

## IFIAR 2024 Member Profile – FSA

<b>1. Jurisdiction</b>	<b>1.1 Insert the name of the jurisdiction in English:</b>  Norway
<b>2. Member<sup>1</sup></b>	<b>2.1 Insert the name of the Member, both in the local language and in English:</b>  <i>Finanstilsynet</i> The Financial Supervisory Authority of Norway (FSA)
	<b>2.2 Include relevant contact information, including postal address, telephone number(s), a general email address (if any) and a link to the Member's website:</b>  Postbox 1187, Sentrum, 0107 Oslo, Norway <u>Tel.:</u> 0047 2293 98 00 <u>Fax:</u> 0047 22 63 02 26 <u>Website:</u> <a href="http://www.finanstilsynet.no/en/">http://www.finanstilsynet.no/en/</a>
	<b>2.3 Include the basis for establishment of the Member, as well as the legislation or regulations which provide the Member the authority/mandate with respect to audit regulation. Please describe with an appropriate level of detail the mission and responsibilities of the Member with respect to audit regulation:</b>  <b>The Financial Supervision Act (article 1):</b>  The Financial Supervisory Authority of Norway (the FSA) was established by Parliament in 1985, through a merger between the Banking Inspectorate and the Insurance Council, and thus became an independent integrated supervisor. In 1992, supervision of auditors and external accountants was added to the FSA's responsibility. Today, the FSA supervises (inter alia) banks, finance companies, mortgage companies, e-money institutions, insurance companies, pension funds, insurance intermediaries, investment firms, management companies for securities funds, regulated markets, clearing houses, the central securities depository, real estate brokers, debt-collection agencies, auditors and external accountants. The FSA also oversees listed companies' financial reporting and market conduct in the securities market and approves prospectuses. From 2022 audit committees of listed companies are also included in our mandate.

<sup>1</sup> In the case where there are two or more regulators from the same jurisdiction that have been approved according to Section 2.3 of the IFIAR Charter, they together are considered as one Member. In that case, regulators are requested to include information for both organizations in the Member Profile.

	<p>The Capital Markets Supervision Department and its section for auditors/audit firms has the responsibility for the administrative duties which include:</p> <ul style="list-style-type: none"> <li>• Authorization of auditors and audit firms,</li> <li>• Keeping of the auditors’ register (a public register of authorized auditors and audit firms),</li> <li>• Handling applications for exemptions,</li> <li>• Communicating legal interpretations of the regulations applicable to auditors,</li> <li>• Assisting in drawing up regulations,</li> <li>• Undertaking practical tests for auditors on an annual basis.</li> <li>• Supervisory duties which include: <ul style="list-style-type: none"> <li>- an extensive on-site audit inspection program, including annual thematic audit inspections (ad hoc inspections addressing specific topics)</li> <li>- off-site supervision and analysis</li> </ul> </li> </ul> <p><b>2.4 Please indicate whether the Member has responsibility for the following tasks within the area of Audit Oversight:</b></p> <p><input checked="" type="checkbox"/> <b>Licensing</b>  <input checked="" type="checkbox"/> <b>Registration</b>  <input type="checkbox"/> <b>Audit and/or Ethics Standard Setting</b>  <input type="checkbox"/> <b>Permanent Education / Continuous Training of Auditors</b>  <input checked="" type="checkbox"/> <b>Inspection</b>  <input checked="" type="checkbox"/> <b>Enforcement</b>  <input checked="" type="checkbox"/> <b>Other:</b> <i>_ We are not Standard setters, but through our oversight we influence standards and supplement and interpret standards._</i></p>
<p><b>3. Governing Body Composition and members</b></p>	<p><b>3.1 Describe with an appropriate level of detail the current composition of the Member’s governing body, including, where possible, the names, the organization they represent (if any) and brief backgrounds of the governing body members, or provide a link to a page on your website where this information is provided.</b></p> <p>The Board consists of the following persons:</p> <ul style="list-style-type: none"> <li>• Finn Arnesen, Professor, Chair</li> <li>• Giuditta Cordero-Moss, Professor, Vice Chair</li> <li>• Mette Bjørndal, Professor, Board Member</li> <li>• Helge Eide, director KS, Board Member</li> </ul>

	<ul style="list-style-type: none"> <li>• Kristin Guldbrandsen, Master of business and economics, 1<sup>st</sup> alternate</li> <li>• Jens-Henrik Lien, lawyer , 2<sup>nd</sup> alternate</li> <li>• Sindre Weme, Director, Observer from the Norwegian Central Bank</li> </ul> <p><a href="http://Finanstilsynet.no">Organisation, board and management - Finanstilsynet.no</a></p>
	<p><b>3.2 What are the eligibility criteria / requirements and composition requirements for the members of the governing body? E.g. Does national legislation require representatives on the governing body from certain organizations, or with specific experience, etc.</b></p> <p>The FSA is headed by a board of five non-executive members and two alternates. Members and alternates are appointed by the Ministry of Finance for a four-year term. In addition, two members are elected by and from the employees to supplement the Board on administrative matters. Although the Board is part of the FSA, the board members are non-executive, i.e. they are not employed by the FSA and do not take part in the day-to-day management of the FSA. No Board member may be an executive of the supervisory authority, or employee of Ministries or other government departments and agencies (except the observer from the central bank). None of them may be employed by institutions under supervision, hence, no auditor may be appointed as member of the board.</p>
	<p><b>3.3 Is there a restriction or recusal process that is applicable to members of the governing body of the Member who are current or former auditors/practitioners?</b></p> <p><input checked="" type="checkbox"/> Yes                      <input type="checkbox"/> No</p> <p><b>Does this include a “cooling-off” period for former auditors?</b></p> <p><input type="checkbox"/> Yes                      <input checked="" type="checkbox"/> No</p> <p><b>If yes to either of the above, please describe:</b></p> <p>It is the duty of a board member and others that take part in a board resolution to consider and if so declare her/him to be disqualified in dealing with a specific issue.</p> <p>Auditors have a cooling-off period of three years in terms of being involved in any inspection matters of the former employer.</p>

<b>4. Independence safeguards</b>	<p><b>4.1 Please describe the national independence requirements for the governing body and its members, and legal or regulatory requirements/provisions in place that safeguard their independence from the audit profession.</b></p> <p>There is an ethical policy for all civil servants in Norway. In addition, Finanstilsynet does have its own ethical requirements to secure independence and equal treatment.</p> <p><b>Are employees of the Member covered by the same or separate set of independence requirements?</b></p> <p><input checked="" type="checkbox"/> Same set of requirements    <input type="checkbox"/> Different set of requirements</p> <p><b>If there are separate independence requirements for employees, please describe:</b></p> <hr/> <p><b>4.2 Are there any additional safeguards in place that provide for the Member's overall independence from the audit profession? E.g. through the appointment process, specific Board actions, etc.</b></p> <p><input checked="" type="checkbox"/> Yes                      <input type="checkbox"/> No</p> <p><b>If yes, please describe:</b></p> <p>Board members are appointed by the Finance department of Norway.</p>
<b>5. Funding Arrangements</b>	<p><b>5.1 Describe the main funding arrangements of the Member, including the setting and approval of the budget:</b></p> <p>The Financial Supervision Act states that the costs of supervision shall be levied on the institutions under supervision, hereunder the auditors. The FSA's costs related to supervision of auditors/audit firms are therefore covered by the audit firms.</p> <p>However, it is the Norwegian Parliament that determines the FSA's budget and adopts the principles of and the amount to be levied on the institutions in the year following the year for which the budget was approved. Therefore, the auditors cannot influence the decisions concerning the funding of the supervision of auditors.</p> <hr/> <p><b>5.2 Is the funding free from undue influence by the profession?</b></p> <p><input checked="" type="checkbox"/> Yes                      <input type="checkbox"/> No</p> <p><b>Please describe with an appropriate level of detail the safeguards in place to prevent undue influence by the profession:</b></p>

	It is the government (Finance department) that approves and funds the budget allocated to Finanstilsynet.																																
<b>6. Audit Market</b>	<p><b>6.1 Provide the number of audit firms subject to inspections. Include an indication of the number of public interest audits (PIEs) and other audits that fall under the Member’s oversight or mandate.</b></p> <p>As per December 2023 454 (457 LY) audit firms are subject to inspections. 10 (9 LY) of these audit firms audit PIE engagements. In total, there are approx. 401 PIE audit engagements as per December 2023.</p> <p><b>6.2 Please describe the sizes (in terms of revenue / number of listed entity clients / number of partners and audit staff / etc. – whichever measure is commonly used and available in your jurisdiction) and market shares of each of the largest audit firms in the Member’s jurisdiction.</b></p> <p>The BIG 4 firms together with BDO share approximately 69,6% (67,4 % LY) of the total market (revenue) for statutory audits. Those 5 firms earned 97,6 % (98,1 % LY) of all audit fees paid by PIEs.</p> <p>Based on numbers of PIE audits, those 5 firms audited 89,3 % (89,4% LY) of all PIEs.</p> <p>The shares of the big 5:</p> <table border="1" data-bbox="544 1218 1406 1529"> <thead> <tr> <th></th> <th>Number of PIE`s</th> <th>% of total</th> <th>LY</th> </tr> </thead> <tbody> <tr> <td>EY</td> <td>82</td> <td>20,5</td> <td>19,9%</td> </tr> <tr> <td>PWC</td> <td>129</td> <td>32,2</td> <td>32,4 %</td> </tr> <tr> <td>BDO</td> <td>27</td> <td>6,7</td> <td>7,4%</td> </tr> <tr> <td>KPMG</td> <td>59</td> <td>14,7</td> <td>16,1 %</td> </tr> <tr> <td>Deloitte</td> <td>61</td> <td>15,2</td> <td>14,6 %</td> </tr> <tr> <td>Other</td> <td>43</td> <td>10,7</td> <td>9,6 %</td> </tr> <tr> <td><b>Sum</b></td> <td><b>401</b></td> <td><b>100 %</b></td> <td><b>100%</b></td> </tr> </tbody> </table>		Number of PIE`s	% of total	LY	EY	82	20,5	19,9%	PWC	129	32,2	32,4 %	BDO	27	6,7	7,4%	KPMG	59	14,7	16,1 %	Deloitte	61	15,2	14,6 %	Other	43	10,7	9,6 %	<b>Sum</b>	<b>401</b>	<b>100 %</b>	<b>100%</b>
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<b>7. Inspection System</b>	<p><b>7.1 Does the Member have the responsibility for recurring inspections of audit firms undertaking audits of public interest entities (PIEs)?</b></p> <p><input checked="" type="checkbox"/> Yes                      <input type="checkbox"/> No</p> <p><b>7.2 Is this responsibility undertaken directly or through oversight of inspection conducted by another organization?</b></p> <p><input checked="" type="checkbox"/> Directly                      <input type="checkbox"/> Through Oversight</p> <p>If directly, please describe the responsibility, including the follow-up and reporting process, and the regulatory measures available to be taken as a result of inspections (if described in Question 11</p>																																

	<p><b>Enforcement, please reference that section for details on such measures).</b></p> <p><b>If through oversight of another organization, please describe with an appropriate level of detail the other organization, its relation to the Member, its role, and the arrangements for oversight by the Member:</b></p> <p>FSA is responsible for performing these inspections. For the FSA it is a goal that inspections as a minimum are executed as frequently as the Act requires. Periodic inspections of non-PIE auditors are delegated to the auditors' association/professional body.</p> <p><b>7.3 Please describe with an appropriate level of detail the requirements and practices regarding the frequency of inspections:</b></p> <p>The Norwegian Auditing Act requires all statutory auditors to be subject to quality assurance every six years, and all audit firms with PIE engagements to be subject to inspections every three years.</p> <p><b>7.4 Does the Member have its own inspection staff, use reviewers from the professional body or sub-contract to third parties, independent contractors, etc. for the conduct of inspections? Please tick the boxes that apply: (multiple responses allowed) Note that there is no need to tick a box if non-employee reviewers are used very occasionally and are not a core staffing approach.</b></p> <p><input checked="" type="checkbox"/> <b>Employees of the Member</b>                      <input checked="" type="checkbox"/> <b>Professional body</b></p> <p><input type="checkbox"/> <b>Third Parties</b>    <input type="checkbox"/> <b>Other</b></p> <p><b>Please explain below:</b></p> <p>Employees of the Member perform inspections of PIE audit firms. The professional body performs inspections of their member auditors that do not audit PIE entities.</p>
<p><b>8. Licensing</b></p>	<p><b>8.1 If the Member has the responsibility for <u>Licensing</u>, please indicate whether this responsibility is undertaken directly or through oversight of Licensing conducted by another organization?</b></p> <p><input checked="" type="checkbox"/> <b>Directly</b>    <input type="checkbox"/> <b>Through Oversight</b></p> <p><b>If directly, please describe the responsibility, including any changes, with an appropriate level of detail.</b></p> <p><b>If through oversight, please indicate the name of the other organization and its composition. Also, give a description of the powers of the other organization and procedure applied, as well as the role of the Member in these procedures.</b></p>

	<p>We consider all applications and decide whether a license might be given. We also withdraw licenses if there are breaches to continuing education, quality, financial issues or required financial security (insurance).</p>
<b>9. Registration</b>	<p><b>9.1 If the Member has the responsibility for <u>Registration</u>, please indicate whether this responsibility is undertaken directly or through oversight of Registration conducted by another organization?</b></p> <p><input checked="" type="checkbox"/> Directly                      <input type="checkbox"/> Through Oversight</p> <p>If directly, please describe the responsibility, including any changes, with an appropriate level of detail.</p> <p>If through oversight, please indicate the name of the other organization and its composition (i.e. whether practitioners from the audit profession are involved in decision-making). Also, give a description of the powers of the other organization and procedure applied, as well as the role of the Member in these procedures.</p> <p>FSA is responsible for keeping of the auditors' register (a public register of authorized auditors and audit firms).</p>
<b>10. Audits and/or Ethics Standard Setting</b>	<p><b>10.1 If the Member has the responsibility for <u>Audit and/or Ethics Standard Setting</u>, please indicate whether this responsibility is undertaken directly or through oversight of Audit and/or Ethics Standard Setting conducted by another organization?</b></p> <p><input type="checkbox"/> Directly                      <input type="checkbox"/> Through Oversight</p> <p>If directly, please describe the responsibility, including any changes, with an appropriate level of detail.</p> <p>If through oversight, please indicate the name of the other organization and its composition (i.e. whether practitioners from the audit profession are involved in decision-making). Also, give a description of the powers of the other organization and procedures applied, as well as the role of the Member in these procedures.</p> <p style="text-align: center;">N/A</p>
<b>11. Permanent Education / Continuous Training of Auditors</b>	<p><b>11.1 If the Member has the responsibility for <u>Permanent Education / Continuous Training of Auditors</u>, please indicate whether this responsibility is undertaken directly or through oversight of Permanent Education / Continuous Training of Auditors conducted by another organization?</b></p> <p><input type="checkbox"/> Directly                      <input type="checkbox"/> Through Oversight</p> <p>If directly, please describe the responsibility, including any changes, with an appropriate level of detail.</p> <p>If through oversight, please indicate the name of the other organization and its composition (i.e. whether practitioners from the audit profession are involved in decision-making). Also, give a</p>

	<p>description of the powers of the other organization and procedures applied, as well as the role of the Member in these procedures.</p> <p style="text-align: center;">N/A</p>
<p><b>12. Enforcement</b></p>	<p><b>12.1 If the Member has the responsibility for <u>Enforcement</u>, please indicate whether this responsibility is undertaken directly or through referral to other organization(s)?</b></p> <p><input checked="" type="checkbox"/> Directly                      <input type="checkbox"/> Through Referral</p> <p>If directly, please describe the responsibility and procedures applied (including investigations, disciplinary actions or sanctions), as well as the reporting process for disciplinary action.</p> <p>If through referral, please indicate the name of the other organization and its composition (i.e. whether practitioners from the audit profession are involved in decision-making). Also, give a description of the enforcement powers of the other organization and procedures applied, as well as the role of the Member in these procedures.</p> <p>The Norwegian Auditing Act chapter 14 was implemented 2021. New sanctions are added to our "toolbox"; administrative fine § 14-5, prohibition to sign audit opinions for 3 years §14-4 and prohibitions to be a director of an audit firm or PIE. As before the FSA might recall the auditors license due to not fulfilling obligations as clean record (conduct), minimum training or severe malpractice - auditor act § 14-1.</p>
<p><b>13. Other Responsibilities in Audit Oversight or Audit Regulation</b></p>	<p><b>13.1 If the Member has the responsibility for <u>other tasks within the area of Audit Oversight or Audit Regulation</u>, please describe with an appropriate level of detail:</b></p> <p>We issue inspection letters, thematic reports and circulars to enhance audit quality. These reports are available at our website.</p>
<p><b>14. Main Other Responsibilities of the Member <u>outside</u> the area of Audit Oversight or Audit Regulation</b></p>	<p><b>14.1 Please describe with an appropriate level of detail, the responsibility of the Member for <u>tasks outside the area of audit oversight or audit regulation</u> such as supervision of financial reporting or securities regulation:</b></p> <p>The FSA is an integrated supervisory authority, please see section 2.3.</p>
<p><b>15. Member Update for public information (if any)</b></p>	<p><b>15.1 Are there any major news, activities, events or updates (on audit matters, the Member's organization, the governing legislation or the authority/responsibilities) that you wish to keep the public informed of since completing last year's Member Profile?</b></p> <p><input type="checkbox"/> Yes                      <input checked="" type="checkbox"/> No</p> <p>If yes, please describe these changes with an appropriate level of detail:</p>