

# Company Information

## Shares and Shareholders

### Shares and share capital

The shares of HEX Plc are book-entry securities in one series with equal rights to dividend. Each share entitles one vote. The nominal value of the share is two euros, and a total of 13,471,728 shares are outstanding. The company has a share capital of euro 26,943,456.

The stock options included in the incentive scheme of the HEX Group employees entitle the subscription of a total of 1,400,000 HEX Plc shares.

The incentive scheme may lead to a maximum of 2.8 million euro increase in share capital. A detailed presentation of the terms of the scheme is on page 50 of the Annual Report.

### Shareholders

At the close of 2001, the company had 153 shareholders. The ten major shareholder groups held 78.6 per cent of the share capital. A total of 15.7 per cent of shares were nominee registered. According to the information announced by OM AB (publ), it holds in nominee registration 15.6 per cent of the total number of shares.

Employee shareholding may rise to a maximum of 9.4 per cent through the stock incentive scheme. The figure includes the holdings of the Executive group of the HEX Group and its Secretary.

#### DISTRIBUTION OF SHARE CAPITAL ON 28 DECEMBER 2001

SHARES/ SHAREHOLDER	NUMBER OF SHAREHOLDERS	PER CENT OF SHAREHOLDERS	NUMBER OF SHARES	PER CENT OF SHARES
1-100	14	9.2	278	0.0
101-1000	38	24.8	13,057	0.1
1001-10 000	15	9.8	45,856	0.3
10 001-50 000	60	39.2	1,514,406	11.2
50 001-100 000	9	5.9	802,406	6.0
over 100 000	16	10.5	8,977,008	66.6
Nominee registered	1	0.7	2,118,717	15.7
<b>Total</b>	<b>153</b>	<b>100</b>	<b>13,471,728</b>	<b>100</b>

Source: Central Securities Depository

## DISTRIBUTION OF SHARE CAPITAL BY TYPE OF SHAREHOLDER ON 28 DECEMBER 2001

	NUMBER OF SHAREHOLDERS	PER CENT OF SHAREHOLDERS	NUMBER OF SHARES	PER CENT OF SHARES AND VOTES
Corporations	79	51.6	2,945,104	21.9
Banks and insurance companies	18	11.8	6,147,940	45.6
Public corporations	4	2.6	1,278,238	9.5
Non-profit corporations	7	4.6	948,560	7.0
Households	44	28.8	33,047	0.3
Nominee registered	1	0.7	2,118,839	15.7
<b>Total</b>	<b>153</b>	<b>100</b>	<b>13 471 728</b>	<b>100.0</b>

Source: Central Securities Depository

## TEN MAJOR SHAREHOLDER GROUPS ON DECEMBER 28, 2001

	SHARES		PER CENT OF SHARES AND VOTES
	NUMBER OF OF SHARES	TOTAL NUMBER OF SHARES	
1. HSS/Skandinaviska Enskilda Banken *		2,118,717	15.7
2. Sampo Group			
Sampo Luotto Oyj	876,499		6.5
Sampo Oyj	499,031		3.7
Mandatium Holding Oy	<u>195,200</u>		1.4
		1,570,730	11.7
3. Nordea Bank Finland Plc		1,502,823	11.2
4. OKO Group			
OKO Osuuspankkien Keskuspankki Oyj	1,095,276		8.1
Opstock Oy	<u>97,600</u>		0.7
		1,192,876	8.9
5. Bank of Finland		948,200	7.0
6. OKR-Issuers Cooperative		930,960	6.9
7. Evli Bank Plc		821,250	6.1
8. State of Finland/Ministry of Finance		603,400	4.5
9. Pohjola Group Plc		499,031	3.7
10. Ilmarinen Mutual Pension Insurance Company		395,516	2.9
<b>Total</b>		<b>10,583,503</b>	<b>78.6</b>

Source: Central Securities Depository

\* Nominee registered  
OMAB (publ) holds 15.6 per cent

### **Board and Executive group shareholdings in HEX Plc**

Board members do not hold shares in the company nor options entitling to subscription of the shares.

The Executive group and its Secretary hold a total of 14,800 shares - that is, approximately 0.11 per cent of share capital and voting rights.

In the event that the employee stock incentive scheme materializes in full, the shareholding of the Executive group and its Secretary may rise to a maximum of 224,800 shares, or 1.5 per cent of share capital and voting rights.

### **Shareholder control**

The company is subject to so-called shareholder control governed by the securities market legislation. If a party or several parties together intend to purchase five per cent or more of the company's share capital or voting rights, the Financial Supervision Authority shall be notified of the intention well in advance. A similar duty to declare also applies if shareholding exceeds or falls below one-tenth, one-fifth, one-third or one-half of the company's share capital or voting rights.

The Financial Supervision Authority has a three-month time period in which to oppose such a pur-

chase if available information or surveys give reason to believe that the shareholding might pose a risk to the company's operations. If the holding has been obtained despite the opposition of Financial Supervision or if the duty to declare has been neglected, Financial Supervision may prevent voting rights from being exercised in the company.

### **Shareholder agreement**

The State of Finland, the Bank of Finland, OKR issuers Cooperative, Nordea Bank Finland Plc, OKO Group, Sampo Group and Aktia Savings Bank Plc entered into a shareholder agreement on 25 February 2002. The agreement supersedes the previous shareholders' agreement.

### **Public listing**

In late 2000, the HEX Plc Board of Directors commissioned a study of prerequisites for publicly listing the company. According to the study, there are no legislative barriers that would prevent listing the company. Actions have continued to investigate issues related to the listing. No decision has been made concerning the listing or the method of implementing it.



## Corporate Management

### Administrative bodies

The administrative bodies of HEX Plc include the General Meeting, the Board of Directors, and the CEO. The responsibilities of the administrative bodies are regulated by Finnish legislation, the articles of association and the principles laid down by the Group's Board of Directors. The group management of HEX Plc follows the Finnish Companies Act and Helsinki Exchanges' Corporate Governance recommendation.

### Shareholders' meeting

The Annual General Meeting is held annually by the end of June on a date specified by the Board of Directors. The Meeting deals with issues pertaining to it according to law and the articles of association.

As stipulated in the securities market legislation and the articles of association, exercising voting rights at the shareholders' meeting is restricted to a maximum of one-twentieth (1/20) of the votes represented at the meeting. Calculation of the shareholder's votes takes into consideration, among other things, the companies belonging to the same Group.

### Board of Directors

The Annual General Meeting elects a minimum of six and a maximum of nine Board members, along with their personal deputy members, for a one-year term. The term of office begins and ends following the election carried out by the Annual

General Meeting. The Board of Directors elects a Chairman and Vice Chairman from amongst its members. Board members in 2001 are presented in the annual report on pages 62-63.

The Board of Directors deals with company administration and the appropriate organisation of operations, as well as makes decisions on the basis of proposals by the CEO concerning matters on which the articles of association, law, or rules and regulations, require a Board decision. The Board also makes decisions on strategy and structure, strategic ventures and capital expenditure, the basis for control systems, employee incentive pay schemes and other significant matters in the HEX Group. The Board of Directors elects the CEO and deputy CEO, and appoints the Executive Group.

The Board convenes, as a rule, once a month. In 2001, the Board convened 14 times.

### CEO

The President and CEO is in charge of the Group's day-to-day administration, in line with the strategy approved by the Board of Directors with the goal of achieving the operational and financial targets set by the Board.

### Management rewarding systems

The Annual General Meeting confirms the Board's rewards annually in advance.

In 2001, the Chairman of the Board of HEX Plc was paid 9,500 Finnish markka per month, the Vice Chairman was paid 7,500 markka per month and the members were paid 6,500 markka per month. In addition, separate meeting compensation was paid to members of the Board; the Chairman was paid 2,500 markka per meeting, and the Vice Chairman and the other members were paid 1,500 markka per meeting. Deputy members of the Board were paid 2,500 markka per meeting.

In subsidiary companies, members of the Board that are employed by the HEX Group receive no separate rewards.



The Board of Directors decides on the compensations and other benefits of the CEO, deputy CEO and the Executive Group.

The employee incentive scheme also covers the Executive group and no particular management bonus scheme is in use.

## Operations Subject to Licence

Helsinki Securities and Derivatives Exchange, Clearing House Ltd (Helsinki Exchanges) operates in the areas of securities exchange, options exchange and clearing of options transactions on the basis of a licence granted by the Ministry of Finance. Helsinki Exchanges also organises other public trading in securities (I List, NM List, Pre List) in accordance with rules and regulations confirmed by the Ministry of Finance.

The Finnish Central Securities Depository Ltd operates as a central securities depository on the basis of a licence granted by the Finnish Government and as a clearing party on the basis of a licence granted by the Ministry of Finance.

HEX Back Office and Custody Services Ltd (HBO) operates as a custodian in accordance with the Act on Common Funds on the basis of a licence granted by the Finnish Government.

ASTallinna Börs operates in the area of securities exchange on the basis of a licence granted by the Estonian Financial Supervision Authority.

AS Eesti Väärtpaberikeskus operates as a central securities depository and as a clearing party on the basis of a licence granted by the Estonian Ministry of Finance.

## Supervision and Insider Regulation Audit

The audit of HEX Group companies is taken care of by SVH PricewaterhouseCoopers Oy, with APA Eero Suomela acting as the principal auditor. APA Juha Wahlroos acts as the second auditor of Finnish Central Securities Depository. Auditors' fees are paid by invoice.



## Internal auditing and risk management

Internal auditing is part of the management and day-to-day operations of the HEX Group. Internal auditing and risk management methods ensure efficient and profitable operations, reliable information and compliance with the rules, regulations and operating principles.

The main measurable and quantitative risk management tools include limits, which are used to restrict the scope of risks. Non-measurable risk management tools include methods that aim at preventing risks from materializing.

The Board of Directors, Executive Group and other personnel are all responsible for the functionality of supervision and risk management. In connection with strategic planning, the management carries out annual risk assessment and takes the necessary measures.

### Internal auditing

The Group's internal auditing is based on international auditing standards, as well as the COSO (Committee of Sponsoring Organizations of the Treadway Commission) framework for internal auditing and risk management.

The internal auditing unit reports on this work to the Group's CEO and Board of Directors.

The unit employs three persons, one of them with a CIA degree (Certified Internal Auditor), one with a CISA degree (Certified Information Systems Auditor) and one with both a CISA and CISSP degree (Certified Information Systems Security Professional).

### Insiders

The HEX insider instructions are divided into two parts. The first part contains the marketplace insider rules concerning the Board of Directors, the entire personnel and other persons with the duty to declare ("Personnel"). The marketplace insider rules contain the legislative duties to declare that maintain the confidentiality of the marketplace operations. In addition, the rules contain extensions to the legislative requirements concerning the scope of persons and procedures.

The marketplace insider rules cover securities and derivatives listed on Helsinki Exchanges and the Tallinn Stock Exchange, as well as securities and derivatives separately specified in the instructions ("Marketplace securities"). The insider instructions state that the Personnel have the duty to declare all acquisitions and transfers of Marketplace securities. In addition, the Personnel are subject to a so-called short-term trading ban of three months. Information about Personnel holdings in accordance

with the marketplace insider rules is available in the NetSIRE system of the Finnish Central Securities Depository as far as Finnish book entry securities are concerned.

The second part of the insider instructions contains the HEX insider rules. The HEX insider rules correspond to the insider rules given to the listed companies by Helsinki Exchanges. The scope of the rules includes the permanent insiders and per-project insiders of HEX. Permanent insiders include persons who, in their duties, regularly possess information affecting the value of securities and derivatives issued by HEX ("HEX securities").

Any acquisitions or transfers of HEX securities by a permanent insider are subject to permission from the person in charge of insider issues.

### Organisation of Operations

The operations of the HEX Group are divided into business and Group operations. There are six business units: Trading, Settlement and Depository, Issuer Services, Securities Services, eHEX, and Baltic Operations.

The Group's operational control is the responsibility of the business organisation. The directors of business and Group operations report to the Group's CEO.

The directors of Group operations and business operations with the exception of Baltic Operations form an Executive Group subordinate to the CEO. The Executive Group is responsible for preparing and monitoring strategic projects, allocating resources, and supervising key operations and significant operative decisions, as well as dealing with matters related to the preparation and implementation of matters dealt with at the Board of Directors' meetings.

## Human Resources

At the end of 2001, the HEX Group had 396 permanent employees (2000: 261) and 28 fixed-term employees (29). These numbers include 30 persons employed by TSE and 27 persons that transferred to HEX in connection with the acquisition of HBO.

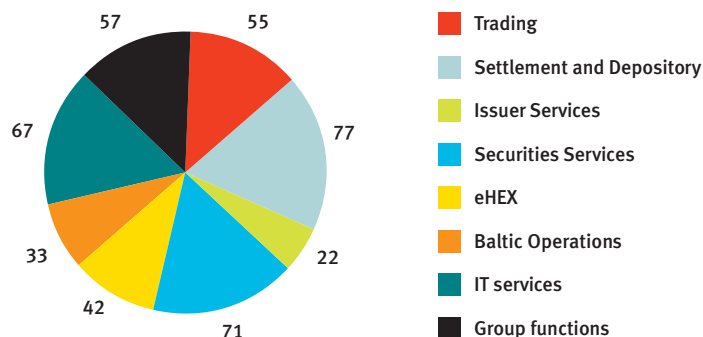
Men constituted 55.8 (55) per cent of the employees, while women had a share of 44.2 (45) per cent. The personnel had an average age of 33.1 (33.5) years and annual employee turnover was 7.3 (15) per cent. Fifty-six (55) per cent of the employees held an academic degree or had carried out academic studies and 34 (40) per cent had completed a vocational or institute-level degree, while other degrees amounted to 10 (5) per cent.

The Group has adopted an incentive scheme, which is confirmed annually and is based on both return on equity and personal performance. In addition, a stock option scheme covering the permanent personnel was adopted in late 2000.

The HEX Group's personnel have excellent professional development opportunities. Development of the organisation and its skills and knowledge is an ongoing process which aims to ensure and support the growth of individual expertise and employees' abilities to take on increasingly more challenging tasks.

HEX promotes an efficient, goal-oriented, co-operative and encouraging work atmosphere. Based on the attitude survey carried out in spring 2001, the development theme for the workplace was formulated as "Success Together". In the course of the past year, development of the management system has focused on selecting the monitoring methods and indicators for units and individuals with emphasis on the common goals of several units.

DISTRIBUTION OF PERSONNEL ON 31 DEC. 2001



## Board of Directors



**Tarmo Korpela, 59**

M.Sc. (Pol.)

Chairman of the Board

In governing bodies of the HEX Group since 1986 \*

Confederation of Finnish Industry and Employers; Deputy Director General 1993-

Confederation of Finnish Industries; Deputy Director General 1985-1992

Central Federation of Small Industries; Director General 1976-1985

*Finnvera Oyj; Member of the Supervisory Board 1998-*

*OKR-Issuers Cooperative; Chairman of the Board 1997-*

*Finnish Guarantee Board; Deputy Chairman of the Supervisory Board of the Trustees 1987-1998*

*Kera Oyj (the Fund for Regional Development); Member of the Supervisory Board 1993-1998*

*TT-Koulutus Oy; Chairman of the Board 1985-*

*Keskinäinen Vakuutusyhtiö Fennia; Member of the Supervisory Board 1980-*

Deputy:

Timo Lehto, Senior Vice President and CFO, Sanitec Corporation



**Timo Korvenpää, 49**

B.Sc. (Econ.)

Vice Chairman of the Board

In governing bodies of the HEX Group since 1997 \*

Nokia Corporation, Nokia Networks; Senior Vice President, Finance & Control 2000-

Nokia Corporation, Vice President, Finance, Corporate Treasurer 1995-2000

*Federation of Employment Pension Institutes (TELA); Member of the Board 1998-2000*

*Nokia Group Pension Foundation; Chairman of the Board 1996-2000*

*Finnish Central Securities Depository Ltd; Member of the Board 1999*

*Merita Bank; Deputy Member of the Board 1995*

Deputy:

Kari Toikka, Senior Vice President, UPM-Kymmene Corporation



**Henrik Andersin, 42**

M.Sc. (Econ.)

Member of the Board

In governing bodies of the HEX Group since 1991 \*

Evli Bank Plc; CEO 09/2001-

Evli Securities Plc; Senior Managing Partner and CEO 1994-2001

Evli Securities Ltd; Broker 1989-1994

Evli Securities Ltd (founding member); Stock Exchange Floor Dealer 1985-1989

*Svenska Handelshögskolan; Member of the Board 2002-*

*Svenska Handelshögskolan; Deputy Member of the Board 1999-2001*

*Nordic Partners Inc. New York; Member of the Board 1998-*

*The Association of Finnish Brokers; Chairman of the Board 1995-1998*

*Finnish Securities Dealers Association; Member of the Board 1995-2000, Chairman of the Board 1996 and 1998*

Deputy:

Robert Sergelius, Managing Director, Alfred Berg Finland OYJ ABP



**Satu Huber, 43**

M.Sc. (Econ.)

Member of the Board since 2000

State Treasury; Director of Finance and Head of Finance Unit 1997-

Merita Investment Banking, First Vice President (Global Sales and Scandinavian Money and Bond markets) 1996-1997

Merita Bank, Treasury sales, Vice President 1995

*Svenska Handelshögskolan, Deputy Member of the Board 2002-*

*Association for the Finnish Cultural Foundation, Member of the Board 2000-*

*Finnish Industry Investment, Member of the Board 1999-*

Deputy:

Jukka Järvinen, Head of Office, State Treasury

\* Predecessors of HEX Plc are included.



**Hannu Karpinen, 56**

LL.M., M.Sc. (Pol.)

Member of the Board since 2 November 2000

In governing bodies of the HEX Group 1989-1996 \*

Bank of Finland, Head of Legal Unit (ad.int.) 2000-2001

Bank of Finland, Legal Counsel, Legal Affairs Unit 1985-2000

With Bank of Finland since 1971

*Pankkilakimiehet ry, Chairman of the Board 2000-*

*Member of and Secretary to several Ministry of Finance working groups dealing with legislation*

*Member of several Finnish delegations in the Foreign Ministry's sector*

*Member of the Independent Panel on an Intra-European System of Central Banks-Dispute Settlement Procedure 1999-*

*Deputy Secretary to the Parliamentary Supervisory Council 1996-*

Deputy:

Raimo Hyvärinen, Head of Department, Bank of Finland (resigned as of 27 January 2002)



**Kalevi Kontinen, 60**

Ph.D. (Tech.)

Member of the Board

In governing bodies of the HEX Group since 1998 \*

Nokia Business Infrastructure, Vice President 2002-

Nokia Information Management, Director 2000-2001

MeritaNordbanken and its predecessors 1984-2000

*Nice Business Solutions Finland Oyj 2002-*

*TietoEnator Oy, Member of the Board 1991-*

Deputy:

Eira Palin-Lehtinen, Executive Vice President, Nordea-Merita



**Martti Porkka, 50**

M.Sc. (Pol.), B.Sc.

Member of the Board since 2000

Sampo plc; Head of Group Treasury 2001-

Sampo Group; Chief Investment Officer 1991- 2001

Sampo Group; Head of Investments Unit 1990-1991

Sampo Group; Department Manager, Financing Department, Investments Unit 1986-1990

Deputy:

Deputy: Jaakko Niemelä, Managing Director, Mandatum Stockbrokers Ltd



**Timo Ritakallio, 39**

LL.M., MBA

Member of the Board

In governing bodies of the HEX Group since 1995 \*

OKO Bank Group, Member of the Executive Board 1997-, First Executive Vice President 2001-

Opstock Ltd; Managing Director 1993-1997

Uudenkaupungin Seudun Osuuspankki; Managing Director, Retail Banking 1991-1993

Tampereen Seudun Osuuspankki; Assistant Director, and OP-Pirkka Fund; Managing Director, 1988-1991

*OKO-Venture Capital Ltd; Chairman 2000-*

*OP-Kotipankki Oyj; Member of the Board 2000-*

*OP-Finance Ltd; Deputy Chairman 1998-*

*OKO Mortgage Bank Ltd; Deputy Chairman 1998-1999 and Chairman 1999-2000*

*Aurum Life Insurance Company Ltd; Member of the Board 1998-2000*

*Opstock Companies; Member of the Board, 1993-1998*

*OP Fund Management Company Ltd; Member of the Board, 1992-1998*

*Finnish Association of Securities Dealers; Member of the Board and Deputy Chairman, Chairman 1996-1998*

Deputy:

Risto Murto, Managing Director, Opstock Ltd

\* Predecessors of HEX Plc are included.

## Executive Group

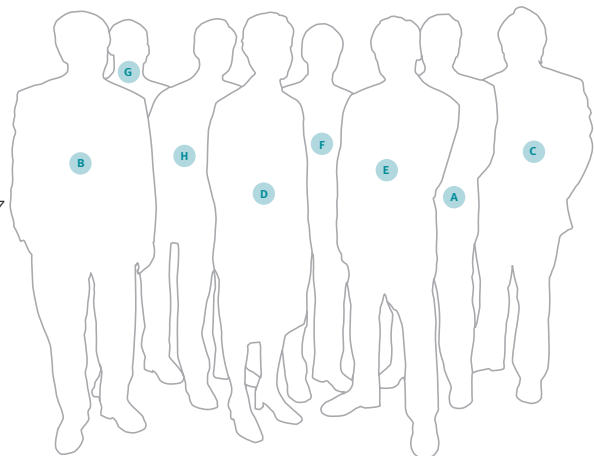


- A** Jukka Ruuska, 40  
M.L.L., MBA  
President and CEO  
Member of the Executive Group since 2000  
With the HEX Group since 2000

*HTC (Telecommunication Group); Director, Corporate Planning 1997-2000  
Finnet Group (Telecommunication); Director, Corporate Planning 1996-1997  
Prospectus Oy (Investment Bank); Deputy Managing Director 1994-1996*

- B** Heikki Sirve, 48  
M.L.L.  
Executive Vice President, Settlement and  
Depository Business Unit, IT Services  
Member of the Executive Group since 1997 \*  
Deputy to the CEO since 2000  
With the HEX Group since 1997 \*

*Finnish Central Securities Depository Ltd; Director, Customer Services  
1997-1999; Managing Director 1999-  
Oy Samlink Ab; Director 1993-1996*



**C** **Mika Björklund, 39**

M.Sc. (Econ.)  
Executive Vice President, Issuer Services Business Unit  
Member of the Executive Group since 1996 \*  
With the HEX Group since 1991 \*

*Helsinki Securities and Derivatives Exchange, Clearing House Ltd;  
Senior Vice President 1997-2000  
Helsinki Stock Exchange; Manager, Issuer Services 1991-1996; Vice  
President 1996-1997*

**F** **Teuvo Rossi, 52**

M.Sc. (Econ.)  
Executive Vice President, Finance and Administration  
Member of the Executive Group as of March 2001  
With the HEX Group since 2001

*Carta Booz-Allen & Hamilton Oy; Principal, Corporate Finance 1999  
Den Danske Bank, Helsinki Branch; Head of Corporate Finance 1998-1999  
Postipankki; Deputy General Manager, Investment Banking 1996-1998  
Amer Group Ltd; Vice President and Corporate Treasurer 1990-1996*

**D** **Liisa Jauri, 41**

M.LL.  
Executive Vice President, Corporate Planning  
Member of the Executive Group since 1987 \*  
With the HEX Group since 1987 \*

*Helsinki Exchanges Group Oyj; Director, Legal Affairs 1999-2000  
Finnish Central Securities Depository Ltd; Director, Legal Affairs 1997-1998  
Securities Association; Managing Director 1990-1997*

**G** **Veli Matti Salmenkylä, 42**

M.Sc. (Eng.)  
Executive Vice President, Securities Services Business Unit  
Member of the Executive Group as of February 2001  
With the HEX Group since 1995 \*

*HEX Group; Vice President, Administration and Finance 1997-1999;  
Senior Vice President, Chief Financial Officer 2000-2001  
SOM Ltd, Securities and Derivatives Exchange, Clearing House; Vice  
President, Administration, Finance and Derivatives Clearing 1995-1997*

**E** **Lasse Musakka, 46**

B.Sc. (Econ.)  
Executive Vice President, eHEX Business Unit  
Member of the Executive Group since 1997 \*  
With the HEX Group since 1997 \*

*Helsinki Exchanges Group Oyj; Chief Information Officer 1999-2000  
Finnish Central Securities Depository Ltd; Chief Information Officer  
1997-1999*

**H** **Jouni Torasvirta, 36**

M.Sc. (Econ.)  
Executive Vice President, Trading Business Unit  
Member of the Executive Group since 1995 \*  
With the HEX Group since 1989 \*

*Helsinki Securities and Derivatives Exchange, Clearing House Ltd;  
Senior Vice President 1999  
Svenska Handelsbanken, Helsinki Branch; Head of Derivatives 1998-1999  
HEX Ltd, Helsinki Securities and Derivatives Exchange, Clearing House;  
Vice President, Sales 1998  
SOM Ltd, Securities and Derivatives Exchange, Clearing House;  
Sales Director 1996-1998*

## Board and Executive Group Secretary

**Jaakko Raulo, 44**

M.LL.  
Senior Vice President  
Board and Executive Group Secretary since 2000  
With the HEX Group since 1987 \*

*HEX Ltd, Helsinki Securities and Derivatives Exchange, Clearing House;  
Chief Legal Counsel 1997-1999  
SOM Ltd, Securities and Derivatives Exchange, Clearing House;  
Vice President 1996-1997  
Helsinki Stock Exchange Ltd; 1987-1996*

\* Predecessors of the HEX Group are included.





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