



Reykjavík, May 18<sup>th</sup> 2016

## **Settlement Agreement regarding a violation of Articles 126 and 127 of Act No. 108/2007 on Securities Transactions**

On January 12<sup>th</sup> 2016 the Financial Supervisory Authority of Iceland, hereinafter referred to as the FME, and BankNordik, hereinafter referred to as the party, entered into a Settlement Agreement due to a violation of Article 126 and Article 127 of Act No. 108/2007 on Securities Transactions, hereinafter the Act.

Main points of the Settlement Agreement are as follows:

The party admits to having violated Article 126 and Article 127 of Act No. 108/2007 on Securities Transactions by having, on two separate occasions, failed to report a transaction of a primary insider to the FME, in accordance to Article 126 of the Act, and failed to publish in a timely manner a notification of management's transaction, in accordance to Article 127 of the Act.

The party agrees to pay a fine amounting to ISK 1.800.000.

The party has taken necessary measures to promote that an event, as in the case underlying this Settlement Agreement, do not occur again.

### **Facts of the case**

The case regards two separate primary insider transactions. The former transaction took place on August 15<sup>th</sup> 2014 and was neither reported to the FME nor published until August 28<sup>th</sup> 2014. The latter transaction took place on August 19<sup>th</sup> 2014 and was neither reported to the FME nor published until August 28<sup>th</sup> 2014.

The party has requested the case to be concluded with a settlement according to Article 142 of the Act.

### **Legal foundation**

The FME may impose administrative fines on a party violating Article 126 and 127 of the Act, cf. points 40 and 41, paragraph 1 of Article 141 of the Act. Fines levied on a legal entity may amount from ISK 50 thousand to ISK 50 million, cf. paragraph 3, Article 141 of the Act. The FME may conclude a case regarding violation of Article 126 and 127 with a settlement agreement with the party's consent, provided no major offence is involved subject to criminal punishment, cf. Article 142 of the Act and Rules no. 728/2014 on the authority of the Financial Supervisory Authority to conclude a case with a settlement agreement.

### **Decision of the fine amount**

The fine is determined according to Rules no. 728/2014 on the authority of the Financial Supervisory Authority to conclude a case with a settlement agreement. According to the Rules the fine amount can be expected to be determined relatively lower than an amount of an administrative fine, taking into account potential considerations that may increase and/or reduce the fine amount as well as the stage of the procedures.



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THE FINANCIAL SUPERVISORY AUTHORITY, ICELAND

One of the main purposes of the provisions on insider trading is the interest of the securities market as a whole as well as the protection of the insider counterparty and the issuer of securities. Insider trading provisions are also intended to strengthen transparency of the financial markets, ensure equal treatment of investors and promote integrity in securities transactions.

When determining the amount of the Settlement the FME took into account the following issues: The delay, from the time the primary insider's transactions took place, until the transactions were reported to the FME, in accordance to Article 126 of the Act, and published, in accordance to Article 127 of the Act. The delay of the procedure by the FME reduces the amount and also that the party has stated that it has updated procedures to prevent similar events taking place.

With regard to the nature and scope of the violations, the circumstances of the case, taking into account that the case is concluded with a settlement agreement, at a later stage, the settlement fine amount is considered reasonable ISK 1.800.000.

### **Legal effect**

This Settlement Agreement is made on the basis of Article 142 of the Act and Rules No. 728/2014 on the authority of the Financial Supervisory Authority to conclude a case with a settlement agreement.

The Settlement Agreement is binding upon the party and the FME once both the party and the FME have approved and confirmed the Settlement Agreements with their signature. Following the payment of the fine amount the case is considered closed.

The party violates the Settlement Agreement if it e.g. does not pay the agreed fine amount, has given false information about the facts of the case or has concealed relevant information. If a party violates the Settlement Agreement, the FME can repeal the Agreement and take the case up again. A violation of a settlement agreement is considered an independent breach that may result in an administrative fine.