

Iceland - Market Information

Market settlement guide

Market Infrastructure

Exchange

Nasdaq CSD - Trading hours Monday to Friday: 9:30 - 15:30

Owned by OMX who also own the Icelandic Securities Depository (ISD). Operates an electronic trading system where only members can trade.

Nasdaq CSD Iceland - BIC: LCDELV22XXX

Opening hours Monday to Friday: 08:00-17:00. Nasdaq CSD Iceland is a registry, a depository and a clearing house for the settlement of securities in dematerialized form.

Settlement cycles

Matching takes place continuously.

5 settlement cycles during the day for DVP settlement, 9.15 10.30 11.45 14.00 and 15.20. On exchange settlement is T+2 for both bonds and equity.

FOP is processed every 10 min or less throughout the day from 8.00 - 17.00

No settlement or matching takes place after 17.00 or before 8.00.

Securities Identification

ISIN (International Securities Identification Numbering): Yes

Other: Not applicable

Instruments

- Equities: Common shares
- Debt: Bonds, T-Bonds, Housing Bonds, Housing Authority Bonds, T-Notes
- Money Market: T-bills, Commercial Papers
- Physical: None
- Other: Unit share certificates, Shares of Investment Funds

Agents - BIC

- **Arion banki** = ESJAISRE
- **Clearstream Bank** = CEDELULL
- **Fossar** = FOMRISR1
- **Íslandsbanki** = GLITISRE
- **Kvika banki** = MPBAISRE
- **Landsbankinn** = NBIIISRE

Cash Payment System

The Central Bank of Iceland Interbank Payment System is an independent system owned by the Central Bank. The system is divided into two components, the gross settlement component (RTGS) and the retail component (EXP).

The gross settlement component, which handles large payments of ISK 10 m or more between customers of two different financial institutions, settles the Central Bank's transactions with deposit institutions, transactions in the interbank foreign exchange market, and other

payments. The component also handles settlement for other important settlement systems, such as the securities settlement and retail payment systems. The RTGS component is open from 09:00 – 16:30 on business days.

Payments between financial institutions in amounts of less than 10 m.kr. are routed through the retail component of the system, EXP. Retail payments are settled in the RTGS component twice a day but account holders have access to money deposited in their accounts as soon as payment is made in the EXP component. The system is open 24 hours a day, seven days a week.

Taxation

See separate tax information.

Other

Proxy voting

Meeting notices and agendas are announced in English on the OMX web.

Proxy voting is only possible for segregated accounts and only beneficial owners have voting rights. Rights can be assigned by Power of Attorney. Votes can be split between two or more agents. Securities are usually blocked during the Annual General Meeting.

Turn-around Trades

Netting is not allowed so participants must hold either the securities or the cash at the start of the settlement day.

Securities lending

Not market practice.

Buy-In rules

Not applicable

Foreign ownership limits

Foreign ownership levels in fisheries or fish-processing companies are monitored by the companies themselves. If the directors of the company suspect the foreign ownership limit has been breached, they must notify the Ministry of Economic Affairs. The ministry has 4 weeks to gather information after which the Committee on Foreign Investment has 4 weeks to conclude whether there is a violation.

Should the Committee conclude that there is a violation, the Minister of Economic Affairs shall order the legal entity in question to sell the holding in the fisheries or fish-processing enterprise or, if such is the case, the share in the legal entity which owns a share in the fisheries or fish processing enterprise. The shareholder has 4 weeks to sell.

If the stock is not sold within 4 weeks, the owner shall deliver the shares to the ministry, which entrusts an independent local broker to sell them. If the stock is not delivered, all rights pertaining to the share shall lapse.

Market practice

Securities cut off

FOP - To ensure for enough time for matching of instructions in the system, Íslandsbanki's formal cut-off time for securities instructions (MT540 & 542) is at 14:30 on S-1. Instructions that arrive after will be executed on a best effort basis.

DVP - To ensure settlement of DVP in the first cycle of the day. Settlement instructions (MT541 and 543) and funding should be in place before 14.30 on S-1 to ensure settlement in the first cycle. Instructions received after that are processed on a best effort basis. The first cycle is at 9.15 every day.

Securities cancellations and amendments

Cancellation instructions are executed on a best effort basis. Same goes for amendments. Matched trades cannot be cancelled unless the counterparty cancels as well.

Cash cut off

Payment instructions (MT202/103) received before 15:00 will normally take effect on value date. Book transfer instructions received before 16:00 will normally take effect on value date. However, instructions to effect payment through another bank may cause one day additional delay if not effected by receiving bank.

Cash cancellations and amendments

Cancellations and amendments will be processed on a best effort basis assuming they have been sent before the cut-off times. (MT199/292) and (MT199/299) are acceptable for instructions.

Market Entrance Requirements

Account Structure

Pre-Investment requirements:

Investors must obtain an Icelandic tax ID prior to opening a securities account.
A Custody Agreement must also be in place along with KYC documentation.

Account Structure:

1. All clients segregated. Tax exemption applications to be filled in for each one and sent to the Icelandic Tax authorities
2. Nominee (0% tax). Fixed income securities of clients from countries with full exemption under a tax treaty kept in a nominee account. No withholding applied to the account. Full disclosure to Íslandsbanki of all clients represented in the account. Tax authorities and the Financial Supervisory Authority have the right to request this information from Íslandsbanki. All other holdings in segregated accounts. Tax exemption applications to be filled in for each one and sent to the Icelandic Tax authorities.
3. Nominee (full tax) one client per account. Full disclosure to Íslandsbanki on the client represented in the account. Tax authorities and the Financial Supervisory Authority have the right to request this information from Íslandsbanki.

Required Documentation

Obtain Icelandic Tax ID and open securities account:

1. Corporate Client - Certificate of Incorporation issued within the last three months.
Individual Client - Proof of identity such as passport. Signed application.
2. An MT-599 SWIFT message requesting account to be opened, providing account Sub-name, Tin number, OECD code and cash account to be linked to the portfolio.

Portfolio name change:

Official name change documents from home country.

Timeframe

New securities account opening:

With Tax ID in place appr. 2 working days.

With no Tax ID in place appr. 16 working days.

Charges

New tax ID: ISK 5.000,- for legal entities and ISK 10.000,- for individuals. This charge is added to the next custody fee invoice.

Tax ID name change: No charge

Portfolio name change: No charge

For any questions about market entrance requirements, please contact ifi@islandsbanki.is

Information as of 11.1.2022