



General terms of auction for Central Bank of Iceland purchases of Treasury bonds in the secondary market

1. In accordance with the statement issued by the Monetary Policy Committee of the Central Bank of Iceland on 23 March 2020, the Central Bank intends to begin purchasing Treasury bonds in the secondary market, in accordance with further arrangements laid down by the Bank's Markets Department. The objective of the purchases is to endure the transmission and objectives of monetary policy in Iceland. These terms of auction, which lay down provisions for the purchase of Treasury bonds in the secondary market by auction, are based on Article 20 of the Act on the Central Bank of Iceland, no. 92/2019.
2. No later than one banking day before each auction, the Bank will announce which series of Treasury bonds it intends to buy, the auction date, the settlement date, the minimum amount of each bid, and other more detailed terms pertaining to the auction in question. The aforementioned announcement will be issued publicly.
3. Only those credit institutions that have a current account with the Central Bank pursuant to Central Bank Rules no. 1200/2019 and that are parties to the Nasdaq CSD hf. securities depository (hereinafter referred to as Central Bank counterparties) are authorised to submit bids at auctions for secondary market purchases of Treasury bonds. Bids shall be submitted in multiples of 1 m.kr.
4. The Central Bank reserves the right to accept all of the bids submitted, accept some of them, or reject all of them. The purchases will be conducted according to a multiple-price auction format, with all accepted bids made available to Central Bank counterparties at the submitted price, unless otherwise stated in the auction announcement.
5. Bids may only be sent to the Central Bank through the Bloomberg Auction System between 13:30 hrs. and 14:00 hrs. (Icelandic time) on the auction date. Bids shall be presented as prices, with three decimal places.
6. The Central Bank declares itself free of all liability for offers that do not reach the Central Bank due to system error or for any other reason. Parties can obtain a confirmation of acceptance of their bids by calling the Markets Department of the Central Bank of Iceland (tel: +354 569 9634). Bids that reach the Central Bank and are registered to individual terminals in the Bloomberg Auction System are binding and are the responsibility of the person who is registered for that terminal. It is permissible to amend or withdraw bids by sending an appropriate message through the Bloomberg Auction System to the Central Bank before 14:00 hrs. on the auction date (or another time specified in the auction announcement, once the auction is completed).



7. Under extraordinary circumstances, and upon consultation with counterparties, the Central Bank is authorised to postpone an auction to a later time on the same day or to cancel the auction if, for example, it proves impossible to hold the auction due to technical difficulties.
8. The auction results will be made public no later than 14:30 hrs. on the date of the auction.
9. Treasury bonds that the Central Bank agrees to purchase according to these terms of auction must be delivered to the Central Bank in electronic form at the central securities depository no later than 14:00 hrs. on the settlement date, and payment will be delivered to the counterparty's real-time gross settlement (RTGS) account no later than 16:00 hrs. that same day.
10. If Treasury bonds are not delivered at the correct time, the Central Bank reserves the right to claim from the bidder the maximum legal penalty interest for the duration of the delay.
11. It is permissible to deviate from these terms of auction in individual auctions, and such deviations shall be described in the announcement of the auction concerned.
12. These terms of auction and all announcements that follow from them are issued in Icelandic and English. In case of any discrepancy between the Icelandic and English versions, the Icelandic shall apply.