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THE PRIME MINISTER

13 November 2009

Dear Prime Minister

Thank you for your letter of 28 August. It raised a number of issues that I have been considering carefully.

As you will be aware following your letter government representatives from Iceland, the Netherlands and the UK continued their discussions around the Icesave loan arrangements.

I am encouraged by the progress that has been made. The Bill currently being considered by the Althingi will ensure that the loan arrangements are legally sound. This is an important step for all of us, and I welcome your Government's commitment to ensuring that the guarantee is legally binding.

I hope that this issue can now be resolved swiftly, enabling us to move forward and develop still further our strong bilateral relationship.

Yours sincerely

Gordon

Prime Minister Johanna Sigurdardottir