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**Documents Required from Custodial Nominee
Account Holders and Nominee Registration
Custodians**

Decision by the CEO

To: Depository Participants

Reference to Euroclear Finland Rules:	3.5.15, 3.5.16
Entry into force:	7 May 2018
Supersedes:	<p>The CEO's Decision on Documents Required from the Account Holder of a Custodial Nominee Account and Nominee Registration Custodian in force as of 7 December 2017</p> <p>The CEO's Decision on Foreign Account holders of a Custodial Nominee Account in force as of 7 December 2017</p>

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1 Purpose and Aims

Upon application, the CEO of Euroclear Finland may grant a Foreign Institution or another foreign organisation a license to act as a custodial nominee account holder or as a nominee registration custodian, provided that the applicant is subject to sufficient public supervision and the applicant has the financial capacity and administrative capabilities to meet the requirements governing reliable nominee registration or keeping of custodial nominee accounts.

In order to enable Euroclear Finland to determine whether applicants meet the requirements set forth in the Act on Book-Entry Accounts and of the Act on the Book-Entry System and Clearing Operations, each applicant shall, at the very least, submit the following information in their application:

2 Organisations Applying to Become Custodial Nominee Account Holders

- 1) **The full name of the applicant.** For the purposes of this Decision, 'applicant' shall refer to an organisation applying to be registered as an account holder and which must meet the relevant license requirements. If an organisation's branch wants to open a custodial nominee account, the branch shall be recorded as the account holder regardless of the fact that an organisation's head office and branch are deemed to constitute one legal person.
- 2) **The corporate form of the applicant.** Only an organisation can be approved as a custodial nominee account holder. The corporate form of the applicant shall be determined by the foreign rules and regulations otherwise applicable to the applicant.
- 3) **The place of registration of the applicant and the authority responsible for the registration.** This information is required in order to establish the home state of the custodial nominee account holder. In many cases, the place of registration will also determine the corporate rules and regulations applicable to the applicant.
- 4) **Documentation on the rules and regulations and/or license based on which the applicant has the right to act as a nominee custodian or to administer property in its own name on behalf of others.** This document is required in order to assess whether the operations of the account holder can be presumed to be appropriate and reliable from the standpoint of the actual owners of the book-entries held in the account. To avoid the risk of discrepancies in handling and using a custodial nominee account, the applicant shall demonstrate that it is licensed to administer property in its own name on behalf of its customers under the law of its legal domicile. The applicant's application shall list the details of the licenses held by the applicant pertaining to custodial services. If no such license is required by the rules and regulations applicable to the applicant, this shall be separately demonstrated.
- 5) **Itemised information on the authorities supervising the custodial services operations of the applicant.** The Act on the Book-Entry System and Clearing Operations and the Act on Book-Entry Accounts provide that Euroclear Finland may accept only an organisation subject to sufficient public supervision as an account holder or nominee registration custodian. Public supervision shall primarily refer to special supervision of the financial and insurance markets, which is usually organised as a function of a central bank or a ministry of finance or as a separate office. Under the law, private organisations supervising the applicant's custodial services operations shall also be deemed as public supervisors. Examples of such private organisations include Self-Regulatory Organisations (SROs), which, in some jurisdictions, have been given sole authority to supervise organisations operating in the financial markets. However, company audits cannot be considered to constitute sufficient public supervision, even if the audited company operates subject to public supervision. Moreover, supervision is required to be sufficiently independent from the

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applicant's operations. Supervision by the administrative bodies or the main owner of the applicant cannot be deemed sufficient.

- 6) **Documentation of the rules and regulations and/or license that regulates the applicant's financial capacity and the reliability of its administration.** As an example, the applicant can demonstrate whether the rules and regulations pertaining to its solvency meets the recommendations of BIS (prudential control) as well as the manner in which the reliability of its administration and ownership base is supervised (sound administrative and accounting procedures, internal control mechanisms, monitoring of shareholdings, fit and proper person tests).
- 7) **Documentation on the manner in which the applicant has certified that no book-entries held by a Finnish citizen or Finnish organisation have been or will be registered in a custodial nominee account and that no such book-entries have been nominee-registered.** This declaration is required of foreign central securities depositories only for equity-rated book-entries. This declaration is required because custodial nominee account holders have the responsibility to ensure that no Finnish persons or organisations are among the holders of book-entries registered in nominee accounts. The declaration can be made either in the application or delivered to the Depository Participant operating on behalf of the applicant, which shall submit an account of the declaration.
- 8) If the applicant is only applying to become a custodial nominee account holder, the applicant shall state, in its application, that it is not concurrently applying to become a nominee registration custodian.

In addition to the documents listed above, organizations applying to become **a nominee registration custodian** shall provide:

- 9) Documentation on the manner in which the applicant has arranged for the Finnish Financial Supervision Authority and, with regard to equity-rated book entries, the issuer, upon request, to be informed of the names of the actual owners of the book-entries, if known, and of the number of book-entries owned by the actual owners.

3 Foreign Organisations Acting as Custodial Nominee Account Holders

Depository Participants may open custodial nominee accounts for organisations that have been approved by Euroclear Finland's CEO pursuant to the Act on Book-Entry Accounts and that belong to the categories listed below. Organisations belonging to these categories need not apply separately for the approval referred to in the applicable legal provision.

European Economic Area

- investment firms referred to in the Directive on markets in financial instruments (2004/39/EC), as subsequently amended, as well as credit institutions referred to in the Directive relating to the taking up and pursuit of the business of credit institutions (2000/12/EC), as subsequently amended, provided that said organisations have been granted the license referred to in the Directives in a state belonging to the European Economic Area; and
- branches operating in the European Economic Area in accordance with the Directives above, the head offices of which are domiciled in a state outside the European Economic Area and that are subject to supervision within the European Economic Area;

United States

- banks whose registered office is in the United States, whose operations have been organised in accordance with the laws of the United States or a state thereof and that are subject to supervision by one of the following authorities:

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- The Comptroller of Currency,
 - The Board of Governors of the Federal Reserve System,
 - The Federal Deposit Insurance Corporation, and
 - the banking supervision authorities of the relevant bank's home state;
- branches or subsidiaries of a bank meeting these requirements irrespective of where their parent company is domiciled; as well as
 - broker-dealers whose registered office is in the United States and that have been registered in accordance with the Securities Exchange Act of 1934 by the United States Securities and Exchange Commission (the authority supervising the securities markets in the United States).

4 Application Procedure

Applications for the status of a custodial nominee account holder or nominee registration custodian shall be addressed to Euroclear Finland.

To facilitate processing, applications shall be submitted to Euroclear Finland in Finnish or English. Where necessary, applicants shall, upon request, supplement the application.

Applicants may use an authorised representative, such as a Depository Participant.

Documents prepared internally by applicants shall be accepted as clarifications of applicable rules and regulations, provided that sufficient legal expertise (e.g. an in-house lawyer) has been used in their preparation.

Once an applicant has been approved, the relevant Depository Participant and the applicant shall separately agree on opening a custodial nominee account and/or initiating nominee registration operations. Euroclear Finland's approval of an application shall not result in an obligation upon Depository Participants to open a custodial nominee account or to nominee-register book-entries.



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