

**Rules governing the authorisation scheme for employees of firms
that are members of the Norwegian Securities Dealers Association**

(Agreed to at the General Meeting of the Norwegian Securities Dealers Association on the 30th of March 2005, and revised by the Association's Executive Committee on the 8th of September and 15th of December 2009).

CHAPTER 1	INTRODUCTORY PROVISIONS	3
§ 1-1	OBJECTIVE	3
§ 1-2	LEGAL AUTHORITY	3
CHAPTER 2	MEMBER FIRMS' OBLIGATIONS	3
§ 2-1	GENERAL	3
§ 2-2	EMPLOYEES THAT REQUIRE AUTHORISATION (POSITIONS REQUIRING AUTHORISATION)	3
§ 2-3	SPECIAL AUTHORISATION OF SETTLEMENT STAFF	3
§ 2-4	OTHER FIRMS.....	4
CHAPTER 3	AUTHORISATION COURSE AND TEST.....	4
§ 3-1	GENERAL PROVISIONS.....	4
§ 3-2	REGISTRATION FOR THE TEST	4
§ 3-3	THE TAKING OF THE GENERAL TEST, ADDITIONAL TEST AND FULL TEST	5
§ 3-4	THE CARRYING OUT OF THE SPECIAL TEST FOR SETTLEMENT STAFF	5
§ 3-5	EVALUATION OF THE TEST	5
§ 3-6	APPEALS	6
CHAPTER 4	THE ISSUANCE, TERMINATION AND REVOCATION OF AUTHORISATION ..	6
§ 4-1	ISSUANCE OF AUTHORISATION	6
§ 4-2	CHANGE OF EMPLOYER.....	6
§ 4-3	TERMINATION OF AUTHORISATION.....	6
§ 4-4	SANCTIONS.....	7
§ 4-5	PROCEDURAL RULES.....	7
§ 4-6	PUBLICATION OF SANCTION DECISIONS.....	8
CHAPTER 5	REGISTRATION AND FEES.....	8
§ 5-1	REGISTER OF PERSONAL DATA	8
§ 5-2	FEES.....	8
CHAPTER 6	OTHER PROVISIONS.....	8
§ 6-1	EXEMPTION	8
§ 6-2	DUTY OF CONFIDENTIALITY	9
§ 6-3	AMENDMENTS	9

§ 1-1 Objective

The objective of the Norwegian Securities Dealers Association's authorisation scheme is to contribute to maintaining the general public's faith in investment firms by, inter alia, ensuring that these firms' employees have a satisfactory knowledge of, and comply with, the regulations that apply to these firms' and the employees' activities.

§ 1-2 Legal authority

The legal authority for the authorisation scheme is provided by § 5-1 of the Association's Articles of Association and § 8-2 of the Association's Ethical Norms.

§ 2-1 General

The Association's members shall ensure that their employees have the relevant professional qualifications and satisfy the educational requirements set by Norwegian, foreign or international authorities and organisations in order to carry out their work.

§ 2-2 Employees that require authorisation (positions requiring authorisation)

The Association's members shall ensure that all employees who carry out functions which imply that they may commit and/or represent the member vis-à-vis clients and/or other investment firms are authorised by the Association in accordance with these regulations.

Persons who are employed as stockbrokers, interest and foreign exchange brokers, derivatives brokers, analysts, corporate officers and senior settlement staff and persons who carry out control functions must be authorised by the Association in accordance with these regulations.

This duty also applies to persons who, without being employed by the member, may commit the member in a similar manner, irrespective of the fact that in the following only the term "employee" is used.

The duty does not apply to employees who are linked to the member firm's branches abroad, or to employees of a member firm who are engaged in cross-border activity with the Norwegian market.

The individual member firm is to determine whether the individual employee has a position that requires authorisation and must therefore be authorised. Should the member firm be in doubt, it is to ask the Association. Even if the member firm finds that the employee does not have a position that requires authorisation, the firm may nonetheless register the employee for a test.

§ 2-3 Special authorisation of settlement staff

Settlement staff who must be authorised by Oslo Clearing in accordance with the Standard Conditions governing trading in derivatives are to have special authorisation as settlement staff.

Settlement staff other than those mentioned in the first paragraph may take part in the separate authorisation scheme for settlement staff.

§ 2-4 Other firms

Firms other than member firms may take part in the authorisation scheme. Such participation is subject to terms and conditions determined by the Association's Executive Committee. The rules governing the authorisation scheme apply to the extent that they are appropriate.

CHAPTER 3 Authorisation course and test

§ 3-1 General provisions

a) **General test:** Obligatory test for all those employed in a position which requires authorisation pursuant to § 2-2. In this test, the employee must document a good knowledge of the general regulations that apply to investment firms and the employees' activities. Prior to the test, the employee must take the general authorisation course.

b) **Additional test - Corporate:** Obligatory test for all those employed in the firm's corporate department. In this test, the employee must document a good knowledge of special provisions which apply to issuers of and investors in financial instruments, as well as of the provisions which apply to investment firms and their employees when providing corporate services. Prior to the test, the employee must take the extended authorisation course for Corporate.

c) **Additional test for Oslo Børs (shares, bonds or derivatives):** Obligatory test for all brokers that are trading in shares, bonds or derivatives listed on Oslo Børs or Oslo Axess. In this test, the employee must document a good knowledge of the general regulations for trading in listed instruments, and for Oslo Børs' distinct rules and trading systems for trading in shares, bonds or derivatives. Prior to the test, the employee must take an extended authorisation course offered by Oslo Børs for brokers trading in shares, bonds or derivatives. A special authorisation course and exam respectively for shares, bonds and derivatives are held.

d) **Full test:** A test composed of both the general test and additional test for Corporate.

e) **Special test for settlement staff:** Obligatory test for settlement staff as mentioned in §2-3, subsection one. In this test, the employee must document a good knowledge of the general regulations and of the functions relating to the clearing of derivatives contracts in Oslo Clearing. Prior to the test, the employee must take a special authorisation course for settlement staff. The employee in question does not have to have taken and passed the general test unless this is mandatory pursuant to § 2-2.

§ 3-2 Registration for the test

Anyone employed in a position that requires authorisation pursuant to § 2-2 must be registered for the **general test** within one month of starting to work in this job. The general authorisation course and general test are to be taken as soon as possible and at the latest within six months of the employee starting to work in this job. An exemption from this deadline may be granted in special cases.

Anyone employed by the firm's corporate department must be registered for the general test and/or the **additional test – Corporate** within one month of starting to work in this job. The extended authorisation course for Corporate and full test or additional test for Corporate are to be taken as soon as possible and at the latest within eight months of the employee starting to work in this job. An exemption from this deadline may be granted in special cases.

Anyone employed in a position as described in § 3-1 c, must be registered for the **Additional test for Oslo Børs (shares, bonds or derivatives)** within one month of starting to work in this job. Completion of the extended authorisation course and the additional test for Oslo Børs are

to be taken as soon as possible and at the latest within six months of the employee starting to work in this job. An exemption from this deadline may be granted in special cases.

All settlement staff as mentioned in § 2-3, subsection one, must be registered for the *special test* within one month of starting to work in such a job. The special authorisation course and special test are to be taken as soon as possible and at the latest within six months of the employee starting to work in this job. An exemption from this deadline may be granted in special cases.

Each member firm must keep the Association up to date as regards which of its employees are authorised and not authorised.

§ 3-3 The taking of the general test, additional test and full test

The Association is responsible for holding the general authorisation course, the additional authorisation course for Corporate and the additional authorisation course for Oslo Børs, along with arranging the related exams.

The Association is responsible for the content of the general authorisation course and the extended authorisation course for Corporate, while Oslo Børs are responsible for the content of the additional authorisation course for Oslo Børs.

A general test must be held at least three times a year, an additional test for Corporate/ full test must be held at least twice a year and an additional test for Oslo Børs must be held at least three times a year. The test may consist of multiple choice questions and one or more practical assignments.

§ 3-4 The carrying out of the special test for settlement staff

Oslo Clearing is responsible for the professional content of the special authorisation course and the special test. The Association is responsible for arranging the special test. A special test is to be held at least 2-3 times a year. This test may consist of multiple choice questions and one or more practical assignments.

§ 3-5 Evaluation of the test

A test that has been taken is to be given either a “pass” or “fail” mark. This mark is to have been given at the latest five weeks after the test has been held.

In the event that an employee who has been registered for the test fails to take the test, his/her test will be given a “fail” mark unless the Association has received notification of a valid excuse for his/her absence at the latest on the same day as the test is being held. Responsibility for providing notification of absence by the deadline lies with the candidate him/herself. Absence is to be reported in writing via e-mail to the Association (nfmf@nfmf.no).

An employee who does not achieve a “pass” mark may resit the test. A new test is to be held as quickly as possible. An employee may only resit the test twice. If the employee does not achieve a “pass” mark within 12 months, counted from the date when the employee was registered for the test in accordance with § 3-2, the employee cannot be authorised until the requirements relating to renewed registration have been met.

Renewed registration for a test with a view to being awarded authorisation cannot take place until at least 12 months after the last test was taken. During this period the employee in question cannot carry out work that requires authorisation.

The results of the test are to be notified in writing directly to the individual candidate and to his/her employer. This notification must state that a “fail” mark may be appealed against in accordance with § 3-6.

Test papers that are given a “fail” mark are to be stored confidentially by the Association until the expiry of the deadline for appeals pursuant to § 3-6 or until the appeal has been heard. After this, the test papers are to be destroyed.

§ 3-6 Appeals

A candidate and/or his/her employer may appeal to the Ethics Council regarding the mark or other factors relating to the test within three weeks of receiving notification that the candidate has failed the test. The Ethics Council’s decision may not be appealed against.

CHAPTER 4 The issuance, termination and revocation of authorisation

§ 4-1 Issuance of authorisation

To be awarded *general authorisation*, the employee must have taken the general authorisation course and the general test and achieved a “pass” mark.

To be awarded *extended authorisation - Corporate*, the employee must have taken the extended authorisation course for Corporate and the full test or the general test plus additional test for Corporate and achieved a “pass” mark.

To be awarded *extended authorisation for Oslo Børs (shares, bonds or derivatives)*, the employee must have taken the extended authorisation course for Oslo Børs (shares, bonds or derivatives) and achieved a “pass” mark.

To be awarded *special authorisation* for settlement staff, the employee must have taken the special authorisation course and special test and achieved a “pass” mark.

The Association may also award general authorisation, extended authorisation for Corporate and extended authorisation for Oslo Børs to an employee without the employee taking the test provided the employee can document some other satisfactory and relevant authorisation or education. The same applies to persons who, pursuant to the Norwegian Securities Trading Act, are approved by Finanstilsynet (the Financial Supervisory Authority of Norway) as actual managers. Employees who are seeking authorisation without taking a test must provide information which enables the Association to decide whether the requirements for granting authorisation without taking a test have been met.

The authorised employee and his/her employer are to be notified in a letter that authorisation has been issued. This letter, together with registration in the Association pursuant to §5-1, is proof that the employee is authorised.

§ 4-2 Change of employer

Should an authorised person start a new employment relationship with a member firm, the new employer is to notify the Association of this. A new authorisation may be issued without the employee taking a new test provided the other conditions for obtaining authorisation are met. This also applies to those who have been awarded authorisation pursuant to §4-1, subsection five. Authorisation may be refused if the employee has grossly or repeatedly breached relevant legislation/regulations or the Association’s ethical norms.

§ 4-3 Termination of authorisation.

The authorisation is terminated when the employee leaves the member firm unless the authorised employee starts a new employment relationship with another member firm in accordance with § 4-2.

The member firm undertakes to inform the Association as soon as an authorised employee terminates his/her employment relationship. The date on which the employment relationship was terminated must be stated.

The member firm also undertakes to inform the Association of the reason for the termination of the employment relationship if the reason is of such a nature that a sanction pursuant to the rules stipulated in § 4-4 may be applicable. The member firm undertakes to ensure that this duty to provide information cannot be suspended or in any other way be made difficult by an agreement or settlement with the individual employee or his/her representatives. This duty to provide information applies even if the authorised employee does not apply for a new position that requires authorisation. The member firm undertakes to provide the information necessary for the Association to be able to decide whether a sanction is to be applied.

In addition, an authorisation lapses if the employee has been absent from the position requiring authorisation for more than 18 months, unless the employee can document that he/she has had work that has required a knowledge of and compliance with the regulations governing trading in securities equivalent to that of employees of investment firms.

The member firm undertakes to inform the Association when an authorised employee has been absent from a position that requires authorisation for more than 18 months.

§ 4-4 Sanctions

An authorised employee who has breached relevant legislation/regulations or the Association's ethical norms may be notified of one of the following sanctions:

- A warning
- The revocation of authorisation
- A refusal to renew the authorisation in the case of a change of employer in accordance with § 4-2

When determining the sanction, emphasis is to be placed on the following factors:

- The seriousness of the act and whether the act has been repeated
- Whether customers have been harmed
- Whether the market's integrity and the industry's reputation have been harmed
- The employee's position and experience
- The employee's assistance in shedding light on the matter
- The time that has elapsed between the act and the treatment of the sanction issue

Any decision to revoke an authorisation or to refuse to issue a new authorisation may stipulate a specific period of time for which the decision applies.

§ 4-5 Procedural rules

When the Association receive a notice in accordance with § 4-3, subsection 3, and the question of applying a sanction is raised in accordance with § 4-4, the employee and his/her employer are to be notified of this in writing. The same applies to member firms that have given an offer of employment or indicated an offer of employment. The employee or the person offered a position must be summoned to a meeting to give an account of the matter. Minutes are to be taken of the meeting and must be submitted to the employee for comment. As soon as sufficient light has been shed on the matter, the employee and his/her employer must be written to and notified if it may be relevant to impose a sanction. The employee and his/her employer are to be given a period of three weeks in which to comment. Following this, the matter is to be sent to the Association's Executive Committee which determines whether a sanction is to be applied, and if so which sanction. Should the Executive Committee find it necessary, it may ask the employee or his/her employer further questions. The period allowed

for answering such questions is one week. The Executive Committee may summon the employee and his/her employer to a meeting in connection with this.

A decision to impose a sanction may be appealed against to the Ethics Council by the employee or his/her employer. The period allowed for submitting an appeal is three weeks from the date when notification of the decision has been received by the employee. A decision to revoke an authorisation cannot be implemented until the deadline for submitting an appeal has expired and any appeal has been dealt with by the Ethics Council.

§ 4-6 Publication of sanction decisions

A decision to revoke an authorisation or to refuse to issue an authorisation is public from the date when the final decision has been notified to the employee and his/her employer.

A warning imposed pursuant to § 4-4 is to be notified to the employer. Should special requirements so indicate, information that a warning has been imposed may also be notified to a possible new employer in connection with an employment process.

CHAPTER 5 Registration and fees

§ 5-1 Register of personal data

The Association is to maintain a register of the persons who have registered for a test and the persons who have received authorisation.

The register of the persons who have registered for a test must include:

- The name of the person
- The member firm in which the person is employed
- The date of the test(s) and mark.

The following information is to be registered about people who have received authorisation:

- The name of the person
- The firm in which the person is employed
- The type of authorisation (general or extended)
- The basis on which the authorisation was issued
- The date when the authorisation was issued

For the Association to administer the Authorisation Scheme in accordance with the objective in § 1-1, The Association is to maintain a separate register of persons who have been reported in accordance with § 4-3, subsection 3. The personal data that is registered are to be handled in accordance with the Norwegian Personal Data Act and its instructions.

§ 5-2 Fees

The Association's Executive Committee determines the course fees and test fees and any other fees intended to cover the costs of the authorisation scheme.

CHAPTER 6 Other provisions

§ 6-1 Exemption

The Association may exempt individuals from the requirement of attending courses and hold separate tests for individuals if there are special grounds for doing so.

The Ethics Council may grant exemption from the deadlines stated in § 3-6 and § 4-5, subsection two, if there are special grounds for doing so.

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§ 6-2 Duty of confidentiality

Employees of the Association and members of the Association's Executive Committee have a duty of confidentiality regarding personal circumstances which are revealed while a sanction issue is being dealt with. This duty of confidentiality also applies to all the information the Association receives from the member firms pursuant to § 4-3. The Association undertakes to store personal data that are registered in accordance with § 5-1 in a satisfactory manner so that unauthorised third parties do not gain access to them.

§ 6-3 Amendments

The regulations governing the authorisation scheme may be amended pursuant to a resolution of the general meeting.

More detailed rules governing the practical implementation of the authorisation scheme may be obtained from the Association's Executive Committee.