

Standard RA1.2

Acquisition of controlling interest in undertakings authorised in non-EEA states

Regulations and guidelines



RAHOITUSTARKASTUS
FINANSINSPEKTIONEN
FINANCIAL SUPERVISION



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APPLICATION

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(1) This reporting standard shall be applied to the following supervised entities (enterprises subject to the notification requirement):

- credit institutions and undertakings belonging to a credit institution's consolidation group
- investment firms and undertakings belonging to an investment firm's consolidation group
- undertakings belonging to a financial and insurance conglomerate primarily engaged in financial activities.

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OBJECTIVE

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(1) The objective of the standard is to ensure that structural changes within a credit institution's or investment firm's group or a financial and insurance conglomerate do not render it difficult for the competent authorities to perform efficient supervision. Pursuant to legal requirements, the Financial Supervision Authority shall therefore be notified in advance of certain acquisitions in non-EEA states. On the basis of the notification, the FSA must be able to judge whether the consolidation group or conglomerate can be supervised efficiently and comprehensively after the acquisition.

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(2) Thus, the standard provides information on the details to be included in the notification and when the notification may be regarded as received by FIN-FSA.

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LEGAL BASIS AND INTERNATIONAL FRAMEWORK

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(1) Finnish legislation on the acquisition of controlling interest is based on the following EU directives:

- Directive 2000/12/EC of the European Parliament and of the Council relating to the taking up and pursuit of the business of credit institutions (32000L0012; OJ L 126, 26 May 2000, p. 1)
- Council Directive 93/22/EEC on investment services in the securities field (31993L0022; OJ L 141, 11 June 1993, p. 27)
- Directive 2002/87/EC of the European Parliament and of the Council on the supplementary supervision of credit institutions, insurance undertakings and investment firms in a financial conglomerate (32002L0087; OJ L 35, 11 February 2003, p. 1).

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(2) The FIN-FSA's right to issue regulations on the acquisition of controlling interest is based on section 19 a of the Credit Institutions Act (1607/1993), section 15 b of the Investment Firms Act (579/1996) and section 13 of the Act on the Supervision of Financial and Insurance Conglomerates (699/2004).

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(3) The standard also takes account of Directive 2004/39/EC on markets in financial instruments (MiFID) (32004L0039; OJ L 145, 30.4.2004), particularly article 63 concerning the exchange of information with third countries, and the *Core Principles for Effective Banking Supervision* issued by the Basel Committee in 1997, particularly principle 23 obliging supervisors to perform supervision of internationally active banks and banking groups globally, on a consolidated basis.

4 NOTIFICATION

Justifications

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(1) The acquisition of a controlling interest in a credit institution, investment firm, management company or insurance corporation authorised in a non-EEA state must not jeopardise the efficient supervision of the FIN-FSA.

Binding

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(2) An undertaking subject to the notification requirement must notify the FIN-FSA in advance, before acquiring a controlling interest in an undertaking referred to above.

Recommendation

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(3) The notification shall state whether legal provisions, administrative regulations and supervisory practice in the host country permit home country supervisors to perform efficient supervision of the undertaking concerned in all areas of supervision. The statement shall also provide information on a subsidiary's right to pay dividends to the parent company, the parent company's and supervision authority's right to verify information received for the purpose of consolidated supervision, especially for the monitoring of large exposures.

Recommendation

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(4) The notification can be written in Finnish, Swedish or English. The notification shall, at least, be annexed with statements providing the following information on the undertaking and its supervision:

- details comparable to Finnish trade register details
- the articles of association or rules
- a description of the company's organization
- information on whether the undertaking belongs to a group, in which case, a description of the group structure
- a report on the undertaking's directors and managers and how fitness & propriety assessment is performed in the host country
- the competent authority responsible for supervision of the undertaking and the legal provisions concerning it
- if possible, a copy of the authorisation document or equivalent decision issued by the competent authorities in the host country

- a statement on applicable laws, decrees and administrative regulations on the disclosure of such information which is required for the supervision of the undertaking or otherwise relevant for the performance of efficient supervision.

Justifications

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(5) A notification need not to be made to the FIN-FSA if the undertaking concerned belongs to a financial and insurance conglomerate as defined in the Act on the Supervision of Financial and Insurance Conglomerates and a notification on the acquisition has been submitted to the Insurance Supervision Authority.

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TERM FOR OBJECTION TO AN ACQUISITION

Binding

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(1) The FIN-FSA may, within three months of the receipt of a notification, object to the acquisition if any laws, decrees or administrative regulations applicable to the undertaking would render it difficult to supervise a supervised entity or its consolidation group or a financial and insurance conglomerate primary engaged in financial activities. The three-month period shall be deemed to start as soon as the notification and all the appendices required have been received by the FIN-FSA.

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FURTHER DETAILS

Please find the necessary contact information in the list of [Persons in charge of standards](#) on the FIN-FSA's website. Further information, please contact

- Regulatory Governance, tel. +358 10 831 5304.

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OBSOLETE REGULATIONS AND GUIDELINES

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(1) This standard renders the following guideline obsolete:

- Guideline 101.5 on the close links of credit institutions to the Financial Supervision Authority.