

**NB: Unofficial translation,
Legally binding only in Finnish and Swedish
Prime Minister's Office, Finland**

State Shareholdings and Ownership Steering Act
(1368/2007, amendments up to 1315/2016 included)

Section 1

Scope of application

- (1) This Act applies to decision-making relating to shareholdings and state ownership steering in state majority-owned companies, state associated companies and companies directly owned by state development companies, and similar limited companies of unincorporated state enterprises as referred to in the Act on Unincorporated State Enterprises ([1062/2010](#)). ([1315/2016](#))
- (2) This Act does not apply to shares owned by the Social Insurance Institution of Finland, the Bank of Finland, the State Pension Fund, nor are votes carried by shares owned by them taken into consideration when calculating voting rights under this Act. ([1063/2010](#))
- (3) If a company referred to in subsection 1 is the parent company of a group, the Act shall not apply to its subsidiaries, with the exception of companies owned directly by a state development company. Neither does this Act apply to shares that the State owns in housing companies, or in companies whose main purpose is the ownership or control of a certain property or group of properties. ([1315/2016](#))
- (4) Where a separate act lays down provisions on a company or its ownership steering, the provisions of the act in question shall be observed unless otherwise provided in this Act.

Section 2

Definitions

- (1) *Decisions relating to state shareholding* refer to measures by which the State relinquishes or acquires shares or, as a shareholder, approves decisions by company bodies that result in a change in state ownership or voting rights within a company.
- (2) *State ownership steering* refers to the exercising of the State's right to vote in general meetings, as well as to other measures by which the State as a shareholder contributes to the administration and operating principles of companies.
- (3) *A state majority-owned company* refers to a limited company in which the State has a majority of the votes carried by all of the company's shares.
- (4) *A state associated company* refers to a limited company in which the State has at least ten per cent and at most fifty per cent of the votes carried by all of the company's shares. In the application of this Act, a company in which the State's proportion of votes is less than ten per cent may also be prescribed a state associated company by a government decree, provided that

state ownership in the company is deemed significant by virtue of financial or ownership steering factors.

- (5) A *state development company* refers to a state majority-owned company which establishes, owns, administers and develops other limited companies, and relinquishes or acquires shares in them. [\(1315/2016\)](#)

Section 3 (1315/2016)

Parliamentary authorisation for decisions relating to the acquisition or relinquishment of control

- (1) If a decision relating to state shareholding concerns ownership or corporate restructuring whose implementation would result in the State ceasing to be a company's sole shareholder or relinquishing its majority shareholding in a company, or the State's proportion of the votes carried by all of the company's shares falls to one third or lower, the decision can be made only if Parliament has given its authorisation for it. Parliamentary authorisation shall not be required, however, for an arrangement that gives rise to a new company in which the State has voting rights pursuant to an earlier decision by Parliament.
- (2) If a decision relating to state shareholding concerns ownership or corporate restructuring whose implementation would result in a company becoming state majority-owned, the decision can be made only if Parliament has given its authorisation for it. Parliamentary authorisation shall not be required, however, if the State does not invest additional assets in a company or if a company becomes state majority-owned in connection with a corporate restructuring or an exchange of shares in which the State receives shares or assets to be invested as a counter-payment for shares it relinquishes. Neither shall parliamentary authorisation be required if the State subscribes for a majority of shares in a company to be founded or acquires a majority shareholding in a company that is small or medium-sized. A company is small if it fulfils the conditions on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC and of Directive 2013/34/EU of the European Parliament and of the Council laid down in Article 3(2), and medium-sized if it fulfils the conditions laid down in Article 3(3) of the said Directive.

Section 4

Scope of competence of the Government

- (1) The government plenary session shall handle and decide matters relating to:
- 1) the relinquishment and acquisition of shares in state majority-owned companies, state associated companies and companies directly owned by state development companies; [\(1315/2016\)](#)
 - 2) the State's contribution to such an arrangement that results in the relinquishment to others of shares in a company wholly owned by the State;

3) the State's contribution to a merger or division and to an arrangement that results in the State's proportion of votes carried by all of a company's shares changing by at least five percentage points, or in another significant way, in terms of shareholder authority;

4) the State's contribution to a decision by which a company is placed in liquidation;
[\(1315/2016\)](#)

5) the State's share capital investments and other equity investments in state majority-owned companies and state associated companies, and similar investments by state development companies in companies owned or founded by them; and [\(1315/2016\)](#)

6) general principles and operational guidelines concerning state ownership policy and ownership steering.

(2) Shares may be acquired for the State and share capital investments and other equity investments may be made only:

1) within the framework of appropriations allocated for the purpose in the national Budget, as well as on the terms and conditions mentioned in it;

2) by using state-owned property to pay for share subscriptions; and

3) in connection with a corporate restructuring or an exchange of shares in which the State receives shares as a counter-payment for shares that it relinquishes.

Section 5

Scope of competence of the ministry responsible for ownership steering

The ministry responsible for ownership steering handles and decides matters relating to:

1) the appointment of state representatives at general meetings and the operational guidelines issued to them;

2) the exercise of the State's rights as a shareholder;

3) other ownership steering of companies; and

4) the State's contribution to an arrangement that results in the State's proportion of votes carried by all of the shares of a company, other than one wholly owned by the State, changing in a way other than that referred to in section 4 (1)(3).

Section 6 [\(1063/2016\)](#)

Scope of competence of government agencies or unincorporated state enterprises responsible for ownership steering

If the administration of shares belonging to the State has been allocated through a decision of Parliament or the Government, to be handled by a specified government agency or unincorporated state enterprise, the agency or unincorporated state enterprise in question shall have the scope of

competence and duties which, pursuant to sections 4 and 5, belong to the Government and to the ministry responsible for ownership steering, and shall be governed by the same restrictions that apply to the Government pursuant to section 3 and section 4(2).

Section 7

Relinquishment of shares belonging to the State

- (1) The provisions of section 24 of the State Budget Act (423/1988) shall not apply to the relinquishment of shares of state majority-owned companies and state associated companies.
- (2) State-owned shares shall not be relinquished for a price lower than fair value, unless otherwise provided by special circumstances relating to the relinquishment. Relinquishment at a price substantially below fair value shall, however, be subject to authorisation granted by Parliament. Ownership or corporate restructuring that result in a substantial change in the State's proportion of the votes carried by all of a company's shares shall be considered comparable to a relinquishment of shares. Convertible bonds, warrants and other documents and financial instruments granting entitlement to subscribe for shares or to exercise the right to vote shall be considered comparable to shares.

Section 8

Determination of fair value

- (1) The fair value of shares shall be considered to be the price that it is possible to obtain for the shares in trading conducted on normal commercial terms.
- (2) The market price in share sales of the shares of a company subject to a regulated market or multilateral trading, as referred to in the Securities Markets Act ([746/2012](#)), shall be formed either in the trading referred to above in this subsection or in a representative auction conducted outside of it. ([1315/2016](#))
- (3) The market price in share sales of a company other than that referred to in subsection 2 shall be assessed by valuation methods generally used in corporate acquisitions.
- (4) The market price in corporate restructurings or exchanges of shares shall be assessed by valuation methods generally used in corporate acquisitions. The methods used in valuation shall be applied in the same manner to all companies participating in a corporate restructuring or in an exchange of shares and to their securities.

Section 9

Further provisions

Further provisions on the implementation of this Act are laid down, where necessary, by government decree.

Section 10

Entry into force

- (1) This Act enters into force on 1 January 2008.
- (2) This Act repeals the Act on the State's Exercise of its Partnership Authority in Certain Limited Companies Engaging in Economic Activities ([740/1991](#)), enacted on 19 April 1991.
- (3) When this Act enters into force, such decisions of Parliament that have been issued in respect of the Government's authority and deviating from section 3 shall be annulled. Decisions relating to state shareholding shall not require parliamentary authorisation if Parliament has, prior to this Act's entry into force, approved the State's relinquishment of its majority stake in a company.

Entry into force and application of the amended acts:

1063/2010: This Act enters into force on 1 January 2011. It shall, however, apply to the State Pilotage Enterprise as from the beginning of 2014.

1315/2016: This Act enters into force on 1 January 2017.