

CHAPTER I

Scope

Art. 1

This Regulation shall apply to public offers of securities of a value between ISK 8.4 and 210 million, for which admission to trading on a regulated securities market is not requested. The maximum and minimum amounts in the first paragraph refer to the total market value of the offer or of offers of securities of the same type during a 12-month period.

The provisions of this Regulation shall not apply to:

1. funds for collective investment intended exclusively to accept funds from members of the public for collective investment in financial instruments and other assets on the basis of spreading risk, in accordance with a previously stated investment strategy, which issue unit share certificates or shares which are redeemable at the owners' demand from the fund's assets;
2. non-equity securities issued by a Member State of the European Economic Area (EEA), regional or local authorities

of EEA states, international institutions of which one or more of the states are members, the European Central Bank or central banks of the Member States;

3. central banks in the European Economic Area;

4. securities unconditionally and irrevocably guaranteed by states or regional and local authorities in the EEA;

5. securities issued by legal entities, which are non-profit-making, for the purpose of raising funds to advance their objectives, and which do not concern the financial situation of the legal entity itself;

6. non-equity securities issued in a continuous or repeated manner by credit institutions provided that these securities:

a. are not subordinated, convertible or exchangeable,

b. do not give a right to subscribe to or acquire other types of securities and are not linked to a derivative instrument.

c. materialise reception of repayable deposits,

d. are covered by Act No. 98/1999, on Deposit Guarantees and an Investor-Compensation Scheme.

7. non-equity securities issued in a continuous or repeated manner by credit institutions where the total amount of the

offer is less than ISK 210 million, calculated over a 12-month period, provided that these securities:

- a. are not subordinated, convertible or exchangeable,
- b. do not give a right to subscribe to or acquire other types of securities and are not linked to a derivative instrument.

An issuer or offerer covered by the provisions of Points 2, 4 or 7 of the third paragraph, may prepare a prospectus as provided for in this Chapter.

Amounts in this Chapter are linked to the EUR amounts based on the exchange rate on 4 January 2005 (ISK 83.54).

Definitions in the second paragraph of Art. 2 and Art. 21 of the Act on Securities Transactions, No. 33/2003, as subsequently amended, and in the Regulation on Public Offers of Securities of a Value of ISK 210 million or more and the Listing of Securities on a Regulated Securities Exchange, No. 242/2006, shall apply in this Regulation.

CHAPTER II

Exemptions

Art. 2

Exempt from the provisions of this Regulation are offers

where one or more of the following apply:

- a. securities are only offered to professional clients, according to the definition of Point 7 of Art. 2 of the Act on Securities Transactions, No. 33/2003, as subsequently amended;
- b. securities are offered to fewer than 100 parties, other than professional clients, in each EEA state;
- c. each investor contributes at least ISK 4.2 million to purchase the securities in each offer;
- d. each unit of the securities issued has a nominal value of at least ISK 4.2 million.

If securities are marketed and/or sold through the intermediation of a financial undertaking and the exception provisions in subparagraphs a-e do not apply, a prospectus as provided for in this Regulation must be published.

Exempt from the provisions of this Regulation are public offers of securities of the following types:

- a. shares issued in substitution for previously issued shares of the same class, if the issuing of such new shares does not result in any increase in the issued capital;

- b. securities offered in connection with a takeover, provided that a document is available regarded by the Financial Supervisory Authority as equivalent to a prospectus;
- c. securities offered, allotted or to be allotted in connection with a merger, provided that a document is available regarded by the Financial Supervisory Authority as equivalent to a prospectus;
- d. shares offered, allotted or to be allotted to existing shareholders without charge and dividends paid out in the form of shares, provided that the shares are of the same class as those shares for which dividends are paid. A document must be available containing information on the number and nature of the aforementioned shares and the reasons for and details of the offer;
- e. securities offered, allotted or to be allotted to existing or former employees or Directors of companies by their employer or a company connected to this employer, provided that the above-mentioned securities are in the same class as securities already listed on the same regulated securities market. A document must be available