



HM TREASURY

Financial Sanctions Notice

9 October 2008

The Landsbanki Freezing Order 2008

General Licence

HM Treasury has today issued a general licence under the Landsbanki Freezing Order 2008 ('the Order') exempting certain activities from the prohibitions in Article 4 of the Order in order to avoid detriment to third parties.

A copy of the General Licence is attached as the Annex to this Notice.

ENDS

ANNEX



HM TREASURY

LANDSBANKI ISLANDS HF

GENERAL ACTIVITIES LICENCE [L1]

- 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 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 The following activities remain prohibited under the Order, and the permitted activities are subject to this paragraph:
 - 6.1 payments must not be made to the Bank other than to the London Branch;
 - 6.2 the London Branch is not to transfer funds to other parts of the Bank or to entities which form part of the same group of companies as the Bank.

Permitted Activities

- 7 Any person (including the Bank) may pay funds to the following:
 - 7.1 accounts at the London Branch; or
 - 7.2 accounts in the name of the Bank held in the UK.

- 8 The Bank is permitted to continue to carry out the activities of the following divisions of the London Branch, and customers are permitted to carry on dealing with them:
 - 8.1 Landsbanki Commercial Finance;
 - 8.2 Landsbanki Asset Based Lending.
- 9 The Bank is permitted to act on the instructions of its customers to make payments from their business accounts held at the London Branch.
- 10 The London Branch is permitted, on behalf of its customers, to transfer currency and carry out foreign exchange transactions (including foreign exchange transactions necessary as a consequence of the transactions on behalf of customers).
- 11 Any person may exercise any of the following rights: set-off; rights of termination; closing out; netting; reimbursement or indemnity.
- 12 Banks holding accounts in the name of the Bank are permitted to operate those accounts in accordance with instructions given by the London Branch.
- 13 Banks are permitted to receive funds into accounts and transfer funds between accounts within the UK (whether or not those accounts are in the name of the Bank).
- 14 This licence comes into effect at 2.30pm on 9 October 2008.
- 15 This licence may be varied or revoked at any time.

**Asset Freezing Unit
9 October 2008**