

Financial Supervisory Authority

Supervisor of the financial and insurance sectors



Why do we need the Financial Supervisory Authority?

The Financial Supervisory Authority, or FIN-FSA, aims to see that customers in Finland are able to do business with providers of financial services with confidence.

Our objective is to ensure that customers are able to do business with banks, insurance companies and other companies in the Finnish financial sector with confidence and make decisions about their personal finances based on reliable information.

It is however impossible to prevent all problems, crises, bankruptcies and misconduct in the financial sector by way of supervision. Should such problems arise, FIN-FSA aims to keep the impacts of such incidents under control. It should be emphasized that maintenance of capital adequacy of financial market participants, which is a key target of

FIN-FSA supervision, is also in the interests of the customers.

Only a small part of supervision efforts is visible to the public, since supervision deals with business and banking secrets. The supervisor is not allowed to share these matters with the public. However, FIN-FSA seeks to communicate openly about all issues that are not of a confidential nature.

Anyone faced with major decisions about their personal finances should look carefully into the related risks and personal implications of possible losses, since each of us is responsible for our own decisions. FIN-FSA wishes to help the customers in this task for its part by providing information to support decision-making.



Anneli Tuominen, Director General

FIN-FSA supervises that

- operations of supervised entities are based on a solid foundation, meaning that they have the capital to cover the risks and losses associated with their activities and the ability to respect their commitments
- supervised entities do not assume excessive risks in their operations
- information provided to customers and investors on products, services, service providers and listed companies is of high quality
- practices followed in the financial markets are appropriate
- payment systems are reliable.



We strive to promote
financial stability.

How does FIN-FSA operate?

FIN-FSA's supervision focuses on risks.

FIN-FSA supervision is risk based. This means that supervision is focused particularly on agents, products and business models involving higher risk.

FIN-FSA supervises and analyses

- the state of financial markets and institutions under its supervision
- the quality of customer and investor information and
- business conduct practices in the financial markets.

As part of its supervision activities, FIN-FSA conducts analyses and inspections. This helps us to locate areas involving potential problems and threats in advance.

FIN-FSA provides guidelines and regulations to financial market participants, to

steer the activities and practices of supervised entities. FIN-FSA also grants authorisations to operate in financial markets.

How is supervision conducted?

FIN-FSA receives reports on a regular basis from supervised entities, and the financial conditions and business practises of supervised entities are assessed on the basis of these reports. Where defects are observed, FIN-FSA requests that these be rectified.

Supervised entities are also subject to inspections. An inspection may target an individual agent or several agents in respect of a certain theme. In these inspections, FIN-FSA evaluates the practises of supervised entities and demands changes when necessary.

FIN-FSA supervises the fulfilment of disclosure obligation and trading in the securities of listed companies. Most of this work consists of the promotion of good market prac-

tices. Part of this supervision is concerned with suspected misconduct, such as abuse of insider information, price manipulation or violations of disclosure requirements.

Objectives and tasks as defined by the law

Act on the Financial Supervisory Authority, section 1

The activities of the Financial Supervisory Authority are aimed at ensuring financial stability and the necessary smooth operation of credit, insurance and pension institutions, and other supervised entities, so as to safeguard the interests of the insured and maintain confidence in the financial markets.

All of the tasks laid down in the law are based on these objectives.

FIN-FSA's supervised entities

- banks and other credit institutions
- non-life, life and reinsurance companies
- employee pension insurance companies
- pension funds
- pension, sickness and other insurance funds
- insurance associations
- unemployment funds
- insurance brokers
- other participants in the insurance sector
- investment firms
- management companies
- central securities depository
- stock exchange
- payment institutions



In addition, FIN-FSA supervises

- listed companies' disclosure obligation and IFRS financial reporting
- securities trading
- disclosure obligations in respect of major shareholdings
- securities offerings and public tender offers

What is FIN-FSA not responsible for?

FIN-FSA's tasks are laid down in the law. The law defines the objects of supervision.

FIN-FSA does not

- approve individual financial products
- supervise instant loan companies
- supervise bureaux de change
- investigate scams related to fund-raising
- have the competence to resolve disputes between customer and service provider.

FIN-FSA supervises cross-border provision and branches of EEA financial institutions only on a limited scale.

Lists of all of entities supervised by FIN-FSA can be found at Fin-fsa.fi.



We intervene in improper
conduct in the markets.

What if laws and regulations are disregarded?

The FIN-FSA supervises the compliance with legal requirements of the activities of entities under its supervision and tackles shortcomings when necessary.

FIN-FSA supervises the compliance with legal requirements of participants in the financial markets. If such activities are found to be improper, the FIN-FSA requires them to amend their practices. If necessary, FIN-FSA may impose a conditional fine or issue a public reprimand or warning. An attorney may also be appointed by FIN-FSA to oversee the activities of a supervised entity. In the most severe cases, FIN-FSA can withdraw a supervised entity's authorisation.

FIN-FSA does not release to the public any information about its investigations concerning eg potential abuse of insider information, in order that preliminary investigations not stigmatise the object or hinder any further investigations. The investigations often also involve secret information.

If FIN-FSA suspects a crime, it will file a request to the police for further investigation.



Problems with a service provider?

Sometimes a customer and service provider are unable to settle a dispute. The customer should always first seek a resolution with its own service provider.

If the problem is not resolved, one should seek guidance from the Finnish Financial Ombudsman Bureau (FINE), whose primary task is to provide advice and help to customers. Customers may also submit their case to a committee operating in connection with the Finnish Financial Ombudsman Bureau. Proceedings by such committees are free of charge. The proceedings are based on documents, and the committees are usually unable to hear witnesses. A committee may provide a resolution recommendation, which, however, does not bind the parties.

Only a court of law can issue a decision binding on the parties. In court proceedings, witnesses may be heard, in addition to the processing of documents.

Finnish Financial Ombudsman Bureau FINE

- Guidance office open
Mon–Thu 10 am – 4 pm
- Telephone +358 9 6850 120
- Fine.fi

The office advises and assists consumers in matters related to banking, securities and insurance. In banking matters, advice is given to private individuals and small entrepreneurs. In matters related to securities, advice is given to all non-professional investors. The contracting parties of the Finnish Financial Ombudsman Bureau are the National Consumer Administration, the Financial Supervisory Authority and the Federation of Finnish Financial Services.

FIN-FSA's helpline

You can also contact the helpline of the Financial Supervisory Authority. It provides information for customers in banking, insurance and securities on the practices required of companies operating in the financial markets.

FIN-FSA's helpline for banking, insurance and investment customers:

- Free-of-charge – tel. 0800 0 5099 (within Finland)
- Tuesdays 9–10 am and
Thursdays 2–3 pm

You can also send an email to kirjaamo@fiva.fi.

Who supervises the Financial Supervision Authority and who funds its activities?

The FIN-FSA is independent in its decision making. Its activities are primarily funded by the supervised entities.



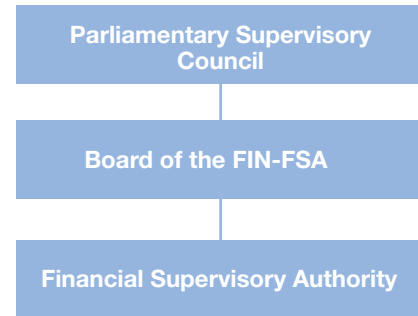
FIN-FSA is independent in its decision-making. Administratively, FIN-FSA operates in connection with the Bank of Finland.

The general appropriateness and efficiency of FIN-FSA's activities are supervised by the Parliamentary Supervisory Council.

FIN-FSA's supervised entities (see page 5) pay the FIN-FSA a parafiscal supervision fee. A supervision fee charged to supervised entities is a broadly established practice in Europe. The supervision fee is defined in the law and is based on the extent of the activities of the supervised entities, as measured, eg in respect of banks, by the balance sheet total.

Processing fees are charged according to a price list eg when a market participant is applying for authorisation.

Supervision and processing fees cover 95% of FIN-FSA's budget. Bank of Finland pays 5% of the costs.



Where can I get information on financial markets and products?

FIN-FSA publishes on its website Fin-fsa.fi information related to the financial markets.



FIN-FSA publishes information on the state of the financial markets as a whole on a regular basis:

- Financial condition and risks of supervised entities (publication in Finnish in the spring and autumn)
- Information on the capital adequacy of supervised entities
- Key figures from the financial statement information of the financial sectors (in the spring based on financial statements).

In addition, statistics and studies are posted on the website.

Fin-fsa.fi


FIN-FSA also maintains a website aimed at customers of service providers operating in the financial market.

The site contains information for example on

- customer protection
- choice of service provider and
- different products and services.

You can check the site as to whether a service provider is included in the domestic deposit guarantee or investor compensation schemes. The site also publishes FIN-FSA's warning lists.

Fin-fsa.fi/en/Customer



We promote the sound development
of Finnish financial markets.

Financial Supervisory Authority

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