

# Market Guide Iceland



This document is issued by the Icelandic Securities market Practice Group (ISMPG). These terms and conditions are drawn up by mutual consent following the local market practice laid down by the participants in the Icelandic securities market.

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# **1. Introduction**

## **1.1 Market practice**

Market practice sets forth the terms and conditions for giving settlement instructions to clearing parties and custodians in Iceland.

Foreign investors are guided on how settlement instructions relating to securities issued in Iceland shall be formatted, as well as on deadlines.

Icelandic custodians may make these guidelines as an integral part of the service level agreement in which the rights and responsibilities of the parties are set forth.

## **1.2 Applicable law, rules and regulations**

Securities clearing and settlement processes in Iceland are covered by statutory provisions set out in relevant Icelandic laws and regulations. Clearing parties are bound by these laws, rules and regulations.

These terms and conditions have been drawn up by mutual consent by the participants in that offer sub-custody service in the Icelandic securities market. Every effort has been made to ensure the consistency of market practice with relevant laws and regulations.

### 1.3 Definitions and abbreviations

AML	Anti-Money Laundering Regulations
BIC	Bank Identifier Code
CBI	Central Bank of Iceland
Debt instruments	Bonds in book entry form and zero coupon instruments
DKK	Danish Monetary Unit-Krone
DTA	Double Taxation Agreement
DVP	Deliver against payment transaction
FIFO	First In First Out
FME	Icelandic Financial Supervisory Authority
FOP	Free of payment transaction
Foreign	Individuals or legal entities registered within Icelandic Registers with legal domicile in other countries than Iceland
Icelandic	Individuals or legal entities registered within Icelandic Registers with legal domicile in Iceland
Icelandic identification number (Abbreviated as ID /reg no	Numbers used by governments of many countries as a means of tracking citizens, corporations and institutions.
Icelandic tax identification number	Numbers used by governments of many countries as a means of tracking citizens, corporations and institutions. Same number as an Icelandic identification number/reg.no.
INET	Trading platform used by Nasdaq
NCSDI	Icelandic Securities Depository

ISIN	International Securities Identification Number
ISK	Icelandic Monetary Unit-Krónur
KYC	Know your customer
LIFO	Last In First Out
Nasdaq	Stock Exchange in the Nordics and Baltic region. ICEX is often used for the Icelandic Exchange
OTC	Over The Counter Trade i.e. off-exchange trade
RB	Icelandic Banks Data Centre
RSK	Directorate of Internal Revenue in Iceland
RTGS	Real Time Gross Settlement
RVP	Receive against payment transaction
S	Settlement Date
S-1	One day prior to settlement date
S-2	Two days prior to settlement date
SLA	Service Level Agreement
SSN-ID	Icelandic Social Security Number. (Sometimes referred to as tax identification number, Icelandic identification number or SSN. (Icelandic version kennitala)
SWIFT	Society for Worldwide Interbank Financial Telecommunication

T	Trade Date
T+1	Settlement period: trade date +1 banking day
T+2	Settlement period: trade date + 2 banking days
TDM	Treasury Debt Management
Third party trading	Foreign party settlement against foreign party settlement
TRS	Trade Reporting System
VP	Danish Depository

## 2. The Icelandic market.

### 2.1 Market participants

#### 2.1.1 The Stock Exchange-Nasdaq Iceland

Nasdaq owns exchanges in the Nordic, Baltic regions and USA. Nasdaq develops and provides technology and services to companies in the securities industry around the globe. The trading system provided by the Stock Exchange is INET. Nasdaq Iceland is a regulated securities market, where securities are officially listed and traded.

**Act No. 110/2007 on Stock Exchanges.**

<http://eng.atvinnuvegaraduneyti.is/laws-and-regulations/nr/nr/7393>

#### 2.1.2 Nasdaq CSD Iceland (NCSDI)

NCSDI is owned by the Nasdaq group and is the central securities registration in Iceland. It is a depository and a clearing house for dematerialized securities in Iceland.

Local custodians are connected to NCSDI proprietary system, book entry system, through a direct link. NCSDI also offers a stand-alone interface for manual input of instructions and for monitoring of accounts for ISD members. NCSDI is not SWIFT compliant.

The numbering system used in Iceland is ISIN and NCSDI, which is a member of ANNA (Association of National Numbering), is responsible for the issuance and monitoring of ISIN's for Icelandic securities.

As a CSD, NCSDI is governed by ACT no. 131/1997, on Electronic Registration of Title to Securities. NCSDI is supervised by the Icelandic Financial Authorities.

<http://eng.atvinnuvegaraduneyti.is/laws-and-regulations/nr/nr/7402>

#### 2.1.3 Central Bank of Iceland (CBI)

The Central Bank of Iceland was established by an act of Parliament in 1961, although the history of central banking in Iceland is much longer. The current Central Bank Act is no. 36/2001. The Central Bank of Iceland (Seðlabanki Íslands) is an independent institution, owned by the Icelandic state but under separate administration.

The Central Bank is in charge of monetary policy implementation in Iceland and performs a wide range of functions to this end. The main objective of monetary policy is price stability. Furthermore, the Bank is also obliged to contribute towards the Government's main economic policy objectives insofar as it does not consider this to conflict with its own goal of price stability.

In addition, the Central Bank undertakes standard central banking tasks, such as maintaining external reserves and promoting an efficient and safe financial system, including payment systems domestically and with foreign countries. It is also responsible for the issue of notes and coin, exchange rate matters and other duties, as specified in the Central Bank Act.

The Central Bank is ultimately under the administration of the Minister of Finance and Economic Affairs and a Supervisory Board. Parliament (Althingi) elects seven members to the Supervisory Board after each parliamentary election. <http://www.cb.is/the-bank/about-the-central-bank/laws-rules-and-agreements/act-on-the-central-bank-of-iceland/>



<http://www.sedlabanki.is/lisalib/getfile.aspx?itemid=6861>

#### **2.1.4 The Icelandic securities settlement system**

The Icelandic securities settlement system is operated by the Icelandic Securities Depository, NCSDI. The settlement model is BIS model 2. Cash settlement takes place at the Central Banks RGTS system. Fixed income securities are settled on T+2 and equities are settled on T+2. There are two settlement cycles in the market.

#### **2.1.5 RTGS system**

The RTGS system is a payment system that handles the settlement of all payments instructions between participants/financial institutions in amounts of ISK 10 million or more.

#### **2.1.6 Netting system**

The netting system is a payment and settlement system for monetary transactions involving amounts less than ISK 10 million. Participants are the commercial banks, savings banks and the Central Bank. The Icelandic Banks' Data Centre (RB) provides software services for payment systems and the Central Bank acts as a settlement provider.

#### **2.1.7 Icelandic Financial Supervisory Authority (FME)**

The Icelandic Financial Supervisory Authority (<http://en.fme.is/>) was established in June 1998, and undertakes supervision in accordance with Act No. 87/ 1998, Act on official supervision of financial operations. FME is a state authority and has its own board. FME reports to the Minister of Commerce. Its role is to ensure that the activities of parties subject to supervision are in accordance with laws and regulations, and that they are in every respect consistent with sound and proper business practices.

Parties subject to supervision are commercial banks, savings banks, credit undertakings (investment banks), deposit departments of co-operative societies, securities companies, securities brokerages, management companies, the stock exchange, NCSDI, pension funds, insurance companies and insurance brokers licensed to operate in Iceland. Several other financial institutions, which operate in accordance with special legislation, are also subject to supervision by FME.

The activities of the FME are primarily governed by two acts, Act No. 87/1998 and Act No. 99/1999

<http://eng.atvinnuvegaraduneyti.is/media/Acrobat/Act-No-87-1998.pdf>

## **2.2 Specific investment regulations**

There is no law or regulation that excludes certain type of investors in the Icelandic market such as hedge funds.

## **2.3 Threshold reporting**

The declaration of holding/reporting is in the hands of the investors', e.g. threshold reporting. Threshold reporting is from 5%, 10%, 15%, 20%, 25%, 30%, 35%, 40%, 50%, 66 <sup>2</sup>/<sub>3</sub> %, and 90%.

## **2.4 Investment restrictions**

There are some restrictions in relation to certain industries.

## **Fisheries**

Only the following parties may conduct fishing operations within Icelandic fisheries territorial waters or run own enterprises engaged in fish processing:

- Icelandic citizens and other Icelandic entities
- Icelandic legal entities wholly owned by Icelandic entities or Icelandic legal entities that are:
- Not under more than 25% ownership by foreign entities (up to 33% in certain circumstances)
- Fish processing means any processing that preserves marine products from decay including production of fish oil and fish meal, but does not include further processing designed to render products more suitable for distribution or consumption. Seafood canning, however, is open to foreign investment.

## **Geothermal Energy**

Only Icelandic citizens and other Icelandic entities, as well as individuals and legal entities domiciled in another member state of the EEA, are permitted to own energy exploitation rights as regards waterfalls and geothermal energy for other than domestic use. The same applies to enterprises which produce or distribute energy.

## **Icelandic Airlines**

The maximum total shareholding owned of non-residents (with the exception of residents of EEA member states) in Icelandic airline companies is 49%.

### **2.4.1 Restrictions on investment by non-EEA/non-OECD residents**

Individual domiciled within the EEA and/or OECD may run a business or take part in a business enterprise with unlimited liability in Iceland, while those from outside these areas need to apply for permission from the Minister of Commerce or other appropriate authority.

Limited liability companies and other legal entities domiciled outside the EEA and the OECD may operate in Iceland provided that this is permitted in an international treaty which Iceland is a party to or if permission is granted by the Minister of Commerce. Special permission must be applied for from the Minister of Commerce in the case of investment in Icelandic enterprises by foreign states, foreign municipalities or other foreign authorities involved in enterprises.

Board membership of Icelandic companies by individuals domiciled outside the EEA/OECP is subject to restrictions, however the Ministry of Commerce may grant exemptions.

### **2.5 Eligible currencies**

Securities listed on Nasdaq Iceland and securities listed with the Icelandic Security Depository are usually issued in ISK

Settlement for listed Faroese instruments takes place in VP Denmark. Securities can be issued in other currencies at NCSDI, but cannot be cleared and settled through NCSDI trade reporting system.

*\*Please see chapter 1.3 regarding currency restrictions*

### **2.6 Custody services in Iceland**

Icelandic banks offer a full range of financial services including custody services for domestic and international clients.

## **Main service providers for sub-custody services are:**

### **Arion Bank hf.**

Borgartúni 19  
IS-105 Reykjavík  
Iceland  
Telephone: + (354) 444 7000  
<https://www.arionbanki.is/english/>  
BIC: ESJAISRE

### **Íslandsbanki hf.**

Kirkjusandur 2  
IS-155 Reykjavík  
Iceland  
Telephone: + (354) 440 4000  
<https://www.islandsbanki.is/english/>  
BIC: GLITISRE

### **Landsbankinn hf.**

Austurstraeti 11  
IS-155 Reykjavík  
Iceland  
Telephone: + (354) 410 4000  
<http://www.landsbankinn.com/>  
BIC: NBIISRE

## **Investment banking services, including broking and corporate advice:**

### **Kvika hf.**

Borgartún 25 6<sup>th</sup> floor  
IS-105 Reykjavík  
Iceland  
Telephone + (354) 540 3200  
<https://en.kvika.is/>  
BIC: MPBAISRE

## **Settlement and Clearing Services**

### **T Plus hf.**

Skiptagata 9, 2<sup>nd</sup> floor  
IS-600 Akureyri  
Telephone: + (354) 575 3900  
<http://www.tplus.is/en/home>

## **Settlement and Clearing Services for off-shore krónur**

### **Central Bank of Iceland**

Back office

Kalkofnsvegi 1

IS-150 Reykjavík

Telephone : +(354)569 9600

<http://www.cb.is/>

BIC: SISLISRE

### **2.7 Market entry**

While there are no standard market entry requirements (pre-investment requirements) for foreign investors, custodians may have their own requirements. Icelandic Id.No./Reg.No., are required if a custody account is opened directly with domestic financial institutions.

Foreign investors must have custody or trading accounts through local agent or sub-custodians before investing in the Icelandic financial instruments.

In some cases and depending on account setup an Icelandic Tax Id/Reg. no. might be required (it takes about 2 – 3 business days to obtain Tax ID if all documents are in order). Fee for obtaining an Icelandic id/reg.no., is based on the current fee schedule of the Icelandic Register of Enterprises.

#### **2.7.1 Anti Money Laundering Regulations (AML)**

Strict rules prescribe measures to prevent money laundering and terrorist financing, both in Iceland and abroad. Act No. 64/2006, on Measures to Prevent Money Laundering and Terrorist Financing, was adopted in 2006. The purpose of the Act is to prevent money laundering and terrorist financing by obliging parties who undertake activities that may be used to launder money and finance terrorism to know their customers and the business they conduct

#### **2.7.2 Know Your Customer (KYC)**

Legal entities are required to provide information on their a) name (registered company name), b) TIN number, c) legal domicile, d) activities, e) telephone and f) legal form.

Legal entities registered in Iceland prove their identity by providing an original certificate from the Enterprise Register of the Director of Internal Revenue. Non-Icelandic legal entities must provide further information, i.e. a) an original certificate from the enterprise register or similar in the relevant country, b) the company's Articles of Association, and c) a bank reference or, as appropriate, the company's annual financial statement.

## 3. Clearing and settlement

### 3.1 Depository clearing

Nasdaq CSD Iceland is a registry, a depository and a clearing house for the settlement of securities in dematerialized form in the Icelandic market. The system is open on weekdays from 8:30 -17:00.

### 3.2 Third party trades

Custodian settlement transactions for third parties are not true DVP in the Icelandic market. Settlement instructions are received by participants and are pre-matched between agents on S, through telephone. When a trade is matched and ready for settlement, the buyer's agent executes payments through an online cash transaction system. After receipt of cash the seller's agent releases the securities to the buyers transfer zone at NCSDI where the buyer's agent receives them and deposits the relevant securities account. Market tolerance is ISK 2.500. If the amount deviates within the permitted limit the transaction is settled at the price indicated by the seller.

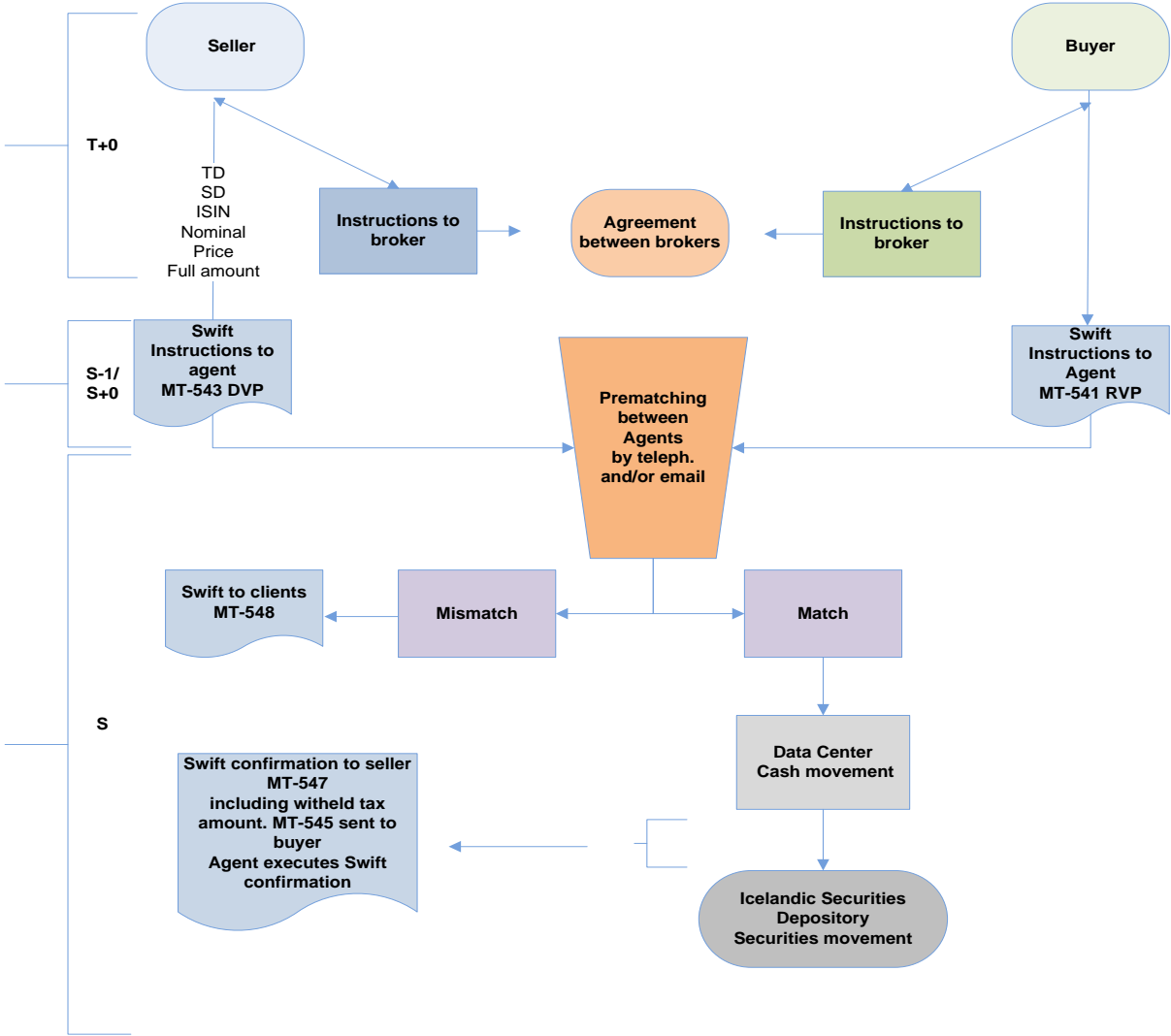
Netting is not allowed as cash and securities move separately on a trade by trade basis.

#### 3.2.1 Pre-matching criteria:

1. Trade day
2. Settlement day
3. Deal price
4. Identification of Securities (ISIN Code)
5. Quantity of securities
6. Receiving and/or Delivery agent  
:95P:: BIC Code of DEAG/REAG  
:95Q:: Name of DEAG/REAG
7. Buyer and/or Seller  
:95P::BIC Code of BUYR/SELL  
:95Q::Name of BUYR/SELL
8. Total cash amount in ISK

Place of settlement for securities in Iceland is; 95P::PSET//ICSDISR1XXX

### 3.2.2 Third party trade transaction flow



### 3.3 Transaction process for registered securities for NCSDI members

#### 3.3.1 Trade reporting system (TRS)

The TRS system is maintained by NCSDI. Members of NCSDI have authorisation to allocate ON/OFF Exchange trades through the TRS system. The settlement cycles are two, the first one is at 11.45 and the second at 15:00.

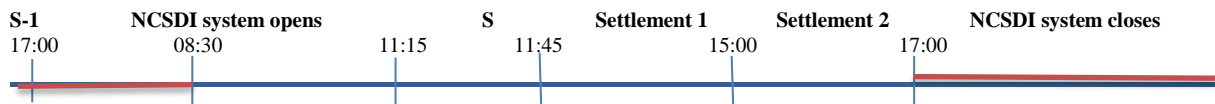
Settlement for takes place through the TRS system and cash settlement is done through the Central Banks RGTS

### 3.3.2 Trade settlement flow for NCSDI members

The central securities system for settlement in ISK is based on reported trades to the Central bank of Iceland. Based on the net transfers that apply to each seller and buyer, the Central Bank of Iceland carries out the cash settlement and NCSDI the securities settlement.

#### Settlement cycle

Settlement through the NCSDI TRS system is done in two settlement cycles carried out daily. Members can input their settlement instructions until 17:00 on S-1 at which time NCSDI sends information to the Central Bank of Iceland and each member, information about their payment obligations for S.



Trades can be allocated until 11:15 on S, after that, transactions are locked for settlement that takes place at 11:45. NCSDI cancels transactions with negative balances. Buyers must have sufficient cash to meet their obligations on their account at the Central bank on S at 11:00 and the Central Bank of Iceland sends NCSDI a confirmation thereof. Same applies to the second settlement cycle that takes place at 15:00. Securities must be allocated before 14:30 as the system closes for allocations. If there are insufficient cash or securities on the accounts, settlement is postponed.

The settlement model used in Iceland is BIS model 2.

### 3.4 Market opening hours.

#### 3.4.1 Securities

Official opening hours with the NCSDI are from 08.30-17.00 Kindly contact your custodian for their official deadlines.

#### 3.4.2 Cash

The RTGS system is open from 09.00-16.15 from Monday through Friday. Kindly contact your custodian for their official deadlines.

### 3.5 SWIFT reporting

Settlement reporting is based on SLA agreement with local appointed custodian.

#### 3.5.1 Settlement confirmations

Settlement is confirmed with MT544, 545, 546 and 547 messages.

#### 3.6.2 Expiration of settlement instructions

Custodians reject instructions 30 days from receipt of instructions. MT548 are executed.

### 3.7 Tax

#### 3.7.1 Deal price and original buy date

It became mandatory due to tax reasons as of 01.09.2009, to include the buying price in field 90A:/90B: The buying price being the clean price of the original purchase.

Transactions free of payment and against payment must include the original buy date and buying price of the holdings being transferred in field 90A:/90B. Custodians without the option of using field 90A:/90B may use field 70E. The original buy date is defined as the settlement day of the original buy.

### **3.7.2 Capital gains tax**

If a sale results in capital gains for the seller, then the seller's agent is obligated to calculate and withhold tax on capital gains. The agent will include the withheld tax amount in the MT-547 sent to the seller.

### **3.8 Short selling and partial settlement**

The following procedures are not practiced on the Icelandic market:

- Short selling
- Partial settlement

### **3.9 Securities lending/borrowing**

Securities lending and borrowing is not available.



## **4. Crossborder settlement/conversions\***

NCSDI and domestic custodians provide foreign investors assistance with crossborder settlement and conversions.

### **4.1 Clearstream**

Clearstream became a market participant in Iceland in 2009. Clearstream provides settlement for Icelandic debt instruments and equities held issued at NCSDI in Iceland.

### **4.2 Euroclear**

Euroclear provides clearing and settlement for Icelandic Housing Bonds commencing with XS ISINs. Euroclear is not a market participant in Iceland.

### **4.3 VP Denmark**

The Danish VP has an agreement with NCSDI, for the safekeeping of Icelandic debt instruments and equities.

\* Please see chapter 1.3 regarding currency controls

## 5. Corporate actions

Corporate actions events for listed instruments are announced through the exchange website. No announcements are distributed through NCSDI. For unlisted instruments, issuers' websites and the news media is the main data source for information.

### 5.1 Mandatory events

The most common mandatory events are dividends on equity and interest payments on debt instruments.

#### 5.1.2 Dividends

Dividends are normally paid annually in Q-2. Holders of instruments are entitled to dividends on traded positions on Ex-date – 1. According to rules and regulations from NCSDI, issuers may choose to pay through the NCSDI or they may pay directly to custodians in the market. Further details of NCSDI rules and regulations can be found on their website. <http://en.vbsi.is/LawsandRegulations/ISDRules/>

Listed companies usually pay dividend through NCSDI.

NCSDI transfers dividend payments into a single account held by the custodian who distributes the funds to underlying clients. Reconciliation is executed by receiving an Excel spreadsheet from NCSDI with Icelandic Id.no./reg.no, names and net amounts booked.

Issuers are obligated to with-hold tax on dividends and pay to tax authorities. The pay-date of dividends shall be no later than six months after decision by a shareholders meeting. No specific timeframe is given by NCSDI or issuers on when dividend payments shall be executed on pay dates. Dividends can be executed during opening hours of the payment transfer system in Iceland (Banks Data Centre), from 09:00 – 21:00.

How payments are then executed on the custodian side, depends whether contracts are on actual or contractual basis and the cut-off time for executing transactions with same day value. For entitlements due to late/delayed settlements, the custodian or the parties involved, depending on the service level agreement (SLA) between parties, are under market claims.

#### 5.1.3 Interests, instalments and redemptions

Issuers cannot pay interest, instalments and redemptions through NCSDI

Instead they must pay directly to custodians in the market. All applicable taxes are withheld by the custodian who returns tax proceeds to the tax authorities. For entitlements due to late/delayed settlements, the custodian or the parties involved depending on the SLA between parties. EX/REC dates are as of end of business day on S-1.

#### 5.1.4 Drawings

The Housing Financing Fund (HFF) draws a specific number of housing bonds for redemption.

For physical bonds being drawn means that the bond itself has matured and is paid in full by HFF. This occurs on a monthly basis

Non-physical bonds are drawn by specific percentage.

#### 5.1.5 Other mandatory events

Other mandatory events are not common in the market.

## **5.2 Voluntary events**

Voluntary CA events are rare in the Icelandic market. However it is common practice though for issuers to require shareholders to act directly through their website, using a password to register their votes in the voluntary event. No action is thus taken through the custodian except for those who are under their custodian's nominee account in ISD. Please also notice that even though foreign entities are under their own name in ISD, they might request that their local custodian in the market handles their action in voluntary events. This is based on SLA between parties at each time.

### **5.2.1 Shareholders meetings and proxy voting**

Issuers need to announce shareholders' meetings at a minimum three weeks before the meeting date. The announcement needs to state, at least, the meeting place, meeting time and draft of the agenda. Furthermore, issuers are further obligated to divulge further details on their website, also three weeks in advance of the meeting. Final meeting agendas can be found on the news-desk of Nasdaq Iceland and local newspapers, no later than one week prior to meetings.

Exercising voting rights is only possible if shares are registered in the beneficial owner's name on record date with the ISD. Shares held in nominee accounts do not have voting rights. Given that listed companies can announce meetings three weeks prior to meeting date, the timeframe can be tight if it is needed to apply for Icelandic id.no./reg.no and make other arrangements for proxy voting on a temporary voting account.

No rules exist how the record date is decided but it is most commonly one business day before the meeting.

### **5.2.2 Split and partial voting**

Split and partial voting are not allowed.

## 6. Taxation

### 6.1 Changes in Taxation for Foreign Investors

By change of laws September 1st 2009, levy of a withholding tax has become mandatory on all non-Icelandic beneficial owners. The tax is applicable for all Icelandic securities and income

- Standard withholding tax on dividend
- Interest payments on credit interest
- Capital gains tax on interest payments of corporate and mutual bonds
- Capital gains realized on the sale of equities, corporate and mutual bonds

### 6.2 Dividend

TYPE	RATE %	REMARK
Icelandic individuals	20	
Icelandic legal entities	20	Exception for certain entities
Foreign individuals	20	Upon application to RSK (valid for 5 years) it can be lowered to 15% under DTA terms
Foreign legal entities	18	Upon application to RSK (valid for 5 years) it can be lowered to 15% under DTA terms

According to the laws in place, tax on dividend is withheld by issuers, not financial institutions.

### 6.3 Interest

TYPE	RATE %	REMARK
Icelandic individuals	20	
Icelandic legal entities	20	Exception for certain entities
Foreign individuals	10	Upon application to RSK (valid for 5 years) it can be lowered to 0% under most DTA terms
Foreign legal entities	0/10*	Upon application to RSK (valid for 5 years) it can be lowered to 0% under most DTA terms

Profits from investments into bonds are classified as interest according to Icelandic laws. Tax is calculated on a trade by trade basis and actual trading prices. The First In- First Out (FIFO) method or Average Method is applied with agents.

**Capital gains on funds:** Icelandic funds use the Last In-First-Out (LIFO) method.

## 6.4 Capital Gain Tax on Equities

According to law, capital gains tax on equities should be withheld at source. Due to complications in execution, withholding at source is not practiced.

TYPE	RATE %	REMARK
Icelandic individuals	20	
Icelandic legal entities	20	Exception for certain entities
Foreign individuals	0/20*	Upon application to RSK (valid for 5 years) it can be lowered to 0% under most DTA terms
Foreign legal entities	0/18*	Upon application to RSK (valid for 5 years) it can be lowered to 0% under most DTA terms

## 6.5 Tax calculation periods

Please notice that tax calculations are executed according to each tax rate in force, at given time. This means that more than one tax rate is used to calculate the tax if holding lapse more than one tax period. The periods are as follow.

### Foreign individuals

- Interest before Sept.01,2009: 0%
- Interest from Sept. 01,2009: 15%
- Interest from Jan.01,2010: 18%
- Interest from Jan.01,2011: 20%
- Interest from Jan.01, 2012: 10% (nominee accounts 20%)
- Interest from June.02, 2014 0/20% (nominee accounts 0/20%)\*

### Foreign legal entities

- Interest before Sept.01,2009: 0%
- Interest from Sept. 01,2009: 15% (nominee accounts and joint Venture companies 23, 5%)
- Interest from Jan.01, 2010: 15% (nominee accounts 18%)
- Interest from Jan.01, 2011: 18% (nominee account 20%)
- Interest from Jan.01, 2012: 10% (nominee accounts 20%)
- Interest from June.02, 2014 0/18% (nominee accounts 0/18%)\*

## 6.6 Other remarks concerning tax issues

**Trades between two foreign investors:** Capital gain tax is not withheld when a trade is between two foreign investors.

**Tax Allocation:** Tax allocation service on nominee accounts varies between custodians. Please contact your custodian for further details.

**\*No tax is withdrawn from interest on securities where CBI pays on its own issues or on interest CBI pays on behalf of Treasury Debt Management of Iceland – TDM for entities with limited tax liability:** Effective June 02, 2014. Before that date, only CBI's own issues were exempt from tax on interest for entities with limited tax liability. Please notice that this applies to all securities issues by TDM regardless when issued. Complete listing can be found at: <https://www.rsk.is/english/companies/isin-exemptions/>

Please also notice that securities issued by Housing Financing Fund owned by The Icelandic State, are excluded from this arrangement.

## 6.7 Refund Claims and Double Taxation Treaties

Information regarding Icelandic taxation, refund claims and double taxation treaties can be found on the website of the Icelandic Directorate of Internal Revenue Service. Please see at:

<https://www.rsk.is/english/companies/double-taxation-conventions/>

Application for DTA status (RSK 5.42) and tax refund (RSK 5.43):  
<https://www.rsk.is/english/forms/>

Effective DTA agreements can be found at: <http://www.ministryoffinance.is/customs-and-taxes/nr/414>

If any further information is needed, please direct your questions and inquiries to your custodian for the Icelandic market.

## 7. Market closings

Holiday schedule 2017 for domestic banks, Nasdaq CSD Iceland and Nasdaq Stock Exchange Iceland.

Market	Holiday name	Holiday date	Exchange	CSD	Bank
Iceland	Maundy Thursday	April 13th	Closed	Closed	Closed
Iceland	Good Friday	April 14th	Closed	Closed	Closed
Iceland	Easter Monday	April 17th	Closed	Closed	Closed
Iceland	First Day of Summer	April 20th	Closed	Closed	Closed
Iceland	Labour Day	May 1st	Closed	Closed	Closed
Iceland	Ascension Day	May 25th	Closed	Closed	Closed
Iceland	Whit Monday	June 5th	Closed	Closed	Closed
Iceland	Commerce Day	August 7th	Closed	Closed	Closed
Iceland	Christmas Day	December 25th	Closed	Closed	Closed
Iceland	Boxing day	December 26th	Closed	Closed	Closed

## 8. Nasdaq Iceland-Trading Timetable

Equities	09.30-15.30 (1)
Equity rights	09.30-15.30 (1)
ETF, Investment Funds and other Collective Investment Schemes	09.30-15.30 (1)
First North	09.30-15.30 (1)
Bonds	09.30-15.30
After trade 1 (Post- trade)	15.30-16.00
After Trade 2 (Pre-open)	08.00-09.15
Morning Call	09.15-09.30
(1) Closing call last five minutes: no order matching, final uncross takes place randomly during last 30 seconds of this five minute period.	

Opening hours are GMT+0



## 9. Appendix

### **The Central Bank of Iceland**

<http://www.cb.is/>

### **Rules on Foreign Exchange**

<http://cb.is/foreign-exch/laws-and-rules-on-foreign-exchange/>

### **Payment Systems**

<http://www.cb.is/payments/payment-systems/>

### **The Icelandic Directorate of Internal Revenue Service**

<https://www.rsk.is/english/individuals/>

### **The Icelandic Financial Supervisory Authority**

<http://en.fme.is/>

### **Nasdaq Stock Exchange Iceland**

Buy-in procedure and guidelines

[http://www.nasdaqomx.com/digitalAssets/73/73870\\_buy\\_in\\_procedure\\_and\\_guideline\\_effective\\_april\\_18\\_2011.pdf](http://www.nasdaqomx.com/digitalAssets/73/73870_buy_in_procedure_and_guideline_effective_april_18_2011.pdf)

### **Nasdaq CSD Iceland**

<http://en.vbsi.is/>

## **Other useful websites**

### **Information regarding Debt instruments**

[www.bonds.is](http://www.bonds.is)

### **Icelandic daily news and business updates**

<http://english.m5.is/>

### **Statistics about Iceland**

<http://www.statice.is/>

### **Invest in Iceland**

<http://www.invest.is/>

### **Laws and regulations for financial services in English**

<http://eng.fjarmalaraduneyti.is/legislation/>

### **Government Debt Management**

<http://www.lanamal.is/EN/>

### **Icelandic State Financial Investments**

<http://bankasysla.is/en/frontpage/>

**The Depositors' and Investors' Guarantee Fund**

<http://www.tryggingarsjodur.is/>

**The Official Gateway to Iceland**

<http://www.iceland.is/iceland-abroad/>

**Government Offices of Iceland**

<http://www.government.is/>

**Disclaimer:**

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