

RULES

on the Obligation to Provide Information in respect of Foreign Exchange Transactions and Cross-Border Capital Movements

Article 1

General obligation to provide information

In order for the Central Bank of Iceland to be able to perform its mandatory regulatory functions and compilation of economic statistics, cf. Articles 10 and 11 of Act No. 87/1992, on Foreign Exchange, and Articles 22 and 24 of Act No. 36/1986, on the Central Bank of Iceland, it is obligatory to provide the Bank with all information regarding foreign exchange transactions and other aspects of the balance of payments and external position. In this respect the Central Bank has the same rights as Statistics Iceland and the same penalties apply to non-fulfilment of the obligation to provide information.

Management and employees of the Central Bank are bound to secrecy as regards the conditions pertaining to individual clients and other matters which are confidential according to law or the nature of the case.

Article 2

Obligation to give notice and scope of application

All parties authorised to act as intermediaries in foreign exchange transactions and the buying and selling of foreign currency, as stipulated by Article 8, paragraph 1 of Act No. 87/1992, shall fulfil the Central Bank's requirements on the recording of foreign exchange transactions. Transactions shall be classified by their nature in accordance with the Central Bank's classification index, and itemised in computer-readable format, cf. the Central Bank of Iceland's manual on foreign exchange transactions, and this information shall be forwarded to it.

If foreign exchange transactions are carried out by intermediaries as stated in paragraph 1 above, individuals and legal persons must provide them with all information that may be regarded as necessary for them to comply with their obligation to give notice as stipulated by paragraph 1. Individuals and legal persons must also comply with their obligation to notify the Central Bank, under Article 3 of these Rules, of any information that is not detailed in notifications provided by the intermediaries in accordance with paragraph 1.

If foreign exchange transactions are carried out without the intervention of intermediaries, individuals and legal persons are obliged to provide the Central Bank with information regarding the nature of the transaction as itemised on forms supplied by and available at the Central Bank. Additional information on specified capital movements as stipulated by Article 3 of these Rules shall also be submitted. Legal persons are obliged to submit to the Central Bank a monthly survey of such transactions whereas individuals shall give notification of transactions as they take place.

Article 3

Notification of cross-border capital movements

The Central Bank must be notified of the following cross-border capital movements:

1. Investment by non-residents in business operations in Iceland, cf. Act No. 34/1991.
2. Direct investment by residents in business operations outside Iceland.
3. Real estate purchases in Iceland by non-residents and the resale of such property.
4. Real estate purchases outside Iceland by residents and the resale of such property.

5. Buying and selling of securities in Iceland by non-residents.
6. Buying and selling of securities outside Iceland by residents.
7. Borrowing by residents from non-residents.
8. Lending by residents to non-residents.

Information on the capital movements specified above shall be submitted to the Central Bank within 30 days of the completion of a contract. Information shall be in writing as specified in Appendix I to these Rules or on forms provided by and available at the Central Bank.

The obligation to give notice rests with residents. However, in the case of a business investment under their own name, the obligation to give notice rests with non residents under paragraph 1, item 1.

Article 4

Accounts held by residents in non-resident deposit institutions

Individuals and legal persons shall give notification of the opening of accounts with non-resident banks. Legal persons shall submit a monthly statement of balances on such accounts, whereas individuals shall submit an annual statement of balances at the end of the year.

Article 5

Accounts held by non-residents in resident deposit institutions

Deposit institutions shall at all times record the accounts of non-residents in their name and with their Icelandic identification number. Before the tenth working day of each month, deposit institutions shall submit to the Central Bank information about the balances of accounts held by non-residents as of the end of each month, as stipulated by Central Bank rules regarding monthly reports on the financial position of deposit institutions.

Article 6

Amount limits

The Central Bank of Iceland may set a minimum limit for the amounts involved in individual items of information that must be provided in accordance with these Rules. The Central Bank will announce such amounts specifically.

Article 7

Entry into force, etc.

These Rules are issued by the Central Bank of Iceland under the provisions of Article 11 of Act No. 87/1992 on Foreign Exchange, cf. also Article 10 of Regulation No. 679/1994 on Foreign Exchange.

These Rules shall enter into effect forthwith. At the same time, the Central Bank Announcement on the Obligation to Provide Information and Give Notice regarding Foreign Exchange Transactions of December 23, 1992 is abrogated.

Reykjavík, January 16, 1995
Central Bank of Iceland,

Birgir Ísleifur Gunnarsson

Eiríkur Guðnason

Appendix I

Specification of information required in respect of obligatory notification of capital movements, cf. Article 3 of the Rules

1. Investment in business operations under items 1 and 2

Notifications of investment shall include information about share acquisitions and other founding or additional capital contributions to a business or holding company, name and address of investors, name and domicile of the firm or company, date and amount of investment and the proportion of the shareholding. Information shall also be provided on shareholder loans, including lending between parent companies and subsidiaries, loan amounts and repayment terms.

2. Real estate transactions under items 3 and 4

Notification shall be made of the amount and date of a deed of sale or deed of transfer, and name and address of buyer and seller, together with a description of the property.

3. Securities transactions under items 5 and 6

Resident authorised stockbrokers shall give notification of securities transactions in which they act as an intermediary; otherwise, the obligation to provide information rests with individuals and legal entities engaged in direct securities transactions with non-residents. Information shall be given regarding the name and address of the counterparty to the transaction, and amount and date of transaction, together with a description of the instrument, i.e. type, issuer and country of issue. Share purchases in Iceland by non-residents are covered by Article 3, item 1 of these Rules.

4. Borrowing and lending by non-residents under items 7 and 8

Residents shall give notification of non-resident borrowing/lending for periods exceeding one year or short-term loans that are not related to international trade in goods or services.. Information shall include name and address of borrower and lender together with main terms of loans, i.e. amount of loan, interest terms, repayment of instalments, date of loan agreement and maturity.