

Ministry of Finance and Economic Affairs
Mr. Bjarni Benediktsson
Minister of Finance and Economic Affairs
Arnarhvoli
101 Reykjavík
Iceland

[Date]

CONFIRMATION OF NON-DISCLOSURE OF CONFIDENTIAL INFORMATION

1. BACKGROUND

- 1.1 Upon your request I (the "Advisor") will join the Task Force on the Liberalisation of Capital Controls in Iceland (the "Task Force"). This letter (the "Letter") sets out my confirmation of non-disclosure of confidential information.
- 1.2 The Task Force shall work on and make proposals to the Ministerial Committee on Economic Affairs and its sub-committees on individual steps and an overall plan for removal of capital controls. The Task Force is to assess the economy's net IIP and economic stability, as well as analysing key aspects of the current plan for removal of controls, including settlements of the failed banks and the speed and progress of other factors (the "Purpose").
- 1.3 The Advisors duties and responsibilities are covered by, (i) a specific Mandate Agreement and (ii) may from time to time be covered by a letter of appointment or official instructions to the Task Force (together the "Mandate").
- 1.4 The Advisor will as a member of the Task Force have access to confidential information that may fall under the scope of, (i) Article 35 of the Act on the Central Bank of Iceland no. 36/2001, (ii) Article 15 of the Act on Foreign Exchange no. 87/1992, (iii) Article 14 of the Act on Government Offices of Iceland no. 115/2011, (iv), Chapter IV of the Act on the Official Supervision of Financial Activities no. 87/1998 or by law, nature or agreement be bound by confidentiality (the "Confidential Information"). Further, the Confidential Information may from time to time fall under Chapter XIII of the Act on Securities Transactions no. 108/2007 (the "STA"), hence be constituted as insider information (the "Insider Information"). The Advisor acknowledges and agrees that he is legally bound by the applicable acts referred to in this Section. Excerpts from the acts referred to is in Appendix I to this Letter.

2. CONFIDENTIALITY UNDERTAKING

- 2.1 In consideration of any disclosure to the Advisor of Confidential Information and other information (whether or not contained in documents) relating to the Purpose, the Advisor shall keep all disclosed Confidential Information and other information strictly confidential. Accordingly, the Advisor shall not, without prior written consent, either:
- (a) communicate or otherwise make available the Confidential Information to any third party except in accordance with paragraph 2.2 or paragraph 2.3; or
 - (b) use the Confidential Information for any purpose other than the Purpose.
- 2.2 The Advisor may disclose Confidential Information to any other advisor on the Task Force as well as other persons designated by the Ministerial Committee on Economic Affairs and its sub-committees in connection with the Purpose.
- 2.3 The Advisor may disclose the Confidential Information if required by any order of any court of competent jurisdiction or any competent judicial, governmental or regulatory body. To the extent permitted by law, the Advisor shall promptly give the Ministry of Finance and Economic Affairs written notice of such disclosure. If the Advisor is compelled to disclose Confidential Information, only the part of the Confidential Information required by law or regulation or requested by a court of law or appropriate regulatory body shall be disclosed.

3. LIMITATIONS ON OBLIGATIONS

The obligations set out in Section 2 shall not apply, or shall cease to apply, to such of the Confidential Information as the Advisor can show to your reasonable satisfaction, (i) has become public knowledge other than through disclosure by the Advisor in breach of this Letter, or (ii) has been received by the Advisor from a third party who did not to the Advisors' knowledge acquire it in confidence from you or from someone owing a duty of confidence to you.

4. INSIDER INFORMATION

- 4.1 The Advisor acknowledges that certain information relating to the Purpose might be considered Insider Information.
- 4.2 A part of the Purpose may be that the Central Bank of Iceland and/or the State Treasury issues listed securities, and that from the time of such listing application, the Advisor acknowledges and agrees that (s)he will be

subject to the rules on insider information as set out in the STA (see excerpt in Appendix I).

- 4.3 The Advisor further acknowledges that some of the Confidential Information may constitute Insider Information relating to the financial instruments of the Central Bank of Iceland pursuant to Article 120 of the STA (see excerpt in Appendix I).
- 4.4 The Advisor acknowledges that pursuant to the STA persons in possession of inside information relating listed financial instruments may not, (i) directly or indirectly acquire or dispose of financial instruments, either on their own account or for others, (ii) disclose insider information to a third party or (iii) advise third parties, on the basis of insider information, to acquire or dispose of financial instruments or in other respects encourage trading in the financial instruments.
- 4.5 The Adviser has a strict obligation to handle the inside information with due care so that it does not come into the possession of unauthorised persons or be misused.
- 4.6 The Advisor confirms that it is aware that these statutory restrictions will remain in force for as long as the relevant information is Insider Information, and therefore may survive the Mandate. The Advisor further acknowledges that misuse or mistreatment of Insider Information may result in criminal liability.
- 4.7 The Advisor shall procure that he complies with the STA and any rules based on the STA, including but not limited to Rules No. 1050/2012 on Insider Information and Insider Trading. The rules are in Appedix II.
- 4.8 The Advisor has read and agrees to be bound by Rules by The Ministry of Finance and Economic Affairs on Handling of Insider Information and transaction of Employees in Financial Instruments (the "Rules"). The Rules are in Appendix III to this Letter. The Advisor acknowledges that the Rules apply to his work for the Task Force on the Liberalisation of Capital Controls in Iceland and the Purpose.

5. RETURN OF MATERIAL

Whenever you request, The Advisor shall return or, to the extent reasonably practicable, destroy all Confidential Information or work undertaken in relation to the Purpose, whether or not such document or other record was itself provided to the Advisor, without retaining, in whole or in part, any copies, extracts or other reproductions (whatever the form

or storage medium) of such materials. The Advisor shall, if requested, confirm in writing the destruction of such materials.

6. LIABILITY

A breach of this Letter may result in criminal liability or tort. Tort shall become void if a summons is not serviced to the Advisor within 12 months from the instance when the Ministry obtained information on the liable event. The Advisor shall not be liable for indirect loss of any kind.

7. DURATION AND TERMINATION

7.1 This Letter is effective of the date of signing by the Advisor. This Letter shall automatically terminate and cease to have effect in the event of a termination of the Mandate.

7.2 The provisions of this clause 7 and clauses 2, 3, 4, 6 and 8 shall survive the termination of this Letter for two (2) years following termination.

8. GOVERNING LAW AND JURISDICTION

8.1 This Letter and any dispute or claim arising out of or in connection with it or its subject matter or formation (including non-contractual disputes or claims) shall be governed by and construed in accordance with the law of Iceland.

8.2 Each party irrevocably agrees that the courts of Iceland shall have exclusive jurisdiction to settle any dispute or claim arising out of or in connection with this letter or its subject matter or formation (including non-contractual disputes or claims).

Yours faithfully,

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Xxxxxx xxxx

id. no. xxxxxx-xxxx

We hereby acknowledge receipt and accept the contents of this letter

Signed

On behalf of the Ministry of Finance and Economic Affairs

Date

Appendix I

Relevant Icelandic Acts Referred to in Section 1.4 in Letter of Conformation of Non-Disclosure of Confidential Information

(i) Article 35 of the Act on the Central Bank of Iceland No. 36/2001

**CHAPTER VIII
Miscellaneous provisions**

Article 35

"Members of the Supervisory Board, the Governor, Deputy Governor, members of the Monetary Policy Committee and other employees of the Central Bank of Iceland are subject to obligations of confidentiality on all matters concerning the affairs of their customers or of the Bank itself, as well as other matters of which they may become aware in the course of their duties and which shall remain secret in accordance with law or the nature of the issue, unless a judge rules that information must be disclosed to a court or law enforcement officers, or there is a legal obligation to provide the information. The obligation of confidentiality remains after employment ceases.

Members of the Supervisory Board, the Governor, Deputy Governor, members of the Monetary Policy Committee and other employees of the Central Bank are not allowed to take advantage of confidential information, which they acquire in the course of their work in the Bank, for pecuniary gain or to avoid financial loss in business transactions. Translated from the Icelandic. In the event of any discrepancies between the translation and the text in Icelandic, the original text shall take precedence.

Notwithstanding the provisions of the first paragraph, the Central Bank may exchange information with public authorities abroad on matters covered by this Act, provided that the party requesting information is subject to corresponding obligations of confidentiality.

The Central Bank of Iceland shall provide the Financial Supervisory Authority with all information held by the Bank which may be of use for the latter's activities. Information disclosed under the provisions of this Article shall be subject to obligations of confidentiality in accordance with this Act and the Act on Official Supervision of Financial Activities. The Central Bank and Financial Supervisory Authority shall conclude an agreement on co-operation providing, for instance, for relations between the institutions in more detail."

(ii) Article 15 of the Act on Foreign Exchange No. 87/1992

Article 15

"Persons charged with the implementation of this Act shall be bound to secrecy as regards the conditions pertaining to individual clients and other facts of which they may acquire knowledge in the course of performing their duties and which are confidential according to law or the nature of the matter, unless a judicial decision is passed to the effect that such information shall be divulged in court or to police, or that the law requires the disclosure of such information. The duty not to divulge confidential information is not affected by the cessation of employment."

(iii) Article 14 of the Act on Government Offices of Iceland No. 115/2011

Article 14.

"The Minister can request from an authority, under the Minister's administration, any information and explanation needed to perform his executive functions.

The Minister can request from independent authority, which adheres under the Minister's executive authority, any information and explanation needed by the Minister to perform his supervisory function cf. Article 13 of the Act and other legal obligations imposed on the Minister.

If it will be necessary to surrender to the Minister information which are subject to either general or specific rules on confidentiality, the Minister and his ministry is bound by the same rules on confidentiality."

(iv) Chapter IV of the Act No. 87/1998 on the Official Supervision of Financial Activities or by law, nature or agreement be bound by confidentiality

**Chapter IV
Confidentiality. Information exchange.
Relations with supervisory authorities
and the Central Bank of Iceland.**

**Article 13
Confidentiality**

"Members of the Board, the Director General and employees of the Financial Supervisory Authority are bound by an obligation of confidentiality. They may not, upon penalty of sanctions under the Criminal Code regarding civil servants, divulge to any unauthorised parties information, which they may acquire in the course of their work and which should remain secret, concerning activities of the Financial Supervisory Authority, the business and operations of regulated entities, related parties or others, unless a judge rules that they are required to provide information to a court or to the police, or that such information must be disclosed in accordance with the law. The same shall apply to legal professionals, auditors, actuaries and experts working for or on behalf of the Financial Supervisory Authority. The obligation of confidentiality shall remain in place even after their employment ceases and confidential information may not be used for commercial purposes.

The obligation of confidentiality provided for in the first paragraph rests upon other authorities, individuals or legal entities besides those covered by the first paragraph if, in the course of their work, they receive or discover information which should be kept secret, including information on the activities of the Financial Supervisory Authority, the business and operations of regulated entities, connected parties or others. Information subject to confidentiality may not be used for commercial purposes.

Information subject to obligation of confidentiality in accordance with special laws or other laws shall be subject to similar obligations of confidentiality after being delivered to the Financial Supervisory Authority.

Information provided for in the first paragraph may be supplied in summarised form, so that individual parties cannot be personally identified.

If a regulated entity enters into bankruptcy or forced liquidation, information may be disclosed during civil proceedings which would otherwise be subject to obligations of confidentiality as provided for in the first paragraph. The obligation of confidentiality shall remain intact, however, as regards information on third parties involved in attempts to rescue a regulated entity.

Public discussion of confidential information by the party which the obligation is intended to protect shall not entitle employees of the Financial Supervisory Authority, or experts who are working, or have worked, on its behalf, to disclose confidential information."

(v) Excerpt from Chapter XIII of the Act on Securities Transactions No. 108/2007 (the "STA")

CHAPTER XIII
Treatment of insider information and insider trading
Article 119

Scope of the Chapter

The provisions of this Chapter cover the following financial instruments:

1. Financial instruments that have been admitted to trading or requested to be admitted to trading on a regulated market in Iceland, the European Economic Area or comparable foreign markets and financial instruments traded on an MTF in Iceland; and

2. Financial instruments linked to one or more financial instruments of the types under point 1.

The provisions of Article 123 shall not apply to trading in own shares in buy-back programmes or for the stabilisation of financial instruments, provided such trading is carried out in accordance with a regulation adopted on the basis of Article 131. Other provisions in this Chapter shall apply as appropriate.

Article 120
Insider information

"Insider information" shall mean sufficiently precise information which has not been made public, relating directly or indirectly to issuers of financial instruments, the financial instruments themselves or other aspects, and which would be likely to have a significant impact on the market price of the financial instruments if made public, as provided for in detail in a regulation established under Article 131. Information shall be considered public information when issuer of financial instrument has disseminated such information on the European Economic Area, cf. Article 122 and Article 127.

Article 121
Insider

An "insider" shall mean:

1. A primary insider, i.e. a party who has, as a rule, access to insider information by virtue of his/her membership of a board of directors, management or supervisory bodies or owing to other work for an issuer of financial instruments;

2. A temporary insider, i.e. a party who is not considered a primary insider but who possesses insider information by virtue of his/her employment, position or responsibilities; and

3. Any other insider, i.e. a party who is considered neither a primary insider nor temporary insider, but has become aware of insider information, provided that the person in question knew or should have known the nature of this information.

Article 122
**Duty of disclosure, delay of public disclosure and
legitimate dissemination of insider information**

An issuer of financial instruments admitted to trading on a regulated market or traded in a multilateral trading facility (MTF) shall make public in the European Economic Area any insider information relevant to itself as soon as possible on a non-discriminatory basis. The issuer shall publish the inside information on its website for at least one year.

The information disclosure requirement provided for in the first paragraph shall furthermore apply when an issuer of financial instruments, or party acting on its behalf, discloses in the normal course of its work, position or role inside information to a third party. In such circumstances the issuer shall publish the information in its entirety, as provided for in the first paragraph, at the same time as it is disclosed to a third party. The above-mentioned does not apply if the party receiving the information is subject to an obligation of confidentiality for legal or contractual reasons.

In tandem with public disclosure, as provided for in the first paragraph, the issuer must send the information to the Financial Supervisory Authority. The Financial Supervisory Authority may publish on its website any information that has been made public. The Financial Supervisory Authority, or a party appointed by the Financial Supervisory Authority, shall preserve information that has been made public in a central storage, cf. Art. 136.

An issuer of financial instruments may, under his own responsibility, delay the public disclosure of information under paragraph 1 to protect its legitimate interests, provided that such delay is not likely to mislead the public and the issuer is able to ensure the confidentiality of such information, as provided in a regulation to be established pursuant to Article 131. The Financial Supervisory Authority shall be notified of a postponement of the disclosure of inside information as soon as the authorisation to postpone is availed of.

If an issuer exercises the permission to delay disclosure under the fourth paragraph, the issuer, or a party acting on its behalf, may only disclose the insider information to a third party if such disclosure is made in the normal course of employment, profession or duties of the party providing the information and the recipient of the information is bound by an obligation of confidentiality based on, e.g., a law, a regulation or contract.

Article 123

Insider misconduct

Insiders shall not:

1. directly or indirectly acquire or dispose of financial instruments, either on their own account or for others, if they possess insider information;
2. disclose insider information to a third party unless in the normal course of the employment, profession or duties of the party providing the information;
3. advise third parties, on the basis of insider information, to acquire or dispose of financial instruments or in other respects encourage trading in the financial instruments.

The provisions of paragraph 1 shall also apply to:

1. legal persons and parties participating in decisions on transactions in financial instruments on the account of the legal person;
2. parties possessing insider information as a result of illegal actions.

The provisions of point 1 of paragraph 1 shall not apply to:

1. insider trading fulfilling an overdue contractual obligation to acquire or dispose of financial instruments established before the insider acquired insider information;
2. transactions carrying out a client's direct order concerning the disposal, ordering or brokering of financial instruments, or complying in a customary manner with a contractual market making obligation, in accordance with the provisions of Chapter XII.

The provisions of paragraph 1 shall not apply to transactions by the national government, the Central Bank of Iceland or parties handling transactions on their behalf, provided such transactions are part of government policy in monetary affairs, exchange rate policy or debt management.

Article 125

Duty of primary insiders to investigate

A primary insider must, before conducting any transaction in the financial instruments of an issuer where he/she is an insider, verify that insider information is not available within the issuer. The same shall apply to any proposed transactions involving financial instruments linked to such financial instruments, and to proposed transactions by a party financially connected to a primary insider.

Article 126

Duty of primary insiders to notify

Before a primary insider, or any party financially linked to him/her, concludes a transaction involving an issuer's financial instruments, the primary insider must notify the person appointed in accordance with rules established in accordance with Article 130 (the compliance officer). Similarly, a primary insider must send notification without delay if he/she or any party financially linked to him/her has concluded a transaction involving the issuer's financial instruments. The issuer in question shall, on that same day, report the transaction to the Financial Supervisory Authority.

The provisions of paragraph 1 shall also apply to proposed transactions involving financial instruments linked to financial instruments under paragraph 1.

Appedix II
Rules No. 1050/2012
on Insider Information and Insider Trading

Appendix III
Rules by the Ministry of Finance and Economic Affairs
on Handling of Insider Information and Transaction
of Employees in Financial Instruments (the “Rules”)