

A large, stylized map of Norway is the central visual element. The map is composed of dark grey, irregular shapes that form the outline of the country, including its islands and fjords. It is set against a background that is split horizontally: the top half is a light grey gradient, and the bottom half is a solid green gradient. The map itself spans across both the grey and green sections.

NORWAY: A GUIDE TO INTERNATIONAL FUND DISTRIBUTION

irishfunds.ie

ABOUT IRISH FUNDS

Established in 1991 the Irish Funds Industry Association (Irish Funds) is the representative body of the international investment fund community in Ireland. We represent the fund promoters / managers, administrators, custodians, transfer agents and professional advisory firms involved in the international funds industry in Ireland, with more than 13,500 funds and net assets of more than €4 trillion. The objective of Irish Funds is to support and complement the development of the international funds industry in Ireland, ensuring it

continues to be the location of choice for the domiciling and servicing of investment funds. Through its work with governmental and industry committees and working groups, Irish Funds contributes to and influences the development of Ireland's regulatory and legislative framework. Irish Funds is also involved in defining market practice through the development of policy and guidance papers and the promotion of industry-specific training.

CONTENTS

| | |
|------------------------------|---|
| Market Overview | 4 |
| Key Distribution Channels | 5 |
| Distributing UCITS in Norway | 6 |
| Distributing AIFs in Norway | 8 |
| Tax Reporting Requirements | 9 |

MARKET OVERVIEW

Norway is one of the smaller Nordic countries with a population of 5.2 million, yet with a GDP per capita of approximately €67,000 it is amongst the top 10 wealthiest countries in the world.

The share capital of mutual funds managed by Norwegian fund managers reached €118.7 billion by the end of 2016.

Norway has the world's largest sovereign wealth fund with approximately €850 billion AUM. The surplus wealth produced by Norwegian petroleum income is deposited into the 'Government Pension Fund Global'. This sovereign wealth fund employs a sustainable ethos which sets the standard for other sustainable fund products.

Norway's reliance on the sovereign wealth fund has instilled a lack of a 'savings culture' amongst the Norwegian people.



MAIN PLAYERS IN THE NORWEGIAN MARKET

Although the Norwegian market is open, it is dominated by local players from the Nordic region. The majority of fund flows in Norway are from domestic funds. Norway is ranked 12th in the top 25 countries where Irish funds are registered for sale.

| | |
|-----------------------------|-----|
| DNB ASSET MANAGEMENT | 25% |
| KLP KAPITALFORVALTNING | 17% |
| NORDEA FUNDS | 11% |
| STOREBRAND ASSET MANAGEMENT | 11% |
| SKAGEN FUNDS | 8% |

ASSET ALLOCATION OF THE NORWEGIAN MARKET

As of December 2016, the breakdown of fund asset types/strategies in Norway are as follows:

| | |
|-----------------|------|
| EQUITY | 51% |
| BOND | 29% |
| MONEY MARKET | 9% |
| OTHER DEBT | 6% |
| HYBRID/BALANCED | 4.5% |
| HEDGE | 0.5% |

KEY DISTRIBUTION CHANNELS

The key distribution channels amongst the Nordic countries, in order of popularity, are as follows:



PRIVATE BANKS



FUND OF FUNDS



RETAIL BANKS



INSURANCE COMPANIES



EXECUTION-ONLY PLATFORMS

(Execution of trades only, client does not receive any advice)



INDEPENDENT FINANCIAL ADVISORS/PLATFORMS

REGULATORY ENVIRONMENT

Although Norway is not a member of the EU, it is a member of the EEA. UCITS can benefit from a European Economic Area (EEA) wide passport, meaning that once they are authorised in one EEA member state, they can be sold in any other EEA member state without the need for any additional authorisation, subject to a regulator to regulator notification procedure.

Finanstilsynet, the Financial Supervisory Authority of Norway, supervises the Norwegian securities market. This is the regulatory body that is involved in the regulator-to-regulator notification procedure.

NORWAY IS ONE OF THE SMALLER NORDIC COUNTRIES WITH A POPULATION OF 5.2 MILLION, YET WITH A GDP PER CAPITA OF APPROXIMATELY €67,000 IT IS AMONGST THE TOP 10 WEALTHIEST COUNTRIES IN THE WORLD.

DISTRIBUTING UCITS IN NORWAY

There is no private placement exemption for the offering of UCITS in Norway, meaning foreign UCITS marketing in Norway are subject to the provisions of Norwegian laws and subject to the UCITS passport notification procedure.

DOCUMENTS REQUIRED

The following standard documents need to be submitted in respect of the UCITS with the notification pack:



The latest **FUND RULES OR INSTRUMENT OF INCORPORATION**



The relevant **PROSPECTUS AND ACCOMPANYING SUPPLEMENT(S)**



The **KEY INVESTOR INFORMATION DOCUMENT(S) (KIID)**



The latest **ANNUAL AND ANY SUBSEQUENT HALF-YEARLY REPORT**
(if available)

DISTRIBUTING UCITS IN NORWAY

The KIID(s), in most cases, must be translated into Norwegian. The KIID(s) may be provided in English only if the minimum subscription amount corresponds to NOK 5,000,000 or if according to the notification letter the UCITS will exclusively be marketed to institutional investors on an individual basis without advertising.

Other documents accompanying the notification may be provided in English.

ADDITIONAL REQUIREMENTS

The notification letter must include a statement confirming that all marketing in Norway offering the sale of units of the UCITS (including marketing materials distributed to Norwegian investors) will reference the availability of the prospectus and the KIID(s) and where these documents are available.

A local paying agent or distributor is not required.

COSTS

No regulatory notification or supervision fees are currently payable. However other relevant costs may arise (e.g. local counsel, KIID translations etc.)

TIMING

The Central Bank of Ireland (CBI) has 10 working days on receipt of a complete notification in respect of a UCITS to transmit the notification to the Local Regulator (Finanstilsynet). Once the notification has been transmitted to the Local Regulator and the UCITS receives a notification of transmission from the CBI then marketing activities can commence.

In addition to the above regulatory timeframe it is also important to factor in any additional time that may be required to prepare and finalise any agreements that may need to be put in place and filed or notified before the cross border notification can be submitted. Time should also be allowed for the translation of any required documents (e.g. KIIDs).

CONTINUING OBLIGATIONS

In the event of a change to the UCITS marketing arrangements or a change in the share classes to be marketed in Norway, the UCITS is required to notify the Local Regulator before implementing the change. Any amendments to the notification documents must be notified to the Local Regulator together with an indication of where the documents are available in electronic format.

DISTRIBUTING AIFS IN NORWAY

(A) PASSPORTING FOR AN EU AIFM SEEKING TO MARKET AN EU AIF TO PROFESSIONAL INVESTORS IN NORWAY



In the case of an EU AIFM seeking to market an EU AIF to Professional Investors in Norway, the standard home to host state regulator notification is required.

- Notification letter
- AIF rules or instrument of incorporation
- Identification of depositary
- Description of any information on the AIF available to investors
- Information on where the master AIF is established if the AIF is a feeder AIF
- Indication of where the required Article 23 AIFMD disclosures are made
- Identification of the Member State in which the AIFM intends to market the AIF and;
- Information about arrangements made for the marketing of the AIF and where relevant, information on the arrangements established to prevent units or shares from being marketed to retail investors (including in the case where the AIFM relies on activities of independent entities to provide investment services in respect of the AIF).

On receipt of a complete notification, the home state regulator has a period of 20 working days to transmit the notification to the relevant host state regulator. Once the home state regulator has notified the AIFM that the notification has been transmitted to the relevant host state regulator, then the AIFM may start marketing the AIF to Professional Investors in that host state.

COSTS

No approval or supervisory fees are currently imposed.

(B) PRIVATE PLACEMENT



Where an AIFMD marketing passport is not available, then an application is required to be submitted by the AIFM directly to the Norwegian regulator (Finanstilsynet) in order to access the relevant private placement regime.

In order to avail of the private placement regime the AIFM must ensure that the relevant conditions are satisfied (including any additional requirements / conditions imposed by domestic law) and marketing may only commence once approval has issued directly to the AIFM from the regulator following submission of the relevant application. The relevant application to be completed by the AIFM is dependent upon whether the AIFM is an EEA AIFM (Article 36 AIFMD) or a non-EEA AIFM (Article 42 AIFMD).

COSTS

No approval or supervisory fees are currently imposed.

TAX REPORTING REQUIREMENTS

Although a unit trust may not be formed under Norwegian law, a foreign unit trust may be sold to Norwegian residents. Profits on the sale of units in a foreign unit trust are taxed pursuant to the same rules that apply to profits on the sale of shares of a corporate vehicle.

New tax reporting rules were introduced in January 2016 for both collective investment funds and investors. Under these rules, the rate of tax on income distributed from a fund is dependent on the proportion of equities held by the fund.

Investor reporting is not a requirement for non-Norwegian funds selling into the Norwegian market, however, funds with a functioning reporting routine are likely to have a marketing advantage.

NEW TAX REPORTING RULES WERE INTRODUCED IN JANUARY 2016 FOR BOTH COLLECTIVE INVESTMENT FUNDS AND INVESTORS. UNDER THESE RULES, THE RATE OF TAX ON INCOME DISTRIBUTED FROM A FUND IS DEPENDENT ON THE PROPORTION OF EQUITIES HELD BY THE FUND.



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