

NB: Unofficial translation  
Ministry of Labour, Finland

**Act on Personnel Funds (814/1989)**  
Issued in Helsinki, September 15, 1989  
(as amended by several Acts including No 75/2001)

Chapter 1  
General provisions

Section 1 (344/1999)  
*Scope of application*

This Act applies to a Finnish partnership, limited partnership, limited-liability company, mutual insurance company, cooperative, savings bank, mortgage society, insurance association, an economic association entered in the Trade Register, a commercial enterprise in accordance with the State Enterprise Act (627/1987) (*company*), a State office or department (*government agency*), and a personnel fund established by the persons employed by the company or government agency (*personnel*).

Section 2 (344/1999)  
*Definitions*

A *personnel fund* means a fund owned and controlled by a company's or government agency's personnel with the purpose of managing the profit bonus items and other assets referred to in this Act paid to it by the company or government agency.

A *profit bonus item* means in this Act a sum of money which is substantially determined in a company from the operating profit according to an income statement or comparable internal accounting calculation, plus depreciation, or from an item after that calculation, indicating the profitability of operations and possibly from other indicators of the company's operating efficiency, and in a government agency from bonuses in accordance with its bonus system.

Hereinafter, when this Act refers to a profit bonus system or profit bonus item, it means the bonus system used in a government agency and the bonuses payable in accordance with it.

Section 3  
*Members and legal capacity*

The personnel fund comprises all persons working for the company or government agency, unless otherwise indicated in section 14. The members of the personnel fund do not bear personal liability for the obligations of the fund, and no personal obligations may be associated with membership. (344/1999)

A registered personnel fund may acquire rights and make commitments and act as a litigant in a court of law and in other official bodies. A personnel fund may not engage in any other operations than those defined by this Act.

Section 4  
*Registration and supervision*

The Ministry of Labour maintains a register of personnel funds and supervises their operations.

Chapter 2  
Establishing a personnel fund

Section 5  
*Prerequisites*

A personnel fund may be established in a company or government agency which employs at least 30 people, following the procedure laid down in this Act. A fund may also be established in a profit centre in a company or government agency, if the profit centre has at least 10 employees. A joint personnel fund may be established in two or more companies only if the companies belong to one and the same group. The provisions laid down below for company personnel also apply to the personnel in the profit centres and groups referred to above. (344/1999)

A company which has a minimum of 10 but less than 30 employees can have a personnel fund only if the company's ownership at the time of the establishment of the personnel fund is such that no one owns more than one tenth of the company and no one can use more than one tenth of the authority vested in the company's highest decision-making body.

If a company has a personnel fund, at least one of the company's auditors must be an auditor or an auditing company approved by the Central Chamber of Commerce or a chamber of commerce.

Section 6 (344/1999)  
*Discussions about the system*

To establish a personnel fund, the company or government agency and its personnel shall discuss organization of the profit bonus system and personnel fund in accordance with the provisions of the Act on Cooperation within Undertakings (725/1978) or the Act on Cooperation in Government Departments and Agencies (651/1988), or in some other way agreed upon by the company or government agency and the personnel groups referred to in the said Acts. (344/1999)

Section 7 (344/1999)  
*Company or government agency decisions*

The company or government agency makes the decision on the profit bonus system and its application.

The profit bonus system must be applied to not later than the second financial year of the company or government agency after the fund has been established. A company must require its auditors to submit the reports referred to in section 51, paragraph 2, to the fund.

The company or government agency must decide on the guidelines for determining the profit bonus item, and on any changes to these guidelines, before the beginning of the period for which the profit bonus item is paid. Before a decision is made, the question must be discussed as laid down in section 6.

Section 8  
*Personnel decisions*

Representatives of personnel groups draft a proposal for the establishment of a personnel fund, taking into account what is stated in section 10 concerning the fund bylaws. It is considered that the personnel has accepted the proposal if it is supported by at least two personnel groups which together form the majority of the company personnel.

If there is no other way of finding out if the personnel of the company or government agency accept the proposal, the matter must be put to the vote in the company or government agency. When a vote is organized, the provisions laid down on the election of a labour protection officer must be followed, whenever applicable. The proposal is considered accepted if the majority of voters support it. (344/1999)

Section 9  
*Establishment*

When the decisions referred to in paragraph 1, section 7, and section 8 have been taken, the representatives of personnel groups must convene a constituent meeting for the personnel fund. The persons to be invited to the constituent meeting comprise the would-be members or authorized representatives or other representatives they have elected. (1660/1995)

The constituent meeting shall adopt the personnel fund's bylaws.

A decision on the establishment of a personnel fund is valid only if two-thirds of the votes cast at the meeting are in favour of it. The constituent meeting must elect a board and auditors for the fund.

Any obligations that stem from measures taken for the personnel fund before its registration are the joint responsibility of those who have participated in or made the decision on the measures. The responsibility for an obligation stemming from the proposal or decision to establish the fund or for an obligation that has arisen after the constituent meeting is, however, transferred to the fund after the fund has been registered.

Section 10 (344/1999)  
*Bylaws*

The personnel fund's bylaws must contain the following information:

- 1) the name of the fund;
- 2) the company or government agency, or profit centre, in which the fund exists;
- 3) the municipality in Finland where the fund is domiciled;
- 4) the principles whereby the members' shares of the members' capital are determined;
- 5) how the restricted and withdrawable portions of the fund unit are determined;
- 6) the procedure when fund units are withdrawn;
- 7) when fund meetings are arranged and how the invitation is delivered;
- 8) the items to be discussed at an annual meeting;
- 9) the number of board members and auditors and, if any, authorized representatives, or the way this number is determined, the election procedure and the term of office; and
- 10) the financial year of the fund.

Section 11  
*Registration report*

A report for the registration of a personnel fund (*registration report*) must be submitted in writing to the Ministry of Labour. The report must include the bylaws of the fund and it must show that the establishment procedure has been that laid down in sections 6-9 of this Act.

The registration report must contain the full names of the fund board members and those entitled to sign for the fund, their domiciles and, if relevant, any restrictions on their rights to sign for the fund, and the fund's postal address. The chairman of the board must sign the report and affirm that the information given in the report is correct.

Section 12  
*Registration*

A personnel fund can be registered if:

- 1) the registration report has been completed in the manner described in section 11;
- 2) the fund's name is distinctly different from the names of any other funds already in the register and is not misleading; and
- 3) there is no legal obstacle to registration.

If there is no obstacle to registration, the personnel fund must be registered without delay. To indicate the registration, the fund's name is supplemented with the abbreviation 'hr' or, if the bylaws have been written in Swedish, with the abbreviation 'pf'.

### Section 13 *Other reports*

If the personnel fund's bylaws are amended or if board members or those entitled to sign for the fund change, notification (*notification of amendment*) must be sent to the register. If the bylaws have been amended, the new bylaws must be appended to the amendment. The provisions of sections 11 and 12 on the registration report also apply to the compilation and review of the amendment.

The amendment to the bylaws comes into effect when it is entered in the register. When a change in the persons entitled to sign for the fund has been entered in the register, it is considered that the change is known to outsiders, unless it is shown that an outsider has not been, and could not be expected to be, aware of the change. Before the amendment is entered in the register, it may not be appealed to, unless it can be shown that the outsider in question has been aware of the amendment.

The fund must also inform the Ministry of Labour of the procedure used in the determination of the profit bonus item and of any changes in that procedure.

## Chapter 3 Membership of a personnel fund

### Section 14 (344/1999) *Membership*

People employed by the company or government agency become members of the personnel fund by virtue of their employment relationship or civil service relationship. The provisions of this Act concerning an employment relationship also apply to other comparable service relationships between employer and employee.

The bylaws may state that persons who have fixed-term employment relationships or civil service relationships, or members of the management of the company or government agency, as defined in more detail in the bylaws, may not be members of the fund.

### Section 15 *Commencement and termination of membership*

When a personnel fund is established, the persons defined in the bylaws obtain membership immediately. People who are employed by the company or government agency after establishment of the fund obtain membership at the beginning of the next financial year after their employment has begun. Other times can be laid down in the bylaws, but it should be noted that a person who has been employed by the company or government agency for the whole financial year before establishment of the fund obtains membership at the time of establishment, and any other employees become members not later than the beginning of the company's or government agency's second financial year following commencement of their employment or civil service relationship. (344/1999)

Membership of a personnel fund ends when the member's share in the fund has been paid back to him/her in its entirety.

Chapter 4  
Personnel fund capital and fund units

Section 16  
*Types of capital*

The personnel fund's equity comprises the members' capital and other fund capital.

The members' capital includes the capital that is added to the members' fund units and any revaluations that have been made in investment of this capital. Other fund capital includes the fund's joint capital and any donations to the fund. Any profits or losses made by the fund may be added to the members' capital and other fund capital in the manner described in section 22.

Stipulations concerning outside capital in a personnel fund are given in section 23.

Section 17  
*Fund units*

Unless otherwise stipulated in section 18, the profit bonus items received by the personnel fund are added to the members' fund units, as determined in the bylaws. The distribution should be equal. Unless otherwise determined in the bylaws, one half of the profit bonus item is added to the fund units in proportion to the period of time entitling the members to pay or compensation for lost earnings, and the other half in proportion to the sum total of pay and compensations paid to them during the period. Only the capital that has accumulated from profit bonus items, fund profits and investment revaluations may be added to members' fund units.

Section 17 a (1145/1999)  
*Cash payment or profit bonus shares*

Members are entitled to withdraw their shares in the profit bonus item in cash if the profit bonus system of the company or government agency so allows. The amount of a profit bonus share withdrawn in cash, before withholding tax and including social security contributions based on the share, shall be equal to that of the particular member's profit bonus share determined according to the bylaws.

Profit bonus shares withdrawn in cash are not paid into the fund but directly to the member by the employer. Members must notify their employer that they intend to withdraw their profit bonus share in cash before the financial year on which the share is based begins.

Before the final date of the notification the member must be provided with an account of how a cash withdrawal and a withdrawal made through a fund differ in terms of taxation and pensions and other pay-derived benefits.

Section 18 (1145/1999)  
*Joint capital*

It may be determined in the personnel fund's bylaws that a certain percentage of the profit bonus items and the fund profit, or part of it, may be transferred to the fund's joint capital, which is used by the fund for the training of members and for other purposes that serve the common good of the membership. The right of a member who uses his right as laid down in section 17a to withdraw his profit bonus share in cash to member benefits acquired with joint capital may be restricted by the fund's bylaws.

Section 19  
*Donations*

Any sums that are given as donations or bequests to the personnel fund are transferred to other fund capital. These sums must be used in accordance with the instructions of the deed of donation or testament. Unless something else has been determined for the dissolution of the fund, and unless the fund meeting

deciding on the dissolution determines that this capital should be used for the general benefit of the company or personnel, at the time of the dissolution of the fund this capital is divided between the members following the principles set forth by the fund meeting deciding on the dissolution, as referred to in section 58.

#### Section 20 *Investment options*

The personnel fund must invest its funds in:

- 1) the company in which the fund members are employed, or a company that belongs to the same group, either on equity terms or loan terms, or
- 2) some other secure and profitable target.

In making investments it must be ensured that the fund retains sufficient liquidity in view of the members' rights to withdraw their fund units.

The provisions of paragraphs 1 and 2 are not applied to joint capital or to donations.

The personnel fund may agree that it invests a certain percentage of its funds in the way described in point 1 of paragraph 1. A provision of this kind may also be included in the fund bylaws.

#### Section 21 *Evaluation*

The value of the personnel fund as a whole, and the value of each member's unit must be determined on the day when the books of the fund are closed and without delay after the fund has received a profit bonus item (*evaluation day*).

Funds must be evaluated at their current value.

#### Section 22 *Profit and loss*

Any profit or loss brought by the members' capital of a personnel fund and any revaluations made in the investments of this capital must be added to the members' units each financial year in proportion to the value of the fund units that each of them has had on average during the financial year. It may be stated in the fund's bylaws that any profit or loss and revaluations should be added to the members' units in proportion to the value of the fund units that each of them held at the beginning of the financial year. The bylaws may also provide that this profit, or part of it, should be paid each financial year to the members or that it should be added to the joint capital of the fund. A member who has been paid back his/her fund unit on the grounds of termination of his/her employment relationship is not entitled to profit or loss or revaluations for the period between the evaluation day and the day on which the fund unit was paid back. (1660/1995)

Any loss brought by other types of capital except members' capital in a personnel fund must be covered each financial year by the profits from previous years, the joint capital or the members' capital. The fund must decide separately on the use of any corresponding profit.

#### Section 23 *Outside capital*

The personnel fund may take a loan from the company or from some other company in the same group to be used for the subscription of shares in the company or in some other company in the same group or, correspondingly, for raising the fund's equity.

The fund may take loans other than those mentioned in paragraph 1 only to level out any variations in its liquidity or to cover expenses at the establishing stage.

Section 24  
*Withdrawal of fund units*

The fund unit is divided into a restricted portion and into a withdrawable portion. A member is entitled to the withdrawable portion in cash without delay after the evaluation day, as specified in more detail in the fund's bylaws.

Capital is transferred from the restricted portion to the withdrawable portion, observing the principles set forth in the bylaws. No more than 15% of the capital is transferred each year after the person has been a fund member for five years. (1660/1995)

It may be stated in the fund's bylaws that no money is transferred annually from the restricted portion to the withdrawable portion.

The bylaws may authorize the fund meeting, the representatives or the board to decide that in a given year no transfer will be made from the restricted portion to the withdrawable portion or that less than the maximum amount will be transferred. Such non-transferred items may, by decision of the fund meeting, the representatives or the board, be transferred to the withdrawable portion in subsequent years. In such cases, however, proportional transfers to the withdrawable portion may not be more than 15 per cent annum on average during a five-year reference period. (1145/1999)

Section 25  
*Statement of the fund unit*

Immediately after the evaluation day, each member must be given a written statement of the profit bonus item added to his unit, including the grounds for it, and the value of his/her unit and its division into restricted and withdrawable portions. The board of the fund has the right to decide to replace this statement of the profit bonus item with some other notification that it deems suitable in the case of members who do not have a fund unit or whose fund unit shows insignificant change, and who have no withdrawable fund units. (1660/1995)

Section 26  
*Correction claim*

After having received the statement referred to in section 25, a member who considers it incorrect may, within 14 days, demand correction from the personnel fund board. The board must deal with the claim for correction without delay and inform the member of the decision reached.

Section 27  
*Payment of the share after termination of the employment relationship or service relationship (344/1999)*

Irrespective of what the bylaws say about withdrawal of the fund unit, the share must be paid within four months of the next evaluation day after:

- 1) one full financial year has elapsed since termination of the employment or civil service relationship because the member gave notice or the employer gave notice to the member or terminated his employment or civil service relationship due to the employee's or civil servant's behaviour; or
- 2) the member has retired, his employment or civil service relationship has ended for some reason other than those mentioned in subparagraph 1, or the member has died. (1145/1999)

If the member gives notice under chapter 5, section 7, paragraph 1, of the Contracts of Employment Act (55/2001) or if a civil servant gives notice on the basis of section 29, paragraph 1, of the State Civil Servants' Act (750/1994) after being laid off continuously for at least 90 days, the provisions of paragraph 2, point 2, shall apply to payment of the fund unit, notwithstanding what is stated in paragraph 1, point 1. (75/2001)

The profit bonus item that is to be added to the member's unit after the fund unit has been paid must correspondingly be paid to him or to his beneficiary.

Irrespective of what is laid down in paragraph 1, the bylaws of the fund may provide that a member who has retired is entitled to withdraw his fund units in items the amount of which the member may decide on no more than four fund unit payment days following retirement. (1145/1999)

#### Section 28

##### *Deferred payment of the unit*

If the sum that the members intend to withdraw plus the withdrawals of the past six months amount to more than one third of the members' capital, the fund board has the right, if the maintenance of sufficient liquidity so requires, to defer the payment of units either partly or entirely for a period not exceeding two years. The deferment must affect all intended withdrawals equally. The deferment cannot, however, apply to withdrawals made by virtue of section 27.

#### Section 29

##### *Non-transferability and distraint of the unit*

A member's fund unit is personal and cannot be transferred or pledged.

Only the withdrawable portion of the fund unit may be distrained. Distraint may be effected even before the member can withdraw his unit. The fund must pay the distrained sum to the execution officer irrespective of whether the member has informed the fund of his intention to exercise his withdrawal right.

The provisions of paragraph 2 concerning distraint of the withdrawable portion are correspondingly applied to the fund unit to be paid according to section 27 and to the apportionment referred to in section 58.

One-third of the returns coming to the member by virtue of this Act may be distrained. Whenever applicable, the provisions on the distraint of wages and salaries are observed. The fund unit is included in a bankrupt's estate to the extent it is liable to distraint, as provided in this section.

### Chapter 5

#### Lawful authority in a personnel fund

#### Section 30

##### *Exercise of lawful authority*

Lawful authority in a fund is vested in its members. As described below, the bylaws can, however, contain a provision according to which lawful authority is exercised by the authorized representatives of the fund members.

#### Section 31

##### *Lawful authority of members*

The members exercise their lawful authority in fund meetings. The bylaws may state that, in questions specified in the bylaws, the members exercise their lawful authority in separately arranged elections. In such cases, the provisions of this Act are supplemented with voting and election rules which must be approved for the fund and contain more detailed regulations on the election procedure.

#### Section 33

##### *Lawful authority of authorized representatives*

If lawful authority is assigned to authorized representatives, the bylaws must, in addition to what is specified in section 10, define the representatives' duties.

The representatives exercise their lawful authority in meetings. When applicable, the provisions of this Act on fund meetings also pertain to representatives' meetings.

Section 33  
*Fund meeting*

The fund meeting must be held at a time stipulated in the bylaws.

An extraordinary fund meeting must be held when the fund meeting so decides, or the board considers there to be cause for an extraordinary meeting, or a minimum of one-tenth of those entitled to vote at the meeting or one or more personnel associations which represent at least one-tenth of the fund members demand that an extraordinary meeting be held in order to discuss a specific issue.

Section 34  
*Scope of the meeting's authority*

The fund meeting has authority over the following business:

- 1) amendment of the fund bylaws;
- 2) voting and election regulations;
- 3) election or dismissal of the board or a board member or an auditor;
- 4) approval of the financial statements and discharge from liability;
- 5) measures necessitated by a profit or a loss; and
- 6) dissolution of the fund.

Section 35  
*Invitation to a meeting*

A fund meeting must be convened as stipulated in the bylaws. The invitation to a meeting must specify the time and location of the meeting. The meeting cannot make a decision on an item listed above in section 34 or on any similar item unless it has been mentioned in the invitation to the meeting.

Section 36  
*Member's right to vote*

Each member has the right to vote and each has one vote. The bylaws may, however, stipulate that the number of votes a member has depends on his fund unit. Nevertheless, no one may have more votes than three times the number of votes any other member has.

The right to vote may not be exercised by proxy, unless allowed by the bylaws.

Section 37  
*Incapacity*

No one may exercise his vote or introduce a motion if the matter to be decided is an agreement between him and the fund or some other issue in which his private interest is in conflict with the fund interest.

A board member or any other person who has been entrusted with duties in the fund administration, may not exercise his vote when the question to be decided is the election or dismissal of an auditor, adoption of the fund's financial statements, or discharge from liability, if the matter at hand concerns administration for which he is responsible.

The above provisions on the incapacity of persons referred to in paragraphs 1 and 2 also apply to their proxies or representatives.

Section 38  
*Decision-making procedure*

Unless otherwise stipulated in the bylaws, decisions in the fund are adopted as follows:

- 1) an opinion supported by more than one half of the votes given;

- 2) in the event of a tie, the chair has the casting vote, or if the decision is made in separate voting sessions, a decision that is made by drawing lots; and
- 3) in a question that concerns revision of the bylaws or dissolution of the fund, the opinion supported by at least two-thirds of the votes given.

Section 39  
*Holding an election*

The bylaws must stipulate if the election system uses the proportional vote or the majority vote, how the result of the vote is determined and how an election is held. The right to participate in the nomination of candidates must be secured for all those who are entitled to vote in an election.

If the personnel fund has authorized representatives, the bylaws may stipulate that the representatives' seats or a certain number of them must be distributed among fund members, or among groups formed by fund members, on the grounds stated in the bylaws. It may also be decided that representatives should be elected from among candidates nominated by the said members or groups. If someone has failed to nominate candidates, the representatives can be elected from among the candidates nominated by others. If a group of voters represents at least one tenth of the membership's total number of votes, they must always be secured the right to nominate candidates.

Section 40  
*Drawing up the minutes*

The chairman of a meeting must see to it that minutes of any decisions made at a meeting are drawn up. The minutes are signed by the chairman of the meeting and checked by at least two members nominated at the meeting for the purpose, or approved by the meeting itself.

If a separate voting session has been arranged, the fund board must see to it that the election procedure, counting of votes and the result are recorded in minutes which are dated and signed by the chairman of the board.

On request, a fund member has the right to see the minutes and, against compensation, to receive a copy or extract thereof.

Section 41  
*Annulment of a decision*

If a fund decision has not been made in the prescribed order or if it is otherwise in conflict with the law or the bylaws, a fund member, the board or a board member may bring action against the fund and demand that the decision be declared void. If someone has participated in decision-making at a meeting, he is not entitled to bring action for annulment in such a case.

The action must be brought within three months of the date of the decision or, if the decision has been made in a separate voting session, within three months of the date in the minutes drawn up on the decision. If no action is brought within the time specified, the decision must be considered valid.

If the fund board has brought the action, a fund meeting must be convened without delay to select a representative to answer for the fund.

Section 42  
*Invalidity of a decision*

Irrespective of any action for annulment, a decision is invalid if it violates a third party's rights.

A decision which restricts any economic rights already achieved by a fund member in accordance with the bylaws, or which either in content or in the decision-making procedure essentially violates the principle of equality between the members, is also invalid.

A fund member, the board or a board member, or anyone who considers that a decision violates his rights may bring action against the fund to obtain confirmation that the decision is void.

Section 43  
*Injunction against enforcement*

When action has been brought against the fund, the court may forbid enforcement of the fund's decision or suspend enforcement. An injunction or suspension of this kind may also be revoked.

The court decisions referred to in paragraph 1 may not be appealed separately.

Chapter 6  
Personnel fund administration

Section 44  
*Board*

The fund must have a board which consists of a minimum of four members. The bylaws may specify that deputies should be elected for the board members. The regulations governing the actions of a board member also apply to a deputy member.

A board member must also be a fund member or belong to the management of the company or government agency. A person who is legally incompetent, bankrupt or has been prohibited from engaging in business operations cannot be a board member. (344/1999)

Section 45  
*Duties of the board*

The board must take good care of the fund's business in accordance with the law, the fund bylaws and the decisions of the fund meetings. The board represents the personnel fund.

In particular, the board must see to it that the administration and financial management of the personnel fund are properly organized and that the fund assets are invested in accordance with the provisions of chapter 4. The board decides if and when the fund's assets should be placed in receivership.

Immediately after each evaluation day, the board must draw up the calculations referred to in section 25, following the principles laid down in the bylaws.

Section 46  
*The right to sign for the fund*

The bylaws may specify that a board member is entitled to sign for the personnel fund or that the board may grant such a right to a member or to someone else.

A person who is legally incompetent, under a ban on business operations or bankrupt cannot represent the fund or sign for it. The right to sign for the fund may be restricted in the bylaws in such a way that two or more people are jointly entitled to sign for the fund. No other restriction can be entered in the personnel fund register.

It is considered that a summons or some other notice has reached the personnel fund when it has been served to the chairman of the board or to a person who is entitled to sign for the fund, either alone or jointly with someone else.

Chapter 7  
Financial statements and auditing

Section 47  
*Financial statements*

For each financial year, the board must draw up financial statements, which consist of an income statement, a balance sheet and a report on operations. The provisions of the Accounting Act (655/73) apply to a personnel fund's legal obligation to keep books and to its financial statements. If a board member has presented a dissenting opinion on the financial statements, a comment to this effect must be appended to the financial statements if he so demands.

The report on operations must be drawn up in accordance with good accounting practice, and it must provide information on questions of importance for evaluation of the personnel fund's status and operations, but which need not be described in the income statement or the balance sheet, and on events that are essential to the fund even if they took place after the end of the financial year. The report on operations must include a proposal for actions concerning any profit or loss made by the fund.

The documents mentioned in paragraph 1 above must be submitted to the auditor not later than one month before the fund meeting that is to discuss the financial statements.

Section 48 (946/1994)  
*Auditor*

The provisions of this chapter and the Act on Auditing (936/1994) apply to the auditing of personnel funds.

The personnel fund must have at least one auditor, as specified in the fund bylaws. If only one auditor has been elected for the fund, and the auditor is not an auditing company as referred to in paragraph 3, at least one deputy auditor must also be elected.

At least one auditor and his/her deputy must be an auditor or an auditing company approved by the Central Chamber of Commerce or a chamber of commerce.

Section 49  
*Repealed (946/1994)*

Section 50  
*Repealed (946/1994)*

Section 51 (946/1994)  
*Auditors' report*

In addition to what is provided in the Act on Auditing, the auditors' report shall include a statement on whether the fund's assets have been invested as required by section 20.

The auditors' report must be supplemented with a statement by the company auditors showing whether the profit bonus share has been paid in accordance with the principle decided on by the company. If the fund has invested its assets in the company on an equity-ranked basis, and these assets do not have a current value that could be determined on the basis of the market value, the report must be supplemented with a statement by the company auditors affirming whether these investments are properly valued.

Chapter 8  
Loss

Section 52  
*Liability for loss*

A member of the personnel fund board and an employee of the fund are required to compensate for any loss that he has caused to the fund, either deliberately or through negligence. The same applies to any other damage caused to a third party by breaching this Act or the fund bylaws.

*Paragraph 2 repealed by Act No. 946/1994.*

A member of the personnel fund is obligated to compensate for a loss he has caused to the fund, to another member or to a third party by contributing to a breach of this Act or the fund bylaws, either deliberately or through gross negligence.

When more than one party is liable for loss, the provisions in chapters 2 and 6 of the Damages Act (412/1974) are applied to the reduction of compensation and to the distribution of liability.

The liability of a fund employee for loss is determined according to separate provisions.

Chapter 9  
The personnel fund in company or government agency reorganization (344/1999)

Section 53  
*Decision to transfer fund units*

If all or part of the operations of a company or government agency are transferred to another company or government agency (*receiving company or government agency*), which has, or intends to establish, a personnel fund, the employees who move from the one company or government agency to the other can decide that their fund unit should be transferred to the personnel fund of the other company or government agency, or to the new fund being established. The present provisions concerning a company or government agency also apply to a profit centre. The provisions can also be applied if a group company ceases to be part of the group, if the group has a personnel fund shared by several companies, and if a company with a personnel fund becomes a unit in a group. (344/1999)

If fund units are transferred to a fund being established, the provisions of Chapter 2 are observed whenever applicable. If the fund being established would also have members other than those referred to in paragraph 1, the fund units can be transferred to the new fund only if at least two-thirds of the employees who move to the receiving company support the transfer in a vote.

If fund units are transferred to an existing fund in the receiving company or government agency, the board of this fund and the representatives of the employees moving to the company or government agency must draw up a proposal on the terms of the transfer and on the rights within the fund of the employees thus moving. A decision on transfer is valid only if at least two thirds of the employees who move to the receiving company or government agency support the proposal in a vote, and the fund meeting in the receiving company or government agency has adopted the proposal following the procedure stipulated or determined for bylaw amendments. (344/1999)

Section 54  
*Transfer of assets*

When the decisions described above in section 53 have been taken, the boards of the funds must ensure that the fund units of the employees are transferred to the receiving fund. In such cases, the provisions of sections 27 and 28 apply to payment of units. As well as the fund units of the employees who move to the receiving company, a corresponding percentage of the assets included in other fund capital must be transferred to the new fund, unless these assets have been otherwise provided for in the event the fund is

dissolved. If no other agreement is made with creditors, the debts of the fund must be paid or collateral accepted by the creditor must be deposited before the assets can be transferred from the fund.

The fund units of those employees who have opposed transfer of fund units in the vote must be paid as stipulated in section 27. A demand to this effect must be presented to the fund board within 30 days after the proposal for the transfer of fund units has been accepted in a vote, under penalty of the fund units of the said employees being also transferred to the new fund.

## Chapter 10 Dissolution of the personnel fund

### Section 54a *Negotiations concerning dissolution (1145/1999)*

When a company or a government agency is planning to discontinue its profit bonus system or its personnel are planning to dissolve the fund, the matter must be processed as laid down in section 6.

### Section 55 *Grounds for dissolution*

The personnel fund must be dissolved:

- 1) when the company has been dissolved or is considered to be dissolved or declared bankrupt, or when the government agency has been closed down;
- 2) when the personnel fund does not meet the requirements laid down in this Act and the situation has not been remedied before a deadline set by the Ministry of Labour, which may not exceed three years; and
- 3) when the personnel fund meeting has otherwise decided to dissolve the fund. (344/1999)

If the fund meeting has not made a decision to dissolve the fund in the cases described in points 1 and 2 of above, the Ministry of Labour may make the decision to dissolve the fund.

The Ministry of Labour must be informed of the decision on dissolution for registration purposes.

### Section 56 *Executors*

When a decision on dissolution has been made, the board must carry out the necessary liquidation measures, unless the fund meeting has decided otherwise or the Ministry of Labour considers that one or more executors should be appointed. The provisions on the board and its members also apply to executors.

### Section 57 *Liquidation procedure*

In the liquidation, the fund's assets must be converted into money as soon as possible without violating the fund members' interests, the fund debts must be paid, and other capital shares, except members' capital, must be dealt with in accordance with the agreement made concerning the dissolution. A public summons must be issued for any unknown creditors of the fund, unless this is obviously unnecessary.

### Section 58 *Apportionment of assets*

When all liquidation measures have been completed, the executors must draw up a proposal for the apportionment of the personnel fund assets among the members, prepare a report of the liquidation measures and convene a fund meeting.

The assets can be apportioned to the members after the proposal for apportionment has been accepted at a fund meeting. A proposal for the apportionment of other assets except the members' capital is considered

accepted only if at least two-thirds of the votes cast at the meeting support the proposal. The assets may not be apportioned before two years have passed since the fund meeting's decision on dissolution, except when the dissolution is effected under section 55, paragraph 1, point 1. The personnel fund is considered dissolved when all the fund assets have been apportioned. The executors or the board must inform the Ministry of Labour of the dissolution for registration purposes.

Chapter 11  
Supervision of a personnel fund

Section 59  
*Supervision*

The Ministry of Labour must ensure that the operations and administration of the personnel fund comply with the law and the fund bylaws.

Within six months of the end of the financial year, the personnel fund must send certified copies of the following documents to the Ministry: the income statement and balance sheet, including their supplements; the statement of the source and application of funds; the report on operations; and the auditors' report. When necessary, the personnel fund must also give the Ministry any other reports on its operations needed for control purposes.

Whenever there is reason to do so, the Ministry has the right to check the personnel fund bookkeeping and administration, and also conduct other inspections of fund operations. At the Ministry's request, a fund auditor is required to give the Ministry information on any matters that have come to his knowledge in the course of his duties and that pertain to the fund and, in the case referred to in paragraph 3, section 51, to the company.

Section 60  
*Supervisory measures*

If the Ministry of Labour discovers that a personnel fund has acted contrary to the law or regulations, or neglected the obligations specified in this Act, the Ministry may order the fund board to take action to rectify the situation or forbid execution of an erroneous decision. The Ministry may request the Provincial State Office in the fund's domicile to set a fine which the fund members must pay if they do not comply with the order or prohibition. Payment of the fine is ordered by the Provincial State Office.

Chapter 12  
Miscellaneous provisions

Section 60a  
*Obligation to provide information*

Companies are required to supply personnel funds with all the information required to establish a fund, maintain a register of members, calculate and pay fund shares, and otherwise administer the fund.

Section 61  
*Confidentiality*

Whoever, in the course of the duties referred to in this Act or as a member or a deputy member of an executive body in a personnel fund or as an executive officer of the fund, has obtained unpublicized information on the financial position or private situation of the personnel fund or one of its members or the company, or a trade or business secret, shall be constrained from revealing this information or making it publicly known or taking advantage of it in any way, unless it has been stipulated or in due order decided that the information should be disclosed, or unless the party whose interest is protected by the confidentiality clause consents to disclosure of the information.

A breach of the confidentiality clause laid down in paragraph 1 is punishable in accordance with chapter 38, sections 1 or 2, of the Penal Code unless the act is punishable under chapter 40, section 5 of the Penal Code, or unless a more severe penalty is provided for elsewhere in the law. (616/1995)

*Paragraph 3 repealed by Act No. 616/1995.*

#### Section 62

##### *More detailed provisions and regulations*

When necessary, more detailed provisions on the implementation of this Act will be issued by decree.

The State Accountancy Committee will issue more detailed regulations and instructions on the financial statements of a personnel fund and on how the Accounting Act must be applied to preparation of the financial statements of a personnel fund. The State Accountancy Committee must provide the Ministry of Labour with any relevant statements that the Ministry needs for the supervision of funds as referred to in this Act.

#### Section 63

##### *Validation*

This Act comes into force on January 1, 1990.

Helsinki, September 15, 1989

President of the Republic  
Mauno Koivisto

Minister of Justice

*Matti Louekoski*

Amendment No 946/1994 came into force on January 1, 1995.

Amendment No 616/1995 came into force on September 1, 1995.

Amendment No 1660/1995 came into force on January 1, 1996.

Amendment No 590/1997 came into force on July 1, 1997.

Amendment No 344/1999 came into force on April 1, 1999.

Amendment No 1145/1999 came into force on January 1, 2000.

Amendment No 75/2001 came into force on June 1, 2001.