

RULES

on the Practice of the Resolution Authority of the Central Bank of Iceland

Article 1

Scope and content

These Rules provide for the practice of the resolution authority of the Central Bank of Iceland on the basis of Act no. 70/2020, on Resolution of Credit Institutions and Investment Firms.

Article 2

Role and tasks of the Resolution Authority

The Central Bank of Iceland exercises resolution authority, i.e. the administrative authority to take action and prepare and carry out the resolution of credit institutions and investment firms.

The Bank's Resolution Authority assesses resolvability, makes resolution plans and determines the minimum requirement for own funds and eligible liabilities (MREL) for credit institutions and investment firms. The Resolution Authority carries out the resolution proceedings of undertakings in accordance with resolution plans.

The office of the Resolution Authority, which reports directly to the Governor of the Central Bank, carries out the tasks of the Resolution Authority, including the creation of resolution plans, preparation of the Resolution Authority's decisions, communication with external parties, as well as other daily tasks.

Article 3

Separation of the Resolution Authority from other activities

The Resolution Authority shall work independently. Its activities are separate from other activities and tasks of the Central Bank of Iceland. The objective of this separation is to ensure the efficacy of resolution actions and to avoid conflicts of interest.

Separation of the Resolution Authority's tasks from other activities involves, among other things:

- a. separate processes for making decisions regarding resolution proceedings, cf. Article 4;
- b. independent communication channels for employees, cf. Article 5;
- c. special handling of information within the Central Bank, cf. Article 6; and
- d. a special fee for the Resolution Authority, cf. Article 7

Article 4

Decision-making within the Central Bank of Iceland

Final decision-making on the resolution of credit institutions and investment firms rests with the Governor of the Central Bank. Managers whose primary duty is to exercise microprudential supervision of financial undertakings are not involved in decision-making as resolution authority.

The Resolution Authority makes decisions regarding activities governed by the Act on Resolution of Credit Institutions and Investment Firms, no. 70/2020, as provided for in the

Rules of Procedure of the Financial Stability Committee, cf. Article 14 of Act no. 2/2019, on the Central Bank of Iceland, and the Rules of Procedure of the Central Bank of Iceland, cf. Article 3 of the same Act. Decisions by the Resolution Authority on a resolution plan and resolvability, on minimum requirements for own funds and eligible liabilities (MREL) and on the evaluation of a business reorganisation plan shall not be taken without prior consultation with the Financial Supervisory Authority of the Central Bank of Iceland.

The Financial Supervision Committee decides whether an undertaking, entity or group is considered operable and whether an undertaking or entity is failing or likely to fail. Decisions of the Financial Supervisory Committee shall be taken after consultation with the Resolution Authority

Article 5

Communication channels of the Resolution Authority

The Resolution Authority, including its office, shall have unrestricted channels of communication within the Central Bank of Iceland. Notifications and information shall be directed through processes that are separate from the processes of other tasks of Bank.

The Returning Authority, including its office, shall not be constrained in its actions by decisions taken as a result of other functions of the Central Bank.

Article 6

Treatment of information within the Central Bank of Iceland

The Resolution Authority shall have unhindered access to information from the Financial Supervisory Authority of the Central Bank of Iceland and other activities of the Central Bank, provided that the provision of information is necessary for the Resolution Authority to perform its statutory tasks under the Act on Resolution of Credit Institutions and Investment Firms.

The Financial Supervisory Authority and other activities of the Central Bank do not have access to information concerning the activities of the Resolution Authority, except with the Authority's prior approval.

Information and data of the Resolution Authority's office shall be separated by access control from other information intended for financial supervision and other activities of the Central Bank.

Article 7

Fees for activities of the Resolution Authority

The activities of the Resolution Authority are financed by a special fee, cf. Articles 1-3 and the thirteenth and fourteenth paragraphs of Article 5 of the Act on Payment of the Cost of Official Supervision of Financial Activities and the Resolution Authority, no. 99/1999.

Article 8

Confidentiality of and disclosure of information on activities of the Resolution Authority

The duty of confidentiality of employees in connection with activities of the Resolution Authority is governed by Article 8 of the Act on Resolution of Credit Institutions and Investment Firms, no. 70/2020, and Article 41 of the Act on the Central Bank of Iceland, no. 92/2019.

Pursuant to Article 8 of the Act on the Resolution of Credit Institutions and Investment Firms, information on the activities of the Resolution Authority may be disclosed in

summarised form, where individual credit institutions and investment firms are not identifiable. Such disclosure shall be made in the form of a short statement.

In preparing statements as referred to in the second paragraph, care shall be taken to ensure the disclosure does not violate the Resolution Authority's duty of confidentiality, giving due consideration to: the number of credit institutions and investment firms discussed, specific characteristics in the information and the external context of the disclosure of the information.

Article 9

Entry into force

This Regulation, which is issued based on the authorisation in the fourth paragraph of Article 4 of the Act on Resolution of Credit Institutions and Investment Firms, no. 70/2020, shall enter into force immediately.

Central Bank of Iceland, 22 December 2021.

Ásgeir Jónsson,
Governor of the Central Bank

Flóki Halldórsson,
Head of the Office of the Resolution Authority