

FINLAND



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<b>1.</b>	<b>Relevant legislation (foreign investment legislation in force)</b>
<p>Act on the Screening of Foreign Corporate Acquisitions (172/2012, as amended) (the "Foreign Corporate Acquisitions Act").</p> <p><a href="https://www.finlex.fi/fi/laki/kaannokset/2012/en20120172_20200682.pdf">https://www.finlex.fi/fi/laki/kaannokset/2012/en20120172_20200682.pdf</a></p>	
<b>2.</b>	<b>Relevant authority (foreign investment regulator)</b>
<p>The Ministry of Economic Affairs and Employment.</p>	
<b>3.</b>	<b>Specific sectors covered (foreign investment regime involving specific sectors of the economy / business activities)</b>
<p>The following business activities are monitored under the Foreign Corporate Acquisitions Act:</p> <ul style="list-style-type: none"> <li>• defence industry enterprises;</li> <li>• companies that produce or supply critical products or services related to the statutory duties of Finnish authorities essential to the security of society ("security sector enterprise");</li> <li>• organisations or business undertakings that are considered, when assessed as a whole, critical in terms of securing functions vital to society on the basis of their field, business or commitments.</li> </ul> <p>The definitions are interpreted broadly, e.g. companies which use dual-use goods in operations in Finland are considered as defence industry enterprises.</p>	
<b>4.</b>	<b>Types of transactions caught and notification thresholds (definition of a foreign investor / activities / turnover / assets subject to foreign investment assessment / investment threshold - e.g. % of votes in the target triggering the notification)</b>
<p><b>"Foreign investor"</b> means a foreign national, organisation or foundation not domiciled in the EU or European Free Trade Association ("EFTA") Member State. Indirect foreign owners are also covered; an organisation or foundation which is domiciled within EU or EFTA Member States but in which a foreign investor referred to above controls at least one tenth of the aggregate number of votes conferred by all shares in a limited liability company or has a corresponding actual influence in another organisation or business undertaking is considered as a foreign investor.</p>	

<p>Further, regarding acquisitions of defence industry enterprises, the definition of a foreign investor includes nationals, organisations and foundations domiciled in a EU or EFTA Member State other than Finland.</p> <p>Transactions caught by the Foreign Corporate Acquisitions Act are acquisitions of at least one tenth, at least one third or at least one half of the total number of votes conferred by all shares in a limited liability company subject to screening or corresponding actual influence in a limited liability company or other entity subject to screening. Asset deals are also covered by the Foreign Corporate Acquisitions Act.</p> <p>There are no turnover thresholds. Therefore, even acquisitions of small companies may fall under the scope of application of the Foreign Corporate Acquisitions Act.</p>	
<b>5.</b>	<b>Parties to be included in the foreign investment assessment (notifying parties and protected entities)</b>
<p>The obligation to notify the acquisition lies on the foreign investor, which is also responsible for providing sufficient information to the Ministry of Economic Affairs and Employment.</p>	
<b>6.</b>	<b>Exceptions</b>
<p>The following transactions are excluded from the screening of foreign investments:</p> <ul style="list-style-type: none"> <li>• the foreign investor subscribes new shares in proportion to existing shareholding in connection with an increase in a company's capital;</li> <li>• the foreign investor gains possession of property through inheritance, a will or marital right.</li> </ul> <p>In case of acquisition of a company critical in terms of securing functions vital to society, the transaction is also exempted, if</p> <ul style="list-style-type: none"> <li>• another foreign owner lawfully, whether by virtue of a procedure under the Foreign Corporate Acquisitions Act or otherwise, holds at least one tenth of the aggregate number of votes conferred by all shares in a limited liability company, or has a corresponding actual influence; or</li> <li>• a business subject to screening is acquired from another foreign owner whose ownership is based on a procedure pursuant to the Foreign Corporate Acquisitions Act.</li> </ul>	
<b>7.</b>	<b>Notification / review type (e.g. mandatory, pre-closing, suspensory)</b>
<p>In case of a defence industry or security sector enterprise, an advance application for confirmation is <b>mandatory</b>. The application is usually filed after the signing and the acquisition should not be completed before granting of approval (i.e. the filing is <b>suspensory</b>).</p> <p>The notification of an acquisition of a company critical in terms of securing functions vital to society is voluntary (see also point 10 below).</p>	
<b>8.</b>	<b>Possibility for third parties to be involved in the review process (requirements, procedural rights etc.)</b>
<p>Applications are not published, and third parties do not have any rights in the review process. During the investigation, the Ministry of Economic Affairs and Employment requests statements from relevant national authorities, such as the defence forces, the</p>	

police or National Emergency Supply Agency. This internal consultation is confidential and made at the discretion of the Ministry of Economic Affairs and Employment.	
<b>9.</b>	<b>Filing fee</b>
The filing fee amounts to EUR 8,000 per decision (or EUR 1,500 in case the matter is not investigated). The current fee is valid between 1 April 2023 and 31 March 2025.	
<b>10.</b>	<b>Submission deadline / stand-still obligation</b>
<p>An acquisition of a defence industry enterprise or security sector enterprise shall not be completed before granting of approval. An application can be filed after the signing or when the parties otherwise have made a binding preliminary agreement on the transaction.</p> <p>In practice, we recommend that also an acquisition of a company critical in terms of securing functions vital to society shall not be completed before granting of approval.</p>	
<b>11.</b>	<b>Availability of pre-notification / informal consultation</b>
The Ministry of Economic Affairs and Employment may be contacted for informal consultations. The advance consultations are informative in nature and remain at a general level. Although such consultations may be helpful, the authorities do not generally take any conclusive positions in advance consultations. There is no separate pre-notification stage in the procedure.	
<b>12.</b>	<b>Scope of information / documents required for filing</b>
<p>An application must contain information on the parties (foreign investor and the target company), such as the field of business, turnover, number of employees, detailed ownership structure and description of the products / services that trigger the notification obligation. Information is also needed on the transaction and the nature of the control to be acquired as well as strategy behind the acquisition and the effects of the transaction to the target company's business.</p> <p>Documents typically needed are the share purchase agreement, possible shareholder agreements and other contractual arrangements, structure charts and annual reports of the parties. The application is informal but a specific form must be annexed concerning information to be provided under Regulation (EU) 2019/452 establishing a framework for the screening of foreign direct investments into the Union.</p> <p>The Ministry of Economic Affairs and Employment is entitled to request further information required for processing the matter until the information provided is considered sufficient for making a decision in the matter.</p>	
<b>13.</b>	<b>Proceedings timetable (timing for review)</b>
In case of a company critical in terms of securing the functions vital to the society, the corporate acquisition will be considered confirmed if, within six weeks, the Ministry of Economic Affairs and Employment does not decide to undertake a further examination of the matter or, within three months of receiving the information necessary for considering the matter, does not propose that the matter be referred to a government plenary session for its consideration.	

<p>In case of other companies subject to screening, there are no binding time-limits for the decision-making. However, in most cases also these decisions are made within three months.</p>	
<b>14.</b>	<b>Outcome of the review process (clearance, conditional authorisation, possible commitments etc.)</b>
<p>The Ministry of Economic Affairs and Employment must approve the acquisition unless it could endanger a key national interest. The Ministry may impose conditions necessary for the acquisition in order to safeguard a key national interest. Conditions may only be imposed if the parties to the transaction agree on the conditions and undertake to comply with them.</p>	
<b>15.</b>	<b>Publicity of the decision and confidentiality of the information provided</b>
<p>The application is treated as confidential, and no information is disclosed concerning pending applications.</p> <p>The decisions are not published but this practice may change as the Ministry of Economic Affairs and Employment is considering the possibility to publish the decisions in the future. However, pursuant to Act on the Openness of Government Activities (621/1999), everyone has the right of access to non-confidential version of the final decision. For this purpose, the Ministry of Economic Affairs and Employment requests, after having made the decision, the foreign investor's view of the business secrets possibly included in the decision.</p>	
<b>16.</b>	<b>Can a decision be challenged or appealed (by whom, on what basis, in which timeframe)</b>
<p>A person/entity whom a decision concerns, or whose right, obligation or interest is directly affected by the decision may request a judicial review of the decision by way of appeal. An authority may also request a judicial review by appeal if this is necessary because of a public interest overseen by the authority.</p> <p>The appeal shall be filed in writing within 30 days of receipt of the decision.</p>	
<b>17.</b>	<b>Sanctions for failure to notify (administrative fines or other administrative sanctions, criminal sanctions, civil law consequences)</b>
<p>Anyone who intentionally or through gross negligence fails to apply for the mandatory confirmation may be sentenced to a fine.</p>	
<b>18.</b>	<b>Other national security review distinct from FDI rules</b>
<p>Pursuant to Act on Transfers of Real Estate Requiring Special Permission (470/2019), a foreign investor (domiciled/seated outside the EU and the EFTA) needs a permit in order to purchase real estate in Finland. The permit is not needed in case of a share purchase even if the target company owns real estate.</p> <p>Permission for the transfer of a piece of real estate is not granted if the transfer is deemed to threaten national security, complicate the organisation of defence, the surveillance and safeguarding of territorial integrity or the assurance of border control, border security or the safeguarding of security of supply.</p>	

<b>19.</b>	<b>Significant legislative/regulatory developments in the past year and possible proposals for reform</b>
<p>The Foreign Corporate Acquisitions Act has been amended most recently in 2020. There are currently no new proposals pending.</p>	
<b>20.</b>	<b>Helpful links</b>
<p>FDI pages of the Ministry of Economic Affairs and Employment:</p> <ul style="list-style-type: none"> <li>• <a href="https://tem.fi/en/acquisitions">https://tem.fi/en/acquisitions</a></li> </ul> <p>Permits concerning the purchase of real estate:</p> <ul style="list-style-type: none"> <li>• <a href="https://www.defmin.fi/en/licences_and_services/authorisation_to_non-eu_and_non-eea_buyers_to_buy_real_estate">https://www.defmin.fi/en/licences_and_services/authorisation_to_non-eu_and_non-eea_buyers_to_buy_real_estate</a></li> </ul>	