

# Íslandsbanki General Terms and Conditions

for Trading in Financial Instruments



## 1. General

### 1.1. General scope

The following terms and conditions apply to trading in financial instruments between Íslandsbanki hf. and its clients. Íslandsbanki's General Terms of Business and other specific terms and conditions for services provided in connection with financial instruments trading apply concurrent to these terms and conditions. If there is a discrepancy between these terms and conditions and other contractual terms and conditions regarding specific transactions, these terms and conditions shall be subordinate to those special terms and conditions or contractual provisions.

In regard to use of terms and definitions in these general terms and conditions reference is made to Act No. 115/2021 on Markets in Financial Instruments.

These terms and conditions, amendments to them and terms and conditions that may replace them can be accessed on Íslandsbanki's website [www.islandsbanki.is/investorprotection](http://www.islandsbanki.is/investorprotection), as well as information and material related to trading in financial instruments which the Client shall familiarize himself with, including Íslandsbanki's Rules on Best Execution of Orders, information on client classification, information on financial instruments and associated risks, an excerpt from the Conflicts of Interest Policy of Íslandsbanki and the Tariff of Charges for Investment Services, together with information regarding principal regulatory and legal remedies available to client.

### 1.2. About Íslandsbanki hf.

Íslandsbanki hf. (Icelandic ID No. 491008-0160), hereinafter referred to as Íslandsbanki or the Bank, has its headquarters at Hagasmári 3, 201 Kópavogur, Iceland. To obtain information on how to contact an individual branch or department of the Bank, it is possible to call Contact Centre on (+354) 440 4000, email [islandsbanki@islandsbanki.is](mailto:islandsbanki@islandsbanki.is) or visit the Bank's website, [www.islandsbanki.is](http://www.islandsbanki.is). Clients can communicate with the Bank in Icelandic and English. Communication in other languages may be possible.

### 1.3. Supervision

Íslandsbanki is a financial undertaking licensed by the Financial Supervisory Authority of the Central Bank of Iceland to operate as a commercial bank. The Financial Supervisory Authority supervises the Bank's operations in accordance with Act No. 87/1998 on Official Supervision of Financial Activities and other applicable laws and regulations. The Financial Supervisory Authority has its headquarters at Kalkofnsvegi 1, 101 Reykjavík. Additional information about the Financial Supervisory Authority may be obtained on its website, [www.en.fme.is](http://www.en.fme.is).

### 1.4. Purpose

The purpose of these terms and conditions is to clarify the legal relationship between Íslandsbanki and the Client relating to trading in financial instruments, to inform the Client of the nature of the agreements that fall under these terms and conditions, to inform the Client of the risks involved in such trading and to enable the Client to assess his/her legal status in business relations with the Bank. Clients are encouraged to familiarize themselves with applicable laws and regulations regarding trading in financial instruments at any given time and to seek external advice when appropriate.

## 2. Custody of client assets and nominee registration

### 2.1. Íslandsbanki's custody accounts

When a business relationship between the Client and Íslandsbanki regarding trading in financial instruments is established, a custody account is set up in the Client's name on the basis of these terms and conditions.

Íslandsbanki's custody account is a record encompassing the Client's financial instruments. Financial instruments purchased through Íslandsbanki's mediation remain in the Bank's custody unless the Client requests that they be kept elsewhere. The Client can request that other financial instruments in his/her possession be placed in Íslandsbanki's custody. If financial instruments that should be in Íslandsbanki's custody, pursuant to power of attorney to that effect, are delivered directly to the Client, the Client shall notify Íslandsbanki of this without delay and the Client shall ensure that the financial instruments are placed in the Bank's custody as soon as possible. Equally, the Client shall notify Íslandsbanki if he/she sells unissued financial instruments registered in his/her custody account at the Bank. If the Client does not deliver a financial instrument to Íslandsbanki that has been delivered directly to him/her, but which he/she has purchased through Íslandsbanki's mediation and should be in the Bank's custody, the Bank will remove it from his/her custody account with Íslandsbanki.

Íslandsbanki undertakes to retain the Client's financial instruments and other valuables in a custody account in a secure manner and will be responsible for their custody. Further information on segregation of assets can be found in article 2.6.

## 2.2. Outsourcing the custody of financial instruments

Íslandsbanki is authorized to entrust third parties with administering custody of the Client's financial instruments and with settlement and related tasks, such as in the case of foreign financial instruments.

If the Bank enters into an agreement with a third party regarding the custody of financial instruments, the financial instruments of the Client and of the Bank may serve as guarantees for the settlement of transactions involving financial instruments. In such instances a third party, as custodian, may be entitled to a set-off.

The legal relationship between the Client and the Bank shall remain unchanged even if the Bank exercises its right under this paragraph.

The Bank's liability with respect to the actions or inaction of a third party is subject to applicable laws, rules and regulations.

## 2.3. Nominee registration

Íslandsbanki is authorized to keep the Client's financial instruments in a nominee account when this is appropriate, in accordance with Act No. 115/2021 on Markets in Financial Instruments. The nominee registration entails the service provided by Íslandsbanki for the custody of its client's assets in their own account and accepting payments on behalf of its client from individual issuers of financial instruments.

Clients are informed that, in accordance with Regulation No. 706/2008 on Nominee Registration and the Custody of Financial Instruments in Nominee Accounts, Íslandsbanki is obliged to provide information to the Financial Supervisory Authority on nominee registration and custody of financial instruments in a nominee account. The primary legal effects of nominee registration are:

- the Client/beneficial owner cannot exercise voting rights deriving from financial instruments registered to nominee accounts,
- nominee registration of financial instruments may result in disputes regarding the ownership of financial instruments in the event of bankruptcy, a payment moratorium, dissolution of the Bank or other comparable measures that can cause rights to be lost. The Client can remove his/her financial instruments from the nominee account if there is no dispute regarding the Client's ownership,
- the Client/beneficial owner will not be listed in the register of shares for the company in question with respect to financial instruments in nominee accounts. Dividends or other rights arising from the company are deposited in Íslandsbanki's nominee account, and the Bank registers the rights as the Client's property, in accordance with Íslandsbanki's nominee registration.

## 2.4. Transactions outside the EEA

If the Client requests transactions involving financial instruments registered outside the European Economic Area the Client's assets, whether in the Client's custody account or in Íslandsbanki's nominee account, may be subject to legislation outside the jurisdiction of the European Economic Area, which may result in a different legal status for the Client than that deriving from these terms and conditions and Icelandic law.

## 2.5 Central Securities Depository custody accounts

Íslandsbanki is authorized to open a custody account with securities depository in the name of the Client. A custody account is a record of the account holder's ownership rights with respect to electronically registered securities, registered with a securities depository, and can accommodate various types of electronic certificates. Íslandsbanki acts as an intermediary (account operator) with regard to the registration of ownership of electronic certificates within the securities depository under an association agreement and relevant laws and regulations.

## 2.6. Segregation of financial instruments and other assets

Íslandsbanki takes the appropriate measures at any given time to keep the financial instruments and other assets of its clients in accordance with law. Íslandsbanki will keep financial instruments and other assets of the Client securely segregated from the assets of the Bank and of its other clients in a special account registered in the Client's name. Act No. 98/1999 on Deposit Guarantees and Investor Compensation Scheme applies to the assets of Íslandsbanki's clients as appropriate.

### 3. Instructions regarding trading and execution

#### 3.1. Identification in trading

In transactions with certain types of financial instruments Íslandsbanki is obliged to identify clients in a certain manner. These identifiers are used in reporting to supervisors and differ depending on whether the Client is a legal person or an individual.

##### 3.1.1. LEI for legal entities

A Legal Entity Identifier (LEI) is a 20-digit alpha-numeric code used to identify clients which are legal entities. The reception and transmission or execution of certain transactions is prohibited unless the Client provides Íslandsbanki with an issued valid LEI. For example, LEI is required both when buying and selling securities that are traded on a trading venue and when trading in derivatives. The Client shall notify Íslandsbanki of his assigned LEI and of any changes related to his LEI identifier. Further information can be found at [www.islandsbanki.is/LEI-EN](http://www.islandsbanki.is/LEI-EN).

##### 3.1.2. National Client Identifier

National Client Identifier (NCI) is used to identify clients who are individuals and is determined by the nationality of each client. The reception and transmission or execution of certain transactions is prohibited unless the Client provides Íslandsbanki with his NCI. For example, NCI is required both when buying and selling securities that are traded on a trading venue and when trading in derivatives. Further information can be found at [www.islandsbanki.is/NCI-EN](http://www.islandsbanki.is/NCI-EN).

#### 3.2. Trading instructions

The term 'trading instructions' refers to the Client entrusting Íslandsbanki with carrying out trading in financial instruments on his/her behalf. The Client bears full responsibility for his/her instructions.

The Client can request that his/her trading instructions be changed or revoked until they have been executed. The term 'execution of instructions' refers to Íslandsbanki putting an agreement in place on the Client's behalf regarding the purchase or sale of financial instruments or to the Bank having carried out a transfer or delivery of financial instruments in accordance with the trading instructions. In its execution of trading instructions, the Bank will seek to obtain the best possible result for the Client, in accordance with Íslandsbanki's Rules on Best Execution of Orders, see [www.islandsbanki.is/investorprotection](http://www.islandsbanki.is/investorprotection) for further details. Once trading instructions have been executed they are binding for the Client and cannot be changed or revoked.

Financial instrument transactions are delivered to or from the Client's custody account on the same day they occur or as soon as the prices and/or exchange rates for them are apparent, but settlement occurs later in accordance with the rules of the market in question.

#### 3.3. Changes to trading instructions

Changes in the quantity or value of the financial instrument which the trading instructions refer to, are regarded as a revocation of the trading instructions and will be treated as new trading instructions. Changes to trading instructions can have an effect on their sequence in trading systems. Íslandsbanki reserves the right to collect commissions, fees, charges and other costs that may be incurred due to the revocation of trading instructions. The Client shall reimburse Íslandsbanki all costs and damages that may be incurred from such a revocation.

#### 3.4. Contents of trading instructions

The Client's trading instructions shall be clear and conclusive and shall at a minimum contain the following information:

- The Client's name and Icelandic Identification number.
- Which financial instrument(s) the instructions relate to.
- Whether the purchase or sale of financial instruments is being requested.
- The quantity, i.e. the number of units or the total amount of the transactions.
- Price or limit order, if applicable.
- Validity of the trading instructions, if applicable.

#### 3.5. Reception of trading instructions

The Client may deliver trading instructions to Íslandsbanki on a durable medium e.g. in writing, by telephone to Íslandsbanki's office number, by email or by any electronic means approved by the Bank. If communication takes place at a meeting, minutes or notes shall be written. Such instructions shall be equivalent to instructions received by telephone. Written trading instructions are considered to have been received once they have been read by an employee of Íslandsbanki. Íslandsbanki

reserves the right in all cases to request security information before instructions from the Client are executed and to request confirmation of instructions within the time limit decided by the Bank.

### **3.6. Responsibility for trading instructions**

The Client bears all responsibility and risk for trading instructions being delivered to the Bank in a satisfactory manner. Íslandsbanki reserves the right not to follow instructions if the Bank's employees have a reasonable doubt that the instructions have been issued by the Client, if there is doubt about their substance, if the instructions are peculiar or unusual compared to previous transactions or unusual compared to what is customary in comparable trading or if executing them conflicts with laws or regulations in any way.

### **3.7. Right to refuse to execute trading instructions**

The Bank may, at its own discretion and without justification, refuse to carry out any trading instructions and in such cases the Client has no claim against the Bank regarding the execution of individual trading instructions on the basis of these terms and conditions. The Bank may also refuse to enter into any agreement with the Client if the Client does not provide the Bank with documentation, information or collateral for the transaction which the Bank may require, all at the Bank's discretion, or if the Bank believes that the agreement could be in conflict with the law and/or general market practice or if it is unusual in any respect.

### **3.8. Right to invalidate trading instructions**

Íslandsbanki reserves the right to invalidate and delete an offer from the order book if, in the Bank's opinion, it is intended to have an abnormal effect on price determination in the trading system of the trading venue in question, or if the offer is devoid of any commercial purpose or is intended to hinder or prevent other parties' access to the trading system. Furthermore, Íslandsbanki reserves the right to cancel transactions that derive, for example, from indisputable error, that violate laws or regulations or that derive from technical disturbances in trading and/or settlement systems.

### **3.9. Notifications**

If the Bank exercises its right not to follow instructions, the right to refuse to execute transactions or the right to cancel or delete offers from the order book in accordance with Articles 3.5–3.8 of these terms and conditions, the Bank shall notify the Client of this as quickly as possible.

The Bank bears no responsibility for any loss that the Client may incur if the Bank does not follow instructions, refuses to execute transactions or annuls or deletes orders from the order book in accordance with Articles 3.5–3.8 of these terms and conditions.

### **3.10. Trading instructions through Online Banking or App**

Transactions executed through Íslandsbanki Online Banking (hereafter referred to as Online Banking) or Íslandsbanki's App (hereafter referred to as App or the App) in financial instruments that are traded on a trading venue, are executed in the trading system of the venue in question and this means that the Client's offer for trading in financial instruments, which Íslandsbanki receives through the Online Banking platform or App, via other electronic communications with the Client, is automatically recorded in the trading system of each venue.

Generally, the trading in units of funds do not take place on a trading venue, but is registered in the trading system of the financial institution that handles the asset registration of the relevant funds.

### **3.11. Rules of the relevant trading venue apply to trading instructions**

All transactions that Íslandsbanki executes in accordance with the Client's instructions shall be subject to the rules of the trading venue where the transactions take place. The transactions shall be considered to have taken place where the financial instruments in question have been admitted to trading. In this context, the term 'rules' refers to any applicable laws, regulations and rules (written as well as unwritten), resolutions, trading norms and so forth. The Client is considered to be bound by all such rules in the same manner as if he had conducted the transactions without the mediation of Íslandsbanki.

### **3.12. Notification of transactions**

The Bank shall provide through the Online Banking or App a notification to clients regarding the execution of trading instructions no later than the next business day after the execution of the trading instructions in question, unless there is a specific agreement to the contrary or the Bank receives confirmation from a third party. If the Bank receives confirmation from a third party, the Bank shall provide a notification of the transactions no later than the first business day after such confirmation has been delivered to the Bank, unless another party provides the Client notification containing the same information without delay.

### **3.13. Notification to regulators**

Following transactions involving financial instruments that are subject to a duty of notification under laws and regulations, the Bank is obliged to give the appropriate regulators notice of the transactions or an offer of a transaction, if applicable.

## **4. Settlement and sales right**

### **4.1. Settlement**

The Client shall ensure that the financial instruments or assets that he/she is obliged to deliver on the settlement day are in place in the designated accounts upon the execution of transactions. The Client is responsible for any loss that the Bank may incur due to financial instruments or assets not being in place in the designated accounts.

### **4.2. Sales right**

When financial instruments are delivered into the Client's custody account on the day that the transactions take place, but payment does not take place on the settlement day, the Client authorizes Íslandsbanki to sell the financial instruments in question, in part or in whole, on any trading venue, domestic or foreign, which the Bank may decide upon, or have them sold in a forced auction or realize their value in any other manner that the Bank chooses and allocate the proceeds for prompt and full payment of the purchase price of the relevant financial instruments, the principal, interest, indexation, exchange rate difference, penal interest, collection costs or any other costs and expenses, at Íslandsbanki's full discretion.

### **4.3. Reclamation**

If Íslandsbanki exercises its right to sell, the Bank shall have a claim against the Client for any difference between the purchase price of the financial instruments in question and the sale price, in addition to expenses. The Client bears the risk arising from changes in the price of the financial instruments in question.

### **4.4. Transfers**

If there is any need of any further action by the Client to allow the change of ownership of the financial instruments, the Client undertakes to take all necessary measures to that end. If the Client does not give his/her full cooperation and assistance, Íslandsbanki shall be entitled to seek the assistance of the district magistrate or court, in order to perform the Client's duties.

## **5. Recording of telephone calls and storage of documents**

### **5.1. Recording of telephone calls and documentation of communications**

In order to secure the proper execution of instructions, the Client agrees that all telephone conversations with Íslandsbanki employees may be recorded. Furthermore, the Client agrees that all other communication between him and the Bank's employees, that lead or may lead to transactions, e.g. electronic communications and minutes, will be documented and preserved, without further prior notification, and if necessary, may be used to settle any dispute that may arise in relation to client's transactions with Íslandsbanki. The Client agrees that all such recorded or documented communications are considered to be full proof of what was agreed between the parties.

### **5.2. Storage of documents**

Any and all documents, which contains information regarding the Client's transactions and their execution is stored at the Bank for at least seven years. Amongst other things, this documentation contains information that must be provided on the basis of Act No. 140/2018 on Measures against Money Laundering and Terrorist Financing.

## **6. Trading in financial instruments in Íslandsbanki's Online Banking or App**

### **6.1. Trading in the Online Banking or App**

The Client may commence trading in financial instruments through Online Banking or App when he/she has approved relevant terms and conditions. When trading in financial instruments through Online Banking or App, the above-mentioned terms and conditions for Online Banking and App apply in parallel with these terms and conditions.

Íslandsbanki reserves the right to cut off access to Online Banking or App temporarily, without notice and without notification, if it is necessary on account of file updates, system alterations or any kind of malfunction, etc.

The Online Banking and App platform do not offer a direct electronic access to trading venues within the meaning of the Act on Markets in Financial Instruments.

## 6.2. Responsibility

Transactions involving financial instruments in Online Banking and App are entirely at the initiative and under the responsibility of the Client. Íslandsbanki is not required to assess whether transactions involving non-complex financial instruments in Online Banking/App are appropriate for the Client. In execution of such transactions, clients do not enjoy the protection given by such an assessment, cf. Paragraph 5, Article 45 of Act No. 115/2021 on Markets in Financial Instruments. When the Client intends on trading in complex financial instruments in Online Banking or App the Bank is obliged to assess whether the transaction is appropriate for the Client and therefore the Client must answer the appropriateness questionnaire before any transactions are made.

The Client shall be fully responsible for his transactions in Online Banking or App. Orders made in the trading systems of trading venues through Online Banking and App are binding for the Client. The price that appears in such an order is binding for the Client and the counterparty. Íslandsbanki accepts no risk or responsibility on behalf of the Client for his trading in a trading venue. The Client is prohibited from distributing official market information from trading systems of trading venues.

Trading instructions executed through Online Banking or App are considered specific instructions in the sense of Article 48 of Act No. 115/2021 on Markets in Financial Instruments. The Bank is considered to have fulfilled its obligations under Article 48 of the Act on Markets in Financial Instruments by means of their execution.

## 7. Power of attorney

Everything that Íslandsbanki does on the basis of the following power of attorney shall have the same validity as if the Client had done it himself/herself.

### 7.1. Power of attorney for the custody of financial instruments

The Client hereby grants Íslandsbanki complete and unlimited power of attorney to register the financial instruments in his/her possession, which he/she requests to be stored at the Bank, in a custody account at Íslandsbanki and to open a custody account at a securities depository on behalf of the Client. In addition to this, a full power of attorney to request statements of the Client's shareholding from the issuers of financial instruments in order to confirm the legitimacy of the registered shareholding according to the Client's custody account, cf. the authority in Paragraph 8 of Article 30 of Act No. 2/1995 on Limited Liability Companies, in the share ledgers of the companies in question.

### 7.2. Power of attorney for domestic securities brokerage

The Client hereby grants Íslandsbanki complete and unlimited power of attorney to trade financial instruments registered in his possession in accordance with his/her instructions or as appropriate under other special agreements, e.g. *Asset Management Agreement* or *Advisory Services Agreement*. This power of attorney extends to the execution of all acts necessary to execute the brokerage of securities, including all acts necessary to buy and sell financial instruments, to transfer them in the Client's name and to receive payments, such as dividends, instalments, indexation payments and interest from financial instruments in Íslandsbanki's custody. This power of attorney also extends to depositing money into and withdrawing money from the Client's bank account.

### 7.3. Power of attorney for international securities brokerage

The Client grants Íslandsbanki complete and unlimited power of attorney to enter into agreements with third parties (securities brokers, custodians of financial instruments etc.) with respect to the trading in financial instruments abroad on his account. This power of attorney extends to making any such communication as Íslandsbanki deems necessary with respect to the foreign portfolio, sending instructions regarding bank transfers, taking care of payments from the Client's bank account, receiving payments, handling settlements, executing corporate actions and other necessary tasks.

## 8. Investor protection

### 8.1. Conflicts of interest

Íslandsbanki has adopted a policy regarding conflicts of interest. An excerpt from the policy can be obtained at the website [www.islandsbanki.is/investorprotection](http://www.islandsbanki.is/investorprotection). The Client is aware that Íslandsbanki or associated parties may be the counterparties in transactions involving financial instruments and that they can execute transactions in the market for other clients at the same time that the Client's transactions are executed. The Client is aware that his/her interests, the interests of the Bank's other clients and those of the Bank itself may differ at any given time, so that conflicts of interest may arise. Íslandsbanki cannot guarantee that such conflicts of interests will not affect the profits or losses of the Client's transactions.



Fees, commissions and other financial or non-financial benefits that Íslandsbanki receives or provides to third parties in connection with trading may be liable to cause conflicts of interest in the Bank's operations. However, Íslandsbanki is authorized to receive and retain a minor non-financial benefit that enhance the quality of service provided to clients and do not prevent the Bank from acting in accordance with the best interests of its clients. Minor non-financial benefit can e.g. be information on financial instruments or investment services, public information from the issuer, modest hospitality and participation in conferences and seminars.

### **8.2. Íslandsbanki Rules on Best Execution of Orders**

Íslandsbanki has adopted rules regarding the best execution of trading instructions, see [www.islandsbanki.is/investorprotection](http://www.islandsbanki.is/investorprotection). In accordance with the rules, Íslandsbanki takes sufficient steps to obtain the best possible result in the execution of the Client's instructions. The rules affect retail investors and professional investors alike. By signing *the Agreement on Trading in Financial Instruments* with Íslandsbanki hf., the Client confirms that he/she has read and approves of the Íslandsbanki's Rules on Best Execution of Orders.

### **8.3. Aggregating orders**

Under certain market conditions Íslandsbanki may aggregate its clients' trading orders to serve their interests without any special notification thereof. The trading orders are only aggregated if the Bank considers it unlikely that the aggregation will be unfavourable to the Client. Under special circumstances, however, it is possible that these aggregations may cause a disadvantage to the Client such as when the size of the transaction has an impact on the market price of the relevant financial instrument.

The main principle applied to aggregating orders is that they are carried out in a manner that ensures that clients receive an allotment proportionate to their orders on the basis of the average price that is reached at execution. If the Bank has accumulated trades for its own account and added to one or more of the Client(s)'s orders, the trades shall be allocated in a manner that does not adversely affect the interests of the relevant client and that ensures that the Client generally enjoys priority in the allocation.

Further information regarding the handling of client's trading orders may be found in the Rules on Best Execution of Orders that can be accessed at: [www.islandsbanki.is/investorprotection](http://www.islandsbanki.is/investorprotection).

### **8.4. Execution of limit orders**

In the case of a limit order of shares not being carried out as soon as it is received, due to prevailing market conditions, Íslandsbanki shall, unless the Client expressly instructs otherwise, take measures to facilitate the earliest possible execution of that order by immediately making the Client's limit order public in an easily accessible manner, in accordance with Act No. 115/2021 on Markets in Financial Instruments. Making the order public does not always serve the Client's interests and the Client always has the option to request the order not to be made public.

### **8.5. Client classification**

Clients who wish to trade in financial instruments are classified as retail investors, professional investors or eligible counterparties, pursuant to Article 51 of Act No. 115/2021 on Markets in Financial Instruments. Clients are notified of the category they belong to, but the classification determines how much investment protection Íslandsbanki has to provide for the relevant client. Retail investors are allowed to apply to be considered as professional investors in general or in specific trading, but Íslandsbanki is only authorized to take these requests into consideration if certain legal conditions and procedures of the Bank regarding their experience, knowledge and financial position are met. Íslandsbanki may engage in transaction with eligible counterparties without fulfilling certain conditions set out in these terms and conditions, all in accordance with paragraph 1 of Article 51 of the Act on Markets in Financial Instruments. Professional investors and eligible counterparties can request to be handled (classified) as retail investors and thus benefit from greater investment protection. Clients are responsible for keeping Íslandsbanki informed of any changes that can affect their categorisation.

### **8.6. Disclosure and the provision of information to clients**

Íslandsbanki shall provide its clients and others to whom it offers its services explicit information on the financial undertaking itself, its services, trading venues, costs and charges related to financial instruments, the investment options offered to them and the risk involved in such investment. This information shall be clear enough to enable the Client to make informed investment decisions.

Íslandsbanki may provide information to clients electronically on a durable medium. Íslandsbanki may also provide

information to clients electronically if the information is not addressed to the Client personally, including on Íslandsbanki's website, [www.islandsbanki.is/investorprotection](http://www.islandsbanki.is/investorprotection).

Íslandsbanki provides clients with information on costs and charges related to investment and ancillary services, and financial instruments, as well as payments made to or received from third parties, all in accordance with article 34 of the Act No. 115/2021 on Markets in Financial Instruments.

Íslandsbanki publishes on the Bank's website, [www.islandsbanki.is](http://www.islandsbanki.is), detailed information on estimated costs and charges of financial instruments and investment services to enable the Client to understand the total costs and its effect on the return of the investment. The actual costs that the Client pays depends on the financial instrument and/or service the Client chooses as well as the amount invested for. The information on the Bank's website depicts the cost of investments for variable amounts for example purposes only. Information on costs and charges do not take into account the costs involved in general risk factors related to investments in financial instruments e.g. underlying market risk.

Íslandsbanki provides clients, where applicable, with an annual statement of the actual incurred costs that the Client has paid for financial instruments and investment and ancillary services during the year. Íslandsbanki reserves the right to provide professional investors and eligible counterparties with limited information on costs and charges, all in accordance with applicable law.

### **8.7. Information related to assessment on suitability and appropriateness for proposed transactions**

If the Bank provides the Client with services in form of asset management or investment advice, the Bank is obliged to obtain information from the Client to be able to evaluate his/her knowledge and experience of trading in the relevant financial instruments, as well as his/her financial position, including the ability to bear losses, and objectives, including risk tolerance, regarding the envisaged investment, pursuant to Article 44 of Act No. 115/2021 on Markets in Financial Instruments. Íslandsbanki is then in a position to give the Client advice regarding what type of financial instruments and investment services are suitable for the Client.

If the Bank provides investment services in forms other than asset management and investment advice, the Bank is obligated to obtain information regarding the knowledge and experience of the Client to evaluate if the trade is appropriate for the Client, pursuant to paragraph 1 of Article 45 on Act No. 115/2021 on Markets in Financial Instruments. Notwithstanding the above, pursuant to Paragraph 4 of Article 45 of Act on Markets in Financial Instruments, Íslandsbanki is not obliged to evaluate whether the trade or service is appropriate for the Client in the case of a non-complex financial instrument and if the service or trading only entails the execution, receipt or mediation of trading orders and the service is provided at the initiative of the Client (Execution Only).

Íslandsbanki may obtain less information from professional investors. In relation to investment advice the Bank is not obligated to obtain information from professional investors on knowledge and experience and financial position, including the ability to bear loss. The Bank will only obtain information on investment objectives, including risk tolerance.

The Client is responsible for providing Íslandsbanki with correct and updated information, which the above-mentioned suitability and appropriateness evaluation will be based on, pursuant to Articles 44 and 45 of the Act on Markets in Financial Instruments. If the Client does not provide correct or sufficient information the Bank will be unable to provide the service requested. The Bank will not conduct any independent investigation into the circumstances of its clients. Clients should be aware that, notwithstanding the above assessment on suitability or appropriateness, an investment decision can lead to substantial losses and the trading risk always lies with the Bank's clients. The suitability assessment is based on the moment in the time in which the evaluation is carried out. Market conditions can rapidly change, and the Client is personally responsible for monitoring market changes.

### **8.8. Investment advice**

Íslandsbanki provides non-independent investment advice within the meaning of the Act on Markets in Financial Instruments. Non-independent investment advice means that the financial instruments for which the Bank provides advice may be issued by the Bank itself and/or parties in close links with the Bank e.g. funds managed by Iceland Funds, a subsidiary of Íslandsbanki. The investment advice provided by Íslandsbanki is therefore based on analysis of different types of financial instruments that can be issued both by entities in close links with the Bank and entities with no close links to the Bank.

When providing investment advice to retail investors the Bank will, before transactions take place, provide a statement on suitability in a durable medium in accordance with article 46 of the Act on Markets in Financial Instruments. The statement



specifies the advice given and how that advice meets the preferences, objectives and other characteristics of the retail client. Where the transaction is concluded using means of distance communications e.g. by phone or electronic means, the Bank may provide the statement immediately after transactions are made. The Client has the option of delaying the transaction in order to receive the statement in advance.

Íslandsbanki does not provide regular suitability assessment on financial instruments unless otherwise stated in other agreements or terms valid between the Bank and the Client.

## **9. Corporate actions**

Corporate actions affect financial instruments issued by the issuer in question and can result in changes to the financial organization of issuers in one way or another and may therefore affect the rights of shareholders of the issuer in question or the holders of bonds issued by the issuer in question. Common actions are, for example, the payment of dividends and stock adjustments. Íslandsbanki does not, by its own initiative, send clients notification of corporate actions such as dividend payments or stock adjustments related to financial instruments owned by clients.

It is the responsibility of the Client to monitor such notifications from the appropriate information provider and to decide whether or not to take part in individual corporate actions. The Client can convey his/her wishes regarding participation in the relevant corporate action to Íslandsbanki, which will act on the Client's behalf, if possible.

## **10. Notifications and statements**

### **10.1. Delivery of notifications and statements**

Clients can access information on assets and overview of transactions made in the Online Banking and App.

Íslandsbanki provides its clients a notification on execution of transactions in accordance with applicable laws and regulations. Notifications are available in the Online Banking and App and are also sent via email if it has been agreed upon.

Íslandsbanki provides its clients statements of services provided in accordance with applicable laws and regulations, unless there is a specific agreement to the contrary. Íslandsbanki provides the Client a statement of the Client's financial instruments in the Bank's custody quarterly, unless such a statement has already appeared in the regular provision of other information.

Annually, the Bank provides a statement of all costs and charges in connection with financial instruments and investment services. The statement is available under electronic documents in the Online Banking and App.

The Bank may provide statements and notifications to clients by conventional mail, telephone, email or by another electronic method on a durable medium. If the Client's system does not deliver email or hinders his access to Online Banking or App, e.g. due to system malfunctions, the Client shall bear the risk. Íslandsbanki bears no responsibility for a loss that the Client may incur due to correspondence between the Client and the Bank not reaching the other party, e.g. if the Bank does not receive an email for some reason, if mail transmissions are not delivered or if technical difficulties or if a misunderstanding arises due to unclear instructions by telephone.

### **10.2. Reception**

Notifications and statements for Online Banking or App users are displayed in Online Banking and App and are considered to have been received by the Client when they are available there. Email is considered to have reached the Client once it has been sent. Conventional mail is considered to have reached the Client three days after postage. The Client shall notify Íslandsbanki as soon as there is a change of home address, telephone number, email address or other similar information regarding the Client. If notification of the a forementioned changes has not been delivered to Íslandsbanki, notifications and statements from the Bank are considered to have been properly received by the Client if sent to the address or email on file. The Client's legal residence shall be regarded as being the address on file in this regard, unless another address has been given in a verifiable manner.

The Client's comments on any sort of statement or notification provided to the Client shall be made within 30 days unless there is a specific announcement from the Bank to the contrary, otherwise the Client is considered to have approved the statements and notifications in question.

## 11. Corrections

### 11.1. Client's responsibility to review his/hers accounts

The Client undertakes to closely observe the status of his custody accounts and bank accounts and all transfers executed there. The Client is obliged to notify Íslandsbanki at once if he/she becomes aware that an error has occurred.

### 11.2. Correction of mistakes

Íslandsbanki is authorized, without consulting the Client, to correct all errors relating to a registered portfolio or the execution or settlement of transactions, including transfers in bank account and/or custody accounts connected to trading. The Bank shall notify the Client of the correction if it is not made within the same 24-hour period during which the error occurs. As appropriate, either party will be obliged to adjust the balance of said party's bank account and/or custody account on the basis of the correction that has been made and to make repayment, and/or to deliver the financial instrument/s in question, within three days of the making of the correction.

## 12. Costs, fees, service charges and debiting of accounts

### 12.1. Published tariffs

The Bank reserves the right to take commission and/or fees for services provided in accordance with the Bank's published tariffs at any given time. The Bank shall be authorized to inform the Client about changes in costs and charges on the Bank's website, [www.islandsbanki.is](http://www.islandsbanki.is). Commission/fees for securities brokerage, service charges, including custody fees, other fees and expenses for the execution of transactions follow the published Tariff of Charges for Investment Services at any given time, unless a specific agreement has been made to the contrary. Íslandsbanki's published tariffs can be found at the website [www.islandsbanki.is/investorprotection](http://www.islandsbanki.is/investorprotection) and [www.islandsbanki.is/en/article/price-and-interest](http://www.islandsbanki.is/en/article/price-and-interest). If further services are agreed upon, that are not included in these terms and conditions, they shall be paid for separately, according to the Bank's tariff or a special agreement concerning the service. The Client undertakes to familiarize himself/herself thoroughly with the published Tariff of Charges for Investment Services, at any given time.

### 12.2. Reimbursement

In addition to commission, fees and charges for services provided, the Client shall reimburse the Bank all other expenses due to trading instructions, in addition to other taxes and official levies that may be imposed on transactions that fall under these terms and conditions. The Client shall be responsible for all tax payments and payment of official levies for his/her trading in financial instruments.

Charges, commission, fees and other costs and expenses shall be paid when requested by the Bank and that day is considered the due date unless there is an agreement to the contrary. Commission, fees, charges, costs and expenses shall be paid by the Client without any conditions, without any set-off and without any counter-claim or deduction of any kind.

### 12.3. Upon settlement

Upon settlement of the sale of financial instruments, all charges, costs, expenses, commission and fees shall be deducted from the payment unless there is a specific verifiable agreement to the contrary between the Client and the Bank. Accordingly, all charges, costs, expenses, fees and commission shall be added to the payment when a client purchases a financial instrument with the intermediation of the Bank.

### 12.4. Debiting

The Client authorizes Íslandsbanki to debit/charge his/her bank account for such commission, fees, service charges and other costs for the execution of transactions as are collected at any given time. The Client shall ensure that the account has a sufficient balance at all times. Debiting may occur without prior notification.

### 12.5. Debiting after due date

If a claim is not settled on the due date, or on the default day as the case may be, the Bank is authorized to debit/charge the Client's bank account and thus settle the claim, whether it is a claim for payment of money or delivery of a financial instrument, regardless of the currency of the claim. The due date is determined by agreement or according to settlement practice.

### 12.6. Overdue payments costs

Penal interest and/or default penalties are imposed on unsettled transactions, unpaid commission, fees, expenses and charges after the due date, all in accordance with the law, regulations and the Bank's applicable tariff at any given time.

## **13. Interest**

### **13.1. Interest**

Interest on deposits and loans may change in accordance with Íslandsbanki's decisions at any given time, unless there is a specific agreement to the contrary. Interest from financial instruments shall be paid in the currency of the financial instrument in question.

## **14. Client's duty of caution**

### **14.1. Responsibility and risks**

Íslandsbanki hf. is not responsible for any risk related to the Client's trading in financial instruments, the Client alone shall be responsible for his/her decisions. The Client is aware that trading in financial instruments is very risky and that past return on investment is no guarantee of future return on investment.

### **14.2. Market changes**

Investment advice and information on the financial market can change without notice owing to changes in market conditions. The same applies to all information on financial markets published on Íslandsbanki's webs.

### **14.3. Obligation to familiarize oneself with the relevant market's rules**

With respect to trading in financial instruments through Íslandsbanki, by any means, the Client commits to familiarize himself/herself with the rules that generally apply to trading in such financial instruments and the rules of the trading venue where he/she will be trading with Íslandsbanki's intermediation.

### **14.4. Responsibility for investment decisions**

The Client alone is responsible for any investment decision that he/she makes. The Client needs to expect various risk factors that may affect his/her decision, including but not limited to interest rate risk, exchange rate risk, inflation risk, liquidity risk, risk of loss and default risk. The Client should therefore seek advice from experts if he/she has limited knowledge of investments of this kind, such as advice about investment options, risk, tax issues and other matters that may affect his/her investments. Íslandsbanki encourages the Client to seek investment advice regarding ways to limit risk and manage investments in accordance with his/her financial status. Information on the main risk factors accompanying investments in financial instruments can be found at the website [www.islandsbanki.is/investorprotection](http://www.islandsbanki.is/investorprotection).

### **14.5. Foreign exchange**

The Client is aware that Act No. 87/1992 on Foreign Exchange may limit his/her authorization to trade in financial instruments and he undertakes to acquaint himself/herself with the applicable laws and regulations regarding foreign exchange, at any given time, before trading in financial instruments at Íslandsbanki by any means possible.

## **15. Changes to these terms and conditions**

### **15.1. Changes**

Íslandsbanki reserves the right to cancel these terms and conditions, to add to them or to amend them at any time. An amendment refers to a change in individual provisions, addition, or renewal of the terms so that those terms prevail in place of the older version.

### **15.2. Notifications of changes and entry into force**

Changes will be notified by a general announcement to clients on the Bank's website at [www.islandsbanki.is/investorprotection](http://www.islandsbanki.is/investorprotection). Furthermore, significant changes for the Client are notified electronically, e.g. by email or by notification in the Online Banking or App.

If Íslandsbanki decides to amend these terms and conditions, the Client shall be bound by the changes and is considered to have approved them unless he/she gives Íslandsbanki notice of termination of trading in financial instruments in a verifiable manner within 14 days of notification of amended terms and conditions. If a termination notice has not been received by Íslandsbanki within this period, the new terms and conditions take effect for all trading in financial instruments that the Client later conducts.

### **15.3. Standardized terms and conditions**

These terms and conditions are standardized and will not be amended for individual clients. No type of endorsement, addition or other change that the Client may make to these terms and conditions will affect Íslandsbanki's or the Client's rights and obligations under these terms and conditions.

## 16. Termination, default, etc

### 16.1. Termination

Agreements based on these terms and conditions can be terminated by both parties at any time unless there is a specific agreement to the contrary. The mutual termination period is 14 days from the day that the termination is delivered to the counterparty in a verifiable manner. If the agreement is terminated, all of the Client's debts and charges with respect to Íslandsbanki due to transactions between them on the basis of these terms and conditions become due and payable. Íslandsbanki may terminate the agreement without notice in the case of the Client's restructuring, split-ups, merger, bankruptcy or impending bankruptcy, if the Client is a legal entity, or on account of the passing of a client who is an individual. Terminations of agreements shall be delivered in a verifiable manner. Full settlement shall take place at the end of the termination notice period. The Bank shall deliver or dispose of the Client's financial instruments and assets in accordance with the Client's instructions, which shall be delivered to the Bank in a verifiable manner. If no such instructions are delivered to the Bank, the Bank will maintain the custody of assets and financial instruments in accordance with these terms and conditions, on the terms specified in the Bank's applicable tariff at any given time.

### 16.2. Default

Íslandsbanki hf. is authorized to terminate the agreement without notice if the Client defaults materially on his obligations under these terms and conditions or under any other terms and conditions in relation to his business with Íslandsbanki. Among other things, it is considered to be a material default (i) if the Client does not rectify a default that is not considered material in the opinion of the Bank within three days, (ii) if the Client is in arrears with any of his obligations to the Bank, whether those are associated with these terms and conditions or any other business, and these are not rectified within three days, or (iii) if the Client does not present collateral/additional collateral within a specified period. In other instances, the Bank shall notify the Client of the default and intended measures in advance. If the Client seeks composition, a payment moratorium or other comparable legal remedy, Íslandsbanki may revoke the Client's authorization to conduct transactions with Íslandsbanki, without notice. The same applies if there is an unsuccessful attachment of his property, an auction of his property is requested, bankruptcy proceedings are demanded for his estate or other comparable circumstances arise that, in the opinion of Íslandsbanki hf., indicate a bad financial status on part of the Client.

### 16.3. Lien

Íslandsbanki hf. has lien over the financial instruments that are in the Client's custody account for payments it may be entitled to from the Client due to trading in financial instruments and are due. Íslandsbanki is authorized, as the Bank sees fit, to sell on the market individual financial instruments or all financial instruments in the custody account of the Client and to direct the sales proceeds for the payment of any due and unpaid costs, as per above. Moreover, the Bank is authorized to demand the forced sale of financial instruments in the Client's custody account on the basis of Paragraph 1(6) of Article 6 of Act No. 90/1991 on Forced Sale.

## 17. Liability

### 17.1. Liability for trading in financial instruments

Íslandsbanki's liability for brokerage and trading in financial instruments is subject to Act No. 115/2021 on Markets in Financial Instruments. Íslandsbanki is thus liable for losses that may be attributed to its employees' willful misconduct in the performance of their duties. Íslandsbanki is, however, not liable for losses that may be attributed to actions or inaction on the part of anyone other than Íslandsbanki's employees or if a loss occurs on account of external events that employees of Íslandsbanki have had no part in, e.g. owing to technical malfunctions or problems with the operations of Reiknistofa bankanna (RB) or other system service providers of the Bank. Íslandsbanki is in no event liable for indirect loss.

### 17.2. Account operator

Íslandsbanki's liability as an account operator is subject to Act No. 7/2020 on CSD's, Settlements and Electronic Registration of Title to Financial Instruments.

### 17.3. Limitation

Íslandsbanki shall under no circumstances be considered liable for any inconvenience, expenses, lost investment opportunities or other financial losses, direct or indirect, that stem from shutdown, malfunction, interruption or other disturbance to Íslandsbanki's operations. Regardless of whether the interruption stems from the upgrading or improvement of Íslandsbanki's equipment and/or systems, if possible Íslandsbanki shall notify the Client of such interruptions in advance.

#### 17.4. External events

Íslandsbanki bears no liability for any losses of the Client that may arise from the Client's, or any other party's, lack of knowledge, misunderstanding or the abuse of the terms and conditions of Online Banking or App. Equally, Íslandsbanki will not be liable for any loss that may arise from incorrect entries by the Client or any another party. Íslandsbanki bears no responsibility for any loss that may be attributed to external events, e.g. malfunctions, incorrect external information, etc., moreover if the loss can be attributed to events that stem from natural disasters, wars, strikes or any events that may be regarded as force majeure.

#### 17.5. Agreements with third parties

The Client shall be bound by the terms and conditions that Íslandsbanki agrees with third parties for trading in financial instruments in foreign markets, on behalf of the Client regarding liability, restrictions on liability, trading, foreign legislation, etc. Íslandsbanki does not guarantee proper fulfilment of such agreements on behalf of counterparties, irrespective of whether an agreement has been entered into in the name of Íslandsbanki alone or on behalf of the Client. The Client shall always be permitted to acquaint himself/herself with the content of agreements specifically entered into on his/her behalf.

### 18. Confidentiality and the handling of personal information

#### 18.1. Confidential information

All transactions that take place on the basis of an agreement based on these terms and conditions are confidential. The Bank has a duty to keep the strictest confidentiality with respect to the Client about everything concerning the Client's trading and private affairs, unless a clear legal obligation arises.

#### 18.2. Handling of personal information

Act on the Protection of Privacy as regards the Processing of Personal Data applies when personal data is processed by Íslandsbanki. Further information about data protection and the processing of personal data is available at: [www.islandsbanki.is/dataprotection](http://www.islandsbanki.is/dataprotection).

#### 18.3. Publication of specific transactions

The Client agrees that the Bank is authorized to make information regarding specific transactions, or offers to make transactions, involving financial instruments public in accordance with the requirements of Act No. 115/2021 on Markets in Financial Instruments. The Client agrees that the Bank is authorized to convey information regarding the Client and transactions for risk management and supervision on group level.

### 19. Disputes and the right to appeal

#### 19.1. Disputes and the right to appeal

If a dispute arises between the Client and the Bank regarding the execution of these terms and conditions or regarding individual elements of its implementation, the Client can send the Bank a complaint. Complaints will be handled in accordance with Íslandsbanki's rules for handling complaints. Furthermore, the Client may appeal by referring a dispute to the Complaints Committee for Financial Undertakings. The committee is run under the auspices of the Financial Supervisory Authority and an appeal form can be obtained from the Bank or on the website of the Financial Supervisory Authority, [www.en.fme.is](http://www.en.fme.is). Attention is also drawn to Act No. 98/1999 on Deposit Guarantees and an Investor Compensation Scheme.

### 20. Other provisions

#### 20.1. Court Venue

Disputes between the Client and Íslandsbanki stemming from these terms and conditions, violation of terms and conditions or contracts based on them shall be heard before the Reykjavík District Court. Cases due to the international transactions of a client with foreign financial instruments shall be referred to the courts agreed upon in the relevant agreements or according to international laws and regulations.

#### 20.2. Governing law

Icelandic law shall apply to these terms and conditions and the transactions and communication between the Client and Íslandsbanki. The foreign transactions of clients in which Íslandsbanki acts as an intermediary may be subject to the legislation of the country in which the transaction took place or where the financial instrument is registered, unless otherwise agreed upon.