Act
on the Temporary Interruption of the Operations of a Deposit Bank
28.12.2001/ 1509

Chapter 1
General provisions

Section 1
Scope of application

This Act shall apply to deposit banks (a bank) referred to in section 2, paragraph 2 of the Act on Credit Institutions (1607/1993).

Section 1 a
(19.5.2004/412)

Provisions on the powers and the applicable law in the European Economic Area

The Ministry of Finance shall have the power to decide on the interruption of operations of a bank as provided for in this Act. A Finnish court shall have the power to decide on the opening of reorganisation measures in a bank as provided for in this Act and in the Act on Company Reorganisation (47/1993). The measures shall cover also the branches of the credit institution located in other States belonging to the European Economic Area (EEA States).

Correspondingly, the provisions of sections 24 a - 24 k of the Act on Commercial Banks and other Credit Institutions in the Form of a Limited Company (1501/2001) shall
apply to the interruption of operations of a bank and the reorganisation measures in a
bank in the European Economic Area.

Section 2

Duty to notify

If it is evident that a bank cannot meet its obligations, the bank shall, without de-
lay, notify the Ministry of Finance, the Bank of Finland and the Financial Supervision
Authority thereof. The notification shall be appended with an account of the liquidity of
the bank and the reasons for its weakening.

If, in the opinion of the Bank of Finland or the Financial Supervision Authority, the
liquidity of the bank has weakened to the extent that it is likely that it cannot meet its
obligations, the Bank of Finland or the Financial Supervision Authority shall notify the
Ministry of Finance thereof without delay.

Chapter 2

Interruption of operations

Section 3

Preconditions for interruption

The Ministry of Finance may interrupt the operations of a bank for a period of not
more than one month if it is evident that the continuance of the operations would seri-
ously endanger the stability of the financial markets, the undisturbed operation of the
payment systems or the interests of the creditors. (27.6.2003/593)

The Ministry of Finance may, for a special reason, decide to continue the inter-
ruption with not more than one month at a time, however, not longer than until six
months have passed from the decision referred to in paragraph 1.
Decision to interrupt

The Ministry of Finance shall, prior to making the decision referred to in section 3, hear the Financial Supervision Authority and the Bank of Finland as well as the bank subject to the decision if this can take place without endangering the purpose of the decision to interrupt.

The decision to interrupt shall indicate the time of day at which the decision has been given as well as the period of validity of the decision.

An appeal may be lodged with the Administrative Court against the decision to interrupt made by the Ministry of Finance within 30 days from the publication of the decision in the Official Journal of the European Communities. The appeal procedure shall otherwise be governed by the provisions of the Administrative Judicial Procedure Act (586/1996). (19.5.2004/412)

The decision to interrupt shall be complied with notwithstanding an appeal unless the appeal authority orders otherwise. (19.5.2004/412)

Section 5
Appointment of an attorney in the bank

The Financial Supervision Authority shall, without delay, appoint an attorney in a bank the operations of which have been interrupted to supervise compliance with the decision to interrupt in accordance with this Act. The attorney shall, where appropriate, be governed by the provisions of the Act on the Financial Supervision Authority (587/2003) on an attorney. An attorney shall act subject to official liability in attending to his duty referred to in this section. (27.6.2003/593)

The attorney shall be liable to compensate any damage he has caused to the bank or a creditor or to a guarantor or pledgee through an error or neglect in attending to his duty.

The Financial Supervision Authority shall issue the attorney a testimonial of his appointment to the task. (19.5.2004/412)

Section 6
Publications and notifications

The attorney shall publish and notify certain authorities of the decision to interrupt and the termination of the interruption and the authorities shall enter the decision to interrupt and the termination of the interruption in the Trade Register and in the registers kept of certain asset categories as well as of mortgages in compliance, where appropriate, with the provisions section 80 of the Act on Company Reorganization (47/1993; hereinafter the Company Reorganization Act) and the Decree issued thereunder.

Chapter 3
Effects of interruption

Section 7
General provisions

The legal effects of the commencement of the interruption procedure, the operations of the bank and the management of its assets during the interruption as well as recovery in the interruption procedure shall be governed by the provisions of chapters 3, 4 and 5 and section 99 of the Company Reorganization Act unless otherwise provided for in this chapter. Debts arisen prior to the making of the decision to interrupt shall be governed by the provisions of this chapter upon applying the provisions of the Company Reorganization Act on a reorganization debt. The provisions of section 32 of the Company Reorganization Act shall correspondingly apply to debts arisen during the interruption procedure and the priority of claims arisen between the commencement and termination of the interruption procedure and the interest accrued on them.

Sections 10, 16, 22, 24, 27 and 28 of the Company Reorganization Act shall not apply to the interruption procedure.

The attorney referred to in section 5 shall, where appropriate, be governed by the provisions of chapters 3, 4 and 4 of the Company Reorganization Act on an administrator.
Section 8

Validity of legal effects

The legal effects of interruption shall remain in force until the interruption terminates in accordance with section 15 or 16. If a decision to commence a company reorganisation procedure referred to in section 13 is made during the interruption procedure, the period of validity of the legal effects shall, however, continue in accordance with section 28, paragraph 2 of the Company Reorganisation Act.

If the decision to interrupt is appealed against, the legal effects of the commencement of the interruption procedure including the rights of an attorney and the restriction of the authority of the bank shall, however, remain in force. The legal effects shall cease to be in force if the decision to commence the procedure is repealed with a final decision or if the court where the matter is pending due to an appeal so orders.

Under this Act, implementation or executive assistance prevented or interrupted by the commencement of the interruption procedure may be continued on the basis of an earlier application for implementation or for executive assistance upon the termination of the legal effects of the interruption procedure or, if a decision to commence a company reorganisation procedure is made during the interruption procedure, as provided for in section 28, paragraph 3 of the Company Reorganisation Act.

Section 9

Relation to liquidation and bankruptcy

A bank may not be placed in liquidation or in bankruptcy while its operations are interrupted. If the operations of a bank are interrupted, an application to place the bank in liquidation or bankruptcy shall be deferred until the interruption procedure is terminated. Where a decision to commence a company reorganisation procedure is made during the interruption procedure, the provisions of section 24 of the Company Reorganisation Act shall be applied after the commencement of the company reorganisation procedure.

Section 10
In addition to the provisions of section 29 of the Company Reorganisation Act, a bank may not, while its operations are interrupted, without permission of the Ministry of Finance, accept deposits or other repayable funds from the public. Nor may the bank, without a permission of the attorney, grant or otherwise acquire other credits or conclude or acquire other such financing agreements nor conclude derivatives agreements for other than hedging purposes. The granting of a guarantee or another liability commitment or the placing of a pledge for the debt of another shall be deemed comparable to the granting of a credit.

Chapter 4
Reorganisation of operations

Section 11
Plan of measures

The bank shall, without delay after the decision to interrupt, draw up a plan indicating the manner in which the bank intends to reorganise its financial position or, in case such measures cannot be presented, the manner in which the bank intends to terminate its operations. The plan shall be submitted to the Ministry of Finance prior to the termination of the time limit referred to in section 3, paragraph 1 or if the time limit has been extended, prior to the termination of the extended time limit.

If the bank does not draw up the plan within the time referred to in subsection 1 or if it is not possible to present, in the plan, any measures by which it is likely that the financial position of the bank can be reorganised prior to the termination of the time limit referred to in section 3, the Ministry of Finance shall propose to the Financial Supervision Authority that the authorisation of the bank be withdrawn. (27.6.2003/593)
The Ministry of Finance shall, prior to the handling of the plan referred to in paragraph 1, request an opinion thereon from the Financial Supervision Authority and the Bank of Finland.

Section 12

Exemptions from the application of certain community-law provisions

While the operations of the bank are interrupted, the Ministry of Finance may, on application by the bank or the attorney, grant a permit to derogate from the provisions of the Act on Commercial Banks and other Credit Institutions in the Form of a Limited Company (1501/2001), the Act on Co-operative Banks and other Credit Institutions in the Form of a Co-operative (1504/2001) and the Savings Banks Act (1502/2001) on:

1) the inclusion of interim annual accounts in the draft terms of merger;
2) the procedure relating to the convocation of a body exercising the highest decision-making power in the bank;
3) the requirement of qualified majority to be applied to the decision of the body exercising the highest decision-making power in the bank under the law or the Articles of Association; and on
4) a public summons to the creditors upon a merger of the bank; if this can take place without unreasonably endangering the interests of the creditors and the holders of shares or participations or of members of the banks participating in the merger. An opinion of the Bank of Finland and the Financial Supervision Authority shall be requested on the application.

The provisions of paragraph 1 on the application of the provisions relating to merger shall, where applicable, be applied to provisions on of the division of a bank and the conveyance of its business operations if all the acquiring undertakings are credit institutions.
Section 13

*Application of the Company Reorganisation Act*

While the operations of the bank are interrupted the Ministry of Finance may apply that the reorganisation procedure referred to in the Company Reorganisation Act be commenced. The application shall be appended with an account of the pre-
conditions for the reorganisation procedure referred to in section 6, paragraph 1, subparagraphs 2 and 3 of the Company Reorganisation Act or the consent of the
bank and at least two creditors whose claims represent at least one-fifth of the known
debts of the bank. The Company Reorganisation Act shall be applied to the reorganis-
ation of a bank unless otherwise provided for below.

Section 5, section 6, paragraph 2 and chapter 13 of the Company Reorganisa-
tion Act shall not be applied to a bank.

Section 14

*Special provisions applicable to company reorganisation*

In addition to the provisions of section 29 of the Company Reorganisation Act,
section 10 of this Act shall apply to a bank. The provisions of the Company Reor-
ganisation Act on debts arisen during the procedure shall also apply to debts arisen
during the interruption procedure. The date of issue of the decision to interrupt shall be deemed the date referred to in section 35, paragraph 2 of the Company Reor-
ganisation Act.

The court shall request an opinion of the Ministry of Finance on the reorgani-
sation plan prior to its confirmation. In addition to the provisions of chapter 8 of the Company Reorganisation Act on obstacles for the confirmation of the reorganisation plan, the reorganisation plan of a bank shall not be confirmed if the Ministry of Fi-
nance has objected to it. The Ministry of Finance shall, prior to issuing the opinion referred to in this paragraph, request an opinion of the Financial Supervision Author-
ity and the Bank of Finland on the reorganisation plan.

The administrator referred to in section 8 of the Company Reorganisation Act
shall be appointed and dismissed on proposal of the Financial Supervision Authority.
In addition, a person proposed by the creditors' committee or a creditor may also be appointed administrator as provided for in section 83 of the Company Reorganisation Act. The administrator may be dismissed on request of the creditors' committee or a creditor as provided for in section 86. The appointment or dismissal of a creditor on proposal or demand of the creditors' committee or a creditor shall require the consent of the Financial Supervision Authority.

The court shall issue the administrator a testimonial of his appointment to the task. (19.5.2004/412)

In addition to the provisions of section 10, paragraph 1 of the Company Reorganisation Act on a committee of creditors, the committee of creditors shall include representatives of the Ministry of Finance, the Financial Supervision Authority, the Bank of Finland, the Deposit-Guarantee Fund as well as, where the bank is a member of the Investors' Compensation Fund, representatives of the Investors' Compensation Fund. (19.5.2004/412)

Section 14 a
(19.5.2004/412)

Provision of information to creditors

The notifications to the creditors referred to in chapter 10 of the Company Reorganisation Act shall, in addition to the provisions of the Company Reorganisation Act, also state whether a creditor needs to notify a preferential claim or a claim secured in re.

The notification shall be submitted at least in Finnish and Swedish. The notification shall, in all the official languages of the EEA States, bear the heading "Invitation to lodge a claim. Time limits to be observed" or correspondingly "Invitation to submit observations relating to a claim. Time limits to be observed".
Section 14 b  
(19.5.2004/412)  
Lodgement of a claim  

A creditor whose place of residence, domicile or head office is in an EEA State other than Finland may, in the reorganisation proceedings, lodge his claim or submit observations relating to his claim also in the official language of that other EEA State. In that event, the lodgement of his claim or the submission of observations on his claim shall, however, bear the heading "Lodgement of claim" or correspondingly "Submission of observations relating to claims" in either Finnish or Swedish.  

In the reorganisation proceedings of a bank, a public authority of another EEA State shall be deemed comparable to a creditor referred to in subsection 1.  

Chapter 5  
Termination of interruption  

Section 15  
Withdrawal of interruption  

The Ministry of Finance shall withdraw the interruption immediately where the preconditions for the interruption no longer exist. The Ministry shall, prior to making the decision to withdraw the interruption, request an opinion of the Bank of Finland and the Financial Supervision Authority thereon.  

Section 16  
Expiry of interruption  

The interruption shall expire upon the termination of the time limit set in the decision to terminate referred to in section 3, paragraph 1 or, if a decision to extend the time limit has been made, upon the termination of the time limit in accordance
with the decision to extend it, however, at the latest six months from the decision to interrupt referred to in section 3, paragraph 1.

If a decision to commence a company reorganisation procedure referred to in section 13 or a decision to withdraw the interruption referred to in section 15 is made during the interruption, the interruption shall expire when the decision on the commencement of the company reorganisation procedure or on the withdrawal of the interruption is made.

Chapter 5 a
(19.5.2004/412)

Notification of the decision in the European Economic Area

Section 16 a

Provision of a notification to the supervisory authorities of the other EEA States

The Financial Supervision Authority shall without delay inform the supervisory authorities of the other EEA States, in which the bank has a branch or in which it offers services referred to in the Act on Credit Institutions, of the termination of operations of the bank and the opening of reorganisation proceedings and of the possible effects of the proceedings.

The notification referred to in subsection 1 shall correspondingly be submitted upon termination of the interruption of operations and the reorganisation proceedings.

Section 16 b

Publication of the decision in the European Economic Area

The attorney shall, without delay, announce the interruption of operations of a bank in the Official Journal of the European Communities as well as, in the official languages of the relevant States, in two national newspapers in each of the EEA States in which the bank has a branch or in which it offers services referred to in the Act on Credit Institutions. Correspondingly, the termination of interruption for another
reason than the termination of the time limit set in the decision to interrupt shall be announced. The same shall apply to the duty of the administrator to announce the opening and termination of the reorganisation proceedings.

The notification on the opening of the proceedings referred to in subsection 1 shall simultaneously state the purpose of the proceedings, the applicable legislation, the appeal period and the competent appeal authority.

The termination of operations and the reorganisation proceedings shall be in force notwithstanding the publication of the notification referred to in subsection 1.

Section 16 c

Registration in registers kept in the other EEA States

The attorney shall request that the termination of operations of a bank be registered in the land register, trade register or any other public register kept in another EEA State if the registration of the opening of such proceedings is mandatory in accordance with the legislation of the said State. The administrator shall correspondingly request the registration of the opening of reorganisation proceedings.

Chapter 6

Provisions on the entry into force

Section 17

This Act shall enter into force on 1 January 2002.