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PRESS RELEASE 11/2012

**Oral hearing in Case E-16/11 *EFTA Surveillance Authority v Iceland* (“Icesave”)
Tuesday, 18 September 2012**

The Oral Hearing in Case E-16/11 - *EFTA Surveillance Authority v Iceland* is scheduled to be held on Tuesday, 18 September 2012 at 10:00 a.m. The hearing will take place at the **Chamber of Commerce**, 7, rue Alcide de Gasperi, L-2981 Luxembourg. Journalists wishing to attend the hearing are kindly asked to contact the Registry of the EFTA Court:

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Case E-16/11 *EFTA Surveillance Authority v Iceland* is a direct action brought by the EFTA Surveillance Authority (“ESA”) against Iceland concerning the alleged infringement by Iceland of Directive 94/19/EC on deposit-guarantee schemes and/or Article 4 EEA.

During a worldwide financial crisis in 2008 the Icelandic banking sector collapsed. As part of the breakdown the depositors of Landsbanki Íslands hf. (“Landsbanki”) at the branches in the Netherlands and the United Kingdom lost access to their deposits on 6 October 2008. This included the so-called Icesave-accounts which were on-line savings accounts. Consequently, Iceland’s Depositors’ and Investors’ Guarantee Fund (hereinafter “TIF” or “Fund”) would have been obliged to pay the minimum guarantee per depositor according to the rules and time limits as set out in the Icelandic law implementing Directive 94/19/EC (hereinafter “Directive 94/19/EC” or “the Directive”). However, no such payments were made to those depositors. The Netherlands and UK authorities arranged for a payout of all retail depositors from their own deposit-guarantee schemes. As regards domestic bank accounts of Landsbanki, the Icelandic State took measures to transfer them into a new State run bank.

ESA's application concerns the determination whether Iceland has failed to comply with its obligations resulting from the Directive since it did not ensure payment of the minimum amount of compensation to Icesave-depositors in the Netherlands and in the United Kingdom within the given time limits. The heart of the dispute is whether there is an obligation of result upon Iceland to ensure that depositors are compensated as set out in the Directive if all else should fail. It is also disputed whether Iceland is exempted from such an obligation by virtue of force majeure.

The other controversial matter is whether Iceland has infringed Articles 4(1) and 7(1) of the Directive and/or Article 4 EEA by treating depositors in domestic accounts differently from depositors in accounts of Landsbanki branches in other EEA States. If so, it is also in dispute whether such an infringement would be objectively justified.

This press release is an unofficial document and is not binding upon the Court in any way.