

29.06.2009¹

Recommendation on the Record Date and Ex-date of Bonds

A common rule, applied by all issuers, concerning the reference point for ownership registration at a securities depository for purposes of determining rights, is desirable as it facilitates correct valuation of bonds by market participants close to the due date for payment of interest and installments. Such a harmonized rule on the record date and ex-date of bonds has been lacking on the Icelandic bond market and can create unnecessary uncertainty as to whether the buyer or the seller either acquires or retains the rights.

Nasdaq OMX Iceland (the Exchange) has decided, following a review process, to recommend to market participants and issuers of listed bonds that determination of record date follow the recommendation below. For more information, please contact the Exchange's Trading division (floor.ice@nasdaqomx.com, tel. +354 525 2850).

The Recommendation is effective as of June 29 2009.²

Recommendation: Rights shall be determined based on the ownership registration one bank day previous to the payment date of interest and installments.

The Exchange recommends that the record date be one bank day before the payment date of interest and installments and that rights be determined by the ownership registration in a securities depository at the end of that day. In this manner rights to cumulated interest and installments are included in transactions to be settled no later than one bank day before the payment date of interest and installments. Rights are then not included in transactions to be settled on the payment date itself. Seeing that the record date is one bank day before the payment date, no ex-dividend period develops. This convention applies on many leading fixed income markets as shown in the table below.

Table 1. Conventions concerning bond record dates for certain selected countries

Country	Ex-dividend period
Australia	Yes
Austria	No
Belgium	No
Canada	No
Denmark	Yes
Finland	No
France	No
Germany	No
Greece	No
Ireland	No
Italy	No
New Zealand	Yes
Norway	Yes

¹ Updated 11.08.2010

² When effective, Recommendation on the Record Date and Ex-date of Bonds published August 27 2008 and effective from March 1 2009, will no longer apply.

Spain	No
Sweden	Yes
Switzerland	No
United Kingdom	Yes
United States	No

Sources:

Bloomberg

Clearstream Banking

Moorad Choudry, *The bond & Money Markets, Strategy, Trading, Analysis* (Oxford: Butterworth Heinemann 2006).