



VELFERÐARRÁÐUNEYTIÐ

Ministry of Welfare

**Regulation on the Finances and Risk Management of the Housing
Financing Fund, No. 544/2004,
as amended by Regulation No. 896/2005.**

Article 1

Objectives and Purposes.

The Housing Financing Fund shall safely keep and invest the funds in its charge in the purpose of securing the best possible loan terms and minimising as possible the risks to the State Treasury resulting from the Fund's liabilities. Care shall be taken to ensure that the Fund has available liquid funds to honour its commitments at all times.

Article 2

Risk Management.

The Housing Financing Fund shall adopt a risk management policy and institute a risk management system in order to control its risks and minimise them as possible.

The Fund's risk management policy shall provide for a framework for assessment of its risks and make possible the analysis of risk factors and assessment of different risks, and provide for an arrangement securing separation of functions and definition of responsibilities. The policy shall be laid down with a view to the guidelines of the Financial Supervisory Authority on internal control and risk management of financial companies. The policy shall be reviewed annually and modified as necessary.

The policy, and any modifications to be made thereto, shall be subject to approval by the Board of the Housing Financing Fund, having obtained the opinion of the Financial Supervisory Authority. The State Guaranty Fund and the Ministry of Finance shall also be notified of any planned modifications.

Article 3

Risk Management Methods.

The Housing Financing Fund shall keep its payments and revenues in balance, and apply traditional methods to maintain a high standard as regards risk management and financial management. In this purpose, the Fund is authorised to conduct trade in its financing bonds and other securities. The methods to be employed shall be provided for in further detail in the Fund's risk management policy [in accordance with the provisions of Annex I].¹⁾

¹⁾ Regulation No. 896/2005, Article 1.

Article 4

Committee on Financial Affairs.

A Committee on Financial Affairs shall be established within the Housing Financing Fund, composed of the Fund's staff members who are entrusted with responsibility for its risk management and financing. The chief roles of the Committee on Financial Affairs shall be to make proposals to the Board concerning securities issues and interest additions, and to take decisions concerning purchases of the Fund's financing bonds and its financial management alternatives.