

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. 707/2008 on provision of information and notification requirements in accordance with Act No. 108/2007 on securities transactions

CHAPTER I

Scope

Article 1

This Regulation covers regular periodic information to be provided by the issuers of financial instruments, other information requirements for issuers, notification on the acquisition or disposal of major proportions of voting rights, the treatment of insider information and insider trading, cf. Chapters VII-IX and XIII of Act No. 108/2007 on securities transactions.

CHAPTER II

Notification of the acquisition or disposal of major proportions of voting rights

Article 2

Notification requirement in special circumstances

A notification requirement which is established as a result of the circumstances specified in point 1 of Article 79 of Act No. 108/2007 on securities transactions, applies jointly to all parties to an agreement.

A notification requirement which is established as a result of the circumstances specified in points 2-8 of Article 79 of Act No. 108/2007 applies to each owner or each natural or legal person specified in Article 79, or both, in cases where the proportion of voting rights controlled by each party exceeds or falls below any of the thresholds referred to in paragraph 1 of Article 78 of the same Act.

Article 3

Notification requirement regarding financial instruments

For the purpose of paragraph 1 of Article 80 of Act No. 108/2007 on securities transactions, 'formal agreement' means an agreement which is legally binding.

With regard to the notification requirement laid down in paragraph 1 of Article 80 of Act No. 108/2007, a party shall add up and report all financial instruments that it holds, directly or indirectly, and which pertain to each individual issuer.

Article 4

Contents of notifications regarding financial instruments

A notification pursuant to Article 80 of Act No. 108/2007 on securities transactions shall include the following information:

- a) the resulting situation in terms of voting rights;
- b) if applicable, the chain of controlled undertakings through which voting rights are effectively held;
- c) the date on which the notification requirement arose;
- d) for instruments with an exercise period, an indication of the date or time period where shares will or can be acquired, if applicable;
- e) the date of maturity or expiration of the financial instrument;
- f) the full name of the holder of the financial instrument; and
- g) the name of the underlying issuer.

For the purposes of subparagraph (a) of paragraph 1, the percentage of voting rights shall be calculated by reference to the total number of votes and the nominal value of share capital as last disclosed under Article 84 of Act No. 108/2007.

If a financial instrument relates to shares in more than one issuer, a separate notification shall be made to each issuer.

Article 5

Calendar of trading days

The Icelandic calendar of trading days applies to issuers whose home state is Iceland as regards:

- a) the time limit for a party required to give notification to communicate the notification under Article 86 of Act No. 108/2007 on securities transactions;
- b) the time limit for issuers to disclose information contained in a notification pursuant to Article 87 of the Act; and
- c) the time limit for issuers to disclose information with regard to the acquisition or disposal of their own shares under Article 93 of the Act.

The Financial Supervisory Authority shall publish on its website the calendar of trading days of all regulated markets situated or operating within its jurisdiction.

Article 6

Maximum length of the usual short settlement cycle

The maximum length of the usual short settlement cycle pursuant to paragraph 1 of Article 88 of Act No. 108/2007 on securities transactions shall be three business days following the transaction (T+3).

Article 7

Control mechanisms in connection with market makers

A market maker seeking to benefit from the exemption from the requirement to give notification provided for in Article 90 of Act No. 108/2007 on securities transactions shall notify to the Financial Supervisory Authority that it conducts, or intends to conduct, market making activities on a particular issuer no later than on the business day following the commencement of the market making. Where the market maker ceases to conduct market making activities on the issuer concerned, it shall notify the Financial Supervisory Authority accordingly.

In the event that a market maker seeking to benefit from the exemption from the requirement to give notification provided for in Article 90 of Act No. 108/2007 is requested by the Financial Supervisory Authority to identify the shares or financial instruments held for market making activity purposes, the identification shall be conducted in such a way that its adequacy can be verified.

Upon the request of the Financial Supervisory Authority, the market maker shall provide the market-making agreement concluded with the issuer concerned pursuant to Article 116 of Act No. 108/2007.

Article 8

Exemptions for parent undertakings

A parent undertaking of a management company or financial undertaking which makes use of the exemption provided for in Articles 91 or 92 of Act No. 108/2007 on securities transactions when fulfilling the notification requirement must not, by giving direct or indirect instructions or in any other way, interfere in the exercise of the voting rights held by that management company or financial undertaking. The parent undertaking must ensure that the management company or financial undertaking concerned is free to exercise, independently of the parent undertaking, the voting rights attached to the assets it manages.

For the purposes of paragraph 1, 'direct instructions' means any instructions given by the parent undertaking, or another controlled undertaking of the parent undertaking, specifying how the voting rights are to be exercised by the management company or financial undertaking in particular cases.

For the purposes of paragraph 1, 'indirect instructions' means any general or particular instruction, regardless of form, given by the parent undertaking, that limits the discretion of the management company or financial undertaking in relation to the exercise of voting rights in order to serve specific business interests of the parent undertaking or another controlled undertaking of the parent undertaking.

Article 9

Parent undertakings' duty of disclosure in connection with an exemption

The parent undertaking of a management company or financial undertaking which intends to make use of the exemption provided for in Articles 91 or 92 of Act No. 108/2007 on securities transactions when fulfilling the notification requirement, must immediately provide the Financial Supervisory Authority with:

- a) a list of the names of those management companies and financial undertakings and information on the competent authorities that supervise them, if applicable; and
- b) a statement on the part of the parent undertaking that in the case of each such management company or financial undertaking, the parent undertaking complies with the conditions laid down in paragraph 1 of Article 8. However, this does not apply in cases where the exemptions provided for in Articles 91 or 92 of Act No. 108/2007 are solely utilised in connection with financial instruments pursuant to Article 80 of the Act.

The parent undertaking shall ensure that the information required under subparagraph (a) of paragraph 1 is updated on an ongoing basis.

Article 10

Parent undertakings' obligations to the Financial Supervisory Authority

The parent undertaking of a management company or financial undertaking shall confirm, to the satisfaction of the Financial Supervisory Authority, that the organisation of the parent undertaking is such that the voting rights of the management company or financial undertaking are exercised independently of the parent undertaking and that the persons who decide how the voting rights are to be exercised act independently.

The requirements of paragraph 1 to the effect that a management company or financial undertaking shall exercise voting rights independently of the parent undertaking shall imply as a minimum that the parent undertaking and the management company or financial undertaking concerned must establish written policies and procedures designed to prevent the exchange of information between the undertakings in relation to the exercise of voting rights.

If the parent undertaking is a client of its management company or financial undertaking, or has holdings in the assets managed by the management company or financial undertaking, the parent undertaking shall be able to demonstrate to the Financial Supervisory Authority that there is a clear written mandate for an arms-length customer relationship between the parent undertaking and the management company or financial undertaking.

CHAPTER III

Publication of information in accordance with Chapters VII-IX and XIII of Act No. 108/2007

Article 11

Publication

An issuer of securities shall make public in the European Economic Area information pursuant to Chapters VII-IX and XIII of Act No. 108/2007 on securities transactions as soon as possible on a non-discriminatory basis, cf. Articles 62, 73, 95, 122 and 127 of the Act. The information shall be disseminated in a manner ensuring that it is simultaneously accessible to as wide a public as possible in every EEA state.

The information shall be communicated to the media in unedited full text. However, in the case of annual financial reports, half-year financial reports and management statements pursuant to Article 59 of Act No. 108/2007, publication shall be deemed satisfactory if the announcement relating to the information is communicated to the media and indicates on which website the information is available.

The information shall be communicated to the media in a manner which ensures the security of communication, minimises the risk of unauthorised access, and provides certainty as to the source of the information. Security of receipt shall be ensured by remedying as soon as possible any failure or disruption in the communication of the information. An issuer of financial instruments which have been admitted to trading on a regulated market, the person who has applied for admission of the issuer's financial instruments to trading on a regulated market without the issuer's consent, or the issuer of financial instruments which are traded on a multilateral trading facility (MTF), shall not be responsible for systemic errors or shortcomings in the media to which the information has been communicated.

Information which is communicated to the media in such a manner shall be communicated in a way which makes clear:

- a) that public disclosure of the information is a requirement;
- c) the identity of the issuer;

- d) the subject matter of the information; and
- e) the time and date of the communication of the information.

The Financial Supervisory Authority shall establish more detailed rules regarding the definition of the term 'media' for the purposes of this Chapter.

Article 12

The Financial Supervisory Authority may require an issuer of financial instruments which have been admitted to trading on a regulated market, the person who has applied for admission of the issuer's financial instruments to trading on a regulated market without the issuer's consent, or the issuer of financial instruments which are traded on an MTF to disclose the following in connection with each publication of information which is subject to a notification requirement:

- a) the full name of the person who communicated the information to the media;
- b) confirmation of the origin of the notification;
- c) the time and date on which the information was communicated to the media;
- d) the medium in which the information was communicated; and
- e) if applicable, details of any restrictions placed by the issuer on the information.

Article 13

Concurrently with the publication the information shall be communicated to the Financial Supervisory Authority

Concurrently with the publication of information pursuant to Chapters VII-IX and XIII of Act No. 108/2007 on securities transactions, the issuer shall communicate the information to the Financial Supervisory Authority, cf. Articles 62, 73, 95, 122 and 127 of Act No. 108/2007. The manner of communication and receipt of the information, as well as the form of notifications, is subject to the rules of the Financial Supervisory Authority.

CHAPTER IV

Official instructions of a state outside the European Economic Area

Article 14

The Register of Annual Accounts and the Financial Supervisory Authority

The Register of Annual Accounts shall assess whether the requirements under the binding administrative provisions of a state outside the European Economic Area are equivalent to the provisions of the Annual Accounts Act No. 3/2006 with reference to Articles 15-19 of this Regulation, and whether the temporary exemption provided for in Article 20 of this Regulation applies to an issuer, cf. paragraph 3 of Article 61 of Act No. 108/2007 on securities transactions.

The Financial Supervisory Authority shall assess whether the requirements under the binding administrative provisions of a state outside the European Economic Area are equivalent to the provisions of Act No. 108/2007, with reference to Articles 21-26 of this Regulation, cf. paragraph 3 of Article 72 and paragraph 4 of Article 94 of Act No. 108/2007.

Article 15

Equivalent requirements with regard to management reports

A state outside the European Economic Area shall be deemed to set equivalent requirements for annual accounts and management reports, cf. Chapters III and VI of the Annual Accounts Act No. 3/2006, where, under the binding administrative provisions of that state, the management report is required to include at least the following information:

- a) a fair review of the development and performance of the issuer's business and of its position, together with a description of the principal risks and uncertainties that it faces, so that the review presents a clear analysis of these factors, consistent with the size and complexity of the business;
- b) an indication of any important events that have occurred since the end of the financial year; and
- c) an indication of the issuer's likely future development.

The review referred to in subparagraph (a) of paragraph 1 shall, to the extent necessary for an understanding of the issuer's development, performance and position, include both financial and, where appropriate, non-financial key performance indicators relevant to the particular business.

Article 16

Equivalent requirements with regard to interim management reports for the first six months of the financial year

A state outside the European Economic Area shall be deemed to set equivalent requirements for interim management reports for the first six months of the financial year, cf. Article 87(b) of the Annual Accounts Act No. 3/2006, where, under the binding administrative provisions of that state, a condensed set of interim financial statements for the first six months of the financial year is required, cf. paragraph 2 of Article 87(a) of the same Act, in addition to the interim management report for the first six months of the financial year, and the interim management report is required to include at least the following information:

- a) a review of the period covered;
- b) indications of the issuer's likely future development for the remaining six months of the financial year; and
- c) for issuers of shares, and if already not disclosed on an ongoing basis, information on transactions between related parties.

Article 17

Equivalent requirements with regard to responsibility for interim financial reports and interim management statements

A state outside the European Economic Area shall be deemed to set equivalent requirements for interim financial reports and interim management statements, cf. Article 87(a) and Article 87(c) of the Annual Accounts Act No. 3/2006, where, under the binding administrative provisions of that state, a person or persons within the issuer are responsible for the interim financial reports for the first six months of the financial year, including the compliance of the interim financial reports with the applicable reporting framework or accounting standards, and for ensuring that the review included in the management report gives a clear picture of the issuer's position.

Article 18

Equivalent requirements with regard to consolidated accounts

A state outside the European Economic Area shall be deemed to set equivalent requirements regarding the obligation of an issuer to prepare consolidated accounts, cf. Article 67 of the Annual Accounts Act No. 3/2006, where, under the binding administrative provisions of that state, the provision of annual accounts by the parent undertaking's controlled undertaking is not required but each issuer whose registered office is in that state is required, in preparing consolidated accounts, to include the following information on the parent undertaking:

- a) for the issuers of shares, dividends computation and ability to pay dividends; and
- b) where applicable, minimum capital, equity requirements and liquidity issues.

In addition to the information required under paragraph 1, the issuer must also be able to provide the competent authority of its home state within the European Economic Area, in accordance with Article 3 of Act No. 108/2007 on securities transactions, with additional audited disclosures giving information on the individual accounts of the issuer, relevant to the information referred to under subparagraphs (a) and (b) of paragraph 1. Those additional disclosures may be prepared under the binding administrative provisions of the state concerned pursuant to paragraph 1.

Article 19

Equivalent requirements with regard to parent undertakings' annual accounts

A state outside the European Economic Area shall be deemed to set equivalent requirements regarding the annual accounts of a parent undertaking, cf. the Annual Accounts Act No. 3/2006, where, under the binding administrative provisions of that state, an issuer whose registered office is in that state is not required to prepare consolidated accounts but is required to prepare the annual accounts of the parent undertaking in accordance with international accounting standards recognised within the European Economic Area pursuant to Article 3 of Regulation (EC) No 1606/2002 of the European Parliament and of the Council on the application of international accounting standards, or in accordance with equivalent national accounting standards of the relevant state outside the European Economic Area.

If the issuer's annual accounts are not in line with the standards referred to in paragraph 1, they must be presented in the form of restated financial statements.

Annual accounts pursuant to paragraph 1 must be audited independently.

Article 20

Temporary exemption from the requirement for equivalent provisions regarding consolidated accounts

For issuers whose registered office is in a state outside the European Economic Area, paragraph 2 of Article 61 of Act No. 108/2007 on securities transactions only applies to the issuer's consolidated accounts for the operating years beginning in January 2009 or later. Until that time, an issuer whose registered office is in a state outside the European Economic Area may therefore prepare consolidated accounts and interim consolidated accounts for the first six months of the financial year in accordance with the binding administrative provisions of the state in which its registered office is located, even if they are not deemed equivalent to the provisions of law on annual accounts, provided that one of the following conditions is fulfilled:

1. The notes to the accounts include an unequivocal and unlimited statement to the effect that they are in line with international accounting standards in accordance with International Accounting Standard 1 (IAS 1)
2. The accounts are prepared in accordance with the Generally Accepted Accounting Principles (GAAP) of the United States, Japan or Canada.
3. The accounts are prepared in accordance with the Generally Accepted Accounting Principles (GAAP) of a state outside the European Economic Area other than the United States, Japan or Canada, and the following conditions are complied with:
 - a) The relevant state outside the European Economic Area, which is responsible for the national accounting standards in question, has publicly undertaken, before the beginning of the financial year to which the accounts relate, to coordinate its standards with international accounting standards.
 - b) the authorities of the state concerned have established a work plan demonstrating the intention to achieve harmonisation of accounting standards prior to 31 December 2008; and
 - c) the issuer in question procures documents deemed satisfactory by the Register of Annual Accounts which demonstrate that the conditions of subparagraphs (a) and (b) have been met.

Article 21

Equivalent requirements with regard to management statements

A state outside the European Economic Area shall be deemed to set equivalent requirements regarding management statements, cf. Article 59 of Act No. 108/2007 on securities transactions, where, under the binding administrative provisions of that state, an issuer is required to prepare interim financial reports for the first three and first nine months of the financial year.

Article 22

Equivalent requirements regarding the time limit for issuers to disclose information contained in a notification

A state outside the European Economic Area shall be deemed to set equivalent requirements regarding the time limit for issuers to disclose information contained in a notification, cf. Article 87 of Act No. 108/2007 securities transactions, where, under the binding administrative provisions of that state, the time period within which an issuer whose registered office is in that state must be notified by a party required to give notification and within which it must disclose to the public the information contained in this notification is in total equal to or shorter than seven trading days.

Article 23

Equivalent requirements regarding own shares

A state outside the European Economic Area shall be deemed to set equivalent requirements regarding an issuer's own shares, cf. Article 93 of Act No. 108/2007 on securities transactions, where, under the binding administrative provisions of that state, an issuer whose registered office is in that state:

- a) is allowed to hold up to a maximum of 5% of its own shares to which voting rights are attached and is required to notify whenever this threshold is reached or crossed;
- b) is allowed to hold up to a maximum of between 5% and 10% of its own shares to which voting rights are attached and is required to notify whenever the 5% threshold or that maximum threshold is reached or crossed;
- c) is allowed to hold more than 10% of its own shares to which voting rights are attached and is required to make a notification whenever the 5% threshold or the 10% threshold is reached or crossed.

Article 24

Equivalent requirements regarding changes to share capital or voting rights

A state outside the European Economic Area shall be deemed to set equivalent requirements regarding changes to share capital or voting rights, cf. Article 84 of Act No. 108/2007 on securities transactions, where, under the binding administrative provisions of that state, an issuer whose registered office is in that state is required to disclose to the public any changes to the total number of shares and voting rights within 30 calendar days after an increase or decrease of such shares and/or voting rights has occurred.

Article 25

Equivalent requirements regarding shareholders' meetings

A state outside the European Economic Area shall be deemed to set equivalent requirements regarding shareholders' meetings, cf. point 1 of paragraph 3 of Article 70 of Act No. 108/2007 on securities transactions, where, under the binding administrative provisions of that state, an issuer whose registered office is in that state is required, at a minimum, to provide public information on the place, time and agenda of shareholders' meetings.

Article 26

Equivalent requirements regarding the independence of parent undertakings

A state outside the European Economic Area shall be deemed to set equivalent requirements regarding independence vis-à-vis a parent undertaking, cf. paragraph 2 of Article 91 and paragraph 2 of Article 92 of Act No. 108/2007 on securities transactions, where, under the binding administrative provisions of that state, a management company or financial undertaking authorised to engage in securities transactions shall be free in all situations to exercise, independently of its parent undertaking, the voting rights attached to the assets it manages, and the management company or financial undertaking must disregard the interests of the parent undertaking or of any other controlled undertaking of the parent undertaking whenever conflicts of interest arise.

The parent undertaking shall comply with the provisions of subparagraph (a) of paragraph 1 of Article 9 of this Regulation regarding the obligation to disclose information to the competent authority. In addition, it shall make a statement that, in the case of each management company or financial undertaking concerned, the parent undertaking complies with the conditions laid down in paragraph 1 regarding independence.

The parent undertaking shall be able to demonstrate to the Financial Supervisory Authority that the provisions of Article 10 of this Regulation are respected.

CHAPTER V

Final provisions

Article 27

Transposition

This Regulation is issued on the basis of Articles 65, 76, 98 and 131 of Act No. 108/2007 on securities transactions.

This Regulation is issued for the transposition of Commission Directive 2007/14/EC laying down detailed rules for the implementation of certain provisions of Directive 2004/109/EC of the European Parliament and of the Council on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market, to which reference is made in Annex IX to the EEA Agreement, as amended by a Decision of the EEA Joint Committee No. 10/2008 of 1 February 2008, and Commission Decision 2006/891/EC on the use by third country issuers of information prepared under internationally accepted accounting standards, to which reference is made in Annex IX to the EEA Agreement, as amended by a Decision of the EEA Joint Committee No. 50/2007 of 8 June 2007.

Article 28

Entry into force

This Regulation is effective immediately.

On its entry into force, Regulation No. 433/1999 on the disclosure requirements of issuers, stock exchange members, and holders of securities listed on a stock exchange, is repealed.