

This is an English translation.

The original Icelandic text, as published in the Law Gazette (Stjórnartíðindi), is the authoritative text. Should there be discrepancy between this translation and the authoritative text, the latter prevails.

Entered into force on 1 January 1999. Amended by Act No. 99/1999 (entered into force 30 December 1999), Act No. 11/2000 (entered into force 28 April 2000), Act No. 37/2002 (entered into force 7 May 2002), Act No. 50/2003 (entered into force 7 April 2003), Act No. 67/2006 (entered into force 24 June 2006), Act No. 55/2007 (entered into force 3 April 2007), Act No. 57/2007 (entered into force 3. April 2007), Act No. 111/2007 (entered into force 1 November 2007; The EEA Agreement: Annex 9, concerning 2004/39/EC), Act No. 88/2008 (will enter into force 1 January 2009, except for Interim Provision VII, which took effect on 21 June 2008), Act No. 125/2008 (entered into force 7 October 2008), Act No 5/2009 (entered into force 27 February 2009), Act No 20/2009 (entered into force 27 March 2009), Act No

87/2009 (entered into force 20 August 2009), Act 82/2011 (entered into force 1 September 2011 except for the Interim Provision which took effect 30 June 2011) and Act No 126/2011 (entered into force 30 September 2011).

## Chapter I. Objective and scope

### Article 1 Objectives and definitions.

The purpose of this Act is to promote compliance by financial activities covered by this Act with the laws, regulations, rules and resolutions which are applicable in each instance to those activities.

For the purpose of this Act, “financial activities” shall mean all types of activities by companies, institutions and other parties referred to in Article 2.

For the purpose of this Act, the term “regulated entities” shall mean parties subject to supervision by the Financial Supervisory Authority as provided for in Article 2.

### Article 2 Regulated activities

Supervision as provided for in this Act shall cover the activities of the following parties:

1. commercial banks and savings banks,
2. credit institutions other than commercial banks and savings banks,  
[3. electronic money undertakings, as referred to in Articles 1 and 2 of the Act on Electronic Money Undertakings],1)
- [4. ]1) insurance companies,
- [5. ]1) companies and individuals acting as insurance intermediaries,
- [6. ]1) enterprises engaged in securities services,
- [7. ]1) mutual funds (UCITS) and management companies of mutual funds,
- [8. ]1) [stock exchanges, regulated securities markets and multilateral trading facilities (MTF)],2)
- [9. ]1) central securities depositories,
- [10. ]1) pension funds,
- [11. ]1) parties other than those listed in Point 1 which are authorised by law to accept deposits.

The Act shall also cover supervision of activities other than those listed in the first paragraph for which supervision has

been entrusted to the Financial Supervisory Authority under special legislation.

[The Act furthermore covers supervision and other tasks relating to natural and legal persons which are entrusted to the Financial Supervisory Authority under the provisions of special legislation]3)

Supervision of the activities of domestic parties abroad and of foreign parties in Iceland shall be subject to the provisions of special legislation and international agreements to which Iceland is a party.

The Board of the Financial Supervisory Authority shall rule on cases where there is doubt as to whether activities are covered by this Article.

1)Act 37/2002, Article 19 2)Act 111/2007, Article 13. 3)Act 67/2006, Article 1.

## Chapter II Public administration

### Article 3 Establishment

A special authority, the Financial Supervisory Authority (FME), shall undertake the supervision provided for in this

Act. The Financial Supervisory Authority is a state authority with its own Board. The Authority is under the auspices of the Minister<sup>1)</sup> .

1) Act 126/2011, Article 276. Article 4 Board of directors

The Board of the Financial Supervisory Authority is composed of three members, appointed by the Minister<sup>1)</sup> for a term of four years at a time. One member of the Board shall be nominated by the Central Bank of Iceland.

Alternates shall be appointed in the same manner. The Minister appoints the Chairman of the Board and decides on the remuneration of the members of the Board.

The role of the Board is to specify the points of emphasis in the work of the Financial Supervisory Authority and oversee its activities and operations. Major decisions shall be referred to the Board for approval or rejection.

1) Act 126/2011, Article 276.

Article 5 Director General. Personnel

The Director General of the Financial Supervisory Authority shall be engaged by the Board. The Director is in charge of the day-to-day activities and operation of the Authority.