

1. INTRODUCTION AND BACKGROUND

- 1.1 The Danish Association of Asset Management and Investment Firms ("**DAAIF**") (in Danish: *Den danske Fondsmæglerforening*) is currently in a dialogue with the Danish FSA (in Danish: *Finanstilsynet*) and the Danish Ministry of Industry, Business and Financial Affairs regarding the transposition into Danish law of Directive (EU) 2019/2034 of the European Parliament and of the Council of 27 November 2019 on the prudential supervision of investment firms ("**IFD**"). So far, the Danish FSA and the ministry have taken the position that the current national regulation of investment firms will be continued under the future regime for Danish investment firms, unless specifically regulated by the IFD or Regulation (EU) 2019/2033 of the European Parliament and of the Council of 27 November 2019 on the prudential requirements of investment firms ("**IFR**"). The Danish regulation has for historical reasons partly been based on requirements to Danish credit institutions derived from Directive 2013/36/EU ("**CRD**").
- 1.2 In order to support its dialogue with the Danish authorities, the DAAIF is interested in gaining insight into the expected national transposition of the IFD into the national law of comparable EU member states. In particular, the DAAIF is interested in understanding whether elements of gold-plating are expected in the regulation of investment firms authorised in your jurisdiction. The DAAIF does not require information on the national transposition of rules applicable to foreign investment firms with an establishment in our jurisdiction.

2. THE QUESTIONNAIRE

- 2.1 As a start, we kindly ask you to provide high level answers to the questions. If a subject or the reply is of particular interest to the DAAIF, we might at a later stage ask you to provide more in-dept answers if available.
- 2.2 We appreciate that answers at this point in time may be uncertain. We therefore kindly ask you to assess the degree of probability and, if you deem this relevant, to add the source of information. Our client is interested in information from sources which you deem reliable even if no official confirmation can be provided.
- 2.3 Please note that we do not need description in relation to investment firms which pursuant to Article 1(2) of the IFR will be regulated by the CRD.
- 2.4 In case of questions, please do not hesitate to contact Camilla Søborg, casb@kromannreumert.com.

3. DEADLINE

- 3.1 We kindly ask you to provide your answers by 5 October 2020.

QUESTIONNAIRE REGARDING THE NATIONAL TRANSPOSITION OF IFD AND GOLDPLATING OF THE IFD AND THE IFR

Question No	Topic	Question	Relevant provision of the IFD/IFR	Reply	Degree of probability (high/medium/low)
1.	Current regulation of investment firms	Please provide a high-level description of the current framework for the regulation of investment firms in your jurisdiction. Please include references to the most important pieces of regulation.		Finnish investment firms are mainly governed by the Finnish Investment Services Act (747/2012, as amended; in Finnish: <i>sijoituspalvelulaki</i>), implementing, i.a., the MiFID II ¹ .	
2.	General framework of transposition				
2.1	Timing of transposition	When do you expect the transposition of the IFD to take place in your jurisdiction?	IFD Article 67(1)	According to the draft government bill on the implementation of the IFD, the legislation is scheduled to come into effect on 27 June 2021.	High
2.2	Mode of transposition	How is the transposition expected to take place (e.g. act or regulation issued by the competent supervisory authority)?		The transposition into Finnish law is expected to take place with an amendment of the Finnish Investment Services Act and certain related acts.	High
2.3	Degree of continuity of regulation	Will the transposition be made as changes to existing regulation or in the format of new regulation?		The transposition will be made by way of amendments to existing regulation (see section 2.2 above).	High
2.4	Degree of alignment with the IFD/IFR	Is the transposition generally expected to follow the wording and/or content of the IFD or do you expect any gold-plating (including, if relevant, any regulation additional to the IFR)?		Based on the draft government bill, the transposition is generally expected to follow the wording and content of the IFD and the IFR and, thus, no gold-plating is expected. However, please see section 3.2 below.	Medium

¹ Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU.

Question No	Topic	Question	Relevant provision of the IFD/IFR	Reply	Degree of probability (high/medium/low)
2.5	Timing of draft regulation	Is the draft regulation transposing the IFD available (in full or partially) or alternatively an outline of the intended transposition? If so, please provide the draft or outline as available. If these are not available, please state when drafts are expected.		The draft government bill regarding the IFD is available (in Finnish) on the webpage of the Finnish Ministry of Finance (here).	High
3.	Regulation of areas of particular interest				
3.1	Parent undertakings and groups	Do you expect regulation of parent undertakings which are not themselves investment firms, and regulation of groups including investment firms which is additional to the regulation included IFD/IFR?	IFR Articles 7 and 8	We do not expect such additional regulation. Based on the draft government bill, the content and wording of new regulation is expected to follow the IFD and IFR.	High

Question No	Topic	Question	Relevant provision of the IFD/IFR	Reply	Degree of probability (high/medium/low)
3.2	Management and governance	Do you expect regulation of management and governance of investment firms which is additional to the regulation included in IFD/IFR and MiFID II? Please include in your answer information on the regulation of outsourcing, if available.	IFD Articles 26, 28 and 29	<p>As regards the management and governance of investment firms, the IFD/IFR is generally expected to be implemented into Finnish law without any notable additional provisions. The respective regulation included in MiFID II has already been implemented into Finnish law, generally without notable additional requirements.</p> <p>More specifically, IFD Articles 26, 28 and 29 are expected to be implemented without any local gold-plating. However, it remains slightly unclear whether the obligation to establish a risk committee (IFD Article 28(4)) might be extended to all investment firms, as opposed to only those with assets over EUR 100 million. We expect the draft government bill to be clarified in this regard, given that the local industry representative (Finance Finland) has noted in its response to the draft bill that the omission of the EUR 100 million threshold from the draft law seems to be an unintentional error (in light of the wording of the preparatory works substantiating the draft law).</p> <p>No changes to the regulation of outsourcing is expected as a result of the implementation of the IFD. The current Finnish Investment Services Act is in line with Article 16(5) of MiFID II. Further requirements are set out in the Commission Delegated Regulation (EU) 2017/565.</p>	Medium
3.3	Remuneration	Do you expect regulation of investment firms' remuneration to management and staff which is additional to the regulation included in IFD/IFR and MiFID II?	IFD Articles 30-34 IFR Article 51	<p>The regulation of investment firms' remuneration to management and staff is generally expected to be implemented into Finnish law without any notable additional provisions to IFD and IFR.</p> <p>IFD Articles 30 and 31 are expected to be implemented without any local gold-plating. As regards IFD Article 32, we specifically note that the member state options (included in paragraphs 6 and 7) are proposed <i>not</i> to be used.</p>	High

Question No	Topic	Question	Relevant provision of the IFD/IFR	Reply	Degree of probability (high/medium/low)
3.4	Good business practice	Do you expect regulation of investment firms' duty to act honestly, fairly and professionally which is additional to the regulation included in MiFID II?	N/A	Pursuant to the draft government bill, we do not expect such additional regulation.	High