



To all supervised entities

OUR REFERENCE
17/170

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Apportionment of Finanstilsynet's expenditure for 2016 – supervisory levy

The expenditure incurred on supervision by Finanstilsynet, the Financial Supervisory Authority of Norway, is recovered in accordance with the Act on the Supervision of Financial Institutions etc. (Financial Supervision Act) of 7 December 1956 No 1. The act is supplemented by regulations adopted by the Ministry of Finance on 18 December 2015 (the supervisory levy regulations), with amendments of 21 December 2016.

Previously, Finanstilsynet's annual proposal regarding the levy on supervised entities required the approval the Ministry of Finance. As the method of calculating the levy is now set out in the above regulations, the approval process is no longer necessary. Nevertheless, Finanstilsynet circulates the proposal to the industry associations for comment. Two industry associations have commented on the proposal. More information (in Norwegian only) is available at www.finanstilsynet.no.

The expenditure accounted for in 2016 is the basis for calculating the levies payable for that year. Finanstilsynet's expenditures, after deduction of public refunds, amounted to NOK 372,745 million in 2016. Fees paid for vetting prospectuses and processing applications for debt collection agencies, e-money institutions and payment institutions licences are deducted from the levy charged to the respective supervised sectors.

The expenditure is apportioned based on the extent of supervision of the various groups of entities. The extent of supervisory activities is calculated on the basis of accounting reports and reports on the use of supervisory resources (calculated in terms of the number of person-weeks per year) for each group of supervised entities. The resources spent on various groups of supervised entities are likely to vary from year in keeping with market and regulatory developments and Finanstilsynet's flexible approach to the allocation of supervisory resources. This will be reflected in the size of the levy to be paid by the various groups of supervised entities. Particularly for small groups of supervised entities, the percentage changes from one year to the next may be relatively large.

Overheads (common administrative expenses such as management, HR, finance, archives, unallocated IT expenses, etc.) are charged to all groups of entities on a pro rata basis. The same applies to supervisory expenses that cannot be allocated to a particular group of supervised entities.

As a rule, supervised entities in each group will pay an amount which is proportionate to the volume of the entity's activities measured in terms of total assets, premium income, income from licensable activities etc. The levies for the year 2016 are calculated on the basis of figures as per 31.12.2015. Accountants and lawyers holding an estate agency licence pay a fixed identical amount.

Where provided for in the regulations, maximum and minimum levy amounts are set for each entity within a group. The maximum and minimum amounts payable, as well as the size criteria determining when an entity is to pay the maximum or minimum amount, may vary from year to year. These amounts and criteria are conformed to the overall amount to be paid by the group of entities, and to the number and size of the entities within the group. Details are provided in the attached table.

The regulations were amended by the Ministry of Finance on 21 December 2016 with respect to two groups of supervised entities. Licensed and registered Alternative Investment Fund Managers (AIFMs) were merged into one group. The cost of supervision is now apportioned based on the income generated by the licensable activities and ancillary services (as opposed to a uniform levy payable by all AIFMs). With respect to the group Fund Management Companies, the cost of supervision is apportioned based on the income generated by the licensable activities and ancillary services as opposed to total assets. Registered AIFMs will pay the minimum amount applying to the group.

A supervisory levy will be payable by all entities that are under supervision as at 31.12 in the budget year. Entities that are wound up or have their licence withdrawn *in the course of* the budget year will not be required to pay a levy to Finanstilsynet. Entities coming under supervision in the course of the budget year will pay the minimum amount applying to the respective group.

Branches of institutions supervised in other EEA countries fall within the same category as corresponding institutions in Norway, but the basis on which their levy is calculated is reduced as they are also supervised in their home country. For credit institutions the calculation base (average total assets) is reduced to 40% of total assets. For insurance companies the calculation base (premium income) is reduced to 40% of premium income. For investment firms, AIFMs and fund management companies the levy is calculated on 60% of the income generated by the licensable activities and ancillary services.

The amount levied on issuers listed on the Oslo Stock Exchange is communicated and explained in a separate letter to each entity. The same applies to external accountants.

Entities that conduct activities within two or more of the supervised groups pay a levy for each type of activity, and a separate letter is sent to each entity.

The attached table provides an overview of the rationale behind the levies for 2016. The table shows the total amount to be levied, the apportionment among the various groups of supervised entities and the basis for calculating the levy payable by the individual entity.

The levy for supervision to be paid by your company is detailed in the attached invoice. Any query regarding payment of the invoice may be addressed to Statens Innkrevingsentral (the Norwegian National Collection Agency), e-mail: firmapost@sismo.no. Other queries may be addressed to Finanstilsynet, e-mail: okonomi@finansstilsynet.no.

For Finanstilsynet

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This document is approved electronically, and does not require a signature.