

Translation from Finnish**Legally binding only in Finnish and Swedish****Ministry of Finance, Finland****Act on the Provision of Crowdfunding Services***(203/2022; amendments up to 1346/2022 included)*

By decision of Parliament, the following is enacted:

Chapter 1**General provisions****Section 1****Scope of application**

This Act applies to the provision of crowdfunding services and other activities engaged in by providers of such services. *Crowdfunding service* means:

- 1) activities referred to in Article 2(1)(a) of Regulation (EU) 2020/1503 of the European Parliament and of the Council on European crowdfunding service providers for business, and amending Regulation (EU) 2017/1129 and Directive (EU) 2019/1937, hereinafter the *EU Crowdfunding Regulation*; and
- 2) the facilitation of granting loans corresponding to the activities referred to in paragraph 1 that exceeds the threshold referred to in Article 1(2)(c) of the EU Crowdfunding Regulation (*other lending-based crowdfunding*).

In addition to this Act, provisions on providing the crowdfunding services referred to in this Act are laid down in the EU Crowdfunding Regulation and the Commission regulations and decisions issued under it.

Section 2**Supervision and cooperation with other authorities**

The Financial Supervisory Authority supervises compliance with this Act and with the EU Crowdfunding Regulation and the Commission regulations and decisions issued under it. Provisions on the Financial Supervisory Authority are laid down in the Act on the Financial Supervisory Authority (878/2008). Provisions on the Financial Supervisory Authority's obligation to cooperate with the Consumer Ombudsman in monitoring customer protection are laid down in section 46 of the Act on the Financial Supervisory Authority.

Section 3

Definitions

In this Act:

- 1) *crowdfunding service provider* means a legal person that engages in the crowdfunding services referred to in section 1, subsection 1;
- 2) *project owner* means any natural or legal person referred to in Article 2(1)(h) of the EU Crowdfunding Regulation and any natural or legal person who seeks other lending-based crowdfunding through a crowdfunding platform;
- 3) *third party designated to perform functions in relation to the provision of crowdfunding services* means a party performing outsourced activities referred to in Article 9 of the EU Crowdfunding Regulation and a corresponding party performing outsourced activities that has been appointed to perform functions relating to other lending-based crowdfunding.

Chapter 2

Authorisation of crowdfunding service providers

Section 4

Obligation and procedure to obtain crowdfunding services authorisation

Provisions on the obligation to obtain authorisation to engage in the activities referred to above in section 1, subsection 1, paragraph 1 are laid down in Article 3(1) of the EU Crowdfunding Regulation.

Business operations in which other lending-based crowdfunding is provided must apply to the Financial Supervisory Authority for authorisation corresponding to the authorisation referred to in subsection 1. Authorisation for other lending-based crowdfunding may also be granted to a legal person that holds an authorisation referred to in the EU Crowdfunding Regulation granted by the Financial Supervisory Authority. Other lending-based crowdfunding may be provided from Finland to another country unless it is prohibited in that country. The Financial Supervisory Authority shall be informed well in advance of the intended services or activities to be offered and the country and manner in which they will be offered. A notification shall also be submitted if this information changes.

Section 5

Other activities of crowdfunding service providers

In addition to crowdfunding services, crowdfunding service providers may, based on the authorisation granted to them, provide undertakings with advice on capital structures, operating strategy and related matters as well as advice and services relating to company mergers, purchases and other company restructuring.

Provisions on the right of crowdfunding service providers to act as bondholder representatives are laid down in section 16 of the Act on Bondholder Representatives (574/2017).

Section 6

Request for review

If no decision on an application for authorisation that included all of the required information has been made within six months of being submitted, the applicant may submit a request for a judicial review to the Helsinki Administrative Court. The request for a judicial review is then deemed to concern a decision rejecting the application. Judicial review may be requested until a decision is issued. If a decision is issued after the filing of the request for judicial review, the Financial Supervisory Authority shall notify the reviewing authority that a decision has been issued. Provisions on requesting a judicial review by an administrative court are laid down in the Administrative Judicial Procedure Act (808/2019).

Section 6a (1346/2022)**Transfer of registered office to another EEA Member State**

If a crowdfunding service provider referred to in section 1, subsection 1, paragraph 1 intends to transfer its registered office to another EEA Member State as provided for in Article 8 of Council Regulation (EC) No 2157/2001 on the Statute for a European company (SE) (*European Company Regulation*) or chapter 17a, section 1 of the Limited Liability Companies Act, such crowdfunding service provider shall submit to the Financial Supervisory Authority a copy of the transfer proposal referred to in Article 8(2) of the European Company Regulation and a copy of the report referred to in paragraph 3 of the said Article or a copy of the transfer plan referred to in chapter 17a, section 4 of the Limited Liability Companies Act and a copy of the Board of Director's report referred to in section 6 of the Limited Liability Companies Act immediately after such crowdfunding service provider has declared the proposal for registration.

If a crowdfunding service provider referred to in subsection 1 intends to continue providing crowdfunding services in Finland after the transfer of its registered office, it shall be governed by the provisions of the EU Crowdfunding Regulation on the cross-border provision of crowdfunding services.

The registration authority may not issue a certificate referred to in section 9, subsection 5 of the Act on European Companies (742/2004) or in chapter 17a, section 21, subsection 4 of the Limited Liability Companies Act if the Financial Supervisory Authority has notified the registration authority prior to the granting of the permission referred to in section 9, subsection 2 of the Act on European Companies or in chapter 17a, section 21, subsection 2 of the Limited Liability Companies Act that a crowdfunding service provider referred to in subsection 1 has not complied with the provisions on the transfer of the registered office or the continuance or termination of operations in Finland. Permission may be granted before one month has passed from the due date referred to in chapter 16, section 6, subsection 2 and chapter 17a, section 11, subsection 2 of the Limited Liability Companies Act only if the Financial Supervisory Authority has notified the registration authority that it does not oppose the transfer of the registered office.

Section 6b (1346/2022)**Merger and demerger to another EEA Member State**

If a crowdfunding service provider referred to in section 1, subsection 1, paragraph 1 participates in a cross-border merger or cross-border demerger in the European Economic Area, the registration authority may not issue a certificate relating to a merger or demerger referred to in section 4, subsection 3 of the Act on European Companies or in chapter 16, section 26, subsection 4 of the Limited Liability Companies Act or a certificate relating to a demerger referred to in chapter 17, section 25, subsection 4 of the latter Act if the Financial Supervisory Authority has notified the registration authority prior to the granting of the permission that the crowdfunding service provider has not complied with the provisions on merger or demerger or the continuance of the activities or the termination of activities in Finland. The permission may be granted before one month has passed from the due date referred to in chapter 16, section 6, subsection 2 or in chapter 17, section 6, subsection 2 of the Limited Liability Companies Act only if the Financial Supervisory Authority has notified the registration authority that it does not oppose the merger, demerger or transfer of the registered office relating to the establishment of a European company (SE).

If the acquiring company to be registered in another State intends to continue the provision of crowdfunding services in Finland after the merger or demerger, it shall be governed by the provisions of the EU Crowdfunding Regulation on the cross-border provision of crowdfunding services.

Chapter 3

Acquisition and disposal of a qualifying holding or voting rights and prohibition of acquisition

Section 7

Duty to notify acquisition and disposal of a qualifying holding

Anyone who intends to acquire at least the holding referred to in Article 12(3)(a) of the EU Crowdfunding Regulation of the total share capital or participations or voting rights in a crowdfunding service provider shall notify the Financial Supervisory Authority thereof in advance.

When calculating the proportion of voting rights referred to in subsection 1, the provisions of chapter 9, section 6 of the Securities Markets Act (746/2012) shall apply.

The notification referred to above in subsection 1 must also be made if the number of shares or participations owned or the number of votes falls below the ownership or voting threshold referred to in the said subsection.

A person referred to above in subsection 1 must notify the Financial Supervisory Authority without delay of any change in the circumstances referred to in Article 12(3)(a) of the EU Crowdfunding Regulation.

A crowdfunding service provider shall notify the Financial Supervisory Authority at least once a year of the owners and the size of the holding and voting rights referred to in subsection 1 and shall notify the Financial Supervisory Authority without delay of any changes in them that have come to the knowledge of the crowdfunding service provider.

Section 8

Procedure for assessment of an acquisition of a holding or voting rights and prohibition of acquisition

The Financial Supervisory Authority shall without delay and no later than the second working day after receipt of the notification referred to in section 7 confirm to the obliged entity in writing that it has received the notification. The confirmation shall also indicate the duration of consideration referred to in subsection 4.

The Financial Supervisory Authority shall prohibit the acquisition of a holding or voting rights in a crowdfunding service provider referred to in section 7 in the circumstances referred to in Article 12(3)(a) of the EU crowdfunding Regulation.

When making a decision referred to in this section, the Financial Supervisory Authority may at the same time set a time limit within which the notified acquisition shall be carried out.

The Financial Supervisory Authority shall make a decision referred to in subsection 2 within 60 working days of confirming receipt of the notification in the manner referred to in subsection 1. During the consideration period, but no later than on the 50th working day from the start of the consideration period, the Financial Supervisory Authority may request in writing specific and necessary additional information. Requesting additional information interrupts the consideration

period until the additional information has been received, but for no more than 20 working days or, if the obliged entity's registered office is outside the European Economic Area or the obliged entity is not a credit institution, investment service company, electronic money institution, insurance company, fund company or crowdfunding service provider authorised in the European Economic Area, for no more than 30 working days. A decision to extend the consideration period shall be issued to the obliged entity without delay.

A decision to oppose an acquisition shall be notified to the obliged entity no later than the second working day after the decision is made without exceeding the consideration period. If the Financial Supervisory Authority has not made the decision referred to in subsection 2 within the consideration period referred to in this section, it is deemed to have approved the acquisition.

Chapter 4

Non-disclosure and data protection provisions

Section 9

Non-disclosure obligation

Anyone who, in the capacity of a member or deputy member of a body of a crowdfunding service provider or an undertaking belonging to the same group or consolidation group with it or of a consortium of credit institutions or of a representative of a crowdfunding service provider or of another undertaking operating on behalf of the crowdfunding service provider or as their employee or agent, in performing their duties, has obtained information on the financial position or private personal circumstances of a customer of the crowdfunding service provider or an undertaking belonging to the same group, consolidation group or consortium of credit institutions with it or to a conglomerate referred to in the Act of the Supervision of Financial or Insurance Conglomerates (699/2004) or of another person connected with its activities or on a trade secret shall be liable to not disclose it unless the person in whose benefit the non-disclosure obligation has been provided for consents to its disclosure. Non-disclosable information may not be given to a general meeting of a crowdfunding service provider or to the meeting of a corresponding body or to any shareholder, member, active agent or other person attending the meeting.

Section 10

Disclosure of non-disclosable information to authorities

A crowdfunding service provide and an undertaking or consortium belonging to the same group or consolidation group with it shall be liable to disclose the information referred to in subsection 9 to a prosecuting and pre-trial investigation authority for the investigation of a crime as well as to another authority entitled to this information under the law.

Section 11

Other disclosure of non-disclosable information

Subject to Regulation (EU) 2016/679 of the European Parliament and of the Council on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC, hereinafter the *General Data Protection Regulation*, a crowdfunding service provider and an undertaking belonging to the same consolidation group with it may disclose information referred to in section 9 to an organisation belonging to the same group, consolidation group, consortium or a financial and insurance conglomerate referred to in the Act on the Supervision of Financial and Insurance Conglomerates (699/2004) for the purpose of customer service and other customer relationship management, marketing as well as for the risk management of the group, consolidation group, consortium or financial and insurance conglomerate when the recipient of the information is subject to a non-disclosure obligation laid down in this Act or an equivalent non-disclosure obligation. The provisions of this subsection above shall not apply to the disclosure of information referred to in Article 10 of the General Data Protection Regulation.

In addition to the provisions of subsection 1, a crowdfunding service provider and an undertaking belonging to the crowdfunding service provider's consolidation group may disclose information from its customer register necessary for marketing and customer service and other management of a customer relationship to an undertaking that belongs to the same financial consortium as the crowdfunding service provider if the recipient of the information is subject to the non-disclosure obligation laid down in this Act or a corresponding non-disclosure obligation. The provisions of this subsection shall not apply to the disclosure of information referred to in Article 10 of the General Data Protection Regulation.

Section 12

Entry on the presentation of a criminal record extract, returning the extract and validity period of the extract

The personal data of a natural person who has presented an extract on the basis of Article 5(2)(a) of the EU Crowdfunding Regulation may only include entries that a criminal record extract has been presented and on the date of the presented extract. A crowdfunding service provider that has been presented a criminal record extract under this Act may not make a copy of the extract. The criminal record extract shall be returned to the person who presented it or shall be destroyed without delay. No details from a criminal record may be disclosed to persons other than those who essentially require them.

A criminal record extract referred to in subsection 1 above may not be more than six months old.

Chapter 5

Supervisory powers

Section 13

Postponing and prohibiting crowdfunding offers

The Financial Supervisory Authority may order that a crowdfunding offer be postponed for a maximum of ten consecutive business days at a time if the Financial Supervisory Authority has reasonable grounds to suspect that the EU Crowdfunding Regulation has been violated.

The Financial Supervisory Authority may prohibit a crowdfunding offer if it finds that the EU Crowdfunding Regulation has been violated or there are reasonable grounds to suspect that it may be violated.

Prior to issuing an order or prohibition referred to in subsections 1 and 2, the Financial Supervisory Authority shall provide the party to the decision a possibility to be heard unless otherwise provided by the urgency of the matter or for other special reasons.

Section 14

Prohibiting marketing communications

The Financial Supervisory Authority may prohibit or postpone marketing communications or require a crowdfunding service provider or a third party designated to perform functions in relation to the provision of crowdfunding services to cease or postpone marketing communications for a maximum of ten consecutive business days at a time if there are reasonable grounds to suspect that the EU Crowdfunding Regulation has been violated.

Prior to issuing a prohibition or postponement order referred to in subsection 1 above, the Financial Supervisory Authority shall provide the party to the decision a possibility to be heard unless otherwise provided by the urgency of the matter or for other special reasons.

Section 15

Suspending or prohibiting the provision of crowdfunding services

The Financial Supervisory Authority may suspend or require that a crowdfunding service provider suspend the provision of crowdfunding services for ten consecutive business days at a time if there are reasonable grounds to suspect that the EU Crowdfunding Regulation has been violated.

The Financial Supervisory Authority may suspend or require a crowdfunding service provider or a third party designated to perform functions in relation to the provision of crowdfunding services to suspend the provision of crowdfunding services if the provision of crowdfunding services is not in the interests of investors given the situation of the crowdfunding services provider.

The Financial Supervisory Authority may prohibit the provision of crowdfunding services if the EU Crowdfunding Regulation has been violated.

Prior to issuing a decision on suspension, on requiring suspension or on issuing a prohibition referred to in subsections 1–3 above, the Financial Supervisory Authority shall provide the party to the decision a possibility to be heard unless otherwise provided by the urgency of the matter or for other special reasons.

Section 16

Publication of information

The Financial Supervisory Authority may make public the fact that a crowdfunding service provider or a third party designated to perform functions in relation to the provision of crowdfunding services is failing to comply with its obligations.

Prior to issuing a decision on making information public referred to in subsection 1, the Financial Supervisory Authority shall provide the party to the decision a possibility to be heard unless otherwise provided by the urgency of the matter or for other special reasons.

Section 17

Disclosure of material information

In order to ensure investor protection or the smooth operation of the market, the Financial Supervisory Authority may disclose, or require a crowdfunding service provider or a third party designated to perform functions in relation to the provision of crowdfunding services to disclose, all material information which may have an effect on the provision of the crowdfunding service.

Prior to issuing a decision or requirement on disclosure referred to in subsection 1, the Financial Supervisory Authority shall provide the party to the decision a possibility to be heard unless otherwise provided by the urgency of the matter or for other special reasons.

Section 18

Transfer of client contracts when authorisation is withdrawn

In cases where a crowdfunding service provider's authorisation is withdrawn in accordance with Article 17(1)(c) of the EU Crowdfunding Regulation, the Financial Supervisory Authority may transfer existing client contracts to another crowdfunding service provider that is authorised to provide crowdfunding services in Finland. The transfer requires the consent of the clients and the receiving crowdfunding service provider.

Section 19

Conditional fines, decisions on prohibition and decisions on requests for an administrative review

The Financial Supervisory Authority may prohibit a party who violates this Act or the EU Crowdfunding Regulation from continuing or repeating the measures contrary to this Act or the EU Crowdfunding Regulation as well as simultaneously oblige the party to cancel, change or rectify the measures if it shall be considered necessary for the realisation of the objectives laid down for the supervision of the financial markets.

The Financial Supervisory Authority may reinforce compliance with the prohibition or order referred to in subsection 1 by a conditional fine. Provisions on conditional fines are laid down in the Act on Conditional Fines (1113/1990).

Chapter 6

Administrative sanctions

Section 20

Penalty payment

The provisions referred to in section 40, subsection 1 of the Act on the Financial Supervisory Authority for the neglect or violation of which a penalty payment may be imposed are the following provisions of the EU Crowdfunding Regulation:

- 1) the provisions of Article 3 on the provision of crowdfunding services;
- 2) the provision of Article 4 on effective and prudent management;
- 3) the provision of Article 5 on due diligence requirements;
- 4) the provision of Article 6(1)–(6) on individual portfolio management of loans;
- 5) the provision of Article 7(1)–(4) on complaints handling;
- 6) the provision of Article 8(1)–(6) on conflicts of interest;
- 7) the provision of Article 9(1) and (2) on outsourcing;

- 8) the provision of Article 10 on the provision of asset safekeeping services and payment services;
- 9) the provision of Article 11 on prudential requirements;
- 10) the provision of Article 12(1) on applying for authorisation;
- 11) the provision of Article 13(2) on the extension of authorisation;
- 12) the provision of Article 15(2) on the obligation to allow the Financial Supervisory Authority to subject crowdfunding service providers to an on-site inspection in order to assess the compliance of crowdfunding service providers with the obligations provided for in with the EU Crowdfunding Regulation;
- 13) the provision of Article 15(3) on the obligation of crowdfunding service providers to provide the Financial Supervisory Authority with information on any material changes to the conditions for authorisation without undue delay and, upon request, to provide the information needed to assess the compliance of crowdfunding service providers with the obligations provided for in with the EU Crowdfunding Regulation;
- 14) the provision of Article 16(1) on a reporting obligation;
- 15) the provision of Article 18(1) and (4) on the cross-border provision of crowdfunding services;
- 16) the provision of Article 19(1)–(6) on information to clients;
- 17) the provision of Article 20(1) and (2) on default rate disclosure;
- 18) the provision of Article 21(1)–(7) on an entry knowledge test and simulation of the ability to bear loss;
- 19) the provision of Article 22 on a pre-contractual reflection period;
- 20) the provision of Article 23(2)–(13) on a key investment information sheet;

- 21) the provision of Article 24 on a key investment information sheet at platform level;
- 22) the provision of Article 25 on a bulletin board;
- 23) the provision of Article 26 on access to records;
- 24) the provision of Article 27(1)–(3) on requirements regarding marketing communications;
- 25) refusal to cooperate or provide information in connection with an investigation, inspection or request falling within the scope of Article 30(1).

In addition to the provisions of subsection 1 of this section, the provisions referred to in section 40, subsection 1 of the Act on the Financial Supervisory Authority include the further decrees and decisions of the Commission issued under the EU Crowdfunding Regulation concerning the provisions referred to in the said subsection.

Under the provisions of subsection 1, paragraph 25, a penalty payment may not be imposed on a party other than a supervised entity of the Financial Supervisory Authority or on another person who is liable to comply with this Act or the EU Crowdfunding Regulation. A penalty payment may not be imposed on a natural person if there is reason to suspect the person of an offence and the information relates to the matter under suspicion.

Section 21

Imposition and implementation of administrative sanctions

Provisions on the imposition, publication and implementation of administrative sanctions are laid down in chapter 4 of the Act on the Financial Supervisory Authority and in Chapter VII of the EU Crowdfunding Regulation.

Chapter 7

Penal provisions

Section 22

Crowdfunding offence

Anyone who intentionally or through gross negligence provides crowdfunding services without the authorisation referred to in Article 12(1) of the EU Crowdfunding Regulation or section 4, subsection 2 of this Act, without applying for the extension of its authorisation referred to in Article 13(2) or in violation of a decision on the withdrawal of the authorisation referred to in section 26 or on the restriction of authorised activities referred to in section 27 of the Act on the Financial Supervisory Authority shall, unless the act is of minor significance or unless a more severe punishment for the act is provided elsewhere by law, be sentenced for a crowdfunding offence to a fine or to imprisonment not exceeding one year.

Section 23

Breach of non-disclosure obligation

The punishment for violation of the non-disclosure obligation laid down in sections 9 and 11 shall be imposed in accordance with chapter 38, sections 1 and 2 of the Criminal Code of Finland (39/1889), unless a more severe punishment for the act is provided elsewhere by law.

Chapter 8

Responsibility for information provided in key investment information sheets and liability for damages

Section 24

Responsibility for information provided in the key investment information sheet

The project owner is responsible for the information provided in the key investment information sheet referred to in Article 23 of the EU Crowdfunding Regulation.

Section 25

Responsibility for information given in key investment information sheets at platform level

The crowdfunding service provider is responsible for the information given in a key investment information document referred to in Article 24 of the EU Crowdfunding Regulation.

Section 26

Liability for damages

The project owner shall be liable for any damage it has caused, intentionally or negligently, to an investor due to the information in a key investment information sheet referred to in Article 23 of the EU Crowdfunding Regulation being misleading or inaccurate or due to a key investment information sheet omitting key information needed to aid investors when considering whether to finance the crowdfunding project.

The crowdfunding service provider shall be liable for any damage it has caused, intentionally or negligently, to an investor due to the information in a key investment information sheet referred to in Article 24 of the EU Crowdfunding Regulation being misleading or inaccurate or due to a key investment information sheet omitting key information needed to aid investors when considering whether to invest through individual portfolio management of loans.

The crowdfunding service provider shall be liable for damage other than that referred to in subsections 1 and 2 that it has caused, intentionally or negligently, to its client or to another person through conduct in violation of this Act or the EU Crowdfunding Regulation or the Commission regulations and decisions issued under it.

The managing director, a member of the board of directors or a member of a comparable body, or an active partner of a crowdfunding service provider shall be liable for damage that they have caused, intentionally or negligently, in their duties to the crowdfunding service provider or to a shareholder or other person by breaching Article 4(1)–(3) of the EU Crowdfunding Regulation. Damage is deemed to have been caused by negligence if the party responsible for the conduct fails to demonstrate that due care was taken.

Provisions on the adjustment of damages and the allocation of liability between two or more liable persons are laid down in chapters 2 and 6 of the Tort Liability Act (412/1974).

Chapter 9

Entry into force and transitional provisions

Section 27

Entry into force

This Act enters into force on 2 April 2022.

This Act repeals the Crowdfunding Act (734/2016), hereinafter the *repealed act*.

Section 28**Transitional provisions**

The repealed act shall nevertheless apply to crowdfunding service providers referred to in Article 48(1) of the EU Crowdfunding Regulation for the transitional period laid down in the said regulation. The same applies to other lending-based crowdfunding of such service providers.