

RULES
amending the Rules on Central Bank Facilities
for Financial Undertakings, no. 1200/2019

Article 1

A new temporary provision shall be added to the Rules and shall read as follows:

Temporary Provision

Notwithstanding the instructions in Article 10, Paragraph 1, Item 6 of these Rules, financial undertakings shall be authorised to provide as collateral more than 3 b.kr. market value from their own covered bond issues.

In addition to the collateral listed in Article 10, Paragraph 1, the following shall be considered eligible as collateral for Central Bank facilities:

Treasury money market loans, provided that they take the form of an agreement for issuance of a short-term loan from a financial undertaking (credit undertaking) to the Treasury, which entails the deposit of the agreed amount to the Treasury account on the initial payment date and the repayment of the same amount to the financial undertaking on the maturity date, plus accrued interest, both of which were agreed upon at the outset.

Collateral instruments backed by commercial paper, provided that the collateral instrument is issued by a financial undertaking (credit undertaking), with hold-in-custody collateral in the form of debt instruments issued by individuals or legal entities and secured with real estate, in accordance with Article 43 of the Act on Contractual Mortgages, no. 75/1997. Collateral instruments backed by commercial paper shall be in a standard contract format approved by the Central Bank; they shall be secured with collateral deemed satisfactory by the Central Bank, shall provide satisfactory access to information on the status and valuation of the underlying collateral at any given time, shall provide satisfactory legal protection, and that in other respects be deemed by the Bank to provide sufficient security.

In taking decisions on facilities, the Central Bank may derogate from all requirements laid down in Article 10, Paragraph 2 and Article 11, Paragraph 3.

Article 2

Entry into effect, etc.

These Rules, which are set on the basis of Article 46, Paragraph 2 of the Act on the Central Bank of Iceland, no. 92/2019, shall take effect on 21 April 2020. The amendments were reviewed on 2 April 2020 by the Monetary Policy Committee and Financial Stability Committee of the Central Bank of Iceland.

Central Bank of Iceland

17 April 2020

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