
MAIN INSTRUCTIONS

for Finanstilsynet

Laid down by the

Ministry of Finance

on 10 December 2020

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1 Introduction

These instructions were laid down by the Ministry of Finance on 10 December 2020, cf. Section 3 of the Regulations on Financial Management in Central Government, and enter into force on 1 January 2021.¹ The instructions replace the main instructions to Finanstilsynet on Finanstilsynet's financial management, laid down on 19 November 2014.

Finanstilsynet's financial management and corporate governance must be in compliance with the Regulations on Financial Management in Central Government (hereinafter referred to as the regulations), the Provisions on Financial Management in Central Government (hereinafter referred to as the provisions) and circulars from the Ministry of Finance, including the additions and clarifications provided by the Ministry in these instructions. The regulations, provisions and circulars from the Ministry of Finance are not included in these instructions, but apply in full.

The instructions describe how authority and responsibilities are divided between the Ministry of Finance and Finanstilsynet. The instructions also include requirements and expectations concerning Finanstilsynet's internal management, etc. and how the governance dialogue between the Ministry of Finance and Finanstilsynet should take place. Point 6 of the instructions provides further guidelines on external communication and contact with elected bodies, other ministries, etc.

2 The Ministry of Finance's overarching responsibility

The Minister of Finance has political and constitutional responsibility for Finanstilsynet. The ongoing administrative management of Finanstilsynet has been delegated to the Secretary General.

The Ministry's overall responsibilities are outlined in Section 4 of the regulations and in point 1.3 of the provisions. The Ministry has the power to instruct Finanstilsynet.

3 Finanstilsynet's social mission, responsibilities and authority

Finanstilsynet's activities are regulated by the Act of 7 December 1956 on the Supervision of Financial Institutions, etc. (Financial Supervision Act). Finanstilsynet's social mission is to promote financial stability and well-functioning markets. Its policy instruments are supervision, monitoring and control, licensing, regulatory development and information and communication.

Finanstilsynet's main goal is set out in Proposition 1 S for the individual budget year (technical proposition).

Finanstilsynet is a government agency (gross budgeted) under the Ministry of Finance. Finanstilsynet's Board of Directors has overall responsibility for its operations. The

¹ The Regulations on Financial Management in Central Government and the Provisions on Financial Management in Central Government are collectively referred to as the Financial Management Regulations (both available in Norwegian only).

Director General is responsible for the day-to-day management of Finanstilsynet and is appointed by the King for a term of six years.

The relationship between the Board of Directors and the Director General is regulated in the Financial Supervision Act. Pursuant to Section 2, second subsection of the Financial Supervision Act, Finanstilsynet's Board of Directors is appointed by the King (delegated to the Ministry of Finance). The board has five members and is supplemented by two members elected by and from among the employees when dealing with administrative matters. The members and their alternates are appointed by the Ministry for a period of four years. Pursuant to Section 2, first subsection of the Financial Supervision Act, the King may make further regulations on the activity of Finanstilsynet. Pursuant to Section 2, second subsection of the Financial Supervision Act, the King may lay down instructions for the board.

The Ministry presupposes that Finanstilsynet's Board of Directors at all times has rules of procedure on the internal division of work within the organisation. Significant changes in the rules of procedure should be submitted to the Ministry.

Finanstilsynet also has an advisory function to the Ministry of Finance within its areas of expertise. Finanstilsynet shall give the Ministry assistance in accordance with the deadlines set by the Ministry. Pursuant to Section 8, first subsection of the Financial Supervision Act, Finanstilsynet shall prepare all cases falling within its supervisory responsibility in which the final decision rests with the King or a ministry.

Delegated powers, including budget and administrative powers, are set out in the annual letters of allocation.

3.1 Regulations and delegated authority

A number of the laws in the financial market area assign authority directly to Finanstilsynet. Key laws include the Financial Supervision Act, the Financial Institutions Act, the Securities Trading Act and the Securities Funds Act.

Furthermore, the Ministry of Finance has delegated to Finanstilsynet the authority to lay down regulations and make decisions in the financial market area.

Through regulations of 31 October 2019 no. 1447, Finanstilsynet has been delegated competence to implement Commission Delegated Regulations (level 2 regulations) included in, or expected to be included in, Annex IX on financial services to the EEA Agreement.

It follows from the annual letters of allocation that Finanstilsynet shall report to the Ministry decisions made by Finanstilsynet pursuant to its delegated authority, cf. the Ministry's letter to Finanstilsynet dated 21 December 2015 concerning reporting procedures, stating that reporting shall take place on a semi-annual basis. The report must include a brief account of the content of the decision as well as an explanation of why the case is not important and/or a matter of principle.

3.2 Supervision

Finanstilsynet shall supervise institutions in accordance with the Financial Supervision Act. Finanstilsynet shall ensure that supervised institutions comply with laws and regulations. Finanstilsynet supervises banks, finance companies, mortgage companies, payment institutions, insurance undertakings, pension undertakings, investment firms, fund managers, infrastructure entities in the securities market, real estate agencies, debt collection agencies, external accountants and auditors, etc.

3.3 Finanstilsynet's regulatory work

Finanstilsynet shall prepare consultation documents with assessments of new draft regulations on commission from the Ministry, observing the deadlines set by the Ministry.

Finanstilsynet shall continuously assess the need for regulatory changes to help improve legislation within its areas of expertise. When Finanstilsynet, on its own initiative, initiates investigations concluding that there is a need for amendments to laws or regulations, the Ministry of Finance shall be informed, unless the authority to lay down regulations rests with Finanstilsynet.

In some cases, the Ministry may ask Finanstilsynet to establish or participate in working groups with participants from various entities (including the Ministry), possibly also with a reference group where relevant stakeholders are represented. Such working groups are particularly relevant in large-scale regulatory cases where it is necessary to assess major cost-benefit effects in accordance with the Instructions for Official Studies and Reports. Finanstilsynet will also act as a consultative body in the normal manner if the consultation document has been prepared by a working group that is chaired by or has participants from Finanstilsynet.

3.4 Organisational changes

Finanstilsynet must continuously assess the need for adjusting its organisation to ensure that it is able to fulfil its tasks in a good and effective manner. The Ministry shall be notified early if Finanstilsynet is considering large-scale organisational changes. Any relocation shall be presented to the Ministry.²

The Ministry also refers to guidelines for the location of government jobs and service production and separate guidelines for location in central areas and for the leasing of buildings.³

3.5 Resolving issues of principle

Finanstilsynet shall inform the Ministry of Finance of issues of principle within the authority's remit. Finanstilsynet shall provide the Ministry with the necessary information about the issue

² Does not apply to jobs that are clearly of limited duration, collegial bodies such as various committees and relocation within the same municipality in connection with the expiry of a lease. The Ministry shall nevertheless be informed of such relocation/closure. Instructions on handling construction and rental cases in the civil government sector of 20 January 2012 apply (in Norwegian only).

³ Cf. Central government planning guidelines for coordinated housing, land use and transport planning of 26 September 2014, Instructions for handling building and leasing matters in the civil government sector of 20 January 2012 and Circular on norms for energy and land use for government buildings of 17 December 2015 (all available in Norwegian only)

and notify the Ministry before decisions in such cases are made public. Finanstilsynet shall communicate and follow up statements of principle from the Ministry.

4 Finanstilsynet's internal management, etc.

Requirements concerning Finanstilsynet's internal management are laid down in the Financial Management Regulations.

Finanstilsynet shall lay down instructions for its activities within the framework of these main instructions and in accordance with the Financial Management Regulations.

Finanstilsynet shall work systematically and continuously to identify and implement measures to enable it to fulfil its tasks in a better and more effective manner.

The Ministry may provide more detailed guidelines for Finanstilsynet's internal governance and reporting thereof in the annual letters of allocation.

4.1 Internal control

Finanstilsynet shall have a satisfactory level of internal control to ensure that established targets and performance requirements are followed up, that resource use is efficient and that operations are in accordance with prevailing laws and regulations.

Finanstilsynet's management is responsible for ensuring that internal control is an integral part of the authority's governance processes and functions in a satisfactory manner. Finanstilsynet shall report on its internal control measures on an annual basis, cf. further requirements in the letters of allocation.

4.2 Risk management

Risk management shall be an integral part of corporate governance. Finanstilsynet shall have a systematic approach to identifying, analysing and managing risk at various levels of its organisation. Finanstilsynet shall annually prepare overall assessments of strategic and operational risks and implement risk-mitigating measures where the risk is considered to be too high. The risk remaining after implementation of the measures shall be assessed, and Finanstilsynet shall consider whether or not this risk is acceptable. In connection with major development measures or changes, Finanstilsynet shall carry out special risk assessments.

4.3 Internal control related to information security

Finanstilsynet's internal control and risk management in the area of information security shall be an integral part of the company's governance processes and be based on prevailing rules, recognised standards and assessments of the threat situation. Major incidents that threaten or compromise information security shall be notified to the Ministry.

4.4 Civil protection and emergency preparedness

Civil protection and emergency preparedness shall be an integral part of Finanstilsynet's operations. Security management shall be an integral part of corporate governance.

Finanstilsynet shall have an overview of its values and identify risks and vulnerabilities within its remit, including key interdependencies with other institutions and sectors where relevant. The authority shall have updated emergency response plans and participate in or carry out emergency response exercises. Exercises and adverse incidents shall be evaluated and followed up.

Finanstilsynet shall notify the Ministry immediately in the event of serious security incidents.

4.5 Evaluations

Finanstilsynet shall use evaluations systematically as part of its corporate governance processes, cf. point 2.7 of the provisions. Planning, implementation and publication of comprehensive evaluations should be discussed in the governance dialogue with the Ministry. Information on the results of completed evaluations shall be used in a systematic manner in Finanstilsynet's internal governance processes.

4.6 Finanstilsynet financial management, accounting and financial reporting systems

Finanstilsynet's financial management system shall be adapted to the authority's and the Ministry's needs for management information and accounting data and be customised to enable mandatory reporting and control. Finanstilsynet shall notify the Ministry of procurement processes or major changes in the financial management system early in the planning process.

Finanstilsynet's accounts are kept on a cash basis. Any changes in accounting principles shall take place in consultation with the Ministry of Finance.

Procedures must be in place for control and approval of expense reimbursements and reportable additional benefits to the Director General.

4.7 Income

Finanstilsynet's expenses are levied on those institutions which are under supervision in the budget year, in accordance with provisions set out in Section 9, first subsection of the Financial Supervision Act and the Regulations on the appropriation of expenses on supervision of 18 December 2015 no. 1776. Finanstilsynet shall have satisfactory collection and control systems and appurtenant procedures. The Norwegian Tax Administration annually collects supervisory levies and other levies on behalf of Finanstilsynet. Guidelines and procedures for collection shall be publicly available.

5 The governance dialogue between the Ministry of Finance and Finanstilsynet

The governance dialogue between the Ministry of Finance and Finanstilsynet is anchored in the annual Proposition 1 S (technical proposition) and the Storting's consideration thereof, these instructions as well as regulations and provisions on financial management in central government.

The Ministry determines the form and content of the governance dialogue in consultation with Finanstilsynet. The Ministry has overall responsibility for ensuring that the

governance dialogue functions in an appropriate manner. Key documents and regular meetings held as part of the governance dialogue are set out in the governance calendar that is attached to the annual letters of allocation for Finanstilsynet.

The governance dialogue must be documented, and instructions from the Ministry of Finance must always be in writing. If anything is unclear, Finanstilsynet must contact the Ministry. The Ministry of Finance sends minutes from the regular meetings held as part of the governance dialogue to the Office of the Auditor General.

Finanstilsynet shall forward minutes of board meetings at end-April, end-August and end-December.

5.1 Strategies

Finanstilsynet's strategies and multi-year plans, cf. point 2.3.1 of the provisions, shall be based on its social missions and the goals for its activities, cf. Proposition 1 S.

Finanstilsynet shall be in dialogue with the Ministry when drawing up and changing its overall strategy. Finanstilsynet's strategy shall be presented to the Ministry before final approval by the board.

5.2 Letter of allocation

In the letter of allocation, decisions made and conditions set by the Storting are communicated, along with other guidelines and expectations from the Ministry. The letter of allocation includes an overview of the appropriations and authorisations granted to Finanstilsynet for the budget year.

Before the final letter of allocation is approved, the Ministry prepares a preliminary letter of allocation that is sent to Finanstilsynet for comment.

Supplementary letters of allocation are sent if, after the ordinary letter of allocation has been finalised, there is a need to introduce new or changes to governance signals, to allocate funds to Finanstilsynet or to delegate major tasks that are not set out in the letter of allocation.

5.3 Annual report

Finanstilsynet shall prepare an annual report in accordance with the requirements in the letter of allocation, these instructions, the Provisions on Financial Management in Central Government and appurtenant circulars. The annual report including the annual accounts shall be published on Finanstilsynet's website after being discussed at the annual report meeting. In addition, the auditor's report must be published no later than 1 May together with the annual report. Finanstilsynet shall send a copy of the annual report to the Office of the Auditor General.

5.4 Reporting during the year

Reporting requirements and deadlines will be set out in the annual letters of allocation. Requirements concerning reporting during the year will be adapted to the Ministry's governance needs at any time and will be assessed in consultation with Finanstilsynet.

In the event of serious deviations or unforeseen situations, Finanstilsynet must immediately contact the Ministry of Finance regardless of the stipulated reporting deadlines. Finanstilsynet shall also notify the Ministry of incidents that may arouse media or political interest.

5.5 Meetings and other contact in the governance dialogue

During the year, several regular meetings are held as part of the governance dialogue with Finanstilsynet. The Ministry stipulates the timing of and agenda for the meetings in consultation with Finanstilsynet. Minutes from all regular meetings are prepared. Draft minutes are presented to Finanstilsynet before being finalised. As a rule, the Director General shall attend the regular meetings.

In addition to the regular meetings scheduled in the governance calendar, there will be a need for further contact and meetings between the Ministry and Finanstilsynet. If the Ministry in meetings, or through other contact, imposes requirements that resemble instructions, these shall be communicated to Finanstilsynet in writing in the form of minutes or in another manner. Other information that is essential in the governance dialogue must also be documented in writing.

5.6 Follow-up of matters raised by the Parliamentary Ombudsman

Finanstilsynet shall keep updated on, and follow up, matters concerning its area of responsibility which have been raised by the Parliamentary Ombudsman. The Ministry expects Finanstilsynet to generally comply with statements from the Ombudsman. Finanstilsynet shall inform the Ministry of matters of principle.

5.7 Follow-up of matters raised by the Office of the Auditor General

Finanstilsynet shall follow up comments from the Office of the Auditor General. The Ministry of Finance imposes more detailed reporting requirements for the follow-up of matters from the Office of the Auditor General in its annual letters of allocation.

5.8 Consultative statements

In connection with public consultations where the Ministry is the only consultative body, the Ministry will seek comments from subordinate agencies when needed. If Finanstilsynet is designated as a consultative body, any consultative statements shall be given directly and a copy sent to the Ministry at least ten days before the expiry of the ordinary deadline for response, unless otherwise agreed. This also applies when Finanstilsynet makes a statement without being asked. In cases that raise particularly important questions of principle or have a strong impact on operations, the Ministry should be consulted well before the consultative statement is issued.

6 Special guidelines on external communication and contact with elected bodies, other ministries, etc.

6.1 External communication

Finanstilsynet shall work systematically and long term to ensure clear, good and user-friendly language in its internal and external communication.

Finanstilsynet shall inform the Ministry before publishing major investigations, evaluations or reports carried out, prepared or commissioned by Finanstilsynet, cf. point 5.4 on rapid notification of cases or incidents that may arouse media or political interest. If there is any doubt as to who should handle a media inquiry, Finanstilsynet shall quickly contact the Ministry to clarify the question. However, such clarification does not deprive Finanstilsynet of the opportunity to issue statements to the media on matters within Finanstilsynet's remit when Finanstilsynet deems this to be necessary or appropriate.

6.2 Finanstilsynet's contact with the Storting and other elected bodies, etc.

The Minister has constitutional and parliamentary responsibility vis-a-vis the Storting, and the Government and the Ministry rank above subordinate agencies. Consequently, subordinate agencies shall in principle not meet in any of the Storting's bodies without the Minister being informed and given the opportunity to be present, and inquiries from the Storting to a subordinate agency shall normally be channelled through the Ministry. This also applies if elected representatives or candidates to elected offices wish to visit the agency. According to established practice, the agencies under the Ministry of Finance can meet full committees from the Storting, and communication regarding such meetings should be channelled through the Ministry of Finance.

6.3 Finanstilsynet's contact with other ministries

Finanstilsynet shall not have direct contact with other ministries unless the Ministry of Finance has been informed or this has been specifically agreed.

6.4 Possible meetings between the ministry and Finanstilsynet's union representatives

The Ministry of Finance will normally not have meetings with Finanstilsynet's union representatives. In special cases where the Ministry plans meetings with representatives from Finanstilsynet's employee organisations, the Ministry will inform the Director General in advance and ask him to also attend the meeting. If any of Finanstilsynet's union representatives have a meeting with leading politicians, the Ministry will also participate at the administrative level.