



## **Board decision on payment from the Deposit Division following the collapse of the Icelandic banks in the fall of 2008 and later**

### **I. Introduction**

The Board of Directors of The Depositors' and Investors' Guarantee Fund ("TIF") has, pursuant to the obligation of paragraph 1 of article 4 of regulation no. 120/2000 (also referred to as "DGR" hereinafter), which was based on Act no. 98/1999 on Deposit Guarantees and Investor Compensation Scheme (also referred to as "DGA" hereinafter), determined the arrangements with which payments will be disbursed from the Fund's Deposit Division following the collapse of the Icelandic banks in the fall of 2008 and later. The disbursement process began in October 2009 when letters were sent to depositors requesting, among other things, the endorsement of their claims to the Fund. Very few people responded to the TIF's letter on this occasion. During that time negotiations were also ongoing between the Icelandic government and the Dutch and British governments regarding a solution to the Icesave dispute. These negotiations have now ended without result. The Fund's assets will now be disbursed to depositors pursuant to Act no. 98/1999. TIF considers that foreign guarantee funds that have redeemed claims of depositors are considered depositors in this decision.

The purpose of this decision is to define specifically the arrangement of payments from the Fund and the measures taken after it has been approved by TIF's Board of Directors.

The implementation presented in this decision is based on Act no. 98/1999 and Regulation 120/2000 as well as general rules of obligation law and the nature of the case in those instances where no legal provisions can be referred to. Moreover, bankruptcy laws have been taken into account in light of the fact that TIF will not be able to pay all depositors' claims in full. The implementations of foreign guarantee funds have also been taken into consideration, with reference to, among other things, rules issued by the British Financial Supervisory Authority (FSA) and the British Financial Services Compensations Scheme (FSCS) is required to follow. This applies particularly to Section V of this decision which covers several issues relating to transfers of depositors' claims to the TIF and the relationship between the TIF and depositors following these transfers.

### **II. Order of member companies' creditors and amount payable**

The TIF's Board of Directors has decided that depositors of Landsbanki Íslands hf. should be paid first of the Fund's member companies that fell following the collapse of the Icelandic banks in the fall of 2008 and later.

The decision is based on paragraph 1 of article 9 of the DGA, which stipulates that the obligation of the Fund to render payment takes effect if a member company is, in the opinion

of the Icelandic Financial Supervisory Authority (FME), unable to render payment of the amount of deposits, securities or cash upon a customer's demand for refunding or return thereof in accordance with applicable terms. The Fund's obligation to render payment also takes effect if the estate of a member company is subjected to bankruptcy proceedings.

According to article 7 of the DGR, the TIF shall remit payment no later than three months after the date the FME's opinion was published or the date that a ruling was rendered on sending the estate of the member company into receivership. Under special circumstances, the Minister of Commerce may, upon obtaining the opinion of the FME, grant the Fund an additional extension for that purpose. Negotiations by the Icelandic government with the the Dutch and British governments concerning deposits in the Icesave accounts of Landsbanki Íslands hf. and the settlement of those claims by foreign guarantee funds led to extensions being granted for payments from the TIF's Deposit Division. The TIF Board had assumed that those discussions would result in the Fund being able to pay depositors the minimum guarantee. After laws on the ratification of the Icesave agreements were denied confirmation by the President of Iceland and subsequently repealed in a referendum, it is clear that the fund's resources must be used to reimburse depositors to the extent possible.

The table below further specifies when the FME opinion was issued with respect to individual member companies of the Deposit Division or when such a company was taken into winding-up proceedings, depending on which happened first. A separate column shows when individual member companies were deemed unable to render payment of the amount of deposits to depositors.

**Table 1.1**

<b>Fjármálafyrirtæki</b>	<b>FME opinion/ Winding-up proceedings</b>	<b>Insolvency</b>
Landsbanki Íslands hf.	27 October, 2008	6 October, 2008
Kaupþing banki hf.	30 October, 2008	9 October, 2008
Glitnir banki hf.	4 November, 2008	3 October, 2008
Straumur-Burðarás fjárfestingarbanki hf.	30 March, 2009	9 March, 2009
Sparisjóðabanki Íslands hf.	8 April, 2009	21 March, 2009
Spron hf.	8 April, 2009	21 March, 2009
Sparisjóðurinn í Keflavík	22 April, 2010	22 April, 2010
Byr sparisjóður	22 April, 2010	22 April, 2010

As Landsbanki Íslands hf. (LBI) was the Fund's first member company to be deemed unable to render payment of the amount of deposits, securities or cash, according to the FME opinion on 27 October, 2008, the depositors of this member company must be paid from the resources available in the Fund on that day, taking into consideration the interest yield of

those assets until day of payment. The view is taken that the TIF's obligation to render payment came into effect at a later date in the case of other member companies of the Fund.

According to article 5 of the DGR the claim shall be calculated based on the assets of the member company's customers on the date the FME publishes its opinion, or the date that a ruling is rendered on sending the estate of the member company into receivership, whichever is earlier. In the opinion of the TIF Board it is reasonable, with reference to this provision and general principles of the law of obligations, to estimate the Fund's ability to pay based on the assets available in the Fund on that same time. Premiums collected from member companies in 2009 were determined based on the TIF's existing payment obligations and the uncertainty regarding reimbursements from the estates of the member companies in question. At the time it was assumed that the Icesave agreements would lead to no assets being available in the Fund permanently. Premiums were therefore collected based on the assumption that TIF had no assets at the beginning of the year 2009. The same applies to premiums collected in the year 2010. It is not considered reasonable to disburse the premiums thus collected later to meet the payment obligation that arose due to events that happened in the year 2008. Available for disbursement to depositors of LBI are therefore all the Fund's assets as they were on 27 October, 2008 plus the interests those assets have yielded since then.

Premiums collected by the TIF formed a new fund as of the date of payment for the year 2009 and it is reasonable to consider those assets available for disbursement to depositors of other financial institutions declared unable to pay by the FME after that time limit. Added to that amount are the assets eventually recovered after the winding-up proceedings of LBI, Kaupthing Bank hf. (Kaupthing) and Glitnir Bank hf. (Glitnir) but as further explained below there is considerable uncertainty regarding the amount of those assets, if any are recovered at all. The fund thus formed will then be available for disbursement to depositors of other financial institutions declared unable to pay by the FME after the settlement date of premiums in the year 2009 or later. Disbursements will be effected in the chronological order of events which incur payment obligations and to the extent possible at each time in the same way as described above.

It has been established that the TIF's total assets in the year 2008 amounted to around ISK 16 billion but claims made against the TIF due to deposits in accounts of LBI constitute many times that amount. Therefore it is clear that the TIF will not be able to pay the minimum guarantee the Fund is stipulated to pay, which amounts to EUR 20,887, cf. discussion in Section IV below. In the opinion of the TIF Board, all measures should be sought in order to pay the depositors of LBI to the extent possible so as to attain this minimum amount. The TIF Board therefore considers that the assets recovered by the TIF in the winding-up proceedings of LBI should be used to pay depositors who have yet to receive payment of the minimum guarantee.

According to paragraph 2 of article 10 of the DGA the TIF Board may take out a loan in order to compensate losses suffered by claimants, should the total assets of the Fund prove insufficient and if the Board sees compelling reasons to do so. As is known, such borrowing



was expected to be carried out with the Icesave agreements, established at the behest of the Icelandic, Dutch and British governments. A prerequisite for the loan on behalf of the TIF was that the Icelandic government guaranteed payment of the loan to the extent that the Fund's assets were insufficient. The TIF Board no longer sees any basis for borrowing by the Fund to meet obligations imposed on it in the year 2008.

According to the estimates of the winding-up committee of LBI on the recovery of bank's assets, priority claims are expected to be paid for the most part or even in whole. Consideration must be given to what the TIF is expected to do with those resources. In the opinion of the TIF Board it is a fundamental obligation of the Fund to pay the minimum guarantee stipulated in paragraph 1 of article 10 the DGA. It is therefore considered proper to use the funds recovered in the winding-up proceedings of LBI to remit additional payment to those depositors of LBI who do not receive payment of the minimum guarantee in the first disbursement from the Fund or the allocation of LBI. The economic effect of this decision is comparable to the TIF taking out a loan, as pursuant to the TIF Board's permission provided in paragraph 2 of article 10 of the DGA in order to increase payments to LBI's depositors to the amount of reimbursements expected to be recovered in the bank's winding-up proceedings. The reason that the TIF Board does not consider borrowing to be a feasible option is that such borrowing would lead to interest expenses, the eventual amount of which is impossible to estimate, as it is not clear when the payouts from LBI begin. By fixing a dichotomy of payments, all assets recovered from LBI will thus be distributed to depositors who have not been paid the minimum guarantee.

The implications of this decision are that no assets are deemed to have been available in the TIF when the FME issued its opinion on the insolvency of Kaupthing. It is therefore anticipated that customers of Kaupthing will not receive payments from the TIF, although this depends on the recovery rate from LBI since no additional payments will be made to depositors of LBI if the recovery rate reaches 100%. In that case the monies reverted to the TIF are then available for payment to depositors of Kaupthing.

Similarly, depositors of Glitnir will not receive payments from the Fund, given that no money is considered to have been available when the FME issued its opinion on the payment inability of Glitnir Bank hf. In the same way, the recovery rate from LBI and Kaupthing is important.

As mentioned above, the Fund collected premiums from member companies for the year 2009, the amount of which was determined based on no assets being available in the Fund. Calculations underlying the determination of premiums were not completed until autumn 2009. Premiums were then paid to the TIF in October 2009 by member companies. According to paragraph 1 of article 6 of the DGA, payment of premiums shall be completed before 1 March each year. It is therefore proper to consider that the Fund's asset on 1 March 2009 consisted of a claim for payment of premiums against member companies, even though the final amount was unknown at the time. The premiums received in the fall of 2009 will therefore be used to pay creditors of financial institutions that fell after 1 March 2009.

Straumur Burdarás Investment Bank hf. (Straumur) was declared unable to render payment of the amount of deposits to depositors by the FME on 30 March 2009. The premiums for the



year 2009 should therefore be used first for payment to the depositors of that bank before considerations on whether it is possible to pay depositors of other member companies from the resources deemed to be available in the TIF's Deposit Division at the time.

According to paragraph 2 of article 6 of the DGA, member companies shall submit a declaration of liability if the total assets of the TIF's Deposit Division do not amount to the minimum stipulated in paragraph 1 of article 6 of the DGA, i.e. 1% of the average amount of guaranteed deposits during the preceding year. Such declarations were issued by the member companies in late 2009 but in the same way as described above regarding the TIF's claims for payment of premiums in the year 2009, these declarations of liability should be considered as assets of the fund when estimating the amount payable to depositors of Straumur or the financial institutions subsequently declared unable to render payment of the amount of deposits to depositors by the FME. However, declarations of liability are limited according to paragraph 3 of article 6 in such a way that claims for contributions based on them can only amount to the equivalent of one-tenth of the minimum size of the Fund but not the entire amount of the declaration of liability.

As is known Straumur entered into a composition settlement in July 2010, which meant that priority claims were paid in full. The TIF Board therefore presumes that no payments will be made from the Deposit Division on account of that member company. No claims have been made against the TIF due to the bankruptcy of either Sparisjóðabanki Íslands hf. or Spron hf. It therefore seems unlikely that it will be necessary to collect the declarations of liability issued as of the year 2009 or the premiums collected by the Fund in the fall of 2009 or later.

Premiums collected from member companies in the year 2010 will then be handled in the same way if need be. This year's premiums will therefore be used for payment to depositors of Sparisjóðurinn í Keflavík (Keflavík Savings Bank) and Byr Savings Bank hf. as may be needed, but they will not be considered for events that happened in the year 2009 or earlier. No claims have been made against the TIF due to the operational difficulties of these member companies.

### **III. Guaranteed deposits**

"Deposit" refers to any credit balance resulting from financial deposits or transfers in normal banking transactions, which a commercial bank or savings bank is under obligation to refund under existing legal or contractual terms. Not covered by the deposit guarantee are deposits owned by member companies, their parent and subsidiary companies for their own account, and deposits connected with convictions of money-laundering.

There is still uncertainty as to whether the so-called money market deposits and wholesale deposits are considered within the definition of the term "deposit" under paragraph 3 of article 9 of the DGA. Court cases are now being brought before the Supreme Court of Iceland following the Reykjavik District Court judgments from 1 April 2011 in cases no. X-22-27/2010 in which wholesale deposits are recognized as deposits. At the same time a decision by the

Supreme Court is awaited as to whether money market deposits constitute deposits, but this was rejected by the Reykjavík District Court in a judgment on 22 December 2010 in case no. E-2832-2009.

Moreover, there is uncertainty as to whether claims of the FSCS and the Dutch Central Bank (De Nederlandsche Bank N.V.), on the grounds of transfer of claims of depositors with Icesave accounts in Britain and the Netherlands, constitute priority claims under article 112 of Act no. 21/1991 on Bankruptcy, etc. Court cases are now being litigated before the Supreme Court of Iceland following verdicts issued by the Reykjavík District Court on 27 April 2011 in cases no. X-36 and X37/2010 which recognize among other things that these parties' claims constitute priority claims.

Due to the uncertainty regarding the conclusion of these proceedings, it is not clear who the Fund's creditors are due to deposits in LBI or the amount payable to depositors.

#### **IV. Proportional division of payments**

It is clear that the TIF will allocate all its resources to the payment to depositors of LBI and all indications are that there are not sufficient resources in the Fund to pay the minimum deposit guarantee. The minimum deposit guarantee according to the DGA is ISK 1.7 million but that amount is linked to the rate of the Euro (EUR 20,887) based on the buying rate on 5 January 1999. The minimum guarantee will therefore from now on be referred to as EUR 20,887.

Disbursement will be arranged in such a way that the TIF will pay each depositor of LBI a guarantee up to the so-called minimum guarantee in accordance with paragraph 1 of article 10 of the DGA. Disbursements will be effected in Icelandic krónur. Claims arising from deposits in foreign currency will be converted into Icelandic krónur at the exchange rate on the day the FME opinion was published. In the case of LBI the closing rate on 27 October 2008 will be used for converting the deposits. In the same way the minimum guarantee will be converted into Icelandic krónur based on the exchange rate on that same day. The closing exchange rate (buying rate) of the Euro with the Central Bank of Iceland on that day was ISK 151.58 and the amount of the minimum guarantee is therefore equivalent to ISK 3,166,051. In light of Rules no. 370/2010 on foreign exchange, which temporarily stop cross-border capital movements and foreign exchange transactions to and from Iceland, payments to depositors will be deposited in an account with an Icelandic deposit institution of their choice. If no specific request is made on behalf of the depositor regarding in which account the payment should be deposited, it will be stored in a special custody account with the TIF until payment instructions are received from the creditor.

Should resources remain in the Fund to pay depositors in excess of the minimum guaranteed amount of EUR 20,887 depositors will be paid proportionally. However, should the Fund's resources prove insufficient to pay all depositors the minimum guarantee it must be



considered reasonable to divide the Fund's resources proportionally between the depositors, but with the proviso that no claim exceed EUR 20,887.

After the claims that are transferred to the TIF following disbursement from the Fund are paid out in the winding-up proceedings of LBI, the Fund will use the amounts to remit additional payment to the depositors of LBI in the same manner as described above, in order to pay those depositors who were not paid the minimum guarantee in the first allocation and thus attempt to ensure that the TIF can pay everyone the minimum guarantee.

## V. Transfer of claims

In the event that payment of guaranteed deposits is effected from the TIF, the claims made against the relevant member company or bankruptcy estate will be taken over by the Fund, cf. paragraph 3 of article 10 the DGA, irrespective of the amount of payment. The claim of the Fund shall have priority as provided for in paragraph 1 of article 112 of Act no. 21/1991 on Bankruptcy, etc. in the case of insolvency of a member company; otherwise, it is enforceable by execution without prior adjudication or settlement. The Fund's claim therefore has the same rank when it comes to distribution as deposits.

Paragraph 3 of article 10 of the DGA states: "In the event that payment is effected from the Fund, the claims made on the relevant Member Company or bankruptcy estate will be taken over by the Fund." The TIF Board considers that this wording entails the assumption that the TIF should take over the full amount of a depositor's claim against the relevant financial corporation. This understanding is a logical result of the fact that payment by the TIF to a depositor does not change the nature of the claim against the relevant member company. There is still only one claim in question against the member company and it should be represented by one party to the extent possible. The main purpose of the installation of a compensation scheme is to provide consumers with access to the funds they have entrusted commercial banks with in the form of deposits. It does not seem to have been intended for depositors to profit from the existence of the TIF, but to gain access to their assets or part of them more quickly. The TIF is to ensure depositors a certain minimum payment and bears the risk of whether a member company can reimburse the amount the Fund has already paid to a depositor. Act no. 98/1999 does not specify that the TIF is to bear the cost if the recovery rate of the relevant member company is less than 100% but still sufficient for the TIF to recover the amount a depositor has been paid by the Fund.

On the other hand it cannot be assumed that the TIF should benefit from the transfer of claims from depositors. For this reason, it is appropriate that when payment comes from a member company the TIF should receive the entire amount. The TIF then pays the depositor what he is due, less the amount he has already been paid by the TIF, cf. examples below.

It can be a matter of dispute whether a depositor's right to payment from the TIF should be considered to have expired if the depositor does not lodge his claim properly against a



member company or its estate. In the opinion of the TIF Board it must be kept in mind that the TIF's obligation to render payment takes effect when the FME issues its opinion or at the beginning of bankruptcy proceedings. No legal authorization can be found to invoke subsequent events such as lodging of claims. However, it is worth noting that paragraph 5 of article 4 of the DGR, as it was applied by regulation no. 938/2008, stipulates that if the estate of a member company is sent into receivership, its customers shall file claims against the estate before filing claims against the Fund. In the case of LBI the obligation to pay came into effect when the FME published its opinion on 27 October 2008, but the beginning of bankruptcy proceedings as defined by law happened later. The TIF Board therefore considers the provisions of the regulation inapplicable in the case of LBI which is the subject of this decision. It is generally assumed in the DGA that the TIF should bear the risk of whether and to what extent a disbursed amount can be reimbursed by a member company or its bankruptcy estate. The TIF bears the risk of whether the lodging of the claim was successful and all depositors will therefore be paid by the TIF in this specific case.

A number of incidents may affect the amount of payment that a depositor eventually receives. According to paragraph 1 of article 9 of the DGA the Fund is authorized to set-off the relevant member company's claims against a customer's claim of disbursement. The TIF Board has decided to exercise this power and will request information from the member company and the depositor before remitting payment.

The manner in which a depositor's interests are protected against a member company or a bankruptcy estate can be of great concern to the depositor if a claim is not fully reimbursed by the TIF. The TIF will protect the interests of those depositors as the Fund considers proper at each time, taking into account the costs and the likelihood of the actions' success. If the TIF does not consider it appropriate to bring a dispute against a member company or a bankruptcy estate before the courts, the Fund may transfer a claim back to the depositor, if the latter requests such a transfer. The TIF Board considers that the TIF is obligated to assign the claim back to the depositor in such cases, although excluding the part that the TIF has paid the depositor.

The amount that the TIF receives of the transferred claim will, as described above, first be deducted from the minimum guarantee which the TIF paid out to a depositor. The remainder will then be paid to the depositor. Some examples of the arrangement are presented below. It should be noted that the numbers and proportions are presented as examples only and do not indicate expected recovery.

Example 1:

- a) Depositor has EUR 100,000 in a deposit account.
- b) He is paid a minimum guarantee of EUR 20,887.
- c) TIF takes over the full amount of the depositor's claim of EUR 100,000.
- d) Recovery rate is 90% and the TIF therefore receives payment of EUR 90,000.

- e) TIF deducts EUR 20,887 of the recovery and is made whole from payment to the depositor.
- f) TIF pays the depositor the remainder, or EUR 69,113.
- g) The depositor receives a total of EUR 90,000 (EUR 69,113 + EUR 20,887) for his claim. His loss then amounts to EUR 10,000, but he is made whole from recovery from the member company's estate (90%)
- h) The depositor does not receive additional payment from the TIF since he has already been paid the minimum guarantee.

It is now clear, however, that it is not possible to pay all depositors of LBI the minimum guarantee in the amount of EUR 20,887 as there are sufficient assets in the TIF funds to cover that amount. The Fund's resources will therefore be divided proportionally between depositors, with the proviso that that no one will be paid more than EUR 20,887.

#### Example 2:

- a) Depositor has EUR 20,000 in a deposit account.
- b) TIF can only pay the depositor EUR 2,000 (10% pro rata).
- c) TIF takes over the full amount of the depositor's claim of EUR 20,000.
- d) Recovery rate is 90% and TIF therefore receives payment of 18,000.
- e) TIF deducts EUR 2,000 of the recovery and made whole from payment to the depositor.
- f) TIF pays the depositor the remainder, or EUR 16,000.
- g) The depositor receives a total of EUR 18,000 (EUR 2,000 + EUR 16,000 for his claim. His loss therefore amounts to 2,000, but he is made whole from recovery from the member company's estate (90%).
- h) The depositor then receives additional payment from the TIF. However, the amount of that payment is calculated in the same way, i.e. claims will be paid pro rata with the proviso that no one combined payment will be higher than EUR 20,887. After receiving payment from the member company the TIF should have the same amount available as prior to the first disbursement from the Fund, although never more than to the extent that the deposit is paid in full or the minimum payment is reached. The depositor in this case is compensated for the full amount of his deposit, EUR 20,000, as additional payment will amount to at least EUR 2,000.

#### Example 3:

- a) Depositor has EUR 300,000 in a deposit account.
- b) TIF can only pay the depositor 10% of deposits which amounts to EUR 30,000. Since not all depositors can be paid the minimum guarantee, this depositor does not receive payment in excess of that amount and therefore receives EUR 20,887.
- c) TIF takes over the full amount of the depositor's claim of EUR 300,000.
- d) Recovery rate is 90% and the TIF therefore receives a payment of EUR 270,000.

- e) TIF deducts EUR 20,887 of the recovery and is made whole from payment to the depositor.
- f) TIF pays the depositor the remainder, or EUR 249,113
- g) The depositor receives a total of 270,000 (EUR 20,887 + EUR 249,113) for his claim. His loss then amounts to EUR 30,000, but he is made whole from recovery from the member company's estate (90%).
- h) The depositor does not receive additional payment from the TIF since he has already been paid the minimum guarantee.

Example 4:

- a) Depositor has EUR 23,000 in a deposit account.
- b) TIF can only pay the depositor EUR 2,300 (10% pro rata)
- c) TIF takes over the full amount of the depositor's claim of EUR 23,000.
- d) Recovery rate is 90% and TIF therefore receives payment of EUR 20,700.
- e) TIF deducts EUR 2,300 of the recovery and is made whole from payment to the depositor.
- f) TIF pays the depositor the remainder, or EUR 18,400.
- g) The depositor receives a total of EUR 20,700 (EUR 2,300 + EUR 18,400) for his claim. His loss then amounts to EUR 2,300 but he is made whole from recovery from the member company's estate (90%).
- h) The depositor then receives additional payment from the TIF. However, the amount of that payment is calculated in the same way, i.e. claims will be paid pro rata with the proviso that no one combined payment will be higher than EUR 20,887. The latter payment to the depositor in this case will therefore only amount to EUR 187, but he will then have been compensated for his deposit up to the minimum guarantee.

Should a depositor refuse to transfer his claim to the TIF he will be requested to relinquish his right to receive payment from the Fund. The resources which may remain in the Fund following disbursement due to such refusal will be allocated to other depositors of LBI in the same manner as described above.

Should a depositor refuse to transfer his claim to the TIF and refuse to sign a statement relinquishing his right to the Fund the view will be taken that there is doubt as to who is the rightful receiver of payment. Those resources will therefore not be available for payment to other depositors of LBI until it becomes clear who is entitled to the resources in question. Attempts will be made to eliminate any doubt regarding this through the courts but it may be necessary to wait for the depositor's claim against the fund to expire by law.

## VI. Resolution of potential disputes

In order to shed light on depositors' issues of dispute as soon as possible, and therefore reduce the level of uncertainty surrounding the Fund's disbursement process, it is important



that depositors who feel they have been unfairly treated by the decision herein put forward submit well-founded objections to it in writing before disbursement begins in accordance with this decision. Creditors are given a two-month notice to submit their objections and the notice period will begin as of the publication of this decision on the TIF's website. If no objections are made to this decision the TIF Board will continue the disbursement process in accordance with this decision.

Creditors are specifically informed that payment of resources from the Fund under this decision can lead to them not receiving payment that they may be entitled to, given that no assets remain in the Fund. It is also emphasized that according to the third sentence of paragraph 1 of article 10 of the DGA no further claims can be made against the Fund at a later stage even if losses suffered by the claimants have not been compensated in full. It is therefore imperative that depositors send their objections to the TIF as soon as possible if they feel their rights compromised.

## **VII. Deferred payment**

There is great uncertainty about various aspects of the disbursement process to which this decision relates that may have considerable impact on the extent to which it is possible for the TIF to settle the claims that have been made against the Fund. Thus it is entirely unclear which objections may be received and whether the courts will be called upon to clarify whether this decision is considered legitimate. By the same token, disputes are already being tried before the courts on whether various types of deposits constitute deposits as defined by law.

The TIF Board will respond to the objections that may be made to this decision or its individual components and review the Fund's position subsequently. Disbursement to depositors of LBI will not commence until uncertainty has been eliminated or reduced to a level which the Board finds acceptable.

## **VIII. Reservations**

The TIF Board reserves the right to make changes to this decision in whole or in part by publishing a new decision on the Fund's website.

## **IX. Languages**

This decision is published in Icelandic, English, Dutch and German. Should there be any discrepancies between texts, only the official Icelandic text is authentic.



DEPOSITORS' AND INVESTORS'  
GUARANTEE FUND

#### **X. Appeal to depositors**

The TIF Board hereby urges all depositors to submit written and well-founded objections to this decision within two months of its publication. Otherwise, depositors may lose the right to receive payments that they may have been entitled to due to indifference. Objections received after the aforementioned time limit will not be accepted for review by the TIF Board.

As agreed at Board Meeting on 8 September 2011.