International Comparative Legal Guides

Alternative Investment Funds 2026

A practical cross-border resource to inform legal minds

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1 Regulatory Framework

1.1 What is the key legislation that governs the establishment and operation of Alternative Investment Funds?

All Finnish Alternative Investment Fund Managers ("AIFMs") and Alternative Investment Funds ("AIFs") are impacted by the following key legislation governing the establishment and operation of AIFs in Finland:

- the Finnish Act on Alternative Investment Fund Managers (162/2014, the "Finnish AIFM Act" or the "AIFMA" as amended), which implemented Directive 2011/61/EU (the "AIFM Directive" or "AIFMD") into Finnish law; and
- the European Commission Delegated Regulation 231/2013/EU, supplementing AIFMD with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision ("Commission Delegated Regulation").

Certain AIFs marketed to non-professional clients are also impacted by the Finnish Act on Common Funds (213/2019), which implemented Directive 2009/65/EU ("UCITS Directive") into Finnish law.

Depending on the legal form of the AIF, the AIF might also be subject to, e.g., the Finnish Partnership Act (389/1988) or the Finnish Limited Liability Companies Act (624/2006).

1.2 Are managers to Alternative Investment Funds required to be licensed, authorised or regulated by a regulatory body?

Finnish AIFMs managing AIFs are required to be either (i) authorised by, or (ii) registered with the Finnish Financial Supervisory Authority (*Finanssivalvonta*) ("FIN-FSA"). Unlike authorised AIFMs, registered AIFMs are exempt from some requirements under the AIFMA and are only subject to limited supervision by the FIN-FSA. Registration is available to AIFMs that manage AIFs with combined assets less than EUR 100 million (if using leverage) or less than EUR 500 million (if AIFs are closed-ended for at least five years and do not use leverage).

An AIF marketed to retail investors must be managed by a fully authorised AIFM.

Non-Finnish EU AIFMs managing Finnish AIFs must be duly licensed in their home Member State and subsequently passported and notified to the FIN-FSA in accordance with the AIFMA.

Non-EU AIFMs shall notify the FIN-FSA of marketing fund units or shares of an EU AIF or a non-EU AIF in Finland.

1.3 Are Alternative Investment Funds themselves required to be licensed, authorised or regulated by a regulatory body?

In principle, there are no such requirements. However, internally managed AIFs are required to be authorised by or registered with the FIN-FSA similarly to AIFMs.

Further, an AIFM has a right to market the units of an AIF in Finland only after submitting a notification to the FIN-FSA with information on the AIF it intends to market. Upon receipt of marketing approval, the AIF may be marketed either by the AIFM, the AIF or by a duly licensed investment firm or credit institution.

EU-AIFMs may offer EU AIFs to Finnish investors on the basis of the AIFMA and Article 32 AIFMD upon having made the requisite passporting notification. Upon receipt of marketing approval, the AIF may be marketed either by the AIFM or by a duly licensed investment firm or credit institution.

Non-EU AIFMs may offer non-EU AIFs or EU AIFs to professional clients in Finland on the basis of the AIFMA upon having made requisite notification to the FIN-FSA and having received marketing approval.

AIFs that are also marketed to retail investors are subject to compliance with additional rules on conduct of business and other requirements, which are to be disclosed to the FIN-FSA.

1.4 Does the regulatory regime distinguish between open-ended and closed-ended Alternative Investment Funds (or otherwise differentiate between different types of funds or strategies (e.g. private equity vs hedge funds))?

The AIFMA distinguishes between open- and closed-ended AIFs.

Closed-ended Finnish AIFs are usually formed as limited partnerships but can also take other forms. They are generally marketed to professional clients and focus on investments in private equity, venture capital and other high-risk and illiquid assets. Closed-ended AIFs do not have exercisable redemption rights, or have only limited rights, during the term of the relevant AIF.

Special investment funds (*Erikoissijoitusrahasto*, "SIF"), as regulated under Chapter 16 a of the AIFMA, are open-ended AIFs that may be marketed to retail investors. Open-ended AIFs and SIFs are subject to stricter rules regarding, e.g., redemption rights, risk management and the frequency of valuations.

While strategies are generally not distinguished in Finnish law, specific rules are set out for certain real estate funds under Chapter 18 a of the AIFMA and for loan-originating funds under Chapter 18 b of the AIFMA.

1.5 What does the authorisation process involve for managers and, if applicable, Alternative Investment Funds, and how long does the process typically take?

Finnish AIFMs managing AIFs are required to be either (i) authorised by, or (ii) registered with, the FIN-FSA.

The authorisation process of an AIFM, as set out in the AIFMA, follows AIFMD. A written application for authorisation is submitted to the FIN-FSA, with supporting documents attached. The supporting documents must contain, *inter alia*, a business plan, articles of association, information concerning shareholders, governing bodies and senior managers as well as drafts of internal policies. The application must also include information regarding the AIFs the AIFM is managing or intends to manage, such as draft constitutional documents of the AIF to be managed. Application for authorisation must be made either in Finnish or Swedish.

The FIN-FSA has three months from the date of a complete application, including where additional information is requested, to complete its examination process. If, for an essential reason, the FIN-FSA deems it necessary, the FIN-FSA is allowed to extend the examination period by another three months. Although the deadline of three months applies, prospective fund managers should consider the duration of the FIN-FSA authorisation process to be more than six months.

The registration process of an AIFM is set out in the AIFMA. A written application for registration is submitted to the FIN-FSA, with supporting documents attached. The application for registration must be made either in Finnish or Swedish.

Upon receiving the application for registration, the FIN-FSA contacts the AIFM for further information on the process and an estimate of the processing time. Typically, the processing time varies between two and four months.

1.6 Are there local residence or other local qualification or substance requirements for managers and/or Alternative Investment Funds?

Authorisation in accordance with the AIFMA can be granted to Finnish limited liability companies. Furthermore, the registered office and central administration of the AIF/AIFM must be located in Finland to qualify as a Finland-based AIF/AIFM.

Pursuant to the AIFMA, at least two day-to-day policymakers residing in the EEA must be employed full time by the AIFM. The members of the board of directors and the managing directors of the AIFM as well as persons involved in the operational management are subject to the Fit & Proper suitability assessment by the FIN-FSA.

1.7 Are any service providers specifically required to be appointed in respect of Alternative Investment Funds?

In accordance with the AIFMA, an authorised Finnish AIFM must appoint a depositary for each AIF it manages. As a principal rule, the depositary should be located in the same EEA Member State as the relevant AIF. Subject to certain conditions being fulfilled, the FIN-FSA may grant permission to appoint a depositary located in another EEA Member State. For non-EEA-based AIFs, the depositary must be located either in the home country of the AIF or in Finland. In case of an AIF with registered AIFM, appointment of a depositary is not required.

The appointment of an auditor for each AIF is required under the AIFMA. If not internally managed, the AIF's appointed external AIFM is entrusted with portfolio and risk management, as well as, potentially, administration and marketing.

The service providers required for an AIF will also depend on:

- the legal structure of the AIF;
- the services that the AIFM will provide (e.g. if it will be necessary to appoint an external valuer, administrator, distributor, etc., if such services are not provided by the AIFM); and
- the investment strategy of the AIF (e.g. where local regulation in the market where the AIF invests requires local brokers).

1.8 What rules apply to foreign managers wishing to manage funds domiciled in your jurisdiction?

The rules applying to foreign AIFMs depend primarily on whether they are EU- or non-EU (third country)-based.

Non-Finnish EU AIFMs may manage Finnish AIFs on a cross-border basis under the same conditions as Finnish AIFMs and are not subject to any additional rules. Non-Finnish EU AIFMs may commence managing Finnish AIFs after having received a notice on this from their home state regulator.

Non-EU AIFMs intending to manage EU AIFs in Finland require prior authorisation by the FIN-FSA or another EU regulator in accordance with AIFMD. Non-EU AIFMs managing Finnish AIFs are subject to AIFMD, excluding Chapter VI, and consequently to the AIFMA.

1.9 Are advisers (including foreign advisers) to Alternative Investment Funds required to be licensed, authorised or regulated by a regulatory body?

Whether an authorisation is required for advisers to AIFs or AIFMs depends on the nature of the services provided. For instance, advisory services concerning potential investments of the AIF may constitute portfolio management. In such cases, portfolio management may only be outsourced to a properly licensed entity, such as an investment firm, credit institution or another fund manager. It is also common within AIFM groups for employees of another group entity to provide portfolio management services. The rules on outsourcing and applicable licensing requirements apply equally to group entities as they do to external service providers.

If advisers facilitate contact between investors and the AIFM, such activity may fall within the scope of the MiFID II investment service of reception and transmissions of orders and therefore require the adviser to be a duly licensed (and passported, where applicable) investment firm or credit institution. The same applies where the adviser is involved in arranging transactions with third parties (such as portfolio companies, i.e. introducing the transacting parties).

Please refer also to question 3.11 in relation to the marketing of the AIF and distributing AIF units on behalf of the AIFM.

Notwithstanding the above, reverse solicitation remains applicable.

2 Fund Structures

2.1 What are the principal legal structures used for Alternative Investment Funds (including reference where relevant to local asset holding companies)?

Under Finnish law, an AIF may be established as a corporate entity or as another type of collective investing arrangement where funds are raised from a number of investors in accordance with a specified investment policy.

The most common corporate forms used for AIFs are limited partnerships (*Kommandiittiyhtiö*), but limited liability companies (*Osakeyhtiö*) may be also used. However, the FIN-FSA has not been that eager to accept the limited liability company as the company form.

SIFs must always be established as a contractual structure without legal personality in accordance with the AIFMA.

The choice of legal form depends on, for example, the investor target group, tax and structural reasons as well as requirements set by the FIN-FSA.

2.2 Do any of the legal structures operate as an umbrella structure with several sub-funds, and if yes, is segregation of assets between the sub-funds a legally recognised feature of the structure?

AIFs established as corporate entities do not operate as an umbrella structure in Finland. However, pursuant to the AIFMA, SIFs may have an umbrella structure with several sub-funds similarly to UCITS funds in accordance with the Finnish Act on Common Funds (213/2019).

Pursuant to the Finnish Act on Common Funds (213/2019), segregation of assets is a legally recognised feature of the structure. Assets of a sub-fund must be segregated from the assets of the AIFM and other sub-funds or funds. Consequently, any agreement to apply one sub-fund's assets in discharge of another sub-fund's liabilities is void.

2.3 Please describe the limited liability of investors in respect of the different legal structures used for Alternative Investment Funds.

The limited liability of investors is generally ensured by the legal form of the AIF.

A limited partnership must have at least two partners, one of them being the general partner and one the limited partner. The general partner is responsible for operations, representations and decision making whereas the limited partner acts solely as an investor if otherwise has not explicitly been agreed on. The liability of a limited partner is therefore generally limited to the amount of its agreed capital contribution in the AIF.

In a limited liability company, the owners are responsible up to the amount of share capital they hold.

The liability of an ordinary investor in a SIF is limited to the amount invested in the fund and the investor has no individual decisional power.

2.4 What are the principal legal structures used for managers and advisers of Alternative Investment Funds?

The principal form of legal structure for managers of AIFs is the limited liability company. The legal form of an adviser to an AIF depends on the nature of the services provided and any applicable licensing requirements.

2.5 Are there any limits on the manager's ability to restrict redemptions in open-ended funds or transfers in open-ended or closed-ended funds?

SIFs are generally open-ended but, should the investment strategy of the SIF so require, certain restrictions on redemptions are possible within the limits set out in the applicable fund documentation. SIFs may also apply redemption gates if provided for in the applicable fund documentation.

As a general rule, the investment strategy, liquidity profile and redemption policy of the AIF must be consistent with each other and the provided applicable minimum capital requirements must be met. Possible restrictions to redemptions or transfers are generally provided for in the AIF's documents and communicated to investors. According to the new AIFMD II-based rules, managers are obliged to select redemption tools from the ones listed in the Directive for open-ended AIFs and may also include other tools in the fund documentation. In addition, AIFMs of open-ended AIFs should always have the possibility of temporarily suspending redemptions in exceptional circumstances and where justified having regard to the interests of the AIF's investors. Furthermore, in exceptional circumstances and if necessary for investor protection or to address risks to financial stability, the FIN-FSA may order the AIFM to end a redemption suspension.

In corporate form AIFs, redemption at the request of investors is generally not possible, and closed-ended funds have usually availed of the possibility to restrict transfers as well.

2.6 Are there any legislative restrictions on transfers of investors' interests in Alternative Investment Funds?

There are no legislative restrictions on transfers other than those resulting from requirements on investors (see question 3.8) in certain cases.

2.7 Are there any other limitations on a manager's ability to manage its funds (e.g. diversification requirements, asset stripping rules)?

AIFs marketed to non-professional clients are subject to risk diversification provisions.

AIFMs are also subject to asset stripping rules as set out in the AIFMA and AIFMD.

2.8 Does the fund remunerate investment managers through management fee or performance fee/carried interest or by a combination of management fee and carried interest? In the case of carried interest, how is this typically structured?

AIFs typically remunerate investment managers through a combination of both management and performance fees or management fees and carried interest.

In Finland, carried interest is typically structured in the fund documentation so that the manager receives a share in the profits after return of drawn commitments and payment of the preferred return to investors in the fund. Carried interest may be restricted by means of a hurdle rate, high-water mark or clawbacks.

3 Marketing

3.1 What is the key legislation that governs the production and use of marketing materials?

The key legislation governing the marketing of AIFs in Finland is the AIFMA. Directive 2019/1160/EU on Cross-Border Distribution of Collective Investment Undertakings amending Directive 2011/62/EU ("CBDF Directive") has also been implemented into the AIFMA, and the amendments entered into force on 1 December 2021.

Further, Regulation 2019/1156/EU on facilitating cross-border distribution of collective investment undertakings applies to the marketing of AIFs in Finland. An AIF marketed to non-professional clients in Finland must also comply with the Finnish Consumer Protection Act (38/1978).

The marketing of AIFs is also subject to regulations and guidelines by the FIN-FSA and the European Securities and Markets Authority's guidance, such as the guidelines on marketing communications under the Regulation on cross-border distribution of funds.

3.2 What are the key content requirements for marketing materials, whether due to legal requirements or customary practice?

An AIFM, a licensed and passported MiFID II investment firm, or a credit institution marketing an AIF, must in its marketing material make available sufficient information for investors to be able to make an informed judgment on the investment and, in particular, on the risks attached thereto. Further, information presented to the investors must always be fair, clear and not misleading. Also, interests in the AIF may not be marketed by giving untrue or misleading information or by using a procedure that is unfair or otherwise contrary to good practice.

Where AIFs are marketed to retail investors, a key information document ("KID") under the Regulation on key information documents for packaged retail and insurance-based investment products (2014/1286/EU) shall also be provided.

AIFMs are also required to ensure that all marketing communications addressed to investors are identifiable as such and describe the risks and rewards of purchasing units or shares of an AIF in an equally prominent manner.

3.3 Do marketing documents need to be registered with or approved by the local regulator?

The marketing material (such as the Private Placement Memorandum or Information Memorandum) of the AIF must be submitted to the FIN-FSA in connection with the notification of the intention to commence marketing of the AIF. The regulator does not officially approve the marketing documents, but they must be submitted in advance to obtain the marketing approval and must thereafter be submitted to the regulator where any updates to the documentation occurs.

3.4 What restrictions (and, if applicable, ongoing regulatory requirements) are there on marketing Alternative Investment Funds?

Under Finnish law, marketing is defined as the direct or indirect offering or placement, at the initiative of or on behalf of the AIFM of units or shares in the AIF, to investors. Therefore, any active marketing activities are covered by the term.

Marketing must be conducted by the AIFM itself or a duly licensed (and passported, where applicable) entity on behalf of the AIFM.

Marketing to non-professional clients is generally allowed only by authorised (not registered) AIFMs and is subject to compliance with additional disclosure rules, e.g. the requirement to prepare a KID.

Reverse solicitation has generally not been considered marketing and does not trigger AIFMA requirements. However, due to the implementation of the CBDF Directive, invoking the reverse solicitation exception has become somewhat stricter as any subscriptions by investors in an AIF within 18 months of the commencement of pre-marketing activities related to that AIF (irrespective of whether such investor has, in fact, received any pre-marketing) are considered the result of marketing and will trigger the marketing notification (or passporting) requirements under the AIFMA.

3.5 Is the concept of "pre-marketing" (or equivalent) recognised in your jurisdiction? If so, how has it been defined (by law and/or practice)?

Pre-marketing is recognised in Finland and has been included in the AIFMA since the implementation of the CBDF Directive.

Pre-marketing is considered to constitute promotional activity that is limited to the direct or indirect provision of information or communication on investment strategies or investment ideas by an AIFM or on its behalf to Finnish investors in order to test their interest in an AIF not established yet or established but not registered yet for marketing in Finland. To constitute pre-marketing, an activity cannot amount to an offer or placement of shares in the relevant AIF (which is considered actual marketing). As such, the information must not be sufficient to allow investors to commit to investing in a specific AIF.

As to what is considered pre-marketing is always a case-by-case assessment. For example, soft-circling activities where no actual offer to sell or buy units of an AIF is made is generally considered pre-marketing.

3.6 Can Alternative Investment Funds be marketed to retail investors (including any specific treatment for high-net-worth individuals or semi-professional or similar categories)?

Authorised EU/EEA AIFMs (and duly licensed investment firms and credit institutions) may market EU/EEA AIFs to non-professional clients (retail investors) subject to compliance with additional disclosure rules and the requirement to prepare a KID.

Finland does not recognise the concept of high-net-worth individuals ("HNWIs") and consequently HNWIs and other similar categories are treated as retail investors (i.e. non-professional clients) in case they do not qualify as professional investors under the Finnish Act on Investment Services (747/2012).

3.7 Do any additional regimes need to be considered where investors are retail investors?

Where AIFs are marketed to retail investors, a KID under the Regulation on key information documents for packaged retail and insurance-based investment products (2014/1286/EU) must be provided. Further, requirements set out in the Regulation 2019/1156/EU on facilitating cross-border distribution of collective investment undertakings must also be considered. An AIF marketed to non-professional clients in Finland must also comply with the Finnish Consumer Protection Act (38/1978).

3.8 What qualification requirements must be met in relation to prospective investors?

Investments in AIFs are generally reserved for professional clients as defined in the Finnish Act on Investment Services (747/2012).

Only authorised AIFMs are allowed to market EU/EEA AIFs to non-professional clients. However, the FIN-FSA may grant a non-authorised (registered) AIFM the right to market an AIF to non-professional clients that are not retail clients in Finland in the manner referred to in the AIFMA. In order for registered AIFMs to obtain the right to market AIFs to such "well-informed" and wealthy non-professional clients, the AIFM must demonstrate, *inter alia*, that the capital to be invested in the AIF is intended to be collected from professional and non-professional clients who clearly understand the risks associated with the investment, invest on a long-term basis and have sufficient preconditions to bear the investment risk and can make a specified minimum investment.

3.9 Are there additional restrictions on marketing to public bodies such as government pension funds?

There are no additional restrictions.

However, such public bodies are generally subject to strict internal restrictions on investments and AIFMs are therefore advised to recognise such restrictions at an early stage of structuring an AIF to better meet those restrictions.

3.10 Are there any restrictions on the participation in Alternative Investment Funds by particular types of investors (whether as sponsors or investors)?

Finnish law does not provide for any specific restrictions.

3.11 Are there any restrictions on the use of intermediaries to assist in the fundraising process?

Provided that they are duly authorised by competent authorities, Finnish or EEA intermediaries, or, in certain cases, duly licensed and passported third-country intermediaries, may act as distributors for AIFs for which the AIFMD notification process has been duly completed by the relevant AIFM. However, it is noted that while third-country intermediaries are allowed to market AIFs in certain cases, pre-marketing activities are restricted to Finnish and EEA entities.

4 Investments

4.1 Are there any restrictions on the types of investment activities that can be performed by Alternative Investment Funds?

The eligible assets for AIFs are generally unrestricted.

When investing the assets of a SIF that can be marketed to non-professional clients, the AIFM must diversify the risks of the investment activities of the SIF. Furthermore, if marketed to non-professional clients, the rules of the SIF must specify to what extent the investment activities of the SIF deviate from the provisions of Chapter 13 of the Finnish Act on Common Funds (213/2019) regulating UCITS funds and how the assets of the SIF are invested and investments diversified.

4.2 Are there any limitations on the types of investments that can be included in an Alternative Investment Fund's portfolio, whether for diversification reasons or otherwise?

Finnish AIFs are not restricted in terms of types of investments. However, according to the AIFMA, requirements for diversification of risk apply to SIFs marketed to non-professional clients.

Finnish AIFs investing mainly in real estate and marketed to non-professional clients are also subject to certain requirements for diversification of investment and risk according to AIFMA.

4.3 Are there any local regulatory requirements that apply to investing in particular investments (e.g. derivatives or loans)?

There are no local regulatory requirements imposed on Finnish AIFs that invest in derivatives.

However, according to the AIFMA, requirements for diversification of risk apply to open-ended AIFs and AIFs marketed to non-professional clients.

As part of the Finnish implementation of AIFMD II, certain limitations were imposed on AIFs with a loan origination strategy and the AIFMA now sets out a detailed regulatory framework for such funds. Loan origination AIFs are subject to certain risk retention, leverage and concentration limits. Strategies based on an "originate-to-distribute" approach are not permitted. Furthermore, the AIFM is required to establish and maintain appropriate internal policies and procedures governing its lending activities. These must cover, among other things, credit risk assessment as well as the management and ongoing supervision of the credit portfolio. The AIFM must ensure that such arrangements remain effective, are kept up to date, and are subject to periodic review, at least on an annual basis.

4.4 Are there any restrictions on borrowing by the Alternative Investment Fund?

There are no general restrictions on borrowing. However, AIFMs are required to determine and set a maximum level of leverage for each AIF it manages, as well as any rights to re-use collateral or guarantees under the leverage arrangements. AIFs must mention the level of borrowing and leverage in the offering documents and report the same to the FIN-FSA regularly. The FIN-FSA may set limits on the amount of leverage that AIFMs may use if it deems this necessary to ensure the stability and robustness of the financial markets.

The AIFMA includes leverage limits for loan origination AIFs, which are 175% for open-ended funds and 300% for closed-ended funds.

Furthermore, SIFs that mainly invest in real estate as well as certain AIFs that are defined as real estate funds under Chapter 18 a of the AIFMA are also subject to restrictions on borrowing.

4.5 Are there are any restrictions on who holds the Alternative Investment Fund's assets?

In accordance with the AIFMA, an authorised Finnish AIFM must appoint a depositary for each AIF it manages. The depositary must normally be a credit institution or an investment firm. As a principal rule, the depositary should be located in the same EEA Member State as the relevant AIF. Subject to certain conditions being fulfilled, the FIN-FSA may grant permission to appoint a depositary located in another EEA Member State. For non-EEA-based AIFs, the depositary must be located either in the home country of the AIF or in Finland. In case of an AIF with registered AIFM, appointment of a depositary is not required.

5 Disclosure of Information

5.1 What disclosure must the Alternative Investment Fund or its manager make to prospective investors, investors, regulators or other parties, including on environmental, social and/or governance factors?

AIFMs are required to disclose certain prescribed information to prospective investors in advance of any investment and regarding any material changes to such information on an ongoing basis. AIFs marketed to non-professional clients are further subject to additional disclosure requirements, e.g. providing the investor with a KID in either Finnish or Swedish or, in certain cases, in another language as approved by the FIN-FSA.

As a part of the pre-contractual disclosures, AIFMs shall, subject to the Disclosure Regulation (2019/2088/EU) ("SFDR"), include descriptions of the manner in which sustainability risks are integrated into their investment decisions and the results of the assessment of the likely impacts of sustainability risks on the returns of the financial products they make available.

In accordance with the SFDR, information on whether the AIF promotes, among other characteristics, environmental or social characteristics, or a combination of those characteristics, or whether the AIF has sustainable investment as its objective shall also be included in the pre-contractual disclosures.

AIFMs shall also publish on their websites information about their policies on the integration of sustainability risks in their investment decision-making process as well as information on how the AIFM's remuneration policies are consistent with the integration of sustainability risks. Furthermore, AIFMs shall publish on their websites information on where they, on an entity level, consider principal adverse impacts of investment decisions on sustainability factors and a statement on due diligence policies with respect to those impacts; where they do not consider adverse impacts of investment decisions on sustainability factors, they must state clear reasons for why they do not do so.

AIFMs shall, for each EU/EEA AIF that they manage and/or market, periodically disclose to investors:

- the percentage of the AIF's assets that are subject to special arrangements arising from their illiquid nature;
- any new arrangements for managing the liquidity of the AIF;
- the current risk profile of the AIF and the risk management systems employed by the AIFM to manage those risks;
- the composition of the originated loan portfolio;
- on an annual basis, all fees, charges and expenses that were directly or indirectly borne by investors; and
- on an annual basis, any parent undertaking, subsidiary or special purpose vehicle utilised in relation to the AIF's investments by or on behalf of the AIFM.

AIFMs managing and/or marketing EU/EEA AIFs employing leverage shall, for each such AIF, disclose, on a regular basis:

- any changes to the maximum level of leverage that the AIFM may employ on behalf of the AIF as well as any right of the reuse of collateral or any guarantee granted under the leveraging arrangement; and
- the total amount of leverage employed by that AIF.

AIFMs are required to produce and make available an annual report to investors of each AIF they manage within six months of the end of the financial period of the AIF. If mentioned in the documentation, the AIFM must also publish the net asset value (or make it available to the investors).

5.2 Are there any requirements to provide details of participants (whether owners, controllers or investors) in Alternative Investment Funds or managers established in your jurisdiction (including details of investors) to any local regulator or record-keeping agency, e.g., for the purposes of a public (or non-public) register of beneficial owners?

AIFMs and AIFs established as corporate entities are subject to corporate laws, obliging the entities to register with the Finnish Trade Register and provide information on the owners and controllers of the entities. Information on the board members and managing directors of limited liability companies, as well as on the general partners and limited partners of limited partnerships, is publicly available in the Finnish Trade Register.

The Finnish Act on Preventing Money Laundering and Terrorist Financing (444/2017), implementing the Fourth EU Anti-Money Laundering Directive (2015/849/EU), as amended by the Fifth EU Anti-Money Laundering Directive (2018/843/EU), also imposes an obligation for corporate and legal entities incorporated in Finland to register details on the beneficial owners in a register held by the Finnish Trade Register.

AIFMs are further required to promptly provide information on any changes in the senior management of the AIFM to the FIN-FSA. Furthermore, any person who intends to directly or indirectly acquire shares exceeding regulated thresholds in an AIFM must notify the FIN-FSA in advance.

SIFs are obliged to keep an updated register with information on the units and unit holders of the SIF.

5.3 What are the reporting requirements to investors or regulators in relation to Alternative Investment Funds or their managers, including on environmental, social and/or governance factors?

A Finnish AIFM must regularly report to the FIN-FSA certain prescribed information in the form of a reporting template as set out in Annex IV of the Commission Delegated Regulation, e.g. the principal markets and instruments in which it trades on behalf of the AIFs it manages.

The net asset value per unit or share of AIFs shall be disclosed to the investors at least annually, unless otherwise regulated in the AIFs documentation. AIFMs are also required to produce and make available an annual report to investors of each AIF they manage within six months of the end of the financial period of the AIF. Authorised AIFMs are required to provide the FIN-FSA with the financial statements within two weeks of the financial statements having been approved.

AIFs that promote environmental and/or social characteristics or make sustainable investments are subject to the reporting obligations set out in the SFDR.

AIFs acquiring or transferring substantial holdings or control of unlisted companies are to report such holdings to the FIN-FSA within 10 days of the transfer.

The FIN-FSA should also always be provided with the most recent versions of the documents that were submitted to it as part of the marketing notification process.

5.4 Is the use of side letters restricted?

There is no statutory or regulatory restriction on the use of side letters.

However, an AIFM is subject to certain operating conditions, including, *inter alia*, an obligation to treat all AIF unit or shareholders fairly and to ensure that no unit or shareholder of an AIF receives preferential treatment unless such treatment is disclosed in the AIF's constitutional documents.

6 Taxation

6.1 What is the tax treatment of the principal forms of Alternative Investment Funds and local asset holding companies identified in question 2.1?

Under the Finnish tax legislation, AIFs fulfilling the prerequisites for a Finnish tax-exempt investment fund would be tax exempt on profit accrued.

6.2 What is the tax treatment of the principal forms of investment manager/adviser identified in question 2.4?

As the principal form of investment manager/adviser is the limited liability company, it is taxed under the general corporate taxation regime on profit accrued, at the currently applicable rate of 20% (noting that the corporate tax rate is intended to be lowered to 18% as from 2027).

6.3 Are there any establishment or transfer taxes levied in connection with an investor's participation in an Alternative Investment Fund or the transfer of the investor's interest?

No, there is generally no transfer tax payable in connection with the investor's participation in AIFs.

6.4 What is the local tax treatment of (a) resident, (b) non-resident, and (c) pension fund investors (or any other common investor type) in Alternative Investment Funds?

Investors are taxed based on their status as individuals, corporates, or transparent entities, whether exempted or not, and depending further on their tax residence, or the tax residence of the ultimate beneficial owner. Subject to certain conditions, Finnish domestic law allows Finnish tax exemptions for non-residents receiving Finnish-sourced income from Finnish AIFs. That said, there is great variance in that regard and each investor/case must be carefully assessed on its own merits, i.e. on a case-by-case basis.

6.5 Is it necessary or advisable to obtain a tax ruling from the tax or regulatory authorities prior to establishing an Alternative Investment Fund or local asset holding company?

An investment structure can often be implemented with reasonable certainty as to its foreseeable tax treatment; however, to avoid all doubt, a tax ruling is recommended to be sought.

6.6 What steps have been taken to implement the US Foreign Account Tax Compliance Act 2010 (FATCA) and other similar information reporting regimes such as the OECD's Common Reporting Standard?

All the referred regulation platforms are implemented in Finland as appropriate under the Finnish tax and legal framework.

6.7 What steps have been or are being taken to implement the OECD's Action Plan on Base Erosion and Profit Shifting (BEPS), in particular Actions 2 (hybrids/reverse hybrids/shell entities) (e.g. ATAD I and II), 6 (prevention of treaty abuse) (e.g. the MLI), and 7 (permanent establishments), insofar as they affect Alternative Investment Funds' and local asset holding companies' operations?

All the referred regulation platforms are implemented in Finland, so general assessment of AIFs would accordingly apply, but on a case-by-case basis.

6.8 What steps have been or are being taken to implement the OECD's Global Anti-Base Erosion (GloBE) rules, insofar as they affect Alternative Investment Funds' and local asset holding companies' operations? Do the domestic rules depart significantly from the OECD's model rules, insofar as they affect Alternative Investment Funds' and local asset holding companies' operations?

All the referred regulation platforms are implemented in Finland as appropriate under the Finnish tax and legal framework through the Finnish Act on Minimum Taxation for Large-Scale Groups (1308/2023), which aligns with the EU Directive for a global minimum level of taxation. This act, effective as of 1 January 2024, targets entities with annual revenues of EUR 750 million or more. Thereby, certain entities that meet specific criteria and act as the ultimate parent entity are exempt from the minimum tax. However, in this context, a case-by-case approach of AIFs would determine the application of the rules.

Concerning AIFs and local asset holding companies' operations, the domestic rules do not significantly deviate from the OECD's model rules. The most prominent difference lies in the scope of application, notably domestic rules extend to large-scale domestic groups in addition to multinational enterprises, as mandated by the OECD's GloBE rules.

6.9 Are there any tax-advantaged asset classes or structures available? How widely are they deployed?

There are no specifically tax-advantaged asset classes or structures available in Finland. Generally, however, assuming the prerequisites for a Finnish tax-exempt investment fund are fulfilled, that could be a benefit in itself.

6.10 Are there any other material tax issues for investors, managers, advisers or Alternative Investment Funds?

VAT liability/compliance and the Finnish withholding tax position should always be confirmed prior to entering into an investment structure. Also, carried interest is still somewhat uncertain under Finnish tax practice and should, therefore, be specifically accounted for, as appropriate.

6.11 Are there any meaningful tax changes anticipated in the coming 12 months other than as set out at question 6.6 above?

The government has recently made several meaningful promises relating to taxation. The government has announced that the corporate tax rate will be reduced from 20% to 18% as from 2027. The right to deduct tax losses is expected to be extended from 10 years to 25 years as from 2026. In addition, the government is looking into tax measures that could promote and strengthen the Finnish private equity/venture capital sectors. In this respect, it is possible that Finland will launch a new tax-exempt corporate investment vehicle – currently, no such vehicle exists and tax-exempt investment funds are practically contractual in nature. Lastly, the government has promised to revamp tax rules related to, e.g., tax-neutral restructurings and ensuring that non-resident investors would have less Finnish tax compliance obligations when investing into Finnish investment vehicles.

7 Trends and Reforms

7.1 What have been the main trends in the Alternative Investment Funds space in the last 12 months?

Sustainability continues to be a central theme. Some managers have since shifted from Article 9 classifications under the SFDR to Article 8. This change reflects the growing challenge of accessing reliable ESG data, which is often incomplete or inconsistent. On 20 November 2025, the European Commission published its proposal on SFDR 2.0. The proposal would substantially simplify the current regime by narrowing its scope, removing most entity-level disclosures (including principal adverse impact reporting), excluding financial advisers and reducing compliance burdens. Most notably, it would replace the current Article 6/8/9 framework with a formal sustainability product categorisation system (Transition, ESG Basics and Sustainable Objective) with minimum investment thresholds and mandatory exclusions for each category. It is currently expected that SFDR 2.0 would become applicable by late 2028.

One of the key regulatory development areas in Finland has been the effort to modernise the fund law framework by establishing a framework for AIFs with variable share capital. Lack of a dedicated corporate form for AIFs with variable share capital has been widely viewed as a structural weakness compared to several other jurisdictions. See further question 7.2.

The Finnish private equity and venture capital landscape has remained resilient despite recent challenges and rising geopolitical tensions. Over the few years, the global market turbulence has strained the venture financing environment, with both equity and venture debt activity contracting. However, fundraising by Finnish venture capital investors reached a record EUR 678 million in 2025, according to the latest statistics from the Finnish Venture Capital Association. The largest individual fund was raised by Lifeline Ventures (EUR 425 million), underscoring the rapid growth of the Finnish venture capital market, with assets under management tripling over the past decade. At the same time, Finnish startups raised a record EUR 1.9 billion in investments.

Furthermore, Finnish private funds have continued to deliver solid returns, according to Finnish Industry Investment Ltd's ("Tesi", a state-owned investment company with an industrial policy mission focused on driving economic growth, renewal and investments) survey on investment returns. Venture capital funds have seen total returns turn positive again for the first time since 2021–2022, driven by portfolio company value increases and active follow-on funding rounds, while buyout and growth funds have remained resilient despite a challenging exit environment. Overall, a significant share of Finnish funds still rank in the top performance quartile compared to European peers, although realised returns and internal rate of returns remain under pressure due to subdued exit markets.

The retailisation of private markets has been a rising trend in Finland recently and led to the development of several private equity products aimed for retail investors.

The implementation of AIFMD II brought new requirements related to delegation, liquidity tools, loan-originating funds, depositary duties and reporting.

7.2 In your opinion, what reforms (if any) in the Alternative Investment Funds space would be advantageous for the evolution of the private markets?

In September 2025, the Ministry of Finance established a working group tasked with developing a Finnish fund structure aligned with international best practices. The working group places particular emphasis on developing a SICAV-type variable capital investment company structure. Therefore, defining features under consideration possibly include capital linked to net asset value, the ability to establish umbrella structures with legally segregated sub-funds and board-level governance.

Reforming Finland's AIF structures would greatly benefit private markets by making them more flexible and competitive internationally. A key policy objective is to enhance Finland's institutional competitiveness by enabling AIFMs to launch funds in a structure that is familiar and widely recognised by cross-border investors, thereby reducing the incentive to domicile funds in other jurisdictions.

In terms of taxation, Finland should look into countries such as Ireland, Luxembourg or even Sweden, and implement similar tax regimes to attract more capital and strengthen foreign direct investments. Eliminating double taxation for foreign investors and ensuring tax neutrality with clearer distribution rules are crucial to attracting more cross-border capital. That said, even if more market liberal tax frameworks would be implemented in Finland, the country would still need to make sure that the general sentiment in the tax administration and courts would also embrace such market-friendly principles.

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