

**RULES**  
**on Treatment of Inside Information and Insider Transactions**

CHAPTER I

**Scope**

Art. 1

*Scope*

The provisions of these Rules shall apply to Issuers of 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, in the European Economic Area (EEA) or on comparable foreign markets and financial instruments traded on a multilateral trading facility (MTF) in Iceland, and
2. financial instruments which are linked to one or more financial instruments referred to in Point 1.

The Rules also apply to insiders and parties financially connected to them and their transactions with financial instruments as referred to in the first paragraph.

Public authorities and other parties who regularly receive inside information in their activities shall follow the rules as applicable.

CHAPTER II

**Position and role of the Compliance Officer of an Issuer of financial instruments**

Art. 2

*Responsibility of the Board of Directors and position of the Compliance Officer*

The Board of Directors of an Issuer of financial instruments is responsible for ensuring that these Rules are enforced.

The Issuer's Compliance Officer supervises the enforcement of the Rules by the Issuer.

Art. 3

*Appointment of a Compliance Officer and termination of employment*

The Board of Directors shall appoint a Compliance Officer or formally confirm his/her appointment. If the Compliance Officer is not appointed by the Board of Directors, his/her appointment shall take effect when the Board of Directors has confirmed it. A deputy

English translation

Compliance Officer shall be appointed in a similar manner. A legal entity may not be appointed as Compliance Officer.

The Financial Supervisory Authority shall be formally notified without delay of the appointment of a Compliance Officer and deputy Compliance Officer. The notification must be accompanied by a copy of that portion of the minutes of the Board meeting where the appointment of the Compliance Officer or deputy Compliance Officer was dealt with.

The Financial Supervisory Authority shall be formally notified without delay of the dismissal of a Compliance Officer or deputy Compliance Officer, as well as the reasons for the termination of his/her employment.

The Board of Directors is responsible for having appropriate notifications sent to the Financial Supervisory Authority.

#### Art. 4

##### *Compliance Officer's qualifications*

The Compliance Officer must have satisfactory knowledge to be able to fulfil the position of Compliance Officer.

The Compliance Officer must have knowledge of the Acts and Rules which apply to treatment of inside information and insider trading. He/She must also have a thorough knowledge of the Issuer's activities and the field of its operations. It is also important that the Compliance Officer has knowledge of the type of financial instruments which the Issuer has had admitted to trading and of the regulated securities market or MTF in question.

The Compliance Officer must act independently in his/her work.

#### Art. 5

##### *Access to information and data*

The Compliance Officer shall have unlimited access to such information and data as is necessary to be able to fulfil his/her duties. It is up to the Compliance Officer to assess what information and data this is in each instance.

The Compliance Officer shall be notified in good time of information which may be necessary for his/her work.

#### Art. 6

##### *Role of the Compliance Officer*

The Compliance Officer supervises the enforcement of these Rules by the Issuer. In his/her absence, the deputy Compliance Officer shall supervise this.

The Compliance Officer's role includes:

1. giving an opinion as to the nature of information, having regard for the definition of the concept of inside information;
2. giving an opinion as to whether disclosure of inside information may be delayed;
3. having oversight of the treatment of inside information if its disclosure has been delayed;
4. handling tasks connected with insider lists and lists of financially connected parties;
5. providing primary insiders with advice concerning the duty to investigate;
6. receiving notifications of primary insider transactions;
7. sending notifications of transactions by primary insiders and management;
8. seeing to the instruction of directors, the managing director and employees;
9. handling communications on behalf of the Issuer with the Financial Supervisory Authority;
10. maintaining a Record of Communications;
11. seeing to the preparation and presentation of a report to the Board of Directors.

#### Art. 7

##### *Record of Communications*

The Compliance Officer shall record communications carried out on the basis of the Rules in a special Record of Communications. The communications shall be recorded in chronological order and it must be ensured that no alterations can be made to the Record without the changes and previous entries being visible. An account must be given of the reasons for changes. Communications must be recorded in a book with numbered pages or in a systematic manner in electronic format. The Record of Communications must be preserved for a minimum of seven years.

If the Compliance Officer sees cause for so doing, he/she shall make an entry in the Record when an assessment has been made of certain information and the assessment has resulted in a conclusion that no inside information was involved. The Compliance Officer must record the reason if such was not considered to be the case. However, the Compliance Officer must always make an entry in the Record of Communications if, in his/her estimation, inside information was involved but the managing director did not agree, and the reasons for this.

When a decision has been taken to delay disclosure of inside information due to the Issuer's legitimate interests, this shall be entered in the Record of Communications, together with the Issuer's grounds for delay, having regard for the Acts and Rules which apply to delay of inside information disclosure.

The Compliance Officer shall also keep a record of his/her communications with the Issuer's insiders carried out on the basis of the Rules. Entries concerning insider transaction, when an insider fulfils his/her duty to investigate and the first step of the duty to give notice, i.e. notification of an intended transaction, must contain the following details:

1. the insider's name as well as names of financially connected parties, if applicable;
2. when (date and time) the insider requests the Compliance Officer's advice concerning transactions in the Issuer's shares or financial instruments connected to them;
3. whether the Compliance Officer is of the opinion that inside information exists within the Issuer and whether the Compliance Officer's advice was to advise against the party

concluding the transaction or whether he/she raised no objections to it. The time when the Compliance Officer's advice was given shall be recorded exactly.

When an insider fulfils the second step of the duty to give notice, i.e. sends notification of a transaction after it has been concluded, notification should be given of those details listed in Art. 21 of the Rules. Entries regarding such by the Compliance Officer in the Record of Communications shall contain these details or copies of notifications to the Financial Supervisory Authority and the notification which was made public, as applicable.

## Art. 8

### *Report to the Board of Directors*

The Compliance Officer shall submit to the Issuer's Board of Directors a report on carrying out compliance work as often as deemed necessary, but no less frequently than once a year.

The Compliance Officer's report shall provide the Board of Directors, firstly, with a summary of his/her work and, secondly, individual instances, if warranted. The Compliance Officer's general summary of his/her work shall include mention of:

1. the Compliance Officer's position with the Issuer;
2. the Compliance Officer's access to information and data;
3. disagreement which has arisen concerning the assessment of information (with regard to inside information), if applicable;
4. information which has been disclosed during the period;
5. whether disclosure of inside information has been delayed during the period and a discussion of the Compliance Officer's opinion at the time of postponement, for instance, having regard to cautious treatment of inside information;
6. the Compliance Officer's opinion of the Board of Directors' criteria concerning who shall be placed on the list of primary insiders and who shall be considered the Issuer's management;
7. how many persons contacted the Compliance Officer due to their duty to investigate concerning proposed transactions;
8. how often the Compliance Officer advised against transactions by primary insiders;
9. whether any transactions took place without the duty to investigate and/or give notification being fulfilled;
10. the instruction which the Compliance Officer has provided and how this was given;
11. the Compliance Officer's relations with the Financial Supervisory Authority;
12. individual incidents which have arisen, if there is cause to mention such;
13. other points.

The Compliance Officer may also submit a report to the Board of Directors concerning individual issues of contention if this is warranted.

Following the Compliance Officer's report to the Board of Directors on the implementation of compliance, the Issuer's Board of Directors shall see to it that suitable measures are taken by the Issuer if necessary.

English translation

When a Compliance Officer ceases employment, he/she must always deliver a report to the Board of Directors on the implementation of compliance from the latest report until termination of his/her employment.

Art. 9

*Compliance Officer's notification of possible violations  
to the Financial Supervisory Authority*

The Compliance Officer must notify the Financial Supervisory Authority of possible violations of provisions of the Rules, for instance, when:

1. In the assessment of the Compliance Officer, a serious violation of Acts or Rules on disclosure of inside information could be concerned, cf. Chapter III of the Rules;
2. a primary insider concludes a transaction which the Compliance Officer has opposed, cf. Chapter V of the Rules.

CHAPTER III

**Treatment of inside information**

Art. 10

*Assessment of information and disclosure of inside information*

The employees, managing director and directors must inform the Compliance Officer in good time of information which could conceivably be considered inside information.

The Compliance Officer shall provide an opinion as to whether information is of such nature that it is considered inside information. If the managing director and the Compliance Officer disagree in their assessment of information, the Compliance Officer shall record this in the Record of Communications and account for this in a report to the Board of Directors. If the Issuer's Board of Directors does not accept the Compliance Officer's assessment and in the Compliance Officer's estimation a serious violation of Acts and Rules could be concerned, the latter must notify the Financial Supervisory Authority.

Specific procedures must exist within an undertaking concerning the treatment of inside information.

All inside information shall be made public as promptly as possible and following the methods provided for in Acts and Rules.

Art. 11

*Legitimate delay of the disclosure of inside information*

The Compliance Officer shall provide an opinion as to whether the nature of information enables the issuer to avail itself of the authorisation of Acts and Rules to delay disclosure of inside information. If the managing director and the Compliance Officer disagree in their assessment of the conditions for legitimate postponement of disclosure of inside information,

English translation

the Compliance Officer shall record this in the Record of Communications and account for this in a report to the Board of Directors. If the Issuer's Board of Directors does not accept the Compliance Officer's assessment and in the Compliance Officer's estimation a serious violation of Acts and Rules could be concerned, the latter must notify the Financial Supervisory Authority.

An Issuer delays disclosure of inside information on its own responsibility.

A decision on delay of the disclosure of inside information must be entered in the Record of Communications, cf. Art. 7 of the Rules, together with the grounds for the postponement.

## Art. 12

### *Cautious treatment of insider information*

If an Issuer avails itself of the authorisation to delay disclosure of inside information, it must ensure its cautious handling. An Issuer must limit access to inside information to those parties who require this in the course of their work for the Issuer and take measures to prevent unauthorised parties from being able to acquaint themselves with its substance or realising what sort of information is involved.

The Compliance Officer must have oversight over what parties possess inside information at any given time. The person in charge of a project which involves inside information is responsible for its cautious treatment. The Compliance Officer must be informed if inside information has been communicated onward. The Compliance Officer and/or the supervisor of the project in question must inform a recipient of inside information as to what sort of information is concerned, the confidentiality concerning the information, the responsibility involved in possessing inside information and the penalties for misuse or distribution of such information.

The Compliance Officer must see to it that lists of insiders are updated and send notifications to the Financial Supervisory Authority, in parallel with the communication of inside information and sending information to insiders on their legal position, cf. Section 17 of these Rules.

The Issuer shall take measures to ensure the immediate disclosure of inside information, should it prove to be impossible to ensure the confidentiality of the information.

## CHAPTER IV

### **Lists of insiders**

## Art. 13

### *Preparing lists of insiders and criteria of the Issuer's Board of Directors*

The Issuer must send the Financial Supervisory Authority information on primary insiders, temporary insiders and parties financially connected to them. The Issuer's Compliance Officer must see to the compiling, amending, maintaining and submitting of lists of insiders and lists of financially connected parties to the Financial Supervisory Authority on the Issuer's behalf.

The undertaking's Board of Directors shall set criteria as to who shall be placed on the list of primary insiders. The Board of Directors shall also adopt criteria as to which primary insiders shall be regarded as management of the Issuer in connection with disclosure of information on management transactions.

The Compliance Officer shall be guided by relevant Acts and Rules, as well as the criteria of the Board of Directors, in deciding which individuals are considered primary insiders and shall be placed on the list of insiders, and which primary insiders are considered management.

#### Art. 14

##### *List of primary insiders*

The Issuer must place all those persons covered by the definition of the concept of primary insider and the criteria adopted by the Issuer's Board of Directors, on a list of primary insiders. The list of primary insiders must specify:

1. the Issuer's name and Reg. No. (if the Issuer does not have an Icelandic Reg. No. its similar identification number shall be listed);
2. the Issuer's address, postal code, location, country and telephone number;
3. the date the list of primary insiders in question was sent to the Financial Supervisory Authority;
4. the name, Id. No. and e-mail address of the Compliance Officer and his/her deputy (if the Compliance Officer does not have an Icelandic Id. No. his/her passport no. must be listed);
5. the regulated securities market where the Issuer's financial instruments have been admitted to trading or where admission to trading has been requested for them, or the multilateral trading facility (MTF) where the financial instruments in question are traded;
6. the date the person concerned acquired the status of primary insider;
7. the Id. No., name, address and postal code of the primary insider (if the primary insider does not have an Icelandic Id. No., his/her passport no. must be listed);
8. the primary insider's connection with the Issuer.

#### Art. 15

##### *List of temporary insiders*

The Issuer must place all persons covered by the definition of the concept of temporary insider on a list of temporary insiders. The list of temporary insiders must specify:

1. the Issuer's name and Reg. No. (if the Issuer does not have an Icelandic Reg. No. its similar identification number shall be listed);
2. the Issuer's address, postal code, location, country and telephone number;
3. the date the list of temporary insiders in question was sent to the Financial Supervisory Authority;
4. the identification of the project;
5. the name, Id. No. and e-mail address of the Compliance Officer and his/her deputy (if the Compliance Officer does not have an Icelandic Id. No. his/her passport no. must be listed);

6. the regulated securities market where the Issuer's financial instruments have been admitted to trading or where admission to trading has been requested for them, or the multilateral trading facility (MTF) where the financial instruments in question are traded;
7. the date the person concerned acquired the status of temporary insider;
8. the Id. No., name, address and postal code of the temporary insider (if the temporary insider does not have an Icelandic Id. No., his/her passport no. must be listed);
9. the temporary insider's connection with the Issuer.

The Issuer must send the Financial Supervisory Authority a list when inside information exists and parties who are not on the list of primary insiders have been granted access to the information. If inside information exists concerning more than one event or circumstance concerning the Issuer, one list of temporary insiders should be sent for each event and/or circumstance.

When inside information is no longer available, the Financial Supervisory Authority shall be sent a list of deleted temporary insiders. This list shall specify the same details as are listed in the first paragraph.

#### Art. 16

##### *Lists of financially connected parties*

Those persons who are considered to be financially connected to both primary and temporary insiders shall be placed on the lists of financially connected parties. The following parties shall be considered parties financially connected to insiders:

1. a spouse or cohabiting partner;
2. children, adopted children and step-children living in the insider's home who are not financially competent;
3. other relatives living in the insider's home and who have lived there for at least one year when a transaction takes place;
4. a legal entity:
  - a) where the insider or a party listed in Points 1, 2 or 3 above serves as managing director,
  - b) which is directly or indirectly controlled by the insider or a party listed in Points 1, 2 or 3 above,
  - c) other than those referred to in subparagraphs a or b, if its financial interests are interwoven with those of the insider or a party listed in Points 1, 2 or 3 above.

The list of financially connected parties must specify:

1. the Issuer's name and Reg. No. (if the Issuer does not have an Icelandic Reg. No. its similar identification number shall be listed);
2. the Issuer's address, postal code, location, country and telephone number;
3. the date the list of financially connected parties concerned was sent to the Financial Supervisory Authority;
4. the identification of the project (on the list of parties financially connected to temporary insiders);



5. the name, Id. No. and e-mail address of the Compliance Officer and his/her deputy (if the Compliance Officer does not have an Icelandic Id. No. his/her passport no. must be listed);
6. the regulated securities market where the Issuer's financial instruments have been admitted to trading or where admission to trading has been requested for them, or the multilateral trading facility (MTF) where the financial instruments in question are traded;
7. the date the party concerned acquired the status of a financially connected party;
8. the Id. No., name, address and postal code of the financially connected party (if the person does not have an Icelandic Id. No., his/her passport no. must be listed);
9. the Id. No. of the insider to which the financially connected party is connected (if the insider does not have an Icelandic Id. No., his/her passport no. must be listed);
10. the financially connected party's connection to the insider.

The Compliance Officer shall at least every six months remind insiders to check whether there have been changes to their financially connected parties and of their duty to notify the issuer of such changes.

#### Art. 17

##### *Notification to insiders, form for financially connected parties and statement*

The Compliance Officer shall send persons whom he/she places on a list of primary insiders and temporary insiders written notification of their legal status as insiders. The notification should inform the person concerned of the legal provisions which apply to insiders, treatment of inside information and insider trading, as well as a copy of these rules and information as to where they can be found. The person concerned shall also be informed of provisions of Acts and Regulations which apply to insider misconduct.

Primary insiders shall be informed specifically of the rules which they and parties financially connected to them must take care to comply with when they conclude transactions in financial instruments. It shall be pointed out especially to temporary insiders that they are completely prohibited from concluding transactions with the Issuer's financial instruments while they possess inside information and the same applies to parties financially connected to temporary insiders.

The notification of legal status sent to insiders must be accompanied by a form to be filled out listing financially connected parties. Insiders shall also be sent a statement to sign declaring that the insider and financially connected parties have acquainted themselves with the notification of the insider's legal status and the rules which apply to their transactions. The insider must return both of these to the Issuer without delay. An Issuer must preserve the signed statement while the list of insiders is valid and for seven years after it has ceased to be valid.

An insider must be notified in writing when he/she has been removed from the list of insiders.

It is the Compliance Officer's task to prepare and send notifications of the insider's legal position together with accompanying documents, and to notify removal from such a list. It is also the Compliance Officer's responsibility to ensure that the relevant documentation from an insider is preserved.

Art. 18

*Submission of lists of insiders to the Financial Supervisory Authority, time limits and preservation of lists of insiders*

Lists of insiders must be sent to the Financial Supervisory Authority immediately when a request has been made that an Issuer's financial instrument be admitted to trading on a regulated securities market or trading has commenced with the instrument in an MTF. Lists of parties financially connected to insiders shall be submitted in tandem with lists of primary insiders and temporary insiders.

All changes to information on insiders, including to financially connected parties, should be sent to the Financial Supervisory Authority immediately.

If there are no changes to the lists, the Financial Supervisory Authority should nonetheless be sent reviewed lists of insiders no less frequently than at six-month intervals.

Lists of insiders and lists of financially connected parties should be submitted electronically through the Financial Supervisory Authority's reporting system. Forms for lists of insiders and lists of financially connected parties are available in the reporting system.

The Issuer must preserve all lists of insiders which have been sent to the Financial Supervisory Authority for seven years from their date.

CHAPTER V

**Insider trading**

Art. 19

*Duty of primary insiders to investigate*

A primary insider is subject to the duty to investigate, i.e. he/she is independently responsible for making sure that no inside information is available before he/she concludes transactions with an Issuer's financial instruments. The same shall apply to proposed transactions with financial instruments which are linked to the Issuer's financial instruments and to proposed transactions by parties financially connected to primary insiders.

Primary insiders themselves must evaluate whether they possess inside information and if the insider is of the opinion that there is doubt in this regard he/she must contact his/her immediate superior or the Compliance Officer, if the superior is not available. The primary insider shall also seek the Compliance Officer's advice on proposed transactions if the primary insider is of the opinion that he/she does not possess inside information.

The Compliance Officer shall reply whether he/she is of the opinion that inside information exists within the Issuer and advise the primary insider regarding proposed transactions. By so doing the Compliance Officer assists the primary insider in satisfying his/her duty to investigate.

If inside information exists, the Compliance Officer's advice on the proposed transactions shall be to advise against the primary insider or a party financially connected to the insider concluding transactions. The Compliance Officer shall also point out to the primary insider that if he/she intends to conclude the transactions nonetheless, then he/she must inform the Compliance Officer of them and the Compliance Officer is obliged to send notice of such transactions to the Financial Supervisory Authority.

A primary insider must fulfil the duty to investigate on the date the transactions are envisaged. If the transactions are not concluded that day, the primary insider must begin the investigation once again.

A primary insider must be able to demonstrate in writing that he/she has fulfilled the duty to investigate prior to concluding transactions with the Issuer's financial instruments.

When the Compliance Officer or parties financially connected to him/her intends to conclude transactions, he/she must turn to the Issuer's managing director to fulfil the duty to give notice and investigate. In those instances the managing director shall look after sending notifications and other such tasks which the Compliance Officer would otherwise have done in accordance with Acts and Rules.

## Art. 20

### *Duty of primary insiders to notify*

A primary insider must notify the Compliance Officer in writing before he/she or parties financially connected to him/her conclude transactions with the Issuer's financial instruments or financial instruments connected to them. If the primary insider has fulfilled the duty to investigate in writing and the Compliance Officer has not advised against the primary insider's transaction, the primary insider is deemed to have fulfilled this part of his/her duty to notify.

After a transaction has taken place, the primary insider must immediately inform the Compliance Officer in writing that the primary insider or a party financially connected to him/her has concluded a transaction which is subject to the duty to notify. A notification of a primary insider must also inform the Compliance Officer of details which must be included under Art. 21 of the Rules, in order that notification of the transaction can be sent and, as the case may be, information disclosed on management transactions.

The Compliance Officer must that same day send notification of the transaction on behalf of the Issuer to the Financial Supervisory Authority.

If satisfactory information is not provided in the primary insider's notification, the Compliance Officer must immediately demand that the primary insider rectify the flaws in the notification. If the insider does not comply with the Compliance Officer's demands for rectification the same day it is made, the Compliance Officer shall inform the Financial Supervisory Authority that an unsatisfactory notification has been received, together with the information available at that time.

The Compliance Officer shall notify the Financial Supervisory Authority of transactions concluded by a primary insider against the Compliance Officer's advice.

Art. 21

*Notification to the Financial Supervisory Authority*

The Issuer must send notification the same day of transactions by insiders and financially connected parties to the Financial Supervisory Authority.

The notification to the Financial Supervisory Authority must specify the following details:

1. name of the Issuer;
2. date of the notification;
3. name of the primary insider, or financially connected party, as applicable;
4. the primary insider's connection with the Issuer;
5. date of the transactions and at what time during the day they took place;
6. type of financial instrument;
7. whether a purchase or sale was concerned;
8. nominal value and price in the transactions;
9. nominal value of the primary insider's holding, on the one hand, and holdings of financially connected parties, on the other;
10. date of final settlement of the transaction, if applicable; and
11. further details, if applicable.

Art. 22

*Public disclosure of information on transactions*

An Issuer must immediately and in a non-discriminatory manner publicly disclose in the European Economic Area information on transactions by an Issuer's management with the Issuer's shares and other financial instruments related to them, provided the market value of the transaction amounts to at least ISK 500,000 or the cumulative change in the holding of the manager concerned in the Issuer's shares during the past four weeks amounts to at least ISK 1,000,000. In parallel to public disclosure, the Issuer must send the information to the Financial Supervisory Authority.

The Compliance Officer shall, on behalf of the Issuer, compile and make public information on management transactions and in parallel to this send a notification to this effect to the Financial Supervisory Authority.

CHAPTER VI

Art. 23

*Instruction on Acts and Rules on treatment of inside information and insider transactions*

The directors, managing director and employees of an Issuer must have knowledge of and access to those Acts and Rules which apply to treatment of inside information and insider trading.

The Compliance Officer shall see to instruction on the Acts and Rules which apply concerning the treatment of inside information and insider trading. The Compliance Officer

shall instruct the Issuer's primary insiders especially on treatment of inside information and insider transactions, firstly, when the person concerned is placed on the list of primary insider and subsequently at regular intervals thereafter. Furthermore, the Compliance Officer shall assess what employees, apart from primary insiders, shall be given instruction on treatment of inside information and insider trading, with regard to the Issuer's treatment of inside information and their possible position subsequently as temporary insiders.

## CHAPTER VII

### **Entry into force**

Art. 24

*Entry into force, etc.*

These Rules are issued on the basis of Art. 132 of Act No. 108/2007, on Securities Transactions, and shall enter into force one month after their issuance. Furthermore, the Financial Supervisory Authority's Rules No. 987/2006, on Treatment of Inside Information and Insider Trading shall become invalid.

*Financial Supervisory Authority, 14 November 2012*

**Unnur Gunnarsdóttir**

*Halldóra Elín Ólafsdóttir*