

Translation from Finnish

Legally binding only in Finnish and Swedish

Ministry of Finance, Finland

Act on Alternative Investment Fund Managers

(162/2014; amendments up to 1343/2022 included)

By decision of Parliament, the following is enacted:

PART I

GENERAL PROVISIONS

Chapter 1

General provisions

Section 1

Scope of application

This Act shall apply to:

- 1) legal persons, whose regular business operations consist of managing AIFs;
- 2) offering units in an AIF to a professional customer;
- 3) activity as a depositary of an AIF.

Provisions on the offering of units of AIFs to non-professional customers are laid down in chapter 13 of this Act.

Section 2

Threshold for authorisation requirement

An alternative investment fund manager (AIFM) must be authorised in accordance with this Act (*AIFM subject to authorisation requirement*), if the cumulative assets under management of the AIFs it manages exceed:

- 1) EUR 100 million, inclusive of assets acquired through the use of leverage; or

2) EUR 500 million and the assets are unleveraged and the AIFs under management do not grant the investors redemption rights during a period of five years from the date of the initial investments into each AIF.

In calculating the assets under management pursuant to subsection 1, also the assets in AIFs, which are managed indirectly through a company to which the AIFM is linked to on the basis of joint management or control or by a significant direct or indirect holding, are taken into account.

Section 3 (975/2021)

Registration requirement

An AIFM, whose cumulative assets under management of the AIFs it manages fall below the thresholds referred to in section 2, shall register in the manner provided in chapter 5 (*AIFM subject to the registration requirement*). Provisions in chapters 12, 13a and 21—23 shall also apply to the AIFM subject to the registration requirement.

Section 4

Derogations from the scope of application of the Act

This Act shall not apply to an AIFM, if the AIFM manages solely AIFs whose only investors are the AIFMs themselves or companies within the same group, and none of said group companies is an AIF.

This Act shall not apply to such joint operation, where the collective investment is not carried out in the form of an AIF.

This Act shall not apply to:

- 1) holding companies;
- 2) employment pension insurance companies or other pension institutions performing the statutory function referred to in the Act on Employment Pension Insurance Companies (354/1997);
- 3) the supplementary company and industry-wide pension funds and EEA supplementary company and industry-wide pension funds referred to in the Act on Supplementary Company and Industry-Wide Pension Funds (947/2021) which implement contribution-based occupational retirement

provision or offer voluntary benefit-based retirement provision, nor to institutions offering occupational retirement provision within the scope of application of Directive (EU) 2016/2341 of the European Parliament and of the Council on the activities and supervision of institutions for occupational retirement provision (IORPs); (958/2021)

4) the European Central Bank, the European Investment Bank, the Nordic Investment Bank, the World Bank, the International Monetary Fund, the European Development Finance Institutions and other supranational institutions or similar international organisations managing AIFs, where those AIFs act in the public interest;

5) the Bank of Finland nor other national central banks;

6) the State Treasury and national, regional and local governments and bodies or other institutions which manage funds supporting social security and pension systems;

7) the personnel funds referred to in the Act on Personnel Funds (934/2010) and other employee participation schemes or employee savings schemes;

8) securitisation special purpose vehicle.

Section 5 (214/2019)

Relationship of the Act to the Act on Common Funds

A management company referred to in the Act on Common Funds (213/2019) that manages AIFs shall apply for authorisation or register pursuant to this Act. The Financial Supervisory Authority shall not require the management company to submit information or documents, which the company has already submitted in connection with applying for the authorisation pursuant to the Act on Common Funds, and which are still up-to-date.

A management company referred to in the Act on Common Funds may not be the general partner in a limited partnership.

Section 6

Relationship of the Act to other legislation

The responsibilities of AIFMs as issuers are provided in the Securities Markets Act (746/2012).

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

Notwithstanding the provisions of the Real Estate Fund Act (1173/1997), a real estate fund as referred to in section 2 of the Real Estate Fund Act, or the entity managing it, must apply for authorisation or register pursuant to this Act.

Notwithstanding the provisions of chapter 3, section 1, investment firms and credit institutions shall not be required to obtain an authorisation pursuant to this Act to offer investment services related to AIFs.

Provisions on European venture capital funds are laid down in Regulation (EU) No 345/2013 of the European Parliament and of the Council on European venture capital funds, hereinafter the *European Venture Capital Funds Regulation*. (214/2019)

Provisions on the European social entrepreneurship funds are laid down in Regulation (EU) No 346/2013 of the European Parliament and of the Council on European social entrepreneurship funds, hereinafter *the European Social Entrepreneurship Funds Regulation*. (214/2019)

Provisions on European long-term investment funds are laid down in Regulation (EU) No 2015/760 of the European Parliament and of the Council on European long-term investment funds , hereinafter the European Long-Term Investment Funds Regulation. (975/2021)

Besides the provisions of this Act, provisions on money market funds and the managers of such funds are also laid down in Regulation (EU) No 2017/1131 of the European Parliament and of the Council on money market funds. (214/2019)

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. (381/2021)

Besides the provisions of this Act, provisions on the marketing of alternative investment funds are also 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. (975/2021)

Section 7

Provisions applicable to foreign AIFMs

Chapter 19 of this Act shall apply to the operation of an EEA AIFM in Finland. Chapter 20 of this Act shall apply to the operation in Finland of a non-EEA AIFM.

Section 8

Provisions applicable to certain types of AIFMs

The provisions in chapter 18 of this Act shall apply to an AIFM:

- 1) that independently or jointly on the basis of an agreement aimed at acquiring control acquires control of a non-listed company or issuer;
- 2) that co-operates with one or several other AIFMs on the basis of an agreement pursuant to which the AIFs managed by those AIFMs jointly acquire control of a non-listed company or issuer.

Notwithstanding the provisions in subsection 1, chapter 18, section 1 of this Act shall also apply to an AIFM, who manages an AIF, which acquires other than dominant equity holding in a non-listed company.

However, the provisions in chapter 18 of this Act shall not apply to the AIFMs mentioned above in subsections 1 and 2 provided that the said non-listed companies are:

- 1) small and medium-sized enterprises, as defined in paragraph 1 of Article 2 of the appendix to the Commission recommendation 2003/361/EC concerning the definition of micro, small and medium-sized enterprises; or
- 2) housing corporations, mutual real estate companies or other special purpose vehicles with the purpose of purchasing, holding or administrating real estate.

Section 9

European Union regulation

In addition to this Act, the provisions issued by virtue thereof as well as the implementing regulations of the AIFM Directive, provisions concerning AIFMs are also included in the technical standards adopted by the Commission in accordance with the aforesaid Directive.

Subsection 2 was repealed by Act 975/2021.

Chapter 2

Definitions

Section 1

Alternative investment fund

An AIF means an entity or another collective investment undertaking, in which assets are acquired from a number of investors and invested in accordance with a defined investment policy for the benefit of the investors and for which it is not required to obtain the authorisation referred to in Article 5 of the UCITS Directive.

A special common fund means an alternative investment fund referred to in chapter 16a, section 1, in the management of which the obligations laid down in the said chapter must be complied with. (214/2019)

Subject to the conditions laid down in the Act on Common Funds and the Crowdfunding Act (734/2016), an AIF also means an entity or other collective investment undertaking and crowdfunding mediation for which the authorisation referred to in Article 5 of the UCITS Directive is not required and in which assets are acquired from one or more investors by means of crowdfunding, credit mediation or otherwise for the purpose of collective investment and invested in accordance with a defined investment policy for the benefit of the investors. (739/2016)

Section 2

Alternative investment fund manager

An AIFM means a legal person, whose regular business operations consist of the management of AIFs referred to in section 3. An AIFM shall be authorised, which authorisation can be granted to a limited liability company and a European company, or it shall be registered.

An EEA AIFM means a company that has obtained an authorisation equivalent to an AIFM's authorisation pursuant to this Act in an EEA Member State other than Finland.

Section 3

Management of AIFs

Management of AIFs means carrying on both portfolio management and risk management as investment management activities.

Management of AIFs can also include one or several of the following functions in connection with the investment management activities mentioned in subsection 1:

- 1) administration, which may include statutory accounting services related to the management of an AIF, customer enquiries, valuation and pricing, preparation of tax returns, regulatory compliance monitoring, maintenance of unit-/shareholder register, distribution of income, issue and redemption of units, settlement of contracts and recording the dispatch of unit certificates;
- 2) marketing;
- 3) activities related to the assets of AIFs that may include services necessary to meet the fiduciary duties of the AIFM, facilities management, real estate administration activities, advising undertakings on matters pertaining to capital structure, industrial strategy and related matters, advice and services related to mergers and company reorganisations as well as services connected to the management of an AIF and the companies and other assets in which it has invested.

Section 4

Definitions related to the AIFM Directive

For the purposes of this Act, the term:

- 1) *securitisation special purpose vehicle* means an entity with the sole purpose of practicing securitisation referred to in paragraph 2 of Article 1 of Regulation (EC) No 24/2009 of the European Central Bank concerning statistics on the assets and liabilities of financial vehicle corporations engaged in securitisation transactions and to implement other necessary actions for the performance thereof;

- 2) *EEA AIFM subject to the registration requirement* means an AIFM registered pursuant to the AIFM Directive which has a registered office in an EEA Member State other than Finland;
- 3) *AIF established in an EEA Member State (EEA AIF)* means an AIF referred to in the AIFM Directive, which has obtained authorisation or is registered pursuant to national legislation applicable in an EEA Member State or an AIF, which has not obtained authorisation or is not registered in an EEA Member State, but which has a registered office or head office in an EEA Member State;
- 4) *holding company* means a company with shareholdings in one or more other companies, the commercial purpose of which is to carry out a business strategy or strategies through its subsidiaries, associated companies or participations, in order to contribute to their long-term value, and which as a company operates on its own account and whose shares are admitted to trading on a regulated market in an EEA Member State or which is not established for the main purpose of generating returns for its investors by means of divestment of its subsidiaries or associated companies, as evidenced in its annual report or other official documents;
- 5) *master AIF* means an AIF in which another AIF invests or has an exposure;
- 6) *marketing* means a direct or indirect offering or placement of units or shares of an AIF to investors at the initiative of the AIFM or on behalf of the AIFM managing the AIF;
- 6a) *pre-marketing* means provision of information on investment strategies or investment ideas by an AIFM, or on its behalf, to potential investors in order to test their interest in an AIF which is not yet established or is established but not yet notified for marketing, as provided in chapter 12, section 1, chapter 19, section 4 or 5 or chapter 20, section 2 or 3, in the EEA Member State in which the investors concerned are domiciled or have their registered office, and which in each case does not amount to an offer or placement to the investors to invest in the units or shares of the AIF concerned; (975/2021)
- 7) *control* means control as defined in 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; the percentage of voting rights that generates control and the calculation method thereof are determined pursuant to the provisions in chapter 11, section 20 of the Securities Markets Act;

- 8) *control in non-listed companies* means more than 50 % of the voting rights of the companies, in the calculation of which, in addition to the voting rights held directly by the AIF, also the voting rights of undertakings under its established control shall be taken into account, as well as the voting rights of a natural or legal person acting in its own name but on behalf of the AIF or on behalf of an undertaking under the established control of the AIF; the percentage of voting rights shall be calculated on the basis of all shares to which voting rights are attached even if the exercise of these rights is suspended;
- 9) *unit* means a share, right, certificate of deposit or other unit indicating the right of ownership in an AIF that can be a security or a financial instrument depending on its legal form;
- 10) *prime broker* means a credit institution or an investment firm offering services to professional investors primarily for financing or executing transactions in financial instruments as a counterparty and which may also provide other services such as clearing and settlement of trades, custodial services, securities lending, customised technology and operational support facilities;
- 11) *internally managed AIF* means an AIF, the board or other internal body of which is responsible for the management of the AIF and which does not have an external AIFM;
- 12) *feeder AIF* means an AIF that invests at least 85% of its assets in units or shares of another AIF (the *master AIF*), or that invests at least 85% of its assets in more than one master AIFs where those master AIFs have identical investment strategies, or that otherwise has an exposure of at least 85% of its assets to such a master AIF.
- 13) *depository activity* means the safe-keeping of the assets of an AIF and monitoring the AIF's compliance with laws, other regulation and the AIF rules;
- 14) *employee representatives* means the representatives of personnel groups as provided in section 5 of the Co-Operation Act (1333/2021); (1358/2021)
- 15) *externally managed AIF* means an AIF that has an appointed external AIFM;
- 16) *delegation* means an arrangement connected to the operation of an AIFM on the basis of which another service provider produces a function or service for the AIFM, which the AIFM would have otherwise performed itself;

17) *home Member State of the AIF* means the EEA Member State in which the AIF is authorised or registered under applicable national law, or in case of multiple authorisations or registrations, the EEA Member State in which the AIF was authorised or registered for the first time; or if the AIF is neither authorised nor registered in an EEA Member State, the EEA Member State in which the AIF has its registered office or head office;

18) *home Member State of the AIFM* means the EEA State in which the AIFM has its registered office;

19) *host Member State of the AIFM* means an EEA State, other than the home Member State, in which an EEA AIFM

a) manages EEA AIFs;

b) markets units of an EEA AIF;

c) markets units of a non-EEA AIF; and

d) provides the services referred to in chapter 3, section 2, subsection 2, and chapter 3, section 3; (1078/2017)

20) *rules of the AIF* means the rules, partnership agreement or articles of association of the AIF and directly connected contractual documents;

21) *leverage* means any method by which an AIFM increases the exposure of an AIF it manages whether through borrowing of cash or securities, or leverage embedded in derivative positions or by any other means.

Section 5

Definitions related to EU regulation

For the purposes of this Act, the term:

1) *the Alternative Investment Fund Managers Directive (AIFM Directive)* means Directive 2011/61/EU of the European Parliament and of the Council on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010;

2) *the Commission Delegated Regulation* means the Commission Delegated Regulation (EU) No 231/2013 supplementing Directive 2011/61/EU of the European Parliament and of the Council with

regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision.

For the purposes of this Act, the term:

- 1) *the Prospectus Regulation* means Regulation (EU) 2017/1129 of the European Parliament and of the Council on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC; (1230/2018)
- 2) *European Securities and Markets Authority (ESMA)* means the European Securities and Markets Authority intended in Regulation (EU) No 1095/2010 of the European Parliament and of the Council (the *ESMA regulation*) establishing a European Supervisory Authority (European Securities and Markets Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/77/EC;
- 3) *European Banking Authority* means the Banking Authority intended in Regulation (EU) No 1093/2010 of the European Parliament and of the Council establishing a European Supervisory Authority (European Banking Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/78/EC;
- 4) *European Insurance and Occupational Pensions Authority* means the European Insurance and Occupational Pensions Authority intended in Regulation (EU) No 1094/2010 of the European Parliament and of the Council establishing a European Supervisory Authority (European Insurance and Occupational Pensions Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/79/EC;
- 5) *European Systemic Risk Board (ESRB)* means the European Systemic Risk Board intended in Regulation (EU) No 1092/2010 on European Union macro-prudential oversight of the financial system and establishing a European Systemic Risk Board;
- 6) *European company* means the European company intended in Council Regulation (EC) No 2157/2001 on the Statute for a European company (SE) (*SE regulation*);
- 7) *the Credit Institutions Directive* means Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC; (627/2014)

- 8) *credit rating* means the credit rating intended in Regulation (EC) No 1060/2009 of the European Parliament and of the Council on credit rating agencies;
- 9) *the 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; (627/2014)
- 10) *Markets in Financial Instruments Directive* means Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU; (1078/2017)
- 11) *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);
- 12) *the Market Abuse Regulation* means Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 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; (229/2017)
- 13) *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); (214/2019)
- 14) *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; (528/2021)
- 15) *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; (975/2021)
- 16) *the 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. (975/2021)

For the purposes of this Act, the term:

- 1) *EEA Member State* means a State belonging to the European Economic Area;
- 2) *third country* means a country other than an EEA Member State;
- 3) *supervisory authority of a third country* means a competent authority, equivalent to the Financial Supervisory Authority, of a third country;
- 4) *foreign EEA supervisory authority* means an authority, equivalent to the Financial Supervisory Authority, in an EEA State other than Finland, which is competent by law or other regulation to supervise the EEA AIFMs.

Section 6

Definitions relating to financial markets legislation

In this Act, *foreign EEA management company* shall have the meaning provided in chapter 1, section 2, subsection 1, paragraph 19 of the Act on Common Funds. (214/2019)

For the purposes of this Act, the term:

- 1) *professional customer* and *non-professional customer* shall have the meaning provided in chapter 1, section 23 of the Investment Services Act;
- 2) *financial instrument* shall have the meaning provided in chapter 1, section 14 of the Investment Services Act;
- 3) *branch of an investment firm* shall have the meaning provided in chapter 1, section 13 of the Investment Services Act;
- 4) *investment services* shall have the meaning provided in chapter 1, section 15 of the Investment Services Act;
- 5) *foreign EEA investment firm* shall have the meaning provided in chapter 1, section 13 of the Investment Services Act;

6) *foreign EEA insurance company* shall have the meaning provided in chapter 1, section 2 of the Act on Foreign Insurance Companies (398/1995).

(1078/2017)

The provisions of this Act on the branch of a foreign EEA investment firm shall apply to the foreign tied agent of a foreign EEA investment firm established in Finland as referred to in chapter 4, section 1 of the Investment Services Act. (1078/2017)

For the purposes of this Act, the term:

1) *security* shall mean the security referred to in chapter 2, section 1 of the Securities Markets Act;

2) *securitisation* means securitisation as referred to in Article 4(1)(61) of the Capital Requirements Regulation; (627/2014)

3) *issuer* shall have the meaning provided in chapter 2, section 3 of the Securities Markets Act;

4) *foreign EEA credit institution* means a foreign EEA credit institution as referred to in chapter 1, section 7, subsection 3 of the Act on Credit Institutions (610/2014). (627/2014)

Section 7

Other definitions

For the purposes of this Act, the term:

1) *group* and *subsidiary* shall mean the group and subsidiary referred to in the Accounting Act (1336/1997) and the comparable foreign group and subsidiary;

2) *non-listed company* shall mean a company that has its registered office in an EEA Member State and the shares of which are not admitted to trading in the regulated market referred to in chapter 1, section 2, subsection 1, paragraph 5 of the Act on Trading in Financial Instruments (748/2012). (1078/2017)

For the purposes of this Act, the term:

1) *personal business transaction* shall mean transactions with a financial instrument by or on behalf of a person in an influential position when the person in an influential position acts outside his/her position, task or duty or the transaction occurs on behalf of the person in an influential position, his/her family member or another person in a close relationship with him/her, or on behalf of a person from whose transaction the person in the influential position obtains another material benefit besides the payment or fee receivable for the realisation of the transaction;

2) *person in an influential position* shall mean a member of the board of directors, managing director and other senior management of an AIFM as well as an employee or a natural person, who under the company's supervision participates in the management of an AIF or in the offering of investment services, or a natural person who participates in the arrangement of activities delegated by the AIFM.

PART II

RIGHT TO ACT AS AN AIFM

Chapter 3

Acting as an AIFM

Section 1

Authorisation

An AIF shall only be managed by an AIFM, who is authorised as referred to in this Act.

Authorisation cannot be granted solely for portfolio management or risk management referred to in chapter 2, section 3, subsection 1 or for activity referred to in chapter 2, section 3, subsection 2.

Notwithstanding the provisions in subsection 1, an AIFM subject to registration requirement shall be entitled to manage an AIF without authorisation. Units of such an AIF may be marketed in Finland only to professional customers, unless otherwise provided in chapter 13.

Section 2

Other permitted services

The AIFM of an externally managed AIF, authorised pursuant to the Act on Common Funds, may administer the investment funds as provided in the Act on Common Funds.

The AIFM of an externally managed AIF, authorised pursuant to section 1 above, may also offer asset management services referred to in chapter 1, section 15, paragraph 4 of the Investment Services Act. (1078/2017)

The provisions of chapter 1, section 4 of the Investment Services Act shall be applied to an AIFM that offers the asset management services referred to in subsection 2.

The provisions concerning the obligation of an AIFM that pursues the activity referred to in subsection 2 and section 3, paragraph 2, to belong to the investors' compensation fund are laid down in the Investment Services Act.

Section 3 (1078/2017)

Non-core services

An AIFM that is authorised pursuant to section 2, subsection 2 above, may, in accordance with the granted authorisation, also offer as non-core services:

- 1) investment advice referred to in chapter 1, section 15, paragraph 5 of the Investment Services Act;
- 2) safe-keeping of financial instruments in relation to units of investment funds and AIFs referred to in chapter 2, section 3, subsection 1, paragraph 7 of the Investment Services Act; (298/2019)
- 3) reception and transmission of orders referred to in chapter 1, section 15, paragraph 1 of the Investment Services Act.

Section 4

Business name

Only an AIFM or an EEA AIFM may use the terms alternative investment fund, alternative investment fund manager or the abbreviations AIF or AIFM in its business name, in the name of an AIF, in the name of an AIF established in an EEA Member State or otherwise in its activities, or otherwise create the impression that it would be entitled to manage alternative investment funds.

Section 5

Obligation to appoint AIFM

To an AIF shall be appointed an AIFM as referred to in this Act.

An internally managed AIF must be authorised in accordance with this Act or it must register in accordance with the provisions in chapter 5.

If the AIFM of an externally managed AIF cannot ensure that the AIF it manages or another corporation acting on behalf of the AIF complies with the responsibilities laid down in this Act, it must immediately notify the matter to the Financial Supervisory Authority and to the foreign EEA Supervisory Authorities of the countries, where the AIF is established.

Section 6

Ban to pursue other business

An authorised AIFM shall not, besides the management of an AIF, pursue any other business than that specified in sections 2 and 3 above.

An internally managed AIF shall not, besides the management of the AIF, pursue any other business.

Section 7

Statutory power

Further provisions for the implementation of the AIFM Directive may be issued by a decree of the Ministry of Finance, unless otherwise specified in the Commission Delegated Regulation, on the non-core services in section 3.

Chapter 4

Authorisation

Section 1

Application for authorisation

The Financial Supervisory Authority grants on application the authorisation to act as an AIFM and to offer services referred to in chapter 3, section 2 and non-core services referred to in chapter 3, section 3.

Sufficient clarifications shall be attached to the application on the AIFM's:

- 1) holding;

- 2) management and auditors;
- 3) arrangement of operations;
- 4) remuneration policies and practices;
- 5) delegation of functions.

Regarding the AIFs that the AIFM manages or intends to manage, sufficient clarifications shall be attached to the application concerning their:

- 1) investment strategies, risk profiles and other characteristics;
- 2) countries, in which they are established or are intended to be established;
- 3) countries, in which the master AIF is established if the AIF is a feeder AIF;
- 4) rules;
- 5) arrangements made for the appointment of the depositary;
- 6) information on the notification referred to in chapter 12, section 1.

Section 2

Decision on authorisation

The Financial Supervisory Authority shall decide the application for authorisation within 3 months of the submission by the applicant of the documents and clarifications necessary for deciding the matter. The Financial Supervisory Authority may decide to prolong this period for up to three additional months, where they consider it necessary due to weighty reasons in the case.

The types of AIFs that can be managed by virtue of the authorisation must be stated in the authorisation, and the services referred to in chapter 3, section 2 and the none-core services referred to in chapter 3, section 3 that the AIFM is entitled to offer. After granting the authorisation, the Financial Supervisory Authority can amend the authorisation on application of the AIFM.

After hearing the applicant for authorisation, the Financial Supervisory Authority is entitled to impose restrictions and conditions on the authorisation concerning the AIFM's business that are necessary for investor protection, stability of the financial markets or carrying out supervision.

The Financial Supervisory Authority shall hear the foreign EEA supervisory authority concerned prior to granting authorisation to an AIFM that is:

- 1) a subsidiary of an EEA AIFM, a foreign EEA management company, a foreign EEA investment firm, a foreign EEA credit institution or a foreign EEA insurance company;
- 2) a subsidiary of the parent undertaking of an EEA AIFM, a foreign EEA management company, a foreign EEA investment firm, a foreign EEA credit institution or a foreign EEA insurance company;
- 3) company controlled by the same natural or legal persons as those that control another EEA AIFM, a foreign EEA management company, a foreign EEA investment firm, a foreign EEA credit institution or a foreign EEA insurance company.

If the decision has not been issued within the time limit provided in subsection 1, the applicant may appeal to the Administrative court of Helsinki. The appeal is thus considered to concern the rejection of the application. The appeal can be made until the decision is issued. The Financial Supervisory Authority shall inform the appeal authority of the issue of the decision, if the decision is given after the appeal.

Section 3

Conditions for granting authorisation

Authorisation shall be granted to a Finnish limited liability company, whose activity as an AIFM is indicated in its line of business as entered in the Trade Register, and if based on the clarification received it can be confirmed that the owners of the AIFM fulfil the requirements of section 4, and the AIFM fulfils the requirements for the activity laid down in chapters 6—11 and in chapter 12, section 8, subsection 3.

The Financial Supervisory Authority shall refuse authorisation where the effective exercise of their supervisory functions is prevented by any of the following:

- 1) close links between the AIFM and other natural or legal persons;

- 2) the laws, regulations or administrative provisions of a third country applied to natural or legal persons with which the AIFM has close links; or
- 3) difficulties involved in the enforcement of those laws, regulations and administrative provisions.

Authorisation may also be granted to a company to be founded prior to its registration.

In this Act, *close links* means a situation in which two or more natural or legal persons are linked by ownership, directly or indirectly by way of control, of 20% or more of the voting rights or capital of an undertaking, and a situation between persons in which at least two natural or legal persons are by way of control permanently linked to a third person.

Section 4

Reliability of significant owners

A person, who either directly or indirectly owns at least 10% of the share capital of an AIFM or a unit, which provides at least 10 per cent of the voting power of the shares of an AIF or of other voting power, must be reliable.

A person shall not be considered reliable, if the person has:

- 1) been sentenced to imprisonment in the five years preceding the evaluation or has been imposed a fine in the three years preceding the evaluation, which can be considered to indicate that the person is manifestly unsuitable for owning the AIFM; or
- 2) indicated otherwise with earlier activity to be manifestly unsuitable to own the AIFM.

If the sentence referred to in subsection 2, paragraph 1 has not become legally valid, the sentenced person can, however, continue to exercise proprietary control over the AIFM, provided that it can be considered clearly justified as a whole taking into account his/her earlier activity, the circumstances leading to the conviction and other relevant factors influencing the matter.

Section 5

Duty to notify of significant changes in the conditions for authorisation

An AIFM shall notify the Financial Supervisory Authority of any significant changes in the conditions for authorisation pursuant to section 3 prior to their implementation.

The Financial Supervisory Authority shall inform the AIFM within a month from receipt of the notification if it forbids implementation of the changes or sets restrictions or conditions for the authorisation in accordance with section 2. If the Financial Supervisory Authority cannot, due to weighty reasons related to the matter, give the notification within a month, the Financial Supervisory Authority may decide to prolong this period by a maximum of one month after having informed the AIFM of the prolongation.

Section 6

Notification of the authorisation

The Financial Supervisory Authority shall notify the authorisation of an AIFM for registration in the Trade Register.

The Financial Supervisory Authority shall quarterly notify the authorisations granted by virtue of this chapter for registration to ESMA.

Section 7

Commencement of operation

An AIFM may commence its operation immediately after the authorisation is granted, unless otherwise provided by the conditions for authorisation. If the authorisation was granted to a limited liability company to be founded, the limited liability company has to also be registered. The AIFM shall notify the Financial Supervisory Authority when it will commence its operation.

On application, a conditional authorisation may be granted to an AIFM that has submitted complete information referred to in section 1, subsection 2, paragraphs 1—4 and section 1, subsection 3, paragraph 1 so that operation can be commenced a month after the day, on which complete information referred to in section 1, subsection 2, paragraph 5 and section 1, subsection 3, paragraphs 2—6 was submitted.

Section 8

Withdrawal of authorisation and restriction of operation

The provisions of section 26 of the Act on the Financial Supervisory Authority (878/2008) shall apply to the withdrawal of authorisation. The Financial Supervisory Authority can also withdraw the authorisation, if the AIFM:

- 1) does not pursue the activities pursuant to the authorisation within 12 months from the granting of the authorisation;
- 2) expressly renounces the authorisation;
- 3) has not pursued activities within the scope of the Act in the preceding six months;
- 4) has obtained the authorisation by virtue of false notification or by other dishonest means;
- 5) no longer fulfils the conditions for granting the authorisation;
- 6) no longer fulfils the requirements of the Investment Services Act when the authorisation also covers the asset management services referred to in chapter 3, section 2, subsection 2 of this Act; or
- 7) has materially and systematically violated the provisions of this Act or those issued by virtue thereof.

The Financial Supervisory Authority shall notify the withdrawal of the authorisation for registration and for information of the ESMA.

Provisions on the restriction of operation are laid down in section 27 of the Act on the Financial Supervisory Authority.

Section 9

Authorisation of European companies

Notwithstanding the provisions of section 3, the authorisation of an AIFM shall be granted to a European company, which has obtained an equivalent authorisation in another EEA Member State and intends to transfer its registered office to Finland in accordance with Article 8 of the European Company Regulation. The Financial Supervisory Authority shall request a statement on the application for authorisation from the foreign EEA supervisory authority of the said EEA Member State. Transfer of registered office shall not be registered prior to granting the authorisation. The same shall apply to the incorporation of a European company by merger when the receiving company with its registered office in another State would be registered as a European company in Finland.

Section 9a (1343/2022)**Transfer of the registered office to another EEA Member State**

Where an AIFM intends to transfer its registered office to another EEA Member State as provided for in Article 8 of the European Company Regulation or chapter 17a, section 1 of the Limited Liability Companies Act, the AIFM shall submit to the Financial Supervisory Authority a copy of the transfer proposal referred to in Article 8(2) of the European Company Regulation and of the report referred to in paragraph 3 of the said Article or of the transfer plan referred to in chapter 17a, section 4 and the Board of Directors' report referred to in section 6 of the Limited Liability Companies Act immediately after the AIFM 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 6, section 6, subsection 2 of this Act and another independent expert is required to have a corresponding competence approved in the target state.

Where an AIFM intends to continue AIF management in Finland subsequent to the transfer of the registered office, the provisions laid down concerning the right of the manager of an EEA AIF to engage in such operations in Finland apply to it.

The registration authority may not issue a certificate referred to in section 9, subsection 5 of the Act on European Companies 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 AIFM has not complied with the provisions on the transfer of the registered office or the continuance or termination of operations in Finland. The permission may be granted before one month has passed from the due date referred to in chapter 16, section 6, subsection 2 or chapter 17a, section 11, subsection 2 of the Limited Liability Companies Act only if the Financial Supervisory Authority has notified that it does not oppose the transfer of the registered office.

Section 9b (1343/2022)**Cross-border merger or demerger to another EEA Member State**

If an AIFM participates in a cross-border merger or a cross-border demerger in the European Economic Area, the registration authority may not issue a certificate relating to such a merger referred to in section 4, subsection 3 of the Act on the European Company or in chapter 16,

section 26, subsection 4 of the Limited Liability Companies Act or a certificate relating to such a demerger referred to in chapter 17, section 25, 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 that the AIFM has not complied with the provisions on mergers or demergers or the continuance or termination of operations in Finland. The permission may be granted before one month has passed from the due date referred to in chapter 16, section 6, subsection 2 or chapter 17a, section 6, subsection 2 of the Limited-Liability Companies Act only if the Financial Supervisory Authority has notified that it does not oppose the transfer of the registered office. 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 6, section 6, subsection 2 of this Act.

Where the acquiring company registered in another State intends to continue to manage AIFs in Finland subsequent to the merger or demerger, the provisions on the right of an EEA AIFM to engage in such operations in Finland apply to it.

Section 10

Statutory power

Further provisions for the implementation of the AIFM Directive may be issued by a decree of the Ministry of Finance, unless otherwise provided in the Commission Delegated Regulation, on:

- 1) the sufficient clarifications to be attached to the application referred to in section 1;
- 2) the documents and clarifications, necessary for deciding the matter, referred to in section 2;
- 3) the notifications pursuant to section 6.

Chapter 5

Registration

Section 1

Registration requirement

The line of business of an AIFM subject to the registration requirement entered in the Trade Register shall indicate its operation as an AIFM. The AIFM shall register itself in the public register maintained by the Financial Supervisory Authority pursuant to this chapter.

Section 2

Register of the Financial Supervisory Authority

The Financial Supervisory Authority maintains a public register of:

- 1) AIFMs subject to the registration requirement referred to in section 1;
- 2) AIFMs authorised pursuant to chapter 4;
- 3) managers of European venture capital funds, referred to in chapter 1, section 6, which have their registered office according to the Regulation mentioned in the said provision in Finland; (214/2019)
- 4) European long-term investment funds referred to in chapter 1, section 6 which have their registered office according to the Regulation referred to in the said section in Finland; (739/2016)
- 5) managers of European long-term investment funds referred to in chapter 1, section 6, which have their registered office according to the Regulation mentioned in the said provision in Finland; (214/2019)
- 6) managers of European social entrepreneurship funds referred to in chapter 1, section 6 which have their registered office according to the Regulation mentioned in the said provision in Finland. (214/2019)

Section 3 (975/2021)

Conditions for registration

An AIFM subject to the registration requirement has to submit, in connection with the application for registration, to the Financial Supervisory Authority its identification information, and the identification information of the AIFs that it manages, and information on their investment strategies, for entering in the register. The provisions laid down in chapter 4, section 4 on the reliability of significant owners and in chapter 6, section 5 on the reliability of management as well as in chapter 7, section 9 on the duty to notify of acquisition and transfer of shares shall apply to an AIFM subject to the registration requirement.

Section 4**Reporting obligation of AIFM subject to the registration requirement**

An AIFM subject to the registration requirement shall annually submit information to the Financial Supervisory Authority on the main financial instruments in which it trades and information and on the principal exposures and most important concentrations of each of the AIFs it manages.

The AIFM subject to the registration requirement shall immediately notify the Financial Supervisory Authority, if it no longer fulfils the conditions provided in chapter 1, section 3.

Section 5**Application for authorisation**

An AIFM subject to the registration requirement shall be entitled to apply for authorisation pursuant to chapter 4 irrespective of the amount of assets under its management as provided in the Commission Implementing Regulation.

An AIFM subject to the registration requirement shall apply for authorisation pursuant to chapter 4 within 30 days from the point in time, when the assets under its management exceed the threshold of the authorisation requirement provided in chapter 1, section 2.

Section 6**Financial Supervisory Authority's power to issue regulations**

The Financial Supervisory Authority may issue further provisions on the disclosure referred to in section 3 and annual reporting referred to in section 4, subsection 1, unless otherwise provided in the Commission Delegated Regulation.

Section 7**Commission Delegated Regulation**

The Commission Delegated Regulation lays down provisions on the calculation of the threshold for authorisation, on continuous supervision and temporary exceeding of the threshold referred to in chapter 1, section 2 and on information to be submitted in connection with registration provided in section 1 and on the reporting duty referred to in section 4.

PART III
OPERATION

Chapter 6
Operating conditions

Section 1
General principles

An AIFM shall:

- 1) act honestly, with due skill, care and diligence and fairly in conducting its activities;
- 2) act in the best interests of the AIFs it manages or the investors of the AIFs and without jeopardising the integrity of the market;
- 3) have and employ effectively the resources and procedures necessary for the proper performance of its business activities;
- 4) take all reasonable steps to avoid conflicts of interest and, when they cannot be avoided, to identify, manage and monitor and, where applicable, disclose those conflicts of interest in order to prevent them from adversely affecting the interests of the AIFs and their investors and to ensure that the AIFs the AIFM manages are fairly treated;
- 5) comply with all regulatory requirements applicable to the conduct of its business activities so as to promote the best interests of the AIFs and the investors of the AIFs it manages and the integrity of the market;
- 6) treat all AIF investors fairly.

In arranging its activities, the AIFM shall take into account all of its activities and the nature, size, complexity and potential individual characteristics of the AIFs under its management.

No investor in an AIF shall obtain preferential treatment, unless such preferential treatment is disclosed in the relevant AIF's rules.

Section 2

Minimum capital

An external AIFM shall have a share capital of at least EUR 125,000. An internally managed AIFM shall have a share capital of at least EUR 300,000. The share capital shall be fully paid up at the time of granting authorisation.

In addition to the provisions in subsection 1 above, the AIFM shall have an additional amount of own funds equal to 0.02% of the amount by which the aggregate value of the AIFs it manages exceeds EUR 250 million (*additional amount of own funds*). The total amount of own funds need not, however, exceed EUR 10 million.

In calculating the capital requirement provided in subsection 2, the value of the AIFs managed by the AIFM shall include all AIFs under management pursuant to the AIFM Directive and those AIFs for which the portfolio management has been delegated to another company.

Despite the requirements laid down in subsection 2 above, the amount of an alternative investment fund manager'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 manager's activities have occurred since the adoption of the financial statements, the amount confirmed by the Financial Supervisory Authority upon application by the alternative investment fund manager. (528/2021)

The additional amount of own funds of the AIFM may be below the amount referred to in subsection 2 by a maximum of 50%, if it has secured a guarantee for an equivalent amount. The guarantor shall be a credit institution or insurance company with its registered office in an EEA Member State or in a third country, in which such rules concerning the stability of operation are applied to the said credit institution or insurance company that the competent authorities consider equivalent to the requirements set in EU legislation.

Notwithstanding the provisions in subsections 1—4, an AIFM that offers services referred to in chapter 3, section 2, subsection 2 and chapter 3, section 3 shall always fulfil the requirements provided in chapter 6, section 1, subsection 2 or 4 of the Investment Services Act. (528/2021)

The provisions of this section shall not apply to AIFMs that are also management companies referred to in the Act on Common Funds.

Section 3**Investment of own funds and nature of own funds (528/2021)**

Own funds as referred to in section 2, subsection 1 above, and the additional own funds as referred to in section 4, shall be invested in liquid assets or assets readily convertible to cash in the short term and shall not include speculative positions.

Article 26(1)(a–e) of the EU's investment firms regulation shall apply to calculation of the own funds of an alternative investment fund manager. (528/2021)

Section 4**Liability risk cover**

An AIFM shall either have sufficient additional own funds, or an indemnity insurance valid in all EEA Member States to compensate any losses arising from negligence that the AIFM is liable for under this Act.

Section 5**Management and reliability**

The board of directors, managing director and other senior management of an AIFM and those responsible for its business operations shall manage the AIFM pursuant to sound and diligent business practices. They shall be reliable persons, who have not been declared bankrupt and whose capacity has not been restricted. In addition, these persons shall possess such general knowledge on investment operations as is necessary, taking into account the nature and extent of the AIFM's operations. The provisions of this subsection shall equally apply to the parent company of an AIFM.

A person shall not be considered reliable, if the person has:

- 1) been sentenced to imprisonment in the five years preceding the evaluation or has been imposed a fine in the three years preceding the evaluation, which can be considered to indicate that the person is manifestly unsuitable as a member of the board of directors or a deputy member, managing director or a deputy managing director or a member of other senior management of the AIFM; or

2) otherwise by previous activities indicated to be manifestly unsuitable for the task referred to in paragraph 1.

If the sentence referred to in subsection 2, paragraph 1 has not become legally valid, the sentenced person can, however, continue in the task referred to in subsection 1, provided that it can be considered clearly justified as a whole taking into account his/her earlier activity, the circumstances leading to the sentence and other relevant factors influencing the matter.

The AIFM shall notify the Financial Supervisory Authority without delay of any changes to the persons in the executive tasks referred to in subsection 1.

All central decisions concerning the pursuit of the AIFM's business operations shall be made by at least two persons, who fulfil the requirements under subsection 1.

Section 6 (214/2015)

Auditing and the auditor

The Auditing Act (1141/2015) and the Limited Liability Companies Act (624/2006) shall apply to the auditing and auditor of an AIFM. The provisions of this subsection on the auditing and auditor of an AIFM shall as well as apply to the auditing and auditor of the parent company of an AIFM. (641/2016)

At least one of the auditors of an AIFM shall be a KHT auditor or an audit firm in which the principal auditor shall be a KHT auditor.

The auditor referred to in chapter 2, section 8 of the Auditing Act and in chapter 7, section 5 of the Limited Liability Companies Act, and the special audit and auditor referred to in chapter 7, sections 7—10 of the Limited Liability Companies Act for an AIFM and its holding company shall be determined by the Financial Supervisory Authority. The provisions of the Auditing Act and the Limited Liability Companies Act concerning the appointment of an auditor and special auditor in the aforesaid situations shall otherwise apply. The Financial Supervisory Authority shall appoint for an AIFM and its holding company a qualified auditor, if the AIFM or the holding company does not have an auditor, who fulfils the requirements provided in subsection 2.

Section 7

Self-regulation

An AIFM shall belong, directly or indirectly, to an independent body, established in Finland, which widely represents actors in the business and which has issued a recommendation to improve the openness and transparency of the operation of AIFs, or the AIFM shall commit to follow the recommendations issued by the said body or publish justifications for not making such commitment.

In order to promote compliance with best practices, the body referred to in subsection 1 above, or a comparable body, may also issue recommendations other than those referred to in subsection 1 within the scope of application of this Act.

An AIFM shall notify the Financial Supervisory Authority which body referred to in subsections 1 and 2 it belongs to or the body or bodies of which recommendations it complies with. On request of the Financial Supervisory Authority, the body shall submit to the Financial Supervisory Authority its rules and other information on the body necessary for supervision as requested by the Financial Supervisory Authority.

Section 8

Place of business

An AIFM shall have at least one permanent place of business for its operations. It can also pursue its operations in other places of business.

The principal place of business of an AIFM shall be in Finland.

Section 9

Statutory power

Further provisions for the implementation of the AIFM Directive may be issued by a decree of the Ministry of Finance, unless otherwise provided in the Commission Delegated Regulation, on the minimum capital referred to in section 2 and covering the liability risks referred to in section 4.

Section 10**Financial Supervisory Authority's power to issue regulations**

The Financial Supervisory Authority shall issue further provisions on the investment of the assets referred to in section 3, unless otherwise provided in the Commission Delegated Regulation.

Section 11**Commission Delegated Regulation**

The Commission Delegated Regulation lays down provisions on the general principles in section 1 and the liability risks and covering said risks as referred to in section 4.

Chapter 7**Arrangement of operations****Section 1****Resources**

An AIFM shall have sufficient and appropriate personnel and technical resources for the due management of AIFs.

Section 2**Administrative and control arrangements**

An AIFM shall have reliable administrative and accounting procedures as well as monitoring and security arrangements of automatic data processing.

The AIFM shall have adequate internal monitoring arrangements.

The AIFM shall determine the rules concerning the personal business transactions of the employees and, if necessary, rules concerning holding and management of investments made on its own account. With the arrangement of monitoring it should be ensured that the origin, parties, character and time and place of execution of each transaction that the AIFs are party to can subsequently be verified, and that the assets of the AIFs managed by the AIFM are invested pursuant to the AIF rules and applicable legislation.

Section 3**Reporting to the Financial Supervisory Authority**

An AIFM shall regularly report to the Financial Supervisory Authority of each AIF it manages sufficient information on:

- 1) markets that it is a party to or on which it actively trades;
- 2) financial instruments or other units of trading in which it is trading;
- 3) main concentrations;
- 4) most significant exposures;
- 5) leverage of AIFs;
- 6) other material factors for system risk;
- 7) other information and documents necessary for monitoring.

Section 4**Appointment of depositary**

An AIFM shall take due care in the safekeeping and other custody functions of the funds of each AIF that it manages. A depositary established in the same EEA Member State as the AIF shall be appointed for each AIF, unless a depositary situated in a third country should be appointed for the AIF by virtue of further provisions issued in accordance with chapter 15, section 8, paragraph 4. An AIFM subject to the registration requirement is not, however, required to appoint a depositary for the AIFs that it manages.

Section 5**Customer protection in investment services**

An AIFM offering asset management pursuant to chapter 3, section 2, subsection 2 cannot invest a customer's assets into the units of the AIFs that it manages without the prior consent of the customer.

The AIFM shall have effective procedures to handle, appropriately and as fast as possible, complaints by non-professional customers concerning asset management or non-core services. The provisions of chapter 10, section 15 of the Investment Services Act shall be followed in handling the customer complaints. (1078/2017)

Section 6

Management of conflicts of interest

In addition to the provisions in chapter 6, section 1 and the provisions in section 2 of this chapter, an AIFM shall realise adequate measures to identify and prevent conflicts of interest and as they arise, treat the investor according to good securities market practice. In arranging its operations, the AIFM shall adequately separate from each other such tasks and responsibilities that can be considered to be mutually incompatible, as intended in this section, or which may cause systematic conflicts of interest.

If the conflict of interests cannot be avoided, the AIFM shall provide adequate information to the investors on the character of or reasons to the conflict of interest prior to the performance of the business transaction on behalf of the investor. The information shall be given in writing or in another permanent manner so that it can be retained, stored and copied unchanged or so that the information is available on the internet pages of the AIFM for as long as the investor can be presumed to need the information.

The AIFM shall have policies in place for the procedures applied in the identification and prevention of conflicts of interest.

Section 6a (516/2019)

AIFM's engagement policy with listed companies

An AIFM which invests the assets of the AIFs managed by it in shares 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 AIFs.

The engagement policy shall describe the link between shareholder engagement and the AIF'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 AIF and for exercising voting rights or other rights relating to the shares. The policy shall

furthermore describe the manner in which the AIFM engages in dialogue with a company referred to in subsection 1 and the other shareholders and stakeholders of that company.

The AIFM shall publish the policy referred to in subsection 1 on its website free of charge and also publish an annual review on the implementation of the policy. The AIFM shall disclose all major votes and the manner in which the AIFM's voting rights were exercised in the review period. In addition, the AIFM shall disclose the use of any proxy advisor as referred to in the Securities Markets Act.

When the AIFM 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 review in the manner referred to in subsection 3, it shall provide an explanation for its failure.

Section 6b (516/2019)

AIFM'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 supplementary company or industry-wide pension fund as referred to in the Act on Company and Industry-Wide Supplementary Pension Funds, or an equivalent institutional investor active in the European Economic Area which has invested its assets in an AIF referred to in section 6a, subsection 1. (958/2021)

The AIFM 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 AIFM publishes the information as a part of the information referred to in chapter 11, section 1 or chapter 12, section 4, 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.

Section 7

Remuneration policy

The remuneration policies of the AIFM shall be compatible with duly arranged and effective risk management. The remuneration policy shall not encourage risk-taking that is in conflict with the risk profile or rules of the AIFM or the AIF that it manages.

The remuneration policy of the AIFM shall be accordant with the business strategies, objectives and values of the AIFM and the AIF it manages or the AIF's investor, and be of such structure that conflicts of interest can be avoided.

This section shall only apply to a person in the AIFM's appointment or employment, whose activities have a material impact on the risk profile of the AIFM or the AIF that it manages. Such persons include:

- 1) managing director and persons, who in addition to the managing director in practice participate in the management of the AIFM;
- 2) other person, whose activities have a material impact on the risk profile of the AIFM or the AIF that it manages;
- 3) person, who works in the AIFM's internal monitoring functions independent of the business operations;
- 4) other person intended in the first sentence of this subsection, the total amount of whose fees does not significantly differ from the total amount of fees obtained by the persons referred to in paragraphs 1 or 2.

Section 8

Personal business transactions

An AIFM shall with adequate measures aim to prevent the pursuit of personal business transactions of a person in an influential position, if that may result in a conflict of interests with such business transaction or service, in which the person participates due to the person's position, if the person possesses inside information referred to in the Securities Markets Act or confidential information concerning the AIFM's investors, customers or their business transactions. The confidentiality of such information should be secured also otherwise.

Subsection 2 was repealed by Act 1078/2017.

Section 9

Duty to notify of acquisition and transfer of shares

A party intending to acquire shares in the AIFM, directly or indirectly, shall notify the Financial Supervisory Authority in advance thereof, if the party's holding as a result of the acquisition would:

- 1) be at least 10% of the share capital of the AIFM;
- 2) be so substantial that it was equivalent to at least 10% of the voting power generated by all shares;
- 3) otherwise entitle to use influence in the administration of the AIFM, which was comparable to the holding referred to in paragraph 2 or is otherwise significant.

If the holding referred to in subsection 1 is intended to be increased to at least 20%, 30% or 50% of the share capital of the AIFM, or if the holding would be equal to such share of the voting power produced by all shares, or the AIFM would become a subsidiary, also this acquisition has to be notified in advance to the Financial Supervisory Authority.

In calculating the shareholding and the percentage of voting rights referred to in subsections 1 and 2, the provisions of chapter 2, section 4 and chapter 9, sections 4—7 of the Securities Markets Act shall apply. In the application of this subsection, shares acquired for a maximum of one year in connection with a securities' issue arranged by the person under the duty to notify or due to providing a market guarantee, and that do not entitle the person under the duty to notify to use

voting power in the corporation nor otherwise influence the operation of the management of the corporation, shall not be taken into account.

The notification referred to above in subsection 1 or 2 shall also be made, if the amount of shares held falls below any of the thresholds on holdings provided in either subsection 1 or 2, or if the AIFM ceases to be the subsidiary of the party with the duty to notify. The AIFM and its holding company shall report to the Financial Supervisory Authority at least once a year the owners and the size of the participations referred to in subsections 1 and 2, and notify without delay any changes in the participations that have come to the knowledge of the AIFM.

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

- 1) the party under the duty to notify and his/her reliability and financial situation;
- 2) the holdings and other interests in the AIFM of the party under the duty to notify;
- 3) agreements concerning the acquisition, financing of the acquisition, and, in the case referred to in subsection 2, the objectives of the holding.

Section 10

Restriction concerning acquisition of shares

Provisions on the right of the Financial Supervisory Authority to forbid the acquisition of a participation referred to in section 9 are laid down in section 32a of the Act on the Financial Supervisory Authority and on the procedure concerning the issue of an injunction in section 32b.

Before the expiry of the period provided in section 32b of the Act on the Financial Supervisory Authority, the party under the duty to notify may only acquire the shares referred to in section 9, if the Financial Supervisory Authority has consented thereto.

Section 11

Non-disclosure obligation

A member of the board of directors, managing director, auditor and official of an AIFM, an AIF or a depositary or a special depositary pursuant to this Act shall have a non-disclosure obligation with

respect to what such person has in their tasks discovered on the financial situation or business secrets of a customer or an AIF investor. (635/2018)

An AIFM, an AIF or a depositary or a special depositary pursuant to this Act shall only be entitled to provide the information referred to in subsection 1 to prosecuting or pre-trial investigation authorities in order to solve a crime and otherwise to an authority entitled by law to receive such information.

Subject to 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, hereinafter the *General Data Protection Regulation*, an AIFM, an AIF or a depositary or a special depositary pursuant to this Act is also entitled to: (4001/2019)

- 1) provide information referred to in subsection 1 to an entity belonging to the same group, consolidation group and a financial and insurance conglomerate referred to in the Act on the Supervision of Financial and Insurance Conglomerates (699/2004) for the provision of customer services and other management of customer relations, marketing and risk management of the group, the consolidation group or financial and insurance conglomerate;
- 2) disclose information in its customer register required for marketing and customer services and other management of customer relationships to an undertaking belonging to the same financial conglomerate with the AIFM, the AIF or the depositary or the special depositary pursuant to this Act, if the recipient of information is bound by the non-disclosure obligation provided for in this Act or an equivalent obligation.

The provisions of section 3 shall not apply to disclosure of the data referred to in Article 9(1) and Article 10 of the General Data Protection Regulation. (400/2019)

The AIFM, AIF or the depositary or the special depositary pursuant to this Act is also entitled to provide information referred to in subsection 1 to a stock exchange, operator of a multilateral trading facility and operator of an organised trading facility as referred to in the Act on Trading in Financial Instruments similarly as to an entity operating in an EEA Member State comparable to the stock exchange, operator of multilateral trading facility and operator of organised trading facility, if the information is necessary for safeguarding their monitoring duty. (298/2019)

Section 12**Statutory power**

Further provisions shall be issued by a Government decree, unless otherwise provided in the Commission Delegated Regulation, on the information to be attached to the notifications referred to in section 9, subsections 1 and 2.

Further provisions for the implementation of the AIFM Directive shall be issued by a decree of the Ministry of Finance, unless otherwise specified in the Commission Delegated Regulation, on:

- 1) reporting referred to in section 3;
- 2) management of conflicts of interest referred to in section 6;
- 3) the bonus scheme referred to in section 7 and taking into account the related size, legal and administrative structure, nature and extent of operations of an AIFM and its consolidation group as well as the functions and responsibility of each recipient of remuneration in the evaluation of the system.

Section 13**Financial Supervisory Authority's power to issue regulations**

The Financial Supervisory Authority may issue further provisions to complement the decrees of the Ministry of Finance on the reporting referred to in section 3, and further provisions on the procedures related to the management of conflicts of interest referred to in section 6, and personal business transactions referred to in section 8, unless otherwise provided by the Commission Delegated Regulation.

Section 14**Commission Delegated Regulation**

The Commission Delegated Regulation lays down provisions on reporting and disclosure duties, general principles on the requirements for the arrangement of operations, conflicts of interest and personal business transactions.

Chapter 8

Risk management

Section 1

Organisation of risk management

An AIFM shall have adequate internal monitoring and risk management arrangements in relation to its operations. The appropriateness of the arrangement shall be reviewed and, if necessary, updated at least annually.

Risk management shall be organised so that it is possible to identify, measure, manage and monitor all material risks related to the investment policies of each AIF and to which each AIF mentioned is subjected or may be subjected.

Section 2

Segregation of risk management

An AIFM shall functionally and hierarchically separate the risk management functions from other functions by sufficient arrangements with regard to its operations inclusive of the asset management services referred to in chapter 3, section 2 subsection 2 and the none-core services referred to in chapter 3, section 3.

The AIFM shall be able to demonstrate at all times that special protective measures against conflicts of interest enable the independent operation of risk management functions and that the risk management process fulfils the requirements of this chapter and is effective throughout.

Segregation of risk management shall be assessed taking into account the nature and extent of the AIFM's activity.

Section 3

Risk management measures

An AIFM shall act in investing the funds of an AIF with due care taking into account the AIF's investment policy, objectives and risk profile.

The AIFM shall ensure that the risks related to individual investments of an AIF and their overall effect on the funds of the AIF can be continuously identified and measured. Such risks and their

overall effect must be duly managed and monitored, also by using appropriate stress test methods.

The AIFM shall ensure that an AIF's risk profile corresponds with the size, holdings and investment policy of the AIF as determined in the rules, prospectus and marketing material of the AIF.

The AIFM shall not use external credit ratings as a sole justification or mechanically in the assessment of the creditworthiness of the investments of the AIF.

Section 4

Management of leverage risk

An AIFM shall determine and confirm the amount of leverage available for each AIF managed by the AIFM as provided in chapter 17. The AIFM shall have, in relation to its activities, adequate and appropriate risk management arrangements to identify, measure, manage and monitor the risks caused by the leverage used in the AIFs managed by the AIFM.

Section 5 (1110/2018)

Securitised assets

An AIFM shall take steps to preserve the interests of the investors when the assets of the AIF have been invested in securitisations referred to in the Securitisation Regulation that no longer satisfy the conditions laid down for them in the said Regulation.

Section 6

Management of liquidity risk

An AIFM shall have appropriate arrangements to manage liquidity to ensure that the liquidity of each AIF that it manages is adequately secured. The AIF's investment strategy, liquidity profile and redemption policy have to be mutually consistent.

To ensure liquidity, the AIFM shall regularly perform stress tests that evaluate the liquidity risk.

This section shall not apply to unleveraged closed-ended AIFs managed by the AIFM.

Section 7**Commission Delegated Regulation**

The Commission Delegated Regulation lays down provisions on the organisation of risk management referred to in sections 1—3, investment in securitised assets referred to in section 5 and management of liquidity referred to in section 6.

Chapter 9**Valuation****Section 1****Arrangement of valuation**

An AIFM shall ensure that each AIF managed by it follows a consistent method of valuation of the AIF's funds and value. Valuation shall be made impartially, with due competence, care and diligence.

Section 2**Segregation of valuation**

An AIFM may perform the valuation of the AIFs managed by it, if its valuation operations are functionally and otherwise independent of portfolio management.

The valuation can be delegated as provided in chapter 10, section 5.

Section 3**Method used**

A generally accepted method based on legislation, self-regulation or other generally approved rules shall be used in the valuation of an AIF and in the calculation of its net value. The method used shall be stated in the AIF rules, unless it is based on mandatory regulation on the level of legislation.

Section 4**Regular valuation**

The valuation methods used shall ensure that the value of funds is determined and the net value per unit or share is calculated at least once a year.

If an AIF is of an open-ended AIF, the said valuations and calculations shall be made at appropriate intervals relative to the funds of the AIF and the interval between the issue and redemption of its units.

If the AIF is of a closed-ended AIF, the said valuations and calculations shall be made also when the fund's capital increases or decreases.

Section 5**Value reporting**

The net value per unit or share of the AIFs shall be informed to the investors at least once a year, unless otherwise provided in the rules of the AIF in question.

The investors shall be informed of the valuations and net value calculations in the manner described in the rules of the AIF.

An AIFM shall without delay correct any material error in the valuation of a unit of an AIF. An error in the valuation shall be immediately notified to the Financial Supervisory Authority.

Section 6**Monitoring by the Financial Supervisory Authority**

If an external valuator does not perform the valuation activity, the Financial Supervisory Authority may require that the AIFM submits either its valuation methods or the valuation, or both, to be examined by an external valuator or, if necessary, by an auditor.

Section 7**Valuator's liability**

The AIFM shall be liable for the due valuation of the assets, and for the calculation and publication of the net value of the assets in an AIF.

Delegation of the valuation shall not affect the AIFM's liability towards the AIF and its investors.

The AIFM shall be entitled to compensation for any loss that the party to whom the valuation is delegated has caused by negligent or intentional non-performance of its tasks. The compensation liability pursuant to this subsection cannot be limited by agreement.

Section 8

Financial Supervisory Authority's power to issue regulations

The Financial Supervisory Authority may issue further provisions on the procedures and methods, referred to in sections 1 and 3—5, used in valuation of the AIF, unless otherwise provided in the Commission Delegated Regulation.

Section 9

Commission Delegated Regulation

The Commission Delegated Regulation lays down provisions on the methods for valuation of the assets and calculation of net values referred to in sections 1 and 3 as well as the intervals referred to in section 4, subsection 2.

Chapter 10

Delegation of operations

Section 1

Delegation of functions

An AIFM may delegate its functions. The AIFM may only delegate its functions pursuant to this Act, if the delegation does not interfere with the AIFM's risk management, internal monitoring, management of other functions significant for the activities, or supervision of the activities. The AIFM shall not delegate its functions to the extent that it can no longer be considered to operate as an AIFM. The AIFM shall be liable for fulfilling all of its responsibilities under this Act irrespective of delegation of the functions.

The AIFM shall continuously evaluate the services offered by the party to which it has delegated its tasks, to ensure that the conditions for delegation are fulfilled, and that the AIFM fulfils the responsibilities set for it by law.

Section 2

Conditions for delegating the functions

An AIFM that after being granted authorisation intends to delegate a function significant to its activities shall notify the Financial Supervisory Authority in advance thereof.

The AIFM has to act diligently in delegating the functions. A function shall not be delegated without a justified reason for the delegation and related arrangements. The party, to which the activity is delegated, shall have sufficient resources for performing the tasks and the persons in practice liable for the business operations have to be of sufficiently good repute and possess adequate experience.

Operations subject to authorisation may only be delegated to a party with the required authorisation or right. The Financial Supervisory Authority may grant an exception to this to a group company or for other weighty reason. The exception may also be granted, if the party, to which the activity is delegated, can also demonstrate to the Financial Supervisory Authority that it fulfils the statutory conditions set for the activity.

The AIFM shall ensure that it can continuously receive the necessary information required by regulatory control, risk management and internal monitoring from the party managing the delegated activity and that it has a right to forward the information to the Financial Supervisory Authority.

The AIFM shall conclude a written contract on the delegation of a significant function, and the contract shall indicate the content of the assignment and the term of validity of the contract and other material conditions for the delegation, and notify the content to the Financial Supervisory Authority. Any significant changes in the contractual relationship between the AIFM and the party managing the delegated activity shall be notified to the Financial Supervisory Authority without delay.

The AIFM shall be able to demonstrate that the party to which the tasks are delegated is competent and capable of managing said tasks and that due care was followed in its selection. Furthermore, the AIFM shall be able to demonstrate that it has in practice a possibility at all times to monitor the management of the delegated task and give further instructions at any time to the party to which the task is delegated. The AIFM shall be able to cancel the delegation immediately, provided it is in the best interest of the investors.

Section 3

Re-delegation of the functions

The party, to which the AIFM has delegated the activity, can re-delegate the function, if the AIFM have given its written consent to the re-delegation and if the provisions in section 2 shall apply to the re-delegation. The party to which the function is delegated shall perform the valuation referred to in section 1, subsection 2 on the functions it has re-delegated.

Section 4

Delegation of portfolio management or risk management

Portfolio management or risk management cannot be delegated or re-delegated to:

- 1) a depositary appointed by the AIFM or the party to which the depositary has delegated its tasks;
- 2) another corporation, the interests of which may conflict with the interests of the AIFM or the investors of the AIFs, and the corporation has not functionally and hierarchically segregated the tasks referred to in this section from the tasks causing potential conflicts of interest, and the corporation does not have the necessary procedures for conflicts of interest.

The party that delegates portfolio or risk management to an undertaking operating in a third country, shall, prior to the delegation, ensure that the Financial Supervisory Authority has sufficient arrangements with the supervisory authority of said third country for co-operation in the performance of the supervision.

Section 5

Delegation of valuation

An external valuator shall be independent of the AIF, the AIFM and any other persons with close links to the AIF or the AIFM.

The AIFM shall demonstrate that the external valuator is subject to mandatory professional registration recognised by law or to legal or regulatory provisions or rules of professional conduct. The AIFM shall also demonstrate that the external valuator can provide sufficient professional guarantees for being able to perform effectively the relevant valuation function in accordance with chapter 9, and that the delegation took place in the manner provided in chapter 10. If the

Financial Supervisory Authority considers that the appointed external valuator does not fulfil the requirements of this subsection, it may require that another external valuator be appointed instead.

The depositary appointed for an AIF shall not be appointed as external valuator of that AIF, unless it has functionally and hierarchically segregated the performance of its depositary functions from its tasks as an external valuator, and if potential conflicts of interest are identified, managed, monitored and appropriately disclosed to the investors of the AIF.

The appointed external valuator shall not re-delegate the valuation function.

Section 6

Commission Delegated Regulation

The Commission Delegated Regulation lays down provisions on the conditions for the fulfilment of the requirements set for the delegation of the AIFM's functions, on the conditions for the AIFM to be considered having delegated a too essential part of its functions pursuant to section 1, subsection 1 and the professional guarantees referred to in section 5, subsection 2.

PART IV

DISCLOSURE, MARKETING AND PRE-MARKETING (975/2021)

Chapter 11

Transparency requirements

Section 1

Annual accounts and annual report

An AIFM shall make available the annual accounts and annual report for each AIF it manages and markets as well information pursuant to subsection 3, which is not included in the above, and provide them to the investors on request no later than six months following the end of the financial year.

The annual accounts and the annual report of an AIF shall be prepared in accordance with the national accounting regulation of the EEA Member State or the third country concerning said AIF, or in accordance with the accounting standards of the EEA Member State or the third country where the AIF is established, and with the accounting rules laid down in the AIF rules.

Notwithstanding the provisions on the liability to prepare annual accounts laid down elsewhere, the AIF shall in connection with the annual accounts:

- 1) prepare a balance-sheet or a statement of assets and liabilities;
- 2) prepare a profit and loss account for the financial year;
- 3) prepare an annual report for the financial year;
- 4) notify any material changes in the information referred to in chapter 12, sections 4 and 5 during the financial year covered by the report;
- 5) notify the total amount of remuneration for the financial year, divided into fixed and variable remuneration, paid by the AIFM to its staff, and number of beneficiaries, and, where relevant, carried interest paid by the AIF;
- 6) notify the aggregate amount of remuneration broken down by senior management and members of staff of the AIFM whose actions have a material impact on the risk profile of the AIF.

Where the AIF is required to make public the annual accounts in accordance with chapter 7 of the Securities Markets Act, only information referred to in subsection 2 needs be provided to investors on request, either separately or as an additional part of the annual accounts.

Section 2

Audit and special audit

The Auditing Act shall apply to the audit and auditor of an AIF.

At least one of the auditors of an AIFM shall be a KHT auditor or an audit firm in which the principal auditor shall be a KHT auditor. (1214/2015)

The auditor referred to in chapter 2 section 8 of the Auditing Act shall be appointed by the Financial Supervisory Authority. The Financial Supervisory Authority shall appoint for the AIF an auditor, who fulfils the conditions of qualification, if an auditor, who fulfils the requirements provided in subsection 2 of this section has not been appointed for the AIF. (1214/2015)

The AIFM, marketing in EEA Member States an AIF established in a third country, may give the audit of said AIF to be performed in accordance with the international auditing standards in force in said third country in which case subsections 2 and 3 shall not apply to the AIF.

Section 3

Statutory power

Further provisions may be issued by a decree of the Ministry of Finance, unless otherwise provided by the Commission Delegated Regulation, on:

- 1) entering the changes in value of the AIF in the AIF's annual accounts;
- 2) layout of the balance sheet and profit and loss account;
- 3) information provided in the notes to the balance sheet, the profit and loss account and the financing statement and in the annual report;
- 4) layout of the consolidated balance sheet and the consolidated profit and loss account;
- 5) information provided in the notes to the consolidated balance sheet, the consolidated profit and loss account and the consolidated financing statement;
- 6) balance sheet specifications and specifications of the notes to the accounts;
- 7) the audit.

The Ministry of Finance shall, prior to the issue of the decree, request statements from the Financial Supervisory Authority and the Accounting Board.

Section 4

Financial Supervisory Authority's power to issue regulations

The Financial Supervisory Authority may, after having requested the statement of the Accounting Board, issue further provisions complementing the decree of the Ministry of Finance on the preparation of AIF's annual accounts, unless otherwise provided by the Commission Delegated Regulation.

Section 5**Commission Delegated Regulation**

The Commission Delegated Regulation lays down provisions on the annual report.

Section 6 (214/2019)**Disclosure of information on securities financing transactions**

The provisions on the disclosure of information on securities financing transactions and total return swaps in the financial statements of an AIFM are laid down in Article 13 of the SFTR.

Chapter 12**Offering of units****Section 1****Right to market an AIF**

The AIFM shall have a right to market the units of an AIF it manages in Finland after having notified the Financial Supervisory Authority of the AIF the units of which it intends to market. The notification shall include all necessary documents and information for assessment of the matter.

Where the AIF is a feeder AIF, the right to market referred to in the first subsection is also subject to the condition that the master AIF is an AIF, established in an EEA Member State, which is managed by an EEA AIFM.

The AIFM may begin marketing the AIF in Finland after having received a notification to that effect from the Financial Supervisory Authority.

The AIFM shall give written notification of a change to any of the information referred to in subsection 1 to the Financial Supervisory Authority at least 1 month before implementing the planned change, or immediately after an unplanned change has occurred.

An investment firm may directly or indirectly offer units of an AIF only to investors in EEA Member States after the AIFM of the AIF has obtained a notification from the Financial Supervisory Authority in accordance with subsection 3, and the investment firm complies with the provisions of this chapter and chapter 19, section 4.

Section 2**Good practice in the securities markets**

It is prohibited to act contrary to good practice in the securities markets as provided in chapter 1, section 2 of the Securities Markets Act in the marketing of units in the AIFs.

Provisions of subsection 1 shall also apply when the investor has contacted the party offering the AIFs.

Section 3 (975/2021)**Prohibition to give false or misleading information**

It is prohibited to provide false or misleading information in fulfilling the disclosure obligation in accordance with this Act. Such information that the incorrect or misleading nature of which is revealed after the provision of the information and which may be of material significance to the investor, shall, without delay, be corrected or supplemented in an adequate manner.

Provisions of subsection 1 shall also apply when the investor has contacted the party offering the AIFs.

Besides this Act, provisions on the requirements concerning marketing materials addressed to investors are also laid down in Article 4 of the Cross-Border Fund Distribution Regulation.

Section 4 (975/2021)**Disclosure to investors**

The AIFM shall for each of the AIFs established in EEA Member States that it manages and the units of which are marketed in Finland or another EEA Member State, make available to the investors of the AIF, material and sufficient information before they invest in the AIF.

Any material changes to the material and sufficient information referred to in subsection 1 above shall be kept available to investors.

Provisions of subsection 2 shall also apply to an AIFM that is liable to keep information equally available to investors in accordance with chapter 1, section 4 of the Securities Markets Act.

Before an investor invests in the AIF concerned, the AIFM shall inform the investor of arrangements put in place by the depositary in order to be contractually released from its liability

under chapter 16, section 1, subsection 1 in accordance with section 3, subsection 2. The AIFM shall also inform the investor without delay of any changes taking place in the liability of the depositary.

Where the AIFM is required to publish a prospectus referred to in the Prospectus Regulation or a basic information document referred to in chapter 3, section 2 of the Securities Markets Act, it shall publish separately or present as supplemental information in the prospectus or basic information document the information referred to in subsections 1 and 4 that is not included in the prospectus or basic information document.

The party marketing the units of the AIF shall make available to the investors of the AIF the material and sufficient information referred to in subsection 1 and inform investors of the arrangements referred to in subsection 4 before the investors invest in the AIF. Disclosure shall also apply when the investor has contacted the party offering the AIFs. A professional customer may by detailed written consent waive its right of access to information vis-à-vis the AIFM pursuant to this subsection.

Section 5

Regular disclosure

An AIFM shall, for each of the AIFs and the AIFs established in EEA Member States that it manages, and for any other AIFs it markets in EEA Member States periodically disclose to investors:

- 1) information on the percentage of the AIF's assets which are subject to special arrangements arising from their illiquid nature;
- 2) information on any new arrangements for managing the liquidity of the AIF;
- 3) the current risk profile and information on the risk management systems employed by the AIFM of said AIF to manage those risks.

Section 6**Disclosure of leverage to investors**

The AIFM shall, for each of the AIFs and the AIFs established in EEA Member States that it manages, and for any other AIFs it markets in EEA Member States, if they employ leverage, disclose on a regular basis:

- 1) any changes to the maximum level of leverage which the AIFM may employ on behalf of the AIF as well as any right of the reuse of collateral or any guarantee granted under the leveraging arrangement;
- 2) the total amount of leverage employed by that AIF.

Section 7**Investment of assets in accordance with disclosure**

The AIFM shall, in the investment activities of the AIF that it manages, comply with the information on investment of the assets that it has provided to the investors by virtue of the disclosure provided in section 4.

Section 8**Customer due diligence**

The AIFM shall know its customers. The AIFM shall identify the customer's de facto beneficiary and the person acting on behalf of the customer. The systems referred to in subsection 2 may be utilised in fulfilling the obligation laid down in this subsection.

The AIFM shall have sufficient risk management systems to assess the risks to the operation attributable to the customers.

The AIFM shall without delay inform the Financial Intelligence Unit of a suspicious transaction or a suspicion of terrorist financing as provided in chapter 4 of the Act on Preventing Money Laundering and Terrorist Financing (444/2017). (452/2017)

The provisions of subsection 1 above shall not apply to the AIFM with its registered office in an EEA Member State and the shares of which were admitted to trading in the regulated market

referred to in chapter 1, section 2, subsection 1, paragraph 5 of the Act on Trading in Financial Instruments. (1078/2017)

Provisions on customer due diligence are also laid down in the Act on Detecting and Preventing Money Laundering and Terrorist Financing.

Section 9 (1230/2018)

Statutory power

Further provisions for the implementation of the AIFM Directive shall be issued by a decree of the Ministry of Finance, unless otherwise provided by the Commission Delegated Regulation, on the documents and information that:

- 1) shall be included in the notification pursuant to section 1, subsection 1;
- 2) shall at least be given to the investors pursuant to section 4 and information that can be included in the prospectus in accordance with the Prospectus Regulation or the basic information document referred to in chapter 3, section 2 of the Securities Markets Act, or notified of in addition thereto.

Section 10

Financial Supervisory Authority's power to issue regulations

The Financial Supervisory Authority may issue further provisions on the procedures followed in customer due diligence referred to in section 8, subsection 1 and on the risk management systems referred to in section 8, subsection 2, unless otherwise provided in the Commission Delegated Regulation.

Section 11

Commission Delegated Regulation

The Commission Delegated Regulation lays down provisions on the regular disclosure of information to investors.

Section 12 (214/2019)

Disclosure obligation concerning securities financing transactions

The provisions on the information referred to above in section 4 that is to be made available to investors in respect of securities financing transactions and total return swaps are laid down in Article 14 of the SFTR.

Chapter 13

Marketing to non-professional customers

Section 1

Conditions for marketing

The provisions of this chapter shall be complied with in marketing AIFs to non-professional customers in Finland.

The Consumer Protection Act (38/1978) shall also be complied with in the marketing of AIFs to non-professional customers in Finland.

The party marketing the AIFs shall deliver to the non-professional customer the key investor information document referred to in section 4 or the key information document referred to in the PRIIPS Regulation prior to them making the investment decision; (954/2022)

Non-professional customers shall be given the information provided in chapter 12, section 4 in a single document, unless a derogation thereof is necessary for a weighty reason with the permission of the Financial Supervisory Authority. (954/2022)

Notwithstanding the provisions of this chapter, an AIFM may market an AIF to a non-professional customer in another EEA Member State or in a third country according to the provisions of said country.

Section 2

Requirement of authorisation

An AIFM that markets AIFs to non-professional customers shall have been authorised in accordance with this Act or granted a corresponding authorisation in another EEA Member State.

Notwithstanding the provisions of subsection 1, units in an AIFM subject to the registration requirement or an EEA AIFM subject to the registration requirement, which is an internally managed AIF and the shares of which are admitted to trading in the regulated market referred to

in chapter 1, section 2, subsection 1, paragraph 5 of the Act on Trading in Financial Instruments, may always be marketed to non-professional customers in Finland. (1078/2017)

The Financial Supervisory Authority may, on application, for a special reason, grant an AIFM subject to the registration requirement the right to market an AIF that it manages to a non-professional customer in Finland.

Section 3

AIF's legal conditions

Such AIFs may only be marketed to a non-professional customer that are:

- 1) limited liability companies;
- 2) limited partnerships;
- 3) special funds; (214/2019)
- 4) registered associations;
- 5) cooperative societies; or
- 6) the foreign equivalents for paragraphs 1—5 above referred to in the AIFM Directive.

Only such a form of limited partnerships where the profit distribution is restricted in the partnership agreement and due consequences have been established for breach of the restriction may be marketed to a non-professional customer.

Only AIFs established in EEA Member States may be marketed to non-professional customers.

The Financial Supervisory Authority may, on application, for a particularly weighty reason grant the AIFM the right to market an AIF established outside the EEA Member States to non-professional customers.

In addition, an authorised AIFM shall put into place arrangements to ensure the suitability of the AIF managed by it to the intended target group when the AIF is marketed to non-professional customers. (214/2019)

Sections 4–5

Sections 4–5 were repealed by Act 954/2022.

Section 6**Prohibition of provisional subscription and early receipt of assets**

Units in the AIF shall not be marketed to a non-professional customer before the documents and information referred to in chapter 12, section 1 have been submitted to the Financial Supervisory Authority.

The AIF shall not accept the subscription fee or any other equivalent fee for a unit of the AIF from a non-professional customer prior to having identified the investors in accordance with chapter 12, section 8.

Units of the AIF shall not be marketed to a non-professional customer, if acquisition of the unit causes an additional investment obligation. Placing a non-professional customer under an obligation to make such an investment is not binding on the customer.

The Financial Supervisory Authority may, on application, for a special reason grant the AIFM a right of derogation from the requirements of subsections 2–3. (975/2021)

Section 6a (975/2021)**Facilities available to non-professional customers**

In order to market an AIF to non-professional customers in Finland, the AIFM shall provide the necessary facilities for the performance of the following tasks:

- 1) the processing of subscriptions, repurchases and redemptions of AIF units as well as of related payments in accordance with the requirements presented in the documents and information referred to in chapter 12, section 4;
- 2) giving non-professional customers information on how orders referred to in subsection 1 can be made and how re-purchase and redemption proceeds are paid;
- 3) facilitating the handling of information concerning the exercise of the rights of the investor arising from investment in the AIF;

- 4) making the documents and information referred to in chapter 11, section 1 and chapter 12, sections 4–6 above available to non-professional investors for the purposes of inspection and obtaining copies thereof;
- 5) giving information on the tasks handled through the arrangement to non-professional investors in writing or in a durable medium so that the customer can retain, store and reproduce it unchanged;
- 6) acting as the point of contact for the Financial Supervisory Authority and foreign EEA supervisory authorities.

The facilities referred to in subsection 1 above shall be made available in Finnish or Swedish or in another language approved by the Financial Supervisory Authority.

The facilities referred to in subsection 1 above may be provided on behalf of or together with the AIFM by a third party subject to the regulation and supervision of the tasks performed. As evidence of the designation of the third party, the AIFM shall be in possession of a written agreement specifying which duties referred to in subsection 1 are not performed by the AIFM and stipulating the right of the third party to obtain from the AIFM the documents and information necessary for the performance of the tasks. (954/2022)

The above provisions concerning facilities provided to non-professional customers shall not restrict application of Article 26 of the European Long-Term Investment Funds Regulation.

Section 6b (975/2021)

Marketing materials

Besides this Act, provisions on the requirements concerning marketing materials addressed to non-professional customers are also laid down in Article 4 of the Cross-Border Fund Distribution Regulation.

Subsection 2 was repealed by Act 954/2022.

As provided in Article 7 of the Regulation mentioned in subsection 1, the Financial Supervisory Authority has the right to require prior notification of the marketing materials used by an AIFM when the AIF is marketed to non-professional customers in Finland.

Section 7 (954/2022)**Statutory power**

Further provisions for the implementation of the AIFM Directive may be issued by a decree of the Ministry of Finance on the conditions for the derogation granted by the Financial Supervisory Authority referred to section 2, subsection 3 and section 6, subsection 4.

Chapter 13a (975/2021)**Pre-marketing****Section 1 (975/2021)****Conditions for pre-marketing**

An AIFM has the right to pre-market an AIF in Finland when the information presented to the investor:

- 1) is not sufficient to allow the investor to commit to acquiring units in a given AIF;
- 2) does not amount to a subscription form or equivalent documents, whether in a draft or in final form;
- 3) does not amount to the rules, prospectus or offering documents of a not-yet-established AIF in a final form.

Where an AIF draft prospectus or offering document is provided in the context of pre-marketing, it shall not contain information sufficient to allow investors to take an investment decision. The draft prospectus or offering document shall clearly state that:

- 1) it does not constitute an offer or an invitation to subscribe to units of the AIF; and
- 2) the information presented therein should not be relied upon because it is incomplete and may be subject to change.

An AIFM shall ensure that pre-marketing is adequately documented.

Section 2 (975/2021)**Notification of pre-marketing**

Within two weeks of having started pre-marketing, the AIFM shall submit to the Financial Supervisory Authority an informal notification containing the following information:

- 1) the EEA Member States in which pre-marketing is taking or has taken place;
- 2) the periods during which the pre-marketing is taking or has taken place;
- 3) a brief description of the pre-marketing including information on the investment strategies presented; and
- 4) where necessary, a list of the AIFs which are or were the subject of pre-marketing.

Section 3 (975/2021)**Acquiring units of an AIF on the basis of pre-marketing**

An AIFM shall ensure that investors do not acquire units in the AIF on the basis of pre-marketing and that the investors in Finland to whom the pre-marketing is addressed can only acquire AIF units when the marketing of the AIF in Finland is permitted under this Act.

Where an investor, within 18 months of the pre-marketing having been started in Finland, subscribes for units in an AIF referred to in the information provided in the context of the pre-marketing or established as a result of the pre-marketing, the subscription shall be considered a result of the marketing and the provisions of chapter 12, section 1 on the right to market an AIF shall be complied with.

Section 4 (975/2021)**Pre-marketing carried out by a third party**

Pre-marketing on behalf of an AIFM may be carried out in Finland by another AIFM, an investment firm as referred to in the Act on Investment Services, a credit institution as referred to in the Act on Credit Institutions, a management company as referred to in the Act on Common Funds and a party authorised for equivalent activities in another EEA Member State as well as a tied agent as referred to in the Act on Investment Services.

Sections 1–3 on the conditions for pre-marketing apply to a third party which carries out pre-marketing.

PART V

DEPOSITARY

Chapter 14

Authorisation to act as depositary

Section 1

Depositary

A depositary for an AIF may be:

- 1) a credit institution referred to chapter 1, section 7, subsection 1 or a branch of a foreign EEA credit institution referred to subsection 3 of the Act on Credit Institutions; (627/2014)
- 2) an investment firm providing safekeeping of financial instruments as referred to in chapter 2, section 3, subsection 1, paragraph 7 of the Act on Investment Services, the own funds of which shall always be at least EUR 750,000 as laid down in chapter 6, section 1, subsection 1 of the Act on Investment Services; (528/2021)
- 2a) branch of a foreign EEA investment firm that has received authorisation corresponding to the authorisation referred to in chapter 3, section 1 of the Act on Investment Services in a country other than Finland and satisfies the requirements for an investment firm laid down in subsection above; (1078/2017)
- 3) a limited liability company, authorised as a depositary referred to in Chapter 20, section 2 of the Act on Common Funds. (214/2019)

Provisions on a depositary of an AIF established in a third country are laid down in chapter 20, section 4.

Section 2

Management of conflicts of interest

A depositary cannot pursue activities, which may cause conflicts of interest between an AIF, its investors, the AIFM and the depositary itself, unless it has functionally and hierarchically segregated the performance of its depositary functions from its other operations. Another condition is that the potential conflicts of interest are properly identified, managed, monitored and disclosed to the investors of the AIF.

An AIFM shall not act as depositary of an AIF.

The conditions of subsection 1 above shall also apply to a prime broker acting as counterparty to an AIF. The depositary may delegate its custody tasks to such prime broker only if the relevant conditions in accordance with chapter 15, section 5 are also met.

Section 3

Special depositary

A central securities depository pursuant to chapter 1, section 3 of the Act on the Book-entry System and Clearing and Settlement (749/2012) can act as special depositary of an AIF without separate authorisation.

A limited liability company or cooperative society authorised pursuant to this Act may act as special depositary of an AIF, and the provisions laid down on limited liability company and share capital shall correspondingly apply to cooperative society and subscribed capital.

Special depositary can only safe-keep assets of such AIFs that do not grant the investors redemption rights during a period of the first five years from the date of the initial investment and which:

- 1) in accordance with the objectives of their investment strategy, do not usually invest in the financial instruments referred to in chapter 15, section 2, subsection 1; or
- 2) usually invest in securities of issuers or non-listed companies possibly to acquire control in the companies.

The provisions in chapters 15 and 16 shall otherwise apply to the tasks and liability of the special depositary.

Act on the Book-entry System and Clearing Operations 749/2012 has been amended by Act on the Book-Entry System and Settlement Activities 348/2017. Act on the Book-Entry System and Settlement Activities 348/2017, chapter 1, section 3.

Section 4

Application for authorisation

The Financial Supervisory Authority shall, on application, authorise the special depositary.

Adequate clarifications on the applicant and its operational preconditions pursuant to this Act shall be attached to the application.

The depositary may, subject to the conditions of the authorisation, manage the custody functions in accordance with this Act as a part of its professional or business activity.

Section 5

Decision on authorisation

The Financial Supervisory Authority shall decide the application for authorisation within 6 months of the submission by the applicant of the documents and clarifications necessary for deciding the matter. The Financial Supervisory Authority may prolong this period for up to 6 additional months, where they consider it necessary due to weighty reasons in the case.

The services referred to in section 4, subsection 3 that the special depositary carries out in addition to the depositary activities shall be mentioned in the authorisation. After the grant of authorisation, the Financial Supervisory Authority may, on application of the depositary, modify the authorisation with respect to the provisions of this subsection.

After hearing the applicant for authorisation, the Financial Supervisory Authority shall be entitled to impose restrictions and conditions on the authorisation concerning the business of the special depositary that are necessary for investor protection, stability of the financial markets or implementation of supervision, or concerning the special depositary's customer relations, participation or membership.

If the decision has not been issued within the time limit provided in subsection 1, the applicant may appeal to the Administrative Court of Helsinki. The appeal is thus considered to concern a rejection of the application. The appeal may be made until the decision is issued. The Financial Supervisory Authority shall inform the appeal authority of the issue of the decision, if the decision is given after the appeal.

Section 6

Conditions for granting authorisation

Authorisation of a special depositary shall be granted to a Finnish limited liability company, if, on the basis of the clarification obtained, it can be ensured that the owners and management of the depositary and the depositary fulfil the requirements laid down in this chapter.

The line of business indicated in the Trade Register of a special depositary shall indicate its operation as depositary of AIFs. Authorisation can also be granted to a company to be founded prior to its registration.

Section 7 (528/2021)

Minimum capital

The share capital of a special depositary shall be at least EUR 150,000. The share capital shall be fully subscribed at the time of granting authorisation.

Section 8

Management and reliability

The board of directors and the managing director of a special depositary shall manage the depositary professionally and in accordance with sound and diligent business ethics. The board of directors and the managing director and other senior management shall all be reliable persons, who are not declared bankrupt and whose capacity is not restricted. The board of directors and the managing director and other senior management shall also have the necessary general knowledge of the depositary activities taking into account the nature and extent of the depositary's activities.

A person shall not be considered reliable, if the person has:

- 1) been sentenced to imprisonment in the five years preceding the evaluation or imposed a fine in the three years preceding the evaluation, which can be considered to indicate that the person is manifestly unsuitable as a board member or a deputy member, managing director or deputy managing director or belonging to other senior management; or
- 2) indicated with earlier activity to be otherwise manifestly unsuitable to the task referred to in section 1.

If the sentence referred to in subsection 2, paragraph 1 has not become legally valid, the sentenced person can, however, continue in the task referred to in subsection 1, provided that it can be considered clearly justified as a whole taking into account his/her earlier activity, the circumstances leading to the sentence and other relevant factors influencing the matter.

Special depositary shall notify the Financial Supervisory Authority without delay of any changes of persons in executive tasks referred to in subsection 1.

Section 9

Reliability of significant owners

A person, who either directly or indirectly owns at least 10% of the special depositary's share capital or a participation, which produces at least 10% of the voting power produced by the shares of an AIF, must be reliable.

Reliability shall be assessed on the basis of the grounds mentioned in section 8 subsections 2 and 3.

The person, who intends to acquire shares, directly or indirectly, in the special depositary, shall notify the Financial Supervisory Authority thereof in advance pursuant to chapter 7, section 9. Provisions in chapter 7, section 9 on the AIFM shall apply to special depositary in the application of this subsection.

The special depositary shall, without delay, notify the Financial Supervisory Authority of any changes to persons as significant owners referred to in subsection 1.

Section 10**Duty to notify of significant changes in the conditions for authorisation**

The special depositary shall notify the Financial Supervisory Authority of any significant changes in the conditions for authorisation pursuant to section 5 prior to their implementation.

The Financial Supervisory Authority shall inform the special depositary within a month from receipt of the notification if it forbids implementation of the changes or sets restrictions or conditions for the authorisation in accordance with section 14. If the Financial Supervisory Authority cannot, due to weighty reasons related to the matter, give the notification within a month, the Financial Supervisory Authority can decide to prolong the notification period by a maximum of one month after having informed the depositary of the prolongation.

Section 11**Registration of authorisation**

The Financial Supervisory Authority shall notify the authorisation of the special depositary for registration in the Trade Register. Authorisation granted to a depositary that will be founded shall be registered at the same time as the company is registered.

Section 12**Register of depositaries**

The Financial Supervisory Authority maintains a public register on the special depositaries referred to in this chapter.

Section 13**Commencement of operations**

The special depositary can commence its operation immediately after the authorisation is granted, unless otherwise provided by the conditions for authorisation. If the authorisation has been granted to a limited company to be founded, the limited company has to also be registered. The special depositary shall notify the Financial Supervisory Authority when it commences its operation.

Section 14**Withdrawal of authorisation and restriction of operation**

Provisions on the withdrawal of the special depositary's authorisation are laid down in section 26 of the Act on the Financial Supervisory Authority. The Financial Supervisory Authority shall notify the withdrawal of the authorisation for registration with and for information of the ESMA.

Provisions on the restriction of the special depositary's operation are laid down in section 27 of the Act on the Financial Supervisory Authority.

Section 15**Statutory power**

Further provisions may be issued by a decree of the Ministry of Finance, unless otherwise provided by the Commission delegated regulation, on sufficient clarifications to be attached to the application for authorisation referred to in section 4.

Chapter 15**Functions of the depositary****Section 1****Management of the functions of the depositary**

A depositary shall hold in custody the assets of an AIF in accordance with section 2 and take care of other tasks pursuant to this Act.

The depositary shall perform its tasks independently for the benefit of the AIF and the investors.

The depositary shall perform its tasks honestly, equally and professionally.

Section 2**Custodial functions of the depositary**

The depositary shall hold in custody all financial instruments of the AIF that can be registered in financial instruments accounts opened in the depositary's books in the name of the AIF or, when this is not possible, the AIFM, or physically delivered to the depositary.

The depositary shall regularly verify that the AIF or the AIFM own assets other than those referred to in subsection 1 and shall maintain a record of those assets for which it is satisfied that the AIF holds the ownership of such assets. The assessment of ownership shall be based on information or documents provided by the AIF or the AIFM and on external available evidence.

The assets of the depositary shall be segregated from the assets of the AIF and other customers and AIFs and held in custody in a reliable manner. The assets of the AIF shall not be attached from a debt of the depositary. The assets of the AIF shall not be pledged or transferred, without the prior consent of the AIFM, in the interests of anyone else except the AIF.

Section 3

Other functions of the depositary

The depositary shall ensure that:

- 1) the AIF's cash flows are properly monitored;
- 2) all payments related to the subscription and redemption of an AIF have been duly made;
- 3) the assets of the AIF have been duly placed in safekeeping.

The depositary shall also ensure that:

- 1) the sale, issue, re-purchase, redemption and cancellation of units in the AIF are carried out in accordance with law and the AIF rules;
- 2) the value of the units in the AIF is calculated in accordance with law, official regulations and the AIF rules;
- 3) the instructions of the AIFM are carried out, unless they conflict with law, official regulations or the AIF rules;
- 4) in transactions involving the AIF's assets any payments are made within the time limits;
- 5) an AIF's revenue is applied in accordance with law, official regulations and the AIF rules;

Section 4

Custodial agreement

The AIFM and the depositary shall agree in writing on the appointment of the depositary for the AIF and on the tasks referred to in sections 2 and 3. In the agreement, efficient exchange of information shall be determined in order to perform the obligations under this Act. The agreement shall contain provisions on the change of depositary.

The AIFM shall immediately deliver for the information of the Financial Supervisory Authority the Custodial agreement, as amended, of the AIF under its management.

The AIFM shall, on request, present the agreement referred to in subsection 1 or a copy thereof to an investor or potential investor of the AIF.

Section 5

Delegation of the custodial functions

The depositary may delegate to a third party only the custodial functions pursuant to section 2. In this case, it shall be ensured that:

- 1) the function is not delegated in order to avoid the requirements of this Act;
- 2) the depositary can demonstrate that there is an objective justification for the delegation of the function;
- 3) the depositary has acted with due competence, care and diligence in selecting the party to which it wishes to delegate the function and in assessing and monitoring it during the delegation;
- 4) the third party fulfils the appropriate conditions while performing the function delegated to it.

The party, to which the function was delegated, can re-delegate the function by complying with the conditions pursuant to subsection 1.

The offering of services referred to in section 1 of the Act on Certain Conditions for Trading and Foreign Exchange Business and the Settlement System (1084/1999), or offering equivalent services in the securities settlement systems of third countries, shall not be considered delegation of the custodial functions.

Section 6**Depository's notification to the Financial Supervisory Authority**

If the depository decides not to comply with the AIFM's instructions or it otherwise detects discrepancies in the activities of the AIFM referred to in sections 2 or 3, and the AIFM does not cancel its decisions or change its operating method, the depository shall notify the Financial Supervisory Authority thereof.

Section 7**Prime broker**

If a prime broker has been appointed for the AIF, it shall comply with the provisions of the Commission Delegated Regulation on the reporting requirements of prime brokers.

Section 8**Statutory power**

Further provisions for the implementation of the AIFM Directive shall be issued by a decree of the Ministry of Finance, unless otherwise provided by the Commission Delegated Regulation, on:

- 1) the segregation of assets referred to in section 2, subsection 3;
- 2) the due placement in safekeeping of assets referred to in section 3, subsection 1;
- 3) the appropriate conditions referred to in section 5, subsection 1, paragraph 4;
- 4) the delegation of the functions of the depository referred to in section 5 when the entity to whom the function is delegated is located in a third country;
- 5) the application of provisions issued by virtue of sections 1—4 above on taking into account the size, legal and administrative structure and the nature and extent of operations of the depository.

Section 9**Commission Delegated Regulation**

The Commission Delegated Regulation lays down provisions on the information to be included in the written agreement concluded with the depository, the custody functions, the tasks relating to due diligence and the responsibility to segregate the assets.

Chapter 16

Depository's liability

Section 1

Liability for loss of financial instruments

Unless otherwise provided in this chapter, the depository shall, regardless of its negligence, compensate the AIF and its investor, any loss caused by the loss of the financial instrument in custody in accordance with chapter 15, section 2, subsection 1.

The depository has to primarily compensate the loss pursuant to subsection 1 by returning a similar financial instrument or an equivalent amount to the AIF or its manager.

The depository shall be liable to compensate any loss it has caused, intentionally or by negligence, to the AIF or its investor by actions contrary to this Act and the provisions issued by virtue thereof or by neglecting its responsibilities.

Provisions on the adjustment of the liability for damages and the distribution of liability between two or more parties liable for damages are laid down in chapters 2 and 6 of the Tort Liability Act (412/1974).

Section 2

Requirements for discharge from liability

The loss pursuant to section 1 above need not be compensated, if the depository can prove that the loss was caused by an external, unusual and unexpected circumstance, which could not be prevented by the depository and the consequences of which could not be avoided by diligent behaviour.

Section 3

Requirements for discharge from liability when the custodial functions have been delegated

Delegation of the custody functions shall not affect the depository's liability pursuant to this Act, unless otherwise provided in this section.

The depositary may be released from its liability pursuant to section 1, subsection 1, if it proves that it has acted sufficiently diligently in the delegation of the functions.

If the custody function has been delegated to a corporation established in a third country, the depositary can be released from its liability pursuant to section 1, subsection 1, if the legislation of the third country requires for a local corporation to keep a certain financial instrument in custody and the depositary can prove that it has acted sufficiently diligently in the delegation of the functions.

Section 4

Right to demand compensation for loss

An investor, who has invested in the AIF or the AIFM on his/her behalf, shall be entitled to demand the depositary to compensate the loss caused to the investor referred to in section 1.

The provisions in subsection 1 above shall not restrict the AIFM's right to demand the loss suffered by the AIF to be compensated.

Section 5

Statutory power

Further provisions for the implementation of the AIFM Directive shall be laid down by a decree of the Ministry of Finance, unless otherwise provided by the Commission Delegated Regulation, on the requirements concerning sufficient diligence referred to in section 3, subsections 2 and 3 and on taking into account the size, legal and administrative structure and the nature and extent of operations of the depositary in the application of the decree issued by virtue of this section.

Section 6

Commission Delegated Regulation

The Commission Delegated Regulation lays down provisions on the emergence of the depositary's liability and the requirements for discharge from liability, on the general grounds for the assessment of regulation and monitoring concerning stability of the operation of third countries and on the requirements for carrying out the custody functions.

PART VI**SPECIAL TYPES OF FUNDS****Chapter 16a (2014/2019)****Special common funds****Section 1 (214/2019)****Specific provisions applied to a special common fund and its manager**

An AIFM which holds AIFM authorisation or is registered with the Financial Supervisory Authority in the manner provided in this chapter may manage a special common fund in compliance also with the provisions on a management company and the management of an common fund laid down in chapter 2, sections 10, 11 and 14; chapter 7, section 3; chapter 8, sections 2 and 3 and section 9, subsections 2 and 3; chapter 9, sections 1–7; chapters 10–12, 17 and 18; chapter 19, sections 5–8; and chapter 26, sections 9, 10 and 12 of the Act on Common Funds.

Chapter 16 of the Act on Common Funds shall apply to the merger of a special common fund in the manner provided in chapter 16, section 1, subsection 3 of the said Act concerning a non-cross border merger of a common fund or a domestic merger with an international link.

If the authorisation of an AIFM which manages a special common fund is withdrawn, the AIFM is placed in liquidation, the assets of the AIFM are surrendered into bankruptcy or the AIFM otherwise ceases to operate, chapter 19, section 4 of the Act on Common Funds shall apply.

A special common fund which may have fewer than 30 unitholders shall be excluded from application of chapter 9, sections 2 and 3, chapter 12, section 9, and chapter 26, sections 9, 10 and 12 of the Act on Common Funds.

A special common fund, the manager of which is not required to apply for AIFM authorisation, shall nonetheless be subject to chapter 6, section 1, chapter 7, section 4, chapter 10, section 4, chapter 15, section 4, and chapter 21, section 8 of this Act.

Sub-funds may be established in a special common fund. The provisions on sub-funds laid down in chapter 1, section 6 of the Act on Common Funds also apply to the sub-funds of a special common fund. In addition, the provisions on the minimum capital and openness of a special common fund

laid down in section 4 of this chapter and on the distribution of the profits of a special common fund laid down in section 5 of this Act shall apply to the sub-fund of a special common fund.

Section 2 (214/2019)

Name and marketing of a special common fund

The name of a special common fund shall include the term 'special common fund'. The said term may not be used to refer to a special common fund other than one according to this Act. The name shall not be capable of misleading investors. The name of the special common fund shall clearly differ from those of other special common funds which have notified their rules to the Financial Supervisory Authority before it. A special common fund that invests mainly in real estate or real estate securities shall have the right to use an appellation relating to real estate investment in its name or otherwise to indicate its activities.

The marketing materials of the special common fund shall clearly indicate the reasons why the investment fund is considered to be a special common fund.

Section 3 (214/2019)

Rules of the special common fund

The rules of a special common fund shall be clear and comply with chapter 8, sections 2 and 3 of the Act on Common Funds. The rules shall be notified to the Financial Supervisory Authority in the manner referred to in chapter 12, section 1 of this Act.

An amendment of the rules of a special common fund shall take effect after one month of the amendment being notified to the Financial Supervisory Authority in the manner referred to in chapter 12, section 1 and communicated to unitholders in the manner determined in the rules of the special common fund.

An AIFM may not start to market units in a special common fund managed by it to the public or accept assets into the special common fund before the board of directors of the AIFM has adopted the rules of the special common fund. The AIFM shall inform the Financial Supervisory Authority of the date on which it will commence the activities of the special common fund. If the AIFM has not commenced the activities of the special common fund within two years of the rules first being

notified to the Financial Supervisory Authority in accordance with this section, the notification of the rules shall be deemed to have lapsed.

A special common fund which may, in accordance with section 4, have fewer than ten unitholders, shall be excluded from application of subsections 2 and 3 of this section.

Section 4 (214/2019)

Minimum capital and openness of a special common fund

A special common fund shall be open to the public. However, in derogation from chapter 8, section 8 of the Act on Common Funds, the rules of a special common fund may impose restrictions on its openness.

A special common fund that invests mainly in real estate and real estate securities need not have more than ten unitholders, however, when under the rules of the fund each unitholder shall subscribe for units in the minimum amount of EUR 1 million. The provisions laid down in subsection 1 notwithstanding, any other special common fund shall have at least ten unitholders, however. When under the rules of such a special common fund, each unitholder shall subscribe for units in the amount of EUR 500,000 at least, the special common fund may have fewer than ten unitholders, provided, however, that under its rules, the fund has a minimum total capital of EUR 2 million. When under the rules of such a special common fund an individual unitholder is required to subscribe for units in the minimum amount of EUR 2 million, the special common fund need not have more than a single unitholder. When the special common fund has fewer than 30 unitholders, these shall be professional customers or comparable wealthy private individuals.

In calculating the number of unitholders, the unitholder and a corporation under its control within the meaning of chapter 1, section 5 of the Accounting Act or a comparable foreign enterprise shall constitute a single entity. The custodian of a unit shall not be considered to be a unitholder when the custodian satisfies the requirements under chapter 11, section 7 of the Act on Common Funds.

A special common fund shall reach its minimum capital and minimum number of unitholders within one year of the commencement of activities.

Section 5 (214/2019)**Distribution of the profits of a special common fund**

A special common fund that invests mainly in real estate and real estate securities and a special common fund having fewer than 30 unitholders shall annually distribute to all unitholders in the same proportion at least three quarters of the profits for the period, unrealised revaluation gains and losses excluded.

Section 6 (214/2019)**Investing the assets of a special common fund**

The assets of a special common fund shall be invested without undue delay. When units in the special common fund may be offered to non-professional customers, the AIFM, when investing the assets of the special common fund, shall diversify the risk arising from the investing activities of the special common fund.

When units in the special common fund may be offered to non-professional customers, the rules of the fund shall mention the extent to which derogation is made from the provisions of chapter 13 of the Act on Common Funds in investing the assets of the special common fund and the manner in which the assets of the special common fund are to be invested. A special common fund that mainly invests in real estate shall comply with the provisions laid down in chapters 3 and 4 of the Real Estate Funds Act on investing the assets of the real estate fund, borrowing, valuation and appraisal of assets, and real estate appraiser and real estate appraisal.

Section 7 (214/2019)**Special common fund value calculation and management of redemptions**

On each day on which deposit banks are generally open for business (banking day), the AIFM shall calculate the value of the fund unit, except for a special common fund which invests mainly in real estate and real estate securities, the value of which shall be calculated and published monthly on the last banking day of each month.

When the investing activities of the special common fund so require, derogation from the provisions laid down in subsection 1 and in chapter 10, sections 1, 4 and 5 of the Act on Common

Funds may be made in the rules of the special common fund. When the rules of the special common fund derogate from the right of redemption of fund units provided in chapter 10, section 5 of the Act on Common Funds, the rules shall mention the conditions on which a unitholder may claim redemption of the unit in the event of a decision to amend the rules, transfer administration of the special common fund, or merge or demerge the special common fund.

Section 8 (214/2019)

Payment of subscription in a special common fund in kind

The subscription price of a unit in a special common fund which invests mainly in real estate and real estate securities may also be paid with real estate or real estate securities having a combined market value equal to the value of the fund unit issued in consideration when a provision stating that a fund unit may be subscribed for subject to the right or obligation to invest assets other than money in the special common fund against the unit in the special common fund (contribution in kind). The subscription price of a unit in a fund other than the special common fund which mainly invests in real estate and real estate securities referred to above may be paid with a contribution in kind consisting of the financial instruments referred to in chapter 13 of the Act on Common Funds. In respect of such a special common fund, the further condition shall apply that the rules must include a provision under which each unitholder shall subscribe for units in the minimum amount of EUR 1 million.

Prior to the subscription, the value of the contribution in kind and its impact on the fair treatment of unitholders shall be assessed in an appraisal obtained from the independent third-party real estate appraiser referred to in the Real Estate Funds Act or, if the contribution in kind does not include real estate or real estate securities, in an opinion from an authorised public accountant (KHT) or an audit firm, in which case the principal auditor responsible for the opinion shall be an authorised public accountant (KHT).

Chapter 17

Leveraged AIFs

Section 1

Limits to the level of leverage

The AIFM shall determine for each AIF under its management reasonable thresholds to employ leverage and constantly comply with said restrictions.

Section 2

Confirmation of the maximum level of leverage

An AIFM shall define and confirm a maximum level of leverage for each AIF it manages as well as the extent of the right to reuse collateral or guarantee that could be granted under the leveraging arrangement.

In the definition process pursuant to subsection 1 above, the following have to be taken into account:

- 1) the type, investment policy and sources of leverage of the AIF;
- 2) any other interlinkage or relevant relationships with other financial services institutions, which could pose a systemic risk;
- 3) the need to limit the exposure to any single counterparty;
- 4) the extent to which the leverage is collateralised;
- 5) the asset-liability ratio;
- 6) the scale, nature and extent of the activity of the AIFM on the markets concerned.

Section 3

Disclosure in employing leverage on a substantial basis

In addition to the provisions of section 2, the AIFM, who employs leverage on a substantial basis, shall continuously keep sufficient information on it available for the Financial Supervisory Authority.

Section 4

Monitoring by the Financial Supervisory Authority

The Financial Supervisory Authority shall assess the extent to which the AIFM's employing of leverage contributes to the build-up of systemic risk in the financial markets, risks of disorderly markets or risks to the long-term growth of the economy.

Where the stability and integrity of the financial system may be threatened, the Financial Supervisory Authority shall impose limits to the level of leverage of an AIFM.

In order to secure investor protection and stability of the financial markets, the Financial Supervisory Authority may set limits to the management of an AIF, which can be used to limit the effects of employing leverage to the growth of systemic risk in the financial markets and risks of disorderly markets.

Section 5

Statutory power

Further provisions for the implementation of the AIFM Directive may be issued by a decree of the Ministry of Finance, unless otherwise specified in the Commission Delegated Regulation, on the non-core services in section 3.

Section 6

Commission Delegated Regulation

The Commission Delegated Regulation lays down provisions on the leverage methods, definition of the calculation methods of leverage, employing leverage on a substantial basis and restrictions on the management of leveraged AIF.

Chapter 18

AIFs investing in non-listed companies

Section 1

Notification of substantive holding

When an AIF acquires, disposes of or holds shares of a non-listed company, the AIFM managing such an AIF shall notify the Financial Supervisory Authority of a substantive holding, and when the proportion of voting rights of the non-listed company held by the AIF reaches, exceeds or falls below the thresholds of 10%, 20%, 30%, 50 and 75%.

The notifications referred to in subsection 1 above shall be made without undue delay, but no later than 10 working days after the date on which the transaction occurred as a result of which the AIF has reached, exceeded or fallen below the relevant threshold in the non-listed company.

Section 2

Notifications related to control

When an AIF acquires control of a non-listed company, the AIFM managing such AIF shall, in addition to the provisions of section 1, 3 and 4, notify the Financial Supervisory Authority of the acquisition of control.

The notification required in subsection 1 above shall contain:

- 1) information on the resulting situation in terms of voting rights;
- 2) the conditions for the acquisition of control, including information about the identity of the different shareholders involved, any natural person or legal entity entitled to exercise voting rights on their behalf and, if applicable, the chain of undertakings through which voting rights are effectively held;
- 3) the date on which control was acquired.

The notification shall also be made to the company, voting rights of which were acquired, and the shareholders of which the identities and addresses are available to the AIFM or which it can obtain from the shareholders' register pursuant to chapter 3, section 15 of the Limited Liability Companies Act or equivalent foreign register to which the AIFM has or can obtain access. In its notification to the non-listed company, the AIFM shall request the board of directors of the company to inform the employees' representatives or, where there are none, the employees themselves, without undue delay of the acquisition of control by the AIF managed by the AIFM and of the information referred to in subsection 2. The AIFM shall use reasonable efforts to ensure that the employees' representatives or, where there are none, the employees themselves, are duly informed by the board of directors.

The notifications referred to in subsection 1 above shall be made without undue delay, but no later than 10 working days after the date on which the transaction occurred as a result of which the AIF's proportion of voting rights has exceeded 50%.

Section 3

Disclosure in case of acquisition of control

When an AIF acquires control of a non-listed company or an issuer, the AIFM managing such AIF shall, in addition to the provisions of section 1, 2 and 4, make available:

- 1) the identity of the AIFMs which either individually or in agreement with other AIFMs manage the AIFs that have acquired control;
- 2) the procedure for preventing and managing conflicts of interest, in particular between the AIFM, the AIF and the company, including information about the specific safeguards established to ensure that any agreement between the AIFM and/or the AIF and the company, if any exist, is concluded at regular market terms;
- 3) the policy for external and internal communication relating to the company in particular as regards employees.

The AIFM shall make information referred to in subsection 1 available to the Financial Supervisory Authority, the company of which control was acquired, and to the shareholders of which the identities and addresses are available to the AIFM or can be made available by the company referred to in subsection 1 or through a register to which the AIFM has or can obtain access; In its notification to the company referred to in subsection 1, the AIFM shall request the board of directors of the company to inform the employees' representatives or, where there are none, the employees themselves, without delay of the acquisition of control by the AIF managed by the AIFM and of the information referred to in subsection 1.

In order to apply this section, the percentage of voting rights that produces control and its calculation method in the issuer are determined according to the provisions of chapter 2, section 4 of the Securities Markets Act.

Section 4

Obligation to notify of intentions

When an AIF acquires control of a non-listed company, the AIFM managing such AIF shall, in addition to the provisions of sections 1—3, notify of its intentions regarding the company's business operations.

The notification referred to in subsection 1 above shall disclose the AIFM's intentions with regard to the future business of the non-listed company and the likely repercussions the employees, including any material change in the conditions of employment.

The AIFM shall notify the factors referred to in subsection 2 to the company, voting rights of which were acquired, and to the shareholders of which the identities and addresses are available to the AIFM or which it can obtain from the non-listed company or through a register to which the AIFM has or can obtain access. The AIFM shall request the board of directors of the company to inform the employees' representatives or, where there are none, the employees themselves, without undue delay of the acquisition of control by the AIF managed by the AIFM and of the information referred to in subsection 2.

Section 5

Obligation to provide information on the financing of the acquisition of control

When an AIF acquires control of a non-listed company, the AIFM managing such AIF shall, in addition to the provisions of sections 1—3, provide the Financial Supervisory Authority and the AIF's investors with information on the financing of the acquisition of control.

Section 6

Annual report of the portfolio company

When an AIF acquires control of a non-listed company, the AIFM managing such AIF shall prepare an annual report of the portfolio company, if one has not been duly prepared.

The annual report shall give:

- 1) a true and fair view of the result of operations and the financial position of the company and their development during the review period;
- 2) a description of the significant events occurring after the end of the accounting period and business operations and their effect on the portfolio company's result of operations and financial position;
- 3) a description of material risks and uncertainties related to the business operations of the portfolio company in the near future;

4) information pursuant to chapter 8, section 8 of the Limited Liability Companies Act.

Instead of the AIFM including the information referred to in subsection 2 to the annual report in accordance with subsection 1, it may include the information in the annual report in accordance with chapter 11, section 1.

The AIFM shall request the board of directors of a non-listed company to notify without delay the annual report referred to in subsection 2 to the employees' representatives or, if there are none, to the employees themselves.

The annual report shall be made available to the employees and investors within the period pursuant to chapter 3, section 6 of the Accounting Act. The annual report referred to in subsection 3 above, however, shall be made available to the employees and investors no later than six months after the end of the accounting period.

Section 7

Asset stripping

When an AIF referred to in section 1 acquires control of a non-listed company or an issuer the AIFM managing such an AIF shall, for a period of 24 months following the acquisition of control of the company or issuer by the AIF, use reasonable efforts to prevent the asset stripping of the company or the issuer.

The AIFM referred to in section 1 above shall not in especial distribute assets contrary to the Limited Liability Companies Act.

In order to apply this section, the percentage of voting rights that produces control and its calculation method in the issuer are determined according to the provisions of chapter 2, section 4 of the Securities Markets Act.

Section 8 (1358/2021)

Non-disclosure obligation of employees' representative

An employees' representative or expert who represents employees shall not, in compliance with section 40 of the Co-operation Act, disclose any confidential information disclosed in accordance with this chapter.

Section 9

Statutory power

Further provisions for the implementation of the AIFM Directive may be issued by a decree of the Ministry of Finance, unless otherwise provided in the Commission Delegated Regulation, on the procedure for preventing asset stripping referred to in section 7, when the company of which control was acquired is other than a limited company.

PART VII

CROSS-BORDER ACTIVITY

Chapter 19

EEA Member States

Section 1 (1078/2017)

Right to manage an AIF established in another EEA Member State and to provide an investment service in another EEA Member State

An authorised AIFM may manage an AIF established in another EEA Member State or provide the asset management service referred to in chapter 3, section 2, subsection 2 and the non-core services referred to in chapter 3, section 3 after having submitted a notification to the Financial Supervisory Authority, which contains:

- 1) the EEA Member States in which it intends to manage AIFs or provide asset management and non-core services;
- 2) a programme of operations identifying the AIF it intends to manage and the services which it intends to perform.

If the activities referred to in subsection 1 are pursued through establishing a branch, the following shall be submitted to the Financial Supervisory Authority prior to the commencement of operation of the branch:

- 1) details of the organisational structure of the branch;
- 2) the address details in order to obtain documents related to the matter in the home Member State of the AIFs;

3) the names and contact details of the persons responsible for the management of the branch.

The AIFM may commence the activities referred to in subsection 1 after having received a notification to that effect from the Financial Supervisory Authority.

The AIFM shall give written notification of a change to any of the information referred to in this section to the Financial Supervisory Authority at least one month prior to implementing the planned change, or immediately after an unplanned change has occurred.

Section 2 (1078/2017)

The right of an EEA AIFM to manage an AIF and provide an investment service in Finland

An EEA AIFM may manage AIFs or provide the asset management service referred to in chapter 3, section 2, subsection 2 and the non-core services referred to in chapter 3, section 3 in Finland, without having to establish a subsidiary or branch, on the same conditions as the AIFMs authorised pursuant to this Act.

The AIFM referred to in subsection 1 above may start to manage an AIF and provide asset management and non-core services in Finland after receipt of notification to that effect from the foreign EEA supervisory authority of its home Member State.

Section 3

The right to market and pre-market an EEA AIF in Finland (975/2021)

An authorised AIFM may market the units of an EEA AIF under its management in Finland as provided in chapter 12, section 1.

Provisions on marketing to a non-professional customer are laid down in chapter 13.

An authorised AIFM may pre-market the units of an EEA AIF under its management in Finland in compliance with chapter 13a. (975/2021)

Section 4

The right to market an EEA AIF in other EEA Member States

An authorised AIFM may market the units of an EEA AIF that it manages in an EEA Member State other than Finland after having submitted a notification in English to the Financial Supervisory

Authority on the EEA AIF that it intends to market in an EEA Member State containing the documents and information necessary for the assessment of the matter.

Where the EEA AIF is a feeder AIF, the right to market referred to in subsection 1 is subject to the condition that the master AIF is also an EEA AIF and is managed by an authorised EEA AIFM.

The AIFM may start marketing the units of the EEA AIF that it manages in another EEA Member State after having received a notification to that effect from the Financial Supervisory Authority.

The AIFM shall give written notification of a change to any of the information referred to in this section to the Financial Supervisory Authority at least one month before implementing the planned change, or immediately after an unplanned change has occurred.

An investment firm may market the units of an EEA AIF in another EEA Member State after the AIFM of the AIF has obtained a notification pursuant to subsection 3 from the Financial Supervisory Authority and by complying with the provisions of this section.

Section 4a (975/2021)

The right to pre-market an EEA AIF in other EEA Member States

An authorised AIFM may pre-market the units of an EEA AIF to professional customers in an EEA Member State other than Finland when the information and documents on the EEA AIF presented to professional customers meet the conditions laid down in chapter 13a, section 1, subsections 1 and 2.

The AIFM shall submit to the Financial Supervisory Authority the notification referred to in chapter 13a, section 2 within two weeks of having started the pre-marketing in another EEA Member State.

The AIFM shall ensure that investors do not acquire units in the EEA AIF on the basis of the pre-marketing and that the investors to whom the pre-marketing is addressed can only acquire units in the EEA AIF once marketing is permitted in the said EEA Member State under section 4.

Where a professional customer in another EEA Member State, within 18 months of the pre-marketing having been started in the said EEA Member State, subscribes for units in an EEA AIF referred to in the information provided in the context of the pre-marketing or established as a

result of the pre-marketing, the subscription shall be considered a result of the marketing and the notification procedure under section 4, subsection 1 shall be complied with.

An AIFM shall ensure that the pre-marketing it carries out in another EEA Member State is adequately documented.

Pre-marketing on behalf of an authorised AIFM may be carried out by another AIFM, an investment firm as referred to in the Act on Investment Services, a credit institution as referred to in the Act on Credit Institutions, a management company as referred to in the Act on Common Funds and a party authorised for equivalent activities in another EEA Member State as well as a tied agent as referred to in the Act on Investment Services, in compliance with the provisions of this section.

Section 5

The right of an AIFM established in another EEA Member State to market an AIF in Finland

An EEA AIFM may, without having to establish a subsidiary or a branch, market the units of an AIF or an EEA AIF under its management in Finland on the same conditions as AIFMs authorised pursuant to this Act. The AIFM may start marketing after having received notification permitting marketing from the foreign EEA supervisory authority of its home Member State. If the units are marketed to professional customers only, the Financial Supervisory Authority shall also be provided with information on the arrangements preventing marketing of units of the AIF to non-professional customers.

The EEA AIFM may market the units of an EEA AIF in Finland only in the manner provided in subsection 1.

A party entitled to pursue transmission of assignments in Finland referred to in chapter 1, section 15 of the Investment Services Act, may market the units of an EEA AIF in Finland only, if the AIFM of said AIF has received a notification from an EEA supervisory authority referred to in subsection 1. (1078/2017)

An EEA AIFM subject to the registration requirement may market the units of an EEA AIF under its management to professional customers in Finland after having submitted to the Financial Supervisory Authority a written notification thereof. The notification shall include a clarification on that it shall:

- 1) comply with the provisions of chapter 12, sections 2—11 in the marketing of the AIF;
- 2) comply with the provisions of chapter 5, section 4, chapter 11, sections 1 and 2 and chapter 1, section 8 and chapter 18 in respect of the AIF that it markets.

Provisions on offering units of an AIF in Finland are laid down in chapter 12. Provisions on marketing to a non-professional customer are laid down in chapter 13.

Section 5a (975/2021)

The right of an AIFM established in another EEA Member State to pre-market an AIF in Finland

An EEA AIFM may pre-market an EEA AIF in Finland in compliance with chapter 13a, section 1, section 3, subsection 1 and section 4 on the conditions for pre-marketing. Having received a notification from the foreign EEA supervisory authority of the home Member State of the EEA AIFM of the pre-marketing carried out in Finland by the EEA AIFM, the Financial Supervisory Authority may request the foreign EEA supervisory authority to provide further information on this pre-marketing.

An EEA AIFM subject to the registration requirement may pre-market in Finland the units of an EEA AIF under its management to professional customers in compliance with chapter 13a, section 1, section 3, subsection 1 and section 4 on the conditions for pre-marketing. Within two weeks of having started pre-marketing in Finland, the EEA AIFM subject to the registration requirement shall submit to the Financial Supervisory Authority an informal notification containing the following information:

- 1) the periods during which the pre-marketing is taking or has taken place;
- 2) a brief description of the pre-marketing including information on the investment strategies presented; and
- 3) where necessary, a list of the AIFs which are or were the subject of pre-marketing.

Where an investor, within 18 months of the pre-marketing having been started in Finland, subscribes for units in an EEA AIF referred to in the information provided in the context of the pre-marketing referred to in subsection 1 or 2 of this section or established as a result of it, the

subscription shall be considered a result of the marketing and the provisions of section 5 on the right to market units of an EEA AIF in Finland shall be complied with.

Section 6 (975/2021)

The right to de-notify arrangements made for marketing in another EEA Member State

An authorised AIFM may de-notify arrangements made for the marketing of the units of an EEA AIF under its management in the EEA Member State in respect of which it has submitted the notification referred to in section 4, subsection 1 when:

- 1) a blanket offer is made to re-purchase or redeem, free of any charges or deductions, all such AIF units or shares held by investors in the host Member State of the AIFM, the blanket offer is publicly available for at least 30 banking days, and it is addressed, directly or through intermediaries, individually to all investors whose identity is known;
- 2) the intention to terminate arrangements made for marketing units or shares of some or all of its AIFs in the host Member State of the AIFM is made public by means of a publicly available medium which is customary for marketing AIFs and suitable for a typical AIF investor;
- 3) any contractual arrangements with intermediaries or delegates are modified or terminated with effect from the date of de-notification in order to prevent any new or further, direct or indirect, offering or placement of the units or shares identified in the notification referred to in subsection 3 below.

The provisions of subsection 1, paragraph 1 on the obligation to make a blanket offer to re-purchase or redeem does not apply to closed-ended AIFs and European long-term investment funds regulated by the European Long-Term Investment Funds Regulation.

The AIFM shall provide to the Financial Supervisory Authority a notification containing the information referred to in subsection 1, paragraphs 1–3.

The AIFM shall cease any new or further, direct or indirect, offering or placement of units or shares of the AIF it manages in the host Member State of the AIFM as from the date on which arrangements for marketing in this EEA Member State are de-notified.

The AIFM shall provide the investors which continue to hold units of the AIF as well as the Financial Supervisory Authority with the documents and information referred to in chapter 11, section 1 and chapter 12, sections 4–6.

For a period of 36 months from the date of de-notification of arrangements for marketing in the host Member State of the AIFM, the AIFM shall not engage in pre-marketing of units or shares of the AIF specified in the de-notification, or in respect of similar investment strategies or investment ideas, in that EEA Member State.

Section 6 (1078/2017)

Section 6 was repealed by Act 1078/2017.

Section 6a (975/2021)

The right of an EEA AIFM to de-notify arrangements made for marketing in Finland

An EEA AIFM that has submitted the notification referred to in section 5, subsection 1 of the marketing in Finland of an EEA AIF may de-notify arrangements made for the marketing of the units of the EEA AIF in Finland when:

- 1) a blanket offer is made to re-purchase or redeem, free of any charges or deductions, all such EEA AIF units or shares held by investors in Finland, the blanket offer is publicly available for at least 30 banking days, and it is addressed, directly or through intermediaries, individually to all investors whose identity is known;
- 2) the intention of the EEA AIFM to terminate arrangements made for marketing the EEA AIF in Finland is made public by means of a publicly available medium which is customary for marketing EEA AIFs and suitable for a typical investor in such funds; and
- 3) any contractual arrangements with intermediaries or delegates are modified or terminated with effect from the date of de-notification in order to prevent any new or further, direct or indirect, offering or placement of the units or shares of the EEA AIF.

The provisions of subsection 1, paragraph 1 on the obligation to make an offer to re-purchase or re-deem does not apply to closed-ended AIFs and European long-term investment funds regulated by the European Long-Term Investment Funds Regulation.

The EEA AIFM shall cease any new or further, direct or indirect, offering or placement of units or shares of the EEA AIF in Finland as from the date on which arrangements for marketing are de-notified.

The EEA AIFM shall provide the investors which continue to hold units of the EEA AIF with the documents and information referred to in chapter 11, section 1 and chapter 12, sections 4–6.

For a period of 36 months from the date of de-notification of arrangements for marketing of the EEA AIF, the EEA AIFM shall not engage in pre-marketing of units or shares of the said AIF, or in respect of similar investment strategies or investment ideas, in Finland.

Having received from the foreign EEA supervisory authority of the home Member State of the EEA AIFM all information on the information on any changes to the documentation and information referred to in points (b) to (f) of Annex IV of the AIFM Directive, the Financial Supervisory Authority can no longer require the EEA AIFM to comply with the provisions on marketing requirements as referred to in Article 5 of the Cross-Border Fund Distribution Regulation in Finland.

An EEA AIFM subject to the registration requirement that has submitted the notification referred to in section 5, subsection 4 of the marketing of an EEA AIF under its management in Finland may de-notify arrangements made for the marketing of the units of the EEA AIF which the notification concerns in Finland in compliance with the provisions laid down in subsections 1–5 on de-notifying the arrangements made for the marketing of an EEA AIF. The AIFM subject to the registration requirement shall notify the Financial Supervisory Authority of the de-notification of the arrangements made for marketing and the notification shall contain the information referred to in subsection 1, paragraphs 1–3.

Section 7 (1078/2017)

Statutory power

Subject to the provisions of the Commission Delegated Regulation, further provisions on the documents and information referred to in section 4, subsection 1 may be issued by a decree of the Ministry of Finance for the implementation of the AIFM Directive.

Chapter 20

Third countries

Section 1

Right to manage an AIF established in a third country

An authorised AIFM may manage an AIF established in a third country. The AIFM shall comply with the requirements laid down in this Act with the exception of the obligation to see to the custody function in chapter 7, section 4 and the obligation to prepare an annual report in chapter 11, section 1. Appropriate cooperation arrangements shall have been introduced between the Financial Supervisory Authority and the supervisory authorities of the third country where the AIF is established in order to ensure an efficient exchange of information that allows the Financial Supervisory Authority to carry out its duties.

The right to manage an AIF provided in subsection 1 above shall not contain a right to market said AIF in the EEA Member States.

Section 2

Right to market an AIF established in a third country

An authorised AIFM may market in Finland the units of an AIF under its management established in a third country to professional customers after having made a written notification thereof to the Financial Supervisory Authority. The notification shall include a clarification that:

- 1) the AIFM shall comply with the provisions of chapter 12 in the marketing of the AIF;
- 2) appropriate cooperation arrangements for the purpose of systemic risk oversight in line with international standards have been introduced between the Financial Supervisory Authority and the supervisory authorities of the third country where the AIF is established in order to ensure an efficient exchange of information that allows the Financial Supervisory Authority to carry out its duties in accordance with the AIFM Directive;
- 3) the third country where the AIF is established shall not be listed as a Non-Cooperative Country and Territory by the Financial Action Task Force on anti-money laundering and terrorist financing (FATF);

4) there is an agreement between the third country where the AIF is established and Finland that fully complies with the standards laid down in Article 26 of the OECD Model Tax Convention on Income and on Capital and ensures an effective exchange of information in tax matters;

5) the AIFM has provided the Financial Supervisory Authority with information of the corporations responsible for the tasks pursuant to chapter 15, sections 2 and 3.

The provisions of subsection 1 shall also apply to such EEA AIFM, where the foreign EEA supervisory authority of its home Member State has introduced the cooperation arrangement referred to in subsection 1, paragraph 2.

The provisions of subsections 1 and 2 shall also apply to a feeder AIF, the master AIF of which is established in a third country.

The AIFM referred to in subsections 1 and 2 above shall not be obliged to comply with the provisions laid down in chapter 7, section 4 or elsewhere by virtue of Article 21 of the AIFM Directive on seeing to the custody function insofar as they apply to an AIF established in a third country. The notification submitted to the Financial Supervisory Authority pursuant to subsection 1 shall contain a clarification on manner of ensuring that one or more entities are appointed to carry out the custody and other functions in accordance with chapter 15, sections 2 and 3 or as provided elsewhere and as referred to in Article 21(7—9) of the AIFM Directive. The AIFM shall not perform those functions.

The AIFM may begin marketing the units of the AIF under its management established in a third country to professional customers after having received a notification to that effect from the Financial Supervisory Authority.

An investment firm or an AIFM, which does not act as the AIFM of said AIF, may market the units of the AIF established in a third country to professional customers in EEA Member States after the AIFM of said AIF has received a notification pursuant to subsection 5 from the Financial Supervisory Authority, and by complying with the provisions of this section.

Section 2a (975/2021)

Right to pre-market an AIF established in a third country

An authorised AIFM may pre-market in Finland the units of an AIF under its management established in a third country to professional customers in Finland. The provisions of chapter 13a,

section 1, section 3, subsection 1 and section 4 on pre-marketing in Finland shall be complied with in the pre-marketing of the AIF established in a third country.

Within two weeks of having started pre-marketing, the AIFM shall submit to the Financial Supervisory Authority an informal notification containing the following information:

- 1) the periods during which the pre-marketing is taking or has taken place;
- 2) a brief description of the pre-marketing including information on the investment strategies presented; and
- 3) where necessary, a list of the AIFs established in a third country which are or were the subject of pre-marketing.

Where a professional customer within 18 months of the pre-marketing having been started in Finland, subscribes for units in the third-country AIF referred to in the information provided in the context of the pre-marketing or established as a result of the pre-marketing, the subscription shall be considered a result of the marketing and the provisions of section 2 of this chapter on the right to market an AIF established in a third country shall be complied with.

The provisions of subsections 1–3 also apply to EEA AIFMs.

Section 3

Marketing from a third country

An authorised AIFM established in a third country may market in Finland the units of an EEA AIF or an AIF established in a third country under its management to professional customers after having made a written notification thereof to the Financial Supervisory Authority. The notification shall include a clarification that:

- 1) the AIFM established in a third country shall, in respect of each AIF that it markets, comply with the provisions of chapter 7, section 3, chapter 11, sections 1 and 2, chapter 12, sections 2–8, chapter 17, section 3 and in respect of each AIF referred to in chapter 1, section 8, subsection 1 also the provisions of chapter 18;
- 2) appropriate cooperation arrangements for the purpose of systemic risk oversight in line with international standards have been introduced between the Financial Supervisory Authority, the

supervisory authorities of the AIF's home Member State, and the supervisory authorities of the AIFM and of the third country where the AIF is established, in order to ensure an efficient exchange of information that allows the Financial Supervisory Authority to carry out its duties in accordance with this Act;

3) the third country where the AIFM or the AIF is established shall not be listed as a Non-Cooperative Country and Territory by the Financial Action Task Force on anti-money laundering and terrorist financing (FATF);

4) there is an agreement between the third country where the AIF is established and Finland which fully complies with the standards laid down in Article 26 of the OECD Model Tax Convention on Income and on Capital and ensures an effective exchange of information in tax matters.

The AIFM established in a third country may begin marketing the units of the EEA AIF or the AIF established in a third country under its management to professional customers after having received a notification to that effect from the Financial Supervisory Authority.

An investment firm or an AIFM, which does not manage the AIF referred to in this section, may market the units of said AIF to professional customers in EEA Member States after the AIF's AIFM established in a third country has received a notification pursuant to subsection 2 from the Financial Supervisory Authority, and by complying with the provisions of this section.

Section 3a (975/2021)

Pre-marketing from a third country

An AIFM established in a third country may pre-market the units of an EEA AIF or an AIF established in a third country under its management to professional customers in Finland. In the pre-marketing, the AIFM established in a third country shall comply with the provisions of chapter 13a, section 1, section 3, subsection 1 and section 4 on the conditions for pre-marketing.

Within two weeks of having started pre-marketing, the AIFM established in a third country shall submit to the Financial Supervisory Authority an informal notification containing the following information:

1) the periods during which the pre-marketing is taking or has taken place;

2) a brief description of the pre-marketing including information on the investment strategies presented; and

3) where necessary, a list of the EEA AIFs or AIFs established in a third country which are or were the subject of pre-marketing.

Where a professional customer within 18 months of the pre-marketing having been started in Finland, subscribes for units in the EEA AIF or third-country AIF referred to in the information provided in the context of the pre-marketing or established as a result of the pre-marketing, the sub-scription shall be considered a result of the marketing and the provisions of section 3 of this chapter on the right of an AIFM established in a third country to engage in marketing in Finland shall be complied with.

Section 4

Depositary

Notwithstanding the provisions of chapter 7, section 4 on taking care of the custody function, the AIFM can appoint for the AIF established in a third country a depositary established in said third country or a depositary established in Finland.

The AIFM shall, in the appointment of a depositary established in a third country, ensure that the depositary and its country of establishment fulfil the following conditions for supervision, exchange of information, regulation and investor liability:

1) appropriate cooperation arrangements for the purpose of systemic risk oversight in line with international standards have been introduced between the Financial Supervisory Authority and the supervisory authorities of the third country where the depositary is established in order to ensure an efficient exchange of information that allows the Financial Supervisory Authority to carry out its duties in accordance with the AIFM Directive;

2) the depositaries are subject to effective regulation concerning stability of operations, minimum capital requirements and supervision, the effects of which correspond with EU's harmonised legislation, and the implementation of which is efficiently supervised;

3) the third country where the depositary is established shall not be listed as a Non-Cooperative Country and Territory by the Financial Action Task Force on anti-money laundering and terrorist financing (FATF);

4) there is an agreement between the third country where the depositary is established and Finland which fully complies with the standards laid down in Article 26 of the OECD Model Tax Convention on Income and on Capital and ensures an effective exchange of information in tax matters;

5) the depositary shall, by virtue of the agreement, be liable to the AIF or its investors in accordance with Article 21(12 -13) of the AIFM Directive and it shall expressly undertake to comply with Article 21(11).

Section 5

Cross-border investment in an AIF

The provisions of this chapter shall not affect an investor's right to invest in selected AIFs established in a third country. A professional customer may with a detailed written consent waive his/her right of access to information pursuant to chapter 12, section 4, subsection 6 concerning the AIFM managing an AIF established in a third country. (975/2021)

The Financial Supervisory Authority shall keep publicly available details of the AIFs established in a third country, whose marketing in Finland has been notified to it by virtue of section 2 or 3, and of their AIFMs.

Notwithstanding the provisions of chapter 12 or this chapter, an AIFM established in a third country may report on the investments to the investor without separate restrictions.

Section 5a (975/2021)

The right of an AIFM established in a third country to de-notify arrangements made for marketing in Finland

An AIFM established in a third country that has submitted the notification referred to in section 3 of the marketing in Finland of an EEA AIF or an AIF established in a third country may de-notify arrangements made for the marketing of the units of the AIF concerned in Finland when:

1) a blanket offer is made to re-purchase or redeem, free of any charges or deductions, all such AIF units or shares held by investors in Finland, the blanket offer is publicly available for at least 30 banking days, and it is addressed, directly or through intermediaries, individually to all investors whose identity is known;

2) the intention of the AIFM established in a third country to terminate arrangements made for marketing the EEA AIF in Finland is made public by means of a publicly available medium which is customary for marketing the said AIFs and suitable for a typical investor in such funds; and

3) any contractual arrangements with intermediaries or delegates are modified or terminated with effect from the date of de-notification in order to prevent any new or further, direct or indirect, offering or placement of the units or shares of the EEA AIF or AIF established in a third country.

The provisions of subsection 1, paragraph 1 on the obligation to make an offer to re-purchase or redeem does not apply to closed-ended AIFs.

The AIFM established in a third country shall provide to the Financial Supervisory Authority a notification containing the information referred to in subsection 1, paragraphs 1–3.

The AIFM established in a third country shall cease any new or further, direct or indirect, offering or placement of units or shares of the EEA AIF or the AIF established in a third country in Finland as from the date on which arrangements for the marketing of the said AIF are de-notified.

The AIFM established in a third country shall provide the investors which continue to hold units of the EEA AIF or the AIF established in a third country with the documents and information referred to in chapter 11, section 1 and chapter 12, sections 4–6.

For a period of 36 months from the date referred to in subsection 4, the AIFM established in a third country shall not engage in pre-marketing of units or shares of the said AIF or AIF established in a third country, or in respect of similar investment strategies or investment ideas, in Finland.

The provisions of this section also apply to the EEA AIFM referred to in section 2, subsection 2 which de-notifies the arrangements made for the marketing in Finland of an AIF established in a third country and under its management.

Section 6

Other provisions on a third country

After entry into force of the Commission Delegated Regulation referred to in Article 67 of the AIFM Directive, the provisions of Articles 35 and 37–41 of said Directive shall be complied with.

Section 7**Commission Delegated Regulation**

The Commission Delegated Regulation lays down provisions on the assessment criteria for regulation and supervision concerning the stability of operations applicable to depositary established in a third country and specific rules concerning third countries.

PART VIII**SUPERVISION AND PENALTIES****Chapter 21****Provisions on the Financial Supervisory Authority****Section 1****Supervision**

The Financial Supervisory Authority monitors compliance with this Act and the provisions issued by virtue thereof as provided in this Act and in the Act on the Financial Supervisory Authority.

The Financial Supervisory Authority monitors the depositary functions pursuant to this Act.

The Financial Supervisory Authority may demand other information from an individual AIFM in addition to the information separately referred to in this Act, if necessary for the monitoring and management of systemic risk as is provided in the Act on the Financial Supervisory Authority. The Financial Supervisory Authority shall inform ESMA about additional information requirements exceeding those of chapter 7, section 3.

Provisions on the Financial Supervisory Authority's obligation to cooperate with the consumer ombudsman in monitoring customer protection are laid down in chapter 5 of the Act on the Financial Supervisory Authority.

Section 2**Notification of the restriction on the level of leverage**

The Financial Supervisory Authority shall, prior to imposing limits referred to in chapter 17, section 4, subsections 2 or 3 on the AIFM, notify ESMA, ESRB and the foreign EEA supervisory authority thereof.

The notification shall be made not less than 10 working days before the proposed measure is intended to take effect or to be renewed

The notification shall include details of the proposed measure, the reasons for the measure and when the measure is intended to take effect or to be renewed. The Financial Supervisory Authority may in exceptional circumstances decide that the proposed measure takes effect prior to the expiry of the period referred to in subsection 2.

If the Financial Supervisory Authority implements the measure referred to in subsection 1 objected to by ESMA in its statement, it shall inform ESMA thereof, stating its reasons. The justifications are public.

Section 3

Management of AIFs and provision of investment services in EEA Member State (1078/2017)

After receipt of the notification pursuant to chapter 19, section 1, the Financial Supervisory Authority shall ensure whether the AIFM complies with this Act in the management of the AIF and the provision of asset management and non-core services. In addition, the Financial Supervisory Authority shall ensure whether the authorisation of the AIFM covers the management of the AIFs and the provision of the asset management and non-core services pursuant to the action programme attached to the notification. The Financial Supervisory Authority shall, within a month from receipt of the complete notification, submit all documents to the competent authorities of the AIFM's host Member State. A statement shall be issued in relation to the same that the notifier is an AIFM authorised in accordance with this Act. (1078/2017)

If the operation regulated in chapter 19 is pursued by establishing a branch, instead of the period referred to in subsection 1, the Financial Supervisory Authority shall, within 2 months of receiving the complete documentation, transmit the complete documentation to the competent authorities of the host Member State of the AIFM.

After transmission of the documents, the Financial Supervisory Authority shall without delay inform the AIFM of the matter.

Section 4 (214/2019)**Marketing of an AIF**

The Financial Supervisory Authority shall, after receipt of a notification referred to in chapter 12, section 1 or chapter 19, section 3, verify whether the AIFM complies with this Act in the management of the AIF. The Financial Supervisory Authority shall inform the AIFM of the decision no later than 20 working days after the receipt of the complete notification. The Financial Supervisory Authority shall at the same time notify the matter to the foreign EEA supervisory authority of the home Member State of the AIF.

If the Financial Supervisory Authority considers that it has not been provided with sufficient information when the notification referred to in subsection 1 has to do with an AIF offered to non-professional customers, the Financial Supervisory Authority shall issue a negative decision in the matter within 10 banking days of receipt of the additional information supplied to it and no later than within 90 days of receipt of the notification referred to in subsection 1.

The Financial Supervisory Authority may prohibit the commencement of marketing to non-professional customers when on the grounds put forward in more detail in its decision it holds that the AIF does not satisfy the conditions for marketing imposed in chapter 13.

The provisions laid down in subsections 2 and 3 on the right of the Financial Supervisory Authority to prohibit the commencement of the marketing of an AIF shall also apply to change notifications.

Section 5**Marketing of an AIF to another EEA Member State**

The Financial Supervisory Authority shall, after receipt of a notification pursuant to in chapter 19, section 4, verify whether the AIFM complies with this Act in the management of the AIF. The Financial Supervisory Authority shall, within 20 working days following receipt of the complete notification, transmit the documents and information pertaining to the notification to the foreign EEA supervisory authority of the EEA Member State, in which the AIF is intended to be marketed. The Financial Supervisory Authority shall, at the same time, transmit a statement in English on the AIFM's authorisation to manage the AIF in accordance with the specific investment policy it has notified. The Financial Supervisory Authority shall, at the same time, notify the matter to the foreign EEA supervisory authority of the EEA Member State, in which the AIF is located.

After transmission of the documents and information, the Financial Supervisory Authority shall without delay inform the AIFM of the matter.

Section 5a (975/2021)

Pre-marketing of an AIF in another EEA Member State

Having received the notification referred to in chapter 19, section 4a, subsection 2, the Financial Supervisory Authority shall, without delay, notify the matter to the foreign EEA supervisory authority of the EEA Member State where the AIFM carries or carried out pre-marketing. Upon request, the Financial Supervisory Authority shall provide the foreign EEA supervisory authority with further information on the pre-marketing that is or was carried out in the EEA Member State concerned.

Section 6 (975/2021)

Changes in the information on the management of an AIF or provision of investment service

Having received the notification referred to in chapter 19, section 1, subsection 4, the Financial Supervisory Authority shall assess the planned changes. Where the planned change would result in the AIFM no longer being compliant with this Act, the Financial Supervisory Authority shall, within 15 banking days of receipt of all of the information referred to in chapter 19, section 1, subsection 4, prohibit the implementation of the change.

Where an AIFM implements a change referred to in subsection 1 despite prohibition by the Financial Supervisory Authority or in the event of an unplanned change, in consequence of which the AIFM is no longer compliant with this Act, the Financial Supervisory Authority shall take all due measures to ensure the cessation of non-compliant activities. The Financial Supervisory Authority shall without delay notify the matter to the foreign EEA supervisory authority of the host Member State of the AIFM.

Where the changes are acceptable and the Financial Supervisory Authority can ensure compliance by the AIFM with this Act, the Financial Supervisory Authority shall without delay notify the changes to the foreign supervisory authority of the host Member State of the AIFM.

Section 6a (975/2021)**Changes in information on marketing**

Having received the notification referred to in chapter 12, section 1, subsection 4, the Financial Supervisory Authority shall assess the planned changes. Where the planned change would result in the AIFM no longer being compliant with this Act, the Financial Supervisory Authority shall without delay prohibit implementation of the change.

Where the planned change is implemented despite prohibition by the Financial Supervisory Authority or in the event of an unplanned change, in consequence of which the AIFM is no longer compliant with this Act, the Financial Supervisory Authority shall take all due measures to ensure the cessation of non-compliant activities, including where necessary prohibition of marketing of the AIF.

Where the changes are acceptable and the Financial Supervisory Authority can ensure compliance by the AIFM with this Act, the Financial Supervisory Authority shall without delay notify the AIFM that it does not intend to prohibit the changes.

Section 6b (975/2021)**Changes in information on marketing in cross-border contexts**

Having received the notification referred to in chapter 19, section 4, subsection 4, the Financial Supervisory Authority shall assess the planned changes. Where the planned change would result in the AIFM no longer being compliant with this Act, the Financial Supervisory Authority shall, within 15 banking days of receipt of all of the information referred to in chapter 19, section 4, subsection 4, prohibit the implementation of the change. The Financial Supervisory Authority shall without delay notify the matter to the foreign EEA supervisory authority of the host Member State of the AIFM.

Where the AIFM implements the planned change despite prohibition by the Financial Supervisory Authority or in the event of an unplanned change, in consequence of which the AIFM is no longer compliant with this Act, the Financial Supervisory Authority shall take all due measures to ensure the cessation of non-compliant activities, including where necessary prohibition of marketing of the AIF. The Financial Supervisory Authority shall without delay notify the matter to the foreign EEA supervisory authority of the host Member State of the AIFM.

Where the changes are acceptable and the Financial Supervisory Authority can ensure compliance by the AIFM with this Act, the Financial Supervisory Authority shall notify the changes to the foreign supervisory authority of the host Member State of the AIFM within one month of receipt of the notification.

Section 6c (975/2021)

De-notification of arrangements for marketing in an EEA Member State

Having received the notification referred to in chapter 19, section 6, subsection 3, the Financial Supervisory Authority shall review the notification and, within 15 banking days of receipt of a complete notification, transmit it to the foreign EEA supervisory authority of the EEA Member State specified in the notification and to ESMA. After transmission of the notification, the Financial Supervisory Authority shall without delay inform the AIFM of the matter.

The Financial Supervisory Authority shall provide the foreign EEA supervisory authority referred to in subsection 1 with the necessary information on the changes to the documents and information provided by the AIFM under chapter 19, section 4, subsection 1.

Further provisions on the information referred to in subsection 2 which the Financial Supervisory Authority shall provide shall be issued by a decree of the Ministry of Finance for the implementation of the AIFM Directive.

Section 6

Changes in information concerning management, investment service provision or marketing (1078/2017)

The Financial Supervisory Authority shall assess the planned changes after having received the notification referred to in chapter 12, section 1, subsection 4, chapter 19, section 1, subsection 4 or section 4, subsection 4.

If the changes are acceptable and the Financial Supervisory Authority can ensure that the AIFM complies with this Act or the provisions issued by virtue thereof, the Financial Supervisory Authority shall without delay inform the AIFM that it is not going to prohibit the changes. The Financial Supervisory Authority shall notify the foreign EEA supervisory authority of another EEA Member State of the changes, if necessary.

If the AIFM would not comply with this Act or the provisions issued by virtue thereof on the basis of the change, the Financial Supervisory Authority shall prohibit the change.

If the planned change is implemented despite the prohibition or if another factor has arisen as a result of which the AIFM no longer complies with this Act or the provisions issued by virtue thereof, the Financial Supervisory Authority shall take appropriate measures pursuant to chapter 3 of the Act on the Financial Supervisory Authority, and if necessary, prohibit management of AIFs, provision of asset management and non-core services and offering of units of the AIFs in all EEA Member States. (1078/2017)

Section 7

Verification of legality of AIF

When the Financial Supervisory Authority receives the notification pursuant to chapter 3, section 5, subsection 3, it shall request the said AIFM to implement the necessary actions to ensure that the AIF, or an entity acting on its behalf, complies with its obligations provided in this Act.

If the AIF does not comply with its obligations pursuant to this Act within a reasonable period of time as of the request pursuant to subsection 1, the AIFM shall be prohibited from managing said AIF by a decision of the Financial Supervisory Authority. Said AIF shall no longer be marketed in Finland or in another EEA Member State prior to the appointment of an AIFM pursuant to this Act. Similarly, an AIF, established in a third country, that does not have an AIFM, shall not be marketed in Finland or in another EEA Member State. The Financial Supervisory Authority shall immediately notify of the prohibition to the foreign EEA supervisory authorities of the home Member State of the AIF and to the foreign EEA supervisory authorities of those EEA Member States in which AIFs managed by the AIFM are marketed.

Section 8

Information obtained from depositary

The Financial Supervisory Authority may request for its use information that the depositary or special depositary referred to in this Act obtained in the course of managing its tasks if the information is necessary in order for the Financial Supervisory Authority to fulfil its monitoring duty.

Provisions on the right of the Financial Supervisory Authority to obtain information referred to in subsection 1 are laid down in section 18 of the Act on the Financial Supervisory Authority.

Section 9**Obligation to assess ESMA's request for measures**

The Financial Supervisory Authority shall assess ESMA's request for measures referred to in Article 47 of the AIFM Directive and take adequate measures as a result thereof.

The measures must effectively address the threat to the orderly functioning and the integrity of the financial market or to the stability of the whole or a part of the financial system in the EEA Member States, or significantly improve the ability of competent authorities to monitor the threat. The measures shall not create a risk of regulatory arbitrage nor have an adverse effect on the efficiency of the financial markets.

The provisions of section 3 a of the Act on the Financial Supervisory Authority shall be complied with in all other respects in the cooperation with ESMA.

Section 10**Exchange of information**

The Financial Supervisory Authority shall communicate information to a foreign EEA supervisory authority where this is relevant for monitoring and preventing the potential implications of the activities of AIFMs for the stability of credit institutions, insurance companies and investment firms, which are significant for the financial system, and the orderly functioning of markets on which AIFMs are active. ESMA and ESRB shall also be informed.

The Financial Supervisory Authority shall submit the collected information from the operation of the AIFMs under its responsibility to ESMA and ESRB, provided that the conditions laid down in Article 35 of the Regulation establishing ESMA are fulfilled.

The provisions of section 52 of the Act on the Financial Supervisory Authority shall be complied with in all other respects in the exchange of information.

Section 11**Cooperation in supervision**

The Financial Supervisory Authority may request the cooperation of a foreign EEA supervisory authority in the territory of said EEA Member State for investigations, supervisory activities or inspection within the framework of their powers pursuant to the AIFM Directive. The Financial Supervisory Authority may request the presence of its official in the inspection.

When the Financial Supervisory Authority receives a request for inspection or investigation to be carried out in Finland from a foreign EEA supervisory authority, it shall perform the inspection or investigation itself.

The Financial Supervisory Authority may for a special reason grant the official of the EEA supervisory authority making the request referred to in subsection 2 permission to be present in the on-the-spot inspection or to participate in the investigation.

The Financial Supervisory Authority may refuse the cooperation in supervision with the foreign EEA supervisory authority on the grounds provided in section 53 of the Act on the Financial Supervisory Authority.

The Financial Supervisory Authority shall monitor that the EEA AIFM, which manages an AIF in Finland or markets units of the AIF in Finland through a branch, complies with chapter 6, section 1 and chapter 7, sections 5 and 6.

Section 12**Bringing a dispute for handling by ESMA**

Provisions on bringing a dispute between the Financial Supervisory Authority and a foreign EEA supervisory authority for handling by ESMA are laid down in section 50 b of the Act on the Financial Supervisory Authority.

Section 13**Co-operation with a supervisory authority of a third country**

The Financial Supervisory Authority shall arrange the necessary cooperation to monitor this Act with the supervisory authority of a third country in accordance with the provisions of section 54 of the Act on the Financial Supervisory Authority.

The Financial Supervisory Authority shall publish a list of the supervisory authorities in third countries with which it has introduced the cooperation arrangements referred to in section 1.

Section 14 (400/2019)

Retention and transfer of personal data

The Financial Supervisory Authority shall retain the personal data obtained in carrying out tasks according to this Act. The data shall be deleted after five years from the filing of a notification unless continued retention of the data is necessary due to a criminal investigation, pending legal proceedings or investigation by the authorities. The need for continued retention of the data shall be reviewed no later than after three years from the previous review of the need for continued retention. A record entry shall be made of the review. The data shall be deleted immediately once the need for their processing ends.

The Financial Supervisory Authority may transfer to a third country data obtained in carrying out its tasks pursuant to this Act and the analyses prepared from such data case-specifically, when the transfer is necessary for the supervision of the AIFM Directive. The data may only be transferred on condition that it is not re-transferred without the written consent of the Financial Supervisory Authority.

Section 15

Non-disclosure obligation

All information obtained by the Financial Supervisory Authority from ESMA, a foreign EEA supervisory authority, European Banking Authority, European Insurance and Occupational Pensions Authority or ESRB pursuant to the AIFM Directive shall be deemed non-disclosable, unless otherwise stated by ESMA or a competent authority or other appropriate authority or body concerned when submitting the data, or if the data is submitted to the prosecuting or pre-trial investigation authority in Finland or another EEA Member State for preventing and investigating a crime.

The provisions laid down in the Act on the Openness of Government Activities (621/1999) and in section 71 of the Act on the Financial Supervisory Authority shall in other respects apply to public availability and non-disclosure of a document in the possession of the Financial Supervisory Authority.

Section 16**Commission Delegated Regulation**

The Commission Delegated Regulation lays down provisions on the exchange of information concerning the potential effects on the financial system.

Chapter 22**Sanctions, request for review and reporting of breaches (527/2016)****Section 1****Administrative fine**

Provisions referred to in section 38, subsection 1, paragraph 2 of the Act on the Financial Supervisory Authority, for the negligence or breach of which an administrative fine shall be imposed on the AIFMs, include:

- 1) provisions of chapter 12, section 6 on the obligation to inform the investors of leverage and the provisions of section 7 on the obligation to comply with the information given to investors concerning investment of assets;
- 2) provisions of chapter 16a, section 4 on the minimum number of unitholders;
- 3) provisions of chapter 16a, section 6 on the investing activities of a special common fund;
- 4) provisions of chapter 17, section 1 on the limits to the level of leverage and provisions of section 3 on disclosure when employing leverage on a substantial basis;
- 5) provisions in chapter 18, sections 1—6 on the duty to notify and disclosure. (214/2019)

In addition to the provisions of this section, provisions of section 38, subsection 1, paragraph 2 of the Act on the Financial Supervisory Authority also include the further provisions concerning the provisions in subsections 1 and 2 and the provisions of Commission regulations issued by virtue of the AIFM Directive.

Section 2 (214/2019)**Penalty payment**

Provisions of section 40, subsection 1 of the Act on the Financial Supervisory Authority, for the negligence or breach of which a penalty payment shall be imposed on the AIFMs, include:

- 1) provisions of chapter 4, section 5 on the duty to notify of significant changes in the conditions for granting authorisation;
- 2) provisions of chapter 6, section 2 on the minimum capital, provisions of section 4 on covering liability risks and the provisions of section 5 on the management of an AIF and reliability;
- 3) provisions of chapter 7, section 1 on resources, provisions of section 2 on the administrative and monitoring arrangements, provisions of section 4 on the appointment of depositary, provisions of section 6 on the management of conflicts of interest and provisions of section 7 on the remuneration policy;
- 4) provisions of chapter 8, section 1 on the organisation of risk management, provisions of section 2 on the segregation of risk management, provisions of section 3 on risk management measures and provisions of section 6 on management of liquidity risk;
- 5) provisions of chapter 9, section 3 on the valuation method;
- 6) provisions of chapter 10, section 2 on the conditions for delegation the functions;
- 7) provisions of chapter 11, section 1 on annual accounts and annual report;
- 8) provisions of chapter 12, section 3 on false or misleading marketing, provisions of section 4 on disclosure to investors, provisions of section 5 on regular disclosure and provisions of section 8 on knowing your customer;
- 9) provisions of chapter 13, section 1, subsections 1, 3 and 4 on the conditions for marketing AIFs to non-professional customers; (954/2022)
- 10) provisions of chapter 16a, section 2 on the duty to use the term 'special common fund';
- 11) provisions of chapter 18, section 7 on asset stripping;

12) provisions of chapter 20, section 4 on the depositary.

Provisions of section 40, subsection 1 of the Act on the Financial Supervisory Authority, for the negligence or breach of which a penalty shall be imposed on the depositary pursuant to this Act, also include:

1) provisions of chapter 10, section 3 on the re-delegation of functions.

2) provisions of chapter 14, section 2 on the management of conflicts of interest.

3) provisions of chapter 15, section 2 on the custody functions of the depositary, provisions of section 3 on the other functions of the depositary, provisions of section 5 on the delegation of the custody function and provisions of section 6 on the depositary's notification to the Financial Supervisory Authority.

In addition to what is provided in subsections 1 and 2 of this section, provisions and decisions as referred to in section 40, subsection 1 of the Act on the Financial Supervisory Authority include also the provisions of chapter 7, section 9 of this act concerning duty to notify of acquisition and transfer of shares and a decision made by virtue of section 32a of the Act on the Financial Supervisory Authority to prohibit acquisition of holdings and a decision made by virtue of section 32c of the same Act to restrict rights deriving from shares.

Provisions of section 40, subsection 1 of the Act on the Financial Supervisory Authority, for the negligence or breach of which a penalty payment shall be imposed, include in addition to what is provided in subsections 1–3 also the provisions of Articles 13 and 14 of the SFTR on the disclosure of securities financing transactions and total return swaps in respect of AIFs as well as the provisions of Article 4(1–5) of the Cross-Border Fund Distribution Regulation on requirements on marketing materials addressed to investors in respect of AIFs. (975/2021)

In addition to the provisions of this section, the provisions of section 40, subsection 1 of the Act on the Financial Supervisory Authority also include the further provisions concerning the provisions of subsection 1, paragraphs 1–9 and paragraph 11, subsection 2, paragraphs 1 and 2, and subsection 4, and the provisions of Commission regulations issued by virtue of the AIFM Directive or the SFTR.

A penalty payment may also be imposed on an EEA AIFM for the breach of the provisions of subsection 1, paragraphs 7 and 8.

Section 3 (1078/2017)**Imposition and implementation of administrative sanctions**

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

Section 4 (975/2021)**Request for review**

Provisions concerning requesting a review of a decision made by the Financial Supervisory Authority by virtue of this Act are laid down in section 73 of the Act on the Financial Supervisory Authority.

Section 4a (975/2021)**Request for review in consequence of certain EU regulations**

Provisions on requesting a review of a decision issued by the Financial Supervisory Authority pursuant to the European Venture Capital Funds Regulation and the European Social Entrepreneurship Funds Regulation are laid down in section 73 of the Act on the Financial Supervisory Authority.

An appeal may be filed by the applicant when the decision on registration of manager or registration of fund referred to in Article 14 and 14b, respectively, of the European Venture Capital Funds Regulation or the decision on registration of manager or registration of fund referred to in Article 15 and 15b, respectively, of the European Social Entrepreneurship Funds Regulation is not issued within the time limit provided. In such an event, the decision appealed against is deemed to be a decision to reject the application. Such an appeal may be filed at any time until the decision has been issued. When the decision is issued subsequent to the filing of an appeal, the Financial Supervisory Authority shall notify the appellate authority of the issue of the decision.

Section 5 (214/2019)**AIF offence**

A person who intentionally or due to gross negligence

1) manages the AIF contrary to chapter 3, section 1, chapter 5, section 1, chapter 19, section 1 or chapter 20, section 1,

- 2) manages the AIF contrary to the decision concerning withdrawal of the authorisation referred to in section 26 of the Act on the Financial Supervisory Authority or contrary to the decision on restriction of the operations pursuant to the authorisation referred to in section 27,
- 3) markets the units of the AIF to professional or non-professional customers contrary to chapter 19, section 3, subsection 2 or section 4 or chapter 20, section 2,
- 4) uses the name referred to in chapter 3, section 4 as a company name or otherwise in its business operations contrary to said provision,
- 5) uses the term 'special common fund' contrary to chapter 16a, section 2, subsection 1, or
- 6) performs custody functions of the AIFs contrary to chapter 14, section 1 or section 3, subsections 1—3,

shall be sentenced, unless the act is of minor significance or unless a more severe punishment for the act is provided elsewhere by law, for an *AIF offence* to a fine or to imprisonment for at most one year.

Section 6

Violation of non-disclosure obligation

The punishment for violation of the non-disclosure obligation provided in chapter 7, section 11 or chapter 21, section 15 shall be imposed in accordance with chapter 38, sections 1 and 2 of the Criminal Code of Finland, unless a more severe punishment for the act is provided elsewhere by law.

Section 7 (452/2017)

Section 7 was repealed by Act 452/2017

Section 8

Liability for damages

An AIFM and an EEA AIFM shall be liable to an investor in the AIFM or another person for any loss it has caused, intentionally or negligently, by actions contrary to this Act, the Cross-Border Fund Distribution Regulation or the Commission regulations issued on the basis of the AIFM Directive.

(975/2021)

A member of the board of directors and the managing director of an AIFM and an EEA AIFM shall be liable for any loss that they have caused, intentionally or negligently, in performance of their tasks to the AIFM, shareholder or another person by breaching the provisions of this Act or the provisions issued by virtue of this Act. The provisions of this subsection above shall not apply to losses insofar as they have been caused by breach of the provisions of chapter 7, section 3; section 5, subsection 1; section 6, subsection 1 or 2 or section 7.

A shareholder of an AIFM and an EEA AIFM shall be liable to the AIFM, shareholder or another person for any loss it has caused by contributing, intentionally or negligently, to the breach of the provisions of this Act or the provisions issued by virtue thereof. The provisions of this subsection above shall not apply to losses insofar as they have been caused by breach of the provisions of chapter 7, section 3, section 5, subsections 1 and 2 or section 7.

The provisions of subsection 1 on the liability for loss, shall also apply to the person to whom the AIFM has delegated a function in accordance with the provisions of chapter 10. An auditor's liability to compensate a loss shall be provided in chapter 10, section 9 of the Auditing Act. (641/2016)

The provisions on the liability for loss laid down in subsection 1 shall also apply to an investment firm, credit institution or other person, who has in the course of marketing the units of the AIF:

- 1) provided false or misleading information or has not corrected such information in accordance with chapter 12, section 3;
- 2) neglected to comply with the duty of disclosure to investors pursuant to chapter 12, section 4, subsection 6. (975/2021)

Provisions on the adjustment of the liability for damages and the distribution of liability between two or more parties liable for damages are laid down in chapters 2 and 6 of the Tort Liability Act.

The AIFM and the professional customer may agree differently on the liability for damages pursuant to this section.

Section 9 (527/2016)**Reporting of breaches**

The AIFM shall have in place a whistleblowing procedure, i.e. a procedure allowing its employees to report any suspected breaches of the provisions concerning the financial markets within the company through an independent channel. The whistleblowing procedure shall include appropriate and adequate measures to organise the appropriate processing of reports and to protect the whistleblower and to safeguard the protection of the personal data of the whistleblower and the subject of the report. The Act on the Protection of Persons Who Report Breaches of Union Law and National Law (1171/2022) also applies to whistleblower protection. The whistleblowing procedure shall moreover include instructions to safeguard the protection of the whistleblower's identity unless otherwise provided by law to resolve the breach or regarding the right of an authority to obtain information. (1179/2022)

The necessary information pertaining to the report referred to in subsection 1 shall be retained by AIFM. 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 or 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.

Besides the provisions of the Data Protection Act (1050/2018), a registered party which 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 resolve the suspected breaches. (400/2019)

The Financial Supervisory Authority may issue further provisions on the submission and processing of the reports referred to in subsection 1.

PART IX
TRANSITIONAL PROVISIONS

Chapter 23
Transitional provisions

Section 1
Application for authorisation and registration

After entry into force of this Act, the AIFM shall need to be able to demonstrate that it has taken adequate measures provided in chapters 3—5 to comply with this Act and the provisions issued by virtue thereof and the Commission regulations and decisions issued on the basis of the AIFM Directive.

The AIFM shall submit an application to become an authorised AIFM or for registration to the Financial Supervisory Authority and ensure that its activities comply with this Act at the latest on 22 July 2014.

If the application referred to in subsection 2 has not been submitted by 22 July 2014, the pursuit of activities has to be ceased at the latest at that time.

A pending application for authorisation at the time of entry into force of the Act shall be completed to comply with the requirements of the Act.

Section 2
Closed-ended and fixed term AIFs

An AIFM that manages a closed-ended AIF, which has not made any additional investments after 22 July 2013, shall not be considered an AIFM subject to authorisation or registration requirement. Such an AIFM shall notify the Financial Supervisory Authority of the management of the AIF no later than one month after entry into force of this Act.

The provisions of subsection 1 shall also apply to those AIFMs that manage closed-ended, fixed term AIFs, the subscription time of which has ended prior to 22 July 2013 and the period of which expires at the latest on 22 July 2016. Such AIFMs shall also comply with the provisions of chapters 11 and 18.

Section 3**Depositary**

Notwithstanding the provisions of chapter 14, section 1, a foreign EEA credit institution referred to in chapter 1, section 7, subsection 3 of the Act on Credit Institutions may be appointed as depositary with permission of the Financial Supervisory Authority until 22 July 2017. A foreign EEA credit institution shall comply with the provisions of the EEA Member State of its registered office that implement Article 21 of the AIFM Directive. (627/2014)

The Financial Supervisory Authority shall grant the authorisation referred to in subsection 1 on application of the AIFM. The Financial Supervisory Authority may refuse the authorisation, if it cannot ensure sufficient availability of information from the depositary or the foreign EEA supervisory authority.

Section 4**Marketing**

Notwithstanding the provisions of chapter 12, section 1 or chapter 19, sections 3 or 5, marketing of the units of an AIF or an EEA AIF to professional customers may be continued until 22 July 2014, if marketing was commenced prior to the entry into force of this Act and a detailed notification of the marketing is made to the Financial Supervisory Authority no later than one month from the entry into force of this Act. The notification shall not be required, if the marketing of the AIF has been notified in accordance with chapter 19, section 5.

Notwithstanding the provisions of chapter 20, section 2, an AIFM or an EEA AIFM shall be entitled to market the units of an AIF, established in a third country, to professional customers in Finland until 22 July 2014, if marketing was commenced prior to the entry into force of this Act and a detailed notification of the marketing is made to the Financial Supervisory Authority no later than one month from the entry into force of this Act.

Notwithstanding the provisions of chapter 20, section 3, an AIFM established in a third country shall be entitled to market the units of an EEA AIF and an AIF, established in a third country, under its management, to professional customers in Finland until 22 July 2014, if marketing was commenced prior to the entry into force of this Act and a detailed notification of the marketing is made to the Financial Supervisory Authority no later than one month from the entry into force of this Act.

The notification referred to in subsections 1—3 above shall contain a clarification that the general principles pursuant to chapter 6, section 1 as well as the operating methods according to chapter 12, sections 2 and 3 shall be complied with in the activities.

The provisions of chapter 12 and 13 shall not apply to the offering of units of AIFs or EEA AIFs to the public for which a prospectus referred to in chapter 4 of the Securities Markets Act was published prior to the entry into force of this Act, for as long as the prospectus remains in effect.

Foreign AIFMs, which have received authorisation, prior to the entry into force of this Act, from the Financial Supervisory Authority to market the AIF in Finland, shall, in order to continue marketing of said AIF under valid terms in Finland, demonstrate to the Financial Supervisory Authority that they fulfil the conditions pursuant to chapter 20, section 3 by 22 July 2014.

Section 5

Special funds

Notwithstanding the provisions of chapter 12 or 13, a management company that has acquired the authorisation referred to in the Act on Common Funds, and that complies with the obligations of section 1, subsection 1 and has applied for authorisation or registered within the period pursuant to section 1, subsection 2, may offer units of the special fund to professional or non-professional investors prior to authorisation or registration, if the special fund commenced its operation prior to the entry into force of this Act or the Financial Supervisory Authority has confirmed the rules of the special fund.

A management company that has acquired the authorisation referred to in the Act on Common Funds, and the aggregate assets of special funds under its management are less than the thresholds referred to in chapter 1, section 2, shall be entitled, without authorisation pursuant to this Act, to market to non-professional customers those special funds under its management which it was able to market to non-professional customers prior to the entry into force of this Act pursuant to rules confirmed by the Financial Supervisory Authority.

A management company that has acquired the authorisation referred to in the Act on Common Funds, shall not be obliged to take the measures referred to in section 1, subsection 1, to apply for AIFM authorisation or to register with the Financial Supervisory Authority, if it has taken measures prior to the expiry of the period referred to in section 1, subsection 2 to convert the special funds under its management that commenced their operation prior to the entry into force of this Act to

investment funds referred to in the Act on Common Funds. If the special fund referred to in this subsection has not been converted to an investment fund at the latest on 22 July 2014, units of it can be offered prior to the realisation of the conversion only if the Financial Supervisory Authority has confirmed the rules of the special fund.

A management company pursuant to the Act on Common Funds may establish a new special fund after the entry into force of this Act, but prior to 22 July 2014 only if it follows the provisions of section 1 in the establishment and management of the special fund.

A special fund, established prior to the entry into force of this Act that may not according to its rules have less than ten unit-holders, shall not be converted into a special fund pursuant to section 27 of the Act on Common Funds, which may have less than ten unit-holders.

Section 6

Foreign AIFMs

After entry into force of this Act, an EEA AIFM, an EEA AIFM subject to the registration requirement and an AIFM established in a third country shall need to be able to prove to have taken adequate measures to comply with this Act and the provisions issued by virtue thereof and the Commission regulations and decisions issued on the basis of the AIFM Directive.

An EEA AIFM, an EEA AIFM subject to the registration requirement and an AIFM established in a third country shall ensure that their activities comply with this Act at the latest on 22 July 2014.

Section 7

Self-regulation

An AIFM shall notify the Financial Supervisory Authority at the latest on 22 July 2014 of the body referred to in chapter 6, section 7, subsection 1 that it belongs to or which body has provided the recommendation, referred to in chapter 6, section 7, subsections 1 and 2, which the AIFM has undertaken to comply with.

Section 8

Use of credit ratings

Chapter 8, section 3, subsection 4 of this Act shall be complied with no longer than 18 months from the entry into force of the Directive 2013/14/EU of the European Parliament and of the

Council amending Directive 2003/41/EC on the activities and supervision of institutions for occupational retirement provision, Directive 2009/65/EC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) and Directive 2011/61/EU on Alternative Investment Funds Managers in respect of over-reliance on credit ratings.

Section 9

Reporting

The provisions of chapter 6, section 6 of this Act shall apply to the audit of the first complete accounting period of an AIFM after the entry into force of the Act on Alternative Investment Funds Managers.

The provisions of chapter 11 of this Act shall apply to the financial statements, annual report and audit of the first complete accounting period of an AIF after the entry into force of the Act on Alternative Investment Funds.

Section 10

Decision on the application of the Act

The Financial Supervisory Authority shall, on application, decide within a reasonable time, how a matter important for the scope of application of the Act or the uniformity of the monitoring practice, particularly in connection with the ESMA guidelines or recommendations, should be resolved. The decision can in particular concern whether, at the time of entry into force of the Act:

- 1) the activities pursued by the applicant are management of AIFs requiring authorisation according to this Act; or
- 2) the AIF managed by the applicant shall be considered as an open-ended or closed-ended AIF.

The application for the decision pursuant to subsection 1 shall be submitted by 22 April 2014.

The decision of the Financial Supervisory Authority issued according to subsection 1 shall be binding on the Financial Supervisory Authority for as long as the factors which the decision is based on do not materially change.

Notwithstanding the provisions in subsection 2, the Financial Supervisory Authority shall make a decision pursuant to subsection 1, if the applicant commences or plans to commence management of an AIF after the entry into force of this Act.

Section 11

Entry into force

This Act shall enter into force on 15 March 2014.