

# Norway

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### Thomas Michelet and Dag Erik Rasmussen Advokatfirmaet Selmer Oslo

The Norwegian financial markets have experienced extensive growth over the past two to three years, recovering from the large slump after the millennium. The Norwegian Stock Exchange, Oslo Børs ASA (the OSE) benchmark index rose 46% from July 1 2004 to July 1 2005. The all-time high oil price is one of the main reasons for this strong growth, even compared to other European and US markets, because the OSE is highly exposed to oil, gas and shipping-related business. The OSE has seen increasing activity and growth in existing exploration and production (E&P) companies, oil-service companies, and shipping and rig companies. Furthermore, a number of newly listed national and international independent and medium/small E&P companies on the OSE have experienced an intense share price development. Twenty-two new companies were admitted to listing on the Exchange in 2004, and the first half of 2005 saw another 23 companies listed. Further record levels of interest from Norwegian and foreign investors show that the Norwegian stock market attracts more interest than ever.

#### Other M&A activities

The last two years have also provided for increased activity in the unquoted transaction and M&A market, both on the debt and on the equity side. This has also been dominated by deals in the oil and gas sectors, although investments are increasing in most businesses. In particular, there has been a lot of private equity transactions over the last two years. A handful of Norwegian private equity players have closed, or will shortly close, new and major funds. Furthermore, the established Nordic and international private equity funds have made several investments in Norway.

#### Structured development of securities trading

The legal framework governing the Norwegian financial markets consists primarily of material acts passed by the Norwegian parliament, with secondary regulations from the Ministry of Finance and the Financial Supervisory Authority of Norway (the FSA).

In accordance with the growth and activity of the market,

along with a desire for, and actual experience of, more international investors and cross-border transactions, the regulation of the Norwegian corporate finance environment is continuously developed along with international securities and company law. Measures are increasingly being taken for the market to comply with the general rules of conduct for trading of securities and execution of transactions, including requirements for information and notification, insider trading and market abuse. The FSA and the OSE oversee compliance, and have over the past two years extensively increased their activity level and implemented new standards for general conduct. Norway has seen several examples of prosecutions for unlawful conduct. This has led to a marked reduction in the number of violations, probably because of a greater awareness among the market participants of the authorities' active follow-up.

#### Adoption of EU standards

Norway is part of the European Economic Area (the EEA), and so Norwegian legislation is adapting to the EU directives providing for the standardization of corporate finance regulations in the EU and EEA area. The adoption is executed through incorporation and implementation of such standards and directives in existing acts passed by parliament, preferably through rewording and specification of existing sections, or through the incorporation of new sections.

In 2004 a new Competition Act was passed to adapt to EU directives. The requirements from the EU have led, or will lead, to the incorporation of standards into existing acts, including the abolition of limitations of foreign ownership, the implementation of the Conglomerate Directive, the introduction of international financial reporting standards in the Norwegian Accounting Act in 2004, and the implementation of the EU Market Abuse Directive, the Prospectus Directive, the Financial Instruments and Regulated Markets Directive, the Takeover Bid Directive and the Transparency Directive in 2005 and 2006.

#### Governing regulations

The Norwegian corporate finance markets are primarily governed by the following regulations:

The Securities Trading Act contains rules regarding the

licensing of investment firms and clearing houses, as well as rules on their activities. The Securities Trading Act also contains general trading rules, such as a prohibition on insider dealing and disclosure requirements by primary insiders, as well as rules on mandatory offer obligations and voluntary offers in connection with takeover bids of Norwegian listed companies and prospectus requirements in connection with public offerings for securities. The Securities Trading Act implements the EC Investment Services Directive, the EC Insider Dealing Directive, the EC Disclosure Directive and (partly) the EC Prospectus Directive into Norwegian law.

The Stock Exchange Regulations implement rules that have been consolidated in the EC Codified Securities Exchange Directive and the EC Prospectus Directive into Norwegian law.

The Securities Register Act provides rules regarding the authorization requirements for central securities depositories. The Verdipapirsentralen (VPS) is the only central securities depository in Norway.

The Private Limited Companies Act and the Public Limited Companies Act provide regulation regarding formation and organization of private and public limited companies respectively (AS and ASA companies). The biggest distinction between ASA and AS companies is that an ASA company can offer its shares to the general public, whereas an AS company can only offer its shares to a limited number of named investors. A private limited company is required to have a fully paid share capital of at least Nkr100,000 (about \$15,000), whereas a public limited company cannot have a share capital of less than Nkr1 million. The share capital can be paid by cash or non-cash consideration. An ASA can be listed on the OSE. The acts also specifically provide rules on the issuing of new shares and other financial instruments as convertible debentures and subscription rights to shares.

## Banking

### Recommended firms

Tier 1

**Bugge Arentz-Hansen & Rasmussen**

**Thommessen**

**Wiersholm Mellbye & Bech**

**Wikborg Rein**

Tier 2

**Advokatfirmaet Schjødt**

**Advokatfirmaet Selmer**

**Simonsen Føyen**

Tier 3

**Arntzen de Besche**

**Gram Hambro & Garman**

**Kluge Advokatfirma**

**Advokatfirmaet Steenstrup Stordrange**

**Vogt & Wiig**

### Bugge Arentz-Hansen & Rasmussen

Recipient of the award for *IFLR's* Norwegian law firm of the year, Bugge Arentz-Hansen & Rasmussen (BA-HR) is a leading Scandinavian corporate finance and banking practice. BA-HR cooperates internationally with leading firms in Stockholm, Copenhagen and Helsinki, and has developed strong relationships with law firms in financial hubs such as London, Brussels, Frankfurt and New York. Partners Terje Sommer and Finn Myhre are both well respected and highly recommended by their peers.

Last year, the firm won an instruction as counsel to Islandsbanki on the bank's \$500 million acquisition of BNbank. The deal creates Norway's third largest bank, when combined with Islandsbanki's recent acquisition of Kredittbanken. Bugge Arentz-Hansen & Rasmussen's banking specialists advised on the complex regulatory process involved, as the Kredittbanken acquisition had not received regulatory clearance when the BNbank offer was launched.

### Leading lawyers

Finn Myhre

Terje Sommer

### Key contact partners

Finn Myhre

Rolf Johan Ringdal

Terje Sommer

### Thommessen

Thommessen regularly acts as counsel in connection with bilateral and syndicated loan facilities. The firm acts as Norwegian counsel supporting foreign law firms on international group financings, as well as lead counsel to Norwegian banks, foreign banks and borrowers in domestic transactions.

The most notable syndicated loan transactions completed in 2004 include advising a syndicate of banks, led by Eurohypo, in connection with a €64 million (\$77 million) combined

senior and junior credit facility for EPI Trinity, acting for Nordea Bank Sverige on a €1.3 billion finance facility provided to Boliden so it could acquire the Outokumpu Group, representing ABN Amro on a €57 million multicurrency revolving credit facility for Elkem, as well as various banks in relation to a series of bilateral multicurrency refinancing facilities to Elkem. The practice also advised a syndicate led by Dresdner Kleinwort Wasserstein in connection with a €1.5 billion multicurrency revolving credit facility to leading Norwegian telecom operator Telenor, and acted for Barclays Bank on the restructuring of distressed consumer claims by Olympia Capital.

On the domestic side of the firm's financing work, Thommessen advised Nordea Bank, DnB NOR Bank, Handelsbanken and Danske Bank in connection with a €230 million multicurrency revolving credit facility to Elopak, acted for Nordea Bank, Danske Bank and Skandinaviska Enskilda Banken on the refinancing of Møller Gruppen, and represented Nordea Bank, DnB NOR Bank and HSH Nordbank in connection with Moelven's credit facility.

Among other highlights, Thommessen also acted for Nordea and DnB on a number of domestic financing transactions, including the €114 million refinancing of Rieber & Søn and a €57 million credit facility provided to Umoe Catering.

#### Leading lawyers

Even Bratsberg  
Hans Haugstad

#### Key contact partners

Even Bratsberg  
Hans Haugstad  
Berit Stokke

#### Wiersholm Mellbye & Bech

Considered a top banking operation by rival practitioners, Wiersholm is one of Norway's most established corporate finance firms. The firm regularly represents all of Norway's large financial institutions, as well as the Nordic operations of many European and US institutions. Wiersholm has an enviable reputation as one of the country's leading advisers in the insurance financing sector. Of the firm's individual practitioners, Erling Lind and Erik Ramm are both highly recommended.

Clients of Wiersholm's finance practice include the region's most active banks (DnB, Nordea Bank and HSH Nrodbank) as well as international players JP Morgan Chase, Goldman Sachs and the Royal Bank of Scotland.

#### Leading lawyers

Erling Lind  
Erik Ramm

#### Wikborg Rein

Not only is Wikborg Rein one of Norway's leading financial law firms, it also has an international presence, with offices in London, Singapore, Shanghai and Kobe, ensuring a cross-border aspect to

many of the firm's instructions. According to a lawyer at a rival Norwegian practice, Wikborg's banking lawyers "know what they are doing ... they are very professional and experienced".

Of the firm's recent work, standout matters include advising Nordea Bank on a \$235 million acquisition financing, representing Camillo Eitzen & Co on the company's \$174 million refinancing, and acting for DnB NOR Bank on the \$155 million financing of a number of Latvian shopping centres.

Wikborg also won a prestige instruction from JP Morgan, advising the US investment bank as bookrunner on the Norwegian law aspects of the \$600 million senior secured reducing revolving credit facility for Paladin Resources. The loan was secured against assets in a number of jurisdictions, including the UK, Norway and the British Virgin Islands.

#### Leading lawyer

Johan Rasmussen

#### Advokatfirmaet Schjødt

For purely domestic financing work, Advokatfirmaet Schjødt is one of the country's leading firms. The banking and finance group assists domestic banks, international banks and other financial institutions on all aspects of financing work. Rival firms report that they "see Schjødt's lawyers around a lot, particularly on mid-market Norwegian banking deals," and that Wilhelm Damm and Einar Irgens are two of the country's leading banking lawyers.

The firm also has a well-respected financial regulatory practice that advises domestic and foreign entities on matters relating to regulatory frameworks and other public requirements, including the organization, establishment and operation of financial conglomerates, licence applications and other permits.

#### Leading lawyers

Wilhelm Damm  
Einar Irgens

#### Advokatfirmaet Selmer

Celebrating its 20th anniversary in 2005, Advokatfirmaet Selmer's banking, finance and insurance department regularly advises both borrowers and banks on letters of credit, bank guarantees, syndicated lending, acquisition financing, security enforcement and licensing and regulatory matters.

Over the past financial year Selmer advised Avantor on its combined €200 million (\$244.5 million) subordinated parent company lending, bond issue and project financing, acted for Nordea Bank Finland on its €230 million loan to a large Finnish corporation, represented Sparebanken Rogaland on its €78 million syndicated multicurrency revolving credit facility, and acted for Entra Eiendom on its €385 million loan facility granted by BNP Paribas, DnB, Danske Bank and Foreningssparbanken.

Other examples of the practice's recent work include advising Bank 1 Oslo on a multicurrency loan restructuring, representing Aktiv Kapital on its €200 million syndicated multicurrency revolving credit facility, advising Nordea Bank on the

amendment and restatement of a \$450 million facilities agreement, and assisting DVB Bank with a \$43 million sale-and-leaseback shipping deal. The firm's strength in depth means that it is able to handle a large number of transactions concurrently, and this is exemplified by its roles on a number of smaller transactions for the likes of DnB, Sparebank 1 Gruppen, Nordea and Danske banks.

#### Leading lawyer

Knut Endre

## Capital markets

### Recommended firms

Tier 1

**Bugge Arentz-Hansen & Rasmussen**

**Thommessen**

**Wiersholm Mellbye & Bech**

**Wikborg Rein**

Tier 2

**Advokatfirmaet Schjødt**

**Advokatfirmaet Selmer**

### Bugge Arentz-Hansen & Rasmussen

*IFLR's* Norwegian law firm of the year, Bugge Arentz-Hansen & Rasmussen has a fine tradition of capital markets advice. The markets have, however, been slow recently, making instructions for this type of work few and far between. BA-HR counts outstanding advisers Finn Myhre and Terje Sommer among its partners, although leading lawyer Knut Brundtland recently left the firm. Last year the firm advised Oslo-listed Aptix on its private placement to US hedge fund HBK.

#### Leading lawyers

Finn Myhre

Terje Sommer

### Thommessen

In common with some of its top-tier rivals, Thommessen has had a slow year for capital markets work in comparison to other practice areas. The firm does, however, maintain excellent capacity in this area, and recently advised a syndicate of banks, led by JP Morgan, Bank of Scotland and Credit Suisse First Boston on a \$653 million (€544 million) debt-and-mezzanine financing of Vetco International, a special purpose vehicle incorporated by Candover and 3i. The deal was conducted in connection with Candover and 3i's acquisition of ABB's oil and gas business.

#### Key contact partner

Kim Dobrowen

### Wiersholm Mellbye & Bech

Wiersholm Mellbye & Bech's capital markets team, led by leading lawyer Erik Thyness, bucked the trend for capital

markets work last year. In a tough market the firm won roles on a number of significant instructions both on the debt and equity side.

Equity work included advice to Awilco Offshore on its €142 million (\$198 million) private placement, acting for XXL Sport & Villmark on its share issue, and representing DnB NOR Markets on Bjørge's private placement and stock exchange listing. The firm's debt capital markets work, meanwhile, included acting for IM Skaugen on its bond issue, advising Goldman Sachs on TFDS-Investment's convertible bond issue, and guiding Pareto Securities through another convertible bond issue by issue TFDS-Investment.

#### Leading lawyer

Erik Thyness

### Wikborg Rein

Wikborg Rein is another firm that performed strongly last year, despite lean conditions in the capital markets. The firm advised a good mix of clients, both issuers and arranging banks, on many of the country's most prominent deals. Wikborg advised Stolt Offshore on a series of capital markets issues throughout 2004, represented Petrolia Drilling on its share capital increase, and acted for Pareto on the initial public offering and listing of Camillo Eitzen & Co.

On the arranging-bank side, meanwhile, Wikborg won a prestige instruction acting for global investment bank JP Morgan on a €260 million (\$317.8 million) second-lien bond financing. The firm also advised Enskilda Securities, ABN Amro, Alfred Berg and First Securities on Aker Yards' €142 million Oslo listing.

#### Leading lawyers

Einar Grieve

Arne Didrik Kjørnaes

#### Key contact partner

Arne Didrik Kjørnaes

## Mergers and acquisitions

### Recommended firms

Tier 1

**Bugge Arentz-Hansen & Rasmussen**

**Thommessen**

**Wiersholm Mellbye & Bech**

**Wikborg Rein**

Tier 2

**Advokatfirmaet Schjødt**

**Advokatfirmaet Selmer**

Tier 3

**Arntzen de Besche**

**Gram Hambro & Garman**

**Kluge Advokatfirma**

**Simonsen Føyen**

### **Bugge Arentz-Hansen & Rasmussen**

Bugge Arentz-Hansen & Rasmussen (BA-HR) is without doubt one of Norway's leading M&A advisers, and has developed a reputation for its expertise in shipping-derived consolidation instructions. The firm's team is strong across the board; the departure of leading lawyer Knut Brundtland this year was unfortunate, but the market does not believe it will have an overly negative effect on the firm's capacity in this area.

Of the practice's recent work, the \$1.5 billion restructuring of the Aker and Kvaerner groups stands out. The instruction involved several mergers, stock exchange listings of two operating subsidiaries and two holding companies, and the negotiation of agreements with assorted creditors.

In another prominent corporate restructuring, BA-HR advised Kenor and Guinor Gold Corporation in relation to the \$150 million reorganization of Oslo Stock Exchange-listed Kenor. Completed in June 2004, the restructuring was achieved by a share exchange offer and incorporation of new Canadian company, Guinor. BA-HR deployed a cross-practice team in advising Kenor and Guinor, because the deal featured a concurrent warrant placement and listing on the Toronto Stock Exchange.

The practice also won a role on Islandsbanki's \$500 million public tender offer for BN bank, creating Norway's third largest bank when combined with Islandsbanki's recent acquisition of Kredittbanken.

### **Thommessen**

Thommessen boasts a number of leading mergers and acquisitions specialists. Kim Dobrowen is one of the jurisdiction's leading lights, while Carl Erik Krefting and Kai Thøgersen are both highly recommended. Last year was slower than the firm's *IFLR* award-winning efforts of 2003, but the firm has considerable experience in negotiating acquisitions of privately owned businesses, completing public mergers and demergers, and in advising purchasers and target companies that are involved in public takeovers.

According to its rivals, the firm attracts a large number of individual mid-market domestic instructions, but also regularly wins roles on the more complex cross-border deals.

#### **Leading lawyers**

Kim Dobrowen  
Carl Erik Krefting  
Kai Thøgersen

### **Wiersholm Mellbye & Bech**

Wiersholm Mellbye & Bech wins roles on a prodigious amount of deals, and leading practitioners at rival firms report that they encounter Wiersholm's lawyers "all the time" on the Norwegian M&A circuit. Deal flow only tells half the story, however, as Wiersholm's corporate specialists acted on some of the jurisdiction's most outstanding deals over the last financial year. In December 2004, for example, Wiersholm advised Storebrand Livsforsikring on its €364 million (\$445

million) acquisition of Industrifinans Naeringseiendom's property portfolio. More recently, the firm advised Santander Consumer Finance on Société Générale's €214 million purchase of Santander's equipment financing and factoring business. Among the talented team, partner Erik Thyness is a well-respected, leading practitioner, and often takes the lead roles on the top transactions.

The firm is particularly active in the energy, oil and gas sectors. Among the year's highlights, Wiersholm recently advised Northern Oil on its €105 million merger with Naturgass, represented Dong on its \$1.2 billion acquisition of BP Norge's interests in Ormen Lange, and acted for Nord-Trøndelag Elektrisitetsverk in connection with its €185 million acquisition of four power plants from Statkraft in February 2005. Construction and telecommunications are other industry areas of particular experience.

#### **Leading lawyer**

Erik Thyness

### **Wikborg Rein**

Wikborg Rein's broad M&A expertise ranges from Norwegian regulatory advice to corporate restructuring and reorganization, taking in cross-border transactional matters on the way. Wikborg Rein's corporate and mergers and acquisitions partners are spread across a number of industry-specific groups, including energy, IT, media and telecommunications, although the firm also boasts a dedicated company law group. The firm's IT, media and telecommunications group comprises a team of 14 lawyers that have a wide range of industry experience; Wikborg's private equity group, meanwhile, is said to be the most active in the market, advising on a large volume of transactions over the last year.

Standout instructions for the M&A team over the last year include advising Naturgass on its merger with Norse Finans, representing Kvaerner on its €428 million (\$513 million) merger with Aker Yards, and acting for Camillo Eitzen on its pre-initial public offering restructuring. The firm has also been actively involved in banking consolidation work, advising Islandsbanki on its acquisition of Kredittbanken in December 2004.

#### **Key contact partners**

Einar Greve  
Arne Didrik Kjørnaes

### **Advokatfirmaet Selmer**

The firm's recently expanded mergers and acquisitions practice now comprises over 25 lawyers. It wins its fair share of instructions and comes particularly well recommended for purely domestic M&A work. In Thomas Michelet, Christian Selmer and Sverre Tysland, Selmer boasts some of the country's leading M&A practitioners.

Selmer enjoyed a particularly productive last quarter in 2004, advising Staal on its merger with Virtual Garden, acting for Ilytix Systems on its asset sale to SAP, representing Orkla on

the sale of its paper pulp business, and advising Sparebank 1 Skadeforsikring when it bought Oslo shopping centre the Bøler Senter.

#### Leading lawyers

Thomas Michelet  
Christian Selmer  
Sverre Tysland

## Project finance

### Recommended firms

Tier 1

**Bugge Arentz-Hansen & Rasmussen**

**Thommessen**

**Wiersholm Mellbye & Bech**

**Wikborg Rein**

Tier 2

**Arntzen de Besche**

**Advokatfirmaet Schjødt**

**Advokatfirmaet Selmer**

**Vogt & Wiig**

The market for project finance work in Norway has not yet developed to the extent seen in other European jurisdictions over the last few years. However, the move by the Norwegian Ministry of Communication and Transport to launch a number of trial public-private partnership road construction projects has created some work. The Ministry turned to banks Nordea, HSH Nordbank, DnB and Svenska Handelsbanken to finance the projects, and each of *IFLR 1000*'s top-tier firms were involved in the deals. It will be interesting to see whether these projects prompt growth in the projects market generally.

A further area of projects activity is real estate financing, where Advokatfirmaet Selmer advised Avantor and Storebrand Bank on a number of property deals.