

## RULES

### on Current Accounts in the Central Bank of Iceland

#### Article 1

##### *Current accounts of financial undertakings*

The following financial undertakings may hold current accounts in Icelandic currency in the Central Bank of Iceland:

1. Domestic financial undertakings (credit institutions) that have been granted an operating licence pursuant to Article 4, paragraph 1, items 1, 2, 3 and 4 of Act No. 161/2002 on Financial Undertakings.
2. Branches of foreign financial undertakings which are established and hold a corresponding operating licence to that in item 1 in another member state of the European Economic Area, and which operate in Iceland, cf. Article 31 of Act No. 161/2002.
3. Branches of foreign financial undertakings which are established in a country outside the European Economic Area and have been authorised by the Financial Supervisory Authority pursuant to Article 33 of Act 161/2002, provided that the undertaking is authorised to pursue activity in its home state parallel to that provided for in Article 4, paragraph 1, items 1, 2, 3 and 4 of the same Act, that the activity that the undertaking proposes to pursue in Iceland is comparable, and that its activity is subject to comparable supervision to the provisions of Act No. 87/1998 in its home state.
4. Undertakings engaged in securities services (account operators) which are a party to a central securities depository for the purpose of having the Central Bank arrange the settlement of their transactions in electronic security certificates, cf. Article 15 of Act No. 131/1997 on Electronic Registration of Title to Securities.

Financial undertakings subject to minimum reserve requirements (credit institutions) shall deposit their reserve requirements, under Central Bank of Iceland Rules No. 879/2005 on Minimum Reserve Requirements, in their current accounts.

A current account also serves a real-time gross settlement (RTGS) account that is used in a financial undertaking's settlements in a payment system or securities settlement system, cf. Rules on the Central Bank of Iceland Real-Time Gross Settlement System.

#### Article 2

##### *Establishment of financial undertakings' current accounts*

A financial undertaking that establishes a current account in the Central Bank shall fulfil the following conditions:

1. Hold the obligatory licences from the Financial Supervisory Authority under Act No. 161/2002.
2. Branches of foreign financial undertakings shall be subject to a financial supervisory authority in the European Economic Area or a comparable authority in the case of a financial undertaking from outside the European Economic Area.
3. Fulfil the requirements of the relevant supervisory authority, including stipulations on own funds and liquid assets.
4. Have set itself written rules and maintain internal audit aimed at preventing its activities from being used for money laundering and financing of terrorist activities, cf. the provisions of Act No. 64/2006 on Measures to Combat Money Laundering and Financing of Terrorist Activities. Branches of foreign financial undertakings from outside the European Economic Area shall demonstrate that its internal controls to ensure that money laundering and financing of terrorist

activities does not take place are analogous or comparable to that stated in Act No. 64/2006.

#### Article 3

##### *Interest on financial undertakings' deposits*

Current accounts bear interest in accordance with the Central Bank's interest rate announcements published on its website. On interest rate decisions, reference is made to Article 9 of the Rules on Central Bank of Iceland Facilities for Financial Undertakings.

#### Article 4

##### *Overdrafts on a financial undertaking's current account*

A current account may not be overdrawn.

Notwithstanding paragraph 1, financial undertakings that are participants in the Central Bank RTGS system may be authorised to overdraw on their current accounts in connection with settlements in the RTGS system, by written agreement and against satisfactory collateral deemed eligible by the Central Bank under the rules on its RTGS system. An overdraft may only be made within a single day, during the opening hours of the RTGS system.

Under exceptional circumstances, a participant in the Central Bank RTGS system may request an increase in its intraday overdraft during the opening hours of the RTGS system under paragraph 2, against collateral that the Central Bank deems eligible. The overdraft is authorised from the time it is approved by the Central Bank until the closure of the RTGS system. A separate fee shall be paid for the overdraft authorisation, in accordance with the Central Bank's tariff.

#### Article 5

##### *Closure of a financial undertaking's current account and the Central Bank's right to realise collateral*

The Central Bank may close an account without notice because of an unauthorised overdraft.

The Central Bank may redeem collateral for the settlement of an unauthorised overdraft in such a manner as it chooses, without special notice and without the action of the authorities. The Central Bank shall decide at its own discretion whether all the collateral that has been provided shall be redeemed, or only part of it, and if so, in which order this is done.

#### Article 6

##### *Current accounts of government entities*

Funds owned by the government as specified under Group A of the government accounts, lending agencies owned by the government as specified under Group C of the government accounts and government financial institutions as specified under Group D of the government accounts, cf. Article 3 of the Government Financial Reporting Act No. 88/1997, may hold current accounts in the Central Bank.

#### Article 7

##### *Interest on government entities' deposits, etc.*

Interest on deposits in current accounts are the same as those on financial undertakings' current accounts in the Central Bank.

A current account may not be overdrawn.

Article 8

*Entry into force*

These Rules, which are set with reference to Article 6, paragraph 2 and Article 38 of Act No. 36/2001 on the Central Bank of Iceland, enter into force on June 21, 2007.

Reykjavík, June 18, 2007

*Central Bank of Iceland,*

**Davíð Oddsson,**  
Chairman of the Board of Governors

**Eiríkur Guðnason**  
Governor