

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.

No. 892

28 October 2016

RULES

Amending Central Bank of Iceland Rules no. 490/2016 on special reserve requirements for new foreign currency inflows, with subsequent amendments

Article 1

The following amendments shall be made to Article 2 of the Rules:

- a. The following shall be inserted after “deposited to domestic currency deposit accounts” in Item 1: with deposit institutions in Iceland and bearing annual interest of 3.00% or more
- b. The words “or Article 13(f)” in Item 2 are deleted.
- c. The following shall be inserted after “that own domestic currency deposits” in Item 3: with deposit institutions in Iceland, if cash and deposits bearing annual interest of 3.00% or more constitute 10% or more of the funds’ assets
- d. The words “deposits of such reinvested funds to domestic currency deposit accounts.” in Item 4 shall be replaced by: is established for the purpose of investing, directly or indirectly, in domestic currency deposits bearing annual interest of 3.00% or more.
- e. The following shall be inserted after the words “investments in unit share certificates of funds” in Item 5: , if cash and deposits bearing annual interest of 3.00% or more constitute 10% or more of the funds’ assets.

Article 2

The following amendments shall be made to Article 3 of the Rules:

Two new paragraphs, which will be Paragraphs 2 and 3, shall be added to Article 3 of the Rules, and shall read as follows:

An individual who is the registered owner according to Article 1, Items 1-3, shall be permitted to dispose of new inflows of foreign currency according to Article 2 up to a maximum equivalent to 30,000,000 kr. until 1 January 2017 without incurring a special reserve requirement in accordance with these Rules. From 1 January 2017 onwards, the maximum provided for in the first sentence shall be increased to 100,000,000 kr. This authorisation is subject to the requirement that the individual be the beneficial owner of the funds in question.

If the combined equivalent value of an individual’s disposal according to Article 2 exceeds the maximum amount specified in Paragraph 2 as stated at any given time, only the portion of new inflows of foreign currency in excess of the maximum amount shall be subject to the special reserve requirement according to these Rules.

Article 3

Ministerial approval

These Rules have been approved by the Minister of Finance and Economic Affairs, and the approval is published as an attachment to these Rules.

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Article 4

Entry into force, etc.

These Rules, which are set in accordance with the authorisation contained in Temporary Provision III of the Foreign Exchange Act, no. 87/1992, shall take effect immediately.

Reykjavík, 28 October 2016
Central Bank of Iceland

Már Guðmundsson
Governor

Guðmundur Sigbergsson
Acting Director, Capital Controls Surveillance Unit

Attachment

Ministerial approval

With reference to Temporary Provision III of the Foreign Exchange Act, no. 87/1992, cf. Article 2, Paragraph 1 of Act no. 42/2016, the Minister of Finance and Economic Affairs has approved the Central Bank of Iceland Rules Amending Rules no. 490/2016 on special reserve requirements for new foreign currency inflows.

Ministry of Finance and Economic Affairs, 28 October 2016
for the Minister of Finance and Economic Affairs

Guðmundur Árnason

Guðrún Þorleifsdóttir