



CENTRAL BANK OF ICELAND RULES OF PROCEDURE

Article 1

General

1. The Central Bank of Iceland operates pursuant to the Act on the Central Bank of Iceland, no. 92/2019, and its objective is to promote price stability, financial stability, and sound and secure financial activities. The Central Bank of Iceland shall undertake such tasks as are consistent with its role as a central bank, such as maintaining international reserves and promoting a safe, effective financial system, including domestic and cross-border payment systems.
2. These Rules of Procedure are adopted with reference to the Act on the Central Bank of Iceland, no. 92/2019.
3. The Rules of Procedure cover key aspects of the Central Bank's operations, including joint meetings of the Governor and Deputy Governors, cf. Article 3, Paragraph 3 of the Act on the Central Bank of Iceland, no. 92/2019; Central Bank employees' authorisations to participate in the boards of institutions and commercial enterprises, cf. Article 5 of the Act on the Central Bank of Iceland, no. 92/2019; and rules on the Deputy Governors' and employees' authorisations to obligate the Central Bank of Iceland with their signatures, cf. Article 3 of the same Act (referred to hereinafter as the Central Bank Act or the Act.)

Article 2

Senior management and distribution of tasks

1. The Governor presides over the management of the Central Bank of Iceland and is the Bank's ranking senior official.
2. The Governor directs and is responsible for the Bank's activities and operations and is authorised to take decisions on all matters not entrusted to others by law. The Governor determines the quality control structure and more detailed procedures within the Bank. The Governor presents an operational plan and a draft of the Bank's annual accounts and handles communications with those involvement is required for this purpose.
3. The Deputy Governors provide leadership and professional oversight of the Bank's work in their areas of specialisation. They are responsible for preparatory work for legally mandated Bank committees, they participate in specified Bank committees, and they take joint decisions together with the Governor in accordance with Article 3, Paragraph 3 of the Central Bank Act; cf. Article 2.7 of these Rules of Procedure.
4. Decisions on the application of the Central Bank's monetary policy instruments are taken by the Monetary Policy Committee; cf. Article 9 of the Central Bank Act. The Monetary Policy Committee shall adopt rules of procedure concerning, among other things, the preparation of, rationale for, and presentation of its decisions.
5. Decisions on the application of the Central Bank's financial stability policy instruments are taken by the Financial Stability Committee; cf. Article 12 of the Central Bank Act. The Financial Stability Committee shall adopt rules of procedure concerning, among other things, the preparation of, rationale for, and presentation of its decisions.

6. Decisions entrusted to the Financial Supervisory Authority by law or Governmental directives shall be taken by the Financial Supervision Committee; cf. Article 15 of the Central Bank Act. The Financial Supervision Committee shall adopt rules of procedure on the preparation of, rationale for, and publication of its decisions, as well as on the transfer of authority for non-major decisions to the Deputy Governor for Financial Supervision.
7. Decisions on managing the international reserves, cf. Article 30 of the Act, and granting guarantees or loans to credit undertakings experiencing liquidity problems on the basis of Article 19, Paragraph 2 of the Act shall be taken by the Governor and Deputy Governors at a meeting called by the Governor. Decisions on setting rules on special reserve requirements for new foreign currency inflows on the basis of the Foreign Exchange Act, decisions on setting rules on the operation of regulated foreign exchange markets, cf. Article 27, Paragraph 2 of the Act, and decisions on organisation and the setting of rules on the Bank's activities shall be taken in the same manner.
8. The Supervisory Board of the Central Bank of Iceland ensures that the Bank operates in accordance with the law applying to its activities, as well as undertaking specific tasks laid down in Article 8 of the Central Bank Act. Monitoring by the Supervisory Board in accordance with Article 8 of the Act does not include case handling or decisions on specific matters, however.

Article 3

Joint meetings of the Governor and Deputy Governors

3. Decisions taken jointly by the Governor and Deputy Governors pursuant to Article 2.7 of these Rules of Procedure and Article 3, Paragraph 3 of the Central Bank Act shall be taken at a meeting called by the Governor, generally with five days' advance notice. It is permissible to deviate from this time frame under extraordinary circumstances.
4. The Governor is required to call a meeting pursuant to Article 3.1 of these Rules of Procedure if at least two of three Deputy Governors request it.
5. A meeting shall be deemed to have a quorum if a majority of the Governor and Deputy Governors are in attendance. Attendance and participation shall be deemed sufficient if the Governor or a Deputy Governor participates via teleconferencing equipment. The Governor shall preside over the meeting and present the agenda.
6. In general, the agenda and other materials necessary for the meeting shall be sent or made accessible at least five days before the meeting.
7. The Governor shall appoint an employee of the General Secretariat of the Central Bank to act as secretary for joint meetings. The secretary prepares the agenda for each meeting in consultation with the Governor, attends the meetings, and writes the minutes.
8. Other Bank employees attend meetings when required in connection with matters under consideration or when the Governor so decides, and the time of their arrival and departure from the meeting shall be noted in the minutes.
9. A record of minutes shall be maintained, containing all that transpires at meetings of the Governor and Deputy Governors, as well as the joint decisions taken pursuant to Article 3.1 of these Rules of Procedure; the minutes shall be signed by the Governor and Deputy Governors. The minutes shall be stored in the Central Bank of Iceland documentation system, together with meeting materials. The minutes shall include the following information:
 - the names of attendees;
 - the meeting venue;
 - the date and time (beginning and end) of the meeting;
 - the meeting number;
 - the names of additional attendees;
 - the time of additional attendees' arrival and departure from the meeting;

- the materials distributed or presented at the meeting;
 - a summary;
 - a clear account of the results of decisions, including the considerations underlying individual decisions;
 - as applicable, statements and comments made for the record by individual meeting attendees.
10. A draft of the minutes shall be sent to the Governor and Deputy Governors for review and approval no later than three business days after the meeting. If they have any comments on the draft, they shall communicate these to the meeting secretary within a week of the meeting; otherwise, the minutes shall be deemed approved. After the minutes have been approved, the Governor and Deputy Governors shall sign them.
 11. Decisions shall be taken by majority vote. In case of a tie, the Governor's vote shall determine the outcome.
 12. If the Governor deems it necessary due to extraordinary circumstances, s/he may call a teleconference and present matters for decision and accept votes either via teleconferencing equipment or by e-mail. If a decision cannot be postponed and there is insufficient latitude to call a meeting, it is permissible to request majority confirmation from the Governor and Deputy Governors without a meeting. Decisions taken in this manner shall be confirmed at the next meeting and entered to the record of minutes.
 13. In general, the contents of discussions shall not be recorded in the minutes unless there is particular reason to include them and individual attendees explicitly request it. If the Governor or any Deputy Governor disagrees with the majority decision at a meeting, that person is entitled to have the dissenting opinion noted explicitly in the minutes.
 14. Eligibility shall be governed by the Act on the Central Bank of Iceland, no. 92/2019, and the Administrative Procedures Act, no. 37/1993.
 15. Meeting attendees are required to disclose, without delay, any circumstances that could render them ineligible to participate in decisions. If the Governor or any Deputy Governor is ineligible to participate in the discussion of a given matter, the person in question shall not participate in its consideration in any way and shall not have access to meeting materials or be present during discussions or voting on the matter in question. The attendee's recusal from the matter shall be entered to the record of minutes.
 16. In case of doubt, other attendees shall take a decision on individual attendees' eligibility.

Article 4

Employees' participation in the boards of institutions and commercial enterprises

1. The Governor and Deputy Governors may not sit on the board of directors of an institution or commercial enterprise outside the Bank, nor otherwise participate in commercial operations except as required by law or in the case of an institution or commercial enterprise in which the Central Bank is involved.
2. Employees of the Central Bank of Iceland may not serve as executives, employees, auditors, attorneys, or actuaries of regulated entities.
3. Central Bank employees are prohibited from sitting on the board of directors of institutions or commercial enterprises except as required by law or in the case of an institution or commercial enterprise in which the Bank is involved, provided that such participation is not deemed contrary to the interests of the Central Bank of Iceland. The Governor shall take decisions on all such authorisations.
4. Central Bank employees are prohibited from participating in commercial activities, accepting salaries from other companies, or participating in commercial activities in other respects without the explicit permission of the Governor. Owning a holding in an undertaking

is deemed to be participation in commercial activities, except in the case of an insubstantial holding that confers no direct influence on the management of the undertaking. Employees are permitted to own insubstantial holdings in undertakings as a part of conventional saving activity, and information on such holdings shall be available to the General Secretariat.

Article 5

Authorisation to obligate the Central Bank of Iceland

1. With reference to Article 3, Paragraph 3 of the Central Bank Act, the following rules shall apply to the authorisations of Deputy Governors and other Bank employees to obligate the Central Bank of Iceland with their signatures in specific cases. These rules represent minimum requirements.
2. Irrespective of these rules, the Governor may always obligate the Bank with his or her signature. In the Governor's absence, two Deputy Governors together may obligate the Bank with their signatures.
3. Employee authorisations to obligate the Bank are divided into two categories – A and B – in addition to a special temporary Category C authorisation, provided for in Article 5.7 of these Rules of Procedure. The signature of an employee with a Category A authorisation may take the place of the signature of an employee with a Category B authorisation, but the opposite does not apply.
4. Only Deputy Governors and those employees with a Category A or Category B authorisation, or a special Category C authorisation, are permitted to obligate the Central Bank of Iceland with their signatures. However, the Governor may give written authorisation to sign on his or her behalf; cf. Article 5.8 of these Rules of Procedure. The authorisations of Deputy Governors and employees are restricted to the person named, however, and are non-transferable.
5. Category A authorisations are granted to departmental directors and, in their absence, their deputies.
6. Category B authorisations are granted to deputy directors and unit heads.
7. The Governor may grant special Category C authorisations to other employees who, because of the nature of their responsibilities, need to be able to obligate the Bank with their signature. Decisions concerning such authorisations shall always be subject to a maximum time limit of two years and shall specify whether they confer the same authorisation as Category A or Category B; in other respects, the authorisations shall be defined clearly with reference to the tasks of the employee concerned.
8. When necessary, the Governor may designate individual employees as authorised signatories for the Bank in connection with specified matters; such authorisations must be clearly defined in terms of substance and period of validity.
9. Unless otherwise stipulated in these Rules of Procedure, the signature of the Governor or, in his or her absence, two Deputy Governors, shall be required in order to obligate the Bank. In general, if employees sign for the Bank on the basis of a Category A or Category B authorisation, the signatures of two employees shall be required for the signatures to be binding upon the Bank.
10. The Deputy Governor for Financial Supervision is authorised to obligate the Bank and sign letters referred to the Financial Supervision Committee for approval or rejection, such as the Committee's decisions in major cases and decisions entrusted by the Committee to the Deputy Governor for Financial Supervision pursuant to Article 15, Paragraph 1 of the Central Bank Act, in accordance with further specified decisions in the Financial Supervision Committee's approved rules of procedure on this point. Two employees with a Category A authorisation may act as authorised signatories in the absence of the Deputy Governor for Financial Supervision.

11. The signature of the Governor or, in the Governor's absence, two Deputy Governors is required to issue banknotes [and coin] and to purchase, sell, or hypothecate real estate.
12. Two employees with a Category A authorisation may issue or endorse bills and other securities on behalf of the Central Bank of Iceland. Issuance of cheques requires the signatures of two employees with a Category A or Category B authorisation.
13. The Governor's signature is required to obligate the Bank in connection with contracts for the purchase of goods or services or the execution of work if the amount exceeds the reference amount provided for in the Public Procurement Act, no. 84/2007. If the purchase does not exceed the aforementioned reference amount, the signatures of two employees with a Category A or Category B authorisation are required.
14. Valid electronic signatures have the same legal effect as handwritten signatures; cf. the Act on Electronic Identification and Trust Services for Electronic Transactions, no. 55/2019.
15. The General Secretariat of the Central Bank of Iceland shall oversee the implementation of the rules. A list of individuals authorised to obligate the Central Bank of Iceland with their signatures shall be issued on a regular basis, together with separate signature rules to supplement these Rules of Procedure.

Article 6

Confidentiality

1. The Governor, Deputy Governors, and other employees of the Central Bank of Iceland are obliged to observe confidentiality concerning the affairs of the Bank's customers; transactions and operations of supervised entities, related parties, or others; and the affairs of the Bank itself; as well as other matters of which they may become aware in the course of their work and which should remain secret in accordance with law or the nature of the case, unless a judge rules that information must be disclosed in court or to law enforcement officers, or there is a legal obligation to provide the information. The same applies to experts, independent contractors, and others who work for or on behalf of the Bank. The obligation to observe confidentiality remains in effect after employment ceases.
2. The Governor, Deputy Governors, and other employees of the Central Bank are prohibited to use confidential information that they acquire through their employment with the Bank, including using it for financial gain or to avoid financial loss in business transactions.

Article 7

Approval of Central Bank of Iceland Rules of Procedure

1. The Rules of Procedure of the Central Bank of Iceland shall be approved at a meeting of the Governor and Deputy Governors and signed by them.
2. Amendments to the Central Bank of Iceland Rules of Procedure shall be approved in the same manner at a meeting of the Governor and Deputy Governors.
3. These Rules of Procedure shall take effect upon being signed by the Governor and Deputy Governors.
4. The Rules of Procedure shall be published on the Bank's website.

Approved at a meeting
of the Governor and Deputy Governors

28 January 2020