

**Translation from Finnish****Legally binding only in Finnish and Swedish****Ministry of Finance, Finland****Savings Bank Act**

*(1502/2001; amendments up to 409/2019 included)*

**Chapter 1****General provisions****Section 1**

This Act shall apply to savings banks. This Act shall also apply to limited-liability savings banks as provided in chapter 6 below.

A savings bank and a limited-liability savings bank are deposit banks referred to in the Act on Credit Institutions (610/2014), the special purpose of which is to promote saving. (614/2014)

**Section 2**

A savings bank may be founded by at least ten corporations or foundations or at least twenty natural persons. A person declared bankrupt or enjoined from carrying on a business activity or a minor may not act as founder.

At least one of the founders shall be permanently resident or, if the founder is a legal person, have its registered office in the European Economic Area unless the Financial Supervision Authority grants an exemption therefrom. The exemption may be granted if it does not endanger the efficient supervision of the bank and the management of the bank in accordance with sound and prudent business principles. (703/2004)

**Section 3**

The Memorandum of Association shall contain the following information:

- 1) the profession, nationality, place of residence and postal address of the founder;
- 2) the basic capital;
- 3) the period within which the basic capital shall be paid; as well as

- 4) the period and manner in which the meeting of establishment shall be held.

#### **Section 4**

A savings bank shall have bylaws which shall provide for the following:

- 1) the trade name of the bank;
- 2) the municipality in Finland in which the place of the registered office of the bank is located;
- 3) the amount of the basic capital and the basic fund, if any, or, if the basic capital or basic fund may be reduced or increased without amending the bylaws, its minimum and maximum amounts, in which case the minimum amount shall equal at least one-fourth of the maximum amount, as well as the nominal value of a basic fund share;
- 4) in case the Trustees of the bank are elected at the Meeting of the Savings Bank, the manner of convening the Meeting of the Savings Bank and the issues that may be handled at the meeting;
- 5) the number of Trustees and their term and retirement age, the procedure to be followed in the election of the Trustees and the conditions under which the depositors as well as the holders of basic fund shares may participate in the election, the powers of the Trustees, the period in which the Ordinary General Meeting of the Trustees shall be held as well as the person and manner of convening the meetings;
- 6) the duties of the Supervisory Board, the number of members and deputy members, if any, or their minimum and maximum number as well as their term and retirement age if the bank has a supervisory board;
- 7) the number of members and deputy members, if any, of the Board of Directors or their minimum and maximum number as well as their term and retirement age;
- 8) the right of a member or deputy member of the Board of Directors, the Managing Director and the deputy of the Managing Director to be involved in the management of another business undertaking;
- 9) the manner in which the supervision of the administration and management of the bank shall be arranged;
- 10) the manner in which the administration of the branches of the bank shall be arranged;
- 11) the persons entitled to sign the name of the bank;
- 12) the period by which the annual accounts shall be submitted to the auditors;
- 13) the number and term of the auditors and deputy auditors; as well as
- 14) the use of the surplus of the bank upon its dissolution.

**Section 5**

The application for authorization for a savings bank shall contain proof that the basic capital is subscribed to. The subscription of the basic capital shall be entered in the Memorandum of Association or in a subscription list containing a copy of the Memorandum of Association. The founders shall decide on the approval of a subscription.

**Section 6**

The establishment of a savings bank shall be decided on at a Meeting of Establishment.

The Meeting of Establishment:

- 1) shall be presented with the original Memorandum of Association by the founders; as well as
- 2) decide on the date of the election of the Trustees unless a provision thereon is included in the Memorandum of Association.

**Section 7**

The establishment of a savings bank shall be notified for registration within six months from the decision to establish a savings bank as separately provided for. The registration notification shall be accompanied by an affirmation of all the members of the Board of Directors of the savings bank that the basic capital prescribed has been paid.

Unless the savings bank is notified for registration within the period referred to in subsection 1, its establishment shall expire. The establishment shall also expire if the registration of the bank is denied. The members of the Board of Directors shall be jointly and severally liable for the repayment of the amount of the basic capital subscribed to and the paid-up amount of the basic fund and the profit incurred therefrom after deduction of the costs incurred from the application for permission for establishment and registration.

**Section 8**

Prior to its registration, a savings bank may not acquire rights or undertake commitments or act as an applicant, plaintiff or respondent before a court of law or other authorities. The Board of Directors may, however, speak in matters relating to the establishment and authorization of the savings bank and otherwise undertake measures to collect the claims based on the subscription of the basic capital and basic fund.

Liability for measures taken on behalf of the savings bank prior to its registration shall lie jointly and severally with the persons who have participated in the measure or in a decision relating thereto. Liability based upon the Memorandum of Association of the savings bank or incurred after the Meeting of Establishment shall, however, be transferred to the savings bank upon its registration.

## **Section 9**

The Meeting of the Trustees shall decide on the amendment of the bylaws of a savings bank on a proposal of the Board of Directors. If at least two-thirds of the Trustees are present at the meeting and if they unanimously concur with the proposal without amending it, the proposal shall be deemed approved. In other cases, the matter shall be transferred to be finally decided at a new Meeting of the Trustees to be held after one month at the earliest. An amendment to the bylaws which, at this meeting, is supported by at least two-thirds of the Trustees present at the meeting, shall be deemed approved by the Trustees.

A decision to amend the bylaws so that the right of basic fund shares already issued to the distribution of the profit of the savings bank is restricted shall require the consent of all the holders of the basic fund shares.

An amendment to the bylaws of the savings bank shall enter into force upon its registration.

## **Chapter 2**

### **Equity capital**

#### **Section 10** (1625/2015)

The restricted equity capital of a savings bank consists of the basic capital, reserve fund, the fair value reserve as well as any revaluation reserve and basic fund. Other reserves as well the profit for the financial year and previous years are unrestricted equity capital.

#### **Section 11**

The basic capital shall not be repaid. The basic capital may be used to cover the losses of the bank for which the unrestricted equity capital shown on an adopted balance sheet, the reserve fund and the other funds or reserves for this purpose are not sufficient.

The reserve fund may be used to cover the losses of the bank for which the profit shown on the adopted balance sheet and the other funds or reserves for this purpose are not sufficient. The reserve fund may also be used to increase the basic capital and the basic fund as well as for a redemption provided for in section 71, subsection 1.

The revaluation fund may be used only to increase the basic fund.

## **Section 12**

The basic capital of a savings bank may be increased upon a decision of the Trustees by transferring funds thereto from the reserve fund up to a maximum proposed by the Board of Directors.

An increase of the basic capital shall be notified for registration without delay and at the latest within one year from the decision.

The basic capital shall be deemed increased when the increase is registered.

## **Section 13**

A savings bank may, upon a decision of the Trustees, establish a basic fund if the bylaws of the bank so provide and if the equity capital of the bank is at least one million euros.

A provision of the bylaws or an amendment thereto requiring the registration of the basic fund or an increase or reduction of a registered basic fund, shall be notified for registration and registered only simultaneously with the registration, increase or reduction of the basic fund.

A basic fund shall consist of basic fund shares, which shall be of the same nominal value.

The basic fund may be repaid under section 39, subsection 1 when the basic fund is reduced to distribute funds to holders of basic-fund shares, under section 113, subsection 2 when the bank is dissolved or when the holder of a basic-fund share has, under section 74 or 87 f or under section 89, subsection 3, the right to redeem a basic-fund share. (1423/2007)

**Section 14**

All the basic fund shares of a savings bank shall produce equal rights in the bank. The bylaws may, however, provide that the basic fund shall contain different classes of basic fund shares or that they may be issued. The differences between the different classes of basic fund shares and the number of basic fund shares of the different classes shall be provided for at the same time.

The bylaws may provide that a basic fund shares of a certain class may be converted into a basic fund share of another class in an order laid down therefor. The conversion shall, without delay, be notified for registration. A basic fund share shall be deemed converted when the registration is completed.

**Section 15**

The holder of a basic fund share shall be entitled to:

- 1) a bonus issue as provided for in section 32;
- 2) distribution of profit as provided for in section 41;
- 3) participate in the election of the Trustees in accordance with section 43, subsection 3, if so provided for in the bylaws of the savings bank;
- 4) demand redemption of a basic fund share as provided for in section 71;
- 5) a share of the basic fund in accordance with the provisions of section 113 when the bank is dissolved;
- 6) together with other holders of basic fund shares, to convene the Meeting of the Trustees in accordance with section 44, subsection 3 or to have a matter handled at the Meeting of the Trustees in accordance with section 44, subsection 4 if the said holders together hold at least one-tenth of all the basic fund shares;
- 7) object to a decision of the Trustees in cases referred to in section 59; as well as to
- 8) object to the final settlement of the savings bank in cases provided for in section 115.

The share of the basic fund held by the savings bank shall not produce any rights in the savings bank. (1066/2006)

**Section 16**

A subscriber of a basic fund share shall be issued a basic fund certificate, which shall be made out to a named person and which may cover several basic fund shares. A basic fund certificate may only be issued to a holder of a basic fund share entered in the register of basic fund shares. A

basic fund certificate may not be issued until the basic fund or its increase is registered and the basic fund share is fully paid.

A basic fund certificate shall state the trade name of the savings bank, the class of basic fund share, its serial number as well as the nominal value of the basic fund share. The basic fund certificate shall be dated and signed by the Board of Directors or a person authorised by the Board of Directors. The signature may be effected by machine or in other comparable manner.

Upon the request of the holder of a basic fund share, the Board of Directors shall, against a reasonable fee, execute a split of a basic fund certificate or combination of basic fund certificates.

### **Section 17**

Prior to the issue of a basic fund certificate, a savings bank may issue an interim certificate made out to a named person, which may cover the right to one or several basic fund shares and which shall contain the condition that the basic fund certificate shall be issued only against the return of the interim certificate. An entry of payments made for the basic fund share shall be made on the certificate upon request.

### **Section 18**

A basic fund certificate may be disposed of and acquired without restrictions. The right to subscribe to new basic fund shares may be separately disposed of after a decision to increase the basic fund has been made.

The savings bank or its subsidiary shall not acquire, against consideration, shares in another savings bank's basic fund, or shares in the basic fund of the parent bank. Any agreement contrary to this prohibition shall be invalid. (1066/2006)

The provisions related to a savings bank's right to acquire and redeem its own basic fund shares are contained in Sections 40a—40l. (1066/2006)

### **Section 19**

If a basic fund certificate or an interim certificate is disposed of or pledged, the provisions of sections 13, 14 and 22 of the Promissory Notes Act (622/1947) on negotiable promissory notes shall correspondingly be applied. In the application of the said provisions, the person who has

possession of the basic fund certificate or interim certificate and who, according to an entry made on the certificate by the savings bank, is entered in the register of basic fund shares as holder shall be comparable to the person presumed to have the right indicated by a promissory note under section 13, subsection 2 of the Promissory Notes Act.

## **Section 20**

The Board of Directors of a savings bank shall keep a register of all the basic fund shares (*register of basic fund shares*) of the bank. The register shall contain the basic fund shares in numerical order, their dates of issue as well as the full names, occupations, citizenship and postal addresses of their holders.

An alphabetical register shall be kept of the holders of basic fund shares (*register of the holders of basic fund shares*), which shall contain the personal data referred to in subsection 1 as well as the number of basic fund shares held by each.

If the basic fund contains shares of different classes, the register of basic fund shares and the register of the holders of basic fund shares shall indicate the class to which each basic fund share belongs.

The register of basic fund shares and the register of the holders of basic fund shares shall be kept at the head office of the savings bank available for anyone. Anyone shall, after reimbursement of the bank for its costs, have the right to obtain a copy of all or part of the register of basic fund shares and the register of the holders of basic fund shares.

## **Section 21**

An acquisition of a basic fund certificate notified to the savings bank by the acquirer together with reliable proof of the acquisition as well as proof of the payment of the asset-transfer tax laid down as well as other matters pertaining to the information entered in the register of basic fund shares and notified to the bank, shall, without delay, be entered in the register of basic fund shares and the register of the holders of basic fund shares. The entry shall be dated.

If the last disposal of a basic fund certificate entered in the basic fund certificate or interim certificate is in the form of a blank endorsement, the name of the new holder shall be entered in the basic fund certificate or interim certificate before the acquisition is entered in the registers. An

entry of the registration and its date shall be made in a basic fund certificate or interim certificate presented to the bank.

The payment of a profit share and the issue of a new basic fund certificate by the savings bank shall be valid if it has been made to the owner or holder of rights entered in the register of basic fund shares unless the bank knew or should have known that the payment or issue of the new basic fund certificate was made to the wrong person.

### **Section 22**

A person acquiring a basic fund certificate shall not have the right to exercise the rights belonging to its holder in the savings bank until he has been entered in the register of basic fund shares or until he has notified the bank of his acquisition and presented an account thereof.

Upon request, the savings bank shall enter in its register of basic fund shares anyone who, by means of a document, proves that he has, by virtue of a pledge, contract or other grounds, the right to a share of the profit distributed by the savings bank or to new basic fund shares upon an increase of the basic fund. The entry shall be struck from the register when proof of the termination of the right is presented.

### **Section 23**

If payment is made to the holder of a basic fund share under section 113, subsection 2 for the distributive share due to a basic fund share, an entry thereof shall immediately be made in the basic fund certificate. An entry shall likewise be made in the basic fund certificate if the basic fund certificate is cancelled or if its nominal value has been increased or reduced without consideration.

If a basic fund certificate is issued as a replacement in connection with the cancellation of another certificate, an entry to this effect shall be made in the basic fund certificate.

### **Section 24**

If an entry is to be made in a basic fund certificate under this Act or if the certificate is to be exchanged for one or more basic fund certificates under a decision of the Meeting of the Trustees, the savings bank may withhold the share of the profit accruing to the certificate until the basic fund certificate is presented for the said purpose.

**Section 25**

The basic fund may be increased by the subscription of new basic fund shares or by raising their nominal value for consideration (*new issue*) or by issuing basic fund shares or by raising their nominal value without consideration (*bonus issue*).

**Section 26**

The Meeting of the Trustees shall, at the proposal of the Board of Directors, take the decision on the increase of the basic fund. The decision by the Meeting of the Trustees, containing the maximum numbers of the registered basic fund shares broken down by share class, the minimum and maximum amounts of the consideration as well as the period of validity of the authorisation, may contain an authorisation of the Board of Directors to decide on the increase of the basic fund either in full or in certain parts. The authorisation shall remain in force no longer than five years.

(1066/2006)

A decision on a subscription issue shall contain the following:

- 1) the amount by which the basic fund shall be increased, or the minimum and maximum amounts of the increase;
- 2) the classes of the new basic fund shares to be issued if the bank has basic fund shares of different classes;
- 3) the persons entitled to subscribe to the basic fund shares;
- 4) the period of subscription and the shorter period, which shall not be less than one month from the beginning of the subscription period, within which a person entitled to subscribe to basic fund shares shall exercise their right;
- 5) the nominal value of and the amount payable for a basic fund share;
- 6) the period within which the basic fund shares shall be paid;
- 7) the principle under which the basic fund shares that have not been subscribed to within the period set shall be offered for subscription, as well as the principle under which the basic fund shares shall be distributed in the case of an excess of subscriptions, unless the right to decide upon these matters is delegated to the Board of Directors.

(1066/2006)

If the contents of the decision to increase the basic fund deviate from that stated in the notice to convene, those entitled to subscribe to the basic fund shares under the decision shall, without delay, be notified of the decision in the manner laid down for the notification of a notice to

convene a Meeting of the Trustees. The notification shall also state the procedure for exercising the right of subscription. The subscription period shall not start to run before the notification has taken place.

The proposal of the Board of Directors for a decision to increase the basic fund shall be kept available for scrutiny at the head office of the savings bank for a minimum period of one week prior to the Meeting of the Trustees as well as made available for scrutiny at the Meeting of the Trustees. The proposal shall state the amount by which the basic fund shall be increased.

The following documents shall be appended to the proposal if the meeting does not handle the annual accounts:

- 1) copies of the documents of the latest annual accounts with an entry pertaining to the decision of the Meeting of the Trustees on the profit or loss;
- 2) a report of the Board of Directors on significant events affecting the position of the bank which have occurred after the issuing of the annual accounts; as well as
- 3) a report of the auditors and the Supervisory Board, if the bank has a Supervisory Board, on the account.

The increase of the basic fund shall be notified for registration without delay and at the latest within one year from the decision. The registration notification shall be supplemented by a confirmation of all the members of the Board of Directors of the bank that the amount paid for the increase to be registered is in possession of the bank as well as a certificate of the auditors thereon.

The registration shall be made on condition that the increase complies with the decision to increase the basic fund and that the amount of the increase has been fully paid to the savings bank.

The basic fund shall be deemed increased when the increase is registered.

## **Section 27**

The subscription of basic fund shares shall take place by entering the subscription in a list containing the decision to increase the basic fund. Copies of the bylaws of the savings bank as well

as of the documents to be kept available under section 26 shall be appended to the subscription list or kept available for the subscribers at a location stated in the list.

### **Section 28**

The amount payable for basic fund shares shall not be less than the nominal value of the basic fund share. The payment shall be made in cash.

When the basic fund is increased by means of a new issue, the new basic fund shares may be subscribed at a price lower than the nominal value of a basic fund share provided that the difference between the total of the nominal values of the new basic fund shares and the amount payable for the basic fund shares is transferred to the basic fund from a reserve fund or other fund for this purpose. If the difference exceeds one-fourth of the nominal value of the new basic fund shares, the decision shall be valid only when it is made in the order provided for in section 9.

The funds obtained for the basic fund shares in excess of their nominal value shall be transferred to the reserve fund.

### **Section 29**

Unless the amount payable for basic fund share is paid in time and within one month, at the latest, from a payment order issued by the Board of Directors, the Board of Directors may declare the basic fund share forfeited. The payment order, which shall indicate the consequence of default, shall be sent to the debtor if his address is known to the savings bank. In other cases, the order shall be published in a newspaper with local circulation at the location of the registered office of the bank.

The Board of Directors may grant a basic fund share declared forfeited together with the liability to pay to another person or, if the establishment or increase of the basic fund has not been registered, cancel it.

If a basic fund share is declared forfeited or if full payment is not obtained from the new subscriber either, the subscriber of the basic fund share declared forfeited shall pay the savings bank one-tenth of the full payment of the basic fund share as compensation.

**Section 30**

If the minimum number of basic fund shares in accordance with the decision to increase the basic fund is not subscribed within the period of subscription, the decision to increase has expired. A decision concerning the amendment of the bylaws of a savings bank made on condition that the basic fund is increased, shall likewise expire. Any amounts paid for the basic fund shares subscribed shall in that case be immediately refunded.

**Section 31**

If the notification of the increase of the basic fund is not made within the time limit prescribed in section 26 or if the registration is denied, the provisions of section 30 shall be complied with.

The basic fund shares shall produce a right to the distribution of profit and other rights in the savings bank from the day on which the increase is registered unless otherwise provided for in the decision to increase the basic fund. This right shall, however, arise one year from the registration at the latest.

**Section 32**

A bonus issue may be effected by using the reserve fund, the revaluation fund or other funds for this purpose.

A decision concerning a bonus issue shall state the amount which shall be transferred to the basic fund in accordance with subsection 1, the number and class of the new basic fund shares as well as, if the nominal value of basic fund shares is to be increased, the new nominal value of the basic fund certificates.

**Section 33 (762/2012)**

If the person entitled to a new basic fund certificate on the basis of a bonus issue has not demanded the basic fund certificate within five years from the registration of the decision to increase the basic fund, the savings bank may request the person to accept the basic fund certificate at the risk of forfeiture. If the name and address of the person entitled to the basic fund certificate are known to the bank, the request shall be sent to them as well as published in a newspaper with local circulation at the location of the registered office of the bank. If the person entitled to a basic fund certificate does not make contact within one year from the request, the new basic fund certificate may be sold on their behalf at a public auction or through a stock

exchange. After the sale has taken place, the person entitled to the basic fund certificate shall only be entitled to the assets accrued through it after the costs incurred by the request and sale have been deducted. Assets not withdrawn within four years from the sale shall be transferred to the bank.

### **Section 34**

The Meeting of the Trustees or the Supervisory Board authorised by it may decide on the taking of a debt security loan on condition that the creditors shall have the right to exchange all or part of their debt certificates for basic fund shares of the savings bank (*convertible loans*) or to subscribe to new basic fund shares for consideration (*option loan*). In the latter case, it may be ordered that the creditors shall be issued a special certificate signed in the way provided for in section 16, subsection 2, which contains the conditions of the subscription as well as a provision that the certificates shall be assigned to the savings bank when subscribing to basic fund shares (*option certificate*).

### **Section 35**

A decision to take a loan shall state the amount or maximum amount of the loan, the period of time and the conditions for the exchange of debt certificates or subscription of basic fund shares as well as the rights of the holders of debt certificates or option certificates in case the capital of the basic fund is increased or reduced prior to the exchange of the debt certificates or the subscription of basic fund shares or in case a new debt certificate loan or option loan is issued or the savings bank is dissolved or its operations cease due to a merger. The decision shall also contain the other conditions of the loan unless they are left to be decided upon by the Board of Directors.

The provisions of sections 26 and 27 shall, where applicable, be applied to a proposal and a decision of the Meeting of the Trustees concerning the taking of a loan.

Under the conditions for the exchange of debt certificates the amount payable on the debt certificates may not be lower than the total nominal value of the basic fund shares for which the debt certificates may be exchanged except when the difference is covered by a payment payable in connection with the exchange.

**Section 36**

Under the conditions of an option loan the subscription of new basic fund shares shall take place by entering the subscription in a list containing the decision of the Meeting of the Trustees to take the loan. Copies of the bylaws as well as of the documents of the latest annual accounts with an entry pertaining to the decision of the Meeting of the Trustees on the profit or loss shall be appended to the subscription list or kept available for the subscribers at a location stated in the list.

The provisions of sections 28–30 above shall correspondingly be applied to the paying of basic fund shares.

**Section 37**

After the period of subscription of the loan has expired, the savings bank shall, without delay, notify for registration the amount by which the basic fund may be increased by exchanging the debt certificates or by a new issue as well as the period within which the exchange of the debt certificates or the subscription of basic fund shares may take place.

After the period set for the exchange or the subscription of basic fund shares has expired, a notification on the number of basic fund shares issued against debt certificates or subscribed to in compliance with the conditions of the option loan shall, without delay, be submitted for registration. If the period for the exchange or the subscription of basic fund shares is longer than one year, a notification shall be filed, without undue delay, after the close of the financial period during which debt certificates have been exchanged or basic fund shares subscribed to.

With regard to the exchange of debt certificates, the registration shall be made on condition that the savings bank has received at least the total nominal value of the basic fund shares notified and, with regard to the new issue, on condition that the new basic fund shares have been paid in full. The registration notification shall be supplemented by a confirmation of all the members of the Board of Directors of the bank that the amount paid for the increase to be registered is in possession of the bank. The application shall also be supplemented by a certificate of the auditors of the bank stating that the provisions on the payments above have been complied with.

The basic fund shall be deemed increased by the total nominal value of the basic fund shares notified when the increase has been registered.

**Section 38**

A basic fund certificate may not be issued before the increase has been registered in accordance with section 37, subsection 4.

New basic fund shares shall produce a right to the distribution of profit and other rights in a savings bank from the day on which the increase is registered in accordance with section 37, subsection 4 unless otherwise provided for in the terms of the loan. Such a right shall, however, arise at the latest within one year from the exchange or the date on which the basic fund shares have been paid in full.

**Section 39 (1066/2006)**

The basic capital and the basic fund may be reduced to cover a loss shown on an adopted balance sheet for which the reserves, the unrestricted equity capital and the reserve fund are not sufficient. Moreover, the basic fund may also be reduced to distribute assets to the owners of basic fund shares.

The reduction of the basic capital and the basic fund shall be governed by the provisions of section 26, as applicable. When the basic fund is reduced to distribute assets to the owners of basic fund shares, the reduction is also governed by the provisions of sections 73–76, where applicable.

The reduction of the basic fund shall be effected by decreasing the nominal value of the basic fund shares or by invalidating them. When the nominal value of the basic fund shares is reduced, the bylaws shall be accordingly amended.

**Section 40 (1066/2006)**

A decision to reduce the basic capital, the reserve fund and the basic fund shall be notified for registration within one month or it shall lapse.

When the basic capital, the reserve fund or the basic fund are reduced, a decision on the distribution of profit shall, during three years following the registration of the reduction, be made only by permission of the registration authority unless the said equity capital items have not been increased by at least the amount of the reduction. The permission of the registration authority shall be governed by the provisions of section 73, subsection 3 and section 74, where applicable.

The stipulations of the said provisions on a creditor shall not, in applying this subsection, apply to depositors.

**Section 40a** (1066/2006)

In ways provided for in this Act, the savings bank may decide:

- 1) to acquire its own basic fund shares (*acquisition*);
- 2) that the owner of a basic fund share must assign their basic fund share to the savings bank without or against consideration (*redemption*).

Provisions for the right or obligation of the savings bank to acquire or redeem its basic fund shares may, in ways prescribed in section 40g, be provided in the savings bank bylaws.

If the acquisition or redemption is effected by decreasing the basic fund, the provisions of section 39 shall also apply. The acquired or redeemed basic fund shares shall be invalidated on this occasion.

The acquisition or redemption of basic fund shares using the unrestricted equity capital may only be effected with the unrestricted equity capital of the adopted balance sheet, generated after the constitution of the basic fund.

**Section 40b** (1066/2006)

The provisions in sections 40d–40g on acquisition and redemption shall not apply when the savings bank:

- 1) acquires a limited liability company in a merger as per section 60 paragraph 3 and becomes the holder of the basic fund share belonging to the limited liability company;
- 2) redeems the basic fund share as per section 71 subsection 1;
- 3) buys its own basic fund share, attached for the savings bank's claim, in an auction;
- 4) receives its own basic fund share without consideration.

**Section 40c** (1066/2006)

Acquired and redeemed basic fund shares, as well as basic fund shares assigned to the savings bank through other means, may be held by the bank, further assigned, or invalidated.

Further provisions on assignments are contained in section 40j and on invalidation in section 40k. The provisions on the obligation to assign or invalidate the savings bank's own basic fund shares that have been acquired or redeemed contrary to this Act are contained in section 40l.

**Section 40d** (1066/2006)

The Meeting of the Trustees of the savings bank shall decide on the acquisition or redemption of its basic fund shares upon a proposal by the Board of Directors. The meeting documentation, their availability for scrutiny and delivery shall be governed by the provisions in section 26, as applicable.

By a decision by the Meeting of the Trustees containing the maximum number of the basic fund shares to be acquired broken down by share class, the minimum and maximum amounts of the consideration as well as the period of validity of the authorisation, the Board of Directors may be authorised to decide on the acquisition, either in full or in certain parts. The authorisation may remain valid for a maximum period of 18 months. Based on the authorisation, the bank's own basic fund shares may only be acquired using unrestricted equity capital.

**Section 40e** (1066/2006)

The bank's own basic fund shares may be acquired and redeemed in ways other than in proportion to the ownership of shares of the basic fund share owners (*directed acquisition and directed redemption*) if there are, from the savings bank's perspective, a weighty financial reason to do so. When assessing the acceptability of the directed acquisition and directed redemption, special attention shall be paid to the proportion of the offered consideration and the fair value of the share. The decision of the Meeting of the Trustees must be taken by a qualified majority as per section 9. This also applies to the authorisation given to the Board of Directors for an acquisition or redemption which does not exclude the Board's right to decide on a directed acquisition or directed redemption.

The bank's own shares may be redeemed in proportions other than those of the shares owned by the basic fund share owners only with the consent of all owners of the basic fund shares. Moreover, the bylaws may contain redemption terms as per section 40h.

If the Board of Directors proposes that the Meeting of the Trustees shall decide on a directed acquisition or redemption or on an authorisation given to the Board to perform an acquisition

which does not exclude the Board's right to decide on a directed acquisition, this proposal must be mentioned in the invitation to the Meeting.

**Section 40f (1066/2006)**

The acquisition decision and the redemption decision must specify:

- 1) whether it is an acquisition or a redemption;
- 2) the number of shares referred to in the decision or their maximum number broken down by share class;
- 3) the persons from whom the shares are acquired or redeemed, and when necessary, their respective order, and in a directed acquisition the grounds for having a weighty financial reason to do so, as referred to in section 40e.
- 4) the period within which the acquired shares must be offered to the bank, or the day on which the redemption will take place;
- 5) the consideration payable for the shares and the criteria for determining the consideration, and, if the consideration is constituted by assets other than money, an account of the value of such assets;
- 6) term of payment of the consideration;
- 7) the details of how this procedure shall impact the savings bank's equity capital.

**Section 40g (762/2012)**

The basic fund share owner, entitled to sell their share to the savings bank as per the acquisition decision, must be informed about the decision before the start of the period set for the share offering to the bank in the same manner as the invitations to the Meeting of Trustees are delivered. This information must also contain details on how and during what period of time the basic fund owner must act if they wish to exercise their right.

The information under subsection 1 above need not be given, if:

- 1) the corresponding data is contained in the invitation to the Meeting of Trustees deciding on the acquisition or are available at the Meeting of Trustees deciding on the acquisition, with the owner of the basic fund share present; or
- 2) the corresponding information is published in the ways specified in the Securities Markets Act (746/2012).

The contents of the acquisition decision and the documents related to the savings bank's financial position as per section 26, subsection 5, must be kept available to the owner of the basic fund share, referred to in subsection 1 of this section, throughout the period of offering of the shares to the bank. However, this obligation does not exist if the savings bank has published a document of offer referred to in the Securities Markets Act, chapter 11 section 11, with the corresponding information.

**Section 40h** (1066/2006)

The bylaws of the savings bank may contain a provision entitling the savings bank to acquire or redeem its own basic fund shares. (614/2014)

In that case, the bylaws must specify:

- 1) whether it is a case of acquisition or redemption;
- 2) whether the savings bank is entitled to acquire or redeem shares;
- 3) the share class the stipulation applies to, and if necessary, the order in which the shares are acquired or redeemed;
- 4) the procedure to be followed;
- 5) the consideration payable for the shares, or the criteria for calculating it;
- 6) which assets may be used to pay for the consideration.

(614/2014)

The redemption provision may apply to basic fund shares issued prior to the inclusion of the provision in the bylaws only if such basic fund share owners give their consent.

The decision on the acquisition and redemption of the bank's basic fund shares is made, in cases of acquisition or redemption under this section, by the savings bank's Board of Directors. However, if the shares are acquired or redeemed by decreasing the basic fund, the decision is made by the Meeting of Trustees of the savings bank.

**Section 40i** (614/2014)

The decision on the acquisition or redemption of the basic fund shares shall not be made in a way that the aggregate number of the basic fund shares held, or held in pledge under chapter 5 section 6 of the Act on Credit institutions, by the savings bank and the basic fund shares of the parent bank held by an affiliate of the savings bank, would exceed one tenth of all shares.

**Section 40j** (1066/2006)

The decision on the assignment of the basic fund shares held by the savings bank is made by the Meeting of Trustees under the provisions in section 26, as applicable.

Through a decision by the Meeting of the Trustees, containing the maximum numbers of the basic fund shares by share classes, the period of validity of the authorisation as well as minimum and maximum amounts of the consideration, may also contain an authorisation to the Board of Directors to decide of their assignment in full or in certain parts. The authorisation shall remain in force for no longer than five years.

**Section 40k** (1066/2006)

The Board of Directors may decide to invalidate the savings bank's basic fund shares held by the bank. The invalidation must be notified for registration without delay. The shares are deemed to be invalidated once the notification has been registered.

The basic fund must be reduced by the nominal value corresponding to the invalidated shares, however, so that the amount of the basic fund must be at least as high as the combined nominal value of the basic fund shares. The amount corresponding to the reduction in the basic fund is transferred from the basic fund to the reserve fund.

**Section 40l** (1066/2006)

Any basic fund shares acquired or redeemed contrary to the provisions of this Act shall be assigned without undue delay and no later than within a year from the title.

If the combined proportion of basic fund shares held by the savings bank and its affiliates exceeds one tenth of all shares due to the shares having been acquired in a manner under section 40b, the shares in excess of the said proportion must be assigned within three years of the title.

If the basic fund shares have not been assigned within the timeframe in subsection 2, they shall be invalidated. The basic fund shares held by the savings bank shall be invalidated prior to the basic fund shares of the parent bank held by the affiliate.

**Section 41** (614/2014)

Unless otherwise provided for in section 40, subsection 2 or section 41 a, or chapter 11 section 8 of the Act on Credit Institutions, an amount proposed by the Board of Directors may be distributed on the basic fund certificates and capital loans as profit of the savings bank not exceeding the sum total of the profit shown on the balance sheet adopted for the latest financial period and the other unrestricted equity capital of the savings bank, reduced by the amount of loss shown on the balance sheet, by other non-distributable items referred to in subsection 2, and by the amount of the reserves referred to in chapter 5, section 15 of the Accounting Act (1336/1997) entered in the annual accounts of the savings bank and of the difference between the actual and planned depreciations entered in the unrestricted equity capital in the annual accounts, as well as by an amount which, in accordance with the law or the bylaws, shall be entered in the reserve fund or otherwise left undistributed. The share of profit distributable on the basic fund shares may only consist of profits or other unrestricted equity capital generated after the constitution of the basic fund. The capital loan referred to in this subsection is governed by the provisions in Regulation (EU) no 575/2013 of the European parliament and of the Council on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012.

The part of the savings bank profit not used to increase the reserve fund, the profit distribution to basic fund shares or capital loans or not transferred to the savings bank's unrestricted equity capital, may be used, upon the decision taken by the Meeting of Trustees, without exceeding the amount proposed by the Board of Directors, to promote austerity or other purposes for the public benefit. However, without the consent of the Financial Supervisory Authority, the profits cannot be used to promote austerity or other purposes for the public benefit before the relief loan obtained from the guarantee fund as per chapter 13 section 1 of the Act on Credit Institutions, has been repaid with interest.

**Section 41a** (614/2014)

The assets of the savings bank must not be distributed if, at the time the decision on the distribution is made, it is known or it should be known that the savings bank is insolvent or that the distribution would cause insolvency or if the distribution of the assets would lead to a reduction of its assets to a level lower than the minimum amount as per chapter 10 section 1 of the Act on Credit Institutions.

**Section 41b**

The savings bank is not obliged to redeem basic fund shares in cases referred to in sections 74, 87f or 89 of the present Act. (409/2019)

**Chapter 3****Administration****Section 42**

The administration of a savings bank shall be managed by Trustees, who are representatives of the depositors and holders of basic fund shares, if any, as well as by a Board of Directors and a Managing Director. The bank may also have a Supervisory Board.

The Trustees shall elect the Board of Directors, which shall elect the Managing Director. If a savings bank has a Supervisory Board, it shall be elected by the Trustees; the Supervisory Board shall elect the Board of Directors as well as its Chairman and Deputy Chairman and, if the bylaws so provide, the Managing Director.

At least one of the founders shall be permanently resident or, if the founder is a legal person, have its registered office in the European Economic Area unless the Financial Supervision Authority grants an exemption therefrom. The exemption may be granted if it does not endanger the efficient supervision of the bank and the management of the bank in accordance with sound and prudent business principles. (703/2004)

The provisions of this Act on a member of the Board of Directors and the Managing Director shall correspondingly be applied to a deputy member and a deputy to the managing director.

**Section 43**

The Trustees of a savings bank shall be elected in the manner prescribed in the bylaws of the bank at the Meeting of the Savings Bank or at the Meeting of the Trustees or by absentee voting.

Depositors who fulfil the conditions of the bylaws laid down in accordance with section 4, subsection 5 shall always have the right to vote in the election of the Trustees. A depositor shall have one vote.

The bylaws of a savings bank may grant the holders of basic fund shares the right to participate in the election of the Trustees. If the right to vote is granted, each holder of a basic fund share shall have one vote unless the right to exercise more voting rights is provided for in the bylaws.

The number of Trustees shall be at least twelve. The term of a Trustee shall be provided not to exceed six years and it shall be so arranged that not more than half of the Trustees retire simultaneously. A Trustee may not be a member of the Supervisory Board or the Board of Directors or a Managing Director of the same bank.

The majority of the Trustees of the bank shall at the time of the election be depositors of the bank with voting rights.

A retiring Trustee shall retain his position until he has been replaced by a new Trustee elected in accordance with the law. If a Trustee should resign or die or forfeit his representative capacity before the end of his term, a new Trustee shall be elected to replace him for the rest of the term in the following election of Trustees.

#### **Section 44**

The Trustees of a savings bank shall elect a chairman and at least one deputy chairman from among them for one year at a time. The Trustees shall convene at a Meeting at least once a year.

A notice to convene at the Meeting of the Trustees shall be issued at the earliest four weeks and, unless the bylaws provide for a longer period, at the latest one week prior to the meeting. If the making of a decision in a matter handled at the Meeting of the Trustees is postponed to a continuation meeting, it shall be convened with a separate notice if the meeting is held later than within four weeks. If, in accordance with the bylaws, the prerequisite of the validity of a decision is that it shall be made at two Meetings of the Trustees, a notice to convene the latter meeting may not be issued before the previous meeting is held. The decision of the previous meeting shall be mentioned in the notice to convene.

An Extraordinary General Meeting of the Trustees shall be held when the Chairman or Deputy Chairman of the Trustees or the Supervisory Board or the Board of Directors of the bank deems it necessary or when demanded in writing from the Board of Directors for the handling of a specified issue by an auditor of the bank or by one-third of the Trustees or by depositors, eligible to vote in

the election of the Trustees, corresponding to at least one-third of the number of Trustees, or by holders of basic fund shares representing at least one-tenth of all the basic fund shares. The notice to convene the meeting shall be issued within 14 days of the date of the demand presented by the depositors or holders of basic fund shares. If the notice to convene is not issued within the said period, the County Government shall, on the application of a depositor or a holder of a basic fund share authorize the applicant to convene the meeting at the expense of the bank.

The depositors referred to in subsection 3 above or the holders of the basic fund shares shall be entitled to have a matter handled at the Meeting of the Trustees if so demanded in writing from the Board of Directors so well in advance that the matter may be stated in the notice to convene.

#### **Section 45**

The Meeting of the Trustees shall have a quorum when a minimum of one-third of the Trustees and at least six Trustees are present at the meeting.

Unless a qualified majority is required under this Act or the bylaws, the decision of the Meeting of the Trustees shall be the opinion which is supported by more than half of those present or, in the case of a tie, the opinion supported by the chairman. In an election, the person who gets the majority of the votes, shall be deemed elected. The Meeting of the Trustees may, however, prior to an election decide that the person who gets more than half of the votes cast shall be elected. In the case of a tie, the election shall be decided by drawing lots.

A Trustee of a savings bank may only personally exercise his voting right and other right of action at the Meeting of the Trustees.

#### **Section 46**

It shall be the duty of the Trustees of a savings bank to supervise that the bank is managed with skill and care and in compliance with the law and the bylaws.

Unless the matter belongs to the Supervisory Board under section 48, the Trustees of a savings bank shall:

- 1) elect and dismiss the members of the Supervisory Board and the Board of Directors;
- 2) annually elect the auditors;

- 3) decide on the remunerations to be paid to the Trustees, the members of the Supervisory Board and the Board of Directors as well as to the auditors;
- 4) confirm the general instructions concerning the operations of the bank in issues of great importance and relating to the policy of the bank;
- 5) confirm the instructions for registering the decisions of the Supervisory Board, and the Board of Directors;
- 6) decide on the establishment of a basic fund on the proposal of the Board of Directors;
- 7) decide on the distribution of profit to the basic fund shares on the proposal of the Board of Directors;
- 8) decide on the implementation of a basic fund issue on the proposal of the Board of Directors;
- 9) handle the annual report of the bank, adopt the profit and loss account and balance sheet of the bank as well as the consolidated annual accounts, if any, as well as decide on measures called for by the profit or loss shown on the adopted balance sheet or the consolidated balance sheet of a parent bank;
- 10) decide on the discharge from liability of the members of the Supervisory Board and the Board of Directors, the delegates and the Managing Director; as well as
- 11) handle other matters presented by the Board of Directors.

#### **Section 47**

The bylaws of a savings bank may provide that a Supervisory Board be appointed. A Supervisory Board shall comprise at least five members. The Supervisory Board shall elect a chairman and at least one deputy chairman from among its members for one year at a time.

A dated and signed consent for the task shall be obtained from a member and deputy member of the Supervisory Board prior to the election.

#### **Section 48**

The Supervisory Board shall supervise the management of the savings bank by the Board of Directors and the Managing Director and shall issue to the Meeting of the Trustees its report on the annual accounts and the audit report as well as on the Board proposal regarding the constitution, increase or reduction of the basic fund, the acquisition, redemption or assignment of the savings bank's own basic fund shares. The Board of Directors and the Managing Director shall give the Supervisory Board and its members the information they consider necessary for their task.

A member of the Supervisory Board shall request the said information at a meeting of the Supervisory Board. The bylaws may stipulate that the Supervisory Board shall decide on matters which concern a significant reduction or extension of the operations of the savings bank or a material change in the organisation of the bank. The Supervisory Board may issue instructions to the Board of Directors in matters which are extensive or important in principle. (1066/2006)

The Supervisory Board shall elect the Board of Directors and determine the fee payable to the members of the Board of Directors unless otherwise stipulated in the bylaws. The bylaws may also stipulate that the Supervisory Board shall engage the Managing Director and the other highest executives as well as decide on their salaries and benefits. The right of the Supervisory Board to demand that a Meeting of the Trustees be convened as well as to convene a Meeting of the Trustees shall be governed by the provisions of section 44. The Supervisory Board may not be given duties other than those referred to in this Act.

A Trustee, member of the Board of Directors and the Managing Director may not act as members of the Supervisory Board. The provisions of section 49, subsections 2–4, section 52, subsections 2 and 3 and section 53 on the Board of Directors, its members and deputy members shall otherwise apply to the Supervisory Board, its members and deputy members, where applicable.

### **Section 49**

The Board of Directors of a savings bank shall comprise at least three members. The term of a member of the Board of Directors shall be stipulated in the bylaws. The term may be either fixed or until further notice. The term shall end at the close of the meeting deciding on the election of a new member unless otherwise provided for in the bylaws or unless otherwise decided upon in the election of a new member. A dated and signed consent for the task shall be obtained from a member and deputy member of the Board of Directors prior to the election.

The Board of Directors of a savings bank shall elect a chairman and a deputy chairman from among its members for one year at a time unless otherwise provided for in the bylaws or unless otherwise decided upon in the election of the Board of Directors. In case of a tie of votes in the Board of Directors, the election of the chairman shall be decided by drawing lots. The Managing Director of a savings bank may be the chairman of the Board of Directors only if the bank has a Supervisory Board.

It shall be the duty of the chairman to ensure that the Board of Directors is convened when necessary. The chairman shall convene the Board of Directors if so requested by a member of the Board of Directors or by the Managing Director. Even if the Managing Director is not a member of the Board of Directors, he shall have the right to be present and to be heard at the meetings of the Board of Directors unless otherwise decided by the Board of Directors in a specific case.

Minutes shall be kept of a meeting of the Board of Directors and signed by the chairman of the meeting and by at least one member elected therefor by the Board of Directors. A member of the Board of Directors and the Managing Director shall have the right to have their dissenting opinions recorded in the minutes. The minutes shall be numbered consecutively and stored in a reliable manner.

### **Section 50**

A member of the Board of Directors may resign from his task before the end of his term. The Board of Directors and, if the resigning member was not elected at a Meeting of the Trustees, also the Supervisory Board shall be notified of the premature resignation. The notice to resign shall be dated and signed. A member of the Board of Directors may be dismissed by the party that has elected him.

If the position of a member of the Board of Directors becomes vacant during the term or if a member of the Board of Directors loses his competence to the said position referred to in section 42 and if there is no deputy member, it shall be the duty of the remaining members of the Board of Directors to see to it that a new member is elected for the remainder of the term. If the election is to be performed by the Meeting of the Trustees and the Board of Directors with its remaining members and deputy members has a quorum, the election may be postponed to the following Meeting of the Trustees at which the members of the Board of Directors would also otherwise be elected.

### **Section 51**

Upon undertaking their duties, a member of the Board of Directors and the Managing Director shall, for entry in a special list, notify the Board of Directors of the number of all the shares and participations that they hold in companies belonging to the same group as the bank. Changes in the holding of shares and participations shall likewise be notified within one month. The above provisions also apply to shares and participations held by a minor under the guardianship of the

person liable to make the notification and changes therein. The list shall be kept at the registered office of the savings bank available to anyone. Anyone shall, after having compensated the bank for the costs, have the right to obtain a copy of all or part of the list.

### **Section 52**

The duty of the Board of Directors of a savings bank shall be the management of the operations of the bank in compliance with the law and the bylaws of the bank.

The Board of Directors shall have a quorum when more than half of its members are present unless a larger number is required in the bylaws.

Unless a qualified majority is required in accordance with the bylaws, the decision of the Board of Directors shall be the opinion supported by more than half of those present or, in the case of a tie, the opinion supported by the chairman.

### **Section 53**

A Trustee, member of the Board of Directors or the Managing Director of a savings bank shall not participate in the handling of an issue concerning an agreement between himself and the savings bank. Nor may he participate in the handling of an issue concerning an agreement between the savings bank and a third person if it is likely to give him an essential benefit which may be in conflict with the interests of the savings bank. The provisions of this section on an agreement shall correspondingly be applied to a trial or other right of action.

### **Section 54**

The Board of Directors shall represent the savings bank and sign its trade name.

The bylaws may stipulate that a member of the Board of Directors or the Managing Director shall have the right to sign the trade name or that the Board of Directors may grant this right to its member, the Managing Director or to another person. The provisions of section 42, subsection 3 and section 53 on the Managing Director shall apply to a person who has the right to sign the trade name and who is not a member of the Board of Directors or the Managing Director.

The right to sign the trade name may be restricted by stipulating that two or more persons shall only together have the right to sign the trade name. No other restriction may be entered in the Trade Register.

The Board of Directors may at any time withdraw an authorization issued by it to sign the trade name.

### **Section 55**

A Meeting of the Trustees may not make a decision which is likely to result in an unjust benefit to the holder of a basic fund share or another person at the cost of the bank, a depositor or another holder of basic fund shares.

The Board of Directors, the Managing Director or another representative of the savings bank as referred to in section 54 may not undertake a measure which is likely to result in an unjust benefit to the holder of a basic fund share or another person at the cost of the bank, a depositor or another holder of basic fund shares.

A representative of the savings bank may not comply with a decision made by the Meeting of the Trustees or another body of the bank which is void due to non-compliance with this Act or the bylaws.

### **Section 56**

The duties of the Managing Director of a savings bank shall include the management of the day-to-day administration of the bank in accordance with the instructions and orders given by the Board of Directors. The Managing Director may undertake measures which, in view of the scope of operations of the bank and their nature, are unusual and extensive, only if the Board of Directors has authorized him thereto or if it is not possible to wait for a decision of the Board of Directors without causing essential detriment to the operations of the bank. In the latter case, the Board of Directors shall be notified of the measure as soon as possible.

The Managing Director shall be entitled to represent the bank in a matter which, under subsection 1, belongs to his duties.

The provisions of this Act on the Managing Director shall correspondingly apply to his deputy.

**Section 57**

A summons shall be deemed served upon a savings bank when it has been served upon a member of the Board of Directors, the Managing Director or another person who alone or together with another person has the right to sign the trade name.

**Section 58**

An act undertaken on behalf of the savings bank by a representative of the savings bank as referred to in section 54 shall not bind the bank if:

- 1) the representative has acted against a restriction of competence laid down in this Act;
- 2) the representative has acted against a restriction based on section 54, subsection 3; or if
- 3) the representative has exceeded his authority and the party at whom the act was directed knew or should have known that the authority was being exceeded.

In a case referred to in subsection 1, paragraph 3, the fact that the restrictions on authority have been registered and published cannot, by itself, be deemed sufficient proof of the fact that the person at whom the act was directed knew or should have known that the authority was being exceeded.

**Section 59**

If a decision of the Trustees of a savings bank has not been made in due order or if it is otherwise against this Act or the bylaws of the bank, the holder of a basic fund share, the Board of Directors, a member thereof or the Managing Director may bring an action against the bank to have the decision declared invalid or amended.

The action shall be brought within three months from the making of the decision. If the holder of a basic fund share referred to in subsection 1 has had an acceptable reason for a delay and if it were clearly unreasonable for him that the decision remain valid, action may be brought within one year from the making of the decision at the latest. Unless the action is brought in the period of time prescribed, the decision shall be deemed valid.

The provisions of subsection 2 shall not apply:

- 1) if the decision is such that under the law the Trustees may not make it even unanimously;

- 2) if, under the law or the bylaws of the savings bank, the consent of all the holders of basic fund shares is required for the decision and such consent has not been given; or
- 3) if a notice to convene has not been delivered or if the provisions in force on the notice to convene have been essentially violated.

The action referred to in section 3 relating to a decision on merger or demerger cannot, however, be brought when more than six months have passed from the registration of the merger or demerger. (1423/2007)

A decision of a court by which the decision of the Meeting of the Trustees is declared invalid or amended, shall be valid also in respect of those holders of basic fund shares who have not joined in the action.

A court may amend the decision of the Meeting of the Trustees only if it is possible to establish what the contents of the decision should have been.

## **Chapter 4**

### **Merger**

#### **Definition of merger and its implementation modes (1423/2007)**

##### **Section 60 (1423/2007)**

A savings bank (*the savings bank being acquired*) may merge into another savings bank (*the acquiring savings bank*), whereby the assets and liabilities of the savings bank being acquired are transferred to the acquiring savings bank.

If the savings bank being acquired has a basic fund, the holders of basic-fund shares shall receive as merger consideration basic-fund shares of the acquiring savings bank. The merger consideration may also be cash, other property and commitments. The right of a holder of a basic-fund share to demand redemption of his basic-fund shares instead of a merger consideration shall be governed by the provisions of section 74.

##### **Section 61 (1423/2007)**

A merger may take place so that:

- 1) one or more savings banks being acquired merge into the acquiring savings bank (*absorption merger*); or
- 2) at least two savings banks being acquired merge by establishing together the acquiring savings bank (*combination merger*).

*A subsidiary merger* shall mean an absorption merger where the savings banks and limited-liability companies participating in the merger own all the shares as well as any option rights and other special rights entitling to shares of the limited-liability company being acquired.

*Savings banks participating in the merger* shall, in this chapter, mean the savings bank being acquired and the acquiring savings bank.

The merger of a subsidiary limited-liability company through a subsidiary merger shall be governed by the provisions of chapter 16 of the Limited-Liability Companies Act (624/2006) on a subsidiary merger with regard to the subsidiary company being acquired.

#### **Section 62** (614/2014)

In a combination merger, the authorisation referred to in chapter 4 section 1 of the Act on Credit Institutions shall be applied for the savings bank to be established. A combination merger may not be registered unless the authorisation is registered at the same time.

If the aggregate amount of the basic capitals and reserve funds of the savings banks participating in the merger falls below that provided for in chapter 10 section 2 of the Act on Credit Institutions, the initial capital of the savings bank to be established shall be at least the sum total of the basic capitals and reserve funds of the savings banks participating in the merger.

#### **Draft terms of merger and an opinion of the auditor** (1423/2007)

#### **Section 63**(1423/2007)

The Boards of Directors of the savings banks participating in the merger shall prepare, in writing, draft terms of merger, which shall be dated and signed.

The draft terms of merger shall specify:

- 1) the trade names, Business IDs or corresponding identification information and places of the registered offices of the savings banks participating in the merger;
- 2) an account of the reasons for the merger;
- 3) in the case of an absorption merger, a proposal for the amendment of the Bylaws of the acquiring savings bank as well as, in the case of a combination merger, a proposal for the Bylaws of the savings bank to be established as well as for the manner in which the members of the bodies of the savings bank to be established shall be elected;
- 4) in the case of an absorption merger, a proposal for the number of basic-fund shares to be possibly given as merger consideration itemised by classes of shares and for whether the basic-fund shares shall be new or own basic-fund shares held by the savings bank as well as, in the case of a combination merger, a proposal for the number of basic-fund shares of the acquiring savings bank itemised by classes of shares;
- 5) a proposal for a possible other merger consideration and, if the consideration consists of option certificates or other special rights entitling to basic-fund shares, their terms in accordance with section 35;
- 6) a proposal for the distribution of the merger consideration, the time of its giving and for other terms relating to the giving of the consideration as well as an account of their grounds;
- 7) an account of or a proposal for the rights in the merger of a holder of an option certificate or another special right entitling to basic-fund shares of the savings bank being acquired;
- 8) in the case of an absorption merger, a proposal for a possible increase of the initial capital and basic fund of the acquiring savings bank as well as, in the case of a combination merger, a proposal for the initial capital and basic fund of the acquiring savings bank;
- 9) an account of the assets, liabilities and equity capital of the savings bank being acquired and the factors having an effect on their valuation, the planned effect of the merger on the balance sheet of the acquiring savings bank as well as of the accounting methods to be applied to the merger;
- 10) a proposal for the right of the savings banks participating in the merger to decide on arrangements other than those belonging to the usual business operations with an effect on the amount of their equity capital or number of their basic-fund shares;
- 11) an account of the capital loans and commitments comparable thereto under section 45, subsection 1, paragraph 9 of the Act on Credit Institutions as well as on commitments referred to in section 46, subsections 3 and 4 and in section 47, subsection 1, paragraph

- 1 of the same Act whose creditors may object to the merger in accordance with section 67;
- 12) an account of the number of basic-fund shares of the acquiring savings bank owned by the savings bank being acquired and its subsidiaries as well as of the number of basic-fund shares of the savings bank being acquired owned by the savings banks participating in the merger;
  - 13) an account of the enterprise mortgages referred to in the Act on Enterprise Mortgages (634/1984) registered on the assets of the savings banks participating in the merger;
  - 14) an account of or a proposal for the special benefits and rights to be granted to a member of the Supervisory Board and the Board of Directors, the Managing Director, an auditor and an auditor submitting an opinion on the draft terms of merger of a savings bank participating in the merger;
  - 15) an account of the position of the depositors of the savings bank being acquired in the acquiring savings bank after the merger;
  - 16) a proposal for the planned date of registration of the implementation of the merger; as well as
  - 17) a proposal for any other terms of the merger.

The provisions of subsection 2, paragraphs 4–8 or 10 shall not be applied to a subsidiary merger.

**Section 64** (1423/2007)

The Boards of Directors of the savings banks participating in the merger shall appoint one or several Authorised Public Accountants (APA) to submit an opinion on the draft terms of merger to each savings bank participating in the merger. The opinion shall assess whether correct and adequate information has been given in the draft terms of merger of the grounds on which the merger consideration shall be determined as well as on the distribution of the consideration. The opinion to be given to the acquiring savings bank shall also state whether the merger is likely to endanger the repayment of the debts of the savings bank. (1199/2015)

If all the trustees and holders of the basic-fund shares of the savings banks participating in the merger concur or in the case of a subsidiary merger, an opinion on whether the merger is likely to endanger the repayment of the debts of the acquiring savings bank shall suffice.

**Registration of the draft terms of merger and notifying the Financial Supervision Authority thereof as well as a summons to the creditors (1423/2007)**

**Section 65 (1423/2007)**

The draft terms of merger shall be notified for registration within one month from the signing of the draft terms. The notification shall be appended with the opinion referred to in section 64.

The notification shall be submitted jointly by the savings banks participating in the merger. In the case of a subsidiary merger, the notification shall be submitted by the acquiring savings bank.

The merger shall lapse if the notification is not submitted within the period provided for or if the registration is denied.

**Section 66 (1423/2007)**

Savings banks participating in the merger or, in the case of a subsidiary merger, the acquiring savings bank shall notify the Financial Supervision Authority of the merger. The notification which shall be appended with the draft terms of merger and the opinion referred to in section 64 shall be submitted to the Financial Supervision Authority within the time period provided for in section 65, subsection 1. The Financial Supervision Authority may, upon receipt of the notification, request also other necessary information.

In the case of an absorption merger, the Financial Supervision Authority may object to the merger before the due date referred to in section 67, subsection 2 by notifying the registration authority thereof if the merger is likely to endanger the maintenance of the preconditions of the authorisation of the acquiring savings bank. The savings bank shall be notified of the objection without delay.

An appeal relating to a decision of the Financial Supervision Authority referred to in this section shall be handled as urgent.

**Section 67 (1423/2007)**

The creditors of the savings bank being acquired whose claim has arisen before the registration of the draft terms of merger shall have the right to object to the merger. Also a creditor whose claim may be collected without a judgement or a decision as provided for in the Act on the Enforcement

of Taxes and Charges (706/2007) and whose claim has arisen, at the latest, on the due date referred to in subsection 2 shall have the same right.

The registration authority shall, on application by the savings bank being acquired, issue a summons to the creditors referred to in subsection 1 stating the right of a creditor to object to the merger by notifying the registration authority thereof in writing at the latest on the due date mentioned in the summons. The issuing of the summons shall be applied for within four months from the registration of the draft terms of merger or the merger will lapse. The registration authority shall publish the summons in the Official Gazette no later than three months prior to the due date and register the summons ex officio.

The summons shall, on application by the acquiring savings bank, be issued also to the creditors of the acquiring savings bank if the merger, in accordance with the opinion of the auditor referred to in section 64, is likely to endanger the repayment of the debts of the acquiring savings bank. The creditors of the acquiring savings bank shall, in that case, be governed by the provisions of this chapter on the creditors of the savings bank being acquired.

#### **Section 68** (1423/2007)

The savings bank shall, no later than one month prior to the due date, send a written notification of the summons to all its known creditors referred to in section 67, subsection 1 whose claim has arisen prior to the registration of the draft terms of merger. If a holder of the basic-fund shares of the savings bank being acquired or a holder of an option certificate or other special right entitling to basic-fund shares has, in accordance with section 74, demanded redemption, the creditors shall be informed of the number of the basic-fund shares and rights for which redemption has been demanded. The notification may be sent only after the Meeting of the Trustees deciding on the merger. If all the holders of the basic-fund shares of the savings bank and the holders of the rights referred to have notified that they waive the right of redemption or that they do not otherwise have the right of redemption, the notification may, however, be sent earlier.

#### **Section 69** (1423/2007)

The provisions of sections 67 and 68 on a creditor shall not apply to a depositor. The savings bank being acquired shall, however, notify the depositor of the merger at the latest three months prior to the due date set by the registration authority to other creditors under section 67. The notification shall state the trade name and address of the acquiring savings bank.

The notification referred to in subsection 1 shall also indicate that if the depositor's aggregate deposits in the savings banks that are parties to the merger are in excess of the upper limit of the deposit guarantee provided for in chapter 5 section 8 of the Act on the Financial Stability Authority (1195/2014), section 13 of the said chapter will be applied to the deposit guarantee. The depositor shall be entitled, within six months from the receipt of the notification and notwithstanding the original contract terms, to give notice to terminate a deposit which, under the said section 8, will be excluded from the deposit guarantee in full or in part. The provisions of this subsection shall not be applied if the savings banks that are parties to the merger are deemed to be one deposit bank in the manner referred to in the said section 8 subsection 6, when applying the maximum amount of deposit guarantee referred to in subsection 1 of the said section. (1206/2014)

The provisions of subsection 1 on a depositor shall correspondingly apply to depositors of the acquiring savings bank provided that the creditors are heard under section 67, subsection 3.

#### **Decision on merger (1423/2007)**

#### **Section 70 (1423/2007)**

The Meeting of the Trustees shall decide on the merger in the savings bank being acquired. The decision making relating to a subsidiary merger in a limited company being acquired shall be governed by the Limited-Liability Companies Act.

The Meeting of the Trustees shall decide on the merger in the acquiring savings bank. The Board of Directors of the savings bank may, however, decide on a subsidiary merger.

The Meeting of the Trustees deciding on the merger shall be held or the decision on merger of the Board of Directors shall be made within four months from the registration of the draft terms of merger or the merger will lapse. The Meeting of the Trustees shall, however, be held at the latest one month before the due date referred to in section 67 unless all holders of the basic-fund shares of the savings bank as well as the possible holders of option certificates and other special rights entitling to basic-fund shares have waived their right to demand redemption.

The decision of the Meeting of the Trustees on the merger shall be made as provided for in section 9 unless otherwise provided for in the Bylaws. The Bylaws may, however, not be supplemented with a provision whereby the majority requirement provided for in this subsection is mitigated.

**Section 71 (1423/2007)**

The notice to convene the Meeting of the Trustees deciding on the merger may not be delivered before the registration of the draft terms of merger. The notice to convene shall be delivered no earlier than two months and, unless a longer period is provided for in the Bylaws of the savings bank, no later than one month prior to the Meeting of the Trustees.

In the savings bank being acquired, the notice to convene shall, in addition to that provided for in the Bylaws on the notice to convene the Meeting of the Trustees, be sent in writing to each Trustee whose address is known to the savings bank. The savings bank being acquired shall, within the time period referred to in subsection 1, notify the holders of the basic-fund shares and the holders of option certificates and other special rights entitling to basic-fund shares that have the right to demand redemption and whose address is known to the bank, of the right of redemption referred to in section 74. If the addresses of all the holders of rights entitling to redemption are not known to the savings bank, the right of redemption shall be notified in the Official Gazette within the same time period.

**Section 72 (1423/2007)**

The following documents shall, at least for one month prior to the Meeting of the Trustees deciding on the merger, be made available to the Trustees and the holders of basic-fund shares at the head office or in the Internet web site of each savings bank participating in the merger, sent to a Trustee or a holder of a basic-fund share requesting them without delay as well as made available at the Meeting of the Trustees:

- 1) the draft terms of merger;
- 2) the annual accounts, annual reports and audit reports for the three last-ended financial periods of each savings bank participating in the merger;
- 3) any decisions on the distribution of assets made after the last financial period by each savings bank participating in the merger;
- 4) the interim reports drawn up after the last financial period by each of the savings banks participating in the merger;

- 5) a report of the Board of Directors on events having a material effect on the position of the savings bank taking place after the annual accounts or interim report; as well as
- 6) an opinion on the draft terms of merger referred to in section 64.

**Section 73** (1423/2007)

The decision on merger of the savings bank being acquired shall replace the subscriptions and other acts relating to the merger consideration, which form a right to the merger consideration, of the holders of the basic-fund shares of the savings bank being acquired as well as of the holders of option certificates and other special rights entitling to basic-fund shares. In the case of a combination merger, the draft terms of merger shall also replace the memorandum of association of the acquiring savings bank.

Unless the merger is approved in accordance with the draft terms of merger unaltered in all the savings banks participating in the merger, the merger will lapse. The decision on the rejection of the merger or the lapse of the merger shall be notified for registration without delay.

**Redemption of basic-fund shares as well as option certificates and other special rights entitling to basic-fund shares** (1423/2007)

**Section 74** (1423/2007)

The holders of basic-fund shares of the savings bank being acquired and the holders of option certificates and other special rights entitling to basic-fund shares may demand redemption of their shares or rights by presenting, in a verifiable manner, their demands thereon to the savings bank being acquired prior to the Meeting of the Trustees deciding on the merger. Only those basic-fund shares that have been notified to be entered in the list of basic-fund shares before the Meeting of the Trustees may be redeemed. Before a decision is made on the merger, the Meeting of the Trustees shall be notified of the number of basic-fund shares and rights entitling thereto for which a redemption demand has been presented.

If no agreement is reached with the acquiring savings bank on the right of redemption or the redemption terms, the matter shall be referred to be decided by arbitrators in compliance with the provisions of chapter 18, sections 3–5 and 8–10 of the Limited-Liability Companies Act on the handling of redemption disputes, where applicable. The holder of a basic-fund share or the holder of a right shall initiate court proceedings at the latest within one month from the Meeting of the

Trustees. After initiation, the holder of a basic-fund share and the holder of a right shall be entitled only to the redemption price. If it is later on confirmed in the redemption proceedings that they do not have the right of redemption, they shall be entitled to the merger consideration in accordance with the draft terms of merger. If the merger lapses, also the redemption proceedings lapse.

The redemption price shall be the market price of a basic-fund share or of an option certificate or other special right entitling to basic-fund shares of the time preceding the merger decision. In determining the redemption price, the possible lowering effect of the merger on the value of the basic-fund share of the savings bank being acquired or of an option certificate or other special right entitling to a basic-fund share shall not be taken into account. An annual interest of the size of the reference interest referred to in section 12 of the Interest Act (633/1982) shall be paid on the redemption price for the period between the merger decision and the payment of the redemption price.

The redemption price shall be paid in one month after the judgement is non-appealable, however, not before the registration of the implementation of the merger. The redemption price may be deposited as provided for in chapter 18, section 11, subsections 2 and 3 of the Limited-Liability Companies Act.

The acquiring savings bank shall be responsible for the payment of the redemption price. The savings bank being acquired shall notify it of the redemption claims without delay.

### **Implementation of merger and its legal effects (1423/2007)**

#### **Section 75 (1423/2007)**

The savings banks participating in the merger shall submit a notification to the registration authority on the implementation of the merger within six months from the decision on merger or the merger will lapse. The following shall be appended to the notification:

- 1) a confirmation of the members of the Board of Directors and the Managing Director of each of the savings banks participating in the merger to the effect that the provisions of this Act have been complied with in the merger;
- 2) a certificate of the auditors to the effect that the acquiring savings bank receives full consideration for the amount entered in its equity capital and an opinion of the account of the draft terms of merger referred to in section 63, subsection 2, paragraph 9;

- 3) a certificate of a member of the Board of Directors or the Managing Director of the submission of the notifications referred to in sections 68 and 69;
- 4) decisions on the merger of the savings banks participating in the merger.

In the case of a subsidiary merger, the acquiring savings bank shall be responsible for the submission of the notification. In derogation from the provisions of subsection 1, the notification shall be appended only with a confirmation of a member of the Board of Directors or the Managing Director of the savings bank to the effect that the provisions of this Act have been complied with in the merger as well as a certificate of the submission of the notifications referred to in sections 68 and 69 and the decisions on merger.

### **Section 76** (1423/2007)

The registration authority shall register the merger if a creditor has not objected to the merger or if a creditor, in accordance with a judgement of the court, has received payment or a safeguarding collateral for his claim. The merger may, however, not be registered if the Financial Supervision Authority has objected to the merger in the manner referred to in section 66, subsection 2.

If a creditor has objected to the merger, the registration authority shall notify the savings bank thereof immediately after the due date as well as request a statement from the Financial Supervision Authority on whether it is necessary to implement the merger without delay in order to safeguard the stable operations of the credit institutions as well as on the effects of the implementation of the merger on the position of the creditor.

When a creditor objects to the merger, it will lapse after one month from the due date. The registration authority shall, however, postpone the handling of the matter if the savings bank proves that it has initiated court proceedings to confirm that the creditor has obtained payment or a safeguarding collateral for its claim or if the savings bank and the creditor jointly request postponement of the matter. The court shall handle the matter referred to above without delay. The merger shall, however, be registered despite the objection of the creditor if the Financial Supervision Authority, in its statement, deems that the implementation of the merger without delay is necessary in order to safeguard the stable operations of the credit institutions and does not weaken the financial position of the creditor.

The merger may be implemented even if the savings bank being acquired has been placed in liquidation unless the distribution of the assets of the savings bank has not commenced in the manner referred to in section 113.

If a business facilities mortgage referred to in the Act on Business Facilities Mortgages is registered on the assets of more than one savings bank participating in the merger, the merger may not be registered unless, upon application and at the same time, an agreement between the savings banks and the holders of the mortgages on the arrangement of the priorities of the mortgages is registered.

A combination merger may not be registered unless the authorisation of the savings bank being established is registered at the same time.

### **Section 77** (1423/2007)

The assets and liabilities of the savings bank being acquired shall transfer without liquidation proceedings to the acquiring savings bank when the implementation of the merger has been registered. Simultaneously, the saving bank being acquired is dissolved and, in the case of a combination merger, the acquiring savings bank is established.

The assets and liabilities of the savings bank being acquired may not be entered in the balance sheet of the acquiring savings at a value that is higher than their financial value to the acquiring savings bank. Commitment to perform work or a service may not be entered in the balance sheet in the merger.

At the time of registration of the implementation of the merger, the right to merger consideration in accordance with the draft terms of merger shall arise to the holders of the basic-fund shares of the savings bank being acquired as well as the holders of option certificates and other special rights entitling to basic-fund shares. The new basic-fund shares to be given as merger consideration shall produce the rights of a holder of a basic-fund share from the day of registration unless a later date is ordered in the draft terms of merger. However, the basic-fund shares shall produce the rights of a holder of a basic-fund share at the latest within one year from the registration. The basic-fund shares of the savings bank being acquired held by the acquiring savings bank or the savings bank being acquired shall not produce a right to merger consideration.

If receipt of the merger consideration requires specific action from the receiver, such as presentation of a basic-fund certificate, and the consideration is thus not demanded within ten years from the registration of the implementation of the merger, the Meeting of the Trustees of the acquiring savings bank may decide that the right to the merger consideration and the rights based thereon have been forfeited. The acquiring savings bank shall get the forfeited consideration.

**Section 78** (1423/2007)

The Board of Directors and the Managing Director of the savings bank being acquired shall, as soon as possible after the implementation of the merger, draw up the annual accounts and annual report for the period for which the annual accounts have not yet been presented at the Meeting of the Trustees (final account). The final account shall be submitted to the auditors of the savings bank who shall, within one month, issue an audit report relating to the final account.

After receiving the audit report, the Board of Directors shall, without delay, convene the Trustees to adopt the final account. The meeting shall be governed by the provisions on the Meeting of the Trustees.

The final settlement must be notified for registration in the manner provided for in chapter 12, section 11, subsection 1 of the Act on Credit Institutions. (614/2014)

**Section 79** (1423/2007)

Even if the merger has been registered, it shall lapse if the merger decision is invalid in accordance with a non-appealable judgement of the court. The savings bank being acquired and the acquiring savings bank shall be jointly and severally liable for an obligation of the acquiring savings bank being acquired arisen after the registration of the merger but before the registration of the judgement.

**Cross-border merger** (1423/2007)

**Section 79a** (1423/2007)

A savings bank may also participate in a merger implemented in accordance with sections 60 and 61 where a Finnish savings bank is merged with a foreign credit institution referred to in subsection 2 or by a foreign limited-liability company referred to in chapter 16, section 19,

subsection 2 of the Limited-Liability Companies Act, all the shares of which are held by the acquiring savings bank or where a Finnish savings bank is merged into a foreign credit institution referred to in subsection 2 (*a cross-border merger*).

A cross-border merger may be implemented in accordance with subsection 1 only if the foreign credit institution is a foreign credit institution comparable to a saving bank referred to in Directive 2006/48/EC of the European Parliament and of the Council relating to the taking up and pursuit of the business of credit institutions (*a foreign savings bank*):

- 1) which has equity capital corresponding to the initial capital of the savings bank, has legal personality and possesses assets which alone cover the debts of the savings bank and which is subject to conditions provided for in national legislation corresponding to guarantees provided for the protection of shareholders, members and others such as in the first Council Directive 68/151/EEC on coordination of safeguards which, for the protection of the interests of members and others, are required by Member States of companies within the meaning of the second subsection of Article 58 of the Treaty, with a view to making such safeguards equivalent throughout the community.
- 2) which is registered in another EEA Member State and which is governed by the national law of another EEA Member State on the basis of the statutory place of registered office, central management or the place of main office.

In a cross-border combination merger, the acquiring savings bank may be registered in an EEA Member State the laws of which do not apply to the savings bank being acquired.

*Savings banks participating in a cross-border merger* shall hereinafter in this chapter mean the savings bank being acquired and the acquiring savings bank and a foreign savings bank.

The provisions below in this chapter on a basic-fund share shall correspondingly apply to the corresponding conveyable shares representing the company capital of a foreign savings bank.

### **Section 79b** (1423/2007)

A cross-border merger shall be governed by the provisions of sections 60–79 unless otherwise provided for in sections 79a–79h.

If, in the merger, the acquiring savings bank is registered or will be registered in another State, the provisions of section 66, subsection 2 and 3 shall, however, not be applied to the merger. The registration authority may not issue a certificate relating to such merger and referred to in section 79g, subsection 5 if the Financial Supervision Authority has notified the registration authority prior to the granting the permission referred to in subsection 1 of the same section that the credit institution has not complied with the provisions on merger and the continuance of operations in Finland and the termination of operations. The permission may be granted before one month has passed from the due date referred to in section 67, subsection 2 only if the Financial Supervision Authority has notified that it does not object to the merger.

If the acquiring savings bank to be registered in another State intends to continue credit institution activity in Finland after the merger, it shall be governed by the provisions of the Act on the Operations of a Foreign Credit Institution in Finland.

#### **Section 79c (1423/2007)**

The savings banks participating in the cross-border merger shall draw up the draft terms of merger referred to in section 63 and in this section. The draft terms of merger shall be drawn up and signed by a competent body of the savings bank on behalf of the foreign savings bank.

The draft terms of merger shall, in addition to that mentioned in section 63, subsection 2, include:

- 1) an account of the corporate form of the foreign savings banks participating in the merger as well as of the corporate form of the foreign savings bank to be established through a combination merger;
- 2) information on the registers in which the foreign savings banks participating in the merger have been registered and the contact information of the registers;
- 3) in the case of an absorption merger, the Bylaws of the acquiring savings bank as they will be when they enter into force amended in the manner referred to in section 63, subsection 2, paragraph 3;
- 4) a proposal for a date from which the transactions of the savings banks participating in the merger will for accounting purposes be treated as being those of the acquiring savings bank;
- 5) an account of the likely repercussions of the cross-border merger on employment;

- 6) an account of the procedures by which detailed arrangements for the involvement of employees in the definition of their rights to participation in the acquiring savings bank shall be determined;
- 7) an account of the usage of the annual accounts of the savings banks participating in the merger in the establishment of the conditions of merger.

The Board of Directors of each savings bank participating in the merger shall draw up an account of the likely consequences of the merger on the holders of basic-fund shares, the depositors with the right to vote referred to in section 4, subsection 5, creditors and employees to the extent that the consequences are not indicated in the draft terms of merger.

Each savings bank participating in the merger shall keep the account referred to in subsection 3 available to the Trustees, the holders of the basic-fund shares, creditors and representatives of the personnel or, unless there are no representatives, to the personnel and send it to the holders of the basic-fund shares as provided for in section 72.

If a savings bank receives an opinion from the representatives of the personnel concerning the account referred to in subsection 3, it must be appended to the account and kept available to the Trustees, depositors with the right to vote and the holders of the basic-fund shares and sent to the Trustees, depositors with the right to vote and the holders of the basic-fund shares as provided for in section 72.

#### **Section 79d (1423/2007)**

The report of an independent expert relating to the draft terms of cross-border merger to be issued on a Finnish savings bank shall be governed by the provisions of section 64 on the opinion of an auditor.

The Boards of Directors or corresponding competent bodies of the savings banks participating in the merger may, however, together appoint one or several independent experts to give a single report on the draft terms of cross-border merger to all savings banks participating in the merger. Also an independent expert complying with the laws of the Member State, whose legislation is applied to a foreign savings bank participating in the merger, may be appointed to draw up the single report.

**Section 79e** (1423/2007)

The Finnish savings banks participating in the cross-border merger shall notify the draft terms of merger for registration as provided for in section 65. The notification shall, where necessary, be appended with the opinion referred to in section 79d. The protection of the creditors of a Finnish savings bank shall be provided for in sections 67–69.

The provisions of section 69 on a depositor and the depositor's right to give notice to terminate a deposit shall correspondingly apply to a merger where the acquiring savings bank is registered in another State. The depositor shall have the right to give notice to terminate a deposit if the deposit covered with a deposit guarantee provided for in the Act on Credit Institutions is excluded from the deposit guarantee in full or in part after the measure. The notification to be issued to the depositor shall state the right of the depositor to give notice to terminate his deposit in accordance with this section. The savings bank shall notify the Financial Supervision Authority of the notice to terminate a deposit without delay after the end of the time period reserved for giving notice to terminate referred to in this section.

The savings bank shall in cases referred to in subsection 1 draw up a clarification of the deposit guarantee (*a deposit-guarantee clarification*) explaining the arrangements relating to the deposit guarantee to be made before and after the measure as well as presenting the possible differences in the deposit-guarantee cover. The savings bank shall request a statement of the Financial Supervision Authority on the deposit-guarantee clarification. The request for a statement shall be appended with the additional accounts ordered by the Financial Supervision Authority. The deposit-guarantee clarification and a copy of the statement of the Financial Supervision Authority shall be appended to the notification to be submitted to the depositor.

**Section 79f** (1423/2007)

If a Finnish savings bank is the acquiring savings bank in a cross-border merger, the savings banks participating in the merger shall notify the merger for registration in the manner provided for in section 75 within six months from the date on which the Finnish savings banks have decided on the merger and the other savings banks participating in the merger have been issued a certificate of the registration authority or other competent authority on the performance of the actions required for merger and the fulfilment of the formalities of the State whose legislation is applied to the foreign savings bank participating in the merger.

With regard to a merger referred to in this section, the provisions of section 76 shall be applied to the preconditions of registration of the merger. In addition, it is also required that the foreign savings banks participating in the merger approve the right of redemption referred to in section 74 and that the rules on personnel representation have been defined in accordance with the Act on Personnel Representation in the Administration of Undertakings (725/1990) and that all the savings banks participating in the merger have approved the draft terms of merger under the same conditions and the registration authority is submitted the certificates referred to in subsection 1.

The registration authority shall, without delay and ex officio, notify the foreign registration authority, in whose register the foreign savings bank being acquired has been registered of the registration of the merger.

**Section 79g** (1423/2007)

If a Finnish savings bank merges into a foreign acquiring savings bank, the Finnish savings banks participating in the merger shall apply for a permission for the implementation of merger from the registration authority within four months from the decision on merger or the merger shall lapse.

The application shall be appended with the merger decisions and a certificate of a member of the Board of Directors or the Managing Director of the submission of the notifications referred to in sections 68 and 69. If redemption proceedings in accordance with section 74 have been initiated, the registration authority shall be notified thereof in connection with the notification relating to implementation.

The preconditions for granting the permission shall, with regard to a merger referred to in this section, be governed by the provisions of section 76, in addition to which, a precondition shall be that the foreign savings banks participating in the merger approve the right of redemption referred to in section 74 and that the registration authority is presented with an account of the arrangement of employee participation in the acquiring savings bank as provided for in Article 16 of the Directive 2005/56/EC on cross-border mergers of limited liability companies. The decision on the permission of the registration authority shall be registered ex officio.

If an enterprise mortgage referred to in the Act on Enterprise Mortgages has been registered on the assets of a Finnish savings bank participating in the merger referred to in this section, a

precondition for the granting of the permission shall be that an application that may be registered is pending to transfer the liability on the mortgage to the branch to be established in Finland or that the mortgage has been annulled.

The registration authority shall issue a certificate on the granting of the permission referred to in subsection 1 with regard to Finnish savings banks participating in cross-border merger. The certificate issued by the registration authority shall confirm that the Finnish savings banks participating in the merger have performed all the measures required by the merger and fulfilled the formalities required in the law. The certificate shall state that a redemption procedure in accordance with section 74 is pending and notified to the registration authority. The certificate shall, within six months from its issue, be submitted to the competent authority of the State whose legislation is applied to the foreign acquiring savings bank or the certificate shall lapse.

The registration authority shall, by notification of the foreign authority registering the merger, without delay and ex officio, remove the merged Finnish savings bank from the register.

#### **Section 79h** (1423/2007)

The legal effects of a cross-border merger in the case of a merger referred to in section 79f shall be provided for in section 77.

The assets and liabilities of the savings bank being acquired shall, in a merger referred to in section 79g, be transferred to the acquiring savings bank without liquidation proceedings when the merger enters into force in accordance with the legislation of the State within the scope of the legislation of which the acquiring savings bank belongs. At the same time, the savings bank being acquired is dissolved and the right to merger consideration in accordance with the draft terms of merger shall arise to the holders of the basic-fund shares of the savings bank being acquired as well as to the holders of option certificates and other special rights entitling to basic-fund shares.

The basic-fund shares of the savings bank being acquired held by the savings bank being acquired shall not produce a right to merger consideration.

#### **Section 79i** (1423/2007)

A cross-border merger cannot be declared invalid or changed after it has entered into force in accordance with section 79h.

## Chapter 5

### Demerger

#### Definition of demerger and its implementation modes (1423/2007)

##### Section 80 (1423/2007)

A savings bank (*the demerging savings bank*) may divide so that the assets and liabilities of the demerging savings bank are transferred in part or in full to one or several savings banks (*the recipient savings bank*).

If the demerging savings bank has a basic fund, the holders of basic-fund shares shall receive as demerger consideration basic-fund shares of the recipient savings bank. The demerger consideration may also be cash, other property and commitments. The right of a holder of a basic-fund share to demand redemption of his basic-fund shares instead of demerger consideration shall be governed by the provisions of section 87.

##### Section 81 (1423/2007)

A demerger may take place so that:

- 1) all the assets and liabilities of the demerging savings bank are transferred to two or more recipient savings banks and the demerging savings bank is dissolved (*total demerger*); or
- 2) part of the assets and liabilities of the demerging savings bank are transferred to one or several savings banks (*partial demerger*).

*A demerger into a savings bank in operation* means a demerger where the recipient savings bank has been established prior to the implementation of the demerger, and a demerger into a savings bank being established means a demerger where the recipient savings bank is established in connection with the demerger. A demerger may take place simultaneously both into a savings bank in operation and into a savings bank being established.

*Savings banks participating in the demerger* shall in this chapter mean the demerging savings bank and the recipient savings bank.

**Section 82** (614/2014)

In a demerger, the authorisation referred to in chapter 2 section 1 of the Act on Credit Institutions shall be applied for the savings bank being established. A demerger referred to in this section may not be registered unless the authorisation is registered at the same time.

**Draft terms of demerger and an opinion of the auditor** (1423/2007)**Section 83** (1423/2007)

The Boards of Directors of the savings banks participating in the demerger shall prepare draft terms of demerger in writing, which shall be dated and signed.

The draft terms of demerger shall contain:

- 1) the trade names, Business IDs or corresponding identification information and places of the registered offices of the savings banks participating in the demerger;
- 2) an account of the reasons for the demerger;
- 3) in the case of a demerger into a savings bank in operation, a proposal for the amendment of the Bylaws of the recipient savings bank as well as, in the case of a demerger into a savings bank being established, a proposal for the Bylaws of the savings bank to be established as well as for the manner in which the members of the bodies of the savings bank to be established shall be elected;
- 4) in the case of a demerger into a savings bank in operation, a proposal for the number of basic-fund shares to be possibly given as demerger consideration itemised by classes of shares and on whether the basic fund certificates shall be new or own basic fund certificates held by the savings bank as well as, in the case of a demerger into a savings bank being established, a proposal for the number of basic-fund shares of the recipient savings bank itemised by classes of shares;
- 5) a proposal for a possible other demerger consideration and, if the consideration consists of option certificates or other special rights entitling to basic-fund shares, their terms in accordance with section 35, subsection 4;
- 6) a proposal for the distribution of the demerger consideration, the time of its giving and on other terms relating to the giving of the consideration as well as an account of their grounds;

- 7) an account on or a proposal for the rights in the demerger of a holder of an option certificate or other special right entitling to basic-fund shares of the demerging savings bank;
- 8) in the case of a demerger into a savings bank in operation, a proposal for a possible increase of the initial capital or basic fund as well as, in the case of a demerger into a savings bank being established, a proposal for the initial capital and for a possible basic fund of the recipient savings bank;
- 9) an account of the assets, liabilities and equity capital of the demerging savings bank and on factors with an effect on their valuation as well a proposal for the distribution of the assets and liabilities of the demerging savings bank to each savings bank participating in the demerger, the planned effect of the demerger on the balance sheet of the recipient savings bank as well as of the accounting methods to be applied to the demerger;
- 10) a proposal for the decreasing of the basic fund in order to distribute assets to the holders of the basic-fund shares of the recipient savings bank, the transfer of assets to the unrestricted equity capital fund or for their use to directly cover a loss, to which the unrestricted equity capital does not suffice;
- 11) a proposal for the right of the savings banks participating in the demerger to decide on arrangements other than those belonging to the usual business operations with an effect on the amount of their equity capital or the number of their basic-fund shares;
- 12) an account of the capital loans and commitments comparable thereto under section 49, subsection 1, paragraph 9 of the Act on Credit Institutions as well as on commitments referred to in section 46, subsections 3 and 4 and in section 47, subsection 1, paragraph 1 of the same Act whose creditors may object to the demerger in accordance with section 87;
- 13) an account of the number of basic-fund shares of the recipient savings bank owned by the demerging savings bank and its subsidiaries as well as of the number of basic-fund shares of the demerging savings bank owned by the savings banks participating in the demerger;
- 14) an account of the enterprise mortgages referred to in the Act on Enterprise Mortgages registered on the assets of the savings banks participating in the demerger;
- 15) an account of or a proposal for the special benefits and rights to be granted to a member of the Supervisory Board and the Board of Directors, the Managing Director, an auditor and an auditor submitting an opinion on the draft terms of demerger of a savings bank participating in the demerger;

- 16) a proposal for the planned date of registration of the implementation of the demerger; as well as
- 17) a proposal for any other terms of the demerger.

**Section 84 (1423/2007)**

The Boards of Directors of the savings banks participating in the demerger shall appoint one or more KHT auditors to submit an opinion on the draft terms of demerger to each savings bank participating in the demerger. The opinion shall assess whether correct and adequate information has been given in the draft terms of demerger of the grounds on which the demerger consideration shall be determined as well as on the distribution of the consideration. The opinion to be given to the recipient savings bank shall also state whether the demerger is likely to endanger the repayment of the debts of the savings bank. (1199/2015)

If all the trustees and holders of basic-fund shares of the savings banks participating in the demerger concur, an opinion on whether the demerger is likely to endanger the repayment of the debts of the recipient savings bank shall suffice.

**Registration of the draft terms of demerger and notifying the Financial Supervisory Authority thereof as well as issuing a summons to the debtors (1423/2007)**

**Section 85 (1423/2007)**

The draft terms of demerger shall be notified for registration within one month from the signing of the draft terms. The notification shall be appended with the opinion referred to in section 84.

The notification shall be submitted jointly by the savings banks participating in the demerger.

The demerger shall lapse if the notification is not made within the prescribed time period or if the registration is denied.

**Section 86 (1423/2007)**

The savings banks participating in the demerger shall notify the Financial Supervisory Authority of the demerger. The notification, which shall be appended with the draft terms of demerger and the opinion referred to in section 84, shall be submitted to the Financial Supervisory Authority within

the time period provided for in section 85, subsection 1. The Financial Supervisory Authority may, upon receipt of the notification, request also other information it deems necessary.

The Financial Supervisory Authority may object to the demerger before the due date referred to in section 87, subsection 2 by notifying the registration authority thereof if the demerger is likely to endanger the maintenance of the preconditions for the authorisation of a savings bank participating in the demerger. The savings bank shall be notified of the objection without delay.

An appeal relating to a decision of the Financial Supervisory Authority referred to in this section shall be handled as urgent.

### **Section 87 (1423/2007)**

The creditors of the demerging savings bank whose claim has arisen before the registration of the draft terms of demerger shall have the right to object to the demerger. Also a creditor whose claim may be collected without a judgement or a decision as provided for in the Act on the Enforcement of Taxes and Charges (706/2007) and whose claim has arisen at the latest on the due date referred to in subsection 2 shall have the same right.

The registration authority shall, on application by the demerging savings bank, issue a summons to the creditors referred to in subsection 1 stating the right of a creditor to object to the demerger by notifying the registration authority thereof in writing at the latest on the due date mentioned in the summons. The issuing of a summons shall be applied for within four months from the registration of the draft terms of demerger or the demerger shall lapse. The registration authority shall publish the summons in the Official Gazette no later than three months prior to the due date and register the summons ex officio.

The summons shall, on application by the recipient savings bank, be issued also to the creditors of the recipient savings bank if the demerger, in accordance with the opinion of the auditor referred to in section 84, is likely to endanger the repayment of the debts of the recipient savings bank. The creditors of the recipient savings bank shall, in that case, be governed by the provisions of this chapter on the creditors of the demerging savings bank.

**Section 87a** (1423/2007)

The savings bank shall, no later than one month prior to the due date, send a written notification of the summons to all its known creditors referred to in section 87, subsection 1 whose claim has arisen prior to the registration of the draft terms of demerger. If a holder of basic-fund shares of the demerging savings bank or a holder of an option certificate or other special right entitling to basic-fund shares has, in accordance with section 87f, demanded redemption, the creditors shall be informed of the number of the basic-fund shares and rights demanded to be redeemed. The notification may be sent only after the Meeting of the Trustees deciding on the demerger. If all the holders of the basic-fund shares of the savings bank and the holders of the rights referred to have notified that they waive the right of redemption or that they do not otherwise have the right of redemption, the notification may, however, be sent earlier.

The depositor of a savings bank being divided and of a recipient savings bank shall be governed by the provisions of section 69 on a depositor of a savings bank being merged and of an acquiring savings bank.

**Decision on demerger** (1423/2007)**Section 87b** (1423/2007)

The Meeting of the Trustees shall decide on the demerger of the savings bank in the demerging savings bank. The Meeting of the Trustees shall decide on the demerger in a recipient savings bank in operation.

The decision of the Meeting of the Trustees on demerger shall be made as provided for in section 9 unless otherwise provided for in the Bylaws. The Bylaws may, however, not be supplemented with a provision whereby the majority requirement provided for in this subsection is mitigated.

The Meeting of the Trustees deciding on the demerger shall be held within four months from the registration of the draft terms of demerger or the demerger shall lapse. The Meeting of the Trustees shall, however, be held at the latest one month before the due date referred to in section 87 unless all holders of the basic-fund shares of the savings bank as well as the possible holders of option certificates and other special rights entitling to basic-fund shares have waived their right to demand redemption.

**Section 87c** (1423/2007)

The notice to convene the Meeting of the Trustees deciding on the demerger may not be delivered before the registration of the draft terms of demerger. The notice to convene shall be delivered no earlier than two months and, unless a longer period is provided for in the Bylaws, no later than one month prior to the Meeting of the Trustees.

In the demerging savings bank, the notice to convene shall, in addition to that provided for in the Bylaws on the notice to convene the Meeting of the Trustees, be sent in writing to each Trustee whose address is known to the savings bank. The demerging savings bank shall, within the time period referred to in subsection 1, notify of the right of redemption referred to in section 87f to those holders of basic-fund shares and option certificates and other special rights entitling to basic-fund shares who have the right to demand redemption and whose address is known to the bank. If the addresses of all the holders of rights entitling to redemption are not known to the savings bank, the right of redemption shall be notified in the Official Gazette within the same time period.

**Section 87d** (1423/2007)

The following documents shall, for at least one month prior to the Meeting of the Trustees deciding on the demerger, be kept available to the Trustees and the holders of basic-fund shares at the head office or in the Internet web site of each savings bank participating in the demerger, sent to a Trustee or a holder of a basic-fund share requesting them without delay as well as kept available at the Meeting of the Trustees:

- 1) the draft terms of demerger;
- 2) the annual accounts, annual reports and audit reports for the three last-ended financial periods of each savings bank participating in the demerger;
- 3) any decisions on the distribution of assets made after the last financial period by each savings bank participating in the demerger;
- 4) the interim reports drawn up after the last financial period by each of the savings banks participating in the demerger;
- 5) a report of the Board of Directors on events having a material effect on the position of the savings bank taken place after the annual accounts or interim report;
- 6) an opinion on the draft terms of demerger referred to in section 84.

**Section 87e** (1423/2007)

The decision on demerger of the demerging savings bank shall replace the subscriptions and other acts relating to the demerger consideration, which form a right to the demerger consideration, of the holders of basic-fund shares of the demerging savings bank as well as of the holders of option certificates and other special rights entitling to basic-fund shares. In a demerger into a savings bank being established in the demerger, the draft terms of demerger shall also replace the memorandum of association of the recipient savings bank.

Unless the demerger is approved in accordance with the draft terms of the demerger unaltered in all the savings banks participating in the demerger, the demerger shall lapse. The decision on the rejection of the demerger or the lapse of the demerger shall be notified for registration without delay.

**Redemption of basic-fund shares as well as option certificates and other special rights entitling to basic-fund shares** (1423/2007)**Section 87f** (1423/2007)

The holder of a basic-fund share and of option certificates and other special rights entitling to basic-fund shares of the demerging savings bank into a savings bank in operation may demand the redemption of his shares or rights by presenting, in a verifiable manner, his demand thereon to the demerging savings bank prior to the Meeting of the Trustees deciding on the demerger. Only basic-fund shares which have been notified to be entered in the list of basic-fund shares before the Meeting of the Trustees or by the last date of registration may be redeemed. Before a decision is made on the demerger, the Meeting of the Trustees shall be notified of the number of basic-fund shares and rights entitling thereto for which a redemption demand has been presented.

If no agreement is reached on the right of redemption or the redemption terms with the recipient savings bank, the matter shall be referred to be decided by arbitrators in compliance with the provisions of chapter 18, sections 3–5 and 8–10 of the Limited-Liability Companies Act on the handling of redemption disputes. The holder of a basic-fund share or the holder of a right shall initiate the matter at the latest within one month from the Meeting of the Trustees. The holder of a basic-fund share shall, after the initiation, be entitled to the redemption price instead of a demerger consideration. The holder of an option certificate and other special right entitling to basic-fund shares shall, after the initiation, be entitled only to the redemption price. If, in the

redemption proceedings, it is later confirmed that a holder of a basic-fund share or a holder of an option certificate or other special right entitling to basic-fund shares is not entitled to redemption, he shall have the right to demerger consideration in accordance with the draft terms of demerger. If the demerger lapses, also the redemption proceedings lapse.

The redemption price shall be the current price preceding the demerger decision. In determining the redemption price, the possible lowering effect of the demerger on the value of the basic-fund share of the demerging savings bank or of an option certificate or other special right entitling to a basic-fund share shall not be taken into account. An annual interest of the size of the reference interest referred to in section 12 of the Interest Act shall be paid on the redemption price for the period between the demerger decision and the payment of the redemption price.

The redemption price shall be paid after one month from the date on which the judgement is non-appealable, however, not before the registration of the implementation of the demerger. The redemption price may be deposited as provided for in chapter 18, section 11, subsections 2 and 3 of the Limited-Liability Companies Act.

The recipient savings bank the consideration issued by which has been redeemed shall be responsible for the payment of the demerger consideration. The savings banks participating in the demerger shall be jointly and severally liable for the redemption price of an option certificate and other special right entitling to basic-fund shares. The demerging savings bank shall, without delay, notify the redemption requests to the savings bank liable to pay the redemption price.

### **Implementation of demerger and its legal effects (1423/2007)**

#### **Section 87g (1423/2007)**

The savings banks participating in the demerger shall submit a notification to the registration authority on the implementation of the demerger within six months from the decision on demerger or the demerger shall lapse. The following shall be appended to the notification:

- 1) a confirmation of the members of the Board of Directors and the Managing Director of each of the savings banks participating in the demerger to the effect that the provisions of this Act have been complied with in the demerger;

- 2) a certificate of a certified auditor to the effect that the recipient savings bank receives full consideration for the amount entered in its equity capital and an opinion on the account of the draft terms of demerger referred to in section 83, subsection 2, paragraph 9;
- 3) a certificate of a member of the Board of Directors or the Managing Director of the submission of the notifications referred to in section 87a;
- 4) decisions relating to the demerger of the savings banks participating in the demerger.

**Section 87h** (1423/2007)

The registration authority shall register the demerger if a creditor has not objected to the demerger or if the creditor, in accordance with the judgement of the court, has received payment or a safeguarding collateral for his claim. The demerger may, however, not be registered if the Financial Supervisory Authority has objected to the merger in the manner referred to in section 86, subsection 2.

If a creditor has objected to the demerger, the registration authority shall notify the savings bank thereof without delay after the due date. When a creditor objects to the demerger, it will lapse one month from the due date. The registration authority shall, however, postpone the handling of the matter if the savings bank proves that it has, within one month from the due date, initiated court proceedings to confirm that the creditor has obtained payment or a safeguarding collateral for his claim or if the savings bank and the creditor jointly request postponement of the matter. The court shall handle the matter referred to above without delay. The demerger shall, however, be registered despite the objection of the creditor if the Financial Supervisory Authority, in its statement, deems that the implementation of the demerger without delay is necessary in order to safeguard the stable operations of the credit institutions and does not weaken the financial position of the creditor.

The demerger may be implemented even if the demerging savings bank has been placed in liquidation unless the distribution of the assets of the savings bank has commenced in the manner referred to in section 113.

If a business facilities mortgage referred to in the Act on Business Facilities Mortgages is registered on the assets of the demerging savings bank, the demerger may not be registered unless, upon application and at the same time, an agreement is registered between the savings bank and the holders of the mortgage on the arrangement of the priorities of the mortgages. If also the

recipient savings bank in operation has a business facilities mortgage and a business facilities mortgage of the demerging savings bank is transferred to it, the demerger may not be registered unless, at the same time and on application, an agreement is registered between the demerging savings bank and the recipient savings bank as well as the holders of the mortgages on the arrangement of the priorities of the mortgages.

**Section 87i (1423/2007)**

The assets and liabilities of the demerging savings bank shall transfer without liquidation proceedings to the recipient savings banks when the implementation of the demerger has been registered. However, with regard to partial demerger, only the assets and liabilities divided in the draft terms of demerger shall be transferred. Simultaneously, in a total demerger, the demerging savings bank is dissolved and, in the demerger into a savings bank to be established, the recipient savings bank is established.

The assets and liabilities of the demerging savings bank may not be entered in the balance sheet of the recipient savings bank at a value that is higher than their financial value to the recipient savings bank. A commitment to perform work or a service may not be entered in the balance sheet in the demerger.

At the time of registration of the implementation of demerger, the right to demerger consideration in accordance with the draft terms of demerger shall arise to the holders of basic-fund shares of the demerging savings bank as well as to the holders of option certificates and other special rights entitling to basic-fund shares. The new basic-fund shares to be given as demerger consideration shall produce the rights of a holder of a basic-fund share from the date of registration unless a later date is provided for in the draft terms of demerger. However, the basic-fund shares shall produce the rights of a holder of a basic-fund share at the latest one year from the registration. The basic-fund shares of the demerging savings bank held by the recipient savings bank or the demerging savings bank shall not produce a right to demerger consideration.

If receipt of the demerger consideration requires specific action from the receiver, such as presentation of a basic-fund certificate, and the consideration is not demanded in this manner within ten years from the registration of the implementation of the demerger, the Meeting of the Trustees of the recipient savings bank may decide that the right to demerger consideration and

the rights based thereon have been forfeited. The recipient savings bank shall get the forfeited consideration.

If, in a total demerger, assets appear that have not been distributed in the draft terms of demerger, they shall belong to the recipient savings banks in the same proportion as the net assets of the demerging savings bank are distributed in accordance with the draft terms of demerger unless otherwise provided for in the draft terms of demerger.

The savings banks involved in the demerger shall be jointly and severally responsible for the demerging bank's liabilities originating from a period prior to the registration of the implemented demerger. As concerns the liabilities of the demerging savings bank, for which another savings bank is responsible in accordance with the demerger plan, the overall responsibility of the savings bank shall not exceed the value of the net assets it retains or that are transferred to it. The claim regarding the liabilities mentioned in the demerger plan may be made by the creditor on the basis of the joint and several liability only when it has been deemed that such creditor shall not be paid by the debtor or on the basis of a collateral security. The provisions on the liability for the payment of the redemption price are contained in section 87f, subsection 5. The provisions above in this subsection regarding liabilities shall not be applied to liabilities or parts thereof if they can be reimbursed by the Deposit Guarantee Fund referred to in chapter 5 of the Act on the Financial Stability Authority or by the Investor Compensation Fund referred to in chapter 11 of the Act on Investment Services (747/2012). (1206/2014)

**Section 87j** (1423/2007)

In the case of a total demerger, the Board of Directors and the Managing Director of the demerging savings bank shall, as soon as possible after the implementation of the demerger, draw up the annual accounts and annual report for the period for which the annual accounts have not yet been presented at the Meeting of the Trustees (*final account*). The final account shall be submitted to the auditors, who shall, within one month, issue an audit report relating to the final account. After receiving the audit report, the Board of Directors shall, without delay, convene the Trustees to adopt the final account. The meeting shall be governed by the provisions on the Meeting of the Trustees.

The final account shall be notified for registration as provided for in chapter 12, section 11, subsection 1 of the Act on Credit Institutions. (614/2014)

**Section 87k** (1423/2007)

Even if the demerger has been registered, it shall lapse if the demerger decision is invalid in accordance with a non-appealable judgement of the court. The demerging savings bank and the recipient savings bank shall be jointly and severally liable for an obligation of the recipient savings bank arisen after the registration of the demerger but before the registration of the judgement.

**Chapter 6****Conveyance of business operations****Section 88**

A savings bank (*the conveying savings bank*) may convey all or part of its business operations to one or several credit institutions or to another undertaking (*the recipient undertaking*) as provided for in this chapter without dissolving the conveying savings bank.

A savings bank may convey its business operations so that:

- 1) all the assets and liabilities of the conveying savings bank are transferred to one or more recipient credit institutions in the form of a limited-liability company; or
- 2) part of the assets and liabilities of the conveying savings bank is transferred to one or more recipient undertakings.

(1423/2007)

The conveyance of business operations may be implemented even if the conveying savings bank has been placed in liquidation unless measures have been taken to distribute the assets of the savings bank to the purpose provided for in the bylaws.

A savings bank which conveys its business operations in the manner referred to in subsection 2, paragraph 1 shall be converted into a foundation or dissolved as provided for in section 92.

(1423/2007)

**Section 89** (1423/2007)

The conveyance of business operations shall, where applicable, be governed by the provisions of sections 83, 85 and 86 on the draft terms of demergers and its registration and notification to the Financial Supervisory Authority as well as on the right of the Financial Supervisory Authority to

object to the demerger, section 87, subsections 1 and 2 and section 87a on the protection of creditors as well as of sections 87g and 87h on the implementation of demerger, however, so that the procedure of hearing the creditors in accordance with section 87, subsections 1 and 2 shall only apply to debts to be conveyed.

The assets, liabilities, reserves and commitments of the conveying savings bank in accordance with the draft terms of conveyance shall be transferred to the recipient undertaking in the manner stated in the draft terms of conveyance when the conveyance is registered. The conveyance of business operations shall be governed by the provisions of section 87i, subsection 2 as well as, where applicable, by the provisions of subsection 6 of the said section. The cancellation of the conveyance of business operations shall, where applicable, be governed by the provisions of section 87k. If the recipient undertaking is an undertaking to be established, it shall be registered simultaneously with the registration of the conveyance.

The conveyance of business operations in accordance with section 88, subsection 2, paragraph 1 shall be decided on in the manner provided for in section 87b, subsections 1 and 2 as well as in sections 87c and 87d. The decision shall be governed by the provisions of section 87e, subsection 2. With regard to the conveyance of business operations referred to in this subsection, the redemption of a basic-fund share of the conveying savings bank and the redemption of a right referred to in section 87f shall be governed by the provisions of section 87f. The right to the redemption price shall arise to the holder of the share or right referred to in this subsection when the implementation of the conveyance of business operations has been registered.

The provisions of this section on a creditor shall be applied to a party on behalf of whom the credit institution has granted a guarantee or another commitment comparable thereto or to whom a monetary claim may arise on the basis of a derivatives contract concluded with the credit institution if the commitment is transferred to the liability of other than another credit institution

### **Section 90** (1423/2007)

If all the assets, liabilities and commitments as well as other rights and obligations of the conveying savings bank are transferred in accordance with section 88, subsection 2, paragraph 1 to a credit institution in the form of a limited-liability company to be established for the purpose of continuing the operations of the conveying savings bank for book value and if the consideration is

paid solely as shares of the recipient credit institution, the provisions of sections 83, 86, 87 and 87a shall not be applied to the conveyance.

A savings bank which conveys its business operations in the manner referred to in this section may be converted into a foundation.

### **Section 91**

If the business operations of a savings bank are transferred to a credit institution as provided for in section 90, its operations may be continued as a limited liability savings bank as provided for in this section and in section 92.

Upon deciding on the conveyance of the business operations of the savings bank to a deposit bank to be established, the Meeting of the Trustees shall, in its decision, approve for the bank to be established Articles of Association in accordance with the Act on Credit Institutions and the Act on Commercial Banks and Other Credit Institutions in the Form of a Limited Company unless otherwise provided for in subsection 3.

The Articles of Association of a deposit bank to be established to continue the operations of the savings bank may contain a provision according to which the special purpose of the bank is to promote saving. In this Act, such bank shall be referred to as a limited-liability savings bank. The limited-liability savings bank shall, in addition to the mark indicating the corporate form of the bank, use the term "säästöpankki" in its trade name as such or as part of a compound. (123/2007)

Unless otherwise provided in this chapter, a credit institution referred to in this Act shall be governed by the provisions of the Act on Commercial Banks and Other Credit Institutions in the form of a Limited Company (1501/2001). A limited-liability savings bank may be changed into a commercial bank by amending the Articles of Association.

A limited-liability savings bank shall, where appropriate, be governed by the provisions of section 41 on the use of unrestricted equity capital in the distribution of profit and by the provisions of chapter 7 on the Savings Bank Inspectorate. A limited-liability savings bank, notwithstanding a limited-liability savings bank operating as a central banking institution, shall also be governed by the provisions of section 128 of this Act on the right to accept deposits and to take out credit.

The Articles of Association of a limited-liability savings bank may provide that the bank shall have a Supervisory Board and that the depositors of the bank shall elect the number of the members of the Supervisory Board to be stipulated in the Articles of Association, which shall be less than half of the members of the Supervisory Board

## **Section 92**

The decision to convert a savings bank into a foundation or to place it in liquidation shall be made at the same time when the conveyance of business operations referred to in section 88, subsection 2, paragraph 1 is decided upon. (1423/2007)

Upon deciding on the conversion of a savings bank into a foundation, the charter of the foundation referred to in chapter 2 section 1 and the rules of the foundation referred to in section 3 of the Act on Foundations (487/2015) shall also be approved. (493/2015)

The savings bank must notify the registration authority about the conversion of the savings bank into a foundation in the manner stipulated in chapter 13 section 2 of the Act on Foundations. The registration authority shall register the foundation following the provisions of the said Act regarding the registration of a foundation. (493/2015)

A foundation may not be registered unless the conveyance of business operations referred to in section 88, subsection 2, paragraph 1 and, in the case of the conveyance of business operations referred to in section 90, the authorisation of the credit institution to be established are registered at the same time. The Board of Directors of the savings bank converted into a foundation shall, at the Meeting of the Trustees, submit the final account governed by the provisions of section 87j. (1423/2007)

**Chapter 7 repealed by Act 2014/614.**

## **Chapter 8**

### **Liquidation and bankruptcy (410/2004)**

#### **Provisions on liquidation (410/2004)**

##### **Section 101 (410/2004)**

A credit institution shall notify the Financial Supervisory Authority before the savings bank is placed in liquidation by a decision of the Meeting of the Trustees.

##### **Section 102**

The Meeting of the Trustees shall decide on the placing of a savings bank in liquidation. The decision shall be made as provided for in section 9, subsection 1.

If the savings bank is to be dissolved under a provision of the bylaws, the decision of the Meeting of the Trustees shall be the opinion supported by more than half of the votes cast or, in the case of a tie, the opinion supported by the chairman.

The liquidation shall commence when the decision of the Meeting of the Trustees thereon has been made unless the Meeting of the Trustees orders a later date for the commencement of the liquidation.

The notice to convene a Meeting of the Trustees handling going into liquidation shall include the main contents of the proposal for the decision. The proposal together with its appendices shall be held available at the head office of the savings bank for the holders of basic fund shares for at least one week prior to the Meeting of the Trustees and it shall, without delay, be sent to anyone requesting it as well as made available at the Meeting of the Trustees. If the proposal relates to the dissolution of the savings bank in a case other than that referred to in subsection 2, the notice to convene shall, however, be submitted at the latest one month before the meeting.

##### **Section 103 (590/2003)**

Upon deciding on the withdrawal of the authorisation, the Financial Supervisory Authority shall simultaneously order the savings bank to be placed in liquidation.

The liquidation shall commence immediately when the decision of the Financial Supervisory Authority on the withdrawal of the authorisation and the placing in liquidation has been made.

#### **Section 104**

When the savings bank or the Financial Supervisory Authority makes a decision on liquidation, one or more liquidators shall be appointed at the same time to replace the Board of Directors, the Managing Director and the Supervisory Board, if any. The provisions elsewhere in the law on the Board of Directors and its members shall correspondingly apply to the liquidators unless otherwise provided for in this chapter. (590/2003)

If a savings bank in liquidation lacks competent liquidators entered in the register, the registration authority shall appoint the liquidators. Their appointment may be applied for by the Financial Supervisory Authority as well as by anyone whose interest may depend on the savings bank having someone to represent it.

The liquidators shall, without delay after the Financial Supervisory Authority has decided on the withdrawal of the authorisation, convene the Meeting of the Trustees of the savings bank to decide on measures to be taken to merge the savings bank in another savings bank or remedy the prerequisites set for an authorisation in another manner or to dissolve the savings bank. (590/2003)

#### **Section 104a** (410/2004)

The registration authority and the Financial Supervisory Authority shall, upon choosing a liquidator, issue him a testimonial of his choice to the task. An extract from or a copy of the minutes of the Meeting of the Trustees shall certify that the Meeting of the Trustees has chosen the liquidator to his tasks.

#### **Section 105**

The Meeting of the Trustees of a savings bank in liquidation shall be governed by the same provisions as before the commencement of liquidation unless otherwise provided for in this chapter. If it is necessary in order to terminate the liquidation or to continue the operations, the Meeting of the Trustees may also decide to amend the bylaws, to increase the basic capital and the basic fund as well as to take out a convertible loan and a capital loan.

**Section 106** (614/2014)

The duty of the auditor shall not cease when the savings bank is placed in liquidation. The provisions on an audit contained in chapter 12 of the Act on Credit Institutions shall also be applied during the liquidation procedure. In addition, the audit report shall contain a statement on whether, in the opinion of the auditor, the liquidation has been unduly prolonged.

**Section 107**

When a savings bank is placed in liquidation, the Board of Directors and the Managing Director shall, without delay, prepare the annual accounts and the consolidated annual accounts for the period preceding the liquidation for which the annual accounts have not yet been presented at the Meeting of the Trustees of the savings bank. The annual accounts shall be presented to a Meeting of the Trustees without delay. The provisions of chapter 12 of the Act on Credit Institutions shall be applied to the annual accounts and audit. (614/2014)

If the period referred to in subsection 1 includes also the previous financial period, separate annual accounts and consolidated annual accounts shall be presented for the said financial period.

**Section 108** (614/2014)

When the Meeting of the Trustees or the Financial Supervisory Authority has made the decision to place the savings bank in liquidation, the liquidators shall, without delay, notify and register the decision on the placing of the savings bank in liquidation and the appointment of the liquidators. The notification shall also be submitted to the Deposit Guarantee Fund and, where the decision on the placing in liquidation has been made by the Meeting of the Trustees, to the Financial Supervisory Authority. The notification shall also be submitted to the Guarantee Fund and the Investor Compensation Fund if the savings bank is a member of the fund.

**Section 109**

The liquidators shall apply for a public summons for the creditors of the savings bank. The public summons shall be governed by the provisions of the Public Summons Act (729/2003) unless otherwise provided for in subsection 2. (410/2004)

The application for a public summons shall be made to the registration authority. The summons shall request the creditors to notify the registration authority in writing of their receivables by a date set by the registration authority. The provisions of this Act or other laws on the date of

appearance shall apply to the said date set. The summons shall be published in the Official Gazette no later than one month prior to the date set. No later than three weeks prior to the date set, the liquidators shall send a written notification of the summons to the known creditors of the savings bank. The registration authority shall notify the liquidators of any receivables it has been notified of without delay after the date set. The registration authority shall enter the issuing of the summons in the register *ex officio*.

The liquidator of a savings bank shall, in the notification to creditors referred to in subsection 2, also state:

- 1) the provisions of section 121, subsection 2 on the reporting of a depositor to the bank; as well as
- 2) whether a creditor needs to notify a preferential claim or a claim secured in re.

(410/2004)

The notification shall be submitted at least in Finnish and Swedish. The notification shall, in all the official languages of the States belonging to the European Economic Area (*an EEA State*), bear the heading "Invitation to lodge a claim or to submit observations relating to a claim. Time limits to be observed". (410/2004)

### **Section 110**

The liquidators shall manage the affairs of the savings bank during the liquidation. They shall, as soon as possible, convert into cash an amount of the assets of the savings bank sufficient for the liquidation procedure and pay the debts. The business operations of the savings bank may be continued only to an extent required by a proper liquidation.

The liquidators shall apply for the withdrawal of the authorisation from the Financial Supervisory Authority without delay after the prerequisites set for the authorisation no longer exist or when the appropriate continuance of the liquidation no longer requires an authorisation. (590/2003)

### **Section 111**

For each financial period, the liquidators shall prepare annual accounts and consolidated annual accounts to be submitted for adoption to the Ordinary General Meeting of the Trustees of the savings bank. The provisions elsewhere in this Act on the proposal of the Board of Directors for measures necessary for the profit or loss shall not be applied to these annual accounts.

In the balance sheet, the equity capital shall be entered as one item and the basic capital and the basic fund shall be stated separately in the margin. The basic fund shall, where necessary, be itemized according to the different classes of basic fund shares.

The assets may not be entered in the balance sheet estimated at a value higher than the probable conveyance price deducted by the specific expenses incurred by the conveyance. If the assets are estimated to bring an amount essentially higher than that entered in the balance sheet or if an amount essentially different from the debt entered in the balance sheet is estimated to be required to settle a debt and the costs of liquidation, such estimated amounts shall be indicated in the margin next to the respective assets and debts.

### **Section 112**

If the assets of the savings bank are not sufficient to pay off the debts, the liquidators shall surrender the assets of the savings bank in bankruptcy.

The capital instruments included in the Additional Tier 1 items of the credit institution, as referred to in Regulation (EU) No 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012, shall not be deemed to constitute liability in the application of this section. (871/2018)

### **Section 113**

After the appearance date of the public summons applied for the creditors of the savings bank, the liquidators shall, after paying off all known debts, distribute the assets of the savings bank. If a debt is subject to a dispute or unmatured or if it cannot be paid for another reason, the funds necessary for it shall be set aside and the remainder shall be distributed.

If any assets of the savings bank remain after paying off all the debts, the surplus shall be used first for the repayment of the basic fund and the amount exceeding this, for the purpose provided for in the bylaws.

An action against the savings bank relating to the distribution of the assets of the savings bank shall be brought within three months from the date on which the final settlement was presented at the Meeting of the Trustees.

If the holder of a basic fund share has not, within five years from the date on which the final settlement was presented at the Meeting of the Trustees, reported to collect the amount due to him, he shall have forfeited his right thereto.

#### **Section 114**

After completing their task, the liquidators shall, as soon as possible, present a final settlement of their management by preparing a report covering the whole liquidation procedure. The report shall also include an account of the distribution of the assets of the savings bank. Annual account documents for the whole period of liquidation shall be appended to the report. The report together with the appendices shall be submitted to the auditors, who shall issue an audit report on the final settlement and the management during the liquidation within one month.

After receipt of the audit report, the liquidators shall, without delay, convene the Meeting of the Trustees to examine the final settlement.

The liquidators shall notify the Financial Supervisory Authority of the final settlement.

#### **Section 115**

The savings bank shall be deemed dissolved when the liquidators have presented the final settlement at the Meeting of the Trustees. A notification of the dissolution shall, without delay, be submitted for registration as well as to the Financial Supervisory Authority by the liquidators.

Notwithstanding the provisions of subsection 1, at least three trustees or the holders of basic fund shares holding a minimum of one-tenth of all the basic fund shares may demand that the liquidators convene a Meeting of the Trustees to handle the bringing of an action if

- 1) the Meeting of the Trustees of the savings bank has granted discharge from liability or otherwise decided not to bring an action for damages but one-tenth of the trustees or the holders of basic fund shares holding one-tenth of all the basic fund shares have voted against the decision;
- 2) the decision to grant discharge from liability has not been made within one month from the termination of the financial period; or if

- 3) a decision relating to bringing an action for damages has not otherwise been made within two months from the date when the matter should have been handled at the Meeting of the Trustees.

If a holder of a basic fund share abandons the action after it has been brought, the other persons who have brought the action may, however, continue it.

The action shall be brought within three months from the Meeting of the Trustees referred to in subsection 1.

Those who have brought the action shall be liable for the litigation costs. They shall, however, be entitled to a compensation therefor from the savings bank up to the amount that the funds acquired to the savings bank through the litigation shall suffice.

Unless a Meeting of the Trustees, to be held under the bylaws or decisions made by them, is convened in due order, the Financial Supervisory Authority may authorise a member of the Board of Directors or the Supervisory Board, the Managing Director, an auditor, a trustee or a holder of a share upon application to convene the Meeting of the Trustees at the cost of the savings bank.

### **Section 116**

If new assets are found after the savings bank has been dissolved or if an action is brought against the savings bank or if liquidation measures are otherwise necessary, the liquidation shall be continued. The liquidators shall, without delay, submit a notification to this effect to be registered as well as to the Financial Supervisory Authority. The notice to convene the first Meeting of the Trustees of the continued liquidation shall be sent in accordance with the provisions of the bylaws. In addition, a written notice to convene shall be sent to each holder of basic fund shares whose address is known.

### **Section 117**

If the savings bank has been placed in liquidation by a decision of the Meeting of the Trustees, the Meeting of the Trustees may, after the auditors have issued their report thereon, with a majority of votes, decide to terminate the liquidation and to continue the operations. The decision may, however, not be made if a ground for the liquidation exists in accordance with the bylaws or if assets belonging to the savings bank have been distributed. If the authorization of the savings

bank has been withdrawn, a precondition for the continuance of the operations is that a new authorization has been granted to the savings bank.

When a decision to continue the operations has been made and a new authorization or permission to continue the operations without an authorization has been obtained, a Board of Directors, Supervisory Board and Managing Director shall be elected for the savings bank in accordance with the bylaws.

When the Board of Directors has been elected, the liquidators shall, without delay, submit a notification to register the decision to end the liquidation and the election of the Board of Directors. The decision may not be implemented prior to its registration. A public summons issued to the creditors of the savings bank shall be of no effect when the liquidation has been terminated in accordance with the provisions of this section.

#### **Provisions on bankruptcy (410/2004)**

##### **Section 118**

The assets of a savings bank may be surrendered in bankruptcy by a decision of the Board of Directors or, when the savings bank is in liquidation, by a decision of the liquidators. During the bankruptcy proceedings the savings bank shall be represented as the bankruptcy debtor by the Board of Directors and the Managing Director or by liquidators appointed prior to the beginning of the bankruptcy proceedings. New members of the Board of Directors or new liquidators may, however, be elected during the bankruptcy proceedings.

#### **Subsections 2–3 were repealed by Act 2018/871.**

##### **Section 118a (410/2004)**

A savings bank shall notify the Financial Supervisory Authority prior to submitting its application for surrendering its assets in bankruptcy.

##### **Section 119**

Where a creditor applies for the placing of a savings bank in bankruptcy, the court of law shall, prior to making the decision on the bankruptcy, notify the Financial Supervisory Authority of the application. The Court shall postpone the handling of the matter with not more than one month if

the Financial Supervisory Authority presents a request thereon within one week from receipt of the notification referred to in this subsection. (590/2003)

A creditor whose claim is based solely on a claim to be compensated in full from the deposit guarantee fund may not apply for the placing of a savings bank in bankruptcy.

### **Section 119a** (410/2004)

The notification to be delivered to the creditors of the savings bank relating to the lodging of proof of a claim shall, in addition to what is otherwise provided for, state:

- 1) the provision of section 120, subsection 1 on the duty of a depositor to secure his claim and the provision of section 121, subsection 2 on the reporting of a depositor to the bank; as well as
- 2) whether a creditor needs to notify a preferential claim or a claim secured in re.

The notification to be delivered to the creditors of the savings bank relating to the lodging of proof of claims or the submission of observations relating to claims 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 120**

If the assets of a savings bank have been surrendered in bankruptcy, the depositor need not lodge or secure their claim in a deposit account unless otherwise provided for in section 121 subsection 2. The provisions of this subsection on a depositor shall not apply to the Deposit Guarantee Fund to which the rights of the depositor have been transferred under section chapter 14 section 8 subsection of the Act on Credit Institutions. (614/2014)

If there are no remaining assets at the end of bankruptcy proceedings, the savings bank shall be deemed dissolved when the final settlement has been approved in the bankruptcy. The administrator shall, without delay, submit a notification to the Legal Register Centre, which shall convey the information to the registration authority for entry in the register. (144/2004)

If there are remaining assets and the savings bank was not in liquidation when its assets were surrendered in bankruptcy, the Board of Directors shall, as soon as possible, convene a Meeting of

the Trustees to decide whether to continue the operations of the savings bank or to place it in liquidation. If the Meeting of the Trustees decides to continue the operations of the savings bank, the provisions of section 107 shall be applied.

If the bankruptcy of the savings bank has ended and new assets are found for the bank, the bankruptcy proceedings shall be continued. If the bank has assets remaining after the bankruptcy, the procedure referred to in subsection 3 shall be applied.

### **Provisions common to liquidation and bankruptcy (410/2004)**

#### **Section 120a (410/2004)**

The Meeting of the Trustees and the Financial Supervisory Authority shall have the authority to decide on the placing of a savings bank in liquidation as provided for in this Act. A Finnish court shall have the authority to decide on the placing of a savings bank in bankruptcy as separately provided for. The procedure provided for above shall also cover the branches of the savings bank located in other EEA States.

The provisions of section 24 of the Trade Register Act (129/1979) shall not be applied to the dissolution of a savings bank.

#### **Section 120b (882/2008)**

In the case of a liquidation of a savings bank with a branch in another EEA State, the liquidator, and in the case of bankruptcy, the administrator shall publish an extract from the decision of liquidation or bankruptcy in the Official Journal of the European Communities and in two national newspapers in each EEA State referred to in this section. The extract shall be published at least in Finnish and Swedish.

#### **Section 120c (410/2004)**

The liquidator and, with regard to bankruptcy, the administrator shall request that the opening of liquidation or bankruptcy proceedings be registered in the land register, the trade register or any other public register kept in another EEA State if the registration of the opening of liquidation or bankruptcy proceedings is mandatory according to the legislation of the said State.

**Section 120d** (410/2004)

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

In the liquidation or bankruptcy of a savings bank, a public authority of another EEA State shall be deemed comparable to a creditor referred to in subsection 1.

**Section 121**

A creditor of a savings bank shall, unless otherwise provided in the contract terms, be liable to accept payment also for an unmatured debt after the bank has been placed in liquidation or in bankruptcy. In that case, the creditor shall be entitled to receive compensation for a damage resulting from the difference between the interest agreed upon and a lower marketrate interest.

When a savings bank has been placed in liquidation or in bankruptcy, the bank shall, with a public notice, summon the depositors who have not, within ten years prior to the commencement of the liquidation or bankruptcy proceedings, used their account with the savings bank, to report themselves to the bank within two years from the summons under the threat that the account holder shall otherwise be precluded from exercising his right to be heard towards the bank. The summons shall also be sent to the said depositors by letter to the address known to the bank. In that event, the provisions of section 109 b, subsection 4 and section 119 a, subsection 2 shall correspondingly be applied. (410/2004)

**Section 121a** (410/2004)

The liquidator and, with regard to bankruptcy, the administrator shall keep the creditors regularly informed with regard to progress of the liquidation and bankruptcy proceedings.

**Section 121b** (410/2004)

The provisions of sections 24a–24k of the Act on Commercial Banks and Other Credit Institutions in the Form of a Limited Company shall apply to the liquidation and bankruptcy of a savings bank in the European Economic Area.

## **Chapter 9**

### **Liability for damages**

#### **Section 122**

The liability for damages of the founder, a Trustee, a member of the Supervisory Board and the Board of Directors as well as the Managing Director of a savings bank shall be governed by the Act on Credit Institutions. The liability for damages of an auditor shall be governed by the Audit Act (1141/2015). (871/2018)

The decision to bring action for damages on behalf of a savings bank under chapter 21 section 1 of the Act on Credit Institutions shall be made by the Meeting of the Trustees. In addition, the Board of Directors shall have the right to decide to bring an action for damages based on a punishable act. (614/2014)

A decision of the Meeting of the Trustees to grant discharge from liability or not to bring an action shall not prevent the savings bank from bringing an action if the information submitted to the Meeting of the Trustees in the annual accounts or the audit report or otherwise has not been essentially correct and complete concerning the decision or measure on which the action is based.

If a savings bank is declared bankrupt on an application which is made within two years from the decision of the Meeting of the Trustees to grant discharge from liability or not to bring an action, the bankruptcy estate shall, notwithstanding this decision, be entitled to bring an action.

#### **Section 123**

If the Meeting of the Trustees has granted discharge from liability or otherwise decided not to bring an action for damages but at least one-tenth of the Trustees have voted against the decision, an action may be brought notwithstanding the provisions of section 122, subsections 1 and 2.

Action may be brought by at least three trustees who have voted against the decision or by holders of basic fund shares with at least one-tenth of all the basic fund shares. If a Trustee or a holder of a basic fund share abandons the action after it has been brought, the other persons who have brought the action may, however, continue it.

An action shall be brought within three months from the decision of the Meeting of the Trustees referred to in subsection 1.

The trustees or the holders of basic fund shares who have brought the action shall be liable for the litigation costs. They shall, however, be entitled to a compensation therefor from the savings bank up to the amount that the funds acquired to the savings bank through the litigation shall suffice.

#### **Section 124**

An action may not be brought under chapter 21, section 1 of the Act on Credit Institutions on behalf of a savings bank unless the action is based on a punishable act and brought against:  
(614/2014)

- 1) an establisher within three years from the decision of the meeting of establishment on the establishment of the savings bank;
- 2) a member of the Supervisory Board or the Board of Directors, the Managing Director or a trustee within three years from the end of the financial period in which the decision was made or the measure was taken on which the action is based; or against
- 3) an auditor or an inspector appointed by the Supervisory Board or the Board of Directors within three years from the presentation of the audit report, opinion or certificate on which the action is based.

(123/2007)

If the time limit of an action to be brought on behalf of a savings bank has expired, an action referred to in section 122, subsection 4 cannot be brought if one month has passed since the filing of claims in bankruptcy.

#### **Section 125** (614/2014)

The Financial Supervisory Authority shall be entitled to bring an action for damages on behalf of a savings bank against a person or organisation referred to in chapter 21 section 1 of the Act on Credit Institutions if it considers this to be in the interest of the depositors or holders of basic fund shares.

## **Chapter 10**

### **Provisions on punishments**

#### **Section 126**

The punishment for a violation of the provisions on the secrecy obligation laid down in section 98 shall be sentenced in accordance with chapter 38, section 1 or 2 of the Penal Code unless the act is subject to a more severe punishment elsewhere in the law.

#### **Section 127 (614/2014)**

Anyone who violates the provisions regarding the drafting of the auditor's statement referred to in section 64 or 84, shall, unless the act is minor or subject to a more severe punishment elsewhere in the law, be sentenced to a fine or to prison for a maximum of one year for *a savings bank offence*.

## **Chapter 11**

### **Miscellaneous provisions**

#### **Section 128 (602/2010)**

**Section 128 was repealed by Act 2010/602.**

#### **Section 129 (614/2014)**

***Section 129 was repealed by Act 2014/614.***

#### **Section 130**

In addition to the provisions of this Act, the notifications and reports to be submitted to the registration authority from the savings bank shall be governed by separate provisions thereon.

The registration authority referred to in this Act shall be the National Board of Patents and Registration.

#### **Section 130a (1308/2004)**

The annual accounts and the annual report of a savings bank shall be drawn up in accordance with the Accounting Act and the Act on Credit Institutions and the provisions issued thereunder as well as with the regulations issued by the Financial Supervisory Authority.

The Board of Directors and the Managing Director shall date and sign the annual accounts and the annual report. If a member of the Board of Directors or the Managing Director has presented a dissenting opinion on the annual accounts or the annual report, a statement to this effect shall be appended thereto upon his demand.

The annual accounts and the annual report shall be submitted to the auditors at the latest one month prior to the Meeting of the Trustees at which the income statement and the balance sheet shall be presented for adoption.

## **Chapter 12**

### **Entry into force and transitional provisions**

#### **Section 131**

This Act shall enter into force on 1 January 2002 and it shall repeal the Act on Savings Banks of 28 December 1990 (1270/1990) with later amendments.

#### **Section 132**

The provisions of this Act shall be complied with instead of a provision in the bylaws contrary to this Act. An amendment of the bylaws contrary to this Act shall be notified for registration at the same time as another amendment of the bylaws is notified for registration and at the latest within three years from the entry into force of the Act.

#### **Subsection 2 was repealed by Act 2007/1423.**

Section 121, subsection 1 of the Act shall not be applied to debts arisen prior to the entry into force of the Act.