



OUR REFERENCE
21/874

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DATE
May 2021

Apportionment of Finanstilsynet's expenditure in 2021 – supervisory levy

Legal basis

Finanstilsynet's expenditure on supervision 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 Act, the expenditure is apportioned among entities under supervision. 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.

Who is required to pay the supervisory levy?

All entities that were subject to supervision on 31 December 2020 are required to pay the supervisory levy in 2021. This means that entities that were wound up or lost their license during 2020 are not required to pay the supervisory levy. Entities coming under supervision in 2020 must pay the minimum amount applying to the category concerned, as must entities that have a license, but no turnover.

Overall levy for apportionment

The Storting determines Finanstilsynet's expenditure budget as part of the government budget. The supervision levy is based on the granted budget the same year as the supervision levy is sent out. For the budget year 2020, NOK 457 039 000 will be allocated to the different supervisory groups. Any increase in the appropriation over the course of 2021 will be added to the amount to be apportioned in 2022.

Fees paid for vetting prospectuses and processing applications for debt collection agencies, e-money institutions and payment institutions licenses 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.

Principles for apportionment

The overall levy apportioned in 2021 is 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 2020.

As a 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 determining the calculation base is 31 December of the year prior to the year of supervision. 2020 is the year of supervision on which the apportionment of the levy is based. This means that the calculation base as of 31 December 2019 is used for this apportionment. External accountants and lawyers holding an estate agency license pay an identical amount per entity.

Changes in markets and in the regulatory framework may affect the apportionment of the levy among supervisory categories. Finanstilsynet's ongoing supervision is risk-based, and activities are prioritized based on their overall contribution to reaching the main goal of financial stability and well-functioning markets. Finanstilsynet has also been assigned new supervisory tasks. Among other things, Finanstilsynet has been designated as the Norwegian resolution authority under new European regulations for the resolution of banks. Finanstilsynet has been given

wider supervisory responsibilities pursuant to the new Anti-Money Laundering Act, as well as additional tasks related to trading in securities and commodity derivatives. In addition, substantial resources are devoted to a complex and growing European regulatory framework. Altogether, this may have a bearing on the levy payable by the individual supervisory categories. For small categories, 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.

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.

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.

Payment of the supervisory levy

The supervisory levy to be paid by your company in 2021 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: Sifirmapost@skatteetaten.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 payable in 2021. 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.

Issuers listed on Oslo Børs and authorized external accountants receive their own letters about supervisory levy to be paid in 2021.

Yours sincerely

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