

(Unofficial translation)

Decree of the Ministry of Finance on the Accounts to be appended to the Application for Authorisation of an Investment Firm

3.7.2003/658

Pursuant to the Decision of the Ministry of Finance, the following shall be enacted under sections 9 and 18, subsection 2 of the Act on Investment Firms of 26 July 1996 (579/1996), as they are in Act (596/2003), as well as under section 7 of the Act on the Right of a Foreign Investment Firm to Provide Investment Services in Finland of 26 July 1996 (580/1996), as it is in Act (597/2003):

Section 1

Scope of application

This Decree shall govern the accounts to be appended to an application for

- 1) an authorisation of an investment firm referred to in section 9 of the Act on Investment Firms (579/1996),
- 2) an authorisation referred to in section 18, subsection 1 to establish a branch in a State outside the European Economic Area; or for
- 3) an authorisation of a branch referred to in section 7 of the Act on the Right of a Foreign Investment Firm to Provide Investment Services in Finland (580/1996).

Section 2

Information on the applicant

The written application for authorisation shall indicate the full trade name, auxiliary trade names, registered office, postal and street address, central administration in Finland and other offices of the company applying for an authorisation of an investment firm.

The following shall be appended to the application:

- 1) a copy of the Articles of Association of the company in force;
- 2) an extract or copy of the decision of the General Meeting of the Shareholders with possible appendices whereby the Articles of Association have been amended to correspond to the requirements set on the Articles of Association of an investment firm and indicating both the

intention of the company to apply for the authorisation of an investment firm and the application procedure to be complied with;

3) an account to the effect that the amendment of the Articles of Association referred to in subsection 2 has been submitted for registration to the National Board of Patents and Registration as provided for in chapter 9, section 14, subsection 2 of the Limited Companies Act (734/1978);

4) an extract from the Trade Register of the company.

If the authorisation of an investment firm is applied for in the name of a company to be established, the application shall state the name and contact information of the applicant as well as the name of the company to be established, the auxiliary trade names to be used, its central administration in Finland and its other offices.

The application for authorisation of a company to be established shall include, with possible appendices:

1) an extract or copy of the decision to establish an investment firm where the founder is a legal person;

2) an extract from the Trade Register of each founder if the founder is a legal person or an extract from the Population Information System and contact information of each founder, if the founder is a natural person;

3) a copy of the Memorandum of Association;

4) a copy of the minutes of the Meeting of Incorporation, if any.

Section 3

Operations to be carried out

The application shall include a list and a description of the investment services referred to in section 3, subsection 1 of the Act on Investment Firms that the investment firm intends to provide. The application shall also include a list and a description of the other business operations referred to in section 16 of the Act on Investment Firms, which the investment firm intends to carry out.

Section 4

Share capital

If the share capital required of an investment firm and referred to in section 13 of the Act on Investment Firms has not been paid when applying for an authorisation, the application shall be appended with an account of the commitments relating to the payment of the share capital. The account shall include the Memorandum of Association of a limited company or a subscription list in which the shares have been entered, the minutes of the Meeting of Incorporation as well as information on the subscribers and their subscriptions. The application shall also be appended with a copy of the decision on share subscription of each legal person subscribing for the shares and an extract from the Trade Register of each subscriber as well as an extract from the Population Information System of a natural person subscribing for the shares.

If the share capital required of an investment firm is fully paid upon application for authorisation, the application for authorisation shall be appended with an account to the effect that the amount paid is held by and in possession of the company. The account shall also be appended with a statement signed by the auditors of the company to the effect that the provisions on payment of the share capital have been complied with.

If the share capital has been subscribed to with the right or obligation to invest against a share in the company other property than cash or if the share capital is paid in full or in part in a form other than cash, the application shall be appended with an opinion referred to in chapter 2, section 4 a of the Limited Companies Act (734/1978).

Section 5

Account of the most important shareholders and of their holdings

The application shall state the names of the holders whose direct or indirect holding in the investment firm is at least one-twentieth. The application shall state the portion of holding of each holder as well as the personal and contact information of the holders. The application shall be appended with extracts from the Population Information System or accounts corresponding thereto of the natural persons with holdings as well as extracts from the Trade Register or accounts corresponding thereto of the legal persons with holdings. The application shall also be appended with an account of agreements or other arrangements, which lead or may lead in a holding referred to in this subsection.

The application shall be appended with an account of the financial position of the holder referred to in subsection 1, which shall also include information on the loans received by the

holder from the investment firm including the loan capital, interest and loan period as well as on items comparable to lending. If the holder is a legal person, the application shall be appended with financial statement information and if the holder is a part of a group, consolidated financial statement information from last three financial periods. If the latest financial statement has been drawn up earlier than six months before the filing of the application, the application shall be appended with an account, dated and signed by the Board of Directors of the company, on any events taken place after the drawing up of the financial statement with a material effect on the financial position of the company as well as on the financial position and result of the company at the time of application.

The information and accounts referred to in subsections 1 and 2 shall also be submitted of a natural person and legal person comparable to a shareholder referred to in chapter 2, section 9 of the Securities Markets Act (495/1989). The application shall also itemise the matter by which the natural person or legal person shall be deemed a person comparable to a shareholder referred to above.

Section 6

Management of the investment firm

The application shall be appended with extracts or copies of the necessary minutes of the General Meeting of the Shareholders, the meeting of the Supervisory Board or the meeting of the Board of Directors or of other documents drawn up by a third party indicating the ordinary and deputy members elected to the Supervisory Board and the Board of Directors of the investment firm as well as the managing director and deputy managing director elected for the company. The application shall also contain the contact information of the ordinary and deputy members of the Supervisory Board and the Board of Directors as well as of the managing director and a possible deputy managing director if this does not appear in the said minutes or documents as well as be appended with extracts from the Population Information System of the said persons.

If one or several deputy managing directors have been elected for the investment firm, the account shall indicate the preconditions subject to which a deputy managing director shall substitute the managing director when the latter is prevented from attending to his duties as well as the order of substitution of the deputy managing directors.

Section 7

Account of significant engagements

The application shall be appended with an account of significant engagements referred to in section 15 a of the Act on Investment Firms. The application shall also be appended with an account of agreements or other arrangements, which lead or may lead in a significant engagement.

Section 8

Auditors of the investment firm

The application shall state the names of the auditors of the investment firm as well as which auditor or which audit organisation is the auditor or audit organisation approved by the Central Chamber of Commerce referred to in section 26 of the Act on Investment Firms. The application shall further be appended with an extract or copy of the minutes of the General Meeting of the Shareholders or the Meeting of Incorporation relating to the election of the auditors of the company.

Section 9

Economic operational precondition

In order to assess the economic operating conditions of an investment firm, the application for authorisation shall be appended with an action plan containing:

- 1) a detailed account of the nature and scope of the operations to be carried out as well as of the division of the operation into provision of investment services, other business operations and trade in the own name of the investment firm;
- 2) profitability estimates and goals as well as result and balance-sheet prognoses and their grounds for the next three years;
- 3) an estimate on the adequacy of own funds for the next three years and a plan for ensuring adequate solvency and liquidity.

The action plan shall also include an account of the operations to be carried out through a representative as well as of operations to be outsourced. The application shall state the names and contact information of the representatives as well as of those attending to the operations to be outsourced.

If the applicant is engaged in earlier business operations, the application shall be appended with financial statement information and, if the applicant is a part of a group, consolidated financial statement information from the last three financial periods. If the latest financial statement has been drawn up earlier than six months before the filing of the application, the application shall also be appended with an account, dated and signed by the Board of Directors of the company, on any events taken place after the drawing up of the financial statement with a material effect on the financial position of the company as well as on the financial position and result of the company at the time of application.

The application for authorisation shall be appended with a copy of the application with which the company has applied for membership of the investor compensation fund.

Section 10

Internal control and risk management

With regard to the internal control and risk management of an investment firm, the application shall be appended with:

- 1) a description of the organisation, division of tasks and responsibilities as well as of the decision-making system of the investment firm and an account of the number of personnel to be hired as well as on the professional requirements to be set on personnel;
- 2) a description of the arrangement of internal supervision;
- 3) a description of the arrangement of internal control;
- 4) a description of the arrangement of supervision of compliance with the legality of operations and internal procedures;
- 5) an account of the systems and methods through which the investment firm intends to monitor and manage the risks referred to in chapter 5 of the Act on Investment Firms;
- 6) a description of the safeguarding of adequate information flow as well as of risk management and internal control with regard to operations to be carried out through a representative and to be outsourced;
- 7) an account of the goals of the granting of loans and the principles of risk assumptions, the process for granting loans, the systems for the recognition, measurement, monitoring and supervision of credit risks as well as for the assessment of credit risk management;
- 8) an account of the accounting system and accounting methods;
- 9) a description of the data systems, data-management strategy and data-management organisation as well as a description of data-technology services to be outsourced;

- 10) a description of the data security organisation and responsibilities, data security principles and the management of risks relating to data security;
- 11) main instructions relating to data security;
- 12) an account of measures taken by the investment firm to ensure the continuance of operations in disturbance situations;
- 13) plans for the continuance of the core operations of the investment firm.

The application shall further be appended with the standing order of the decision-making bodies of the investment firm as well as the internal operating instructions applicable in the investment firm.

Section 11

Customer identification and recognition systems

The application shall be appended with an account and internal instructions approved by the management for the identification and recognition of customers and for the manner in which compliance with the duty to examine carefully and to inform contained in the regulations on the prevention of money laundering and combating of terrorist financing. The application shall also include an account of the custody of identification documents, the persons in charge and the personnel training programme.

Section 12

Acceptance of repayable funds in an account

If an investment firm intends, in connection with the investment service, to accept repayable funds from its customers in an account, the application shall include an account of the planned account system and of the manner in which the funds are transferred to and withdrawn from the account as well as drafts of the general terms of the account agreements to be concluded with the customer. The application shall also be appended with an account of management and monitoring of risks relating to the receipt of repayable funds in an account from the customer.

Section 13

Reliability, good reputation, experience and other suitability of the shareholders of an investment firm

The application shall be appended with a declaration dated and signed by and related to a shareholder referred to in section 5 or by a natural person comparable thereto containing:

- 1) the name of the investment firm;
- 2) the name of the declarer;
- 3) information on agreements or other arrangements entitling the declarer to benefit from the profit of the shares in the investment firm;
- 4) information on incompetent persons whose guardian the declarer is, the organisations controlled by the incompetent persons, the holdings in the investment firm of the incompetent persons or on agreements or other arrangements which, upon realisation, result in the control or holding referred to above;
- 5) information on cooperation with the investment firm carried out or to be carried out by the declarer or an incompetent person under the guardianship of the declarer or by an organisation controlled by the above;
- 6) information on organisations controlled by the declarer as well as on the financial position of such an organisation upon filing of the declaration including the latest financial statement information as well as, if the financial statement has been drawn up earlier than six months prior to the filing of the application, an account dated and signed by the Board of Directors or all partners with personal liability on any events with a material effect on the position of the organisation as well as on the financial position and result of the organisation at the time of filing of the application;
- 7) information on membership or deputy membership of the declarer in the supervisory board or board of directors of another organisation or of the above in the management of another organisation;
- 8) information on the portion of holdings or voting rights referred to in chapter 2, section 9 of the Securities Markets Act (495/1989) of the declarer or an incompetent person represented by the declarer or of an organisation under the control of the above also in other organisations than those whose share is admitted to public trading or trading corresponding thereto in the European Economic Area or of agreements or other arrangements that may result in such portion;
- 9) information on the portion of holdings or voting rights of the declarer or an incompetent person represented by the declarer or of an organisation under the control of the above in another investment firm which exceeds one-twentieth of the equity or the voting rights of the investment firm or of agreements or other arrangements that may result in such portion;
- 10) information on a possible business prohibition of the declarer;
- 11) information on any disciplinary actions, objections or other reprimands against the declarer, an organisation under his control or against an organisation where he holds or has

held a position referred to in paragraph 8 for the period during which he has held the said position;

12) information on a possible initiation of debt restructuring or bankruptcy proceedings of the declarer, an organisation under his control or of an organisation where the declarer holds a position referred to in paragraph 8;

13) a certificate issued by the execution authority of the place of permanent residence of the declarer or the registered office of an organisation under his control or of an organisation where he holds or has held a position referred to in paragraph 8 on possible execution procedures against the said person or organisation being enforced;

14) information on whether the declarer, an organisation under his control or an organisation where the declarer holds or has held a position referred to in paragraph 8 has earlier applied for an authorisation of a credit institution, an investment firm or a management company and, if so, when, where and with what outcome as well as information on a possible withdrawal of the authorisation and the grounds therefor;

15) information on whether the declarer, either as a private person, as an entrepreneur or as a partner with personal liability or in a position comparable thereto or an organisation which is or has been under his control has applied for membership in a stock exchange, an option organisation or of a self-regulatory organisation in the financial branch organised on a professional basis and, if so, when, where and with what outcome as well as information on a possible discharge from membership and the grounds therefor;

16) any other matter that the declarer deems to be of material importance when assessing the reliability, good reputation, experience and other suitability of the declarer as a shareholder of an investment firm.

If the person referred to in subsection 1 is an incompetent person or if his capacity has been restricted, the guardian shall also include in the application an account of the incompetence or the restriction of capacity of the declarer as well as an account relating to the guardian himself including the information and accounts referred to in subsection 1 unless the information and accounts are indicated in the declaration relating to the person referred to in subsection 1.

The application shall also be appended with a declaration relating to a shareholder referred to in section 5 or to a legal person comparable thereto dated and signed by the natural persons authorised to sign for this legal person and including:

1) the information and accounts referred to in subsection 1 (1), (3), (4), (6) and (16);

- 2) the trade name of the declarer as well as the name and contact information of the representative;
- 3) information on whether the operations of the declarer or of the organisation under its control are subject to an authorisation as well as who has granted the authorisation and where and when;
- 4) information on persons authorised to exercise control in the declarer;
- 5) information on cooperation with the investment firm carried out by the declarer or an organisation under its control;
- 6) information on the portions of holdings or voting rights referred to in subsection 1 (8) of the declarer or an organisation under its control or of any agreements or arrangements that may result in such portion;
- 7) information on the portions of holdings or voting rights referred to in subsection 1 (9) of the declarer or an organisation under its control or of any agreements or arrangements that may result in such portion;
- 8) information on any disciplinary actions, objections or other reprimands against the declarer or an organisation under its control;
- 9) information on the possible initiation of debt restructuring or bankruptcy proceedings against the declarer or an organisation under its control;
- 10) a certificate issued by the execution authority of the place of residence of the declarer or the registered office of an organisation under its control of possible execution measures against the said organisations being enforced;
- 11) information on whether the declarer or an organisation under its control has applied for an authorisation of a credit institution, an investment firm or a management company and, if so, when, where and with what outcome as well as information on a possible withdrawal of the authorisation and the grounds therefor;
- 12) information on whether the declarer or an organisation under its control has applied for membership in a stock exchange, an option organisation or of a self-regulatory organisation in the financial branch organised on a professional basis and, if so, when, where and with what outcome as well as information on a possible discharge from membership and the grounds therefor.

Section 14

Reliability, good reputation, experience and other suitability of the management of an investment firm

The application shall be appended with a declaration relating to the members and deputy members of the Board of Directors of the investment firm as well as on the managing director and the deputy managing director, dated and signed by the said persons, including:

- 1) the information and accounts referred to in section 13, subsection 1 (1)-(16);
- 2) information on loans granted by the investment firm to the declarer including the loan capital, interest and loan periods as well as on items comparable to lending;
- 3) an account to the effect that the declarer is in control of himself and his assets;
- 4) a detailed account of the duties and responsibilities of the declarer in the investment firm;
- 5) information on the professional training of the declarer;
- 6) a detailed account of the earlier work experience of the declarer with material importance to attendance to the duties of the investment firm and of related responsibilities in the employment of former employers;
- 7) an account of all the portions of holdings and voting rights of the declarer in the investment firm;
- 8) any other matter that may be deemed to be of material importance when assessing the reliability, good reputation, experience and other suitability of the declarer in attending to the management of the investment firm.

The application shall be appended with an account relating to the members and deputy members of the Board of Directors of a company referred to in section 13, subsection 3 as well as on its managing director and deputy managing director, dated and signed by the said person, including:

- 1) the information and accounts referred to in section 13, subsection 1 (1)-(5), (7) and (9) - (14);
- 2) an account to the effect that the declarer is in control of himself and his assets;
- 3) any other matter that may be deemed to be of material importance when assessing the reliability, good reputation, experience and other suitability of the declarer.

Section 15

Information to be appended to the application for authorisation of a branch of an investment firm to be established in a State outside the European Economic Area

The application for authorisation of an investment firm authorised in Finland for the establishment of a branch in a State outside the European Economic Area shall be appended with:

- 1) a copy of the decision of a competent body of the investment firm on the establishment of a branch in another State;

- 2) an authorisation for the establishment of a branch of the relevant authority of the State in which the branch is located if such authorisation is required in the said State;
- 3) an account of the legislation of the State in which the branch is located governing the operations and supervision of the investment firm;
- 4) an account of the right of the Financial Supervision Authority to supervise and obtain information from the branch;
- 5) an account of the right of the supervisory authority of the State where the branch is located to supervise the branch;
- 6) the address and contact information of the branch;
- 7) the business plan of the branch;
- 8) an account of the placement of the branch in the organisation of the investment firm and the organisational structure of the branch;
- 9) information on persons belonging to the management of the branch as well as an account referred to in section 14 of these persons;
- 10) an account of the arrangement of the internal supervision and risk management of the investment firm in the branch;
- 11) an account of the reporting and other exchange of information between the investment firm and its branch as well as of its arrangement.

Section 16

Information to be appended to the application for authorisation of a branch to be established in Finland of an investment firm authorised in a State outside the European Economic Area

An investment firm authorised in a State outside the European Economic Area shall append to the application for authorisation of a branch to be established in Finland the following with regard to the investment firm:

- 1) a certified copy of the authorisation of the investment firm from its home State;
- 2) an authorisation of the relevant authority of the home State for the establishment of a branch in Finland if such authorisation is a precondition for the establishment of a branch in accordance with the legislation of the home State of the investment firm;
- 3) an extract or copy of the decision of the decision-making bodies of the investment firm on the establishment of a branch in Finland and the procedure to be complied with in the establishment;
- 4) with regard to the investment firm, the accounts referred to in sections 2 - 8, 13 and 14 as well as in section 10, subsection 1.

With regard to the branch, the following shall be appended to the application for authorisation:

- 1) the business plan of the branch, which shall include the accounts referred to in section 9, subsection 1 and sections 10 - 12;
- 2) an account of the organisation of the branch as well as the declaration referred to in section 14 of the suitability and reliability of the management of the branch;
- 3) an account of the reporting system from the branch to the investment firm as well as to the supervisory authorities;
- 4) an account of the arrangement of the internal supervision and risk management of the investment firm in the branch.

With regard to the supervision of the investment firm and the legislation of its home State, the application shall be appended with:

- 1) an account of the right of the Financial Supervision Authority to obtain information from the supervisory authorities of the home State of the investment firm;
- 2) an account of the right of the Financial Supervision Authority to inspect and obtain information from the branch;
- 3) an account of the right of the supervisory authority of the home State of the investment firm to inspect and supervise a branch located in Finland;
- 4) an account of the legislation of the home State of the investment firm on the operations and supervision of the investment firm as well as an account of the legislation on the prevention of the criminal abuse of the financial system.

The application shall also be appended with an account of the system of the home State of the investment firm corresponding to the investor compensation fund as well as an account of whether the investment firm and its branch abroad belong within the scope of this system.

The account shall state the level of cover of the home State.

Section 17

Entry into force

This Decree enters into force on 3 July 2003.

This Decree repeals the Decision of the Ministry of Finance on the Contents of the Application for Authorisation of an Investment Firm of 10 September 1996 (675/1996).