



The Landsbanki Freezing Order 2008

General notice and notice of licence L4

1. The Treasury has received some further enquiries, to which this notice responds and in response to which the attached licence L4 is issued.

Scope of permitted activities

2. Paragraphs 7 to 11 of General Licence L2 issued on 13 October 2008, and permissions in the attached licence L4 do not limit each other. They may be relied upon separately or in conjunction with each other.

Commercial Finance

3. Paragraph 9 of General Licence L2 permits the London Branch of Landsbanki to continue various banking activities, namely commercial finance; asset based lending; and capital markets and fixed income activities.
4. These are intended to be broad categories, and are not restricted to activities of units with those names within the London Branch.
5. For the avoidance of doubt, the Treasury confirms it understands these activities to include activities such as:
 - Commercial Finance (Asset Based Lending)
 - Capital Markets and Fixed Income activities (including derivatives)
 - Leverage Finance (including Structured Finance)
 - Trade Finance
 - Collateralised loan obligations

Correspondent banking relationships

6. The guidance of 17 October 2008 confirmed the position about correspondent banking relationships permitted under General Licence L2.
7. The Treasury has received further enquiries; in particular about the situation if an account of a UK financial institution with Landsbanki (e.g. in Iceland) becomes overdrawn. As this would then represent

a debt to Landsbanki, the attached licence L4 permits all payments into and out of a correspondent account at the Bank. It also allows (for the avoidance of doubt) financial institutions to credit and receive payments from correspondent accounts in the name of the Bank.

8. This licence and General Licence L2 are subject to an overriding proviso that they do not permit the transfer of funds from the Bank or from accounts in the name of the Bank to accounts in the name of any part of the Bank's group.

Credit agreements

9. The Treasury has received enquiries about credit agreements, in particular syndicated loans.
10. As General Licence L2 permits the London Branch to carry out banking activities including commercial finance, and the prohibitions do not apply in respect of third parties dealing with it in this regard, activities such as the repayment of syndicated loans via a third party agent, and the rolling-over of credit agreements are licensed activities.
11. However, for the avoidance of doubt, licence L4 covers activities in relation to which particular concern has been expressed.

A copy of licence L4 is attached as an Annex to this Notice.

A copy of previous Notices and Licences related to the Landsbanki Freezing Order 2008 are available from the Financial Sanctions pages of the Treasury website:

http://www.hm-treasury.gov.uk/financial_sanctions.htm.

Non-media enquiries should be addressed to the Treasury Asset Freezing Unit on 020 7270 5454/5664, or by fax 020 7451 7677 or by e-mail to assetfreezingunit@hm-treasury.gov.uk.

Media enquiries should be addressed to the Treasury Press Office on 020 7270 5238.

ENDS

ANNEX



HM TREASURY

LANDSBANKI ISLANDS HF

CREDIT AGREEMENTS LICENCE [L4]

- 1 This licence is granted under Article 6 of The Landsbanki Freezing Order 2008 (“the Order”).
- 2 The prohibitions in article 4 of the Order are disapplied to the extent required to allow the permitted activities but not so as to allow the prohibited activities.
- 3 This licence does not operate to exclude or override the provisions of insolvency law or other regulatory requirements.

Definitions

- 4 In this licence
 - “the Bank” means Landsbanki Islands hf., a public limited company incorporated under the law of Iceland;
 - “the Bank’s group” means:
 - the Bank;
 - any successor entity to the Bank; and
 - the Authorities and Government of Iceland, but only in their capacity as owner or controller of the activities of the Bank or any successor entity to the Bank;
 - “financial institutions” includes (and is not limited to) banks, investment firms, operators of payment and settlement systems, clearing houses, investment exchanges, market makers and custodians of securities;
 - “the London Branch” means the London branch of the Bank situated at Beaufort House, 15 St Botolph Street, London EC3A 7QR;
- 5 The definitions in Article 2 of the Order apply for the purposes of this licence.

Prohibited activities

- 6 Nothing in this licence or General Licence L2 permits the transfer of funds from the Bank or from accounts in the name of the Bank to accounts in the name of any part of the Bank’s group.

Permitted Activities

Correspondent accounts

- 7 Financial institutions are permitted to credit their correspondent accounts held at the Bank and authorise withdrawals from such accounts (*this applies whether the account is in credit or debit, whether it is in the UK or abroad and whether the payment is made directly or indirectly*).
- 8 Financial institutions are permitted to credit and to receive payments from correspondent accounts in the name of the Bank (*this applies whether the account is in credit or debit, whether it is in the UK or abroad and whether the payment is made directly or indirectly*).

Credit agreements

- 9 Parties to a credit agreement with the Bank may make payments due under the agreement direct to the London Branch or, where the agreement so provides, via a facility agent as agent for Landsbanki, to the London Branch.
- 10 A facility agent under a credit agreement may receive and make payments due under the agreement and carry out related transactions (such as foreign exchange transactions), but payments to the Bank may only be made to the following:
 - 10.1 accounts at the London Branch; or
 - 10.2 accounts in the name of the Bank held in the UK.
- 11 Parties to a credit agreement with the Bank may roll-over credit agreements (*i.e. renew on the same or similar terms*).
- 12 For the avoidance of doubt, paragraph 11 permits roll-overs at different rates of interest and with different maturity periods or dates, and the provisions of this licence and General Licence L2 apply in respect of the rolled-over credit agreement. (*see, for example, paragraph 8 of General Licence L2 which provides for set-off and netting*).
- 13 This licence may be varied or revoked at any time.

Asset Freezing Unit
29 October 2008