



# **TRADING INSTRUCTIONS FOR FFI MEMBER ORGANISATIONS**

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## TRADING INSTRUCTIONS FOR FFI MEMBER ORGANISATIONS

### 1 Purpose and application of these instructions

#### 1.1 Purpose of these instructions

These instructions, drafted by Finance Finland (FFI), concern the personal trading in financial instruments of relevant persons<sup>1</sup>. The purpose of these instructions is to promote trust in the ethically sound operations of FFI member organisations in the securities market. The aim is to ensure that relevant persons in FFI member organisations do not carry on personal trades in a manner that could weaken customers' trust in the securities market, in the member organisations' operations, or in the people who work for the member organisations.

In particular, the purpose of these instructions is to help FFI member organisations implement adequate measures to:

1. prevent and control conflicts of interest
2. prevent abuse of inside information
3. prevent abuse of confidential information related to member organisation customers or to the transactions of said customers.

#### 1.2 Scope of application

These instructions are applied to relevant persons' personal transactions in financial instruments.<sup>2</sup> They are binding on all FFI member organisations that offer investment and fund management services, as well as on all relevant persons working in these organisations. These instructions are based on regulation concerning investment and fund management companies, and on rules issued by the authorities. FFI requires that the said member organisations supervise compliance with these instructions. In addition to these minimum rules, a member organisation may issue more stringent provisions in its internal rules. FFI recommends that non-member companies and other parties offering investment services and other fund management companies also comply with these instructions.

In addition to these instructions, each member organisation must have its own guidelines on the prevention of the abuse and disclosure of inside information and on the related trade restrictions. The prohibition to abuse and disclose inside information applies to all persons

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<sup>1</sup> See definition of relevant persons in Section 2.2.

<sup>2</sup> See definition of personal transactions in Section 2.4 and of financial instruments in Section 2.5.

who can acquire inside information, regardless of whether the person falls within the definition of a relevant person.

### 1.3 Exemptions to the scope of application

These instructions are not applied to the following personal transactions:

1. Transactions related to asset management, provided that the relevant person or other person on whose behalf the transaction is made has not given the asset manager specific instructions about the transaction.
2. Units of investment funds or UCITS funds, provided that the relevant person or other person on whose behalf the transaction is made is not involved in managing the investments of the said fund.
3. Transactions concerning units of domestic alternative investment funds defined in Act 162/2014 on alternative investment fund managers, or corresponding international funds (AIFs), provided that (a) the relevant person or other person on whose behalf the transaction is made is not involved in managing the said fund's investments, and (b) the risk diversification of such domestic and international alternative investment funds corresponds to that of UCITS funds.

Regardless of the above-mentioned exceptions, relevant persons must always consider insider regulation and the trade restrictions that may ensue. In asset management services, for example, member organisations' internal rules may include more specific provisions on how the obligations of insider regulation must be considered when using asset management services.

## 2 Definitions

### 2.1 FFI member organisation

In these instructions, FFI member organisations refer to organisations that offer investments services and to fund management companies that the FFI Board has approved as members.

### 2.2 Relevant person

In organisations that offer investment services, a relevant person refers to the following:

1. a board member, executive director or other member of top management, as well as their deputies (i.e., persons who actually manage the business operations);
2. a tied agent defined in the Act on Investment Services (747/2012), or, if it is a company or an organisation, a member of its board or a comparable body, executive director or another member of top management, as well as their deputies (i.e., persons who actually manage the business operations);
3. an employee of a member organisation, a tied agent or another natural person who, under the control of the organisation or tied agent, is involved in the provision of investment services; and
4. a natural person who is involved in the provision of investment services outsourced by a member organisation or a tied agent.

A person is involved in the provision of investment services if they use their own decision-making power in the provision of the investment service in the customer interface, for example, as a stock-exchange broker, an executor of an order or as a portfolio manager. Relevant persons also include investment experts and other persons who exercise autonomy of decision in providing their customers with investment advice.

A person is not deemed to be involved in the provision of investment services if they do not actively use their own discretion in the provision of the investment service, for example

- an employee who only receives and transmits orders to be executed elsewhere in the organisation; or
- an employee working in support functions who only completes transactions concluded earlier (e.g. back office, custody or corresponding employees).

In member organisations that offer investment services, relevant persons also include investment analysts.

In fund management companies, a relevant person refers to the following:

1. a board member, executive director or other member of top management, as well as their deputies (i.e., persons who actually manage the business operations);
2. an employee or another natural person, who provides services under the fund management company's supervision and who is involved in the fund management company's fund activities; and
3. a natural person who is involved in the provision of fund management outsourced by a fund management company.

In their internal instructions, each member company defines the relevant persons to which restrictions and other obligations are applied. If a relevant person holds such a position in a member company that it is impossible for them to have conflicts of interest or to gain access to inside information or confidential information that could be exploited in personal transactions, the member organisation can decide not to apply these instructions to the said relevant person either in part or in full.

### 2.3 Insiders

A relevant person's insider family members or other related persons are:

1. a spouse (a marital spouse or a partner in a registered partnership as defined in Act 950/2001);
2. a person under the guardianship of the relevant person;
3. a person under the guardianship of a spouse of the relevant person;
4. another family member who has lived in the same household with the relevant person for at least one year at the time of the personal transaction's execution (relatives referred to in Chapter 2 of the Code of Inheritance, such as children, grandchildren, parents, brothers and sisters); and
5. a corporation or a foundation to which the relevant person has a close link as defined in the Act on Investment Services (Chapter 1, Section 26, Paragraph 15).

Such a close link forms in the following situations:

- The relevant person has, through direct or indirect control, at least a 20% share of the said corporation's voting rights or capital (participation link).
- The relevant person exercises control in the said corporation (control link)<sup>3</sup>

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<sup>3</sup> Control refers to the majority (more than half) of the organisation's votes and to other instances of control specified in Chapter 1, Section 5 of the Accounting Act (1336/1997). The control link between a relevant person and an organisation can form due to the relevant person's personal control or through a person under the guardianship of the relevant person if the relevant person or the person under the relevant person's guardianship has direct or indirect control in the said organisation either alone to together.

A death estate is also deemed as an insider if the person referred to above is the only party to the estate or holds over 50% thereof and may decide on the estate's investment activity alone or by proxy issued by the other parties to the estate.

Related parties to the relevant person do not therefore include, for example, the relevant person's unmarried partner. The spouse's adult child is also not included in the related parties, because, according to the Code of Inheritance, a spouse's child is not an heir.

#### **2.4 Personal transaction**

A personal transaction refers to the own trading in financial instruments of a relevant person (either on their own account or on their behalf):

1. on the relevant person's own account;
2. on behalf of an insider, if the relevant person guides or otherwise influences the transaction; or
3. on behalf of another such person whose transaction gives a direct or indirect significant benefit other than a transaction fee or commission, if the relevant person guides or otherwise influences the transaction.

#### **2.5 Financial instrument**

A financial instrument refers to all financial instruments referred to in Chapter 1, Section 14 of the Act on Investment Services (including various types of fund units).

#### **2.6 Total market index**

In these instructions, the total market index means

- an index, calculated on the basis of all the shares quoted in the said trading list and including at least 15 share series; or
- an index describing the development of the most traded share series in the said trading list and including at least 15 share series.

An index describing the development of the shares of one sector is not the total market index in accordance with these instructions

#### **2.7 Inside information**

Inside information is defined in the market abuse regulation (EU No 596/2014, "MAR").

For financial instruments, inside information comprises information of a precise nature, which has not been made public, relating, directly or indirectly, to one or more issuers<sup>4</sup> or to one or more financial instruments, and which, if it were made public, would be likely to have a significant effect on the prices of those financial instruments or on the price of related derivative financial instruments<sup>5</sup>. Inside information can be related to both those financial instruments that are traded (on a regulated market in the EEA, on multilateral trading facilities, or on organised trading facilities) or to those financial instruments whose price or value of which depends or has an effect on financial instruments traded on a trading venue.<sup>6</sup>

Information is considered inside information until it has been published or otherwise made available.

Inside information can include, for example, information about:

- a future merger, demerger or other significant capital restructuring of a company;
- a future equity offering;
- a future bid or redemption offer for shares;
- a significant change in a company's financial performance or position, a customer's exceptionally large-scale order or order plan that is likely to have an effect on the value of a financial instrument; or
- an order concerning the acquisition of a customer company's own shares.

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<sup>4</sup> An issuer refers to an issuer defined in the MAR, whose financial instruments have been admitted to trading (or for which a request for admission to trading on such a market has been made) on a regulated market in the EEA, on a multilateral trading facility or on an organised trading facility.

<sup>5</sup> Two elements are therefore essential to inside information: (i) its precise nature and (ii) the significance of its potential effect on the prices of the financial instruments or derivative financial instruments. Information is deemed to be of a precise nature if it indicates a set of circumstances which exists or which may reasonably be expected to come into existence, or an event which has occurred or which may reasonably be expected to occur, where it is specific enough to enable a conclusion to be drawn as to the possible effect of that set of circumstances or event on the prices of the financial instruments or the related derivative financial instrument. Information which, if it were made public, would be likely to have a significant effect on the prices of financial instruments or derivative financial instruments means information a reasonable investor would be likely to use as part of the basis of their investment decisions.

<sup>6</sup> Inside information can also be related to commodity derivatives or emission allowances. The MAR includes more specific regulation about the information that is considered inside information in commodity derivatives and emission allowances.



For persons charged with the execution of orders concerning financial instruments, inside information also means information conveyed by a customer and relating to the customer's pending orders in financial instruments, which is of a precise nature, relating, directly or indirectly, to one or more issuers or to one or more financial instruments, and which, if it were made public, would be likely to have a significant effect on the prices of those financial instruments, the price of related spot commodity contracts, or on the price of related derivative financial instruments.

## **2.8 Conflict of interest**

In these instructions, a conflict of interest means a situation where a relevant person, due to their position, participates in the provision of investment services or ancillary services on a financial instrument with which they conclude a personal transaction and can thus obtain unfounded benefit at the cost of the customer. In fund management, a conflict of interest means a situation where a relevant person, due to their position, can obtain unfounded benefit at the cost of the fund.

## **2.9 Confidential information**

In these instructions, confidential information means information relating to transactions concluded with customers or on their behalf as well as information relating to customer orders waiting to be executed. In fund management, confidential information means information relating to funds or transactions concluded on their behalf.

### 3 Binding nature of these instructions

#### 3.1 Persons and parties within the scope of application of these instructions

These instructions apply to all relevant persons referred to in Section 2.2.

Member organisations must determine in their internal rules whether these instructions apply to part-time and fixed-term employees.

#### 3.2 Date of commencement

These instructions become binding at the latest when the relevant person has actually started in duties related to the provision of investment services in the member organisation. These instructions become binding on board members when they have been appointed.

#### 3.3 Date of termination

These instructions no longer apply when a person's work or other obligation in the member organisation terminates or changes so that they are no longer a relevant person.

A person may be temporarily removed from the scope of these instructions for example due to maternity leave, parental leave or a similar reason, if the person cannot acquire inside information or confidential information on the customers of the member organisation or the business operations of said customers (or funds and transactions made on their behalf) during their leave.

### 4 Trading restrictions applying to relevant persons

#### 4.1 Restrictions to personal transactions

A relevant person may not engage in a personal transaction if they

1. have inside information referred to in the MAR;
2. may incur a conflict of interest with regard to a transaction or a service in which they participate due to their position; or
3. have acquired confidential information relating to the customers of an investment firm or to their transactions (or to funds or to their transactions) and the confidential information is unduly revealed or used in the transaction.

Nor may a relevant person give advice or guide (otherwise than as a normal part of their duties) a third party to execute or refrain from executing a transaction on a financial instrument, which would be prohibited as their personal transaction.

A relevant person may also not express to another person (otherwise than as a normal part of their duties) information or an opinion, if they know or it is reasonable to assume that they know that this other person is likely to execute a transaction on a financial instrument which would be prohibited as the relevant person's personal transaction. The purpose of this prohibition on disclosure is to prevent the relevant person from disseminating such information or opinions which could result in transactions that would be prohibited as their

personal transactions. The prohibition on disclosure thus also covers situations in which the recipient of the information would not pursue transactions, but it is likely that they would advise or guide others to execute transactions that would be prohibited from the relevant person.

A relevant person is not completely prohibited from engaging in personal transactions in financial instruments. A relevant person is allowed to execute transactions on financial instruments provided that no conflicts of interest arise and that they have no exploitable inside information or confidential information on customers or their operations (or funds and transactions made on their behalf).

#### **4.2 Prohibition on disclosure, use and guidance of inside information**

Prohibitions related to the use of inside information are laid out in the MAR. All relevant persons of a member organisation are subject to an absolute secrecy obligation with regard to inside information they have acquired while performing their duties or otherwise.

Unlawful disclosure of inside information arises where a person possesses inside information and discloses that information to any other person, except where the disclosure is made in the normal exercise of an employment, a profession or duties, for example in a situation where a large order is being executed on the market.

Engaging in insider dealing (or attempting to engage in insider dealing) is prohibited. Insider dealing arises where a person possesses inside information and uses that information to acquire or sell financial instruments to which that information relates – whether directly or indirectly, and whether to their own account or for a third party. The use of inside information by cancelling or amending an order is also considered to be insider dealing.

It is also prohibited for a person who has inside information to recommend or induce, on the basis of that information, that another person acquire or dispose of financial instruments to which that information relates. It is also prohibited to recommend or induce another person to cancel or amend an order concerning a financial instrument.

The above-mentioned prohibitions of inside information (disclosure, use and guidance) do not rule out transactions in situations in which financial instruments are acquired or disposed of based on customer orders as part of ordinary trading procedure. If the relevant person has acquired inside information regarding a single financial instrument, they may, on the customer's initiative, execute sale and purchase orders in this instrument. The relevant person is, however, prohibited from recommending that the customer or another person execute or hold back from a transaction based on information they have acquired but that has not yet been published.

The MAR lays down more specific regulations about the prohibition of the disclosure, use and guidance of inside information. The administrative sanctions that follow the breach of these prohibitions is determined in the Act on the Financial Supervisory Authority

(878/2008). The sanctions that follow the abuse and unlawful disclosure of inside information are laid out in Chapter 51 of the Criminal Code of Finland (39/1889).

#### **4.3 Prevention of conflicts of interest**

The conflict of interest policy of the member organisations has identified and defined the conflicts of interest as well as the steps to be taken to prevent and manage them. A relevant person may not engage in dealing in violation of the conflict of interest policy of their member organisation.

#### **4.4 Prohibition of abuse of confidential information**

All relevant persons of a member organisation are subject to a secrecy obligation with regard to confidential information they have acquired while performing their duties or otherwise. Inside information may not be disclosed unless it takes place as part of the ordinary performance of the work, profession or tasks of the person disclosing the information, for example in a situation where a large order is being executed on the market.

Confidential information may not be used to acquire or sell financial instruments to which that information relates, or to give advice in a transaction of such an instrument. This is forbidden on one's own account as well as on behalf of other parties. The above does not apply to situations in which a financial instrument is being bought or sold on the basis of customer orders in normal trading procedure.

A relevant person may not abuse information relating to pending or non-executed customer orders.

#### **4.5 Prohibition of short-term trading**

Short-term trading means trading where the time between the acquisition and disposal of a financial instrument of the same class and, correspondingly, between the disposal and acquisition thereof, is less than one month.

The prohibition of short-term trading is a way to maintain trust in member organisations' ethical operations in the securities market as well as to promote overall confidence in the markets and market participants. The objective is also to prevent abuse in securities markets.

Relevant persons may not carry out short-term trading in financial instruments that a member organisation actively provides services with. Financial instruments are defined in Chapter 1, Section 14 of the Act on Investment Services (747/2012).

The prohibition of short-term trading applies to, for example,

- investments to such life, investment and pension insurances and capital redemption policies, where the investment outlet can be a financial instrument upon which the person in question can execute their own orders, as specified in this document;
- investments through an earmarked long-term savings account; and
- investments to ETC and ETN products whose underlying instrument is not the all-share index of the marketplace.

#### 4.5.1 Exemptions to specific persons and financial instruments

Prohibition of short-term trading does not apply to the following instruments:

1. units in a common fund or units of foreign UCITS referred to in the Act on Common Funds. The prohibition does also not apply to units in domestic alternative funds or units of comparable foreign funds (AIFs) referred to in Act 162/2014 on alternative investment fund managers, provided that the risk diversification of such domestic and foreign funds is comparable to that of UCITS funds. If, however, a relevant person or another person on whose behalf the transaction is made is involved in managing the said funds, the prohibition of short-term trading applies to these units<sup>7</sup>;
2. ETF units, provided that the risk diversification of the ETFs is comparable to that of UCITS funds;
3. index derivatives, the underlying instrument of which is the total market index;
4. interest rate derivatives (e.g. interest rate hedging of housing loan);
5. financial instruments not subject to an active provision of services by the member organisation;
6. transactions in financial instruments related to asset management, provided that the relevant person or another person on whose behalf the transaction is made has not provided any particular instructions to the asset manager concerning the transactions<sup>8</sup>

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<sup>7</sup> As stated in Section 1.3 of these instructions, these instructions are primarily not applied to these units. If a relevant person or another person on whose behalf the transaction is made is involved in managing these funds, these instructions are applied to transactions that involve such units. In these cases, the prohibition of short-term trading also applies.

<sup>8</sup> As stated in Section 1.3 of these instructions, these instructions do not apply to personal transactions related to asset management, provided that the relevant person or other person on whose behalf the transaction is made has not given the asset manager specific instructions about the transaction. If the person has the right to issue specific instructions to the asset manager (i.e.,

The prohibition of short-term trading does not apply to the following persons:

1. members of the board, supervisory board or board of management who are not employed by the member organisation; or
2. organisations over which the relevant person does not have control<sup>9</sup>.

Applying the prohibition of short-term trading on the relevant person's insiders:

The prohibition of short-term trading only applies to transactions concluded on behalf of the insiders referred to in Section 2.4 of these instructions.<sup>10</sup>

Exemptions include the following, which are always subject to the same trading restrictions as the relevant person:

1. a person under the relevant person's guardianship;
2. an organisation in which the relevant person or the abovementioned person under guardianship has direct or indirect control either alone or together; or
3. a death estate, if the relevant person is the only party to the estate or holds over 50% thereof and may decide on the estate's investment activity alone or by proxy issued by the other parties to the estate.

#### 4.5.2 Calculation of period of ownership

The period of ownership of financial instruments is calculated from their purchase, subscription or exchange date until the sale, exchange or other disposal is effected fully or partially. The minimum period is calculated so that the sale, exchange or other disposal is permitted at the earliest on the date that corresponds to the purchase or subscription date with regard to its consecutive number. For example, if a lot of shares is purchased on 15 January, an order to sell the same financial instruments may be given one month from that date at the earliest, i.e. on 15 February.

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exercise power of decision in investments), these instructions also apply to transactions related to asset management. In these cases, the prohibition of short-term trading also applies.

The prohibition of short-term trading also applies to transactions made under automated asset management services, if the service in question is such that it allows the person to make independent decisions in investment activities.

<sup>9</sup> For the definition of control, see Section 2.3.

<sup>10</sup> Transactions made on behalf of insiders or other related persons refer to situations defined in Section 2.4.

A financial instrument which has been owned by a relevant person upon the commencement of the applicability of the rules is deemed to have been in their ownership for over one month.

In continuous fund contracts, the commencement of ownership is calculated from the signing of the contract. However, a separate one-time subscription to the same fund interrupts the calculation of the said period and commences a new period.

#### **4.5.3 Different share series and fund units**

Different share series of the same issuer, and different share series of the same fund, are deemed to be financial instruments of the same class with regard to the restriction on trading defined in these instructions.

#### **4.5.4 Acquisition without consideration**

Financial instruments received through an acquisition without consideration (an inheritance, a will, a gift and a distribution of marital assets) are deemed to have been in the ownership for over one month. Ownership received through an acquisition without consideration must, however, always and without delay, be notified (or otherwise made known) to the member organisation's compliance officer or another person in charge of such matters.

#### **4.5.5 Share issues and sales**

If necessary, the member organisation provides separate instructions about the participation of relevant persons in share issues and sales of shares.

In a share issue, the sale of subscription rights and the subscription of new shares on the basis of previous ownership is always permitted, even if the shares that entitle to the subscription right have been sold.

Shares acquired in a bonus issue are deemed to have been acquired when the original shares were acquired.

Shares acquired in a new issue are deemed to have been acquired on the end date of the subscription period. This date commences a new one-month period.

Shares acquired in a sale of shares are deemed to have been acquired on the date on which the shareholder has signed over the shares in a binding manner. This date commences a new one-month period.

In an issue based on subscription rights, the acquisition date of a share is deemed to be the subscription date.

#### 4.5.6 Public purchase and redemption offers

The approval of a public purchase or redemption offer is always permitted, provided that the financial instruments have been acquired prior to the publication of the information on the purchase or redemption offer.

#### 4.5.7 Shares received as dividend

The acquisition period of shares received as dividend is calculated from the acquisition of the shares on the basis of which the dividend is paid.

#### 4.5.8 Shares subscribed on the basis of a convertible bond or an option right

The acquisition period of shares subscribed on the basis of a convertible bond or an option right is calculated from the acquisition or receipt of the convertible bond or option certificate in cases where the option certificate is issued without consideration.

Subscription of shares on the basis of an option right acquired separately may always be effected in accordance with the terms of the loan. The period in accordance with these instructions commences from the acquisition of the option right.

#### 4.5.9 Derivatives

Share derivatives (such as call options and put options, as well as futures relating to the same investment target referred to below) are deemed to be of the same class as the share forming their underlying.

Investment in derivatives with a maturity of less than one (1) month is forbidden. The writing of an option which may include the obligation to exercise the option within less than one (1) month from its writing is forbidden. The closing of a derivative position within less than one (1) month is allowed. The time of the exercise of options is not of significance when calculating the time periods.

A combination strategy may be allowed by the member organisation's decision where the derivative instrument is combined with an investment in a share or another derivative and where the different parts of the strategy are implemented during the same day. The one-month restriction on trading applies to the combination strategy in all respects.

#### 4.5.10 Warrants

Investment in warrants where the period between the acquisition and exercise dates is less than one (1) month is forbidden. Warrants which may be exercised at any time during their validity (the so-called American warrants) are subject to the one-month restriction on trading so that the warrant may be exercised one month from its acquisition at the earliest.

Warrants are deemed to be of the same class as their underlying share.



A member organisation that issues warrants must provide its own internal rules for the trading of its own personnel in warrants issued by the member organisation itself.

#### **4.5.11 Financial instruments acquired through bonus schemes**

Financial instruments acquired through bonus schemes (e.g. a share-based bonus scheme) are deemed to have been owned for more than one month.

#### **4.5.12 Special and temporary restrictions**

A member organisation may in its internal rules forbid all or some of those subject to these instructions from carrying out transactions e.g. in the shares of a certain company if certain relevant persons are engaged in special duties relating to that company. Such an internal rule may also be given temporarily so that it is only in force during a certain task (for example during the preparation of an issue or a redemption or purchase order).

#### **4.5.13 Exemptions in special cases**

With the exceptions of sections 4.5.4–4.5.11 of these instructions, the one-month restriction on short-term trading is absolute. For especially weighty reasons, a member organisation may in individual cases allow the conveyance of a financial instrument within a time period shorter than the restriction on trading. An exemption cannot be granted from the one-month restriction between a conveyance and a new acquisition.

### **4.6 Special restrictions relating to investment analysis**

#### **4.6.1 Unpublished market and corporate and investment analyses**

Market and corporate analyses as well as investment analyses are based on information in the public domain, wherefore they do not constitute inside information.

A member organisation's investment analysts and other relevant persons are, however, not permitted to make use of the information derived from market and corporate analyses for their own benefit or for the benefit of another, nor to advise others about a transaction in such a financial instrument prior to their publication.

Information on an investment analysis intended to be published which may have a material effect on the market value of a financial instrument (analysis relating to an issuer) or financial instruments (analysis relating to a market or a sector) constitutes information whose use for one's own benefit or for the benefit of another is forbidden prior to the publication of the research.

#### 4.6.2 **Special trade restrictions relating to the compilation and distribution of investment analysis**

In addition to the prohibition of short-term trading of these instructions, investment analysts and other relevant persons defined below are bound by special restrictions on trading in financial instruments issued by companies subject to an investment analysis.

Investment analysis refers to an analysis or other information that explicitly or implicitly recommends or suggests an investment strategy that concerns one or several financial instruments or issuers of financial instruments (such as the acquisition, keeping or disposal of one or several financial instruments) as well as any opinion as to the current or future price of such financial instruments, intended for distribution channels or for the public, provided that:

1. the analysis or information is labelled as an investment analysis or described in similar terms, or it is otherwise presented as an impartial or independent explanation; and
2. it does not contain a personal recommendation which would, if provided to a customer, be considered investment advice referred to in the Act on Investment Services (742/2012).

Contents of the restrictions on trading:

- a. Investment analysts and other relevant persons who are aware of the probable publication date or contents of an investment analysis may not, on their own account or on behalf of any others (including member organisations), trade in the financial instrument subject to the investment analysis or in a related financial instrument during the compilation of the investment analysis, on the date of publication of the investment analysis, or on the day following it. The commencement of the compilation of an investment analysis is decided in the investment organisation in question and the publication date of the research is the date on which the research is made available to the customers.
- b. Even if subsection a) poses no restrictions, investment analysts and other relevant persons who have participated in the investment analysis may not trade contrary to a valid investment recommendation to buy or sell.

Valid recommendations constitute recommendations included in the investment analysis which have not been cancelled or whose period of validity has not terminated.

The compliance function of the member organisation has the possibility to grant an exemption from the latter restriction in such exceptional cases where it is necessary to sell financial instruments due to personal circumstances.

#### **4.7 Reporting on personal transactions**

In their internal rules, member organisations must determine how relevant persons must report their personal transactions.

## 5 Execution of orders on one's own behalf

Persons falling within the scope of these instructions must execute their trades in financial instruments as regular customer orders. No one may execute an order issued by themselves, by their insider or by another person on whose behalf they are acting directly on the trading facility of the trading venue (regulated market, multilateral trading facility or organised trading facility). Execution of own orders through an ordinary internet brokerage system is permitted.

If a relevant person in a member organisation is the counterparty to a transaction, the person executing the order must implement the trade, where possible, on a trading venue (regulated market, multilateral trading facility or organised trading facility) and always at the market price of the trading moment.

Member organisations must determine in their internal rules whether persons subject to the restrictions on trading in the member organisation must, as the main rule, use the brokerage and custodial services offered by their member organisation in their own transactions or if they may also use brokerage and custodial services offered by other service providers.

## 6 Other responsibilities

Relevant persons may not engage in personal transactions in a manner or to an extent that compromises that person's personal financial position.

Member organisations may in their internal rules require relevant persons to seek prior consent for their personal transactions.

Relevant persons must inform their insiders and related persons of the fact that all relevant persons must adhere to these instructions and their restrictions in their personal transactions.

Evading these instructions by trading on one's own behalf in the name of other persons or parties, or through another investment vehicle or a contract is contrary to proper practice and forbidden.

## **7 Supervision and sanctions**

### **7.1 Notifying of these instructions**

FFI recommends that member organisations inform their customers that the member organisation has undertaken to comply with these instructions.

### **7.2 Supervision and compliance with the rules**

The member organisation is liable to ensure compliance with these instructions and the internal rules issued thereunder, and to issue instructions on their interpretation. The rules must also contain provisions on the measures that are taken if the rules are violated.

The transactions of relevant persons must be entered in a register. A register means a database relating to the business transactions of these persons, whose data the member organisation keeps unchanged in accordance with the general obligation to keep data (five years). The register may be kept in paper form, stored in a data system or recorded on another permanent vehicle.

### **7.3 Violation of internal rules**

If a relevant person in a member organisation violates the internal rules of the member organisation issued under these instructions, the member organisation may, depending on the manner of violation, have the right to cancel or give notice to terminate that person's employment contract or corresponding contract.

## **8 Validity, interpretation and additional provisions**

### **8.1 Entry into force**

FFI's Securities Dealing Executive Committee approved these instructions on 8 June 2018. The instructions enter into force on 1 January 2019, thus replacing FFI's earlier trading instructions for member organisations offering investment services. Member organisations must bring their internal rules to comply with the minimum requirements of these instructions by 1 January 2019.

### **8.2 Additional provisions**

FFI has the right to issue detailed interpretations of these instructions.

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