

## **RULES**

### **on Settlement of Payment Card Transactions**

#### Article 1

##### *Settlement arrangements for domestic payment card use*

Entities that are responsible for acquiring and delivery of payment for goods and services shall have settlement of payment card transactions carried out in Icelandic krónur. This applies to instances where both card issuer and merchant are Icelandic and where the price for the goods and services is specified in Icelandic krónur. Under these circumstances, card companies that engage in acquiring shall have settlement of payment card transactions carried out in Icelandic krónur. It is permissible, however, to use the clearing services of foreign payment card conglomerates, provided that the card companies guarantee smooth daily execution of clearing and settlement based on clearing.

#### Article 2

##### *Exemptions*

The Central Bank of Iceland may grant foreign acquirers meeting the requirements for operation in the Iceland market an exemption from the provisions of Article 1 concerning settlement in Icelandic krónur. In order to receive such an exemption, the foreign acquirers in question must demonstrate and guarantee that settlement will take place without disruption. The Central Bank will review previously granted exemptions at six-month intervals.

The Central Bank of Iceland's declaration concerning access to foreign currency for settlement of payment card transactions, cf. Article 3, Paragraph 2 of these Rules, does not extend to the settlement of domestic transactions in foreign currencies.

#### Article 3

##### *Settlement*

Payment card issuers are responsible for settling with acquirers, which are in turn responsible for settlement vis-à-vis merchants. Settlement risk shall be reduced; furthermore, the security of payments from card issuers to acquirers, and from acquirers to merchants, shall be ensured. If acquirers receive payments from card issuers more rapidly than they deliver them to merchants, the funds shall be held in the lowest-risk manner possible; for example, in a deposit account with a commercial bank or savings bank, or in other highly liquid and low-risk assets.

If a card company (settlement agent/issuer) that carries out settlement of payment card transactions is unable to purchase foreign currency on the market in order to settle obligations

*Translated from the Icelandic. In the event of any discrepancies between the translation and the text in Icelandic,  
the original text shall take precedence.*

attributable to the use of Icelandic payment cards abroad, the Central Bank of Iceland will guarantee the card company access to foreign currency in an amount equivalent to its net foreign exchange need in excess of foreign payment card use in Iceland.

Article 4

*Entry into force, etc.*

These Rules, which are set with reference to Article 38, cf. Article 4, of the Act on the Central Bank of Iceland, no. 36/2001, with subsequent amendments, shall take effect as of 24 January 2011, whereupon Rules no. 849/2009, of 1 October 2009, shall expire.

The Rules shall be reviewed no later than 1 September 2011, *inter alia* with reference to the period of validity of the temporary provisions of the Foreign Exchange Act, no. 87/1992, with subsequent amendments.

Reykjavík, 17 January 2011

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