

On-site inspection of compliance with the Rules on treatment of insider information and insider trading at P/F Atlantic Petroleum

On March 14th 2006, the Financial Supervisory Authority in Iceland (FME) conducted an on-site inspection of compliance with rules on treatment of insider information and insider trading (the FME rules) at Atlantic Petroleum. The inspection covered the period from registration of the company at the Iceland Stock Exchange (ICEX) until the date of the inspection.

In general

It is the FME's conclusion that the compliance framework at Atlantic Petroleum is in fairly good order.

The board of the company has confirmed their own rules on insider transactions in addition to the FME rules. Even though the company's rules are more detailed, they do not include some vital requirements made by the FME. FME made comments on the compliance with the Rules at the on-site inspection and has insisted that the board ensures full compliance with the FME rules.

Insider transactions

Insiders receive an information package from the company once they are deemed insiders and the company rules stipulate the procedure to follow when conducting a transaction. FME advised Atlantic Petroleum to include instructions in the information package on how to contact the compliance officer and recommended that seminars on rules relating to insiders would be held on a regular basis.

The compliance officer has adequate access to information within the company, which enables him to assist and advise insiders concerning insider transactions. The procedure regarding communications of insider transactions are adequate. The responsibility of insiders to investigate prior to transactions has been fulfilled on every occasion and the same goes for notifications before and after conclusion of transactions.

An alternate of the compliance officer has not been formally appointed by the board and insiders have not received any information on whom to contact in absence of the compliance officer. The FME insisted on immediate improvements.

The compliance officer keeps a register of all communications regarding insider transactions but it seems to be possible to make changes afterwards. The FME insisted on improvements to ensure that no modifications can be made to the register without previous entries and modifications being visible to ensure traceability.

Lists of insiders

Lists of primary insiders and parties financially connected are in fairly good order and have been renewed at least every six months.

Atlantic Petroleum has sent lists of temporary insiders to the FME, although lists of financially connected parties were never enclosed. At the on-site inspection the FME insisted on immediate improvements. On some occasions Atlantic Petroleum failed to notify FME when temporary insiders did no longer have access to insider information and send updated lists to FME. The FME strongly advised Atlantic Petroleum to pay close attention to this issue.