



To all supervised entities

OUR REFERENCE
18/338

YOUR REFERENCE

DATE
11.05.2018

Apportionment of Finanstilsynet's expenditure for 2018 – supervisory levy

Legal basis

Finanstilsynet's expenditure on supervision by is recovered pursuant to the Act on the Supervision of Financial Institutions etc. (Financial Supervision Act) of 7 December 1956 No 1. Pursuant to section 9 of the Financial Supervision Act, the expenditure is apportioned among entities that are under supervision in the budget year. The above act is supplemented by regulations adopted by the Ministry of Finance on 18 December 2015 (Supervisory Levy Regulations), with amendments of 21 December 2016.

Changes in the provisions on apportionment

Up to this year the supervisory levy has been calculated and paid in arrears. In other words the expenditure incurred in 2016 was apportioned and recovered in 2017. The Storting (Norwegian parliament) resolved in the government budget for 2018 that as from 2018 the supervisory levy should be based on the appropriation for the year in which the levy is charged. Thus, while it is the budget appropriation for 2018 that is to be apportioned, it is Finanstilsynet's resource use in 2017 that is the basis for the apportionment of the expenditure on the respective categories of supervised entities. The portion of resources expended on a particular category of supervised entities in 2017 is used to calculate that category's share of the overall amount to be apportioned and levied for 2018.

Who is required to pay the supervisory levy?

The supervisory levy is payable by all entities that are under supervision on 31 December of the budget year (2017). Entities that are wound up or lose their licence during the budget year are accordingly not required to pay a supervisory levy. Entities coming under supervision in the course of the budget year pay the minimum amount applying to the category concerned.

Branches of financial institutions and branches of investment firms from other EEA countries fall within the same category as corresponding Norwegian entities, but the calculation base for their levy is reduced since they are also under home country supervision. For financial institutions (banks, finance companies and mortgage companies) the calculation base is 40 per cent of total assets, and for insurance companies the calculation base is 40 per cent of premium income. For investment firms, AIFMs and fund management companies the calculation base is 60 per cent of the income generated by the licensable activities and ancillary services.

Principles for apportionment

As a general rule, supervised entities in each category pay an amount proportionate to the size of the entity's business measured by total assets, premium income, income from licensable activities etc. (termed 'calculation base').

The date for measuring the calculation base for all entities is 31 December of the year prior to the budget year. Hence total assets, premium income and other income as at 31 December 2016 are the basis for apportionment of the levy for 2018. Entities without a calculation base are charged the minimum amount set for the category concerned. External accountants and lawyers holding an estate agency licence pay an identical amount per entity.

Where provided for by the regulations, maximum and minimum levy amounts are set for each entity in a supervisory category. 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 category of entities, and to the number and size of the entities in the category. Entities to which neither the maximum nor the minimum amount applies, termed "*intermediate category*", are charged a percentage of the reported calculation base. A complete overview is provided in the attached table.

The overall levy for 2018 is apportioned based on the extent of supervision carried out at each of the respective categories of entities. The extent of supervision is calculated based on the number of person-weeks registered and on accounting reports on Finanstilsynet's activities in 2017.

Changes in markets and in the regulatory framework may affect the apportionment of the levy among supervisory categories. Europe-wide financial regulation is very extensive. Developing and enforcing new EEA legislation has brought larger changes between the categories than has previously been the norm. For example, new tasks with respect to market conduct and infrastructure in the securities area – resulting from the European Market Infrastructure Regulation (*EMIR*) and the Directive and Regulation on securities trading (*MiFID II/MiFIR*) – have shifted the supervisory focus from institutions to markets. Such changes are reflected in the levy payable by the individual category of entities. For small categories in particular, changes from one year to the next are likely to have a relatively large impact in percentage terms.

Administrative expenses (HR, finance, management, archives, IT expenses) that cannot be charged to specific supervisory categories are charged to all categories on a pro rata basis. The same applies to expenses incurred on supervisory tasks that cannot be allocated to a particular group of supervised entities.

More about some supervisory categories

The levy payable by pension funds is set on a discretionary basis since only one fund was under supervision at the end of 2017. The levy payable by issuers listed on Oslo Børs is explained and charged in a separate letter to these issuers. The same is true for the category of authorised external accountants.

Overall levy for apportionment

The levy payable by supervised entities for the budget year 2018 is set in the government budget for 2018 at NOK 389,200,000. Any increase in the appropriation over the course of 2018 will be added to the amount to be apportioned in 2019.

Fees paid for vetting prospectuses and processing applications for debt collection agencies, e-money institutions and payment institutions licences are collected over the course of the year. Fees paid are deducted from the levy charged to the three supervisory categories concerned before each category's share of the apportioned amount is calculated.

Payment of the supervisory levy

The supervisory levy to be paid by your company for 2018 is set out in the attached invoice. Entities that conduct activities within two or more supervisory categories pay a levy for each type of activity, and a separate demand for payment is sent to each entity.

If the calculation base is incorrect, this must be notified in writing to Finanstilsynet at the earliest opportunity, and by the deadline for payment at the latest.

Contact for further information

Any query regarding payment of the invoice should 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.

The attached table provides an overview of the rationale behind the levies for 2018. 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.

On behalf of Finanstilsynet

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