



UNOFFICIAL TRANSLATION FROM THE FINNISH

# **RULES OF EUROCLEAR FINLAND**

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ENTRY INTO FORCE 10 October 2011

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**Previous rules in force:**

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## CONTENTS

|  |           |
|--|-----------|
| CONTENTS .....   | 1         |
| DEFINITIONS .....  | 4         |
| 1 General Definitions .....  | 4         |
| 2 Definitions Relating to Registration and Issue Activities .....                              | 5         |
| 3 Definitions Relating to Clearing .....   | 8         |
| <b>1. GENERAL PROVISIONS .....</b>   | <b>13</b> |
| 1.1 Scope of Application .....   | 13        |
| 1.2 Binding Nature .....   | 13        |
| 1.3 Division of Power .....  | 14        |
| 1.4 Entry into Force, Amendment and Publication of the Rules .....                             | 14        |
| 1.5 Access to the Systems .....  | 16        |
| Parties .....  | 16        |
| General Requirements for Parties .....   | 17        |
| Special Requirements for Clearing Parties .....  | 19        |
| Special Requirements for the Parties in the Registration System .....                          | 20        |
| Special Requirements for Issuer Agents .....   | 21        |
| Remote Parties and Other Parties .....   | 21        |
| Application Procedure .....  | 23        |
| 1.6 General Provisions for Account Operators, Agents, Clearing Parties and Issuer Agents ..... | 25        |
| <b>2. THE BOOK-ENTRY SYSTEM .....</b>  | <b>27</b> |
| 2.1 Centralised Book-Entry Register .....  | 27        |
| The Book-Entry System .....  | 27        |
| Centralised Lists and Accounts .....   | 29        |
| General Services Provided by the Book-Entry Register .....                                     | 31        |
| Services Provided to Account Operators .....   | 32        |
| Automatic Collateral Management Service .....  | 33        |
| 2.2 Common Practices for the Book-Entry System .....   | 34        |
| Register Days and Business Hours .....   | 34        |
| Information on Book-Entry Accounts and Holders of Rights .....                                 | 35        |
| Transfer of Basic Information from an Official Register .....                                  | 36        |
| Registration Procedure .....   | 37        |
| Use of a Commission Account .....  | 39        |
| Book-Entry Account for Long Term Savings .....   | 40        |
| Transferring a Book-Entry Account .....  | 40        |
| Management of Book-Entry Accounts Pledged to Others than the Account Operator or Agent .....   | 41        |

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 UNOFFICIAL TRANSLATION

|  |           |
|--|-----------|
| Emergency Preparations in the Book-Entry System.....   | 42        |
| Procedure for the Settlement of Errors and Discrepancies.....  | 42        |
| Storing Documents.....   | 43        |
| <b>3. ISSUING BOOK-ENTRIES, CORPORATE ACTIONS, PAYMENTS OF YIELD AND REDEMPTIONS.....</b>                    | <b>45</b> |
| <b>3.1 Issues in the Book-Entry System.....</b>  | <b>45</b> |
| Approval of Types of Securities and the Issuer.....  | 45        |
| Approval of an Issue.....  | 46        |
| Other Responsibilities of an Issuer.....   | 48        |
| Book-Entry Identification Code.....  | 49        |
| Specific Provisions relating to the RM system.....   | 49        |
| Removal of a Book-Entry from the System.....   | 50        |
| <b>3.2 Incorporation of Physical Securities in the Book-Entry System.....</b>                                | <b>51</b> |
| Incorporation Procedure.....   | 51        |
| Notifications to Holders of Physical Securities.....   | 52        |
| <b>3.3 Payments of Yield, Redemptions and Corporate Actions in the OM system.....</b>                        | <b>56</b> |
| Determination of the Record Date and Yield Payment Date.....   | 56        |
| Payment Procedure.....   | 57        |
| Registrations and Measures Associated with Corporate Actions.....  | 59        |
| <b>3.4 Redemptions, Instalments and Payments of Yield in the RM system.....</b>                              | <b>59</b> |
| <b>4. CLEARING OPERATIONS.....</b>   | <b>61</b> |
| <b>4.1 General Provisions.....</b>   | <b>61</b> |
| <b>4.2 Clearing and Settlement in the OM system.....</b>   | <b>62</b> |
| Clearing and Settlement in the HEXClear system.....  | 62        |
| Procedure in the Event of a Clearing Party in the HEXClear System being in Insolvency.....                   | 70        |
| Special Provisions.....  | 71        |
| <b>4.3 Clearing and Settlement in the RM system.....</b>   | <b>72</b> |
| Special Book-Entry Accounts Used in Clearing.....  | 72        |
| Cash Accounts Used in Clearing.....  | 72        |
| Registration and Confirmation of a Transaction.....  | 73        |
| Gross Settlement.....  | 74        |
| Daily Clearing of Transfer Trades.....   | 77        |
| Payment Flows Relating to Clearing Operations.....   | 77        |
| Payment Deposits to be Separated in the Sub-Bookkeeping of Euroclear Finland's Payment Transfer Account..... | 78        |
| Clearing a Transaction of Zero Price.....  | 78        |
| Cancellation of a Transaction Entry.....   | 79        |
| Clearing Repo Agreements.....  | 79        |
| Procedure in the Event of a Clearing Party in the RM System being in Insolvency.....                         | 82        |
| <b>4.4 Securities Lending in the OM system.....</b>  | <b>83</b> |
| Securities Lending.....  | 83        |
| <b>5. SUPERVISION AND SANCTIONS.....</b>   | <b>84</b> |
| <b>5.1 Supervision by Euroclear Finland.....</b>   | <b>84</b> |

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ENTRY INTO FORCE 10 October 2011  
UNOFFICIAL TRANSLATION

|   |            |
|---|------------|
| Supervision, Audits and the Right to Obtain Information.....                              | 84         |
| Financial Supervision .....   | 85         |
| Limiting Euroclear Finland's risks .....  | 85         |
| <b>5.2 Enforcement of Compliance with the Rules and Disciplinary Procedure.....</b>       | <b>86</b>  |
| Payments for Delay.....   | 86         |
| Disciplinary procedure .....  | 87         |
| Payment Default.....  | 90         |
| Limitation of Liability.....  | 90         |
| <b>5.3 Withdrawal and Dismissal from the Systems.....</b>                                 | <b>91</b>  |
| Withdrawal from Euroclear Finland's Systems .....   | 91         |
| Cancellation of Rights.....   | 91         |
| Management of and Liability for Book-Entries .....  | 92         |
| <b>6. INTERNATIONAL COOPERATION .....</b>   | <b>94</b>  |
| <b>6.1 Operation of Foreign Parties in Euroclear Finland's Systems .....</b>              | <b>94</b>  |
| Cooperation with Foreign Parties.....   | 94         |
| Nominee Registration and Custodial Nominee Accounts .....                                 | 95         |
| Operation of Foreign Central Securities Depositories in Euroclear Finland's Systems ..... | 95         |
| <b>6.2 Operation of Euroclear Finland in Foreign Systems .....</b>                        | <b>97</b>  |
| Participation in Foreign Clearing and Safekeeping Systems .....                           | 97         |
| Foreign Book-Entries.....   | 98         |
| <b>7. MISCELLANEOUS ISSUES.....</b>   | <b>105</b> |
| <b>7.1 Price List .....</b>   | <b>105</b> |
| <b>7.2 The Central Securities Depository Fund.....</b>                                    | <b>105</b> |
| <b>7.3 Force Majeure.....</b>   | <b>105</b> |
| <b>7.4 Arbitration and Collection of Expenses through a Court of Law .....</b>            | <b>106</b> |
| Settlement of Disputes .....  | 106        |
| Collection of Receivables through a Court of Law.....                                     | 106        |

## DEFINITIONS

### 1 General Definitions

#### 1.1 Book-Entry (arvo-osuus)

Book-entry refers to a right that has been incorporated into or issued in the book-entry system in compliance with the Act on the Book-Entry System (1991/826).

#### 1.2 Book-Entry Register (arvo-osuusrekisteri)

Book-entry register refers to a register kept by Euroclear Finland in accordance with Section 2a, Subsection 2 of the Act on the Book-Entry System in which information on the book-entry accounts, the book-entries registered in the book-entry accounts and the rights and obligations pertaining to the book-entries as well as the holders of right is maintained. The Book-Entry Register is divided into a register part kept in the OM system and a register part kept in the RM system.

#### 1.3 Book-Entry Account (arvo-osuustili)

Book-entry account refers to an account, which is kept in a book-entry register in accordance with Section 3 of the Act on the Book-Entry System. A custodial nominee account referred to in Section 5a and a commission account referred to in Section 16 of the Act on Book-Entry Accounts (1991/827) are specific book-entry accounts.

#### 1.4 Security (arvopaperi)

Security refers to a certificate issued for a right referred to in Chapter 1, Section 2, Subsection 1 and Section 2a of the Securities Markets Act (495/1989) or for a corresponding foreign right. A security is issued as a book-entry or as a physical security.

#### 1.5 Securities Intermediary (arvopaperinvälittäjä)

Securities intermediary refers, under Chapter 1, Section 4 of the Securities Markets Act, to an investment firm referred to in Section 3 of the Act on Investment Firms (922/2007) as well as to a foreign investment firm referred to in Section 2 of the Act on the Right of a Foreign Investment Firm to Offer Investment Services in Finland (580/1996), to a credit institution referred to in Section 8 of the Act on Credit Institutions (121/2007) who according to its articles of association or rules provides investments services in accordance with the Act on Investment Firms, as well as to a credit or financial institution referred to in Section 2 of the Act on the Operation of a Foreign Credit or Financial Institution in Finland (1608/1993) who according to its authorization provides investments services in accordance with the Act on Investment Firms as well to a management company referred to in Section 2 of the Act on Common Funds and a foreign management company referred to in Section 2 of the Act on the Operations of a Foreign Management Company in Finland (225/2004), who according to its authorization carries out operations referred to in Section 5 paragraph 2 of the Act on Common Funds.

#### 1.6 Physical Security (arvopaperitodiste)

Physical security refers to a Finnish or foreign security for which a document, such as a share certificate or a debt instrument, has been issued and which is not incorporated in the book-entry system. A foreign book-entry may be incorporated in the book-entry system under the conditions provided for in Section 26b of the Act on the Book-Entry System notwithstanding the fact that a physical security has been issued of the book-entry.

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1.7 Customer (asiakas)

Customer refers to a customer of Finnish Central Securities Depository customer account service who has concluded a contract on the opening of a book-entry account with Euroclear Finland, as well as to a customer of an account operator, its agent or a clearing party operating in a Euroclear Finland system.

1.8 Euroclear Finland

Euroclear Finland refers to Euroclear Finland Ltd. Euroclear Finland is a clearing organisation referred to in Chapter 4 a, Section 4, subsection 2, paragraph 2 of the Securities Markets Act and central securities depository referred to in section 2 a of the Act on the Book-Entry System.

1.9 Insolvency proceedings (maksukyvyttömyysmenettely)

Insolvency proceedings refer to bankruptcy, corporate debt restructuring, debt restructuring of a private individual, liquidation, a temporary discontinuation of business, the closure of business or withdrawal of a licence of a credit institution, the withdrawal of a licence or restriction on business of an investment firm, the prohibition of or restriction on the provision of an investment service, a restructuring action by an insurance company and any similar Finnish or foreign action.

1.10 Foreign Institution (ulkomainen laitos)

Foreign institution refers to a foreign national or international book-entry register, a clearing or deposit institution of securities, a central securities depository (CSD) or other foreign organisation engaged in operations corresponding to the operations of Euroclear Finland. A foreign central bank is also deemed to be a foreign institution to the extent its operations correspond to those of Euroclear Finland. Euroclear Finland may cooperate only with a foreign institution referred to above that is under sufficient public supervision and whose financial conditions of operations and administration are adequate in view of the reliability of the cooperation.

1.11 Force Majeure (ylivoimainen este)

Force majeure refers to an unpredictable circumstance preventing Euroclear Finland or another party committed to these Rules from performing its obligations under the Rules or the Decisions issued or agreements entered into hereunder, which Euroclear Finland or the party cannot by its own actions and with reasonable efforts overcome and which results in the non-performance of the obligation. Force majeure includes the following

- an interruption to the telecommunications or a data system beyond the control of the parties;
- an interruption in the electricity supply or the postal services beyond the control of the parties;
- a labour dispute, such as a strike, lockout, boycott or blockade affecting the operations of the parties even if the measure does not directly affect the party;
- an action by the authorities;
- fire, flood, natural catastrophe, radioactive radiation leakage or another accident with extensive effects; as well as
- a war or threat thereof, mutiny and riot.

## 2 Definitions Relating to Registration and Issue Activities

2.1 Finnish Central Securities Depository Customer Account Service (Arvopaperikeskuksen asiakastilipalvelu)

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Finnish Central Securities Depository Customer account service refers to the activities carried out by Euroclear Finland based on Section 7, Subsection 7 of the Act on the Book-Entry System in the capacity of an account operator as well as to the parts of Euroclear Finland's organisation carrying out these activities.

- 2.2 Finnish Central Securities Depository Fund (Arvopaperikeskuksen rahasto)  
Finnish Central Securities Depository Fund refers to a fund designated in Section 18 of the Act on Book-Entry System and which Euroclear Finland is obliged to keep.
- 2.3 List of Holders (haltijaluettelo)  
List of holders refers to a list of owners kept in Euroclear Finland's OM system of combination and debt-rated book-entries, warrants, option rights and guarantee share owners that are not shareholders of a mutual insurance company, unless it transpires separately from the context that the list of holders only refers to a particular list mentioned above. Lists of holders are subject to the applicable parts of the provisions for the shareholder, member and waiting list in these Rules.
- 2.4 Manager (järjestäjä)  
Manager refers to a representative of an issuer participating in the management of an issue or a corporate action that the issuer has authorised to act on its behalf in questions pertaining to the issue or corporate action. The issuer is responsible for the actions of the manager. Euroclear Finland has the right to interpret the actions and commitments by the manager as actions and commitments by the issuer itself.
- 2.5 Issuer (liikkeeseenlaskija)  
Issuer refers to a domestic or foreign legal entity that has issued a physical security or a book-entry.
- 2.6 Issuer agent (liikkeeseenlaskijan asiamies)  
Issuer agent refers to an issuer's manager, who acts in the OM System and to whom special responsibilities have been assigned to in accordance with these Rules and the Decisions of Euroclear Finland's Managing Director that have been issued on the basis of these Rules.
- 2.7 OM system (OM-järjestelmä)  
OM system refers to the part of the Book-Entry Register in which the equity-rated book-entries, combination book-entries and other book-entries both relating to and issued therein are managed as well as to the clearing system for these book-entries. The HEXClear system is used in clearing in the OM system.
- 2.8 Equity-Rated Book-Entry (oman pääoman ehtoinen arvo-osuus)  
Equity-rated book-entry refers to a share or other participation referred to in Chapter 1, Section 2, Subsection 1, Paragraph 1 of the Securities Markets Act of the own capital of an organisation as well as a subscription right pertaining thereto which has been incorporated in the book-entry system.
- 2.9 List of Owners (omistajaluettelo)  
List of owners refers to a list of owners of equity-rated book-entries referred to in Section 4, Subsection 1 of the Act on the Book-Entry System and owners of fund units. A list of owners of a limited company refers to the Share Register referred to in Chapter 4, Section 3 and to the waiting list referred to in Section 4 of the Companies Act. A list of owners of a cooperative refers to a list of members referred to in Chapter 21 a, Subsection 8 of the Cooperatives Act and to owners of shares on the waiting list as referred to in Section 9. A list of owners of a mutual fund refers to a list of owners of units of a fund referred to in Chapter 10, Section 63, Subsection 1 of the Act on Common Funds and the waiting list of owners of units on the waiting list referred to

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Section 64, Subsection 1. A list of owners of an insurance company refers to a list of owners according to Insurance Companies Act Chapter 4 Section 1 and Companies Act Chapter 4 Section 3 of either insurance company's shareholder or mutual insurance company's shareholders holding guarantee shares and waiting list according to Companies Act Chapter 4 Section 4.

2.10 Subregister (osuusrekisteri)

Subregister refers to the IT part of a book-entry register that can be used to separate the book-entry accounts managed by an account operator or its agent.

2.11 Registration Day (rekisteripäivä)

Registration day refers to the date by which the book-entry registers or their relevant part are, under these Rules and Regulations, in operation.

2.12 RM system (RM-järjestelmä)

RM system refers to the registration and clearing system of debt-rated and other book-entries issued therein and operated in the IT environment of Euroclear Finland and administered by it consisting of one real-time data-processing system and used through the Ramses user connection. The RM-system has a data-technological connection to TARGET2 component system.

2.13 Account Operator (tilinhoitajayhteisö)

Account operator refers to an organisation to which Euroclear Finland has, under Section 7 of the Act on the Book-Entry System and these Rules, granted the right to act as an account operator and to make registrations in the book-entry register. Account operator rights are granted separately for the OM and the RM system.

2.14 Agent (asiamies)

Agent refers to an organisation referred to in Section 7a of the Act on the Book-Entry System that, on behalf of and at the responsibility of an account operator, enters registrations in the book-entry register. Before registrations entered by an agent can be handled in the book-entry register, the agent must obtain from Euroclear Finland the right to act as an agent in the system in question and undertake to comply with Euroclear Finland's Rules.

2.15 Operational Unit (toimintoyksikkö)

Operational unit refers to the operational part of a subregister of an account operator in the RM system in which the registrations are made in the RM system.

2.16 Record Date (täsmäytyspäivä)

Record date refers to the day or a similar day referred to in Chapter 4, Section 2, Subsection 3 of the Companies Act, Chapter 21 a, Section 12 of the Cooperatives Act or Chapter 10, Section 65 of the Act on Common Funds. Entries made in a list of owners and book-entry accounts on the record date of a type of book-entry indicate a right to receive any funds, shares, units or other similar rights to be distributed.

2.17 Foreign Book-Entry (ulkomainen arvo-osuus)

Foreign book-entry refers to a right incorporated in the book-entry system that pertains to a foreign security or to a right attached to or based thereon. A foreign book-entry must contain the right based on the applicable foreign law such as a co-ownership share to an amount of securities in collective holding abroad or another right to co-ownership (*securities entitlement, securities interest, Miteigentum am Sammelbestand*). A foreign book-entry may be incorporated in the book-entry system either in accordance with Section 26b, Subsection 2 of the Act on the Book-Entry System on the basis of an agreement of Euroclear Finland concluded on international cooperation or in accordance with Subsection 3 on the application by the issuer.

2.18 Collateral Management Account (vakuushallintatili)

Collateral management account refers to a specific pledged book-entry account to be opened in the RM system, the sufficiency of the collateral value of which is monitored by Euroclear Finland with the help of the RM system on the basis of an agreement concluded with the pledge holder. The book-entry-account specific payment deposit relating to the collateral management account is included in the amount of collateral. The collateral value is determined in accordance with the collateral eligibility requirements accepted by the pledge holder.

2.19 List of Debtors (velkojaluettelo)

List of debtors refers to the list referred to in Section 4, Subsection 2 of the Act on the Book-Entry System kept on the owners of debt-rated book-entries

2.20 Debt-Rated Book-Entry (vieraan pääoman ehtoinen arvo-osuus)

Debt-rated book-entry refers to a unit in a bond or other corresponding obligation of a debtor referred to in Chapter 1, Section 2, Subsection 1, Paragraph 2 of the Securities Markets Act that is meant to be issued to the public together with several other similar obligations and which is incorporated in the book-entry system.

2.21 Combination Book-Entry (yhdistelmäarvo-osuus)

Combination book-entry refers to an option or convertible loan as well as other combination of rights referred to in Chapter 1, Section 2, Subsection 1, Paragraph 3 of the Securities Markets Act incorporated in the book-entry system.

2.22 Corporate Action (yhtiöjärjestely)

Corporate action refers to an event concerning Finnish or foreign book-entries, that is carried out in the book-entry system in accordance with the law, a company's Articles of Association, the Terms and Conditions of the book-entry, or otherwise based on a decision taken by the issuer. A corporate action may change the book-entry or the amount of book-entries. The corporate action may be accompanied by a monetary payment and a right of the holder of the book-entry to participate in the action or to choose between different options.

## 3 Definitions Relating to Clearing

3.1 Sub-unit (alayksikkö)

Sub-unit refers to the public part of a functional group within the HEXClear system that the clearing party attaches to the functional group and on the basis of which the clearing party can group the trades in its own operations and in accordance with its customers. A sub-unit can be identified for brokers, remote brokers, custodians and other parties.

3.2 HEXClear system (HEXClear –järjestelmä)

HEXClear system means the clearing system in the OM system where trades can be continuously cleared and settled in real time once their settlement conditions have been met. The HEXClear system has a connection to TARGET2 component system, to the trading systems of the marketplaces that have been separately approved by Euroclear Finland's Managing Director under these Rules and to the OM system in the book-entry register.

3.3 Allocation data (jakotieto)

Allocation data refers to the information in specified form about the book-entry account involved in the trade to be settled in the HEXClear system that the clearing

party must enter in the HEXClear system to satisfy the settlement conditions. From the book-entry system perspective, allocation data must be considered a registration ground if the clearing party has a right based on registration authority as provided by Section 16c, Subsection 1 or 2 of the Act on Book-Entry Accounts to make the registration directly in the relevant book-entry account (allocation data notice). In other cases allocation data must be considered a registration application that is sent to the account operator concerned through the HEXClear system and book-entry register (allocation data application). If the allocation data is approved, it results in registration being entered in the book-entry account. Allocation data that includes a registration application applying to a clearing reservation or a link reservation can be removed only by the account operator concerned cancelling its approval of the allocation data or rejecting the allocation data application.

#### 3.4 Trading System (kaupankäyntijärjestelmä)

Trading system refers to the systems based on automatic data processing that are used at any given time by the marketplaces and in which public trading or trading on other regulated market or multilateral trading takes place and from which the trade data is transferred to Euroclear Finland's systems for clearing.

#### 3.5 Commission Account (kaupintatili)

Commission account refers to a specific book-entry account referred to in Section 16 of the Act on Book-Entry Accounts used in order to facilitate clearing. By law, a central securities depository, a central bank, an account operator, a clearing organisation and a clearing party may operate as an account holder of a commission account. In addition, Euroclear Finland may approve as account holder of a commission account also a foreign institution or other foreign organisation that is subject to sufficient public supervision and whose financial operating conditions and administration fulfil the requirements thereof accordingly. A commission account may also be opened in the OM system for a Foreign Institution if this is necessary in order to arrange the execution of derivative contracts that have been concluded on a foreign derivatives exchange. In the RM system, commission accounts include commission accounts and clearing accounts. Commission accounts are not used as collateral to Euroclear Finland.

#### 3.6 Trade (kauppa)

In these Rules, trade refers to a security transaction, or other clearing transaction cleared in the OM or RM system in compliance with these Rules unless it transpires separately from the context that trade means a trade carried out in public trading, other regulated market trading or multilateral trading or other securities transaction.

#### 3.7 Trading Day (kauppapäivä)

Trading day refers to the date on which a transaction submitted for clearing has been concluded or, if this date is not otherwise known to Euroclear Finland, the date on which the transaction is accepted for clearing in Euroclear Finland in accordance with these Rules. Trading day in a securities lending contract refers to the day the lending contract is concluded or some other day agreed by the clearing parties. The trading day of a lending return transaction is the day the HEXClear system registers as the loan settlement day in the trade data.

#### 3.8 Central Counterparty (keskusvastapuoli)

Central counterparty refers to an organisation which has obtained from Euroclear Finland the right to act as a clearing party and which places itself according to its rules as the counterparty of trades (novation) taking responsibility for the settlement of the said obligations. A Central Counterparty may also net its counterparties' obligations according to its rules to one single obligation to receive or deliver. These obligations to

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be cleared and settled in the OM-system are referred to under these Rules as a transaction cleared by a Central Counterparty.

3.9 Link reservation (linkkivaraus)

Link reservation means a restriction on disposal in accordance with Section 9 of the Act on Book-Entry Accounts, which is registered in the transferor's book-entry account to ensure that a transaction registered for clearing through Euroclear Finland's international link can be completed and that Euroclear Finland can notify the foreign institution that the transaction is to be cleared. If the link reservation is not registered before Euroclear Finland begins settlement of the transaction with a foreign institution, Euroclear Finland registers the link reservation on the grounds provided by Section 16c, Subsection 3 of the Act on Book-Entry Accounts. Euroclear Finland is always holder of the right of restriction.

3.10 Payment Transfer Account (maksujenvälitystili)

Payment transfer account refers to an account of Euroclear Finland kept for clearing purposes in TARGET2 component system.

3.11 Marketplace (markkinapaikka)

Marketplace means public trading that Euroclear Finland's Managing Director has accepted in accordance with these Rules, or other regulated market or multilateral trading facility within the meaning of Directive 2004/39/EC of the European Parliament and of the Council, in which trades are carried out in accordance with its rules and trades are cleared in Euroclear Finland in accordance with Euroclear Finland's Rules based on the separate agreement between the marketplace operator in question and Euroclear Finland.

3.12 Other settlement transaction (muu selvitystapahtuma)

Other Settlement Transaction refers to an obligation entered into OM system for clearing purposes and which has not been transferred to the said system automatically from a trading system. For example a transaction cleared by a Central Counterparty is considered as such Other Settlement Transaction

3.13 Sales reservation (myyntivaraus)

Sales reservation means the authorisation to be registered in a book-entries account to transfer certain book-entries from that account as provided by Section 5, Subsection 1, Paragraph 2 of the Act on Book-Entry Accounts.

3.14 Optimisation (optimointi)

Optimisation refers a procedure in the HEXClear system where cash funds deriving from transactions of the clearing party acting on behalf of the seller are directed at the same time to the payment of payment obligations deriving from purchases to be settled so that the amount of trades or book-entries to be settled in the HEXClear system is as large as possible. Optimisation takes place at specified moments in the clearing schedule. Optimisation does not include netting as referred to in the Act on Certain Conditions of Securities and Currency Trading as well as Settlement Systems nor is Euroclear Finland a counterparty.

3.15 Restriction on disposal of a purchase relating to optimisation (optimointiin liittyvä oston luovutusrajoitus)

Restriction on disposal of a purchase relating to optimisation refers to the restriction on disposal as provided in Section 9 of the Act on Book-Entry Accounts that Euroclear Finland registers, under Section 16, Subsection 3 of the Act on Book-Entry Accounts, for as briefly as possible in the book-entry account of the book-entries recipient to ensure that optimisation and settlement can be completed in the HEXClear system. Euroclear Finland is holder of the right of restriction.

3.16 Optimisation reservation (optimointivaraus)

Optimisation reservation refers to the restriction on disposal as provided in Section 9 of the Act on Book-Entry Accounts that Euroclear Finland registers, under Section 16, Subsection 3 of the Act on Book-Entry Accounts, for as briefly as possible in the book-entry account of the book-entries recipient to ensure that optimisation and settlement can be completed in the HEXClear system. Euroclear Finland is holder of the right of restriction.

3.17 Restriction on disposal of a purchase (oston luovutusrajoitus)

Restriction on disposal of a purchase refers to a disposal on restriction as provided in Section 9 of the Act on Book-Entry Accounts which, on application of the securities broker, clearing party or another party is registered in the account holder's book-entry account that contains the right of retention of the sales authorisation of the holder of right and which safeguards the holder of right's receivables from the account holder. The holder of right of a restriction on the disposal of a purchase appears in the allocation data.

3.18 Banking Day (pankkipäivä)

Banking day refers to a day on which the deposit banks in Finland are generally open to the public and engaged in banking activity.

3.19 Payment Deposit (rahakate)

Payment deposit refers to the amount of money of a clearing party, or its client, of the RM system or HEXClear system which is recorded in accordance with Chapter 4a, Section 9, Subsection 2 of the Securities Markets Act as a separate item in the sub-book-keeping of the payment transfer account of Euroclear Finland kept in TARGET2 component system. A payment deposit may, where necessary, be differentiated in the RM system 1) clearing-party-specifically, 2) transaction-specifically, 3) per book-entry account, 4) per book-entry type or 5) as collateral. A payment deposit may be differentiated in the HEXClear system: 1) by sub-unit of the clearing party, 2) by functional group or 3) by reference.

3.20 Repo-agreement (reposopimus)

Repo agreement refers to a repurchase agreement of securities cleared in Euroclear Finland's RM system.

3.21 Clearing Period (selvitysaika)

Clearing period refers to the period of time between the trading day and the settlement day including the latter.

3.22 Clearing Party (selvitysosapuoli)

Clearing party refers to an organisation to which Euroclear Finland has granted the rights of a clearing party in accordance with these Rules and which has undertaken to comply with these Rules. The activities of a clearing party in the HEXClear system are divided into functional groups, which are subdivided into sub-units. The activities of a clearing party in the RM system are divided into subregisters, which are in turn divided into functional units.

3.23 Clearing Account (selvitystili)

Clearing account refers to a commission account of a clearing party in the RM system used in gross settlement for the realisation, combination and division of book-entry deliveries. A clearing account cannot be pledged as collateral nor can it be used for other account transfers.

### 3.24 Clearing (selvitystoiminta)

Clearing refers to an activity in accordance with the Securities Markets Act and these Rules to be arranged regularly in which Euroclear Finland determines and realises the obligations relating to securities transactions and other transfers of securities on behalf of the clearing parties. Euroclear Finland acts as a clearing house as referred to in the Securities Markets Act. Clearing includes the matching and confirmation of the terms and implementation requirements of transactions and other transfers, affirmation for clearing, clearing and settlement.

### 3.25 Clearing Reservation (selvitysvaraus)

Clearing reservation refers to the restriction on disposal as provided by Section 9 of the Act on Book-Entry Accounts that is registered for the benefit of the clearing party in the transferor's book-entries account to ensure the trade is settled in the HEXClear system. The clearing party is the holder of right of a clearing reservation. A clearing reservation is valid subject to the confirmed trade forming the reason for the reservation is valid in the HEXClear system. If the trade is removed from the HEXClear system in accordance with these Rules the clearing reservation lapses.

### 3.26 Settlement Date (suorituspäivä)

Settlement date refers to the registration date during which the book-entries are delivered to the beneficiary and the delivery payment to the recipient if payment has been agreed. In a securities' lending transaction, the loan settlement date is the day the book-entries borrowed are delivered to the borrower. In a securities lending transaction, the settlement date is the day the book-entries are returned to the lender.

### 3.27 Functional Group (toimintoryhmä)

Functional group refers to the clearing party's function part in the HEXClear system and the separated part in the user administration system. Euroclear Finland establishes a clearing party's first functional group and thereafter the clearing party can set up other functional groups in the HEXClear system. A functional group is subdivided into sub-units. Clearing party functional groups are not disclosed.

## 1. GENERAL PROVISIONS

### 1.1 Scope of Application

- 1.1.1 These Rules are applied to the registration operations, maintenance of lists, issue operations and clearing operations of book-entries in the OM and RM systems of the Finnish Central Securities Depository Ltd, in the clearing operations in the Euroclear Finland system as well as in other related operations. The Rules are divided into chapters, sections and points.
- 1.1.2 These Rules contain the rules of the central securities depository referred to in Section 15, Subsection 1 of the Act on the Book-Entry System the rules of a clearing organisation as referred to in Chapter 4a, Section 4 of the Securities Markets Act, as well as to the rules of a clearing system referred to in Section 13 of the Act on Certain Conditions Applying to Securities and Currency Trading and the Clearing System.
- 1.1.3 The laws of Finland are applied to these Rules and the Decisions issued hereunder. The laws of Finland are likewise applied to the operations of Euroclear Finland and its relations to the account operators, their agents, clearing parties, issuers and issuer agents unless otherwise provided by the international cooperation in accordance with chapter 6 of these Rules.

### 1.2 Binding Nature

- 1.2.1 Business with Euroclear Finland must comply with these Rules and the Decisions hereunder made by Euroclear Finland's Managing Director. The provisions below on the binding nature and consequences of a breach of these Rules or other corresponding matter also apply to the Decisions made on the basis of these Rules even if not separately mentioned.
- 1.2.2 An account operator, its agent, an issuer, issuer agent and a clearing party must, in writing, undertake to comply with these Rules and the Decisions made hereunder prior to the commencement of operations within Euroclear Finland. A Foreign Institution operating in cooperation with Euroclear Finland must correspondingly undertake to comply with the Rules of Euroclear Finland as well as with the Decisions made hereunder to the extent that the Foreign Institution uses the services of Euroclear Finland in their cooperation.
- 1.2.3 If Euroclear Finland is obliged to keep a fund in the book-entry system or clearing operation, an account operator, its agent and a clearing party must undertake to comply also with the Rules of the Finnish Central Securities Depository Fund.

## 1.3 Division of Power

- 1.3.1 Euroclear Finland's Managing Director may, within the limits set for the Rules of Euroclear Finland in the legislation applicable to Euroclear Finland, further decide on issues separately provided for in these Rules.

## 1.4 Entry into Force, Amendment and Publication of the Rules

### Approval and Entry into Force of the Rules

- 1.4.1 Euroclear Finland's Board of Directors approves these Rules as well as submits them for ratification by the Ministry of Finance. The Rules enter into force on a date decided on by the Board of Directors after ratification by the Ministry of Finance.

### Preparation of Amendments

- 1.4.2 Any amendments to these Rules are, to the extent decided on by Euroclear Finland, prepared in cooperation with account operators, their agents, clearing parties, issuers and issuer agents. Euroclear Finland is responsible for preparation.
- 1.4.3 Before Euroclear Finland's Board of Directors may handle an amendment, all the parties affected by it must be afforded an opportunity to comment on the amendment. Without prejudice to this, comments may be invited from an organisation representing the issuers instead of requesting separate comments from each issuer. A period of at least two calendar weeks must be reserved for providing comments as of the date when Euroclear Finland forwarded the amendment for comment. Comments may be requested electronically.

### Approval of an Amendment

- 1.4.4 Euroclear Finland's Board of Directors decides on the approval of an amendment to the Rules and on the application for ratification by the Ministry of Finance.

### Amendments to the Application for Ratification

- 1.4.5 If an amendment approved by Euroclear Finland's Board of Directors is not ratified, the Board of Directors may, without requesting comments, amend the application so that the amendment can be ratified, provided that the amendment to the application is not material.

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Entry into Force of an Amendment

- 1.4.6 An amendment to the Rules enters into force on a date decided on by Euroclear Finland's Board of Directors, however, no earlier than the following banking day after the publication of an amendment.

Approval of a Provisional Amendment in Exceptional Circumstances

- 1.4.7 Euroclear Finland's Board of Directors may, in exceptional circumstances, approve a provisional amendment to the Rules without requesting comments from the parties if this is required to protect clearing or registration operations from serious breakdown or to avoid other serious risks to the operation of the financial system. Such an amendment is in force for a period determined in the Decision by the Board of Directors, but, however, for no longer than required to protect operations or to avoid the risk. Euroclear Finland notifies the parties of the amendment before it enters into force. If the period of validity of the amendment exceeds two weeks, Euroclear Finland must immediately undertake necessary steps to acquire comments unless there is reason to terminate the validity of the amendment. After the period of validity of the provisional amendment has expired, the Rules in force prior to the amendment are to be complied with.

Preparation of Decisions

- 1.4.8 The Decisions of Euroclear Finland's Managing Director to be issued on the basis of these Rules as well as any amendments thereto are, to the extent decided on by Euroclear Finland and provided for in the Decision in question, prepared in cooperation with account operators and, if necessary, their agents, clearing parties, issuers and issuer agents.

Provisional Amendment of Decisions in Exceptional Circumstances

- 1.4.9 Euroclear Finland's Managing Director may amend a Decision provisionally in exceptional circumstances without consulting the parties, if this is required to protect clearing or registration operations from serious breakdown or to avoid other serious risks to the operation of the financial system. Such an amendment is in force for a period determined in the Decision, but, however, not longer than required to protect operations or to avoid the risk. Euroclear Finland notifies the respective parties, Ministry of Finance, Bank of Finland and Finnish Financial Supervisory Authority of the amendment before it enters into force. If the period of validity of the amendment exceeds two weeks, Euroclear Finland must immediately undertake necessary measures to obtain comments from the parties unless there are reasons to terminate the validity of the amendment. After the period of validity

of the provisional amendment has expired, the valid Decision before the amendment shall be complied with.

#### Publication of the Rules

- 1.4.10 These Rules and any amendments thereto are published after ratification by the Ministry of Finance.
- 1.4.11 Clarifying Decisions based on these Rules are published and communicated separately to the parties concerned.
- 1.4.12 Euroclear Finland's Managing Director may decide that the Rules, Decisions and amendments thereto are published exclusively in electronic format in an open communication network (internet) once the parties have been notified of the amendment. Parties are notified of publication, the amended points and the time schedules for changes by email at the addresses given by them or in some other manner. On request, Euroclear Finland will deliver paper copies of the Rules and Decision. These copies are subject to a charge determined by Euroclear Finland.

## 1.5 Access to the Systems

### Parties

#### Clearing Party

- 1.5.1 Euroclear Finland's Managing Director may, on application, grant the rights of a clearing party to an organisation referred to in Chapter 4a, Section 8 of the Securities Markets Act.

#### Account Operator

- 1.5.2 Euroclear Finland's Managing Director may, on application, grant the rights of an account operator to an organisation referred to in Section 7 of the Act on the Book-Entry System.

#### Agent

- 1.5.3 Euroclear Finland's Managing Director may, on application, grant the rights of an account operator's agent to an organisation referred to in Section 7a of the Act on the Book-Entry System that has entered into an agreement on the commencement of operations as an agent with the relevant account operator.

#### Issuer Agent

- 1.5.4 Euroclear Finland's Managing Director may, on application, grant the rights of an issuer agent to an account operator or an agent of an account operator.

#### System Specific Nature of Rights

- 1.5.5 Rights are granted separately for the OM and RM systems.

#### Rights of an Account Operator

- 1.5.6 An account operator has the right to open book-entry accounts and to make registrations in the book-entry register as well as to operate in the book-entry system in accordance with the law and these Rules. On the account operator's request and in a manner to be agreed upon in more detail, Euroclear Finland opens necessary amount subregisters for the account operator in the relevant system.
- 1.5.7 An account operator operating in the RM system may establish operational units in its subregister by notifying Euroclear Finland thereof before connecting the operational unit to the system. However, in order to safeguard the data security of the system, Euroclear Finland approves the connection of new workstations and data systems to the system.

#### Account Operator's Right to have Agents

- 1.5.8 Euroclear Finland's Managing Director may, on application, grant an account operator operating in the OM system the right to agree with another organisation that it operates as the account operator's agent and make registrations in the agent's subregister to be kept in the book-entry register on the basis of the account operator's licence. An agent may commence operations in Euroclear Finland's book-entry system when Euroclear Finland's Managing Director has granted it the right. Before a right to keep agents may be granted, an account operator must present the systems and methods through which the risks involved in the operations of the agents and directed at the account operator are to be managed.

## General Requirements for Parties

#### Parties with a Licence

- 1.5.9 The rights of an account operator, a clearing party and an agent are, on application, granted to a stock exchange and clearing party, an option exchange as well as a securities intermediary fulfilling the conditions set forth below.
- 1.5.10 Before an application relating to the rights of a clearing party, an account operator or its agent may be accepted, the applicant must demonstrate that the following conditions are met:
- 1) The applicant must have a valid concession that permits the operations to be carried out in the relevant system of Euroclear Finland.

- 2) Taking into account the scope of operations, the applicant must have adequate technical and financial conditions to participate in the operations referred to in the application and to meet the obligations resulting from it.
- 3) At least two of the persons in the management of the applicant must have adequate expertise in operations and the financial markets. At least three of the persons responsible for the registration and clearing operations must have adequate knowledge of the registration and clearing operations as well as of the relevant system of Euroclear Finland.
- 4) The applicant must have adequate personnel for the operations referred to in the application that has specialised in the operations of the relevant system of Euroclear Finland. Euroclear Finland's Managing Director decides on the qualifications for the persons using the relevant system of Euroclear Finland.
- 5) The applicant must be capable of operating in IT connection with the relevant system of Euroclear Finland. Euroclear Finland's Managing Director decides on possible connections to the relevant system, interface and data security requirements as well as clarifications relating to the applicant's information systems and data communications.
- 6) Applicant's risk management shall be arranged in such a way as provided by its operations.
- 7) Participation of the applicant in clearing and registration operations must not be likely to jeopardise the reliability or expediency of Euroclear Finland's book-entry or clearing system or other operations.
- 8) An organisation applying for the rights of a clearing party, an account operator or an agent must undertake to comply with these Rules and the Decisions issued hereunder.

#### Outsourcing of operations

- 1.5.11 A Participant mentioned in points 1.5.1 – 1.5.4 may outsource its operations provided that the following preconditions are fulfilled:
- 1) Outsourcing may not jeopardise the reliable and appropriate functioning of the book-entry system, book-entry register or clearing system.
  - 2) Outsourcing may not jeopardise the participant's risk management, internal surveillance, business continuity, preparation for disturbances or compliance with its other obligations.
  - 3) If a participant outsources its operations wholly or from essential part the outsourcing service provider shall fulfil requirements put forward for the relevant participant role in laws and these Rules from essential part. If a participant outsources its operations partially the outsourcing service provider

shall fulfil requirements put forward for the relevant participant role in laws and these Rules to the appropriate extent.

## Special Requirements for Clearing Parties

### Special Requirements for Clearing Parties in the OM system

1.5.12 In addition to the provisions of point 1.5.10 above, an organisation applying for the rights of a clearing party in the OM system must demonstrate that the following conditions are met:

- 1) The share capital of the applicant must be at least five million (5,000,000) euros.
- 2) The applicant undertakes to make contributions in accordance with the Rules of the Clearing Fund if Euroclear Finland is obliged to keep a clearing fund.
- 3) A clearing party must act as an account operator or its agent in the OM system. However, a Central Counterparty may act as an account operator or its agent without opening subregisters referred to in point 1.5.6. An applicant must apply for clearing party rights at the same time as the rights of an account operator or its agent in the OM system.

### Liquidity guarantee of party in the OM system

1.5.13 A clearing party in the OM system that cannot obtain funding from the central bank must deliver to Euroclear Finland and maintain a valid guarantee securing the minimum clearing party liquidity. This guarantee must be obtained from a credit institution that has an agreement, with the Bank of Finland or another central bank in the European Economic Area, safeguarding the liquidity of the credit institution. The guarantee cannot be obtained from an entity belonging to the same group of companies with the clearing party. An absolute guarantee issued on behalf of a clearing party should ensure that Euroclear Finland is entitled to request immediately an amount based on the guarantee for use in clearing to satisfy the payment obligations of the clearing party. A liquidity guarantee should not be able to be given notice on before termination from the end of the following settlement date. If a guarantee is given notice on, the clearing party must immediately deliver to Euroclear Finland a new guarantee that satisfies the requirements. Euroclear Finland determines the minimum guarantee required by each clearing party on a four-month basis depending on the trading and clearing data for the preceding four months. Euroclear Finland assesses and sets the new amount of the minimum clearing party guarantee. If the guarantee provided by a clearing party fails to cover the minimum amount determined by Euroclear Finland, a guarantee satisfying the requirement must be forwarded to Euroclear Finland within four weeks of the request to do

so from Euroclear Finland. A liquidity guarantee must be provided in the form and on the terms and conditions specified by Euroclear Finland. Euroclear Finland's Managing Director decides in more detail on the minimum liquidity guarantee in definition of the calculation rules to be complied with, the terms and conditions of an acceptable guarantee and other issues relating to the guarantee requirement.

#### Clearing parties in the RM system

- 1.5.14 An applicant intending to keep a subregister for itself or its customers or to make registrations in the RM system, shall simultaneously apply for the rights of a clearing party and an account operator.
- 1.5.15 The share capital of an applicant for clearing party rights in the RM system must be at least five million (5,000,000) euros.

## **Special Requirements for the Parties in the Registration System**

#### Special Requirements for Account Operators

- 1.5.16 In addition to the provisions of section 1.5.10 above, an organisation applying for the rights of account operator must show that the following conditions are met.
  - 1) The applicant must appoint at least one registration officer and one deputy registration officer for the purposes of registration operations.
  - 2) The applicant's equity capital must be at least five million (5,000,000) euros.
  - 3) The applicant undertakes to make collateral payments in accordance with the Rules of the Finnish Central Securities Depository Fund.
  - 4) The applicant, under these Rules, presents a plan to be complied with in the event of errors and discrepancies in account operator's operations. If the applicant intends to keep agents, the applicant must show how the plan is followed in agents' operations.
  - 5) If the applicant intends to keep agents, the applicant must show how the risks deriving from agents' operations are managed.

#### Special Requirements for Account Operators' Agents

- 1.5.17 In addition to the provisions of point 1.5.10 above, an organisation applying for the rights of an agent must show that the following conditions are met:
  - 1) The applicant must appoint at least one registration officer and one deputy registration officer for the purposes of registration operations.

- 2) The applicant must enter into an agreement with the account operator in question and attach the agreement concerning the operations to its application.
- 3) The applicant's share capital must be at least 730,000 euros.

#### Special Requirements for an Account Operator or an Agent who acts only as an Issuer Agent

- 1.5.18 The right to act as an account operator or an agent in order to be able to act as an issuer agent may be granted to an applicant who fulfils the necessary conditions for the planned operations set forth in sections 7 and 7a of the Act on the Book-Entry System, in sections 1.5.10, 1.5.16 and 1.5.17 of the Rules of Euroclear Finland as well as other applicable requirements for an account operator or an agent in the OM System.
- 1.5.19 An agent of an account operator shall have an authorisation from its account operator to act as an issuer agent.

### **Special Requirements for Issuer Agents**

#### Granting the Rights of an Issuer Agent

- 1.5.20 Euroclear Finland's Managing Director may, on application, grant the rights to act as an issuer agent to an account operator or an agent, who in its application has proven to be qualified to act as an issuer agent and administer the planned operations. The right to act as an issuer agent may be granted with a restriction.
- 1.5.21 An organisation applying for the rights of an issuer agent must show that it fulfils the conditions for the planned operations set forth in point 1.5.10, items 2-8.
- 1.5.22 Euroclear Finland's Managing Director may decide on other conditions for issuer agents.

### **Remote Parties and Other Parties**

#### Private Remote Parties

- 1.5.23 Euroclear Finland's Managing Director may, analogically with points 1.5.10 - 1.5.18, grant the right of a clearing party, an account operator or an agent to a foreign securities intermediary who has been granted a licence corresponding to the licence required from a securities intermediary in Finland within the European Economic Area and who does not have a permanent place of business in Finland. The right may be granted only if, based on the documents submitted to Euroclear Finland, it can be ascertained that the party can, on the basis of the legislation and authority regulation

applicable to the party, commit to and comply with these Rules and the Decisions issued hereunder as well as with the Rules of the Central Securities Depository Fund.

- 1.5.24 Euroclear Finland has the right to require the applicant to submit a legal opinion evaluating the applicant's possibilities to commit itself to the responsibilities and obligations set forth in legislation, these Rules and the Decisions issued hereunder as well as, when necessary, in the Rules of the Central Securities Depository Fund under the legislation applicable to the applicant.

#### Granting the Rights to the Republic of Finland and the Bank of Finland

- 1.5.25 Euroclear Finland's Managing Director shall, on application, grant the rights of a clearing party, an account operator, an agent or an issuer agent to the Republic of Finland and the Bank of Finland.

#### Organisations Other than Those with a Licence

- 1.5.26 Euroclear Finland's Managing Director may, on application, grant the rights of a clearing party also to Finnish or foreign organisations other than those mentioned above, provided that such an organisation meets the conditions, except for the licence requirement, for a clearing party set forth in these Rules and the Decisions issued hereunder, as applicable. The right to operate as a clearing party is granted on the terms and conditions prescribed by the Ministry of Finance. The right to operate as a clearing party is granted on the terms and conditions prescribed by the Ministry of Finance.

#### Compliance with Market Regulations

- 1.5.27 A party applying for the rights of a clearing party as well as an organisation referred to in point 1.5.26 above that does not act solely on its own behalf, must, in accordance with Chapter 4a, Section 8 of the Securities Markets Act and the Regulations of the Financial Supervisory Authority, comply with the following provision of the Securities Markets Act:
- 1) The obligation to disclose the holdings of the persons employed by the clearing party or belonging to its insiders (Chapter 5, Sections 5 and 5a of the Securities Markets Act);
  - 2) The obligation to keep a register of insider holdings (Chapter 5, Sections 6 and 7 of the Securities Markets Act);
  - 3) The obligation to separate client funds (Chapter 4, Section 14, Subsection 1 of the Securities Markets Act);
  - 4) The obligation to execute orders without undue delay and equally (Chapter 4, Section 6, Subsection 1 and 3 of the Securities Markets Act);

- 5) The obligation to avoid conflict of interests (Chapter 4, Section 12 of the Securities Markets Act);
- 6) The obligation to declare market abuse (Chapter 4, Section 16 of the Securities Markets Act) and
- 7) The liability for damages (Chapter 4, Section 17 of the Securities Markets Act).

#### Granting the Rights of an Account Operator and Agent to Other Organisations

- 1.5.28 Euroclear Finland's Managing Director may, on application, grant the rights of an account operator or an agent to a foreign state, foreign central bank, foreign institution or other foreign organisation that fulfils the requirements set forth in point 1.5.10, items 2-8, 1.5.18 as well as the requirements in point 1.5.16 or respective requirements in point 1.5.17.
- 1.5.29 Euroclear Finland's Managing Director may grant the rights of an account operator also to other organisations than those mentioned above provided that the organisation fulfils the requirements set forth in point 1.5.10, items 2-8 and undertakes to make the collateral payments in accordance with the Rules of the Finnish Central Securities Depository Fund, and the right is applied only for accounts kept on the applicant's own behalf.
- 1.5.30 The right in accordance with points 1.5.28 and 1.5.29 above may be granted only on the terms and conditions prescribed by the Ministry of Finance.

#### Central Counterparties

- 1.5.31 An organisation applying for the central counterparty role according to these Rules shall vindicate that its operations shall not jeopardise the reliable and appropriate functioning of the book-entry system or book-entry register, reliable functioning of trading or the stability of financial markets.

## Application Procedure

#### Documents to be Appended to an Application

- 1.5.32 The rights of a clearing party, an account operator, an agent and an issuer agent shall be applied for in writing. If the applicant also applies for participation in Euroclear Sweden AB, applications can be combined. In which case the applicant grants Euroclear Finland and Euroclear Sweden AB the right to exchange information about the applicant. At least the following documents must be appended to the application:
  - 1) an account of the ownership and consolidation relations relating to the applicant, of the operations to be carried out as well as applicant's history
  - 2) an extract from the Trade Register or corresponding account of registration

- 3) verified Articles of Association or Rules
  - 4) a licence and possible notification from the supervisory authority in the home State of a securities intermediary from the European Economic Area stating that the applicant provides investment services in Finland as well as the reply submitted by the Financial Supervisory Authority to this notification
  - 5) an account on the applicant's information systems that are intended to be used in connection with the relevant system of Euroclear Finland
  - 6) an account of the applicant's continuity plans in respect of the operations for which the rights are applied
  - 7) description of applicant's organisation
  - 8) an account of outsourcing of services included in the operations for which the rights are applied
  - 9) an account that the applicant fulfils the requirements for the relevant operations as well as other requirements set forth in legislation and in these Rules.
- 1.5.33 Written consent by the applicant and the account operator in question must be appended to an application for the status of an agent. The application likewise must establish how the agent is liable for registrations it has made on behalf of the account operator.
- 1.5.34 Written consent from the account operator in question must be submitted with the application of an agent of an account operator for the status of an issuer agent.
- 1.5.35 Euroclear Finland is entitled to request an applicant to provide any additional documents Euroclear Finland deems necessary to assess the application.

#### Obligation to Resolve an Application concerning the Registration System

- 1.5.36 Euroclear Finland's Managing Director must, in accordance with the Act on the Book-Entry System, resolve an application concerning the rights of an account operator or an agent as well as an account operator's right to keep agents within six months of receipt of the application. If Euroclear Finland has requested additional documents from the applicant, the deadline shall be calculated from the receipt of the requested and adequate documents. In any case Euroclear Finland must decide on an application concerning the rights within one calendar year of receipt of the application.

#### Decision-making Procedure

- 1.5.37 Euroclear Finland's Managing Director resolves an application concerning party status by notifying the applicant of the decision. Euroclear Finland forwards the decision by letter to the address notified by the applicant. The applicant is deemed to have been

informed of the decision on the seventh day after the letter was sent. Euroclear Finland's Managing Director may include restrictions and conditions relating to the extent of the operations or other restrictions and conditions to the rights to be granted.

#### Right of Appeal

- 1.5.38 An organisation applying for the rights of a clearing party or an account operator as well as an account operator applying for the right to keep an agent is entitled to refer Euroclear Finland's decision concerning the application to be handled by the Financial Supervisory Authority within 30 days of when the applicant was informed of the decision. If the right referred to in the application is not granted or if it is granted conditionally, the decision shall contain information regarding the applicant's right to refer the decision to be handed by the Financial Supervisory Authority.

## **1.6 General Provisions for Account Operators, Agents, Clearing Parties and Issuer Agents**

#### Agreement

- 1.6.1 A clearing party, an account operator, an agent and an issuer agent must enter into an agreement with Euroclear Finland on compliance with these Rules and the use of the relevant system of Euroclear Finland. With the exception of the Republic of Finland, the Bank of Finland, the European Central Bank and any other central bank belonging to the European central banking system, an account operator, an agent, a clearing party and an issuer agent must, in the agreement, accept that Euroclear Finland's Board of Directors are entitled to acquire a statement regarding the account operator, agent, clearing party or an issuer agent and its operations from an auditor approved by the Central Chamber of Commerce or other expert at the expense of the account operator, agent, clearing party or an issuer agent in question.

#### Breach of the Rules by the Parties

- 1.6.2 A clearing party, an account operator, an agent or an issuer agent is liable to Euroclear Finland, other clearing parties, account operators, agents or issuer agents as well as to other third parties for any loss resulting from breaking the law or a breach of these Rules or the Decisions issued hereunder.

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- 1.6.3 Euroclear Finland may not be held liable for any direct or indirect loss caused by a clearing party, an account operator, an agent, an issuer agent or other third party to another clearing party, account operator, agent, an issuer agent or third party.

Liability of Euroclear Finland

- 1.6.4 Euroclear Finland is liable for direct loss caused to an account operator, an agent, a clearing party or an issuer agent by wilful or negligent breach of these Rules or the Decisions issued hereunder by the personnel of Euroclear Finland. With regard to operations subject to the agreement referred to in point 1.6.1 above, Euroclear Finland is liable only for direct loss caused to an account operator, an agent, a clearing party or an issuer agent by wilful or negligent act by Euroclear Finland or an employee thereof as well as wilful or negligent act by a third party providing services relating to the operations subject to the agreement on the basis of an agreement concluded with Euroclear Finland or a person employed thereby. Euroclear Finland may not be held liable for loss of interest, lost profits, loss arising from other contractual relations or for other indirect loss to an account operator, an agent, a clearing party or an issuer agent. Euroclear Finland may not be liable for loss caused by the operation of the payment systems maintained by the Bank of Finland or by other banks. These Rules, however, do not limit the statutory liability of Euroclear Finland based on Sections 29 – 31a of the Act on Book-Entry Accounts.

Systems Development

- 1.6.5 An account operator, an agent, a clearing party and an issuer agent must introduce changes implemented in the relevant system of Euroclear Finland within the schedule determined by Euroclear Finland. Euroclear Finland shall, prior to setting the schedule, consult the parties to whom the changes apply.

IT Equipment, Data Security and Liability for Telecommunications

- 1.6.6 The operations of Euroclear Finland's systems are carried out in the equipment or backup equipment decided on by Euroclear Finland at any given time. Account operators and their agents as well as the clearing parties and issuer agents must correspondingly have workstation hardware compatible with the relevant system of Euroclear Finland or a corresponding system interface.
- 1.6.7 Euroclear Finland's Managing Director decides on security issues relating to the use of Euroclear Finland's systems, the manner for arranging telecommunications and their reliability as well as the procedures to be complied with in situations of malfunction.

- 1.6.8 Provisions regarding workstation hardware, delivery terms for workstation software and implementation of telecommunications are included in the annex to the agreement concluded with an account operator, an agent, a clearing party and an issuer agent in accordance with point 1.6.1 above.

#### Liability for Registrations, Entries and Information

- 1.6.9 An account operator, an agent, a clearing party and an issuer agent are liable for all the information they submit to Euroclear Finland as well as for the recordings and registrations made through the user codes of the persons acting on its behalf in the relevant system of Euroclear Finland and for other recordings, registrations and information coming from the systems of the said party into Euroclear Finland's system.

## 2. THE BOOK-ENTRY SYSTEM

### 2.1 Centralised Book-Entry Register

#### The Book-Entry System

##### 1.2 Euroclear Finland's Book-Entry Register

- 2.1.1 Euroclear Finland's book-entry register is divided into a register part kept in the OM system and a register part kept in the RM system.

##### Statutory Book-Entry Accounts and Registrations

- 2.1.2 All the registrations provided for in the Act on Book-Entry Accounts and Chapter 3a of the Companies Act as well as elsewhere in legislation can be effected as prescribed in these Rules and the Decisions issued hereunder, in the OM and RM systems and all the book-entry accounts provided for in the Act on Book-Entry Accounts and Chapter 4 of the Companies Act, Chapter 21 a of the Cooperatives Act and Chapter 10 of the Act on Common Funds as well as elsewhere in legislation can be kept in the OM and RM systems.

##### Status of the Information in Euroclear Finland's Systems

- 2.1.3 The status of the information registered in a book-entry account and kept in the book-entry system is governed by law. In addition to this, the registrations, entries and other information entered in Euroclear Finland's system are complied with between Euroclear Finland and the account operator, agent, clearing party, issuer or issuer agent if the registrations, other entries or other accounts relating to the book-entries or payment

deposit or rights and duties in the system of Euroclear Finland deviate from the registrations in the information systems or data files of the account operator, agent, clearing party or issuer.

#### Operations of an Account Operator and Agent

- 2.1.4 An account operator and its agent are entitled to make registrations in Euroclear Finland's book-entry register as well as operate in the book-entry register in accordance with the law, these Rules and the Decisions issued hereunder. The account operator and its agent are liable to their customers for their operations in the book-entry register. A contractual relationship does not exist between a customer and Euroclear Finland merely because a customer's book-entry account is kept in Euroclear Finland's book-entry register. The account operator and its agent must ensure that customer agreements or contacts with the customer do not imply any direct contractual relationship between the customer and Euroclear Finland.

#### Qualifications for a Registration Officer

- 2.1.5 A registration officer appointed by an account operator or its agent must satisfy the following qualification requirements:
- 1) A higher academic degree in law or practical experience on the basis of which the registration officer can be considered capable of attending to the legal matters in connection with the operations of the account operator or its agent. If the registration officer does not satisfy this condition, the account operator or its agent must show that the registration officer has continuous access to adequate outside expertise in legal matters relating to registration activities.
  - 2) Adequate experience and expertise in the relevant Euroclear Finland system.
  - 3) Adequate capacity for handling chains of title as well as proprietary and collateral rights.
  - 4) Adequate experience in securities custody.

#### Finnish Central Securities Depository Customer Account Service

- 2.1.6 Euroclear Finland operates as an account operator in both the OM and RM systems. The provisions on account operators in these Rules, apply, where applicable, to Finnish Central Securities Depository customer account service.
- 2.1.7 Finnish Central Securities Depository customer account service may, for the purposes of attending to Euroclear Finland's responsibilities, keep all the book-entry accounts and make all the registrations provided for in the Act on Book-Entry Accounts and Chapter 4 of the

Companies Act, Chapter 21 a of the Cooperatives Act and Chapter 10 of the Act on Common Funds as well as elsewhere in legislation and in these Rules. The customer account service may keep in the book-entry register, *inter alia*, the book-entry accounts of Euroclear Finland customers, the book-entry accounts opened on the basis of Section 10 of the Act on the Book-Entry System, custodial nominee accounts as well as commission accounts.

- 2.1.8 Finnish Central Securities Depository customer account service opens, on request of the owner of the book-entries, the representative of the owner or other holder of the securities, a book-entry account in the book-entry register. Each owner of an equity-rated or combination book-entry entitled by law thereto may have one book-entry account kept at the expense of the issuers in accordance with Section 10 of the Act on the Book-Entry System. In addition to this, the same owner may have one pledged book-entry account. Euroclear Finland charges an account holder or other service user the fees for keeping the book-entry account and the services in accordance with Euroclear Finland's price list valid at any given time, unless the service is by law compensated by the issuer due to the account holder being a natural person.
- 2.1.9 A book-entry account kept at Finnish Central Securities Depository customer account service may be closed if no book-entries have been kept in the account during the past twelve months.

## Centralised Lists and Accounts

### Lists of Owners in the OM system

- 2.1.10 The lists of owners referred to in Section 4, Subsection 1 of the Act on the Book-Entry System are kept in the OM system. The information in accordance with Chapter 4, Sections 3 and 4 of the Companies Act as well as other information decided on by Euroclear Finland's Managing Director is entered in the list of owners and in the temporary share register of a limited company and in the list of holders. Information in accordance with Chapter 21 a, Sections 8, 9, 14 and 18 of the Cooperatives Act as well as other information decided by Euroclear Finland's Managing Director is entered in the list of owners, temporary list of owners and list of holders of a cooperative. Information in accordance with Chapter 10, Sections 63 and 64 of the Act on Common Funds as well as other information decided by Euroclear Finland's Managing Director is entered in the list of owners of a mutual fund. The information in accordance with Chapter 4 Section 1 and Chapter 4 of the Insurance Companies Act and Sections 3 and 4 of the Companies Act as well as other information decided

on by Euroclear Finland's Managing Director is entered in the list of owners and in the temporary share register of an insurance company.

2.1.11 Lists of owners of other book-entries referred to in Section 4, Subsection 1 of the Act on the Book-Entry System as well as book-entries referred to in Section 4, Subsection 2 of the same Act and incorporated in the OM system are kept in the OM system. The information in accordance with the legislation applicable to each book-entry as well as other information decided on by Euroclear Finland's Managing Director is entered in these lists.

2.1.12 A list of debtors and lists of holders of debt-rated book-entries processed in the OM system is kept in the OM system. Information in accordance with the legislation applicable to each book-entry as well as other information decided on by Euroclear Finland's Managing Director is entered on these lists.

#### Supply of Information in the Lists in the OM system

2.1.13 The information contained in the lists is collected on the basis of registrations and entries made in the book-entry accounts of the book-entry register in the OM system. Additionally, an owner of a nominee registered share is entered on the temporary shareholder register referred to in Chapter 4, Section 2, Subsection 2 of the Companies Act, the temporary list of members as referred to in Chapter 21 a, Section 14 of the Cooperatives Act or list of unitholders referred to in Section 63, Subsection 3 of the Act on Common Funds pursuant to notification by the relevant nominee registration custodian or, in accordance with a power of attorney issued by such custodian based on notification by a foreign cooperation bank or another party. The nominee registration custodian or the party authorised by the custodian must provide the notification referred to in the said section of law in the format and within the schedule determined by Euroclear Finland so that Euroclear Finland is able to transfer the information in the temporary list of owners or members in data format in accordance with specifications issued by Euroclear Finland, unless Euroclear Finland gives separate permission to depart from these specifications and from the notification format. Euroclear Finland's Managing Director may decide upon time schedule of the notification.

#### Lists in the RM system

2.1.14 Where necessary, the lists of debtors and lists of holders referred to in Section 4, Subsection 2 of the Act on the Book-Entry System are provided in the RM system.

#### Issue Accounts

- 2.1.15 Issue accounts referred to in Section 27 of the Act on the Book-Entry System are kept on behalf of issuers in the OM and RM systems. An issue account is opened in the system in which the book-entries are incorporated or issued. The information referred to in Section 27, Subsection 2 of the Act on the Book-Entry System is entered in the issue account on the basis of notification by the issuer. Euroclear Finland's Managing Director may decide that also other information has to be entered in an issue account.
- 2.1.16 The information referred to in Section 27, Subsection 3 of the Act on the Book-Entry System is entered in the issue account of foreign book-entries incorporated in the book-entry system on the basis of an agreement on a link between Euroclear Finland and a Foreign Institution. Euroclear Finland's Managing Director may decide that also other information has to be entered in an issue account.

#### List of Holders of Rights

- 2.1.17 Under Section 3 of the Act on Book-Entry Accounts, the name of the holder of right, contact, payment and tax information, social security number or other code number in accordance with the Decision by Euroclear Finland's Managing Director is entered in the list of holders' of rights kept in the book-entry register. In addition, Euroclear Finland's Managing Director may further decide on the information to be entered in the list of holders of rights as well as on requirements for the supply of the information.

#### List of Types of Book-Entries

- 2.1.18 A list of types of book-entries is kept of the book-entries Euroclear Finland's Managing Director has approved for incorporation in the book-entry system.
- 2.1.19 Except for the issued amount, the information contained in the issue account of the relevant book-entry is entered in the list of types of book-entries.

## **General Services Provided by the Book-Entry Register**

#### Services Based on the Information in the Systems

- 2.1.20 Euroclear Finland may offer services relating to the use and processing of lists and other information in the OM and RM systems and publish information on the securities markets. In connection with the services, the necessary reports, notifications and lists are provided from the systems.

#### Services Provided to the Authorities

- 2.1.21 Euroclear Finland provides services relating to Euroclear Finland's systems to the authorities as required by legislation and decided upon by Euroclear Finland's Board of Directors. Unless a service is provided without compensation by law, Euroclear Finland covers the costs arising from this service through a fee to be collected from the authority in question.

### **Services Provided to Account Operators**

#### Subregister, Standardised Interface and Coded Exchange of Information

- 2.1.22 A necessary amount of subregisters, are established for each account operator. Except for situations provided for by legislation and these Rules when an account operator can make registrations and acquire information also from another account operator's subregister, the account operator can make registrations and acquire information only from the book-entry accounts in its own subregister.
- 2.1.23 Euroclear Finland offers account operators a standardised interface to the book-entry register. The account operator supplies information on the holders of rights in compliance with legislation as well as makes registrations through this interface. When making registrations and in other communication with the register, an account operator must use the message types and software of the relevant system in accordance with Euroclear Finland's specifications at any given time. All lawful book-entry accounts may be opened in the Book-Entry Register and all lawful registrations may be made in accordance with Euroclear Finland's specifications applying to the respective Book-Entry Register.

#### Official Registrations

- 2.1.24 Euroclear Finland receives notifications from the authorities as well as announcements regarding official resolutions. Euroclear Finland makes the necessary registrations in the book-entry register in accordance with these notifications and announcements. If an account operator receives notification or information regarding a resolution from the authorities, Euroclear Finland may agree with the account operator to make the registrations also on behalf of the account operator.

#### Updating Basic Information

- 2.1.25 The Book-Entry Register receives basic information on holders of rights as well as modifications thereto from the account operators.

#### Transaction and Balance Comparison

2.1.26 Euroclear Finland can, on request by an account operator, carry out a separate transaction or balance comparison in the Book-Entry Register to verify the account operator's own information. A fee in accordance with the price list referred to in section 7.1 is charged for performing a comparison.

#### Other Services

2.1.27 Euroclear Finland defines the Book-Entry Register's other services to be provided to account operators, agents and issuer agents at any given time.

## **Automatic Collateral Management Service**

#### Collateral Management Account

2.1.28 A book-entry account may be opened in the RM system to be used as a collateral management account, the collateral value of which is monitored with the help of the RM system based on an agreement between the pledge holder and Euroclear Finland. The account holder and pledge holder must agree on the opening and pledging of the account. Within the framework of the pledge agreement, the account holder has the right, without consulting the pledge holder, to use and transfer the book-entries and money in the account if such action does not result in non-compliance with the collateral requirement of the account.

#### Collateral Requirement and Collateral Eligibility Requirements

2.1.29 The pledge holder must determine the collateral requirement and the collateral eligibility requirements of the collateral management account and ensure that they are entered in the RM system. The pledge holder must approve the principles for calculating the collateral agreed upon by Euroclear Finland and the Bank of Finland and to be complied with in the RM system. Using the RM system, Euroclear Finland ensures that book-entries deposited in the account as collateral or the payment deposit relating to the account cannot be transferred so that the collateral value of the account falls below the collateral requirement. Euroclear Finland may not be held liable for the collateral value falling below the limit if this results from a change in the collateral eligibility requirements, the collateral requirement or the price of the book-entries deposited as collateral.

#### Application of the Financial Collateral Act

2.1.30 If the account holder or the pledge holder is an institution defined in the Financial Collateral Act

(11/2004), and neither party is a natural person, the provisions in the Financial Collateral Act shall be applicable to the use of the collateral management account.

## 2.2 Common Practices for the Book-Entry System

### Register Days and Business Hours

#### Provisions on Register Days

- 2.2.1 Register days are all days when Euroclear Finland's book-entry register is in operation. The book-entry register in the OM system is kept in operation on all banking days. Euroclear Finland keeps the book-entry register in the RM system in operation on all days when the TARGET2 component system is in operation. Euroclear Finland may, subject to a decision by the Managing Director, begin to apply these operating hours also in the OM system. An account operator must notify Euroclear Finland in advance if it starts to keep its book-entry register in operation, in addition to banking days, also on all those registration days when Euroclear Finland's book-entry register is in operation.

#### Deviation from Ordinary Register Days

- 2.2.2 Euroclear Finland's Managing Director may, for special reasons, decide that a day referred to above in point 2.2.1 is not a register day or that the book-entry register is kept in operation also on another day. The decision may be limited to only a part of the book-entry system and its operations and Euroclear Finland's operations. In the RM system the operating days of the TARGET2 component system shall be register days. The same applies to the OM system, if the operating hours of the RM system have been implemented in the OM system in accordance with point 2.2.1. Account operators must be notified of the Managing Director's decision without delay and well before the day in question.

#### Daily Business Hours of the Book-Entry Register and Availability

- 2.2.3 Euroclear Finland's Managing Director decides on the schedule whereby account operators and agents must organise their registration activities. The schedule may be incorporated in the clearing schedule referred to in point 4.1.7 below. An account operator must comply with the time limits set forth in the schedule. Euroclear Finland's Managing Director decides the daily availability hours during which a representative of the

account operator or its agent shall continuously be available at the account operator's or agent's office.

## Information on Book-Entry Accounts and Holders of Rights

### Information on Account Operators and Agents

- 2.2.4 The book-entry account must show the account operator or agent managing the account. An account operator or agent can be expressed in the account number. An account operator receives from Euroclear Finland a code, which it must use with its client.

### Codes of Holders of Rights

- 2.2.5 Account operators and agents must use the following identifying codes for account operators and holders of rights:
- 1) The personal number shall be used with Finnish natural persons and decedent estates. The personal number shall also be used for natural Finnish persons practicing a business under a trading name.
  - 2) A business identity code (Y-tunnus) must be used with Finnish legal persons and such foreign legal persons who have this code. The same shall apply to decedent estates that do not have a personal number.

### Artificial Code

- 2.2.6 An artificial code identifying an account holder or a holder of rights must be used for the following:
- 1) natural persons of foreign nationality not having a Finnish personal number
  - 2) legal persons of foreign nationality not having a Finnish business identity code (Y-tunnus)
  - 3) Finnish natural or legal persons not having any of the identifying codes mentioned above.
  - 4) dependent foundations

### Applying for an Artificial Code

- 2.2.7 An artificial code is requested by an account operator or its agent. The request must show a natural person's first and family name, place of residence and nationality or state of taxation. Additionally, one of the following details individualising an account holder or a holder of rights:
- 1) date of birth;
  - 2) foreign social security number or equivalent number;

- 3) passport or identity card number and the issue date of such document; or
- 4) an account or deposit number or other equivalent code issued by the custodian acting on behalf of the holder of rights, on the basis of which both the holder of rights and the foreign credit institution or investment firm maintaining the account or deposit can be individualised.

For entities other than natural persons requiring an artificial code, the name, exact address and state of registration or taxation of the entity, foundation or dependent foundation must be shown. Additionally, the number or equivalent code specified above in subpoint 4 may be shown.

#### Granting an Artificial Code and the Code Register

- 2.2.8 An artificial code is granted by Euroclear Finland, which keeps a register of the artificial codes. A register description in accordance with the Personal Data Act is displayed for public inspection at Euroclear Finland.

#### Replacement of an Artificial Code

- 2.2.9 Should an account operator or its agent learn that a natural or legal person who has been granted an artificial code has received a personal number or a business identity code (Y-tunnus), the account operator or agent shall, without undue delay, notify Euroclear Finland thereof and Euroclear Finland shall make an entry thereof in the artificial code register.

#### Further Provisions

- 2.2.10 Euroclear Finland's Managing Director decides on the principles to be complied with in applying, granting and the use of artificial codes.

## **Transfer of Basic Information from an Official Register**

#### Official Registers

- 2.2.11 Euroclear Finland's Managing Director may, under Section 15 of the Act on Book-Entry Accounts, decide that Euroclear Finland begins to transfer information from the official registers referred to in the above section of law to the book-entry register.

## Registration Procedure

### Registration Applications

- 2.2.12 Registration pertaining to a book-entry account shall be based on a registration application, the rules for clearing activities, a corporate action concerning the book-entry or other similar legal cause.
- 2.2.13 In addition to written applications, registration applications can be submitted to an account operator or agent electronically by using a data transmission system through which the account operator or agent in question is prepared to receive registration applications.

### Crediting registrations

- 2.2.14 An account operator or its agent may transfer book-entries to a book-entry account managed by another account operator or agent so that the transfer is settled and credited in the Book-Entry Register in the acquirer's account. The account operator or its agent may make a crediting registration on the basis of the acquirer's account number.

### Registration of a Registration Authorisation in a Book-Entry Account

- 2.2.15 An account operator or agent managing a book-entry account shall, on application by the account holder, register in the account a registration authorisation as referred to in Section 16c, Subsection 2 of the Act on Book-Entry Accounts, if requirements for such registration are fulfilled. Based on the registration authorisation, registrations in the account can be made by an account operator or agent specified in the authorisation other than the account operator or agent managing the account. However, a registration authorisation cannot be entered nor preserved in a book-entry account on which there is a significant restriction such as bankruptcy, distraint, liquidation or other insolvency proceedings, a precautionary measure or pledge, supervision, as well as a company removed from the register, that restricts the freedom of action or legal position of the account holder.
- 2.2.16 In the OM system a registration authorisation can apply to registrations pertaining to HEXClear clearing operations and made on the basis of allocation data and to registrations pertaining to issues or corporate actions made by an issuer agent in an issuer account.
- 2.2.17 The following authorisations can be registered in the RM system. Authorisations to:
- 1) transfer book-entries to a book-entry account by means of an account transfer;
  - 2) transfer book-entries from one book-entry account to another by means of an account transfer.

#### Advance approval of registration requests

- 2.2.18 In respect of book-entry account in its management, an account operator and its agent may register information in the subregister of the OM system in the book-entry register whereby the account operator or agent approves, without separate processing
- 1) Subscription application from account operators and agents, or
  - 2) allocation data applications arriving from a clearing party in the HEXClear system specified separately in the information.

#### Registering a right to browse in a book-entry account

- 2.2.19 A right can, on application by the account holder, be registered to browse a book-entry account directly from the OM or RM system. The right to browse in the OM system can be registered at the earliest as of a time decided by Euroclear Finland's Managing Director. The right to browse can be attached to the registration authorisation referred to in points 2.2.15-2.2.17 above.

#### Record of Arrival and its Contents

- 2.2.20 A record of arrival is entered on arrival to documents referred to in Sections 17 and 18 of the Act on Book-Entry Accounts delivered by mail to the unit of the account operator or agent carrying out registration. . The record gives the date and recipient of the document. Documentation delivered by the applicant or its representative in person shall is to be marked correspondingly unless registration or temporary registration in the matter is made immediately or the application is rejected.

#### Registration Applications associated with Clearing

- 2.2.21 If Registration Applications will not be delivered through HEXClear system an account operator or its agent must be able to determine the time of arrival of registration applications by securities intermediaries pertaining to transactions concluded in trading organised by marketplace on the basis of the time displayed in the telefax machine or by some other equally reliable method.

#### Registration Guidelines

- 2.2.22 Euroclear Finland's Managing Director ratifies, on the basis of Section 13 of the Act on the Book-Entry System, registration guidelines for account operators and agents operating in the book-entry register. The registration guidelines state Euroclear Finland's view of the principles to be complied with in keeping a register in accordance with good practice. The registration guidelines are prepared in cooperation with the account

operators and issued for the use thereof and their agents. The registration guidelines are not binding upon account operators or their agents.

## Use of a Commission Account

General Conditions for the Use of a Commission Account in the OM system

2.2.23 In the OM system, a commission account referred to in Section 16 of the Act on Book-Entry Accounts may be opened for entities referred to in the said section of law for clearing in the HEXClear system. Euroclear Finland's Managing Director may issue more exact rules on the use of a commission account. Book-entries of both the account holder and its customers may not be registered in the same commission account. The book-entries may be transferred for delivery to a commission account of the entity acting on behalf of the transferor. Book-entries registered in a commission account may not be deposited as the collateral referred to in Chapter 4a, Section 11 of the Securities Markets Act with Euroclear Finland.

2.2.24 The entity acting on behalf of the transferor may keep book-entries in a commission account only during the time between the receipt of a commission relating to the book-entries of the customer and the clearing of the transaction resulting therefrom. The entity acting on behalf of the acquirer may keep the customer's book-entries in a commission account only until the customer has fulfilled his payment obligation or until the entity acting on behalf of the acquirer converts the book-entries into cash in accordance with Chapter 4a, Section 11, Subsection 4 of the Securities Markets Act. It shall be possible for the account holder of the commission account to establish how the provided restrictions on the time of custody has complied with. Use of a commission account must comply with the provisions issued by the Financial Supervisory Authority on the handling of customer funds.

Commission Account Relating to an International Link of Euroclear Finland

2.2.25 A clearing party concluding derivative contracts on a foreign derivatives exchange and participating in a Foreign Institution in the execution of derivative contracts concluded on a foreign derivatives exchange must ensure that book-entries owned by Finnish persons or Finnish organisations registered in the commission account of the Foreign Institution are not kept in the Foreign Institution for any longer than is needed to execute the derivative contracts. A clearing party participating in the execution of foreign derivative contracts on behalf of a securities intermediary active on a foreign derivatives exchange by transferring and

receiving book-entries through a link between Euroclear Finland and a Foreign Institution must, in a contract to be concluded with the securities intermediary, note that book-entries owned by Finnish persons or organisations may not be kept in custody in a Foreign Institution for any longer than is needed to execute the derivative contracts.

## **Book-Entry Account for Long Term Savings**

2.2.26 Book-entries to which the Act on Long Term Savings Scheme (1183/2009) is applied shall be registered to a special book-entry account for long term savings opened for this purpose. In addition to information on account holder, information on the service provider shall be registered on the book-entry account. Only book-entries covered by the agreement on long term savings shall be registered on the book-entry account. Act on Long Term Savings Scheme shall be applied to the book-entry account and its registrations.

## **Transferring a Book-Entry Account**

2.2.27 A book-entry account can, under Section 16b of the Act on Book-Entry Accounts, be transferred without the consent of the transferring account operator at the account holder's request. The acquiring account operator that has agreed on management of the account with the account holder requests Euroclear Finland for the transfer. The acquiring account operator checks the authorisation for the transfer and is responsible for its validity. The centralised book-entry register notifies the transferring account operator of the transfer in advance.

### Requirements for Transferring an Account

2.2.28 The acquiring account operator notifies the number of the account being transferred as well as the new account number to be given to this account. A pledged account may not be transferred if a transfer prohibition has been registered in the account on the pledge holder's application. Except for mass transfers relating to the closure or conveyance of an account operator's business, an account cannot be transferred while there are open transactions registered in it.

2.2.29 Transfers of an account in the RM system are subject to the following conditions:

- 1) Collection accounts or collateral management accounts may not be transferred.

- 2) An account cannot be transferred if there are unfulfilled transactions or open repo-agreements pertaining to the account.
- 3) An account cannot be transferred if there are book-entries from which payments of yield or capital refund fall due the next registration day following the transfer date.
- 4) The book-entry account may not have an account specific payment deposit.
- 5) The book-entry account may not have rights issued to other functional units.
- 6) A pledged account cannot be transferred if transfer prohibition has been registered in the account on the pledge holder's application.

## **Management of Book-Entry Accounts Pledged to Others than the Account Operator or Agent**

### Duty of Diligence

2.2.30 Special diligence must be exercised in the management of book-entry accounts pledged to others than the account operator or the agent.

### Registrations Requiring Special Diligence

2.2.31 Duty of diligence must be taken into account when granting registration rights to book-entry accounts. Persons making the registrations must have sufficient expertise when a pledge to a party other than the account operator or its agent is being registered or such registered pledge is being removed. Special diligence must also be exercised when withdrawals are registered in accounts pledged by others than the account operator or its agent.

### The Management of Accounts Pledged to Third Parties

2.2.32 The management of accounts pledged to third parties is organised by centralising the management of these accounts either so that registrations of these accounts cannot be made without the permission of the legally competent registration officer responsible, his deputy or other especially appointed officer specialised in pledges, or so that the above-mentioned officers, each registration day, check the registrations made the previous registration day in the accounts pledged to third parties.

### Account Notifications

2.2.33 An account operator and its agent must furnish the holder of a right registered in a book-entry account an account notification referred to in Section 24, Subsection 1, sentence 2 of the Act on Book-Entry

Accounts, unless the holder of the right in question has given written consent to another procedure.

2.2.34 The operations of an account operator and agent must be organised so that the register automatically generates the account notification to a holder of pledge registered in the book-entry account other than the account operator or agent itself.

2.2.35 Notification to be forwarded to a foreign holder of pledge may be separately translated from the automatically generated notification.

## **Emergency Preparations in the Book-Entry System**

Obligation to be Prepared and Exceptional Circumstances under the Emergency Powers Act

2.2.36 Notwithstanding these Rules, Euroclear Finland has the right and obligation to commence all steps required under the Emergency Powers Act (1080/1991) and the Act on the Book-Entry System or under the orders of the authorities based thereon (obligation to be prepared). In situations of emergency or under a threat thereof as referred to in the Emergency Powers Act, Euroclear Finland may take steps in accordance with its readiness plan and obligation to be prepared. Euroclear Finland is not liable for any losses arising from steps made to satisfy its obligation to be prepared or for those arising from steps taken in accordance with its readiness plan.

Registrations in Situations of Malfunction and Duress

2.2.37 Euroclear Finland can make necessary registrations in the accounts kept in the book-entry register on the basis of Section 16c, Subsection 4 of the Act on Book-Entry Accounts if required in situations of malfunction or duress or in similar situations requiring urgent action such as situations of emergency or a threat thereof, erroneous or defective operation of information systems or telecommunication links or matching of the information in the book-entry system. Euroclear Finland must notify the relevant account operators and their agents of the registrations and upon request issue an account on the grounds for such registrations within reasonable time.

## **Procedure for the Settlement of Errors and Discrepancies**

Drafting of a Plan

2.2.38 Euroclear Finland and each account operator must draft a plan containing instructions on how to proceed in

identifying and correcting errors in its operations. Where necessary, Euroclear Finland's Managing Director decides on further requirements for the contents of the plan and the procedure for error reporting.

#### Notifying Errors Seriously Affecting Operations

2.2.39 An account operator or its agent must notify Euroclear Finland of any serious errors and discrepancies within the account operator or its telecommunications that seriously affect operations. Euroclear Finland must notify the Financial Supervisory Authority and Bank of Finland of the error or discrepancy referred to herein.

## Storing Documents

#### Storing Unique Documents

2.2.40 Unique documents, usually of a private nature pertaining to registration decisions, decisions to reject a registration and decisions to dismiss an application made by an account operator on the rights and limitations relating to the book-entry account and the book-entries registered on it, as well as a list of the dismissed and rejected registration applications and documents related thereto are stored for a period of at least 10 years from the registration decision. Documents obtained elsewhere and relating to temporary registration are kept for as long as the application is pending. Shares, share certificates and other proof of securities forwarded to account operators in conjunction with registration in the book-entry system can, without prejudice to the above, be destroyed on the decision of the issuer after ten (10) years of the end of the registration period provided that not one of the types concerned remains in the issuer's joint book-entry account. The same applies to other book-entries for which a similar date of registration has been determined.

#### Documents Obtained Elsewhere

2.2.41 An account operator need not store decisions by the authorities and copies thereof that are kept elsewhere or certificates issued by the authorities, extracts from the parish register and trade register extracts that can be subsequently reconstructed. These documents can either be returned to the customer or destroyed. However, a list with the relevant dates must be drawn up of the documents forming the grounds for a registration decision. The list must be kept in the same manner as unique documents.

#### Documents Pertaining to Registration of a Right to Obtain Information

2.2.42 Documents pertaining to the right to obtain information on the contents of a book-entry account referred to in Section 5, Subsection 1, Paragraph 3 of the Act on Book-Entry Accounts are kept for a period of two calendar years from the expiry of the right.

#### Storing Documents as Copies

2.2.43 Euroclear Finland's Managing Director may authorise an account operator to store the unique documents referred to above as copies, provided that the account operator's authorised public accountant has approved the proposed procedure.

### **3. ISSUING BOOK-ENTRIES, CORPORATE ACTIONS, PAYMENTS OF YIELD AND REDEMPTIONS**

#### **3.1 Issues in the Book-Entry System**

##### **Approval of Types of Securities and the Issuer**

###### Securities Intended for Public Circulation

- 3.1.1 Euroclear Finland's Managing Director approves the types of securities intended for public circulation referred to in Chapter 1, Section 2, Subsection 1 of the Securities Markets Act that can be incorporated and issued in the OM and RM systems at any given time. Notwithstanding the above, foreign book-entries may be incorporated in the book-entry system under the provisions of Section 26b, Subsection 2 of the Act on the Book-Entry System and Chapter 6 of these Rules on the basis of Euroclear Finland's international cooperation agreement. Furthermore, Euroclear Finland's Managing Director or the representative authorised by the Managing Director may also approve case by case based on Section 26b, Subsection 3 of the Act on the Book-Entry System the types of foreign securities intended for public circulation or which have been admitted or shall be admitted for public or multilateral trading, the rights attached thereto or based thereon which may be incorporated and issued in Euroclear Finland's system. Euroclear Finland's Managing Director may impose special conditions on issuing these foreign securities or rights attached to or based on them as well as require special measures from the issuer inter alia for ensuring that the incorporation and handling of the book-entries may take place without endangering the reliable and appropriate operation of the book-entry system and the protection of the investor.

###### Securities other than those Intended for Public Circulation

- 3.1.2 Euroclear Finland's Managing Director decides whether the shares of a private limited company and other Finnish or foreign securities or rights attached to or based on a foreign security that are not intended for public circulation in Finland can be accepted in the OM or RM system. The provisions of Section 3.1.1 are, where applicable, complied with other securities than the securities intended for public circulation referred to in Section 26b, Subsection 3 of the Act on Book-Entry System.

#### Approval of an Issuer

- 3.1.3 Euroclear Finland's Managing Director, on application, approves an issuer if the applicant undertakes to comply with these Rules and fulfils the legal requirements. Only an issuer approved in accordance with this point may issue book-entries in Euroclear Finland's systems. Notwithstanding the provisions of the law and these Rules governing an issuer, foreign book-entries may be issued on the basis of Euroclear Finland's international cooperation agreement. Euroclear Finland's Managing Director decides in more detail on the application process procedure.

#### Issuer Agreement

- 3.1.4 An issuer must enter into a written agreement with Euroclear Finland on the issuance and handling of book-entries, the opening of accounts necessary for the issue as well as on compliance with these Rules.

#### Restrictions and Conditions

- 3.1.5 Euroclear Finland's Managing Director may attach restrictions and conditions to the approval of an issuer. Euroclear Finland's Managing Director may also restrict the volume which an issuer and an issuer belonging to the same group of companies in accordance with Chapter 8, Section 12 of the Companies Act may issue in Euroclear Finland's systems if this is necessary for the reliable operations of Euroclear Finland.

## Approval of an Issue

#### Approval of the Issue of a Type of Book-Entry

- 3.1.6 Euroclear Finland's Managing Director approves, on application, the issue of a type of a book-entry in the OM or RM system when the type of book-entry is being issued in the book-entry system for the first time.
- 3.1.7 Euroclear Finland's Managing Director decides on the information and documents to be requested in the application.
- 3.1.8 The application may be approved only if the terms of the type of book-entry are such that it can be incorporated in the book-entry system in accordance with the Act on the Book-Entry System and the type can be handled safely and reliably in the book-entry system.
- 3.1.9 The Decision on approval of Euroclear Finland's Managing Director determines whether the type of book-entry is issued in the OM or RM system. The Managing Director may decide that the type of book-entry can be handled in both systems.
- 3.1.10 Permission may be granted in the RM system for the continuous issuing of debt securities, the maturity of

which shall be under one year from their issuance (so-called book-entries of continuous emission). Separate permission is not applied for in respect of the types of book-entries issued on the basis of permission for continuous emission.

- 3.1.11 Permission may be granted in the OM system for the continuous issuance of warrants (co-called continuous issue permission for warrants). Separate permission is not applied for in respect of warrants issued on the basis of such continuous issue permission.
- 3.1.12 Euroclear Finland's Managing Director may attach to permission for a type of book-entries a provision on the maximum amount of book-entries belonging to the type of book-entries which can be issued in Euroclear Finland's system. A corresponding provision on the maximum amount of book-entries to be issued on the basis of permission can be attached to permission for continuous emission.

#### Notifying the Bank of Finland

- 3.1.13 In accordance with Section 26, Subsection 1 of the Act on the Book-Entry System, Euroclear Finland notifies the Bank of Finland of an application that is of significance to its statutory responsibilities and relates to the issuance of debt-rated book-entries.

#### Issuance of an Approved Book-Entry Type in the OM system

- 3.1.14 An issuer may issue in the OM system book-entries belonging to a book-entry type approved in accordance with points 3.1.6- 3.1.10 and book-entries entitling thereto by agreeing with Euroclear Finland on the issue sufficiently well prior to the issue. If a provision on the maximum volume of the issue has been attached to the approval decision, this volume may not be exceeded. A fee is charged for implementation of the issue in accordance with the price list referred to in section 7.1.

#### Book-Entry Accounts Kept on Behalf of the Issuer

- 3.1.15 Book-entry accounts to be used in connection with issuing operations and kept on behalf of the issuer, such as the issue accounts referred to in Section 27 of the Act on the Book-Entry System as well as the joint book-entry accounts referred to in Chapter 4, Section 10, Subsection 1 of the Companies Act, Chapter 21 a, Section 4 and Chapter 10, Section 59 of the Act on Common Funds are kept in Euroclear Finland's book-entry register.

#### Appointment of an Issuer Agent

- 3.1.16 Euroclear Finland's Managing Director decides in more detail on the need to use an issuer agent referred to in section 1.5.4.

#### Further Provisions

- 3.1.17 Euroclear Finland's Managing Director decides on the procedure to be complied with when carrying out issues and corporate actions in the book-entry system.

## Other Responsibilities of an Issuer

#### Submission of information

- 3.1.18 An issuer must notify of a new book-entry type to be issued the information referred to in Section 27, Subsection 2 of the Act on the Book-Entry System, which should, by law, appear in the physical security issued for the right in question as well as the volume issued. For combination book-entries and debt-rated book-entries the issuer must also notify the due dates, any loan collateral, the interest or any other compensation payable on the loan, the repayment terms and other essential terms of the loan as well as how the terms of the loan are kept available for the public. The issuer undertakes, on request, to submit to Euroclear Finland also other information relating to the book-entry type. The issuer must notify Euroclear Finland of any amendments to this information without delay. Notifications are issued in the format decided by Euroclear Finland's Managing Director.
- 3.1.19 An issuer is liable for the information which it submits to Euroclear Finland as well as for any damage incurred by Euroclear Finland as a result of erroneous or insufficient information.

#### Managers

- 3.1.20 An issuer is responsible for ensuring that the managers implementing the issue and other authorised representatives participating in the issue and acting on its behalf are informed of and comply with these Rules.

#### Issuer Agent

- 3.1.21 An issuer has to appoint an issuer agent referred to in section 1.5.4 to carry out the issues and corporate actions which the Euroclear Finland's Managing Director has decided in accordance with section 3.1.15.

#### Secrecy Obligation

- 3.1.22 An issuer must comply with the secrecy obligation in accordance with Section 29 of the Act on the Book-Entry System and with the Personal Data Act (523/1999).

## Book-Entry Identification Code

### ISIN-code and the National Numbering Agency

- 3.1.23 A book-entry is identified with an ISIN code based on the ISO standard. Euroclear Finland acts as the National Numbering Agency of Finland issuing the code.

### Applying for the Code

- 3.1.24 The ISIN-code is applied for primarily by the issuer or its representative and secondarily by a person requiring the code.

### Issuing the Code

- 3.1.25 Euroclear Finland shall issue ISIN codes without discretion to all securities and book-entry types fulfilling the conditions for granting an ISIN code.

### Use of the Code

- 3.1.26 The ISIN code is used in Finland primarily in accordance with international recommendations and is issued in accordance with Euroclear Finland's operating practices. Euroclear Finland's Managing Director may decide on obligations relating to the use of the ISIN code.
- 3.1.27 The ISIN code issued must be used as an identifier for the type in all international connections. Use of the ISIN code is recommended also in other than international connections.

### Charges

- 3.1.28 A fee is charged for issuing an ISIN code in accordance with the price list referred to in section 7.1. The fee is collected from the applicant for the code.

### Notification of International Developments

- 3.1.29 Euroclear Finland monitors the development of international ISIN code recommendations and notifies of these in Finland.

## Specific Provisions relating to the RM system

### Issue Administrator

- 3.1.30 An issuer must enter into an agreement with an account operator operating in the RM system on the implementation of measures relating to the issue, unless the issuer itself is an account operator and carries out the issue on its own.

#### Implementation of an Issue in the RM system

- 3.1.31 Book-entries are issued in the RM system by entering the volume of book-entries to be issued in the book-entry-type-specific issue account kept in the subregister.

#### Issue within the framework of an approved total volume

- 3.1.32 A book-entry type that has already been issued can be issued within the limits of the total volume approved by Euroclear Finland's Managing Director in accordance with point 3.1.11 by entering the book-entries into the issue account and the book-entry accounts. The recordings and registrations are made by the issue administrator.
- 3.1.33 Book-entries of continuous emission may, notwithstanding points 3.1.30 – 3.1.31 be issued also in connection with a transaction. This also applies to a book-entry type that has already been issued if the issue is within the limits of the approved total volume. The necessary entries are produced from the information system for the issue account.

## **Removal of a Book-Entry from the System**

#### Modification or Merging of a Book-Entry

- 3.1.34 Euroclear Finland removes a book-entry type from the book-entry system if the right that is the subject of the book-entry is modified into a right that is the subject of another book-entry, if the right is merged into a right subject to another book-entry type or if the right that is the subject of the book-entry type has ceased.

#### Removal of a book-entry on Application by the Issuer

- 3.1.35 Euroclear Finland's Managing Director may, on application by the issuer, decide to remove book-entries from the book-entry system if the issuer has proceeded in line with the rules applying to the removal of a book-entry. If the book-entry to be removed has been admitted to public or multilateral trading, Euroclear Finland's Managing Director may decide on the removal only if the issuer has established the manner in which handling of the security in question and the protection of the investor related thereto will be carried out properly after the book-entry is removed from the book-entry system. In addition, the issuer of the book-entry subject to public trading shall establish before the decision the manner in which the book-entry in question is removed from public trading.
- 3.1.36 The declaration and notification procedure referred to in part 3.2 must, where applicable, be complied with when a book-entry is removed from the book-entry system. Euroclear Finland's Managing Director may, on

application, grant an exception in respect of the deadline for notification to be made to the owner on the removal of a book-entry if all the owners are aware and consent to not applying the transitional period prescribed by law.

3.1.37 The account operator or its agent must enter the book-entries in conjunction with the removal of a book-entry from the book-entry system in a separate book-entry account indicated by Euroclear Finland for that purpose. The account operator or its agent must make such an entry at the time notified by Euroclear Finland irrespective of whether the book-entries to be transferred are subject to restriction on disposal.

3.1.38 Euroclear Finland's Managing Director can issue more exact rules on the procedure to be complied with in conjunction with the removal of a book-entry from the book-entry system.

## **3.2 Incorporation of Physical Securities in the Book-Entry System**

### **Incorporation Procedure**

#### Conditions for Incorporation

3.2.1 A share certificate, share certificate of a cooperative, debt instrument or other physical security may be incorporated in the book-entry system only if incorporation can be effected in a reliable and safe manner from the point of view of the operations of the book-entry system and the liability of the parties of the book-entry system.

#### Further Provisions

3.2.2 Euroclear Finland's Managing Director, decides for each type of physical security to be incorporated in the system, on

- 1) the exchange procedures to be complied with in incorporation,
- 2) the manner of annulment of share certificates, debt instruments and other physical securities to be incorporated, and the collection, safekeeping and filing of annulled physical securities,
- 3) the provision for error situations in the exchange of physical securities, the reservation of book-entries possibly required in this connection as well as on other requirements to be set in order to safeguard the exchange.

Euroclear Finland's Managing Director may, on application, grant an exception in respect of the deadline that applies to the notification under the Act on Physical Securities that must be made to the owner

on registration if all the owners are aware and consent to not applying the transitional period prescribed by law.

- 3.2.3 If the application referred to in point 3.1.6 for an issue permission relates to a bond loan issued as physical securities or a corresponding security, Euroclear Finland's Managing Director may, in the Decision relating to granting the permission, issue further provisions referred to in Section 26a of the Act on the Book-Entry System on the information to be registered in the book-entry system and the registration procedure. These provisions apply only to the book-entry type in question.

## **Notifications to Holders of Physical Securities**

### Notifications to Shareholders

- 3.2.4 The issuer of a share must declare and notify the incorporation of physical securities in accordance with Chapter 4, Section 7, Subsection 3 of the Companies Act in accordance with the following principles:
- 3.2.5 In order to fulfil the obligation set forth in Chapter 4, Section 7, Subsection 1 of the Companies Act, the issuer must notify, in writing, all shareholders whose addresses are known of the instructions to be complied with in the incorporation of shares, the necessary proof of title, information about the possibility to open an account with Finnish Central Securities Depository customer account service, where certain of the basic custody services are free of charge for natural persons as well as the registration period.
- 3.2.6 An issuer must, prior to commencement of the registration period, publish in the Official Gazette a notice of the decision to transfer and the registration period.
- 3.2.7 The issuer or its issuer agent must submit the declarations and notifications to Euroclear Finland and the account operators operating in the OM system prior to sending the declarations and publishing the notifications.
- 3.2.8 A decision relating to incorporation, which Euroclear Finland's Managing Director makes in accordance with point 3.2.2 above, may contain provisions on the instructions in accordance with the declaration and notification to be issued to the shareholders, the necessary proof of title and other matters.
- 3.2.9 Euroclear Finland's Managing Director may, on application, grant an exemption from the duty to notify and declare referred to in points 3.2.5 - 3.2.8 if all the shareholders of the company are known and all the shareholders approve that the transfer shall not be declared or notified of in the said manner.

- 3.2.10 The duty to declare and notify referred to in points 3.2.4 - 3.2.9 above must be complied with, where applicable, when an option certificate, option loan or a convertible bond loan referred to in the Companies Act is incorporated in the book-entry system.

Notices to owners of shares in cooperatives and notification

- 3.2.11 The issuer must declare and notify the incorporation of physical securities in accordance with Chapter 21 a, Section 7, Subsection 3 of the Cooperatives Act in accordance with the following principles:
- 3.2.12 In order to fulfil the obligation set forth in Chapter 21 a, Section 7, Subsection 1 of the Cooperatives Act, the issuer must notify, in writing, all owners of a share whose addresses are known of the decision and to be complied with in the incorporation of shares, the necessary proof of title, information about the possibility to open an account with Finnish Central Securities Depository customer account service, where certain of the basic custody services are free of charge for the holder of shares, as well as of the registration period. Similar instructions must also be issued when other rights to the share can be registered.
- 3.2.13 The issuer must notify of the decision in accordance with Chapter 21 a, Section 7, Subsection 2 of the Cooperatives Act in the same way as notices of cooperative meetings are sent. A document of the necessary proof of title may, however, be replaced by a reference to where further information relating to this is available.
- 3.2.14 An issuer must, prior to commencement of the registration period, publish in the Official Gazette a notice of the decision to transfer, the commencement of the registration period and the date of registration.
- 3.2.15 The issuer or its issue manager must submit the declarations and notifications to Euroclear Finland and the account operators operating in the OM system prior to sending the declarations and publishing the notifications.
- 3.2.16 The Decision on the incorporation procedure, which Euroclear Finland's Managing Director makes in accordance with point 3.2.2 above, may contain provisions on the instructions in accordance with the declaration and notification to be issued to holders of shares, the necessary proof of title and other issues relating to incorporation.
- 3.2.17 Euroclear Finland's Managing Director may, on application, grant an exemption from the duty to notify and declare referred to in points 3.2.12 - 3.2.16 if all the holders of shares in the cooperative are aware and all the holders of shares approve that the transfer shall not be declared or notified of in the said manner.
- 3.2.18 The duty to declare and notify referred to in points 3.2.11 - 3.2.17 above must be complied with, where

applicable, when an option certificate, option loan or a convertible bond loan referred to in the Cooperatives Act is incorporated in the book-entry system.

#### Notification of the Possibility to Incorporate a Bond

- 3.2.19 If a bond loan referred to in Section 26a of the Act on the Book-Entry System has been issued in public circulation as physical securities in accordance with Chapter 1, Section 1 of the Securities Markets Act, the issuer of the security must, in at least one national newspaper, publish a notice of the possibility to incorporate physical securities in the book-entry system.
- 3.2.20 The notice must include at least the following information:
- 1) Transfer period. The notice must state when the physical securities are accepted (transfer dates).
  - 2) Instructions. The notice must state whether the physical securities are incorporated in the RM or the OM system. The notice must list all the account operators accepting physical securities. If an account operator uses agents in the transfer, these must also be mentioned. The notice must also include any other instructions.
  - 3) The voluntary nature of the transfer: The notice must state that the holder of the physical security is entitled to a refund of the capital and to any profit even if the debt instrument is not incorporated in the book-entry system. If the issuer has restricted this right of the holder of a physical security in the terms of the loan, the restriction must be stated in the notice.
  - 4) Free safekeeping: If the issuer has arranged a possibility for free safekeeping for book- entry owners, the notice must state which account operators or agents offer such safekeeping.
- 3.2.21 The notice must be published twice, the first time, no earlier than six weeks prior to the first transfer day and the second time, no earlier than one week prior to the first transfer day. Euroclear Finland must also be informed of the notice not later than when it is first published.
- 3.2.22 The Decision on the incorporation procedure, which Euroclear Finland's Managing Director makes in accordance with point 3.2.2 above, may contain provisions on the instructions in accordance with the declaration and notification to be issued to investors, the necessary proof of title and other matters relating to incorporation.
- 3.2.23 Euroclear Finland's Managing Director may, on application, grant an exemption from the obligation to notify and declare referred to in points 3.2.19 - 3.2.22 if all the holders of physical securities are known and

have approved that the transfer shall not be declared or notified of in the said manner.

#### Notifications to Shareholders of Guarantee Shares

- 3.2.24 The issuer of a guarantee share must declare and notify of the incorporation of physical securities in accordance with Chapter 4, Section 1, of the Insurance Companies Act and Chapter 4, Section 7, Subsection 3 of the Companies Act in accordance with the following principles:
- 3.2.25 In order to fulfil the obligation set forth in Chapter 4, Section 7, Subsection 1 of the Companies Act, the issuer must notify, in writing, all shareholders whose addresses are known of the instructions to be complied with in the incorporation of shares, the necessary proof of title, information about the possibility to open an account with Finnish Central Securities Depository customer account service, where certain of the basic custody services are free of charge for natural persons as well as the registration period.
- 3.2.26 An issuer must, prior to commencement of the registration period, publish in the Official Gazette a notice of the decision to transfer and the registration period.
- 3.2.27 The issuer or its issuer agent must submit the declarations and notifications to Euroclear Finland and the account operators operating in the OM system prior to sending the declarations and publishing the notifications.
- 3.2.28 A decision relating to incorporation, which Euroclear Finland's Managing Director makes in accordance with point 3.2.2 above, may contain provisions on the instructions in accordance with the declaration and notification to be issued to the holders of guarantee shares, the necessary proof of title and other matters.
- 3.2.29 Euroclear Finland's Managing Director may, on application, grant an exemption from the duty to notify and declare referred to in points 3.2.25 - 3.2.28 if all the holders of guarantee shares are known and approve that the transfer shall not be declared or notified in the above described manner.

#### Notifications to Holders of other Physical Securities

- 3.2.30 If a physical security other than a share certificate, bond with warrants, convertible bond, warrant certificate or a bond to be incorporated in the book-entry system has been issued in public circulation as physical securities in accordance with Chapter 1, Section 1 of the Securities Markets Act, the issuer of the security must publish a notice in at least one national newspaper of the possibility to incorporate physical securities in the book-entry system.
- 3.2.31 The notice must include at least the following information:

- 1) Transfer period. The notice must state when the physical securities are accepted (transfer dates).
  - 2) Instructions. The notice shall state whether the physical securities are incorporated in the RM or the OM system. The notice must list all the account operators accepting physical securities. If an account operator uses agents in the transfer, these must also be mentioned. The notice must also include any other instructions.
- 3.2.32 The notice must be published twice, the first time, no earlier than six weeks prior to the first transfer day and the second time, no earlier than one week prior to the first transfer day. Euroclear Finland must also be informed of the notice not later than when it is first published.
- 3.2.33 The Decision on the incorporation procedure, which Euroclear Finland's Managing Director makes in accordance with point 3.2.2 above, may contain provisions on the instructions in accordance with the declaration and notification to be issued to investors, the necessary proof of title and other issues relating to incorporation.
- 3.2.34 Euroclear Finland's Managing Director may, on application, grant an exemption from the duty to notify and declare referred to in points 3.2.30 - 3.2.33 if all the holders of physical securities are known and have approved that the transfer shall not be declared or notified of in the said manner.

### **3.3 Payments of Yield, Redemptions and Corporate Actions in the OM system**

#### **Determination of the Record Date and Yield Payment Date**

##### Record Date and Yield Payment Date

- 3.3.1 An issuer whose equity-rated book-entry or other book-entry is subject to clearing in the OM system must determine the record date of the yield payment so that it is no earlier than after the clearing period applied in the OM system has elapsed subsequent to the meeting or decision of the issuer's governing body deciding the payment of yield, share issue or similar transaction.
- 3.3.2 An issuer of a book-entry other than one subject to clearing in the OM System may determine that the record date of the yield payment, share issue or other similar transaction be no earlier than on the banking day after the meeting or decision of the issuer's governing body deciding the payment of yield, share issue or similar transaction.

- 3.3.3 The issuer shall determine that the yield payment date may be no earlier than the fifth (5) banking day after the record date. The issuer shall determine that the subscription period or other date of any other action may commence no earlier than on the third (3) register day after the record date.
- 3.3.4 Euroclear Finland's Managing Director may, on application by a company, grant an exemption from the periods of time provided for in points 3.3.1 - 3.3.3 above.

## Payment Procedure

### Payment Alternatives

- 3.3.5 An issuer may make the cash payment relating to an equity-rated book-entry either with the help of the OM system and the account operators and their agents operating therein, or outside the OM system. If the issuer makes the cash payment outside the OM system, Euroclear Finland must be notified thereof immediately after the issuer has obtained the dividend distribution proposal or other decision in accordance with which the payment is to be made outside the OM system.
- 3.3.6 If an issuer makes payment relating to an equity-rated book-entry in book-entries through the OM system and the account operators and agents, the issuer must agree on implementation of the payment with Euroclear Finland immediately after the issuer has obtained the dividend distribution proposal or other decision in accordance with which the payment is to be made in book-entries through the OM system.
- 3.3.7 Payment in means other than in cash or in book-entries must be made outside the OM system.

### Protection of Payment of the Issuer

- 3.3.8 Protection of the payment of an issuer is determined in accordance with Section 29, Subsection 3 of the Act on Book-Entry Accounts if the issuer makes the payment in accordance with points 3.3.9 - 3.3.14.

### Implementing Payments through the OM system and Account Operators

- 3.3.9 If an issuer makes a euro-denominated payment relating to book-entries through the OM system and account operators, payment must be made as follows:
- 3.3.10 After the governing body of the issuer has decided on the payment, Euroclear Finland transfers the basic information relating to the payment to the account operators and agents operating in the OM system.
- 3.3.11 Euroclear Finland submits to the issuer the necessary information to make payment and to direct it to account operators operating in the OM system.

- 3.3.12 Account operators operating in the OM system receive, on behalf of their customers and agents, payments relating to book-entries. Account operators provide Euroclear Finland with information on the total amount of payments to be made on the basis of the book-entry accounts managed by them as well as information on the bank accounts and book-entry accounts necessary to make payments. In addition, account operators forward the payments they have received from the issuers to their customers and agents.
- 3.3.13 The issuer makes the payments to the account operators on the basis of the bank account and book-entry account information submitted by Euroclear Finland.
- 3.3.14 Euroclear Finland's Managing Director decides on the responsibilities and liabilities of account operators, their agents, and the issuers participating in the payment of dividends and other payments. The Managing Director also decides on the rectification of the payment of dividend and other yield in clearing according to whom, under the terms and conditions of the transaction, it belongs to. The fees of Euroclear Finland and the account operators to be collected from making payments are specified in the price list referred to in section 7.1.

#### Repayment of Capital and Interest on a Combination Type

- 3.3.15 The terms of a combination type must provide that the repayment of capital and interest is payable to the person who, on the commencement of the maturity date in accordance with the terms, is, on the basis of the information on the list of holders, entitled to receive payment. The terms must also provide that if a combination book-entry is subject to temporary registration or commission-account transfer, the payments are made on the basis of the information in the book-entry account. If this is not possible, payment must, under the terms, be made to the person who can prove that the book-entry belonged to him or her on the morning of the maturity date.
- 3.3.16 When a combination type no longer entitles to a share and a list of holders of the combination type is no longer kept, repayment of the capital and interest on the remaining book-entry is paid on the basis of the information registered in the book-entry account in accordance with points 3.3.9 - 3.3.14.

#### Payment of Yield and Redemption on other Book-Entries

- 3.3.17 A cash payment relating to other book-entries handled in the OM system is paid on the basis of the information registered in the book-entry accounts in accordance with points 3.3.9 - 3.3.14. Further provisions on payments and corporate actions relating to foreign book-entries incorporated in the book-entry system on

the basis of an agreement on a link between Euroclear Finland and a Foreign Institution are included in section 6.2.

## **Registrations and Measures Associated with Corporate Actions**

3.3.18 Euroclear Finland may make registrations in all book-entry accounts in which book-entries belonging to the issue in question are registered in order to execute a corporate action. Registration by Euroclear Finland is based on performance by the issuer, the qualities of the book-entry or actions by the account operator related to the implementation of a corporate action in the book-entry system and clearing. Euroclear Finland may, based on a corporate action, also change the transaction and allocation data and, whenever necessary, prevent registration and other actions in the book-entry and clearing system to execute the corporate action in a reliable manner.

## **3.4 Redemptions, Instalments and Payments of Yield in the RM system**

### Protection of the Payment of the Issuer

3.4.1 Protection of the payment of the issuer is determined in accordance with Section 29, Subsection 3 of the Act on Book-Entry Accounts if payment relating to a book-entry is made in the RM system in accordance with this section. The provisions on payments and corporate actions relating to foreign book-entries incorporated in the book-entry system on the basis of an agreement on a link between Euroclear Finland and a Foreign Institution are included in section 6.2.

### Payment Obligation of the Issuer

- 3.4.2 The issuer delivers the payment necessary for the redemption, instalment or interest of a book-entry maturing in the RM system to Euroclear Finland's current account kept with TARGET2 component system so that the payments can be made in the RM system on the maturity date of the book-entry. Euroclear Finland's Managing Director decides on the procedure to be followed when making payment.
- 3.4.3 Euroclear Finland accepts and makes only euro-denominated payments, unless Euroclear Finland's Managing Director has separately approved that payments for a book-entry type may be made in other currency. Payment in another currency may be made with the help of Euroclear Finland only if Euroclear

Finland is able to receive the payment in a foreign exchange account kept with the Bank of Finland or another bank and to forward the payment in the same currency to those account operators in whose subregisters the book-entries entitling to the payment are. The account operators, in whose subregisters such book-entries can be registered, notify Euroclear Finland of their payment address in the state of the currency in question. The payment address must be notified in such a way to enable Euroclear Finland to make the payments in the foreign currency relating to the book-entries for that address. Euroclear Finland's Managing Director may decide on the procedure to be followed when making payment.

#### Liabilities of the Issue Administrator

- 3.4.4 The issue administrator is responsible for the measures necessary for redemption, payment of instalments and payment of interest in the RM system.

#### Payment of Redemption

- 3.4.5 Book-entries to be redeemed are automatically be registered from the book-entry accounts in the information system on the maturity date. Euroclear Finland simultaneously makes the payment supplied by the issuer corresponding to the book-entries to be registered to the account operator.

#### Payment of Interest and Instalments

- 3.4.6 On the maturity date Euroclear Finland pays the interest or instalment forwarded by the issuer to the account operators in whose subregisters the book-entries entitling to the payment are.

#### Liability of an Account Operator and Agent for Payments

- 3.4.7 An account operator is liable for delivering the redemption, instalment or interest payment to a person who, based on the information in the book-entry account, is entitled to receive the payment.

## 4. CLEARING OPERATIONS

### 4.1 General Provisions

#### The Main Principle of Clearing Operations

- 4.1.1 Euroclear Finland clears and settles trades and other transfers of book-entries on behalf of the clearing parties in accordance with the principle of delivery against payment in the OM or RM system depending on which system the book-entries concerned have been issued in. Other transfers include, for example, settlements in accordance with repo agreements.

#### Book-Entries Subject to Clearing

- 4.1.2 Euroclear Finland's Managing Director decides on the types of securities issued in the book-entry system that are subject to clearing in the HEXClear or RM system at any given time.

#### Currency Used in Clearing Operations

- 4.1.3 Euroclear Finland accepts and makes only euro-denominated payments in connection with clearing operations.

#### Transactions and Other Transfers to be Cleared

- 4.1.4 Euroclear Finland's Managing Director decides what kind of transfers may, in addition to trades, be cleared in the OM and RM systems.

#### Operating Hours of the Systems

- 4.1.5 The OM and RM systems may be used on registration days and, for special reasons, on other days separately decided by Euroclear Finland's Managing Director, who decides the regular daily operating hours of the systems taking into account the requirements imposed by the European central banking system. Transactions or other transfers cannot be cleared or book-entries or payments delivered on days other than registration days.

#### Availability

- 4.1.6 Euroclear Finland's Managing Director decides the daily availability hours during which a representative of the clearing party shall continuously be available at the clearing party's office.

#### Clearing Schedule

- 4.1.7 Euroclear Finland's Managing Director decides on the daily clearing schedule for the HEXClear and RM systems. The clearing parties must comply with the deadlines in the schedule. Compliance with the deadlines shall be enforced in accordance with the provisions in chapter 5.

#### Customer Agreements

- 4.1.9 In their customer relationships, the clearing parties must ensure that customers receive the necessary information on the contents of these Rules, and that they accept the fact that the transactions concluded on the book-entries of customers are cleared in Euroclear Finland's systems in accordance with these Rules.

#### Marketplaces

- 4.1.10 Euroclear Finland's Managing Director decides separately, which regulated market or multilateral trading facility must be considered the marketplace according to these Rules.

#### Central Counterparties

- 4.1.11 Euroclear Finland's Managing Director decides separately which organisations are considered as Central Counterparties according to these Rules.

## **4.2 Clearing and Settlement in the OM system**

### **Clearing and Settlement in the HEXClear system**

#### Registering and Confirming a trade in the HEXClear system

- 4.2.1 A trade may be entered in the HEXClear system as follows:
- 1) Euroclear Finland may agree with the marketplace that after a transaction has been confirmed in the trading system of the marketplace, it is registered automatically in the HEXClear system for a clearing party based on system default or for another party based on trade data. The trade is then registered as confirmed in the HEXClear system;
  - 2) If a trade is not registered automatically in the HEXClear system from the trading system, registration of a trade to be cleared in the HEXClear system must be registered in the HEXClear system so that both the clearing party acting on behalf of the transferor and the clearing party acting on behalf of the recipient register trade data in the system. A trade may be registered in the HEXClear system during its operating hours until the time to

be set in the clearing schedule and preceding settlement in accordance with the terms of the transaction; or

- 3) Euroclear Finland's Managing Director can decide on the method by which the trade can be registered for clearing in the HEXClear system.

4.2.2 If a trade is not registered automatically in the HEXClear system from the trading system both the clearing party acting on behalf of the seller and of the buyer must enter at least the following data in the HEXClear system:

- 1) The trading date or trading date of securities loan;
- 2) The settlement date or settlement date of securities loan;
- 3) The ISIN code or trading code of the trade in question;
- 4) The transaction type from the types issued by the system;
- 5) The trading price or price if the transaction is settled against payment;
- 6) The amount of book-entries being traded;
- 7) The data indicating the clearing party acting as the counterparty and its relevant subunit; and
- 8) If a loan transaction is involved, the settlement date of the loan return transaction.

4.2.3 Euroclear Finland checks for other trading transactions' part that the trading data given by the clearing parties match in trade. If the data match with those of the HEXClear system, the clearing party representing the seller can confirm through its entry the transaction in the HEXClear system. Notwithstanding this, the transaction can be confirmed automatically once the HEXClear system has noted that the trade data written by the parties matches, if the clearing party representing the seller has accepted the transaction in the data.

4.2.4 A trade registered for clearing is given a reference in the HEXClear system by which it is identified during clearing and settlement (HEXClear reference).

#### Change of Trade Clearing Party

4.2.5 Euroclear Finland may, on request, change and confirm as the clearing party of a trade concluded on the trading system and confirmed in the HEXClear system a clearing party other than the one given in the trade data if the parties given in the trade data and the clearing party subject to the request agree to the change.

#### Moment of Entry of a Trade (insolvency of a clearing party)

4.2.6 Under the terms of the Act on Certain Conditions of Securities and Currency Trading as well as Settlement Systems, a trade is reported in the clearing system

when it has been confirmed automatically on the basis of information received from a trading system or when a clearing party has registered the trade in the HEXClear system. Trades that have been entered into the HEXClear system before opening of insolvency proceedings against the clearing party may be settled regardless of the said proceedings.

#### Confirmation of a Trade and Irrevocability

- 4.2.7 A confirmed trade has been accepted for clearing in the HEXClear system. A confirmed transaction is irrevocable and binding on the clearing party in accordance with the terms and conditions of the transaction. The terms and conditions of the trade entered into and manifest in the HEXClear system is adhered to between the clearing parties and in relation to Euroclear Finland. A clearing party undertakes to comply with the terms and conditions of a confirmed transaction or otherwise may be subject, in the relation between Euroclear Finland and the clearing party, to sanctions as provided in Chapter 5 of these Rules for such failure. According to the Act on Certain Conditions of Securities and Currency Trading as well as Settlement Systems a trade that has become irrevocable after the opening of insolvency proceedings against a clearing party may be settled only on the opening day of the proceedings. This requires that the prerequisites described in the said Act are fulfilled.
- 4.2.8 A clearing party may not unilaterally cancel a confirmed trade in the HEXClear system.

#### Clearing Period

- 4.2.9 The clearing period of a transaction, which is automatically transferred for clearing from the trading system to a confirmed transaction in the HEXClear system, is three (3) registration days unless cut or extended in accordance with these Rules or unless the clearing parties have agreed on another clearing period for the transaction.

#### Shortening and Extending the Clearing Period

- 4.2.10 The clearing parties may shorten or extend the clearing period by together entering in the HEXClear system a new settlement date that differs from that provided for in point 4.2.9. A shortening or extension to the clearing period enters into force when both parties have accepted them through their own entries. Once the shortening or extension to the clearing period has entered into force, Euroclear Finland removes the allocation data and any clearing reservations relating to the trade and adds substitute allocation data of similar content based on the new settlement date to the HEXClear system and makes the account registrations

relating to the transfer in accordance with Section 16, Subsection 3 of the Act on Book-Entry Accounts. If the clearing party accepting the change in the clearing period has the right to make entries in the book-entry account concerned, Euroclear Finland replaces the clearing reservation that has been removed with a new one corresponding to the new settlement date if registration can be made. In other cases, allocation data, which contains the allocation data application and is based on the clearing reservation to be removed, is sent automatically to the account operator concerned.

#### Obligation of an Account Operator to make Sure and Deadlines

4.2.11 A clearing party must satisfy its obligation in respect of clearing a confirmed trade and ensuring settlement conditions in accordance with the deadlines in the schedule so that the deal can be settled on the settlement date.

#### Registration of Allocation Data

4.2.12 A clearing party must, as soon as possible and by no later than after the trade has been confirmed, register allocation data relating to the trade in the HEXClear system. The clearing party must register the allocation data so that the trade can be settled on the settlement date in accordance with these Rules and the clearing schedule.

#### Euroclear Finland's Payment Transfer Account

4.2.13 Euroclear Finland has a payment transfer account with TARGET2 component system which is used to deposit and make payments in respect of transactions settled in HEXClear. Sub-bookkeeping, as referred to in Chapter 4a, Section 9, Subsection 2 of the Securities Markets Act, is kept of the payment transfer account in HEXClear, mandatorily separating the payment deposit of the clearing party or its customer. The payment deposit is separated, where necessary, by clearing party functional group, by subunit within a clearing party functional group or by reference. A clearing party must have at least one payment deposit.

#### Payment Account of a Clearing Party

4.2.14 A clearing party undertakes to notify Euroclear Finland of a monetary account in TARGET2 component system of the European Central Bank in which the payments to the clearing party are to be made. If a clearing party does not have its own account in TARGET2 component system, it must arrange payment transactions with a party whose account the clearing party notifies to Euroclear Finland.

#### Transfers to and from Payment Deposits

4.2.15 A clearing party must ensure that it has adequate payment deposit in the HEXClear system to settle trades on the settlement date in accordance with these Rules. A clearing party must also ensure that the monetary funds required for settlement have been adequately separated in the payment deposit in accordance with transaction data. At the start of the settlement date, a clearing party must transfer to payment deposit an amount of money equivalent to at least the advance data of the first optimisation on the settlement date, and at least the amount which Euroclear Finland's Managing Director decides in more detail on a calculation basis to ensure smooth daily clearing irrespective of whether or not the clearing party must transfer funds to the payment deposit according to the preliminary information of the first optimisation on the settlement date. If the payment deposit has not been reserved for settlement in the HEXClear system, the clearing party can transfer funds in the payment deposit to the payment account.

#### More Detailed Provisions Relating to Payment Handling

4.2.16 Euroclear Finland's Managing Director decides in more detail on the method to be complied with in implementing a clearing party's payment obligation, the handling of payment deposits and other matters relating to payments in the HEXClear system.

#### Clearing and Settlement on a trade by trade basis

4.2.17 A transaction is cleared and settled on the settlement date as soon as the seller has the book-entries subject to the transaction in his book-entry account and when the allocation data relating to the transaction have been submitted and, where required, accepted, and when the payment needed in settlement has been deposited in the payment transfer account of Euroclear Finland by the buyer to be used in settlement.

4.2.18 Euroclear Finland reserves the cash funds to pay the purchase price from the clearing party's payment deposit in accordance with specification of the clearing party acting on behalf of the buyer.

4.2.19 In accordance with the information on the transaction entered in the HEXClear system, payment of the purchase price is made to the payment deposit of the clearing party acting on behalf of the seller when the book-entries in the transaction are transferred to the buyer's book-entry account into the commission account of the clearing party acting on behalf of the buyer.

4.2.20 A clearing party must clear and settle the transaction for its own part in accordance with the deadline given in the schedule and ensure that for its own part, the clearing party satisfies all the obligations regarding

clearing and settlement. If a transaction to be cleared in the HEXClear system cannot be settled on the settlement date due to a shortcoming in the conditions for doing so, it is automatically transferred for settlement on the following settlement date. In this case, the sanctions referred to in chapter 5 may be imposed on the clearing party that has neglected its responsibilities. If the transaction is transferred automatically, Euroclear Finland removes the allocation data and any clearing reservations relating to the trade and adds substitute allocation data of similar content based on the new settlement date to the HEXClear system and, if registration can be made, makes the account registrations, such as a clearing reserve, relating to the transfer in accordance with Section 16c, Subsection 3 of the Act on Book-Entry Accounts.

#### Use of a Liquidity Guarantee

4.2.21 If, despite a request from Euroclear Finland, the clearing party has not transferred funds to the payment deposit to settle purchases, Euroclear Finland has the right to request funds based on the clearing party's liquidity guarantee.

#### Transaction Handling in Optimisation

4.2.22 A trade confirmed in HEXClear that satisfies the conditions for settlement can be cleared and settled in optimisation at the same time as other transactions to be settled on the settlement date. In optimisation, monetary funds derived from trades by the clearing party acting on behalf of the seller are directed at the same time to payment of payment obligations derived from purchases to be settled so that the amount of trades or book-entries to be settled in the HEXClear system is as high as possible. Optimisation is carried out at specified moments in the clearing schedule. Optimisation does not include netting as provided for in the Act on Certain Securities and Currency Trading and Clearance System.

#### Advance Data on Optimisation

4.2.23 On the day preceding the settlement date and until the first optimisation on the settlement date Euroclear Finland, at moments defined by Euroclear Finland, provides clearing parties with advance data about those transactions for which allocation data has been given and accordingly accepts whether it is necessary from the aspect of the first optimisation on the settlement date. Advance data is issued in accordance with the situation at any given time and does not guarantee the settlement of a transaction in optimisation. Advance data gives information about the cash funds required for transactions settled in optimisation, but Euroclear

Finland does not check or reserve the cash funds needed for settlement in connection with advance data.

- 4.2.24 Euroclear Finland reserves the required book-entries using an optimisation reserve and by a restriction on disposal of a purchase relating to optimisation as well as the payment deposits for settlement before optimisation begins. The reserves lapse once optimisation has ended.

#### Transaction Handling in an International Link

- 4.2.25 If a transaction is registered for settlement via a link between Euroclear Finland and a Foreign Institution, Euroclear Finland reserves, in accordance with Section 16c, Subsection 3 of the Act on Book-Entry Accounts, the book-entries subject to settlement in the transferor's book-entry account on the settlement date before the transaction is reported to the Foreign Institution for settlement. Euroclear Finland removes the reserve booked in this respect if the transaction is not settled on the settlement date. The clearing party in this type of transaction is a clearing party based on system default in the HEXClear system.
- 4.2.26 A clearing party can, through a link reservation, reserve the book-entries subject to settlement via an international link before Euroclear Finland registers the link. If the transaction is not settled on the settlement date, Euroclear Finland seeks, in accordance with this point, to return the book-entries registered as reserved in the link reservation for the end of the settlement date.
- 4.2.27 Euroclear Finland can, without the consent of the clearing party, deliver to the clearing party's commission account the book-entries that apply to a trade to be settled without payment that has not been settled in a Foreign Institution. In this case, Euroclear Finland carries out the account reservations required for settlement of the trade in accordance with Section 16 c, Subsection 3 of the Act on Book-Entry Accounts between the book-entry account of the Foreign Institution and the commission account notified for the purpose by the clearing party.

#### Manual Settlement in HEXClear

- 4.2.28 Euroclear Finland can, on its own initiative and without the consent of the party, transfer a transaction accepted for clearing for manual settlement in the HEXClear system if a corporate action is effected in the type of book-entry subject to the transaction and, taking into account the dependability the book-entry system and clearing operations, Euroclear Finland considers manual settlement necessary.
- 4.2.29 If a transaction is transferred for manual settlement, Euroclear Finland rejects the allocation data for the

transaction and removes the clearing reserves applying thereto.

- 4.2.30 The clearing parties to the transaction must register and confirm other clearing transaction equivalent to the transaction in the HEXClear system in accordance with Euroclear Finland's instructions and ensure that other clearing transaction is carried out in accordance with these Rules and instructions issued by Euroclear Finland. Euroclear Finland supervises manual settlement and the result thereof. For this reason, Euroclear Finland can request a clearing party to provide additional documents and confirmation Euroclear Finland deems necessary.

#### Removal of a Trade from the HEXClear System

- 4.2.31 If a trade accepted for clearing and concluded in the trading system and registered automatically in the HEXClear system is cancelled under the Rules applicable to the trading system, Euroclear Finland removes this trade from clearing.
- 4.2.32 If a trade accepted for clearing is cancelled, Euroclear Finland removes trade from the HEXClear system. Apart from a return transaction of a securities loan, the parties can jointly remove other clearing transaction from the HEXClear system so that each clearing party accepts removal through its own entry.
- 4.2.33 For a special reason, Euroclear Finland may, on its own initiative and with the consent of the clearing parties or on a joint application made by the clearing parties to Euroclear Finland, remove a trade from the HEXClear system. A trade, which is automatically registered for clearing in the HEXClear system from the trading system, can be removed only for a special reason.
- 4.2.34 If the trade is removed from the HEXClear system, the clearing reservations made on that basis lapse.

#### Finality of Settlement

- 4.2.35 In the HEXClear system, settlement is final when the book-entries relating to the trade have been registered in the book-entries account based on allocation data and when the purchase price has been paid into the payment deposit of the clearing party acting on behalf of the seller if the purchase price is included in settlement. In optimisation, finality additionally requires the removal of optimisation reserves and restrictions on disposal in association with optimisation from the book-entry accounts.
- 4.2.36 Euroclear Finland does not guarantee settlement of a transaction to be cleared and settled in HEXClear nor is party to the trade.

## **Procedure in the Event of a Clearing Party in the HEXClear System being in Insolvency**

### Prevention of Use of Monetary Funds

4.2.37 IF Euroclear Finland becomes aware of insolvency proceedings initiated against a clearing party, Euroclear Finland prevents the use of the clearing party's funds in the payment deposit for purposes other than for settlement of the clearing party's transactions in the manner provided by Section 11, Subsection 2 of the Act on Certain Securities and Currency Trading and Clearing System. The clearing party may, with Euroclear Finland's consent, transfer additional funds to the payment deposit once Euroclear Finland has prevented use of the payment deposit.

### Use of Monetary Funds for Payment

4.2.38 Notwithstanding the insolvency proceedings of a clearing party, the funds in a clearing party's payment deposit can be used for the settlement of trades in the HEXClear system. If a trade has been entered and confirmed after the start of the insolvency proceedings, the funds in the payment deposit may be used to settle a trade only on the starting day of insolvency proceedings.

### Use of a Liquidity Guarantee

4.2.39 If Euroclear Finland becomes aware that a clearing party is insolvent, Euroclear Finland has the right to immediately request funds based on the clearing party's liquidity guarantee to meet the party's clearing obligations.

### Transaction Handling

4.2.40 Notwithstanding insolvency, a clearing party can register a transaction in the HEXClear system unless Euroclear Finland has prevented transfer of the clearing party's trades from the trading system or the registering of trades in the HEXClear system in accordance with these Rules. However, Euroclear Finland has the right, at its discretion, to require that the temporary trustee of the bankruptcy estate, the administrator or some other body responsible for the debtor's affairs in insolvency proceedings shows that conditions exist to execute the trade before the trade is registered in the HEXClear system. The trade of a clearing party ending up in insolvency can, on request, be transferred, with the consent of the receiver or similar body above for settlement by another clearing party acting on behalf of the customer concerned if that clearing party agrees to be responsible for the trade.

- 4.2.41 If the trade of a clearing party ending up in insolvency proceedings is unsettled at the end of the settlement date, Euroclear Finland transfers the trade for settlement on the following settlement date. The right of a clearing party acting as counterparty to cancel a transaction is determined in section 4.2.47 below.

#### The Impact of Insolvency on the Clearing Schedule

- 4.2.42 Euroclear Finland has the right to order the clearing schedule to be changed and to extend or cut the deadlines contained in the clearing schedule on the basis of a clearing party's insolvency.

#### Notifications

- 4.2.43 Euroclear Finland notifies other clearing parties, account operators, the Bank of Finland and the Financial Supervisory Authority immediately of a clearing party's insolvency.

## Special Provisions

#### Suspension of Clearing

- 4.2.44 In addition to the provisions elsewhere in Euroclear Finland Rules and otherwise based thereon, Euroclear Finland's Managing Director may, for special reasons, temporarily suspend clearing. These measures may be directed at a part of the book-entries subject to clearing. Euroclear Finland notifies the clearing parties, account operators, marketplaces, their parties and the Financial Supervisory Authority immediately of suspension and the recommencement of clearing.
- 4.2.45 Due to a technical fault in the trading or OM system, Euroclear Finland may suspend clearing for a fixed period of time.
- 4.2.46 The instructions issued by Euroclear Finland's Managing Director are followed in the event of an operating fault in the OM system, in which case the clearing period may be changed or the clearing moment postponed.

#### Cancellation of a Trade

- 4.2.47 If, due to neglect of a clearing party, a trade has not been settled on the settlement date, the party innocent of neglect is, from the day after the settlement date, entitled to cancel the transaction by issuing a written notification thereof to the other clearing party, Euroclear Finland and the marketplace in question, if the clearing of transaction from the marketplace in question that has been confirmed in the OM system is involved.

#### Removal of Another Transfer from Clearing

- 4.2.48 If the clearing of another transfer than the trade made to the marketplace has not taken place on the settlement date due to a reason attributable to a clearing party, the party innocent of neglect is entitled, from the day after the settlement date, to have the transfer removed from clearing by issuing a written notification thereof to the other clearing party and Euroclear Finland.

## 4.3 Clearing and Settlement in the RM system

### Special Book-Entry Accounts Used in Clearing

#### Clearing Account

- 4.3.1 In gross settlement between the clearing parties, clearing accounts may be used to realise joint delivery and receipt pertaining to several transactions. A clearing account is a special commission account and may be used only in accordance with point 4.3.24 of the Rules. A clearing account cannot be pledged as collateral nor can it be used for other account transfers. Nor can book-entries be deposited in a clearing account.

#### Commission Account

- 4.3.2 A clearing party must have a commission account in which the clearing party undertakes to accept transfers of and transactions in book-entries in its subregister. A commission account is not deposited as collateral with Euroclear Finland in the manner referred to in Chapter 4a, Section 11 of the Securities Markets Act.

### Cash Accounts Used in Clearing

#### Payment Transfer Account

- 4.3.3 Euroclear Finland has a euro payment transfer account with TARGET2 component system, in and from which payments of transactions and other transfers, amounts of money intended as cash collateral, payments relating to book-entries as well as other possible payments pertaining to the operation of the RM system are deposited and paid. Sub-bookkeeping, as referred to in Chapter 4a, Section 9, Subsection 2 of the Securities Markets Act, are kept of the payment transfer account in the RM system, mandatorily separating the monies of the clearing party or its customer. The payment deposit is separated, where necessary, on a clearing party- and

transaction-specific basis, per book-entry account, per book-entry type or as collateral.

#### Payment Account with TARGET2 component system

- 4.3.4 A clearing party undertakes to designate to Euroclear Finland a monetary account in TARGET2 component system in which the payments to the clearing party are made. The payment deposit of a clearing party kept in the sub-bookkeeping of a payment transfer account can be transferred only to the TARGET2 component system account notified by the clearing party.

## Registration and Confirmation of a Transaction

#### Registering a Transaction in the RM system

- 4.3.5 A clearing party must register a transaction to be cleared between the clearing parties in the RM system without delay and, primarily, on the date of transaction.
- 4.3.6 A transaction may be registered in the RM system during its operating hours until the time set in the clearing schedule and preceding settlement in accordance with the terms of the transaction. The date of the registration of the transaction or a later date agreed upon by the parties may be entered as the settlement date of the transaction.
- 4.3.7 Registration of a transaction to be cleared between the clearing parties must be effected so that both the clearing party acting on behalf of the transferor and the clearing party acting on behalf of the recipient register the transaction in the RM system. If the book-entry accounts of the transferor and the recipient are in a book-entry register of the same clearing party, the clearing party enters the transaction only once and the system automatically makes the account entries of the purchase and sale.

#### Method of Clearing

- 4.3.8 Transactions and other transfers are cleared in gross settlement in the RM system. Euroclear Finland does not guarantee payment or delivery of the transactions. When a transaction is to be settled in gross settlement the clearing party acting on behalf of the buyer must, in connection with the entry, also choose the method of payment for the transaction. Correspondingly, the clearing party acting on behalf of the seller must make an entry on where payment is to be made.

#### Confirmation and Irrevocability of a trade

- 4.3.9 After registration of the transaction, the RM system automatically checks that the entries on purchase and

sale match. The transaction is automatically confirmed once matching has been established. If a transaction has not been confirmed by the time of delivery, the information system does not effect it. Under the Act on Certain Securities and Currency Trading and Clearance System, a transaction is registered in the clearing system once it has been confirmed. A clearing party may not unilaterally cancel a confirmed transaction in the RM system.

#### Moment of Entry of a Trade

- 4.3.9 Under the terms of the Act on Certain Conditions of Securities and Currency Trading as well as Settlement Systems a transaction has been entered in the clearing system once a clearing party has registered it in the RM system. Trades that have been entered into the RM system before opening of insolvency proceedings against the clearing party may be settled regardless of the said proceedings.

#### Confirmation and Irrevocability of a Trade

- 4.3.10 After registration of the transaction, the RM system automatically checks that the entries on purchase and sale match. The transaction is automatically confirmed once matching has been established. A clearing party may not unilaterally cancel a confirmed transaction in the RM system. According to the Act on Certain Conditions of Securities and Currency Trading as well as Settlement Systems a transaction that has become irrevocable after the opening of insolvency proceedings against a clearing party may be settled only on the opening day of the proceedings. This requires that the prerequisites described in the said Act are fulfilled.

#### Finality of Settlement

- 4.3.11 In the RM system, settlement is final when the book-entries relating to the trade have been registered in the book-entry account and when the purchase price has been paid into the payment deposit of the clearing party acting on behalf of the seller if the purchase price is included in settlement.

## **Gross Settlement**

#### General Principle

- 4.3.12 A transaction entered to be settled in gross settlement is effected on the settlement date in accordance with the terms of the transaction as soon as the conditions for settlement are met. Also an internal transaction of a clearing party may be entered for gross settlement.
- 4.3.13 A clearing party is responsible to another clearing party and Euroclear Finland for ensuring that a transaction

entered for clearing by the clearing party may be cleared in accordance with the terms registered in the RM system and these Rules. To fulfil this responsibility, the clearing party acting on behalf of the seller verifies that the seller is able to fulfil the responsibility to deliver inherent in the transaction. The clearing party acting on behalf of the buyer verifies that the buyer is able to fulfil the payment obligation inherent in the transaction. If the transaction cannot be cleared and settled in accordance with the terms registered in the RM system and these Rules on the settlement date, Euroclear Finland may impose the sanctions referred to in chapter 5 on the clearing party that has caused the delay in clearing.

#### Deadlines to be Normally Complied with

- 4.3.14 Unless otherwise provided for in the terms of the transaction, clearing and settlement of a transaction to be settled in gross settlement, must comply with the deadlines in accordance with the clearing schedule.

#### Clearing and Settlement

- 4.3.15 A transaction is cleared and settled on the settlement date as soon as the seller has the book-entries subject to the transaction in its book-entry account, and the buyer has deposited the payment needed in settlement in Euroclear Finland's payment transfer account for use in settlement, if the purchase price is included in settlement. If the book-entry is sold from a collateral management account, the transaction may be effected solely if the limit of the collateral management account remains sufficient.
- 4.3.16 In accordance with the information on the transaction entered in the RM system, payment of the purchase price shall be made to the seller either into the payment deposit in the payment transfer account of the clearing party acting on behalf of the seller or into a current account with TARGET2 component system designated by this clearing party, if the purchase price is included in settlement.
- 4.3.17 If a transaction to be cleared in gross settlement cannot be settled on the settlement date due to a shortcoming in the conditions for doing so, it is automatically transferred for settlement on the following settlement date. In this case, the sanctions referred to in chapter 5 may be imposed on the clearing party that has neglected its responsibilities.

#### Book-Entry-Specific Settlement of a Transaction

- 4.3.18 The clearing parties may, on an order by the seller and buyer, register the transaction to be settled in gross settlement so that settlement takes place in connection with other transactions registered in the same book-entry account.

- 4.3.19 The buyer is responsible for paying his purchases registered in the account if the purchase price is included in settlement. The buyer may use the funds obtainable on the sales registered from the account to pay for the purchases registered in the account and pay only the difference between the purchases and sales registered in the said account.
- 4.3.20 A transaction is cleared and settled on the settlement date when the sales registered from the account may be effected using the book-entries in the account or coming into it from other transactions at the time of execution and when the payment needed for the clearing and settlement of the transaction has been deposited on behalf of the buyer for use in Euroclear Finland's payment transfer account.
- 4.3.21 Purchases are paid for using the account-specific payment deposit of the buyer in the payment transfer account or the payment deposit of the clearing party acting on behalf of the buyer in the payment transfer account.
- 4.3.22 Payment is made into the payment transfer account either on behalf of the seller as part of his account-specific payment deposit or on behalf of the clearing party acting on behalf of the seller as part of his payment deposit, or into a current account, designated by the clearing party, with TARGET2 component system in accordance with the entries on the manner of payment in the terms of the transaction.
- 4.3.23 The transactions are settled account-specifically in the order of registration of the transactions pertaining to each account. A clearing party may, however, change the order of the execution of transactions registered by it.
- 4.3.24 Euroclear Finland does not guarantee or assume responsibility for the payment of the difference made by the buyer in accordance with point 4.3.18 or for the delivery of book-entries taking place on the basis thereof.

#### Use of a Clearing Account

- 4.3.25 A clearing account may be used to implement measures pertaining to issuing in accordance with chapter 3. Moreover, a clearing account may be used to settle a trade or other transaction concluded between clearing parties. The book-entries belonging to a transaction are delivered such that the book-entries of the transferor are transferred into the clearing account of the clearing party acting on behalf of the transferor, from which the book-entries are delivered further in one lot together with book-entries pertaining to other transactions into the clearing account of the clearing party acting on behalf of the transferee (combination transaction). From the clearing account of the clearing party acting on behalf of the transferee, the book-entries are allocated to the book-entry accounts of the transferees

(allocation transaction). The payment flows in a combination transaction may be handled clearing account- or book-entry account-specifically. The RM system effects the combination and allocation transactions belonging to the same transaction entity when both the book-entries and the payments have been delivered for clearing.

## Daily Clearing of Transfer Trades

### Description

- 4.3.26 An internal transaction within a subregister to be effected at the time indicated by Euroclear Finland on the settlement date entered in the information on the transaction may be entered for clearing in the RM system.

### Conditions of Settlement

- 4.3.27 A transaction is settled if the book-entry to be sold is in the possession of the seller and at the free disposal of the seller at the time of settlement or if the seller issues it at the time of execution. If a book-entry is sold from a collateral account, the transaction may be performed solely if the limit of the collateral account remains sufficient.
- 4.3.28 A book-entry subject to the transaction is registered in the buyer's account in connection with settlement. It may be resold for delivery in the same or in future settlements.
- 4.3.29 The payment of the transaction is not made in the RM system, nor does Euroclear Finland guarantee the making of payments.

## Payment Flows Relating to Clearing Operations

### Payment Flows in Gross Settlement

- 4.3.30 In gross settlement, payment for a transaction to be settled is, in accordance with the registered information on the transaction, made to the seller either in the payment deposit of the clearing party acting on his behalf, in the account-specific payment deposit of the seller, or into the current account, designated by the clearing party acting on behalf of the seller, with TARGET2 component system.

## **Payment Deposits to be Separated in the Sub-Bookkeeping of Euroclear Finland's Payment Transfer Account**

4.3.31 Unless Euroclear Finland has restricted the use of the account, payment deposits and payments referred to in points 4.3.32 - 4.3.34 may be transferred to Euroclear Finland's payment transfer account.

### Clearing-Party-Specific Payment Deposit

4.3.32 To effect transactions registered in gross settlement, the purchasing clearing party must transfer the payment deposit to Euroclear Finland's payment transfer account if the payment is not made with the transaction-specific payment deposit or account-specific payment deposit referred to in points 4.3.33 - 4.3.34. Euroclear Finland has the right to use the payment deposit to pay the clearing party acting on behalf of the seller the transaction entered by the clearing party acting on behalf of the buyer in gross settlement.

### Transaction-Specific Payment Deposit

4.3.33 The clearing party acting on behalf of the buyer must deposit funds in the payment transfer account to be used to execute a transaction entered in gross settlement if payment is not made from the payment deposit specific to the clearing party. The reference data of the said transaction is indicated in connection with a transaction-specific payment deposit. Euroclear Finland is entitled to use each transaction-specific payment deposit to pay a transaction with the same reference data and registered in the information system.

### Account-Specific Payment Deposit

4.3.34 A clearing party must ensure that the account holder of the book-entry account reserves an account-specific payment deposit in the payment transfer account to be used to pay for his purchases referred to in points 4.3.18 - 4.3.20 and entered for clearing specifically for each book-entry account if the payment is not made from the payment deposit specific to a clearing party. Euroclear Finland has the right to use the account-specific payment deposit for the payment of the purchases.

## **Clearing a Transaction of Zero Price**

4.3.35 A transfer may be entered for clearing in gross settlement so that its clearing price is zero. In this case, the transfer is affected without checking the

payment. In clearing a zero price transaction, Euroclear Finland does not guarantee to deliver transactions. Transactions are settled if they fulfil the conditions in accordance with these Rules.

## **Cancellation of a Transaction Entry**

### Removal of an Unconfirmed Transaction from Gross Settlement

4.3.36 A clearing party may unilaterally remove from the RM system an unconfirmed transaction entered by it in gross settlement.

### Removal of a Confirmed Transaction from Gross Settlement

4.3.37 A confirmed transaction registered for gross settlement cannot be removed unilaterally. The clearing parties that have registered the transaction may jointly remove the transaction from the information system.

### Removal of an Internal Transfer Trade of a Subregister

4.3.38 A clearing party that has registered an internal transfer trade within its subregister in the RM system may remove it from the system prior to realisation of the transaction.

### Transactions Registered by Using Different Clearing Methods and Belonging to the Same Settlement Chain

4.3.39 Euroclear Finland does not settle a transaction if the sale of the book-entries has been entered in the RM system for clearing with a different clearing method than the purchase registered earlier with which the book-entries sold are meant to be acquired, and if the earlier purchase has not been effected or settlement has not taken place.

## **Clearing Repo Agreements**

### Repo Account

4.3.40 A repo account, in which the terms of repo agreements are entered, may be maintained in the name of an account holder in a subregister. The entries to be made in a repo account relate to the rights and obligations of the parties. A repo account is not a book-entry account, nor does it indicate a property right to a book-entry.

### Repo Agreement with and without Collateral

4.3.41 A repo agreement may be entered in the RM system for clearing without collateral or such that the collateral specified by Euroclear Finland is pledged and Euroclear

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Finland shall be responsible for fulfilling the obligations of the parties to ensure settlement of the contact.

#### Parties to a Repo Agreement

4.3.42 The parties to a repo agreement shall have book-entry accounts and repo accounts in the RM system. Clearing a repo agreement with collateral in the RM system requires that both the parties to the repo agreement have undertaken to comply with these Rules and have concluded an agreement with Euroclear Finland on the responsibility of Euroclear Finland and the party in the clearing of repo agreements as well as submitted the required deeds of pledge.

#### Responsibility of a Clearing Party

4.3.43 The clearing parties who may register repo agreements and maintain repo accounts in their subregisters are responsible for maintaining the repo accounts, determining the user authorisations of the accounts, establishing the accounts, maintaining basic information on the accounts, handling reports to be issued on the accounts as well as for contacts with the account holders.

#### Registration and Responsibility of a Repo Agreement

4.3.44 Clearing parties deal with the registration of repo agreements on behalf of the parties thereto. Clearing parties are responsible to Euroclear Finland for registering liabilities based on repo agreements in repo accounts in accordance with the orders of parties to the agreements. On the basis of an order, a clearing party must register a repo agreement without delay in the repo account in question.

4.3.45 Registration may be made separately or jointly for buyer and seller. The number of both the seller and buyer's repo account shall be given in connection with registration. The seller and the buyer must, in connection with registration, also give the numbers of their book-entry accounts to be used in the transfer.

#### Confirmation of a Repo Agreement

4.3.46 Confirmation of a registered agreement takes place automatically when the RM system has checked that the information on the parties, method of clearing and agreement match.

#### Clearing and Settlement of a Repurchase Transaction

4.3.47 A sales transaction and repurchase transaction to be concluded on the basis of the terms of a repo agreement is, depending on the choice of the parties to the agreement, settled in accordance with points 4.3.12 - 4.3.24 in gross settlement. However, not all payment

methods, transfers of the trading day or clearing accounts are available in gross settlement.

#### Settlement of a Sales Transaction

4.3.48 A repo agreement may be entered into the information system at the latest on the selling day. The RM system automatically transfers the transaction to gross settlement on the basis of this registration provided that the repo agreement has been confirmed in accordance with point 4.3.45 during the selling day. The book-entries are transferred to the book-entry account of the buyer and the money to the payment transfer account in connection with execution of the transaction. In connection with execution, also the collateral of the seller and the buyer pertaining to a repo agreement with collateral are reserved. In settlement, the repo agreement shall be found valid in the RM system.

#### Settlement of a Repurchase Transaction

4.3.49 In settling a repurchase transaction, the book-entries are, in connection with execution, transferred to the book-entry account of the buyer and the money to the payment transfer account. At the same time, any collateral deposited by the seller and the buyer is released.

#### Changing the Terms of a Repo Agreement

4.3.50 The repurchase date of a repo agreement may be postponed prior to the production of a repurchase for clearing in the RM system. Also the repurchase price and underlying instrument in accordance with the terms of the repo agreement may be amended. The method of clearing of a repurchase transaction may be amended by no later than the day preceding the repurchase day. All amendments to the terms must be made by a joint action of the parties.

#### Cancellation of a Repo Agreement

4.3.51 Registration of an unconfirmed repo agreement, the correspondence of the sales and purchase entries of which has not been established, may be unilaterally removed.

4.3.52 Registration of a confirmed repo agreement may be cancelled solely by joint registration of both the parties that have registered the purchase and the sale.

## **Procedure in the Event of a Clearing Party in the RM System being in Insolvency**

### Prevention of Use of Monetary Funds

4.3.53 If Euroclear Finland becomes aware of insolvency proceedings initiated against a clearing party, Euroclear Finland may, by changing clearing party's user authorisations, prevent the use of the clearing party's funds in the payment deposit for purposes other than for settlement of the clearing party's transactions in the manner provided by Section 11, Subsection 2 of the Act on Certain Securities and Currency Trading and Clearing System. The clearing party may, with Euroclear Finland's consent, transfer additional funds to the payment deposit once Euroclear Finland has prevented use of the payment deposit.

### Use of Monetary Funds for Payment

4.3.54 Notwithstanding the insolvency proceedings of a clearing party, the funds in a clearing party's payment deposit can be used for the settlement of trades in the RM system. If a trade has been confirmed after the start of the insolvency proceedings, the funds in the payment deposit may be used to settle a trade only on the starting day of insolvency proceedings.

### Transaction Handling

4.3.55 Notwithstanding insolvency, a clearing party can enter a transaction in the RM system unless Euroclear Finland has prevented entering of the clearing party's trades in the RM system in accordance with these Rules. However, Euroclear Finland has the right, at its discretion, to require that the temporary trustee of the bankruptcy estate, the administrator or some other body responsible for the debtor's affairs in insolvency proceedings shows that conditions exist to execute the trade before the trade is entered in the RM system.

4.3.56 If the trade of a clearing party ending up in insolvency proceedings is unsettled at the end of the settlement date, Euroclear Finland transfers the trade for settlement on the following settlement date.

### The Impact of Insolvency on the Clearing Schedule

4.3.57 Euroclear Finland has the right to order the clearing schedule to be changed and to extend or cut the deadlines contained in the clearing schedule on the basis of a clearing party's insolvency.

### Notifications

4.3.58 Euroclear Finland notifies other clearing parties, account operators, the Bank of Finland and the

Financial Supervisory Authority immediately of a clearing party's insolvency.

## 4.4 Securities Lending in the OM system

### Securities Lending

Clearing of Lending Contracts in the OM system

- 4.4.1 Lending contracts relating to book-entries incorporated in the system are cleared in the OM-system to the extent decided by Euroclear Finland's Managing Director. Settlements in accordance with standardised derivative instruments used for the purpose of lending are also settled in the OM system.
- 4.4.2 In the OM system, both the clearing party acting on behalf of the borrower and that of the lender enter the loan transaction data in the system. Based on the loan transaction data, the HEXClear system forms the confirmed loan return transaction when the loan is settled.
- 4.4.3 Clearing the contract is governed by the provisions of the Rules relating to clearing a transaction in the OM system as well as the decisions of the Managing Director. Euroclear Finland's Managing Director may decide the procedures to be complied with in the clearing of lending contracts, the necessary restrictions as well as exemptions from the provisions on clearing transactions.
- 4.4.4 Euroclear Finland is not liable for any collateral of the contracts, nor does it guarantee delivery or the financial standing of the parties otherwise than in accordance with the Rules relating to clearing in the OM system. Euroclear Finland furnishes the taxman with the information required under the Act on Taxation Proceedings (1558/1995).

## 5. SUPERVISION AND SANCTIONS

### 5.1 Supervision by Euroclear Finland

#### Supervision, Audits and the Right to Obtain Information

##### Supervision

- 5.1.1 Euroclear Finland supervises to ensure that account operators, their agents, issuers, issuer agents and clearing parties comply with these Rules and regulations as well as the Decisions issued thereunder. Euroclear Finland also supervises to ensure that account operators and their agents comply with the provisions on the operation of Euroclear Finland's registration system contained in the Act, Decree or a decision issued by the authorities. Any party found guilty of negligence may be subject to a sanction referred to in this chapter.
- 5.1.2 The personnel of Euroclear Finland or of an organisation belonging to the same Group bound by the provisions on secrecy of Euroclear Finland's personnel may be used to perform the supervisory duty.

##### Right to Obtain Information

- 5.1.3 Euroclear Finland has the right to obtain, on request, the detailed information necessary for supervision from an account operator, its agent, an issuer, an issuer agent and a clearing party. Euroclear Finland has, subject to banking secrecy, business secrecy or other secrecy obligation prescribed in the law, the right to obtain information solely to implement its statutory supervisory duty.

##### Right of Inspection of Euroclear Finland

- 5.1.4 Euroclear Finland is entitled to make on-site inspections of the workstations, data systems, data technical equipment, data communication connections, security arrangements and emergency methods of an account operator, its agent, a clearing party and an issuer agent that are connected to Euroclear Finland's systems. Euroclear Finland is entitled to request, free of charge, reports on these issues, in writing or in data-technical format, necessary to ensure the reliable functioning of the book-entry system and Euroclear Finland's systems.

##### Notifying the Financial Supervisory Authority

- 5.1.5 Euroclear Finland notifies the Financial Supervisory Authority of a procedure of an account operator, its agent and a clearing party which is in obvious violation

of the provisions, Rules or regulations referred to in point 5.1.1 unless the procedure is immediately rectified or the situation otherwise corrected.

## Financial Supervision

### Accounts to be Submitted regularly to Euroclear Finland

- 5.1.6 An account operator, its agent, a clearing party and an issuer agent must submit, at Euroclear Finland's request, the following documents in the form and within the time separately confirmed by Euroclear Finland:
- 1) a signed financial statement as well as a written notification on the adoption of the financial statement,
  - 2) the audit report when it has been issued,
  - 3) upon its completion, an interim report or another account determined by Euroclear Finland of the financial position of the clearing party.
- 5.1.7 An account operator, its agent, a clearing party and an issuer agent must also notify Euroclear Finland in writing, within a reasonable time, of a decision to decline discharge from liability as well as of a decision of the General Meeting of Shareholders to amend the Articles of Association or the Rules and the main contents thereof if such amendment affects the status of the party in Euroclear Finland's system.
- 5.1.8 The State of Finland and the Bank of Finland need not submit the documents referred to above. Euroclear Finland may also decide that an account operator, its agent, a clearing party or an issuer agent need not submit the said accounts if this is deemed unnecessary due to the public-law nature of the operations of the party in question or to another similar reason.

### Right to Conduct an Audit

- 5.1.9 Euroclear Finland is entitled to have, with the assistance of an auditor approved by the Central Chamber of Commerce or another expert, an account operator, its agent, a clearing party or an issuer agent audited in order to obtain the information referred to in points 5.1.3 – 5.1.4 and 5.1.6 – 5.1.7. The costs shall be borne by the organisation audited.

## Limiting Euroclear Finland's risks

### Open Liabilities of the Clearing Parties

- 5.1.10 Euroclear Finland may, in the OM and RM systems, monitor the volume and value of registered and outstanding transactions as well as the other open liabilities of the clearing parties towards Euroclear Finland and other clearing parties. On the basis of this,

Euroclear Finland may, in order to ensure the clearing operation reliability, limit the open liabilities of a clearing party in relation to the clearing party's own funds as are defined in the Act on Credit Institutions (121/2007) and the Act on Investment Firms (922/2007). If the limitation applies to a clearing party that is the other party to fiscal measures of the Bank of Finland, Euroclear Finland immediately notifies the Bank of Finland of the limitation. The clearing party subject to limitation may refer the matter to Euroclear Finland's Board of Directors. In spite of this, the limitation must be complied with unless the Board of Directors decides otherwise.

### Suspension of Operations

- 5.1.11 Euroclear Finland's Managing Director may temporarily suspend the operations of an account operator, its agent, a clearing party or an issuer agent in Euroclear Finland by preventing the transfer of new transactions or other entries to the systems of Euroclear Finland or by another necessary procedure if insolvency proceedings are initiated against an account operator, its agent, a clearing party or an issuer agent. Correspondingly, Euroclear Finland's Managing Director may suspend the operations of a party within Euroclear Finland if the party suspends or neglects its payments, decides on liquidation or if it is otherwise evident that continuation of the operations of the party would cause particular risks to Euroclear Finland.
- 5.1.12 If a circumstance referred to in point 5.1.11 concerns an issuer, Euroclear Finland's Managing Director may decide that the book entries of the issuer no longer can be issued in Euroclear Finland's systems.
- 5.1.13 Euroclear Finland's Managing Director decides on the measures to be taken as a result of the suspension of the operations of an account operator, its agent, a clearing party or an issuer agent.
- 5.1.14 The decision of Euroclear Finland's Managing Director in respect of the suspension of operations must be made available for consideration by Euroclear Finland's Board of Directors without delay.

## **5.2 Enforcement of Compliance with the Rules and Disciplinary Procedure**

### **Payments for Delay**

#### Decision on Payment for Delay

- 5.2.1 If a clearing party neglects the deadline prescribed in these Rules or a Decision issued thereunder or if clearing or implementation of another transaction in Euroclear Finland is delayed due to a reason

attributable to a clearing party, the said organisation is liable to pay Euroclear Finland for the delay. Such payment depends on the duration of neglect and its seriousness in view of Euroclear Finland's operations. Euroclear Finland's Managing Director decides on the specification grounds and manner of collecting the payments for delay as well as on the amount of such payments. The decision must indicate the negligence for which payment is collected. Euroclear Finland is entitled to notify the marketplace in question of the negligence of a clearing party.

#### Collection of Payment for Delay

- 5.2.2 Euroclear Finland decides on the collection of payment for delay from a clearing party.

#### Transfer of Payment for Delay to the Innocent Party

- 5.2.3 Euroclear Finland may make the payment for delay of the clearing party that is guilty of negligence to the innocent clearing party whose operations have been hampered by the negligence.

#### Indication of the Originator of Delay in the HEXClear and RM system

- 5.2.4 Based on information in the HEXClear and RM system, Euroclear Finland may in the HEXClear and RM system indicate the clearing party that has caused the delay to the clearing party that is innocent of negligence and whose operations have been hampered by the negligence.

#### Damages

- 5.2.5 Making payment for delay does not limit the liability of an account operator, agent, issuer, clearing party or issuer agent to compensate the losses caused by it.

## **Disciplinary procedure**

#### Disciplinary matters and bodies

- 5.2.6 In addition to the regulations of this section, the disciplinary procedure is governed by the provisions of the Rules of the Disciplinary Board.
- 5.2.7 Disciplinary matters in Euroclear Finland are handled by a person appointed by Euroclear Finland's Board of Directors to be responsible for disciplinary procedure, who acts as secretary to the Disciplinary Board appointed by the Board of Directors. Euroclear Finland's Board of Directors may decide that the Nasdaq OMX Helsinki Ltd and Euroclear Finland have a joint Disciplinary Board and a joint secretary thereto so that the Board of Directors of the Nasdaq OMX Helsinki Ltd appoints the Disciplinary Board and its secretary.

- 5.2.8 The secretary to the Disciplinary Board shall have a degree in law. The Disciplinary Board is afforded an opportunity to express its opinion on the suitability of the secretary to the Disciplinary Board for the position before his/her appointment. The Board of Directors may relieve the secretary to the Disciplinary Board of his/her responsibilities only after having consulted the Disciplinary Board. Euroclear Finland's Board of Directors may for its part approve the decisions made by the Board of Directors of the Nasdaq OMX Helsinki Ltd if the Nasdaq OMX Helsinki Ltd and Euroclear Finland have a joint secretary to the Disciplinary Board.
- 5.2.9 The rules of the Disciplinary Board are confirmed by Euroclear Finland's Board of Directors. The Board of Directors appoints the Chairman and the Vice-Chairman of the Disciplinary Board, who shall both be experienced judges. In addition, the Board of Directors appoints at least two and at most four other members to the Disciplinary Board, at least two of these members shall be well versed in the securities markets. Members of the Disciplinary Board are appointed for a term of office lasting three calendar years at a time. Euroclear Finland's Board of Directors may, for its part, approve the decisions made by the Board of Directors of the Nasdaq OMX Helsinki Ltd if the Nasdaq OMX Helsinki Ltd and Euroclear Finland have a joint Disciplinary Board. Euroclear Finland's Board of Directors may relieve a member of the Disciplinary Board of his/her responsibilities only for an especially weighty reason.
- 5.2.10 A person employed by an organisation that directly or indirectly owns at least 10 per cent of Euroclear Finland's share capital or voting rights or belongs to the same group as such an organisation may not be elected a member of the Disciplinary Board. Nor can a person who is the Managing Director or a member of the Board of Directors of an organisation referred to herein or who is carrying out an assignment on behalf of such an organisation otherwise than temporarily be elected a member of the Disciplinary Board.
- 5.2.11 The Financial Supervisory Authority must be afforded an opportunity to submit its opinion on the suitability of the secretary and members of the Disciplinary Board prior to their appointment.
- 5.2.12 The right of the Disciplinary Board and its secretary to obtain information is governed by the provisions of section 5.1 on Euroclear Finland's right to obtain information.

#### Handling of a Disciplinary Matter, Initiation of Proceedings, Sanctions and their Publicity

- 5.2.13 A disciplinary matter is considered by the secretary to the Disciplinary Board. Unless the offence is minor, the secretary to the Disciplinary Board must issue a reprimand to the party in question.

- 5.2.14 The secretary to the Disciplinary Board must bring the matter to the Disciplinary Board if the nature of the matter, recurrence of the offence or another comparable reason so requires. The secretary to the Disciplinary Board may also bring the matter to the Disciplinary Board if it is necessary to obtain the decision of the Disciplinary Board due to the precedent nature of the matter.
- 5.2.15 If the secretary to the Disciplinary Board does not bring the matter to the Disciplinary Board, the party whose liabilities or interests are directly involved also has the right to bring the matter to the Disciplinary Board.
- 5.2.16 If the disciplinary matter concerns an organisation that directly or indirectly owns at least 10 per cent of Euroclear Finland's share capital or voting rights or which belongs to the same group as such an organisation, the Financial Supervisory Authority may also bring the matter to the Disciplinary Board.
- 5.2.17 The Disciplinary Board may, on proposal by the secretary to the Disciplinary Board or at its own initiative, decide on the temporary cancellation of the rights of a clearing party, an account operator, its agent or an issuer agent if this is well-founded due to the nature or urgency of the matter or to another similar reason. The decision of the Disciplinary Board on temporary cancellation of the rights is in force for a period of time decided by the Disciplinary Board, however, at most until Euroclear Finland's Board of Directors has considered the proposal of the Disciplinary Board referred to in point 5.2.20. If the urgency of the matter so requires, the Chairman of the Disciplinary Board, or where he is prevented, the Vice-Chairman, may make the decision referred to herein temporarily on behalf of the Disciplinary Board until the Disciplinary Board has considered the matter.
- 5.2.18 The Disciplinary Board may issue a reprimand to the party in question. If a reprimand is not a sufficient sanction due to the nature of the matter, recurrence of the offence or to another similar reason, the Disciplinary Board may issue a caution.
- 5.2.19 As a sanction in connection with a reprimand or a caution, the Disciplinary Board may order the party in question to pay Euroclear Finland a disciplinary fee. The maximum and minimum amounts of this fee are determined in the Rules of the Disciplinary Board.
- 5.2.20 If the offence is severe, the Disciplinary Board may, in addition to imposing the disciplinary charge, recommend to Euroclear Finland's Board of Directors that the rights of the clearing party, the account operator, its agent or an issuer agent be cancelled for a fixed term or in full. The Disciplinary Board must, in that case, issue a statement to the Board of Directors on the severity of the offence. The right of the Board of Directors to cancel the rights of a clearing party, an

account operator, its agent and an issuer agent are governed by the provisions of section 5.3.

- 5.2.21 The secretary to the Disciplinary Board and the Disciplinary Board must afford the party in question an opportunity to be heard before deciding a disciplinary matter.
- 5.2.22 A reprimand issued by the secretary to the Disciplinary Board is not public unless he/she decides otherwise for an especially weighty reason. A reprimand issued by the Disciplinary Board is not public unless the Disciplinary Board decides otherwise for an especially weighty reason. In respect of other sanctions, the decision issued by the Disciplinary Board is public and must be published without delay. The grounds for the decision are public to the extent determined by the Disciplinary Board.
- 5.2.23 The secretary to the Disciplinary Board and the Disciplinary Board must inform Euroclear Finland's Board of Directors and the Financial Supervisory Authority of a disciplinary matter considered by them as well as of the decision issued thereon.

## Payment Default

### Actions

- 5.2.24 In addition to the provisions of Euroclear Finland's price list referred to in section 7.1 on interest on arrears and other sanctions on delayed payment, Euroclear Finland's Board of Directors may issue a reminder to an account operator, an agent, an issuer, an issuer agent or a clearing party that fails to make the payments in accordance with Euroclear Finland's price list or the payments of the fund of Euroclear Finland belonging to it. The reminder of the Board of Directors may be published. If the organisation referred to above has neglected several instalments, Euroclear Finland's Board of Directors may suspend the operations of the organisation in the manner referred to in points 5.1.11 - 5.1.14.

## Limitation of Liability

- 5.2.25 Neither Euroclear Finland, the secretary to the Disciplinary Board nor the Disciplinary Board are liable towards an account operator, an agent, an issuer, an issuer agent or a clearing party for losses resulting from actions referred to in the law, these Rules or the Decisions issued hereunder or in the Rules of the Disciplinary Board which Euroclear Finland, the secretary to the Disciplinary Board or the Disciplinary Board were entitled to undertake, unless it is proven that Euroclear Finland, the secretary to the Disciplinary

Board or the Disciplinary Board acted solely or principally to cause loss.

## 5.3 Withdrawal and Dismissal from the Systems

### Withdrawal from Euroclear Finland's Systems

#### Period of Notice

- 5.3.1 An account operator, an agent, a clearing party and an issuer agent may withdraw from the relevant system of Euroclear Finland by giving written notice thereof to Euroclear Finland's Managing Director. The obligation of the withdrawing organisation to operate in the system in question expires in accordance with the notice to withdraw subject, however, to three (3) months at the earliest from the issue of the notice unless Euroclear Finland's Managing Director has accepted an earlier date for closing down the operations.

#### Closing Down Part of Operations

- 5.3.2 If an account operator, an agent, a clearing party or an issuer agent closes down part of its operations within Euroclear Finland, the period of notice for closing down operations is three (3) months. The obligation of the organisation closing down part of the operations to operate in the system in question expires in accordance with the notice to withdraw subject, however, to three (3) months at the earliest from the issue of the notice unless Euroclear Finland's Managing Director has accepted an earlier date for closing down the operations.

## Cancellation of Rights

#### Conditions for the Cancellation of Rights

- 5.3.3 In addition to what is said in the Securities Markets Act and the Act on Book-Entry Accounts on the cancellation of rights, Euroclear Finland's Board of Directors is entitled to cancel the right of an account operator, an agent, a clearing party and an issuer agent to operate in a system of Euroclear Finland, if the organisation has materially or repeatedly mandatory legislation or these Rules, if the organisation no longer fulfils the conditions laid down by law or these Rules, if the organisation has become subject to the insolvency proceedings referred to in point 5.1.11 or if right shall, on the basis of law, otherwise be cancelled. Euroclear Finland's Board of Directors must also, in accordance with Chapter 4a, Section 8, Subsection 3 of the Securities Markets Act, cancel the right of a clearing party if the Financial

Supervisory Authority, in compliance with the conditions prescribed in the law, so decides.

#### Temporary Cancellation

- 5.3.4 The rights may be cancelled for a fixed period of time if Euroclear Finland has a justified reason to suspect that any of the conditions referred to in section 1.5 is not fulfilled or that the organisation has violated mandatory legislation or these Rules. Temporary cancellation of rights is in force for a maximum of three (3) months. Before expiry of the deadline, Euroclear Finland's Board of Directors must decide whether the organisation may continue its operations or whether its rights are to be cancelled permanently in accordance with point 5.3.3.

#### Effect of Cancellation on Agents

- 5.3.5 When the right of an account operator to operate in a system of Euroclear Finland has been cancelled, the rights of the agents of the account operator to operate in the system also simultaneously expire unless Euroclear Finland's Board of Directors decides otherwise.

#### Obligation to Consult the Party and Right of Appeal

- 5.3.6 Prior to a decision on the cancellation of the rights, Euroclear Finland's Board of Directors must afford the party in question a chance to be consulted. An account operator, an agent and a clearing party whose rights have been cancelled may refer the cancellation decision to the Financial Supervisory Authority within 30 days of the decision being served.

#### Notifications

- 5.3.7 Euroclear Finland notifies the Ministry of Finance, the Bank of Finland and the Financial Supervisory Authority of the cancellation of rights. If cancellation relates to the rights of a clearing party in the OM system, Euroclear Finland also notifies the marketplaces of the cancellation.

## **Management of and Liability for Book-Entries**

#### Management of Book-Entries

- 5.3.8 When the operations of an account operator or its agent in a system of Euroclear Finland cease or the operations are restricted, the account operator and the agent must, on request of the account holder, transfer the book-entry account in the book-entry register for management by another account operator or agent designated by the account holder, or if no new account

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operator or agent is designated, to Finnish Central Securities Depository Customer Account Services. The receiving account operator can also request the transfer. Euroclear Finland implements the transfer on the basis of Section 16b of the Act on Book-Entry Accounts.

Liability of the Party that has Closed Down Operations

- 5.3.9 In spite of closing down of operations, an account operator, an agent, a clearing party and an issuer agent are liable for the operations that the party has carried out in the systems of Euroclear Finland prior to closing down operations.

## **6. INTERNATIONAL COOPERATION**

### **6.1 Operation of Foreign Parties in Euroclear Finland's Systems**

#### **Cooperation with Foreign Parties**

##### Foreign Institutions

- 6.1.1 Euroclear Finland shall operate in cooperation with foreign national and international book-entry registers, securities clearing and depository institutions, central securities depositories and other foreign organisations engaged in operations comparable to those of Euroclear Finland. Euroclear Finland may cooperate only with a Foreign Institution referred to above that is under sufficient public supervision and whose financial conditions of operations and administration are adequate in view of the reliability of the cooperation.

##### Reciprocity

- 6.1.2 When deciding on cooperation referred to in this chapter, Euroclear Finland's Board of Directors and Managing Director take into account how the Foreign Institution and the legislation of its home State offer Euroclear Finland and other Finnish parties a chance to participate in corresponding operations in the home State of the Institution.

##### Risk Management

- 6.1.3 When deciding on cooperation, Euroclear Finland's Board of Directors and Managing Director take into account the risk arising to Euroclear Finland from participating in cooperation, and how the insurance safeguarding the operations of Euroclear Finland covers these risks.

##### Cooperation within the Economic and Monetary Union

- 6.1.4 Euroclear Finland participates in the cooperation between central securities depositories within the European Economic and Monetary Union as well as within the European central banking system in accordance with the rules and principles to be agreed thereupon.

##### Representation in International Contexts

- 6.1.5 As the Finnish National Central Securities Depository, Euroclear Finland represents the views of Finland on

issues within the scope of its operations in international organisations and in other international contexts.

## **Nominee Registration and Custodial Nominee Accounts**

Nominee Registration Custodian and Account Holder of a Custodial Nominee Account

- 6.1.6 Upon application, Euroclear Finland's Managing Director may accept a Foreign Institution or another foreign organisation to act as a nominee registration custodian referred to in Section 28 of the Act on the Book-Entry System, or as an account holder of a custodial nominee account referred to in Section 5a of the Act on Book-Entry Accounts if the applicant is subject to sufficient public supervision and if the financial operating conditions and the administration of the applicant meet the requirements set for the reliable attendance to its responsibilities. Euroclear Finland's Managing Director decides on the reports required in connection with the application.

Joint Decision

- 6.1.7 Euroclear Finland's Managing Director may decide that all foreign organisations belonging to a group to be separately defined may, without separate application, act as nominee registration custodians or as account holders of custodial nominee accounts.

## **Operation of Foreign Central Securities Depositories in Euroclear Finland's Systems**

Custodial nominee accounts, Commission accounts and Nominee Registration

- 6.1.8 Euroclear Finland may open one or several custodial nominee accounts by order of a Foreign Institution above in the name of this institution. Euroclear Finland may respectively open a commission account in the name of a Foreign Institution practicing operations comparable to those of Euroclear Finland, if a derivatives contract has been concluded on behalf of a Finnish person or organisation in a foreign derivatives exchange that has been entered on the list of regulated markets referred to in the Council Directive 93/22/EEC on investment services in the securities field, and if the execution of such contract requires clearing in the Foreign Institution. A custodial nominee account and commission account may be merged into one book-entry account. Euroclear Finland acts as the account operator and clearing party of the said institution in Euroclear Finland's system. Before opening an account, Euroclear Finland must examine conditions for opening an account in accordance with points 6.1.6 - 6.1.7 or

with Section 16 of the Act on Book-Entry Accounts. At the same time, Euroclear Finland may approve the said institution to act as the nominee registration custodian. Also Euroclear Finland itself may act as the nominee registration custodian and the account holder of a custodial nominee account on behalf of the said institution.

- 6.1.9 An agreement must be concluded on the opening of a custodial nominee account or a commission account and the management on a nominee registration, determining the obligations of Euroclear Finland and the said institution, fees as well as other related matters.

#### Status of an Account Operator, Agent, Clearing Party and Issuer Agent

- 6.1.10 Euroclear Finland's Managing Director may accept a Foreign Institution as an account operator, an agent, a clearing party and an issuer agent. The conditions and procedures referred to in section 1.5 are, where applicable, complied within accepting the institution.
- 6.1.11 An agreement must be concluded on acting as an account operator, an agent, a clearing party or an issuer agent determining the obligations of Euroclear Finland and the said institution, contributions to the Central Securities Depository Fund, fees as well as other related matters.

#### Transfer of Payments

- 6.1.12 To deal with the necessary payment transactions, an account-specific payment deposit or a clearing-party specific payment deposit may be opened for a Foreign Institution in the payment-transfer account of Euroclear Finland maintained with TARGET2 component system.
- 6.1.13 For cooperation, the said institution may designate a payment-transfer account with a bank operating in Finland. The institution must give Euroclear Finland the authority required in cooperation to operate the account in question.

#### Liability of Euroclear Finland

- 6.1.14 In respect of operations forming the object of the agreement referred to in point 6.1.9 or 6.1.11, Euroclear Finland is liable only for direct damage caused to the Foreign Institution wilfully or through negligence by Euroclear Finland or an employee thereof or wilfully or through negligence by a third party engaged in the provision of services relating to the operations forming the object of the agreement on the basis of an agreement concluded with Euroclear Finland or a by person employed thereby. Euroclear Finland may not held liable for any loss of interest, lost profits, loss arising from other contractual relations or for other indirect loss to a Foreign Institution. Euroclear Finland may not be held liable for loss caused by the operation

of the payment systems maintained by the Bank of Finland or by other banks. These rules or this agreement do not, however, limit Euroclear Finland's statutory liability provided by Sections 30-32 of the Act on Book-Entry Accounts or by Section 17 of the Act on the Book-Entry System.

#### Breach of these Rules

6.1.15 A Foreign Institution using Euroclear Finland's services on an agreement basis is liable for losses it causes Euroclear Finland, another account operator, an agent, a clearing party, an issuer agent or other third party through breach of these Rules or the Decisions issued hereunder.

#### Development of the Systems and Rules

6.1.16 Euroclear Finland is entitled to modify and develop its systems in accordance with the schedule established by Euroclear Finland. Euroclear Finland notifies the Foreign Institution of the implementation of any modification if this affects the operation of the Institution.

#### IT Equipment and Responsibility for Data Communications

6.1.17 The operations of Euroclear Finland's systems are carried out in the equipment or backup equipment decided on by Euroclear Finland at any given time.

#### Liability for Registrations, Entries and Information

6.1.19 A Foreign Institution operating as a custodial nominee account holder on an agreement basis is liable for all the information and applications for registration which it submits to Euroclear Finland. The Foreign Institution undertakes to use the information-exchange method agreed to transmit information and applications for registration.

#### Status of the Information in Euroclear Finland's Systems

6.1.20 The status of the information registered in a book-entry account and kept in the book-entry system is governed by law. Unless otherwise provided by law, the registrations, entries and other information in Euroclear Finland's systems shall be complied with between Euroclear Finland and the Foreign Institution when the Institution operates in Euroclear Finland's systems.

## **6.2 Operation of Euroclear Finland in Foreign Systems**

### **Participation in Foreign Clearing and Safekeeping Systems**

## Membership of a Foreign Central Securities Depository

- 6.2.1 To implement international cooperation, Euroclear Finland may apply for membership, the status of a party, or another corresponding status of a system of a Foreign Institution. Euroclear Finland may open a book-entry securities account relating to this status and request registration of the account in Euroclear Finland's name. To implement cooperation, Euroclear Finland may also open a monetary account with a foreign bank or in a system of payments of a foreign central bank connected with the system of the Bank of Finland. A book-entry securities account and a monetary account opened in Euroclear Finland's name are used for keeping in the foreign system such assets of the parties of Euroclear Finland and their customers that are administered through Euroclear Finland's international links. This matter is considered by Euroclear Finland's Board of Directors.
- 6.2.2 An agreement is concluded on the cooperation referred to in point 6.2.1 above, determining the obligations of Euroclear Finland and of the said institution, the fees and other related matters. To implement cooperation, Euroclear Finland, if necessary, undertakes to comply with the foreign legislation applicable to the operations and with the Rules of the said institution.
- 6.2.3 The membership or application for or use of the status of a party may not jeopardise the reliability of the book-entry system or Euroclear Finland's operations in Finland.

## Foreign Book-Entries

### Administration of Assets in a Foreign System

- 6.2.4 Euroclear Finland may agree with a Foreign Institution that foreign physical securities, book-entries or rights corresponding or attached thereto in the custody of the foreign institution shall be separated into joint custody in Euroclear Finland's name kept on behalf of the holders of foreign book-entries to be issued in Finland. Separation may be realised in accordance with the law applicable to the Foreign Institution and the rules and practices of the Institution by opening a book-entry securities account or another corresponding omnibus account in Euroclear Finland's name. If the underlying book-entries, certificates or rights are registered according to the law applicable to them, Euroclear Finland may, in order to secure the rights of the holders of book-entries to be incorporated in the book-entry system, deviate from the provisions of this section when fulfilling the requirements of foreign law. In connection with registration, Euroclear Finland is

entitled to require that necessary restrictions be registered in a book-entry account.

- 6.2.5 The certificates of the securities, the book-entries or the rights kept in joint custody shall, in accordance with the applicable law,
- 1) be transferable;
  - 2) replace each other so that the differences between the certificates of securities or the rights of the same category have no legal or practical significance with regard to transferability; and
  - 3) be under the control of Euroclear Finland.
- 6.2.6 Joint custody may be opened only if
- 1) the securities or rights in Euroclear Finland's name kept in joint custody may be adequately separated from the assets of the Foreign Institution maintaining the joint custody as well as from the creditors and successors of the Institution;
  - 2) the information on joint custody maintained in the Foreign Institution enable the securities or rights to be separated from Euroclear Finland's assets for the holders of foreign book-entries incorporated in the book-entry system in accordance with Chapter 5, Section 6 of the Bankruptcy Act, Chapter 4, Section 9 of the Enforcement Code and other corresponding provisions notwithstanding the fact that Euroclear Finland is placed in bankruptcy or subject to corporate restructure or to other liquidity proceedings.

#### Issue of Foreign Book-Entries

- 6.2.7 When Euroclear Finland has been notified by a Foreign Institution of the separation of foreign securities or rights in Euroclear Finland's name, Euroclear Finland, in accordance with Section 26b, Subsection 2 of the Act on the Book-Entry System, incorporates an amount of foreign book-entries in the book-entry system corresponding to the amount of securities or rights. The book-entries are handled using the identification code of the foreign security. Euroclear Finland registers the basic information required in Section 27, Subsection 3 of the Act on the Book-Entry System in the issue account of the book-entry type. Any terms binding on a foreign security or right are valid against the holder of the book-entry notwithstanding the fact that they are not registered in the issue account or on the list of the types of book-entries. Based on the information and notifications submitted by the Foreign Institution, Euroclear Finland supervises to ensure that the amount in circulation in the book-entry system does not exceed the amount of securities or rights separated in Euroclear Finland's name in the Foreign Institution.

#### Applicable Law

6.2.8 Foreign securities or rights attached to the foreign book-entries are kept in a Foreign Institution and subject to the laws of the State in question as well as to the rules of the Institution. The right between the issuer of a security and the holder of the security or the holder of the right based thereon is determined in accordance with the law applicable to the issuer. The rights and responsibilities of Euroclear Finland, the account operators and the agents as well as of the holders of the book-entries are governed by these foreign provisions and rules.

#### Right Attached to a Foreign Book-Entry

6.2.9 A foreign book-entry to be incorporated in the book-entry system carries, in accordance with the relevant foreign law and the rules of the Foreign Institution, a right that may be realised through Euroclear Finland. This right may be a co-ownership share in a collective holding of securities or rights of the same category or class kept in the Foreign Institution or another right to co-ownership.

#### Obligation to Disclose Foreign Book-Entries

6.2.10 In accordance with the applicable law or rules, Euroclear Finland, an account operator or an agent may be liable to submit to the financial supervision or tax authorities, the issuer or to another party entitled thereto information on the owners of foreign securities or rights. If this obligation relates to the foreign custody, Euroclear Finland, on request and within the limits of its statutory secrecy obligations, fulfils the obligation to disclose with the information available to it or to forward the request for information to be answered by an account operator or agent. Euroclear Finland submits the information it has received from an account operator or agent to the party requesting it and who is entitled thereto. An account operator or agent must ensure that it and its customers comply with the obligation to disclose and notify of a holding relating to foreign book-entries under the foreign law. If an account operator or agent fails to fulfil its obligation to disclose, it must reimburse Euroclear Finland for all legal or economic damage resulting from the failure to submit the information. Euroclear Finland may not be held liable to an account operator, agent or holder of a book-entry for damage resulting from the failure to submit the information.

#### Payments Relating to Foreign Book-Entries

6.2.11 Euroclear Finland receives from the Foreign Institution the payments of yield, partial repayments and capital refunds pertaining to foreign securities and rights. If

payment is made in a currency other than the euro, Euroclear Finland is entitled to have the payment exchanged into euros on the foreign exchange markets in order to be able to forward the payment on to the holders of the foreign book-entries in accordance with the payment methods to be applied in the book-entry system. Euroclear Finland is liable to transfer the payments it has received to the account operators or agents having the said book-entry type in their subregisters. After Euroclear Finland has received the payment, the provisions on payment concerning the respective system are applied in the payment process. Euroclear Finland is liable to pay only if it has itself received the amount payable from the Foreign Institution. Euroclear Finland does not guarantee payments pertaining to foreign book-entries. If the holder of an underlying foreign security or a right has been given a right of choice between different alternatives in connection with the yield payment, and if for practical reasons it is not possible to give this right of choice to the book-entry holders in the book-entry system, Euroclear Finland is entitled to decide the alternative to be used in the carrying out of the payment of yield as well as the method of execution.

#### Corporate Actions Affecting Foreign Book-Entries

- 6.2.12 A corporate action affecting underlying foreign securities or rights, its time schedule and method of execution in the foreign system is determined according to the applicable foreign law and practice. Euroclear Finland endeavours to carry out a corporate action in accordance with the agreement to be concluded with the Foreign Institution in the book-entry system so, that its outcome corresponds to the event affecting the underlying foreign security or right in respect of the holder of a foreign book-entry. Euroclear Finland may exceptionally receive instructions concerning foreign subscriptions and other rights, and pass them forward for execution, if this is necessary with regard to the rights of the holder of the foreign book-entries.
- 6.2.13 Euroclear Finland is entitled to carry out a corporate action affecting foreign book-entries in the technically most suitable manner it deems fit. In execution, the methods applicable to Finnish book-entries in Euroclear Finland's systems are observed, where applicable, according to Euroclear Finland's specification.
- 6.2.14 Euroclear Finland is entitled to modify foreign book-entries relating to an underlying foreign security or a right, to correspond to the underlying foreign securities or rights that have been converted on the basis of a corporate action, by using a procedure applied in the book-entry system such as splitting and combining book-entries as well as changing the code of the book-entry.

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6.2.15 If Euroclear Finland is unable for technical or economic reasons to render the holder of a foreign book-entry the right to participate in a corporate action affecting the underlying foreign security or right, Euroclear Finland is entitled to sell and realise the rights connected to the corporate action and to pay the proceeds received from the sale to the rightful receiver according to law and these rules, after the costs and taxes arising from realisation have been deducted from the proceeds.

Taxation

6.2.16 If taxes or corresponding payments have been deducted abroad from payments of yield, partial repayments and capital refunds pertaining to foreign book-entries, Euroclear Finland, on request, issues to an account operator or an agent the certificate on the amount in custody necessary to request a tax refund.

Administrative Rights Relating to a Foreign Book-Entry and Registered Shares

6.2.17 In general, Euroclear Finland keeps the underlying foreign securities or rights in the Foreign Institution in its own name and on behalf of the holders of the foreign book-entries. Euroclear Finland, however, on request and with the help of an account operator or an agent, endeavours to register the holder of a foreign book-entry in the list of owners kept abroad, as well as to transfer to the holder any administrative rights, such as the right to vote at a General Meeting of Shareholders, relating to foreign securities or rights. The transfer and the use of the right is governed by the foreign law in question and by the rules of the issuer. For the purpose of registration or using the voting rights, the account operator or the agent must, where necessary, register a restriction on disposal in the book-entry account or reserve the book-entries by other means according to the guidelines given by Euroclear Finland. The account operator or the agent is liable to compensate Euroclear Finland for the costs arising from the registration or transfer of the voting right, such as the registration fees.

Notification of Foreign Book-Entries

6.2.18 Euroclear Finland is not, under the Securities Markets Act, under obligation to notify of foreign book-entries. If Euroclear Finland receives information pertaining to foreign book-entries from a Foreign Institution, the issuer of a foreign security or from another party, Euroclear Finland submits this information to the account operators and agents to be forwarded to the holders of the foreign book-entries in question.

#### Liability of Euroclear Finland

6.2.19 Euroclear Finland may not be held liable for the losses of an account operator, agent, an issuer agent or a customer of Euroclear Finland resulting from the acts or omissions of the Foreign Institution in which the foreign securities or rights are kept. Nor may Euroclear Finland be held liable for the issuer of a foreign security or for its acts or omissions. Euroclear Finland must, however, observe due care when choosing or instructing a Foreign Institution. If Euroclear Finland, on the basis of its position, receives compensation from a foreign institution, Euroclear Finland transfers the compensation to the account operators or agents suffering the losses.

#### Liability of a Party of Euroclear Finland

6.2.20 An account operator or an agent is liable, on a pro rata basis to the book-entries kept in its register, for all the economic or legal risks, detriment and losses relating to the category of foreign securities in question kept in foreign joint custody if the cause of these risks or losses or detriment is not a wilful or negligent act or omission by Euroclear Finland. If a Foreign Institution presents claims relating to the division of any loss against Euroclear Finland under foreign law or rules, Euroclear Finland is entitled to collect the share to be paid by Euroclear Finland under foreign law or rules from an account operator or agent on a pro rata basis to the foreign book-entries in its custody.

#### Deposit or Withdrawal of a Foreign Physical Security

6.2.21 If Euroclear Finland is liable, under foreign law or the rules of a Foreign Institution, to offer a possibility to deposit foreign physical securities in a Foreign Institution or to withdraw physical securities from the institution, the account operator or agent requesting the deposit or withdrawal is liable to compensate Euroclear Finland for all the costs and any losses relating to the procedure.

#### Termination of an International Link and Removal of Foreign Book-Entries

6.2.22 If the agreement between Euroclear Finland and the Foreign Institution, on the basis of which foreign book-entries have been incorporated in the book-entry system, is terminated or if the agreement ceases to be in force for other reasons and Euroclear Finland has to transfer the underlying foreign securities or rights from joint custody in the Foreign Institution, Euroclear Finland notifies the account operators and agents of termination. The account operators and agents must inform Euroclear Finland of the participant in the Foreign Institution and of the account in which the

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UNOFFICIAL TRANSLATION

securities or rights shall be transferred before Euroclear Finland's obligation to transfer falls due. Should an account operator or an agent fail to notify the receiver of the securities or rights, Euroclear Finland will transfer the securities or rights to a custodian selected by Euroclear Finland and acting as a participant in the Foreign Institution until the account operator or the agent has notified the recipient. Euroclear Finland is entitled to collect from the account operator or agent the costs arising from arranging custody.

Application of the Provisions to Other Foreign Institutions

6.2.23 The provisions of section 6.2 on the liability and responsibilities of an account operator or an agent correspondingly apply to another Foreign Institution keeping a custodial nominee account in Euroclear Finland's book-entry register, in the custodial nominee account of which foreign book-entries are kept and which is not the original custodian of the foreign securities or rights pertaining to these book-entries.

Further Provisions

6.2.24 Euroclear Finland's Managing Director decides the practical measures required by Euroclear Finland's international cooperation, the further provisions to be complied with in the operations as well as the possibility of the account operators, agents and clearing parties operating in the systems of Euroclear Finland to participate through Euroclear Finland in the said cooperation.

## 7. MISCELLANEOUS ISSUES

### 7.1 Price List

Compliance with Euroclear Finland's Price List

- 7.1.1 An account operator, an agent, an issuer, an issuer agent, a clearing party and other party using Euroclear Finland's services must pay the charges, fees and remunerations in accordance with the Euroclear Finland's price list valid at any given time.

### 7.2 The Central Securities Depository Fund

- 7.2.1 In as much that Euroclear Finland must maintain a fund referred to in Section 18 of the Act on the Book-Entry System and a clearing fund referred to in Section 19 of the same Act and in Chapter 4a, Section 7, Subsection 3 of the Securities Markets Act, these funds are to be combined if permitted by the Ministry of Finance. If the fund in question is maintained, the account operator and clearing party must undertake to comply with the Rules of the Central Securities Depository Fund and to pay the contributions determined in accordance with the Rules. If an account operator or a clearing party violates the Rules of the fund, Euroclear Finland will apply the measures to the violating organisation in accordance with chapter 5.

### 7.3 Force Majeure

Release from Obligations

- 7.3.1 Euroclear Finland, an account operator, an agent, an issuer, an issuer agent and a clearing party are released from their obligations in accordance with these Rules for the time they are prevented from fulfilling them as a result of force majeure independent of and beyond the control of Euroclear Finland or the other party which Euroclear Finland or the other party cannot reasonably avoid.

Release from Damages

- 7.3.2 Euroclear Finland and the other party referred to in point 7.3.1 may not be held liable for losses caused by an event of force majeure.

Obligation to Exercise Care

- 7.3.3 Euroclear Finland and the other parties referred to in point 7.3.1 must, by whatever means available to them, aim to limit the difficulties and financial losses caused by an event of force majeure.
- 7.3.4 Euroclear Finland and the said parties must notify each other of an event of force majeure as soon as possible. Notification of an event of force majeure may be given in a national daily newspaper.

## **7.4 Arbitration and Collection of Expenses through a Court of Law**

### **Settlement of Disputes**

Arbitration Clause

- 7.4.1 Any disputes arising from these Rules are finally settled in arbitration in accordance with the Rules of the Arbitration Board of the Central Chamber of Commerce unless a separate written agreement on another procedure for the settlement of such disputes has been made.

### **Collection of Receivables through a Court of Law**

Legal Venue

- 7.4.2 Euroclear Finland is entitled to collect outstanding receivables based on these Rules and on the price list referred to in section 7.1 through litigation, in which case the legal venue is Helsinki District Court.