

Translation from Finnish**Legally binding only in Finnish and Swedish****Ministry of Finance, Finland****Act on Equity Savings Accounts***(680/2019; amendments up to 1181/2023 included)*

By decision of Parliament, the following is enacted:

Section 1**Scope of application**

This Act applies to savings contracts that stipulate that cash is to be deposited on the personal account of the saver named in the contract for further investment in the investment objects defined in this Act.

The provisions of the Act on Credit Institutions (610/2014) apply to the provision of banking services related to equity savings accounts and, furthermore, the provisions of the Act on Investment Services (747/2012) apply to the provision of investment services.

Section 2**Definitions**

For the purposes of this Act:

- 1) *service provider* means a person who has the right to provide an equity savings account contract under section 3;
- 2) *saver* means a natural person who has entered into a savings contract with a service provider;
- 3) *equity savings account* means an account with a deposit bank or the Finnish branch of a foreign credit institution into which the saver makes cash payments in accordance with a contract;
- 4) *savings* means the cash deposited by the saver into the equity savings account, the investment objects acquired by investing that cash and the returns on those investments.

Section 3

Right to provide equity savings account contracts

The following have the right to offer equity savings account contracts:

- 1) deposit banks and foreign EEA credit institutions referred to in the Act on Credit Institutions;
- 2) investment firms and foreign EEA investment firms referred to in the Act on Investment Services.

Section 4

List of service providers maintained by the Financial Supervisory Authority and authority of the Financial Supervisory Authority to issue regulations

The Financial Supervisory Authority maintains a list of service providers referred to in this Act. A service provider may provide equity savings account contracts after notifying the Financial Supervisory Authority thereof. The notification shall be submitted in writing no less than one month before the commencement of operations and shall include sufficient information on the arrangement of operations in the manner required under the Act. A service provider shall notify the Financial Supervisory Authority without delay of any changes in the circumstances referred to in the notification.

The Financial Supervisory Authority may issue further regulations on the fulfilment of the notification obligation and on the presentation of the information referred to in section 10.

Section 5

Making savings payments, payment of returns on savings and withdrawal of savings

Under an equity savings account contract, the services provider may receive cash of up to EUR 100,000 into an equity savings account. The cash must be received in the personal cash account, i.e. equity savings account, specified in the contract. The funds may be invested in the investment objects listed in section 6. Investment objects are acquired in the name of the saver. (1181/2023)

Only funds referred to in the contract that have been obtained using savings in an equity savings account may be deposited for custody in the name of the person linked to the equity savings account. In addition to what is provided elsewhere by law, the account contract shall indicate that:

1) the equity savings account may only be used to receive savings from the saver, to make payments arising from investment of savings and to receive funds obtained from the sale of investments; the service provider may also charge the costs and fees specified in the account contract to the account;

2) the saver has the right to use the cash in the account.

The service provider shall ensure that dividends from invested savings and cash accruing from the transfer of investment objects and rights related to them are paid to the equity savings account, unless such funds are immediately reinvested.

The saver may decide to withdraw savings at any time in one or more instalments.

Section 6

Investment of savings

Savings shall be invested in one or more of the following investment objects:

1) a security referred to in chapter 2, section 1, paragraph 1 of the Securities Markets Act (746/2012) that is subject to trading on a regulated market referred to in the Act on Trading in Financial Instruments (1070/2017) or on a multilateral trading facility in Europe or subject to comparable trading outside the European Economic Area and the issuer of which security is subject to a disclosure obligation under chapters 3–10 of the Securities Markets Act or chapter 5, section 3 of the Act on Trading in Financial Instruments or a comparable disclosure obligation;

2) a security referred to in chapter 2, section 1, paragraph 1 of the Securities Markets Act, the terms of issue of which security include an undertaking to have the securities admitted within one year of their issue to trading in a trading system referred to in paragraph 1 above.

Investments referred to in subsection 1, paragraph 2 also include securities subscribed for based on corporate transactions of issuers of the securities referred to in the said paragraph, the terms of issue of which securities include an undertaking to have the securities admitted within one year of their issue to trading in a trading system referred to in the said paragraph.

However, savings may not be invested in securities referred to in the Securities Markets Act if the saver directly or indirectly owns or is able to exercise decision-making power comparable to ownership of at least one-tenth of all of the shares or votes in the issuer.

The calculation of the shareholding also takes into account entities in which the saver exercises the control referred to in chapter 2, section 4 of the Securities Markets Act and such entities in which the saver directly or indirectly has at least a one-tenth holding either alone or together with its controlled entities.

The saver shall take immediate action to sell any investments that do not meet the requirements laid down in this section.

Section 7

Depositing of savings

The services provider shall arrange the depositing, handling and clearing of savings on the equity savings account in a reliable manner so that there is no risk of the savings being confused with the funds of the service provider or the funds of the service provider's other customers.

The provisions of chapter 9 of the Act on Investment Services apply to the depositing of savings.

Section 8

Procedural obligation of the service provider

The service provider shall provide the customer sufficient information on the service provider and on the terms of the equity savings account contract in good time before offering the equity savings account contract.

Section 9**Customer due diligence**

A service provider shall conduct customer due diligence and shall identify a person acting on behalf of a customer. The service provider shall have sufficient risk management systems to assess the risks to the operation attributable to customers. The service provider shall without delay inform the Financial Intelligence Unit of a suspicious transaction or a suspicion of terrorist financing as provided in chapter 4, section 1 of the Act on Preventing Money Laundering and Terrorist Financing (444/2017).

Further provisions on customer due diligence are laid down in the Act on Preventing Money Laundering and Terrorist Financing.

Section 10**Accounting of equity savings accounts and information on returns and expenses during the contractual relationship**

The service provider shall keep accounts of the transactions on the equity savings account and on the investment objects acquired using savings, including their purchase and sales prices, and shall, at least once a year, provide the saver with information on the savings and the returns and expenses and fees charged on the savings as well as on other matters concerning the contract that are of material importance to the saver.

The accounts shall be retained for five years and for at least five years after the expiry of the contract.

However, accounts kept by the service provider must always include up-to-date information on the maximum deposit amount on the equity savings account.

Section 11**Contents of an equity savings account contract**

An equity savings account contract shall state at least:

- 1) the parties to the contract;
- 2) all of the charges and other costs to be collected under the contract and the grounds for determining those charges and costs;
- 3) the investment objects that savings may be invested in;
- 4) the saver's right to terminate the contract under section 13 and right to cease saving under section 14;
- 5) the account number of the equity savings account under the contract and the number of the custodial account linked to the equity savings account;
- 6) information on how the value of the savings is calculated in the cases referred to in section 12;
- 7) a declaration by the saver that they have no other valid equity savings account contracts.

The contract shall be dated and shall indicate that it is subject to this Act. The provisions of subsection 1, paragraph 7 above do not apply to a temporary situation caused by changing service providers as referred to in section 13 of this Act.

Section 12

Obligation of a service provider to terminate an equity savings account contract

The service provider may not terminate an equity savings account except in the cases referred to in subsections 2 and 3.

If a service provider has been placed into liquidation, restructuring or bankruptcy or has otherwise lost its right to provide savings contracts, the service provider, liquidators or bankruptcy estate shall terminate the contract without delay and transfer the savings to another service provider designated by the saver. The service provide shall also terminate an equity savings account contract if the saver repeatedly or through gross negligence fails to comply with the terms of the equity savings contract and fails to correct such breach within 30 days of a written notice. The notice of termination shall include a request to notify the service provider, liquidators or

bankruptcy estate of the service provider referred to in this Act with which the saver has entered into a new equity savings account contract or to which the savings may otherwise be transferred. The notice of termination shall indicate the time limit for the notification laid down in subsection 3 and the consequences of failing to submit the notification.

If the service provider, liquidators or bankruptcy estate have not received the saver's notification of a new service provider referred to in subsection 2 within three months of receipt of the notice of termination, the service provider, liquidators or bankruptcy estate shall without delay convert the savings into cash and pay them to the saver regardless of any tax or other consequences. If the value of the savings depends on a price quoted on the financial markets, the value will be determined in accordance with the sales price quotation of the last day of the time limit referred to in this subsection, unless otherwise agreed between the service provider and the saver. If no other evidence can be provided for the date on which a notice of termination was received, notifications sent by post are deemed to have been received on the seventh day after they were sent and notifications sent electronically on the day they were sent.

Section 13

Right of the saver to terminate the equity savings account contract; changing service providers

The saver has the right to terminate the equity savings account contract and demand the assets be transferred when the contract ends. The termination of the contract does not require that assets be realised if the saver has entered into a new equity savings account contract, in which case the accrued savings will be transferred directly to the service provider that is a party to the said contract.

An equity savings account contract shall be terminated in writing. The notice of termination shall state the service provider to which the assets will be transferred. The assets and information on the maximum deposit amount shall be transferred within 30 days of the notification being received. The service provider receiving the assets shall notify the saver without delay that the assets have been received. The terminated contract will expire when the assets have been transferred to the service provider stated in the notice of termination. If no other evidence can be provided for the date or receipt, notifications sent by post are deemed to have been received on

the seventh day after they were sent and notifications sent electronically on the day they were sent.

Section 14

Ceasing to save

The saver has the right at any time to cease making payments to the equity savings account. In this case, the contract will in other respects remain in force on the same terms.

Section 15

Expiry of an equity savings account contract due to the death of the saver; prohibition of donations

The contract expires upon the death of the saver. The right to the assets is transferred to the saver's heirs.

Assets on the equity savings account may not be donated in part or in full. A donation in violation of this prohibition is comparable to withdrawing assets from the account.

Section 16

Liability for damages

The provisions of chapter 16, section 1, subsection 1 of the Act on Investment Services on liability for damages also apply to actions in violation of section 10 of this Act.

Section 17

Supervision and administrative sanctions

Compliance with this Act and provisions issued hereunder shall be supervised by the Financial Supervisory Authority.

The provisions referred to in section 40, subsection 1 of the Act on the Financial Supervisory Authority (878/2008) for the neglect or infringement of which a penalty payment is imposed are: exceeding the EUR 100,000 limit laid down in section 5, subsection 1 of this Act, the provisions on

accounting of equity savings accounts laid down in section 10, and failing acquire the saver's declaration in the equity savings account contract as laid down in section 11, subsection 1, paragraph 7. (1181/2023)

Administrative sanctions for violating the Act on Preventing Money Laundering and Terrorist Financing are laid down in the said act.

Provisions on the imposition, notification and enforcement of administrative sanctions are laid down in chapter 4 of the Act on the Financial Supervisory Authority.

Separate provisions on providing investment services and the arrangement of activities are laid down in the Act on Investment Services. Provisions on administrative sanctions for violations of the Act on Investment Services are laid down in the said Act and in the Act on the Financial Supervisory Authority.

Section 18

Entry into force

This Act enters into force on 1 June 2019. However, no funds may be received into equity savings accounts before 1 January 2020. Service providers may not begin providing equity savings account contracts until three months have passed from the submission of the notification referred to in section 4, subsection 1 if the notification was submitted prior of 31 March 2020.