

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.

Insert 27 March 2009

Act on Stock Exchanges

2007 No. 110 26 June

Passage through the Althing. Legislative bill.

Entered into force on 1 November 2007. EEA Agreement: Annex IX, Directive 2004/39/EC. Amended by Act No. 88/2008 (entered into force on 1 January 2009, except for Interim Provision VII, which took effect on 21 June 2008) and Act No. 96/2008 (entered into force on 24 June 2008).

Chapter I

Scope and definitions

Article 1 Scope

This Act shall apply to stock exchanges and regulated markets.

Article 2 Definitions

For the purposes of this Act the following definitions shall apply:

1. Stock exchange: A limited liability company licensed under this Act to operate a regulated market.

2. Regulated market: A multilateral trading system within the European Economic Area which brings together buyers and sellers of financial instruments, in accordance with its nondiscretionary rules, in a way that results in contracts in respect of the financial instruments admitted to trading under the trading system.

3. Multilateral trading facility (MTF): A market as defined in the Act on securities transactions.

4. Official listing: Listing by the Financial Supervisory Authority of securities in an official list, subject to the requirements for such listing.

5. Admission of a financial instrument to trading: Approval by a stock exchange of the start of trading in a financial instrument on a regulated market subject to its rules under Article 22.

6. Market participant: A party authorised to submit quotes and trade in a regulated market.

7. Financial instrument: A legal instrument as defined in the Act on securities transactions.

8. Security: A legal instrument as defined in the Act on securities transactions.

9. Systematic internaliser: A financial undertaking operating as a systematic internaliser pursuant to the Act on securities transactions.

10. Close links: Links between parties as defined in the Act on financial undertakings.

CHAPTER II

Licence to operate a regulated market

Article 3 Operating licence

Activities provided for in this Act are permitted only to limited liability companies possessing an operating licence from the Financial Supervisory Authority. An operating licence will be issued only to parties meeting the following conditions on the issue of the licence:

1. That the articles of association of the company are not

contrary to the provisions of law and that there is no reason to assume that the company will not conduct its activities in compliance with law.

2. That share capital pursuant to Article 8 has been paid in full.

3. That the parties who own, or propose to own, a qualifying holding in the company are qualified to exercise their holdings with regard to the sound and prudent operation of a regulated market.

4. That the company meets any other conditions of this Act.

Article 4 Application for operating licence

Applications for a licence to operate a regulated market shall be made in writing and include sufficient information to enable determination of whether the conditions of the Act for the granting of an operating licence have been met.

The application shall be accompanied by the following:

1. The articles of association of the company;
2. Information on organisational structure, including information on the manner in which the proposed activities

will be conducted and the rules concerning the trading and information systems that will be used in the activities;

3. Information on the internal organisation of the undertaking, including rules on monitoring and procedure;

4. An operating budget revealing, inter alia, the proposed growth and structure of equity;

5. Information on founders and shareholders pursuant to Article 18;

6. Information on members of the board of directors, managing director and other managers;

7. Confirmation by an auditor of payment of share capital or initial capital;

8. Information on any close links of the undertaking with any natural or legal persons;

9. Information on the conditions applicable to membership of the market and an estimate of the prospective market participants and the types of financial instruments proposed for admission to trading;

10. Any other relevant information, as decided by the Financial Supervisory Authority.