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No. XXX

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RULES **on foreign exchange**

CHAPTER I **Cross-border movement of capital**

Article 1

Definition

Cross-border movement of capital shall mean the transfer or transport of capital across national borders and the transfer or transport of capital between residents and non-residents; cf. Article 1 of Act no. 87/1992. It follows from the first sentence that the transfer of funds between residents and non-residents always entails cross-border movement of capital, irrespective of whether such transfer or transport takes place by withdrawal from an account with a financial undertaking in Iceland and deposit to an account with a financial undertaking abroad, or vice versa, by transfer between two accounts with financial undertakings in Iceland, and/or by transfer between two accounts with financial undertakings abroad. Furthermore, the transfer and transport of capital to and from Iceland, where the funds are transferred from an account with a financial undertaking in Iceland to an account with a financial undertaking abroad, or vice versa, always entails cross-border movement of capital, irrespective of whether or not the funds are being transferred between accounts owned by the same party.

CHAPTER II **Foreign exchange transactions and cross-border movement of foreign currency**

Article 2

Payments for transactions with goods and services

The term *payments for transactions with goods and services* in the sense of Article 13(b), Paragraph 2, Item 1 and the first sentence of Article 13(c), Paragraph 2 of Act no. 87/1992 refers to all payments that are considered a normal part of such transactions; e.g., reimbursement of overpayments, discounts, cancelled orders, and the like. Also falling under this category are payments for the purchase of transport equipment for personal use and of transport equipment, machinery, and commodities that are a normal part of a party's commercial activities.

Article 3

Wage and salary payments

The term *wages* in the sense of Article 13(b), Paragraph 2, Item 2 of Act no. 87/1992 refers, among other things, to remuneration for work and wage-related expenses; student loans; unemployment benefits; pension benefits, including old-age and disability pensions and other social assistance payments; and other comparable payments. The term *wage-related expenses* refers, among other things, to payroll taxes, legally required pension contributions, vacation pay remittances, and union dues.

Article 4

Gifts and grants

Purchases of foreign currency from a financial undertaking in Iceland and/or cross-border transfers of foreign currency that are demonstrably due to gifts and grants from non-residents to residents, such as individuals, charitable organisations, or comparable parties, are authorised up to an amount equivalent to 6,000,000 kr. per calendar year. Capital transfers due to gifts and grants shall be deposited to an account owned by the recipient of the gift or grant.

The donor and grantor pursuant to Paragraph 1 of this Article and Article 13(b), Paragraph 2, Item 3, cf. Article 13(c), Paragraph 2, of Act no. 87/1992 shall be the beneficial owners of the funds given as a gift or grant. If suspicion arises that the donor or grantor is not the beneficial owner of the funds in question, the financial undertaking acting as an intermediary for the foreign exchange transaction and/or movement of capital shall reject the request for the transaction. The donor and the recipient, or the grantor and the grantee, may not be one and the same party.

Article 5

Interest, indexation, contractual instalments, and dividends

Residents are only authorised to carry out foreign exchange transactions and cross-border movement of capital on the basis of Article 13(b), Paragraph 2, Item 4, cf. Article 13(c), Paragraph 2 and Article 13(j), of Act no. 87/1992 in order to remit payments to non-residents in accordance with that provision. Non-residents are only authorised to carry out foreign exchange transactions and movement of capital on the basis of Article 13(b), Paragraph 2, Item 4 of the same Act, cf. Article 13(c), Paragraph 2 and Article 13(j) of the Act, in connection with payments received from residents in this country.

Capital gains are not covered by Article 13(j) of Act no. 87/1992.

Requests for Central Bank of Iceland confirmation pursuant to Article 13(j), Paragraph 9 of Act no. 87/1992 of foreign exchange transactions and cross-border movement of foreign currency on the basis of Article 13(b), Paragraph 2, Item 4, cf. Article 13(c), Paragraph 2 of the Act, shall be sent by the financial undertaking acting as an intermediary for the foreign exchange transactions and movement of capital. The contents of requests for confirmation or notifications shall be as is provided for in Chapter IV.

Article 6

Authorisations pursuant to Article 13(b), Paragraph 2, Item 6 and Article 13(c), Paragraph 2 of Act no. 87/1992

The following cross-border transfers of foreign currency shall not count towards the maximum amount pursuant to Article 13(b), Paragraph 2, Item 6 of Act no. 87/1992 and are therefore exempt from the notification requirement laid down in Point (d) of that Item:

1. Importation and/or exportation of foreign securities between custodial accounts owned by the same party.
2. Reinvestment pursuant to Article 13(e), Paragraph 1 of Act no. 87/1992 and Article 7 of these Rules.
3. Receipt by a resident of a gift or inheritance owing to him/her in accordance with an inheritance report confirmed by a Commissioner.

A party that exercises the authorisation pursuant to Article 13(b), Paragraph 2, Item 6 of Act no. 87/1992 or transfers it pursuant to Article 13(n), Paragraph 15 of the same Act shall be the beneficial owner of the funds. If suspicion arises that the proposed foreign exchange transaction and/or cross-border capital transfer on the basis of this provision is financed by a third party, the financial undertaking acting as an intermediary for the foreign exchange transaction and/or movement of capital, or the transferee pursuant to Article 13(n), Paragraph 15, shall reject the request for the transaction.

Notwithstanding the provisions of the second sentence of Article 13(c), Paragraph 2 of Act no. 87/1992, it is permitted to purchase foreign currency from a domestic financial undertaking in connection with movement of capital according to Article 13(b), Paragraph 2, Item 6 of the Act when payment is made to a resident.

The disposal of foreign currency deriving from the exercise of the authorisation provided for in Article 13(b), Paragraph 2, Item 6 or the fifth sentence of Article 13(c), Paragraph 2 of Act no. 87/1992 is exempt from the restrictions described in Article 13(b), Paragraphs 1 and

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2; Article 13(e), Paragraph 1; and the obligation of the parties as laid down in Article 13(l), Paragraph 1 of the Act.

Purchases of foreign currency and/or movement of capital pursuant to Article 13(b), Paragraph 2, Item 6 and Article 13(c), Paragraph 2 of Act no. 87/1992 count only once towards the maximum amount specified for each party in Article 13(b), Paragraph 2, Item 6 of the Act.

A transferee pursuant to Article 13(n), Paragraph 15 of Act no. 87/1992 that exercises another's authorisations pursuant to Article 13(b), [Paragraph 2], Item 6 of the same Act shall present a statement that he has received transferred authorisations on the basis of Article 13(n), Paragraph 15 of the Act for at least the equivalent of the foreign exchange transaction and/or movement of capital to the financial undertaking acting as an intermediary for the foreign exchange transaction and/or movement of capital.

The contents and procedure for notifications due to prepayment or retirement of obligations shall be as is provided for in Article 25 of these Rules.

The contents and procedure for notifications of investments in securities, unit share certificates in mutual and investment funds, money market instruments, other negotiable financial instruments, monetary claims, and other comparable claims in foreign currency shall be as is provided for in Article 26 of these Rules.

The contents and procedure for notifications due to importation and exportation of domestic securities shall be as is provided for in Article 27 of these Rules.

The contents and procedure for notifications due to purchases of foreign currency and deposits and cash withdrawals in foreign currency shall be as is provided for in Article 28 of these Rules.

The reporting requirement laid down in Article 13(b), Paragraph 2, Item 6, Point (d) applies only to the initial exercise of the authorisation in Article 13(b), Paragraph 2, Item 6 and/or Article 13(c), Paragraph 2 of Act no. 87/1992; cf., however, Article 14, Paragraph 2 of the Act.

Article 7

Reinvestment

Parties that have invested in monetary claims in foreign currency and other comparable claims are authorised to use funds released by the sale or redemption or such claims or deriving from payments of interest and principal on such claims, partially or in their entirety, for any type of foreign investment.

Notwithstanding the second sentence of Article 13(e), Paragraph 1 of Act no. 87/1992, it is permissible to use funds released upon sale or redemption, or deriving from dividend payments or payments of interest and principal, partially or in their entirety, for any type of foreign investment after six months' time.

Funds according to Paragraphs 1 and 2 are exempt from the repatriation requirement pursuant to Article 13(l) of the same Act.

Article 8

Authorisations for individuals under age 18

Individuals under the age of 18 are authorised to purchase or withdraw foreign currency in cash from a financial undertaking in Iceland, in an amount ranging up to the equivalent of 6,000,000 kr. The authorisation provided for in the first sentence is subject to the requirement that it be demonstrated that the individual, or his/her legal guardian, is the beneficial owner of the funds used for the foreign exchange purchase or cash withdrawal.

Individuals under the age of 18 are also authorised to receive financial instruments issued in foreign currency as gifts or as inheritance payable to them in accordance with an inheritance report confirmed by a Commissioner.

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The financial undertaking that handles the cash withdrawal described in Paragraph 1 must report the cash withdrawal within five working days. The contents and procedure for notifications shall be as is provided for in Article 28 of these Rules.

Article 9

Transfer of investment authorisations

The transfer of authorisations pursuant to Article 13(b), Paragraph 2, Item 6 of Act no. 87/1992 to insurance companies and financial undertakings on the basis of contractual agreements concerning payment of premiums for acquisition of third-pillar pension savings or supplemental insurance, and pursuant to agreements concerning investment plan insurance, single-premium insurance, and regular savings, is permissible only on the basis of payments of premiums and not on the basis of accumulated rights or principal.

Transfers pursuant to Article 13(n), Paragraph 15 of Act no. 87/1992 are irrevocable to the extent that the transferee exercises the transferred authorisation for investments in foreign currency pursuant to Article 13(b), Paragraph 2, Item 6 of the same Act.

Funds operating pursuant to the Act on Mutual Funds, Investment Funds, and Institutional Investment Funds and insurance companies and financial undertakings that offer collective investment in foreign currency shall prepare a standard form, which may be in electronic format, for the transfer of authorisations pursuant to Article 13(b), Paragraph 2, Item 6, cf. the third sentence of Article 13(n), Paragraph 15, of Act no. 87/1992, specifying the date of the transfer and the amount of the transferred authorisation.

The revocation of an unexercised authorisation shall be made in writing and reported to the Central Bank of Iceland; cf. Article 13(n), Paragraph 15 of Act no. 87/1992.

The contents and procedures for notifications due to the transfer of investment authorisations and revocation of transfers shall be as is provided for in Article 40 of these Rules.

Article 10

Direct investment

Notwithstanding the conditions laid down in Article 13(b), Paragraph 2, Item 7 of Act no. 87/1992, a resident's purchase of a holding of less than 10% of shares in a commercial enterprise shall also be considered direct investment if the investor's holding exceeds 10% after the purchase. Furthermore, long-term lending to a commercial enterprise in which the lender owns 10% or more of share capital shall be considered direct investment.

The contents and procedures for notifications due to direct investment shall be as is provided for in Article 29 of these Rules.

A party that exercises the authorisation pursuant to Article 13(b), Paragraph 2, Item 7 of Act no. 87/1992 shall be the beneficial owner of the funds. If suspicion arises that the party is not the beneficial owner of the funds in question, the financial institution acting as an intermediary for the foreign exchange transaction and/or movement of capital shall reject the request for the transaction.

Article 11

Living expenses

The term living expenses in the sense of Article 13(b), Paragraph 2, Item 9 of Act no. 87/1992 applies to necessary and reasonable expenses incurred by an individual and his or her family, such as housing, food, clothing, medical care, and the like, that will demonstrably occur abroad.

In considering an individual's purchase of foreign currency for living expenses in the current calendar year, and the capital movements related thereto, financial undertakings acting as intermediaries for the foreign exchange transactions and capital movement are authorised to consider the individual's expenses during the previous calendar year.

It is permissible to purchase foreign currency and export it for living expenses pursuant to Article 13(b), Paragraph 2, Item 9, cf. Article 13(c), Paragraph 2 of Act no. 87/1992, up to one month before the expenses are incurred.

Expenses incurred more than six months previously shall not be considered living expenses in the sense of Article 13(b), Paragraph 2, Item 9 of Act no. 87/1992.

Article 12

Child support payments abroad

Purchases of foreign currency from a financial undertaking in Iceland and/or cross-border transfers of foreign currency that are demonstrated to be due to the payment of child support abroad are exempt from Article 13(b), Paragraphs 1 and 2 and Article 13(c), Paragraph 2 of Act no. 87/1992.

Article 13

Payment of taxes, public levies, and other remittances

Residents are authorised to purchase foreign currency from a financial undertaking in Iceland and transfer it to an account with a financial undertaking abroad on the basis of Article 13(b), Paragraph 2, Item 10, cf. Article 13(c), Paragraph 2, of Act no. 87/1992 for payments of taxes and public levies abroad.

Non-residents are authorised to purchase foreign currency from a financial undertaking in Iceland and transfer it to an account with a financial undertaking abroad on the basis of Article 13(b), Paragraph 2, Item 10, cf. Article 13(c), Paragraph 2, of Act no. 87/1992 for overpayments of taxes and public levies for which they have been reimbursed in Iceland.

Non-residents are authorised to purchase foreign currency from a financial undertaking in Iceland and transfer it to an account with a financial undertaking abroad on the basis of Article 13(b), Paragraph 2, Item 10, cf. Article 13(c), Paragraph 2, of Act no. 87/1992 for court costs paid to them pursuant to the order of a court in Iceland or a judicial settlement.

Residents are authorised to purchase foreign currency from a financial undertaking in Iceland and transfer it to an account with a financial undertaking abroad on the basis of Article 13(b), Paragraph 2, Item 10, cf. Article 13(c), Paragraph 2, of Act no. 87/1992 for court costs that they are required to pay pursuant to the order of a court abroad or a judicial settlement.

Non-residents are authorised to purchase foreign currency from a financial undertaking in Iceland and transfer it to an account with a financial undertaking abroad on the basis of Article 13(b), Paragraph 2, Item 10, cf. Article 13(c), Paragraph 2, of Act no. 87/1992 for accident benefits or compensatory damages that they have received from a domestic insurance company or pursuant to the order of a court in Iceland or a judicial settlement.

Residents are authorised to purchase foreign currency from a financial undertaking in Iceland and transfer it to an account with a financial undertaking abroad on the basis of Article 13(b), Paragraph 2, Item 10, cf. Article 13(c), Paragraph 2, of Act no. 87/1992 for accident benefits and compensatory damages that they are required to pay pursuant to the order of a court abroad or a judicial settlement.

Non-residents are authorised to purchase foreign currency from a financial undertaking in Iceland and transfer it to an account with a financial undertaking abroad on the basis of Article 13(b), Paragraph 2, Item 10, cf. Article 13(c), Paragraph 2, of Act no. 87/1992 for an inheritance that they have received in Iceland. The aforementioned authorisation extends also to the sale proceeds of financial instruments issued in domestic currency and received by a non-resident in accordance with an inheritance report confirmed by a Commissioner; cf. Article 18 of these Rules.

Non-residents are authorised to purchase foreign currency from a financial undertaking in Iceland and transfer it to an account with a financial undertaking abroad on the basis of Article 13(b), Paragraph 2, Item 10, cf. Article 13(c), Paragraph 2, of Act no. 87/1992 for payments of taxes and public levies abroad.

Article 14

Real estate purchases

The term *real estate transaction* in the sense of Article 13(b), Paragraph 2, Item 11 of Act no. 87/1992 applies to an individual's investment in real estate or purchase of residence rights abroad. Requests for Central Bank of Iceland confirmation of real estate transactions pursuant to Article 13(b), Paragraph 2, Item 11 of Act no. 87/1992, shall be sent by the financial undertaking acting as an intermediary for the foreign exchange transactions and movement of capital. If the real estate transaction takes place without the involvement of a domestic financial undertaking, the purchaser of the property shall request Central Bank of Iceland confirmation him- or herself. The request for confirmation pursuant to Article 13(b), Paragraph 2, Item 11 of Act no. 87/1992 shall be accompanied by a copy of the signed purchase agreement or agreement for the purchase of residence rights. The contents of requests for confirmation shall be as is provided for in Article 30 of these Rules.

Notwithstanding the provisions of Article 13(b), Paragraph 2, Item 11 and Article 13(l), Paragraph 2, Item 5 of Act no. 87/1992, it is permissible to use funds released by the sale of an individual's real estate abroad or deriving from the payment of compensation for damage to such real estate to invest in another property in six months' time. Funds according to the first sentence are exempt from the repatriation requirement pursuant to Article 13(l) of the same Act.

Article 15

Insurance and supplemental pension insurance

Payment of premiums on the basis of an insurance contract that does not entail saving or accumulation of principal shall be considered the purchase of a service pursuant to Article 13(b), Paragraph 2 and Article 13(c), Paragraph 3 of Act no. 87/1992. The term insurance according to the first sentence includes insurance under which the rights holder only expects insurance benefits if he or she sustains a loss that the insurance is intended to cover.

Payment of premiums on the basis of an agreement for regular periodic savings and investment plan life insurance is not considered the purchase of a service pursuant to Article 13(b), Paragraph 2 and Article 13(c), Paragraph 2 of Act no. 87/1992. The term investment plan life insurance according to the first sentence includes life insurance products where the purpose of the contributions, either those made either as regular premiums or those made as a single premium, is the accumulation of principal, either in full or in part, and where the accumulated amount is available for disbursement as a single payment or as regular payments without the occurrence of an event that the insurance is intended to cover.

Payment of premiums on the basis of acquisition of third-pillar pension savings or pension rights on the basis of an agreement for supplemental insurance protection, cf. Chapter II of the Act on Mandatory Insurance of Pension Rights and on Activities of Pension Funds, no. 129/1997, is not considered the purchase of a service pursuant to Article 13(b), Paragraph 2, and Article 13(c), Paragraph 2 of Act no. 87/1992. For the purposes of this provision, supplemental insurance protection shall mean insurance protection in excess of the minimum protection defined by pension funds and paid for via contributions pursuant to a separate contract on third-pillar pension savings with the parties specified in Article 8, Paragraph 3, Subparagraphs 1-3 of the Act on Mandatory Insurance of Pension Rights and on Activities of Pension Funds, no. 129/1997.

Article 16

Investment in financial instruments issued in foreign currency by residents

Notwithstanding the first sentence of Article 13(e), Paragraph 1 of Act no. 87/1992, residents are authorised to invest in securities, unit share certificates in mutual and investment funds, money market instruments, or other negotiable financial instruments issued by residents

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in foreign currency, where the seller is another resident, subject to the maximum provided for in Article 13(b), Paragraph 2, Item 6 of the Act. Furthermore, residents are authorised to purchase foreign currency from a financial undertaking in Iceland for investments according to the first sentence.

Residents are authorised to receive financial instruments issued in foreign currency as a gift or an inheritance owing to them in accordance with an inheritance report confirmed by a Commissioner, when the donor or benefactor is another resident. Receipt according to the first sentence is not deducted from the maximum amount specified in Article 13(b), Paragraph 2, Item 6 of the Act.

The Central Bank of Iceland must be notified of the investment according to Paragraph 1 within five business days. The contents of notifications shall be as is provided for in Article 26 of these Rules.

Article 17

Interest on money market loans

Notwithstanding the provisions of Article 13(j), Paragraph 2 of Act no. 87/1992, foreign exchange transactions and movement of capital related to interest payments on money market loans in domestic currency, where the borrower is a domestic financial undertaking and a non-resident is the lender, are exempt from the same Act; cf. Article 13(b), Paragraph 2; Article 13(b), Paragraph 3, Item 1; and Article 13(c), Paragraph 2 of the Act.

The term *money market loan* according to Paragraph 1 refers to a short-term agreement for a loan granted in domestic currency by a non-resident to a resident financial undertaking, providing for the deposit of the agreed amount to the resident financial undertaking's account in Iceland on the initial payment date and the repayment of the same amount to the non-resident on the maturity date, plus accrued interest, both of which were agreed upon at the outset.

CHAPTER III

Cross-border movement of domestic currency

Article 18

Inheritance

Non-residents are authorised, according to Article 13(b), Paragraph 3, Item 4 of Act no. 87/1992, to accept domestic currency payments to their account with a financial institution in Iceland in connection with an inheritance that they have received in accordance with an inheritance report confirmed by a Commissioner if the payment is made by withdrawal of the payer's account with a financial institution in Iceland.

Non-residents are authorised, according to Article 13(b), Paragraph 3, Item 4 of the Act, to receive securities and other financial instruments that are issued in domestic currency and held in custody with a financial undertaking in Iceland in connection with an inheritance payable to them in accordance with an inheritance report confirmed by a Commissioner, provided that custodianship of the securities remain in Iceland.

Article 19

Investment in financial instruments issued in domestic currency by withdrawal from an account with a domestic financial undertaking

Cross-border movement of capital pursuant to Article 13(b), Paragraph 3, Item 6 of Act no. 87/1992 is authorised in connection with transactions with financial instruments issued in domestic currency and specified on the Central Bank of Iceland's list, where payment is made in domestic currency from the purchaser's account with a financial undertaking in Iceland. The list pursuant to the first sentence is published on the Central Bank of Iceland website.

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Sales proceeds or other payments deriving from financial instruments pursuant to Paragraph 1 shall be deposited to the seller's domestic currency account with a financial undertaking in Iceland.

Foreign financial undertakings' domestic currency accounts (Vostro accounts) are not considered accounts with financial undertakings in Iceland; cf. Article 13(b), Paragraph 5 of Act no. 87/1992.

Article 20

Investment in financial instruments issued in domestic currency by withdrawal from an account owned by a foreign financial undertaking (Vostro account)

Cross-border movement of capital pursuant to Article 13(b), Paragraph 3, Item 6 due to transactions with financial instruments issued in domestic currency that are specified on the Central Bank of Iceland's list, where payment is made in domestic currency from accounts owned by a foreign financial undertakings (Vostro accounts), is exempt from the prohibition set forth in Article 13(b), Paragraph 3 of the Act. The list pursuant to the first sentence is published on the Central Bank of Iceland website.

Sales proceeds or other payments deriving from financial instruments pursuant to Paragraph 1 shall be deposited to the accounts owned by the foreign financial undertakings (Vostro accounts).

Article 21

Foreign financial undertakings' authorisations pursuant to Article 13(b), Paragraph 2, Item 6 of Act no. 87/1992

Notwithstanding Article 13(b), Paragraphs 3 and 5 of Act no. 87/1992, cross-border movement of capital from a foreign financial undertaking's domestic currency account (Vostro account) is authorised if it is demonstrated that the funds are to be used to exercise authorisations according to Article 13(b), Paragraph 2, Item 6 and Article 13(c), Paragraph 2 of the Act.

The authorisation in Paragraph 1 does not apply, however, when payment is made by withdrawal from an account subject to special restrictions in the sense of the Act on the Treatment of Króna-Denominated Assets Subject to Special Restrictions, no. 37/2016.

Article 22

Movement of capital for payment of premiums pursuant to agreements for acquisition of third-pillar pension savings, investment plan insurance, single-premium life insurance, and regular savings

Cross-border movement of capital for payment of premiums allocated to the accumulation of third-pillar pension savings or pension rights on the basis of a supplemental insurance agreement in domestic currency, cf. Chapter II of Act no. 129/1997, where payment is made in foreign currency from an employer's account with a domestic financial undertaking, an employee's account with a domestic financial undertaking, or an account owned by a resident legal entity that handles the collection of such premiums and held at a domestic financial undertaking, to an account held at a domestic financial undertaking and owned by a non-resident custodian authorised to operate in this country pursuant to Chapter II of Act no. 129/1997 shall be exempt from the prohibition provided for in Article 13(b), Paragraph 3 of Act no. 87/1992.

Cross-border movement of capital for payment of premiums used, partially or in their entirety, to accumulate rights or benefits on the basis of an agreement concluded in domestic currency for investment plan insurance, single-premium insurance, or regular periodic savings with a non-resident insurance company, where payment is made by transfer of domestic currency from the rights holder's account with a financial undertaking in Iceland to the

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insurance company's account with a financial undertaking in Iceland, shall be exempt from the prohibition in Article 13(b), Paragraph 3 of Act no. 87/1992.

Custodians of pension rights, cf. Paragraph 1, and insurance companies, cf. Paragraph 2, are authorised to conduct transactions with financial instruments issued in domestic currency by residents and with real estate in Iceland, using the domestic currency they receive in Iceland from payment of premiums pursuant to Paragraph 2.

Funds released through payouts made on the basis of an agreement pursuant to Paragraph 1 when the contractual rights holder begins drawing pension benefits pursuant to the Act on Mandatory Insurance of Pension Rights and on Activities of Pension Funds, no. 129/1997, and funds released through payouts pursuant to Temporary Provision VIII of Act no. 129/1997 and on the basis of contractual agreements pursuant to Paragraph 2 shall be exempt from the prohibition set forth in Article 13(b), Paragraph 3 of Act no. 87/1992, and shall be paid in domestic currency to the rights holder's account with a financial undertaking in Iceland.

Article 23

Gifts and grants in domestic currency

Notwithstanding Article 13(b), Paragraph 3 of Act no. 87/1992, cross-border transfers of domestic currency are authorised if they are demonstrated to be due to gifts or grants to individuals, charitable organisations, comparable parties, etc., in an amount ranging up to the equivalent of 6,000,000 kr. per calendar year, when payment is made by withdrawal from an account held by the payer with a financial undertaking in Iceland. Movement of capital for gifts and grants shall be deposited to an account owned by the recipient, and the donor or grantor shall be the beneficial owner of the funds in question. If suspicion arises that the donor or grantor is not the beneficial owner of the funds in question, the financial undertaking acting as an intermediary for the movement of capital shall reject the request for the transaction. The donor and the recipient, or the grantor and the grantee, may not be one and the same party.

Foreign financial institutions' domestic currency accounts (Vostro accounts) are not considered accounts with financial institutions in Iceland in the sense of Paragraph 1.

The authorisation in Paragraph 1 does not apply, however, when payment is made by withdrawal from an account subject to special restrictions in the sense of the Act on the Treatment of Króna-Denominated Assets Subject to Special Restrictions, no. 37/2016.

CHAPTER IV

Requests for confirmation and notifications pursuant to Act no. 87/1992

Article 24

Non-residents' sale of financial instruments issued in domestic currency

Cross-border movement of capital due to transactions with financial instruments issued in domestic currency, other than those instruments listed in Articles 19 and 20 and Article 22, Paragraph 3, where the seller is a non-resident and the buyer a resident, are exempt from the prohibitions set forth in Article 13(b), Paragraph 3 of Act no. 87/1992, upon receiving confirmation from the Central Bank.

Financial undertakings acting as intermediaries for transactions or settlement of transactions according to Paragraph 1 shall request confirmation of the transactions from the Central Bank of Iceland at the e-mail address ge.gagnaskil@sedlabanki.is.

Requests for confirmation pursuant to Paragraph 2 shall contain the following information and data, as appropriate:

- a. Date of the proposed sale.
- b. Seller's name/title and national identification number.
- c. Seller's country/domicile.
- d. Identity number/Name of issue.
- e. ISIN number of issue.

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- f. Nominal value.
- g. Estimated sale value.
- h. Name and national identification number of securities custodian.
- i. Buyer's name/title, national identification number, and address.
- j. Information on when and how payment of the original purchase price of the financial instrument was carried out.

If the Central Bank has provided confirmation of the transactions pursuant to Paragraph 1, the settlement receipt for the sale of the securities, confirmed by the financial undertaking concerned, shall be sent to the Central Bank at the same e-mail address within two weeks of the date of the confirmation; otherwise, the confirmation shall expire.

Sales proceeds and other payments deriving from transactions with financial instruments pursuant to Paragraph 1 which fall under Article 2, Item 1 of the Act on the Treatment of Króna-Denominated Assets Subject to Special Restrictions, no. 37/2016, shall be deposited to an account owned by the seller and subject to special restrictions pursuant to the same Act.

Sales proceeds and other payments deriving from transactions with financial instruments pursuant to Paragraph 1, other than those falling under Paragraph 5, shall be deposited to the seller's domestic currency account with a financial undertaking in Iceland.

Article 25

Notifications of prepayment and retirement of loans in foreign currency

Notifications to the Central Bank of Iceland concerning foreign exchange transactions and/or cross-border movement of capital for prepayment and settlement of loans in foreign currency pursuant to Article 13(b), Paragraph 2, Item 6 and the fifth sentence of Article 13(c), Paragraph 2 of Act no. 87/1992 shall be sent by the financial undertaking acting as an intermediary for the foreign exchange transactions and/or movement of capital before they are carried out. If payment takes place without the involvement of a domestic financial undertaking, the payer him- or herself shall notify the Central Bank.

Notifications pursuant to Paragraph 1 shall contain the following information and data, as appropriate:

- a. Date of the proposed payment.
- b. Name and national identification number of the payer.
- c. Payer's address.
- d. IBAN number of account for withdrawal.
- e. Name of lender.
- f. Lender's address/domicile.
- g. Outstanding balance of loan before payment.
- h. Amount of proposed payment.
- i. Amount of foreign exchange transaction, in Icelandic krónur.
- j. Documentation demonstrating the obligation; e.g., loan agreement.

Notifications and documentation pursuant to Paragraph 1 shall be sent in electronic form to the Central Bank of Iceland, in accordance with the Central Bank's guidelines on the implementation of these Rules, cf. Article 41, which are published on the Bank's website. A financial undertaking acting as an intermediary for foreign exchange transactions and/or movement of capital may, upon prior consultation with the Central Bank, fulfil the notification obligation pursuant to Paragraph 1 automatically.

Article 26

Notifications of investments in securities, unit share certificates in mutual and investment funds, money market instruments, other negotiable financial instruments, monetary claims, and other comparable claims in foreign currency

Notifications to the Central Bank of Iceland concerning investments in securities, unit share certificates in mutual and investment funds, money market instruments, other negotiable

financial instruments, monetary claims, and other comparable claims in foreign currency pursuant to Article 13(b), Paragraph 2, Item 6 of Act no. 87/1992 and Article 16, Paragraph 3 of these Rules shall be sent by the financial undertaking acting as an intermediary for the movement of capital within five business days. If transactions take place without the involvement of a domestic financial undertaking, the investor him- or herself shall notify the Central Bank.

Notifications pursuant to Paragraph 1 shall contain the following information, as appropriate:

- a. Date of investment.
- b. Name and national identification number of investor.
- c. Address of investor.
- d. IBAN number of account for withdrawal.
- e. Type of investment (stock, bond, unit share certificates, money market instrument, or other).
- f. Description of investment (issuer of securities, name of fund, etc.).
- g. Identity number of investment.
- h. Purchase price in foreign currency.
- i. Currency.
- j. Purchase price in domestic currency.
- k. Name and national identification number of custodian.

Notifications pursuant to Paragraph 1 shall be sent in electronic form to the Central Bank of Iceland, in accordance with the Central Bank's guidelines on the implementation of these Rules, cf. Article 41, which are published on the Bank's website. A financial undertaking acting as an intermediary for foreign exchange transactions and/or movement of capital may, upon prior consultation with the Central Bank, fulfil the notification obligation pursuant to Paragraph 1 automatically.

Article 27

Notifications due to importation and exportation of domestic securities

Notifications to the Central Bank of Iceland concerning movement of capital due to importation and exportation of domestic securities pursuant to Article 13(b), Paragraph 2, Item 6 of Act no. 87/1992 shall be sent by the financial undertaking acting as an intermediary for the movement of capital within five business days. If transactions take place without the involvement of a domestic financial undertaking, the investor him- or herself shall notify the Central Bank.

Notifications pursuant to Paragraph 1 shall contain the following information, as appropriate:

- a. Date of the movement of capital.
- b. Name and national identification number of owner of securities.
- c. Address of securities owner.
- d. IBAN number of account for withdrawal.
- e. Type of investment (stock, bond, unit share certificates, money market instrument, or other).
- f. Description of securities (issuer of securities, name of fund, etc.).
- g. Identity number/Name of securities.
- h. Market value of securities in currency of issuance.
- i. Currency of issuance.
- j. Market value of securities in domestic currency.
- k. Name and national identification number of custodian.

Notifications pursuant to Paragraph 1 shall be sent in electronic form to the Central Bank of Iceland, in accordance with the Central Bank's guidelines on the implementation of these Rules, cf. Article 41, which are published on the Bank's website. A financial undertaking

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acting as an intermediary for foreign exchange transactions and/or movement of capital may, upon prior consultation with the Central Bank, fulfil the notification obligation pursuant to Paragraph 1 automatically.

Article 28

Notifications concerning purchases of foreign currency and deposits to or withdrawals from accounts with financial undertakings

Notifications to the Central Bank of Iceland concerning purchases of foreign currency and/or cross-border movement of capital due to deposits to or withdrawals from accounts with financial undertakings, including in cash, pursuant to Article 13(b), Paragraph 2, Item 6 and Article 13(c), Paragraph 2 of Act no. 87/1992 and Articles 6 and 8 of these Rules, shall be sent by the financial undertaking acting as an intermediary for the movement of capital within five business days.

Notifications pursuant to Paragraph 1 shall contain the following information, as appropriate:

- a. Date of transaction.
- b. Name and national identification number of customer.
- c. Customer's address.
- d. IBAN number of account for withdrawal.
- e. Amount of foreign exchange transaction and/or cross-border movement of foreign currency.
- f. Currency.
- g. Amount of foreign exchange transaction in domestic currency.
- h. Name of recipient.

Notifications pursuant to Paragraph 1 shall be sent in electronic form to the Central Bank of Iceland, in accordance with the Central Bank's guidelines on the implementation of these Rules, cf. Article 41, which are published on the Bank's website. A financial undertaking acting as an intermediary for foreign exchange transactions and/or movement of capital may, upon prior consultation with the Central Bank, fulfil the notification obligation pursuant to Paragraph 1 automatically.

Article 29

Requests for confirmation due to foreign direct investment

Requests for Central Bank of Iceland confirmation of outward foreign direct investment by residents, pursuant to Article 13(b), Paragraph 2, Item 7 of Act no. 87/1992, shall contain the following information and data, as appropriate:

- a. Date of the proposed investment.
- b. Name and national identification number of investor.
- c. Address of investor.
- d. Type of investment (stock, bond, lending, or other).
- e. Description of investment.
- f. Country of investment.
- g. Amount of investment in foreign currency.
- h. Currency.
- i. Amount of investment in Icelandic krónur.
- j. Documentation demonstrating that the investment is a direct investment; e.g., purchase agreements, shareholdings, loan agreements, and other comparable documents.

The investor shall provide the Central Bank with all further documents and data that the Bank may request in order to confirm that the investment is a direct investment.

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Requests for confirmation pursuant to Paragraph 1, together with the pertinent documentation, shall be sent in electronic form to the Central Bank of Iceland at the e-mail address ge.gagnaskil@sedlabanki.is.

Article 30

Requests for confirmation due to real estate transactions

Requests for Central Bank of Iceland confirmation of real estate transactions pursuant to Article 13(b), Paragraph 2, Item 11 of Act no. 87/1992, shall be sent by the financial undertaking acting as an intermediary for the foreign exchange transactions and/or movement of capital. If the real estate transaction takes place without the involvement of a domestic financial undertaking, the purchaser of the property shall request Central Bank of Iceland confirmation him- or herself.

Requests for confirmation pursuant to Paragraph 1 shall contain the following information and data, as appropriate:

- a. Date of request for confirmation.
- b. Purchaser's name.
- c. Purchaser's national identification number.
- d. Purchaser's address.
- e. Seller's name.
- f. Seller's national identification number or other registration number, if available.
- g. Seller's address.
- h. Copy of real estate purchase agreement or agreement for purchase of residence rights.

The Central Bank of Iceland's confirmation, cf. Article 13(b), Paragraph 2, Item 11 of Act no. 87/1992, is sent in electronic form to the purchaser or the purchaser's contact at a financial undertaking in Iceland.

Requests for confirmation and documentation shall be sent in electronic form to the Central Bank of Iceland Capital Controls Surveillance Unit at the e-mail address ge.gagnaskil@sedlabanki.is, in accordance with the Central Bank of Iceland's guidelines on the implementation of these Rules, cf. Article 41, which are published on the Bank's website.

Article 31

Interest and indexation of interest on bonds issued in domestic currency, loan agreements in domestic currency, money market loans pursuant to Article 17, and deposits in domestic currency with domestic financial undertakings

It follows from Article 13(j), Paragraph 2 of Act no. 87/1992 that it is prohibited to convert the following interest payments to foreign currency:

1. Interest on bonds issued by non-residents in domestic currency (Glacier bonds);
2. Interest on any type of financial instrument issued by a non-resident.
3. Interest on domestic currency accounts with foreign financial undertakings.

Requests for Central Bank of Iceland confirmation of foreign exchange transactions and cross-border movement of foreign currency deriving from the payment to non-residents of interest and indexation of interest on domestic currency deposits with domestic financial undertakings, loan agreements in domestic currency, bonds issued in domestic currency to non-residents, pursuant to Article 13(j), Paragraph 9 of Act no. 87/1992, and money market loans pursuant to Article 17 of these Rules, shall be sent by the financial undertaking acting as an intermediary for the foreign exchange transactions and movement of capital.

Cross-border movement of domestic currency deriving from payments pursuant to Paragraph 2 does not require confirmation from the Central Bank of Iceland.

Foreign exchange transactions and cross-border movement of capital deriving from payments pursuant to Paragraph 2, where the amount of the interest payment is less than the equivalent of 10,000,000 kr., do not require confirmation from the Central Bank of Iceland.

Payments that meet the requirements of the first sentence must be reported to the Central Bank of Iceland, however; cf. Paragraph 5.

Requests for Central Bank confirmation pursuant to Paragraph 2 or notifications to the Central Bank pursuant to Paragraph 4 concerning foreign exchange transactions and cross-border movement of capital must be made within six months following the interest payment date.

The confirmation by the Central Bank of Iceland, cf. Article 13(j), Paragraph 9 of Act no. 87/1992, shall be sent in electronic form to a contact person at the financial undertaking acting as an intermediary for the foreign exchange transactions and movement of capital.

Confirmation of authorisation to withdraw interest and indexation of interest from accounts subject to special restrictions pursuant to Article 11 of Act no. 37/2016 also entails a confirmation of authorisation for foreign exchange transactions and cross-border movement of capital with respect to such payments, provided that the interest accrued within six months of the interest payment date.

Article 32

Interest on bonds issued in foreign currency, loan agreements in foreign currency, and foreign-denominated deposits with domestic financial undertakings

According to Article 13(j), Paragraph 2 of Act no. 87/1992, it is only permissible to convert into foreign currency interest on deposits with domestic financial undertakings, accrued interest on bonds issued by domestic issuers, and interest on loan agreements where a non-resident is the lender and a resident is the borrower.

Requests for Central Bank of Iceland confirmation of foreign exchange transactions and cross-border movement of capital deriving from the payment to non-residents of interest on foreign-denominated deposits with domestic financial undertakings, loan agreements in foreign currency, and bonds issued in foreign currency, pursuant to Article 13(j), Paragraph 9 of Act no. 87/1992, shall be sent by the financial undertaking acting as an intermediary for the foreign exchange transactions and movement of capital.

Foreign exchange transactions and cross-border movement of capital deriving from payments pursuant to Paragraph 2, where the amount of the instalment and/or interest payment is less than the equivalent of 10,000,000 kr., do not require confirmation from the Central Bank of Iceland. Payments that meet the requirements of the first sentence must be reported to the Central Bank of Iceland, however.

Requests for confirmation or a notification to the Central Bank of Iceland pursuant to Paragraphs 2 and 3 shall be received within six months of the interest payment date.

The confirmation by the Central Bank of Iceland, cf. Article 13(j), Paragraph 9 of Act no. 87/1992, shall be sent in electronic form to a contact person at the financial undertaking acting as an intermediary for the foreign exchange transactions and movement of capital.

Article 33

Contractual instalment payments

Requests for Central Bank of Iceland confirmation of foreign exchange transactions and cross-border movement of capital deriving from contractual payments of instalments on bonds issued in domestic and foreign currency, loans in foreign currency, and pledges of investment in venture capital funds pursuant to Article 13(j), Paragraph 9 of Act no. 87/1992 shall be sent by the financial undertaking acting as an intermediary for the foreign exchange transactions and movement of capital. Cross-border movement of capital for payment of contractual instalments pursuant to the first sentence in foreign currency shall only be reported to the Central Bank of Iceland.

Cross-border movement of domestic currency deriving from payments of contractual instalments in domestic currency does not require confirmation from the Central Bank of Iceland.

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Foreign exchange transactions and cross-border movement of capital deriving from payments pursuant to Paragraph 1, where the amount of the contractual instalment and/or interest payment is less than the equivalent of 10,000,000 kr., do not require confirmation from the Central Bank of Iceland. Payments that meet the requirements of the first sentence must be reported to the Central Bank of Iceland, however; cf. Paragraph 5.

Foreign exchange transactions and movement of capital pursuant to Article 13(j) for payments of contractual instalments on bonds issued in foreign currency by resident entities and foreign-denominated loan agreements are permissible for up to one month prior to the payment due date, upon receipt of confirmation from the Central Bank or upon notification according to Paragraphs 1 and 3.

Notifications pursuant to Paragraph 3 shall be received by the Central Bank of Iceland within two weeks after the foreign exchange transactions and movement of capital took place.

It is permissible to request Central Bank of Iceland confirmation in advance of foreign exchange transactions and cross-border movement of capital for payments of outstanding contractual instalments and interest. Payments on the basis of prior confirmation according to the first sentence shall be reported to the Central Bank of Iceland in accordance with Paragraph 5, however.

The confirmation by the Central Bank of Iceland, cf. Article 13(j), Paragraph 9 of Act no. 87/1992, shall be sent in electronic form to a contact person at the financial undertaking acting as an intermediary for the foreign exchange transactions and movement of capital.

Article 34

Contents of requests for confirmation or notifications according to Articles 31 and 33

The following information and data shall accompany requests for confirmation according to Articles 31 and 33, as appropriate:

1. Interest, indexation, and contractual instalments on bonds issued in domestic currency:
 - a. Date of request for confirmation.
 - b. Name and national identification number of issuer.
 - c. Identity number/Name of issue.
 - d. ISIN number of issue.
 - e. Date of issuance.
 - f. Maturity date.
 - g. Auction exchange rate.
 - h. Nominal value.
 - i. Date of bond purchase.
 - j. Amount.
 - k. Date of bond sale.
 - l. Sale value.
 - m. Interest period.
 - n. Settlement date.
 - o. Interest rate.
 - p. Interest amount
 - q. Instalment of principal.
 - r. Indexation.
 - s. Commission amount.
 - t. Investment tax (Financial income tax).
 - u. Name, national identification number, and address of investor.
 - v. Investor's country/domicile.
 - w. Investor's bank account information.
 - x. Name and national identification number of securities custodian.

- y. Settlement receipt for the bond sale, confirmed by the financial undertaking concerned.
 - z. Settlement receipt for payment of interest and/or instalment of principal, confirmed by the financial undertaking concerned.
 - aa. If no settlement receipt for payment of interest and/or instalments of principal is available because the bond was sold before the interest payment date, a settlement receipt for the sale, confirmed by the financial undertaking concerned.
2. Interest, indexation, and contractual instalments on loan agreements in domestic currency:
- a. Date of request for confirmation.
 - b. Name and national identification number of borrower.
 - c. Date of loan.
 - d. Original amount of loan.
 - e. Outstanding balance of loan before payment.
 - f. Interest period.
 - g. Interest payment date.
 - h. Interest rate.
 - i. Amount of interest payment.
 - j. Indexation.
 - k. Instalment of principal.
 - l. Investment tax (Financial income tax).
 - m. Name and national identification number of lender.
 - n. Lender's address.
 - o. Lender's country/domicile.
 - p. Loan agreement.
 - q. Remittance slip.

Requests for confirmation pursuant to Article 31 and documentation shall be sent in electronic form to the Central Bank of Iceland, according to the Central Bank's guidelines on the implementation of these Rules, cf. Article 41, which are published on the Bank's website.

Article 35

Contents of requests for confirmation pursuant to Article 31

The following information and data shall accompany requests for confirmation according to Article 31, as appropriate:

- 1. Money market loans:
 - a. Date of request for confirmation.
 - b. Name and national identification number of borrower.
 - c. Date of loan.
 - d. Length of money market loan.
 - e. Original amount of money market loan.
 - f. Interest rate.
 - g. Identity number of agreement.
 - h. Amount of payment.
 - i. Interest amount.
 - j. Name and national identification number of lender.
 - k. Lender's address.
 - l. Lender's country/domicile.
 - m. Receipt for settlement of contract.
 - n. Agreement.
- 2. Interest and indexation of interest on deposits in domestic currency:
 - a. Date of request for confirmation.
 - b. Name and national identification number of financial undertaking.

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- c. IBAN number of account for interest payments.
- d. Interest payment date.
- e. Interest period.
- f. Principal before interest payment.
- g. Average interest rate for the period.
- h. Interest amount.
- i. Number of days.
- j. Name, national identification number, and address of investor.
- k. Investor's country/domicile.
- l. IBAN number of investor's account.
- m. Confirmation of disbursement of interest payment, confirmed by the financial institution concerned.

Requests for confirmation pursuant to Article 31 and documentation shall be sent in electronic form to the Central Bank of Iceland, according to the Central Bank's guidelines on the implementation of these Rules, cf. Article 41, which are published on the Bank's website.

Article 36

Contents of requests for confirmation or notifications according to Articles 32 and 33

The following information and documentation shall accompany requests for confirmation or notifications according to Articles 32 and 33 of these Rules, as appropriate:

1. Contractual instalments and/or interest on bonds:
 - a. Date of request for confirmation/notification.
 - b. Name and national identification number of issuer.
 - c. Identity number/Name of issue.
 - d. ISIN number of issue.
 - e. Date of issuance.
 - f. Maturity date.
 - g. Currency of issuance.
 - h. Nominal value.
 - i. Outstanding nominal value before payment.
 - j. Interest period.
 - k. Interest rate.
 - l. Interest amount.
 - m. Instalment of principal.
 - n. Settlement date of instalment and/or interest payment.
 - o. Name and national identification number of owner.
 - p. Owner's address.
 - q. Owner's country/domicile.
 - r. IBAN number of investor's foreign currency account.
 - s. Name and national identification number of securities custodian.
 - t. Securities prospectus.
 - u. Contracts underlying the issue.
2. Contractual instalments and interest on loan agreements:
 - a. Date of request for confirmation/notification.
 - b. Name and national identification number of borrower.
 - c. Borrower's country/domicile.
 - d. Date of loan.
 - e. Maturity date.
 - f. Loan currency.
 - g. Original amount of loan.
 - h. Outstanding balance of loan before payment.
 - i. Interest period.

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- j. Payment date.
 - k. Interest rate.
 - l. Amount of interest payment.
 - m. Instalment of principal.
 - n. Investment tax (Financial income tax).
 - o. Name and national identification number of lender.
 - p. Lender's address.
 - q. Lender's country/domicile.
 - r. Loan agreement.
 - s. Remittance slip.
3. Contractual payments of pledges of investment in venture capital funds:
- a. Date of request for confirmation/notification.
 - b. Name and national identification number of investor.
 - c. Investor's country/domicile.
 - d. Date of pledge.
 - e. Maturity date.
 - f. Currency of agreement.
 - g. Original amount of pledge.
 - h. Outstanding balance of pledge before payment.
 - i. Payment date.
 - j. Amount called in.
 - k. Instalment of pledge.
 - l. Name of venture capital fund.
 - m. Country/Domicile of venture capital fund.
 - n. Agreement.
 - o. Notification of call-in.
4. Interest on foreign-denominated deposits:
- a. Date of request for confirmation/notification.
 - b. Name and national identification number of financial undertaking.
 - c. IBAN number of interest-bearing account.
 - d. Currency.
 - e. Interest payment date.
 - f. Interest period.
 - g. Principal before interest payment.
 - h. Average interest rate for the period.
 - i. Interest amount.
 - j. Number of days.
 - k. Name, national identification number, and address of investor.
 - l. Investor's country/domicile.
 - m. IBAN number of investor's account.
 - n. Confirmation of disbursement of interest payment from the financial undertaking concerned.

Requests for confirmation pursuant to Article 32, Paragraph 2, and Article 33, Paragraph 1, or notifications according to Article 32, Paragraph 3 and Article 33, Paragraph 3 of these Rules, and documentation shall be sent electronically to the Central Bank of Iceland, according to the Central Bank's guidelines on the implementation of these Rules, cf. Article 41, which are published on the Bank's website.

Article 37

Cross-border movement of capital and foreign exchange transactions deriving from payments remitted by parties exempt from Central Bank of Iceland confirmation

Cross-border movement of capital deriving from payments according to Articles 32 and 33 that are remitted by parties satisfying the conditions of Article 13(n), Paragraph 2, 6, or 7 of Act no. 87/1992, does not require confirmation from the Central Bank of Iceland. Cross-border movement of foreign currency falling under the provisions of this Paragraph shall be reported to the Central Bank of Iceland, however.

Cross-border movement of capital and foreign exchange transactions deriving from payments according to Articles 32 and 33 that are remitted by parties satisfying the conditions of Article 13(n), Paragraph 3 of Act no. 87/1992, do not require confirmation from the Central Bank of Iceland. Cross-border movement of foreign currency and foreign exchange transactions falling under the provisions of this Paragraph shall be reported to the Central Bank of Iceland, however.

Article 38

Dividends

Requests for Central Bank of Iceland confirmation of foreign exchange transactions and cross-border movement of capital deriving from the payment of dividends by residents to non-residents, pursuant to Article 13(j), Paragraph 9 of Act no. 87/1992, shall be sent by the financial undertaking acting as an intermediary for the foreign exchange transactions and movement of capital. Cross-border movement of domestic currency deriving from dividend payments does not require confirmation from the Central Bank of Iceland.

Foreign exchange transactions and cross-border movement of capital deriving from payments pursuant to Paragraph 1, where the amount of the dividend payment is less than the equivalent of 1,000,000 kr., do not require confirmation from the Central Bank of Iceland. Payments that meet the requirements of the first sentence must be reported to the Central Bank of Iceland pursuant to Paragraph 3, however.

Requests for confirmation or a notification to the Central Bank of Iceland pursuant to Paragraphs 1 and 2 shall be received within six months of the dividend payment date.

The confirmation by the Central Bank of Iceland, cf. Article 13(j), Paragraph 9 of Act no. 87/1992, shall be sent in electronic form to a contact person at the financial undertaking acting as an intermediary for the foreign exchange transactions and movement of capital.

Confirmation of authorisation to withdraw dividends from accounts subject to special restrictions pursuant to Article 11 of Act no. 37/2016 also entails a confirmation of authorisation for foreign exchange transactions and cross-border movement of capital with respect to such payments, provided that the dividend accrued within six months of the date that the request for confirmation pursuant to Paragraph 1 or the notification pursuant to Paragraph 2 was received by the Central Bank of Iceland.

Article 39

Contents of requests for confirmation concerning dividend payments pursuant to Article 38

The following information and data shall accompany requests for confirmation or notifications according to Article 38, as appropriate:

- a. Date of request for confirmation/notification.
- b. Name and national identification number of payer of dividend.
- c. Country/Domicile of payer of dividend.
- d. Identity number/name of payer of dividend.
- e. ISIN number of payer of dividend (if electronically registered).
- f. Currency of share capital issuance.
- g. Nominal value of asset.
- h. Date of share capital purchase.

- i. Dividend payment date.
- j. Dividend percentage.
- k. Dividend amount.
- l. Dividend currency.
- m. Investment tax (Financial income tax).
- n. Name and national identification number of auditor.
- o. Name and national identification number of shareholder.
- p. Shareholder's address.
- q. Shareholder's country/domicile.
- r. IBAN number of shareholder's foreign currency account.
- s. Name and national identification number of securities custodian.
- t. A receipt for the dividend payment if the payer is a company listed on an equity securities market, or a confirmation from the payer's chartered accountant stating that the requirements provided for in Article 13(j), Paragraph 6 of the Act are met if the payer is not listed on an equity securities market, in addition to the annual accounts for the preceding operational year.

Requests for confirmation pursuant to Article 38, Paragraph 1, or notifications according to Article 38, Paragraph 2, and documentation shall be sent in electronic form to the Central Bank of Iceland, in accordance with the Central Bank's guidelines on the implementation of these Rules, cf. Article 41, which are published on the Bank's website.

Article 40

Notification from transferee

A transferee pursuant to Article 13(n), Paragraph 15 of Act no. 87/1992 that utilises another's authorisations pursuant to Article 13(b), Paragraph 2, Item 6 of the Act shall notify the Central Bank of Iceland of the transferred authorisations that he has received, investments that he has undertaken on the basis of them, and revoked investment authorisations. The transferee shall satisfy the notification requirements on the basis of this provision before the end of the first business day of each calendar month with respect to the transfer of investment authorisations, investments, and revocation of investment authorisations during the previous month by sending an e-mail to the e-mail address ge.gagnaskil@sedlabanki.is, with the following information itemised and presented in MS-Excel format:

- a. Investments.
 - i. Date of investment.
 - ii. Name and national identification number of transferee.
 - iii. Transferee's address.
 - iv. Type of investment (stock, bond, unit share certificates, money market instrument, or other).
 - v. Description of investment (issuer of securities, name of fund, etc.).
 - vi. Identity number of investment.
 - vii. Purchase price in foreign currency.
 - viii. Currency.
 - ix. Amount of foreign exchange transaction in domestic currency.
 - x. Name and national identification number of custodian.
- b. Transfer of authorisations.
 - i. Date of transfer.
 - ii. Name and national identification number of investor.
 - iii. Address of investor.
 - iv. Name and national identification number of transferee.
 - v. Amount of investment (amount of transferred investment authorisation).
- c. Revocation of unutilised authorisations.
 - i. Date of revocation.

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- ii. Name and national identification number of investor.
 - iii. Address of investor.
 - iv. Name and national identification number of transferee.
 - v. Amount of revocation.
- d. Name, e-mail address, and telephone number of transferee's contact person.

A financial undertaking acting as an intermediary for movement of capital may, upon prior consultation with the Central Bank, fulfil the notification obligation pursuant to Paragraph 1 automatically.

CHAPTER V

Guidelines, sanctions, and entry into force

Article 41

Guidelines

The Central Bank issues guidelines concerning further implementation of these Rules and publishes them on its website.

Article 42

Sanctions

Violations of the provisions of these Rules are subject to administrative fines and penalties in accordance with Articles 15(a)-15(d), Article 15(h), and Articles 16, 16(a), and 16(b) of Act no. 87/1992, with subsequent amendments.

Article 43

Entry into force

These Rules are set in accordance with the authority contained in Article 13(b), Paragraph 4; Article 13(c), Paragraph 5; Article 13(j), Paragraph 9; Article 13(n), Paragraph 15; Article 13(o), Paragraphs 4 and 5; Article 13(p), Paragraph 3; and Article 14, Paragraph 2 of Act no. 87/1992, with subsequent amendments, and take effect on 1 January 2017. At the same time, the Rules on Foreign Exchange, no. 862/2016, are abrogated.

Reykjavík, 29 December 2016

Central Bank of Iceland

Már Guðmundsson

Governor of the Central Bank

Guðmundur Sigbergsson

Acting Director, Capital Controls
Surveillance Unit