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~~11 April 2017~~

~~To:~~
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Execution Copy

24 January 2019

THE 19~~87, 19~~92 AND 2002 ISDA MASTER AGREEMENTS – ENFORCEABILITY OF CLOSE-OUT NETTING ~~UPDATE~~PROVISIONS

Dear Sirs,

~~1. INTRODUCTION~~

1 Introduction

~~On January 2, 2004 we provided the~~The International Swaps and Derivatives Association, Inc. ("**ISDA**") ~~with an~~have by an e-mail dated 16 March 2018 and instructions (the "**Instructions Letter**") instructed us to update our opinion on the enforceability of the termination, bilateral close-out netting and multi-branch netting provisions of the 1992 ISDA Master Agreements[1] and the 2002 ISDA Master Agreements[2] (collectively, the "**ISDA Master Agreements**") under the laws of the Republic of Finland ("**Finnish law**") ~~of close-out netting of derivative transactions entered into~~

[1] The 1992 ISDA Master Agreement (Multicurrency – Cross Border) (the "Cross Border Agreement") and the 1992 ISDA Master Agreement (Local Currency - Single Jurisdiction) (the "Single Jurisdiction Agreement" and, together with the Cross Border Agreement, the "1992 ISDA Master Agreements").

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~~under an agreement between two parties based on the 1987, 1992 and 2002 ISDA Master Agreements published by ISDA (as supplemented by updates of 21 October 2004, 16 September 2005, 10 October 2006, 12 September 2007, 19 November 2008, 20 January 2010, 23 June 2011 and 19 December 2013; the "**Opinion**").~~ published by ISDA.

Terms defined in the relevant ISDA Master Agreements have the same meaning in this opinion unless the terms have been separately defined hereunder.

As instructed, we have addressed the issues raised by ISDA in to us on the basis of the information and assumptions set forth in the Instructions Letter. We have also made certain other assumptions and qualifications, which we consider necessary for the purpose of this opinion.

This opinion relates solely to matters of Finnish law as in force at the date hereof and does not consider the impact of any laws other than Finnish law, even in case where, under Finnish law, any foreign law falls to be applied.

[2] The 2002 ISDA Master Agreement, published in January 2003 by ISDA, the 2002 ISDA Master Agreement (French law) and the 2002 ISDA Master Agreement (Irish law), collectively the "2002 ISDA Master Agreements".

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2 Terms of reference

This opinion is given in respect of a party, which is:

(i) a Bank/Credit Institution;

(ii) a Corporation;

(iii) a Hedge fund/Proprietary Trader;

(iv) an Insurance Company;

(v) *an Investment Firm/Broker*~~/Dealer.~~ Dealer; or

(vi) a Partnership,

~~The Opinion covers the entities that are incorporated or formed under Finnish law or are incorporated or formed under the laws of another jurisdiction with a branch or branches located in Finland, under the counterparty categories *in Appendix B (Certain Counterparty Types*, September 2009) of "Bank/Credit Institution", "Corporation", "Insurance Company" and "Partnership". Investment firms under the Finnish Act on Investment Services (747/2012, as amended) are also included within the coverage of our Opinion.~~and in each case which is incorporated or formed under Finnish law or are incorporated or formed under the laws of another jurisdiction with a branch or branches located in Finland, or which is

~~With reference to your email dated 5 November 2014 regarding the captioned matter, we have reviewed the relevant Finnish legislation, court decisions, administrative rulings and official interpretations as well as case law since 19 December 2013 in order to review any changes in Finnish law that could materially and adversely affect the conclusions set forth in the Opinion. We have made the same assumptions and based our advice on the same facts as outlined in the Opinion.~~

~~As a result of our review we are able to confirm to you that there are no changes in Finnish law that would materially and adversely affect the conclusions set forth in the Opinion. We are neither aware of any pending legal nor regulatory developments in Finland concerning the enforceability of close-out netting. However, we would like to address the following changes in Finnish law since the date of the previous update of the Opinion (19 December 2013) even though we believe that such changes would not materially and adversely affect the conclusions set forth in the Opinion.~~

~~1. Implementation of the BRRD~~

(vii) a Local Authority, or

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(viii) the Sovereign (i.e., the Republic of Finland),

as defined in more detail *in Appendix B (Certain Counterparty Types)* to this opinion.

3 Insolvency Proceedings and Resolution Measures under Finnish Law

3.1 Statutory Framework

3.1.1 Insolvency proceedings

In Finland, corporate insolvency is governed mainly by the Bankruptcy Act (120/2004, as amended, in Finnish: *konkurssilaki*, the "**Bankruptcy Act**"), the Order of Priority Act (1578/1992, as amended, in Finnish: *laki velkojien maksunsaantijärjestyksestä*, the "**Order of Priority Act**"), the Restructuring of Companies Act (47/1993, as amended, in Finnish: *laki yrityksen saneerauksesta*, the "**Restructuring Act**"), the Act on Recovery to Bankruptcy Estate (758/1991 as amended, in Finnish: *laki takaisinsaannista konkurssipesään*, the "**Recovery Act**") and the Act on the Temporary Interruption of the Operations of a Deposit Bank (1509/2001, as amended, in Finnish: *laki talletuspankin toiminnan väliaikaisesta keskeyttämisestä*, the "**Temporary Interruption Act**"). In this opinion, the Bankruptcy Act, the Order of Priority Act, the Restructuring Act, the Recovery Act and the Temporary Interruption Act are referred to as the "**Insolvency Law**" or the "**Insolvency Laws**", and "**Insolvency**" means corporate insolvency under the Bankruptcy Act, the Restructuring Act or insolvency of a credit institution under the Bankruptcy Act and the Banking Laws.

3.1.2 Resolution measures

Finland has implemented ~~the European Union bank~~Directive 2014/59/EU providing for the establishment of an EU-wide framework for the recovery and resolution ~~directive, and the new~~of credit institutions and investment firms (below, the "**BRRD**"), and the regime under the ~~directive~~BRRD enables authorities to take a range of actions in relation to financial institutions considered to be at risk of failing. These ~~new~~ rules apply only to counterparties, which are ~~a Bank/Credit Institution or *an Investment Firm/Broker*/Dealer.~~ credit institutions or investment firms.

The ~~European Union Bank Recovery and Resolution Directive (the "**BRRD**")~~BRRD entered into force on 2 July 2014 and it was implemented in Finland with effect as of 1 January 2015 principally by the Act on Procedure for the Resolution of Credit Institutions and Investment Firms (1194/2014, as amended~~;~~, in Finnish: *laki luottolaitosten ja sijoituspalveluyritysten kriisinratkaisusta*, the "**Resolution Act**"), the Act on the Financial Stability Authority (1195/2014, as amended~~;~~, in Finnish: *laki rahoitusvakausviranomaisesta*, the "**Authority Act**") and by amending the Act on the Operations of Credit Institutions ~~(in Finnish: *laki luottolaitostoiminnasta*)~~ and other related

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legislation[1] (jointly, the "**Finnish Resolution Laws**"). ~~The Authority Act deals with *the operation and powers of the Finnish* resolution authority (the Financial Stability Authority, in Finnish: *Rahoituvakausvirasto*), which has been established for the purposes of the enforcement of the Resolution Act and other regulation relating to recovery and resolution of financial institutions. In addition to the Resolution Laws, the resolution and recovery of most significant financial institutions are subject to the rules of the single resolution mechanism under the authority of the Single Resolution Board (the "**SRB**") as set out in Regulation on a Single Resolution Mechanism ("**SRM**")[2].~~

The Authority Act concerns *the operation and powers of the Finnish* Resolution Authority i.e., the Financial Stability Authority (in Finnish: *Rahoitusvakausvirasto*), *which has been established for the purposes of the enforcement of the Resolution Act and other regulation relating to recovery and resolution of financial institutions. In addition to the* Finnish *Resolution Laws, the resolution and recovery of most significant financial institutions are subject to the rules of the single resolution mechanism* (the "**SRM**") *under the authority of the Single Resolution Board (the "**SRB**") as set out in* the Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of ~~on~~ *a Single Resolution Mechanism* and a Single Resolution Fund and amending Regulation (EU) No 1093/2010 (as amended, the "**SRM Regulation**"), which has applied in full from 1 January 2016. The primary scope of the SRM is the euro area. The SRM Regulation establishes a single European Resolution Board having resolution powers over the institutions that are subject to the SRM, thus replacing or exceeding the powers of the national authorities.

The powers granted to the Financial Stability Authority under the Resolution Act include the introduction of a statutory "write-down and conversion power" and a "bail-in" power, which gives the relevant resolution authority the power to cancel all or a portion of the principal amount of, or interest on, certain unsecured liabilities of a failing financial institution and/or to convert certain debt claims into another security, including equity instruments.

For a more detailed analysis on the resolution measures please refer to section 3.6 below.

3.2 Territorial Application of the Insolvency Laws

3.2.1 Application of Insolvency Laws and Finnish Jurisdiction

As a general rule, the Insolvency Laws apply to insolvency proceedings of a Finnish debtor unless otherwise provided or agreed upon with a foreign state. The EU Insolvency Regulation[3] (the

[1] ~~Including the banking laws referred to in the Opinion and the Act on Investment Services~~

[2] ~~Regulation (EU) No 806/2014 on the Single Resolution Mechanism (the "**SRM Regulation**"). The SRB has been fully operational, with a complete set of resolution powers, from January 2016~~

[3] Regulation (EU) 2015/848 of the European Parliament and of the Council of 20 May 2015 on insolvency proceedings.

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"**Insolvency Regulation**") determines the jurisdiction of a Finnish court in cross-border insolvency proceedings when the centre of main interests of the debtor ("**COMI**") is in Finland or in another EU Member State where the Insolvency Regulation is applicable.

Pursuant to the Bankruptcy Act, where the debtor's centre of main interests is in a state where the Insolvency Regulation is not applicable, a Finnish court shall have jurisdiction if the debtor has an establishment or other such assets in Finland that the opening of bankruptcy proceedings there can be deemed expedient. However, Finnish courts do not have jurisdiction if the debtor has been declared bankrupt in Iceland, Norway or Denmark and the debtor has had a domicile in that state. This follows from the Nordic Bankruptcy Convention signed in 1933, which is discussed below in Section 3.2.4.

By virtue of Chapter 5, Section 1 of the Bankruptcy Act, Finnish courts and legal scholars take the position that a Finnish bankruptcy also encompasses assets of the bankrupt entity located outside the European Union ("**EU**") and the Nordic Treaty Countries (principle of "universality"). However, Finnish law will not normally give legal effect to bankruptcy proceedings initiated in other countries (other than the European Economic Area[4] ("**EEA**") member countries and Nordic Treaty Countries) (principle of "territoriality"), except that it is likely that Finnish courts would accept the capacity of the foreign bankruptcy estate (liquidator or trustee) over the bankrupt entity to possess and dispose of the assets of the bankrupt entity in Finland.

Furthermore, as regards entities located outside the EEA, the assets in Finland of an entity located outside the EEA may be subject to bankruptcy proceedings in Finland. Such proceedings would be conducted under the Bankruptcy Law and would not deviate from proceedings in respect of entities domiciled in Finland.

3.2.2 Insolvency Regulation

The Insolvency Regulation, which entered into force in 2015, repealed the EU Insolvency Regulation of 2000 on insolvency proceedings[5]. The main principles and choice of law rules adopted in the previous Insolvency Regulation of 2000 remain unchanged, even though the recast Insolvency Regulation for example clarified the centre of main interests (COMI) and broadened the scope of proceedings and possibility to give undertaking for secondary proceedings, amongst others.

The recast Insolvency Regulation deals with private international law issues associated with cross-border insolvency within the EU Member States providing rules on insolvency proceedings with cross-border elements in the EU. Please note that that the Insolvency Regulation is not

[4] Being the EU Member States (Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, the United Kingdom) as well as Iceland, Liechtenstein and Norway.
[5] Council regulation (EC) No 1346/2000 of 29 May 2000 on insolvency proceedings

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applicable in the EEA member countries which are not members of the EU, i.e., Iceland, Liechtenstein and Norway.

The Insolvency Regulation provides rules to determine the proper jurisdiction for insolvency proceedings (for Finland, bankruptcy and restructuring), rules on the applicable law to be used in such proceedings as well as rules on mandatory recognition of those proceedings in other EU Member States. The Insolvency Regulation sets out conflicts of law rules for insolvency proceedings concerning debtors based in the EU with operations in more than one Member State, giving particular prominence to insolvency proceedings in the Member State in which a debtor has its COMI.

The Insolvency Regulation is applicable as such in all Member States excluding Denmark and contains distinct provisions regarding cross-border insolvency proceedings. The Insolvency Regulation is directly applicable legislation, as is apparent pursuant to *inter alia* the Bankruptcy Act. According to the Bankruptcy Act, if the matter has a connection to another Member State as referred to in the Insolvency Regulation, and the Insolvency Regulation is in effect in that Member State, the provisions of the Insolvency Regulation apply instead of those of the Bankruptcy Act and the Reorganisation Act.

The Insolvency Regulation's primary objective is to coordinate jurisdiction in Member States relating to insolvency proceedings. In addition, the Insolvency Regulation broadly prescribes which Member State's law is applicable to bankruptcy-related cases. Having resolved these issues, the actual bankruptcy proceedings are subject to the national legislation of the Member State, which has been determined to have jurisdiction pursuant to the Insolvency Regulation.

The Insolvency Regulation enables several separate insolvency proceedings to be commenced within the EU Member States. Insolvency proceedings have been divided in the Insolvency Regulation to main proceedings and secondary proceedings depending upon the debtor's COMI. Preliminary proceedings may be commenced only in the Member State in which the debtor's COMI is located. Secondary proceedings may be commenced in the Member State in which the debtor holds an establishment. The other significant difference between these proceedings is that main proceedings cover the debtor's assets within every Member State, while the effects of the secondary proceedings shall be restricted to the assets of the debtor situated within the territory of that Member State. Furthermore, the Insolvency Regulation includes provisions regarding the coordination of the insolvency proceedings of members of a group of companies.

As to the applicable law in insolvency proceedings, the principal rule is that the law of the Member State of the opening of proceedings determines the conditions for the opening of those proceedings, their conduct and their closure. That law determines, for example, the assets which form part of the insolvency estate, the conditions under which set-off may be invoked, the effects of insolvency proceedings on current contracts to which the debtor is party as well as the rules relating to the voidness, voidability or unenforceability of legal acts detrimental to the general body of creditors.

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However, pursuant to the Insolvency Regulation, this rule does not apply where the person who benefited from an act detrimental to all the creditors provides proof that (i) the said act is subject to the law of a Member State other than that of the State of the opening of proceedings, and (ii) that law does not allow any means of challenging that act in the relevant case. The operation of these rules may affect e.g., the availability of recovery (claw-back) under the Recovery Act in such that instead of Finnish law, the law of another Member State will be applied.

In terms of application to the Insolvency Regulation to certain counterparties, the regulation does not apply to credit institutions, insurance undertakings, collective investment undertakings or investment firms or other undertakings to the extent such entities they are covered by Directive 2001/24/EC on the reorganization and winding up of credit institutions (the "**Winding-up Directive**").

3.2.3 Insolvency Proceedings of Credit Institutions in the EEA

The Winding-up Directive regulates recognition of insolvency proceedings for credit institutions within the EEA. When an EEA credit institution with branches in multiple EEA countries fail and go through bankruptcy, the principles defined in the Winding-up Directive ensure that a single bankruptcy procedure can be applied across all member countries involved. The Winding-up Directive establishes that the laws of the EEA country where the credit institution has its registered office (the "home country") should be followed in bankruptcy and winding-up proceedings. It requires that creditors are informed of bankruptcy proceedings and reorganisation measures.

The Winding-up Directive has been implemented in Finland in the Banking Laws. As a primary rule, in the event of an Insolvency of a Finnish credit institution, Finnish courts will apply Finnish law to the insolvency proceedings and legal effects of such proceedings[6]. Pursuant to Section 2 of Chapter 19 of the Credit Institutions Act, a decision of the administrative or judicial authorities of the home state of a credit institution domiciled within the EEA on the implementation of reorganisation measures or winding-up proceedings shall be applicable to a branch of such a credit institution in Finland.

The Banking Laws, implementing the Winding-up Directive (in particular Articles 21 to 27 of the directive), contain exceptions from the application of Finnish law in the insolvency of a Finnish credit institution[7]. For example, in the insolvency proceedings of credit institutions, the law applicable to netting agreements and repurchase agreement will be the law of the contract, which governs such agreements[8]. Similarly, rights in securities and derivative contracts the existence or transfer of which presupposes their recording in a register, an account or a centralised deposit system, shall be governed by the law of the EEA member country where the register, account, or

[6] The scope of applicable Finnish law is in line with Article 10 (2) of Winding-up Directive.
[7] As mentioned above, the Insolvency Regulation does not apply to credit institutions.
[8] Unless such arrangements are subject to resolution measures; see below.

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centralised deposit system in which those rights are recorded is held or located. Also, pursuant to the Banking Laws, the commencement of liquidation or bankruptcy proceedings does not restrict a creditor to demand the set-off of its claims against the claims of the credit institution, where such a set-off is permitted by the law applicable to the credit institution's claim[9].

3.2.4 Insolvency Proceedings of Insurance Undertakings in the EEA

The Insolvency Regulation does not apply to the insolvency proceedings of Insurance Companies. Instead, Directive 138/2009/EC on taking-up and pursuit of the business of insurance and reinsurance ("**Solvency II**") includes rules on reorganisation and winding-up of insurance undertakings in the EEA. The Directive was implemented in Finland mainly by the Act on Insurance Companies and the Act on Foreign Insurance Companies (398/1995, as amended, in Finnish: *laki ulkomaisista vakuutusyhtiöistä*). Hereinafter reference to Solvency II shall mean reference to Title IV of Solvency II on reorganisation and winding-up of insurance undertakings.

Solvency II applies to reorganisation measures and winding-up proceedings concerning insurance undertakings authorised in the EEA as well as to branches of third-country insurance undertakings situated in the EEA. Similar to insolvency proceedings of credit institutions, the law of the home EEA member country of the insurance undertaking is applied to the reorganisation measures and winding-up proceedings of that undertaking, including its branches situated in other EEA member countries. The Act on Insurance Companies consequently states that Finnish law is applied, except in certain cases, to the reorganisation and bankruptcy and their legal effects relating to insurance companies as well as to the prohibition of transfer or pledging the assets of a Finnish insurance company and its branches situated in other EEA states. The Act on Insurance Companies defines insurance companies as limited insurance companies or mutual insurance companies registered in accordance with Finnish law.

3.2.5 Nordic Treaty Countries

There are certain conventions which are applied in parallel with the Insolvency Regulation due to restrictions set forth by the Insolvency Regulation. Since Iceland and Norway are not members of the EU and the Insolvency Regulation is not applicable to Denmark, the Nordic Treaty on Bankruptcy is still applicable if one of the parties is organized and domiciled in Iceland, Norway or Denmark. As between Finland and Sweden, the Insolvency Regulation has replaced the Nordic Treaty.

Hence, the legal effects in Finland relating to commencement of insolvency proceedings of an entity organised in a foreign country vary on the basis whether or not the entity is organised and domiciled within the EU or within certain Nordic Countries (namely, Iceland, Norway and Denmark, below,

[9] However, Finnish law would determine the grounds for voidness, voidability or recovery (claw-back) of such arrangements.

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together with Finland each a "**Nordic Treaty Country**" and together the "**Nordic Treaty Countries**").

By virtue of the Nordic Treaty on Bankruptcy with the Nordic Treaty Countries in respect of reciprocal recognition of bankruptcy proceedings commenced in another Nordic Treaty Country (the treaty dated 7 November 1933, implemented in Finland by the Act 18 May 1934/333, the "**Nordic Treaty**"), bankruptcy declared in Finland on the basis of the bankrupt entity's domicile in Finland will also comprise assets which the bankrupt entity or its branch office has in the other Nordic Treaty Countries. Following the commencement of the proceedings in Finland such assets may normally not be subject to a separate insolvency proceedings in another Nordic Treaty Country (i.e. the country where the assets are located).

The Nordic Treaty does not include unified regulations on international jurisdiction. The Nordic Treaty also does not define the concept of a domicile. Thus, to this extent, each Nordic Treaty Country applies the national grounds for determining jurisdiction, usually by applying the conventional definition for a domicile found in international procedural law. The Finnish Bankruptcy Act determines a domicile within the facts and circumstances of the debtor's centre of main interest.

Under the Nordic Treaty, the insolvency laws of *lex fori* will generally apply as to dispositions of assets of the bankrupt entity, avoidance rules, rules for priority and distributions. Consequently, in the event that bankruptcy is commenced in Finland against a Finnish entity, the Bankruptcy Act will apply also in respect of assets located in any other Nordic Treaty Country. Questions in respect of title to real property and validity of security and collateral (both in real and movable property such as ships and aircrafts) and registration of rights over real property, generally follow *lex rei sitae*. The principles of the Nordic Treaty apply equally in respect of assets in Finland of a bankruptcy entity domiciled in another Nordic Treaty Country.

As mentioned, the Insolvency Regulation replaces the Nordic Treaty between Finland and Sweden. However, the Nordic Treaty continues to be of relevance between Finland and Sweden in matters that fall outside the scope of the Insolvency Regulation. That being said, the Winding-up Directive and Solvency II, as implemented in Finland, replace the Nordic Treaty in matters that fall under the respective scope of the directives.

3.2.6 Insolvency Proceedings against the Sovereign and Local Authorities

Pursuant to the Bankruptcy Act, a state (for example, the Republic of Finland), the Province of Åland, a municipality, a federation of municipalities (in Finnish: *kuntayhtymä*) or another municipal co-operative body under public law, a State enterprise[10] or an independent agency under public law (in Finnish: *julkisoikeudellinen laitos*)[11] cannot be declared bankrupt.[12] Therefore, the

[10] Currently, the Senate Properties (in Finnish: *Senaatti-kiinteistöt*).
[11] Such as the Bank of Finland and Kela (the Finnish Social Insurance Institution, in Finnish: *Kansaneläkelaitos*).

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Sovereign and Local Authorities are not eligible to be placed in bankruptcy (in Finnish: *konkurssikelpoisuus*).

3.3 Principles of Finnish Insolvency Laws

The guiding principles of Finnish Insolvency Laws may be characterized as follows.

3.3.1 Liquidation

The purpose of liquidation proceedings is to ascertain the financial position 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 in accordance with the company's Articles of Association. In practice, liquidation of the company leads to the dissolution or, if the assets of the company are not sufficient to cover all the liabilities, the bankruptcy of the company. With respect to credit institutions, the purpose may also be to redress its licence requirements and the proceedings may lead to the redress and continuance of the credit institution activities.

According to the Companies Act, the shareholders' meeting of a company can decide on placing the company into liquidation. However, there is no obligation for the board of directors or shareholders' meeting of a company to initiate liquidation proceedings. In addition to the shareholders' meeting, liquidation proceedings may be initiated by filing a notification with the Finnish Patent and Registration Office (the "**Trade Register**") by the board of directors, a member of the board of directors, the managing director, an auditor, a shareholder, a creditor or other third party whose rights may be dependent upon the appropriate registration of the company or placement of the company into liquidation. The Trade Register may issue an order for liquidation of a company on the basis of the filing. Under particular conditions, the Trade Register may also make the decision on its own initiative, or a court may order a company into liquidation.

According to the Commercial Banks Act, the liquidation regulations as set out in the Companies Act principally apply to credit institutions, but certain particular rules are provided in the Commercial Banks Act. A credit institution must, *inter alia*, notify the *Finnish Financial Supervisory Authority*~~, the "~~ (the "**FIN-FSA**") before it is set into liquidation on the basis of a decision of the shareholders' meeting. Additionally, the FIN-FSA may issue an order for liquidation of a credit institution if it decides to revoke the licence of the credit institution.

Liquidation commences with the decision to initiate liquidation. One or several liquidators are appointed in conjunction with the decision to manage the company during the liquidation. The liquidator(s) act(s) in lieu of the board of directors and the managing director and report(s) to the shareholders of the company. The liquidator(s) shall manage the affairs of the company during the

[12] Furthermore, the Evangelical Lutheran Church, the Orthodox Church, or a parish or a federation of parishes (in Finnish: *seurakuntayhtymä*) of the Evangelical Lutheran Church or the Orthodox Church cannot be declared bankrupt. However, a public law university within the meaning of Section 1 of the University Act (558/2009, as amended) may be declared bankrupt.

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liquidation. The business operations of the company may be continued only to a degree called for by an appropriate liquidation process.

There is no moratorium with respect to the commencement of the liquidation proceedings. The liquidator(s) shall apply for a public summons to the creditors of the company after the commencement. Once the due date of the public summons to the creditors of the company has passed and all of the known debts of the company have been repaid, the liquidators shall distribute the assets of the company to the shareholders. Liquidation of a private limited company has no effect on the validity of a company's contracts.

3.3.2 Bankruptcy

Bankruptcy is regulated by the Bankruptcy Act, which, in accordance with the Commercial Banks Act, applies to credit institutions. However, the Commercial Banks Act provides certain particular regulation for the bankruptcy of a depositary bank. It should additionally be noted that bankruptcy proceedings are not possible if the bank is in an ongoing resolution procedure under the Finnish Resolution Laws.

Pursuant to the Bankruptcy Act, if a debtor fails to pay its debts when due and the incapacity to pay is not temporary, the debtor is considered to be insolvent. Under certain conditions, a bankruptcy application may then be filed to the competent district court by the debtor itself or by a creditor. The procedure will be handled as a court matter and it will ultimately (unless terminated) result in a decision placing the debtor in bankruptcy.

At the commencement of bankruptcy proceedings against a debtor, the debtor forfeits control of all assets, which are considered to belong to the bankruptcy estate from the precise time of the adjudication of bankruptcy. In principle, legal transactions entered into by the debtor (or the debtor's agents) after the commencement of the bankruptcy proceedings are not binding upon the bankruptcy estate, regardless of the *bona fide* of the counterparty. However, a legal transaction entered into by the debtor will bind the bankruptcy estate if the transaction was entered into before the commencement of the bankruptcy proceedings has been registered in the Register of Bankruptcies and Restructurings and the other party to the transactions was not, nor should have been, aware of the debtor having no rights to enter into the transaction.

The insolvent company itself is not obliged to file for bankruptcy, but if its board of directors by purpose or of negligence fail to apply for bankruptcy and the said conduct causes damages, there is a risk of an obligation to pay damages to the suffering parties, i.e. creditors, pursuant to the liability of the management stated in the Companies Act.

Bankruptcy proceedings cover all the assets and liabilities of the debtor and the assets are used to fulfil the obligations of the company. The purpose of bankruptcy proceedings is to dissolve the company by selling all of its assets and distribute any possible surplus amount to the company's creditors. In order to achieve the purpose, the assets of the debtor become subject to the authority of

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the creditors as of the beginning of the bankruptcy, and an estate administrator appointed by the court represents the creditors. The right to exercise the creditors' authority belongs to creditors who have a claim in bankruptcy against the debtor. In general, in order to be entitled to a disbursement, a creditor shall lodge a written claim in bankruptcy by delivering it to the administrator during the time set for presenting the claims.

The creditors exercise their authority in the creditors' meeting. All assets of the insolvent company constitutes the bankruptcy estate and the right of disposition is transferred from the company (its board of directors and shareholders) to the estate administrator, which consults with and reports to the creditors' meeting. In practice, the estate administrator consults with concerned (major) creditors on all matters of importance and submits them to decision by the creditors' meeting. The bankruptcy estate may (exceptionally) continue with the company's business operations, and the company's assets will be realized as soon as reasonably possible.

The estate administrator draws up a disbursement list and if it meets the requirements set out in law, the competent court verifies it in bankruptcy proceedings. As a starting point, unsecured creditors have an equal right to a payment from the funds of the bankruptcy estate in the proportion of the amount of their claims (pro rata basis). However, secured creditors have precedence over unsecured creditors to receive their claims. The main rule is that the disbursement payments take place when all the assets of the debtor company are realized and the affairs of the debtor company are otherwise settled. However, bankruptcy estates can pay advance disbursements to creditors during bankruptcy proceedings if it deems appropriate and it does not jeopardise liquidity of a bankruptcy estate.

The assets of the bankruptcy estate are disposed of in the most advantageous manner (auctions, through advertising and direct solicitation of potential buyers) in order to maximize the aggregate net proceeds. However, secured creditors that hold interest in collateral may exercise their right of liquidation of collateral regardless of the bankruptcy proceedings. This right may be suspended by the bankruptcy estate as it may at its own discretion prohibit the sale of collateral for the maximum of two months. On the other hand, the bankruptcy estate may sell collateral belonging to the estate only with the consent of the creditor protected by the collateral or if the court grants a specific permission.

The bankruptcy estate has a right to choose whether to commit to a contract entered into by the debtor. Contractual terms whereby the contracting parties have agreed on the consequences of insolvency of a contracting party are considered to be invalid. According to the Bankruptcy Act, a creditor has the right to request a declaration of whether the bankruptcy estate commits to a contract between the creditor and the debtor. If the estate declares, within a reasonable time, that it commits to the contract, as well as places an acceptable security for the performance of the contract, the contract cannot be rescinded by the creditor. However, a creditor may rescind the contract if the contract is of personal nature (i.e., only the contracting party may reasonably fulfil the obligations

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under the contract) or there are other special reasons for which it cannot be required that the creditor would be bound by the contract with the bankruptcy estate.

3.3.3 Restructuring Proceedings

Corporate restructuring is governed by the Restructuring Act. The basic idea of corporate restructuring is the rehabilitation or safeguarding of the viable business operations of the debtor as well as taking up restructuring proceedings in order to meet these objectives. The Restructuring Act also sets out the process for adopting a restructuring program, which includes the measures to be taken in order to restructure the debtor's business operations.

According to the Restructuring Act, the indebted company retains the right to control the normal day-to-day operations of the company during the restructuring period. However, the consent of the administrator is required for significant business decisions, such as the taking out of a new loan.

The legal effects of the court's adjudication of restructuring proceedings apply only to "restructuring debts" i.e., debts, which were incurred, at least conditionally, prior to the application for restructuring proceedings became pending, including contested, conditional and unclear debts. Consequently, the commencement of the proceedings does not affect, for example, the debtor's obligation to fulfil a contract requiring specific performance.

The commencement of restructuring proceedings results in a period of protection, during which debts that originate from the time prior to the commencement of the proceedings cannot be paid, collected, or enforced, nor can security be placed for such debts. Any arrangements that are committed in violation of this restriction are usually deemed invalid. The period of protection remains in force until the court approves the restructuring program or the court interrupts the proceedings.

There are, however, certain exceptions to the restriction to pay, collect or enforce restructuring debts during the protection period. With regard to contracts that have been entered into before the commencement of the restructuring proceedings, if the obligations of the debtor's counterparty have not been (or have only partly been) performed, the counterparty is entitled to receive payment or partial payment, as the case may be, for its performance, regardless of the prohibition, provided that the performance is deemed normal with respect to the debtor's business. If, on the other hand, the performance is deemed unusual, the administrator has the right to decide whether or not the debtor will accept further performance of the contract. If the administrator decides that the debtor will not accept further performance or does not inform the counterparty within a reasonable time, the counterparty may terminate the contract. The counterparty's subsequent claim for damages would then be considered a normal restructuring debt.

After the court has approved and put into effect the restructuring program, the restrictions applicable to the restructuring debts are replaced by the conditions set forth in the restructuring programme. The debtor is obliged to amortize restructuring debts only in accordance with the terms

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of the restructuring programme. The court may, however, at a later stage alter or annul the restructuring programme e.g., if the debtor fails to comply the terms of the restructuring programme. If the debtor is placed into bankruptcy during the compliance of the restructuring programme, the restructuring programme lapses automatically.

3.4 Commencement of Insolvency Proceedings

3.4.1 Bankruptcy Proceedings

Bankruptcy is a form of general enforcement in which a debtor's entire estate is liquidated for the benefit of all the debtor's creditors who are, in principle, equal in their rights to the assets of the estate.

Bankruptcy proceedings in Finland may be initiated either by the debtor or by its creditors. All petitions to institute bankruptcy proceedings are handled by the district courts. Generally, the bankruptcy petition must be filed in the court of the district in which the debtor's business is principally conducted. According to the wording of the Insolvency Regulation, the legal venue to initiate main insolvency proceedings is the court of the Member State in which the debtor's centre of main interests is located. However, pursuant to the Insolvency Regulation, secondary insolvency proceedings against a Finnish entity may be initiated also in another EU Member State where the entity has an establishment. The effects of such secondary insolvency proceedings are limited to assets located in that Member State. Furthermore, special provisions of the Insolvency Regulation deal with cooperation on communication between insolvency practitioners in bankruptcy in cases where the debtor is a subsidiary in a group of companies where insolvency proceedings relate to at least two members of a group of companies.

In Finland, bankruptcy proceedings commence upon the court placing the entity into bankruptcy. For a creditor, the main prerequisite to file a debtor to bankruptcy is that the debt owed to the creditor must be "clear and uncontested", which requires that a creditor has a legally final judgment or similarly enforceable adjudication for its claim, the debt is based on a commitment signed by the debtor which the debtor does not contest with evidently well-founded grounds, or that the debt is so clear that is cannot be contested with well-founded grounds. The creditor's application for instituting bankruptcy proceedings is inadmissible if the debt owed to the creditor is minor and placing the debtor into bankruptcy would be deemed as seemingly inappropriate in comparison to the costs and possible benefits from the proceedings or if the proceedings would be evidently against the good practice in debt collection.

Under Finnish law, both natural and legal persons may be subject to bankruptcy proceeding. Almost all types of legal persons may be subject to bankruptcy proceedings. Examples of such entities include partnerships, limited partnership companies, limited liability companies, cooperatives, foundations and associations. A branch (branch office) is not considered a separate legal entity under Finnish law, and therefore a branch cannot be subject to separate bankruptcy proceedings in

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Finland as such. However, assets and liabilities of a branch of a foreign company in Finland may be subject to separate bankruptcy proceedings in Finland where the foreign debtor company is placed in bankruptcy in Finland pursuant to the Bankruptcy Act's rules on the international jurisdiction of Finnish courts.

3.4.2 Restructuring Proceedings

A company that is in financial difficulties may apply to the court for a decision on the initiation of restructuring proceedings. The application may also be submitted by a creditor (for example a person who has financed the company) or by a probable creditor, i.e. a person to whom the insolvency of the debtor is likely to cause financial losses relating to a claim (for example a person who stands as surety for the company). An application for the restructuring of a company takes precedence over an application to institute bankruptcy proceedings until such time as the court makes a decision with regard to the initiation of restructuring proceedings. If bankruptcy proceedings have already been filed against the company, an application for restructuring must be made before the company is formally declared bankrupt.

The Restructuring Act is intended to allow the initiation of restructuring proceedings at a sufficiently early stage before a company's financial problems have resulted in insolvency. An application for restructuring proceedings may be made when a company is imminently threatened with insolvency. In such a case restructuring proceedings can be commenced at the initiative of a creditor or a probable creditor only if it is necessary for the protecting of or preventing endangerment to the creditor's considerable financial interest.

On the other hand, an application may be made even when a company is already insolvent. If this is the case, restructuring proceedings may be undertaken only if there is a reasonable possibility of remedying the company's situation in a permanent manner.

3.4.3 Proceedings against Banks/Credit Institutions

The provisions of the Restructuring Act regarding reorganization proceedings of an enterprise do not primarily apply to credit institutions (including banks). However, the Restructuring Act is *mutatis mutandis* applicable with regard to deposit banks in accordance with the Temporary Interruption Act (discussed below in Section 3.4.4). Moreover, the bankruptcy proceedings of credit institutions are only partially governed by the Bankruptcy Act. Special provisions regarding insolvency of the respective forms of credit institutions are included in the Banking Laws and the Temporary Interruption Act. The insolvency provisions in the respective laws are similar in substance.

Despite all of the available measures, which may be taken in order to restore the credit institution's financial stability, these attempts may nevertheless prove to be ineffective. According to the Banking Laws and the Temporary Interruption Act, the governing bodies of the credit institution, the FIN-FSA, the Trade Register (with respect to commercial banks) or a Finnish district court has the

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power to place a credit institution in liquidation in accordance with the applicable law. The credit institution must inform the FIN-FSA prior to placing the institution in liquidation on the basis of a decision of its governing body. The FIN-FSA must place the credit institution in liquidation when it revokes the authorisation of the credit institution, unless the credit institution has given up its authorisation voluntarily.

When the credit institution is placed into liquidation, liquidators are responsible for managing the affairs of the entity during the liquidation proceedings. They are required to apply for a public summons for the creditors of the bank and to convert a necessary amount of the assets of the credit institution to cash as soon as possible in order to pay the debts of the credit institution. After the commencement of the liquidation proceedings, a creditor of a credit institution may not take legal action for the recovery of a debt. However, liquidation proceedings do not prevent the recovery of a debt for which the creditor has a security interest or other priority right.

A credit institution in liquidation may be declared bankrupt. In such case the depositors of the credit institution are entitled to receive payment for claims on deposit accounts from the assets of the bankruptcy estate even if these claims have not been secured in the bankruptcy.

With respect to Investment Firms and Broker Dealers, the provisions applicable to liquidation and bankruptcy of commercial banks are *mutatis mutandis* applicable to the liquidation and bankruptcy of investment firms established in Finland.

3.4.4 Temporary Interruption of the Operations of a Deposit Bank

As mentioned in Section 3.4.3 above, the proceedings of company restructuring in accordance with the Restructuring Act is not primarily applicable to credit institutions (including deposit banks), but the Restructuring Act is *mutatis mutandis* applicable with regard to deposit banks in accordance with the Temporary Interruption Act. Applicable provisions of the Restructuring Act involve, *inter alia*, the receiver, the legal effects regarding commencement of restructuring proceedings and the debtor's business during the restructuring proceedings. In *connection with the enactment of the* Finnish Resolution Laws, the Temporary Interruption Act was amended to the effect that the Financial Stability Authority is vested with the power to decide on the interruption of operations of a deposit bank.

According to the Temporary Interruption Act, a deposit bank is obliged to submit a notice to the Financial Stability Authority, the Bank of Finland and the FIN-FSA without delay if it is not able to fulfil its liabilities. Upon consulting with the Bank of Finland, the FIN-FSA and the bank in question, the Financial Stability Authority may interrupt the operations of the depositary bank for one month at most, if it is obvious that the continuance of the activity would seriously harm the stability of the financial markets, the undisturbed functioning of the payment systems or the interests of creditors. However, the operations of a deposit bank which is under resolution in accordance with the Finnish Resolution Laws may not be interrupted.

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The commencement of the interruption procedure has essentially the same legal effect as the commencement of the restructuring proceedings as provided in the Restructuring Act. During the interruption, the right of the bank to dispose of its assets is restricted. For example, the bank cannot take any deposits or repayable funds from the public without a permission from the Financial Stability Authority. The property of the deposit bank may not be subject to enforcement, and the entity may not be placed in bankruptcy or liquidation. Finally, a pledge given by the credit institution may not be converted into money during this period.

The main objective of the interruption decision is the continuance of the bank's business. The bank must draw up an action plan without delay after the interruption decision. The plan shall include measures the bank shall perform to rehabilitate its financial situation. If no action plan for rehabilitation of the bank's financial situation can be put forward, the plan shall state how the operations of the bank will be terminated, i.e. how the bank will be dissolved. However, the action plan is not required if the bank has drawn up a resolution and recovery plan in accordance with the Act on Operations of Credit Institutions or the Resolution Act.

If the conditions for the interruption are no longer present, the interruption must be immediately withdrew by the Financial Stability Authority after consulting the Bank of Finland and the FIN-FSA.

3.4.5 Proceedings against Insurance Companies

Pursuant to the Act on Insurance Companies, the liquidators of an insurance company in liquidation must file the company for bankruptcy if the assets of the insurance company exceed its liabilities due for creditors. Prior to initiation of liquidation proceedings, the assets of an insurance company may be filed for bankruptcy only on the basis of a decision of the board of directors of the insurance company. Finnish district courts have the power to declare an insurance company bankrupt.

Depending on the circumstances of the liquation or bankruptcy of the insurance company, either the Companies Act or the Bankruptcy Act is applied to the proceedings. Certain rules of the Companies Act on liquidation and dissolving a company are applied if the authorisation of the insurance company has been revoked following the transfer of the entire insurance portfolio of the insurance company to another insurance company, the company has announced that it will cease insurance activities and the company will not continue pursuing any other business activity. The same provisions of the Companies Act are applied to the company's liquidation proceedings or dissolution if the insurance company does not continue pursuing insurance activities within six months of transferring its entire insurance portfolio, or if the decision of the insurance company to pursue other business activities lapses. With the exception to the abovementioned, the Bankruptcy Act is the applicable law to the bankruptcy of an insurance company. In addition, the Act on Insurance Companies sets out detailed provisions on the liquidation and bankruptcy proceedings specific to insurance companies.

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When the insurance company is placed in liquidation, liquidators are responsible for managing the affairs of the entity during the liquidation proceedings. They are, for example, required to apply for a public summons for the creditors of the insurance company. As to order or priority, insurance claims have equal priority ranking as pledgees of movable property under the Order of Priority Act in both liquidation and bankruptcy proceedings.

An insurance company must be placed into liquidation and dissolved, if the insurance company does not fulfil the applicable minimum capital requirement and the situation has not been corrected within a certain period of time (usually within one month), or the FIN-FSA has revoked the authorisation of the insurance company.

In certain cases, the FIN-FSA has the right to prohibit a Finnish insurance company from transferring or pledging its property as a precautionary measure for three months at most in order to protect the interests of the insured. The FIN-FSA may decide to continue the prohibition for an additional period of three months at maximum. The FIN-FSA has the right to prohibit a Finnish insurance company from transferring or pledging its assets, if the insurance company does not fulfil the applicable requirements on technical provisions, the minimum capital requirement or the solvency capital requirement. As an additional condition for fulfilling the minimum capital requirement, the FIN-FSA must have reason to assume that the state of the company will further deteriorate or the company is about to deteriorate in order to rule the prohibition. The FIN-FSA must determine the scope of assets that fall under the prohibition of transfer and pledge.

During the prohibition of transfer and pledge of assets, the insurance company may transfer or pledge assets under the prohibition only with the consent of the authorised representative, who is appointed to supervise compliance with the prohibition. However, such prohibition does not prevent customary use of the assets. Furthermore, the consent of the authorised representative is not required if the transaction, which is customary in carrying out the operations of the company, is not unusual with respect to its terms and conditions, purpose or risk. The consent of the authorised representative must nevertheless be acquired if the value of the transaction exceeds certain threshold values. A transaction contrary to the prohibition of transfer and pledge of assets is deemed null and void if the insurance company's counterparty was not, nor should have been, aware of the insurance company having no right to enter into the transaction.

Assets of an insurance company under the abovementioned prohibition cannot be subject to attachment or precautionary measures. If assets under prohibition are already subject to attachment or precautionary measures prior the commencement of the prohibition, attachment or measures can be carried out despite the prohibition. Noteworthy is that the prohibition does not prevent a pledgee from using its rights relating to a pledge given by the insurance company.

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3.5 Recovery Proceedings

Pursuant to the Recovery Act, certain fraudulent or preferential transactions (including payments to creditors) engaged in by the debtor prior to the commencement of Insolvency Proceedings or thereafter may be subject to recovery. On the basis of the Recovery Act, both creditors who have filed their claims in bankruptcy and the administrator(s) of the bankruptcy estate may seek to recover assets of the debtor that were fraudulently or preferentially conveyed before (and, also, after) the date of the filing of the petition for the bankruptcy (bar date). According to the Restructuring Act, the grounds for recovery set out in the Recovery Act are also to be applied in reorganization proceedings governed by the Restructuring Act.

According to Section 5 of the Recovery Act, a transaction can be recovered by the bankruptcy estate if:

(a) the transaction in question improperly favours a creditor at the expense of other creditors, decreases the amount that the creditors would receive had the transaction not been performed, or increases the debts to the detriment of the creditors;

(b) the debtor, at the time of the transaction, was, or due to the transaction became, insolvent. However, in the event that the transaction in question is a gift, a contract with characteristics of a gift, or distribution of matrimonial assets, it is required that the debtor, at the time of the transaction, was, or due to the transaction became, over-indebted;

(c) the counterparty knew or should have known of the insolvency or over-indebtedness, or the relevance of the transaction to the debtor's economic situation; and

(d) the counterparty knew or should have known of the facts mentioned above in item (i), on the basis of which the transaction shall be considered improper.

The grounds for recovery under Section 5 of the Recovery Act, which covers all transactions concluded between the debtor and a counterparty, are thus applicable only if the counterparty had qualified knowledge of the issues described above in (a) to (d) (below, "**qualified knowledge**").

In general, subject to certain preconditions, transactions (e.g., entering into a transaction or providing collateral) carried out within five years before the date when the petition for bankruptcy is filed to a court (the "**Record Date**") and transactions performed before the company is placed in bankruptcy (the "**Critical Time**") may also be recovered on the basis of the general grounds for recovery. However, transactions between a debtor and its related parties may always be recovered, regardless of the date of the relevant transaction.

The essential provisions of the Recovery Act that may be relevant for the purposes of this opinion are Section 10 on recovery of payments and Section 14 on recovery of collateral.

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Pursuant to Section 10 of the Recovery Act, a payment of a debt may be recovered if the payment had been made within a time period of three (3) months prior to Record Date, and:

(a) claim had not fallen due at the time of payment;

(b) unusual means of payment had been used (e.g., payment of the debt was performed by providing goods instead of money); or

(c) the amount of the payment was considerable[13] taking into account the assets of the insolvent party.

Recovery of such payment would not, however, be available if the payment would nevertheless be considered ordinary with regard to the preceding business relationship of the parties.

Pursuant to Section 14 of the Recovery Act:

> *"A pledge which is granted by a debtor or another security which is established by him for his debt later than three months before the due date is revoked prior unless it has been agreed upon at the establishment of the debt or possession to the collateral has passed or other acts to create the security has been effected without undue delay after the establishment of the debt. Where the security is granted to a closely related party to the debtor earlier than as provided herein, it is revoked unless it is established that the debtor neither was nor became insolvent as a result of such security arrangement."*

Both creditors who have filed their claims in bankruptcy and the administrator(s) of the estate may seek to recover the transactions entered into by the debtor, either by bringing suit against the debtor's counterparty in a separate court proceeding or by objecting to a secured claim in the bankruptcy proceedings. Normally, c claim for recovery must be filed within six months from the Record Date in the restructuring proceedings and within one year in the bankruptcy proceedings. A suit may, however, be filed later, provided that it is filed within three months from when the grounds for such a suit should have become apparent to the estate.

As to the protection of Finnish netting laws against the application of recovery, please refer to sections 4.1 and 4.2 below.

3.6 Resolution Measures

3.6.1 Commencement of Resolution Measures

The aim of the ~~implementing laws of the BRRD (in Finland, the~~Finnish Resolution Laws~~)~~ is to provide authorities with a broad range of powers and instruments to address failing financial institutions in order to safeguard financial stability and minimise tax payers' exposure to losses. The

[13] According to Finnish legal praxis, amounts representing about ten (10) per cent of the insolvent party's assets have been regarded as considerable.

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new regime imposes an obligation on the resolution authority (the Financial Stability Board and the SRB, as applicable) and financial institutions to prepare resolution and recovery plans, authorises the resolution authority to assess the resolvability of a financial institution, and to address or remove impediments to resolvability.

In the event of ~~a~~ distress of a financial institution, the ~~new~~ regime allows the resolution authority (the Financial Stability Authority together with the ~~*Finnish Financial Supervisory Authority*, the~~ ~~"~~FIN-FSA~~"~~, as applicable) to intervene and take early intervention measures with respect to the financial institution where the resolution authority consider that it is likely that the institution will not be able to meet the conditions of its authorisation or its other liabilities or infringes its capital adequacy requirements. Such measures include the power to require the financial institution to take measures referred to in its recovery plan and, if necessary, require the institution to convene its general meeting to approve any such measures requested by the competent authorities, require the institution to prepare a plan on the reorganisation of its debts as instructed by the authorities, and to require the institution to change its strategy, or the legal or administrative structure of the institution. In addition, the Finnish Resolution Laws give the Financial Stability Authority a power to temporarily suspend termination rights of any party to a contract with an institution under resolution.

The Financial Stability Authority is vested with power to implement resolution measures with respect to a financial institution where the authority considers that the financial institution in question is failing or likely to fail, and where there is no reasonable prospect that any measures could be taken to prevent the failure of the institution and that and the taking of the resolution measures is necessary to protect significant public interest.

An institution will be considered as failing or likely to fail when: (i) it is, or is likely in the near future to ~~be~~become, in breach of its requirements for continuing authorisation; (ii) its liabilities exceed its assets ~~are~~, or are likely to do so in the near future ~~to be, less than its liabilities~~; (iii) it is, or is likely in the near future to be, unable to pay its debts as they fall due; or (iv) it requires extraordinary public financial support (except in limited circumstances).

Costs incurred by the Financial Stability Authority in connection with the resolution procedures will be compensated to the authority. In insolvency and liquidation, such costs rank below deposits and secured obligations but above any unsecured obligations of the insolvent or liquidated entity.

Please note that on the date of this opinion *in the absence of any precedents as of yet it is not possible to assess the full impact of* ~~the Resolution Laws[7]~~ the Finnish Resolution Laws or the SRM Regulation on the obligations of a party referred in Chapter 2 above if such a party was subject to resolution measures.

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3.6.2 Resolution Instruments

The measures available in respect of a financial institution subject to resolution procedures (in Finnish: *kriisihallinto*) include the power and obligation on the Financial Stability Authority, in order to cover losses of the distressed financial institution, to write down or convert capital instruments (shares or other equity) in the institution. The resolution instruments (in Finnish: *kriisinratkaisuvälineet*) available to the resolution authority under the Finnish Resolution Laws include the powers to:

(a) ~~a)~~ enforce bail-in – the resolution authority has the power to write down certain claims of unsecured creditors of the distressed financial institution and to convert certain unsecured debt claims to equity (the general bail-in tool, in Finnish: *velkojen arvonalentaminen ja muuntaminen*). Such equity could also be subject to any future write-down. This applies also to derivatives[3]~~14~~, save for that the resolution authority may exercise the write-down and conversion powers in relation to a liability arising from a derivative contract only upon or after closing out (termination and netting) the derivative contract (i.e., on a net basis). As such, upon entry into resolution, the resolution authority shall be empowered to terminate and close out any derivative contract for that purpose.

(b) ~~b)~~ enforce the sale of the business (assets or shares) of the financial institution as a whole or part on commercial terms without requiring the consent of its shareholders (or holders of other equity instruments) (in Finnish: *liiketoiminnan luovuttaminen*);

(c) ~~c)~~ redeem shares and transfer shares or assets to another institution – the resolution authority may transfer all or part of the business of the institution to a "bridge institution" (in Finnish: *väliaikainen laitos*) which is an entity created for this purpose by the resolution authority), and

(d) ~~d)~~ transfer all or part of assets in the distressed financial institution to one or more asset management vehicles (in Finnish: *omaisuudenhoitoyhtiö*) to allow them to be managed with a view to maximising their value through eventual sale or orderly wind-down.

~~*Costs incurred by the Financial Stability Authority in connection with the resolution procedures will be compensated to the authority. In insolvency and liquidation, such costs rank below deposits and secured obligations but above any unsecured obligations of the insolvent or liquidated entity.*~~ ~~Pursuant to the Resolution Laws, the taking up of resolution measures (or~~

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[3]~~14~~ The Finnish Resolution Laws do not define 'derivatives'. ~~With~~Therefore, it is not possible for us to opine on whether or not the provisions in the Finnish Resolution Laws relating to "derivatives" apply to all types of transactions set out in Appendix A. However, with reference to Article 2(1)(65) we note that BRRD applies to derivatives within the meaning of Article 2(5) of EMIR with a further reference to Annex I Section C (4) – (10) of Directive 20~~04/39/EY 2004/39/EY~~14/65/EU ("**MiFID**") ~~as supplemented by Article 38 and 39 of Regulation (EC) N:o 1287/2006~~.

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~~occurrence of event resulting to resolution)~~ ~~*shall not be deemed to refer to an event (of default)*~~[4]~~,~~ ~~*which enables a party to enforce close out netting under the Act on Certain Conditions of Securities and Currency Trading and of Settlement Systems (1084/1999, as amended,*~~ ~~the~~ ~~*"**Netting Act**") or collateral under the Act on Financial Collateral (11/2004, as amended, the "**Act on Financial Collateral Arrangements**") provided that the substantive terms and obligations under the contract*~~ ~~continue to be performed.~~ ~~*In such a case, the law prohibits a counterparty to an institution subject to resolution from taking measures the purpose of which is to modify rights of the institution under a contract, terminate a contract, restrict the enforcement of a contract or netting of payment obligation, set off of debts or enforcement of collateral. The prohibition is partly applicable also to contracts to which a subsidiary of the institution is party if the institution or another group company has guaranteed or granted security for such*~~ ~~contract.~~

In ~~addition to the resolution instruments,~~accordance with Article 71 of the BRRD, as implemented in Chapter 12 Section 10 of the Resolution ~~Laws provide~~Act, the resolution authority ~~with ancillary powers including power to interrupt or impose a temporary stay on contractual delivery or payment obligations and rights to enforce collateral. The interruption or stay may remain in place~~has the power to temporarily suspend termination rights of any party to a contract with an institution under resolution until midnight on the banking day following its publication. ~~The stay~~Furthermore, the suspension of termination rights applies not only to the obligations of the distressed institution but also those of its counterparty. The resolution authority may also declare a temporary stay on the exercise of termination rights against a subsidiary of the distressed institution if the obligations under the contract are guaranteed or otherwise supported by the distressed institution and if the termination rights under the contract are based solely on the insolvency or financial conditions of the distressed institution. Further, it is required that in the case of a transfer power that has been or may be exercised in relation to the distressed institution, either all the assets of the distressed institution in such subsidiary and all the debts owed to such subsidiary relating to that contract have been or may be transferred to and assumed by the recipient, or as the resolution authority provides in any other way similar protection for such obligations. The temporary ~~stay~~suspension of termination rights is not applicable ~~to payment or delivery obligations~~ to settlement systems within the meaning of the Netting Act or corresponding settlement systems within the EEA, or to parties to the same, to central counterparties, or to central banks ~~or to collateral or margin posted by the distressed institution in favour of the above mentioned parties.~~ .

Any decision on resolution procedures in respect of a financial institution shall be disclosed by the resolution authority.

The powers set out in the Finnish Resolution Laws will impact how credit institutions and investment firms are managed as well as, in certain circumstances, the rights of creditors or their

~~[4] That is,"commencement of insolvency proceedings" against a party or other event that enables a party to use~~

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counterparties, including counterparties under derivative contracts. However, in line with the BRRD[15], the Finnish Resolution Laws contain provisions regarding the protection of collateral, set-off and netting agreements where the resolution authority exercises the resolution powers. ~~Namely, pursuant to~~Implementing Article 77 of the BRRD, Chapter 13 Section 4 of the Resolution ~~Laws, the resolution authority may not transfer some, but not all,~~Act protects rights and liabilities that are protected under a title transfer financial collateral arrangement, a set-off arrangement or a netting arrangement between the institution under resolution and another person. The same protection is available where the resolution authority proposes to exercise the ancillary powers vested to it under the Finnish Resolution Laws[16].

Notwithstanding the above-mentioned rules, the resolution authority may separate indemnifiable deposits from the other assets covered by the financial collateral, set-off or netting arrangement in order to secure access to such deposits. The protections would continue to keep the rights and liabilities that are the subject ~~of~~to a protected arrangement unseparated with the exception of indemnifiable deposits. Either the entire protected arrangement shall be transferred or it should remain with the distressed institution.

In ~~*connection with the enactment of the* Resolution Laws, the Act on the Temporary Interruption of the Operations of a Deposit Bank (1509/2001) was amended to the effect that the Financial Stability Authority was vested in the power to decide on the interruption of operations of a deposit bank. The new rules provide also that the operations of a deposit bank, which is under resolution, may not be interrupted pursuant to the Act on the Temporary Interruption of the Operations of a Deposit Bank.~~ addition, pursuant to Chapter 13 Section 7 of the Resolution Act, the resolution tool does not affect the operation of systems within the meaning of the Netting Act (see Chapter 4 below) or the application of rules where the resolution authority transfers some, but not all, assets or obligations of the institution or uses its ancillary powers to cancel or amend a contract to which the distressed institution is a party.

~~Please note that on the date of this update *in the absence of any precedents as of yet it is not possible to assess the full impact of* the Resolution Laws[7] on Finnish Bank/Credit institutions and Investment Firms/Broker Dealers including the effect on the parties' rights under derivative transactions in particular as regards the validity and enforceability of close-out netting.~~

~~2. Changes in Finnish law resulting from EMIR~~

~~netting or other means of enforcement against its counterparty.~~

[15] Article 77 of BRRD.

[16] Such powers including the powers set out in Article 64 of BRRD.

[7] ~~Or the SRM Regulation~~

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~~In connection with the entry into force of the EMIR[8], certain Finnish securities market laws were amended to enhance the protection of collateral given to a central counterparty upon the insolvency of the clearing member to the central counterparty. On the basis of explicit provisions now included in the Netting Act, contract terms entered into in accordance with Article 48 of EMIR relating to the transfer of client transactions and collateral given to a clearing party to another clearing party ('backup clearing party') is enforceable ('porting') despite the commencement of insolvency proceedings against the first clearing party. Also, the scope of application of the Act on Financial Collateral Arrangements has been slightly broadened. On the basis of the new provisions, the Act on Financial Collateral Arrangements now applies not only where collateral consists of securities, account money and loan receivables but also other means of collateral (e.g. bullion) where the collateral is approved by a central clearing organisation in accordance with EMIR. Further, a new provision in the Netting Act clarifies rights to collateral in the context of an interoperability arrangement between central counterparties ("**CCP**"). Namely, under the new law, the insolvency of a receiving CCP does not affect the right to the collateral of a CCP, which has provided the collateral in the context of an interoperability arrangement.~~

Article 68(1) and (2) of the BRRD has been copied in the Resolution Act. Pursuant to Chapter 13 Section 7 of the Resolution Act, the taking up of a crisis prevention measure or a crisis management measure under the BRRD, including the occurrence of any event directly linked to the application of such a measure *shall not be deemed to refer to an event (of default)*~~4~~[17], ~~,~~ *which enables a party to enforce close-out netting under the Act on Certain Conditions of Securities and Currency Trading and of Settlement Systems (1084/1999, as amended,* ~~the~~ in Finnish: *laki eräistä arvopaperi- ja valuuttakaupan sekä selvitysjärjestelmän ehdoista,* the *"**Netting Act**") or collateral under the Act on Financial Collateral (11/2004, as amended,* in Finnish: *rahoitusvakuuslaki, the "**Act on Financial Collateral Arrangements**") provided that the substantive terms and obligations under the contract* ~~continue to be performed.~~ , including payment and delivery obligations and the provision of collateral, continue to be performed.

In such a case, the law prohibits a counterparty to an institution subject to resolution from taking measures the purpose of which is to modify rights of the institution under a contract, terminate a contract, or *restrict the enforcement of a contract or netting of payment obligation, set-off of debts or enforcement of collateral. The prohibition is partly applicable also to contracts to which a subsidiary of the institution is party* to, *if the institution or another group company has guaranteed or granted security for such* ~~contract.~~contracts.

~~8 Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories ("**EMIR**")~~

17 That is, "commencement of insolvency proceedings" against a party or other event that enables a party to use netting or other means of enforcement against its counterparty. This applies also to a resolution measure taken up by a third-country resolution official and acknowledged by the Finnish Financial Stability Authority.

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4 Finnish Netting Legislation

4.1 Netting Act

In Finland, close-out netting in insolvency is governed by the Netting Act, which implements Directive 98/26/EC on Settlement Finality in Payment and Securities Settlement Systems ("**Settlement Finality Directive**") and the Act on Financial Collateral Arrangements, which implements into Finnish law Directive 2002/47/EU of the European Parliament and of the Council of 6 June 2002 on Financial Collateral Arrangement (the "**Collateral Directive**")[18].

The Netting Act is a specific piece of legislation addressing the validity and enforceability of netting in events of insolvency in its variable forms (including bankruptcy and a company restructuring). By virtue of the Netting Act, netting of obligations relating to Financial Transactions (as defined in the Netting Act; see below) is generally enforceable in the event of the insolvency of one of the parties to an agreement. However, netting may not be available in respect of an obligation that has arisen subsequent to the time when a counterparty was notified of such an obligation being subject to attachment proceedings initiated in accordance with the Finnish Enforcement Act (705/2007, in Finnish: *ulosottokaari*). In addition, netting may in certain circumstances be subject to recovery (claw-back; see below). Generally, the Netting Act recognises closing out (termination) and netting of obligations (transactions) both automatically upon the commencement of Insolvency Proceedings against a party and by giving notice to the insolvent party.

The Netting Act applies to netting and other settlement of payments in a settlement system as well as netting and other settlement of payment and delivery obligations, which relate to:

(a) the trading of financial instruments referred to in Section 14 of the Investment Services Act[19] (747/2012, as amended, in Finnish: *sijoituspalvelulaki*) as well as to other trading in securities and derivatives contracts comparable thereto, and;

(b) the trading of currency or currency units legal in Finland or in another country.

(below, "**Financial Transactions**")[20]

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[18] As between the Netting Act and the Act on Financial Collateral Arrangements, the former applies generally to netting of obligations arising out of trade in financial instruments (including derivatives), payment and clearing systems and central bank operations. The Netting Act applies also to netting of obligations outside clearing systems provided, that the obligations relate to payment and delivery obligations in the trade in securities, derivatives and currencies. Further, the Netting Act applies also to collateral (netting of collateral positions) that is posted in connection with such activity. The Act on Financial Collateral Arrangements applies to collateral arrangements (both a pledge and title transfer constitute security interest, in Finnish: *vakuusoikeus*, under Finnish law) in financial markets and corporate lending when the collateral consists of securities, account money, loan receivables and collateral provided to a central counterparty in connection with collateral requirements pursuant to EU Regulation 648/2012 (EMIR).

[19] This section corresponds in substance with the list of financial instruments as set out in Annex I to MiFID.

[20] We believe that all the Transactions that may be documented under the ISDA Master Agreements described in Appendix A, attached hereto, qualify as the Financial Transactions, with the possible exception of Bullion Trade and

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The Netting Act applies to netting of payment and delivery obligations relating to Financial Transactions, which are not settled in a settlement system, i.e., obligations between two contracting parties.

The Netting Act applies also to collateral arrangements, both arising from the rules of settlement systems pursuant to which a party must provide collateral to a member of the system as security of the party's obligations arising from settlement, and from provisions of ordinary agreements in the trading in securities, derivatives and currencies pursuant to which a party must provide collateral to its counterparty for its netted obligations, as well as collateral provided to central banks in connection with it carrying out central bank activities.

Section 2, subsection 2 of the Netting Act defines netting as:

(a) the combining of opposite payment or delivery obligations of two contracting parties into one payment obligation or delivery obligation of an investment object of the same kind in accordance with the due date;

(b) the obligations of several participants of a settlement system are combined as set out in sub-paragraph (a) in the settlement system; or

(c) all payment and delivery obligations between contracting parties fall due or may be accelerated to fall due and combined as agreed if insolvency proceedings are commenced against one of the parties,

in a contract term that is to be deemed ordinary.

Netting pursuant to the Netting Act is available to "a contract term that is to be deemed ordinary". This means that the scope of application of the netting provisions in the Netting Act is limited to netting terms, which are normally used in the trading of securities, derivatives and currencies. Pursuant to the preparatory works to the Netting Act, such terms may be included in the rules of settlement systems or terms and conditions in general agreements to be used in bi-lateral transactions as published by international organizations (such as ISDA Master Agreement, IFEMA etc.). Also, netting terms that are similar to those set forth in such rules or terms and conditions or that are used generally in the financial markets[21] fall within the Netting Act (i.e., are protected in the event of insolvency of the Finnish counterparty). The requirement for relevant contract terms to be ordinary applies also to collateral arrangements that are entered into as security for a party's obligations arising from netting.

Physical Commodity Transaction. This is because Financial Transactions (within the meaning of the Netting Act, see above) do not encompass physical trade in bullion or commodities (unless the relevant transaction constitutes a derivative transaction).

[21] In this, "financial markets" are viewed internationally, i.e., not for example in relation to Finnish financial markets only.

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Pursuant the Netting Act, netting and settlement of obligations, which have arisen before the commencement of bankruptcy proceedings or temporary interruption of a deposit bank, may be netted irrespective of bankruptcy of a party, and netting is enforceable and binding in the bankruptcy of a contracting party. Where obligations are entered into a settlement system in accordance with the rules of the system after the moment of commencement of Insolvency Proceedings in respect of a participant, the obligations may be netted or settled with binding effect irrespective of such insolvency proceedings, if (i) carried out within the settlement day as defined by the rules of the system during which the opening of such proceedings occurred, and (ii) the system operator can prove that when such transfer orders became irrevocable by its rules, it was neither aware, nor should have been aware, of the opening of such proceedings.

In the Netting Act, "commencement of insolvency proceedings" is defined in the Netting Act as the commencement bankruptcy, proceedings for the restructuring of a company or private person, or a decision relating to the suspension of activities of a credit institution, liquidation, closure or revocation of authorisation of a credit institution and any other comparable decisions of authorities to initiate execution proceedings. The definition of "commencement of insolvency proceedings" does not explicitly refer to liquidation proceedings of insurance companies, but where such proceedings are initiated by authorities, the proceedings should also be covered by the definition of the Netting Act.[22]

The Netting Act protects netting of obligations also in restructuring proceedings under the Restructuring Act and during the period of the interruption of activities of a deposit bank under the Temporary Interruption Act. Namely, the restrictions to pay, collect or enforce obligations set by the court upon the commencement of restructuring proceedings under the Restructuring Act or the Temporary Interruption Act do not generally apply to netting of mutual obligations that fall within the Netting Act. The insolvent party cannot, however, continue to enter into the Transactions after the commencement of restructuring proceedings without the permission of either the administrator or the competent court. If such permission is received, the obligations, which originate from the time after the commencement of the restructuring proceedings can be netted against the obligations, which originate from the time prior to such proceedings.

The Netting Act provides that netting or settlement of obligations (including payment instructions) arisen/created before the commencement of Insolvency Proceedings against a party is not subject to recovery (claw-back) on the basis of Section 10 of the Recovery Act, even though such payment could be seen as effected with unusual means of payment or prematurely or the payment was considerable compared to the assets of the buyer. Section 4 of the Netting Act also provides that

[22] We are not aware of any precedents to this question. Hence, the conclusion is subject to that no assurances can be given as to the conclusions of a Finnish court's interpretation of such provisions of law. However, we note that the preparatory works to the Act on Financial Collateral Arrangements state that the prohibition of transfer and pledge of assets of an insurance company falls within the definition of "commencement of insolvency proceedings" as defined in the Act on Financial Collateral Arrangements.

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collateral arrangements within the meaning of the Netting Act may not be subject to recovery pursuant to Section 14 of the Recovery Act.

However, the Netting Act does not remove the right to recovery that the insolvency estate has under Section 5 of the Recovery Act, which provides that an improper transaction can be revoked if, as a result of the execution of the transaction (either as such or together with other transactions) (i) a creditor has been favoured at the expense of other creditors, (ii) assets of the debtor have been transferred beyond the control of the other creditors or (iii) the debtor's debts have increased to the detriment of the other creditors[23]. Such a transaction can be revoked and assets recovered to the bankruptcy estate within five (5) years after the execution of the transaction, provided that the debtor was insolvent when the transaction was executed or became insolvent as a result of the transaction.

Netting under the Netting Act is restricted in cases where obligation owed to a party has been subject to attachment (in Finnish: *ulosmittaus*) within the meaning of the Finnish Enforcement Act. Namely, in case where an obligation owed to a party has been attached but has been netted before a payment prohibition order (in Finnish: *maksukielto*) has been served, attachment applies to the netted payment or delivery obligation. An obligation, which has been attached, may not be netted with an obligation, which has arisen subsequent to the servicing of the payment prohibition order.

4.2 Act on Financial Collateral Arrangements

Netting of obligations under the ISDA Master Agreements may also be available pursuant to the Act on Financial Collateral Arrangements.

The Act on Financial Collateral Arrangements applies to financial collateral in the form of (a) securities within the meaning of the Finnish Securities Market Act, (b) account money (i.e., funds credited to a cash account, including also foreign currencies) and (c) loan receivables (receivable based on loan issued by a Finnish or a foreign credit institution or an institution within the meaning of Article 2(1) subsection (o) of the Collateral Directive). The definition of securities generally covers all types of negotiable and fungible securities. The Act on Financial Collateral Arrangements (together with its preliminary works) explicitly recognises not only Finnish securities, but also foreign securities as suitable collateral. Further, the Act on Financial Collateral Arrangements is also applicable in respect of other types of collateral accepted by a central clearing counterparty in connection with collateral requirements pursuant to EU Regulation 648/2012 (EMIR) (collectively with the instruments in (a) to (c) in the above, ("**Eligible Instruments**").

In terms of counterparties, the Act on Financial Collateral Arrangements is applicable (i) where the collateral provider is an institution (in Finnish: *laitos*, as defined in the Act on Financial Collateral

[23] Section 5 of the Recovery Act contains grounds for recovery where the parties have entered into arrangements in mala fide i.e., the parties have been aware of the insolvency of a party and of the fact that the arrangement is detrimental to the interests of the other party.

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Arrangements) or (ii) where the collateral taker is an institution and the collateral-provider is another type of legal person, provided further that the collateral is of the nature set forth in the Act on Financial Collateral Arrangements.

The Act on Financial Collateral Arrangements permits parties to agree that "upon a debt having fallen due" all mutual obligations of the parties are netted or may be netted. Netting may include obligations that are secured by the relevant collateral arrangement (in Finnish: *vakuusvelka*) and delivery obligations relating to such collateral arrangements. Where the Act on Financial Collateral Arrangements is applicable, netting of obligations pursuant to such arrangements is available irrespective of the commencement of insolvency proceedings[24] (against a collateral provider) provided that such obligations (i) have arisen prior to the commencement of Insolvency Proceedings and (ii) have been secured by a financial collateral in the form of Eligible Instruments. Netting will not be subject to recovery (claw-back) based on Section 10 of the Recovery Act (see above in 3.5).

However, pursuant to Section 7 of the Act on Financial Collateral Arrangements (i) an obligation (receivables), which a creditor has acquired from a third party later than three months before the Record Date (filing of bankruptcy), and (ii) an obligation of the counterparty (creditor to the insolvent party) to which the counterparty has committed to during such period in a manner, which can be compared to a payment of a debt, may be recovered unless acquiring of the obligation/receivable or assuming of the obligation may be regarded customary under the circumstances. The netted receivable, which could be recovered pursuant to Section 7 of Act on Financial Collateral Arrangements, cannot be included in netting after commencement of insolvency proceedings.

Also, as regards obligations subject to attachment, similarly as set out in the Netting Act (see above in 4.1), in case where an obligation owed to a party has been attached but has been netted before a payment prohibition order (in Finnish: *maksukielto*) has been served, attachment applies to the netted payment or delivery obligation and an obligation, which has been attached, may not be netted with an obligation, which has arisen subsequent to the servicing of the payment prohibition order.

5 ~~3. Other changes in legislation~~**Other matters**

~~The Act on Credit Institutions (121/2011, as amended) was replaced by a new Act on Credit Institutions (610/2014, as amended), which entered into force on 15 August 2014. This change in law was carried out in connection with the implementation into Finnish law of Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms ("**CRD IV**") as well as to harmonise the laws on credit institutions~~

[24] "Commencement of insolvency proceedings" is defined as "commencement of bankruptcy or restructuring proceedings for a company, a decision on the temporary interruption of a deposit bank and other decision to commence an

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~~as a result of the entering into force of Regulation (EU) No 575/201 on prudential requirements for credit institutions and investment firms ("**CRR**"). The entry into force of the new Act on Credit Institutions brought about changes also in other banking laws referred to in the Opinion and e.g. the Act on Investment Services. However, such changes do not affect the conclusions reached in the Opinion.~~

enforcement action, which demands the participation of authorities and which restricts the competence (in Finnish: *määräysvalta*) of the debtor.

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5.1 Gaming laws

Gaming law issues have not been raised in Finland with respect to transactions in derivative instruments.

5.2 Adjustment of an unfair contract term

By virtue of Section 36 of the Finnish Contracts Act (228/1929, as amended, in Finnish: *laki varallisuusoikeudellisista oikeustoimista*), a provision in an agreement may be adjusted or set aside (by a court) if the provision is considered unreasonable or if the enforcement of such provision would lead to an unreasonable result. The wording of the relevant section is:

> *If a contract term is unfair or its application would lead to an unfair result, the terms may be adjusted or set aside. In determining what is unfair, regard shall be had to the entire contents of the contract, the position of the parties, the circumstances prevailing at and after the conclusion of the contract, and to other factors.*
>
> *If a term referred to in paragraph 1 is such that it would be unfair to enforce the remainder of the contract after the adjustment of the term, the rest of the contract may also be adjusted or declared terminated.*
>
> *A provision relating to the consideration shall also be deemed a contract term.*

When determining the question of whether a provision is unreasonable or not, a court shall, according the Contracts Act, evaluate the agreement as a whole, the relationship between the parties and the circumstances during which the contract was made and those prevailing thereafter.

Generally, a provision considered unreasonable under the Contracts Act is modified only to such an extent as to make the contractual relationship balanced and reasonable. Therefore, neither the contract nor the provision as such is usually void, but only amenable until a level of balance and fairness is reached.

We note that the ISDA Master Agreements are governed by either New York, English law, French law or Irish law. This means that, in principle, Finnish law would not apply to the ISDA Master Agreements. However, regardless of the choice of law provision in the ISDA Master Agreement, in the event that the ISDA Master Agreement were brought before Finnish courts, Section 36 of the Contracts Act might, due to its mandatory nature, be applied to the ISDA Master Agreement.

We are of the opinion that it is not likely that the ISDA Master Agreements would be subject to adjustment or set aside under Section 36 of the Contracts Act. This opinion is based on the fact that the principle of contractual freedom is the basic rule in Finnish contract law, and the adjustment by a court under Section 36 of the Contracts Act, is, in practice, unusual. Under Section 36 of the

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Contracts Act, Finnish courts have the ability, not the obligation, to adjust a contract. The reasons for the adjustment must be very obvious as the courts in Finnish practice are very reluctant to redraft the terms agreed upon by the parties. In particular, this is the case where the parties to the contract are professional entities that regularly enter into Financial Transactions which we believe is the case in respect of the ISDA Master Agreements.

6 Opinion

I. Close-out Netting under the ISDA Master Agreement

(A) General Assumptions

In our conclusions in this opinion, we assume the following:

(a) That the ISDA Master Agreement has in respect of a party organized in Finland, been entered into by the type of institution covered by the opinion as listed in Appendix B;

(b) That the ISDA Master Agreement and the transactions thereunder (the "**Transactions**") are legally binding against both parties to the ISDA Master Agreement (each of them referred to as the "**Party**" and collectively the "**Parties**") under the law by which they are expressed to be governed;

(c) That the ISDA Master Agreement is within each Party's capacity and corporate power of the respective Parties, and that each Party has taken all necessary action to authorise, execute, deliver and perform the ISDA Master Agreement and the Transactions thereunder in accordance with all applicable laws;

(d) That all obligations under the ISDA Master Agreement and the Transactions thereunder are mutual between the Parties in the sense that there are only two Parties and the ISDA Master Agreement concerns their claims against one another arising out of the ISDA Master Agreement;

(e) That each party to an ISDA Master Agreements and a Transaction is solvent and not subject to Insolvency Proceedings (as applicable to the parties, respectively) at the time of entering into the relevant ISDA Master Agreement and each underlying Transaction or arrangement thereunder;

(f) That the ISDA Master Agreement and the Transactions thereunder are entered into prior to the formal Initiation of Insolvency Proceedings, as applicable, (as defined above in Section 3.1.1) against either Party, and that at the time any Transaction has been entered into, neither Party had notice of the Insolvency of the other Party ; and

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(g) That the Transactions entered into under the ISDA Master Agreement is limited to those Transactions listed in Appendix A, are entered into by the respective parties in the ordinary course of business at arm's length, and are not entered into with the purpose only to benefit certain creditors of the Insolvent Party.

(B) **Additional Assumptions**

For purposes of this opinion, we have relied on the following assumptions (capitalised terms used below without definition have, unless context indicates otherwise, the meanings given to those in the relevant ISDA Master Agreement).

(a) Two institutions (either two derivatives dealers or a derivatives dealer and a sophisticated end-user of derivatives), each of which is a type of entity falling within one of the category types specified in Appendix B as covered by this opinion, have entered into an ISDA Master Agreement. The parties have selected either:

(b) laws of the State of New York ("**New York law**") ,the laws of England and Wales ("**English law**"), laws of France ("**French law**") or laws of Ireland ("**Irish law**") to govern, at least one of the institutions entering the ISDA Master Agreement is organized in Finland and neither institution has specified that the provisions of Section 10(a) apply to it.

(c) No provision of the ISDA Master Agreement, which is necessary for the conclusions (including provisions in Sections 1(a), 1(c), 2(a), 5(a)(vii), 6 or 13 and the applicable definitions included in the ISDA Master Agreement) that we have made in this opinion, has been altered in any material respect.

(d) On the basis of the terms and conditions of the ISDA Master Agreement and other relevant factors, and acting in a manner consistent with the intentions stated in the ISDA Master Agreement, the parties over time enter into a number of Transactions that are intended to be governed by the ISDA Master Agreement. The transactions entered into include any or all of the Transactions described in Appendix A.

(e) Some of the Transactions provide for an exchange of cash by both Parties and other provide for the physical delivery of shares, bonds or commodities in exchange for cash.

(f) After entering into these Transactions and prior to the maturity thereof, one of the Parties, which is organised in Finland, becomes a subject of a voluntary or involuntary case under the Insolvency Laws or, with respect to credit institutions, the applicable Banking Laws of Finland and, subsequent to the

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commencement of such proceedings either the Insolvent Party or an insolvency official seeks to assume the Confirmations representing the profitable Transactions for the insolvent party and reject the Confirmations representing the unprofitable Transactions for the insolvent party.

(g) The Parties have adopted the approach of Full Two Way Payments[25] (called the Second Method in the 1992 ISDA Master Agreements) for all Events of Default as well as Termination Events and the selection of either Market Quotation or Loss as a payment measure (under the 1992 ISDA Master Agreements).

(C) **Issues relating to Close-out Netting under the ISDA Master Agreements**

1. *Assuming the Parties have not selected Automatic Early Termination upon the Insolvency of the Party organized in Finland, are the provisions of the ISDA Master Agreement permitting the Non-defaulting Party to terminate all the Transactions upon the Insolvency of the Party enforceable under the laws of Finland?*

We believe that such provisions will be enforceable under Finnish law.

We believe that Finnish law, including the Netting Act and the Act on Financial Collateral Arrangements (in respect of collateral arrangements, as applicable) within the respective scope of application (see Sections 4.1 and 4.2), allows Parties to a Financial Transaction to agree that upon the commencement of Insolvency Proceedings against one Party, the Non-defaulting Party has the right to terminate all the Transactions between the Parties.

As regards the impact of the application of Resolution Measures under the Finnish Resolution Laws, our advice above is subject to the analysis in Section 3.6.

2. *Assuming the Parties have selected Automatic Early Termination upon the Insolvency of the Party organized in Finland, are the provisions of the ISDA Master Agreement automatically terminating all the Transactions upon the Insolvency of the Party enforceable under the laws of Finland?*

We believe that Section 6(a) of the ISDA Master Agreement, which purports to terminate all the Transactions upon the Insolvency of the Party organized in Finland, will be enforceable under Finnish law subject to the qualifications stated below. We believe that the definition of "netting" under the Netting Act and the Act on Financial Collateral Arrangements (within their respective scope of application; please see Sections 4.1 and 4.2 above) allows the Parties to a

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Financial Transaction to agree that upon the commencement of Insolvency Proceedings against one Party, all the Transactions entered into between the Parties prior to the commencement of Insolvency Proceedings, are automatically terminated.

As regards the impact of the application of Resolution Measures under the Finnish Resolution Laws, our advice above is subject to the analysis in Section 3.6.

3. *Are the provisions of the ISDA Master Agreement providing for the netting of termination values in determining a single lump-sum termination amount upon the Insolvency of the Party organized in Finland enforceable under the laws of in Finland?*

In our opinion, Section 6(e) of the ISDA Master Agreement, which provides for the netting of termination values in determining a single lump-sum termination amount upon the Insolvency of the Party organized in Finland, will be enforceable under Finnish law. This opinion is based on the explicit provisions in the Netting Act and the Act on Financial Collateral Arrangements, which provide that following the termination of mutual obligations of contracting parties, which the parties have entered into prior to the commencement of Insolvency Proceedings against a Party, upon the commencement of the Insolvency Proceedings against one party, the obligations may be combined into one net payment or delivery obligation in manner agreed by the Parties.

As regards the impact of the application of Resolution Measures under the Finnish Resolution Laws, our advice above is subject to the analysis in Section 3.6.

1. ~~Other issues~~*Assuming the Parties have entered into either the 1992 ISDA Master Agreement (Multicurrency-Cross Border) or a 2002 ISDA Master Agreement, the Parties have selected a Termination Currency other than Euro is it possible upon the Insolvency of the Party organized in Finland to "prove" (that is, file) a claim in the Insolvency Proceedings in a foreign currency?*

~~Also, we confirm that the June 2014 Amendment to the ISDA Master Agreement in relation to Section 2(a)(iii) would not have a material and adverse effect on our conclusions set forth in the Opinion. We have reached this conclusion on the basis of our understanding that the overall effect of the June 2014 Amendment is to introduce a time limit on the operation of Section 2(a)(iii) in certain circumstances and that Section 2(a)(iii) does not apply once an Early Termination Date has occurred or been designated.~~

[25] Note to counsel: Please note whether not selecting this would have an impact on the conclusions herein.

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~~Further, we confirm that there is nothing in the Opinion that would be changed by the amendments to the definitions of the transactions as set forth in Appendix A ("**Certain Transactions under the ISDA Master Agreements**", August 2015) attached hereto~~

In our opinion, it is possible in the Insolvency Proceedings to "prove" (that is, file) a claim also in a foreign currency.

2. *Is it possible to obtain or execute a judgment in a foreign currency (other than Euro) in Finland?*

In our opinion, it is possible to obtain or execute a judgment in a foreign currency (other than Euro) in Finland. This is subject to the following:

By virtue of the Promissory Notes Act (622/1947, as amended), unless parties have agreed otherwise, payment of debt in foreign currency may be made in the currency valid in the place of payment. Where the parties have agreed that payment be made in foreign currency, under Finnish law, in the enforcement of a judgement, a Finnish obligor ultimately has the possibility to make payment in Euro. In such a case, the payment in Euro would be calculated with reference to the exchange rate of the specific currency and Euro at the date of payment on the basis of the Bank of Finland/European Central Bank rate. If the payment was not made when the debt was due and the creditor has incurred loss because of the fluctuation of currency, the creditor may require that the exchange rate applicable when the debt should have been paid be applied to the payment.

(D) **Qualifications**

Our responses to questions 1 to 5 above are subject to the following:

(a) Our opinions are based on the fact that under general contractual principles of Finnish law, parties are generally allowed to agree upon the terms and conditions of their contractual relationship including the termination of such contractual relationship and effects thereof. Certain events described in Section 5(a)(vii) relate to anticipated breach of contract under which, in certain circumstances, Finnish law allows a non-defaulting party to terminate a contract with effect as between the parties. Under mandatory Insolvency Laws, the parties' right to terminate a contractual relationship and determine the effects of the termination, may be restricted as it affects other parties. However, under the Netting Act and the Act on Financial Collateral Arrangements, and subject to the provisions of such laws (as described above), a party's right to terminate all

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transactions in relation to obligations is enforceable in the Insolvency of the entity that is the party to the ISDA Master Agreement and the Transactions.

(b) To this date, we are not aware of any case law relating to application or enforcement of the Netting Act or the Act on Financial Collateral Arrangements to the ISDA Master Agreements, which would relate to our conclusions in this opinion, and consequently, our analysis in respect of the application of the Netting Act and the Act on Financial Collateral Arrangements hereinabove is based only on the official text of the law and the preparatory works of the Netting Act and the Act on Financial Collateral Arrangements.

(c) Our review of the ISDA Master Agreements and the analysis set out in this opinion has been limited to the terms of the ISDA Agreements as they appear on the face thereof without reference to their governing law, i.e., English law, New York law, French law or Irish law.

(d) Upon the occurrence of any events specified in Section 5(a)(vii), all (and not only certain) Transactions between the parties to the ISDA Master Agreement are terminated at the same time as contemplated by the ISDA Master Agreement.

(e) Section 5(a)(vii) is fairly broadly drafted and includes certain events that are likely to be uncertain as to precise time of their occurrence. In particular, under Finnish law, it may be difficult to assess absolutely the time/moment, when a party becomes or has become insolvent.

(f) The enforcement of the provisions of the ISDA Master Agreement against a Bank / Credit Institution or an Investment Firm/Broker Dealer subject to resolution measures may be postponed or otherwise affected by the operation of the Finnish Resolution Laws. As regards the protection provided by the Finnish Resolution Laws to netting and collateral arrangements in the resolution measures against a Bank / Credit Institution or an Investment Firm/Broker Dealer, please see Section 3.6.

(g) Under Finnish law, the effects of the termination of all the Transactions automatically upon the occurrence of any of the events specified in Section 5(a)(vii) may, in the Insolvency of the party organised in Finland, be subject to recovery by that party's creditors (or the estate) under Section 5 of the Recovery Act (as discussed above in Section 3.5) or, unless the Netting Act or the act on Financial Collateral Arrangements applies, subject to a prohibition of transfer and pledge of assets (see Section 3.4. above). Also, netting may not be available in respect of obligations, which have been attached pursuant to the provisions of the Finnish Enforcement Act as discussed above in Sections 4.1 and 4.2).

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(h) It is likely that Bullion Trade and Physical Commodity Transaction may not fall within the Netting Act. Should this be the case, as described in Section 4.1 above, the Netting Act would remain operative for the covered Transactions under the ISDA Master Agreement.

II. Close-out Netting for Multi-branch Parties

(A) Assumptions

(a) For the purpose of this opinion we have made the same assumptions as set out above concerning close-out netting under the ISDA Master Agreement and furthermore, that close-out netting provisions of all relevant ISDA Master Agreements would be enforced in accordance with their terms in the Home Jurisdiction (as defined below).

(b) When addressing questions 6 and 7 below we have assumed that a bank organized in Finland has entered into ISDA Master Agreement on a multibranch basis. In the ISDA Master Agreement, the Finnish bank has specified that Section 10(a) applies to it. The Finnish bank then has entered into the Transactions under ISDA Master Agreement through its head office in Finland and also through one or more branches located in other countries that have been specified in the Schedule to the ISDA Master Agreement. After entering into these Transactions and prior to the maturity thereof, the Finnish bank becomes the subject of a voluntary or involuntary proceeding under the Insolvency Laws.

(c) When addressing questions 6 and 7 below we have assumed that a bank ("**Bank F**") organized and with its headquarters in a jurisdiction ("**Country H**" or "**Home Jurisdiction**") other than Finland has entered into the ISDA Master Agreement on a multibranch basis. In the ISDA Master Agreement Bank F has specified that Section 10(a) applies to it. Bank F then has entered into the Transactions under the ISDA Master Agreement also through Bank F and also one or more branches located in other jurisdictions that Bank F has specified in the Schedule to Bank F's ISDA Master Agreement, including a branch of Bank F located in and subject to the laws of Finland ("**the Finnish Branch**"). After entering into these Transactions and prior to the maturity thereof, Bank F becomes the subject of voluntary or involuntary proceedings under the insolvency laws of Country H.

(d) When addressing questions 6 and 7 below we have assumed that Finnish banks are considered as credit institutions within the meaning of Article 1(2)(b) of the Insolvency Regulation. Therefore, the Insolvency Regulation would not be applicable and therefore the Insolvency Regulation is not taken into account

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when addressing questions 6 and 7 below. We have further assumed that the Resolution Act is not applicable with respect to questions 6 and 7 below, and therefore the assessment is solely based on the Insolvency Laws.

(B) **Questions relating to Close-out Netting for Multibranch Parties**

In relation to a multibranch party organized in Finland would there be any change in your conclusions concerning the enforceability of close-out netting under the ISDA Master Agreement based upon the fact that the Finnish bank has entered into the ISDA Master Agreement on a multibranch basis and then conducted business in that fashion prior to its insolvency?

The fact that the Finnish bank entered into the ISDA Master Agreement on a multibranch basis and then conducted business in that fashion prior to its Insolvency does not change our conclusions above on the enforceability of close-out netting under the ISDA Master Agreement under Finnish law against the Finnish bank in the event of the Insolvency of the Finnish bank.

3. In relation to a multibranch party with a Finnish Branch:

(a) Would there be a separate proceeding in Finland with respect to assets and liabilities of the Finnish Branch at the start of the insolvency proceedings for Bank F in Country H? Or would the relevant authorities in Finland defer to the proceedings in Country H so that the assets and liabilities of the Finnish Branch would be handled as part of the proceeding for Bank F in Country H? Could local creditors of the Finnish Branch initiate a separate proceeding in Finland even if the relevant authorities in Finland did not do so?

As a matter of Finnish law, the Finnish Branch of Bank F, which is not incorporated in Finland and not considered a separate legal entity under Finnish law, cannot be subject to separate proceedings in Finland as such. Where Bank F is not domiciled in Finland, it or its assets in Finland could be subject to Finnish Insolvency proceedings as discussed below.

Pursuant to Chapter 7, Section 1 subsection 2 of the Bankruptcy Act, "[i]*f the centre of the main interests of the debtor is located in a state other than one referred to in paragraph (1), the Finnish courts shall have jurisdiction if the debtor has business premises in Finland or holds such assets in Finland that it can be deemed expedient to have the bankruptcy begin here. However, the Finnish courts shall not have jurisdiction if the debtor has been declared bankrupt in Iceland, Norway or Denmark and the debtor has been domiciled in the same state."* Furthermore, pursuant to Chapter 5, Section 2 of the

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Bankruptcy Act, the proceeding would be limited to the assets and liabilities of the Finnish Branch of Bank F in Finland.

Therefore, it is possible that Bank F – but not the Finnish Branch of Bank F - could be filed for bankruptcy in Finland, provided that (i) Bank F has not been placed in insolvency proceeding in Country H, (i) it has business premises in Finland, and (iii) it can be deemed expedient to initiate the bankruptcy proceedings in Finland. If Bank F is already placed in bankruptcy, it is possible that the Finnish court would not deem it expedient to initiate separate bankruptcy in Finland and therefore, the assets and liabilities would be handled as part of the proceedings for Bank F in country H.

Local creditors of the Finnish Branch are entitled to file Bank F in the bankruptcy provided that the prerequisites for filing for bankruptcy under the Bankruptcy Act and Banking Laws are met.

Pursuant to Chapter 7, Section 1, subsection 2 of the Bankruptcy Act where Bank F is domiciled in another Nordic Treaty Country (i.e. Country H would be either Sweden, Norway, Denmark or Iceland), by virtue of the Treaty, there would not, in principle, be a separate proceeding in Finland with respect to assets and liabilities of the Finnish Branch upon the commencement of Insolvency Proceedings for Bank F in Country H. Instead, the bankruptcy proceedings in another Nordic Treaty Country would normally encompass the assets and liabilities of the Finnish Branch. Separate proceedings could, however, be initiated in respect of enforcement of mortgage or other security over real property located in Finland.

As regards the Insolvency proceedings initiated in Country H against an entity not domiciled in Finland, generally speaking, Finnish law applies the principle of territoriality, i.e., in the event of insolvency proceeding for Bank F in a country other than Finland, as a matter of Finnish law, Finnish courts will not give legal effect to such a proceeding. However, it is likely that Finnish law would nevertheless recognise the commencement of the insolvency proceeding in Country H in the sense that Finnish authorities would accept the capacity of the liquidator or trustee of Bank F to possess and dispose of the assets of the bankrupt entity in Finland.

(b) If there would be a separate proceeding in Finland with respect to the assets and liabilities of the Finnish Branch, would the receiver or liquidator in Finland and the Finnish courts, on the facts above, include Bank F's position under the ISDA Master Agreement, in whole or in part, among the assets of the Finnish Branch and, if so, would the receiver or liquidator and the Finnish

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courts recognize the close-out netting provisions of the ISDA Master Agreement in accordance with their terms? The most significant concern would arise if the Finnish receiver, liquidator or court considering a single ISDA Master Agreement would require a counterparty of the Finnish Branch of Bank F to pay the mark-to-market value of the Transactions entered into with the Finnish Branch to the liquidator or the receiver of the Finnish Branch while at the same time forcing the counterparty to claim in the proceedings in Country H for its net value from the other Transactions with Bank F under the same ISDA Master Agreement.

In considering the above issue, we have assumed that close-out netting under the ISDA Master Agreement would be enforced in accordance with its terms in the proceedings for Bank F in Country H.

As mentioned above, the Finnish Branch itself cannot be subject to a separate proceeding in Finland. The Finnish Branch of Bank F would not be considered an independent legal entity but rather a part of Bank F. Consequently, any proceedings initiated in Finland would be directed against either the assets of Bank F in Finland or, perhaps even against Bank F. As a matter of Finnish law, the former type of proceedings would be limited to the assets of Bank F in Finland whereas the latter type of proceedings would encompass all assets and liabilities of Bank F, including Bank F's position under the ISDA Master Agreement.

In our opinion, and based on what we have discussed above and subject to the qualifications thereunder in such proceedings, as a matter of Finnish law, the bankruptcy estate in Finland and the Finnish courts would apply Finnish law and recognise the close-out netting provisions of the ISDA Master Agreement in accordance with its terms.

*4. Please confirm that in case the Finnish courts have jurisdiction over the assets of the bank organized in Finland or a Finnish Branch, the ISDA Master Agreement would be treated as a single, unified agreement by the liquidator or the receiver in Finland or by the Finnish courts regardless of the treatment of the ISDA Master Agreement or the Transactions thereunder by an insolvency official in a jurisdiction where the close-out netting may be unenforceable (the "**Non-Netting Jurisdiction**").*

Based on what we have discussed above and subject to the qualifications thereunder, we are of the opinion that in the event of the Insolvency Proceedings for the Finnish bank in Finland, the bankruptcy estate in Finland and the Finnish courts would recognise the close-out netting provisions of the ISDA

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Master Agreement in accordance with their terms regardless of the treatment of the ISDA Master Agreement or the Transactions thereunder by an insolvency official in the Non-Netting Jurisdiction.

As mentioned above, the Finnish Branch of Bank F cannot be subject to a separate proceeding in Finland. Any proceedings initiated in Finland would be directed against either the assets of Bank F in Finland or against Bank F. As regards the validity and enforceability of the terms of the ISDA Master Agreement, in such a proceeding the Finnish courts would evaluate the parties respective position under the governing law of the ISDA Master Agreement and apply the Insolvency Laws in analysing the effects of the terms of the ISDA Master Agreement to the legal position of the insolvent party. In such an analysis the court would apply the same rules and principles of the Insolvency Laws as the court would apply in a situation discussed immediately above in (6 (b)).

7 2001 ISDA Cross-Agreement Bridge

For the purposes of our response, we have assumed that by operation of the 2001 ISDA Cross-Agreement Bridge, close-out amounts under various industry master agreements would be taken into account in Section 6 of the ISDA Master Agreement as Unpaid Amounts.

We confirm subject to the reservations below that there is nothing in this opinion that would be changed by the inclusions of any of the industry standard master agreements provided that the Bridged Transactions covered by them shall qualify as the Financial Transactions (as defined in Section 4.1 above) in order for them to fall within the Netting Act or the Act on Financial Collateral Arrangements, as applicable. Accordingly, *inter alia*, physical delivery of commodities would fall out of the scope of the Netting Act.

In our opinion, if any of the Bridged Transactions would not qualify as the Financial Transactions, the termination and close-out netting provisions of the 2002 Master Agreements would be enforceable with respect to the Bridged Transaction which would qualify as the Financial Transactions under the 2002 Master Agreements.

8 2002 ISDA Energy Agreement Bridge

For the purposes of our response, we assume that by operation of the 2002 ISDA Energy Agreement Bridge, close-out amounts under various industry standard master agreements would be taken into account in Section 6 of the ISDA Master Agreement as Unpaid Amounts.

We confirm subject to the reservations below that there is nothing in this opinion that would be changed by the inclusions of any of the industry standard master agreements provided that the Bridged Transactions covered by them shall qualify as the Financial Transactions (as defined in

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Section 4.1 hereinabove) in order for them to fall within the Netting Act or the Act on Financial Collateral Arrangements, as applicable. Accordingly, *inter alia*, physical delivery of commodities would fall out of the scope of the Netting Act.

In our opinion if any of the Bridged Transactions would not qualify the Financial Transactions, the termination and close-out netting provisions of the ISDA Master Agreement would be enforceable with respect to the Bridged Transactions which would qualify as the Financial Transactions under the ISDA Master Agreement.

9 Qualifications

The opinion set forth above is further subject to the following qualification:

(a) The enforcement of the rights of a party under the ISDA Master Agreements may be limited by general statutory time limits or the doctrine of laches. The obligations under the ISDA Master Agreements may be subject to statutory limitation under Finnish law, the general limitation period being three (3) years calculated from the date as set forth in more detail in the Act on Statutes of Limitations (728/2003, as amended, in Finnish: *Laki velan vanhentumisesta*) and in any event the maximum limitation period being ten (10) years from the date of origination of a legal liability.

(b) The enforcement in Finland of the ISDA Master Agreements and of foreign judgements will be subject to Finnish rules of civil procedures which contain mandatory provisions that may not be set aside by agreements and such enforcement may further be limited by failure to pursue a claim in a timely and correct manner.

(c) Pursuant to Finnish law on contracts, a term of a contract may be modified or set aside if it is adjudged to be unreasonable or unfair. In particular, where a party is vested with discretion, power or may determine a matter in its opinion, it may be required that such discretion is exercised reasonably or that such opinion is based on reasonable grounds and there could be circumstances in which a Finnish court would not treat as conclusive a determination or certificate that the ISDA Master Agreements states to be so treated. Accordingly, enforceability of the ISDA Master Agreements and the obligations therein contained may be limited by general principles of equity and the courts of Finland have discretionary powers to modify the terms of any commercial agreement under equitable rights which such courts have. We believe that the risk for the limitation of contractual obligations under the ISDA Master Agreements is unlikely in particular if the ISDA Master Agreement has been entered into between parties, which operate in international financial markets and trading derivatives forms a part of their business.

(d) The term "enforceable", where used herein, means that the obligations assumed by the relevant party under the relevant document are of a type which Finnish law generally

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enforces or recognizes; however, enforcement before the courts of Finland will in any event be subject to the remedies available in such courts (some of which may be discretionary in nature) and to the availability of defenses such as set-off, abatement, counter-claim, immunity, force majeure and remedies such as specific performance and injunction are at the discretion of the court and may not be available.

(e) Any transfer, payment or other action or measure in respect of the ISDA Master Agreements involving (i) the government of any country which is currently the subject of United Nations and/or European Community sanctions, (ii) any person or body resident in, incorporated in or constituted under the laws of any such country or exercising public functions in any such country, (iii) any person or body acting from or through any such country or (iv) any person or body controlled by any of the foregoing or by any person acting on behalf of any of the foregoing, may be subject to restrictions pursuant to such sanctions as implemented under Finnish law.

(f) This opinion does not address the capacity or authority of any party to the ISDA Master Agreements to enter into the ISDA Master Agreements and/or Transactions. A lack or breach in capacity or authority may result in the ISDA Document or a Transaction not being enforceable against a party.

(g) As Finnish lawyers, we are not qualified to assess the meaning and consequences of the terms of the ISDA Master Agreements and the Transactions under their governing law and we have made no investigation into such law as a basis for the opinion expressed above and do not express or imply any opinion thereon. Accordingly, our review of the ISDA Master Agreements has been limited to the terms of such documents as it appears on the face thereof without reference to their governing law.

(h) Any provision in the ISDA Master Agreements which involves (or indicates) an indemnity for legal costs or costs of litigation is subject to the discretion of the Finnish court to decide whether and to what extent a party to litigation should be awarded the legal costs incurred by it in connection with the litigation or otherwise.

(i) The effectiveness of any provision in the ISDA Master Agreements exculpating a party from liability or duty otherwise owed may be limited by law or subject to mitigation.

(j) Any person who is not party to any agreement may not be able to enforce any provisions of that agreement, which are expressed to be for the benefit of that person.

(k) Powers of attorney (including appointment of agents), although stated to be irrevocable, may under Finnish law be revocable. Such powers will terminate by operation of law and without notice upon the bankruptcy of the party granting such powers.

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(l) A judgment relating to an ISDA Master Agreement obtained in the courts of England against a Finnish mutual fund would be recognised and enforceable in Finland provided that it is referred to the relevant Finnish court in accordance with and subject to the procedural steps and on the material conditions imposed by the Council Regulation (EC) No 44/2001 of 22 December 2000 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (the "**Brussels I Regulation (original)**") (or, for proceedings commenced on or after 10 January 2015, of Regulation (EU) No 1215/2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (recast) of 12 December 2012 (the "**Brussels I Regulation (recast)**")).

(m) A judgment rendered by a court of the State of New York or any federal court in the United States of America in connection with the ISDA Documents would, in principle not be enforceable nor recognized in Finland. However, if the party in whose favour the final judgment has been rendered brings a new action in a competent court in Finland, the final judgment rendered by a court of the State of New York or any federal court in the United States of America may be submitted to such Finnish court, but would only be regarded by the Finnish court as evidence of the outcome of the dispute to which such judgement relates and the Finnish court would still have full discretion to rehear the dispute ab initio.

(n) The courts of Finland will on the basis of and subject to limitations imposed by Council Regulation (EC) No 593/2008 on the law applicable to contractual obligations (the "Rome I Regulation") observe and give effect to English law, New York law, French law or Irish law as the governing law of the ISDA Master Agreement, as far as substantive law is concerned, provided that:

(i) English law, New York law, French law or Irish law is not contrary to such overriding mandatory provisions of Finnish law, which due to their public nature or general interest shall be considered to be applicable irrespective of the agreed choice of.

(ii) the application of English law New York law, French law or Irish law is not manifestly incompatible with the public policy (*ordre public*) of the Finnish legal system; and

(iii) Sufficient evidence as to the contents of English law, New York law, French law or Irish law is submitted to a Finnish court.

(o) The choice of law of English law, New York law, French law or Irish law to govern the ISDA Master Agreements may have no effect with respect to third parties including – without limitation – the effectiveness of dispositions (e.g., transfers, assignments or pledges) of in rem rights.

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(p) Finnish courts may require that any of the ISDA Master Agreements drawn up in English or any language other than Finnish or Swedish, and presented to the court are translated into Finnish or Swedish.

(q) The effectiveness of any provision in the ISDA Master Agreements exculpating a party from liability or duty otherwise owed may be limited by law or subject to mitigation.

(r) Finnish courts may award judgments in another currency than euro, but insofar as Finnish law is concerned the judgment debtor has the right to pay the judgment debt, even though denominated in a foreign currency, in euro generally at the exchange rate prevailing at the date of payment rather than at the date of judgment.

(s) As regards jurisdiction, a Finnish court may stay proceedings if concurrent proceedings have been g brought elsewhere.

(t) As a matter of Finnish law, to perfect a transfer of rights against a Finnish entity or person to a third party, it is necessary to notify such Finnish entity or person of the transfer, should private international law designate Finnish law as the relevant law for the determination of what circumstances will constitute a valid transfer.

(u) In this opinion, Finnish legal concepts are described in English terms and not by their original Finnish terms. The concepts concerned may not be exactly identical to the concepts described by the same English terms as they exist under the laws of other jurisdictions.

Finally, we are not aware of any regulatory or legal developments pending in Finland as a result of which our conclusions set forth in this opinion would be materially and adversely affected in the foreseeable future.

The~~i~~s opinion is given ~~to ISDA~~ for ~~its~~the sole benefit of the addressee specified at the head of this letter and ~~the benefit of its members and may be disclosed to any~~ its members and may not be relied upon by any other person, unless we otherwise specifically agree with that person in writing. The opinion may however be provided to ISDA and its members' professional advisors or regulatory or supervisory ~~authority of an ISDA member and to any legal or other professional advisor of ISDA or any ISDA member~~authorities of ISDA's members for information purposes only.

_____

(Signature page~~s~~ follows)

HANNES SNELLMAN

Yours faithfully,

HANNES SNELLMAN ATTORNEYS LTD

_____	_____
Henrik Mattson	Jari Tukiainen
Partner	Specialist Partner

~~ENCL. Appendix A~~

~~Appendix B~~

Certain Derivative Transactions under the ISDA Master Agreement

~~APPENDIX A~~

~~CERTAIN TRANSACTIONS UNDER THE ISDA MASTER AGREEMENTS~~

August 2015

APPENDIX A

Basis Swap. A transaction in which one party pays periodic amounts of a given currency based on a floating rate and the other party pays periodic amounts of the same currency based on another floating rate, with both rates reset periodically; all calculations are based on a notional amount of the given currency.

Bond Forward. A transaction in which one party agrees to pay an agreed price for a specified amount of a bond of an issuer or a basket of bonds of several issuers at a future date and the other party agrees to pay a price for the same amount of the same bond to be set on a specified date in the future. The payment calculation is based on the amount of the bond and can be physically-settled (where delivery occurs in exchange for payment) or cash-settled (where settlement occurs based on the difference between the agreed forward price and the prevailing market price at the time of settlement).

Bond Option. A transaction in which one party grants to the other party (in consideration for a premium payment) the right, but not the obligation, to purchase (in the case of a call) or sell (in the case of a put) a specified amount of a bond of an issuer, such as Kingdom of Sweden or Unilever N.V., at a specified strike price. The bond option can be settled by physical delivery of the bonds in exchange for the strike price or may be cash settled based on the difference between the market price of the bonds on the exercise date and the strike price.

Bullion Option. A transaction in which one party grants to the other party (in consideration for a premium payment) the right, but not the obligation, to purchase (in the case of a call) or sell (in the case of a put) a specified number of Ounces of Bullion at a specified strike price. The option may be settled by physical delivery of Bullion in exchange for the strike price or may be cash settled based on the difference between the market price of Bullion on the exercise date and the strike price.

Bullion Swap. A transaction in which one party pays periodic amounts of a given currency based on a fixed price or a fixed rate and the other party pays periodic amounts of the same currency or a different currency calculated by reference to a Bullion reference price (for example, Gold-COMEX on the COMEX Division of the New York Mercantile Exchange) or another method specified by the parties. Bullion swaps include cap, collar or floor transactions in respect of Bullion.

Bullion Trade. A transaction in which one party agrees to buy from or sell to the other party a specified number of Ounces of Bullion at a specified price for settlement either on a "spot" or two-day basis or on a specified future date. A Bullion Trade may be settled by physical delivery of Bullion in exchange for a specified price or may be cash settled based on the difference between the market price of Bullion on the settlement date and the specified price.

For purposes of Bullion Trades, Bullion Options and Bullion Swaps, "Bullion" means gold, silver, platinum or palladium and "Ounce" means, in the case of gold, a fine troy ounce, and in the case of silver, platinum and palladium, a troy ounce (or in the case of reference prices not expressed in Ounces, the relevant Units of gold, silver, platinum or palladium).

Buy/Sell-Back Transaction. A transaction in which one party purchases a security (in consideration for a cash payment) and agrees to sell back that security (or in some cases an equivalent security) to the other party (in consideration for the original cash payment plus a premium).

Cap Transaction. A transaction in which one party pays a single or periodic fixed amount and the other party pays periodic amounts of the same currency based on the excess, if any, of a specified floating rate (in the case of an interest rate cap), rate or index (in the case of an economic statistic cap) or commodity price (in the case of a commodity cap) in each case that is reset periodically over a specified per annum rate (in the case of an interest rate cap), rate or index (in the case of an economic statistic cap) or commodity price (in the case of a commodity cap).

Collar Transaction. A collar is a combination of a cap and a floor where one party is the floating rate, floating index or floating commodity price payer on the cap and the other party is the floating rate, floating index or floating commodity price payer on the floor.

Commodity Forward. A transaction in which one party agrees to purchase a specified quantity of a commodity at a future date at an agreed price, and the other party agrees to pay a price for the same quantity to be set on a specified date in the future. A Commodity Forward may be settled by the physical delivery of the commodity in exchange for the specified price or may be cash settled based on the difference between the agreed forward price and the prevailing market price at the time of settlement.

Commodity Index Transaction. A transaction, structured in the form of a swap, cap, collar, floor, option or some combination thereof, between two parties in which the underlying value of the transaction is based on a rate or index based on the price of one or more commodities.

Commodity Option. A transaction in which one party grants to the other party (in consideration for a premium payment) the right, but not the obligation, to purchase (in the case of a call) or sell (in the case of a put) a specified quantity of a commodity at a specified strike price. The option can be settled either by physically delivering the quantity of the commodity in exchange for the strike price or by cash settling the option, in which case the seller of the option would pay to the buyer the difference between the market price of that quantity of the commodity on the exercise date and the strike price.

Commodity Swap. A transaction in which one party pays periodic amounts of a given currency based on a fixed price and the other party pays periodic amounts of the same currency based on the price of a commodity, such as natural gas or gold, or a futures contract on a commodity (e.g., West Texas Intermediate Light Sweet Crude Oil on the New York Mercantile Exchange); all calculations are based on a notional quantity of the commodity.

Contingent Credit Default Swap. A Credit Default Swap Transaction under which the calculation amounts applicable to one or both parties may vary over time by reference to the mark-to-market value of a hypothetical swap transaction.

Credit Default Swap Option. A transaction in which one party grants to the other party (in consideration for a premium payment) the right, but not the obligation, to enter into a Credit Default Swap.

Credit Default Swap. A transaction in which one party pays either a single fixed amount or periodic fixed amounts or floating amounts determined by reference to a specified notional amount, and the other party (the credit protection seller) pays either a fixed amount or an amount determined by reference to the value of one or more loans, debt securities or other financial instruments (each a "Reference Obligation") issued, guaranteed or otherwise entered into by a third party (the "Reference Entity") upon the occurrence of one or more specified credit events with respect to the Reference Entity (for example, bankruptcy or payment default). The amount payable by the credit protection seller is typically determined based upon the market value of one or more debt securities or other debt instruments issued, guaranteed or otherwise entered into by the Reference Entity. A Credit Default Swap may also be physically settled by payment of a specified fixed amount by one party against delivery of specified obligations ("Deliverable Obligations") by the other party. A Credit Default Swap may also refer to a "basket" (typically ten or less) or a "portfolio" (eleven or more) of Reference Entities or may be an index transaction consisting of a series of component Credit Default Swaps.

Credit Derivative Transaction on Asset-Backed Securities. A Credit Default Swap for which the Reference Obligation is a cash or synthetic asset-backed security. Such a transaction may, but need not necessarily, include "pay as you go" settlements, meaning that the credit protection seller makes payments relating to interest shortfalls, principal shortfalls and write-downs arising on the Reference Obligation and the credit protection buyer makes additional fixed payments of reimbursements of such shortfalls or write-downs.

Credit Spread Transaction. A transaction involving either a forward or an option where the value of the transaction is calculated based on the credit spread implicit in the price of the underlying instrument.

Cross Currency Rate Swap. A transaction in which one party pays periodic amounts in one currency based on a specified fixed rate (or a floating rate that is reset periodically) and the other party pays periodic amounts in another currency based on a

floating rate that is reset periodically. All calculations are determined on predetermined notional amounts of the two currencies; often such swaps will involve initial and or final exchanges of amounts corresponding to the notional amounts.

Currency Option. A transaction in which one party grants to the other party (in consideration for a premium payment) the right, but not the obligation, to purchase (in the case of a call) or sell (in the case of a put) a specified amount of a given currency at a specified strike price.

Currency Swap. A transaction in which one party pays fixed periodic amounts of one currency and the other party pays fixed periodic amounts of another currency. Payments are calculated on a notional amount. Such swaps may involve initial and or final payments that correspond to the notional amount.

Economic Statistic Transaction. A transaction in which one party pays an amount or periodic amounts of a given currency by reference to interest rates or other factors and the other party pays or may pay an amount or periodic amounts of a currency based on a specified rate or index pertaining to statistical data on economic conditions, which may include economic growth, retail sales, inflation, consumer prices, consumer sentiment, unemployment and housing.

Emissions Allowance Transaction. A transaction in which one party agrees to buy from or sell to the other party a specified quantity of emissions allowances or reductions at a specified price for settlement either on a "spot" basis or on a specified future date. An Emissions Allowance Transaction may also constitute a swap of emissions allowances or reductions or an option whereby one party grants to the other party (in consideration for a premium payment) the right, but not the obligation, to receive a payment equal to the amount by which the specified quantity of emissions allowances or reductions exceeds or is less than a specified strike. An Emissions Allowance Transaction may be physically settled by delivery of emissions allowances or reductions in exchange for a specified price, differing vintage years or differing emissions products or may be cash settled based on the difference between the market price of emissions allowances or reductions on the settlement date and the specified price.

Equity Forward. A transaction in which one party agrees to pay an agreed price for a specified quantity of shares of an issuer, a basket of shares of several issuers or an equity index at a future date and the other party agrees to pay a price for the same quantity and shares to be set on a specified date in the future. The payment calculation is based on the number of shares and can be physically-settled (where delivery occurs in exchange for payment) or cash-settled (where settlement occurs based on the difference between the agreed forward price and the prevailing market price at the time of settlement).

Equity Index Option. A transaction in which one party grants to the other party (in consideration for a premium payment) the right, but not the obligation, to receive a payment equal to the amount by which an equity index either exceeds (in the case of a call) or is less than (in the case of a put) a specified strike price.

Equity Option. A transaction in which one party grants to the other party (in consideration for a premium payment) the right, but not the obligation, to purchase (in the case of a call) or sell (in the case of a put) a specified number of shares of an issuer or a basket of shares of several issuers at a specified strike price. The share option may be settled by physical delivery of the shares in exchange for the strike price or may be cash settled based on the difference between the market price of the shares on the exercise date and the strike price.

Equity Swap. A transaction in which one party pays periodic amounts of a given currency based on a fixed price or a fixed or floating rate and the other party pays periodic amounts of the same currency or a different currency based on the performance of a share of an issuer, a basket of shares of several issuers or an equity index, such as the Standard and Poor's 500 Index.

Floor Transaction. A transaction in which one party pays a single or periodic amount and the other party pays periodic amounts of the same currency based on the excess, if any, of a specified per annum rate (in the case of an interest rate floor), rate or index level (in the case of an economic statistic floor) or commodity price (in the case of a commodity floor) over a specified floating rate (in the case of an interest rate floor), rate or index level (in the case of an economic statistic floor) or commodity price (in the case of a commodity floor).

Foreign Exchange Transaction. A deliverable or non-deliverable transaction providing for the purchase of one currency with another currency providing for settlement either on a "spot" or two-day basis or a specified future date.

Forward Rate Transaction. A transaction in which one party agrees to pay a fixed rate for a defined period and the other party agrees to pay a rate to be set on a specified date in the future. The payment calculation is based on a notional amount and is settled based, among other things, on the difference between the agreed forward rate and the prevailing market rate at the time of settlement.

Freight Transaction. A transaction in which one party pays an amount or periodic amounts of a given currency based on a fixed price and the other party pays an amount or periodic amounts of the same currency based on the price of chartering a ship to transport wet or dry freight from one port to another; all calculations are based either on a notional quantity of freight or, in the case of time charter transactions, on a notional number of days.

Fund Option Transaction: A transaction in which one party grants to the other party (for an agreed payment or other consideration) the right, but not the obligation, to receive a payment based on the redemption value of a specified amount of an interest issued to or held by an investor in a fund, pooled investment vehicle or any other interest identified as such in the relevant Confirmation (a "Fund Interest"), whether i) a single class of Fund Interest of a Single Reference Fund or ii) a basket of Fund Interests in relation to a specified strike price. The Fund Option Transactions will generally be cash settled (where settlement occurs based on the excess of such redemption value over such specified strike price (in the case of a call) or the excess of such specified strike price over such redemption value (in the case of a put) as measured on the valuation date or dates relating to the exercise date).

Fund Forward Transaction: A transaction in which one party agrees to pay an agreed price for the redemption value of a specified amount of i) a single class of Fund Interest of a Single Reference Fund or ii) a basket of Fund Interests at a future date and the other party agrees to pay a price for the redemption value of the same amount of the same Fund Interests to be set on a specified date in the future. The payment calculation is based on the amount of the redemption value relating to such Fund Interest and generally cash-settled (where settlement occurs based on the difference between the agreed forward price and the redemption value measured as of the applicable valuation date or dates).

Fund Swap Transaction~~:~~. A transaction a transaction in which one party pays periodic amounts of a given currency based on a fixed price or a fixed rate and the other party pays periodic amounts of the same currency based on the redemption value of i) a single class of Fund Interest of a Single Reference Fund or ii) a basket of Fund Interests.

Interest Rate Option. A transaction in which one party grants to the other party (in consideration for a premium payment) the right, but not the obligation, to receive a payment equal to the amount by which an interest rate either exceeds (in the case of a call option) or is less than (in the case of a put option) a specified strike rate.

Interest Rate Swap. A transaction in which one party pays periodic amounts of a given currency based on a specified fixed rate and the other party pays periodic amounts of the same currency based on a specified floating rate that is reset periodically, such as the London inter-bank offered rate; all calculations are based on a notional amount of the given currency.

Longevity/Mortality Transaction. (a) A transaction employing a derivative instrument, such as a forward, a swap or an option, that is valued according to expected variation in a reference index of observed demographic trends, as exhibited by a specified population, relating to aging, morbidity, and mortality/longevity, or (b) A transaction that references the payment profile underlying a specific portfolio of longevity- or mortality- contingent obligations, e.g. a pool of pension liabilities or life insurance policies (either the actual claims payments or a synthetic basket referencing the profile of claims payments).

Physical Commodity Transaction. A transaction which provides for the purchase of an amount of a commodity, such as oil including oil products, coal, electricity or gas, at a fixed or floating price for actual delivery on one or more dates.

Property Index Derivative Transaction. A transaction, often structured in the form of a forward, option or total return swap, between two parties in which the underlying value of the transaction is based on a rate or index based on residential or commercial property prices for a specified local, regional or national area.

Repurchase Transaction. A transaction in which one party agrees to sell securities to the other party and such party has the right to repurchase those securities (or in some cases equivalent securities) from such other party at a future date.

Securities Lending Transaction. A transaction in which one party transfers securities to a party acting as the borrower in exchange for a payment or a series of payments from the borrower and the borrower's obligation to replace the securities at a defined date with identical securities.

Swap Deliverable Contingent Credit Default Swap. A Contingent Credit Default Swap under which one of the Deliverable Obligations is a claim against the Reference Entity under an ISDA Master Agreement with respect to which an Early Termination Date (as defined therein) has occurred.

Swap Option. A transaction in which one party grants to the other party the right (in consideration for a premium payment), but not the obligation, to enter into a swap with certain specified terms. In some cases the swap option may be settled with a cash payment equal to the market value of the underlying swap at the time of the exercise.

Total Return Swap. A transaction in which one party pays either a single amount or periodic amounts based on the total return on one or more loans, debt securities or other financial instruments (each a "Reference Obligation") issued, guaranteed or otherwise entered into by a third party (the "Reference Entity"), calculated by reference to interest, dividend and fee payments and any appreciation in the market value of each Reference Obligation, and the other party pays either a single amount or periodic amounts determined by reference to a specified notional amount and any depreciation in the market value of each Reference Obligation.

A total return swap may (but need not) provide for acceleration of its termination date upon the occurrence of one or more specified events with respect to a Reference Entity or a Reference Obligation with a termination payment made by one party to the other calculated by reference to the value of the Reference Obligation.

Weather Index Transaction. A transaction, structured in the form of a swap, cap, collar, floor, option or some combination thereof, between two parties in which the underlying value of the transaction is based on a rate or index pertaining to weather conditions, which may include measurements of heating, cooling, precipitation and wind.

APPENDIX B

SEPTEMBER 2009

CERTAIN COUNTERPARTY TYPES[9][26]

Description	d by opinion	rm(s)[10][27]
Bank/Credit Institution. A legal entity, which may be organized as a corporation, partnership or in some other form, that conducts commercial banking activities, that is, whose core business typically involves (a) taking deposits from private individuals and/or corporate entities and (b) making loans to private individual and/or corporate borrowers. This type of entity is sometimes referred to as a "commercial bank" or, if its business also includes investment banking and trading activities, a "universal bank". (If the entity only conducts investment banking and trading activities, then it falls within the "Investment Firm/Broker Dealer" category below.) This type of entity is referred to as a "credit institution" in European Community (**EC**) legislation. This category may include specialised types of bank, such as a mortgage savings bank (provided that the relevant entity accepts deposits and makes loans), or such an entity may be considered in the local jurisdiction to constitute a separate category of legal entity (as in the case of a building society in the United Kingdom (**UK**)).		[2]For the purposes of this opinion, a Credit Institution" that is an institution (in Finnish: "*luottolaitos*") being either/Bank is a deposit bank (in Finnish: "*talletuspankki*") or other credit institution (in Finnish: *luottoyhteisö*) as defined in the Act on the Operations of Credit Institutions (610/2014, as amended) or a financial institution (in Finnish: "*rahoituslaitos*") defined in, in Finnish: *laki luottolaitostoiminnasta*) incorporated and operating under the Act on the Operations of Credit Institutions. However, this opinion does not cover mortgage societies (in Finnish: *hypoteekkiyhdistys)* established under the Act on Mortgage Societies (936/1978, as amended), mortgage banks (in Finnish: *kiinnitysluottopankki*) established under the Act on Mortgage Banks (688/2010, as amended) or the Nordic Investment Bank.

[9][26] In these definitions, the term "legal entity" means an entity with legal personality other than a private individual.

[10] If appropriate, please indicate, as discussed in the instruction letter, any naming convention or rule that would help a reader of the opinion to identify and classify the entity.

[27] If appropriate, please indicate, as discussed in the instruction letter, any naming convention or rule that would help a reader of the opinion to identify and classify the entity.

Description	d by opinion	rm(s)~~10~~~~27~~
		~~g to Chapter 15, Section 4 of the Act on the Operations of~~, the Act on Commercial Banks and other Credit Institutions~~, the name of the deposit bank must include the word "bank" as well as the applicable company form. On the other hand, according to Chapter 2, Section 4 of the aforementioned Act, other entities than deposit banks or the Bank of Finland or Nordic Investment Bank may use the word "bank" in their name only if it is obvious that the use of the word does not mislead the public to think that such entity operates as a deposit bank.~~ in the form of a Limited Company (1501/2001, as amended, in Finnish: *laki liikepankeista ja osakeyhtiömuotoisista luottolaitoksista*, the "**Commercial Banks Act**"), the Savings Bank Act (1502/2001, as amended, in Finnish: *säästöpankkilaki*) or the Act on Cooperative Banks and other Credit Institutions in the form of Cooperative (423/2013, as amended, in Finnish: *laki osuuspankeista ja muista osuuskuntamuotoisista luottolaitoksista*), (together below the "**Banking Laws**").
Central Bank. A legal entity that performs the function of a central bank for a Sovereign or for an area of monetary union (as in the case of the European Central Bank in respect of the euro zone).		~~Opinion on this type of entity would require further legal~~ Additional analysis required.

Description	d by opinion	rm(s)~~10~~~~27~~
Corporation. A legal entity that is organized as a corporation or company rather than a partnership, is engaged in industrial and/or commercial activities and does not fall within one of the other categories in this Appendix B.		~~Limited~~Corporations, where the liability ~~companies and public~~is limited ~~liability company~~to a share capital, are entities incorporated ~~and organised pursuant to~~under the Companies Act (624/200~~7), being a private limited liability company (in Finnish: "*yksityinen osakeyhtiö*" or its abbreviation "*Oy*"), or public limited liability company (in Finnish: "*julkinen osakeyhtiö*" or abbreviation "*Oyj*"), as defined in the Companies Act~~6, as amended, in Finnish: *osakeyhtiölaki*). Partnerships and limited partnership companies are organised under the Act on Open and Limited Partnership Companies (389/1988, as amended, in Finnish: *laki avoimesta yhtiöstä ja kommandiittiyhtiöstä*). Insurance companies are incorporated under the Companies Act and the Act on Insurance Companies (521/2008, as amended, in Finnish: *vakuutusyhtiölaki*).
Hedge Fund/Proprietary Trader. A legal entity, which may be organized as a corporation, partnership or in some other legal form, the principal business of which is to deal in and/or manage securities and/or other financial instruments and/or otherwise to carry on an investment business predominantly or exclusively as principal for its own account.	~~No~~Yes	~~Opinion on this type of entity would require further legal analysis.~~
Insurance Company. A legal entity, which may be organised as a corporation, partnership or in some other legal form (for example, a friendly society or industrial & provident society in the UK), that is licensed to carry on insurance business, and is typically subject to a special regulatory regime and a special insolvency regime in order to protect the interests of		~~e companies incorporated or organised under the Act on Insurance Companies (521/2008, as amended) that can be either (A) a life insurance company, (B) a non-life~~

Description	d by opinion	rm(s)[10][27]
policyholders.		insurance company, (C) a reinsurance company or (D) a captive reinsurance undertaking. However, this opinion does not cover employment pension companies (in Finnish: *työeläkeyhtiö*) incorporated or organised under the Act on Employment Pension Companies (354/1997, as amended). g to the Insurance Companies Act, the Insurance Company can be incorporated either in a form of private/public mutual insurance company or private or public limited liability company. g to Chapter 2, Section 10, sub-section 3, it is compulsory that the name of the mutual insurance company includes the words "mutual" ("*keskinäinen*"), "insurance" ("*vakuutus*") and "company" ("*yhtiö*"). The name of the public mutual insurance company must also include the phrase "public company" ("*julkinen yhtiö*" or its abbreviation "*Oyj*"). Private limited liability insurance company must include the words "insurance" and "limited liability company" or its abbreviation ("*Oy*"). Furthermore, public limited liability insurance company must include the word "public limited liability company" or abbreviation "*Oyj*".

Description	d by opinion	rm(s)~~10~~~~27~~
International Organization. An organization of Sovereigns established by treaty entered into between the Sovereigns, including the International Bank for Reconstruction and Development (the World Bank), regional development banks and similar organizations established by treaty.		~~Opinion on this type of entity would require further legal~~Additional analysis required.
Investment Firm/Broker Dealer. A legal entity, which may be organized as a corporation, partnership or in some other form, that does not conduct commercial banking activities but deals in and/or manages securities and/or other financial instruments as an agent for third parties. It may also conduct such activities as principal (but if it does so exclusively as principal, then it most likely falls within the "Hedge Fund/Proprietary Trader" category above.) Its business normally includes holding securities and/or other financial instruments for third parties and operating related cash accounts. This type of entity is referred to as a "broker-dealer" in US legislation and as an "investment firm" in EC legislation.		~~ent firms incorporated and established under the Act on Investment Services (747/2012, as amended).~~
Investment Fund. A legal entity or an arrangement without legal personality (for example, a common law trust) established to provide investors with a share in profits or income arising from property acquired, held, managed or disposed of by the manager(s) of the legal entity or arrangement or a right to payment determined by reference to such profits or income. This type of entity or arrangement is referred to as a "collective investment scheme" in EC legislation. It may be regulated or unregulated. It is typically administered by one or more persons (who may be private individuals and/or corporate entities) who have various rights and obligations governed by general law and/or, typically in the case of regulated Investment Funds, financial services legislation. Where the arrangement does not have separate legal personality, one or more representatives of the Investment Fund (for example, a trustee of a unit trust) contract on behalf of the Investment Fund, are owed the rights and owe the obligations provided for in the contract and are entitled to be indemnified out of the assets comprised in the arrangement.	No	~~Opinion on this type of entity would require further legal~~Additional analysis required.

Description	d by opinion	rm(s)~~10~~~~27~~
Local Authority. A legal entity established to administer the functions of local government in a particular region within a Sovereign or State of a Federal Sovereign, for example, a city, county, borough or similar area.	~~No~~Yes	~~Opinion on this type of entity would require further legal analysis.~~
Partnership. A legal entity or form of arrangement without legal personality that is (a) organised as a general, limited or some other form of partnership and (b) does not fall within one of the other categories in this Appendix B. If it does not have legal personality, it may nonetheless be treated as though it were a legal person for certain purposes (for example, for insolvency purposes) and not for other purposes (for example, tax or personal liability).	Yes	~~Partnership companies (in Finnish: *kommanditiittiyhtiö*) incorporated and organised under the Partnership and Limited Partnership Company Act (389/1988, as amended).~~
Pension Fund. A legal entity or an arrangement without legal personality (for example, a common law trust) established to provide pension benefits to a specific class of beneficiaries, normally sponsored by an employer or group of employers. It is typically administered by one or more persons (who may be private individuals and/or corporate entities) who have various rights and obligations governed by pensions legislation. Where the arrangement does not have separate legal personality, one or more representatives of the Pension Fund (for example, a trustee of a pension scheme in the form of a common law trust) contract on behalf of the Pension Fund and are owed the rights and owe the obligations provided for in the contract and are entitled to be indemnified out of the assets comprised in the arrangement.	No	~~on this type of entity would require further legal~~Additional analysis required.
Sovereign. A sovereign nation state recognized internationally as such, typically acting through a direct agency or instrumentality of the central government without separate legal personality, for example, the ministry of finance, treasury or national debt office. This category does not include a State of a Federal Sovereign or other political sub-division of a sovereign nation state if the sub-division has separate legal personality (for example, a Local Authority) and it does not include any legal entity owned by a sovereign nation state (see "Sovereign-owned Entity").	~~No~~Yes	~~Opinion on this type of entity would require further legal analysis.~~

Description	d by opinion	rm(s)~~10~~27
Sovereign Wealth Fund. A legal entity, often created by a special statute and normally wholly owned by a Sovereign, established to manage assets of or on behalf of the Sovereign, which may or may not hold those assets in its own name. Such an entity is often referred to as an "investment authority". For certain Sovereigns, this function is performed by the Central Bank, however for purposes of this Appendix B the term "Sovereign Wealth Fund" excludes a Central Bank.	No	~~Opinion on this type of entity would require further legal~~Additional analysis required.
Sovereign-Owned Entity. A legal entity wholly or majority-owned by a Sovereign, other than a Central Bank, or by a State of a Federal Sovereign, which may or may not benefit from any immunity enjoyed by the Sovereign or State of a Federal Sovereign from legal proceedings or execution against its assets. This category may include entities active entirely in the private sector without any specific public duties or public sector mission as well as statutory bodies with public duties (for example, a statutory body charged with regulatory responsibility over a sector of the domestic economy). This category does not include local governmental authorities (see "**Local Authority**").	No	~~on this type of entity would require further legal~~Additional analysis required.
State of a Federal Sovereign. The principal political sub-division of a federal Sovereign, such as Australia (for example, Queensland), Canada (for example, Ontario), Germany (for example, Nordrhein-Westfalen) or the United States of America (for example, Pennsylvania). This category does not include a Local Authority.	No	~~on this type of entity would require further legal~~Additional analysis required.