

RULES

on the Interbank Market for Currency Swaps

The Governors of the Central Bank of Iceland hereby set the following Rules as authorised under Articles 18 and 38 of Act No. 36/2001 on the Central Bank of Iceland.

Article 1

Participation in the interbank market for currency swaps

Market makers in the interbank foreign exchange market may become participants in the interbank market for currency swaps, hereafter named market participants, and the Central Bank of Iceland may also participate in the market. The Central Bank of Iceland is not obliged to do business with market participants even when requested to do so.

Article 2

Obligations of market participants and market hours

Market participants are obliged to quote binding selling and buying rates for the US dollar if requested by another market participant. The reference amount for agreements is 3,000,000 US dollars. Market participants are obliged to quote buying and selling rates for agreements for the following periods: SW, 2W, 1M, 2M, 3M, 6M, 9M and one year. The interbank market for currency swaps is open for trading from 9:30 to 14:00 every business day.

Article 3

Indicative bids

Market participants undertake to update regularly their indicative bids, i.e. buying and selling bids for the periods enumerated in Article 2. Bids shall be published on a separate page in the Reuters information system. Only market participants shall have access to these pages. Market participants shall update their bids at intervals of no more than 5 minutes, cf. Article 2.

Article 4

Provision of information

A market participant that has quoted a rate which results in a trade shall notify the Central Bank of Iceland by e-mail or telephone of the transaction immediately when it is made. The information to be provided to the Central Bank of Iceland shall specify: the parties to the transaction, the amount in US dollars, length, spot rate and forward points. The Central Bank of Iceland is obliged to publish the turnover for each period, cf. Article 2, on each business day. The Central Bank of Iceland publishes information on turnover the Reuters ICEU page.

Article 6

Spreads

The maximum interest rate spread shall be 25 basis points for each period.

Article 7

Entry into force

These Rules enter into force on March 15, 2002.

Reykjavík, May 8, 2002
Central Bank of Iceland,

Birgir Ísleifur Gunnarsson
Chairman, Board of Governors

Eiríkur Guðnason
Governor

Finnur Ingólfsson
Governor