

This is an English translation dated 12 January 2016.

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.

Act no. 155/2012

on the sale process of the state's holdings in financial undertakings

Passed 22 December 2012 and entered into effect on 3 January 2013.

If a Minister or Ministry is mentioned in this Act without specifying the area of competence or reference is made thereto, it refers to the **Minister of Finance and Economic Affairs** or the **Ministry of Finance and Economic Affairs**, which governs this Act.

■ **Article 1**

Sale of holdings

- The Minister is authorised to sell, in whole or in part, the following holdings of the state in financial undertakings, having received such authority in the fiscal budget and after having received proposals from Icelandic State Financial Investments (here after referred to as ISFI) pursuant to item i and j of Article 4 of the Act on ISFI:
 1. The holdings of the state in Arion banki hf.
 2. The holdings of the state in Íslandsbanki hf.
 3. The holdings of the state in Landsbankinn hf. in excess of 70% share by the state in the total share capital of the bank.
 4. The holdings of the state in savings banks.
- The Minister is authorised to sell the state's holdings according to items 1, 2 and 4 of paragraph 1 for the purpose of fulfilling the obligations of the state that result from the exercise of an option to purchase a holding of the state, redemption rights connected to the state's holding or the right of majority owners to require that the state, as a minority shareholder, sells its holding at the same time as a majority owner, according to agreements to which the state is a party or according to law. In such instances, the provisions of Articles 2-5 shall not apply to the sale of the holdings concerned.

■ **Article 2**

Decision on sale process

- When the Minister has accepted the proposal of ISFI regarding a sale of the state's holding in a financial undertaking according to paragraph 1 Article 1 he shall prepare a memorandum regarding the proposed sale process and submit to the Budget Committee and the Economic Affairs and Trade Committee of Althingi. The Minister shall also consult the Central Bank of Iceland on the equality of bidders, the probable impact of a sale on the foreign exchange market, foreign exchange reserves and liquidity in circulation. The memorandum shall, inter alia, contain information on the main objectives of the sale of the holding, which method of sale will be deployed and how a sale process will be arranged in other respects. The committees shall be accorded an appropriate period of time to comment upon the contents of the memorandum.
- Following such a time period according to paragraph 1, the Minister shall decide whether a sale process shall commence in accordance with the contents of the memorandum. In his decision the Minister can amend individual components of the proposed sale process, inter alia taking into

account the comments from the Budget Committee and the Economic Affairs and Trade Committee of Althingi on the memorandum.

■ **Article 3**

Principles of sale process

- When a decision is made on the preparation and execution of a sale process for a holding, emphasis shall be placed on an open sales process, transparency, objectivity and efficiency. Efficiency shall mean that the highest price or the market price shall be sought for holdings. Care shall be taken so that conditions imposed upon bidders are fair and that they enjoy equal treatment. With a sale an effort shall be made to promote active and normal competition in financial markets.

■ **Article 4**

Sale process of holdings

- ISFI shall manage a sale process of the state's holding on its behalf in accordance with the Minister's decision, cf. Article 2. ISFI shall organise a sale, seek offers for a holding, evaluate offers, administer negotiations with external advisors and prospective investors and conclude contracts.
- Once offers have been submitted for a holding ISFI shall deliver a reasoned assessment thereof. The Minister decides whether an offer is accepted or rejected and signs agreements on behalf of the state regarding the sale of a holding.

■ **Article 5**

Reporting

- Once a sale has been finalised the Minister shall submit a report to Althingi on the sale process of the holding containing the main conclusions.

■ **Article 6**

Entry into effect

- This Act enters immediately into effect.

Temporary provisions

- **I.** The provisions of this Act do not apply to a sale process of the state's holding in savings banks that have already commenced before this Act enters into effect by decision of the Minister, having received the proposals of ISFI pursuant to item i and j of Article 4 of Act on ISFI.
- **II.** Althingi has resolved to appoint an investigative committee on the privatisation of three banks during the period of 1998-2003. Once the conclusions of such an investigation are available the Minister of Finance and Economic Affairs shall review individual provisions of this Act in accordance with the recommendations of the investigative committee should such an occasion arise.