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1 The Fintech Landscape

1.1 Please describe the types of fintech businesses that are active in your jurisdiction and the state of the development of the market, including in response to the COVID-19 pandemic and ESG (Environmental, Social and Governance) objectives. Are there any notable fintech innovation trends of the past year within particular sub-sectors (e.g. payments, asset management, peer-to-peer lending or investment, insurance and blockchain applications)?

Sweden is one of Europe's fintech "hotspots", with unicorns Klarna and Zettle by PayPal, fast-growing players such as Tink, Trustly, Juni Technology, Zimpler and Anyfin, and a steady output of new start-ups with fintech propositions. Stockholm is often regarded as one of Europe's main centres for fintech investments.

In general, the Swedish fintech industry has fared well during the COVID-19 pandemic and, in large part due to the high level of technological maturity, quickly adapted to remote working. The pandemic has also led to a noticeable acceleration to the shift in consumer shopping behaviour from physical stores to e-commerce, which has consequently benefitted many fintechs. Although some M&A transactions have been delayed due to the extra level of uncertainty created by the pandemic, a high degree of activity can still be seen in terms of M&A and funding rounds. Recent deals include, e.g., Klarna's acquisition of the UK tech company Hero and the SaaS platform APPRL and Visa Europe's acquisition of Swedish open banking fintech Tink.

The payments segment is currently the largest of the Swedish fintech segments, with a broad range of both start-ups and mature fintech businesses. We also note an increasing interest in electronic money issuance as well as a rise in cryptocurrency initiatives aimed at the payments sector. In 2019, six of the largest banks in the Nordics established a joint venture, P27 Nordic Payments, which aims to create the Nordic region's first integrated domestic and cross-border real-time payments platform. In July 2021, P27 completed the acquisition of the Swedish clearing house Bankgirot, which plays a central role in the Swedish payments system. The acquisition is an important step in P27's ambition to create one common state-of-the-art payments platform in the Nordic countries.

Fintech propositions within wealth and asset management continue to grow, with a steadily broadening range of neobanks, savings platforms and "robo-advisors". Other variations of B2C services are also gaining momentum, such as finance apps, platforms and marketplaces providing information and comparison services, financial intermediaries, refinancing services and simplified mortgage lending. We are also seeing an increase in fintech businesses catering to the B2B segment, such as Juni Technology, which focuses on corporate customers within e-commerce. In the coming years, we expect to see more product developments, integrated features and new fintech propositions that are enabled or supported by the open banking initiative, such as Banking as a service ("BaaS"), whereby white label fully licensed banking services are made available to other service providers.

Peer-to-peer lending has been a segment with relatively few propositions and low customer uptake, but we expect this source of credit to grow in the coming years. The recent introduction of the crowdfunding regulation, as further discussed below, is also expected to give rise to new ideas and services offerings.

While the adoption of tech within the insurance sector has yet to make a real breakthrough on the Swedish market, we are now seeing more insurtech propositions, niche products and digital interfaces emerging within the insurance ecosystem, and the level of venture capital and transaction volume is increasing in this segment. We expect the insurtech segment to continue to trend, with new technologies such as AI/ML, Big Data, IoT, open banking and advanced analytics being key drivers for new insurance offerings.

Lastly, sustainability-focused fintech products have started to appear, and we expect that Sweden will see a variety of actors and products with a sustainability focus emerge in the coming years, especially in light of the new EU sustainable finance package (see further under question 3.1).

1.2 Are there any types of fintech business that are at present prohibited or restricted in your jurisdiction (for example cryptocurrency-based businesses)?

In general, there are no types of fintech business that are prohibited *per se* in Sweden. However, several restrictions apply to fintech companies depending on the business and services provided. Authorisation may be required from the Swedish Financial Supervisory Authority ("SFSA") prior to conducting activities in Sweden (see further under question 3.1 below).

2 Funding For Fintech

2.1 Broadly, what types of funding are available for new and growing businesses in your jurisdiction (covering both equity and debt)?

The Swedish equity and debt capital markets are mature and there are various types of funding available for fintech businesses.

While the primary funding sources are local and international venture equity and growth equity, as well as venture debt (e.g. from hedge funds), alternative funding routes are also available. Crowdfunding is becoming a viable source of financing for small businesses, and there is also a vibrant base of incubators, accelerators and business angels accessible to early-stage fintech start-ups. It should be noted that the funding source is oftentimes the "trigger" or decisive factor when determining a specific fintech business' authorisation or registration requirement, and the source of funding thus requires some consideration in a fintech context.

2.2 Are there any special incentive schemes for investment in tech/fintech businesses, or in small/medium-sized businesses more generally, in your jurisdiction, e.g. tax incentive schemes for enterprise investment or venture capital investment?

There are no special incentive schemes for investments in fintech businesses in particular. However, a special tax incentive may apply to individuals who invest in small companies (Sw. *investeraravdrag*). The incentive is granted in the form of a deduction from capital income equal to 50% of the acquisition cost of the investment, with a maximum of SEK 650,000 per individual in any year. The company may only receive investments qualifying for the tax incentive up to a maximum of SEK 20 million per year.

Special tax rules apply to employee stock options granted by start-ups (Sw. *kvalificerade personaloptioner*). The purpose is to encourage start-up businesses. A range of requirements are set out in order for the rules to apply, but employees holding stock options that qualify under the rules are subject to capital income tax when the underlying shares are sold, rather than employment income tax when the stock options are exercised. For the employing entity, no social security charges are payable. As of 1 January 2022, the scope of the rules has been widened in order to include more start-up businesses.

Lastly, a special tax relief may be granted to foreign key personnel for a limited time period, whereby 25% of income is exempt from income tax for personnel qualifying under these specific rules (Sw. *expertskatteregler*).

2.3 In brief, what conditions need to be satisfied for a business to IPO in your jurisdiction?

Each exchange has its own listing requirements that must be fulfilled, but there are no specific fintech-related listing requirements that would apply in connection with an IPO in Sweden. However, if the entity to be listed is a regulated entity licensed with the SFSA, certain restrictions on major shareholders and members of the board and management must be observed.

In Sweden, there are currently two regulated markets, Nasdaq Stockholm and Nordic Growth Market, where Nasdaq Stockholm is clearly the dominant market. There are currently three Swedish multilateral trading platforms that have lighter listing requirements: Nasdaq First North; Nordic MTF; and Spotlight Stock Market.

The listing requirements vary between the markets, but the dominant market (Nasdaq Stockholm) has principal listing requirements regarding, e.g., the below:

- a prospectus drawn up in Swedish in compliance with the European prospectus regime and approved by the SFSA;
- clear business strategy and ongoing business operations;
- complete annual accounts and operating history for at least three years (as a main rule);
- capacity to fulfil the disclosure requirements for a listed entity;
- sufficient profitability and working capital;
- the shares must be freely negotiable and registered with a Central Securities Depository (Euroclear Sweden);
- the entire share class must be listed;
- conditions for sufficient liquidity in the shares must exist, meaning that a sufficient number of shares shall be distributed to the public and that the company must have a sufficient number of shareholders;
- the expected aggregate market value of the shares must be at least EUR 1 million; and
- legal due diligence by a law firm and vetting process by a Listing Auditor (if not already listed on another market approved by Nasdaq Stockholm).

2.4 Have there been any notable exits (sale of business or IPO) by the founders of fintech businesses in your jurisdiction?

There have been a number of notable exits in the broader fintech area in recent years (including Zettle by PayPal, Trustly, Cinnober, Tink, Anyfin and PriceRunner). Meanwhile, smaller-scale exits continue in a steady stream (Advisa, Billogram, Lendify and Sambla are some recent examples). Recent fintech IPOs include FundedByMe (crowdfunding platform) and QuickBit (cryptocurrency exchange), which were listed in 2019, as well as HODL SPAC Europe (blockchain SPAC) and JS Security (blockchain-based cyber security), which were listed in 2021. In the next few years, there will most likely be additional notable fintech exits.

3 Fintech Regulation

3.1 Please briefly describe the regulatory framework(s) for fintech businesses operating in your jurisdiction, and the type of fintech activities that are regulated.

The applicability of the various regulatory frameworks depends on the activities that a fintech business conducts. It must hence be evaluated on a case-by-case basis whether or not fintech activities trigger any licensing or other regulatory requirements. Businesses that intend to provide financial services such as provision of credits or other banking services, investment services, payment services and insurance services, generally have to obtain a licence from, and operate under the supervision of, the SFSA (unless an exemption can be relied upon). This applies to, e.g.: credit institutions; payment institutions; fund managers; consumer credit institutions; mortgage institutions; issuers of electronic money; investment firms; insurance intermediaries; and insurance companies.

Key regulatory frameworks for payments and lending include:

- The Banking and Financing Business Act (2004:297), being the key piece of Swedish legislation governing banking and financing business carried out by banks and credit market companies (i.e. credit institutions).
- The Consumer Credit Activities Act (2014:275). Applicable to companies conducting certain consumer lending businesses but is a significantly less burdensome regime than the Banking and Financing Business Act.
- The Consumer Credit Act (2010:1846), containing far-reaching and mandatory consumer protection rules that all types of companies providing or intermediating consumer credits must adhere to (irrespective of whether or not they are licensed and supervised by the SFSA).
- The Payment Services Act (2010:751), governing the provision of payment services (implementing, e.g., the EU Payment Services Directive ("PSD2")).

- The Electronic Money Act (2011:755), governing the issuance of electronic money and the activities of electronic money institutions and registered issuers (implementing the EU Electronic Money Directive).
- The Mortgage Activities Act (2016:1024), governing lending, credit intermediation and advice regarding housing loans to consumers.
- The Certain Financial Operations Act (1996:1006), applicable to certain financial activities that do not require authorisation from the SFSA but still require registration with the SFSA (see further under question 3.2 below).

Key regulatory frameworks for asset management businesses include:

- The Securities Market Act (2007:528), governing the activities of, e.g., investment firms, regulated markets and other trading venues (implementing the EU Markets in Financial Instruments Directive ("MiFID II")).
- The Alternative Investment Fund Managers Act (2013:561), governing the management of alternative investment funds ("AIFs") (implementing the EU Alternative Investment Fund Managers Directive ("AIFMD")).
- The UCITS Act (2004:46), governing the management of UCITS funds (implementing the EU Undertakings for Collective Investment in Transferable Securities Directive ("UCITS")).

Key regulatory frameworks for insurance businesses and insurance intermediaries include:

- The Insurance Business Act (2010:2043), governing insurance operations conducted by insurance companies (implementing the EU Solvency II Directive).
- The EU Solvency II Regulation.
- The Insurance Distribution Act (2018:1219), governing insurance distribution by insurance intermediaries and insurance companies (implementing the EU Insurance Distribution Directive).
- The Insurance Contracts Act (2005:104), containing certain provisions on insurance contracts.
- The Foreign Insurance Activities Act (1998:293), applicable to foreign insurance undertakings conducting insurance business in Sweden.

In addition, many fintech businesses are subject to one or several of the following regulations:

- The Anti-Money Laundering and Terrorism Financing Act (2017:630) ("AML Act"), implementing the EU Anti-Money Laundering Directive ("AMLD IV").
- The Debt Recovery Act (1972:182), governing debt recovery activities (noting that debt recovery activities must also be carried on in accordance with accepted debt recovery practices).
- The Identification of Reportable Financial Accounts due to the FATCA Agreement Act (2015:62) and the Identification of Reportable Financial Accounts in connection with Automatic Information Exchange Act (2015:911), being the Swedish implementations of the US-Swedish FATCA intergovernmental agreement and the OECD's CRS/EU's DAC2 legislation, respectively.
- The Supervision of Credit Institutions and Investment Firms Act (2014:968), implementing the EU Capital Requirements Directive ("CRD", as amended).
- The Financial Instruments Trading Act (1991:980), imposing requirements on dispositions of certain financial instruments (including stock loans and financial instruments related to cryptoassets) and other transparency requirements.

The SFSA and other governmental authorities issue regulations and guidelines that supplement the legislative acts set out above.

On 26 June 2021, a new regulatory capital adequacy framework for investment firms entered into force, i.e. the Investment Firm Regulation ("IFR") and the Swedish implementation of the Investment Firm Directive ("IFD"). The regulations are adapted to the nature of the investment firms and aim to be more proportionate in relation to the companies' size, services and degree of complexity in comparison to that of the EU Capital Requirements Regulation (as amended) and CRD, as mentioned above.

The EU Regulation on European Crowdfunding Service Providers ("ECSP") (the "Crowdfunding Regulation") and the Swedish supplementary law entered into force on 10 November 2021. The Crowdfunding Regulation is part of the European Commission's fintech action plan and lays down uniform rules for the provision of investment-based and lending-based crowdfunding services related to business financing. A crowdfunding service provider that engages in regulated crowdfunding services, i.e. a company that operates a crowdfunding platform for the matching of business funding interests of investors and project owners through investment-based or lending-based crowdfunding, is under the supervision of, and must seek authorisation from, the SFSA.

The EU Regulation on sustainability-related disclosures in the financial services sector ("SFDR") and the EU Taxonomy are both part of the new EU sustainable finance package. The SFDR entered into force on 10 March 2021 and lays down sustainability disclosure obligations for manufacturers of financial products and financial advisers, as well as disclosure obligations at entity and financial products levels. Additionally, the EU Taxonomy Regulation entered into force on 1 January 2022 and sets out a classification system that identifies environmentally sustainable investments. The new sustainability package has currently not led to any new Swedish acts; instead, amendments have been made to existing legislation.

The possibility to conduct "Deposit operations", as regulated by the Deposit Business Act (2004:299), ended on 1 January 2021 and only certain companies that were registered before the law expired may continue to conduct such business.

3.2 Is there any regulation in your jurisdiction specifically directed at cryptocurrencies or cryptoassets?

There is currently no regulation specifically directed at cryptocurrencies or cryptoassets.

As of 1 January 2020, a legal or natural person that conducts business in Sweden, which includes managing or purchasing virtual currencies, must be registered in accordance with the Certain Financial Operations Act. A company registered under the Certain Financial Operations Act must comply with the AML Act.

The SFSA and the legislator has provided limited guidance on the treatment of cryptoassets. Depending on the design of the cryptoasset, it may fall within the scope of the Electronic Money Act (2011:755), or the Financial Instruments Trading Act (SFS 1991:980). A determination of whether a cryptoasset meets the definition of a financial instrument and whether or not the services provided should be treated as a regulated service must be made on a case-by-case basis.

The SFSA as well as certain EU regulators have issued public reports on consumer investments in cryptocurrencies, cryptoassets and financial instruments related thereto, declaring them unsuitable investments for most if not all consumers.

In November 2020, the European Commission proposed a new regulatory framework for cryptoassets, the Regulation on

Markets in Crypto Assets ("MiCA"). On 24 November 2021, the Council adopted its position on the MiCA regulation, and the proposal will now be negotiated before being formally adopted.

3.3 Are financial regulators and policy-makers in your jurisdiction receptive to fintech innovation and technology-driven new entrants to regulated financial services markets, and if so how is this manifested? Are there any regulatory 'sandbox' options for fintechs in your jurisdiction?

The Swedish Government has generally been receptive to fintech innovation, but due to the fast-paced development in fintech, it has been difficult for the Swedish legislator to keep up. The SFSA has established a fintech-specific innovation centre with the purpose of creating a designated space where fintech companies can engage in dialogue with the SFSA and receive information on the regulations applicable to their business, thus facilitating fintech companies' regulatory compliance. The SFSA believes that the innovation centre has greater potential to succeed than the establishment of a regulatory sandbox.

In the beginning of 2019, the European Forum for Innovation Facilitators ("EFIF") was established by the European Commission together with the EBA, EIOPA and ESMA to provide a platform for supervisors to share experiences relating to fintech. The SFSA is a member of the EFIF.

3.4 What, if any, regulatory hurdles must fintech businesses (or financial services businesses offering fintech products and services) which are established outside your jurisdiction overcome in order to access new customers in your jurisdiction?

It is generally easier for fintech businesses established within the EEA to conduct cross-border activities into Sweden due to the EU rules on passporting (under which EEA-based businesses may generally conduct operations in Sweden following a simple notification to the SFSA). Non-EEA businesses are generally required to obtain separate authorisations from the SFSA and are, in some cases, even forbidden to conduct cross-border activities into Sweden. In addition, the Swedish consumer protection legislation is extensive and may impose stricter requirements than foreign fintech businesses are used to. To some extent, this consumer protection legislation (including the Swedish Marketing Practices Act (2008:486)) also applies to companies conducting business outside Sweden if they are approaching Swedish consumers.

4 Other Regulatory Regimes / Non-Financial Regulation

4.1 Does your jurisdiction regulate the collection/use/transmission of personal data, and if yes, what is the legal basis for such regulation and how does this apply to fintech businesses operating in your jurisdiction?

Yes, through the EU's General Data Protection Regulation ("GDPR"), which is directly applicable in all EU Member States, together with the Swedish Supplementary Provisions concerning the EU General Data Protection Regulation Act (2018:218) ("DPA") and the Supplementary Provisions concerning the EU General Data Protection Regulation Ordinance (2018:219). The DPA supplements the GDPR and applies to data processing not covered by the GDPR with some exceptions. The DPA is subsidiary to all other legislation, meaning that if another act contains a specific provision that differs from the DPA, then the other act will prevail.

4.2 Do your data privacy laws apply to organisations established outside of your jurisdiction? Do your data privacy laws restrict international transfers of data?

Yes, on both accounts. The territorial scope of the GDPR extends to organisations with an establishment in the EU/EEA and organisations established outside the EU/EEA that offer goods or services to data subjects in the EU/EEA, or which monitor data subjects within the EU/EEA. Further, it restricts transfers of data to locations outside the EEA.

4.3 Please briefly describe the sanctions that apply for failing to comply with your data privacy laws.

The sanctions under the GDPR include administrative fines (for undertakings) and damages claims. The maximum administrative fine that can be imposed for infringements of the GDPR is the greater of EUR 20 million or 4% of an undertaking's worldwide turnover for the preceding fiscal year.

4.4 Does your jurisdiction have cyber security laws or regulations that may apply to fintech businesses operating in your jurisdiction?

Yes, the GDPR includes cyber security requirements and various regulatory frameworks that may apply to fintech businesses include requirements, guidelines and technical standards on cyber security risk management (e.g. the EBA guidelines on ICT and security risk management which apply to, i.a., credit institutions and PSPs). There are also regulations imposed by the SFSA that may have cyber security implications. In 2021, the SFSA prepared a memorandum to describe the SFSA's role in terms of contributing to strong cyber security and its work to prevent cyber threats to the Swedish financial sector. Additionally, fintech businesses may be affected by the national Swedish legislation implementing the NIS Directive (Directive (EU) 2016/1148), as well as by the Protective Security Act (2018:585).

The NIS Act (2018:1174) applies to operators of essential services (certain operators within, e.g., banking, financial markets infrastructure and digital infrastructure) and to digital service providers (providers of online marketplaces, online search engines and cloud computing services). Such operators and providers must implement certain cyber security measures and are subject to specific reporting requirements. The Protective Security Act applies to anyone who conducts activities of importance to national security or a binding international protective security commitment. Organisations conducting such security sensitive activities must comply with strict cyber security requirements and other security obligations imposed by the Protective Security Act (e.g. to implement, enforce and follow up preventive security measures and processes).

The European Commission proposal for a new Regulation on digital operational resilience for the financial sector ("DORA") may also become relevant to fintech businesses if and when it comes into effect. The current proposal includes requirements relating to, e.g., cyber security risk management, incident management and agreements with third-party service providers.

4.5 Please describe any AML and other financial crime requirements that may apply to fintech businesses in your jurisdiction.

There are primarily three statutes in Sweden that are relevant: the AML Act; the Penalties for Money Laundering Offences Act (2014:307) ("PMLA"); and the Penalties for Financing of Particularly Serious Crimes Act (2002:444) ("PSCA").

The AML Act contains provisions on measures that any party providing certain financial or other services is obliged to take to prevent their operations from being exploited for money laundering or financing of terrorism.

Parties that are subject to the AML Act are obliged to monitor and report matters involving suspicious transactions of money laundering or terrorist financing. The requirements of the examination include customer due diligence and monitoring of transactions.

The PMLA contains criminal law provisions on money laundering. Provided that the measure is intended to conceal the fact that the money or other property derives from an offence or criminal activity, a person is guilty of a money laundering offence if he or she transfers, acquires, supplies, converts, stores or takes similar actions with the property. The same applies where a person improperly promotes opportunities for someone to transfer money or other property derived from criminal activity. Moreover, this applies where the person did not realise but had reasonable grounds to believe that the property was derived from criminal activity. Abetment of money laundering offences is also criminalised.

The PSCA contains criminal law provisions on the financing of particularly serious crimes and primarily terrorist crimes. Accordingly, it is a crime to collect, provide or receive money or other property with the intent that the assets shall be used, or in the knowledge that they are intended to be used, to commit particularly serious crimes enumerated in the PSCA. Abetment of such acts is also criminalised.

4.6 Are there any other regulatory regimes that may apply to fintech businesses operating in your jurisdiction?

As noted above, additional regulatory requirements may apply depending on the type of fintech business in question. There are several ongoing legislative initiatives that may impact fintech businesses. In this context it is noteworthy that, in April 2021, the European Commission adopted a proposal for a new regulation on artificial intelligence systems ("the AI Act"). The AI Act has to navigate through the EU's ordinary legislative process before becoming law, and may be amended during that process. Once the final text has been adopted by the Council of the European Union and European Parliament, the AI Act will become fully applicable following an additional period of 24 months (according to the Commission's proposal). Under the Commission's proposal, the AI Act will, among other things:

- have extraterritorial reach and apply to all sectors and industries, including financial services;
- impact the entire AI value chain, from providers to users of AI systems;
- introduce specific governance and transparency obligations on the development and use of AI systems; and
- impose extensive obligations in relation to "high-risk AI systems", such as AI systems used to evaluate creditworthiness or establish credit scores.

The competent financial supervisory authorities will be designated as competent authorities responsible for monitoring compliance with the AI Act in respect of AI systems provided or used by credit institutions. Credit institutions' compliance with certain obligations under the AI Act will be addressed through their internal governance arrangements in accordance with applicable financial regulations. Therefore, credit institutions will need to review, and likely update, their existing internal processes in light of the specific obligations imposed by the AI Act.

5 Accessing Talent

5.1 In broad terms, what is the legal framework around the hiring and dismissal of staff in your jurisdiction? Are there any particularly onerous requirements or restrictions that are frequently encountered by businesses?

Hiring

Under the Swedish Employment Protection Act (1982:80) ("EPA"), an employment relationship should, as a main rule, be permanent. However, there are exceptions to this main rule. It is, for example, possible to agree on fixed-term employment for up to two years during a five-year period (there is a governmental bill proposing to change this to 12 months during a five-year period as from October 2022). The employer must give the employee written information on all significant employment terms and conditions no later than one month after the employment relationship begins (there is a governmental bill proposing to change this to before the employment relationship begins). The employment may be probationary for up to six months. If applicable, there can be deviations from the aforesaid in collective bargaining agreements.

The hiring process may not be discriminatory on the basis of gender, transgender identity or expression, ethnicity, religion or other religious belief, disability, sexual orientation, or age.

Dismissals

Except for employees in managerial positions – usually only the managing director and, in larger companies, members of the executive management team – all employees in Sweden are covered by the EPA. To dismiss a permanently employed employee, the employer needs just cause.

Under the EPA, there are two categories of just cause: (i) personal reasons; and (ii) redundancy. The threshold for dismissing someone due to personal reasons is very high and is only applicable in exceptional and severe cases of, e.g., negligence, disloyalty, difficulties in working with other employees, or incapability to carry out any relevant work.

In contrast, an employer's decision to lay off employees due to redundancy cannot, as such, be legally challenged under Swedish law (unless redundancy is just a pretext to dismiss someone based on personal grounds). However, Swedish law limits the employer's freedom to choose which employees to retain and which employees to let go in a redundancy situation, under the so-called "last-in, first-out" principle, meaning that employees with longer time of service (with certain exceptions) have priority over employees with shorter time of service, provided the remaining employees have sufficient qualifications for the remaining work. Union consultations are often required prior to dismissals.

5.2 What, if any, mandatory employment benefits must be provided to staff?

Below is a summary of the most important mandatory employment benefits.

Wages and overtime payment

There is no statutory minimum wage. If the employer is

bound by a collective bargaining agreement, it may provide for minimum wage. The same applies for overtime payment. A collective bargaining agreement may also set forth other employment benefits.

Vacation
Generally, all employees are entitled to a minimum of 25 days' vacation leave per vacation year (with certain exceptions that may apply during the first year of employment). In order for the leave to be paid, the employee must have earned this during the 12-month period preceding the vacation year unless the employer grants vacation pay in advance.

Parental leave
An employee who becomes a parent is entitled to full- or part-time leave until the child is 18 months old (regardless of him/her receiving parental leave benefits from the Social Insurance Agency). Thereafter, and until the child is 12 years old, the employee is entitled to full- or part-time leave to the extent he or she has saved parental leave benefits from the Swedish Social Insurance Agency. The parental leave benefits from the Social Insurance Agency amount to 480 full days to be divided by the two parents (90 days are, however, earmarked for each parent). The parent is further entitled to part-time reduction (by up to 25%) of normal working hours until the child is eight years old. No compensation must be paid by the employer during the leave, unless otherwise agreed in the individual employment contract or any applicable collective bargaining agreement.

Sick leave
An employer is obliged to pay sick-pay allowance to an employee who is absent from work due to illness. The employer is required to pay sick pay during the first 14 calendar days of the sickness period. The sick pay must, as a minimum, be equivalent to 80% of the employee's salary (minus a deduction corresponding to one day of sickness). After the first 14 calendar days of the sickness period, the employee is entitled to sickness benefits from the social security system and, under many collective agreements (if applicable), a top-up from the employer.

5.3 What, if any, hurdles must businesses overcome to bring employees from outside your jurisdiction into your jurisdiction? Is there a special route for obtaining permission for individuals who wish to work for fintech businesses?

EU citizens
EU citizens do not need any permit to work in Sweden. Provided that the EU citizens work, there is no time limit for staying in Sweden and they do not need to register with the Swedish Migration Agency. If the employment will last for more than a year, the EU citizen shall register with the Swedish Tax Agency.

Non-EU citizens
Non-EU citizens need a work permit, an EU Blue Card, or, if the non-EU citizen has status as a "long term resident" in another EU Member State, he/she enjoys privileges similar to EU citizens and may work under a temporary residence permit.

For non-EU citizens, importantly, the salary and the mandatory insurances must be at least on par with those set by Swedish collective agreements. In addition, the employer must comply with certain requirements with regard to advertising the vacant employment, the offering of employment and trade union involvement.

There are no special routes for obtaining permission for individuals who wish to work for the fintech business.

6 Technology

6.1 Please briefly describe how innovations and inventions are protected in your jurisdiction.

Innovations and inventions may be protected under Swedish IP legislation, which includes protection for patents, copyrights (including software and neighbouring rights), designs and trademarks, although elements of fintech products (e.g. source code and graphical elements) are mainly protected by copyright. Applications for registration of national patents, designs and trademarks are administered by the Swedish Intellectual Property Office ("PRV"), which also maintains the official registers. Copyright works are protected upon their creation and may not be registered in Sweden. Trademarks and designs may also be protected without registration under certain circumstances.

In addition, innovations and inventions, whether patentable or not, may be protected as trade secrets under the Trade Secrets Act (2018:558). The Trade Secrets Act implements the EU Directive on the Protection of Trade Secrets, and imposes civil and criminal liability for unauthorised use, disclosure, etc.

6.2 Please briefly describe how ownership of IP operates in your jurisdiction.

As a general rule, the right to IP accrues to the person who created the IP. Once an IP right is obtained, the owner is entitled to exploit the IP without infringements from competitors for as long as the exclusive right is valid. If an infringement occurs, the owner can initiate court proceedings in order for the infringement to cease. The different types of IP rights are valid for different time periods. Patents are normally valid for 20 years. Copyrights, including in software, are valid for 70 years after the death of the creator/author. Registered designs are valid for five-year periods and can be renewed for a maximum of 25 consecutive years. Registered trademarks are valid for 10-year periods and can, in principle, be renewed an infinite number of times.

Registering patents, trademarks, and designs requires paying a filing fee to the PRV. In addition, patents are subject to annual fees.

6.3 In order to protect or enforce IP rights in your jurisdiction, do you need to own local/national rights or are you able to enforce other rights (for example, do any treaties or multi-jurisdictional rights apply)?

Sweden has ratified a number of multi-jurisdictional treaties and protocols, which recognise other national rights, or enable the application for national rights in several jurisdictions in one single application. With regard to trademarks, European Union Trade Marks are enforceable in Sweden, as well as international trademark registrations, administered by the World Intellectual Property Organization if Sweden is designated. Also, patents registered under the European Patent Convention are enforceable if validated in Sweden, as well as designs registered at the EU Intellectual Property Office. Further, Sweden is a party to the Berne Convention for the Protection of Literary and Artistic Works, the Universal Copyright Convention, and the agreement on Trade-Related Aspects of Intellectual Property Rights.

6.4 How do you exploit/monetise IP in your jurisdiction and are there any particular rules or restrictions regarding such exploitation/monetisation?

IP rights can be assigned or licensed. Security interests may be

granted in patents and registered trademarks upon registration. Licence agreements may be used to grant others an exclusive or non-exclusive right to exploit the IP and may contain various limitations and terms of use.

With regard to copyright, there is a distinction between economic rights and moral rights. As a main rule, the moral right cannot be transferred or licensed, but only waived in relation to specific purposes. A new holder of ownership or other exploitation rights in respect of copyright is not allowed to alter the copyright-protected work or assign or license the copyright to any third party, unless otherwise agreed. If the intention is that the new holder/licensee of the copyright is to have such rights, it needs to be stipulated explicitly in the agreement.

Due to the nature of trade secrets/know-how under Swedish law, it is advisable to include an undertaking on the part of the transferor not to disclose such information when it is subject to transfer of ownership.

Anders Bergsten spends a significant part of his practice on drafting, negotiating and managing commercial agreements, particularly IT, technology and outsourcing contracts, support contracts, cloud service contracts, software development contracts, as well as information sharing and cooperation contracts.
Anders also regularly advises clients in relation to data protection law matters. He is well versed in EU data protection and cyber security law, e.g. the GDPR, the NIS Directive and the Swedish Protective Security Act.
Recent examples of the projects in which Anders has been involved include the creation of a major multinational real-time payment, clearing and settlement system, IT projects within the banking and finance industry (including complete back-end outsourcings and custody arrangements), promissory note digitalisation projects, as well as several group-wide IT outsourcings and global industrial IoT projects.
The projects in Anders's practice regularly concern multi-jurisdictional matters with a number of complex technical and legal interfaces in relation to several stakeholders.

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Carl Johan Zimdahl specialises in financial regulation and has extensive experience from advising regulated businesses. His experience covers a wide range of projects including licence applications, fund structuring, fundraisings, restructurings, outsourcings, fit and proper assessments, distribution issues, contract drafting, sanction-related issues and litigation. Recurring clients include Swedish and foreign investment firms, banks, payment institutions, pension funds and managers of private equity funds, debt funds, infrastructure funds, real estate funds and UCITS funds.
Many of the projects for which Carl Johan has been responsible are of a cross-border nature and he consequently has extensive experience managing and coordinating projects that involve lawyers in multiple jurisdictions.

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