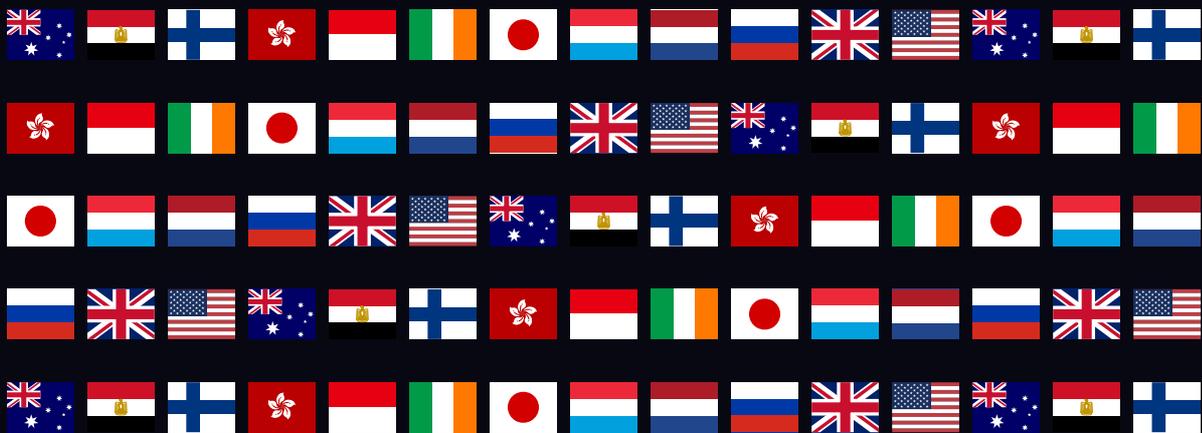


FINANCIAL SERVICES COMPLIANCE

Finland



Financial Services Compliance

Consulting editors

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Quick reference guide enabling side-by-side comparison of local insights, including into the regulatory framework; registration and authorisation regimes; enforcement; compliance programmes; cross-border regulation and international standards; and other recent trends.

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REGULATORY FRAMEWORK

Regulatory authorities

What national authorities regulate the provision of financial products and services?

The Finnish Financial Supervisory Authority (FIN-FSA) is the principal local regulatory authority supervising local Finnish regulated entities within the financial and insurance sector. The FIN-FSA is an independent entity organised under the Bank of Finland with the purpose of ensuring financial stability and the smooth operation of credit institutions and other supervised entities in the financial sector to maintain confidence in the financial markets. The FIN-FSA engages in international cooperation in the fields of regulation and supervision and is part of the European system for the supervision of the financial sector.

In addition to the FIN-FSA, the Regional State Administrative Agency of Southern Finland (ESAVI) carries out regulatory and supervisory functions with respect to financial entities that are not subject to full licensing requirements.

The Finnish Financial Ombudsman Bureau provides advisory services for individuals and small enterprises in the fields of banking, insurance and securities. Recommendations issued by the Finnish Financial Ombudsman Bureau are non-binding but are generally followed by the financial market participants.

The Finnish Competition and Consumer Authority is responsible for the supervision of consumer protection under the Finnish Consumer Protection Act (38/1978). The Finnish Competition and Consumer Authority has a broad competence to intervene in matters that include offer, sale, and other marketing of consumer products by traders such as financial sector operators and other entities that offer, sell or market goods or services to consumers.

In addition to the above authorities, there are authorities non-specific to the financial sector with competence to supervise aspects of businesses carried out by financial services providers. The Data Protection Ombudsman, for example, supervises companies' compliance with data protection legislation.

Law stated - 06 February 2023

What activities does each national financial services authority regulate?

The FIN-FSA supervises all activities in scope of the relevant licence held by the regulated entity and granted by the FIN-FSA. The FIN-FSA has supervisory authority over activities related to the securities and derivatives market, retail and investment banking, investment advisory services and payment services. More specifically, the FIN-FSA supervises banking services, payment services, crowdfunding, investment services, fund management and services provided by the regulated market (the Helsinki Stock Exchange).

The ESAVI is responsible for supervision of compliance with the Finnish Money Laundering Act by entities that provide non-regulated financial services (excluding the entities supervised by the FIN-FSA), including, for example, foreign exchange service providers.

The purpose of the Finnish Financial Ombudsman Bureau is to provide consumers, small and medium sized enterprises and corresponding customers with advice in the problems they may face in their insurance, banking and investment operations as well as to provide recommendations on solutions to related complaints. Services are provided free of charge to the customers in an effort to promote the interests of the customers and the development of sound practices in the financial sector.

The Finnish Competition and Consumer Authority is responsible for the supervision of consumer protection. The Finnish Competition and Consumer Authority has competence to regulate and supervise the offer, sale, and other marketing of consumer products (including financial services) from traders to consumers.

What products does each national financial services authority regulate?

The regulatory competence of each financial service authority is not divided by product category, but by the regulatory and licensable nature of the business activities carried out by the entities. Consequently, there is no exhaustive list of regulated products.

The legislation governing the financial sector in Finland (eg, the Finnish Investment Service Act, the Act on Credit Institutions and the Mutual Funds Act) includes definitions of the type of services that require an authorisation from the FIN-FSA. For example, banking and deposit taking services are subject to a credit institution licence, subjecting the entire business of the relevant credit institution to the supervision of the FIN-FSA. Similarly for investment services, a licence is required when services qualifying as investment services are offered by an entity. According to the Finnish Investment Service Act, investment services refer to, for example, reception and transmission of orders and the provision of investment advice.

ESAVI supervises anti-money laundering (AML) compliance of financial service providers that are not supervised by the FIN-FSA. The ESAVI maintains a non-exhaustive example list of services that may give rise to an obligation to register in the ESAVI's AML register.

Law stated - 06 February 2023

Authorisation regime

What is the registration or authorisation regime applicable to financial services firms and authorised individuals associated with those firms? When is registration or authorisation necessary, and how is it effected?

General

The registration or authorisation process depends on the requisite licence sought by the undertaking and whether the financial services will be provided by a Finnish entity or on a cross-border basis with or without the establishment of a branch in Finland. Individuals associated with financial service firms do not, as a general rule, require a separate authorisation. Instead, the fitness and propriety of key individuals of the firm is investigated as a part of the authorisation process.

Banking

Any entity that receives repayable funds from the public and grants credit or other finance on its own account must obtain a licence to pursue the business of a credit institution as either a deposit bank or as a financing institution. Only entities licensed as deposit banks can receive repayable deposits from the public. Financing institutions are credit institutions that provide banking services but are not authorised to receive deposits.

A credit institution licence is sought by way of a written application with supporting documents attached. The application is submitted to the FIN-FSA. The FIN-FSA submits its proposed decision to the European Central Bank, which approves or refuses it. The outcome is announced by the FIN-FSA, which recommends that the applicant contacts them before submitting the application to ensure a smooth process.

The FIN-FSA grants licences for:

- central bodies belonging to an amalgamation of deposit banks;
- local branches of third country licensed credit institutions; and
- deposit banks and financing institutions to carry out the activity of a mortgage bank.

The application for credit institutions is free of form. The application can be in Finnish, Swedish or English. The Finnish Ministry of Finance has issued a detailed decree (697/2014) on the information and documents that must be submitted to the FIN-FSA in connection with the application.

The founder of the credit institution, individuals who directly or indirectly own at least 10 per cent of the share capital of the credit institution, or a portion that gives a share of voting rights of at least 10 per cent in the credit institution, must be reliable, as defined in the law. Also, members of the board and executives of the credit institution must be reliable and reputable, may not be subjected to bankruptcy, banned from business or have limited personal capacity to act.

Investment firms

Investment services may be provided pursuant to the Investment Service Act (747/2012, the ISA) only by duly licensed investment firms and credit institutions as well as by fund management companies and alternative investment fund managers authorised to provide portfolio management and investment advice under the Finnish Mutual Funds Act or Alternative Investment Fund Managers' Act, respectively.

Investment services are defined to include the following core investment services:

- reception and transmission of orders;
- execution of orders;
- dealing on own account;
- discretionary asset management;
- investment advice;
- underwriting;
- placing without a firm commitment basis;
- operation of multilateral trading facilities; and
- operation of organised trading facilities,

in each case relating to financial instruments.

If securities or derivatives are offered in a way described above, a licence according to the ISA is necessary.

Payment services

Payment services may be provided pursuant the Payments Service Act (290/2010) and the Act on Payment Institutions (297/2010). Payment services can be provided in Finland only by authorised payment institutions or entities that FIN-FSA approves for provision of payment services without actual authorisation (this refers to a registration process that is sufficient if the payment transactions are lower in value). In addition, a credit institution may provide payment services based on its own authorisation.

A registration or an authorisation is obtained by way of a written application (using the FIN-FSA application form) with supporting documents attached. The application should include, for example, a business plan and statement on protection of customer funds.

Fund management companies and alternative investment fund managers

In accordance with the Finnish Act on Alternative Investment Fund Managers (AIFM Act, 162/2014), and the Act on Investment Funds (213/2019), the operations of a company managing funds or AIFs can only be pursued by entities that have been granted authorisation. A written application (using the FIN-FSA application form) is submitted to the Financial Supervisory Authority (FIN-FSA), with supporting documents attached. The applications should include descriptions of the activities intended to be carried out and information on the marketing of funds. The application for an AIFM should include information on the AIFs marketed or intended to be marketed.

Anti-money laundering register

Registration with the ESAVI is required if the entity provides financial services but the services do not require a licence from the FIN-FSA. The following information must be provided to ESAVI:

- applicant's business name, auxiliary business name (if any), business ID, the street addresses of the offices where the activities take place; and
- description of the conducted business on the basis of which the applicant is obliged to be registered in the AML register.

The applicant must meet the following qualifications:

- the applicant has the right to conduct business in Finland;
- the applicant is not banned on business operations; and
- the applicant provides the information required for the application.

ESAVI will check and obtain necessary information from publicly available sources to verify these conditions.

Stock exchanges

The operation of a regulated market (a stock exchange) requires authorisation by the Ministry of Finance. Authorisation may be granted to a Finnish limited liability company or to a European public limited company that has received similar authorisation in another EEA state and intends to move its registered office to Finland.

Cross-border authorisations

Undertakings licensed to provide banking or other financial services in their home-EEA member state may seek to provide such services in or into Finland on a cross-border basis with or without establishing a branch in Finland. The notification process for providing financial services cross-border into Finland is mainly completed with the home-state regulatory authorities, who will in turn notify the FIN-FSA of the operations.

Law stated - 06 February 2023

Legislation

What statute or other legal basis is the source of each regulatory authority's jurisdiction?

The principal source of regulatory authority for the FIN-FSA is the Act on the Financial Supervisory Authority (878/2008, Laki Finanssivalvonnasta 878/2008 - Ajantasainen lainsäädäntö - FINLEX ®), in which the duties of the FIN-FSA are listed.

The sources of regulatory authority for the Regional State Administrative Agency of Southern Finland (ESAVI) are the Finnish Anti-Money Laundering Act (444/2017) and the Act on Regional State Administrative Authorities (896/2009).

The sources of authority for the Finnish Competition and Consumer Authority are the Consumer Protection Act (38/1978, Kuluttajansuojalaki 38/1978 - Ajantasainen lainsäädäntö - FINLEX ®) and the Act on the Finnish Competition and Consumer Authority (the FCCA Act, 661/2012), according to which the sphere of authority of the Finnish Competition and Consumer Authority includes the implementation of competition and consumer policy, and the protection of the consumer's economic and legal interests.

Law stated - 06 February 2023

What principal laws and financial service authority rules apply to the activities of financial services firms and their associated persons?

The principal laws for each financial services business sector are listed below. Additionally, certain matters are regulated more specifically by government decrees, regulatory guidelines or special legislation. In most cases such secondary legislation is referenced in the principal statute governing the relevant financial service.

The principal laws governing the financial sector are the following:

- Act on Credit Institutions (610/2014, Laki luottolaitostoinnasta 610/2014 - Ajantasainen lainsäädäntö - FINLEX ®);
- Act on Payment Services (290/2010, Maksupalvelulaki 290/2010 - Ajantasainen lainsäädäntö - FINLEX ®);
- Act on Trading in Financial Instruments (1070/2017, Laki kaupankäynnistä rahoitusvälineillä 1070/2017 - Ajantasainen lainsäädäntö - FINLEX ®);
- Act on Alternative Investment Fund Managers (162/2014, Laki vaihtoehtorahastojen hoitajista 162/2014 - Ajantasainen lainsäädäntö - FINLEX ®);
- Act on investment funds (213/2019, Sijoitusrahastolaki 213/2019 - Säädökset alkuperäisinä - FINLEX ®);
- Act on the Financial Supervisory Authority (878/2008);
- Act on Preventing and Clearing Money Laundering and Terrorist Financing (444/2017, Laki rahanpesun ja terrorismin rahoittamisen... 444/2017 - Ajantasainen lainsäädäntö - FINLEX ®);
- The Consumer Protection Act (38/1978) Kuluttajansuojalaki 38/1978;
- The Companies Act (624/2006, Osakeyhtiölaki 624/2006 - Ajantasainen lainsäädäntö - FINLEX ®)
- Investment Services Act (747/2012, Sijoituspalvelulaki 747/2012 - Ajantasainen lainsäädäntö - FINLEX ®); and
- Securities Markets Act (746/2012, Arvopaperimarkkinalaki 746/2012 - Ajantasainen lainsäädäntö - FINLEX ®).

Furthermore, these following apply on resolution actions taken in respect of credit institutions and implement Directive 2014/59/EU on Bank Recovery and Resolution and Regulation (EU) 806/2014 establishing uniform rules and procedures for the resolution of credit institutions:

- Act on the Financial Stability Authority (1195/2014); and

- Act on the Resolution of Credit Institutions and Investment Firms (1194/2014) (Resolution Act).

In addition to the above-mentioned, the FIN-FSA issues regulations and guidelines applicable to financial service providers (available here: FIN-FSA regulations and guidelines - Regulation - www.finanssivalvonta.fi).

Law stated - 06 February 2023

Scope of regulation

What are the main areas of regulation for each type of regulated financial services provider and product?

Each principal act governing the financial services in question contain mainly the same areas of regulation. Each act contains regulations addressing the registration, general business requirements (eg, preparatory obligations and conditions for outsourcing of services), establishment of branches and provision of cross-border services, requirements for management, inducements and remuneration, recovery plan, risk management, capital and liquidity, internal control, financial statements, procedures applicable in customer relationships, indemnity provisions and administrative penalties. Additionally, some acts may include more specific areas typical for the financial service in question (eg, regulation on depositaries in the case of fund companies).

Law stated - 06 February 2023

Additional requirements

What additional requirements apply to financial services firms and authorised persons, such as those imposed by self-regulatory bodies, designated professional bodies or other financial services organisations?

Finance Finland, which is an interest organisation for financial services organisations, issues guidelines and compilations of best practices for financial services firms. Although not legally binding, these guidelines reflect the established custom on financial sector and are widely complied with among these companies. Finance Finland has, for example, issued instructions on banking secrecy. These instructions are an interpretation on data privacy rules on banking sector.

The Finnish Financial Ombudsman Bureau provides recommendations relating to customer complaints in the financial services sector. Although not generally binding, such recommendations are followed by the financial sector at large.

The Finnish Competition and Consumer Authority also issues guidelines on interpretation of the Consumer Protection Act, which should be followed in consumer relations.

Law stated - 06 February 2023

ENFORCEMENT

Investigatory powers

What powers do national financial services authorities have to examine and investigate compliance? What enforcement powers do they have for compliance breaches? How is compliance examined and enforced in practice?

The investigatory powers of the Finnish Financial Supervisory Authority (the FIN-FSA) are based on the Act on Financial Supervisory Authority (878/2008). According to the Act, the FIN-FSA has a right to receive information from the supervised entities and other financial service providers despite of any confidentiality provisions. The FIN-FSA also has a right to receive information from auditors of supervisory entities, criminal records, register of fines, investigation, prosecuting and other authorities. The FIN-FSA may also carry out inspections in the entities, and has the right to receive material (documents, phone records, other data, etc) for inspection.

In the case of breach of regulatory provisions, the FIN-FSA may give a public warning, impose an administrative fine or a penalty fee on the entity. Ultimately, if the deficiencies are not corrected by the financial service provider, the FIN-FSA has the possibility to withdraw the entity's authorisation or registration.

Similarly, the Regional State Administrative Agency of Southern Finland (ESAVI) also has extensive right to receive information from supervised entities and other entities, natural persons or authorities, if necessary. ESAVI may, for example, request an entity to take action to fulfil a certain obligation within a given time period. A conditional fine may be imposed to enhance the prohibition or request.

Finnish Competition and Consumer Authority and the consumer ombudsman have right to receive necessary documents for the supervision of lenders and credit brokers in consumer matters, according to the Consumer Protection Act. The Consumer Ombudsman may impose a ban against certain procedures if the lender acts against the Consumer Protection Act. Usually, the consumer ombudsman only imposes a temporary ban that must be validated by the Market Court.

Law stated - 06 February 2023

Disciplinary powers

What are the powers of national financial services authorities to discipline or punish infractions?
Which other bodies are responsible for criminal enforcement relating to compliance violations?

National financial service authorities do not have powers to discipline or punish criminal infractions. They may, however, impose administrative fines or penalties. In case financial service authorities detect or suspect criminal activities, they must immediately inform competent authorities, including law enforcement authorities, of such activities. Suspicions of criminal activity will be investigated by law enforcement and suspected crimes are subject to trial by a general court of law.

The Finnish court system imposes penalties for crimes. The authorities responsible for enforcement of judgements rendered by the courts are the Legal Register Centre (in case of fines) and, if necessary, the National Enforcement Authority. The Prison and Probation Service of Finland is responsible for enforcing prison sentences and community sanctions.

Law stated - 06 February 2023

Tribunals

What tribunals adjudicate financial services criminal and civil infractions?

There is no specific tribunal responsible for adjudicating financial services criminal and civil infractions. The court of first instance in the case of financial services criminal infractions (including other crimes) are the District Courts in Finland.

The Market Court of Finland has jurisdiction in certain civil and infringement cases. The Court does not, however, impose criminal sanctions.

In addition to these, sanctions imposed by the FIN-FSA or claims relating to the powers of the FIN-FSA may in most cases be appealed to in Helsinki Administrative Court.

Law stated - 06 February 2023

Penalties

What are typical sanctions imposed against firms and individuals for violations? Are settlements common?

Provision of banking or investment services in or into Finland without a valid licence or passport (excluding provision of services on a reverse solicitation basis) may be subject to civil, criminal and/or administrative sanctions.

Civil liability provisions include the obligation to fully compensate the client for the actual loss suffered as a result of the breach of Finnish law. While no legal precedents exist, we believe such loss may also include loss of investment if causality between the breach of law and loss of investment can be demonstrated.

Criminal sanctions apply to the unauthorised provision of banking/investment services and include fines or imprisonment of up to one year.

In addition, an administrative fine in the maximum amount of €5,000–100,000 for corporations and the maximum amount of €500–10,000 for private individuals may be imposed (eg, for provision of misleading information in the marketing of investment services or failure to provide the FIN-FSA with the relevant information regarding the operations carried out in Finland). The size of an administrative fine is based on a comprehensive assessment, which takes into account the nature, scope and duration of the failure or violation.

The FIN-FSA may further impose a penalty payment for, for example, the provision of unauthorised services. The maximum penalty payment for a legal person is 10 per cent of the balance sheet total of the consolidated financial statements or €10 million, whichever the higher, while for a natural person the maximum is €5 million.

Law stated - 06 February 2023

COMPLIANCE PROGRAMMES

Programme requirements

What requirements exist concerning the nature and content of compliance and supervisory programmes for each type of regulated entity?

The requirements concerning the nature and content of compliance mostly stem from guidelines issued from European Supervisory Authorities. Financial sector legislation also includes general principles regarding compliance.

Compliance should be arranged with enough staff, competence and work hours taking into account the extent, complexity and size of the undertaking in question. The guidelines by the Finnish Financial Supervisory Authority (FIN-FSA) and European authorities include regulation on which internal instructions or guidelines an entity should have. For example, sufficient resources should be allocated to AML compliance.

Supervisory programmes and monitoring by the FIN-FSA are focused on relevant subjects at each time. The national supervision mainly follows the trends set by European financial supervisory authorities.

Law stated - 06 February 2023

Gatekeepers

How important are gatekeepers in the regulatory structure?

Gatekeepers have an important role as they are part of the internal monitoring system of the undertaking. Gatekeepers supervise financial service provider's processes, compliance of regulations and instructions and communicate to company management on the company's risk position and functionality of products.

Law stated - 06 February 2023

Directors' duties and liability

What are the duties of directors, and what standard of care applies to the boards of directors of financial services firms?

On a general level, the primary duties of the board of directors include the organisation of the management and proper arrangement of the operations of the financial services firm, the outward representation of the firm, the duty to ensure that the firm's accounting and financial matters are adequately arranged and the supervision of the firm's general compliance with law. The articles of association together with procedural rules concerning the governing bodies define the division of duties between the board of directors and other governing bodies.

Financial services firms, such as investment firms or credit institutions, must maintain adequate internal control (both financial and other control) and risk management systems. The board of directors are responsible for establishing an internal governance framework in the firm. The board of directors can set up various committees or other bodies to assist in fulfilling its tasks. The board of directors may be responsible for, for example, the following depending on the financial service firm in question:

- existence and approval of a strategy and business plan;
- assessment and approval of strategies and measures related to risk appetite and risk management;
- maintaining sufficient resources for risk management;
- reliability of the internal control systems; and/or
- investment product governance.

The members of the board of directors must be independent and have such knowledge and expertise of the business activities, the related central risks and the management of a financial services firm as is necessary with regard to the person's task and the nature, scope and range of the activities of such firm. The members of the board of directors must be trustworthy, reputable persons who are not bankrupt or subject to a business prohibition, and whose capacity has not been otherwise restricted. A member will not be considered reliable and reputable, if they have 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 member is manifestly unsuitable for the task.

Law stated - 06 February 2023

When are directors typically held individually accountable for the activities of financial services firms?

The liability of the members of the board of directors may appear as civil liability in the form of liability for damage

caused or, if an act constitutes a criminal offence, as criminal liability. In the event of a breach of the laws or regulations governing the financial markets, members of the board of directors may also be subjected to administrative sanctions. However, administrative sanctions are usually imposed on the firms rather than on individuals. It may be difficult to identify the relevant individual and the activities are usually conducted for the profit of the relevant firm, which entails that there is an incentive to sanction the firm.

The civil liability of the members of the board of directors of a limited liability company under the Companies Act (624/2006) may be divided into two categories: (1) liability to the firm and (2) liability to the shareholders of the firm and to a third party. Whilst the liability to the shareholders and third parties is limited to cases where the Companies Act or the articles of association have been breached, no such limitation applies with respect to the liability to the firm. As regards the liability to the firm, a member of the board of directors is personally liable for the damage or loss that they have caused through negligence or wilful misconduct in violation of their duty of care. Generally, such members may be deemed to have caused damage or loss if they have personally participated in the decision-making of a matter by voting for the decision in the meeting of the board of directors, or they, in the course of their duties, have omitted to act where so required by applicable law, the articles of association or good business practices.

Law stated - 06 February 2023

Private rights of action

Do private rights of action apply to violations of national financial services authority rules and regulations?

It is possible for consumers to bring a lawsuit against a financial services firm that has breached its obligations towards such consumer under the consumer protection laws when offering the relevant financial services.

Law stated - 06 February 2023

Standard of care for customers

What is the standard of care that applies to each type of financial services firm and authorised person when dealing with retail customers?

To the extent that the services are provided to Finnish retail customers qualifying as consumers, the Finnish Consumer Protection Act shall apply. The Consumer Protection Act defines a consumer as a natural person who acquires consumer goods and services, including financial products and services, primarily for use other than business or trade.

The Consumer Protection Act calls for appropriate conduct and prohibits any untrue or misleading marketing. Information that is necessary for the financial safety of the consumer must always be provided. In addition, the commercial purpose of the marketing, the name and address of the person marketing the goods and, where applicable, the name and address of the person on whose behalf the services or products are marketed, must be disclosed in connection with the marketing when offering particular services or products for a specific price. There are, in addition, specific requirements for the use of promotional activities in marketing, such as discounts, comparative marketing, and combined offers and by-products. There are also provisions in the Consumer Protection Act on distance selling (including, for instance, email or over the internet) of financial services and instruments to consumers and specific information requirements that are based on the Directive 2002/65/EC concerning the distance marketing of consumer financial services. In addition to any other applicable disclosure duties, the consumers shall be provided with, prior to the investment decision, specific information, for example, on the characteristics of the investment service or financial instrument offered, any costs to the consumer, the risks related to the investment (eg, loss of initial capital invested, where applicable), any restrictions on the period of validity of the information provided, and on the details of the

agreement intended to be concluded through the distance selling regarding, for example, possibility to revoke the agreement, duration of the agreement, applicable law and court of jurisdiction, as well as on the legal remedies available to the consumer. The information shall be provided to the consumer in writing or electronically on a durable medium prior to conclusion of the agreement.

Direct marketing through the use of, inter alia, emails, SMS messages or telefaxes may only be directed at legal entities, but not to natural persons without prior consent. Unaddressed direct marketing, for example by regular mail, is permitted unless specifically prohibited by the recipient.

Further, all information and documents must be comprehensible to the consumer, which is generally interpreted to mean that they should be made available in Finnish (or in certain situations in Swedish).

In addition to the provisions of the Consumer Protection Act, the sector specific financial sector regulation, and lower-level regulation include regulation on procedures in consumer relations.

Law stated - 06 February 2023

Does the standard of care differ based on the sophistication of the customer or counterparty?

When offering investment services, the suitability and appropriateness of the product or service must be evaluated in the case of each customer, taking account to the sophistication of the customer.

Law stated - 06 February 2023

Rule-making

How are rules that affect the financial services industry adopted? Is there a consultation process?

Financial sector legislation is adopted via ordinary legislative procedure. The process starts with a government proposal, an initiative from a member of parliament or citizen's initiative.

Most of the new legislation stems from government proposals. The legislative process starts from a legislative initiative, which may be based on a government programme, parliament's statement, citizen's initiative, initiative from an authority or a minister or ministry or preparation of new EU regulation that demands implementation.

Preparation of a government proposal includes several steps, including a consultation process, during which several authorities and interest parties are heard. A consultation request is also published, and it may be commented by any legal or natural person.

The parliament starts processing government proposals with a preliminary debate in plenary session. After this, the parliament decides to send the proposal to a committee, which will further discuss the proposal and consult specialists on the matter.

The FIN-FSA also has statutory right if mandated by law to give regulations, guidelines and interpretations. When new guidelines are given, usually a draft and a public consultation request are published before the final version is given.

Law stated - 06 February 2023

CROSS-BORDER ISSUES

Cross-border regulation

How do national financial services authorities approach cross-border issues?

EEA-licensed financial institutions may provide services into Finland on cross-border basis from their home states by filing a notification to their home-state authority, which delivers the notification to the Finnish Financial Supervisory Authority (the FIN-FSA). The notification includes descriptions of the services the institution aims to offer in Finland, and the notification form is an EU-standard form. The possibility to offer services on a cross-border basis stems from the freedom to provide services in the European Union.

Entities that offer services on cross-border basis to Finland are as a rule supervised by the home-state authority and are mainly subject to the home-state regulation. However, the entities must still comply with applicable consumer protection rules of Finland.

Law stated - 06 February 2023

International standards

What role does international standard setting play in the rules and standards implemented in your jurisdiction?

International standard setting plays a central role in Finland, as the Finnish financial sector regulation is national to a decreasing extent.

Most of the financial sector legislation in Finland stems from EU regulations. European financial authorities' European Securities and Markets Authority's, European Banking Authority's and European Insurance and Occupational Pensions Authority's guidelines are also central, as the FIN-FSA's regulations, guidelines and supervisory releases are often based on EU guidelines. The Finnish anti-money laundering legislation stems in many respects from the EU's directives and decrees. International recommendations from the Financial Action Task Force also affect the Finnish AML rules to a significant extent.

Law stated - 06 February 2023

UPDATE AND TRENDS

Key developments of the past year

Are there any other current developments or emerging trends that should be noted?

The Finnish financial sector legislation focuses progressively on the combatting of anti-money laundering and terrorist financing. Given the geopolitical situation and Finland's proximity to Russia, the implementation of sanctions against Russian interests has been of considerable importance since Russia's aggression against Ukraine. Similarly, efforts to protect financial services against cyber-attacks considerably increased in 2022.

Law stated - 06 February 2023

Jurisdictions

	Australia	Herbert Smith Freehills LLP
	Egypt	Soliman, Hashish & Partners
	Finland	Waselius & Wist
	Hong Kong	Davis Polk & Wardwell LLP
	Indonesia	ABNR
	Ireland	Dillon Eustace LLP
	Japan	Anderson Mōri & Tomotsune
	Luxembourg	AKD
	Netherlands	Baker McKenzie
	Russia	EMPP
	United Kingdom	Davis Polk & Wardwell LLP
	USA	Davis Polk & Wardwell LLP