

Finansinspektionen's Regulatory Code

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Regulations amending Finansinspektionen's regulations and general guidelines (FFFS 2014:1) regarding governance, risk management and control at credit institutions;

FFFS 2017:8

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decided on 26/06/2017.

Finansinspektionen prescribes pursuant to Chapter 5, section 2, point 5 of the Banking and Financing Business Ordinance (2004:329) in respect of Finansinspektionen's regulations and general guidelines (FFFS 2014:1) regarding governance, risk management and control at credit institutions

in part that Chapter 4, section 2 shall be repealed,
in part that Chapter 1, sections 1 and 3 shall have the following wording.

Chapter 1

Section 1 These regulations apply to

1. banking companies,
2. savings banks,
3. members' banks,
4. credit market companies, and
5. credit market associations.

The regulations shall also apply to the investment services and activities of such undertakings, with the exception of the provisions in

- Chapter 2, sections 1, 2, 8 and 9,
- Chapter 3, sections 3 and 4,
- Chapter 4, sections 3–6,
- Chapter 5, sections 1–3,
- Chapter 8, section 1 and section 3, points 2, 3, 6 and 7,
- Chapter 9, section 4 and section 5 point 9, and
- Chapter 10.

In its investment services and activities, the undertaking shall not apply Chapter 6, section 6, point 4 to the compliance function. Provisions regarding the

independence of the compliance function are set out in Article 22.3 of the delegated regulation for MiFID 2.

The regulations shall, in accordance with that which applies as in Chapter 3, section 4 of the Special Supervision of Credit Institutions and Investment Firms Act (2014:968), be applied at group or subgroup level.

Section 3 In these regulations and general guidelines the terms and expressions shall mean the following:

1. *The delegated regulation for MiFID 2*: Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive.

2. *EEA*: European Economic Area

3. *Remuneration committee*: The same as in Finansinspektionen's regulations (FFFS 2011:1) regarding remuneration systems in credit institutions, investment firms and fund management companies licensed to conduct discretionary portfolio management.

4. *Function*: a unit or a department comprising one person or several people upon whom it is incumbent to perform one or several tasks within the operations.

5. *Internal rules*: policy and governance documents, guidelines, instructions or other written documents through which an undertaking governs its operations.

6. *Control function*: a function for risk control, compliance or internal audit.

7. *Limit*: an established limit for risk exposure pertaining to e.g. a specific customer, customer group, market or product.

8. *Risk management framework*: the undertaking's strategies, processes, procedures, internal rules, limits, controls and reporting procedures that constitute a framework for the undertaking's risk management.

9. *Risk appetite*: level and orientation of the undertaking's risks that are acceptable for achieving the strategic goals of the undertaking.

10. *Risk exposure*: a measure of the risk to which an undertaking is exposed at a certain point in time.

11. *Risk culture*: professional values, attitudes and behaviour that are of crucial significance to how an undertaking manages its risks.

12. *Risk strategy*: a strategy for assuming, steering and exercising control of the risks to which the undertaking is or could become exposed.

13. *Capital Requirements Regulation*: Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012.

14. *Outsourcing agreement*: an agreement between an undertaking and a service provider according to which the service provider performs a process, a service or an activity which would otherwise have been performed by the undertaking itself.

15. *Senior management*: the same as in Finansinspektionen's regulations (FFFS 2011:1) regarding remuneration systems in credit institutions, investment firms and fund management companies licensed to conduct discretionary portfolio management.

These regulations shall enter into force on 03/01/2018.

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