

# Public Pension Funds (AP Funds) Act (2000:192)<sup>1</sup>

## PART ONE

### Chapter 1. Introductory provisions

#### Public pension funds

##### §1

This Act contains provisions regarding five, mutually independent state agencies that manage assets under income-based retirement pension insurance. These are the First AP Fund, Second AP Fund, Third AP Fund, Fourth AP Fund and Seventh AP Fund.

In addition, there is the Sixth AP Fund, which manages assets under income-based retirement pension insurance. The activities of that pension fund are governed by the Sixth AP Fund Act (2000:193).

##### §2

The First - Fourth AP Funds manage the assets which are to be transferred to the First - Fourth AP Funds in accordance with §6 of the Social Security Charges (Allocation) Act (2000:981), §8 of the National Retirement Pension Charge Act (1998:676), and §6 of the Public Pension Charge Act (1994:1744).

The Seventh AP Fund manages the assets which, pursuant to Chapter 64, §18 , first paragraph, subsection 2 of the Social Insurance Code, are to be transferred to the pension funds which are managed by the Seventh AP Fund.

*(SFS 2010:1281).*

#### Responsibility for the AP Funds' relationships

##### §3

Agreements and other legal acts undertaken by an AP Fund are binding on the State. However, the aforementioned shall not apply where the contracting party was aware, or should have been aware, that the agreement or legal act did not fall within the pension

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<sup>1</sup> *Lag (2000:192) om allmänna pensionsfonder (AP-fonder).*

*This is an unofficial translation. For the official text, please see the Swedish Parliament's webpage:  
[https://www.riksdagen.se/sv/dokument-lagar/dokument/svensk-forfattningssamling/lag-2000192-om-allmanna-pensionsfonder\\_sfs-2000-192](https://www.riksdagen.se/sv/dokument-lagar/dokument/svensk-forfattningssamling/lag-2000192-om-allmanna-pensionsfonder_sfs-2000-192)*

fund's scope of operations or that the person acting on behalf of the pension fund exceeded their authority.

## **PART TWO**

### **PROVISIONS REGARDING THE FIRST AP FUND, SECOND AP FUND, THIRD AP FUND, AND FOURTH AP FUND**

#### **Chapter 2. Allocation of assets and pension disbursements, etc.**

##### **Allocation of assets**

###### **§1**

The Swedish Social Insurance Agency shall immediately transfer to the Swedish Pensions Agency the assets which are to be transferred to the First - Fourth AP Funds pursuant to §6 of the Social Security Charges (Allocation) Act (2000:981). The Swedish Pensions Agency shall immediately transfer to every one of the First - Fourth AP Funds the assets which are to be transferred to these pension funds pursuant to §6 of the Social Security Charges (Allocation) Act, §8 of the National Retirement Pension Charge Act (1998:676), and §6 of the Public Pension Charge Act (1994:1744).

*(SFS 2011:1074).*

##### **Pension disbursements**

###### **§2**

To the extent other assets are not at its disposal, the Swedish Pensions Agency shall requisition from the First - Fourth AP Funds the assets which are necessary to finance the insurance for income pension and supplemental pension pursuant to the Social Insurance Code.

The Swedish Pensions Agency shall also requisition from the pension funds such assets as are necessary to transfer the value of any pension right under income pension and the value of any right to supplemental pension pursuant to the Pension Rights (Transfer of Value to and from the European Communities) Act (2002:125).

Upon application of the first and second paragraphs, each of the pension funds shall contribute one-fourth of such assets.

*(SFS 2010:1281).*

## **Costs for the operations**

### **§3**

Each of the First - Fourth AP Funds shall bear the costs for its operations and for auditing the management of the pension fund, using the assets managed by the pension fund.

## **Right to borrow**

### **§4**

In the event the assets managed by any one of the First - Fourth AP Funds are insufficient to enable the pension fund to perform its obligations pursuant to this Act, the pension fund may borrow assets from the Swedish National Debt Office.

## **Chapter 3. Executive management of the pension funds**

### **Board of directors**

#### **§1**

Each of the First - Fourth AP Funds shall have a board of directors. Each board of directors shall consist of nine directors.

The board of directors shall be responsible for the organisation of the pension fund and the management of the pension fund's assets. The board of directors represents the pension fund. The aforesaid shall also apply in respect of judicial proceedings.

### **Method for appointment of directors**

#### **§2**

The directors are appointed by the Government.

The directors shall be appointed on the basis of their expertise to support the management of the pension fund.

The directors must be Swedish citizens. A person who is a minor, or for whom a guardian has been appointed pursuant to Chapter 11, §7 of the Children and Parents Code, may not be a director. The aforesaid shall also apply to a person who is in bankruptcy or who is subject to a prohibition on trading pursuant to the Trading Prohibition Act (2014:836). (*SFS 2014:847*).

### **§3**

Two of the directors shall be proposed by organisations that represent employees' interests and two shall be proposed by organisations that represent employers' interests. Where no such proposal is submitted, the Government may, nevertheless, appoint a director. Prior thereto, the organisation shall have been afforded the opportunity to submit a proposal. The same shall apply where an organisation proposes an individual who does not meet the requirements set forth in §2, second and third paragraphs.

The Government shall appoint a chairperson and a deputy chairperson from among the directors who have not been proposed by organisations.

## **Term of service**

### **§4**

A director shall be appointed for a term not exceeding the date, during the third calendar year following the year in which the director was appointed, when the income statement and balance sheet have been adopted.

## **Method for removal of directors**

### **§5**

The Government may remove a director prematurely. A director shall be removed prematurely upon the request of the director or the party which proposed the director pursuant to §3, first paragraph. Where a director is removed or their term otherwise terminates prematurely, a new director shall be appointed for the remaining time in accordance with the provisions of §§2 and 3.

## **Meetings**

### **§6**

The chairperson shall ensure that the board of directors meets to the extent necessary. If a director so requests, the chairperson shall convene the board of directors.

A notice convening the meeting shall be issued by the chairperson. The notice shall state the business to be addressed at the meeting.

## **Resolutions**

### **§7**

A board of directors is quorate when more than one-half of the directors are present. When determining whether the board of directors is quorate, directors with a conflict of

interest pursuant to §8 shall be deemed not present. Resolutions may not be adopted on a matter unless, to the extent possible, all directors have been afforded the opportunity to participate in deliberations on the matter and have received satisfactory documentation to decide on the matter.

The resolution of the board of directors shall be the position voted for by more than one-half of the votes present at the meeting or, in the event of an equal number of votes, the position supported by the chairperson. Where the board of directors is not complete, those voting in favour of the resolution must, however, constitute more than one-third of the full number of directors.

Minutes shall be kept of the meetings of the board of directors. The minutes shall be signed by the chairperson and one more director, to be appointed by the board of directors. Where any director gives notice of a differing opinion in conjunction with resolutions, such differing opinion shall be noted in the minutes.

## **Conflicts of interest**

### **§8**

A director may not handle a question involving:

1. agreements between the director and the pension fund;
2. agreements between the pension fund and a third party, where the director in question has a material interest which may conflict with that of the pension fund; or
3. agreements between the pension fund and a legal person that may be represented by the director alone or with another person.

The provision set forth in the first paragraph, subsection 3 shall not apply where the pension fund's contracting party is an undertaking in which the pension fund holds more than one-half of the votes for all shares or participating interests in the legal person.

Litigation or other adversarial proceedings shall be equated with agreements, as used in the first and second paragraphs.

## **Instruction to act on behalf of the board of directors**

### **§9**

The board of directors shall appoint a person to be responsible for the day-to-day management in accordance with the board of directors' guidelines and instructions. Such person shall be appointed on the basis of their expertise to support the management of the pension fund.

## **§10**

The board of directors may instruct an individual director, the person responsible for the day-to-day management pursuant to §9, or another person, to determine matters. The board of directors shall specify the authority derived from such instruction.

The provisions of §2, third paragraph, second and third sentences, and §8 shall apply in respect of a person who is not a director.

## **Remuneration**

### **§11**

The Government determines the fees and other remuneration paid to the directors.

## **Chapter 4. Asset management**

### **Goals of the investment activities**

#### **§1**

The First - Fourth AP Funds shall manage the pension fund assets so as to obtain the greatest possible benefit to the insurance for income-based retirement pension.

The total risk level in the pension funds' investments shall be low. The pension fund assets shall be invested, at the selected risk level, so as to achieve high returns over the long term.

*(SFS 2018:2013).*

#### **§1 a**

The First - Fourth AP Funds shall manage the pension fund assets in an exemplary manner through responsible investments and responsible ownership. In the asset management, particular weight shall be placed on promoting sustainable growth without jeopardising the goal stated in §1.

*(SFS 2018:2013).*

#### **§1 b**

In their investment activities, the First - Fourth AP Funds shall have the preparedness necessary to enable transfers of fund assets to the Swedish Pensions Agency in accordance with Chapter 2, §2.

*(SFS 2018:2013).*

## **Terms used in the Chapter**

### **§ 1 c**

For purposes of this Chapter, the following definitions shall apply:

1. EEA: the European Economic Area;
2. real estate company: a company the primary purpose of which is to own or manage real property or site leaseholds; and
3. private equity company: an undertaking the primary purpose of which is to
  - own and manage shares or other participating interests which are not traded on a trading platform or a corresponding marketplace outside of the EEA; or
  - grant and manage loans to parties other than consumers.

*(SFS 2020:144).*

## **Operational plan**

### **§2**

Each of the First - Fourth AP Funds shall adopt an operational plan on an annual basis. The plan shall contain guidelines for the investment activities and for exercising voting rights in individual undertakings, as well as a risk management plan.

The guidelines for the investment activities shall contain strategies for how the goals set forth in §1 and §1 a shall be achieved.

The risk management plan shall describe the primary risks associated with the investment activities and how these risks will be managed. In addition, internal instructions for managing these risks shall be in place.

The risk management plan and the instructions shall be monitored on an ongoing basis.  
*(SFS 2018:2013).*

## **Cooperation**

### **§2 a**

The First - Fourth AP Funds shall cooperate in respect of the goal set forth in §1 a. The cooperation shall, at a minimum, include producing:

1. a common ground of values for the management of the fund assets;
2. common guidelines for reporting how the goal has been achieved; and
3. common guidelines for determining assets in which fund assets should not be invested.

*(SFS 2018:2013).*

## **General investment provisions**

### **§3**

The First - Fourth AP Funds shall manage the pension fund assets by making investments and entering into other agreements on the capital market, unless otherwise prescribed in this Chapter. The First - Fourth AP Funds may also assume obligations which are associated with such agreements.

### **§4**

At least 20 per cent of the market value of the assets held by each of the First - Fourth AP Funds shall be invested in debt instruments with low credit risk and low liquidity risk.

*(SFS 2018:2013).*

## **Acquisition and holding of liquid and illiquid assets**

### **§5**

The First - Fourth AP Funds shall, primarily, acquire or hold liquid assets. "Liquid assets" refers to:

1. money market instruments or transferable securities which are, or which within one year from the date of issuance are intended to be, subject to trading on a trading platform or corresponding marketplace outside of the EEA;
2. fund units which can be sold on short notice;
3. funds on account in credit institutions or other similar short-term liquidity investments; and
4. derivative instruments.

Subject to the restrictions which follow from this Act, the First - Fourth AP Funds may also acquire or hold illiquid assets. "Illiquid assets" refers to assets which are not liquid.  
*(SFS 2020:144).*

### **§5 a**

None of the First - Fourth AP Funds may be a general partner in a Swedish or foreign limited partnership.

*(SFS 2018:2013).*

## **§5 b**

The First - Fourth AP Funds may not assume responsibility for the operating executive management of a private equity company, the shares or other participating interests of which are not admitted to trading on a trading platform or a corresponding marketplace outside of the EEA.

*(SFS 2020:144).*

## **§6**

Each of the First - Fourth AP Funds may hold such shares in Swedish companies as are admitted to trading on a regulated market in Sweden at a market value which amounts to not more than 2 per cent of the total market value of such shares in the companies.

In conjunction with application of the first paragraph, an AP-fund shall not take into consideration:

1. such shares in companies which are included in Swedish or foreign funds in which the AP-fund holds units which do not confer a right to vote the shares; and
2. shares in real estate companies in which the AP fund holds a sufficient number of shares that the number of votes associated with such shares exceeds 10 per cent of the number of votes for all shares in the company.

*(SFS 2020:144).*

## **Acquisition of bonds and other debt instruments**

### **§7**

The First - Fourth AP Funds may only acquire bonds and other debt instruments which are issued for public sale. This restriction shall not apply to:

1. investments aimed at satisfying a pension fund's need for liquidity;
2. loans to a real estate company, where the pension fund holds shares or other participating interests in the company;
3. loans to a private equity company, where the pension fund holds shares or other participating interests in the firm and these are not admitted to trading on a trading platform or corresponding marketplace outside of the EEA; and
4. investments through funds or private equity companies.

*(SFS 2020:144).*

## **Restriction on acquisition and holding of liquid and illiquid assets**

### **§8**

Each of the First - Fourth AP Funds may invest in illiquid assets only where the pension fund's holding of illiquid assets at the time of investment amounts to not more than 40 per

cent of the fair value of all assets of the pension fund, including the value of the investment in question.

*(SFS 2018:2013).*

#### **§8 a**

The First - Fourth AP Funds may only acquire or hold shares or other participating interests which are not traded on a trading platform or a corresponding marketplace outside of the EEA through:

1. fund investments;
2. real estate companies; or
3. private equity companies.

Such shares or other participating interests in an undertaking may also be acquired or held by the First - Fourth AP Funds where an investment fund that the AP Fund acquires or in which it holds shares or other participating interests also acquires or holds shares or other participating interests in the undertaking. An AP Fund may not assume responsibility for the operative executive management of such an undertaking.

*(SFS 2020:144).*

### **Restriction on percentage of votes**

#### **§9**

None of the First - Fourth AP Funds may hold shares or other participating interests in an undertaking such that the number of votes associated with them exceeds 10 per cent or, in respect of private equity companies, which are not admitted to trading on a trading platform or corresponding marketplace outside of the EEA, 35 per cent of the number of votes for all shares or participating interests in the undertaking.

The restriction set forth in the first paragraph shall not apply to:

1. such shares or other participating interests in real estate companies which are not admitted to trading on a trading platform or a corresponding marketplace outside of the EEA;
2. such shares or other participating interests in real estate companies which are admitted to trading on a trading platform or a corresponding marketplace outside of the EEA and in which companies the pension fund held shares or other participating interests when the shares or other participating interests were admitted for trading;
3. such shares or other participating interests in private equity companies which are admitted to trading on a trading platform or a corresponding marketplace outside of the EEA and in which companies the pension fund held shares or other

participating interests at the time the shares or other participating interests were admitted for trading;

4. participating interests in Swedish and foreign funds which do not entail a right to exercise voting rights for the shares or other participating interests which are included in these funds. None of the First - Fourth AP Funds may increase their holding in such a real estate company as referred to in the second paragraph, subsection 2, at such time as the pension fund's holding exceeds the restriction stated in the first paragraph.

When the shares or other participating interests in such a private equity company as referred to in the second paragraph, subsection 3 are admitted to trading, the pension fund shall divest the part of the holding that exceeds the restriction in the first paragraph as soon as is appropriate, taking into consideration the market conditions.

(SFS 2020:144).

#### **[§9a**

*In respect of the First - Fourth AP Funds' holdings of such shares in Swedish companies as admitted to trading on a trading platform in Sweden, the restrictions in Section 9 paragraph 1 may be exceeded when a pension fund acquires shares through participation in a new issue of shares.*

*Such holdings may however not exceed 15 per cent of the number of votes for all shares in the company. If the holdings exceed such limit, the pension fund shall divest the surplus part of the holding as soon as appropriate, taking into consideration the market conditions. The surplus part shall however be divested as soon as can take place without causing loss to the pension fund.*

*The part of a holding that exceeds the restriction in Section 9 paragraph 1 shall be divested no later than seven years after the acquisition of the shares in the new issue.<sup>2</sup>*

(SFS 2020:851)]

## **Exchange rate risk**

### **§10**

Not more than forty per cent of the assets of each of the First - Fourth AP Funds, valued at market value, may be exposed to exchange rate risk.

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<sup>2</sup> This temporary provision entered into force on 1 November 2020 and will cease to apply on 1 July 2021. The provision will however continue to apply to share holdings acquired during the period 1 November 2020 – 30 June 2021.

## **Limit on exposure**

### **§11**

Not more than ten per cent of the assets of each of the First - Fourth AP Funds, valued at market value, may comprise securities or other financial instruments issued by a single issuer or a group of interconnected issuers. This restriction shall not apply to:

1. the Swedish State, a Swedish municipality or comparable association; and
2. foreign States, central banks, foreign municipalities or comparable associations, and other issuers with a risk weight of zero per cent risk on the basis of the standardised approach which, pursuant to Article 107 of 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 <sup>Note</sup><sup>1</sup>, is to be applied to calculate the capital requirement for credit risks.

“Group of interconnected issuers” refers to two or more natural or legal persons which constitute a single unit from a risk perspective because:

1. any of them has a direct or indirect ownership control over one or more of the other entities in the group; or
2. without having such a relationship as referred to in subsection 1, they have such interconnection that any or all of the others can be deemed to be at risk of encountering payment difficulties if one of them is subject to financial difficulties.

(SFS 2014:979).

## **Commodities derivatives**

### **§12**

The First - Fourth AP Funds may not invest the pension fund’s assets in options, warrants, or other similar financial instruments with commodities as the underlying asset.

## **Securing claims**

### **§13**

In order to secure a claim, the First - Fourth AP Funds may:

1. purchase property which is distrained or constitutes security for the claim; and
2. as payment for the claim, take over property which constitutes security for the claim, or other property, where there is reason to believe that the pension fund would otherwise incur significant loss.

In exchange for property which has been purchased or taken over pursuant to the first paragraph, a pension fund may acquire shares in a company which was formed to acquire the property or to continue operations conducted with it.

Where shares have been acquired in accordance with the first or second paragraph, the pension fund may acquire additional shares in the same company where there is a clear risk that the pension fund will otherwise incur a loss.

#### **§14**

Where shares in a company have been acquired pursuant to §13, the pension fund may, where the company transfers its assets to another company, replace these shares with shares in the other company.

### **Divestment of certain holdings**

#### **§15**

If any of the restrictions stated in §§ 6, 8, 9, 10 , or 11 are exceeded, the pension fund shall divest the surplus part of the holding as soon as appropriate, taking into consideration the market conditions. The surplus part shall however be divested as soon as can take place without causing loss to the pension fund. The same shall apply to property acquired by a fund pursuant to §§ 13 or 14.

*(SFS 2018:2013).*

### **Real property, etc.**

#### **§16**

Each of the First - Fourth AP Funds may acquire real property, site leaseholds, or tenant-owned apartments in order to acquire commercial premises which are necessary for the operations, or to satisfy related needs.

### **Loans**

#### **§17**

The First - Fourth AP Funds may borrow assets to satisfy a temporary need for cash and to undertake obligations which are associated with such a loan.

## **Management services**

### **§18**

The First - Fourth AP Funds may engage a securities institution or other asset manager which is subject to satisfactory supervision in its home country by a public authority or other competent body to manage of the pension fund's assets.

*(SFS 2018:2013).*

## **PART THREE**

### **PROVISIONS REGARDING THE SEVENTH AP FUND**

#### **Chapter 5. Management of premium pension assets**

##### **Purposes**

### **§1**

The Seventh AP Fund manages assets for the purposes set forth in the provisions of the Social Insurance Code regarding premium pensions. The management shall be conducted exclusively in the interests of the pension savers.

When assets are transferred on the basis of Chapter 64, §23 , third paragraph of the Social Insurance Code, the pension saver shall be able to decide that the assets shall be:

1. invested in one or more of the stated pension funds;
2. allocated between the pension funds based on the age of the pension saver; or
3. allocated between the pension funds based on the risk level designated by the pension saver.

When assets are transferred on the basis of Chapter 64, §24, or §26 second paragraph of the Social Insurance Code, the assets shall be allocated between the pension funds based on the pension saver's age.

The Seventh AP Fund may withdraw assets from each of the pension funds for the management costs incurred for the relevant fund. Where the costs relate to more than one pension fund, they shall be allocated between the pension funds in a fair manner.

The Seventh AP Fund shall accept assets for, and disburse assets from, the pension funds in accordance with the instructions provided by the Swedish Pensions Agency.

*(SFS 2018:773).*

## **Cooperation agreements with the Swedish Pensions Agency, etc.**

### **§2**

The Seventh AP Fund shall enter into cooperation agreements with the Swedish Pensions Agency pursuant to Chapter 64, §3 , second paragraph, subsection 2 of the Social Insurance Code and shall undertake to comply with the requirements set forth in § 17 c, second paragraph, subsections 3–6.

The fund rules for the pension funds managed by the Seventh AP Fund may not allow assets to be disbursed to any party other than the Swedish Pensions Agency. The Seventh AP Fund also may not undertake, through the pension funds, such fund operations which involve management of special funds in accordance with Chapter 12 of the Alternative Investment Fund Managers Act (2013:561).

*(SFS 2018:773).*

## **Restriction on percentage of votes**

### **§3**

The Seventh AP Fund may not acquire for the pension funds shares in a Swedish or foreign company such that the number of votes for such shares, together with these pension funds' other shares in the same company, exceeds five per cent of the number of votes for all shares in the company.

*(SFS 2009:1460).*

## **Exercise of voting rights**

### **§4**

The Seventh AP Fund may vote for such shares in a Swedish company as it has acquired for the pension funds only when the requirement of high returns over the long-term, or the need to secure the investments, cannot be met in another manner.

*(SFS 2009:1460).*

## **Fund units and redemption of fund units**

### **§5**

The pension funds which are managed by the Seventh AP Fund shall be broken down into fund units. All fund units in a pension fund shall be equal in size.

The value of a fund unit in a pension fund is the value of the pension fund divided by the number of fund units. The assets of the pension fund shall be valued on the basis of

applicable market value. The Seventh AP Fund shall calculate the fund unit value on a daily basis and inform the Swedish Pensions Agency of the value.

When assets are added to any of the pension funds, the Seventh AP Fund shall issue fund units to the Swedish Pensions Agency. When assets are disbursed from any of the pension funds, this shall take place through redemption of fund units.

*(SFS 2009:1460).*

## **Applicable provisions**

### **§6**

The following provisions of this Act in respect of the First - Fourth AP Funds shall also apply to the Seventh AP Fund:

- Chapter 3 regarding executive management of the pension funds, with the exception of §3, first paragraph;
- Chapter 4, §1, second paragraph regarding goals for investment activities, with the discrepancy that for the management of the pension funds, it is not required that the total risk level is low;
- Chapter 4, §2 regarding an operational plan, with the exception of the first paragraph, second sentence, in respect of guidelines for exercise of voting rights in individual undertakings and the second paragraph in respect of the goal set forth in §1 a; and
- Chapter 4, §18 regarding management services.

*(SFS 2018:2013).*

### **§7**

The following provisions of the Swedish UCITS Act (2004:46) shall apply to the management of the pension funds:

- Chapter 2 , §18 regarding a prohibition against trading with a Swedish UCITS for certain persons who are insiders;
- Chapter 2, §21 , first paragraph regarding damages;
- Chapter 4, §2 regarding representatives of the unit holders in a Swedish UCITS, etc.;
- Chapter 4 , §§8 and 9 regarding drafting and approval of fund rules;
- Chapter 4, §13 , first paragraph, regarding redemption of fund units;
- Chapter 4, §§ 15–28 regarding information about a Swedish UCITS;
- Chapter 5, §§1, 3–19 and 21–26 regarding investment of assets in a Swedish UCITS; and

- Chapter 10, §8 regarding an auditor’s obligation to report certain circumstances to the Swedish Financial Supervisory Authority.

Upon application of the provisions of the first paragraph, the pension funds shall be regarded as a UCITS and the Swedish Pensions Agency as a unit holder. The provisions regarding a Swedish management company shall refer to the Seventh AP Fund.

The Government or an authority designated by the Government may promulgate provisions regarding derogations from the provisions stated in the first paragraph and, in an individual case, take a decision regarding derogation from these provisions, other than in respect to Chapter 2, §18 regarding prohibition against trading with a Swedish UCITS for certain persons with a position of insight and Chapter 2, §21, first paragraph regarding damages.

*(SFS 2019:1217).*

## **Supervision by the Swedish Financial Supervisory Authority**

### **§8**

The Seventh AP Fund shall be subject to supervision by the Swedish Financial Supervisory Authority. The provisions of Chapter 10, §1, first and second paragraphs, §§ 2, 4, 7, 10 and 11, as well as Chapter 14, §1 of the Swedish UCITS Act (2004:46) shall apply to the supervision.

Upon application of the provisions set forth in the first paragraph, the provisions regarding a Swedish management company shall refer to the Seventh AP Fund.

*(SFS 2013:571).*

## **PART FOUR**

### **Chapter 6. Accounting and audits, etc.**

#### **Financial year**

##### **§1**

The financial year for the AP Funds is the calendar year.

#### **Day-to-day accounting, accounting documents, and archiving**

##### **§2**

An AP Fund shall, in accordance with generally accepted accounting practices:

1. continually book all accounting transactions;
2. ensure that there is documentary evidence for all accounting posts, as well as system documentation and description of accounting procedures applied;
3. preserve all accounting information and the equipment and systems necessary to present the accounting information; and
4. for each accounting year, close the current recording of transactions with annual accounts in accordance with the provisions of §3.

## **Annual accounts**

### **§3**

Annual accounts shall consist of:

1. a balance sheet;
2. an income statement;
3. notes; and
4. a directors' report.

The balance sheet, income statement, and notes shall be prepared as a unit and shall provide a true and fair view of the AP fund's financial position and earnings. The directors' report shall contain a true and fair overview of the performance of the fund's operations, financial position, and earnings.

The assets in which the fund's assets are invested shall be reported in the annual accounts at market value.

### **§4**

All directors of the pension fund shall sign the annual accounts. In the event a dissenting opinion regarding the annual accounts has been noted in minutes of the board of directors, such opinion shall be appended to the accounts.

The annual accounts shall be submitted to the auditors not later than 15 February of the year following the financial year.

Following pension funds' receipt of the auditors' report stipulated in §8, the report and the annual accounts shall be submitted to the Government immediately.

## **Auditors**

### **§5**

The Government appoints two auditors for each AP Fund, who audit the management of such fund's assets. One of the auditors shall serve for all of the pension funds. The auditors shall be authorised public accountants.

The auditor who serves for all of the pension funds shall coordinate the audit of the management of the funds.

The auditors may retain assistants for the performance of their assignment.

### **§6**

An auditor shall be appointed for a term not exceeding the date, during the third calendar year following the year in which the auditor was appointed, when the income statement and balance sheet are adopted.

The Government may remove an auditor prematurely. An auditor shall be removed prematurely at such auditor's request.

Where an auditor's term terminates prematurely, a new auditor shall be appointed for the remaining time.

### **§7**

The Government determines the fees and other remuneration payable to the auditors.

## **Auditors' report**

### **§8**

The auditors shall submit an auditors' report for each financial year.

The auditors' report shall contain a statement regarding the scope and result of the auditors' examination and an inventory of the assets managed by the AP Funds, as well as information regarding any qualification of the annual accounts, the bookkeeping, or otherwise, regarding the management. The auditors may also present any formal criticism they deem necessary.

An auditor with a dissenting opinion or who otherwise believes that a separate statement is necessary may so state in the auditors' report unless they submit their own auditor's report.

The auditors shall submit the auditors' report to the board of directors not later than fourteen days after they received the annual accounts in accordance with §4.

## **Adoption of the income statement and balance sheet**

### **§9**

The Government shall adopt the income statement and balance sheet not later than 1 June of the year following the financial year.

## **Chapter 7. Miscellaneous provisions**

### **The Government's summary and evaluation**

#### **§1**

The Government shall prepare a yearly summary of the AP Funds' annual accounts and conduct an evaluation of the management of the pension funds' assets.

The Government shall submit the pension funds' annual accounts and the Government's summary and evaluation to Parliament not later than 1 June of the year following the financial year.

Where the Government has retained the services of a person with specialised knowledge in conjunction with the evaluation, the cost for this shall be borne by the affected pension fund or pension funds. The cost shall be allocated among the pension funds as the Government deems fair.

### **Reporting obligation**

#### **§2**

The directors and auditors of the AP Funds, as well as the employees and contractors at a pension fund, as determined by the board of directors of such pension fund, shall submit a written report of their holdings of financial instruments as set forth in Chapter 1, §1 of the Financial Instruments Trading Act (1991:980) and of changes in the holdings.

The board of directors shall determine the form for reporting pursuant to the first paragraph.

## **Footnotes**

[1] OJ L 176, 27.6.2013, p. 1 (Celex 32013R0575).