

RULES

Amending the Rules on Central Bank Facilities for Financial Undertakings, no. 1200/2019

Article 1

A temporary provision bearing the heading **Temporary Provision on supplemental and support loans** shall be added to the Rules and shall read as follows:

In addition to the collateral listed in Article 10, Paragraph 1, the following shall be considered eligible as collateral for Central Bank facilities:

- a. Collateral instruments secured by commercial paper, provided that they are collateralised instruments issued by a financial undertaking (credit institution) with hold-in-custody collateral in the form of debt instruments that are issued by operating entities on the basis of Chapter III of the Act on Financial Support for Small Businesses due to the COVID-19 Pandemic, no. 38/2020, and satisfy the requirements laid down in Article 43 of the Act on Contractual Mortgages, no. 75/1997. Collateral instruments backed by commercial paper shall be in a standard contract format approved by the Central Bank; they shall be secured with collateral deemed satisfactory by the Central Bank, shall provide satisfactory access to information on the status and valuation of the underlying collateral at any given time, shall provide satisfactory legal protection, and, in other respects, shall be deemed by the Bank to provide sufficient security.
- b. Collateral instruments secured by commercial paper, provided that they are collateralised instruments issued by a financial undertaking (credit institution) with hold-in-custody collateral in the form of debt instruments that are issued by companies on the basis of Article 4 of the National Budget Supplement, Act no. 26/2020, cf. the agreements between the Central Bank and credit institutions on the granting of guarantees on supplemental loans; and the collateral instrument shall satisfy all of the requirements listed in Item (a) of this provision.

In taking decisions on facilities, the Central Bank may derogate from all requirements laid down in Article 10, Paragraph 2 and Article 11, Paragraph 3.

Article 2

Entry into effect, etc.

These Rules, which are set on the basis of Article 46, Paragraph 2 of the Act on the Central Bank of Iceland, no. 92/2019, shall take effect immediately. The amendments were discussed on 23 June 2020 at a meeting of the Monetary Policy Committee and the Financial Stability Committee of the Central Bank of Iceland.

Central Bank of Iceland, 1 September 2020

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