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Nasdaq CSD SE

RULES OF NASDAQ CSD

CHAPTER V

PROVISIONS SPECIFIC TO ICELANDIC SETTLEMENT SYSTEM

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1. LEGAL BASIS, GOVERNING LAW AND DISPUTE RESOLUTION

- 1.1 The Depository is authorised to act as an operator of the Icelandic Settlement System in accordance with the Icelandic Act No. 7/2020 on Central Securities Depositories, Settlement and the Electronic Registration of Securities.
- 1.2 Icelandic law (the applicable law) governs the Depository's activities, when acting as the operator of the Icelandic Settlement System, and its relations with a Participant to the extent it acts as a System Participant, and matters listed under Section 2.17.3 of Chapter I.
- 1.3 Any disputes, claims or controversies that arise in connection with the Icelandic Settlement System shall be resolved pursuant Section 2.18 of Chapter I.

2. RULES OF THE ICELANDIC SETTLEMENT SYSTEM

- 2.1 Provisions of Chapter I of the Rulebook and the Contractual Documents of the Depository shall apply to the Icelandic Settlement System to the extent and unless specifically provided otherwise in this Chapter.
- 2.2 The provisions of the Rulebook dealing with the settlement of claims and obligations arising from instructions entered into in the Icelandic Settlement System to debit, credit or make any other entries to any securities account in the Icelandic Settlement System shall be considered the relevant rules of the Icelandic Settlement System within the meaning of the Icelandic Act No 90/1999, on Settlement Finality in Payment and Securities Systems.

3. USER COMMITTEE OF THE ICELANDIC SETTLEMENT SYSTEM

- 3.1 The Depository shall be advised by the user committee of the Icelandic Settlement System (the "User Committee") on matters related to the Icelandic Settlement System. The mandate, governance arrangements, operational procedures, admission criteria and election mechanism for the User Committee members shall be provided in "Rules of Procedure of the User Committee of the Icelandic Settlement System".

4. SPECIAL PROVISIONS REGARDING NOTARY SERVICES IN ICELAND

- 4.1 In the capacity of a member of the Association of National Numbering Agencies, the Depository assigns ISIN¹ and classification of financial instrument (CFI) codes and other necessary specifications to the securities initially registered in Iceland through the Icelandic branch on reasonable commercial terms and on a non-discriminatory basis.
- 4.2 The Depository may provide through Icelandic Settlement System notary services in respect of securities constituted under the laws of other Member State, subject to compliance by the Issuer with the admission requirements set out in Section 4 of Chapter I and compliance by the Depository with the requirement to take measures to allow its

¹ ISIN stands for *International Securities Identification Number* according to ISO 6166.

users to comply with corporate or similar law of the Member State under which the securities are constituted.

5. SPECIAL PROVISIONS REGARDING COMMUNICATION OF APPLICATIONS AND REQUESTS RELATED TO THE ICELANDIC SETTLEMENT SYSTEM

- 5.1 All notices, requests, applications, inquiries, orders and other communication to the Depository in its capacity as the operator of the Icelandic Settlement System shall be referred to the Icelandic branch.

6. SPECIAL PROVISIONS RELATED TO THE GENERAL DUTIES OF THE ISSUER

- 6.1 The Depository issues electronically all securities that can be subject to transactions and fulfil requirements of laws, regulations, and the Rules of Nasdaq CSD. The Depository shall assess whether securities fulfil the requirements for being issued electronically in the system.
- 6.2 All securities registered electronically in the Depository's system carry an ISIN identity based on the ISO 6166 standard and issued by Nasdaq CSD.
- 6.3 In this chapter, the term issuing of electronic securities stands for electronic registration of securities
- 6.4 An issuer shall make an agreement with a CSD participant that is an Issuer Agent. The Issuer Agent distributes securities of the initial registration and provides service to the issuer according to local market practices. An issuer must appoint a Paying Agent for each securities issue. A Paying Agent distributes cash entitlements in relation to Corporate Actions events using the Depositories system.
- 6.5 When issuing electronic securities, the issuer or the Issuer Agent must submit the securities' issue description in the form required by the Depository at any given time.
- 6.6 When issuing electronic securities, the issuer and the Issuer Agent shall follow the issue process of the Depository. Should an issuer or an Issuer Agent require exceptions from the issue procedures, the Depository should be notified immediately. The issuer or the Issuing Agent shall bear the cost of these exceptions and be in consultation with the Depository regarding the issue.
- 6.7 An issuer shall invalidate physical securities with a recall in accordance with section VII of Regulation No. 397/2000.
- 6.8 If an issuer of shares or fixed income securities announces a recall under section VII of Regulation No. 397/2000, a pledgee can make his rights known to an Account Operator.
- 6.9 An issuer of electronically registered shares must notify the Depository immediately of any change to the issued share capital. The notification of the change shall specify the authorization for the change, such as a decision of a shareholders meeting.

- 6.10 The issuer or the Issuing Agent notifies the Depository of all relevant corporate actions. The Depository processes the actions of the issuer according to the Depositories Corporate Action Service description, provided that the conditions of laws, regulations and Rules of the Depository are complied with. The Depository reserves the right to require that Account Operators prepare and manage actions in the system.
- 6.11 The issuer can request that the securities are removed from registration. A confirmation of sufficient approval from the owners of the securities shall accompany the request, such as, minutes from shareholders meeting or written approval from the owners of the securities. For fixed income securities, the issuer must submit supporting documents confirming the removal, such as, acknowledgement of the maturity payment. Article 45 of Regulation No. 397/2000 shall furthermore apply in the event of bankruptcy, redemption, mergers, or other such events that might lead to the end of registration of securities.