



The Housing Financing Fund

**AGREEMENT ON A PRIMARY DEALERSHIP SYSTEM
FOR HFF BOND AUCTIONS AND MARKET MAKING
OF HFF BONDS IN THE SECONDARY MARKET**

Agreement on a Primary Dealership System for HFF Bond Auctions and Market Making of HFF Bonds in the Secondary Market

The Housing Financing Fund, hereafter referred to as HFF, national ID no. 661198-3629, and XXXXXXXX, national ID no. xxxxxx-xxxx, hereafter referred to as the market maker, make the following agreement on a primary dealership system for HFF bond auctions and market making of HFF bonds in the secondary market.

This agreement is identical to the agreements made with other market makers which are dated the same as this agreement.

The objective of this agreement is to enhance price formation on HFF bonds and enhance their liquidity in the secondary market.

Article 1

HFF bond auctions and market maker access

HFF bond auctions will be held when necessary, based on HFF's issuance schedule. Auctions will be announced on the news system of the OMX Nordic Exchange in Iceland (hereafter referred to as the Exchange).

Market makers have exclusive rights to submit bids at HFF's auctions.

Article 2

Obligations of market makers in auctions

The market maker is obligated to submit bids at each auction for at least ISK 300 million at nominal value. Bids shall be in accordance with the terms of the auction and based on market prices of previously issued HFF bond classes and other financial instruments considered similar at the time in question.

Article 3

Obligations of market makers in the secondary market

Each market maker is obligated to submit bid and ask quotes for HFF bond classes specified in Article 5, at the Exchange regulated market.

The minimum trading lot for each class shall be ISK 50 million at nominal value. Furthermore, the market maker is required to renew its bids at the Exchange within 10 minutes of the acceptance of the bid.

If, in one business day, the market maker's transactions in a specific bond class equal ISK 300 million at nominal value, the market maker is entitled to diverge from the maximum bid/ask spread requirements in a specific bond class that day.

The maximum spread between the market maker's bid and ask prices is determined by the price of the offers. The maximum bid/ask spread in the classes specified in Article 5 can be:

Class	Max. Spread
HFF150914	0.50%
HFF150224	0.75%
HFF150434	0.85%
HFF150644	0.95%

The market maker grants HFF access to information regarding its bids and transactions at the Exchange, for HFF bond classes specified in this agreement.

Article 4

Payment and calculation of commission

- i) Market making: HFF pays its market maker a quarterly turnover-linked commission throughout the term of the agreement. The commission is based on the market maker's market share of all transactions by all market makers at the Exchange (transactions marked "AUTO"), for the classes specified in Article 5. Each quarter, ISK12.5 million is available as commission payments to market makers and shall be paid no later than 15 days from the end of each quarter.
- ii) HFF bond auctions: HFF pays the market maker a quarterly commission throughout the term of the agreement. The commission is based on the market maker's market share of accepted bids in the auctions. The commission paid to all market makers participating in the auctions equals 0.15% of the market value of accepted bids and shall be paid no later than 15 days from the end of each quarter.

Article 5

HFF bond classes

The agreement includes the following HFF bond classes:

Class	ISIN No.
HFF150914	XS0205348427
HFF150224	XS0195066146
HFF150434	XS0195066575
HFF150644	XS0195066658

Article 6

Impact of market disruption

In the event of serious market disruption, HFF may, following a teleconference and with the market maker's consent, temporarily suspend individual provisions of this agreement.

Article 7

Communication and information disclosure

The market maker shall designate an employee to act as liaison with HFF. HFF will hold meetings with market makers as needed.

Article 8

Services for market makers

HFF offers special services to market makers. Rules regarding these services are specified in the appendix to this agreement and state that market makers have exclusive access to securities lending provided by HFF. The market makers are able to borrow HFF bonds on a temporary basis in exchange for other securities that will be held as collateral.

Article 9

Validity and termination of agreement

This agreement, and its appendix, enter into force on December 17, 2008 and expire on June 30, 2009. However, both parties are authorized to cancel the agreement with a 30 day notice. If either one of the parties believes that the agreement has been seriously violated, the agreement may be terminated without prior notice. However, the other party shall be notified in writing immediately of the termination. This agreement replaces previously made agreements between the contracting parties in relation to HFF bond issuance and market making in the secondary market.

If contracting parties agree, provisions of this agreement may be reviewed during the term of the agreement.

Reykjavík, December 16 2008

The Housing Financing Fund

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Witnessed by:
