

RULES

authorising the Financial Supervisory Authority to conclude case proceedings by settlement

Article 1

Scope

The Financial Supervisory Authority of Iceland (FME) is authorised to conclude a matter by a settlement with the approval of the party to the case if he has violated statutory provisions that confer on FME the authority to impose administrative fines.

The authority to conclude a case by settlement does not extend, however, to major violations subject to sanctions. A violation shall be considered major if it involves substantial amounts of money, if the violation is committed in a particularly reprehensible manner, or if it is committed under circumstances that greatly exacerbate the criminality of the violation.

Article 2

Authorisation for settlement

The Director General of the Financial Supervisory Authority, or an employee upon whom he or she confers the authority, shall be authorised to negotiate settlements on behalf of the Financial Supervisory Authority in cases that could involve administrative fines. The Authority is authorised but not obliged to negotiate settlements. The Director General, or the employee whom he or she has authorised, has full authority to negotiate settlements without referring individual settlement decisions to the Board of Directors of the Financial Supervisory Authority.

Article 3

Stages of case proceedings

If a case is concluded with a settlement payment, it is assumed that a discount will be granted on the expected total amount of the administrative fines, with consideration given to factors that could increase or decrease the penalties imposed. The calculation of the discount shall take into account the stage of the case proceedings at the time of settlement.

The beginning of the investigation is considered the first stage of case proceedings. If a settlement is reached at this stage, a discount of up to 50% is granted. When the investigation has taken place but has not been fully concluded, this is considered the second stage of case proceedings. If a settlement is reached at this stage, a discount of up to 30% is granted. The Financial Supervisory Authority shall assess the stage of the proceedings when it makes a decision on granting a discount.

Article 4

General procedures for settlement in cases involving administrative fines

If the Financial Supervisory Authority considers it appropriate to give a party the option of concluding a case by settlement, it shall summon the party to a meeting by means of a written notice.

The summons to the meeting shall include, in addition to an offer to conclude the case by settlement, the date; the name, national identification number, and address of the party; the case number, a short description of the alleged violation, and the statutory provisions that may apply.

If a party appears at the meeting to which he is summoned, admits the violation, and declares himself willing to conclude the case by settlement, a settlement agreement shall be prepared in writing and confirmed by the parties with their signatures. The settlement agreement shall include the date; the name, national identification number, and address of the party; the case number, the reason for the settlement, a citation of the statutory provisions that pertain; the sanction provisions; the party's admission of the violation; the settlement amount; and a declaration by the party that he agrees to conclude the case by settlement and remit payment of the settlement amount within the specified period of time.

The Director General of the Financial Supervisory Authority, or the employee to whom he or she has granted the authority, and one other employee of the Authority shall sign the settlement agreement on behalf of the Financial Supervisory Authority. The settlement agreement is binding upon the parties once it has been signed. It is permissible to grant a 30-day grace period for payment of the amount specified in the settlement agreement. When the provisions of the settlement have been fulfilled, the case is closed, and the Financial Supervisory Authority shall send the party a confirmation to this effect.

If a party does not respond to an offer to conclude his case by settlement within a specified period of time, the Director General of the Financial Supervisory Authority shall decide on the continuation of the case.

Article 5

Settlement procedures in cases involving minor violations

In minor cases, the Financial Supervisory Authority may decide to give the party the option of settling the case by sending him a written settlement offer and a remittance slip. Minor cases are those that the Financial Supervisory Authority considers it possible to conclude by written correspondence because of the extent and severity of the alleged violations.

The offer to conclude the case by settlement shall include the date; the name, national identification number, and address of the party; the case number, a short description of the alleged violation, and the statutory provisions that may apply. The offer shall specify that the party has the option of settle the case by remitting the amount specified within 30 days of the date of the settlement offer. The settlement offer shall be accompanied by a remittance slip.

If a party agrees in writing to a settlement, by signing the settlement offer and remitting the settlement amount within the specified period of time, the settlement shall be binding upon the parties. When the provisions of the settlement have been fulfilled, the case is closed, and the Financial Supervisory Authority shall send the party a confirmation to this effect.

If a party does not respond to an offer to conclude his case by settlement within a specified period of time, the Director General of the Financial Supervisory Authority shall decide on the continuation of the case.

Article 6

Right to remain silent

In a case against an individual could be concluded with the imposition of administrative fines or charges filed with the police, the individual suspected on legitimate grounds of having violated the law shall have the right to refuse to answer questions or submit data or objects that could be significant to a decision on his violation. The Financial Supervisory Authority shall instruct the suspect that he has this right.

Article 7

Publication of settlement

In those instances where the public announcement of the results of investigations and cases is permitted by law, information on the proceedings in cases that could conclude with settlement shall be handled in a manner consistent with the provisions of the Financial Supervisory Authority's transparency policy.

Article 8

Entry into force

These Rules are set based on the authority contained in Article 142 of the Act on Securities Transactions, no. 108/2007, cf. Article 2 of Act no. 55/2007; Article 111 of the Act on Financial Undertakings, no. 161/2002, cf. Article 8 of Act no. 55/2007; Article 34 of the Act on Securities Exchanges, no. 110/2007, cf. Article 11 of Act no. 55/2007; Article 34(a) of the Act on Electronic Registration of Title to Securities, no. 131/1997, cf. Article 13 of Act no. 55/2007; Article 69 of the Act on Undertakings for Collective Investment in Transferable Securities (UCITS) and Investment Funds, cf. Article 15 of Act no. 55/2007; Article 99(a) of the Act on Insurance Activities, cf. Article 19 of Act no. 55/2007; and Article 62(a) of the Act on Insurance Brokerage, no. 32/2005, cf. Article 21 of Act no. 55/2007.

These Rules shall enter into force upon publication.

Financial Supervisory Authority, 20 December 2007

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