

Finansinspektionen's Regulatory Code

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Regulations amending Finansinspektionen's regulations (FFFS 2009:3) regarding ownership and management assessment;

FFFS 2015:17

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decided on 25 November 2015

Finansinspektionen prescribes pursuant to Chapter 7, section 2 of the Insurance Business Ordinance (2011:257) that sections 2 and 10 and sections 1.5 and 4.1 of Appendix 1a and sections 1.9, 4.1 and 4.2 of Appendix 1b of Finansinspektionen's regulations (FFFS 2009:3) regarding ownership and management assessment shall have the following wording.

Section 2 These regulations apply to the following financial institutions and their owners:

1. joint stock banks,
2. savings banks,
3. members' banks,
4. credit market firms,
5. institutions for electronic money,
6. payment institutions, and
7. Swedish limited liability companies and economic associations that conduct business in accordance with the Certain Consumer Credit-related Operations Act (2014:275).

These regulations also apply to foreign credit institutions and institutions for electronic money based outside the EEA that shall establish or have established a subsidiary or general agency in Sweden, as follows:

1. Information shall be submitted in accordance with the provisions in section 6 with regard to establishment of a branch or general agency.
2. Representatives for the subsidiary or general agency shall submit information in accordance with the provisions in section 10.

Section 10 A financial institution shall notify Finansinspektionen when the following persons are appointed in the undertaking:

- chairman of the board
- board member
- alternate board member
- managing director or deputy managing director, i.e. a person serving in the managing director's stead.
- the person responsible for the payment service operations (only applies to payment institutions),
- the person responsible for the operations related to the issuance of electronic money (only applies to institutions for electronic money).

The undertaking shall also notify Finansinspektionen when the number of members on the board of directors decreases.

An occupational pension fund shall, however, only notify Finansinspektionen when the undertaking appoints or intends to appoint a new chairman of the board, board member or alternate board member.

When a new chairman of the board, board member, alternate board member, management director or deputy managing director is appointed in a financial undertaking, or when a new person responsible for the payment service operations or the issuance of electronic money is appointed in a payment institution or an institution for electronic money, the information set out in *Appendix 2* shall be appended.

These regulations shall enter into force 1 January 2016.

ERIK THEDÉEN

Sabina Arama Ström

*Appendix 1a***Describe groups, if applicable**

1.5. Append a description or a sketch of the consolidated situation in accordance with Article 18 of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2014 on prudential requirements for credit institutions and investment firms and modifying Regulation (EU) No 648/2012 which will become relevant after the acquisition.

The number of participations shall be stated as a percentage of the number of issued participations. If the number of voting rights differs from the number of participations, also state the number of votes as a percentage of the total number of voting rights.

Also, list owners that in any other way have significant influence over the target company. Also, indicate which undertakings are under the supervision of Finansinspektionen or an equivalent foreign authority.

For each undertaking that is part of such a group, state if it is

- a financial holding company,
- a mixed financial holding company,
- under the supervision of Finansinspektionen or an equivalent foreign authority,
or
- not subject to such financial supervision.

4.1. Information when ownership signifies control

An acquirer has control over the target company if the acquirer directly or indirectly obtains the majority of the votes or participations. Furthermore, an acquirer has control over the target firm if the acquirer is a shareholder, and

- has the right to appoint or dismiss a majority of the members of the target firm's administrative, management or supervisory bodies, or
- via agreements with other owners in the target company has access to more than half of the votes for all shares or participations.

Scheme of operations

If your ownership signifies control, append a scheme of operations that includes the following:

1. A *strategic development plan* that includes a description of
 - a) the purpose and objective of the acquisition and how these will be achieved,

- b) planned changes to the business of the target company, e.g. products, customers and any eventual reallocation of assets,
- c) planned integration of the target company with the acquirer's group, if any, and
- d) information about the acquirer's intent and ability to contribute capital to the target firm if needed.

3. *Forecasts* for the target firm for the coming three years.

The following information shall be included in the forecasts:

- a) balance sheet and profit and loss account,
- b) important key ratios, and
- c) capital adequacy calculation.

4. A *description of how the acquisition will impact the governance and organisation of the target firm*. In particular, specify if the acquisition will affect:

- a) the composition of the board of directors and company management,
- b) the organisation's operational structure (append an organisational diagram), and
- c) outsourcing.

*Appendix 1 b***Describe groups, if applicable**

1.9. Append a description or a sketch of the consolidated situation in accordance with Article 18 of Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms which will become relevant after the acquisition.

The number of participations shall be stated as a percentage of the number of issued participations. If the number of voting rights differs from the number of participations, also state the number of votes as a percentage of the total number of voting rights.

Also, list owners that in any other way have significant influence over the target company. Also, indicate which firms are under the supervision of Finansinspektionen or an equivalent foreign authority.

For each undertaking that is part of such a group, state if it is

- a financial holding company,
- a mixed financial holding company,
- under the supervision of Finansinspektionen or an equivalent foreign authority,
or
- not subject to such financial supervision.

4.1. Information when ownership signifies control

An acquirer has control over the target company if the acquirer directly or indirectly obtains the majority of the votes or participations. Furthermore, an acquirer has control over the target firm if the acquirer is a shareholder, and

- has the right to appoint or dismiss a majority of the members of the target company's administrative, management or supervisory body, or
- via agreements with other owners in the target company has access to more than half of the votes for all shares or participations.

Scheme of operations

If the undertaking's ownership signifies control, append a business plan that includes the following:

1. A *strategic development plan* that includes a description of
 - a) the purpose and objective of the acquisition and how these will be achieved,
 - b) planned changes to the business of the target company, e.g. products, customers and any eventual reallocation of assets,

c) planned integration of the target company with the acquiring undertaking's group, and

d) information about the acquirer's intent and ability to contribute capital to the target firm if needed.

2. A *capital adequacy calculation* at the time of the acquisition or at the time of the most recently adopted figures before the acquisition, if the acquisition entails that the target company and the acquirer will become part of a consolidated situation in accordance with Article 18 Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms.

3. A specified list of the large exposures held by the acquirer at the time of the acquisition, if the acquirer is a financial institution.

4. *Forecasts* for the target firm for the coming three years. If the acquisition entails that the target company and the acquirer will become part of a consolidated situation in accordance with Article 18 of Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms, forecasts shall also be submitted for the group.

The following information shall be included in the forecasts:

a) balance sheet and profit and loss account,

b) important key ratios, and

c) capital adequacy calculation.

5. A description of how the acquisition will impact the governance and organisation of the target company. In particular, specify if the acquisition will affect:

a) the composition of the board of directors and company management,

b) the organisation's operational structure (append an organisational diagram), and

c) outsourcing.

4.2. Information when ownership does not signify control, but amounts to 20 per cent or more

If the acquisition does not signify control of the target company, but the holding amounts to 20 per cent or more, the following information about the acquisition shall be appended:

1. information about whether the acquirer intends within the foreseeable future to increase or reduce its holding in the target company,

2. whether the acquirer intends to actively attempt to exercise influence over the undertaking (and specify the circumstances related thereto),

3. a *capital adequacy calculation* at the time of the acquisition or at the time of the most recently adopted figures before the acquisition, if the acquisition entails that the target company and the acquirer will become part of a consolidated situation in

accordance with Article 18 Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms, and

4. a specified list of the large exposures held by the acquirer at the time of the acquisition, if the acquirer is a financial institution.