



January 06, 2009 / Prime Minister's Office

Statement from the Icelandic Government Concerning Legal Proceedings Against UK Authorities

The Government of Iceland has decided to examine any and all possibilities of Iceland seeking redress before the European Court of Human Rights for the application by UK authorities of the Anti-Terrorism, Crime and Security Act 2001 against Landsbanki last year.

Furthermore, the Government repeats its previous declaration of strong support for legal proceedings by Kaupthing Bank's Resolution Committee against actions taken by the UK Financial Services Authority (FSA) on 8 October 2008, on which date the FSA took control of the operations of Singer & Friedlander, resulting in the insolvency of the parent company. The Resolution Committee has decided to bring suit, on the Bank's behalf, against the UK authorities and enjoys the full support of the Icelandic government in its suit. This support is provided in accordance with an Act of the Icelandic parliament *Althingi*, adopted on 20 December [2008], authorising the Minister of Commerce to provide financial support for such litigation.

The Government of Iceland will also support possible legal action taken by the Resolution Committee of Landsbanki against UK authorities; such action, however, is not entirely subject to the same time constraints as is the suit to be brought by the Resolution Committee of Kaupthing Bank.

It should be pointed out that the Government of Iceland has obtained an opinion from the UK legal office of Lovells concerning possible legal action by the Icelandic state against UK authorities to test the legitimacy of the Landsbanki Freezing Order issued by the authorities on 8 October 2008 on the basis of this same Anti-Terrorism, Crime and Security Act. The UK legal counsel were requested to assess whether the Freezing Order could be invalidated by a UK court on the grounds that it was illegal and whether the Icelandic state could sue for damages resulting from the Freezing Order in a UK court. Legal counsel were of the opinion that there was scant possibility that the Icelandic government could have the Freezing Order invalidated by a UK court. They provided detailed grounds for this conclusion, based on legal principles and precedent in

the UK, and were of the opinion that the legislation granted the UK authorities very broad authorisation to apply the provisions on freezing of assets. They were also of the opinion that there was no probability of the Icelandic state being awarded compensation by a UK court as a result of the Freezing Order. The Icelandic Attorney General and the Foreign Ministry's expert in international law agreed with this opinion.

As a result, the Icelandic government has decided not to bring suit against the UK authorities in a UK court at this stage. As previously mentioned, however, it intends to examine exhaustively other options for international legal action, including in particular the European Court of Human Rights.

In addition, the Government of Iceland reiterates its steadfast conviction that the above-mentioned actions by the UK authorities were wrongful and unjustified, and has made a formal request to the UK authorities that the Freezing Order be cancelled.

Reykjavik 6 January 2009