

Important Information from the Nordic Fund Distributors

Instructions for reporting EMT costs and charges

Fund distributors representing the vast majority of 3rd party fund investments in the Nordics, have created a joint philosophy and set of our requirements relating to the expectations for fund companies' to report the Ex-Post cost and charges figures required for our client Year-End reporting. The defined procedures are required in order for the distributors to meet their regulatory requirements and ensure efficient operational procedures and correct reporting towards our clients.

With the implementation of the MIFID Directive, the regulatory obligations for the fund distributors have changed substantially, both when it comes to product governance and client reporting. For managing this new regime, the EMT template was successfully developed as a cross industry initiative for defining target market data and cost and charges information which should be exchanged between the product manufacturers and product distributors.

The annual Ex-Post Cost and Charges reporting for 2018 client reporting, made it clear that the exchange of information was often insufficient and led to an unsatisfactory and incomplete reporting process for the distributors. The key challenges were;

1. Lack of reporting timeliness from a large part of the market
2. Incomplete or inconsistent use of the EMT template

On this basis, a comprehensive group of distributors in the Nordics including Danske Bank, DNB, Handelsbanken, Jyske Bank, Nordea, Nordnet, OP, Swedbank and many more, have defined the following instructions and principles for ensuring an efficient and compliant reporting process:

The objective for this group distributors is to be able calculate the client specific costs for any given date during 2019. Consequently, the reporting has to be complete and support that it is possible to retrieve this information from the EMT reporting.

1. Reporting deadline:

The EMT costs and charges for 2019 have to be reported, at the latest by the 10th of January 2020 for conventional funds, allowing Fund of Funds to report by the 15th of January.

We acknowledge that fund companies at this stage might only have indicative data which is sufficient for EMT costs and charges reporting for 2019. However, the reporting cycle in the

Nordics is far earlier than in other parts of Europe and the best complete set of data for 2019 has to be available for our reporting.

Reporting later than this date will result in incorrect or missing data in our client reporting.

2. Reporting standards as defined within the EMT that the fund companies must adhere to

A list of observed core problems is attached to this communication, such as missing dates, incorrect data syntax and similar that block for automated processing. Please be aware of and address any issues of the nature listed in the appendix.

According to FinDatEx, the authorized versions for this years' reporting are EMT V1, V2, V3 (reference www.findatex.com).

In order to have a central source of clean data for the Year-End client reporting for operations and/or compliance we kindly ask you to provide the data at least to FundConnect's data Ecosystem/PRIIPsHub.

Similar to this year, FundConnect's PRIIPsHub division will gather all the data required for the Year-End client reporting and make a bulk file containing reported data from the fund companies available to any fund distributor in Europe, free of charge for all distributors. This feed will also be of help for Fund Companies that have to report figures for Fund of Funds and be available for free for all fund companies complying with the delivery requirements.

For further information please contact info@fundconnect.com

We hope that you will support these requirements as we strongly believe that an improved workflow for the 2019 client reporting will be of value for any distributor and the overall reputation of the industry.

November 18, 2019

Danske Bank

DNB

Handelsbanken

Jyske Bank

Nordea

Nordnet

OP

Swedbank

Reporting standards as defined within the EMT must be adhered to

Distributors will need to act under the assumption that data provided by manufacturers is correct and will not have room or reason to question its' validity or quality.

The below observations are in general causing problems for the distributors reporting and often blocking for a correct client reporting.

The described cases are all deviations to the instructions provided by FinDatEx and our expectations are that the Fund Groups' reporting are compliant.

1. Date fields

According to FinDatEx, "The Reference Period as defined by 08090 and 08100 indicate the period of calendar days to which disclosed ex-post costs should be applied."

Consequently;

- The date fields 08090 and 8100 should always be filled out
- 08090 Beginning_Of_Reference_Period, has to be the oldest date
- 08100_End_Of_Reference_Period, has to be the most recent date
- Both fields are mandatory and has to be addressed.

Sample: 08090 = 2019-06-30
 08100 = 2019-12-31

2. Costs and charges figures

Costs figures have to be annualized, regardless if the reporting period is daily, monthly, quarterly etc. or a random period.

3. EMT version

V1, V2 or V3 are valid versions and can be used for reporting, however only one official version should be utilised and supplied. Distributors' intermediary, platform or data vendor might help convert the data from one version to another.

4. Fund of Funds and Data corrections

When fund groups experience that updated figures are available for their funds/ fund of funds, the new data has to be reported. This is needed in order for distributors to always have access to the latest and most correct figures and further more to allow distributors with later reporting dates to have latest updated data figures available.