

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.

TRANSLATED FROM THE ICELANDIC

## SECTION I

### General Provisions

#### Art. 1

According to the present Act a Private Limited Company denotes a Company where no member is personally responsible for the Company's total liabilities. The Minister of [Economic Affairs] 1) deals with matters relating to Private Limited Companies in accordance with the Act, other than those which relate to the registration of Private Limited Companies, but these are dealt with by the Minister of Finance. "Minister" in the present Act refers to the Minister of [Economic Affairs] 1), unless the Minister of Finance be specifically named.

The share capital of a Private Limited Company shall amount to a minimum of ISK 500,000 and shall be divided into one or more shares. The Minister may amend this amount in conformity with the changes of rate-of-exchange of the euro. The amount shall, however, at all times be based on the entire hundred thousand ISK. Amendment to the amount shall enter into force at year's beginning, provided that notice thereof has been given no later than by December 15th, of the previous year. In case a Private Limited Company meets the requirement for minimum share capital at the time of its establishment it is not in duty bound to raise its share capital although a revision of the minimum amount in accordance with the present paragraph lead to that the Company's share capital no longer reach the minimum amount of share capital necessary to facilitate the establishment of a Private Limited Company. In case the share capital of an older Company has been raised up to or beyond the limits of the first to fourth sentences that minimum shall not be reduced beyond that minimum unless the low share capital of the

Company has been raised or reduced simultaneously. Private Limited Companies may determine their share capital in foreign currency, provided that these have obtained authority from the Register of Annual Accounts for the entry of books and the preparation of annual accounts in a foreign currency. The Companies shall maintain the new currency unchanged for a minimum of five years, unless the Minister grant an exemption from these time-limits.

In addition to the Icelandic krona share capital may be fixed in the following currencies:- euro, British pound, Danish, Norwegian and Swedish kronas, United States dollar, Japanese yens and Swiss francs. In a decision of a shareholders' meeting an account shall be given of nominal value in the Icelandic kronas and foreign currency. Upon conversion to another currency the nominal value of share capital shall be in conformity with the provisions of the Act respecting Annual Accounts concerning the conversion.

The Minister may lay down rules to the effect that other

currencies may be used as a reference and may also stipulate further conditions for share capital being fixed in another currency than the Icelandic krona and when that conversion may be undertaken.

Private Limited Companies alone are right and in duty bound to include the word "einkahlutafélag" (Private Limited Company) in their names or the abbreviation "ehf". In other respects the names of the Companies are subject to the provisions of the Act respecting Firms.

The name, identity number and address shall be specified in letterheads, order forms and similar documents of Private Limited Companies and their branches as well as the registering party and conceivable registration number other than the identity number. As it pertains to the branch of a Company there shall in addition hereto be specified a conceivable register or registration number of the Company in its homeland. In case the name of a Private Limited Company or a branch is used there shall be added information relating to bankruptcy administration or the handling of dissolution of the Company if that enters the

question. Information in accordance with the present paragraph shall also be given on the website, if any, of Private Limited Companies and the branches thereof.

1) Act 98/2009, Art. 19

Art. 2

In case a Private Limited Company holds such a large part of the share capital in another Private Limited Company or a Public Limited Company as to wield the majority of votes in the Company, the former is considered to be a parent Company, but the latter a subsidiary Company.

In case a subsidiary Company or a parent Company along with one or more subsidiaries or more than one subsidiary Companies jointly possess such an amount of share capital in another Private Limited Company or a Public Limited Company as is referred to in para. 1, the last-mentioned Company is considered a subsidiary of the parent Company.

In case a Private Limited Company does else, on account of shareholders or agreement, hold control in another Private or Public Limited Company, the former Company is also considered to be a parent Company and the latter a