

Alþingi  
Erindi nr. Þ 138/845  
komudagur 23.12.2009

Our Ref: MS/JY/32864.1

Your Ref:

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23 December 2009

The Budget Committee  
Alþingi  
Austurvöllur  
150 Reykjavík  
Iceland

FAO: Mr Guðbjartur Hannesson

**Response To Comments Of Steingrímur J Steingrímsson**

Dear Sirs,

We write as requested in response to the comments made by Steingrímur J Steingrímsson, the Icelandic Minister of Finance, in relation to our letter of advice of 19 December 2009. We set out below the English language translation of his comments we have received, and our response:

1. **Mishcon is a relatively unknown lawfirm**

Mishcon de Reya is a well established and well known law firm in England and Wales, and our history and credentials are set out on our website.

In addition, as stated on page 7 of our advice, "on 11 March 2009 [we were] instructed by the Government of Iceland to consider certain aspects of the Icesave situation... On 26 March 2009 [we] presented [our] initial findings to the Icesave Committee and on 31 March 2009 [we] met with the Icelandic foreign minister to brief him on [our] findings in relation to certain aspects of Icesave".

We are still bound by confidentiality towards the Government of Iceland and the Icesave Committee, and hence we are unable to comment further on the substance of our advice until such time as our obligation of confidentiality to the Government of Iceland is waived. We have previously canvassed if confidentiality would be waived by the Government of Iceland in respect of our previous advice and on the basis that no such waiver has been forthcoming we have assumed and continue to assume that the Government of Iceland does not wish to provide such waiver. However we can, without breaching client confidentiality, state that that the Ministry of Finance and in particular the Icesave Committee expressed satisfaction and gratitude in respect of our work.

We therefore find it surprising that our credentials to advise on the Icesave matter are now being questioned.

2. Mishcon didn't answer the questions properly and answered other things not asked

Our considered view is that we have answered the questions asked to the extent that, as a law firm based in England, we were able to do so. While we have attempted to provide comprehensive advice and to engage with the difficult issues that some of these matters raise, we believe we have done so fully within our brief.

3. Mishcon ignored the side letters and other docs including the settlement agreements

We have addressed the issues arising from the side letters and all other agreements, including the UK Settlement Agreement (there being of course no Dutch settlement agreement), in the context of our advice on the documents to which they relate in order to provide a cohesive picture of the arrangements as a whole. In this respect we refer by way of example to the advice in relation to clauses 4.2.1, 4.3a and 4.4 of the UK Loan Agreement in letter of advice opinion (see pages 31, 32 and 34). We further refer to the sections headed Dutch Currency Side Letter and Dutch General Side Letter on page 51 of our letter of advice.

4. Ashurst

Ashurst is a large and well respected international law firm. However, we do not believe this has any relevance to the quality or appositeness of our advice in this matter and see no merit in commenting further in this regard.

5. Mishcon is simply wrong on the sovereignty point and that matter had been discussed so none of that can happen

It is not clear to us what Mr Steingrímsson is referring to in this comment. If he could provide clarification as to where he believes our advice is incorrect, or otherwise what he is trying to say, we would be more than happy to address such points.

6. Both law firms agree that its worse to delay than to deal with the matter

We, consistently with our obligations to provide comprehensive advice, have pointed out the adverse ramifications which might result from a failure to “deal with the matter” (i.e. to enact the Icesave Bill). We have also pointed out what we perceive to be the flaws in the arrangements as they currently exist; the uncertainties around the proper construction of the Icesave Agreement (as defined in our letter of advice), and the doubts as to the efficacy of some of the conditions and limitations which Iceland has sought to introduce. We have sought to address this subject in a balanced manner in Chapter 4 of our advice. In the course of that discussion a number of factual questions arise ; depending upon the answers to which we express preliminary views as to how Iceland could take the matter forward if the Althingi was not prepared to enact the Icesave Bill as it stands. In the circumstances, whether “its worse to delay” [*sic*] is an assessment which is for the Althingi taking into account the very long, detailed and comprehensive advice which has been imparted, and not a call for us to make.

Yours faithfully,

**Mike Stubbs**  
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