

[Act on Government Debt Management]¹⁾

No. 43, 16 May 1990

¹⁾[Act No 138/2007, Article 10.](#)

Entered into force 22 May 1990. Amended by Act No. 83/1997 (entered into force 6 June 1997) and Act No. 138/2007 (entered into force 1 January 2008).

Article 1

[The Minister of Finance shall be responsible for borrowing by the National Treasury and state institutions both in Iceland and abroad, for issuance and sale of government bonds on the domestic market and other debt management for the National Treasury, as well as for on-lending of borrowed funds, state guarantees and the State Guarantee Fund.]¹⁾

¹⁾[Act No 138/2007, Article 1.](#)

Article 2

[Government Debt Management]¹⁾ shall pursue the following principal objectives:

1. to keep the state's foreign and domestic interest and financing costs to a minimum;
2. to diversify exchange rate, interest rate and price level risk arising from state debt as efficiently as possible;
3. to reduce the risk to the National Treasury arising from guarantees and on-lending;
4. to reinforce trading in government bonds on the domestic financial market through promotional activities and service;
5. to strengthen the creditworthiness of the Icelandic state on foreign credit markets and thereby improve the nation's terms of financing abroad.

¹⁾[Act No 138/2007, Article 2.](#)

[Article 3]¹⁾

[The Minister of Finance]²⁾ shall conclude agreements on behalf of the Treasury with respect to borrowing and on-lending of funds and shall grant guarantees ...²⁾ within the limits set by *Althingi* at any given time.

[The Minister of Finance]²⁾ may, in the name of the Treasury, borrow and on-lend funds in lieu of a government guarantee as referred to in the first paragraph, in part or in full, provided such an arrangement is more secure for the Treasury.

¹⁾[Act No 138/2007, Article 3.](#) ²⁾[Act No 138/2007, Article 4.](#)

[Article 4]¹⁾

[The Minister of Finance],²⁾ on behalf of the Treasury, may refinance domestic and foreign debt prior to maturity if more favourable terms are on offer. [The Minister of Finance]²⁾ may also take out short-term foreign loans on behalf of the Treasury for repayment of previous short-term loans or convert such short-term debt into longer loans.

[The Minister of Finance]²⁾ may, on behalf of the Treasury, sell Treasury bills on the domestic market for repayment of previously issued Treasury bills and to improve the Treasury's balance on its principal current account with the Central Bank.

Furthermore, [the Minister of Finance]²⁾ may, on behalf of the Treasury, alter the currencies and/or interest terms of foreign loans through special agreements, provided no new borrowing is involved in such modifications.

Each year the Minister of Finance shall inform *Althingi* of his/her utilisation of these authorisations.

Further details of the provisions of this Article may be laid down in a Regulation.

¹⁾[Act No 138/2007, Article 3.](#) ²⁾[Act No 138/2007, Article 5.](#)

[Article 5]¹⁾

[The Minister of Finance]²⁾ shall monitor the borrowing of parties enjoying state guarantees for their commitments and advise on their debt management.

Parties intending to borrow abroad and who enjoy state guarantees for their foreign commitments must inform the [Minister of Finance]²⁾ of their intentions and seek his/her approval of the terms and conditions that they intend to negotiate.

¹⁾[Act No 138/2007, Article 3.](#) ²⁾[Act No 138/2007, Article 6.](#)

[Article 6]¹⁾

An agreement may be concluded with the Central Bank of Iceland to handle ...²⁾ borrowing, state guarantees and on-lending, as well as other tasks that [are entrusted to the Minister of Finance pursuant to this Act]²⁾ as deemed economical and effective.

¹⁾[Act No 138/2007, Article 3.](#) ²⁾[Act No 138/2007, Article 7.](#)

[Article 7]¹⁾

Further provisions on the implementation of this Act ...²⁾ may be laid down in a Regulation.³⁾

¹⁾[Act No 138/2007, Article 3.](#) ²⁾[Act No 138/2007, Article 8.](#) ³⁾[Reg. 237/1998.](#)

[Article 8]¹⁾

This Act shall enter into force at once. ...

¹⁾[Act No 138/2007, Article 3.](#)

[Temporary provision]

The Minister of Finance shall assume the general rights and obligations of the National Debt Management Agency and of agreements with third parties, as appropriate pursuant to the provisions of this Act.]¹⁾

¹⁾[Act No 138/2007, Article 9.](#)