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## **Rules on the listing of securities on the ICEX Alternative Market**

### **Chapter I General provisions**

#### **Article 1**

Shares and other securities which are accepted by the ICEX Board of Directors (hereafter ICEX Board) can be listed on the ICEX Alternative Market.

Applications shall be made for listing of security classes for the ICEX Alternative Market in accordance with these rules.

When an application has been received, the ICEX Board will evaluate whether the issuer and its securities fulfill the conditions for listing which are described below.

#### **Article 2**

The securities and their issuer shall fulfill conditions of legislation, regulations and rules which apply to the issuer, its operation and the securities, including agreements.

The listing shall, in accordance with the ICEX Board, serve the interest of the public and the securities market.

#### **Article 3**

Trading with the securities shall be without limitations.

### **Chapter II Requirements for listing shares**

#### **Article 4**

All shareholders of the same class of shares shall enjoy the same rights. The term share class means homogenous shares where the rights of the owners and the requirements for the shares and the relevant articles of association are in all cases the same.

It is necessary to apply for listing of all issued shares in the relevant share class.

#### **Article 5**

The composition of the board and key executives and the setup of a company's information systems shall, according to the ICEX Board, be such that it is probable that the company can fulfill the requirements of the Exchange and give a realistic picture of the operation of the company.

The ICEX Board may postpone or reject listing if it thinks the grounds for the operation of a company are not sound.

#### **Article 6**

The following conditions shall have been met with a due notice before listing occurs:

1. the company shall have signed a contract with the Exchange for the listing of the shares;
2. a prospectus shall be presented according to stipulations in regulations on offering securities;
3. annual financial statements shall be accessible to the public free of charge at the company;
4. the articles of association shall be accessible to the public free of charge at the company;
5. a list of insiders shall be available according to the provisions of the Act on Securities Transactions no 13/1996;
6. shareholders' meetings shall be open to the media;



7. the share capital shall be paid in full.

#### Article 7

**Amount:** The share capital of the issue of a share class applying for listing on the ICEX Alternative Market of the Exchange shall at a minimum be ISK 25 million.

**Distribution:** The ownership of a share class shall be such that at least 25 general investors are among shareholders, and each of them shall own at least ISK 100,000 at market value of the shares of the issuer according to market value on the day of listing. General investors refers to parties other than the Board, key executives and single shareholders owning 10% or more, and persons financially connected to them, such as spouse, common law spouse and minors, along with parent companies and subsidiaries.

**Age:** A company seeking listing shall be able to present audited annual financial statements for two whole years which show all the major classes of operations which a company is involved in when applying for listing.

The ICEX Board can make exemptions from the abovementioned conditions, provided it is beneficial to the issuer, and the ICEX Board considers that investors have the necessary information to form an opinion about the issuer and the shares which it is applying for listing of, their advantages and shortcomings.

#### Article 8

The application for listing shall contain a brief description of the company, its operation and purpose for the listing. The following information shall also be provided:

1. share capital and its distribution, including the number of shareholders who own more than ISK 100,000 at market value;
2. the share capital of the largest shareholders and persons financially connected to them, such as spouse, common law spouse and minors;
3. offers of securities, if proposed at the same time as listing, with information about the amount and main terms;
4. an intermediary acting towards the Exchange for the listing and the agent handling the offer if applicable;
5. the company's representative acting towards the Exchange.

The application shall be signed by the Board of the company or a party authorized by the Board. The information in the applications shall be presented according to the requests of the Exchange.

#### Article 9

The application for listing of shares shall be accompanied by:

1. a draft of the prospectus;
2. audited annual financial statements for the preceding two years, signed by a chartered accountant, cf. article 7, paragraph 4;
3. confirmation of listed share capital from the Register of Enterprises of Statistics Iceland;
4. confirmation of an agreement with a market maker, cf. article 11;
5. the company's current articles of association;

The Exchange can request more data to be presented if they are deemed to be of importance for the listing of the shares.

#### Article 10

A listed company shall inform the Exchange of all projected changes in the company capitalization, according to rules on information requirements.

When increasing share capital in return for payment, the company shall apply for listing of the new share capital according to these rules and regulations on offers of securities as soon as trading can commence or within three months from the issuing of the shares.

When increasing share capital by issuing bonus shares without payment, the company shall inform ICEX about the decision without delay in accordance with the rules on information requirement of issuers on the ICEX Alternative Market. The new shares will be listed when an announcement about the decision has been received.



If a listed company offers shares, the sales period shall be as short as possible and no longer than one month. Mutual funds are allowed, subject to approval by ICEX, to have a sales period of a maximum of one year.

#### Article 11

##### *Market Makers*

A company shall make an agreement with a market maker who is a member of ICEX and who shall guarantee as far as possible that buying and selling orders for shares in the company are always available in the trading system of ICEX, cf. Rules no. 4, Article 25, on Trading on the Iceland Stock Exchange.

### **Chapter III**

#### **Other securities**

##### Article 12

The abovementioned rules apply to the listing of other securities in accordance with decisions by ICEX at each time.

### **Chapter IV**

#### **Handling of applications**

##### Article 13

When ICEX has received an application and the accompanying documents as outlined above, ICEX reviews the documents.

The ICEX Board accepts or rejects an application in writing as soon as possible, but never later than two months after a full application is submitted. The ICEX Board shall provide reasons or conditions for non-approval of the application.

##### Article 14

##### *First day of listing*

The listing cannot take place until all conditions have been met according to the rules of ICEX and the securities have been issued.

If an offer of securities takes place at the same time as an application for listing at ICEX is submitted, the listing can be concluded no sooner than the subscription period has ended.

### **Chapter V**

#### **Prospectus**

##### Article 15<sup>1</sup>

##### *Contents of the prospectus*

The prospectus shall contain all the information that investors need to form an opinion about the issuer, the securities and their value. This includes, amongst other things, information regarding the securities themselves and rights associated with them, the operations of the issuer, its equity and financial situation, risk factors in the operation, future prospects for the issuer's operations, main executives and their special privileges with the issuer.

The information in the prospectus can depend on the nature of the operation and status of the issuer. An overview of the information which the prospectus must at a minimum contain can be found in the regulation on securities offers. In addition it is required that information on executive remuneration and other information be disclosed in accordance with the appendix to the rules.

When an application is submitted for listing on the ICEX Alternative Market and a prospectus is available, ICEX is in such cases allowed to decide whether a new or more detailed prospectus shall be published according to the regulations on securities offers, whether it is an offering in connection with the listing or not.

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<sup>1</sup> Issued 1 July 2003



If the publication of certain information in the prospectus can be harmful to the issuer or the shareholders, ICEX can make exemptions from the publication, if, according to an assessment of ICEX, it does not harm the interest of the securities market.

#### Article 16

##### *Prospectus guarantees*

The Board of the issuer shall ensure that the prospectus contains all necessary information, so that a satisfactory presentation of the issuer and its securities is available in accordance with these rules.

The Board of the issuer shall, subject to liability by law, sign a statement that the information in the prospectus is true to their best knowledge and that no pertinent matter has been left out which can have an effect on the assessment of the issuer and the securities which are to be listed.

The supervisory party shall, subject to liability by law, sign a statement that he has gathered all data which in his opinion are necessary for the prospectus to give a correct description of the issuer and its securities and that in his opinion nothing has been left out that could have an effect on the assessment of the issuer and its securities which are to be listed.

The prospectus shall contain a statement by the issuer's accountant stating that an audit has taken place for the annual financial reports, interim reports and/or the requirements of the forecast, if applicable, which are published in the prospectus and that the information in the prospectus concerning financial reports are in accordance with the accounts.

#### Article 17

##### *Publication of prospectus*

A final prospectus, which ICEX has accepted, shall be forwarded to ICEX. In addition, each member of ICEX shall receive at least one copy.

The prospectus shall either be published in its entirety or notification shall be given where it can be obtained free of charge in at least one newspaper which has general circulation.

The prospectus shall either be published in its entirety or notification be given, cf. paragraph 2, no later than four days before the first day of listing or the first day of public issue, cf. the exemption in paragraph 6 of this article. If a public issue takes place at the same time as a listing, it cannot commence until the prospectus has been published.

All data, such as advertisements, brochures and letters which the issuer or another party on his behalf has issued in connection with the listing or publication, and describes the issuer and its securities, shall also be delivered to ICEX. Such data shall always contain information on where a prospectus can be obtained. In all other respects, this data must not contain any enticement or encouragement to the public to buy the issuer's securities.

If a publication takes place at the same time as the listing, the subscription documents shall always be part of the prospectus. It is prohibited to send subscription documents only, or as an attachment with such data as are listed in paragraph 4.

If a publication takes place at the same time as the listing ICEX can in certain cases agree to a preliminary prospectus being issued before the offer takes place. In such a prospectus only insignificant information may be missing, e.g. price and volume of the offer. Included in such a statement must be where and when the final prospectus will be issued and what additional information it will contain. The final prospectus must be available no later than on the morning of the first day of sale.

#### Article 18

##### *New information*

If any new information, which might be pertinent when assessing the issuer or the securities, emerges from the time the prospectus is issued until the securities are listed, an Appendix shall be attached to the prospectus in which the information is published. The Appendix is subject to the Exchange's approval.

The Appendix to a prospectus shall be made accessible to the public and published in the manner stated in Article 17, paragraphs 1 and 2, of the present rules.



Article 19  
*Language*

The prospectus shall be in Icelandic.  
ICEX can make exceptions from paragraph 1, partly or fully, for duly justifiable causes.

Article 20  
*Exceptions from publication of a prospectus*

Under special circumstances, ICEX can make an exception from the publication of a prospectus, provided that, according to ICEX, enough information has been published on the securities.

**Chapter VI**  
**Other provisions**

Article 21

The issuer pays an entry fee when the listing takes place, and an annual fee while the listing is active according to ICEX fee schedule at each time.

Article 22

If the ICEX Board rejects an application for listing a securities class the applicant can appeal the decision to an arbitration committee in accordance with Act no. 53/1989 on contractual arbitration. The same applies if the ICEX Board decides to remove a securities class from listing.

Each party shall appoint one representative to the arbitration. A third member is appointed by the Chief Justice of the District Court of Reykjavik.

The cost of arbitration shall be divided between the parties according to the decision of the neutral member appointed in accordance with paragraph 2 of the present Article.

The parties to the issue are bound by the decision.

Article 23

If the situation arises that the price formation for the issuer's securities becomes uncertain, such as due to uncertainty for the future of the issuer, because certain information is not available and/or failure to conform to the obligation to provide information, the ICEX Board can decide to place the issuer's securities class/classes temporarily on an observation list.

In certain cases ICEX can, following a request from the issuer and provided that ICEX agrees with the arguments for the request, move the issuer's securities class/classes to an observation list.

Article 24

If ICEX finds that an issuer does no longer abide by these rules or the decisions that ICEX makes on grounds of them the issuer shall be notified. In accordance with article 6 of the Agreement between ICEX and the issuer for listing of securities on ICEX, the Exchange can decide the following measures:

1. request information from the respective issuer;
2. temporarily place the securities of the respective issuer on an observation list;
3. issue a public statement regarding the case in question;
4. set conditions for or suspend transactions with the issuer's securities; such a suspension can be temporary or for an undetermined period of time;
5. subject the issuer to financial penalties that may amount to up to tenfold annual fee for listing of the issuer's securities on ICEX, should the Board of Directors consider the violation to be serious;
6. remove the issuer's securities from ICEX listing temporarily or permanently. Securities can only be removed from listing by decision of the ICEX Board.

Article 25

If the issuer's estate undergoes bankruptcy proceedings its listed securities will be removed from ICEX listing.



#### Article 26

The Board of the issuer may request that the issuer's securities be removed from the Exchange listing. The ICEX Board shall comply upon receipt of a written statement with the request.

The ICEX Board may however delay removing the securities for one year from receiving the statement, cf. paragraph 1. Furthermore, the Board may also decide to publish the statement in whole or in part.

#### Article 27

Unless otherwise stipulated in these rules, the decisions made by the ICEX Board of Directors shall apply in each case.

### **Chapter VII Entry into Force, etc.**

#### Article 28

These rules are set in accordance with Act no. 34/1998, on activities of stock exchanges and regulated OTC markets, and enters into force on May 14, 2001.



## Appendix I<sup>2</sup>

### Rules on Disclosure Requirements concerning Executive Remuneration upon Listing of Equities on ICEX Alternative Market

#### *Explanatory viewpoints and objective of information disclosure on executive remuneration*

Information disclosure on points covered by the committee's proposals has a variety of objectives. In the first place, they are aimed at ensuring as much transparency as possible concerning the financial interests of executives in companies listed on the market or which are to be listed. Secondly, they are to ensure that investors have access to co-ordinated information, which can influence the value of equities in listed companies, on what interests executives have at stake in the company. Thirdly, in order to strengthen the credibility of the Icelandic securities market, the information disclosure requirements must be coherent with those applying on other markets. This is necessary in order that foreign investors will know what the requirements are and that they can trust that rules on information disclosure in Iceland are not materially different nor less strict than in neighbouring countries. Fourthly, ICEX's co-operation with exchanges abroad involves co-ordinating information disclosure on executive remuneration and important connections of executives with the company. Fifthly, it is to the advantage of Icelandic investors for these rules to be harmonised, so that they will know what requirements are set in this respect on other stock exchanges.

These objectives must be borne in mind when interpreting the Rules. The Rules provide for more detailed information disclosure than has been required up to now, both with regard to prospectuses and on-going information disclosure. This must not, however, induce people to search for loopholes in the Rules in order to avoid providing information which it is normal and fair for shareholders to receive. Company executives are responsible for fulfilling the basic requirements set by the Rules and which underlie provisions in legislation on information disclosure of listed companies.

#### **1. The prospectus must specify the following information**

##### **1.1. Salary payments to senior executives**

Information on salaries, payments and any type of benefits, in particular to individual Board members and the top executive (CEO or managing director) of the issuer during the previous financial year.

If there have been notable changes to payments and benefits during the current year, these shall be specified separately.

If the issuer is part of a consolidation, information shall be provided on the same payments and benefits to the above-listed parties from companies in the consolidation.

ICEX may decide that the same information shall be provided giving a breakdown for the top executives of specific departments of an issuer or executives of an issuer's subsidiaries.

The same information as prescribed in the first paragraph shall be provided concerning remuneration to individual members of supervisory bodies if such have been appointed.

#### *Explanatory notes*

Information shall be provided on the total amounts executives receive from the company or companies in a group, i.e. job-related payments. No requirements are made, however, concerning the specification of minor information which makes no difference for the objectives of the information disclosure. Thus the total value of benefits should be given in accordance with the definitions of the Act on Income and Net Wealth Tax or practices of the taxation authorities as to what should be currently considered as benefits. The term "salary" should also be interpreted in accordance with the broad understanding of the Act on Income and Net Worth Tax. Salary should include, for example, payments to pension funds and any sort of retirement funds. It is also necessary to interpret the term "payment" broadly, if more than one explanation is available in an individual instance. Thus it must be explained whether the

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<sup>2</sup> Issued 1 July 2003



person concerned has been paid with financial instruments issued by the company, cf. for example, specific information on options exercised in accordance with an existing stock option agreement, so that information referred to in Point 1.4 is provided.

The term “financial instrument” is used in the Act on Securities Transactions as a collective term for various types of products on the financial market regardless of their nature and thus includes, for instance, equities, bonds and derivatives. The provision applies primarily to job-related payments. If executives or related parties receive payments from the company or companies in a consolidation as a result of special agreements, e.g. agreements on consultancy work carried out by a company owned by the Board member in question, this should be specifically accounted for in accordance with Point 1.5.

If there is more than one top executive, e.g. two CEOs, information on the remuneration to each of them should be provided separately unless their remuneration is similar. If members of the Board, other than the Chairman, receive the same salary it is sufficient to account for this with a single figure. The salary of the Chairman of the Board should always be given if it differs from that of other Board members.

The requirement is set in the second paragraph that shareholders be informed if there are significant changes to salaries paid or benefits provided to executives from those of the previous financial year. Having regard to the importance of prospectuses for a company’s information disclosure, it would be unnatural to exclude this information from them. On-going information disclosure as a rule only requires that information on salaries paid etc. be given for the current financial year in annual accounts. The intention is that ICEX’s authorisation, in the second-last sentence, to demand a breakdown of information, should be subject to the limitation that ICEX will not demand information on managers of individual departments or subsidiaries which are of little significance for the operations of the company or the consolidation as a whole, as applicable. It is thus assumed that ICEX may not require a breakdown of information on the remuneration to these executives if the department or subsidiary company which they head does not account for more than 10% of own equity or performance of the company or consolidation, as applicable.

Since the requirement in the current rules is for information to be disclosed on remuneration to supervisory bodies, it is not possible to have the demands otherwise in these Rules. Despite the fact that in general such parties are not appointed, this does not mean this cannot happen in the near future, or that the role of such parties will not become more significant in accordance to what is common in larger companies in major markets.

### **1.2. Remuneration to other executives**

Information on total payments and benefits of other executives of issuers is at least to be provided in the form of a total figure for the group, together with the number of executives and clarification of the individuals included in the group.

#### *Explanatory notes*

It is proper to publish information on the salaries, payments and benefits to other executives than those covered by Point 1.1, to give shareholders an overview of administrative costs.

### **1.3. Payments to auditors**

Information on total payments to auditors/auditing firms shall be provided as a total figure, making a distinction, however, between payment for auditing, on the one hand, and for other services, on the other.

#### *Explanatory notes*

The role of auditors and auditing firms is important for listed companies. In order that their objectivity should not be doubted, and in accordance with demands abroad, it is necessary that information be published on total payments made to them, on the one hand, for auditing and, on the other hand, for other services if such have been provided. Such services include primarily any sort of specialised work performed by an auditor, including consulting services, such as on the merger or separation of companies, work on accounting and taxation apart from that involved in traditional auditing, etc.



#### **1.4. Agreements on stock options etc.**

Information on agreements with parties referred to in Point 1.1, according them the right to purchase or sell financial instruments issued by an issuer or company in the consolidation, i.e. stock option agreements, etc.

An account shall be given of the following aspects covered by such agreements:

- a) the type of financial instruments,
- b) as of what time the entitlement is established,
- c) the total number of shares or financial instruments covered by the agreements,
- d) during what period the rights can be exercised,
- e) for what price the right will be exercised (buying price),
- f) what conditions must be fulfilled in order to exercise the right,
- g) the market value of the underlying financial instruments, including an explanation as to how the market value was calculated and the main criteria on which the calculations were based.

Similar information is to be given for all parties referred to in Point 1.2 at least as a total figure for the entire group.

#### *Explanatory notes*

The information covered in this Point is of value to investors, since the exercise of major stock options can affect share price formation. At the same time the availability of this information exerts a certain restraint on executives. The information thus encourages more objective management practices within listed companies.

#### **1.5. Extraordinary transactions**

Information on the nature and scope of an issuer's extraordinary transactions with the parties referred to in Point 1.1 during the previous and current financial year. This could involve any sort of transactions outside of the normal, such as the purchase or sale of real estate or major liquid assets, financial instruments, etc. Information should also be provided on the amounts of any loans, as well as mortgaging, surety and guarantees which have been provided to the parties referred to in Point 1.1, or related parties, with a breakdown including information on interest, repayment terms and other principal conditions. If such transactions have been conducted previously and are not yet settled, information on these shall also be provided.

#### *Explanatory notes*

Concerning the necessity of disclosing information on the nature and scope of extraordinary transactions, reference is made to the explanatory notes in the preceding article. The necessity of information disclosure depends on whether the transactions are unusual with regard to the purpose of the company and position of the executive, rather than on the type or name of the transaction. Scope refers to the financial interests the transactions involve. They may include both bilateral agreements and unilateral measures, e.g. transfer of real estate or liquid assets by the company to an executive or related party without remuneration.

The obligation to disclose information on amounts of loans, mortgaging, guarantees, etc. is not new. The Rules on this point found in Article 43 of the Annual Accounts Act serve as the model here. It should be re-iterated that, just as is provided for in the second paragraph of Article 43 of the Annual Accounts Act, transactions with executives should be regarded in exactly the same manner as those with related parties. The provisions cannot thus be circumvented on the grounds that the transactions have been with related parties, whether they are linked personally to the party concerned or have common interests, i.e. primarily parties with joint finances, who are supported by him or legal entities under his control.

#### **1.6 Other/extraordinary agreements**

A description of all extraordinary agreements, if such exist, with parties referred to in Point 1.1, including agreements on payment, employment contracts and severance agreements which may involve substantial expense for the issuer, such as provisions that an employment contract or other long-term agreement may not be terminated, requires unusually lengthy notice of termination or contains provisions for special payments to an executive ceasing employment due to changes in



ownership. Extraordinary agreements on retirement benefits or pension contributions, as well as any sort of extraordinary payments to be made in connection with termination of employment or following such must also be specified.

*Explanatory notes*

It is necessary to provide investors with information on and enable them to assess extraordinary agreements with executives other than those which can be regarded as business dealings, cf. Point 1.5. This involves primarily salaries or other job-related payments which are made upon termination of employment or afterwards and are not included under Point 1.1. Such agreements may also involve extensive obligations for the company, e.g. because an executive's employment cannot be terminated because his/her contract is for a specific period and has no provision for termination. An "unusually lengthy notice of termination" is taken to mean notice in excess of twelve months. An obligation to notify extraordinary agreements on retirement terms and pensions means first and foremost that mention must be made of such if the terms significantly exceed what is provided for in general rules for pension contributions and other retirement payments. This provision is intended primarily to ensure transparent reporting of extraordinary agreements on payments and benefits upon and after ceasing employment. It may overlap with the Rules of Point 1.1, which are in part aimed at detailed specification of salaries in a broad sense, including specification of what can be considered as contributions to any type of pension or retirement fund or pension account.

**1.7. Shareholdings of executives**

The total nominal value of shares issued by the issuer or a company in the consolidation owned by any of the parties referred to in Point 1.1, as well as shares owned by any of the issuer's other key personnel. Calculations of shareholdings shall include both direct and indirect holdings of an issuer's shares as well as holdings of related parties.

In addition, the total nominal value of shareholdings of each individual group listed in Point 1.2 shall be provided.

*Explanatory notes*

Information to be notified in accordance with this Point is necessary to achieve the objectives of the Rules. A breakdown should be given of information concerning parties covered by Point 1.1 while for other executives the total amount for a group may be indicated. Reference is made to the explanatory notes on Point 1.4 for a definition of the concept of related parties. A direct holding means a holding by the executive concerned personally or by a related party. An indirect holding means a shareholding in a company through a legal entity which is under the control of the executive or related parties.

**1.8 Entry into force**

These Rules shall apply as of 1 July 2003.

*Explanatory notes*

These Rules are intended to supplement the current provisions of Appendix I of Regulation No. 434/1999, on listing of securities on a stock exchange, and to supplement the provisions of Act No. 144/1994 on Annual Accounts. Due to their nature, they apply exclusively to issuers of shares listed on ICEX and the ICEX Alternative Market. No previous provisions are replaced, as there are no specific ICEX rules on information disclosure concerning executive remuneration; instead the Rules refer to provisions of the above-mentioned Regulations, provisions of the Annual Accounts Act and good accounting practices.



# **Rules**

## **on disclosure requirements for issuers with securities listed on the ICEX Alternative Market**

### **Chapter I**

#### **Introduction and General Provisions**

##### Article 1

The objective of the present rules on the disclosure requirements, which are set by the Board of Icelandic Stock Exchange (hereafter named ICEX), is to guarantee that investors have, at all times, access to the latest information necessary to form an opinion of the investment choices currently offered. Spokespersons of the issuers concerned must thus always make every effort to make public any information they feel could have significant impact on price formation of the securities.

The text of these rules shown in italics is intended as guidelines. It should not be regarded as a binding or exhaustive treatment of the subject.

##### Article 2

###### *Internal rules on the treatment of confidential information and disclosure requirements*

The issuer of listed securities must adopt its own rules on the treatment of confidential information and insider trading, cf. provisions in Article 37 of Act no. 13/1996 on Securities Transactions.

In their own rules, according to the present Article, issuers shall at least provide for:

1. the publication without delay of important information concerning the activities of an issuer;
2. sending ICEX such information no later than it is made available to other parties;
3. controlling that information which is not public does not come into the possession of unauthorized parties;
4. seeing that decisions of annual general meetings (AGM) and comparable meetings held between AGM's, be made public without delay;
5. ensuring that requirements as to format and means of publishing information are respected;
6. arranging that annual accounts, semi-annual reports, and information connected with them, be published in proper fashion;
7. the company's compliance officer, is responsible for upholding the rules and registering communication which takes place as a consequence of the rules.

The rules shall be delivered to ICEX, cf. Act no. 13/1996, article 37, paragraph 2.

*These rules may vary according to the issuer in question, but their purpose shall be to assist an issuer in fulfilling the disclosure requirements and encouraging proper handling of confidential information.*

##### Article 3

###### *Important decisions and events*

The issuer shall make every effort to make public without delay previously unpublished information on decisions or events which in its evaluation may have significant impact on price formation of its securities.

*This rule is the main principle of information disclosure and issuers should be guided by it at all times in their disclosure of information. It is impossible to prepare an exhaustive list of the conditions under which disclosure requirements would apply. Below are some examples of events which could have such an effect on the operations of an issuer that they should be reported. Issuers should envision*



*themselves in the situation of the investor whenever they assess whether decisions or events are important.*

- *major increase or decrease in the regular activities of an issuer;*
- *purchase or sale of substantial fixed assets, including real estate;*
- *decisions or events, if an issuer is part of a consolidation, concerning other companies in the consolidation which would have an effect on the situation of the consolidation;*
- *price-level changes which have a significant effect on an issuer;*
- *consummation/termination of important agreements on co-operation;*
- *substantial profit/loss on certain actions;*
- *important research results;*
- *important new products;*
- *large markets acquired or lost;*
- *initiation of litigation by or against an issuer, if the outcome may be expected to have a substantial effect on the issuer;*
- *liquidation, a request for stoppage of payments, composition with creditors, or bankruptcy proceedings;*
- *proposed merger with another company;*
- *decisions by the Board or proposals on changes to an issuer's share capital;*
- *proposals for changes in the Articles;*
- *changes to substantial holdings in a company in the consolidation in which the Board or management are involved or aware of;*
- *actions of a company intended to improve the price formation or supply of, and demand for, its securities.*

#### Article 4

##### *Timing of information disclosure*

All information covered by these Rules shall be forwarded to ICEX immediately or as quickly as possible.

*At times it may not be clear exactly when individual incidents or events occur; many decisions, for example, result from various earlier events. In such case it is natural to refer to that point in time when the chain of events has reached the stage where it may be considered likely that it will end in a formal or binding decision.*

*Thus, in some cases a disclosure requirement may arise before decisions are formally taken and for this reason it may not always be possible to wait for their approval by or presentation to the Board of Directors.*

*An issuer should always bear in mind that information can be misused.*

*It is right to contact ICEX in cases where no formal decision has been taken and information cannot be made public as yet, but there is a risk that knowledge has been, or may be, acquired by third parties. Suitable measures will then be taken concerning publication and effort made to prevent the misuse of the information.*

#### Article 5

##### *Equal access of investors to information*

An issuer shall ensure equal treatment of investors concerning access to information covered by these Rules and ensure that unauthorized persons do not have access to such information before it is made public. Such information may not be provided without it being sent to ICEX previously or, at the latest, concurrently.

This could involve information provided in statements, interviews, meetings with investors, documentation distributed within the enterprise, or newsletters to shareholders.



## Article 6

### *Format of notifications*

An issuer shall, in all disclosure of information, take care to present a clear picture of the issue being discussed in each case. Efforts shall be made to word notifications to ICEX such that investors will realize at once what is being discussed in the notification, and what effect this will have on the company, for instance on its outcome and financial situation.

All notifications to ICEX shall include the date, name of issuer, telephone number and information on the issuer's liaison person.

The title shall indicate the substance of the notification.

Effort shall be made to present the most important information at the beginning. In the case of an extensive notification, it shall be accompanied by a summary abstract.

In cases where the issuer deems such is necessary to ensure the comprehensibility of information for investors, and to enable them to draw the right conclusions, an issuer may include its own evaluation of the effect of the information provided.

This could, for instance, involve possibilities of decisions by government or the courts to have an effect on the information provided.

## Article 7

### *The language of notifications*

Notifications shall be in Icelandic, English, Danish, Norwegian or Swedish.

If notifications are published in English, Danish, Norwegian or Swedish, ICEX may require that a summary abstract in Icelandic is included.

## Article 8

### *Method of delivery and publication*

Information shall be delivered electronically to ICEX or in any other manner approved by ICEX, by fax or by messenger, but ICEX should always be notified beforehand by phone, unless other arrangements have been made.

Information becomes official when ICEX has received it in a proper manner and sent it on to members of ICEX, unless other arrangements have been decided.

*The main rule according to this article is that issuers send information to ICEX in a certain fashion which ICEX then distributes to the market. Only when the information has been distributed by ICEX it is official, but not before. In exceptional cases issuers distribute information to ICEX which does not go on to the market temporarily as mentioned above about the timing of information. In such cases information has not become official and does not become official until the issuer has sent information to ICEX to be published and it has been distributed to the market.*

*When faxing information anything that can diminish the picture quality should be avoided, such as shadows, small fonts, etc.*

## Article 9

### *Annual General Meetings (AGM's)*

ICEX shall be informed of the date of an issuer's annual meeting (AGM) as soon as the date has been set.

If a meeting comparable to an AGM is held between AGM's, the reasons for so doing shall be stated in the above-mentioned documents.

ICEX shall be sent information on the proceedings of the AGM, or a meeting as referred to in the third paragraph, together with information on proposals adopted, immediately upon such meeting's conclusion, or no later than prior to the next trading session for ICEX.

Should an issuer plan on submitting unpublicized information at an AGM, or a meeting as referred to in the third paragraph, which is likely to be of importance for the price formation of its securities, or an issuer is aware that such information will be presented, it must send ICEX notification



to that effect as soon as this becomes available and no later than at the beginning of the meeting. If such is not practicable, the firm must contact ICEX without delay to decide how this information shall be made public.

#### Article 10

##### *Management and auditors*

All changes to the composition of an issuer's Board of Directors, its auditors, and its senior management must be announced to ICEX without delay.

*This could, for instance, include terminations, hirings, or the election of new persons to the above-mentioned positions.*

## Chapter II

### Insider trading

#### Article 11

##### *Insider trading*

An issuer shall notify about a primary insider's trading on the same day that the trading takes place, in accordance with Act n. 13/1996, Article 33.

A primary insider is according to Act no. 13/1996, Article 2, item 5:

1. any individual who possesses or generally has access to confidential information due to ownership, membership of the Board, operations or surveillance, or other activities for an issuer of listed securities, or an issuer which has applied for listing on a stock exchange, or an alternative (OTC) market officially permitted to operate in Iceland;
2. persons or legal entities that have a direct or indirect ownership of an issuer of securities, which has been listed or has applied for listing on a stock exchange, or an alternative (OTC) market officially permitted to operate in Iceland, and which have a spokesperson on the Board of the issuer in question on grounds of the ownership.

The notification to ICEX shall contain the following:

1. the name of the company;
2. the date of the notification;
3. the name of the primary insider in question;
4. the primary insider's connection to the company;
5. the date of the transaction;
6. whether securities were bought or sold;
7. nominal value and market price;
8. nominal value of total share after the transaction;
9. the date of final payment.

A listed company shall maintain a list of its insiders according to Act no.13/1996, Chapter V.

#### Article 12

##### *The issuer's trading with its own securities*

ICEX shall be notified immediately when the issuer itself and its subsidiaries are trading with the issuer's listed securities, in accordance with article 11. ICEX shall also be informed about plans regarding such trade.

*According to the Act No. 13/1996, on Securities Transactions, provisions on the handling of confidential information and on insider trading also apply to legal entities. It is thus normal to regard firms as inside traders and for ICEX to be notified of trading by them with their own shares, just as trading by individuals regarded as inside traders must be announced. Information on plans by the firm to trade in its own shares is of interest to the market, and obligation exists for its advance notification.*

*This involves such cases as:*

1. a decision to reduce the outstanding share capital;
2. purchases due to a proposed merger;
3. purchases to satisfy agreements with employees or others on share buy-options;



4. *raising capital through the sale of its own (previously issued) shares;*
5. *agreements on market making with assets owned by the issuer.*

### **Chapter III**

#### **Announcement of changes in ownership of major holdings**

##### **Article 13**

##### *Flagging*

A listed company shall notify ICEX immediately when voting rights or ownership in the company reaches, exceeds or falls below the following limits: 5%, 10%, 20%, 33,3%, 50% or 66,7%.

##### **Article 14**

##### *Definition of major holdings.*

If it is decided whether shareholding volume or equivalent voting rights of a party within a listed firm will reach, exceed, or decline below the limits, mentioned in Article 13 the following aspects shall be examined:

1. shares which the party in question owns personally, or those owned by parties financially connected to the party;
2. shares which another or others control in their own name(s) on behalf of the party in question;
3. shares owned by a legal entity which the party in question has control over;
4. shares which are owned by a third party which the relevant party has executed a written agreement upon, to conduct a lasting joint policy in management of the firm in which the shares are;
5. shares on which the relevant party has executed a written agreement assigning right-to-vote proxy to a third party in return for payment;
6. shares which the party in question has mortgaged, unless the mortgage-holder controls voting rights associated with them and has announced the intention to use those rights; then those rights will be considered the mortgage-holder's;
7. shares from which the relevant party receives dividends;
8. shares which the party in question has rights to obtain, solely upon that party's own decision, according to formal agreement, for example, regarding buy-options, and announcement per Article 13, in such cases, shall occur on the date of the agreement;
9. shares of which the relevant party has custody and can, upon the party's own decision, use the pertaining voting rights, without special instruction from the owner(s).

##### **Article 15**

##### *Notification regarding substantial shareholding*

In an announcement from a listed member to ICEX, the following shall be included:

1. the name and address of the party holding voting rights or having ownership of the shares;
2. the nominal price of the share capital and the proportion this is of the firm's total share capital, before and after the transaction to which the obligatory announcement pertains;
3. the securities class, if appropriate;
4. information on what basis the relevant party was obliged to make an announcement as per Article 14.

### **Chapter IV**

#### **On publishing annual accounts, interim accounts, etc.**

##### **Article 16**

##### *Changes in the firm financing*

ICEX shall be notified whenever a decision has been made on significant changes or plans exists for changes in financing, including schedules for increasing share capital and substantial issuances of bonds.



When an increase in share capital is scheduled, ICEX, shall in addition, be sent information on conditions pertaining to share capital increases as soon as these are known, including:

1. the amount of the increase in share capital;
2. pre-emptive rights of current shareholders and/or others, and whether the offer is to be directed at a special buyer group or to the general public;
3. subscription and sales arrangements, price of the tender and the subscription and sales time period.

After the change, such as an increase or reduction in share capital, a dividend issue, or a consolidation, ICEX shall be sent confirming information on the final nominal share price and equity..

#### Article 17<sup>3</sup>

##### *Annual accounts*

A listed company must make an effort to see to it that company accounts always satisfy the strictest requirements generally made of companies in the sector in which it operates. They must be compiled in accordance with currently applicable Acts, sound accounting principles and Exchange guidelines, cf. the appendix to the rules.

If company accounts are not in accordance with legislation and sound accounting practices, as provided for in the first paragraph above, mention shall be made to that effect and of the reasons.

If the company is part of a consolidation, consolidated accounts must be published.

If the accounts of subsidiaries of Iceland-listed parent companies are not audited by the same accounting firm as the parent company, a co-operating company of the above-mentioned accounting firm, or another recognised accounting firm, mention shall be made to that effect.

The accounts of a foreign company must be in accordance with Acts and practices applicable in its home country. ICEX may specially request explanations if these deviate greatly from the accounting practices known in Iceland.

Annual accounts shall be sent to ICEX as soon as they are complete and no later than three months after the end of the accounting year to which they apply. They shall, in addition, be sent to those members of ICEX who so request and shall be made accessible to the media. They shall also be available for public inspection and the press release issued in accordance with Article 18 shall state where the public may acquire a copy without charge.

ICEX shall provide registered firms with a list of Exchange members.

#### Article 18

##### *Press releases concerning the publication of annual accounts*

Following the meeting of the Board of Directors where the annual accounts of a company are formally approved, the company shall issue a press release regarding this. Such a press release must contain information detailed such that the annual accounts do not include, in the opinion of the firm, additional information which could have a substantial effect on price formation of shares in the given firm.

No less than fifteen days prior to the publication of such a release, the company must send ICEX information on the proposed week of publication. If there are changes to the proposed week of publication, this must be announced to ICEX as promptly as possible.

If substantial deviations are anticipated between information supplied in the press release per paragraph one, and that which appears in the final annual accounts, ICEX is to be sent information regarding this, without delay.

A press release as provided for in the first paragraph must comply with currently applicable Exchange guidelines.

#### Article 19

##### *Interim statement*

Listed companies shall prepare an interim financial statement covering the first six months of the fiscal year. The interim statement shall be delivered to ICEX following the Board meeting where the statement is presented, and no later than two months after the end of the period covered by the

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<sup>3</sup> Issued 1 July 2003



statement. It is not a requirement that the statement be audited or reviewed. If the interim statement is audited or reviewed, it must be signed by an accountant. If the company is part of a consolidation, a consolidated financial statement shall be presented.

No later than seven days before the release of the statement the company must inform ICEX of the expected week of publication. If there is a change of planned week of publication, ICEX shall be notified as soon as possible.

#### Article 20

##### *Information on projected performance and operating plan*

If a company makes public its projected performance, either for the current year or the future, it shall provide the main criteria on which the projections are based on, especially regarding the main uncertainties.

As soon as the company gains knowledge about substantial deviation from previously published information about performance and operating plan, or deviations from natural conclusion that could have been drawn from information provided earlier, it shall inform ICEX information about this, regardless of whether this deviation leads to better or worse performance than projected.

### **Chapter V**

#### **Equity funds and investment companies**

##### Article 21

The provisions of Chapters II-IV of these Rules shall apply *mutatis mutandis* to equity funds and investment companies.

##### Article 22

##### *Balancing statements*

If mutual funds and investment companies use different methods for financial statements, ICEX shall receive a statement which makes it possible for investors to compare company statements.

A statement, cf. paragraph 1, shall be in accordance with current Exchange guidelines.

*According to this provision all mutual funds and investment companies must deliver at least an overview of financial statements according to the guidelines of ICEX. This does not make it necessary for the respective party to prepare the accounts according to the guidelines but if it is done differently than stated there he has to send an additional statement which has to conform with the guidelines of ICEX.*

##### Article 23

##### *Deviations from previously published investment policy*

If there is a temporary or permanent deviation in the investment policy a notification shall be sent stating the reasons for the change as soon as possible. Furthermore, a notification shall be sent regarding all substantial investments and/or changes from previous publicized statements.

### **Chapter VIII**

#### **Other securities**

##### Article 24

These rules apply as applicable to other securities listed on the ICEX Alternative market.

### **Chapter IX**

#### **Other provisions**

##### Article 25

##### *Violations of disclosure requirements*

If the Exchange is of the opinion that an issuer is not respecting these Rules the issuer shall be so informed.



In accordance with Article 6 of the agreement between the ICEX and the issuer concerned, on the listing of securities on ICEX, ICEX may decide to:

1. demand information from the issuer in question;
2. place the securities of the issuer in question temporarily on a list for investigation, cf. the first paragraph of Article 36 of the Rules on listing of securities on ICEX;
3. publish a public statement concerning the matter in question;
4. set conditions for, or suspend, trading in the securities of the issuer. Such a suspension may apply temporarily or indefinitely;
5. levy a fine on the issuer which may amount to up to ten times the annual fee paid by the issuer for listing its securities on ICEX, if ICEX Board feels violations are major;
6. remove the securities of the issuer from the ICEX listing, either temporarily or permanently. Securities may only be removed from listings according to a decision by ICEX Board.

#### Article 26

ICEX may grant an exemption from the publication of information according to these rules, provided this, in the estimation of ICEX, is not detrimental to the interests of the securities market.

#### Article 27

Unless otherwise provided in these rules, decisions by the ICEX Board shall remain valid in all cases.

### **Chapter X**

#### **Entry into Force, etc.**

#### Article 28

These rules are adopted according to Act no. 34/1998 and enter into force on May 14, 2001.



## Appendix I<sup>4</sup>

### Rules on Disclosure Requirements concerning Executive Remuneration by Issuers of Equities on ICEX Alternative Market

#### *Explanatory viewpoints and objectives of information disclosure on executive remuneration*

The objectives on information disclosure on points covered by the committee's proposals are varied. In the first place, they are aimed at ensuring as much transparency as possible concerning the financial interests of executives in companies listed on the market or which are to be listed.

Secondly, they are to ensure that investors have access to co-ordinated information, which can influence the value of equities in listed companies on a stock exchange, on what interests executives have at stake in the company. Thirdly, in order to strengthen the credibility of the Icelandic securities market, the information disclosure requirements must be coherent to those applying on other markets. This is necessary in order that foreign investors should know what the requirements are and that they can trust that rules on information disclosure in Iceland are no different and no less strict than in neighbouring countries. Fourthly, ICEX's co-operation with exchanges abroad involves co-ordinating information disclosure on executive remuneration and executives important connections with the company. Fifthly, it is to the advantage of Icelandic investors for these rules to be harmonised, so that they will know what requirements are set in this respect on other stock exchanges.

These objectives must be borne in mind when interpreting the Rules. The Rules provide for more detailed information disclosure than has been required up to now, both with regard to prospectuses and on-going information disclosure. This must not, however, induce people to search for loopholes in the Rules in order to avoid providing information which it is normal and fair for shareholders to receive. Company executives are responsible for the fulfilling the basic requirements set by the Rules which underlie in legislation on information disclosure of companies.

#### **1. Annual accounts must supply the following information:**

##### **1.1. Salary payments to senior executives**

Information on salaries, payments and any type of benefits, in particular to individual Board members and the top executive (CEO or managing director) of the issuer during the previous financial year.

If the issuer is part of a consolidation, information shall be provided on the same payments and benefits to the above-listed parties from companies in the consolidation.

ICEX may decide that the same information shall be provided giving a breakdown for the top executives of specific departments of the issuer or executives of the issuer's subsidiaries.

The same information as prescribed in the first paragraph shall be provided concerning remuneration to individual members of supervisory bodies if such have been appointed.

#### *Explanatory notes*

Information shall be provided on the total amounts executives receive from the company or companies in a group, i.e. job-related payments. No requirements are made, however, concerning the specification of minor information which makes no difference for the objectives of the information disclosure. Thus the total value of benefits should be given in accordance with the definitions of the Act on Income and Net Worth Tax or practices of the taxation authorities as to what should be currently considered as benefits. The term "salary" should also be interpreted in accordance with the broad understanding of the Act on Income and Net Worth Tax. Salary should include, for example, payments to pension funds and any sort of retirement funds. It is also necessary to interpret the term "payment" broadly, if more than one explanation is available in an individual instance. Thus it must be explained whether the person concerned has been paid with financial instruments issued by the company, cf. for example, specific information on options exercised in accordance with an existing stock option agreement, so

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<sup>4</sup> Issued 1 July 2003



that information referred to in provision 1.4 is provided. The term “financial instrument” is used in the Act on Securities Transactions as a collective term for various types of products on the financial market regardless of their nature and thus includes, for instance, equities, bonds and derivatives. The provision applies primarily to job-related payments. If executives or related parties receive payments from the company or companies in a consolidation as a result of special agreements, e.g. agreements on consultancy work carried out by a company owned by the executive in question, this should be specifically accounted for in accordance with Point 1.5.

If there is more than one top executive, e.g. two CEOs, information on the remuneration to each of them should be provided separately unless their remuneration is similar. If members of the Board, other than the Chairman, receive the same salary it is sufficient to account for this with a single figure. The salary of the Chairman of the Board should always be given if it differs from that of other Board members.

The intention is that ICEX’s authorisation, in the second-last sentence, to demand a breakdown of information, should be subject to the limitation that ICEX will not demand information on managers of individual departments or subsidiaries which are of little significance for the operations of the company or the consolidation as a whole, as applicable. It is thus assumed that ICEX may not require a breakdown of information on the remuneration to these executives if the department or subsidiary company which they head does not account for more than 10% of the own equity or performance of the company or consolidation, as applicable.

Since the requirement in the current rules is for information to be disclosed on remuneration to supervisory bodies, it is not possible to have the demands otherwise in these Rules. Despite the fact that in general such parties are not appointed, this does not mean this cannot happen in the near future, or that the role of such parties will not become more significant in accordance to what is common in larger companies in major markets.

### **1.2. Remuneration to other executives**

Information on total payments and benefits of other executives of issuers is at least to be provided in the form of a total figure for the group, together with the number of executives and clarification of the individuals included in the group.

#### *Explanatory notes*

It is proper to publish information on the salaries, payments and benefits to other executives than those covered by Point 1.1, to give shareholders an overview of administrative costs.

### **1.3. Payments to auditors**

Information on total payments to auditors/auditing firms shall be provided as a total figure, making a distinction, however, between payment for auditing, on the one hand, and for other services, on the other.

#### *Explanatory notes*

The role of auditors and auditing firms is important for listed companies. In order that their objectivity should not be doubted, and in accordance with demands abroad, it is necessary that information be published on total payments made to them, on the one hand, for auditing and, on the other hand, for other services if such have been provided. Such services include primarily any sort of specialised work performed by an auditor, including consulting services, such as on the merger or separation of companies, work on accounting and taxation apart from that involved in traditional auditing, etc.

### **1.4. Agreements on stock options, etc.**

Information on agreements with parties listed in Point 1.1, according them the right to purchase or sell financial instruments issued by an issuer or company in the consolidation, i.e. stock options agreements, etc.

An account shall be given of the following aspects covered by such agreements:

- a) the types of financial instruments, as of what time the entitlement is established,
- b) the total number of shares or financial instruments covered by the agreements,
- c) during what period the rights can be exercised,
- d) for what price the right will be exercised (buying price),



- e) what conditions must be fulfilled in order to exercise the right,
- f) the market value of the underlying financial instruments, including an explanation as to how the market value was calculated and the main criteria on which the calculations were based.

Similar information is to be given for all parties referred to in Point 1.2 at least as a total figure for the entire group.

#### *Explanatory notes*

The information covered in this Point is of value to investors, since the exercise of major stock options can affect share price formation. At the same time the availability of this information exerts a certain restraint on executives. The information thus encourages more objective management practices within listed companies.

Generally speaking, financial statements are expected to provide information on bonuses etc. On the other hand, it can be construed from Article 24 of Act No. 34/1998 on the Activities of Stock Exchanges and Regulated OTC Markets, that if a bonus system is established, which is likely to affect the price formation of an issuer's shares, information thereupon should be provided at first opportunity.

### **1.5. Extraordinary transactions**

Information on the nature and scope of an issuer's extraordinary transactions with the parties referred to in Point 1.1 during the previous or current financial year. This could involve any sort of transactions outside of the normal, such as the purchase or sale of real estate or major liquid assets, financial instruments, etc. Information should also be provided on the amounts of any loans, as well as mortgaging, surety and guarantees which have been provided to the parties referred to in Point 1.1, or related parties, with a breakdown including information on interest, repayment terms and other principal conditions. If such transactions have been conducted previously and are not yet settled, information on these shall also be provided.

#### *Explanatory notes*

Concerning the necessity of disclosing information on the nature and scope of extraordinary transactions, reference is made to the explanatory notes in the preceding article. The necessity of information disclosure depends on whether the transactions are unusual with regard to the purpose of the company and position of the executive, rather than on the type or name of the transaction. Scope refers to the financial interests involved in transactions. They may include, for instance, both bilateral agreements and unilateral measures, e.g. transfer of real estate or liquid assets by the company to an executive or related party without remuneration.

The obligation to disclose information on amounts of loans, mortgaging, guarantees, etc. is not new. The Rules on this point found in Article 43 of the Annual Accounts Act serve as the model here. It should be re-iterated that, just as is provided for in the second paragraph of Article 43 of the Annual Accounts Act, transactions with executives should be regarded in exactly the same manner as those with related parties. The provisions cannot thus be circumvented on the grounds that the transactions have been with related parties, whether they are linked personally to the party or have common interests, i.e. primarily parties with joint finances, who are supported by him or legal entities under his control.

### **1.6 Other/extraordinary agreements**

A description of all extraordinary agreements, if such exist, with parties referred to in Point 1.1, including agreements on payment, employment contracts and severance agreements which may involve substantial expense for the issuer, such as provisions that an employment contract or other long-term agreement may not be terminated, requires unusually lengthy notice of termination or contains provisions for special payments to an executive ceasing employment due to changes in ownership. Extraordinary agreements on retirement benefits or pension contributions are also to be specified, as well as any sort of extraordinary payments to be made in connection with termination of employment or following such.

#### *Explanatory notes*

It is necessary to provide investors with information on and enable them to assess extraordinary agreements with executives other than those which can be regarded as business dealings, cf. Point 1.5.



This involves primarily salaries or other job-related payments which are made upon termination of employment or afterwards and are not included under Point 1.1. Such agreements may also involve extensive obligations for the company, e.g. because an executive's employment cannot be terminated because his/her contract is for a specific period and has no provision for termination. An "unusually lengthy notice of termination" is taken to mean notice in excess of twelve months.

An obligation to notify extraordinary agreements on retirement terms and pensions means first and foremost that mention must be made of such if the terms significantly exceed what is provided for in general rules for pension contributions and other retirement payments. This provision is intended primarily to ensure transparent reporting of extraordinary agreements on payments and benefits upon and after ceasing employment. It may overlap with the Rules of Point 1.1, which are aimed in part at detailed specification of salaries in a broad sense, including specification of what can be considered as contributions to any type of pension or retirement fund or pension account.

### **1.7. Shareholdings of executives**

The total nominal value of shares issued by the issuer or a company in the consolidation owned by any of the parties referred to in Point 1.1, as well as shares owned by any of the issuer's other key personnel. Calculations of shareholdings shall include both direct and indirect holdings of an issuer's shares as well as holdings of related parties.

In addition, the total nominal value of shareholdings of each individual group listed in Point 1.2 shall be provided.

#### *Explanatory notes*

Information to be notified in accordance with this Point is necessary to achieve the objectives of the Rules. A breakdown may be given of information concerning parties covered by Point 1.1 while for other executives the total amount for a group may be indicated. Reference is made to explanatory notes for Point 1.4 for a definition of the concept of related parties. A direct holding means a holding by the executive concerned personally or by a related party. An indirect holding means a shareholding in a company through a legal entity which is under the control of the executive or related parties.

### **1.8 Entry into force**

These Rules shall apply as of 1 July 2003.

#### *Explanatory notes*

These Rules are intended to supplement the current provisions of Appendix I of Regulation No. 434/1999, on listing of securities on a stock exchange, and to supplement the provisions of Act No. 144/1994 on Annual Accounts. Due to their nature, they apply exclusively to issuers of shares listed on ICEX and the ICEX Alternative Market. No previous provisions are replaced, as there are no specific ICEX rules on information disclosure concerning executive remuneration; instead the Rules refer to provisions of the above-mentioned Regulations, provisions of the Annual Accounts Act and good accounting prac