, sections 9 and 10 no later than 60 days prior to the intended effective date of the merger or division.

When the Financial Supervisory Authority has not granted the approval referred to in subsection 1, paragraph 1, the units of the master fund held by the feeder fund must be redeemable prior to the merger or division of the master fund becoming effective.

The feeder fund's management company shall submit to the Financial Supervisory Authority the information required to obtain the approval referred to in subsection 1 no later than one month after the date on which the management company was informed of the intended merger or division of the master fund as provided in subsection 2.

If the master fund's management company has submitted the information referred to in chapter 16, sections 9 and 10 or the master UCITS the equivalent information referred to in subsection 2 of this section to the feeder fund's management company more than four months prior to the intended effective date of the merger or division, the feeder fund's management company shall, in derogation from the provisions laid down in subsection 4, submit to the Financial Supervisory Authority the information required to obtain the approval referred to in subsection 1 no later than three months in advance of the intended effective date of the merger or division of the master fund.

The Financial Supervisory Authority shall notify the feeder fund's management company of its decision on the approval within 15 business days of receipt of the documents required to take the decision.

Any further regulations, necessary for the implementation of the Merger Directive, on the approval procedure and documents to be submitted for the purpose of approval referred to in subsection 1 shall be issued by the Financial Supervisory Authority.

Section 8
Depositaries of a feeder fund and a master fund

The depositaries of a feeder fund and a master fund shall conclude an information-sharing agreement in order to fulfil the duties of both depositaries.

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

Notwithstanding the non-disclosure provisions in this Act, the depositaries of a feeder fund and a master fund shall have the right to make use of information when necessary in order to fulfil the duties of a depositary under this chapter and the information complies with the requirements laid down in this chapter.

A management company shall supply to the depositary of a feeder fund it manages all information required for the fulfilment of the depositary's duties.

The depositary of a master fund shall, without delay, report to the Financial Supervisory Authority, the feeder fund's management company and the depositary of the feeder fund as well as the feeder UCITS and its depositary any irregularities it detects in the master fund that are deemed to have a negative impact on the feeder fund.

Any further regulations, necessary for the implementation of the Merger Directive, on the contents of the agreement referred to in subsection 1 and the factors to be taken into account in an assessment of the irregularities referred to in subsection 5 shall be issued by the Financial Supervisory Authority.

Section 9
Auditors of a feeder fund and a master fund

The auditors of a feeder fund and a master fund shall conclude an information-sharing agreement in order to fulfil the duties laid down in subsections 3 and 4 and the other duties of both auditors.

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

The auditor of the feeder fund in the auditor's report shall take into account the auditor's report on the master fund. If the feeder fund and the master fund have different financial periods, 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 in the auditor's report shall report on any irregularities revealed in the auditor's report on the master fund and their impact on the feeder fund.

Notwithstanding the non-disclosure provisions in this Act, the auditor of a feeder fund and a master fund shall have the right to use information when necessary in order to fulfil the duty of an auditor under this chapter and the information complies with the requirements laid down in this chapter.

Any further regulations on the contents of the agreement referred to in subsection 1, necessary for the implementation of the Merger Directive, shall be issued by the Financial Supervisory Authority.

Section 10
Further provisions on the disclosure obligation

Any further provisions, necessary for the implementation of the UCITS Directive, on the information that shall be disclosed in the fund prospectus of a feeder fund in addition to the information referred to in chapter 15, section 3, subsection 2 and in the annual report of a feeder fund in addition to the information referred to in section 7 shall be issued by Decree of the Ministry of Finance.

The annual report and half-yearly report of a feeder fund shall state the location where the annual report and half-yearly report of the master fund may be obtained.

Provisions on the submission of a feeder fund's fund prospectus and key investor information document to the Financial Supervisory Authority are laid down in chapter 15, section 3, subsection 5 and section 12, subsection 1. In addition, the feeder fund's management company shall, without delay, communicate the annual report and half-yearly report of the master fund to the Financial Supervisory Authority.

In the marketing of a feeder fund, it shall be disclosed that at least 85% of the assets of the feeder fund are permanently invested in units of a master fund.

The feeder fund's management company shall supply to investors at their request, free of charge, the master fund's fund prospectus, annual report and half-yearly report on paper.

Section 11
Conversion of a common fund into a feeder fund and change of the master fund

The unitholders of a feeder fund shall be provided with:

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) the key investor information document on the feeder fund and the master fund;

3) the date on which the investment of the assets of the feeder fund in the master fund shall commence or the date on which the amount of the assets to be invested in the master fund exceeds the limit laid down in chapter 13, section 6, subsection 6;

4) a statement that the unitholders have the right, within 30 days of the provision of the statement referred to in subsection 1, to request redemption of their units at no other costs except those charged by the management company to cover the costs directly incurred from the dissolution of a common fund.

The information referred to in subsection 1 above shall be provided at least 30 days prior to the date referred to in subsection 1, paragraph 3.

When the units of the feeder fund based on the notification referred to in chapter 22, section 7 are marketed in the host EEA Member State of the common fund, the information and statements referred to in subsection 1 shall be provided in the official language, or one of the official languages, of the host EEA Member State or in a language approved by the competent authorities

of the said EEA Member State. The feeder fund's management company shall be responsible for producing the translation.

The assets of a feeder fund may not be invested in units of a master fund in excess of the limit laid down in chapter 13, section 6, subsection 6 before the expiration of the period of 30 days referred to in subsection 2 of this section.

Any further regulations on the provision of the information referred to in subsection 1, necessary for the implementation of the Merger Directive, shall be issued by the Financial Supervisory Authority.

Section 12
Obligation of a management company to monitor and fees

A management company shall monitor the activity of the master fund of a feeder fund it manages.

Where, in connection with an investment in the units of the master fund, a distribution fee, commission or other monetary benefit is received by a feeder fund, its management company, or any person acting on behalf of them, the fee, commission or other monetary benefit shall be counted as the assets of the feeder fund.

Section 13
Obligation of a master fund's management company to notify the Financial Supervisory Authority

A management company shall immediately inform the Financial Supervisory Authority of each feeder fund and a feeder UCITS, the assets of which are invested in the units of a master fund it manages. The Financial Supervisory Authority shall, without delay, inform the competent authorities of the UCITS home Member State of the investment of the feeder UCITS.

A management company may not charge any subscription or redemption fees for the investments of a feeder fund or a feeder UCITS in the units of a master fund it manages or for their redemption.

A master fund's management company shall ensure the timely availability of all information required under this Act and the rules of the master fund to the management company managing a feeder fund investing in the master fund, the depositary and auditor of the feeder fund, the feeder UCITS and its depositary and auditors, and the Financial Supervisory Authority and the competent authorities of the home Member State of the feeder UCITS.

Section 14
Obligation of the Financial Supervisory Authority to inform

The Financial Supervisory Authority shall, without delay, inform a feeder fund's management company of any decision, measure, non-compliance with the terms imposed in this chapter and the information reported under section 31 of the Act on the Financial Supervisory Authority when these concern the master fund or its management company or the depositary or auditor of the master fund. When the feeder fund of the master fund is a UCITS, the competent authorities of the UCITS home Member State shall be informed.

Chapter 15
Marketing of units and management company's disclosure obligation

Section 1 (974/2021)
Marketing principles

The language used in the marketing of units of a common fund shall be Finnish or Swedish or another language approved by the Financial Supervisory Authority, when so requested by it.

In addition to this Act, provisions on the requirements for marketing communications addressed to investors are laid down in Article 4 of the Cross-Border Fund Distribution Regulation.

Under Article 7 of the Cross-Border Fund Distribution Regulation, The Financial Supervisory Authority has the right to require prior notification of marketing communications used by management companies.

Section 2

Disclosure of risk concentrations and volatility of net asset value in the fund prospectus and in marketing materials (974/2021)

The fund prospectus and all marketing materials of a common fund referred to in chapter 13, section 11, subsection 2 above shall clearly indicate that the assets of the common fund may be invested in the securities of the one single issuer referred to in the provision. The fund prospectus and the marketing materials shall furthermore disclose the States, local public bodies or international bodies governed by public law, in the securities issued or guaranteed by which the common fund intends to or has invested more than 35 one-hundredths of its assets.

If the net asset value of a common fund is likely to have 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. (974/2021)

Section 3

Fund prospectus

A management company shall publish a prospectus for each common fund it manages (*fund prospectus*). When a common fund consists of one or more investment compartments, an aggregated fund prospectus may be published on these. The fund prospectus shall be kept up to date and it shall be accompanied by the rules of the common fund.

The fund prospectus shall include relevant and adequate information on the objectives of the common fund's investing activity and its other characteristics, the common fund's management company and the depositary used by the common fund so that the common fund and in particular the risks relating to it may be duly assessed. In addition, the fund prospectus shall contain:

1) detailed and up-to-date information on the management company's remuneration policy and a description of how remuneration and benefits are calculated, the identity of the persons responsible for awarding the remuneration and benefits and, if the company has a remuneration committee, its composition;

2) a summary of the management company's remuneration policy and a statement that the detailed information on the management company's remuneration policy referred to in paragraph 1 is available on the website of the management company, the website address and a statement that the fund prospectus will be supplied to investors on paper upon request, free of charge.

Further provisions on the contents of the fund prospectus and its manner of presentation shall be laid down by Decree of the Ministry of Finance.

When the information for each investment compartment is presented in an aggregated fund prospectus, the management company shall ensure that the information presented on each investment compartment is clear and consistent with the information given in the fund prospectus for the common fund.

The management company shall immediately communicate to the Financial Supervisory Authority the fund prospectus of a common fund it manages and any changes made thereto.

The specification of securities financing transactions and total return swaps in the fund prospectus shall furthermore be governed by Article 14 of the SFTR.

Section 4
Key investor information document

For each common fund it manages, a management company shall prepare a short document containing key information for investors (*key investor information document*). The key investor information document shall contain the expression "key investor information" in Finnish or Swedish or in another language approved by the Financial Supervisory Authority.

The key investor information document shall contain the following in a manner comprehensible to the investor without any reference to other documents:

1) identification of the common fund and the Financial Supervisory Authority;

2) a short description of investment objectives and investment policy;

3) past-performance presentation or, where relevant, performance scenarios;

4) information on costs and associated charges;

5) information on the risk/reward profile of the investment and appropriate guidance and warnings in relation to the risks associated with investment in the relevant common fund.

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

The requirements for the information to be provided in the key investor information document shall additionally be governed by the KII Regulation.

Section 5
Contents of the key investor information document

The key investor information document shall state where and in which languages the fund prospectus, annual report, half-yearly report and other further information on the fund are available. The key investor information document shall state that the information equivalent to section 3, subsection 2, paragraph 1 on the management company's remuneration policy are available on the management company's website, give the website address and state that the fund prospectus will be supplied to investors on paper upon request, free of charge.

The key investor information document shall be written in a concise manner and in non-technical language, and it shall be drawn up in a common format that allows for comparison. The document shall be comprehensible also to non-professional investors. The information shall be fair, clear and consistent with the equivalent information in the fund prospectus.

The key investor information document shall be used without alterations or supplements in all EEA Member States where the units of the common fund are marketed on the basis of the notification referred to in chapter 22, section 7.

The requirements for the information to be provided in the key investor information document shall additionally be governed by the KII Regulation.

Section 6
Half-yearly report of a common fund

For each common fund managed by it, the management company shall publish on its website a half-yearly report covering at least the first six months of each financial period. The half-yearly report shall be published within two months of the end of the reporting period.

The half-yearly report shall present an account of the assets and liabilities of the common fund, the number of units in circulation, the value of unit, the breakdown of the portfolio taking into account the common fund's investment policy, and any changes taking place in the composition of the portfolio in the reporting period.

Further provisions on the contents and manner of presentation of the half-yearly report shall be laid down by Decree of the Ministry of Finance.

The disclosure of information on securities financing transactions and total return swaps in the half-yearly report of a common fund shall additionally be governed by Article 13 of the SFTR.

Section 7
Publication of the annual report of common fund and of other information

For each common fund it manages, the management company shall publish on its website the most recent annual report for each financial period. The annual report shall be published within three months of the end of the financial period.

The annual report shall include the annual accounts, the profit and loss account, the balance sheet and their notes, as well as all other relevant and adequate information necessary to evaluate the development and performance of the common fund.

The annual report shall additionally indicate:

1) the total amount of remuneration, split into fixed and variable remuneration, paid by the management company to its staff, and the number of beneficiaries, and any amounts paid directly by the common fund, including any performance fee;

2) the aggregate amount of remuneration broken down by the categories of staff referred to in chapter 4, section 4, subsection 1 or other groups of employees;

3) the manner of calculation of the remuneration and benefits;

4) the outcomes of the reviews referred to in chapter 4, section 5 and any irregularities that have occurred;

5) any material changes to the adopted remuneration policy.

Further provisions on the contents and presentation of the annual report shall be laid down by Decree of the Ministry of Finance.

The disclosure of information on securities financing transactions and total return swaps in the annual report of a common fund shall additionally be governed by Article 13 of the SFTR.

Section 8
Provision of the fund prospectus, annual report and half-yearly report

Upon request, a management company shall provide a client with the fund prospectus and the most recent annual and half-yearly report of the common fund, free of charge.

The management company shall ensure that the most recent annual and half-yearly report of a common fund are kept generally available in the manner stated in the fund prospectus and the key investor information document. Upon request, a client shall be provided with the annual report and half-yearly report on paper, free of charge.

Upon request, the management company shall provide a client with further information on the common fund's risk management process and applicable quantitative limits as well as the recent

evolution of the main risks and yields of the financial instrument categories central to the investing activity of the common fund.

The management company shall provide the fund prospectus to the client in a manner such that it is addressed to the client personally either on paper or in another durable medium so that it may be retained, stored and replicated unchanged, or such that the fund prospectus is accessible on the website of the management company for an adequate period of time. A client shall always be provided with the fund prospectus on paper upon request, free of charge.

The conditions applicable to the provision of a fund prospectus or key investor information document in a durable medium other than paper or by means of a website shall be laid down in the KII Regulation.

Section 9
Publication of the value of a common fund and correction of the value post-publication

A management company shall publish the value of a unit and the number of units in circulation on each occasion that it issues or redeems units and at least twice monthly.

Upon application, the Financial Supervisory Authority may grant a management company approval to publish the information only once monthly when such conduct does not jeopardise the best interests of unitholders.

A management company shall immediately correct any material error in the published value of a unit. An error in the published value of a unit shall immediately be notified to the Financial Supervisory Authority, which shall decide whether the error is material.

Section 10
Provision of the key investor information document to an investor in advance

A management company which sells units of a common fund directly or through a natural or legal person acting on its behalf under the responsibility of the management company shall provide the key investor information document to an investor well in advance of the subscription of the units of the fund.

When the units of a common fund managed by a management company are sold by means other than referred to in subsection 1, the management company shall for each common fund provide the key investor information document upon request:

1) to those who use the units as a part of their own financial product;

2) to intermediaries who sell units of the said common fund or products offering exposure to the said common fund;

3) to intermediaries which provide advice relating to such investments or products.

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

Section 11
Keeping the key investor information document available for inspection

A management company shall provide an investor with the key investor information document in the durable medium referred to in section 8, subsection 4 or such that it is available on the website of the management company for an adequate period of time. An investor shall always be provided with the key investor information document on paper free of charge upon request.

The management company shall keep the up to date key investor information document available for inspection on its website.

Section 12
Communication of the key investor information document to the Financial Supervisory Authority and updating the key investor information document

A management company shall, without delay, communicate the key investor information document and any changes thereto to the Financial Supervisory Authority.

The key investor information document shall be kept up to date in respect of its essential elements.

Section 13 (953/2022)

Provision of key investor information in a key information document

The obligation to prepare a key investor information document laid down in section 4, subsection 1 of this chapter may also be fulfilled by a key information document written, provided, revised and translated in accordance with the PRIIPs Regulation Such a key information document is deemed to meet the requirements laid down in this chapter for a key investor information document.

PART VI
MERGER, DIVISION AND TERMINATION OF A COMMON FUND AND TRANSFER OF THE ACTIVITY OF A COMMON FUND

Chapter 16
Merger of a common fund

Section 1
Merger

A common fund (*merging common fund*) may merge with another common fund (*receiving common fund*) or a UCITS (*receiving UCITS*). The merging or receiving common fund may also be an investment compartment. The provisions laid down in this Act concerning the merger of a common fund shall also apply to the merger of an investment compartment. A common fund which has investment compartments cannot be a merging or receiving common fund.

Merger means an operation whereby:

1) the merging fund, on being dissolved without going into liquidation, transfers all its assets and liabilities to another existing receiving common 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% 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 6, 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% of the net asset value of these units.

When the merger is other than a cross-border merger or a domestic merger with an international connection, the provisions of this chapter shall apply to it with the exception of the requirements that concern a UCITS or have to do with the marketing of units in an EEA Member State other than Finland.

Section 2
Merger application

The merger of a common fund shall be subject to prior authorisation granted by the Financial Supervisory Authority on the application of the merging common fund's management company.

The following shall accompany the application:

1) the draft terms of merger approved by the merging common fund's management company and by the receiving common fund's management company or the receiving UCITS;

2) the fund prospectus and key investor information document of the receiving UCITS;

3) a statement by the depositary of each merging and receiving common fund confirming that the depositary has conducted the verification referred to in section 7, and an equivalent statement by the depositary of the UCITS;

4) the information on the merger to be provided to the unitholders of the merging and receiving common fund as well as of the receiving UCITS.

The application for authorisation shall be submitted within two months of the approval of the draft terms of merger referred to in subsection 2, paragraph 1 when a common fund merges with another common fund.

The information and documents referred to in subsection 2 above shall be provided in Finnish or Swedish and 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.

When the Financial Supervisory Authority finds the information and documents referred to in subsection 2 required to grant the authorisation to be incomplete, it shall request further information within ten business days of receipt of the materials submitted to it.

Section 3
Review of conditions for the merger

The Financial Supervisory Authority shall review the potential impacts of the intended merger on the unitholders of the merging and receiving common funds to assess the adequacy of the information being provided to the unitholders.

Where necessary, the Financial Supervisory Authority may require clarification of the information provided to the unitholders of the merging or the receiving common fund.

The Financial Supervisory Authority shall immediately forward all the necessary materials referred to in section 2, subsection 2 to the competent authorities of the home Member State of the receiving UCITS.

Section 4
Conditions for authorisation

The Financial Supervisory Authority shall authorise the intended merger when:

1) the merger meets the requirements laid down in this section and in sections 2, 3, 5, 7 and 8;

2) the receiving common fund and the receiving UCITS have been notified to market their units in all of the EEA Member States in which the management company of the merging common fund is authorised to manage common funds or in which it has been notified to market its units as provided in chapter 22, section 7;

3) the Financial Supervisory Authority is satisfied with the information to be provided to the unitholders of the merging and receiving common funds; and

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

a) the latter authority has not indicated its dissatisfaction with the information to be provided to the unitholders of the receiving UCITS within 20 business days of the Financial Supervisory Authority forwarding to it all the necessary materials as provided in section 3, subsection 1; or

b) the latter authority within the period of time mentioned in sub-paragraph a) has first indicated to the Financial Supervisory Authority its dissatisfaction with the information to be provided to the unitholders of the receiving UCITS and has subsequently informed the Financial Supervisory Authority that they are satisfied with the modified information.

The Financial Supervisory Authority shall inform the merging common fund's management company of whether the merger has been authorised no later than within 20 business days of the management company submitting to it the materials referred to in section 2 required for the grant of the authorisation. If the Financial Supervisory Authority has not received from the competent authority of the home Member State of the receiving UCITS the indication of satisfaction with the modified information referred to in subsection 1, paragraph 4, subsection b, it shall inform the management company that the merger cannot be authorised before it is in receipt of the indication of satisfaction with the modified information from the aforementioned authority.

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

The Financial Supervisory Authority may grant the receiving fund permission to derogate, for a period of six months, from the provisions laid down in chapter 13, section 6, subsections 6 and 7 and in sections 7, 8, 10 and 11 of the same chapter, when compliance with the principle of risk-spreading is ensured.

Section 5
Draft terms of merger

The merging common fund's management company and the receiving common fund's management company and the receiving UCITS shall draw up draft terms of merger containing at least the following:

1) identification of the type of merger and of the common funds and UCITS involved;

2) the background to and rationale for the merger;

3) the estimated impacts of the merger on the unitholders of the merging and receiving common funds and the receiving UCITS;

4) the criteria adopted for the 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 exchange of units;

8) the rules or instruments of incorporation of the newly constituted receiving common fund or UCITS formed in the merger referred to in section 1, subsection 2, paragraph 2.

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

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

Section 6
Merger of a UCITS into a common fund

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

1) the draft terms of merger approved by the merging UCITS and by the receiving common fund's management company;

2) the fund prospectus and key investor information document of the receiving common fund;

3) a statement by the depositary of the receiving common fund confirming that the depositary has conducted the verification referred to in section 7, and an equivalent statement by the depositary of the merging UCITS;

4) the information on the merger to be provided to the unitholders of the merging UCITS and the receiving common fund.

The information and documents referred to in subsection 1 shall be provided to the Financial Supervisory Authority in the language laid down in section 2, subsection 4.

The Financial Supervisory Authority shall examine the impacts of the merger on the unitholders of the receiving common fund to assess the adequacy of the information on the merger being provided to them. When the Financial Supervisory Authority is dissatisfied with the information, it may within 15 business days of receipt of the materials referred to in subsection 1 request in writing that the receiving common fund's management company provide the unitholders of the receiving common fund with sufficient additional information. In such a case, the Financial Supervisory Authority shall indicate to the competent authority of the home Member State of the merging UCITS its dissatisfaction with the information to be provided to the unitholders. Within 20 business days of receipt of the materials referred to in subsection 1, the Financial Supervisory Authority shall inform the competent authorities of the home Member State of the merging UCITS whether it is satisfied with the additional information to be provided to the unitholders.

The merger shall be conditional upon notification of the decision on the merger to the Financial Supervisory Authority by the competent authority of the home Member State of the merging UCITS.

Section 7
Duty of the depositary to verify the information on the merger

The depositary of a common fund involved in a merger shall verify that the information referred to in section 5, subsection 1, paragraphs 1, 6 and 7 on the merger complies with this Act and with the rules of the common fund.

Section 8
Opinion of the auditor

The auditor referred to in chapter 7, section 1, subsection 2 of the merging or the receiving common fund or another auditor that fulfils the equivalent conditions shall issue an opinion to confirm:

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

2) where necessary, the cash payment calculated per unit;

3) the calculation method of the exchange ratio and the actual exchange ratio determined at the exchange ratio calculation date referred to in section 13, subsection 1.

The opinion referred to in subsection 1 above may not be the unqualified opinion referred to in chapter 3, section 5, subsection 3 of the Auditing Act.

A copy of the auditor's opinion shall be made available to the unitholders of the merging and receiving common funds and the receiving UCITS as well as to the Financial Supervisory Authority and the competent authorities of the UCITS home Member State at their request. Responsibility for making the copy available shall rest with the merging common fund's management company.

Section 9
Provision of the information to be provided to unitholders

The unitholders of the merging and receiving common funds shall be provided with such appropriate and accurate information on the intended merger so as to enable them to make an informed judgment of the impact of the merger on their investments.

The information referred to in subsection 1 above shall be provided to the unitholders in writing and published in at least one national newspaper after the merger has been authorised by the Financial Supervisory Authority. In a cross-border merger in which the merging UCITS merges with the receiving common fund, the information referred to in subsection 1 shall be provided to the unitholders of the receiving common fund after the merger has been authorised by the competent authority of the home Member State of the merging UCITS and notified by it to the Financial Supervisory Authority. The information shall be provided no later than 30 days before the final date on which the repurchase, redemption or conversion of units free of charge referred to in section 11 may be requested.

Section 10
Contents of the information to be provided to unitholders

The information to be provided to unitholders shall be such as to enable them to take an informed decision on the possible impact of the merger on their investments and to exercise their rights referred to in section 11.

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

1) the background to and rationale for the merger;

2) any material differences in respect of investment policy and strategy, costs, expected outcome, periodic reporting, possible dilution in performance, and, where relevant, a warning to investors that their tax treatment may be changed following the merger, as well as any other comparable impacts which the merger may have on the unitholders;

3) the right to obtain additional information, the right to obtain a copy of the auditor's opinion referred to in section 8, the right referred to in section 11 to request the redemption or conversion of units free of charge and the last date for exercising that right, and all other specific rights arising to the unitholders from the merger;

4) the details of the procedure and the planned effective date of the merger;

5) the key investor information document of the receiving common fund or UCITS.

Where the marketing of the units of the merging or the receiving common fund has been notified as provided in chapter 22, section 7, the information referred to in subsection 2 shall be provided in the official language, or one of the official languages, of the common fund's host EEA Member State or in a language approved by its competent authorities. Responsibility for the translation shall rest with the common fund's managing company.

Any further regulations, necessary for the implementation of the Merger Directive, on the provision of the information referred to in section 9, subsection 1 and in subsections 1 and 2 of this section shall be issued by the Financial Supervisory Authority.

Section 11
Obligation of a management company to redeem the units of a unitholder

A management company shall be obligated to redeem, at their request, the units held by unitholders of the merging and receiving common funds. Alternatively, the management company shall be obligated, where possible, to convert a unit into a unit of another common fund:

1) with a similar investment policy; and

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

The obligation referred to in subsection 1 above shall become effective on the same date on which the unitholders of the merging and receiving common funds are provided with information on the

intended merger as provided in sections 9 and 10 and expire five business days prior to the date of calculation of the exchange ratio. The management company shall be entitled to charge for the redemption or conversion only the direct costs incurred from the dissolution of the common fund.

Section 12
Restriction on charging certain merger costs of the unitholders

Legal, advisory or administrative costs arising from the preparation and the completion of the merger may not be charged to the merging or the receiving common funds or to the receiving UCITS or to their unitholders.

Section 13
Ex post notification of the implementation of the merger

The management companies of the common funds involved in a merger referred to in section 1, subsection 2 above other than a cross-border merger shall notify the Financial Supervisory Authority of the implementation of the merger within two months of the grant of the authorisation for the merger. If the notification is not made within the deadline, the merger shall lapse. However, the merger shall not lapse if it is completed no later than on the planned effective date referred to in section 5, subsection 1, paragraph 6. The exchange ratio shall be calculated at the date on which the merger becomes effective. The notification to the Financial Supervisory Authority shall be accompanied by the final accounts prepared on the merger.

The assets and liabilities of the merging common fund shall transfer to the receiving fund in the manner determined in the draft terms of merger once the implementation of the merger has been notified to the Financial Supervisory Authority. At the same time, the merging common fund dissolves.

Upon the notification of the implementation of the merger, a unitholder of the common fund shall be entitled to the consideration and the unitholder becomes a unitholder of the receiving common fund in accordance with the draft terms of merger.

The provisions laid down in subsection 1–3 shall also apply to the cross-border merger referred to in section 6 in which a common fund is the receiving common fund.

The management company of the receiving common fund shall notify the competent authorities of the home EEA Member State of the merging UCITS of the merger taking effect.

A merger that has taken effect as provided in subsection 1 may not be declared null and void.

The management company of the receiving common fund shall inform the depositary of the receiving common fund that the transfer of the assets and, where necessary, the liabilities of the merging common fund is complete.

Chapter 17
Division of a common fund

Section 1
Division

A common fund (*dividing common fund*) may be divided such that the assets and liabilities of the dividing common fund, either in part or in full, transfer without going into liquidation to at least one common fund (*target fund*) established by the management company which manages the dividing common fund. The unitholders of the dividing fund shall receive units of the target fund as consideration.

Section 2
Draft terms of division

The board of directors of the management company shall draw up and approve the draft terms of division. The dated and signed draft terms of division shall contain at least:

1) the name, business name, business ID, address and registered office of the management company;

2) the name of at least one target fund;

3) a proposal for the rules of at least one target fund;

4) a proposal for the consideration to the unitholders of the dividing common fund;

5) a proposal for the date and the other terms of the distribution of the consideration;

6) an account of the rationale for the division and the criteria for the determination of the consideration and its distribution as well as any material valuation issues relating thereto;

7) a report stating that the dividing fund has no borrowings referred to in chapter 13, section 20;

8) a proposal on the allocation to each target fund of the assets and liabilities transferring in the division;

9) a proposal for the planned effective date of the division;

10) the fee payable on the division to the one or more auditors or audit firms referred to in subsection 3 or the criteria for the determination of the fee.

The draft terms of division shall be accompanied by a report, approved by the board of directors of the dividing common fund's management company, on events having a material effect on the position of the common fund that have taken place after the most recent annual accounts or half-yearly accounts or quarterly accounts, when issued, and an opinion of the auditors on the report of the board of directors.

In addition, the draft terms of division shall be accompanied by an opinion on whether the draft terms of merger give a true and fair view of the factors capable of having a material impact on an assessment of the rationale for the merger and the value of the assets and liabilities transferring to the target fun and of the consideration and its distribution. This opinion shall be prepared by at least one certified public accountant (KHT auditor) or audit firm in which the auditor responsible for the opinion is a certified public accountant and the auditor shall be an independent expert.

The management company of the dividing common fund shall be liable for the liabilities of the dividing common fund that have arisen by the date of the implementation of the division referred to in section 4, subsection 1 of this chapter and which remain outstanding at that date.

Section 3
Application for the implementation of the draft terms of division

The management company shall apply to the Financial Supervisory Authority for authorisation for the implementation of the division within one month of the approval of the draft terms of division. The application shall be accompanied by the draft terms of division inclusive of appendices and the decisions on the division. If the application is not filed within the deadline, the division shall lapse.

The Financial Supervisory Authority shall decide the application of authorisation for the implementation within two months of its receipt. If the Financial Supervisory Authority during this time requests the applicant to supplement the application, the deadline shall be calculated as from the date on which the Financial Supervisory Authority is in receipt of the supplementation. Authorisation for the implementation may not be granted if the division cannot be considered to be in the best interests of the unitholders or if the common fund has borrowings as referred to in chapter 13, section 20. The application shall be deemed to have been rejected and the division to have lapsed if the application is not decided within the deadline.

If the Financial Supervisory Authority has authorised the implementation of the division, the management company that took the decision on the division shall immediately notify it in writing to the unitholders and publish an announcement of it in at least one national newspaper no later than one month prior to the implementation of the division. The announcement shall mention the contents of the authorisation for the implementation and the draft terms of division.

Section 4
Notification of the implementation of division

The management company shall notify the Financial Supervisory Authority of the implementation of the division within two months of the authorisation of the division. If the notification is not made within the deadline, subject to section 2, subsection 1, paragraph 9 the division shall lapse. The notification shall be accompanied by the final accounts prepared on the division.

The assets and liabilities of the dividing fund shall transfer to the target fund in the manner provided in the draft terms of division once the implementation of the division has been notified to the Financial Supervisory Authority.

Upon notification of the implementation of the division, a unitholder of the dividing fund shall be entitled to the consideration and the unitholder shall become a unitholder of the target fund in accordance with the draft terms of division.

Chapter 18
Transferring the management of a common fund and changing a depositary

Section 1
Transferring the management of a common fund and the draft terms of transfer

A management company (*transferor management company*) may, with the authorisation of the Financial Supervisory Authority, transfer the management of a common fund (*transferable common fund*) to another management company (*transferee management company*).

The management companies involved in transferring the management of a common fund shall draw up written draft terms of transfer that shall be approved by the boards of directors of the transferor and transferee management companies. The dated and signed draft terms of transfer shall contain at least:

1) the business names, business IDs, addresses and registered offices of the management companies;

2) the name of the transferable common fund;

3) an account of the main rationale for transferring the management of the common fund;

4) the consideration payable to the management company for the transfer;

5) a report stating that the transferable common fund has no borrowings referred to in chapter 13, section 20;

6) a proposal for the planned effective date of the transfer.

The transferor management company shall be liable for the liabilities of the transferable common fund which have arisen by the date of implementation of the transfer of the management of the common fund referred to in section 3, subsection 2 and which remain outstanding at that date.

Section 2
Application for the implementation of the transfer of management

The management companies involved in the transfer of the management of a common fund shall apply to the Financial Supervisory Authority for authorisation for the implementation of the transfer. The authorisation application, which shall be filed within one month of the approval of the draft terms of transfer, shall be accompanied by the draft terms of transfer inclusive of appendices and the decisions on transfer. If the application is not filed within the deadline, the transfer of the management of the common fund shall lapse.

The Financial Supervisory Authority shall decide the application for authorisation of the implementation within one month of its receipt. Authorisation for the implementation may not be granted if the transfer of the management of the common fund cannot be considered to be in the best interests of the unitholders or if the common fund has borrowings as referred to in chapter 13, section 20. If the authorisation is withheld, the transfer of the management of the common fund shall lapse.

Section 3
Communication to unitholders and notification of implementation of transfer of management

If the Financial Supervisory Authority has granted to the management companies authorisation to transfer the management of the common fund, the management companies shall inform the unitholders of this in writing and publish an announcement of it in at least one national newspaper no later than one month prior to the implementation of the division. The announcement shall mention the contents of the authorisation for the implementation and the draft terms of transfer.

The management companies shall notify the Financial Supervisory Authority of the implementation of the transfer of the management of the common fund within two months of the grant of the relevant authorisation. If the notification is not made within the deadline, the transfer of the management of the common fund shall lapse subject to section 1, subsection 2, paragraph 6.

Section 4
Change of depositary

A management company may change depositaries with the authorisation of the Financial Supervisory Authority. The management company shall submit to the Financial Supervisory Authority an account of the manner in which the transfer of the duties referred to in chapter 21, section 1 to the new depositary shall be attended to in a manner that safeguards the best interests of the unitholders.

Section 5
Application of the provisions to a foreign EEA management company

The provisions laid down in this chapter on a management company shall also apply to a foreign EEA management company that has been authorised to establish a common fund in Finland.

Chapter 19
Withdrawal of the authorisation of a management company and restriction of the activity of a management company as well as the termination of a management company and a common fund

Section 1
Obligation of a management company to apply for withdrawal of authorisation

A management company must apply to the Financial Supervisory Authority for withdrawal of authorisation when its purpose is no longer to carry on common fund activity. The application shall be accompanied by the decision of the management company’s general meeting of shareholders on filing the application for withdrawal of authorisation and an account of the manner in which the management company has arranged the management of the common funds it manages.

Section 2
Withdrawal of authorisation and restriction of activity

The right of the Financial Supervisory Authority to withdraw the authorisation of a management company and to restrict the activity of a management company shall be governed by sections 26 and 27, respectively, of the Act on the Financial Supervisory Authority.

The Financial Supervisory Authority shall consult the competent authorities of the home Member State of a common fund managed by the management company in an EEA Member State other than Finland before withdrawing the authorisation of the management company.

Section 3
Notification of withdrawal of authorisation for registration

The Financial Supervisory Authority shall notify the withdrawal of the authorisation of a management company for registration in the Trade Register and communicate the withdrawal to ESMA. When the management company has been authorised to carry on the activity referred to in chapter 2, section 2, subsection 2, the Financial Supervisory Authority shall also notify the withdrawal to the investor compensation fund.

When deciding to withdraw the authorisation of a management company authorised to carry on the activity referred to in chapter 2, section 2, subsection 2, the Financial Supervisory Authority may at the same time also order the investors' claims payable from the assets of the investor compensation fund as provided in chapter 11 of the Act on Investment Services.

Section 4
Obligation of the depositary to assume responsibility management of a common fund in special circumstances

If the authorisation of a management company is withdrawn, the company is placed in liquidation, the assets of the company are surrendered in bankruptcy or the company otherwise ceases to operate, the depositary shall without delay take action to manage the common fund.

When the depositary is responsible for the management of a common fund, the rights and obligations of the depositary in carrying on common fund activity shall be governed by the provisions laid down in this Act on a management company unless otherwise provided in this chapter.

When managing the assets of the common fund, the depositary may not exercise the voting rights conferred by the shares belonging to the common fund.

When managing the common fund, the depositary may not issue or redeem units.

Once the depositary has taken on management of the common fund, it shall without delay take steps to have the management of the common fund transferred to another management company, to merge the common fund or to terminate it. In such a case, the provisions laid down in chapter 16 on a management company shall apply to the depositary.

Section 5
Termination of a common fund

A management company may terminate a common fund it manages. The management company shall without delay notify the Financial Supervisory Authority of its decision to terminate a common fund it manages. At the same time, the management company shall inform the unitholders in writing of its decision and publish an announcement of it in at least one national newspaper. The announcement shall mention the time and manners in which unitholders may withdraw their funds.

The management company shall order the immediate suspension of the issue and redemption of units of the common fund to be terminated, convert the assets of the common fund into cash, pay the debts of the common fund or set aside funds for the payment thereof, and distribute the remaining funds to the unitholders in proportion with their units.

The management company shall prepare final accounts on the termination and these accompanied by any appendices shall be communicated to the unitholders and to the Financial Supervisory Authority.

Any funds that have not been withdrawn shall, within a year of the notification referred to in subsection 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 14 days, they shall be deposited in a safe and profitable manner with a deposit bank or a branch of a foreign credit institution in Finland. If the funds have not been withdrawn within ten years of their being deposited, they shall devolve on the State.

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

Section 6
Obligations of a depositary in special circumstances

A depositary shall comply with the common fund termination procedure referred to in section 5 in the case referred to in section 4, subsection 5.

Section 7
Obligation of a management company to take steps to terminate or merge a common fund

A management company must terminate a common fund as provided in section 5 or it must take steps to merge the common fund in the manner referred to in chapter 16 if the minimum capital or minimum number of unitholders mentioned in law or in the rules of the common fund has not been reached within one year of the commencement of the activity of the common fund or the assets or the number of unitholders of the common fund have fallen below the minimum laid down in law or in the rules of the common fund and the situation has not been remedied within 90 days of the expiration of the deadline laid down in chapter 10, section 6, subsection 2, or in the event that any other grounds for dissolution provided in the rules of the common fund are fulfilled.

The provisions laid down in subsection 1 shall also apply when the Financial Supervisory Authority, pursuant to chapter 24, section 10, has required the cessation of management of the common fund.

Section 8
Appointment of attorney

The Financial Supervisory Authority shall appoint the attorney referred to in section 29 of the Act on the Financial Supervisory Authority to attend to the termination of the common fund as provided in section 5 of this chapter when:

1) the management company or the depositary does not take steps to terminate the common fund or to prepare the merger of the common fund within one month of fulfilment of the condition laid down in section 7; or

2) the depositary does not take steps to transfer the management of the common fund.

In a situation referred to in subsection 1, the Financial Supervisory Authority shall without delay order the suspension of the issue and redemption of the units of the common fund.

Section 9
Obligation to notify the competent authorities of EEA Member States

The withdrawal or restriction of the authorisation of a management company, the suspension of the redemption of units and the termination of a common fund shall be notified to the competent authorities of all EEA Member States in which the management company is active or in which the units of the common fund subject to the measure or a common fund managed by the management company have been marketed.

In the cases referred to in sections 1, 2 and 8, the notification shall be made by the Financial Supervisory Authority, in the cases referred to in sections 5 and 7 by the management company and in the case referred to in section 4, subsection 5 by the depositary.

Section 10
Notification of decisions concerning a common fund

The Financial Supervisory Authority shall, without delay, notify the competent authorities of a common fund's host EEA Member State of a decision that concerns:

1) withdrawal of the authorisation of a common fund;

2) serious measures taken against a common fund; or

3) suspension of the issue or redemption of units of a common fund.

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

Information-sharing between competent authorities shall be governed by the Notification Regulation.

PART VII
DEPOSITARY

Chapter 20
Authorisation as a depositary

Section 1
The depositary of a common fund

Only a depositary granted the authorisation referred to in section 2 or an entity referred to in section 12 may be the depositary of a common fund and carry on depositary activity.

The same company may not be both a management company and a depositary.

Section 2
Application for authorisation as a depositary

The authorisation of a depositary is granted by the Financial Supervisory Authority upon application. The application shall be accompanied by adequate information about the applicant and the applicant company's ownership, management and auditors, internal control and risk management as well as its financial capacity. The provisions on the information that must accompany an application for authorisation and the contact information to be given in such an application shall be laid down by Decree of the Ministry of Finance.

Section 3
Conditions for authorisation

An authorisation as a depositary shall be granted to a Finnish limited liability company when, based on the information obtained, it can be ensured that the shareholders of the company meet the requirements laid down in section 8 and its management the requirements laid down in section 7 and the company meets the requirements laid down in section 9 on capital and in section 11 on the activity of the entity as well as the requirements laid down in chapter 21, section 8. A further condition for authorisation is that the company has its head office in Finland. The authorisation may also be granted to a company to be established prior to its registration.

Section 4
Decision on authorisation

An application shall be decided within six months of its receipt or, if the application has been deficient, within six months of the applicant providing the documents and information needed to decide the matter. The decision on authorisation shall always be issued within 12 months of the receipt of the application, however. If the decision has not been issued within the deadline provided, the applicant may file an appeal with Helsinki Administrative Court. In such a case, the decision appealed against is deemed to be the decision to refuse the application. Such an appeal may be filed until such time that the decision is issued. The Financial Supervisory Authority shall notify the appellate authority of the issue of a decision when the decision is issued subsequent to the filing of the appeal. In other respects, the filing and consideration of requests for review shall be governed by the Act on the Financial Supervisory Authority.

Section 5
Commencement of activity

Unless otherwise provided in the conditions of the authorisation, a depositary may commence its activity immediately following the grant of the authorisation. When the authorisation has been granted to a company to be established, the depositary shall moreover have been registered. The depositary shall inform the Financial Supervisory Authority of the date on which it commences its activity.

Section 6
Registration of the authorisation of a depositary

The Financial Supervisory Authority shall notify the authorisation of a depositary for registration in the Trade Register. An authorisation granted to a depositary to be established shall be registered at the same time as the company.

Section 7
Managing a depositary

A depositary shall be managed professionally and in accordance with sound and prudent business principles. The members of the management of a depositary shall consist of fit and proper persons who are not bankrupt or subject to any restriction of competence. The board of directors as a whole as well as the managing director and other members of senior management shall hold the kind of general knowledge of depositary activity and the significant risks associated therewith as is warranted in light of the nature and scope of the activity of the depositary.

The following shall not be considered fit and proper:

1) persons who have been sentenced to imprisonment within the five years preceding the assessment or to a fine within the three years preceding the assessment for a crime that may be considered to demonstrate them to be manifestly unsuitable to belong to the management of a depositary; or

2) persons who by prior actions other than referred to in paragraph 1 have demonstrated that they are manifestly unsuitable to hold the position referred to in subsection 1.

When a sentence referred to in subsection 2, paragraph 1 is yet to become final, the sentenced person may continue to hold a position referred to in subsection 1 when, taking into account the person's prior actions, the circumstances leading to the sentence and other relevant factors, this shall be considered to be manifestly justified.

The depositary shall, without delay, notify the Financial Supervisory Authority of any changes in the fit and proper status of members of management.

Section 8
Fit and proper criteria for the shareholders of a depositary

Anyone who directly or indirectly owns at least 10% of the depositary's share capital or a portion that confers at least 10% of the votes conferred by its shares shall be fit and proper.

The following shall not be considered fit and proper:

1) persons who have been sentenced to imprisonment within the five years preceding the assessment or to a fine within the three years preceding the assessment for a crime that may be considered to demonstrate them to be manifestly unsuitable to be an owner in a depositary;

2) persons who by prior actions other than referred to in paragraph 1 have demonstrated that they are manifestly unsuitable to be an owner in a depositary.

When a sentence referred to in subsection 2, paragraph 1 is yet to become final, the sentenced person may continue to exercise the decision-making powers belonging to an owner of the depositary when, taking into account the person's prior actions, the circumstances leading to the conviction and other relevant factors, this shall be considered to be manifestly justified.

Section 9 (527/2021)
Minimum capital of a depositary

The share capital of a depositary shall be at least EUR 750,000. The share capital included in the initial capital shall be fully subscribed at the time of granting authorisation, and the initial capital shall meet the requirements under Article 9 of the EU's investment firms regulation.

Section 10
European company (SE) as a depositary

The authorisation referred to in section 2 above is also granted to a European company (SE) within the meaning of the SE Regulation holding equivalent authorisation in another EEA Member State which intends to transfer its registered office to Finland in accordance with Article 8 of the said Regulation. In addition, the Financial Supervisory Authority shall request an opinion on the application for authorisation from the supervisory authority for UCITS and management companies in the relevant State. The same shall apply to the establishment of a European company (SE) through merger such that the acquiring company having its registered office in another State is registered in Finland as a European company (SE).

Section 11

Close links

Close links between the depositary or another legal or natural person may not prevent the efficient supervision of the depositary. Efficient supervision also may not be prevented by the provision and administrative regulations of a third country applied to a natural or legal person with such close links.

Any changes taking place in the information concerning links reported in the authorisation application subsequent to the grant of the authorisation shall be notified to the Financial Supervisory Authority without delay.

Section 12
Other operator as a depositary

Notwithstanding the provisions laid down in section 2, the depositary may also be the Bank of Finland or a credit institution referred to in chapter 1, section 7, subsection 1 of the Act on Credit Institutions.

The depositary may also be a foreign EEA credit institution referred to in chapter 1, section 7, subsection 3 of the Act on Credit Institutions:

1) which has a branch in Finland;

2) which meets the capital requirements laid down in section 9 of this chapter; and

3) which in its home EEA Member State is entitled to carry on the depositary activity referred to in the UCITS Directive.

Section 13
Obligation of a depositary to apply for withdrawal of authorisation

A depositary must apply to the Financial Supervisory Authority for withdrawal of authorisation when its purpose is no longer to carry on depositary activity. The application shall be accompanied by the decision of the depositary's general meeting of shareholders on filing the application for

withdrawal of authorisation and a report stating that the depositary no longer performs the duties referred to in chapter 21, section 1.

Section 14
Withdrawal of authorisation and restriction of activity

The right of the Financial Supervisory Authority to withdraw the authorisation of a depositary and to restrict the activity of a depositary shall be governed by sections 26 and 27, respectively, of the Act on the Financial Supervisory Authority

Section 15
Appointment of attorney

When the authorisation of a depositary is withdrawn, the entity is placed in liquidation, the assets of the entity are surrendered into bankruptcy or the entity otherwise ceases to operate and the management company does not take immediate steps to choose a new depositary, the attorney referred to in section 29 of the Act on the Financial Supervisory Authority shall be appointed for the depositary to attend to duties of depositary until such time that the actual depositary assumes its duties.

If the management company does not take steps to choose a depositary, the Financial Supervisory Authority shall take steps to terminate the common funds managed by the management company in the manner referred to in chapter 19, sections 8 and 9.

Chapter 21
Duties of the depositary

Section 1
Safekeeping of the assets of a common fund

The assets of a common fund shall be held in safekeeping in a single depositary.

The assets of the common fund shall be segregated from the assets of the depositary and from the assets of other clients and common funds, and the assets shall be held in a reliable manner. The assets of the common fund may not be attached for the debt of the depositary.

The depositary shall perform its duties with diligence, independence and skill in the best interests of the common fund and its unitholders.

Section 2
Other duties of the depositary

The depositary shall have the following duties:

1) to ensure that the issues and redemptions of the units of a common fund comply with this Act and the rules of the common fund;

2) to ensure that the value of the units of a common fund is calculated in accordance with this Act and the rules of the common fund;

3) to carry out the assignments given to it by the management company unless they are contrary to this Act or another Act applicable to the activity of the management company, or the rules of the common fund;

4) to ensure that payments relating to transactions involving the assets of the common fund are made to the common fund within the time period generally observed;

5) to ensure that the profits of the common fund are used in accordance with this Act and the rules of the common fund.

The depositary shall ensure that the cash flow of the common fund is duly monitored and that the payments made by or on behalf of investors in the context of subscription for units are received and the cash assets of the common fund are recorded in a cash account:

1) which has been opened in the name of the common fund or its management company or the depositary acting on behalf of the common fund;

2) which has been opened with a central bank, a deposit bank or a credit institution entitled to receive deposits and authorised in another State as referred to in chapter 9, section 3, subsection 1 of the Act on Investment Services; and

3) which is maintained in accordance with the principles laid down in chapter 9, section 1 and section 3, subsections 2–4 of the Act on Investment Services and the provisions referred to in section 5.

When the cash account referred to in subsection 2 is opened in the name of the common fund's depositary, neither the cash assets of the entity referred to in paragraph 2 of the subsection nor the depositary's own cash assets may be recorded in the account.

Section 3
Financial instruments to be held in safekeeping and registered

The financial instruments belonging to the assets of a common fund shall be held in safekeeping by the depositary and the depositary shall thus hold in safekeeping all financial instruments which:

1) may be registered in the financial instruments account opened in the bookkeeping of the depositary; or

2) may be physically delivered to the depositary.

The depositary shall register the financial instruments referred to in subsection 1, paragraph 1 in the financial instruments account in the name of the common fund or its management company in accordance with the principle laid down in chapter 9, section 1 and section 2, subsection 3 and the regulations referred to in chapter 9, section 5 of the Act on Investment Services in such a manner that they may at any time be identified to belong to the said common fund in accordance with this Act.

The depositary shall hold the assets of the common fund other than those referred to in subsection 1 in safekeeping in such a manner that it may be verified on the basis of information

provided by the management company or other external evidence that the assets belong to the common fund. The depositary shall maintain a record of these assets on an ongoing basis.

The depositary shall provide the management company on a regular basis with a comprehensive inventory of all of the assets of the common fund referred to in this section.

Section 4
Prohibition to use assets held in safekeeping

The assets referred to in section 3, subsection 1 that are held in safekeeping may not be re-used by the depositary for its own account or for the account of a third party. The re-use prohibition applies to all transactions pertaining to the assets held in safekeeping.

The assets held in safekeeping by the depositary may be re-used for the account of the common fund when:

1) the depositary is carrying out the instructions of the common fund's management company;

2) the re-use is in the best interests of the common fund and its unitholders; and

3) the transaction is covered by sufficient and liquid collateral received by the common fund's management company under a title transfer arrangement.

The market value of the collateral referred to in subsection 2, paragraph 3 above shall be at least the market value of the re-used assets plus a premium.

Section 5
Conditions for outsourcing depositary activity

A depositary may not outsource the supervisory functions referred to in section 2.

A depositary may outsource the safekeeping of financial instruments and other assets referred to in section 3 only when:

1) there is an objective reason for the outsourcing;

2) the purpose of the outsourcing is not to avoid the requirements laid down in this Act;

3) the depositary selects with all due care and diligence the service provider to which it intends to outsource the function;

4) the depositary monitors the service provider to which it has outsourced the safekeeping and reviews its activity on a regular basis.

The provisions laid down in section 4 on a depositary shall also apply to a service provider referred to in subsection 2.

A service provider to which the depositary has outsourced the safekeeping of financial instruments and other assets referred to in subsection 2 may further delegate the safekeeping subject to the conditions laid down in subsections 2 and 3 and in section 6.

When applying this section as well as sections 6 and 7, the provision of the services referred to in Directive 98/26/EC of the European Parliament and of the Council on settlement finality in payment and securities settlement systems in the securities settlement systems referred to in the said directive or the provision of corresponding services in third-country securities settlement systems is not deemed to be outsourcing of depositary activity. (974/2021)

Section 6
Service provider as custodian

The service provider to which a depositary outsources the safekeeping of the assets referred to in section 3 shall meet the following requirements:

1) it has structures and expertise that are adequate and proportionate taking into account the nature and complexity of the assets of the common fund which have been entrusted to it;

2) in respect of the financial instruments referred to in section 3, subsection 1:

a) it is subject to prudential regulation and supervision as well as a minimum capital requirement;

b) it is subject to a periodic external audit to ensure that the financial instruments are in its possession;

3) it segregates the assets of the depositary's clients from its own assets and the assets of the depositary in such a manner that they can at any time be identified as belonging to the clients of a particular depositary;

4) it takes all necessary steps to ensure that in the event of third-party insolvency the assets of a common fund held by it in safekeeping are unavailable for distribution among or realisation for the benefit of creditors of the third party;

5) it complies with the obligations and prohibitions laid down in section 1, subsection 1, section 3, subsections 1–3, section 4, and section 11, subsection 1.

Section 7
Outsourcing of safekeeping to a third country

Where the law of a third country requires that financial instruments be held in custody by a local entity and no local entity meets the requirements laid down, a depositary may outsource the safekeeping of financial instruments also to a third-country local entity that does not meet the requirements laid down in section 6, paragraph 2, subparagraph a. The outsourcing of safekeeping is only permitted to the extent required by the law of the third country and only for as long as there are no local entities that meet the outsourcing requirements. The following conditions furthermore apply:

1) prior to their investment, the unitholders have been informed of:

a) the possible outsourcing of safekeeping due to restrictions laid down in the law of a third country;

b) the circumstances in which the outsourcing of safekeeping is justified;

c) the risks associated with the outsourcing of safekeeping; and

2) the common fund's management company has instructed the depositary to outsource the safekeeping of financial instruments to a local entity.

The entity referred to subsection 1 above may further delegate the safekeeping outsourced to it in accordance with the said subsection subject to the conditions laid down in the said subsection.

Section 8
Arrangement of the activity of a depositary

The activity of a depositary shall be arranged in a reliable manner. The depositary shall take appropriate steps to ensure the management of the risks associated with its activity, the effectiveness of its internal control, and the continuity and regularity of activity under all circumstances.

The depositary shall have the bookkeeping system needed to hold financial instruments in safekeeping in financial instrument accounts, the administrative procedures needed for the appropriate performance of its activity, internal control mechanisms and risk assessment procedures, and control and safeguard arrangements for information processing systems.

The depositary shall implement such organisational and administrative arrangements that allow reasonable steps to be taken to identify and prevent conflicts of interest. If conflicts of interest arise, the depositary shall ensure the equal treatment of its clients.

The depositary shall arrange for records to be kept of the services, functions and transactions performed by it to enable the Financial Supervisory Authority, upon request, to obtain from the depositary the information necessary for the performance of the task laid down in this Act.

Section 9
Avoidance of conflicts of interest

A depositary may not carry on activity that may give rise to conflicts of interest between a common fund, the unitholders of a common fund or the management company of a common fund

and itself. The activity referred to above may nonetheless be carried on, notwithstanding the provisions laid down in chapter 6, section 2, subsection 3, when the performance of depositary tasks has been functionally and hierarchically separated from the other tasks of the depositary, every effort is made to avoid potential conflicts of interest, and any conflicts of interest that arise are disclosed to the unitholders of the common fund.

Section 10
Notification by a depositary to the Financial Supervisory Authority

Where a depositary decides not to comply with an assignment from the management company or it otherwise observes something objectionable in the management company's activity under section 2, subsection 1, and the company will not rescind its decision or alter its policy, the depositary shall notify the matter to the Financial Supervisory Authority.

Section 11
Depositary contract

A management company and a depositary shall conclude a written contract on the safekeeping of the assets of an individual common fund and the tasks relating thereto. The contract shall contain provisions on information-sharing between the parties and on changing the depositary.

The management company shall communicate to the Financial Supervisory Authority without delay the contract referred to in subsection 1 which it has concluded concerning a common fund it manages and any amendments thereto.

Upon request, the management company shall present the contract or a copy thereof to an existing or potential unitholder.

Section 12 (1342/2022)
Transfer of the registered office of a depositary to another EEA Member State

If a depositary intends to transfer its registered office to another EEA Member State in accordance with Article 8 of the SE Regulation or chapter 17a, section 1 of the Limited Liability Companies Act, the depositary shall submit to the Financial Supervisory Authority a copy of the transfer proposal

referred to in Article 8(2) and of the report referred to in Article 8(3) of the SE Regulation, or of the transfer proposal referred to in section 4 and the report of the Board of Directors referred to in section 6 of chapter 17a of the Limited Liability Companies Act, immediately after the depositary has declared the proposal for registration.

The registration authority may not issue the certificate referred to in section 9, subsection 5 of the Act on European Companies (742/2004) or in chapter 17a, section 21, subsection 4 of the Limited Liability Companies Act if the Financial Supervisory Authority has notified the registration authority, prior to granting the permission referred to in section 9, subsection 2 of the Act on European Companies or in chapter 17a, section 21, subsection 2 of the Limited Liability Companies Act, that the depositary has not complied with the provisions on the transfer of registered office or the termination of activities in Finland. Permission may be granted before one month has passed from the due date referred to in chapter 16, section 6, subsection 2 or chapter 17a, section 11, subsection 2 of the Limited Liability Companies Act only if the Financial Supervisory Authority has notified the registration authority that it does not oppose the transfer of the registered office.

Section 13
Involvement of a depositary in a merger or division in the EEA

Where a depositary is involved in a cross-border merger or division in the EEA, the register authority may not issue the merger certificate referred to in section 4, subsection 3 of the Act on European Companies or in chapter 16, section 26, subsection 4 of the Limited Liability Companies Act or the demerger certificate referred to in chapter 17, section 25, subsection 4 of the Limited Liability Companies Act if the Financial Supervisory Authority, prior to granting permission, has notified the register authority that the depositary has not complied with the provisions on transfer of registered office or termination of activity taking place in Finland or chapter 20, section 12, subsection 2 of this Act. The permission may be granted before one month has elapsed from the due date referred to in chapter 16, section 6, subsection 2 or chapter 17, section 6, subsection 2 of the Limited Liability Companies Act only when the Financial Supervisory Authority has notified that it has no objection to the procedure for which permission is sought.

Subsequent to the merger or division, the receiving company registered in another State may continue to carry on depositary activity in Finland subject to the conditions laid down in chapter 20, section 12, subsection 2.

Section 14
Provision of information to the Financial Supervisory Authority

A depositary shall ensure that, upon request, it provides the Financial Supervisory Authority with all such information concerning the common fund and its management company obtained by the depositary in the performance of its duties that may be necessary for supervision.

Where the common fund is managed by a foreign EEA management company, the Financial Supervisory Authority shall forward to the competent authority of its home Member State the information obtained by it pursuant to subsection 1.

PART VIII
CROSS-BORDER ACTIVITY

Chapter 22
Activity of a management company and marketing of a common fund abroad

Section 1
Activity of a management company abroad through a branch

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 be accompanied by the following information and reports:

1) the management company's host State within the territory of which the management company intends to establish a branch;

2) a programme of operations for the branch setting out which activities the management company intends to carry on in the management company's host Member State and in what manner, the details of the administrative structure of the branch, and 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 implemented in the host State;

3) the address of the branch from which documents may be obtained;

4) the details of the persons responsible for the activity of the branch;

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

Unless the Financial Supervisory Authority has reason to doubt the adequacy of the administrative structure or the financial situation of the management company, taking into account the activity envisaged, it shall, within two months of receipt of all the information referred to in subsection 1, communicate the information to the competent authority 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.

Where 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 the 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, in the absence of such communication, within two months of receipt of the information referred to in subsection 1 by the said authority.

Subsections 5–5 were repealed by Act 974/2021.

The provisions laid down in chapter 4, section 2 shall not apply to activity carried on by a management company through a branch.

Section 2
Authorisation to establish a branch

A management company that intends to establish a branch in a State other than one referred to in section 1 shall apply to the Financial Supervisory Authority for authorisation to establish the branch. The authorisation shall be granted if the adequate 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 jeopardise the activity of the management company. An opinion on the authorisation application shall be requested from the Bank of Finland. After consulting the applicant for the authorisation, the Financial Supervisory Authority may include in the authorisation restrictions and conditions relating to the activity of the branch that are necessary for supervision.

Provisions on the materials which shall accompany a permission application shall be laid down by Decree of the Ministry of Finance.

Section 2a (947/2021)
Changes to notified information

In the event of changes of any particulars communicated in accordance with section 1, subsection 1, paragraphs 2–4, a management company shall give written notice of those changes to the Financial Supervisory Authority and to the competent authorities of the management company's host Member State at least one month before implementing the changes.

The Financial Supervisory Authority shall assess the planned changes after having received the notification referred to in subsection 1. Where, pursuant to a change, the management company would no longer comply with this Act, the Financial Supervisory Authority shall within 15 working days of receipt of all the information referred to in the said subsection prohibit the implementation of the change. The Financial Supervisory Authority shall inform the competent authorities of the management company's host Member State of the matter.

If the management company implements the change despite the prohibition issued by the Financial Supervisory Authority, the Financial Supervisory Authority shall take appropriate measures and, if necessary, apply Chapter 19, section 2 on the withdrawal of authorisation and restriction of activity to ensure that activities in breach of the provisions cease. The Financial Supervisory Authority shall notify the competent authorities of the management company's host Member State without delay of the measures taken.

In the event of change in the information communicated in accordance with section 1, subsection 2, the Financial Supervisory Authority shall notify the competent authority 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 authority of the management company's host Member State of the changes and correspondingly update the information included in the attestation referred to in section 1, subsection 3.

Section 3 (974/2021)
Right of the Financial Supervisory Authority to require fulfilment of the conditions for an authorisation

Where a management company does not fulfil the conditions laid down in section 2, the Financial Supervisory Authority may impose a deadline for the remedy of the situation and, unless the situation is remedied within the deadline, apply chapter 19, section 2 on the withdrawal of authorisation and restriction of activity.

Section 4
Activity of a management company abroad without establishing a branch

A management company which intends to start to carry on the activity referred to in chapter 2, section 2 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 reports:

1) the management company's host Member State within the territory of which the management company intends to carry on activity;

2) a programme of operations for the branch setting out which activities the management company intends to carry on the management company's host Member State and in what manner and 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 implemented in the host Member State.

The Financial Supervisory Authority shall, within one month of receipt of the notification referred to in subsection 1, communicate it to the competent authority of the management company's host Member State. When the management company intends to manage a common fund in the management company's host Member State, the communication shall further be accompanied by 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 communication shall be

accompanied by information on the protection scheme intended for the protection of the investors or on the lack thereof.

The management company shall notify the Financial Supervisory Authority and the competent authority of the management company's host Member State in writing and in advance of any change in the information referred to in subsection 1. 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 authority 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 .

The provisions laid down in chapter 4, section 2 on avoidance of conflicts of interest shall apply to the management company referred to in this section.

Section 5
Commencement of activity in a non-EEA Member State

A management company which intends to start to carry on the activity referred to in chapter 2, section 2, subsection 2 within the territory of a non-EEA Member State without establishing a branch shall notify the Financial Supervisory Authority well in advance of which activity, where and in what manner the management company intends to carry on.

The management company shall notify the Financial Supervisory Authority and the competent authority of the management company's host Member State in writing and in advance of any change in the information referred to in subsection 1.

Section 6
Managing a UCITS in an EEA Member State other than Finland

The provisions of this Act shall not apply to managing a common fund in the management company's host Member State inasmuch as this involves the functions and tasks referred to in chapter 24, section 9, subsection 1. However, the management company shall comply with the provisions of this Act concerning arrangements for outsourcing the tasks of the management

company, risk management processes, prudential requirements and prudential supervision, and the reporting requirements and organisation of a management company.

The compliance of a management company with the provisions referred to in subsection 1 shall be supervised by the Financial Supervisory Authority.

Section 7
Marketing of units in an EEA Member State other than Finland

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

1) information on the arrangements made to market the units of the common fund in the common fund's host EEA Member State and a mention that the units are marketed by the common fund's management company or by a foreign EEA management company;

2) information necessary for the invoicing or for the communication of fees or charges by the competent authorities of the host EEA Member State;

3) information on the facilities referred to in section 7a, subsection 1;

4) the common fund's rules, fund prospectus, most recent annual report and subsequent half-yearly report, translated in accordance with section 9, subsection 2, paragraph 3;

5) the key investor information document translated in accordance with section 9, subsection 2, paragraph 2.

(974/2021)
The Financial Supervisory Authority shall inspect the notification letter referred to in subsection 1 and its accompanying documents and submit these no later than within ten business days of receipt to the competent authority of the common fund's host EEA Member State. The Financial

Supervisory Authority shall additionally enclose with the documents an attestation that the common fund meets the requirements laid down in this Act.

The Financial Supervisory Authority shall, without delay, notify the management company or the foreign EEA management company of the submission of the documents and the attestation to the competent authority of the common fund's host EEA Member State. The management company or the foreign EEA management company may commence the marketing of units in the common fund's host EEA Member State as from the date of such notification.

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

The transmission and filing of the documents referred in this section by the Financial Supervisory Authority shall take place electronically.

Provisions on the standard model notification letter and the format and contents of the attestation concerning a UCITS as well as the electronic notification procedure shall be governed by the Notification Regulation.

Section 7a (947/2021)
Facilities available to investors in a common fund's host EEA Member State

A management company and a foreign EEA management company which intends to market the units of a common fund it manages in Finland in the common fund's host EEA Member State shall implement the facilities necessary to perform the following tasks in the common fund's host EEA Member State:

1) process subscriptions and redemptions of fund units and make payments to unitholders in accordance with the conditions set out in the documents required pursuant to chapter 15;

2) provide investors with information on how orders referred to in subsection 1 can be made and how redemption proceeds are paid;

3) facilitate the handling of information and access to procedures and arrangements referred to in Article 15 of the UCITS Directive relating to the investors' exercise of their rights arising from their investment in the common fund;

4) make the information and documents required pursuant to chapter 15 above available to investors under the conditions laid down in section 9 of this chapter, for the purposes of inspection and obtaining copies thereof;

5) provide investors with information relevant to the tasks that the facilities perform on paper or in another durable medium so that it may be retained, stored and replicated unchanged;

6) act as a contact point for communicating with the Financial Supervisory Authority and the competent authorities of the host EEA Member State.

A management company and a foreign EEA management company shall ensure that the facilities referred to in subsection 1 are provided in the official language or one of the official languages of the host EEA Member State or in a language approved by the competent authorities of the host EEA Member State;

The tasks referred to in subsection 1 may be provided on behalf of or together with the management company and foreign EEA management company by a third party which is subject to regulation and supervision governing the tasks to be performed. The management company and foreign EEA management company shall have as evidence of the appointment of a third party a written contract that specifies which of the tasks referred to in the said subsection are not to be performed by the management company or foreign EEA management company and that agrees on the third party's right to receive all the information and documents required to perform the tasks from the management company or EEA management company.

Section 8 (974/2021)
Obligation of a management company to keep documents available to the competent authority of an EEA Member State

A management company and a foreign EEA management company shall ensure that the documents referred to in section 7, subsection 1, paragraphs 4 and 5 and, where necessary, the translations thereof, are available to the competent authorities of the common fund's host EEA Member State 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 changes therein to the competent authorities of the common fund's host EEA Member State and indicate where these documents may be obtained in electronic format.

Any further regulations, necessary for the implementation of the Merger Directive, on the right of access of the competent authorities of the common fund's host EEA Member State to the documents referred to in section 7, subsection 1, paragraphs 4 and 5 in accordance with subsection 1 of this section shall be issued by the Financial Supervisory Authority.

Section 9
Obligation to provide information abroad

A management company and a foreign EEA management company which markets the units of a common fund it manages in Finland in the common fund's host EEA Member State shall provide the investors there with the same information and documents which the company is required to provide in Finland under chapter 15.

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

1) without prejudice to the provisions laid down in chapter 15, the information and documents shall be provided in accordance with the legislation of the common fund's host EEA Member State;

2) the key investor information document of the common fund shall be translated into the official language, or one of the official languages, of the common fund's host EEA Member State, or into a language approved by the competent authorities thereof;

3) information and documents other than the key investor information document shall be translated, as determined by the management company, into the official language of the common fund's host EEA Member State, or one of its official languages, or into a language approved by the competent authorities thereof, or into a language customary in the sphere of international finance.

Responsibility for the preparation of the translations referred to in subsection 2, paragraphs 2 and 3 shall lie with the management company and the foreign EEA management company.

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

The obligation to prepare a key investor information document laid down in this may also be fulfilled by a key information document written, provided, revised and translated in accordance with the PRIIPs Regulation Such a key information document is deemed to meet the requirements laid down in this section for a key investor information document. (953/2022)

Section 9a (974/2021)
Changes to information regarding the marketing of fund units

The management company and the foreign EEA management company shall notify the Financial Supervisory Authority and the competent authorities of the common fund's host EEA Member State in writing of any changes to the information referred to in section 7, subsection 1, paragraphs 1–3 at least one month before implementing the changes.

The Financial Supervisory Authority shall assess the changes after having received the notification referred to in subsection 1. Where, pursuant to a change, the management company or foreign EEA management company would no longer comply with this Act, the Financial Supervisory Authority shall within 15 working days of receipt of all the information referred to in the said subsection prohibit the implementation of the change. The Financial Supervisory Authority shall notify the competent authorities of a common fund's host EEA Member State of the matter.

If the management company implements the change despite the prohibition issued by the Financial Supervisory Authority, the Financial Supervisory Authority shall take appropriate

measures and, if necessary, prohibit the marketing of the common fund to ensure that activities in breach of the provisions cease. The Financial Supervisory Authority shall notify the competent authorities of the common fund's host EEA Member State without delay of the measures taken.

Section 10
Obligation of the Financial Supervisory Authority to take measures

Where the competent authority of a common fund's host EEA Member State notifies the Financial Supervisory Authority that, in the marketing of units of the common fund, the management company or the foreign EEA management company fails to comply with obligations which arise from the provisions issued to implement the UCITS Directive and the supervision of compliance with which is not within the purview of the competent authorities of the relevant EEA Member State, the Financial Supervisory Authority shall take the appropriate measures to ensure that activities in breach of the provisions cease.

The provisions of subsection 1 on the Financial Supervisory Authority's obligation to take measures also apply to notifications of the competent authorities of the EEA Member State identified in the notification referred to in section 12, subsection 3 when the management company or foreign EEA management company has submitted a notification that it has discontinued marketing the units of a common fund it manages in Finland in the EEA Member State in question. (974/2021)

Section 11
Marketing of a common fund in a non-EEA Member State

A management company may market the units of a common fund also in a non-EEA Member State. Where necessary, upon the management company's application the Financial Supervisory Authority shall without delay issue to it an attestation that the common fund which the application concerns is registered in Finland and subject to the supervision of the Financial Supervisory Authority.

The Financial Supervisory Authority shall notify ESMA and the European Commission of any general difficulties which the management company may experience in marketing in a third country the units of common fund it manages.

Section 12 (974/2021)
Discontinuation of marketing in a common fund's host EEA Member State

A management company and a foreign EEA management company may discontinue marketing the units of a common fund it manages in Finland in the common fund's host EEA Member State in respect of which it has made a notification in accordance with if:

1) a blanket offer is made to redeem, free of any charges or deductions, all such units held by unitholders in the common fund's host EEA Member State, and is publicly available for at least 30 working days, and is addressed, directly or through intermediaries, individually to all investors whose identity is known;

2) the notification of the foreign EEA management company's intention to discontinue marketing fund units in the common fund's host EEA Member State is made public by means of a publicly available medium which is customary for marketing common funds and suitable for a typical investor in common funds; and

3) contractual arrangements with intermediaries or agents are modified or terminated with effect from the date of the notification of discontinuation of marketing in order to prevent the direct or indirect offering or placement of the units identified in the notification referred to in subsection 3 below.

The offer referred to in subsection 1, paragraph 1 above and the notification referred to in subsection 2 shall be provided in the official language or one of the official languages of the common fund's host EEA Member State or in a language approved by the competent authorities of the host EEA Member State. They shall clearly describe the consequences for unitholders if they do not accept the offer to redeem their units.

A management company and a foreign EEA management company shall submit a notification to the Financial Supervisory Authority containing the information referred to in subsection 1, paragraphs 1–3.

The Financial Supervisory Authority shall verify the notification referred to in subsection 3 and shall, no later than 15 working days from the receipt of a complete notification, transmit that

notification to the competent authorities of the common fund's host EEA Member State identified in the notification and to the European Securities and Markets Authority. The Financial Supervisory Authority shall without delay notify the management company or foreign EEA management company of the transmission of the notification.

A management company and a foreign EEA management company shall cease any direct or indirect offering or placement of its units to investors in the common fund's host EEA Member State as of the date when the notification of the discontinuation of marketing in this EEA Member State was made.

A management company and a foreign EEA management company shall submit the information and documents referred to in section 9 to investors located in the EEA Member State in question who hold units in the common fund and to the Financial Supervisory Authority. The information and documents may be submitted using electronic or other distance communication means, provided that the information and documents as well as the communication means are available for investors in the official language or one of the official languages of the EEA Member State in question or in a language approved by the competent authorities of that EEA Member State.

The Financial Supervisory Authority shall transmit to the competent authorities of the EEA Member State identified in the notification referred to in subsection 3 information on any changes to the documents referred to in section 7, subsection 1, paragraphs 4 and 5.

Chapter 23
Marketing of the units of a UCITS in Finland

Section 1
Notification

A UCITS may market its units in Finland when the competent authority of its home Member State has notified the commencement of marketing to the Financial Supervisory Authority. The notification letter shall contain:

1) information on the arrangements made to market the units of the UCITS in Finland and a mention that the units are marketed by the management company of the UCITS;

2) information necessary for the invoicing or for the communication of any applicable regulatory fees or charges by the Financial Supervisory Authority;

3) information on the facilities for performing the tasks referred to in section 2, subsection 1;

4) the UCITS' rules or documents of incorporation, fund prospectus, most recent annual report and subsequent half-yearly report, translated in accordance with section 6, subsection 2;

5) the key investor information document translated in accordance with section 6, subsection 2;

6) an attestation by the competent authority of the UCITS home Member State that the UCITS meets the requirements laid down in the UCITS Directive.

(974/2021)
The UCITS may commence the marketing of its units in Finland once the competent authority of its home Member State has informed it that the documents referred to in subsection 1 have been submitted to the Financial Supervisory Authority.

The notification letter and attestation referred to in subsection 1 above 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 have agreed that they shall be provided in an official language of both Member States.

The UCITS shall ensure that the documents referred to in section 1, paragraphs 4 and 5 and, where necessary, their translations, are available to the Financial Supervisory Authority electronically. The UCITS shall notify any changes in the documents to the Financial Supervisory Authority and indicate where these documents may be obtained in electronic format. (974/2021)

The UCITS shall notify the Financial Supervisory Authority in writing of any changes to the information referred to in subsection 1, paragraphs 1–3 no later than one month before the changes take effect. (974/2021)

The receipt and filing of the documents referred in this section by the Financial Supervisory Authority shall take place electronically.

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

Section 2 (974/2021)
Facilities available to investors in Finland

To market units in Finland, a UCITS shall implement the facilities necessary to perform the following tasks:

1) process subscriptions, repurchases and redemptions of units of the UCITS and make payments to unitholders in accordance with the conditions set out in the documents required pursuant to Chapter IX of the UCITS Directive;

2) provide investors with information on how orders referred to in subsection 1 can be made and how repurchase and redemption proceeds are paid;

3) facilitate the handling of information and access to procedures and arrangements referred to in Article 15 of the UCITS Directive relating to the investors' exercise of their rights arising from their investment in the UCITS;

4) make the information and documents required pursuant to Chapter IX available to investors under the conditions laid down in section 6, for the purposes of inspection and obtaining copies thereof;

5) provide investors with information relevant to the tasks that the facilities perform on paper or in another durable medium so that it may be retained, stored and replicated unchanged;

6) act as a contact point for communicating with the Financial Supervisory Authority and the competent authorities.

A UCITS shall ensure that the facilities referred to in subsection 1 are provided in Finnish or Swedish or in another language approved by the Financial Supervisory Authority.

The tasks referred to in subsection 1 may be provided on behalf of or together with the UCITS by a third party which is subject to regulation and supervision governing the tasks to be performed. The UCITS shall have as evidence of the appointment of a third party a written contract that specifies which of the tasks referred to in the said subsection are not to be performed by the UCITS and that agrees on the third party's right to receive all the information and documents required to perform the tasks from the UCITS.

Section 3 (974/2021)

Section 3 has been repealed by Act 974/2021. (974/2021)

Section 4
Reference to the legal form of a UCITS

In carrying on its activity in Finland, a UCITS may use the same reference to its legal form in its name or business name as it uses in its home Member State.

Section 5
Duty of the Financial Supervisory Authority to inform a UCITS home Member State of breach of obligations

Where the Financial Supervisory Authority has justified reason to suspect that a UCITS is in breach of the obligations which arise from the provisions issued to implement the UCITS Directive and the supervision of compliance with which is not within the purview of the Financial Supervisory Authority, it shall notify thereof to the competent authorities of the UCITS home Member State.

The Financial Supervisory Authority shall have the right to take the measures necessary to protect the investors as provided in section 61 of the Act on the Financial Supervisory Authority. The Financial Supervisory Authority shall have the right to prohibit a UCITS from continuing the marketing of its 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.

Before taking measures the Financial Supervisory Authority shall 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 ESMA. Instead of taking the measures referred to in subsection 2, the Financial Supervisory Authority may, where necessary, refer the matter to ESMA.

Section 6
Obligation of a UCITS to provide information

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

1) the rules or instruments of incorporation of the common fund;

2) the fund prospectus;

3) the key investor information document;

4) the annual report and the half-yearly report;

5) the issue or redemption price of a unit.

The key investor information document and any changes thereto shall be published in Finnish or Swedish or in another language approved by the Financial Supervisory Authority. The other documents and information referred to in subsection 1 above and any changes thereto shall be published, as determined by the UCITS, in Finnish or Swedish or in another language approved by

the Financial Supervisory Authority or in a language customarily used in the sphere of international finance. The UCITS shall be responsible for the preparation of the translations.

The obligation to prepare a key investor information document laid down in this may also be fulfilled by a key information document written, provided, revised and translated in accordance with the PRIIPs Regulation Such a key information document is deemed to meet the requirements laid down in this section for a key investor information document. (953/2022)

Section 7 (974/2021)
Discontinuation of marketing a UCITS in Finland

A UCITS that has made a notification of marketing in Finland referred to in section 1 may discontinue marketing its units in Finland if:

1) a blanket offer is made to repurchase or redeem, free of any charges or deductions, all such UCITS units held by unitholders in Finland, and is publicly available for at least 30 working days, and is addressed, directly or through intermediaries, individually to all unitholders located in Finland whose identity is known;

2) the notification of the UCITS's intention to discontinue marketing its fund units in Finland is made public by means of a publicly available medium which is customary for marketing UCITS and suitable for a typical UCITS investor; and

3) contractual arrangements with intermediaries or agents are modified or terminated with effect from the date of the notification of discontinuation of marketing in order to prevent the direct or indirect offering or placement of the units in Finland.

A repurchase or redemption offer referred to in subsection 1, paragraph 1 above and a notification referred to in paragraph 2 shall be made in Finnish or Swedish or in another language approved by the Financial Supervisory Authority. They shall clearly describe the consequences for unitholders if they do not accept the offer to repurchase or redeem their units.

A UCITS shall cease any direct or indirect offering or placement of its units to investors in Finland as of the date when the notification of the discontinuation of marketing was made.

A UCITS shall submit the documents and information referred to in subsection 1 above and any changes thereto to such investors in Finland who still hold units of the UCITS. A UCITS may provide the documents and information and any changes thereto using an electronic or other distance communication means, provided that the information and documents as well as the communication means are available for investors in Finnish or Swedish or in another language approved by the Financial Supervisory Authority.

As of the date when the competent authority of the home Member State of a UCITS has submitted information on all of the changes to the documents referred to in section 1, subsection 1, paragraphs 4 and 5, the Financial Supervisory Authority shall not require the UCITS concerned to demonstrate compliance with the provisions governing marketing requirements referred to in Article 5 of the Cross-Border Fund Distribution Regulation.

Chapter 24
Establishment of a branch and provision of services in Finland by a foreign EEA management company

Section 1
Establishment of a branch

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 which activity is to be carried out by the management company in Finland and in what matter, information on the administrative 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 8;

2) the address of the branch from which documents may be ordered and obtained;

3) information on the persons responsible for the activity of the branch;

4) information on the protection scheme intended for the protection of the investors of the branch or on the lack thereof.

Where 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 holds an authorisation equivalent to the authorisation referred to in chapter 2, section 1, a description of the scope of the authorisation of the management company, and information on restrictions relating to the types of common funds which the management company is authorised to manage.

Chapter 4, section 1, and chapter 4, section 2, subsections 1 and 2 shall apply to the activity of a branch of a foreign EEA management company.

The branch may commence its activity within two months of receipt by the Financial Supervisory Authority of the information referred to in subsection 1. Within two months of receipt of the notification, the Financial Supervisory Authority shall notify of the information required from 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, paragraphs 1–3 no later than one month before the changes take effect.

In the event of any change in the information notified under subsection 2, the foreign EEA management company may carry on activity in Finland by a branch provided that the Financial Supervisory Authority receives from the competent authority of the home Member State of the EEA management company notification of the changes and the updated information concerning the attestation referred to in subsection 2.

Section 2
Provision of services without establishing a branch

A foreign EEA management company shall have the right to carry on activity in Finland without establishing a subsidiary or a branch.

A foreign EEA management company may commence its activity in Finland after the competent authority of its home Member State has notified the Financial Supervisory Authority thereof. The notification shall contain the programme of operations of the foreign EEA management company setting out which activity the management company intends to carry out in Finland and in what manner 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 8. The notification shall additionally be accompanied by information on the protection scheme intended for the protection of the investors or on the lack thereof.

Where a foreign EEA management company intends to manage a common fund in Finland, the notification referred to in subsection 2 shall include an attestation that the management company holds an authorisation equivalent to the authorisation referred to in chapter 2, section 1, a description of the scope of the authorisation of the management company, and information on restrictions relating to the types of common funds which the management company is authorised to manage.

A foreign EEA management company may commence the provision of services in Finland after the notification referred to in subsection 2. Within two months of receipt of the notification, the Financial Supervisory Authority shall notify the foreign EEA management company of the information required for supervision. The establishment of a common fund in Finland in Finland and its activity shall be governed by sections 3–10.

The foreign EEA management company shall notify the Financial Supervisory Authority in advance and 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 carry on activity 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 home Member State of the EEA management company.

The marketing of the units of a UCITS in Finland shall be governed by chapter 23, sections 1–5.

Section 3

Authorisation of an EEA management company to establish a common fund

The Financial Supervisory Authority, upon application, grants the authorisation of a foreign EEA management company to establish a common fund in Finland. The authorisation is subject to the condition that the Financial Supervisory Authority approves the rules of the common fund and the changes thereto in accordance with chapter 8 as well as the choice of depositary.

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

1) proof that the applicant in its home Member State is authorised to manage common funds and to market the units thereof in its home Member State;

2) a notification of the persons referred to in chapter 20, section 7 responsible for the depositary of the common fund to be established;

3) the contract referred to in chapter 21, section 11, subsection 1 between the management company and the depositary;

4) information on any outsourcing arrangements regarding the outsourcing of tasks relating to the management and administration of investments.

The application referred to in subsection 1 above may make reference to information provided earlier when the foreign EEA management company already manages common funds of the same type in Finland. In order to ensure compliance with the provisions which it is responsible for supervising, the Financial Supervisory Authority shall have the right to request from the competent authorities of the home Member State of the foreign EEA management company the necessary clarifications and information regarding the documents referred to in subsection 2, paragraphs 3 and 4 and also, on the basis of the attestation referred to in section 1, subsection 2 and section 2, subsection 3, whether the type of common fund for which authorisation is sought falls within the scope of the authorisation held by the foreign EEA management company.

Section 4
Refusal of application for authorisation

The Financial Supervisory Authority shall refuse the application referred to in section 3, subsection 1 of a foreign EEA management company when:

1) the company does not meet the requirements laid down in section 3, subsection 1 and does not comply with this Act as provided in section 9;

2) the company has not been authorised by the competent authorities of its home Member State to manage the type of common fund for which authorisation is sought; or

3) the company fails to provide the documents referred to in section 3, subsection 2, paragraph 3 or 4.

Before taking its decision, the Financial Supervisory Authority shall consult the competent authorities of the home Member State of the foreign EEA management company.

Section 5
Deadline for the consideration of an authorisation application

The application of a foreign EEA management company concerning establishment of a common fund shall be decided within two months of receipt of the application or, when the application has been incomplete, of the applicant having provided the documents necessary for taking the decision.

Section 6
Obligation to notify of changes in the conditions for the authorisation

A foreign EEA management company shall notify the Financial Supervisory Authority of any subsequent material changes made to the documents referred to in section 3, subsection 2, paragraph 3 and the arrangements referred to in section 3, subsection 2, paragraph 4.

The foreign EEA management company or the depositary of the common fund referred to in section 3, subsection 1 above may not be changed or the rules of the common fund amended without the approval of the Financial Supervisory Authority.

Section 7
Duty of the Financial Supervisory Authority to keep the relevant regulation available on its website

The Financial Supervisory Authority shall keep available on its website, in at least one language customarily used in the sphere of international finance, the Acts, Decrees and administrative regulations issued to implement the UCITS Directive that concern the establishment and activity of a common fund.

Section 8
Obligation of an EEA management company to arrange the processing of client complaints

A foreign EEA management company shall, in accordance with this Act, implement the measures referred to in chapter 23, section 2 and adopt appropriate procedures to ensure that complaints filed by clients are duly processed and that investors may exercise their rights in full. These measures must allow investors to file their complaint in Finnish or Swedish.

In addition, a foreign EEA management company shall adopt appropriate procedures and arrangements to make information available at the request of the public or the Financial Supervisory Authority.

Section 9
Obligation to comply with the legislation of Finland

A foreign EEA management company shall comply with this Act in respect of a common fund it manages in Finland with regard to:

1) the confirmation of the rules;

2) the issue and redemption of units;

3) the calculation of global exposure and leverage as well as other investment policies and investment limits and restrictions;

4) the restrictions on borrowing, lending and uncovered sales;

5) the valuation of assets and accounting;

6) the calculation of the issue price and redemption price and errors made in calculating net asset value and the related investor compensation;

7) the distribution and re-investment of profits;

8) the provision of the fund prospectus, key investor information document and periodic reports as well as other requirements concerning disclosure and reporting;

9) the arrangements made for marketing;

10) unitholder relations;

11) merger and restructuring;

12) dissolution and liquidation;

13) the contents of the unit register;

14) the exercise of the voting rights of unitholders and other rights of unitholders relating to paragraphs 1–13.

Provisions on the authorisation and supervision fees of the management company managing a common fund referred to in subsection 1 above are laid down in the Act on the Supervision Fees of the Financial Supervisory Authority (1209/2023). (1293/2023)

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

Section 10
Restriction and prohibition of the activity of an EEA management company

Where a foreign EEA management company which has a branch in Finland or provides services to Finland without establishing a branch fails to comply with this Act, the Financial Supervisory Authority may take the measures laid down in section 61 of the Act on the Financial Supervisory Authority. Where a foreign EEA management company manages a common fund in Finland, the Financial Supervisory Authority, in the circumstances referred to in subsections 3 and 6 of the said section, may require that the management company cease to manage the common fund. The Financial Supervisory Authority may require the cessation of the management of the common fund after consulting the relevant management company also when legislation in force in Finland to protect the public interest has been materially violated in the management of the common fund. The Financial Supervisory Authority shall communicate the measures referred to above to ESMA and the European Commission.

Where the Financial Supervisory Authority considers the measures referred to in section 61, subsection 3 of the competent authority of the home Member State of the foreign EEA management company to be insufficient, it may instead of implementing the measures referred to in subsection 1 refer the matter to ESMA.

Before implementing the measures referred to in subsection 1 or 2, the Financial Supervisory Authority may prohibit the activity contrary to this Act when such prohibition, owing to the urgency of the matter, is essential to protect the interests of investors or persons to whom the service has been provided. The Financial Supervisory Authority shall inform the European Commission, ESMA and the competent authority of the home Member State of the foreign EEA management company of any such measures at its earliest opportunity.

Chapter 25
Specific provisions concerning foreign management companies and supervisory cooperation

Section 1
Specific provisions concerning foreign EEA management companies

The provisions laid down in chapter 4, section 1 on the resources required for the pursuit of business and on procedures and in section 2 on carrying on common fund activity shall apply to a foreign EEA management company which carries on activity through a branch.

The Financial Supervisory Authority shall be responsible for supervising compliance with subsection 1.

Section 2
Application of the provisions of the Act on Investment Services

Provisions on the provisions applicable to a foreign EEA management company which carries on the activity referred to in chapter 2, section 2, subsection 2 above shall additionally be laid down in chapter 1, section 6, subsection 1 of the Act on Investment Services.

Section 3
Membership in the investor compensation fund

The membership of the branch of a foreign EEA management company referred to in section 2 above in the investor compensation fund shall be governed by chapter 11, sections 18–25 of the Act on Investment Services.

Section 4
Notification of a branch to the Trade Register

The obligation of a foreign EEA management company to file a notification on a branch to the Trade Register shall be governed by section 10 of the Trade Register Act (564/2023). (597/2023)

Notwithstanding the provisions laid down elsewhere in law concerning business name, a foreign EEA management company may carry on its activity in Finland under the same business name as in its home Member State.

The Finnish Patent and Registration Office may require an addition to be made to distinguish the business name:

1) the business name does not clearly differ from names with higher priority; or

2) there is the risk of the name being confused with a business name or trademark to which exclusive right in Finland is held by another.

Section 5
Branch director

A branch director shall be responsible for the activity of the branch of a foreign EEA management company and shall also represent the management company in any legal relationships concerning the activity 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 competence has been restricted or who is bankrupt. The impact of a business prohibition on competence shall be governed by the Act on Business Prohibitions (1059/1985).

The provisions laid down in chapter 3, section 2 concerning the managing director of a management company shall apply to the branch director of a foreign EEA management company.

Section 6
Risk management at a branch

In its activity carried on in Finland, a foreign EEA management company may not assume a risk of such magnitude that it jeopardises the best interests of the clients of the branch. The branch shall have in place risk management systems adequate relative to its activity.

Section 7
Obligation of a branch to prepare

The provisions laid down in chapter 4, section 9 concerning preparedness and the compensation of the costs arising therefrom shall also apply to the branch of a foreign EEA management company through which the management company manages a common fund in Finland.

However, the provisions laid down in subsection 1 shall not apply to the branch of a foreign EEA management company inasmuch as the branch, pursuant to the legislation of its home Member State, has ensured the performance of its duties under exceptional circumstances in a manner equivalent to subsection 1 and presented sufficient proof thereon to the Financial Supervisory Authority.

Section 8
Application of provisions concerning non-disclosure and customer due diligence to the branch of a foreign EEA management company

In respect of employees of the branch of a foreign EEA management company, chapter 26, section 1 shall apply to the non-disclosure obligation, section 2 to the disclosure of non-disclosable information, section 15 to customer due diligence, and chapter 27, section 5 to breach of the non-disclosure obligation.

Notwithstanding the provisions laid down in subsection 1, a branch shall have the right to disclose to the competent authority or supervisory entity of the home Member State of the management company it represents and to the auditor of the management company it represents the information which under this Act must be disclosed.

The duty of the auditor to report shall be governed by section 31 of the Act on the Financial Supervisory Authority.

Section 9
Service of summons

A summons or another notice shall be deemed to have been served on a foreign EEA management company when it is served on the person who is entitled to represent the management company either individually or together with another person.

If none of the representatives of the management company referred to in subsection 1 has been recorded in the Trade Register, service may be effected by handing over the documents to an employee 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 also with chapter 11, section 7, subsections 2–4 of the Code of Judicial Procedure.

Section 10
Liability of a branch director to compensate for damage

The branch director of a foreign EEA management company shall be liable to compensate for damage caused by them in their duties to a client of the branch or to another person, either deliberately or through negligence, by violating this Act or another provision concerning the activity of the branch.

The adjustment of damages and the allocation of liability to compensate shall be governed by chapters 2 and 6, respectively, of the Tort Liability Act (412/1974).

Section 11
Withdrawal of the authorisation of an EEA management company when the company manages a common fund in Finland

When a foreign EEA management company manages a common fund in Finland, the Financial Supervisory Authority shall be consulted before its authorisation is withdrawn. Before the withdrawal of the authorisation, the Financial Supervisory Authority shall take the necessary measures to protect the best interests of the investors.

Section 12
Duty of the Financial Supervisory Authority to report activity contrary to provisions

When the Financial Supervisory Authority has justified reason to suspect that an actor outside the scope of its supervision carries on or has carried on activity contrary to the UCITS Directive in the territory of another EEA Member State, it shall report this to the competent authority of the EEA Member State concerned.

Section 13
Supervisory measure carried out in Finland

A supervisory measure or an on-the-spot verification or investigation carried out in Finland at the request of the competent authority of another EEA Member State shall be governed by section 60, subsections 1–3 of the Act on the Financial Supervisory Authority.

The right of the Financial Supervisory Authority to refuse 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 Notification Regulation.

Section 14
Refusal of supervisory cooperation

Where the request of the Financial Supervisory Authority for supervisory cooperation is refused or no response is forthcoming within a reasonable period of time, the Financial Supervisory Authority may refer the matter to ESMA provided that the request of the Financial Supervisory Authority concerns:

1) information-sharing under 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) the involvement of its own officials in a verification or investigation to be carried out in another EEA Member State together with the officials of the relevant competent authority.

Section 15
Duty of the Financial Supervisory Authority to supply information to the competent authority of an EEA Member State

The duty of the Financial Supervisory Authority to supply information to the competent authorities of an EEA Member State shall be governed by section 52 of the Act on the Financial Supervisory Authority.

The Financial Supervisory Authority shall collaborate with the competent authority of a management company's host Member State to ensure that the latter authority collects from the management company the information required to supervise the compliance of the management company with the provisions applicable to it in the host Member State.

The Financial Supervisory Authority shall, without delay, notify the competent authorities of the host Member State of a management company of any problem identified at the level of the management company which may materially affect the ability of the management company to perform its duties properly with respect to the common fund, or of any breach of the requirements under this Act.

The Financial Supervisory Authority shall, without delay, notify the competent authorities of home Member State of a foreign EEA management company of any problem identified at the level of the common fund managed by the management company in Finland which may materially affect the ability of the management company to perform its duties properly or to comply with the requirements under this Act which fall within the supervisory purview of the Financial Supervisory Authority.

Information sharing between competent authorities shall be governed by the Notification Regulation.

Section 16
Notification by the Financial Supervisory Authority to ESMA and the European Commission

The Financial Supervisory Authority shall notify to ESMA and the European Commission the details of the cases in which:

1) the application referred to in chapter 24, section 3 has been refused;

2) the Financial Supervisory Authority has decided not to submit the notification referred to in chapter 22, section 1, subsection 2 to the authority of another EEA Member State.

Section 17
Notification of the Finnish authorities

The Financial Supervisory Authority shall notify to ESMA, 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, paragraphs 7 and 8 of the Act on the Financial Supervisory Authority.

PART IX
MISCELLANEOUS PROVISIONS

Chapter 26
Non-disclosure obligation, liability to compensate for damage, and customer due diligence

Section 1
Non-disclosure obligation

The members of the board of directors, managing director, auditor and employees of a management company and depositary shall be liable to not disclose any information on the financial position or trade or business secret of a unitholder or another person acquired by them in the course of their duty.

A management company and a depositary shall be liable to disclose the information referred to in subsection 1 only to the prosecution or criminal investigative authorities for the investigation of a crime as well as to an authority otherwise entitled to obtain such information under the law.

Section 2 (403/2019)
Disclosure of non-disclosable information

Subject to the provisions of Regulation (EU) 2016/679 of the European Parliament and of the Council on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation), hereinafter the General Data Protection Regulation, a management company may disclose the information referred to in section 1 to an entity belonging to the same group, consolidation group or a conglomerate referred to in the Act of the Supervision of Financial or Insurance Conglomerates (699/2004) for the purposes of customer service and other customer relationship management, marketing, and the risk management of the group, consolidation group or insurance conglomerate. The provisions laid down above in this subsection shall not apply to the disclosure of the information referred to in Article 9(1) and Article 10 of the General Data Protection Regulation.

In addition to the provisions laid down in subsection 1, a management company may disclose information held in its client register that is necessary for marketing and customer service and other customer relationship management to a company that belongs to the same financial consortium as the management company when the recipient of the information is subject to a non-disclosure obligation laid down in this Act or an equivalent non-disclosure obligation. The provisions laid down above in this subsection shall not apply to the disclosure of the information referred to in Article 9(1) and Article 10 of the General Data Protection Regulation.

Section 3
Liability of a management company to compensate for damage

A management company shall be liable to compensate for damage caused by it to a common fund or a unitholder or another person, deliberately or through negligence, by conduct contrary to this Act, the Cross-Border Fund Distribution Regulation, the EU Regulations issued on the basis of the UCITS Directive or the rules of the common fund. (974/2021)

The provisions laid down in subsection 1 on liability to compensate for damage shall also apply to anyone to whom the management company has outsourced its function in accordance with chapter 6, section 1.

Section 4
Liability of a member of the board of directors and the managing director of a management company to compensate for damage

A member of the board of directors and the managing director of a management company shall be liable to compensate for damage caused by them in their duties to the management company, its shareholder, a common fund or a unitholder or another person, deliberately or through negligence, by violating this Act or the rules of the common fund. The damage shall be deemed to have been caused through negligence unless the person responsible for the conduct proves having acted with due care. The provisions laid down in the foregoing shall not apply to damage inasmuch as the damage was caused by violation of the provisions of chapter 15 or sections 1 or 2 or section 15, subsections 1, 3 or 4 of this chapter.

The liability of an auditor to compensate for damage shall be governed by chapter 10, section 9 of the Auditing Act.

Section 5
Liability of a shareholder of a management company to compensate for damage

A shareholder of a management company and a person comparable to shareholder within the meaning of chapter 9, section 4 of the Securities Markets Act shall be liable to compensate for damage caused by them to the management company, its shareholder, a common fund or a unitholder or another person, deliberately or through negligence, by contributing to a violation of this Act or the rules of a common fund. The provisions laid down in the foregoing shall not apply to damage inasmuch as the damage was caused by violation of the provisions of chapter 15 or sections 1 or 2 or section 15, subsections 1, 3 or 4 of this chapter.

Section 6
Liability of a depositary to compensate for damage

A depositary shall be liable to a management company and the unitholders of a common fund for the loss of financial instruments held in safekeeping, in accordance with chapter 21, section 3, subsections 1 and 2, by the depositary and a service provider to which the safekeeping of the financial instruments has been outsourced.

When a financial instrument referred to in subsection 1 is lost, the depositary shall, without delay, return to the common fund managed by the management company a financial instrument of the identical type or a sum of money equal to the value of the financial instrument lost. The depositary shall not be liable for the loss if it can prove that the loss arose as a result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary.

A depositary shall be liable to a management company and the unitholders of a common fund for a loss other than referred to in subsection 1 when the loss is a result of the wilful or negligent failure of the depositary to fulfil its obligations.

The outsourcing or further delegation of tasks referred to in chapter 21, section 5, subsections 2–4 and in chapter 21, sections 6 and 7 above shall not affect the liability of a depositary. This liability cannot be excluded or limited by agreement.

A unitholder shall have the right to claim compensation from a depositary either directly or through the management company.

Section 7
Compensation of damage arising from the key investor information document

Damage that is caused solely by information disclosed in the key investor information document provided to an investor shall be compensable only when the information is misleading, inaccurate or inconsistent with the relevant parts of the fund prospectus. The key investor information document shall contain a clear warning to this effect.

Section 8
Adjustment of damages

The adjustment of damages and the allocation of liability to compensate shall be governed by chapter 2 and chapter 6, respectively, of the Tort Liability Act.

Section 9
Compensation of damage suffered by unitholders collectively

The decision on filing a claim for compensation referred to in sections 3–6 for damage suffered by all unitholders collectively and on bringing an action for damages shall be taken by the meeting of unitholders.

When the decision is taken to bring an action for damages, the meeting shall elect an agent who shall be entitled to represent the unitholders in the matter of the damages. The agent shall be provided with instructions. The costs arising in the case and the agent's fee shall be paid from the assets of the common fund in accordance with a calculation confirmed by the Financial Supervisory Authority.

Damages ordered payable to the unitholders collectively shall be paid to the common fund.

Section 10
Right of a qualified minority to pursue an action for the benefit of a common fund

Where the meeting of unitholders decides not to file a claim for compensation or to bring an action for damages but unitholders holding at least one tenth of all units or one third of the units represented at the meeting have voted against the decision, notwithstanding the provisions laid down in section 9, subsection 1, an action may be pursued on behalf of the unitholders. The action may also be brought when it has not been possible to convene a meeting of unitholders.

The action may be brought by unitholders holding at least one twentieth of all units or at least a number of units equivalent to those held by the unitholders referred to in subsection 1 who voted against the decision. Where a unitholder abandons the action after it has been brought, the other unitholders bringing the action may nonetheless continue to pursue it.

The actions shall be brought within three months of the decision of the meeting of unitholders. The unitholders bringing the action shall be liable for legal costs, which shall be reimbursed from the assets of the common fund to the extent that the funds won at trial suffice.

The merger of a common fund with another common fund with equivalent investment policy shall not affect the right of a minority of the unitholders of the merging common fund to bring an action. The funds obtained through a minority action shall devolve on the receiving common fund for the benefit of the unitholders of the merging common fund as well.

Section 11
Independent right of action of a unitholder

Where a common fund has been terminated and the decision on filing a claim for damages referred to in section 9 therefore cannot be taken by a meeting of the unitholders, notwithstanding section 9 each unitholder shall have independent right of action. In addition, the Consumer Ombudsman after consulting the Financial Supervisory Authority may, within one year of the termination, bring the class action referred to in the Act on Class Actions (444/2007) as plaintiff on

behalf of the unitholders having consumer status and exercise the right to be heard as a party to the matter.

Section 12
Damages based on a punishable act

Where the damage referred to in section 9 was caused by a punishable act, the provisions on claim for damages laid down in this chapter shall also apply to the unitholders' ensuing request for punishment.

Section 13
Service of summons on unitholders

A summons or other notice addressed collectively to the unitholders shall be deemed to have been served on the unitholders when it is served on the management company.

Section 14
Right of the Financial Supervisory Authority to pursue an action on behalf of unitholders

The Financial Supervisory Authority shall have the right, when it deems the best interests of the unitholders to so require, to pursue the action for damages referred to in sections 3–6.

Section 15
Customer due diligence

A management company, nominee and depositary shall be subject to the requirement of customer due diligence. In addition, a management company, nominee and depositary shall identify the beneficial owner of their client and any person acting on behalf of the client. In fulfilling the obligation laid down in this subsection, the systems referred to in subsection 2 may be made use of.

A management company, nominee and depositary shall have in place sufficient risk management systems to allow them to assess the risks to which clients expose their activity.

Further provisions on customer due diligence are moreover laid down in the Act on Preventing Money Laundering and Terrorist Financing.

The Financial Supervisory Authority may issue further regulations on the procedures to be observed in the customer due diligence referred to in subsection 1 and on the risk management systems referred to in subsection 2.

Chapter 27
Sanctions and reporting of violations

Section 1
Administrative fine

Provisions referred to in section 38, subsection 1, paragraph 2 of the Act on the Financial Supervisory Authority, for failure to comply with or for violation of which an administrative fine shall be imposed, shall be the following provisions of this Act:

1) the provisions of chapter 3, sections 6–9 on insider declaration and insider register;

2) the provision of chapter 3, section 11 on the conditions for acquiring and disposing of the securities and derivatives of a party liable to declare referred to in section 6;

3) chapter 8, section 3, subsection 4 on restrictions on the investment of assets provided in the rules;

4) the provisions of chapter 8, section 8 on the minimum number of unitholders;

5) the provisions of chapter 19, section 4, subsections 1 and 3–5 on the obligation of a depositary to attend to the management of a common fund under special circumstances.

In addition to the provisions laid down in subsection 1 above, provisions referred to in section 38 of the Act on the Financial Supervisory Authority shall also be the further provisions and

regulations pertaining to the provisions referred to in subsection 1, paragraphs 1 and 3, and the provisions of Commission regulations and decisions issued on the basis of the UCITS Directive.

Section 2
Penalty payment

Provisions referred to in section 40, subsection 1 of the Act on the Financial Supervisory Authority, for failure to comply with or for violation of which a penalty payment shall be imposed, shall be the following provisions of this Act:

1) the provision of chapter 2, section 3 on using the term ’management company’ or ’limited management company’ in the business name or otherwise to indicate activity;

2) the provision of chapter 2, section 14 on the prohibition of a management company to hold shares of another management company or units of a common fund it manages;

3) the provisions of chapter 5, section 1 on a management company’s risk management and the provisions of chapter 5, section 2 on the liquidity requirement;

4) the provision of chapter 8, section 4, subsection 1 on the obligation to use the term ’common fund’;

5) the provisions of chapter 10, section 1, subsections 1 and 2 on the issue of units; of section 3, subsection 4 on the information to be included in the rules of a common fund; of section 5, subsection 1 on the redemption of a unit; and of section 8, subsection 1 on the obligation to notify the suspension of redemption of units;

6) the provision of chapter 13, section 9, subsection 1 on votes.

Provisions referred to in section 40, subsection 1 of the Act on the Financial Supervisory Authority, for failure to comply with or for violation of which a penalty payment shall be imposed, shall in addition to the provisions laid down in subsection 1 also be the following provisions of this Act: (974/2021)

1) the provisions of chapter 2, section 1 on carrying on common fund activity and of chapter 20, section 1, subsection 1 on carrying on depositary activity when such activity is carried on without an authorisation;

2) the provisions of chapter 2, section 4, subsection 1 and section 5 on the information to be provided when applying for authorisation as a management company, where the authorisation has been granted on the basis of false or misleading information provided by the applicant, and the provisions of chapter 3, section 1 on the capital of a management company and the provisions of chapter 20, section 9 on the capital requirements for a depositary;

3) the provisions of chapter 4, section 1 on arranging the activity of a management company, section 6 on personal transactions and section 10 on information to be retained on transactions;

4) the provisions of chapter 4, section 2 on the diligence to be observed in common fund activity and acting in the best interests of the common fund and its unitholders, and on the obligation to treat unitholders equally and on managing conflicts of interest;

5) the provisions of chapter 4, section 7, subsections 1–4 and 6–8 on the obligation to notify the Financial Supervisory Authority of acquisition of shares of a management company and a depositary, of the increase of a holding and the disposal and decrease of a holding acquired, and the decision issued pursuant to section 32a of the Act on the Financial Supervisory Authority to prohibit the acquisition of a holding and the decision issued pursuant to section 32c of the Act on the Financial Supervisory Authority to restrict the rights based on shares;

6) the provisions of chapter 4, section 7, subsections 5 and 8 on the obligation of a management company and a depositary and their holding companies to notify to the Financial Supervisory Authority without delay any changes in holdings of which they become aware and, at least once a year, the holders and sizes of holdings;

7) the provisions of chapter 6, sections 1, subsections 2–7 and chapter 6, section 2 on the obligations of a management company when business is pursued through an agent or a function significant to the business is outsourced;

8) the provisions of chapter 7, section 5, chapter 15, section 1, subsection 1, section 2, subsection 2, sections 3–12 and chapter 26, section 7 on obligations concerning marketing and the information to be provided to investors, when failure to comply with the provisions is recurrent; (974/2021)

9) the provisions of chapter 8, section 7, subsection 1 on the prohibition to commence the marketing of the units of a common fund and to receive funds before the confirmation of the rules of the common fund, and the provision of chapter 24, section 3, subsection 1 on the authorisation requirement for a common fund to be established in Finland by a foreign EEA management company, and the provision of chapter 9, section 1, subsection 2 on the segregation of the assets of a common fund from the assets of the management company;

10) the provisions of chapter 8, section 9 and of chapter 13, section 2, subsection 1, sections 3–9, section 10, subsections 1 and 2, sections 11–16, 18, 19 and 23 on investing the assets of the common fund, when breach of or failure to comply with the provisions is recurrent;

11) the provisions of chapter 13, section 17 on risk management process and procedures to determine the value of non-standardised derivatives and the obligation to notify concerning derivatives;

12) the provisions of chapter 20, sections 2 and 3 on the information to be provided when applying for authorisation as a depositary, where the authorisation has been granted on the basis of false or misleading information provided by the applicant;

13) the provisions of chapter 21, sections 2–4 of the duties of a depositary and section 5 on the outsourcing of tasks;

14) the provisions of chapter 22, section 7, subsections 1, 4 and 6 on the obligation of a management company and a foreign EEA management company to notify the Financial Supervisory Authority when they intend to market the units of a common fund they manage in Finland in the common fund's host EEA Member State;

15) the provisions of chapter 27, section 7, subsections 1 and 5 on whistleblowing procedures.

Provisions referred to in section 40, subsection 1 of the Act on the Financial Supervisory Authority, for failure to comply with or for violation of which a penalty payment shall be imposed, shall in addition to the provisions laid down in subsections 1 and 2 of this section also be the provisions of Articles 13 and 14 of the SFTR on the notification of information on securities financing transactions and total return swaps in respect of common funds.

Provisions referred to in section 40, subsection 1 of the Act on the Financial Supervisory Authority, for failure to comply with or for violation of which a penalty payment shall be imposed, shall in addition to the provisions laid down in subsections 1 and 2 of this section also be the provisions of Articles 13 and 14 of the SFTR on the notification of information on securities financing transactions and total return swaps in respect of common funds and the provisions of Article 4(1)–(3) of the Cross-Border Fund Distribution Regulation on the requirements for marketing communications addressed to investors with respect to common funds. (974/2021)

Section 3
Imposition, publication and enforcement of administrative sanctions

The imposition, publication and enforcement of administrative sanctions shall be governed by chapter 4 of the Act on the Financial Supervisory Authority.

Section 4
Common fund offence

Anyone who deliberately or through gross negligence

1) carries on the common fund activity referred to in chapter 1, section 2, subsection 1, paragraph 1 or the depositary activity referred to in chapter 1, section 2, subsection 1, paragraph 9 without authorisation;

2) uses the term ‘common fund’ or ‘management company’ in its business name or otherwise to indicate its activity, contrary to chapter 2, section 3; or

3) uses the term ‘common fund’ contrary to chapter 8, section 4, subsection 1

shall be sentenced, unless a more severe punishment is provided elsewhere by law, for a *common fund offence* to a fine or imprisonment of no more than one year.

The punishment for providing false documents to a public authority shall be provided in chapter 16, section 8 of the Criminal Code of Finland (39/1889).

Section 5
Violation of the non-disclosure obligation

Violation of the non-disclosure obligation laid down in chapter 26, section 1 and in section 7 of this chapter shall be punishable under chapter 38, section 1 or 2 of the Criminal Code of Finland unless a more severe punishment is provided for elsewhere by law.

Section 6
Right of prosecution

Where only a private interest has been infringed by the offence referred to in section 4, the prosecutor may only bring charges for the offence when the injured party requests its prosecution.

The prosecutor may bring charges for the violation of the non-disclosure obligation referred to in section 5 only when the Financial Supervisory Authority has requested its prosecution and when the violation has infringed also an interest other than a private interest, unless the injured party has requested its prosecution.

Section 7
Reporting of violations

A management company shall have in place a procedure whereby employees of the management company may, through an independent channel within the management company, report any suspected violations of the provisions concerning the financial markets. The reporting procedure shall include appropriate and adequate measures for arranging the appropriate processing of reports and for protecting the reporting person and safeguarding the protection of the personal data of the reporting person and the subject of the report. Whistleblower protection is also governed by the Act on the Protection of Persons Reporting Infringements of European Union and

National Law (1171/2022). The reporting procedure shall furthermore include instructions for safeguarding the protection of the identity of the reporting person, unless otherwise provided by law to investigate the breach or otherwise unless, to investigate a crime or otherwise, the right of an authority to obtain the information is provided by law. (1180/2022)

The necessary information pertaining to the report referred to in subsection 1 shall be retained by the management company. The information shall be removed after five years have elapsed from the submission of the report unless retaining the information further is necessary because of a criminal investigation, pending court proceedings, an official investigation, or in order to protect the rights of the whistleblower and the subject of the report. The need for continued retention of the information shall be reviewed no later than three years after the previous occasion on which it was reviewed. An entry shall be made of the review.

In addition to the provisions laid down in the Data Protection Act (1050/2018), a data subject who is the subject of a report referred to in subsection 1 shall not have the right to access the information referred to in subsections 1 and 2 if such access might frustrate efforts to investigate suspected violations. (403/2019)

The Financial Supervisory Authority may issue further regulations on making the reports referred to in subsection 1 and their processing within the management company.

The provisions laid down in subsections 1–4 shall also apply to a depositary.

Section 8
Supervisory powers of the Financial Supervisory Authority

The Financial Supervisory Authority may prohibit anyone acting contrary to this Act from continuing or repeating conduct contrary to this Act and at the same time require such conduct to be withdrawn, modified or remedied when this shall be deemed necessary for the achievement of the objectives laid down for the supervision of the financial markets.

Section 9
Imposition of a conditional fine

The Financial Supervisory Authority may enforce compliance with a prohibition or decision referred to in section 8 by imposing a conditional fine. The payment of the conditional fine shall be ordered by the Financial Supervisory Authority. The conditional fine shall be governed by the Act on Conditional Fines (1113/1990).

Chapter 28
Entry into force and transitional provisions

Section 1
Entry into force

This Act enters into force on 1 March 2019.

This Act repeals the Act on Common Funds (48/1999), hereinafter *the repealed Act.*

The decrees issued by the Government and the Ministry of Finance and the regulations issued the Financial Supervisory Authority pursuant to this Act shall remain in force, however.

Subsequent to this Act's entry into force, any reference to the repealed act elsewhere in legislation shall be construed as a reference to this Act.

Section 2
Transitional provisions

A management company shall elect the independent member of the board of directors of the management company in the financial period following the entry into force of this Act and no later than on 31 December 2020.

A management company shall amend the rules of a common fund to correspond to the requirements of this Act within 12 months of its entry into force. Minor technical amendments may

be implemented at a time deemed fit by the management company in the context of other amendment of the rules, however.

A management company may cease to arrange a regular meeting of unitholders once the relevant decision has been taken by its board of directors and the rules of the common fund have been amended accordingly. When a delegation has been established in the management company, its activity shall cease once the relevant decision has bene taken by the board of directors and the rules of the common fund have been amended accordingly.

The duties of the auditor elected by the unitholders and that auditor’s deputy shall end no later than at the end of the financial period first following the entry into force of this Act.