

How to read a standard

A standard is a collection of subject-specific regulations and guidelines which both obliges and guides supervised entities and other financial market participants, indicates the quality level expected by the supervisor, sets out the supervisor's key principles of good practice and provides justification for regulation.

Issued on:
FIN-FSA decision on issuance of the paragraph.
Valid from:
Entry into force of the paragraph.

THE FINANCIAL SUPERVISION AUTHORITY Issued on 17 January 2007
1 Sample Valid from 1 January 2007
1.1 Margin notes J. No. 1/120/2008

Each paragraph in a standard is furnished with a particular margin note:

- **Norm:** A reference to a current legal or regulatory provision.
- **Binding:** A FIN-FSA regulation that is legally binding on supervised entities or other financial market participants, issued by the FIN-FSA by virtue of its regulatory power based in Finnish law.
- **Recommendation:** FIN-FSA recommendatory guidance to supervised entities or other financial market participants.
- **Application guideline/example:** A practical application guideline or example related to a norm, binding regulation or recommendation. A reference to a FIN-FSA standard or a particular point in the standard. See the attached example.
- **Justifications:** An explanation of the background, purpose and objectives of a regulation or standard.

Norm Issued on 27 February 2007 Valid from 2 April 2007	(1) An appropriate fit & proper survey must be appended to the report of all members and alternate members of the board of directors, managing director and the possible deputy managing director.
Binding Issued on 27 February 2007 Valid from 2 April 2007	(2) The fit & proper notification must be prepared using the FIN-FSA standard RA 1.4 on the disclosure of information on eligibility and professional competence.
Justification Issued on 18 April 2006 Valid from 2 June 2006	(3) The FIN-FSA has the right to obtain from the Legal Register extract from the criminal records ² , as referred to in the Act on Registers (770/1993), and an extract from the register of financial inspectors management's credit register details as part of the procedure.
Binding Issued on 18 April 2006 Valid from 2 June 2006	(4) More detailed provisions on the reliability, eligibility and competence of management are laid down in standard 1.4 (reliability, eligibility and professional competence).
1.1.2 Staff and its competence	
Recommendation Issued on 27 February 2007 Valid from 2 April 2007	(5) Management must make sure that the number of staff is that staff members are professionally competent, eligible for having good reputation. Explicit demands for the number of staff placed, as it is dependent on the nature and scope of the business.
Binding Issued on 18 April 2006 Valid from 2 June 2006	(6) Further provisions concerning the staff and their competence down in the FIN-FSA standard 4.4b on operational risk.
Recommendation Issued on 27 February 2007 Valid from 2 April 2007	(7) The managing director must allocate sufficient time for the organisation's daily activities. This is why the managing director must be employed on a full-time basis. The operations of the organisation must be secured even when the managing director is unable to exercise his or her duties. That is why it is important that a competent deputy managing director is appointed.
Application guideline/example Issued on 27 February 2007 Valid from 2 April 2007	(8) An exception can be made to the provision concerning the employment of the managing director if the organisation is small, its business is limited and the type of business is simple. The FSA will evaluate such exceptions on a case-by-case basis. In its evaluation it will pay attention to whether the administration has been arranged in a way that ensures the reliability of the organisation's operations.

¹ Section 6, subsection 1 of the credit institutions decree, section 14 of the investment companies decree, section 13 of the management companies decree.
² Section 4a of the decree on criminal records.
³ See section 15, subsection 6 of the FSA Act.

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Sample standard only

FIN-FSA standards may be accessed from www.fin-fsa.fi/eng