

Finansinspektionen's Regulatory Code

Publisher: Finansinspektionen, Sweden, www.fi.se
ISSN 1102-7460



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Regulations amending Finansinspektionen's regulations (FFFS 2007:16) governing investment services and activities;

**FFFS 2014:2
Published
21 February
2014**

decided on 17 February 2014.

Finansinspektionen prescribes pursuant to Chapter 6, section 1, points 3, 6, 8, 10–12 of the Securities Market Ordinance (2007:572), and Chapter 5, section 2, point 4 of the Banking and Financing Business Ordinance (2004:329) as regards Finansinspektionen's regulations (FFFS 2007:16) regarding investment services and activities, that Chapter 1, sections 1 and 3, Chapter 3, sections 2 and 21–23 shall have the following wording.

Chapter 1

Section 1 These regulations apply to securities institutions unless otherwise specified. Swedish credit institutions shall apply the regulations for the part of the operations that pertains to securities operations, with the exception of the provisions in the following chapters.

Chapter 6 Organisational requirements, etc.
Chapter 9 Outsourcing.

Section 3 Investment firms shall, for their operations through a foreign branch, apply the regulations, with the exception of the provisions in the following chapters:

Chapter 12 Inducements
Chapter 13 Categorisation of and agreements with clients
Chapter 14 Information to a client
Chapter 15 Assessment of a client for investment services
Chapter 16 Investment advice to consumers
Chapter 17 Reporting to a client
Chapter 18 Best order execution
Chapter 19 Best execution in conjunction with discretionary portfolio management and order transmission
Chapter 20 Client order handling
Chapter 21 Documentation sections 1–2.

Swedish credit institutions authorised to conduct securities operations shall, for their operations through a foreign branch, apply Finansinspektionen's regulations and general guidelines (FFFS 2014:1) regarding governance, risk management and control at credit institutions and the present regulations, with the exception of the provisions in the following chapters:

Chapter 6 Organisational requirements, etc.
Chapter 9 Outsourcing

Chapter 12 Inducements
Chapter 13 Categorisation of and agreements with clients
Chapter 14 Information to a client
Chapter 15 Assessment of a client for investment services
Chapter 16 Investment advice to consumers

Chapter 17 Reporting to a client
Chapter 18 Best order execution
Chapter 19 Best execution in conjunction with discretionary portfolio management and order transmission
Chapter 20 Client order handling
Chapter 21 Documentation sections 1–2.

Chapter 3

Section 2 The undertaking shall append to the application

1. board minutes that show that the board of directors has approved the application,
2. a registration certificate for the undertaking from the Swedish Companies Registration Office, or equivalent, which is not more than two months old.
3. an auditor's certificate, issued by a certified public accountant or a chartered accountant, showing that the undertaking meets the capital requirements stipulated in Chapter 3, section 6 of the Securities Market Act (2007:528),
4. articles of association, in which it is clearly stated that the undertaking shall conduct securities operations and which investment service(s) and investment operation(s) and ancillary services and operations, if any, the undertaking shall conduct,
5. a business plan, prepared in accordance with sections 9–28,
6. guidelines for compliance as in Chapter 6, section 8 if the undertaking is applying for authorisation to conduct securities operations and as in Chapter 8, section 1 of Finansinspektionen's regulations and general guidelines (FFFS 2014:1) regarding governance, risk management and control at credit institutions if the undertaking is a credit institution applying for authorisation to conduct securities operations,
7. guidelines for risk management as in Chapter 6, section 11 if the undertaking is applying for authorisation to conduct securities operations and as in Chapter 5, section 3 of Finansinspektionen's regulations and general guidelines regarding governance, risk management and control at credit institutions if the undertaking is a credit institution applying for authorisation to conduct securities operations,
8. guidelines for managing conflicts of interest as in Chapter 11, section 3, and
9. internal rules regarding measures against money laundering and terrorist financing.

Section 21 The business plan shall establish how the undertaking intends to ensure compliance with the regulations that apply to the operations. It shall also establish how the compliance function shall be devised, and how its work shall be conducted, and the compliance procedures as in Chapter 6, section 8 that the undertaking intends to apply.

If the undertaking is a credit institution applying for authorisation to conduct securities operations, there shall be a description of how the compliance function shall be devised and how its work shall be conducted, and the compliance procedures as in Chapter 8, section 1 of Finansinspektionen's regulations and general guidelines (FFFS 2014:1) regarding governance, risk management and control at credit institutions that the undertaking intends to apply.

Section 22 The business plan shall establish how the undertaking intends, as in Chapter 8, section 4 of the Securities Market Act (2007:528), to identify, measure, govern, internally report and exercise control of the risks with which its business is associated. It shall establish the risk management procedures as in Chapter 6, section 11 that the undertaking intends to apply. If the undertaking is a credit institution applying for authorisation to conduct securities operations, in its business plan the undertaking shall instead describe its risk management framework as in Chapter 5, section 1 of Finansinspektionen's regulations and general guidelines (FFFS 2014:1) regarding governance, risk management and control at credit institutions.

For an undertaking applying for authorisation to conduct securities operations and which has a risk management function in accordance with Chapter 6, section 12, the business plan shall contain an account of how this function shall be devised and how its work shall be conducted.

Section 23 For an undertaking applying for authorisation to conduct securities operations that has an internal audit function as in Chapter 6, section 14, the business plan shall contain an account of how this function shall be devised and how its work shall be conducted. If the undertaking is a credit institution applying for authorisation to conduct securities operations which has an internal audit function as in Chapter 9, section 1 of Finansinspektionen's regulations and general guidelines (FFFS 2014:1) regarding governance, risk management and control at credit institutions, the business plan shall contain an account of how this function shall be devised and how its work shall be conducted.

These regulations shall enter into force on 1 April 2014.

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