

*This is an English translation.*

*The original Icelandic text, as published in the Law Gazette (Stjórnartíðindi), is the authoritative text. Should there be discrepancy between this translation and the authoritative text, the latter prevails.*

## **REGULATION No. 633/2003 on examinations in securities transactions**

### **Article 1**

#### ***Examination Committee***

The Examination Committee on Securities Transactions is responsible for supervising examinations in securities transactions in accordance with Article 53 of Act No. 161/2002 on financial undertakings. The examination shall be known as a securities transactions examination. The employees of a financial undertaking who are responsible for day-to-day activities connected with transactions in financial instruments, as provided for in Point 6 of paragraph 1 of Article 3 of the Act on financial undertakings, must have passed an examination in securities transactions.

The Minister of Business Affairs shall appoint the Examination Committee for a term of four years. The Committee shall consist of five members. Two shall be nominated by the Cooperation Committee for University Level Education, as provided in Article 24 of the Universities Act No. 136/1997, of which one shall hold a full-time, permanent position at the faculty of business of a university authorised to award degrees in business, and the other shall hold a full-time, permanent position at the faculty of law of a university authorised to graduate lawyers who are exempt from part I of the securities transactions examination. One member of the Examination Committee on Securities Transactions shall be nominated by the Bankers' and Securities Dealers' Association of Iceland and one shall be jointly nominated by stock exchanges and regulated OTC markets pursuant to Act No. 34/1998. One member, the Committee chairman, shall be appointed without nomination. Alternates shall be appointed in the same manner.

Decisions of the Examination Committee are final at the administrative level.

### **Article 2**

#### ***Examination arrangements and fees***

Examinations shall normally be held once a year at a minimum. Holding an examination is not required unless at least 10 participants have registered for the examination. The Examination Committee shall determine the number of examinations. Examinations shall normally be in written form. Examinations shall be advertised in the media with at least eight weeks' notice. The advertisement shall state the location, date and time of the examinations, their duration, the permitted aids and the required minimum grades. The advertisement shall furthermore include information on where the examination requirements and topic can be accessed.

The holding of special re-sit or repeat examinations in connection with examinations pursuant to paragraph 1 is not required.

The Minister shall determine the examination fees on the recommendation of the Examination Committee; they shall be paid before the deadline set by the Examination Committee. Information on the amount of examination fees shall be available no later than two weeks prior to the examination.

### **Article 3**

#### ***Topics of examination***

The Examination Committee shall decide on the topics of securities transactions examinations. The Examination Committee shall draw up a description of the examination topic for the subject in question, which shall be made available on the website of the Ministry of Business Affairs when examinations are announced pursuant to paragraph 1 of Article 2.

Securities transactions examinations shall be made up of three parts: Part I, General Law; Part II, General Business; and Part III, Financial Markets. When making a decision pursuant to paragraph 1, the Examination Committee shall base its decision on the assumption that the subject matter of each part should require knowledge of the following fields:

Part I:

1. The Icelandic legal system and European law, legal theory, guarantees and principles of judicial procedure.
2. Issues in the area of commercial law and company law.
3. Rules on negotiable instruments, mortgages and public registration of title.

Part II:

1. Basic principles of financial theory.
2. Financial markets (basic principles of macroeconomics).
3. Analysis of annual financial reports.

Part III:

1. Legislation and rules on financial markets.
2. Market transactions and business conduct.
3. The main types of securities and currency.
4. The investment process (selection of securities, fund management, investment advice, tax issues).

With the approval of the Minister of Business Affairs, the Examination Committee is authorised to make changes in the fields specified in paragraph 2.

## **Article 4**

### ***Registration and exemptions from taking examinations***

Everyone is permitted to register for a securities transactions examination.

Those who have completed an examination in law which is deemed adequate under the law for admission to practice before the District Court, cf. Point 4 of paragraph 1 of Article 6 of Act No. 77/1998 on attorneys at law, are exempt from taking Part I of the examination as provided in paragraph 2 of Article 3. Those who have earned the right under law to carry the title of business administrator or economist are exempt from taking part II of the examination pursuant to paragraph 2 of Article 3.

The Examination Committee may exempt examinees applying for such exemption from having to take individual sections of Parts I and II of the securities transactions examination. For such exemption to be granted, the examinee must demonstrate in a satisfactory manner, by submitting a certificate from the educational institution in question together with other documents which the Examination Committee may request, that he or she has passed an equivalent examination at the university level in the opinion of the Examination Committee. The Examination Committee may reject an application if it is received less than one month prior to the examination from which an exemption is requested. No exemptions are granted from Part III of the securities transactions examination.

Those who have completed an examination within the European Economic Area which is required for authorisation to manage day-to-day activities related to transactions in financial instruments in the relevant state, are only required to take the section on laws and rules on financial markets of Part III of the securities transactions examination in order to receive a diploma in securities transactions, cf. Council Directive 92/51/EEC of 18 June 2002 on a second general system for the recognition of professional education and training to supplement Directive 89/48/EEC, and Article 2 of Act No. 83/1993 on the recognition of educational qualifications and diplomas.

## **Article 5**

### ***Grading – minimum requirements for passing an examination in securities transactions***

Examination grades are given in increments of 0.5 on a scale of 0-10. In order to pass a securities transactions examination, an examinee must receive a minimum average grade of 7.0 for the examinations taken. An examinee is not deemed to have passed individual examinations if he or she receives a grade below 5.0.

An examinee is entitled to view his or her exam paper if he or she so requests within fifteen days from the assignment of a grade. An examinee is entitled to refer a teacher's assessment of his or her exam paper to the Examination Committee for re-evaluation within two weeks from the assignment of a grade. The Examination Committee may appoint an examiner to review the exam paper of an examinee under the responsibility of the Examination Committee.

The Examination Committee's decision regarding an exam paper is final.

In order to pass a securities transactions examination, an examinee shall have completed all necessary examinations with satisfactory results within three years from taking the first examination.

The Examination Committee shall confirm that an examinee has passed the securities transactions examination.

## **Article 6**

### ***Examination Committee agreements***

The Examination Committee may entrust an independent party with the production of an examination description in the field in question, as well as preparing, reviewing and grading exam papers. In addition, the Examination Committee may negotiate with an independent party on the conduct of examinations.

If a course in securities transactions is not offered, the Examination Committee on Securities Transactions may organise courses in individual fields in preparation for the securities transactions examination. In such cases the Examination Committee may negotiate with other parties on conducting courses in accordance with this paragraph. Course fees shall be decided by the Minister after receiving the proposal of the Examination Committee, unless an agreement is reached with the party conducting the course to the effect that such party will bear financial responsibility for the course.

## **Article 7**

### ***Examination Committee employee***

The Examination Committee is permitted to hire an employee to oversee the preparation and conduct of examinations and courses pursuant to paragraph 2 of Article 6.

## **Article 8**

### ***Entry into force***

This Regulation is issued on the basis of Article 53 of Act No. 161/2002 on financial undertakings. This Regulation is effective immediately. At the same time, Regulation No. 506/2000 on examinations in securities brokerage is repealed.