

## **FOSSAR MARKAÐIR HF.**

### **RULES ON THE ELIGIBILITY AND QUALIFICATIONS OF KEY EMPLOYEES**

#### **1. Object and purpose**

- 1.1. These Rules have been adopted in accordance with the Icelandic Financial Supervisory Authority (FME) Guidelines No. 3/2010 on the Qualifications of Key Employees, as amended, cf. Act No. 161/2002 on financial undertakings, and concern the eligibility and qualifications of key employees of Fossar Markets hf. (hereinafter "Fossar" or "the Company").
- 1.2. Fossar places great emphasis on its employees possessing solid professional knowledge, skills and expertise to perform their duties and meet client needs to consistently high standards.
- 1.3. The object of these Rules is to enhance the credibility of, and confidence in, the Company, maintain the confidence of clients and minimise the Company's operational and reputational risk.

#### **2. Key employees**

- 2.1. The term "key employee" refers to a natural person in a managerial position, other than the managing director, empowered to make decisions that may impact on the future development and performance of Fossar, cf. Article 1(1)(8) of Act No. 161/2002 on financial undertakings.
- 2.2. The board of directors of Fossar decides which members of staff to designate as key employees.
- 2.3. The managing director of Fossar shall maintain a register of key employees, their respective positions and the reasons for such designation.

#### **3. Eligibility and qualification requirements**

- 3.1. Key employees must meet the following eligibility and qualification requirements:
  - 3.1.1. They must be legally competent, of good repute and financially independent.
  - 3.1.2. They must not have been declared bankrupt in the preceding five years.
  - 3.1.3. They must not in the preceding ten years, in connection with business operations, have been sentenced by a court of law for any criminal act under the General Penal Code or the Public Limited Companies Act, the Private Limited Companies Act, the Accounting Act, the Act on Annual Accounts, the Act on Bankruptcy, etc., or any special legislation governing parties that are subject to regulation of financial activities.
  - 3.1.4. They must possess sufficient knowledge, expertise and skill to discharge their duties in a proper and satisfactory manner.
  - 3.1.5. They must not have engaged in any conduct warranting doubt as to their ability to run sound and prudent operations or engaged in any conduct warranting concern that they may potentially abuse their position or harm the Company.

#### **4. Conduct of assessment**

- 4.1. The assessment of whether a person meets the eligibility and qualification requirements under Article 3 shall include subjective and objective criteria. The managing director is responsible for this assessment, which shall be performed prior to engaging each key employee.
- 4.2. In the course of such assessment, the right is reserved to request all documents and information deemed to be needed, such as criminal record certificates, statements of encumbrances and a copies of tax returns.
- 4.3. The following criteria shall also be assessed:
  - 4.3.1. The person's necessary knowledge of laws, regulations and rules governing Fossar's activities and any special legislation governing the Company's scope of activities.
  - 4.3.2. The person's necessary knowledge of the basic aspects of the Company's activities relating to his/her duties.
  - 4.3.3. The person's career, including whether he/she has been subject to any investigation by a public regulator, whether any lawsuits have been filed against the person, whether any legitimate complaints have been made against him/her in relation to regulated activities, whether the person in question has served as a manager of a company that has become insolvent, and whether he/she has been dismissed from employment owing to any act or omission to act on the part of that person.
- 4.4. Any employee serving in the position of a key employee when these Rules take effect shall undergo an eligibility and qualification assessment as soon as possible, no later than three months from the effective date of the Rules. When an employee is transferred from one position to another and the new position is also designated a key employee position, a new eligibility and qualification assessment shall be carried out within three months of the employee entering the new position.
- 4.5. A person who does not meet the knowledge requirements of an eligibility and qualification assessment shall be given the opportunity to demonstrate increased and sufficient knowledge within two weeks from receiving the assessment results.
- 4.6. In the event of doubt as to whether a person should be engaged as a key employee, the board of directors of Fossar shall make the decision after receiving the opinion of the managing director.
- 4.7. If a person does not meet the requirements of the eligibility and qualification assessment or other criteria in the opinion of the board of directors, cf. Article 4.6, the person shall not be engaged as a key employee of Fossar.

#### **5. Reporting and disclosure obligation**

- 5.1. An employee must always give correct information with respect to the criteria appraised in an eligibility and qualification assessment.

5.2. A key employee must inform the managing director immediately of any changes in the key employee's circumstances that may potentially lead to a review of his/her eligibility and qualification assessment.

## **6. Participation in business operations and board memberships**

6.1. An assessment must be made of whether the person's board memberships and participation in business operations are compatible with the position of a key employee of Fossar. In this context, account shall be taken of the key employee position in question within the Company and whether such participation in business operations is potentially detrimental to the employee's integrity and work contribution. Key employees are not permitted to sit on boards of directors or take part in business operations if this poses a risk of conflict of interest or a risk of damage to the Company's reputation.

## **7. Disqualification from deliberation on individual matters**

7.1. Key employees shall not take part in deliberations on any issues concerning their own business or the business of companies in which they have a qualifying holding or hold directorships, companies that they represent or companies in which they have a significant interest in other respects, except in the case of a Fossar subsidiary. The same applies to participation by key employees in deliberations on matters concerning parties related to them personally or financially. Any key employee joining the Company shall disclose any parties thus related to him/her. A key employee must also report any change in the parties related to that employee.

## **8. Key employee with the legal status of a suspect**

8.1. Any key employee given the legal status of a suspect must notify the managing director.

8.2. The managing director or, as appropriate, the board of directors of Fossar, shall assess the position of the key employee within the Company as regards whether to dismiss the key employee, place him/her on leave or take no action. Such assessment shall always take account of the position of the key employee in question as well as the seriousness of the alleged offence. If the alleged offence is considered serious and the key employee holds a position within Fossar rendering his/her continued work for the Company potentially damaging for its reputation, the key employee shall be placed on leave.

8.3. Each individual suspected offence must always be assessed. If Fossar considers the key employee to have committed an offence, the employee shall be dismissed immediately. In such event, the employee in question shall continue to receive a salary during the notice period unless the dismissal concerns an offence committed in the course of work at Fossar.

8.4. If the managing director or, where applicable, the board of directors of Fossar deems that the key employee has not committed an offence, the employee shall not be dismissed unless necessary to protect the Company's reputation.

8.5. In general, key employees placed on leave shall retain their pay during such periods, but no longer than the termination notice period for the key employee in question. If the investigation by the public authorities takes a longer time, a decision shall be made as to whether to dismiss the key employee and whether he/she should be unsalaried until the completion of the investigation or remain salaried for a longer period.

## **9. Disciplinary action**

9.1. False or misleading information provided by an employee in relation to an eligibility and qualification assessment conducted on the basis of these Rules may lead to reprimand or dismissal from employment.

## **10. Miscellaneous**

10.1. These Rules shall enter into force upon signature by the board of directors of Fossar and be published on the Company's website.

Approved by the board of directors of Fossar Markets hf. on 15 May 2015.

Sigurbjörn Thorkelsson