



Investment attitudes changing

In recent years, a shift in the attitude towards investing in securities has occurred in the Faroes. This is evident in people's increasing willingness to invest in securities. Owners of companies as well are more open to listing their companies on a stock exchange. We believe that one of the reasons for this change was the founding of com-

pany The Faroese Securities Market in 2000. Since its establishment, one of the aims of The Faroese Securities Market has been to encourage a shift in attitude within Faroese society towards greater securities investment, thus creating more value throughout the community.

However, we still have a long way to go as there is still only one company listed on

the Market, besides the bonds of the Faroese Government. There are indications, however, that more companies and bonds will be listed, and that the Market will grow, in large part because the two largest financial institutions have become members of the Market. This newsletter focuses on the latest news from The Faroese Securities Market.

Føroya Banki member on the VMF market on ICEX

Most securities market are organised so that brokerage firms are members of the Securities Market. Membership implies that these firms can trade directly on the Market and can assist companies to list on the Market. The Iceland Stock Exchange cur-

rently has 25 members. Of these, two members are from the Faroes, Føroya Sparikassi and Føroya Banki. Føroya Banki became a member on 15 June 2006. In addition to both of these companies, Kaupthing Føroyar is a member via its parent company in Iceland.

In order to become a member of the Market, Føroya Banki had to have at least two of its employees participate in a course on the securities trading system used by the Market. Moreover, the technical equipment and its implementation had to be approved.

These brokerage institutions are members of ICEX as of June 2006:

[Deutsche Bank AG - DBL](#)

[Føroya Banki - FBK](#)

[Føroya Sparikassi - FSP](#)

[Ibúðalanasjóður - ILS](#)

[Íslandsbanki hf. - ISB](#)

[Íslensk verðbref hf. - IVE](#)

[Íslenskir fjarfestar hf. - IFJ](#)

[Joklar - Verðbref hf. - JVB](#)

[Kaupthing Bank - KAU](#)

[Landsbanki Íslands hf. - LAI](#)

[National Debt Management Agency - LSR](#)

[MP Fjarfestingarbani hf. - MPB](#)

[Nordea Bank Danmark A/S - NDA](#)

[NordVest verðbréf hf. - FVV](#)

[Central Bank of Iceland - SBI](#)

[Sparisjóðabanki Íslands hf. - SPB](#)

[Sparisjóður Hafnarfjardar - SPH](#)

[Sparisjóður Myrasylu - SMY](#)

[Sparisjóður Reykjavíkur og nágrennis - SPR](#)

[Sparisjóðurinn í Keflavík - SPK](#)

[Straumur - Burðarás Fjarfestingabanki hf. - STR](#)

[Swedbank - SWB](#)

[Verðbrefastofan - STO](#)

[Verðbrefathjónusta Sparisjóðsins - SPV](#)

[Virðing hf. - MEG](#)



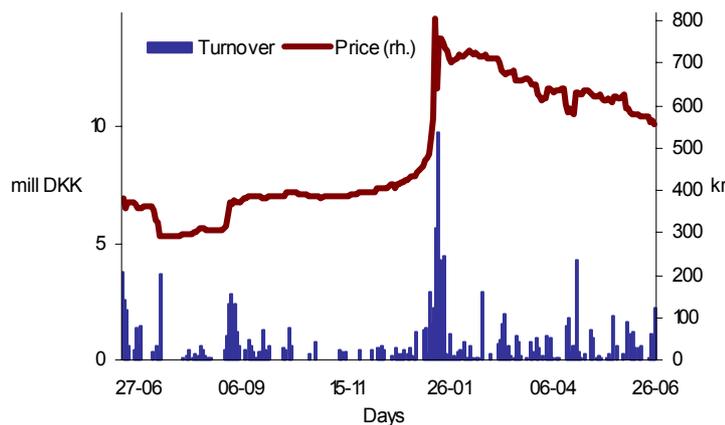
Guðriður Ásgeirsdóttir, ICEX and Janus Petersen, Føroya Banki

/o Landsbanki Føroya

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Atlantic Petroleum included in ICEX-15

The main index of the Iceland Stock Exchange is called ICEX-15. It is comprised of the 15 largest and/or most-traded companies in Iceland. For the past six months, Atlantic Petroleum has met the requirements to be included in the ICEX-15 from 1 July. Companies are generally very pleased to be listed on the main index, because this means that they will receive funds from investors who want to invest only in the main index portfolio.



Atlantic Petroleum price and turnover since listing 15/6-05

Atlantic Petroleum raises new capital

In June 2006, Atlantic Petroleum, together with Føroya Sparikassi, conducted a new share capital offering. Current shareholders of Atlantic Petroleum had a pre-emptive right to acquire these new shares.

New shareholders could participate in the share offering to the extent that current shareholders

did not subscribe. How large the increase in capital will be has not been specified as yet, however, Føroya Sparikassi has guaranteed a minimum 30 million DKK nominal, regardless of whether sales reach this level. The highest amount is set at around 200 million DKK. In order to seek an increase in capital, Atlantic Petro-

leum had to prepare a new prospectus, which, inter alia, completely described the company. The prospectus of Atlantic Petroleum is based on a new EU directive, which means that it can be used throughout Europe. The share offering will be from 15 June to 29 June 2006.

Agreement between ICEX and VMF renewed



Thordur Fridjónsson, President of ICEX and Sigurd Poulsen, director of VMF sign agreement

In March 2004, the Iceland Stock Exchange (ICEX) and The Faroese Securities Market (VMF) entered into a co-operation agreement regarding the Faroese securities market. The agreement stated that Faroese securities would be listed on ICEX using a special identification mark, plus a special web site would be developed for Faroese securities. It was also agreed to divide the profits gained from listing companies. In addition, the parties agreed to collaborate on market oversight and listings. One concrete example of market oversight is that VMF shall monitor the dissemination of market information in the

Faroes so that information related to a listed stock, which might otherwise impact the share price, shall not be made public until the news is officially released via ICEX. Co-operation regarding listings entails the joint review of share offering prospectuses by VMF and ICEX. ICEX, however, retains ultimate responsibility.

Originally, the agreement covered a period of two years. Both parties are very pleased with the co-operation. The renewed agreement, which dates from March 2006, stipulates more definitively the division of responsibilities between the parties.

Future listings on the VMF market on ICEX

So far there is only one company on the Market in addition to the bonds of the Faroese Government, but there are indications that there will be more listings in the near future.

This spring, the Faroese Parliament approved the privatisation of both Atlantic Airways and Føroya Banki. In both cases, the sale will be held via VMF. Moreover, pri-

vate companies have indicated that being listed on VMF could be a possibility. Føroya Sparikassi, in particular, has come a long way in this regard and so far has sold 14% of its shares to the public. United Seafood is also entertaining the idea of listing on VMF. Kaupthing has offered secure bonds called 'European Shares' and it intends to list them on the Market

in the end of June 2006. The Skálafjordur Undersea Tunnel Company, according to organisers, intends to list on the Market in a couple of years.

Hopefully, most of these plans will come to fruition, as the Market will function even better with more investment choices for investors.