

## Finland Legal Framework Analysis: Key Highlights

This one-pager aims to provide a brief overview of the most notable features of Finland's national cooperative legal framework, based on the national report and ICA member input.

Cooperatives are regulated by a special law in Finland; the Law on Cooperatives. The Constitution of the Republic of Finland does not mention cooperatives explicitly, nor is there reference in the Law on Cooperatives to the ICA cooperative principles. There is a 'Law on Cooperative Banks and Other Credit Institutions in the Form of Cooperatives', regulating financial institutions. There is also a special Law on housing stock companies.

Main Regulations	Brief Description
<b>Law on Cooperatives</b> [Osuuskuntalaki], 14.6.2013/421	<i>The Act allows for the formation of one-person cooperatives, for the transferability of membership under certain circumstances, for the tradability of shares and stocks, for the figure of stock-exchange cooperatives and even to determine any objective, including a profit-seeking objective.</i>
<b>Law on Cooperative Banks and Other Credit Institutions in the Form of Cooperatives</b> [Laki osuuspankeista ja muista osuuskuntamuotoisista luottolaitoksista], 28.12.2001/1504	<i>Contains organisational features specific to cooperative financial institutions. They concern mainly prudential mechanisms.</i>
<b>Law on housing stock companies</b> [Asunto-osakeyhtiölaki], 22.12.2009/1599	<i>Applies to all limited liability companies, which have been registered in accordance with Finnish law as a limited liability housing company, which is to a certain extent comparable to housing cooperatives in other countries.</i>
<b>Law on European Cooperatives</b> [Eurooppaosuuskuntalaki], 19.10.2006/906	<i>This law provides for the implementation of the European Council Regulation 1435/2003 on the Statute for a European Cooperative Society (SCE), as far as it concerns any SCEs who are registered in Finland.</i>

**Cooperative Friendliness:** The legislation is considered to be significantly friendly to cooperatives, providing sufficient opportunities for their development. From one perspective, the extent to which the cooperatives make use of the wide by law autonomy can affect the degree to which the development of cooperatives is in line with the ICA values and principles.

**Key recommendations for improvement:** The formation of one-person cooperatives may not be considered adequate. Second, the impact of the financing possibilities on the cooperative principles, for example through the introduction of financial instruments typical of stock companies, should be evaluated. In addition, the unrestricted divisibility of the reserve fund is questionable, in light of the third principle of the ICA.

**Conclusions:** Cooperative law in Finland provides an adequate framework for cooperatives, which takes into account their specificities and diversity. A more complete picture of the Finnish cooperative law requires further work on the impact of bylaw autonomy, as well as exploring other areas such as competition law or labour law, as well as accounting standards.