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Iceland welcomes acquittal in Icesave case

28.1.2013

The EFTA Court ruling on Icesave rejected all claims by the EFTA Surveillance Authority that Iceland should be declared in breach of the EEA Agreement. The Court rejected the claim that Iceland has breached the Deposit Guarantee Directive or has discriminated against depositors contrary to EEA law. It is a considerable satisfaction that Iceland's defence has won the day in the Icesave case; the EFTA Court ruling brings to a close an important stage in a long saga.

Iceland has from the start maintained that there is legal uncertainty as to whether a state is responsible for ensuring payments of minimum guarantees to depositors using its own funds and has stressed the importance of having this issue clarified in court. There was, however, no realistic possibility of such clarification until the EFTA Surveillance Authority decided to refer the case to the EFTA Court.

This judgement concludes the procedures with the EFTA Surveillance Authority in regard to the Icesave case. The ruling of the EFTA Court is final and cannot be appealed. This case has been particularly difficult to handle both nationally and internationally, and has occasioned, among other things, considerable delays in the implementation of the Government's economic programme. Icesave is now no longer a stumbling block to Iceland economic recovery.

It is important to bear in mind that payments from the estate of the failed Landsbanki will continue regardless of the ruling of the EFTA Court. The assets of the estate are now estimated to be 1,517 billion ISK which is approximately 200 billion ISK more than the priority claims which amount to 1,318 billion ISK. Of these priority claims 1,166 billion ISK result from the Icesave deposits while just under 150 billion ISK result from wholesale deposits, including those from municipalities, charities etc. The sum of 660 billion ISK has already been paid out of the estate against priority claims, i.e. around 50% of their total value. Of this 585 billion ISK have gone to claims resulting from the Icesave accounts. This sum amounts to over 90% of the total which the UK and Dutch authorities advanced to cover the minimum deposit guarantee.

It is expected that the Icesave claims will be paid out in full by the actual debtor, the estate of the failed Landsbanki. This outcome results from the implementation of emergency legislation in 2008, according to which deposits were given priority against unsecured claims.

Judgment of the EFTA Court 28 January 2013

http://www.eftacourt.int/images/uploads/16_11_Judgment.pdf