

Unofficial translation

## **Act on the State Guarantee Fund**

(444/1998; amendments up to 424/2001 included)

By decision of Parliament, the following is enacted:

### *Section 1 - Administration*

The State Guarantee Fund is organized under the auspices the Ministry of Trade and Industry, and operates outside the State Budget.

The Fund has a Board of Directors and a Secretary-General. Further provisions concerning the administration of the Fund will be issued by decree.

### *Section 2 - Purpose of the Fund*

The purpose of the Fund is to ensure that the company (*specialist financing company*) referred to in the Act on the State-Owned Specialist Financing Company (443/1998) can fulfil its commitments as referred to in section 4.

The Fund assets shall also be used to cover the contingent liabilities of the Finnish Guarantee Board and its predecessors, the Export Guarantee Board and the State Guarantee Board, as referred to in section 11.

### *Section 3 - Fund assets*

The Fund's assets comprise an appropriation for transfer to the Fund from the State Budget, transfers to the Fund by the specialist financing company, payments on loans granted by the Fund, and guarantee premiums and recovery claims related to the contingent liabilities referred to in section 11.

### *Section 4 - State liability (424/2001)*

The State's liability covers the guarantees provided by the specialist financing company and referred to in the Act on the State's Export Credit Guarantees (422/2001), the Act on State Guarantees Granted to Companies Engaged in Shipbuilding or Shipowning Operations (573/1972), the Act on State Guarantees and Export Guarantees Granted to Industry for Investments Promoting Environmental Protection (609/1973) and the Act on State Guarantees Granted to Ensure the Supply of Basic Raw Materials (651/1981), if the specialist financing company has, through a legal procedure, been made responsible for paying these guarantees and has failed to do so.

### *Section 5 - Fund payments and reimbursements between the specialist financing company and the Fund*

If, according to the specialist financing company's final or interim accounts, the separate result of the company's operations referred to in section 4 shows a deficit, this shall be covered out of the Fund's assets. The Fund's Board of Directors shall decide on the payment to be made to cover the deficit (*Fund payment*) before the company's final accounts are approved or interim accounts are published.

If the separate result of the specialist financing company's operations referred to in section 4 shows a surplus, this surplus or part of it may be transferred to the Fund insofar as the company has received Fund payments referred to in subsection 1 and they have not been repaid to the Fund (*Fund reimbursement*). The shareholders' meeting shall decide on the Fund reimbursement following a proposal from the Fund's Board of Directors.

The Ministry of Trade and Industry shall decide in more detail how the combined total of Fund payments to the specialist financing company less the combined total of Fund reimbursements from the company to the Fund is presented in the final accounts.

### *Section 6 - Fund loans to the specialist financing company*

If the specialist financing company incurs a short-term financial deficit from the operations referred to in section 4, the company may apply for, and may be granted, a loan from the Fund without collateral being required.

### *Section 7 - Fund joint account*

The assets in the Fund's joint account in the central State bookkeeping shall be kept sufficient to cover the Fund payments and loans referred to in sections 5 and 6. The Fund's administrative costs shall also be paid from the its assets.

If the assets in the Fund's joint account are insufficient to cover the its expenses, the difference shall be transferred to the Fund from a specific appropriation for this purpose in the State Budget.

If the assets in the Fund's joint account exceed the amount referred to in subsection 1, the Council of State may order the entire difference, or part of it, to be entered in the State reserves.

### *Section 8 - Fund budget and financial statements*

The Fund is part of the central State bookkeeping. The Ministry of Trade and Industry shall be responsible for the Fund's bookkeeping and shall approve its budget for the period corresponding to the specialist financing company's financial year. The Fund's financial statements are approved by the Council of State.

### Section 9 - *Premiums*

Premiums shall be collected on the commitments covered out of the Fund's assets, as referred to in section 2. The premium sum is determined on the basis of the risk of loss related to the service and on the basis of the costs incurred by the specialist financing company when producing the service. The Ministry of Trade and Industry shall specify the premiums on the contingent liabilities referred to in section 2(2), on the basis of the costs incurred in provision of the service.

### Section 10 – *Auditing (680/2000)*

Auditors appointed by the Ministry of Trade and Industry shall audit the Fund's accounts and administration. One of the auditors must be an authorized public accountant or a chartered public finance accountant.

### Section 11 - *Arrangements resulting from transfer of the Fund's administration*

Liabilities resulting from guarantees, State guarantees and other contingent liabilities provided by the Finnish Guarantee Board or its predecessors, the Export Guarantee Board and the State Guarantee Board, shall be covered out of the Fund's assets.

The specialist financing company shall administer the contingent liabilities referred to in subsection 1, while the State bears the liability for them primarily using the Fund's assets. The company is entitled to receive a management fee from the Fund for this function. The company shall transfer to the Fund the guarantee premiums and recovery claims from contingent liabilities referred to in subsection 1.

### Section 12 - *Further provisions*

Further provisions on the implementation of this Act will be issued by decree.

### Section 13 - *Entry into force*

This Act enters into force on a date to be defined by decree.

Measures necessary for the implementation of this Act may be undertaken before the Act's entry into force.