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Companies Act — Finland

(624/2006; *osakeyhtiölaki*)

PART I — GENERAL PRINCIPLES, INCORPORATION AND SHARES

Chapter 1 — Main principles of company operations and application of this Act

Section 1 — *Scope of application*

(1) This Act applies to all companies registered in accordance with Finnish law, unless otherwise provided in this Act or some other Act. A company may be private (*private company*) or public (*public company*).

(2) The securities of a private company shall not be listed, as referred to in chapter 1, section 3, of the Securities Markets Act (495/1989; *arvopaperimarkkinalaki*).

Section 2 — *Legal personality and the limited liability of shareholders*

(1) A company shall be a legal person distinct from its shareholders, established through registration.

(2) The shareholders shall have no personal liability for the obligations of the company. However, provisions may be ~~taken into~~ the by-laws on the liability of a shareholder to make specific payments to the company.

Section 3 — *Capital and the permanence of the capital*

(1) A company shall have share capital. The minimum share capital of a private company shall be EUR 2,500 and that of a public company EUR 80,000.

(2) The assets of a company may be distributed only as provided in this Act.

Section 4 — *Transferability of shares*

A share may be transferred and acquired without restrictions, unless otherwise provided in the by-laws.

Section 5 — *Purpose*

The purpose of a company is to make profits to the shareholders, unless otherwise provided in the by-laws.

Section 6 — *Principle of majority rule*

The shareholders shall exercise their power of decision in the General Meeting. Decisions shall be made by the majority of the votes cast, unless otherwise provided in this Act or in the by-laws.

Section 7 — *Equal treatment*

All shares shall carry the same rights in the company, unless ~~it is~~ otherwise provided in the by-laws. The General Meeting, the Board of Directors, the ~~Chief Executive~~ or the ~~Board of Supervisors~~ shall not make decisions or take other measures that are conducive to conferring an undue benefit to a shareholder or another person at the expense of the company or another shareholder.

Section 8 — *Duty of care of the management*

The management of the company shall have a duty of care to further the interests of the company.

Section 9 — *Mandatory provisions*

The shareholders may ~~take~~ provisions on company operations into the by-laws. Provisions contrary to a mandatory provision of this Act or some other Act, or contrary to the rules of appropriate conduct, shall not be ~~taken~~ into the by-laws.

Chapter 2 — **Incorporation of a company**

General provisions

Section 1 — *Contract of incorporation*

(1) A company shall be incorporated by way of a written contract of incorporation, signed by all shareholders.

(2) By signing the contract of incorporation, a shareholder shall subscribe for a quantity of shares, as indicated in the contract of incorporation. The subscription shall not be cancelled once all of the shares have been subscribed for, unless ~~it is~~ otherwise agreed.

(3) The term and the duties of the management and the auditors shall begin as of the signing of the contract of incorporation.

Section 2 — *Contents of the contract of incorporation*

(1) The contract of incorporation shall always contain the following information:

(1) the date of the contract;

(2) all shareholders and the quantity of shares subscribed for by each of them;

(3) the share price to be paid to the company (*subscription price*);

(4) the time when the share price is to be paid;

(5) the ~~Directors~~ of the company; and

(6) the auditors of the company.

(2) The by-laws referred to in section 3 shall be included or attached to the contract of incorporation. The financial period of the company shall be determined either in the contract of incorporation or in the by-laws.

(3) Where appropriate, the contract of incorporation shall also contain information on the ~~Chief Executive~~ and the ~~Supervisors~~. The Presidents of the Board of Directors and of the ~~Board of Supervisors~~ may be designated in the contract of incorporation.

Section 3 — *By-laws*

(1) The by-laws shall always contain the following information on the company:

(1) its trade name;

(2) the municipality in Finland where it is domiciled; and

(3) its business sector.

(2) If the trade name of the company is to be used in two or more languages, all of the language versions shall be mentioned in the by-laws.

(3) Chapter 5 contains provisions on the amendment ~~of~~ the by-laws.

(4) Model by-laws for a company may be issued by a Decree of the Ministry of Justice.

Section 4 — *Subscription price*

The subscription price of a share shall be credited to the share capital, unless ~~it is~~ provided in the contract of incorporation or by-laws that a part of it is to

be credited to paid-up unrestricted equity reserves, or unless ~~it is~~ otherwise provided in the Accounting Act (1336/1997; *kirjanpitolaki*).

Payment for shares

Section 5 — *Payment in cash*

The payment in cash of the subscription price shall be paid into the company account in a depositary bank in Finland or in a branch of a foreign credit institution licensed to accept deposits in Finland, or into a comparable foreign account.

Section 6 — *Payment in kind*

(1) If, instead of cash, the subscription price is to be paid in full or in part with other assets (*payment in kind*), the ~~economic~~ value of the asset to the company shall at the time of transfer be at least equal to the subscription price. An undertaking to perform work or services shall not be used as payment in kind.

(2) Provisions on the payment of the subscription price in kind shall be ~~taken~~ into the contract of incorporation. In addition, the contract of incorporation shall contain an account specifying the payment in kind and the price covered by it, as well as the circumstances relevant to the valuation of the payment and the methods of valuation. If the provisions in this ~~paragraph~~ have not been complied with, the subscriber shall prove that the payment has had an ~~economic~~ value to the company equal to the subscription price. Any shortfall shall be paid to the company in cash.

(3) If the subscription price is paid in cash, with the proviso that the company is to acquire assets for consideration, the provisions on payment in kind apply correspondingly to the acquisition.

Section 7 — *Consequences of late payment*

(1) The Board of Directors may declare the right to a share forfeited, if the subscription price and the possible overdue interest have not been paid when due and if the Board has not granted an extension to the subscriber. In this event, the Board may award the subscription right to a third party.

(2) A person whose right has been declared forfeited in accordance with ~~paragraph~~ (1) shall be liable to compensate the company, in addition to the possible collection fees, with one tenth (1/10) of the subscription price of the share.

Registration and its legal effects

Section 8 — *Registration of the company*

(1) The company shall be notified for registration within three months of the signing of the contract of incorporation; failing this, the incorporation of the company shall lapse. The Trade Register Act (129/1979; *kaupparekisterilaki*) contains more detailed provisions on registration.

(2) Only those shares that have been fully paid up within the time limit referred to in paragraph (1) shall be notified for registration.

(3) The following documents shall be attached to the registration notice:

(1) the declaration of all ~~Directors~~ and the ~~Chief Executive~~ to the effect that the provisions of this Act have been complied with in the incorporation of the company; and

(2) a certificate by the company auditors to the effect that the provisions of this Act on the payment for shares have been complied with.

(4) If a share has been paid for in kind, ~~the registration notice shall have as an attachment~~ also a statement by a certified auditor on the account referred to in section 6(2) and on whether the asset had an ~~economic~~ financial value to the company at least equal to the subscription price shall be attached to the registration notice.

Section 9 — *Legal effects of registration*

(1) The company shall be established upon registration. The obligations arising from measures taken after the signing of the contract of incorporation and from measures specified in the contract of incorporation and taken no earlier than one year before the signing shall be transferred to the company upon registration.

(2) After registration, a shareholder cannot withdraw from a subscription by asserting that a condition relating to the incorporation has not been met.

Section 10 — *Operations before registration*

(1) Before registration, a company cannot acquire rights or enter into obligations, nor can it appear as a party in court or in dealings with other authorities.

(2) Measures taken on ~~the~~ behalf of the company before registration shall be at the joint and several liability of the persons deciding on the measures and the persons participating in them. In the situations referred to in section 9(1), this liability shall be transferred to the company upon registration.

(3) The Board of Directors and the Chief Executive may speak for the company without the risk of personal liability in matters relating to the incorporation of the company, as well as take measures for the collection of the payment for shares.

Section 11 — *Contracting with an unregistered company*

If the contracting partner of a company knew that the company had not been registered, that partner may, unless ~~it has been~~ otherwise agreed, withdraw from the contract if the registration notice has not been submitted within the time limit referred to in section 8(1) or if registration is refused. If the contracting partner did not know that the company had not been registered, that partner may withdraw from the contract until the registration of the company.

Section 12 — *Lapse of incorporation*

(1) The incorporation of a company shall lapse, if the company has not been notified for registration within the time limit referred to in section 8(1) or if registration is refused.

(2) If the incorporation lapses, the Board of Directors and the Chief Executive shall be jointly and severally liable for refunding the shareholders for the paid-up subscription prices and the profits accruing on them. The normal expenses arising from measures referred to in section 10(3) may be subtracted from the amount to be refunded.

Special provisions on public companies

Section 13 — *Perquisites and costs*

The contract of incorporation of a public company shall indicate the costs of incorporation to the company or the estimated maximum of such costs, as well as the possible perquisites to the shareholders who have signed the contract of incorporation.

Section 14 — *Noteworthy acquisitions after incorporation*

(1) If a public company acquires, otherwise than on the basis of a term of the contract of incorporation referred to in section 6, assets from a signatory of the contract of incorporation within two years of the registration of the company, and the consideration paid by the company is no less than one tenth (1/10) of the share capital at the time of acquisition, and if the acquisition does not fall within the normal business operations of the company nor occur in the trade in listed securities, the acquisition shall be submitted to the General Meeting for approval.

(2) The General Meeting shall be presented with an account, corresponding to that referred to in section 6(2), regarding the acquired asset and the consideration paid for it, as well as the statement of a certified auditor on the account and on whether the value of the acquired asset is at least equal to the consideration paid for it. The decision of the General Meeting shall be notified for registration within six months of the meeting. The account and statement referred to above shall be attached to the registration notice.

Chapter 3 — **Shares**

General provisions

Section 1 — *Equality of shares and difference of share classes*

(1) All shares shall carry equal rights in the company. However, it may be provided in the by-laws that the company has or may have shares that differ from each other as regards the rights or obligations they carry. In this event, the by-laws shall indicate how the shares are different.

(2) Shares shall belong to different classes where they:

(1) differ from each other as regards the voting rights they carry or the rights that they carry in the distribution of the assets of the company; or

(2) are otherwise designated in the by-laws as belonging to different classes.

(3) Provisions may be taken into the by-laws on the conditions and procedures under which shares can be converted from one class to another (*conversion clause*). The conversion shall be notified for registration without delay. The conversion shall take effect upon registration.

Section 2 — *Exercise of shareholder's rights*

(1) The acquirer of a share shall have no right to exercise shareholder's rights in the company before the acquirer has been entered into the share register referred to in section 15(1) or before the acquirer has declared the acquisition to the company and produced reliable evidence of the same. However, this provision does not apply to shareholder's rights that are exercised by producing the share certificate, a coupon or some other specific certificate issued by the company. The provisions in chapter 4, section 2, apply to shares in the book-entry system.

(2) If several persons own a share jointly, they shall exercise shareholder's rights in the company only by means of a common representative.

(3) A treasury share shall not carry any shareholder's rights.

Voting rights

Section 3 — *Voting rights*

(1) One share shall carry one vote in all matters dealt with by the General Meeting. However, it may be provided in the by-laws that different shares carry different voting rights.

(2) It may also be provided in the by-laws that a share carries no voting rights or that a share does not carry a vote in given matters dealt with by the General Meeting. For each of the matters dealt with by the General Meeting, such a provision shall concern only a part of the shares in the company.

Section 4 — *Non-voting shares*

(1) Unless ~~it is~~ otherwise provided in the by-laws:

(1) a share referred to in section 3(2) shall carry all shareholder's rights except voting rights;

(2) a share referred to in section 3(2) shall carry a vote in all matters, if the dividend or other unrestricted equity that is to be paid on it on the basis of the by-laws, regardless of a distribution decision, has not been paid within eight months of the end of the financial period; and

(3) in a matter where a share referred to in section 3(2) does not carry a vote, that share shall be omitted from the calculation of the majority required for a decision of the General Meeting.

(2) If a share referred to in section 3(2) carries a vote in some of the matters dealt with by the General Meeting, provisions shall be ~~taken into~~ included in the by-laws on the inclusion of the share in the calculation of votes on the issue of the redemption of minority shares, as referred to in Chapter 18, section 1.

Book value and nominal value of a share (ks. Lainsäädäntösanasto s. 11, s.v. 'laki')

Section 5 — *Book value and nominal value*

(1) Chapter 2, section 4, Chapter 9, section 6(1), and Chapter 10, section 7(1), contain provisions on the amount to be credited to the share capital for each share at the incorporation of the company or at the issue of new shares (*book value*). Different shares may have different book values.

(2) It may be provided in the by-laws that the shares of the company have a nominal value. In this event, all shares in the company shall have the same nominal value.

(3) If the shares in the company have a nominal value, the amount to be credited to the share capital for each share at incorporation shall be at least equal to the nominal value. Likewise, when new shares are issued or shares are issued against options, the share capital of the company shall be increased by at least the nominal value of the shares thus issued. The share capital shall not be reduced so that it would be less than the sum total of the nominal values of the shares.

Transferability of shares

Section 6 — *Lawful transfer restrictions*

Restrictions of the transfer or acquisition of shares may be ~~taken into~~ included in the by-laws only as provided in sections 7 and 8.

Section 7 — *Redemption clause*

(1) It may be provided in the by-laws that a shareholder, the company or another person has the right to redeem shares to be transferred to a third party by a shareholder other than the company. The redemption clause shall indicate who has the right of redemption and, where there are several persons who have the right of redemption, how their precedence is determined.

(2) Unless ~~it is~~ otherwise provided in the by-laws, the following provisions apply to the redemption:

(1) the right of redemption shall apply to all types of acquisition;

(2) the redemption shall cover all of the shares subject to the same acquisition;

(3) the redemption price shall be equal to the current price of the share; in the absence of other evidence, the current value of a share acquired for consideration shall be the price agreed for the share;

(4) the Board of Directors shall notify the transfer of shares to persons who have the right of redemption, in writing or in the manner provided for the delivery of invitations to the General Meeting, within one month of the transfer of the share being notified to the Board of Directors; and

(6) the redemption price shall be paid within one month of the expiry of the period referred to in ~~sub~~paragraph (5) or, if the redemption price has not been fixed, within one month of the fixing of the redemption price.

(3) The set periods referred to in ~~paragraphs~~ (2)(4)—(2)(6) shall not be extended in the by-laws.

(4) Before it has been determined whether the right of redemption is to be exercised, the acquirer of the share shall have no shareholder's rights in the company except the right to payment in the event ~~that~~ assets are distributed and the ~~right of precedence~~ in a share issue. The rights and obligations in a share issue shall devolve on the person who exercises the right of redemption.

(5) The company may redeem shares only with distributable assets. The provisions in Chapter 15, section 10(2), apply to decision-making in the company regarding redemption.

Section 8 — *Consent clause*

(1) It may be provided in the by-laws that the acquisition of a share by way of a transfer requires the consent of the company. However, such a provision shall not apply to a share that has been acquired at a bailiff's auction or from a bankruptcy estate.

(2) The Board of Directors shall decide on the giving of the consent, unless ~~it is~~ otherwise provided in the by-laws. Provisions may be ~~taken in~~ the by-laws on the criteria for giving consent. If the acquisition concerns several shares, the issue of consent shall be decided in the same way for each of them, unless ~~it is~~ otherwise provided in the by-laws.

(3) If the decision on the consent has not been notified in writing to the applicant within two months of the delivery of the application to the company, or within the shorter period provided in the by-laws, the consent shall be deemed to have been given.

(4) Before the consent has been given, the acquirer of the share shall have no shareholder's rights in the company except the right to payment in the event that assets are distributed and the right of precedence in a share issue. A share acquired on the basis of such precedence shall not carry more shareholder's rights than this, unless the company consents to the same.

Share certificate and other certificates relating to shareholders' rights

Section 9 — *Issue of share certificates*

(1) The Board of Directors may issue share certificates for the shares in the company, if the shares have not been ~~taken into~~ the book-entry system. However, share certificates shall not be issued before the company and the

shares have been registered. A share certificate may be issued only to shareholders entered into the share register.

(2) If the criteria referred to in paragraph (1) are met, the Board of Directors shall, at the request of the shareholder, issue share certificates for the shareholder's shares. In addition, the Board of Directors shall, at the request of the shareholder and against compensation for the expenses to the company, split a share certificate, reverse split several share certificates or otherwise exchange share certificates, provided that these pertain to shares in the same class.

Section 10 — *Contents of the share certificate*

(1) A share certificate shall be issued only to a designated person.

(2) The share certificate shall contain the following information:

(1) the trade name of the company and its business identification number and corporate identification number;

(2) the serial numbers of the shares, or the quantity of shares and the serial number of the share certificate;

(3) the share class, if the company may have several share classes at the time of issue of the share certificate; and

(reference to) (4) ~~a mention of~~ the liability to make specific payments to the company, as referred to in Chapter 1, section 2(2), the conversion clause referred to in section 1(3) of this Chapter, the redemption clause referred to in section 7, the consent clause referred to in section 8, and the acquisition or redemption term referred to in Chapter 15, section 10, if provisions on any of the same have been ~~taken into~~ included in the by-laws.

(3) The share certificate shall be dated and signed by the Board of Directors or a person duly authorised by the Board of Directors. The signature may be printed or reproduced in a comparable manner.

Section 11 — *Marking the share certificate in certain situations*

(1) The share certificate shall without delay be marked in an appropriate manner, when:

(1) the share is cancelled;

(2) assets are distributed or shares issued against the presentation of the share certificate; or

(3) a certificate referred to in section 12(2) is issued against the presentation of the share certificate.

(3) If the share certificate is issued as a replacement for a cancelled share certificate, this shall be mentioned in the share certificate.

Section 12 — *Other certificates relating to shareholder's rights*

(1) Before issuing a share certificate, the company may issue certificates concerning the right to one or several shares and containing the condition that a share certificate is issued only in exchange for the certificate (*interim certificate*). At request, a marking shall be made in the certificate on the payment made for the share. In other respects, the provisions in section 10 on a share certificate apply to the interim certificate.

(2) The company may issue certificates on the right to subscribe for shares in a new issue (*share issue certificate*) or on an option (*warrant*), or other certificates on corresponding rights, containing the condition that the right can be exercised only in exchange for the certificate. The certificate shall indicate the terms of the subscription for shares or the exercise of the other

entitlement in question. The provisions in section 10(3) on a share certificate apply to the signing of the certificate.

(3) A share issue or the distribution of assets may be effected also by means of share issue coupons or dividend coupons attached to the share certificates. When share issue coupons are being used, share issue certificates shall not be issued.

Section 13 — *Application of the provisions of the Promissory Notes Act on share certificates and other certificates*

(1) If a share certificate, interim certificate or a certificate referred to in section 12(2) and issued to a specified person is conveyed or pledged, the provisions in sections 13, 14 and 22 of the Promissory Notes Act (622/1947; *velkakirjalaki*) on promissory notes given to a specified person or a nominee apply correspondingly. In this event, the holder of a share certificate or an interim certificate, who according to a marking made by the company on the certificate has been entered into the share register as a shareholder, shall be deemed to have the same status as a person who under section 13(2) of the Promissory Notes Act is presumed to hold the right indicated in the promissory note. The provisions in sections 13, 14 and 22 of the Promissory Notes Act on bearer notes apply to a certificate referred to in section 12(2) of this chapter and not issued to a specified person.

(2) The provisions in sections 13, 14 and 22 of the Promissory Notes Act on bearer notes apply to share issue coupons once the decision to issue shares has been made. However, if a share issue coupon has been acquired together with a share certificate, the acquirer shall not have a better right to the coupon than to the share certificate. The provisions in section 14 of the Promissory Notes Act do not apply, if the share issue coupon has been transferred separately from the share certificate before the decision to issue shares has been made.

(3) The provisions in sections 24 and 25 of the Promissory Notes Act apply to a dividend coupon.

Section 14 — *Compulsion by the company*

If a marking is to be made on a share certificate in accordance ~~to~~ this Act, the company may rescind the right, based on the share, to receive assets from the company or to receive shares, until such time that the share certificate has been presented for the marking to be made. The company may do likewise in the event that the share certificate is to be exchanged owing to a share conversion referred to in section 1(3).

Share register and shareholder register

Section 15 — *Share register and shareholder register*

(1) If the shares in the company have not been ~~taken into~~ the book-entry system, the Board of Directors shall keep a register on them (*share register*). The register shall contain a list of the shares or share certificates in numerical order, their dates of issue, and the names and addresses of the shareholders. The share register shall indicate the class of each share, if the company has several share classes, as well as ~~the~~ possible other differences* in the rights and obligations carried by the shares. If no share certificate has been issued on a share, also the pledges and other encumbrances on the share that have been notified to the company shall be entered into the share register.

(2) An alphabetical register shall be kept of the shareholders in the share register (*shareholder register*), containing the name and address of the shareholder

* TAI as well as other differences, as applicable, in the rights TAI as well as any other differences

(number)

and the quantity of shares held by each shareholder, broken down by share class.

(3) The share register and the shareholder register shall be created without delay after the company has been incorporated. The registers shall be maintained in a reliable manner.

Section 16 — *Entering acquisitions into the share register and shareholder register*

(1) A share acquisition notified by the acquirer to the company and other changes to the information in the share register and notified to the company shall be entered into the share register and the shareholder register without delay. Before an entry is made, reliable evidence of the acquisition and the payment of the transfer tax shall be provided. The entry shall be dated. However, if the share is subject to a redemption right referred to in section 7 or if consent is required for the acquisition of the share, as referred to in section 8, the entry shall not be made until it is clear that the redemption right will not be exercised or until the consent has been given.

(2) If the latest transfer of the share has been marked on the share certificate or the interim certificate as an anonymous transfer, the name of the new shareholder shall be written on the share certificate or the interim certificate before the acquisition ~~can~~ may be entered into the registers. A statement to the effect that the acquisition has been entered into the share register, and of the date of the entry, shall be written on a share certificate or interim certificate presented to the company.

(3) If the company has only one shareholder, the holding shall be notified for an entry into the share register and shareholder register without delay and in any event no later than two months after the acquisition.

Section 17 — *Access to the share register and shareholder register*

(1) The share register and the shareholder register shall be kept accessible to everyone at the head office of the company.

(2) Everyone shall have the right to receive copies of the share register, the shareholder register or parts thereof against compensation for the expenses of the company.

Chapter 4 — **Shares in the book-entry system**

General provisions

Section 1 — *Shares in the book-entry system*

It shall be provided in the by-laws whether the shares in the company are to be ~~taken into~~ incorporated in the book-entry system referred to in the Act on the Book-Entry System (826/1991; *laki arvo-osuusjärjestelmästä*).

Section 2 — *Shareholder's rights and the book-entry system*

(1) The acquirer of a share in the book-entry system shall have no right to exercise shareholder's rights in the company before the acquirer has been entered in the shareholder register referred to in section 3. The provisions in section 28(2) of the Act on the Book-Entry System apply to the exercise of rights carried by a nominee-registered share.

(2) Only shareholders who have been entered into the shareholder register ten days before a General Meeting have the right to attend that meeting. In addition, the holder of a nominee-registered share may be ~~entered temporarily~~ notified for a temporary entry into the shareholder register no later than ten days before the General Meeting, so that the shareholder can attend that meeting. Changes in

shareholdings occurring after that deadline shall not affect the right to attend the General Meeting or the voting rights of the shareholder.

(3) The right carried by a share to receive a payment from the company when assets are being distributed, the right to receive shares and other comparable rights shall be vested in the person to whom the share belongs at the ~~date of record~~ referred to in the decision to distribute assets or to issue shares, or in ~~the~~ other comparable decision. A ~~date of record~~ may be set also in a decision on the redemption of shares. Unless ~~it is~~ otherwise provided in the decision to issue shares, the subscription right in a subscribed issue shall be entered into the respective book-entry account in the beginning of the subscription period and the share in a bonus issue shall be entered directly into the respective book-entry account.

Shareholder register and waiting list

Section 3 — *Shareholder register*

(1) A computerised shareholder register shall be kept at the Securities Depository of the shares in the book-entry system and of their shareholders, containing information on the name of the shareholder or the ~~holder of nominee-registered shares~~, that person's personal identification number or other identifying code, contact details, payment address and taxation information, the quantity of shares, broken down by share class, as well as the account operator maintaining the book-entry account ~~where the shares are kept~~.

(2) For purposes of a temporary registration referred to in section 2(2), information shall be provided of the name and address of the shareholder, the quantity of shares to be entered into the shareholder register, broken down by share class, as well as a specifying designation that is in compliance with the rules of the Securities Depository and that should be provided when applying for a identifying code referred to in section 3(2) of the Act on Book-Entry Accounts (827/1991; *laki arvo-osuustileistä*).

Section 4 — *Waiting list*

(1) When the company is being incorporated or when new shares are being issued, a person with the right to a share shall be entered into a separate list (*waiting list*) kept at the Securities Depository instead of the shareholder register, until the company and the share have been registered. An entry shall be made on the list against the acquirer of a share for any payment made for the share.

(2) If the share is subject to the right of redemption referred to in chapter 3, section 7, or if consent is required for the acquisition of the share, as referred to in chapter 3, section 8, the acquisition notified for entry into the shareholder register shall instead be entered into the waiting list, until it is clear that the right of redemption will not be exercised or ~~that~~ the consent has been given. The provisions in chapter 3, sections 7(4) and 8(4) apply to such shares.

Section 5 — *Access to the shareholder register and waiting list*

(1) Everyone shall have the right to peruse the shareholder register and the waiting list in the premises of the Securities Depository and, if the company has an online connection to the Securities Depository, also at the head office of the company. Copies of the shareholder register and the waiting list, or parts thereof, shall be provided subject to the criteria in chapter 3, section 17(2). The provisions in this paragraph apply to the shareholder register as it

is at the time referred to in section 2(2) of this chapter, until the conclusion of the General Meeting.

(2) However, the provisions in paragraph (1) do not apply to a personal identification number, payment address or taxation information, or information about the ~~sales~~ account on which the shares that the shareholder has given ~~the shares~~ to be sold have been registered. The provisions in section 29a of the Act on the Book-Entry System apply to the information on the account operator maintaining the book-entry account ~~where~~ the shares are ~~kept~~.

~~Taking~~ shares in~~to~~ the book-entry system by amendment of the by-laws

Section 6 — *Decision to ~~take~~ shares in~~to~~ the book-entry system*

A decision by the General Meeting to the effect that the by-laws are amended by the addition of a provision on the ~~taking of~~ the shares of the company into the book-entry system, as referred to in section 1, shall indicate a time limit for ~~taking~~ the shares in~~to~~ the book-entry system (*registration period*), or contain an authorisation for the Board of Directors to set the registration period. The decision ~~and~~ the registration period shall be notified for registration without delay.

Section 7 — *Information of the decision*

(1) No later than three months before the end of the registration period, the company shall ~~give information~~ the shareholders of the decision referred to in section 6. At the same time, instructions shall be provided as to how the shareholder or the person in possession of the share certificate is to proceed in order to have the right to the share registered on a book-entry account, as well as how the other rights that the share carries can be registered.

(2) The information shall be delivered in the same manner as the invitation to a General Meeting. In addition to what has been provided in the by-laws on an invitation to the General Meeting, the information shall also be sent in writing to the shareholders whose names and addresses are known to the company, as well as published in the *Official Gazette*. The information and the instructions shall also be sent to the Securities Depository and the account operators.

(3) If necessary, more detailed provisions may be ~~taken~~ in~~to~~ the rules of the Securities Depository on the procedure referred to in paragraphs (1) and (2).

Section 8 — *Registration of rights*

(1) When the decision referred to in section 6 has been registered and the registration period has begun, a shareholder may declare the shareholder's rights to be registered by the account operator. Rights shall be registered in a manner approved by the Securities Depository and so that the connection of every share to an entry made in the book-entry account can be trailed. If a share certificate has been issued for a share, the shareholder shall hand it over to the account operator, which shall mark the share certificate regarding on the ~~taking~~ of the shares in~~to~~ the book-entry system.

(2) A pledgeholder and the holder of some other right may declare the right to be registered on the book-entry account of the shareholder. If the shareholder does not have a book-entry account and the declarer presents the necessary evidence of the right in question to the account operator, the account operator shall open a book-entry account in the name of the shareholder so that the share and the right of the declarer can be registered. In this event, the pledge may be registered without (need for ~~the~~) written consent of the account holder.

Section 9 — *Significance of the end of the registration period*

Once the registration period has ended, the rights of the shareholder in the company cannot be exercised, unless the right has been registered into the book-entry system as referred to in section 8.

Section 10 — *Shares to be entered into a joint account*

(1) No later than at the end of the registration period, the Securities Depository shall open a joint book-entry account in the name of the company and on the behalf of the shareholders whose rights have not been declared for registration during the registration period.

(2) If the declaration for registration, as referred to in section 8, has not been made before ten years have passed since the end of the registration period, the General Meeting may decide that the right to the share in the book-entry system and the rights that the share carry have been forfeited. The provisions on treasury shares apply to a forfeited share.

Withdrawal of shares from the book-entry system

Section 11 — *Decision to withdraw shares from the book-entry system*

(1) A decision of the General Meeting to the effect that the by-laws are amended by removing from them a provision on the ~~taking~~ of the shares of the company into the book-entry system, as referred to in section 1, shall also indicate a date when the shares are to be withdrawn from the system, or authorise the Board of Directors to set that date. The decision and the withdrawal date shall be notified for registration without delay.

(2) No later than ~~two~~ months before the withdrawal, the company shall inform the shareholders of the withdrawal. The provisions in section 7(2) and 7(3) apply to the notice.

Section 12 — *Establishment of registers and issue of share certificates*

(1) When shares are withdrawn from the book-entry system, the company shall without delay establish the share register and shareholder register referred to in Chapter 3, section 15, on the basis of the registers and lists kept in the book-entry system and, if necessary, on the basis of an earlier share register.

(2) The provisions in Chapter 3, section 9, apply to the issue of share certificates. If, according to entries in the book-entry account, a share is encumbered by a pledge, distraint or precautionary measures, the share shall not be withdrawn from the book-entry system without the simultaneous issue of a share certificate to be handed over to the pledgeholder or the respective enforcement authority.

PART II — ADMINISTRATION AND FINANCIAL STATEMENTS

Chapter 5 — General Meeting

General provisions

Section 1 — *Decision-making by the shareholders*

(1) The shareholders shall exercise their power of decision in the General Meeting.

(2) Notwithstanding the provision in ~~paragraph~~ (1), unanimous shareholders may make a decision in a matter within the competence of the General Meeting without holding a meeting. The decision shall be written down, dated, numbered and signed. If the company has more than one shareholder, at least two of them shall sign the decision. In other respects, the provisions on the minutes of the General Meeting apply to the written decision.

Section 2 — *Competence*

(1) The General Meeting shall make decisions on matters that fall within its competence by virtue of this Act. It may be provided in the by-laws that the General Meeting decides matters that fall within the general competence of the Chief Executive and the Board of Directors.

(2) Chapter 6, section 7, contains provisions on the submission of matters falling within the general competence of the Board of Directors and the Chief Executive to be decided by the General Meeting. In individual cases, unanimous shareholders may also otherwise make decisions in matters falling within the general competence of the Board of Directors or the Chief Executive.

Section 3 — *Ordinary General Meeting and Extraordinary General Meeting*

(1) The Ordinary General Meeting shall be held within six months of the end of the financial period.

(2) Decisions shall be made in the Ordinary General Meeting on the following:

(1) adoption of the financial statement, which in a parent company means also the adoption of the consolidated financial statement;

(2) the use of the profit shown on the balance sheet;

(3) the release of the ~~Directors~~, the ~~Supervisors~~ and the Chief Executive from liability;

(4) the appointment of the Directors and the Supervisors, unless ~~it is~~ otherwise provided in this Act or in the by-laws on their term or appointment; and

(5) the other matters that according to the by-laws are to be decided by the Ordinary General Meeting.

(3) An Extraordinary General Meeting shall be held, if:

(1) it is so provided in the by-laws;

(2) the Board of Directors considers it necessary;

(3) a shareholder or an auditor demands the same in accordance with section 4; or

(4) the Board of Supervisors considers it necessary and it is competent, under the by-laws, to decide on the holding of an Extraordinary General Meeting.

Section 4 — *Right to demand an Extraordinary General Meeting*

An Extraordinary General Meeting shall be held, if an auditor or shareholders with a total of one tenth (1/10) of the shares, or a smaller proportion as provided in the by-laws, so demand in writing in order for a given matter to be dealt with. In a private company, the invitation shall be delivered within two weeks and in a public company within one month of the arrival of the demand.

Section 5 — *Right to have a matter dealt with by the General Meeting*

A shareholder shall have the right to have a matter falling within the competence of the General Meeting dealt with by a meeting, if the shareholder so demands in writing from the Board of Directors well in advance of the meeting, so that the matter can be mentioned in the invitation.

Participation in the General Meeting

Section 6 — *Participation by a shareholder*

(1) Every shareholder shall have the right to participate in a General Meeting.

(2) In accordance with Chapter 3, section 2(1), it shall be a precondition for participation that the shareholder has been entered into the share register or that the shareholder has notified the acquisition to the company and presented reliable evidence of the same. In a company in the book-entry system, it shall be a precondition for participation that the shareholder has been entered into the share register ten days before the General Meeting, as provided in Chapter 4, section 2(2).

Section 7 — *Advance notice of participation*

It may be provided in the by-laws that a shareholder may participate in the General Meeting on condition of giving advance notice of participation to the company no later than a given date, not to be earlier than ten days before the meeting. The last date for advance notices of participation shall be mentioned in the invitation to the General Meeting.

Section 8 — *Proxy representative and assistant*

(1) A shareholder may exercise the rights of a shareholder in a General Meeting by way of proxy representation. The representative shall produce a dated proxy document or otherwise provide reliable evidence of the right to represent the shareholder. The proxy shall be valid for one General Meeting, unless it is otherwise indicated in the proxy document.

(2) A shareholder and a proxy representative may have an assistant in the General Meeting.

Section 9 — *Treasury shares*

Shares held by the company or a subsidiary shall not entitle to participation in the General Meeting. These shares shall likewise be omitted from consideration, when the making of a valid decision or the exercise of a given right requires the consent of all shareholders or the consent of shareholders holding a qualified proportion of the shares in the company.

Section 10 — *Participation by others*

A Director, a Supervisor and the Chief Executive shall have the right to participate in a General Meeting, unless the General Meeting in an individual case otherwise decides. The Board of Directors, the Board of Supervisors and the Chief Executive shall see to it that the right of shareholders to request information, as referred to in section 25, is realised. The Audit Act (936/1994; *tilintarkastuslaki*) contains provisions on the participation of auditors in a General Meeting. The General Meeting may permit also other persons to participate in the meeting.

General provisions on decision-making

Section 11 — *Matters to be decided*

(1) The General Meeting may decide only matters that have been mentioned in the invitation to the General Meeting or that under the by-laws are to be dealt with by the General Meeting. However, an Ordinary General Meeting shall always decide the matters referred to in section 3(2); it may also decide on the appointment of an auditor, as referred to in Chapter 7, section 5, as well as deal with a proposal for a special audit, as referred to in Chapter 7, section 7.

(2) Notwithstanding the provisions in paragraph (1), the General Meeting may decide on the convocation of a new General Meeting or on the postponement of a matter to a follow-on meeting.

Section 12 — *Voting rights*

Everyone may vote the entire voting rights of the shares that one represents in the General Meeting, unless ~~it is~~ otherwise provided in the by-laws.

Section 13 — *Principle of equal treatment*

The General Meeting shall not make decisions contrary to the principle of equal treatment referred to in Chapter 1, section 7.

Section 14 — *Disqualification*

(1) A shareholder or a proxy shall not vote in a matter pertaining to a civil action against the shareholder or the release of the shareholder from liability in damages or from other liability towards the company. A shareholder or a proxy shall likewise not vote in a matter pertaining to a civil action against a third party or the release from a third party from liability, if the shareholder is likely to derive a significant benefit in the matter and that benefit may be contrary to the interests of the company.

(2) The provisions in paragraph (1) do not apply if all shareholders in the company are disqualified.

Section 15 — *Waiver of procedural requirements*

A matter that has not been dealt with in accordance with the procedural provisions of this Act or the by-laws may only be decided if the shareholders who are affected by the omission consent to the decision being made.

Meeting procedure

Section 16 — *Meeting venue and participation by technical means*

(1) The General Meeting shall be held in the domicile of the company, unless ~~it is~~ otherwise provided in the by-laws. For especially ~~important~~ reasons, the meeting may be held also in some other venue.

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(2) It may be provided in the by-laws that participation in the General Meeting may take place also by technical means. Also the Board of Directors may make this decision, unless ~~it is~~ otherwise provided in the by-laws. It shall be a precondition for participation by technical means that the right to participate and the correctness of the vote count can be verified in a manner corresponding to that in use in an ordinary meeting. The possibility to participate by technical means shall be mentioned in the invitation to the General Meeting. It shall likewise be mentioned in the invitation if the participation of a shareholder in the General Meeting by technical means restricts the shareholder's right to be heard in the meeting.

Section 17 — *Convocation* (Notice to convene the meeting)

(1) The Board of Directors shall convene the General Meeting. However, it may be provided in the by-laws that the Board of Supervisors convenes the General Meeting.

(2) If the General Meeting is not convened, even though it should be convened by virtue of law, the by-laws or the decision of the General Meeting, or if the provisions or ~~instructions~~ governing the invitation to the General Meeting have been breached ~~in an essential manner~~, the State Provincial Office shall, on the application of a Director, a Supervisor, the Chief Executive, an auditor or a shareholder, permit the applicant to convene the meeting at the expense of the company. The permit decision of the State Provincial Office shall be enforceable regardless of appeal.

Orders / regulations

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Section 18 — *Contents of the invitation*

(1) The invitation to the General Meeting shall indicate the name of the company, the date, time and venue of the meeting, as well as the matters to be dealt with by the meeting. If an amendment of the by-laws is to be dealt with in the General Meeting, the main contents of the amendment shall be mentioned in the invitation.

(2) There are specific provisions on the contents of the invitation to the General Meeting in:

(1) section 7, concerning advance notice of participation;

(2) section 16(2), concerning participation by technical means;

(3) section 19(3), concerning a follow-on meeting;

(4) Chapter 9, section 4(2), concerning directed share issues;

(5) Chapter 15, section 5(3), concerning redemption by way of the reduction of the share capital;

(6) Chapter 15, section 6(3), concerning the directed acquisition and redemption of treasury shares, and Chapter 15, section 9(3), concerning the reverse splitting of shares;

(7) Chapter 16, section 10(2), concerning mergers; and

(8) Chapter 17, section 10(2), concerning demergers.

Section 19 — *Due date of invitation*

(1) The invitation shall be delivered no earlier than two months and no later than one week before the General Meeting, the last date for advance notices of participation, as referred to in section 7, or the due date pertaining to companies in the book-entry system, as referred to in chapter 4, section 2(2). However, in a public company the invitation shall not be delivered earlier than three months before the date referred to above.

(2) There are specific provisions on the due date of invitation in:

(1) section 24(3), concerning a follow-on meeting;

(2) Chapter 16, section 10(1), concerning mergers;

(3) Chapter 17, section 10(1), concerning demergers; and

(4) Chapter 20, section 3(2), concerning liquidation.

(3) If, under the by-laws, the validity of a decision requires that it has been made in two General Meetings, the invitation to the later meeting shall not be delivered before the earlier meeting has been held. The decision made in the earlier meeting shall be mentioned in the invitation.

Section 20 — *Mode of invitation*

(1) A written invitation to the General Meeting shall be sent to all shareholders whose addresses are known to the company, unless ~~it is~~ otherwise provided in the by-laws.

(2) In addition to what is provided in the by-laws, a written invitation shall be sent to all shareholders whose addresses are known to the company if the meeting is to deal with an amendment of the by-laws, as referred to in section 29. There are similar provisions on a written invitation in:

(1) Chapter 16, section 10(2), concerning merger in a merging company;

(2) Chapter 17, section 10(2), concerning demerger in a demerging company; and

(3) Chapter 20, section 3(2), concerning the company going into liquidation, and Chapter 20, section 18(1) concerning the continuation of liquidation.

Section 21 — *Meeting documents and the availability and delivery of the meeting documents*

(1) The proposals of the Board of Directors and, if the General Meeting is to deal with the financial statement, the financial statement, the company report and the audit report shall be kept available to the shareholders in the head office of the company or on the company website for at least one week before the meeting; they shall without delay be sent to a shareholder who requests the same, as well as kept available at the meeting venue.

(2) If a decision pertains to a share issue, the issue of options or other share entitlements entitling to shares, the increase of the share capital from reserves, the payment of dividend, the distribution of unrestricted equity reserves, the decrease of the share capital, the acquisition or redemption of treasury shares, or the company going into liquidation, and the financial statement is not to be dealt with in the meeting, the provisions in paragraph (1) apply also to:

(1) the latest financial statement, company report and audit report;

(2) the possible decisions on the distribution of assets, made after the end of the preceding financial period;

(3) the interim reports dated after the end of the preceding financial period; and

(4) a statement by the Board of Directors on the events occurring after the latest financial statement or interim report and having an ~~essential~~ effect on the state of the company.

(3) Chapter 16, section 11, and Chapter 17, section 11, contain provisions on the merger or demerger documents that are to be kept available and delivered on request.

Section 22 — *Exception concerning the availability and delivery of meeting documents*

The provisions in section 21 on the availability and delivery of the financial statement, the company report and the audit report before the General Meeting do not apply, if the company has disclosed the information as provided in the Securities Markets Act no later than a week before the General Meeting.

Section 23 — *Chairperson, voting register and minutes*

(1) The General Meeting shall be opened by the person designated by the convener of the meeting. The General Meeting shall elect the chairperson, unless ~~it is~~ otherwise provided in the by-laws. If the by-laws contain provisions on the chairperson of the General Meeting, that person shall also open the meeting.

(2) The chairperson shall see to it that a register is compiled of the shareholders, proxy representatives and assistants in attendance, indicating the quantity of shares and voting rights of each shareholder (*voting register*). The shareholder register shall be kept available in the meeting.

(3) The chairperson shall see to it that minutes are kept of the meeting. The minutes shall indicate the decisions made and the results of any votes. The chairperson and a person elected as scrutiniser shall sign the minutes. The voting register shall be included or attached to the minutes. The minutes shall be numbered consecutively and archived in a reliable manner.

(4) No later than two weeks after the meeting, the minutes shall be kept available to the shareholders at the head office of the company or on the company

website, and copies shall be delivered to shareholders requesting the same. A shareholder shall have the right to receive copies of the attachments to the minutes against compensation of the company's costs.

Section 24 — *Follow-on meeting*

(1) The General Meeting may decide that a matter is to be postponed to be dealt with in a follow-on meeting.

(2) A matter pertaining to the approval of the financial statement and the use of profits shall be postponed from the Ordinary General Meeting to a follow-on meeting, if shareholders holding at least one tenth (1/10) of all shares so request. The follow-on meeting referred ~~to here~~ shall be held no earlier than one month and no later than three months after the Ordinary General Meeting. The decision need not be postponed for a second time even if the minority so requests.

(3) A new invitation shall be delivered to the follow-on meeting, if it is to be held more than four weeks after the General Meeting. The invitation to a follow-on meeting may always be delivered no later than four weeks before the meeting.

Section 25 — *Right to request information*

(1) On the request of a shareholder, the Board of Directors and the Chief Executive shall provide more detailed information on circumstances that may affect the evaluation of a matter dealt with by the meeting. If the meeting deals with the financial statement this obligation shall apply also to more general information on the ~~state of the finances~~ of the company, including the relationship of the company with another corporation or foundation in the same corporate group. However, the information shall not be provided if this would cause essential harm to the company.

(2) If the question of a shareholder can only be answered on the basis of information not available at the meeting, the answer shall be provided in writing within two weeks of the question. The answer shall be delivered to the shareholder asking the question and to other shareholders requesting the same.

Rules of decision-making

Section 26 — *Decision by simple majority*

(1) A proposal that has been supported by more than half the votes cast shall constitute the decision of the General Meeting, unless ~~it is~~ otherwise provided in this Act. In an election, the person receiving the most votes shall have been elected. The General Meeting may decide before the election that the person receiving more than half the votes cast shall have been elected. In the event of a tie, an election shall be decided by drawing lots and another vote shall be decided by the casting vote of the chairperson, unless ~~it is~~ otherwise provided in the by-laws.

(2) The requirement of simple majority may be relaxed by way of the by-laws only as regards elections.

Section 27 — *Decision by qualified majority*

(1) If a decision must be made by qualified majority, a proposal that has been supported by at least two thirds (2/3) of the votes cast and the shares represented in the meeting shall constitute the decision.

(2) Unless ~~it is~~ otherwise provided in this Act or the by-laws, the following decisions shall be made by qualified majority:

(1) the amendment of the by-laws;

(2) a directed share issue;
(3) the issue of options and other share entitlements;
(4) the acquisition and redemption of treasury shares in a public company;
(5) the directed acquisition of treasury shares;
(6) a merger;
(7) a demerger; and
(8) going into liquidation and the termination of liquidation.

(3) If the company has several share classes, it shall be an additional requirement for the validity of a decision on the merger of a merging company, the demerger of a demerging company, the company going into liquidation, the termination of liquidation and, in a public company, the directed acquisition of treasury shares that the decision is supported by a qualified majority within each of the share classes represented in the meeting.

(3) The requirement of qualified majority shall not be relaxed by way of the by-laws.

Section 28 — *Alteration of the rights of a share class*

A decision on the amendment of the by-laws to the effect that share classes are combined or the rights of an entire share class are otherwise reduced shall be made by qualified majority, as provided in section 27. It shall be an additional requirement for the validity of the decision that the decision is supported by a qualified majority within each of the share classes and that consent is obtained from the majority within each share class whose rights are to be reduced.

Section 29 — *Consent of the shareholders*

(1) The consent of a shareholder shall be obtained for the amendment of the by-laws, where:
(1) the right of the shareholder to the profit or the net assets of the company is reduced by means of a provision in the by-laws referred to in Chapter 13, section 9;
(2) the liability of the shareholder to make payments to the company is increased;
(3) the right to acquire the shares of the shareholder is restricted by taking into the by-laws a redemption clause referred to in Chapter 3, section 7, or a consent clause referred to in Chapter 3, section 8;
(4) the precedence right of the shareholder to shares is restricted as referred to in Chapter 9, section 3(3);
(5) the right to minority dividend is restricted as referred to in Chapter 13, section 7;
(6) a redemption term referred to in Chapter 15, section 10, is attached to the shares of the shareholder;
(7) the right of the company to damages is restricted as referred to in Chapter 22, section 9; or
(8) the balance of the rights carried by shares in the same class is changed and the change affects the shares of the shareholder.

(2) The consent of the shareholder shall likewise be obtained when a directed redemption of shares is carried out, as referred to in Chapter 15, section 6, or when a decision on a change of corporate form is made, as referred to in Chapter 19, section 5.

(3) The General Meeting shall not make a decision contrary to the principle of equal treatment referred to in Chapter 1, section 7, unless the shareholder at whose expense the unjust benefit is to be given consents to the same.

Miscellaneous provisions

Section 30 — *Amendment of the by-laws*

(1) The General Meeting shall decide on the amendment of the by-laws. The decision shall be made by qualified majority, as referred to in section 27.

(2) The decision on the amendment of the by-laws shall be notified for registration without delay, and it shall not be implemented before registration. If the amendment of the by-laws requires registrable implementation measures, the amendment shall, however, be notified for registration and registered simultaneously with the implementation measures.

(3) If the right carried by a share is determined on the basis of the nominal value of the share, the abandonment of nominal values shall not affect the rights carried by the share, unless ~~it is~~ otherwise decided.

Section 31 — *Objections*

Chapter 21 contains provisions on objections against the decisions of the General Meeting.

Chapter 6 — **Management and representation of the company**

Management

Section 1 — *Management of the company*

(1) A company shall have a Board of Directors. It may also have a ~~Chief Executive~~ and a ~~Board of Supervisors~~.

(2) Chapter 1, section 7, contains a prohibition of decisions contrary to the principle of equal treatment, Chapter 1, section 8, on the duty of care, and Chapter 22 on liability ~~in~~ damages.

(3) Sections 25—28 of this chapter contain provisions on the representation of the company.

Duties of the Board of Directors and decision-making

Section 2 — *General duties of the Board of Directors*

(1) The Board of Directors shall see to the administration of the company and the appropriate organisation of its operations (*general competence*). The Board of Directors shall be responsible for the appropriate arrangement of the control of the company accounts and finances.

(2) The Board of Directors or a ~~Director~~ shall not comply with a decision of the General Meeting, the ~~Board of Supervisors~~ or the Board of Directors where it is ~~void owing~~ to being contrary to this Act or the by-laws.

Section 3 — *Decision-making by the Board of Directors*

(1) The opinion of the majority shall constitute the decision of the Board of Directors, unless a qualified majority is required in the by-laws. In the event of a tie, the President shall have the casting vote. If there is a tie in the election for the President, and no other provision has been made in the appointment of the Board of Directors or in the by-laws, the election shall be decided by drawing lots.

(2) The Board of Directors shall have a quorum when more than half the Directors are present, unless a larger proportion is required in the by-laws. The proportion shall be calculated on the basis of the number of Directors who

have been appointed. When this proportion is being calculated, disqualified Directors shall be deemed to be absent. No decision shall be made, unless all Directors have been reserved the chance, as far as possible, to participate in the consideration of the matter. If a Director is unavailable, this chance shall be reserved to the Alternate Director. If a decision is made without a meeting being held, the decision shall be written down, signed, numbered and archived as provided for the minutes of Board meetings in section 6.

Section 4 — *Disqualification*

A Director shall be disqualified from the consideration of a matter pertaining to a contract between the Director and the company. A Director shall likewise be disqualified from the consideration of a matter pertaining to a contract between the company and a third party, if the Director is to derive a significant benefit in the matter and that benefit may be contrary to the interests of the company. The provisions in this section on a contract apply correspondingly to other transactions and court proceedings and to other corporate action.

Section 5 — *Meeting of the Board of Directors*

(1) The President shall see to it that the Board of Directors meets when necessary. A meeting shall be called if a Director or the Chief Executive so requests. If, notwithstanding a request, the President does not call the meeting, the meeting may be called by a Director, if at least one half of the Directors approve of the call, or by the Chief Executive.

(2) The Board of Directors may decide that also a person other than a Director may be present in a meeting. Section 18 contains provisions on the right of the Chief Executive to be present in a meeting. Provisions on who may be present in a meeting may also be taken into the by-laws.

Section 6 — *Minutes of the Board of Directors*

Minutes shall be kept of the meetings of the Board of Directors, to be signed by the person chairing the meeting and, if there are several Directors, at least by one Director designated by the Board. A Director and the Chief Executive shall have the right to have a dissent entered into the minutes. The minutes shall be numbered consecutively and archived in a reliable manner.

Section 7 — *Predominance in decision-making*

(1) In individual cases or in the event that it is so provided in the by-laws, the Board of Directors may make a decision in a matter falling within the general competence of the Chief Executive also where the company has a Chief Executive.

(2) The Board of Directors may submit a matter within the general competence of the Board of Directors or the Chief Executive to be decided by the General Meeting.

Directors and the beginning and end of directorship

Section 8 — *Directors, Alternate Directors and the President*

(1) There shall be between one and five regular Directors (members of the Board of Directors), unless it is otherwise provided in the by-laws. If there are fewer than three Directors, there shall be at least one Alternate Director. The provisions of this Act on a Director apply also to Alternate Directors.

(2) If there are several Directors, a President (chairperson of the Board of Directors) shall be elected. The Board shall elect the President, unless it has

been otherwise decided when the Board is appointed or unless ~~it is~~ otherwise provided in the by-laws.

Section 9 — *Appointment of the Directors*

The General Meeting shall appoint the Directors, unless it is provided in the by-laws that the Board of Supervisors is to appoint the members. It may be provided in the by-laws that a minority of the Board is to be appointed according to some other procedure. However, if a Director has not been elected according to the other procedure, the General Meeting may appoint the Director, unless it is otherwise provided in the by-laws.

Section 10 — *Qualifications of a Director*

(1) The following cannot be Directors: legal persons, minors, persons under guardianship, persons with restricted legal competency, and bankrupts. The Act on Business Prohibitions (1059/1985; *laki liiketoimintakiellosta*) contains provisions on the effect of a business prohibition on the qualification of a Director.

(2) At least one of the Directors shall be resident within the European Economic Area, unless the register authority grants an exemption to the company regarding this requirement.

Section 11 — *Term of the Directors*

In a private company, the term of a Director shall be indefinite. In a public company, the term shall end with the conclusion of the Ordinary General Meeting following the appointment of the member. Other provisions on the term may be ~~taken into~~ the by-laws. The term shall end with the conclusion of the General Meeting deciding on the appointment of a successor Director, unless ~~it is~~ otherwise provided in the by-laws or decided when the successor Director is appointed.

Section 12 — *Resignation of Directors*

(1) A Director may resign before the end of his or her term.

(2) The resignation shall take effect at the earliest when it has been notified to the Board of Directors. If the Director has been appointed by someone else than the General Meeting, the resignation shall be notified also to the appointing party.

(3) If the resigning Director has reason to believe that the company no longer has any Directors, the resigning Director shall see to it that a General Meeting is convened to appoint a new Board of Directors.

Section 13 — *Dismissal of Directors*

(1) A Director may be dismissed ahead of term by the party who appointed the Director. However, a Director appointed by someone else than the General Meeting may be dismissed by the General Meeting, if the by-laws have in the meantime been amended so that the special right of appointment no longer applies.

(2) The term of a dismissed Director shall end with the conclusion of the General Meeting deciding on the dismissal, unless the General Meeting decides on some other point in time. The term of a Director dismissed by someone else than the General Meeting shall end immediately, unless some other point in time is indicated in the context of the dismissal.

Section 14 — *Supplementing the Board of Directors*

If a directorship becomes vacant in mid-term or if a Director loses the qualifications referred to in section 10, an Alternate Director shall substitute

for the Director as provided in the by-laws or as decided upon the appointment of the Alternate Director. If there are no Alternate Directors, the other Directors shall see to it that a successor Director is appointed for the remainder of the term. If, however, the appointment of the Director is a task for the General Meeting and the Board of Directors, with Alternate Directors, has a quorum, the appointment may take place in the next General Meeting.

Other provisions on the Board of Directors

Section 15 — *Corporate group*

If the company has become a parent company or if it no longer is a parent company, the Board of Directors shall without delay notify the same to the Board of Directors or ~~the~~ other corresponding organ of the subsidiary. The Board of Directors or other corresponding organ of the subsidiary shall supply the Board of Directors of the parent company with the information necessary for the evaluation of the state of the corporate group and the calculation of its financial results.

Section 16 — *Contract with sole shareholder*

A contract or other undertaking between the company and its sole shareholder that does not fall within the scope of the regular business operations of the company shall be entered or attached to the minutes of the Board of Directors.

Chief Executive

Section 17 — *General duties of the Chief Executive*

(1) The Chief Executive shall see to the executive management of the company in accordance with the advice and instructions issued by the Board of Directors (*general competence*). The Chief Executive shall see to it that the accounts of the company are in compliance with the law and that ~~its financial affairs have~~ been arranged in a reliable manner. The Chief Executive shall supply the Board of Directors and the Directors with the information necessary for the performance of the duties of the Board of Directors.

(2) The Chief Executive may undertake measures that are unusual or extensive in view of the scope and nature of the business operations of the company only if so authorised by the Board of Directors or if it is not possible to wait for a decision of the Board of Directors without causing essential harm to the business operations of the company. In the latter case, the Board of Directors shall be notified of the measures as soon as possible.

Section 18 — *Presence of the Chief Executive in the meetings of the Board of Directors*

The Chief Executive shall have the right to be present in the meetings of the Board of Directors and to speak there even if the Chief Executive is not a Director, in so far as the Board of Directors does not otherwise decide.

Section 19 — *Provisions applicable to the Chief Executive and the Deputy Chief Executive*

(1) In other respects, the provisions pertaining to the Directors in section 2(2) on invalid decisions, section 4 on disqualification and section 10(1) on qualification apply also to the Chief Executive. The Chief Executive shall in all events be resident within the European Economic Area, unless the register authority grants the company an exemption from this requirement.

(2) The provisions of this Act on the Chief Executive apply also to the Deputy Chief Executive.

Section 20 — *Appointment, resignation and dismissal of the Chief Executive*

(1) The Board of Directors shall appoint the Chief Executive.

(2) The Chief Executive shall have the right to resign from the post. The resignation shall take effect at the earliest when it has been notified to the Board of Directors.

(3) The Board of Directors may dismiss the Chief Executive from the post. The dismissal shall take effect immediately, unless the Board of Directors decides on a later point in time.

Board of Supervisors

Section 21 — *Duties of the Board of Supervisors*

(1) Provisions on the Board of Supervisors shall be ~~taken into~~ the by-laws. The Board of Supervisors supervises the administration of the company, which is the responsibility of the Board of Directors and the Chief Executive. It may be provided in the by-laws that the Board of Supervisors appoints the Board of Directors.

(2) In other respects, duties may be assigned to the Board of Supervisors only in so far as they fall within the general competence of the Board of Directors or have not been assigned to any other organ. The Board of Supervisors shall not be given any right to represent the company.

Section 22 — *Access of the Board of Supervisors to information*

The Board of Directors, the Directors and the Chief Executive shall supply the Board of Supervisors and the Supervisors with all information needed for the performance of the duties of the Board of Supervisors.

Section 23 — *Supervisors and Chairperson of the Board of Supervisors*

The Board of Supervisors shall have at least three Supervisors. The Chief Executive or a Director shall not be a Supervisor. A Chairperson shall be elected for the Board of Supervisors. The Chairperson shall be elected by the Board of Supervisors, unless ~~it is~~ otherwise decided upon the appointment of the Board of Supervisors or ~~it is~~ otherwise provided in the by-laws.

Section 24 — *Provisions applicable to the Board of Supervisors*

In other respects, the provisions in section 2(2) on invalid decisions, sections 3—6 on decision-making, disqualification, meetings and minutes, and sections 9—13 on appointment, qualification, term, resignation and dismissal apply to the Board of Supervisors and the Supervisors.

Representation

Section 25 — *Board of Directors and Chief Executive as representatives*

The Board of Directors shall represent the company. The Chief Executive may represent the company in matters falling within the Chief Executive's duties under section 17.

Section 26 — *Other representatives*

It may be provided in the by-laws that a Director or the Chief Executive has the authority to represent the company or that the Board of Directors may authorise a Director, the Chief Executive or some other designated person to represent the company. The Board may revoke the authorisation at any time.

Section 27 — *Restrictions of the authority to represent the company*

(1) The only restriction of the authority to represent the company that may be recorded in the trade register is one to the effect that two or more persons have this authority only when acting together.

(2) A provision in the by-laws on the business sector of the company shall constitute a restriction of the authority of a representative.

Section 28 — *Binding effect of measures by a representative*

(1) A transaction entered into by a representative of the company, as referred to in this Act, shall not be binding on the company if:

(1) the representative has violated a restriction of the representative's authority to represent the company, as referred to in this Act;

(2) the representative has violated a restriction referred to in section 27(1); or

(3) the representative has exceeded the authority and the other party to the transaction knew or should have known of the authority having been exceeded.

(2) In cases referred to in paragraph (1)(3), the fact that the restrictions of the authority to represent the company have been registered shall not on its own be deemed adequate proof that the other party to the transaction knew or should have known of the authority having been exceeded.

Chapter 7 — **Audit and special audit**

Audit

Section 1 — *Applicable law*

(1) The provisions in this chapter and the provisions of the Audit Act apply to the audit of a company.

(2) For the purposes of this Act, *certified auditor* shall be defined as a person or corporation referred to in section 2(2) of the Audit Act.

Section 2 — *Appointment of the auditor*

A company shall have one auditor, unless it is provided in the by-laws that the company is to have several auditors. The General Meeting shall appoint the auditor. If several auditors are to be appointed, it may be provided in the by-laws that an auditor or some of the auditors, but not all, are to be appointed in accordance with some other procedure.

Section 3 — *Alternate auditor*

(1) The General Meeting may appoint one or several alternate auditors. If only one auditor is appointed for a company, and that auditor is not an audit corporation referred to in section 5 or 6 of the Audit Act, at least one alternate auditor shall be appointed.

(2) The provisions of this Act and the Audit Act on an auditor apply also to the alternate auditor.

Section 4 — *Term of the auditor*

In a private company, the term of an auditor shall be indefinite. In a public company, the term shall end with the conclusion of the Ordinary General Meeting following the appointment of the auditor. Other provisions on the term may be taken into the by-laws. The term shall end with the conclusion of the General Meeting deciding on the election of a successor auditor, unless

otherwise provided in the by-laws or decided when the successor auditor is appointed.

Section 5 — *Right of the minority to demand a certified auditor*

In a company where a certified auditor need not be appointed on the basis of the law or the by-laws, the General Meeting shall nonetheless appoint a certified auditor, if shareholders holding at least one tenth (1/10) of all shares or ~~at least~~ one third (1/3) of the shares represented in the meeting so demand in an Ordinary General Meeting or in the General Meeting where the matter is according to the invitation to be dealt with. If the General Meeting does not appoint a certified auditor, the State Provincial Office shall appoint a certified auditor in accordance with the procedure provided in section 27(1) and (3) of the Audit Act, provided that a shareholder applies for the same within one month of the General Meeting.

Section 6 — *Specific obligation to appoint an auditor certified by the Central Chamber of Commerce*

In a public company, at least one of the auditors appointed by the General Meeting shall be certified by the Central Chamber of Commerce ("KHT auditor").

Special audit

Section 7 — *Ordering a special audit*

(1) A shareholder may apply to the State Provincial Office of the domicile of the company for an order of the special audit of the administration and accounts of the company for a given past period or for given measures or circumstances. It shall be a prerequisite for such an order that the proposal has been dealt with by the General Meeting and that it has received the support referred to in paragraph (2). The application to the State Provincial Office shall be filed within one month of the General Meeting.

(2) The proposal for a special audit shall be made in an Ordinary General Meeting or in a General Meeting where the matter is according to the invitation to be dealt with. The application may be made, if it is supported by shareholders holding at least one tenth (1/10) of all shares or ~~at least~~ one third (1/3) of the shares represented in the General Meeting. In a public company with several share classes, the application may be made if it is supported by at least one tenth (1/10) of all shares in one of the share classes or at least one third (1/3) of the shares in one of the share classes represented in the General Meeting.

(3) The State Provincial Office shall obtain a statement from the Board of Directors of the company and, if the special audit is according to the application to pertain to the measures undertaken by a given person, from that person. The application shall be granted, if it is determined that there are ~~persuasive~~ reasons for the special audit. The State Provincial Office may designate one or several special auditors. The order may be enforced regardless of appeal.

Section 8 — *Special auditor*

The special auditor shall be a natural person or a certified audit corporation. The special auditor shall possess ~~economic~~ and legal knowledge and experience to a degree to be deemed necessary in view of the nature and extent of the audit task. The provisions in Chapter 22, sections 6—9, and Chapter 24, section 3, as well as in sections 15, 21—25 and 44 of the Audit Act on an auditor apply correspondingly to the special auditor.

Section 9 — *Report of the special audit*

A report of the special audit shall be submitted to the General Meeting. For at least a week before the General Meeting, the report shall be kept available to the shareholders at the head office or the website of the company, sent without delay to the shareholders who so request, as well as kept available at the General Meeting.

Section 10 — *Fee and expenses*

The special auditor shall have the right to a fee from the company. The company shall also be liable for ~~the~~ other expenses arising from the special audit. However, for special reasons a court may ~~oblige~~ the shareholder who applied for the special audit to reimburse the company for all or part of its costs.

Chapter 8 — **Equity, financial statement, company report and corporate group**

Equity

Section 1 — *Types of equity and its use*

(1) The equity of a company shall be divided into restricted equity and unrestricted equity. Restricted equity shall consist of the share capital, as well as of the appreciation reserve, current value reserve and revaluation reserve under the Accounting Act. Unrestricted equity shall consist of other reserves, as well as of the profit from the current and the previous financial periods.

(2) Supplementary reserves and premium reserves accruing before the entry into force of this Act shall be governed by the provisions of the Act on the Implementation of the Companies Act (625/2006; *laki osakeyhtiölain voimaanpanosta*).

(3) In addition to the provisions in this chapter, the provisions in chapters 13—15 apply to the distribution and other uses of equity.

Section 2 — *Paid-up unrestricted equity reserves*

The paid-up unrestricted equity reserves of the company shall be credited with that part of the subscription price of the shares that according to the contract of incorporation or the share issue decision is not to be credited to the share capital and that according to the Accounting Act is not to be credited to liabilities, as well as with other equity inputs that are not to be credited to some other reserve. The paid-up unrestricted reserves shall likewise be credited with the amount of a share capital reduction, less any amounts needed for the covering of losses or for the distribution of assets.

Financial statement and company report

Section 3 — *Application of the Accounting Act*

The financial statement and the company report shall be drawn up in accordance with the provisions of the Accounting Act and the provisions in this chapter.

Section 4 — *Financial period*

Upon incorporation, the financial period of the company shall be laid down in the contract of incorporation or the by-laws. Also in the event that the financial period has not been laid down in the by-laws, the General Meeting shall be competent to decide to change the financial period. The change shall take effect upon registration.

Section 5 — *Company report*

(1) The company report shall always contain the information required in this Act. However, corresponding information may be supplied in ~~an attachment~~ to the financial statement instead of a company report, ~~in so far as~~ not otherwise provided in the Accounting Act.

(2) The company report shall contain a proposal of the Board of Directors for the use of the profits of the company, as well as a proposal, where appropriate, for the distribution of other unrestricted equity.

(3) The company report shall contain the following information:

(1) the number of outstanding shares, broken down by share class, as well as the main provisions of the by-laws relating to each of the share classes; as well as

(2) for subordinated debt, the main terms of the loan and the interest accruing on the debt and not entered into the accounts as a cost.

(4) The foreign branches of the company shall be mentioned in the company report.

Section 6 — *Information in the company report on ~~insider debt~~*

(1) The company report shall contain separate information on loans, liabilities and commitments to ~~company insiders~~ and on the main terms thereof, if the sum total of the loans, liabilities and commitments exceeds EUR 20,000 or five per cent of the equity of the company, as it appears on the balance sheet.

(2) The company and another person shall be considered insiders in relation to each other if one exercises controlling influence over the other or if one otherwise has considerable influence in the financial and business decision-making of the other.

Section 7 — *Information in the company report on corporate structure and finance*

The company report shall contain appropriate information:

(1) if the company has become a parent company, it has been the acquiring company in a merger or the demerged company in a demerger, or it has demerged;

(2) on the main contents of a share issue decision referred to in Chapter 9, section 5 or 17;

(3) on the main contents of a decision on the issue of options or other share entitlements, as referred to in Chapter 10, section 3;

(4) on the main terms of a subscription based on options or other share entitlements, as issued by the company at an earlier stage; and

(5) the current authorisations that the Board of Directors has in respect of share issues and the issue of options or other share entitlements.

Section 8 — *Information in the company report on treasury shares*

(1) The company report shall contain information on the following, broken down by share class:

(1) total quantity of shares in the company and its parent company held by, or pledged to, the company or its subsidiaries, as well as the proportions of all shares and the voting rights carried by the shares; and

(2) the shares in the company and its parent company acquired or accepted as pledges during the financial period, as well as the transfer and cancellation of such shares.

(2) The company report shall contain the following information on the shares in the company or its parent company acquired, accepted as pledges, transferred or cancelled during the financial period:

(1) how the shares have been acquired or how they have been transferred;

(2) the quantity of shares and their proportion of all shares; and

(3) the consideration paid for the shares.

(3) The shares held by the company and pledged to it shall be listed separately. If shares have been acquired from a ~~company insider~~ or if they have been transferred to a ~~company insider~~, that ~~insider~~ shall be mentioned by name.

Section 9 — *Consolidated financial statement*

(1) In addition to the provisions elsewhere in the law, the provisions in this chapter apply to the drawing up of ~~a~~ consolidated financial statement.

(2) A parent company shall always draw up ~~a~~ consolidated financial statement if it distributes assets to the shareholders or if it is a public company.

Section 10 — *Registration of the financial statement and company report*

(1) The company shall notify the financial statement and the company report for registration within two months of the adoption of the financial statement. The notification shall include a copy of the audit report and the audit report on the consolidated financial statement, as well as a written certification by a Director or by the Chief Executive on the date when the financial statement ~~was~~ were adopted, as well as on the decision of the General Meeting relating to the use of the company profit.

(2) If the obligation referred to in paragraph (1) is not complied with, the register authority may ~~compel~~ the Chief Executive or the Director to comply with it before a set deadline under the threat of a fine. A decision by the register authority on the imposition of a threat of a fine shall not be open to appeal. Under Chapter 20, section 4, the company may be ordered into liquidation or deregistered owing to the failure to comply with the obligation.

Section 11 — *Instructions and statements by the Accounting Board*

In accordance with Chapter 8, section 2, of the Accounting Act, the Accounting Board may issue instructions and statements on the application of the provisions of this Act relating to the drawing up of the financial statement and company report.

Corporate group

Section 12 — *Corporate group*

(1) If a company exercises controlling influence over another domestic or foreign corporation or foundation, as referred to in Chapter 1, section 5, of the Accounting Act, the company shall be the parent company and the other corporation or foundation a subsidiary. The parent company and its subsidiaries form a corporate group.

(2) A company exercises ~~controlling influence~~ over another corporation or foundation also in the event that the company, together with one or several of its subsidiaries, or a subsidiary or several subsidiaries together exercise ~~controlling influence~~ over that corporation or foundation, as referred to in Chapter 1, section 5, of the Accounting Act.

(3) The provisions in Chapter 1, section 5, of the Accounting Act on the party responsible to keep accounts apply to the company referred to above, and the provisions in the said chapter on a target corporation apply to the other domestic or foreign corporation or foundation referred to above.

PART III — FINANCE

Chapter 9 — Share issue

General provisions

Section 1 — *Share issue*

(1) A company may issue new shares or transfer treasury shares (*share issue*).

(2) A share issue may involve the issue of shares against payment (*subscribed issue*) or for free (*bonus issue*).

Section 2 — *General provisions on the decision*

(1) The General Meeting shall make the decisions on share issues.

(2) The decision of the General Meeting determining the maximum quantity of shares to be issued, broken down by share class, may also contain an authorisation for the Board of Directors to decide on the share issue in full or for a given part (*share issue authorisation*). A share issue authorisation shall be notified for registration without undue delay and in any event no later than one month after the decision. Unless otherwise indicated in the authorisation, it shall remain in effect indefinitely. However, in a public company, a share issue authorisation may remain in effect for at most five years from the decision. A new share issue authorisation shall supersede an earlier one, unless ~~it is~~ otherwise decided upon.

(3) Chapter 5, sections 18—22, contain provisions on the invitation to the General Meeting and the meeting documents, their availability and delivery.

Section 3 — *Precedence in a share issue*

(1) In a share issue, the shareholders shall have precedence to the shares to be issued in proportion to their current shareholdings in the company.

(2) If the company has several share classes, the precedence shall be realised by issuing shares in all share classes in proportion to the classes and by offering shares in each share class to the shareholders in proportion to their shareholdings in the respective share class.

(3) ~~Derogations~~ to the provisions in paragraphs (1) and (2) may be ~~taken into~~ included in the by-laws of a private company. It may be provided in the by-laws of a public company that a share that according to the by-laws does not carry the right to a share in the distribution of the assets of the company shall likewise not carry a precedence in a share issue.

Section 4 — *Directed share issue*

(1) A derogation to the precedence referred to in section 3 may be made in a share issue (*directed share issue*), if there is a ~~persuasive economic~~ weighty financial reason for the company to do so. In the assessment of the permissibility of a directed share issue, special attention shall be paid to the proportion of the subscription price and the current price of the share. A directed share issue may be a bonus issue only if there is an especially ~~persuasive~~ weighty financial reason for the same both for the company and in regard to the interests of all shareholders in the company.

(2) If the Board of Directors proposes that the General Meeting make a decision on a directed share issue or on a share issue authorisation that does not exclude the right of the Board of Directors to decide on a directed share issue, there shall be ~~a mention~~ reference to this effect in the invitation to the General Meeting. A General Meeting decision of this kind shall be made by qualified majority, as referred to in Chapter 5, section 27.

(3) It shall not be considered a derogation to the precedence that, in order to facilitate the share issue, subscription rights are given to all precedence holders only to a maximum number divisible by the number of their precedence shares, and the rest of the subscription rights are ~~put on the open market~~, as referred to in Chapter 1, section 3, of the Securities Markets Act, or sold by public auction on the behalf of the precedence holders so that the funds so accrued are remitted to them no later than at the next distribution of assets after the end of the subscription period.

Share issue against payment

Section 5 — *Contents of the decision*

(1) A decision on a share issue against payment shall contain the following information:

(1) the quantity or maximum quantity of shares to be issued, broken down by share class, as well as whether new or treasury shares are to be issued;

(2) ~~who has the right~~ to subscribe for shares and, in a directed share issue, also the justification for the existence of a ~~persuasive economic~~ reason to ~~derogate~~ from the precedence of the shareholders, as referred to in section 4(1);

(3) the amount to be paid for a share (*subscription price*) and the justification for the setting of the subscription price; and

(4) the deadline for the payment of the subscription price.

(2) If all of the holders of subscription rights do not subscribe for shares in the meeting deciding on the share issue, the decision shall also contain the following information:

(1) the subscription period for the shares; and

(2) in others than a directed share issue, the period during which the ~~subscription precedence~~ is to be exercised.

(3) The period referred to above in paragraph (2)(2) shall not end before two weeks have passed from the beginning of the subscription period. In a public company, the period shall likewise not end until two weeks have passed from the registration of the share issue decision.

Section 6 — *Subscription price*

(1) The subscription price of a new share shall be credited to the share capital, unless ~~it is~~ provided in the share issue decision that it is to be credited in full or in part to paid-up unrestricted equity reserves, or unless ~~it is~~ otherwise provided in the Accounting Act.

(2) The amount received for a treasury share shall be credited to paid-up unrestricted equity reserves, unless ~~it is~~ provided in the share issue decision that it is to be credited in full or in part to the share capital, or unless ~~it is~~ otherwise provided in the Accounting Act.

Section 7 — *Registration of the decision*

(1) A decision on a share issue against payment shall be notified for registration without undue delay, and in any event no later than one month after the decision.

(2) If it becomes evident that shares are to be issued in a quantity smaller than the maximum, the change may be notified for registration.

Section 8 — *Access of shareholders to information*

(1) A shareholder who according to a decision referred to in section 5(2) has a subscription right shall before the beginning of the subscription period be notified of the decision in the same manner as an invitation to the General Meeting. At the same time, the shareholder shall be notified of how and when to act if the shareholder wishes to exercise the right.

(2) The notification referred to in paragraph (1) need not be made, if:

(1) corresponding information is included in the invitation to the General Meeting deciding on the share issue or available at the meeting deciding on the share issue, provided that the shareholder is present at the meeting; or

(2) corresponding information is published as provided in Chapter 2 of the Securities Markets Act.

(3) The contents of the share issue decision and the documents concerning the ~~state of finances~~ of the company, as referred to in Chapter 5, section 2(2), shall be kept available to the shareholders referred to in paragraph (1) for the duration of the subscription period. However, this obligation does not apply if the company has published a prospectus referred to in Chapter 2 of the Securities Markets Act, containing the corresponding information.

Section 9 — *Subscription*

The subscription for a share shall be verifiable. The subscription shall indicate the subscriber, the share issue decision on which the subscription is based, and the shares that are being subscribed for.

Section 10 — *Subscription price receivables*

(1) The company shall not convey or pledge its subscription price receivables. If the company is declared bankrupt, the receivable shall belong to the bankruptcy estate.

(2) Unless otherwise provided in the share issue decision, the subscription price may be set off against a receivable from the company only if the Board of Directors of the company consents to the same.

Section 11 — *Cash payment*

A subscription price paid in cash shall be credited to a company account in a Finnish depositary bank or a Finnish branch of a foreign credit institution licensed to accept deposits in Finland, or to a comparable foreign account.

Section 12 — *Payment in kind*

(1) If, instead of cash, the subscription price is paid in full or in part with other assets (*in-kind payment*), the assets shall at the time of conveyance have an ~~economic~~ value to the company at least equal to the subscription price. An undertaking to perform work or provide services shall not be used as in-kind payment.

(2) The share issue decision shall contain ~~a mention of~~ the payment of the subscription price in kind. In addition, the decision shall contain an account specifying the in-kind payment, the price to be paid by that means, the circumstances relating to the valuation of the assets, and the methods of valuation. If the provisions in this paragraph have not been complied with, the subscriber shall prove that the assets had an ~~economic~~ value to the company at least equal to the ~~price~~. Any shortfall shall be paid to the company in cash.

(3) If the subscription price is paid in cash on condition that the company is to acquire assets against consideration, the provisions on payment in kind apply correspondingly to the acquisition.

Section 13 — *Consequences of late payment*

(1) The Board of Directors may declare that the right to a share has been forfeited, if the subscription price and the possible overdue interest has not been paid when due, and the Board of Directors has not granted an extension to the subscriber. In this event, the Board of Directors may grant the subscription right to a third party or cancel the unpaid new share.

(2) A person whose right has been declared forfeited under paragraph (1) shall be liable to compensate the company with one tenth (1/10) of the subscription price in addition to the payment of any collection costs.

Section 14 — *Registration of new shares*

(1) Subscribed new shares may be notified for registration once they have been fully paid for and ~~the possible~~ other terms of subscription have been met. ~~At that time~~ the shares shall be notified for registration without undue delay and, if necessary, in several batches, taking due note of the rights of the shareholders on one hand and of the costs of notification to the company on the other hand. When more than one year has passed from the beginning of the subscription period, the register notification on new shares shall also be made without delay after the end of each financial period. When a new share is notified for registration, the possible increase of the share capital based on the subscription price of the share shall be notified for registration at the same time.

(2) The shares shall be notified for registration within five years of the share issue decision, unless a shorter period has been provided in the share issue decision; failing this, the issue of the shares shall lapse.

(3) The register notification shall contain the following information:

(1) a declaration by the Directors and the Chief Executive to the effect that the share issue has proceeded in accordance with the provisions of this Act; and

(2) a certificate by the auditors to the effect that the provisions of this Act on the payment for the shares have been complied with.

(4) If the share has been paid for in kind, the register notification shall also contain the statement of a certified auditor on the account referred to in section 12(2) and on whether the assets had ~~an economic~~ value to the company at least equal to the ~~price~~.

Section 15 — *Legal effects of registration*

(1) A new share shall carry shareholder's rights as of registration, unless a later point in time is provided in the share issue decision. In any event, the shares shall carry shareholder's rights no later than one year after registration.

(2) After registration, the shareholder shall not invoke the non-fulfilment of a term of subscription as a reason for being released from the subscription.

Section 16 — *Issue of treasury shares*

In the issue of treasury shares, a share shall not be transferred until the issue has been fully paid for. The possession of the share certificate or the book entry shall not be released to the transferee before the said point in time.

Bonus issue

Section 17 — *Contents of the decision*

A decision on a bonus issue shall contain the following information:

(1) the quantity of shares to be issued, broken down by share class, as well as whether new or treasury shares are to be issued; and

(2) who has the right to receive shares and, in a directed bonus issue, also the justification for the existence of an especially ~~persuasive economic~~ weighty financial reason to derogate from the precedence of the shareholders, as referred to in section 4(1).

Section 18 — *Registration and its legal effects*

(1) A bonus issue shall be notified for registration without delay after the bonus issue decision. In a directed bonus issue, the notification shall be accompanied by the statement of a certified auditor regarding the justification for the derogation to the precedence laid down in section 17(2).

(2) A new share shall carry shareholder's rights as of registration, unless a later point in time is provided in the bonus issue decision. In any event, the shares shall carry shareholder's rights no later than one year after registration.

Section 19 — *Forfeiture of a share*

If special measures, such as the production of the share certificate or a share issue coupon, are required of the recipient so as to receive a share in a bonus issue, and these measures have not been taken before ten years have passed from the registration of the bonus issue decision, the General Meeting may declare the right to the share and the respective shareholder's rights to be forfeited. The provisions on treasury shares apply to a forfeited share.

Section 20 — *Bonus issue to the company*

(1) The company may decide on a bonus issue to the company itself so that the new shares registered in the bonus issue are governed by the provisions on treasury shares. A bonus issue of this kind shall not be subject to the provisions on directed bonus issues.

(2) A public company shall not decide on a bonus issue referred to in paragraph (1), if the total quantity of treasury shares held by the company and its subsidiaries would then exceed one tenth ($^1/_{10}$) of all shares, as referred to in Chapter 15, section 11(1).

Chapter 10 — **Options and other share entitlements**

Section 1 — *Options and other share entitlements*

(1) If there is a financially weighty ~~persuasive economic~~ reason for the company to do so, the company may issue share entitlements, as provided in this Chapter, for the holder to receive new shares or treasury shares against payment. The holder may have the right to choose whether or not to subscribe for shares (*option*). The right may also be attached to ~~a commitment~~ an undertaking to subscribe for shares.

(2) A right referred to in paragraph (1) may be issued to a creditor of the company with the condition that the receivable of the creditor is to be set off against the subscription price of the share.

Section 2 — *Decision-making*

(1) The General Meeting shall decide on the issue of options and other share entitlements referred to in section 1.

(2) The decision of the General Meeting determining the maximum quantity of shares to be issued, broken down by share class, may also contain an authorisation to the Board of Directors to decide, in full or for some part, on the issue of options or other entitlements referred to in section 1. The authorisation shall be notified for registration without undue delay, and in any event no later than one month after the decision. Unless otherwise indicated in the authorisation, it shall remain in effect indefinitely. However, in a public company, the authorisation may remain in effect for at most five years from the decision. A new authorisation shall ~~supersede~~ an earlier one, unless ~~it is~~ otherwise decided upon.

(3) A General Meeting decision referred to in paragraph (1) or (2) shall be made by qualified majority, as referred to in Chapter 5, section 27. Chapter 5, sections 18—22, contain provisions on the invitation to the General Meeting, the meeting documents, their availability and delivery.

Section 3 — *Contents of the decision*

(1) The decision concerning the issue of options or other share entitlements referred to in section 1 shall contain the following information:

(1) the shares to which each option or other entitlement referred to in section 1 pertains, as well whether new or treasury shares are to be issued;

(2) the number or maximum number of options or other entitlements referred to in section 1 to be issued;

(3) ~~who has the right~~ to receive or to subscribe for options or other entitlements referred to in section 1;

(4) if the options or other entitlements referred to in section 1 are to be issued against payment, their subscription prices or other consideration for them, the subscription period and the deadline for payment;

(5) the subscription prices, subscription period and the deadline for payment for the shares;

(6) justification for the existence of the ~~persuasive economic~~ reason for the issue of the entitlements, as referred to in section 1(1), as well as justification for the determination of the subscription price or the other consideration for the rights and of the subscription price of the shares; and

(7) the status of the entitlements in a share issue, in the issue of entitlements under this Chapter in accordance with some other decision, in the distribution of company assets in accordance with Chapter 13, section 1(1), in the reacquisition of entitlements under this Chapter, in the merger of the company into another company, in the demerger of the company and in the redemption of minority shares in accordance with Chapter 18.

(2) Unless otherwise provided in the decision, the right of the holder of the entitlement to redemption in a merger or demerger shall also be governed by the provisions in Chapter 16, section 13, and Chapter 17, section 13.

(3) The ~~possible~~ subscription price of an option or another entitlement referred to in section 1 shall be credited to paid-up unrestricted equity reserves, unless it is provided in the decision that it is to be credited to the share capital.

Section 4 — *Registration of the decision*

(1) The decision to issue options or other entitlements referred to in section 1 shall be notified for registration without undue delay and in any event no later than one month after the decision.

(2) If it becomes evident that options or other entitlements referred to in section 1 are to be issued in a quantity smaller than the maximum provided in the decision, the change may be notified for registration.

Section 5 — *Subscribing for entitlements*

The subscription for options and other entitlements referred to in section 1 shall be verifiable. The subscription shall indicate the subscriber, the company decision on which the subscription is based and the entitlements to which the subscription pertains.

Section 6 — *Payment to the company*

The payment to the company of the subscription price or other consideration for an option or another entitlement referred to in section 1 shall be governed by the corresponding provisions in Chapter 9, sections 10—12 and 13(1) on the subscription price receivable, payment in cash, payment in kind and the consequences of late payment. In this event, the provisions in the said sections on the share issue decision apply to the decision referred to in section 3.

Section 7 — *Issue of shares*

(1) In other respects, the issue of shares shall be governed by the provisions in Chapter 9, sections 6 and 9—16 on a share issue against payment. ~~The~~ provisions in the said sections on the share issue decision apply to the decision referred to in section 3.

(2) However, the issue of shares under this Chapter shall not be subject to the deadline for the registration of new shares provided in Chapter 9, section 14(2).

Chapter 11 — **Increase of the share capital**

Section 1 — *Means of increasing the share capital*

The share capital may be increased:

(1) by crediting the subscription price of shares, options or other share entitlements in full or in part to the share capital, as provided in Chapters 9 and 10;

(2) by transferring assets from unrestricted equity reserves into the share capital (*increase from reserves*); or

(3) by crediting to the share capital assets that are invested into the company in a situation other than that referred to in ~~sub~~paragraph (1) on the condition that the assets be credited to the share capital (*share capital injection*).

Section 2 — *Increase from reserves*

(1) The General Meeting shall make the decision on an increase from reserves.

(2) The decision of the General Meeting laying down the maximum amount of the increase may also contain an authorisation for the Board of Directors to decide on the increase from reserves. The authorisation shall be notified for registration without undue delay, and in any event no later than one month after the decision. Unless otherwise provided in the authorisation, it shall remain in effect indefinitely. A new authorisation shall supersede an earlier one, unless ~~it is~~ otherwise decided upon.

(3) The decision on an increase from reserves shall indicate the amount of the increase and the assets to be used for the increase. The provisions in chapter 5, sections 18—22, apply to the invitation to the General Meeting, the meeting documents, their availability and delivery.

Section 3 — *Share capital injection*

(1) The Board of Directors shall make the decision to increase share capital on the basis of a share capital injection. The decision shall indicate the amount of the increase and the injection on which the increase is based.

(2) The provisions in chapter 9, sections 10—12, on the subscription price receivable, payment in cash and payment in kind apply correspondingly to the payment of the injection. In this event, the provisions in the said sections on the share issue decision apply to the decision to increase the share capital.

Section 4 — *Registration and legal effects of the increase*

(1) Chapter 9, section 14, contains provisions on the notification of a share capital increase for registration in the event that the share capital is being increased by the subscription price of new shares.

(2) A share capital increase other than one referred to in paragraph (1) shall be notified for registration without delay once the eventual payment has been received by the company and once the other terms of the increase have been met. The following information shall be attached to the register notification:

(1) a declaration by the Directors and the Chief Executive to the effect that the provisions of this Act have been complied with in the increasing of the share capital; and

(2) in an increase other than one from reserves, a certificate by the auditors to the effect that the provisions of this Act on the payment of the share capital have been complied with.

(3) If the increase has been paid for in kind, the register notification shall further contain a statement by a certified auditor on the account referred to in chapter 9, section 12(2) and on whether the assets had an ~~economic~~ value for the company at least equal to the payment.

(4) The share capital shall have been increased once the increase has been registered. After registration, the payer of the increase cannot invoke the non-fulfilment of a term of the transaction as a basis for being released from the transaction.

Chapter 12 — **Subordinated debt**

Section 1 — *Subordination and other terms of the debt*

(1) The company may take out debt (*subordinated debt*), where:

(1) the principal and interest are subordinate to all other debts in the liquidation and bankruptcy of the company;

(2) the principal may be otherwise repaid and interest paid only in so far as the sum total of the unrestricted equity and all of the subordinated debt of the company at the time of payment exceed the loss to be certified for the latest financial period or the loss on the balance sheet from ~~a~~ more recent financial statement; and

(3) the company or a subsidiary shall not post security for the payment of the principal and interest.

(2) The repayment of the principal, the payment of interest and the posting of security for subordinated debt in violation of the provisions in paragraph (1)

shall be subject to the provisions in Chapter 13, section 4, on the unlawful distribution of assets and in Chapter 25, section 1(4), on criminal penalties.

(3) The provisions in this section do not apply in the creditor protection referred to in Chapter 14, section 2, Chapter 16, section 6, Chapter 17, section 6, or Chapter 19, section 7. However, the amount due to the creditor of subordinated debt may be paid or security posted only after the measure requiring creditor protection has been registered. On the consent of the creditors of subordinated debt, the subordinated debt may be used for the payment of a share capital increase, converted into paid-up unrestricted equity or used to cover the loss of the company.

Section 2 — *Miscellaneous provisions on subordinated debt*

(1) A subordinated debt instrument shall be in writing. A change in the terms of the debt or the posting of security shall be void, if it is contrary to section 1(1).

(2) If interest due on subordinated debt cannot be paid, the interest shall be deferred to be paid on the basis of the first such financial statement that allows for payment.

(3) Different subordinated debts shall have an equal right to the assets of the company, unless it is otherwise agreed between the company and the creditors of subordinated debt.

(4) Subordinated debt shall be shown on the company balance sheet as a separate item.

PART IV — DISTRIBUTION OF THE ASSETS OF THE COMPANY

Chapter 13 — Distribution of assets

General provisions

Section 1 — *Methods of distribution of assets*

(1) The assets of the company may be distributed to the shareholders only as provided in this Act on:

(1) the distribution of profits (*dividend*) and the distribution of assets from unrestricted equity reserves;

(2) the reduction of the share capital, as referred to in Chapter 14;

(3) the acquisition and redemption of treasury shares, as referred to in Chapters 3 and 15; and

(4) the dissolution and deregistration of the company, as referred to in Chapter 20.

(2) Under section 9 of this Chapter, the company may have some other purpose than the accrual of profits to the shareholders. Section 8 contains provisions on the donation of company assets.

(3) Other transactions that reduce the assets of the company or increase its liabilities without a sound business reason shall constitute unlawful distribution of assets.

(4) Assets shall not be distributed before the company has been registered.

Section 2 — *Solvency*

Assets shall not be distributed, if it is known or should be known that the company is insolvent or that the distribution will cause the insolvency of the company.

Section 3 — *Distribution based on the financial statement*

The distribution of assets shall be based on the latest certified and audited financial statement. The ~~essential~~ changes in the ~~state of finances~~ of the company after the completion of the financial statement shall be taken into account in the distribution.

Section 4 — *Refund obligation*

Assets received from the company in contravention of this Act or the by-laws shall be refunded, if the recipient knew or should have known that the distribution was in contravention of this Act or the by-laws. The amount to be refunded shall bear annual interest at the current reference rate provided in section 12 of the Interest Act (633/1982; *korkolaki*).

Dividend and distribution of assets from unrestricted equity reserves

Section 5 — *Amount to be distributed*

Unless otherwise ensues from the application of section 2 on the solvency of the company, the company may distribute its unrestricted equity ~~reserves~~, less the assets that are to be left undistributed under the by-laws.

Section 6 — *Decision-making*

(1) The General Meeting shall make the decision ~~to distribute~~ assets. The provisions in chapter 5, sections 18—22, apply to the invitation to the General Meeting, the meeting documents, their availability and delivery. The General Meeting may decide ~~to distribute~~ assets in excess of what the Board of Directors has proposed or accepted only if it is under the obligation to do so under section 7 or the by-laws.

(2) The decision of the General Meeting laying down the maximum amount of assets to be distributed may also contain an authorisation for the Board of Directors to decide on the distribution of dividend or of assets from unrestricted equity reserves. The authorisation may remain in effect until the beginning of the next Ordinary General Meeting at most.

(3) The decision shall indicate the amount and type of assets to be distributed.

(4) On the consent of all shareholders, unrestricted equity reserves may also be distributed in a manner other than that referred to in section 1(1), unless ~~it is~~ otherwise provided in the by-laws.

Section 7 — *Minority dividend*

(1) At least one half of the profits of the financial period, less the amounts not to be distributed under the by-laws, shall be distributed as dividend, if a demand to this effect is made in the Ordinary General Meeting by shareholders with at least one tenth (1/10) of all shares before the decision on the use of the profits has been made. However, a shareholder shall not demand the distribution of profits in excess of the amount that can be distributed under this chapter in the absence of consent by the creditors, nor in excess of eight per cent (8%) of the equity of the company. The possible distributions of profits during the financial period and before the Ordinary General Meeting shall be subtracted from the amount to be distributed.

(1) Provisions on the minority dividend different from those in paragraph (1) may be taken into the by-laws. The right to the minority dividend may be restricted only on the consent of all shareholders.

Miscellaneous provisions on the distribution of assets

Section 8 — *Donations*

The General Meeting may make a decision on a donation for ~~philanthropic~~ or other corresponding purposes, if the amount of the donation can be deemed reasonable in view of the purpose, the ~~state~~ of the company and other circumstances. The Board of Directors may use funds for such purposes in so far as their amount is insignificant in view of the state of the company.

Section 9 — *Not-for-profit company*

If the company has, in full or in part, a purpose other than the accrual of profit for the shareholders, a provision to this effect shall be ~~taken into~~ the by-laws. In this event, the by-laws shall contain provisions on the use of equity in the situations referred to in section 1(1).

Section 10 — *Financing the acquisition of ~~company~~ shares*

(1) The company shall not provide loans, assets or security for the purpose of a third party acquiring shares in the company or its parent company.

(2) The provision in paragraph (1) does not apply to measures taken within the ~~bounds~~ of the distributable assets and aiming for the acquisition of shares for employees of the company or a company that is ~~an insider~~ as referred to in Chapter 8, section 6(2).

Chapter 14 — **Reduction of the share capital**

Section 1 — *Decision-making*

(1) The General Meeting may make a decision on the distribution of share capital, the reduction of the share capital in order to transfer assets to unrestricted equity reserves, and the use of the share capital to cover at once such losses that cannot be covered from unrestricted equity (*loss coverage*). The share capital shall not be reduced below the minimum share capital referred to in Chapter 1, section 3(1).

(2) The decision shall indicate the amount or maximum amount of the reduction and the purpose referred to in paragraph (1) for which the amount of reduction is intended. The provisions in chapter 5, sections 18—22, apply to the invitation to the General Meeting, the meeting documents, their availability and delivery.

(3) Chapter 15 contains provisions on decision-making in respect of the acquisition and redemption of treasury shares. Chapters 16, 17, 19 and 20 contain provisions on decision-making and creditor protection in respect of a merger, a demerger, a change of corporate form and the dissolution of the company.

Section 2 — *Creditor protection*

(1) The creditors of the company whose receivables have arisen before the issue of the public notice referred to in section 4 shall have the right to object to the reduction of the share capital. However, they shall not have this right if the amount of the reduction is to be used for loss coverage or if the share capital is at the same time increased at least by the amount of the reduction.

(2) If the share capital has been reduced for loss coverage, the unrestricted equity of the company may be distributed to the shareholders during the three years following the registration of the reduction only in accordance with the creditor protection provided in sections 3—5. However, a creditor shall not have the

right to object to the distribution if the share capital has been increased by at least the amount of the reduction.

Section 3 — *Register notification and application for a public notice*

If the creditors have the right to object to the reduction of the share capital, as referred to in section 2(1), the company shall notify the reduction for registration within one month of the decision and apply to the register authority for the issue of a public notice referred to in section 4; failing this, the decision shall lapse.

Section 4 — *Public notice to creditors*

(1) Once the register authority receives an application referred to in section 3, it shall issue a public notice to the company's creditors referred to in section 2(1), indicating that they have the right to object to the reduction by so informing the register authority in writing by the due date indicated in the public notice. The register authority shall publish the public notice in the *Official Gazette* no later than three months before the due date, as well as register the public notice on its own motion.

(2) No later than one month before the due date, the company shall send a written notification of the public notice to its known creditors referred to in section 2(1). A declaration by a Director or the Chief Executive on the sending of the notifications shall be delivered to the register authority by the due date.

(3) The register authority shall notify the company about the objections filed with it without delay after the due date.

Section 5 — *Preconditions of registration*

(1) The register authority shall register the reduction of the share capital of the company, if no creditor has objected to the reduction or if it is affirmed by court judgment that the creditor has received payment or full security for the receivable.

(2) If a creditor has objected to the reduction, the decision on the reduction of the share capital shall lapse in one month from the deadline. However, the register authority shall suspend the proceedings in the matter, if the company shows that it has, within one month of the deadline, brought an action for the affirmation that the creditor has received payment or full security for the receivable, or if the company and the creditor together request that the proceedings be suspended.

(3) The share capital shall have been reduced when the reduction has been registered.

Section 6 — *Registration of other forms of reduction of share capital*

(1) A decision on the reduction of the share capital that the creditors cannot ~~according to~~ section 2(1) object to shall be notified by the company for registration within one month of the decision; failing this, the decision shall lapse. The share capital shall have been reduced when the reduction has been registered.

(2) The reduction of the share capital and an increase of the share capital, as referred to in section 2(1), shall be notified for registration at the same time.

Section 7 — *Creditor protection in the amendment of the by-laws*

It may be provided in the by-laws that the company's creditors referred to in section 2(1) have the right, in accordance with the procedure provided in sections 3—5, to object to the amendment of a given term in the by-laws or a derogation from such a term. In this event, the provisions in sections 3—5 on

the reduction of the share capital apply to the amendment of the by-laws or to the derogation from them. However, the one-month deadline referred to in section 3 does not apply.

Chapter 15 — **Treasury shares**

General provisions

Section 1 — *Acquisition, redemption and acceptance as pledge*

(1) In accordance with this Chapter, the company may make a decision:

(1) to acquire treasury shares (*acquisition*);

(2) to the effect that a shareholder is to convey shares to the company for free or for consideration (*redemption*); and

(3) to accept its own shares as pledge.

(2) If the acquisition or redemption proceeds by way of the reduction of share capital, the provisions in Chapter 14 shall likewise be complied with.

Section 2 — *Restrictions of scope*

The provisions in this Chapter on acquisition, redemption and acceptance as pledge do not apply, when the company:

(1) acquires a business by way of merger, demerger or other transfer and thereby acquires treasury shares owned or held as pledge by the acquired business;

(2) purchases in a bailiff's auction a share that has been distrained to enforce the receivable of the company; or

(3) receives a treasury share for no consideration.

Section 3 — *Other redemption situations*

(1) The provisions in this Chapter on redemption do not apply to the redemption of the shares of shareholders objecting to a merger, as referred to in Chapter 16, section 13, or objecting to a demerger, as referred to in Chapter 17, section 13.

(2) It may be provided in the by-laws, as referred to in Chapter 3, section 7, that a shareholder, the company or a third party has the right to redeem a share transferred to a new shareholder; provisions may likewise be ~~taken into~~ included in the by-laws on the right or obligation of the company to acquire or redeem shares as referred to in section 10 of this Chapter.

Section 4 — *Retention, cancellation and transfer*

(1) Shares that have been acquired or redeemed or that have otherwise come to the possession of the company may be retained as treasury shares, cancelled or transferred further.

(2) Section 12 contains provisions on cancellation and Chapter 9 contains provisions on further transfer. Section 12(2) and (3) of this chapter contain provisions on the duty to transfer or to cancel treasury shares acquired or redeemed in violation of the provisions of this Act.

Acquisition and redemption of treasury shares

Section 5 — *General provisions on decision-making*

(1) The General Meeting shall make the decision on acquisition and redemption. In a public company, the decision shall be made by qualified majority, as referred to in Chapter 5, section 27.

(2) The decision of the General Meeting, indicating the quantity of ~~the~~ shares to be acquired, broken down by share class, the period of ~~effect~~ validity of the authorisation, and the minimum and maximum amounts of consideration, may contain an authorisation for the Board of Directors to decide on the acquisition in full or in part. The authorisation may remain in effect for at most 18 months. Treasury shares may be acquired on the basis of an authorisation only by using unrestricted equity for the purpose.

(3) The provisions in Chapter 5, sections 18—22, apply to the invitation to the General Meeting, the meeting documents, their availability and delivery. When the Board of Directors of a public company proposes the redemption of treasury shares so that the share capital of the company is thereby reduced, the invitation to the General Meeting shall indicate the purpose of the redemption and the manner of reduction of the share capital.

Section 6 — *Directed acquisition and directed redemption*

(1) Treasury shares may be acquired in a proportion other than that of the shares held by the shareholders (*directed acquisition*) if there is a ~~persuasive economic~~ financially weighty reason for the company to do so. In the assessment of the acceptability of a directed acquisition, special attention shall be paid to the consideration offered and the current price of the share. The decision of the General Meeting shall be made by qualified majority, as referred to in Chapter 5, section 27. The same provision applies to the granting of an authorisation to the Board of Directors, where the right of the Board of Directors to decide on a directed acquisition is not excluded.

(2) Treasury shares may be redeemed in a proportion other than that of the shares held by the shareholders (*directed redemption*) only by the consent of all shareholders. However, a public company may decide by qualified majority, as referred to in Chapter 5, section 27, that shares are to be reverse split, as referred to in section 9 of this Chapter. In addition, the by-laws may contain a redemption clause referred to in section 10 of this Chapter.

(3) If the Board of Directors proposes that the General Meeting decide on a directed acquisition, directed redemption or the authorisation for the Board of Directors to decide on an acquisition where the right to decide on a directed acquisition has not been excluded, a mention to this effect shall be taken into the invitation to the General Meeting.

Section 7 — *Contents of the acquisition or redemption decision*

The decision to acquire or to redeem treasury shares shall contain the following information:

(1) whether the matter is of acquisition or redemption;

(2) the quantity (number) or maximum quantity of shares that the decision concerns, broken down by share class;

(3) the persons from whom the shares are to be acquired or redeemed and, if necessary, the order in which the acquisition or redemption is to take place, and in a directed acquisition the justification for the existence of the ~~persuasive economic~~ financially weighty reason for a directed acquisition, as referred to in section 6(1);

(4) the period during which the shares to be acquired are to be offered to the company, or the date when the shares are to be redeemed;

(5) the consideration to be paid for the shares and the grounds for the determination of the consideration and, if assets other than money are to be given as consideration, an account of the value of the said assets;

(6) the date of payment of the consideration; and

(7) the effects of the procedure on the equity of the company.

Section 8 — *Access of shareholders to information*

(1) A shareholder who according to the acquisition decision has the right to sell shares to the company shall be notified of the decision in the same manner as that used in the delivery of invitations to the General Meeting before the beginning of the period during which the shares are to be offered to the company. At the same time, the shareholder shall be notified of how and when the shareholder is to act in order to exercise the right.

(2) The notification referred to in paragraph (1) need not be made, if:

(1) the corresponding information appears in the invitation to the General Meeting deciding on the acquisition, or is available at the meeting deciding on the acquisition, provided that the shareholder is present at that meeting; or

(2) the corresponding information is published as provided in the Securities Markets Act.

(3) The contents of the acquisition decision and the documents on the ~~state of finances~~ financial position of the company, as referred to in Chapter 5, section 21(2), shall be kept available for the shareholders referred to in paragraph (1) of this section for the duration of the period during which the shares to be acquired are to be offered to the company. However, this obligation does not apply, if the company has published an offer document referred to in Chapter 6 of the Securities Markets Act, containing the corresponding information.

Section 9 — *Reverse share split in a public company*

(1) A public company may decide by qualified majority, as referred to in Chapter 5, section 27, to redeem a given proportion of the shares of all shareholders (*reverse share split*), if the emergence → occurrence ? of share fractions is prevented in the redemption decision as follows:

(1) the quantity of shares to be redeemed in each share class is an integer;

(2) the quantity of shares to be redeemed from each shareholder, for each share class, is rounded up to the nearest integer, if necessary; H in public trading

(3) the company sells without delay the surplus shares accruing to it because of the rounding referred to in subparagraph (2), ~~on the open market~~ as referred to in Chapter 1, section 3 of the Securities Markets Act or in an open auction on the behalf of the shareholders referred to in subparagraph (2); and H actually

(4) the funds derived from the sale of the shares referred to in subparagraph (3) are paid out to the shareholders in proportion of the differences obtained by subtracting the quantity of shares that would be redeemed from each shareholder in the absence of rounding from the quantity of shares ~~in fact~~ redeemed from each shareholder.

(2) The funds derived from the sale of the shares shall be paid out to the shareholders without delay. After the date of redemption, the funds shall bear interest at the current reference rate provided in section 12 of the Interest Act. The company shall deposit the funds derived from the sale on an account in a depositary bank in Finland or in a branch of a foreign credit institution licensed to accept deposits in Finland, or into a comparable foreign account, so that there is no risk of the funds being confused with the assets of the company. In its books, the company shall keep the funds separate from its ~~own~~ assets. H S

(3) A ~~persuasive economic~~ reason shall be required for a reverse share split. The decision on a reverse share split shall not be made, if the redemption according to the shareholder register would ~~ensue~~ in the redemption of the entire shareholding from more than one in a hundred (1/100) shareholders. The provisions in section 6(3) apply to the invitation to the General Meeting.

Section 10 — *Terms of acquisition and redemption*

(1) It may be provided in the by-laws that the company has the right or the obligation to acquire or redeem treasury shares. In this event, provisions shall be ~~taken into~~ the by-laws on the following:

(1) whether the matter is of acquisition or redemption;

(2) whether the company has the right or the obligation to acquire or redeem;

(3) which shares the provision concerns and, if necessary, in which order the shares are to be acquired or redeemed;

(4) the procedure to be observed;

(5) the consideration to be paid for the shares or the basis for the calculation of the consideration; and

(6) the assets that can be used for the payment of the consideration.

(2) In a public company, the General Meeting shall make the decision on the exercise of the right of the company to acquire or redeem shares. The General Meeting may authorise the Board of Directors to make the decision in this respect. The authorisation shall be notified for registration no later than one month after the decision. The authorisation may remain in effect for at most five years. In other circumstances, the decision on acquisition or redemption may be made by the Board of Directors.

Section 11 — *Restrictions to acquisition, redemption and acceptance as pledge*

(1) In a public company, the decision to acquire or redeem treasury shares or to accept them as pledge shall not be made so that the treasury shares in the possession of, or held as pledges by, the company and its subsidiaries would exceed one tenth (1/10) of all shares.

(2) A private company shall not acquire or redeem all of its shares.

Section 12 — *Cancellation and transfer of treasury shares in certain situations*

(1) The Board of Directors may decide to cancel treasury shares. The cancellation shall be notified for registration without delay. The shares shall have been cancelled once the notification has been registered.

(2) Shares acquired or redeemed in violation of the provisions of this Act shall be transferred without undue delay, and in any event no later than one year after the acquisition or redemption. If a public company and its subsidiaries hold treasury shares in excess of one tenth (1/10) of all shares because shares have been acquired in the manner referred to in section 2, the shares that exceed the said proportion shall be transferred within three years of the acquisition.

(3) If the shares have not been transferred within the period provided in paragraph (2), they shall be cancelled. The treasury shares held by the parent company shall be cancelled before the shares in the parent company held by its subsidiaries.

Acceptance of treasury shares as pledge and subscription for treasury shares

Section 13 — *Treasury shares as pledge*

(1) A company may accept treasury shares as pledge. In a public company, the decision to accept treasury shares as pledge shall be made in accordance with the same rules as in the acquisition of treasury shares.

(2) Besides the provisions in chapter 10 of the Code of Commerce (*kauppakaari*), the sale of treasury shares held as pledge shall be governed by the provisions in chapter 9 of this Act on the transfer of treasury shares.

Section 14 — *Subscription for treasury shares and shares in a parent company*

(1) A company or its subsidiary shall not subscribe for shares in the company against consideration. If the company has subscribed for its shares in the context of incorporation, the signatories of the contract of incorporation shall be deemed to have subscribed for the shares. If the company has subscribed for its shares in a share issue against consideration, the Directors and the Chief Executive shall be deemed to have subscribed for the shares. If a subsidiary has subscribed for shares in the parent company, the Directors and the Chief Executive of the parent company and the persons in corresponding positions in the subsidiary shall be deemed to have subscribed for the shares. The subscribers shall be jointly and severally liable for the payment of the subscription price. However, a person who proves that he or she objected to the subscription or did not know and should not have known of the subscription shall not be deemed a subscriber

(2) A person who has subscribed for shares in a company in his or her own name but on the behalf of the company or a subsidiary shall be deemed to have subscribed for the shares on his or her own behalf.

(3) Chapter 9, section 20, contains provisions on a bonus issue to the company itself.

PART V — CHANGE OF CORPORATE FORM AND THE DISSOLUTION OF THE COMPANY

Chapter 16 — Merger

Definition of a merger and forms of merger

Section 1 — *Merger*

A company (*merging company*) may merge into another company (*acquiring company*), in which event the assets and liabilities of the merging company are transferred to the acquiring company and the shareholders of the merging company receive shares in the acquiring company as merger compensation. The merger compensation may also consist of cash, other assets and future commitments.

Section 2 — *Forms of merger*

(1) A merger may occur so that:

(1) one or several merging companies merge into the acquiring company (*absorption merger*); or

(2) at least two merging companies merge by way of incorporating an acquiring company together (*combination merger*).

(2) A *subsidiary merger* is defined as an absorption merger where the companies involved in the merger own all of the shares of the merging company and, where appropriate, all options and other share entitlements in the company.

(3) A *tripartite merger* is defined as an absorption merger where a party other than the acquiring company provides the merger compensation.

(4) For the purposes of this Chapter, the *companies involved in the merger* are defined as the merging company and the acquiring company.

Merger proposal and the statement of a certified auditor

Section 3 — *Merger proposal*

(1) The Boards of Directors of the companies involved in the merger shall draw up a written merger proposal, which shall be dated and signed. In a tripartite merger, also the provider of the merger compensation shall sign the merger proposal.

(2) The merger proposal shall contain the following information:

(1) the trade names of the companies involved in the merger and, where appropriate, the trade name of the other provider of merger compensation, their company or corporate identification numbers or other corresponding identifying information, and their domiciles;

(2) an account of the reasons for the merger;

(3) in an absorption merger a proposal, where appropriate, for the amendment of the by-laws of the acquiring company and in a combination merger a proposal for the by-laws of the company to be incorporated and for how the members of the organs of that company are to be appointed;

(4) in an absorption merger a proposal, where appropriate, for the quantity of the shares to be issued as merger compensation, broken down by share class, as well as whether new shares or treasury shares are to be issued, and in a combination merger a proposal for the quantity of the shares of the acquiring company, broken down by share class;

(5) a proposal, where appropriate, for other merger compensation and, if that consideration consists of options or other share entitlements, the terms of the same, as referred to in Chapter 10, section 3;

(6) a proposal for the division of the merger compensation, the point in time of the payment of the compensation and the other terms relating to the provision of the compensation, as well as an account of the grounds for the same;

(7) an account on or a proposal for the rights in the merger of the holders of options and other share entitlements in the merging company;

(8) in an absorption merger a proposal, where appropriate, for the increase of the share capital of the acquiring company and in a combination merger a proposal for the share capital of the acquiring company;

(9) an account of the assets, liabilities and equity of the merging company and of the circumstances relevant to their valuation, the intended effect of the merger on the balance sheet of the acquiring company, as well as of the accounting methods to be applied in the merger;

(10) a proposal for the right of the companies involved in the merger to decide on arrangements beyond their normal business operations and affecting their equity or outstanding shares;

(vrt. Chapter 12)

(11) an account of subordinated loans whose creditors are entitled to object to the merger, as referred to in section 6;

(number) (12) an account of the quantity of shares in the acquiring company and its parent company held by the merging company and its subsidiaries, as well as of the quantity of shares in the merging company held by the companies involved in the merger;

(13) an account of the business mortgages pertaining to the assets of the companies involved in the merger, as referred to in the Business Mortgages Act (634/1984; *yrityskiinnityslaki*);

(14) an account of or a proposal for the perquisites and rights to be granted to the Supervisors and the Directors of the companies involved in the merger, their Chief Executives, their auditors and the certified auditor issuing a statement on the merger proposal;

(15) a proposal for the intended date of registration of the implementation of the merger; and

(16) a proposal, where appropriate, for the other terms of the merger.

(3) The provisions in paragraphs (2)(4)—(2)(8) and (2)(10) do not apply in a subsidiary merger.

Section 4 — *Statement of a certified auditor* H distribution/allocation?

(1) The companies involved in the merger shall designate one or several certified auditors to issue a statement on the merger proposal to each of the companies involved in the merger. The statement shall contain an analysis of whether fair and sufficient information has been provided on the grounds for setting the merger compensation, as well as on the ~~division~~ of the consideration. The statement to be issued to the acquiring company shall also indicate whether the merger is conducive to compromising the repayment of the company's debts.

(2) If all shareholders of the companies involved in the merger consent to the same, or if the matter is of a subsidiary merger, only a statement as to whether the merger is conducive to compromising the repayment of the company's debts shall be ~~needed~~. H required

Registration of the merger proposal and public notice to the creditors

Section 5 — *Registration of the merger proposal*

(1) The merger proposal shall be notified for registration within one month from the signing of the proposal. The statement referred to in section 4 shall be attached to the notification.

(2) The notification shall be made by the companies involved in the merger together. In a subsidiary merger, the notification shall be made by the parent company.

(3) The merger shall lapse, if the notification is not made in time or if registration is refused.

Section 6 — *Public notice to creditors*

(1) The creditors of the merging company whose receivables have arisen before the registration of the merger proposal shall have the right to object to the merger.

(2) On the application of the merging company, the register authority shall issue a public notice to the creditors referred to in paragraph (1), containing ~~a~~/ reference to ~~mention of~~ the right of the creditor to object to the merger by so informing the register authority in writing no later than on the due date indicated in the

public notice. The issue of the public notice shall be applied for within four months of the registration of the merger proposal; failing this the merger shall lapse. The register authority shall publish the public notice in the *Official Gazette* no later than three months before the due date, as well as register the notice on its own motion.

(3) On the application of the acquiring company, a public notice shall likewise be issued to the creditors of the acquiring company, if the merger is according to the statement referred to in section 4 conducive to compromising the repayment of the debts of the acquiring company. In this event, the provisions in this chapter on the creditors of the merging company apply to the creditors of the acquiring company.

Section 7 — *Written notification by the company to the creditors*

No later than one month before the due date, the company shall send a written notification of the public notice to its known creditors referred to in section 6(1). If a shareholder of the merging company or the holder of an option or some other share entitlement has demanded redemption, as referred to in section 13, the creditors shall be notified of the quantities of shares and entitlements that have been requested to be redeemed. The notification shall not be sent before the General Meeting deciding on the merger has been held. However, if all shareholders and holders of the entitlements mentioned above have declared that they waive the right of redemption or if they otherwise do not have the right of redemption, the notification may be sent already earlier.

Section 8 — *Business restructuring*

(1) Business restructuring proceedings, as referred to in the Business Restructuring Act (47/1993; *laki yrityksen saneerauksesta*), shall replace the public notice referred to in section 6; a creditor shall have no right to object to the merger in accordance with this Act, if all companies involved in the merger belong to the same corporate group and the restructuring programme is certified for all of them at the same time.

(2) The merger proposal and its attachments shall be appended to the proposed restructuring programme.

Merger decision

Section 9 — *Competent organ and timing of the decision*

(1) In the merging company, the General Meeting shall make the decision on a merger. However, in a subsidiary merger, the decision may be made by the Board of Directors of the merging company.

(2) In the acquiring company, the Board of Directors shall make the decision on a merger. However, the decision shall be made by the General Meeting, if shareholders with at least one twentieth (1/20) of the shares in the company so request.

(3) The General Meeting that is to decide on the merger shall be held or the Board of Directors' decision on the merger made within four months of the registration of the merger proposal; failing this, the merger shall lapse. In any event, the General Meeting shall be held no later than one month before the due date referred to in section 6, unless all shareholders and, where appropriate, all holders of options or other share entitlements have waived their right to demand redemption.

(4) The merger decision of the General Meeting shall be made by qualified majority, as referred to in Chapter 5, section 27.

Section 10 — *Invitation to the General Meeting and notice to holders of options and other share entitlements*

(1) The invitation to the General Meeting that is to decide on the merger shall not be delivered before the merger proposal has been registered. The invitation shall be delivered no earlier than two months and, unless a longer period has been provided in the by-laws, no later than one month before the General Meeting, the last date for advance notices of participation, as referred to in chapter 5, section 7, or the deadline ~~date~~ for companies in the book-entry system, as referred to in chapter 4, section 2(2). However, in a public company, the invitation shall not be delivered earlier than three months before the date referred to above.

(2) In addition to the provisions of the by-laws on the invitation to the General Meeting, the invitation shall in the merging company be sent in writing to all shareholders whose addresses are known to the company. The invitation to the General Meeting of the merging company shall ~~mention~~ the shareholders' right to demand redemption, as provided in section 13. The merging company shall, within the time limit provided in paragraph (1), give notice of the right of redemption referred to in section 13 to those holders of options or other share entitlements who have the right to demand redemption and whose addresses are known to the company. If the addresses of all rightsholders with the right of redemption are not known to the company, the notice of the right of redemption shall also be published in the *Official Gazette* within the same time limit.

(3) If the General Meeting of the acquiring company is not to be convened, a notice of the merger shall be delivered to the shareholders in the same manner as an invitation to a General Meeting. Within one month of the notice, a shareholder may demand in writing that the decision on the merger be made by the General Meeting.

(4) In the acquiring company, the invitation may be delivered within the time limit referred to in chapter 5, section 19(1), if the decision on the merger is on the request of a shareholder to be made by the General Meeting and if the time between the notice referred to in paragraph (3) of this section and the General Meeting, the last date for advance notices of participation, as referred to in chapter 5, section 7, or the deadline ~~date~~ for companies in the book-entry system, as referred to in chapter 4, section 2(2), is at least one month or the longer invitation period provided in the by-laws.

Section 11 — *Availability and delivery of documents*

(1) For at least a month before the General Meeting that is to decide on the merger and as of the delivery of the notice referred to in section 10(3), the following documents shall be kept available to the shareholders at the head office or website of each company involved in the merger, sent without delay to the shareholder who so requests, as well as kept available at the General Meeting:

(1) the merger proposal;

(2) the financial statements, company reports and audit reports of each company involved in the merger, for the past three completed financial periods;

(3) if more than six months have passed from the end of the financial period of a public company involved in the merger to the signing of the merger proposal, the financial statement, company report and audit report of the

company dated no earlier than three months before the signing of the merger proposal;

(4) where appropriate, the decisions made by each company involved in the merger after the end of the past financial period regarding the distribution of assets;

(5) the interim reports given by each company involved in the merger since the end of the past financial period;

(6) a report by the Board of Directors on the events with ~~an essential~~ effect on the ~~state~~ of the company that have occurred after the financial statement or interim report; and

(7) a statement on the merger proposal referred to in section 4.

(2) In a tripartite merger, the documents referred to in chapter 5, section 21(2) concerning the provider of the merger compensation shall be kept available to the shareholders. If there ~~is~~ no financial statement, an account of the ~~state of finances~~ of the company for the past financial period or, in case there is no such account, for the past calendar year and for the subsequent period, shall be kept available.

Section 12 — *Legal effects of the merger decision*

(1) The merger decision of the merging company shall replace the subscription for the merger compensation and the other measures that establish a right in the merger compensation, as carried out by the shareholders of the merging company and the holders of options and other share entitlements. In a combination merger, the merger proposal shall also replace the contract of incorporation of the acquiring company.

(2) If the merger is not approved unchanged in accordance with the merger proposal in each of the companies involved in the merger, the merger shall lapse. The decision not to approve the merger or the lapse of the merger shall be notified for registration without delay.

Redemption of shares, options and other share entitlements

Section 13 — *Redemption procedure*

(1) A shareholder in the merging company may in the General Meeting that is to decide on the merger ~~demand~~ that his or her shares be redeemed; the shareholder shall be reserved an opportunity to make this demand before the decision on the merger is made. Shares may be redeemed only if they have been notified to be entered into the share register by the General Meeting or the last date for advance notices of participation or, if the shares are in the book-entry system, they have been entered into the book-entry account of the demander by the deadline ~~date~~ referred to in Chapter 4, section 2(2). A shareholder who demands redemption shall vote against the merger decision.

(2) The holder of options or other share entitlements may demand the redemption of the entitlement in the General Meeting that is to decide on the merger or verifiably file a written demand to this effect with the merging company before the General Meeting. Before a decision on the merger is made, the General Meeting shall be informed of how many entitlements are subject to demands of redemption.

(3) If no agreement is reached with the acquiring company on the redemption of shares, options or other share entitlements or on the terms of the redemption, the matter shall be submitted to arbitration in accordance with the provisions in Chapter 18, sections 3—5 and 8—10, on the ~~decision~~ of redemption disputes. The shareholder or holder of an entitlement shall initiate the

proceedings no later than one month after the General Meeting. Once the proceedings have been initiated, the shareholder and the holder of the entitlement shall only have a right to the redemption price. If it is later determined in the redemption proceedings that they have no right of redemption, they shall have a right to the merger compensation in accordance with the merger proposal. If the merger lapses, also the redemption proceedings shall lapse.

(4) The current price of the share, option or other share entitlement at the time preceding the merger decision shall serve as the redemption price. In the determination of the redemption price, the depreciating effect that the merger may have on the price of the merging company's shares, options and other share entitlements shall not be taken into account. The redemption price shall bear annual interest between the merger decision and the payment of the redemption price at the current reference rate provided in section 12 of the Interest Act.

(5) The redemption price shall be paid within one month of the award becoming ~~res judicata~~, but in any event not before the registration of the implementation of the merger. The redemption price may be deposited as provided in Chapter 18, section 11(2) and (3).

(6) The acquiring company shall be liable for the payment of the redemption price. The merging company shall without delay notify the acquiring company of any demands for redemption.

Implementation and legal effects of the merger

Section 14 — *Notification of the implementation of the merger*

(1) The companies involved in the merger shall notify the register authority of the implementation of the merger within four months of the merger decision; failing this, the merger shall lapse. The following information shall be attached to the notification:

(1) a declaration of the Directors and the Chief Executives of each company involved in the merger to the effect that the provisions of this Act have been complied with in the merger;

(2) a certificate of a certified auditor to the effect that the acquiring company has received full consideration for the amount credited to its equity, as well as a statement regarding the account in the merger proposal referred to in section 3(2)(9); and

(3) a certificate of a Director or the Chief Executive on the sending of the notifications referred to in section 7.

(2) In a subsidiary merger, the parent company shall see to the notification. Notwithstanding the provisions in paragraph (1), only a declaration by a Director or the Chief Executive to the effect that the provisions of this Act have been complied with in the merger and a certificate of the sending of the notifications referred to in section 7 need be attached to the notification.

Section 15 — *Preconditions for registration*

(1) The register authority shall register the merger, if no creditor has objected to the merger or if it is affirmed by a court judgment that the creditor has received payment or full security for the receivable.

(2) If a creditor has objected to the merger, the register authority shall notify the company of the same without delay after the due date. If a creditor objects, the merger shall lapse in one month after the due date. However, the register authority shall suspend the proceedings, if the company shows that it has

within one month of the due date brought an action in order to have the court affirm that the creditor has received payment or full security for the receivable, or if the company and the creditor together request that the proceedings be suspended.

(3) The merger may be implemented even if the merging company has been placed in liquidation, unless the distribution of the assets of the company to the shareholders, as referred to in chapter 20, section 3, has already begun.

(4) If the assets of more than one of the companies involved in the merger are subject to a business mortgage, as referred to in the Business Mortgages Act, the merger shall not be registered, except if the company and the mortgage holders have together applied for the registration of an agreement on the order of precedence of the mortgages and that agreement is to be registered at the same time.

Section 16 — *Legal effects of the merger*

(1) The assets and liabilities of the merging company shall be transferred to the acquiring company without liquidation once the implementation of the merger has been registered. At the same time, the merging company shall dissolve and, in a combination merger, the acquiring company shall be established.

(2) The assets and liabilities of the merging company shall not be entered into the balance sheet of the acquiring company at a value higher than their ~~economic~~ financial value to the acquiring company. An undertaking to perform work or services shall not be entered into the balance sheet in the context of a merger.

(3) At the moment of registration of the implementation of the merger the shareholders of the merging company and the holders of options and other share entitlements shall become entitled to the merger compensation (consideration) in accordance with the merger proposal. The new shares to be issued as merger compensation shall carry shareholder's rights as of the moment of registration, unless a later point in time is determined in the merger proposal. However, the shares shall carry shareholder's rights no later than one year after the registration. Shares in the merging company held by the acquiring company or the merging company shall not carry a right to the merger compensation.

(4) If the receipt of the merger compensation requires specific measures from the recipient, such as the production of the share certificate, and the compensation is not claimed in this manner within ten years of the registration of the implementation of the merger, the General Meeting of the acquiring company may decide that the right to the merger compensation and the respective rights have been forfeited. The forfeited compensation shall devolve on the acquiring company.

Section 17 — *Final accounts*

(1) The Board of Directors and Chief Executive of the merging company shall as soon as possible after the implementation of the merger draw up the financial statement and company report for the period not yet covered by a financial statement submitted to the General Meeting (*final accounts*). The final accounts shall be given to the auditors, who shall issue their report on the final accounts within one month.

(2) On receipt of the audit report, the Board of Directors shall without delay call the shareholders to a shareholders' meeting to approve the final accounts. The provisions on a General Meeting apply to the shareholders' meeting.

(3) The final accounts shall be notified for registration as provided in chapter 8, section 10.

Section 18 — *Reversal of the merger*

Even if the merger has been registered, it shall be reversed if the merger decision is invalid according to a ~~*res judicata*~~ court judgment. The merging company and the acquiring company shall be jointly and severally liable for the obligations of the acquiring company that have arisen after the registration of the merger but before the registration of the judgment.

Chapter 17 — **Demerger**

Definition and forms of demerger

Section 1 — *Demerger*

A company (*demerging company*) may demerge so that the assets and liabilities of the demerging company are transferred in full or in part to one or several companies (~~*demerged company*~~) and so that the shareholders of the demerging company receive shares in the demerged company as demerger compensation. The demerger compensation may also consist of cash, other assets or undertakings.

Section 2 — *Forms of demerger*

(1) A demerger may proceed so that:

(1) all of the assets and liabilities of the demerging company are transferred to two or more demerged companies and the demerging company dissolves (*full demerger*); or

(2) some of the assets and liabilities of the demerging company are transferred to one or several demerged companies (*partial demerger*).

(2) *Demerger into an existing company* is defined as a demerger where the demerged company has been incorporated before the implementation of the demerger and *demerger into a prospective company* is defined as a demerger where the demerged company is incorporated in the context of the demerger. A demerger may proceed into an existing company and into a prospective company at the same time.

(3) For the purposes of this chapter, *companies involved in a demerger* are defined as the demerging company and the demerged company.

Demerger proposal and the statement of a certified auditor

Section 3 — *Demerger proposal*

(1) The Boards of Directors of the companies involved in the demerger shall draw up a written demerger proposal, which shall be dated and signed.

(2) The demerger proposal shall contain the following information:

(1) the trade names of the companies involved in the demerger, their company or corporate identification numbers or other corresponding identifying information, and their domiciles;

(2) an account of the reasons for the demerger;

(3) in a demerger into an existing company a proposal, where appropriate, for the amendment of the by-laws of the demerged company and in a demerger into a prospective company a proposal for the by-laws of the company to be incorporated and for how the members of the organs of that company are to be appointed;

(4) in a demerger into an existing company a proposal, where appropriate, for the quantity of the shares to be issued as demerger compensation, broken down by share class, as well as whether new shares or treasury

shares are to be issued, and in a demerger into a prospective company a proposal for the number of shares in the company to be incorporated, broken down by share class;

(5) a proposal, where appropriate, for other demerger compensation and, if that consideration consists of options or other share entitlements, the terms of the same, as referred to in Chapter 10, section 3;

(6) a proposal for the division of the demerger compensation, the point in time of the payment of the compensation and the other terms of the provision of the compensation, as well as an account of the grounds for the same;

(7) an account of or a proposal for the rights in the demerger of the holders of options or other share entitlements in the demerging company;

(8) in a demerger into an existing company a proposal, where appropriate, for the increase of the share capital of the demerged company and in a demerger into a prospective company a proposal for the share capital of the demerged company;

(9) an account of the assets, liabilities and equity of the demerging company and of the circumstances relevant to their valuation and a proposal for the division of the assets and liabilities of the demerging company between each of the demerged companies, the intended effect of the demerger on the balance sheet of the demerged company, as well as of the accounting methods to be applied in the merger;

(10) a proposal for the reduction of the share capital in order to distribute assets to the demerged company or to shareholders, to transfer assets to unrestricted equity reserves or immediately to cover losses that cannot be covered from unrestricted equity;

(11) a proposal for the right of the companies involved in the demerger to decide on arrangements beyond their normal business operations and affecting their equity or outstanding shares;

(12) an account of subordinated loans whose creditors are entitled to object to the demerger, as referred to in section 6;

(13) an account of the quantity of shares in the demerged company and its parent company held by the demerging company and its subsidiaries, as well as of the quantity of shares in the demerging company held by the companies involved in the demerger;

(14) an account of the business mortgages pertaining to the assets of the companies involved in the demerger, as referred to in the Business Mortgages Act;

(15) an account of or a proposal for the perquisites and rights to be granted to the Supervisors and Directors of the companies involved in the demerger, their Chief Executives, their auditors and the certified auditor issuing a statement on the demerger proposal;

(16) a proposal for the intended date of registration of the implementation of the demerger; and

(17) a proposal, where appropriate, for the other terms of the merger.

Section 4 — *Statement of a certified auditor*

(1) The Boards of Directors of the companies involved in the demerger shall designate one or several certified auditors to issue a statement on the demerger proposal to each of the companies involved in the demerger. The statement shall contain an analysis of whether fair and sufficient information

has been provided in the demerger proposal on the grounds for setting the demerger compensation, as well as on the division of the consideration. The statement to be issued to the demerged company shall also indicate whether the demerger is conducive to compromising the repayment of the company's debts.

(2) If all shareholders of the companies involved in the demerger consent to the same, only a statement as to whether the demerger is conducive to compromising the repayment of the company's debts shall be heeded. H required

Registration of the demerger proposal and public notice to the creditors

Section 5 — *Registration of the demerger proposal*

(1) The demerger proposal shall be notified for registration within one month of the signing of the proposal. The statement referred to in section 4 shall be attached to the notification.

(2) The notification shall be made by the companies involved in the demerger together.

(3) The demerger shall lapse, if the notification is not made in time or if registration is refused.

Section 6 — *Public notice to creditors*

(1) The creditors of the demerging company whose receivables have arisen before the registration of the demerger proposal shall have the right to object to the merger.

(2) On the application of the demerging company, the register authority shall issue a public notice to the creditors referred to in paragraph (1), containing a mention of the right of the creditor to object to the demerger by so informing the register authority in writing no later than on the due date indicated in the public notice. The issue of the public notice shall be applied for within four months of the registration of the demerger proposal; failing this the demerger shall lapse. The register authority shall publish the public notice in the *Official Gazette* no later than three months before the due date, as well as register the notice on its own motion.

(3) On the application of the demerged company, a public notice shall likewise be issued to the creditors of the demerged company, if the demerger is according to the statement referred to in section 4 conducive to compromising the repayment of the debts of the demerged company. In this event, the provisions in this Chapter on the creditors of the demerging company apply to the creditors of the demerged company.

Section 7 — *Written notification by the company to the creditors* H requested

No later than one month before the due date, the company shall send a written notification of the public notice to its known creditors referred to in section 6(1). If a shareholder of the demerging company or the holder of an option or some other share entitlement has demanded redemption, as referred to in section 13, the creditors shall be notified of the quantities of shares and other entitlements that have been demanded to be redeemed. The notification shall not be sent before the General Meeting deciding on the demerger has been held. However, if all shareholders and holders of the entitlements mentioned above have declared that they waive the right of redemption or if they otherwise do not have the right of redemption, the notification may be sent already earlier.

Section 8 — *Business restructuring*

(1) Business restructuring proceedings, as referred to in the Business Restructuring Act, shall replace the public notice referred to in section 6; a creditor shall have no right to object to the demerger in accordance with this Act, if all companies involved in the demerger belong to the same corporate group and the restructuring programme is certified for all of them at the same time.

(2) The demerger proposal and its attachments shall be appended to the proposed restructuring programme.

Demerger decision

Section 9 — *Competent organ and timing of the decision*

(1) In the demerging company, the General Meeting shall make the decision on a demerger.

(2) In the demerged company, the Board of Directors shall make the decision on a demerger. However, the decision shall be made by the General Meeting, if shareholders with at least one twentieth ($^1/_{20}$) of the shares in the company so demand.

(3) The General Meeting that is to decide on the demerger shall be held or the Board of Directors' decision on the demerger made within four months of the registration of the demerger proposal; failing this, the demerger shall lapse. In any event, the General Meeting shall be held no later than one month before the due date referred to in section 6, unless all shareholders and, where appropriate, all holders of options or other share entitlements have waived their right to ~~demand~~ redemption.

(4) The decision of the General Meeting on the demerger shall be made by qualified majority, as referred to in chapter 5, section 27. If, in a demerger into a prospective company, a shareholder of the demerging company is not to receive the same proportionate shareholding and respective rights as the shareholder has in the demerging company, the decision may only be made on the consent of the said shareholder.

Section 10 — *Invitation to the General Meeting and notice to holders of options and other share entitlements*

(1) The invitation to the General Meeting that is to decide on the demerger shall not be delivered before the demerger proposal has been registered. The invitation shall be delivered no earlier than two months and, unless a longer period has been provided in the by-laws, no later than one month before the General Meeting, the last date for advance notices of participation, as referred to in chapter 5, section 7, or the deadline ~~date~~ for companies in the book-entry system, as referred to in chapter 4, section 2(2). However, in a public company, the invitation shall not be delivered earlier than three months before the date referred to above.

(2) In addition to the provisions of the by-laws on the invitation to the General Meeting, the invitation shall in the demerging company be sent in writing to all shareholders whose addresses are known to the company. The invitation to the General Meeting of the demerging company shall mention the shareholders' right to demand redemption, as provided in section 13. The demerging company shall, within the time limit provided in paragraph (1), give notice of the right of redemption referred to in section 13 to those holders of options or other share entitlements who have the right to demand redemption and whose addresses are known to the company. If the addresses of all

persons with the right of redemption are not known to the company, the notice of the right of redemption shall also be published in the *Official Gazette* within the same time limit.

(3) If the General Meeting of the demerged company is not to be convened, a notice of the demerger shall be delivered to the shareholders in the same manner as an invitation to a General Meeting. Within one month of the notice, a shareholder may demand in writing that the decision on the demerger be made by the General Meeting.

(4) In the demerged company, the invitation may be delivered within the time limit referred to in Chapter 5, section 19(1), if the decision on the demerger is on the demand of a shareholder to be made by the General Meeting and if the time between the notice referred to in paragraph (3) of this section and the General Meeting, the last date for advance notices of participation, as referred to in chapter 5, section 7, or the deadline date for companies in the book-entry system, as referred to in chapter 4, section 2(2), is at least one month or the longer invitation period provided in the by-laws.

Section 11 — *Availability and delivery of documents*

For at least a month before the General Meeting that is to decide on the demerger and as of the delivery of the notice referred to in section 10(3), the following documents shall be kept available to the shareholders at the head office or website of each company involved in the demerger, sent without delay to the shareholder who so request, as well as kept available at the General Meeting:

(1) the demerger proposal;

(2) the financial statements, company reports and audit reports of each company involved in the demerger, for the past three completed financial periods;

(3) if more than six months have passed from the end of the financial period of a public company involved in the demerger to the signing of the demerger proposal, the financial statement, company report and audit report of the company dated no earlier than three months before the signing of the demerger proposal;

(4) where appropriate, the decisions made by each company involved in the demerger after the end of the past financial period regarding the distribution of assets;

(5) the interim reports given by each company involved in the demerger since the end of the past financial period;

(6) a report by the Board of Directors on the events with ~~a~~ essential effect on the ~~state~~ of the company that have occurred after the financial statement or the interim report; and

(7) a statement on the merger proposal referred to in section 4.

Section 12 — *Legal effects of the demerger decision*

(1) The demerger decision of the demerging company shall replace the subscription for the demerger compensation and the other measures that establish a right in the demerger compensation, as carried out by the shareholders of the demerging company and the holders of options and other share entitlements. In a demerger into a prospective company, the demerger proposal shall also replace the contract of incorporation of the demerged company.

(2) If the demerger is not approved unchanged in accordance with the demerger proposal in each of the companies involved in the demerger, the demerger shall lapse. The decision not to approve the demerger or the lapse of the demerger shall be notified for registration without delay.

Redemption of the demerger compensation, options and other share entitlements

Section 13 — *Redemption procedure*

(1) In a demerger into an existing company, a shareholder in the demerging company may in the General Meeting that is to decide on the demerger demand that the shareholder's demerger compensation be redeemed; the shareholder shall be reserved an opportunity to make this demand before the decision on the demerger is made. Shares shall carry this right of redemption only if they have been notified to be entered into the share register by the General Meeting or the last date for advance notices of participation or, if the shares ~~are~~ in the book-entry system, they have been entered into the book-entry account of the ~~demander~~ by the deadline date referred to in chapter 4, section 2(2). A shareholder who demands redemption shall vote against the demerger decision.

(2) The holder of options or other share entitlements may demand the redemption of the entitlement in the General Meeting that is to decide on the demerger or verifiably file a written demand to this effect with the demerging company before the General Meeting. Before a decision on the demerger is made, the General Meeting shall be informed of how many entitlements are subject to demands of redemption.

(3) If no agreement is reached with the demerged company on the redemption of the demerger compensation, options or other share entitlements or on the terms of the redemption, the matter shall be submitted to arbitration in accordance with the provisions in chapter 18, sections 3—5 and 8—10, on the decision of redemption disputes. The shareholder or holder of an entitlement shall initiate the proceedings no later than one month after the General Meeting. Once the proceedings have been initiated, the shareholder has a right to the redemption price instead of the demerger compensation. Once the proceedings have been initiated, the holder of the entitlement only has a right to the redemption price. If it is later determined in the redemption proceedings that the shareholder, option holder or holder of another entitlement have no right of redemption, they shall have a right to the demerger compensation in accordance with the demerger proposal. If the demerger lapses, also the redemption proceedings shall lapse.

(4) The redemption price of the demerger compensation due to a share in the demerging company shall be the part of its current price of the time preceding the demerger decision that corresponds to the demerger into an existing company. The current price of the option or other share entitlement at the time preceding the demerger decision shall serve as its redemption price. In the determination of the redemption price, the depreciating effect that the demerger may have on the price of the demerging company's shares, options and other share entitlements shall not be taken into account. The redemption price shall bear annual interest between the demerger decision and the payment of the redemption price at the current reference rate provided in section 12 of the Interest Act.

(5) The redemption price shall be paid within one month of the award becoming ~~res judicata~~, but in any event not before the registration of the implementation

of the demerger. The redemption price may be deposited as provided in Chapter 18, section 11(2) and (3).

(6) The demerged company which provided the demerger compensation that has been redeemed shall be liable for the payment of the redemption price. The companies involved in the demerger shall be jointly and severally liable for the payment of the redemption price of options and other share entitlements. The demerging company shall without delay notify the company liable for the payment of the redemption price of any demands for redemption.

Implementation and legal effects of the demerger

Section 14 — *Notification of the implementation of the demerger*

The companies involved in the demerger shall notify the register authority of the implementation of the demerger within four months of the demerger decision; failing this, the demerger shall lapse. The following information shall be attached to the notification:

(1) a declaration of the Directors and the Chief Executives of each company involved 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 demerged company has received full consideration for the amount credited to its equity, as well as a statement regarding the account in the demerger proposal referred to in section 3(2)(9); and

(3) a certificate of a Director or the Chief Executive on the ~~sending~~ delivery of the notifications referred to in section 7.

Section 15 — *Preconditions for registration*

(1) The register authority shall register the demerger, if no creditor has objected to the demerger or if it is affirmed by a court judgment that the creditor has received payment or full security for the receivable.

(2) If a creditor has objected to the demerger, the register authority shall notify the company of the same without delay after the due date. If a creditor objects, the demerger shall lapse in one month after the due date. However, the register authority shall suspend the proceedings, if the company shows that it has within one month of the due date brought an action in order to have the court affirm that the creditor has received payment or full security for the receivable, or if the company and the creditor together request that the procedure be suspended.

(3) The demerger may be implemented even if the demerging company has been placed in liquidation, unless the distribution of the assets of the company to the shareholders, as referred to in Chapter 20, section 15, has already begun.

(4) If the assets of more than one of the companies involved in the demerger are subject to a business mortgage, as referred to in the Business Mortgages Act, the demerger shall not be registered, except if the company and the mortgage holders have applied for the registration of an agreement on the order of precedence of the mortgages and that agreement is to be registered at the same time.

Section 16 — *Legal effects of the demerger*

(1) The assets and liabilities of the demerging company shall be transferred to the demerged companies without liquidation, once the implementation of the demerger has been registered. However, in a partial demerger, only the assets and liabilities distributed by way of the demerger proposal shall be transferred. At the same time, the demerging company shall dissolve in a full

demerger and, in a demerger into a prospective company, the ~~demerged~~ company shall be established.

(2) The assets and liabilities of the demerging company shall not be entered into the balance sheet of the demerged company at a value higher than their ~~economic~~ value to the demerged company. An undertaking to perform work or services shall not be entered into the balance sheet in the context of a demerger.

(3) At the moment of registration of the implementation of the demerger the shareholders of the demerging company and the holders of options and other share entitlements shall become entitled to the demerger compensation in accordance with the demerger proposal. The new shares to be issued as demerger compensation shall carry shareholder's rights as of the moment of registration, unless a later point in time is determined in the demerger proposal. However, the shares shall carry shareholder's rights no later than one year after the registration. Shares in the demerging company held by the demerged company or the merging company shall not carry a right to the demerger compensation.

(4) If the receipt of the demerger compensation requires specific measures from the recipient, such as the production of the share certificate, and the compensation is not claimed in this manner within ten years of the registration of the implementation of the demerger, the General Meeting of the demerged company may decide that the right to the demerger compensation and the respective rights have been forfeited. The forfeited compensation shall devolve on the demerged company.

(5) If, in a full merger, assets that have not been distributed by way of the demerger proposal appear, they shall belong to the demerged companies in the same proportions as the net assets of the demerging company are distributed by way of the demerger proposal, unless ~~it is~~ otherwise provided in the demerger proposal.

(6) The companies involved in the demerger shall be jointly and severally liable for the liabilities of the demerging company that have arisen before the implementation of the demerger has been registered. However, the liabilities of the demerging company that according to the demerger proposal devolve on another company shall be borne by a company only to the maximum amount of the net assets remaining with or transferred to it. A creditor may demand the repayment of a receivable mentioned in the demerger proposal on the basis of the joint and several liability only after it has been determined that no payment is forthcoming from the debtor or from security. Section 13(6) contains provisions on the liability relating to the payment of the redemption price.

Section 17 — *Final accounts*

(1) In a full demerger, the Board of Directors and Chief Executive of the demerging company shall as soon as possible after the implementation of the demerger draw up the financial statement and company report for the period not yet covered by ~~a~~ financial statement submitted to the General Meeting (*final accounts*). The final accounts shall be given to the auditors, who shall issue their report on the final accounts within one month.

(2) On receipt of the audit report, the Board of Directors shall without delay call the shareholders to a shareholders' meeting to approve the final accounts. The provisions on a General Meeting apply to the shareholders' meeting.

(3) The final accounts shall be notified for registration as provided in Chapter 8, section 10.

Section 18 — *Reversal of the demerger*

Even if the demerger has been registered, it shall be reversed if the demerger decision is invalid according to a ~~*res judicata*~~ court judgment. The demerging company and the demerged company shall be jointly and severally liable for the obligations of the demerged company that have arisen after the registration of the demerger but before the registration of the judgment.

Chapter 18 — **Redemption of minority shares**

General provisions

Section 1 — *Right and duty of redemption*

(1) A shareholder with more than nine tenths (9/10) of all shares and votes in the company (*redeemer*) shall have the right to redeem the shares of the other shareholders at the current price. A shareholder whose shares may be redeemed (*minority shareholder*) shall have the corresponding right to demand that the shareholder's shares be redeemed.

(2) In the application of paragraph (1), the following shall be deemed to be shareholdings of the redeemer:

(1) the shares and votes held by a corporation or foundation where the redeemer exercises ~~controlling influence~~, as referred to in Chapter 1, section 5, of the Accounting Act; and

(2) the shares and the respective votes held jointly by the redeemer and the corporation or foundation referred to in subparagraph (1).

(3) Any voting restrictions based on law or the by-laws shall not be taken into account in the calculation of the votes of the redeemer. The shares and votes held by the company itself or its subsidiaries shall not be taken into account in the calculation of the total numbers of shares and votes in the company.

(4) If there ~~would be~~ several redeemers in accordance with paragraphs (1)—(3), the shareholder who has the most immediate majority of shares and votes in the company, as referred to in this section, shall be deemed the redeemer.

Section 2 — *Notice of the right and duty of redemption*

(1) The redeemer shall without delay notify the company of the commencement and termination of the right and duty of redemption ~~referred~~ to in section 1.

(2) The company shall without delay notify the commencement or termination of the right and duty of redemption to be registered, once the company has received the notice referred to in paragraph (1) or other reliable information on the commencement or termination of the right and duty of redemption.

Settlement of redemption disputes

Section 3 — *Arbitration*

(1) Disputes about the right of redemption and the redemption price shall be referred to arbitration, as provided in this Chapter.

(2) In so far as not otherwise ensues from the application of the provisions in this Chapter, the provisions of the Arbitration Act (967/1992; *laki välimiesmenettelystä*) apply in so far as appropriate.

Section 4 — *Initiation of proceedings*

(1) On the application of a party to the dispute, the Redemption Committee of the Central Chamber of Commerce shall appoint the requisite number of impartial

and independent arbitrators with the expertise needed for the task and, if several arbitrators are appointed, designate a chairperson from among them. The application shall contain the details of the applicant's demand for redemption and the grounds for the same.

(2) The arbitration proceedings shall become pending once the application or a copy thereof is served on the opposing party. If service is to be effected as provided in section 5(2), the proceedings shall become pending once the notice on the application is published in the *Official Gazette*.

(3) Changes in the circumstances referred to in section 1 occurring after the arbitration proceedings have become pending shall not ensue in the lapse of the right or duty of redemption.

Section 5 — *Trustee*

(1) When an application referred to in section 4(1) arrives, the Redemption Committee of the Central Chamber of Commerce shall petition the court for the appointment of a trustee to look after the interests of minority shareholders in the arbitration, unless all parties have declared that they consider the appointment of a trustee not to be necessary. The District Court referred to in chapter 24, section 1, shall have jurisdiction in respect of the petition. The matter may be decided without hearing the minority shareholders. The appointment of the trustee shall be entered into the Trade Register.

(2) The trustee may accept the service referred to in section 4(2) on the behalf of the minority shareholders. In this event, a notice containing the main contents of the application and the contact details of the trustee shall be delivered to the minority shareholders in accordance with the procedure provided in the by-laws for an invitation to the General Meeting, as well as sent in writing to the minority shareholders whose names and addresses are known to the company. The notice shall also be published in the *Official Gazette*.

(3) The trustee shall have the right and the obligation in the arbitration proceedings to make a case on the behalf of the minority shareholders and to present evidence in support thereof. The trustee shall not be competent to make or to accept demands relating to the redemption on the behalf of the minority shareholders, nor undertake measures that are contrary to the measures taken by a minority shareholder.

(4) The arbitrators shall set the fee and expenses of the trustee in accordance with the provisions in section 8 on the costs of the arbitration. Once the arbitration has been concluded, the trustee shall without delay notify a report of his or her activities to be registered; once registered, the report shall be deemed to have been delivered to the minority shareholders. In other respects, the provisions of the Guardianship Act (442/1999; *laki holhoustoimesta*) on a guardian apply to the trustee in so far as appropriate.

Section 6 — *Posting of security*

(1) If the existence of the right of redemption has been confirmed by a *res judicata* judgment or if the arbitrators consider this to be clearly the case, but there is no agreement or order regarding the redemption price, the share shall be transferred to the redeemer at once, if the redeemer posts security for the payment of the redemption price and the arbitrators approve the security. Where necessary, a trustee shall keep the security in the name of those entitled to the redemption price.

(2) Once the share has been transferred to the redeemer in accordance with paragraph (1), the respective share certificate shall be subject to the provisions

in section 11(3) on a share certificate after the deposit of the redemption price. When the book entry relating to the share is transferred to the redeemer in accordance with paragraph (1), an entry shall be made in the respective book-entry account regarding the right to the redemption price.

Section 7 — *Determination of the redemption price*

(1) ~~The current price of the share before the initiation of the arbitration shall serve as the basis for the determination of the redemption price.~~ The redemption price shall bear interest from the initiation of the arbitration at the current reference rate provided in section 12 of the Interest Act.

(2) Where the redemption has been preceded by a mandatory purchase offer, as referred to in Chapter 6, section 10, of the Securities Markets Act, the price quoted in the mandatory purchase offer shall serve as the current price, unless there is a special reason to determine otherwise.

(3) Where the right and duty of redemption have arisen in the context of a voluntary purchase offer, as referred to in Chapter 6 of the Securities Markets Act, and the redeemer has on the basis of that offer obtained no less than nine tenths (9/10) of the shares ~~targeted in~~ the offer, the price quoted in the purchase offer shall serve as the current price, unless there is a special reason to determine otherwise.

Section 8 — *Costs of the arbitration*

The redeemer shall bear the costs of the arbitration, unless the arbitrators for a special reason deem that it is reasonable to order otherwise.

Section 9 — *Miscellaneous provisions on arbitration*

(1) Service of notices shall be effected on, and a copy of the arbitral award delivered to, the persons who have ~~appeared before the arbitrators~~ or otherwise registered for the said purpose.

(2) The arbitrators shall notify the award for registration within two weeks of its delivery. The register notification shall contain a declaration ~~that~~ copies of the award have been delivered in accordance with paragraph (1). If the arbitral award has not been notified for registration in time, the notification may also be effected by a party to the dispute.

Section 10 — *Appeal*

(1) A party discontent with the arbitral award may appeal against it before the District Court referred to in Chapter 24, section 1. The provisions in Chapter 8 of the Code of Judicial Procedure on petitionary matters apply to appellate procedure in the District Court in so far as appropriate. The letter of appeal, with a copy of the arbitral award attached, shall be filed with the District Court no later than 60 days after the registration of the award.

(2) The decision of the District Court shall be open to appeal before the Supreme Court, if the Supreme Court grants leave for the same under Chapter 30, section 3, of the Code of Judicial Procedure. The provisions in Chapter 30 of the Code of Judicial Procedure ~~concerning~~ appeal against decisions of the Court of Appeal as the second instance apply to the filing of the appeal in so far as appropriate. In this respect, the provisions on the Court of Appeal apply to the District Court.

(3) If no appeal is filed against the arbitral award, the enforcement of the award shall be subject to the provisions in Chapter 2, section 19, of the Enforcement Act (37/1895; *ulosottolaki*).

* The redemption price of the share shall be determined in accordance with the current price prior to the initiation of the arbitration proceedings.

Implementation of the redemption

Section 11 — *Payment of the redemption price and transfer of rights*

(1) The redemption price shall be paid within one month of the award or judgment on the redemption becoming ~~*res judicata*~~. The share shall be transferred to the redeemer once the redemption price has been paid, unless it has been transferred already ~~earlier~~ in accordance with section 6.

(2) The redemption price may be paid by depositing it with the State Provincial Office of the domicile of the company, as provided in the Act on the Deposit of Cash, Book Entries, Securities or Instruments in Payment of Debts or for Release from Other Liabilities (281/1931; *laki rahan, arvo-osuuksien, arvopaperien tai asiakirjain tallettamisesta velan maksuna tai vapautumiseksi muusta suorituvelvollisuudesta*), provided that the preconditions for deposit are met, as provided in section 1 of the said Act. In this case, the redeemer ~~shall~~ not reserve the right to recover the deposit.

(3) Once a deposit referred to in paragraph (2) has been made, the possession of the share certificate relating to the share shall only entitle to the redemption price. The redeemer shall have the right to receive a new share certificate to replace one issued earlier; the new certificate shall bear a mention that it replaces an earlier one. If the earlier share certificate is thereafter given to the redeemer, it shall be cancelled.

Chapter 19 — **Change of corporate form**

Change of company form

Section 1 — *Change of a private company into a public company*

(1) The decision of the General Meeting on the change of a private company into a public company shall be made by qualified majority, as referred to in chapter 5, section 27.

(2) A private company may be changed into a public company only if the company after the change meets the requirements for a public company under this Act and its trade name is at the same time changed so that it complies with the requirements provided in the Trade Names Act (128/1979; *toiminimilaki*).

(3) The company shall notify the amendment ~~of~~ the by-laws relating to its change into a public company for registration within one month of the decision of the General Meeting; failing this, the change shall lapse. The register notification shall be accompanied with a certificate by a certified auditor to the effect that the equity of the company is at least equal to its share capital. The company ~~shall~~ be changed into a public company when the entry of the respective amendment to the by-laws is made in the ~~t~~rade ~~R~~egister.

Section 2 — ~~*Noteworthy*~~ *acquisitions after the change into a public company*

If a public company acquires assets from a shareholder within two years of the registration of the change of company form and the consideration for the assets is at least one tenth ($^1/_{10}$) of the share capital at the time of acquisition, and the acquisition does not fall within the regular business activities of the company or occur in the public trading of securities, the acquisition shall be governed by the respective provisions in Chapter 2, section 14.

Section 3 — *Change of a public company into a private company*

(1) The decision of the General Meeting on the change of a public company into a private company shall be made by qualified majority, as referred to in Chapter 5, section 27. At the same time, the trade name of the company shall be

changed so that it complies with the requirements provided in the Trade Names Act.

(2) The company shall notify the amendment of the by-laws relating to its change into a private company for registration within one month of the decision of the General Meeting; failing this, the change shall lapse. The company shall be changed into a private company when the entry of the respective amendment to the by-laws is made in the Trade Register.

Change of a private company into another corporate form

Section 4 — *Change of corporate form*

(1) A private company with at least three shareholders may be changed into a co-operative so that the shareholders become members of the co-operative.

(2) A private company with at least two shareholders may be changed into a general partnership or a limited partnership so that the shareholders of the company become partners in the general or limited partnership.

(3) The sole shareholder of a private company, if a natural person resident in the European Economic Area, may carry on with the operations of the company as a private entrepreneur.

Section 5 — *Decision-making*

(1) The decision on a change of corporate form, as referred to in section 4, may only be made on the consent of all shareholders and holders of options and other share entitlements.

(2) The decision referred to in section 4(1) shall replace the incorporation instrument of the co-operative. The decision shall contain the following information:

(1) the rules of the co-operative;

(2) the shares devolving on the members; and

(3) the names of the members of the first Board of Directors of the co-operative or, if the Supervisory Board is to elect the Board of Directors, the names of the members of the Supervisory Board, as well as the names of the auditors.

(3) The decision referred to in section 4(2) shall contain the partnership contract for the general or limited partnership.

(4) The decision referred to in section 4(3) shall contain a mention of the trade name of the private entrepreneur.

Section 6 — *Registration of the decision*

The company shall notify the decision on the change of corporate form, as referred to in section 4, for registration within one month of the decision and apply for the issue of a public notice, as referred to in section 7, from the register authority; failing this, the decision shall lapse.

Section 7 — *Public notice to creditors*

(1) On receipt of an application referred to in section 6, the register authority shall issue a public notice to those creditors whose receivables have arisen before the issue of the public notice. The notice shall indicate that the creditor has the right to object to the change of corporate form by so informing the register authority in writing no later than on the due date mentioned in the notice. The register authority shall publish the public notice in the *Official Gazette* no later than three months before the due date, as well as register the notice on its own motion.

(2) No later than one month before the due date, the company shall send a written notification of the public notice to its known creditors referred to in paragraph (1). A certificate by a Director or the Chief Executive to the effect that the notifications have been sent shall be delivered to the register authority no later than on the due date.

(3) The register authority shall inform the company of the objections filed with it without delay after the due date.

Section 8 — *Preconditions of registration*

(1) The register authority shall register the change of corporate form referred to in section 4, if no creditor has objected to the change or if it is affirmed by a court judgment that the creditor has received payment or full security for the receivable.

(2) If a creditor has objected to the change of corporate form, the change shall lapse in one month from the due date. However, the register authority shall suspend the proceedings, if the company within one month of the due date shows that it has brought an action so as to have the court affirm that the creditor has received payment or full security for the receivable, or if the company and the creditor together request that the proceedings be suspended.

(3) The corporate form may be changed notwithstanding of the company being placed in liquidation, unless the distribution of the assets of the company to the shareholders, as referred to in Chapter 20, section 15, has already begun.

(4) The change of corporate form shall take effect upon registration.

Chapter 20 — **Dissolution of the company**

General provisions

Section 1 — *Dissolution*

(1) A company shall dissolve in accordance with the provisions in this Chapter on liquidation. Proceedings

(2) A bankrupt company shall be deemed to have dissolved if, at the termination of the bankruptcy, there are no more assets or a determination on the use of the assets has been made in the context of the bankruptcy.

(3) A company may also dissolve as a result of a merger or a demerger, as provided in Chapters 16 and 17 of this Act.

Section 2 — *Deregistration*

Instead of placing a company into liquidation, the register authority shall deregister the company if its assets are not adequate for covering the costs of liquidation, or if there is no information on the assets, unless a shareholder, creditor or third party undertakes to bear the costs of the liquidation.

Decision-making

Section 3 — *Decision on liquidation*

(1) The General Meeting shall decide on the placing of the company into liquidation. The decision shall be made by qualified majority, as provided in Chapter 5, section 27.

(2) The provisions in Chapter 5, sections 18—22, apply to the invitation to the General Meeting and the meeting documents, their availability and delivery. The invitation to the General Meeting that is to decide on liquidation shall be sent no earlier than two months and, unless a longer period has been provided in the by-laws, no later than one month before the General Meeting, the last

date for advance notices of participation, as referred to in Chapter 5, section 7, or the deadline date for companies in the book-entry system, as referred to in chapter 4, section 2(2). However, in a public company, the invitation shall not be delivered earlier than three months before the date referred to above. In addition to what has been provided in the by-laws, the invitation shall be sent in writing to all shareholders whose addresses are known to the company.

Section 4 — *Order of liquidation or deregistration*

(1) The register authority shall issue an order of the liquidation or deregistration of the company, if:

(1) the company has no registered and eligible Board of Directors;

(2) the company has no registered representative as referred to in section 6 of the Free Market Act (122/1919; *laki elinkeinon harjoittamisen oikeudesta*);

(3) regardless of an exhortation by the register authority, the company has not submitted its financial statement for registration within one year of the end of the financial period, as required in Chapter 8, section 10; or

(4) the company has been declared bankrupt, but the bankruptcy has lapsed for lack of funds.

(2) The order shall be issued, unless it is proved before the issue of the order that the grounds for the same no longer exist.

Section 5 — *Exhortation to make corrections*

(1) In the situations referred to in section 4(1)(1)—4(1)(3) the register authority shall take appropriate measures to exhort the company to correct the shortcomings in its register information. If no correction is made, the exhortation shall be sent to the company in writing, ~~backed by~~ a threat of the company being placed ~~in~~ liquidation or deregistered unless the shortcomings are corrected by the deadline set in the exhortation. The exhortation shall be published in the *Official Gazette* no later than three months before the deadline. At the same time, the shareholders and creditors who wish to make comments on the possible liquidation or deregistration of the company shall be exhorted to do so in writing by the deadline. The matter may be decided even if no proof is available of the company having been notified of the exhortation.

(2) The register authority shall on its own motion register the published exhortation referred to in paragraph (1).

Section 6 — *Right of initiative*

The matter of liquidation or deregistration of the company, as referred to in section 4, may be initiated by the Board of Directors, a Director, the Chief Executive, an auditor, a shareholder, a creditor and a third party whose rights may depend on appropriate registration or the placing of the company into liquidation. The register authority may take the matter up also on its own motion.

Liquidation

Section 7 — *Purpose of liquidation*

(1) The purpose of liquidation is to ascertain the ~~state of finances~~ of the company, to convert the requisite amount of assets into cash, to repay the company's debts and to return the surplus to the shareholders or others, as provided in the by-laws. As provided in section 19, the General Meeting may decide to

terminate the liquidation and continue the operations of the company, as well as make the other decisions necessary in this respect.

(2) If the assets of a company in liquidation are not adequate for the repayment of the company's debts, the liquidators shall apply for the bankruptcy of the company.

Section 8 — *Beginning of liquidation*

(1) Liquidation shall begin when the decision to this effect is made, unless the General Meeting designates a later date for the beginning of the liquidation.

Section 9 — *Choice of liquidators, their appointment and duties*

(1) When the decision on liquidation is made, one or several liquidators shall be chosen at the same time to replace the Board of Directors and, where appropriate, the Chief Executive and the Board of Supervisors. In so far as not otherwise ensues from the application of the provisions in this Chapter, the liquidators shall be subject to the provisions of this Act on the Board of Directors and the Directors. The decision shall revoke the authorisations given to designated individuals to represent the company, as referred to in Chapter 6, section 26, unless it is otherwise determined in the decision.

(2) The liquidators shall manage the affairs of the company during the liquidation. They shall as soon as possible convert into cash enough of the assets of the company so that the liquidation can proceed, as well as repay the debts of the company. The business operations of the company may be continued only to a degree called for by an appropriate liquidation process. The term of the liquidators shall be indefinite.

(3) The register authority shall appoint an eligible liquidator for a company that has none. The application for the appointment of the liquidator may be made by a person whose rights may depend on the company having a representative. If the assets of the company are not adequate for covering the costs of liquidation or if there is no information on the assets of the company, and unless a shareholder, creditor or third party undertakes to bear the costs of liquidation, the register authority shall deregister the company instead of appointing a liquidator.

Section 10 — *Registration of the liquidation and liquidators*

The liquidation and the liquidators shall be registered. Once the General Meeting has decided on the liquidation and chosen the liquidators, the liquidators shall without delay notify the decision for registration.

Section 11 — *Financial statement for the period preceding liquidation*

If necessary, the liquidators shall draw up a financial statement for the period preceding liquidation for which no financial statement has yet been submitted to the General Meeting. The financial statement shall be audited. The Directors and the Chief Executive shall contribute to the preparation of the financial statement in exchange for reasonable remuneration.

Section 12 — *General Meeting during liquidation*

The General Meeting of a company in liquidation shall be subject to the provisions of this Act on General Meetings, in so far as not otherwise ensues from the application of the provisions in this Chapter.

Section 13 — *Financial statement, company report, audit and special audit*

(1) The liquidators shall draw up financial statements and company reports for each financial period; these shall be submitted to the Ordinary General Meeting for approval.

(2) The ~~office~~ of the auditors shall not be terminated when the company goes into liquidation. The provisions in Chapter 7 on audit and special audit apply also during liquidation. The audit report shall contain a statement as to whether the liquidation has been unduly protracted and as to whether the liquidators have otherwise proceeded in an appropriate manner.

Section 14 — *Public summons to creditors*

The liquidators shall apply for a public summons to the creditors of the company. The public summons shall be applied for from the register authority, which shall register the summons on its own motion. In other respects, the provisions of the Act on Public Summonses (729/2003; *laki julkisesta haasteesta*) apply to the summons.

Section 15 — *Repayment of debts, distribution of assets and objection to the distribution*

(1) Once the due date of the public summons to the creditors of the company has passed and all of the debts of the company have been repaid, the liquidators shall distribute the assets of the company. If a debt is disputed, not yet due or otherwise not repayable, the necessary funds shall be set aside and the remainder distributed. A shareholder shall have the right to a share in the distribution of the net assets of the company in proportion to his or her shareholding, unless ~~it is~~ otherwise provided in the by-laws. A shareholder and another person entitled to a share in the distribution may be paid an advance against the posting of full security.

(2) If a shareholder wishes to object to the distribution, the action against the company shall be ~~initiated~~ within three months of the final accounts being presented to the General Meeting.

(3) If a shareholder or another person entitled to a share in the distribution has not claimed the share within five years of the final accounts being presented to the General Meeting, the share shall be forfeited. Section 18 contains provisions on procedure in the event that funds appear to the company after it has dissolved.

Section 16 — *Final accounts*

(1) After having completed their tasks, the liquidators shall without undue delay present final accounts of their administration by drawing up a report of the entirety of the liquidation process. The report shall contain an account of the distribution of the assets of the company. The financial statements, company reports and audit reports from the liquidation period shall be attached to the report. The report and its attachments shall be given to the auditors, who shall issue an audit report on the final accounts and the administration during the liquidation.

(2) ~~After having received~~ the audit report, the liquidators shall without delay call the shareholders to a General Meeting to inspect the final accounts. The provisions in Chapter 5, sections 18—22, apply to the invitation to the meeting, the meeting documents, their availability and delivery, with the exception that the final accounts shall be governed by the provisions on ~~a~~ financial statement. The final accounts shall be notified for registration as provided in Chapter 8, section 10.

Section 17 — *Dissolution*

(1) The company shall be deemed to have dissolved once the liquidators have presented the final accounts ~~to~~ the General Meeting. The liquidators shall without delay notify the dissolution for registration.

(2) Once dissolved, the company cannot acquire rights nor give undertakings. Measures taken on the behalf of the company that has dissolved shall be at the joint responsibility of those who decided on the measures and those who carried them out. However, the liquidators may take measures to begin liquidation proceedings and petition for the bankruptcy of the company. The other contracting party in a contract entered into with a company that has dissolved may ~~relinquish~~ withdraw from the contract, if that party did not know of the dissolution.

Section 18 — *Continued liquidation and post-liquidation*

(1) The liquidation shall be continued, if new assets appear after the dissolution of the company, an action is brought against the company or liquidation measures are otherwise necessary. The liquidators shall without delay notify the continuation of the liquidation for registration. The invitation to the first General Meeting of the continued liquidation shall be delivered as provided in the by-laws. In addition, a written invitation shall be sent to all shareholders whose addresses are known to the company.

(2) However, if the continuation of the liquidation is not to be deemed necessary, the liquidators may otherwise take the measures needed under the circumstances. The liquidators shall draw up a report of their measures and deliver it to the shareholders and others entitled to a share in the distribution. An insignificant share in the distribution may be remitted to the State.

(3) The liquidation shall not be continued, if the assets of the company are not adequate for covering the costs of liquidation or there is no information on the assets, unless a shareholder, a creditor or a third party undertakes to bear the costs of the liquidation.

Section 19 — *Termination of the liquidation and continuation of operations*

(1) If the General Meeting has made the decision on the liquidation of the company, the General Meeting may decide by qualified majority, as referred to in Chapter 5, section 27, that the liquidation be terminated and the operations of the company continued. If the liquidation is based on a provision of the by-laws, the decision on the continuation of operations ~~shall~~ may not be made before the provision has been amended. However, the liquidation shall not be terminated if a share in the distribution, as referred to in section 15(1), has already been remitted to a shareholder or a third party.

(2) Once the decision on the termination of the liquidation has been made, management shall be appointed for the company in accordance with this Act and the by-laws.

(3) The decision on the termination of the liquidation and the appointment of the management shall be notified for registration without delay once the management has been appointed. The public summons to the creditors of the company shall lapse when the termination of the liquidation has been registered. The liquidators shall present final accounts as provided in section 16.

Deregistration

Section 20 — ~~*Time of deregistration*~~ *Date*

The company ~~shall have been~~ is deregistered once the decision to this effect has been entered into the register.

Section 21 — *Representation of a deregistered company*

(1) If necessary, a deregistered company shall be represented by one or several representatives. The representatives shall be appointed and dismissed in a

shareholders' meeting, which shall be subject to the provisions on a General Meeting. Section 22 contains provisions on the competence of the representatives to act on the behalf of the company. In other respects, the provisions on liquidators apply to the representatives in so far as appropriate.

(2) If a deregistered company has no representative, the provisions in Chapter 24, section 5(2), apply to the service of summonses and other notices.

Section 22 — *Legal status of a deregistered company*

(1) If necessary, the provisions in section 17(2) apply to a deregistered company. However, the representatives referred to in section 21(1) shall act as the representatives of the company.

(2) Notwithstanding the provision in paragraph (1), the representatives of a deregistered company may take measures that are ~~essential~~ for the repayment of the company's debts or the ~~upholding~~ of the value of the company's assets. Where necessary, entries shall be made in the company books on measures taken on the behalf of the company. The Business Mortgages Act contains provisions on the effects of deregistration on the persistence of a business mortgage.

(3) Assets of a deregistered company shall not be distributed to shareholders or others entitled to shares in the distribution without liquidation. However, in five years from the deregistration, the representatives of the company may distribute to the shareholders and the other parties entitled to shares in the distribution their shares of the assets of the company, if the assets do not exceed EUR 8,000 and if the company has no known liabilities. Those receiving assets shall be liable for the payment of the debts of the company up to the amount that they have received.

(4) If, after deregistration, liquidation measures are needed, the register authority shall order the company into liquidation on the application of the party to whose rights the matter pertains. However, no such order shall be issued, if the assets of the company are not adequate for covering the costs of liquidation or there is no information on the assets, unless a shareholder, a creditor or a third party undertakes to bear the costs of liquidation.

Equity shortfall, restructuring and bankruptcy

Section 23 — *Equity shortfall*

(1) ~~If it appears to the Board of Directors of the company~~ that the equity of the company is less than one half of the share capital, the Board of Directors shall without delay ~~draw up~~ a financial statement and company report in order to ascertain the ~~state of finances~~ of the company. If according to the balance sheet the equity of the company is less than one half of the share capital, the Board of Directors shall without delay convene a General Meeting to decide on measures to remedy the ~~state of finances~~ of the company. The General Meeting shall be held within three months of the financial statement. The availability of the financial statement and company report and their delivery to the shareholders shall be governed by the provisions in Chapter 5, section 21.

(2) ~~If it appears to the Board of Directors that~~ the company has negative equity, it shall without delay notice the loss of the share capital for registration. A register entry on the loss of the share capital may be removed on the basis of a new register notification by the company to the effect that the equity of the company is more than one half of the share capital according to an audited balance sheet, to be attached to the notification. A subordinated loan referred to in Chapter 12 shall be deemed equity for the purposes of the calculation referred to in this paragraph.

Section 24 — *Business restructuring*

The application for the commencement of business restructuring, as referred to in the Business Restructuring Act, may be filed by a decision of the General Meeting. ~~Also~~ the Board of Directors may file the application, if the matter is urgent. In this event, the Board of Directors shall without delay convene the General Meeting to decide on the continuation of the application.

Section 25 — *Bankruptcy*

(1) The assets of the company may be relinquished into bankruptcy by the decision of the Board of Directors or, if the company is in liquidation, by a decision of the liquidators. While in bankruptcy, the company as the bankrupt debtor shall be represented by the Board of Directors and the Chief Executive or by the liquidators appointed before the bankruptcy. New Directors or liquidators may be appointed while the company is in bankruptcy.

(2) If no assets are left at the conclusion of the bankruptcy or if determination on the use of the remaining assets has been made in the bankruptcy, the company shall be deemed to have dissolved once the final bankruptcy accounts have been approved.

(3) If, at the conclusion of the bankruptcy, assets other than those determined to be used in the bankruptcy remain, and the company was not in liquidation when ~~it was declared bankrupt~~, the Board of Directors shall without delay convene a General Meeting to decide whether to continue the operations of the company or to place it into liquidation. If the General Meeting decides that the operations of the company be continued, the Board of Directors shall without delay notify the same for registration. If the company was in liquidation when it was declared bankrupt, the provisions in section 18 apply.

(4) If the bankruptcy of the company has been concluded and assets appear for the company, the provisions in Chapter 19 of the Bankruptcy Act (120/2004; *konkurssilaki*) on belated scrutiny apply. If assets remain after the conclusion of the bankruptcy, the provisions in paragraph (3) apply.

PART VI — SANCTIONS AND REMEDIES

Chapter 21 — Objections to decisions

Section 1 — *Objecting to a decision by the General Meeting*

(1) A shareholder may object to a decision by the General Meeting by bringing an action against the company, where:

(1) the consideration of the matter has been in breach of the procedural provisions of this Act or the by-laws and the breach may have had an effect on the contents of the decision or otherwise on the rights of the shareholder; or

(2) the decision is otherwise contrary to this Act or the by-laws.

(2) The action of objection shall be brought within three months of the decision. If no action has been brought in time, the decision shall be deemed valid.

Section 2 — *Void decision by the General Meeting*

(1) A decision by the General Meeting, as referred to in section 1(1), shall be void, where:

(1) no invitation has been delivered to the General Meeting or the provisions on the invitation have been breached ~~in an essential manner~~;

(2) the decision requires the consent of a shareholder, as referred to in Chapter 5, section 29(1) or (2), and such consent has not been obtained;

(3) the decision is clearly contrary to the principle of equal treatment referred to in Chapter 1, section 7, and the consent of the shareholder, as referred to in Chapter 5, section 29(3), has not been obtained; or

(4) according to the law, the decision could not have been made even with the consent of all shareholders.

(2) A void decision shall not be subject to the provision in section 1(2) on the bringing of an action of objection in time. However, an action relating to a merger or demerger decision shall not be brought once six months have passed from the registration of the merger or demerger.

Section 3 — *Decision of the Board of Directors comparable to a void decision by the General Meeting*

If a decision in a matter within the competence of the General Meeting, made by the Board of Directors on authorisation, is as referred to in section 2(1)(2)—(4), the provisions on a corresponding decision by the General Meeting apply to the decision.

Section 4 — *Contents and effects of a judgment*

(1) The judgment on an action of objection may render the decision invalid or amend the decision, as requested by the plaintiff. At the request of the plaintiff, the company may at the same time be enjoined against implementing the invalid decision. The decision may be amended only if it can be ascertained what the correct contents of the decision should have been.

(2) A judgment rendering the decision of the General Meeting invalid or amending the decision shall have an effect also in relation to the shareholders who have not joined in the action.

Chapter 22 — **Liability in damages**

Section 1 — *Liability of the management*

(1) A Director, a Supervisor and the Chief Executive shall be liable in damages for the loss that he or she, in violation of the duty of care referred to in Chapter 1, section 8, has deliberately or negligently caused to the company.

(2) A Director, a Supervisor and the Chief Executive shall likewise be liable in damages for the loss that he or she, in violation of other provisions of this Act or the by-laws, has deliberately or negligently caused to the company, a shareholder or a third party.

(3) If the loss has been caused by a violation of this Act other than a violation merely of the principles referred to in Chapter 1, or if the loss has been caused by a breach of the provisions of the by-laws, it shall be deemed to have been caused negligently, in so far as the person liable does not prove that he or she has acted with due care. The same provision applies to loss that has been caused by an act to the benefit of a company insider, as referred to in Chapter 8, section 6(2).

Section 2 — *Liability of shareholders*

(1) A shareholder shall be liable in damages for the loss that he or she, by contributing to a violation of this Act or the by-laws, has deliberately or negligently caused to the company, another shareholder or a third party.

(2) Loss that has been caused by an act to the benefit of a company insider, as referred to in Chapter 8, section 2(2), shall be deemed to have been caused negligently, unless the shareholder proves that he or she has acted with due care.

Section 3 — *Liability of the chairperson of the General Meeting*

The chairperson of the General Meeting shall be liable in damages for the loss that he or she, in violation of the provisions of this Act or the by-laws, has deliberately or negligently caused to the company, a shareholder or a third party.

Section 4 — *Liability of the auditors*

The liability of the auditors shall be governed by the provisions in section 44 of the Audit Act.

Section 5 — *Adjustment and the allocation of liability*

The adjustment of the damages and the allocation of liability between two or more liable persons shall be governed by the provisions in Chapters 2 and 6 of the Tort Liability Act (412/1974; *vahingonkorvauslaki*).

Section 6 — *Decision-making in the company*

(1) The Board of Directors shall make the decisions on matters relating to the right of the company to damages under sections 1—3 and under section 44 of the Audit Act, as provided in Chapter 6, section 2. However, these matters may be decided also by the General Meeting.

(2) A decision of the General Meeting on the release of a Director, a Supervisor or the Chief Executive shall not be binding, if the General Meeting has not been given ~~essentially~~ correct and adequate information about the decision or measure underlying the liability in damages. A decision on release from liability shall not be binding on the bankruptcy estate of the company or a receiver referred to in the Business Restructuring Act, if the company is declared bankrupt or if restructuring proceedings are begun upon a petition filed within two years of the decision.

Section 7 — *Right of the shareholders to bring an action on the behalf of the company*

(1) One or several shareholders shall have the right to bring an action in their own name for the collection of damages under sections 1—3 or under section 44 of the Audit Act, if it is probable at the time of filing of the action that the company will not ~~make a claim for damages~~ and:

(1) the plaintiffs hold at least one tenth ($^1/_{10}$) of all shares at that moment; or

(2) it is proven that the non-enforcement of the claim for damages would be contrary to the principle of equal treatment, as referred to in Chapter 1, section 7.

(2) The company shall be reserved an opportunity to be heard in the case, unless this is manifestly unnecessary. The shareholders bringing the action shall bear their own legal costs, but they have the right to be reimbursed for the same by the company, in so far as the funds accruing to the company by means of the proceedings suffice for the same.

(3) If a person liable in damages has been released from liability by a decision of the General Meeting, the action shall be brought within three months of the decision. However, if a proposal for a special audit, as referred to in Chapter 7, section 7, has been made and seconded in the same General Meeting, the action may in any event be brought within three months of the audit report being presented to the General Meeting or the application for the appointment of auditors being rejected.

(4) A shareholder shall not have the right to damages for loss caused to the company.

Section 8 — *Statute of limitations*

An action brought under this Chapter or under section 44 of the Audit Act and based on an act that is not punishable by law shall be brought respecting the following time limits:

(1) against a Director, a Supervisor or the Chief Executive within five years of the end of the financial period during which the decision underlying the action was made or the measure underlying the act was taken;

(2) against an auditor within five years of the presentation of the audit report, statement or certificate underlying the action; and

(3) against a shareholder or the chairperson of the General Meeting within five years of the decision or measure underlying the action.

Section 9 — *Mandatory provisions*

included in (1) Provisions shall not be ~~taken into~~ the by-laws restricting the right of the company to damages under this Chapter or under section 44 of the Audit Act, where the loss has been caused:

(1) by a violation of provisions that cannot be derogated from by means of the by-laws; or

(2) otherwise deliberately or through gross negligence.

(2) The right of the company to damages may be otherwise restricted by means of the by-laws only on the consent of all shareholders.

(3) Provisions shall not be taken into the by-laws restricting the right of a shareholder or a third party to damages or to bring an action under this Chapter or under section 44 of the Audit Act.

Chapter 23 — Duty of redemption and dissolution of the company on the basis of abuse of influence

Section 1 — *Duty of redemption*

(1) A shareholder shall be obliged, on the basis of an action brought by another shareholder, to redeem the shares of the latter shareholder within a set period, where:

(1) the shareholder has deliberately abused his or her influence in the company by contributing to a decision contrary to the principle of equal treatment referred to in Chapter 1, section 7, or to other violations of this Act or the by-laws; and

(2) redemption is a necessary remedy for the other shareholder, taking due note of the probability of the conduct referred to in paragraph (1) being continued and of the other relevant circumstances.

(2) The redemption price shall be set at the current price that the share would have in the absence of any abuse of influence.

(3) The company shall be reserved an opportunity to be heard, unless this is manifestly unnecessary.

Section 2 — *Order of liquidation or deregistration*

(1) A court order on the liquidation of the company shall be issued on the basis of an action by a shareholder against the company, where:

(1) the criteria for the redemption of the shares of the plaintiff, as referred to in section 1(1), exist but the person abusing his or her influence is probably not going to comply with the duty of redemption; and

(2) there are especially ~~persuasive~~ reasons for liquidation in view of the shareholders' need for a remedy and their interests.

(2) The other shareholders may be reserved an opportunity to be heard, if this is deemed necessary.

(3) A company that has been ordered into liquidation will dissolve in accordance with the provisions on liquidation in Chapter 20. When the court issues an order of liquidation, it shall at the same time appoint one or several liquidators, as referred to in Chapter 20, section 9.

(4) Instead of an order of liquidation, the court shall issue an order of the deregistration of the company, as referred to in Chapter 20, if the assets of the company are not adequate for covering the costs of liquidation or if there is no information on the assets, and if no shareholder, creditor or other party undertakes to bear the costs of liquidation.

Chapter 24 — **Dispute resolution**

Court proceedings

Section 1 — *Competent courts*

Civil cases pertaining to the application of this Act shall be dealt with by the following District Courts: The District Court of Åland, the District Court of Helsinki, the District Court of Kuopio, the District Court of Lahti, the District Court of Oulu, the District Court of Tampere, the District Court of Turku and the District Court of Vaasa. The territorial jurisdictions of these District Courts in such cases shall be laid down by a Decree of the Government. Unless ~~it is~~ otherwise provided in the by-laws or otherwise agreed, the jurisdiction shall be determined on the basis of the domicile of the company.

Section 2 — *Matters to be dealt with urgently*

(1) A matter pertaining to a payment or full security, where the judgment is a precondition to registration, as referred to in Chapter 14, section 5, Chapter 16, section 15, Chapter 17, section 15, or Chapter 19, section 8, shall be dealt with urgently.

(2) An action of objection, referred to in Chapter 21, shall be dealt with urgently.

Arbitration

Section 3 — *Arbitration on the basis of the by-laws*

(1) A provision in the by-laws on the referral of disputes to arbitration shall be binding on the company, the shareholders, the Board of Directors, the Board of Supervisors, the Directors, the Supervisors, the Chief Executive and the auditors, as provided in the Arbitration Act. A provision in the by-laws on the referral of disputes on the redemption right or redemption price under a redemption clause referred to in Chapter 3, section 7, shall likewise be binding on the parties to the dispute.

(2) However, the provision in the by-laws referred to in paragraph (1) applies only to actions where the cause has arisen after the registration of the provision.

Section 4 — *Statutory arbitration*

The statutory arbitration of certain redemption disputes is governed by the provisions in Chapter 16, section 13, Chapter 17, section 13, and Chapter 18, sections 3—10.

Miscellaneous provisions

Section 5 — *Service of notices on the company*

(1) Summonses and other notices shall be deemed to have been served on the company once they have been served on a Director, the Chief Executive or another person who under this Act is entitled to represent the company either alone or together with another person.

(2) If none of the representatives of the company referred to in paragraph (1) has been entered into the trade register, the service may be effected by delivering the documents to someone in the service of the company or, if no such person can be found, to the police of the domicile of the company, also in accordance with Chapter 11, section 7(2)—(4), of the Code of Judicial Procedure.

Section 6 — *Official notice of decisions*

If a decision pertains to a circumstance to be entered into the trade register, the court or the arbitrators shall without undue delay notify the register authority of the decision. A court shall likewise give official notice of its decision becoming ~~*res judicata* (no longer open to regular appeal)~~.

Chapter 25 — **Penal provisions**

Section 1 — *Company law offence*

A person who intentionally

(1) violates the prohibition on the public trading, under the Securities Markets Act, of the securities of a private company, as provided in Chapter 1, section 1(2),

(2) violates the provisions on the drafting of the statement of a certified auditor, as referred to in Chapter 2, section 14(2), Chapter 16, section 4, Chapter 17, section 4, or Chapter 19, section 2,

(3) acts as a front for a third party in order to circumvent voting restrictions provided in this Act or the by-laws or

(4) violates the protection of the shareholders or the creditors by distributing the assets of the company in ~~contravention~~ of the provisions of this Act,

shall be convicted, unless the act is of minor significance or subject to a more severe penalty elsewhere in the law, of a *company law offence* and sentenced to a fine or to imprisonment for at most one year.

Section 2 — *Company law misdemeanour*

(1) A person who intentionally

(1) fails to keep the share register or the shareholder register or to keep such registers available, as required by the provisions in Chapter 3,

(2) violates the provision in Chapter 5, section 23(4), on ~~the~~ keeping available ~~of~~ the minutes of the General Meeting,

(3) violates the provision in Chapter 18, section 2(1), on the notification of the right or duty of redemption to the company or

(4) violates the provisions of this Act on the drafting of the financial statement, the company report or the consolidated financial statement, or on the submission of final accounts relating to the merger, demerger or liquidation of a company,

shall be convicted, unless the act is of minor significance or subject to a more severe penalty elsewhere in the law, of a *company law misdemeanour* and sentenced to a fine.

(2) A person who through gross negligence acts in the manner referred to in paragraph (1)(4) shall likewise be convicted of a company law ~~misdemeanour~~ violation (ks. ed).

PART VII — MISCELLANEOUS PROVISIONS

Chapter 26 — Entry into force

Section 1 — *Entry into force*

This Act shall enter into force as separately provided by an ~~Act~~ act.