MARKET PRACTICE GUIDE FOR SECURITIES SETTLEMENT

2012

TABLE OF CONTENTS

1. Introduction

1.1. The purpose of the market practice guide

This market practice guide describes post-trading settlement procedures and timetables for trades concluded on the NASDAQ OMX Tallinn, the NASDAQ OMX Riga and the NASDAQ OMX Vilnius as well as the OTC transaction environment of the Estonian Central Securities Depository, the Latvian Central Depository and the Central Securities Depository of Lithuania. It also describes how settlement instructions on shares and debt instruments registered at the Baltic Central Securities Depositories (CSDs) shall be formatted by market participants and provides market cut-off times in order to ensure due settlement. Market participants may require their clients to adhere to earlier cut-off times or supplementary conditions to those prescribed by the Baltic Exchanges and CSDs. In such cases, the market participant/client agreements shall prevail.

2. Market practice for securities settlement in Estonia

2.1. Clearing and settlement organization

Clearing and settlement in Estonia is organised by the Estonian Central Securities Depository (hereinafter EVK).

Established in 1994, EVK is a public limited company, operating under the name "AS Eesti Väärtpaberikeskus". EVK is wholly owned by the NASDAQ OMX Tallinn, which is also a public limited company. Both companies belong to the NASDAQ OMX Group. EVK operates in accordance with the Estonian Central Register of Securities Act authorized by the state, pursuant to the signed Registrar Contract.

In Estonia the beneficiary accounts model is applied, however the nominee concept is also permitted and professional participants in the Estonian securities market have the right to own a nominee account as a special type of securities account. Foreign legal entities also have the right to own a nominee account if, according to the applicable law, they have the right to hold securities in their own name and on behalf of another entity/person.

Professional participants in the Estonian market include investment firms, credit institutions, the operator of the regulated market, the operator of the securities settlement system and other persons prescribed by law.

2.2. Applicable laws, rules and regulations

The securities clearing and settlement process is covered by statutory provisions set out in the relevant Estonian legal acts and EVK rules and regulations. The member firms of the NASDAQ OMX Tallinn (hereinafter TSE) and the EVK account operators are bound by these legal acts, rules and regulations in their relations with the EVK and each other.

More information can be obtained on the following websites:

- EVK Rules and Regulations on the site: https://www.e-register.ee/en/for-company/rules-and-regulations
- TSE Rules and Regulations on the site: http://www.nasdaqomxbaltic.com/en/exchange-information/rules-and-regulations/nasdaq-omx-tallinn

2.3. Operating hours and public holidays

Any reference to time in this section of the document is Estonian time, which is CET+1.

The EVK operating hours are 08:00 to 19:00, Monday - Friday, with the exception of public holidays.

Following is a list of public holidays in Estonia for 2012:

Weekday	**Date**	**Public holiday**
Sunday	January 1	New Year's Day
Friday	February 24	Independence Day of Estonia
Friday	April 6	Good Friday
Monday	April 9	Easter Monday*
Tuesday	May 1	Spring Day
Saturday	June 23	Victory Day

Sunday	June 24	Midsummer Day / St. John's Day
Monday	August 20	Day of Restoration of Independence of Estonia
Monday	December 24	Christmas Eve
Tuesday	December 25	Christmas Day
Wednesday	December 26	Boxing Day

*Easter Monday is not a public holiday in Estonia, but as it is a TARGET2 holiday, the settlement of DVP transactions in EUR will not be performed by EVK.

2.4. Clearing agents

A clearing agent is a credit institution that provides cash clearing services for domestic and cross-border stock exchange trades and delivery versus payment (DVP) transactions to account operators and trading members that do not have access to the central bank clearing and settlement system.

The obligations of a clearing agent services provider are as follows:

- It must be a licensed credit institution;
- It must have a correspondent account in the local central bank;
- It must have a correspondent relationship with commercial banks settling in other Baltic central banks;
- It must have an agreement with account operators or trading members that have no access to central bank cash clearing and settlement system;
- It must give its confirmation (or rejection) of cash positions to be settled in the relevant central bank;
- It must make the necessary currency conversions.

2.5. Clearing and settlement of NASDAQ OMX Tallinn trades

2.5.1 Settlement cycle

The default settlement cycle of TSE trades is T+3, trade counterparties may agree on a different cycle (T+1...T+6) for negotiated trades. Settlement time schedules are provided in Appendix 2.

2.5.2. Trading and settlement currency

The trading and settlement currency of TSE is the euro (EUR).

2.5.3. Generation of TSE trade information for settlement

After a TSE trade is executed in the INET trading system, it is immediately transferred from INET via the Traxess database (an intermediary database used for collecting trading results from Baltic stock exchanges) to EVK’s clearing and settlement system - Depend. TSE trades concluded by Latvian or Lithuanian trading members are routed to the respective CSD by the EVK and disclosed by the Latvian and Lithuanian CSDs to their participants by 17:15 on the Trade Date (T). The EVK acts as an Issuer CSD and the Latvian and Lithuanian CSDs act as Investor CSDs for TSE trades.

2.5.4. Trade enrichments

All matched TSE trades routed to Depend have to be enriched by trading members by 10:00 on the Settlement Date (S). The trade enrichment consists of the securities account number, quantity, buy/sell side and the trading member’s confirmation of the trade details. More than one enrichment on both sides of a trade is allowed. The trade is enriched if it has a complete and confirmed set of enrichments.

The trading member can enrich trades manually via the settlement system's user interface. If the trading member has informed the TSE of its default clearing details (securities account number and the settlement place) prior to starting to trade or if the clearing information was entered into the stock exchanges trading system either with the order or trade, the trades are enriched automatically.

Clearing information that was entered into the stock exchanges trading system is validated before it is transferred to the clearing and settlement system.

- If it passes technical validation and the settlement place is LCD/LCVPD then enrichments will be transferred to LCD/LCVPD. The EVK inserts the trade enrichment into Depend using LCD/LCVPD nominee accounts;
- If it passes technical validation and the settlement place is the EVK then enrichments will be transferred to the EVK and disclosed to the relevant account operators;
- If it does not pass technical validation then default values will be used. Each trading member provides the respective stock exchange with default values before starting to trade in the INET environment.

2.5.5. Change of the settlement date

The trading member can change the settlement date until S 10:00, by submitting the relevant application to the TSE. Approval from both parties involved in the trade is required. The earliest possible new settlement date is T+1.

2.5.6. Change of settlement place

The trading member can change the settlement place until S 10:00, by submitting the relevant application to the TSE; for example, it can choose either the EVK or LCD/LCVPD as settlement place. In this case, the initial designated CSD (settlement place) must send the trade information for settlement to the new settlement place.

2.5.7. Trade confirmations

TSE trades shall be confirmed by S 11:00. A TSE trade must be confirmed by the account operator indicated in the trade enrichment information. By giving a confirmation, the account operator confirms that it has received the relevant affirmation for the trade from the buyer or seller.

Trades that are settled cross-border to the LCD/LCVPD shall also be confirmed to the relevant CSD by S 11:00. Immediately afterwards, the LCD/LCVPD validates the confirmations, checks whether there is sufficient amount of securities on the account managers’ accounts and, in successful cases, sends confirmations to EVK.

If some part of the confirmation is missing or the securities amount is insufficient, trades that cannot be settled are reported by the LCD/LCVPD to the EVK. Based on this information, the EVK then decides how to proceed with a defaulting trade; for example, the settlement date of the trade may be postponed.

2.5.8. Default handling

In order to guarantee the execution of the transaction, the TSE has the right to impose sanctions on its members. These default measures can be imposed if the TSE trading member has not provided the necessary trade enrichments for the execution of TSE trades or if the trade cannot be settled for some other reason.

Default break for TSE transactions is at S 14:00 meaning that from that deadline forward EVK (at the request by TSE) will enforce default handling procedures on TSE transactions to ensure successful settlement.
A general default handling rule is that the EVK postpones settlement date of the TSE transactions that have failed to settle as a result of recurring settlement attempts.
Extra default handling measures provided by the rules of TSE may be applied towards stock exchange trades that have not been settled by default break. Such measures include:

- Use of TSE guarantee fund to cover lack of funds;
- Replacement of the short principal (seller) with the member of the exchange, which mediated the trade;
- Buy-in procedures etc.

General default handling rule shall apply if the TSE have chosen not to implement extra default handling measures.

2.6. OTC Transactions

2.6.1. Settlement Cycle

The default settlement cycle of OTC trades is T+0. Although, trade counterparties may agree on a different settlement cycle, if required.

2.6.2. Currencies

Over-the-counter delivery versus payment transactions (OTC DVP) are entered and settled in Euro (EUR).
Cross-border transactions can also be entered and settled in Latvian Lat (LVL) and Lithuania Lit (LTL).

2.6.3. Instructions and enrichments

After the seller and the buyer have agreed on an OTC transaction, their account operators must enter the respective transaction orders for the securities transfer into the EVK system.
Counterparties can enter transactions and settlement enrichments independently from each other.
The matching criteria are as follows:

Match criteria	**Free of payment (FOP) transfer**	**OTC DVP transaction**
Mandatory		
Instruction Type	Yes	Yes
Transaction Type	Yes	Yes
Buy/Sell	Yes	Yes
Participant	Yes	Yes
Account Number	Yes	Yes
Counterparty	Yes	Yes
Counterparty’s Account Number	Yes	Yes
ISIN Code	Yes	Yes
Quantity	Yes	Yes
Amount	Yes (may be left blank)	Yes

Currency	Yes (may be left blank)	Yes
Trade Date	Yes	Yes
Intended Settlement Date	Yes	Yes
Additional		
Matching Reference	Optional, may be left blank	Optional, may be left blank

Explanation about additional matching fields based on Matching Reference's example:

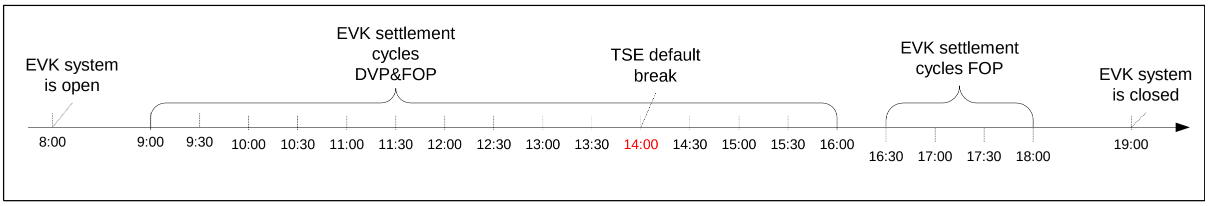
- If both trade counterparties' have entered identical Matching Reference, the transactions will match;
- If one of trade counterparty's has entered the Matching Reference and the other has left it blank, the transactions will not match and two separate trade instructions will be entered.
- If both trade counterparties have entered non-identical Matching Reference's, the transactions will not match and two separate trade instructions will be entered.

2.6.4. Tolerance Amount

Currently the tolerance amount for matching the cash amount is EUR 0.
The general tolerance amount for matching cash amount (EUR 25 when the counter-value is above EUR 100.000 or EUR 2 when it is less or equal to EUR 100.000) may be adopted if required so by the market participants.

2.7. Clearing and settlement of securities transactions

2.7.1 Settlement day schedule



General EVK settlement day schedule

2.7.2 Settlement eligibility control

A transaction qualifies for settlement if the following preconditions are met:

- Current day is the settlement day;
- Matched trades are properly enriched and confirmed;
- A transaction is not withheld from processing by the participant (Hold/Release functionality). The transaction will be included to processing as soon as the restriction is removed;
- All transactions that the participant has linked together with the condition "all-or-none" are eligible for settlement.

- In case of DVP transactions - technical preconditions of the cash leg clearing are present i.e. either cash clearing agent's confirmation or the cash amount is within allowed cash clearing limit.

The above controls are applied on transactions where the Estonian CSD acts as the Issuer CSD:

- TSE stock exchange transactions (both domestic and cross-border);
- OTC DVP-s (both domestic and cross-border), including transactions conducted by Central Bank as part of its credit operations;
- FOP transactions (both domestic and cross-border).

2.7.3 Collating of settlement instructions

Settlement instructions that have successfully passed the settlement eligibility control are collated based on priority assigned.
The priority levels are as follows:

1) Reserved priority - reserved for participating CSDs and Central banks. This priority level is the highest of all priority levels;
2) Top priority - used for transactions from trading platforms (stock exchange transactions, MTFs etc.);
3) High priority - the account operators are allowed to assign high priority to OTC transactions;
4) Normal priority - by default normal priority is assigned to OTC transactions.

If the matched transactions have different priorities, the seller's priority shall prevail.

2.7.4 Trade-by-trade settlement with optimization batches

Settlement takes place on scheduled recurrent processing cycles as soon as the preconditions for the settlement are met. The processing cycles are run at least every full and half hour during the settlement period. This function consists of two basic procedures:

- Optimization
  - o The settlement system checks instructions that satisfy the settlement preconditions in a batch basis and instructions are settled at the end of the processing. Processing will settle linked and back-to-back instructions, chained transactions and deadlocks.
- Trade-by-trade settlement (also for OTC trades with cross border settlement)
  - o The settlement system checks each instruction individually and settles instructions that satisfy the settlement prerequisites.

The cash settlement is performed via TARGET2 (T2) by use of the autonomous central bank money model. The clearing agents transfer liquidity necessary for settlement to EVK T2 account, which is mirrored to clearing agent’s designated liquidity accounts in EVK Liquidity Settlement Module (LSM). Settlement is final after debiting and crediting the liquidity accounts of the clearing agents in EVK Liquidity Settlement Module.

2.7.4.1 Outline of settlement processing for a single settlement instruction

When the settlement system takes an instruction for settlement processing, the system locks the instruction in so that no external actions can be undertaken that would affect it.
In the settlement processing the settlement system checks whether there are enough securities on the seller's securities account. If the balance is sufficient, the necessary amount of securities will be reserved for settlement.
Next the settlement system checks whether the buyer's cash clearing agent has enough cash in its liquidity account. If cash balance is sufficient, the settlement system reserves the amount corresponding to the trade amount.
If the cash can be reserved in the settlement processing, the settlement system will send a request for transfer of securities from the seller’s securities account to the buyers securities account and simultaneously cash will be transferred from the buyer's cash clearing agent to the seller's cash clearing agent.
If the seller’s securities account does not have enough securities, settlement of the instruction will be halted. New settlement attempt will be made during the next settlement processing cycle.
If the seller has enough securities in the securities account but the buyer's cash clearing agent does not have enough cash in the liquidity account, settlement of the instruction will be halted and seller’s reserved securities will be released. New settlement attempt will be made during the next settlement processing cycle.
In case of a free of payment instruction, no cash availability control is performed. The transfer of securities from the seller's securities account to the buyer's securities account is made if the deliverable securities are available.

2.7.4.2 Optimization

Optimization is based on batch processing. Optimization identifies whether a number of settlement instructions could be settled simultaneously even though it would not be possible to settle them one-by-one.
All settlement instructions taken into optimization are locked in while the processing lasts, during which no other actions can be effected on them. In the beginning of the optimization process there will be cash reservations in the liquidity accounts for the payment instructions and securities reservations in the affected securities accounts.
The optimization process includes the following phases:

1) Locking in of all settlement instructions;
2) Reserving of required securities balances and cash;
3) Transferring of cash and securities between accounts for the instructions that have been selected for settlement;
4) Informing external CSD's of the result/results of the settlement;
5) Cancellation of no longer required reservations.

Should there be settlement instructions that failed to settle during the optimization phase, new attempt will be made to settle in the trade-by-trade settlement.

2.7.4.3 Trade-by-trade settlement

In the trade-by-trade settlement trades are processed as a queue. The settlement instructions are collated by priority and match time and processed as a single trivial batch one at a time in accordance with the principles for settlement processing of a single transaction.

All settlement instructions that did not meet the settlement prerequisites, either cash or securities, will be processed in the next settlement cycle.

3. Market practice for securities settlement in Latvia

3.1. Clearing and settlement organization

Clearing and settlement in Latvia is organized by the Latvian Central Depository.

Established in 1995, the Latvian Central Depository or the AS Latvijas Centrālais Depozitārijs (hereinafter LCD) is a private joint stock company. An operating license was issued by the Ministry of Finance on April 28, 1995, and operational activities commenced on June 27, 1995. The LCD is wholly owned by the NASDAQ OMX Riga (hereinafter RIG), which in turn is 92.98% owned by the NASDAQ OMX Group. Both the LCD and RIG are subsidiaries of NASDAQ OMX Group.

Law on Financial Instrument Market gives LCD the legal authority to act as a CSD in Latvia and take responsibility for the administration of all accounting and settlement of all publicly issued securities in Latvia. Accordingly, one of the LCD's key tasks is to ensure a secure and efficient securities clearing and settlement system in Latvia.

LCD operations are supervised and regulated by the Financial and Capital Market Commission (hereinafter FCMC).

3.2. Applicable laws, rules and regulations

Pursuant to Law on Financial Instrument Market, procedures for the clearing and settlement of securities are described in the rules and regulations of the LCD. LCD market participants are bound by these rules and regulations in their dealings with the LCD and each other.

The Rules and Regulations can be obtained on the following web sites:

- LCD Rules and Regulations on the site:
  http://www.nasdaqomxbaltic.com/en/csds/latvian-csd/lcd-rules
- RIG Rules and Regulations on the site:
  http://www.nasdaqomxbaltic.com/en/exchange-information/rules-and-regulations/nasdaq-omx-riga

The Financial and Capital Market Commission supervises all financial market participants in Latvia.

In Latvia the omnibus accounts model is applied.

3.3. Operating hours and public holidays

Any reference to time in this section of the document is Latvian time, which is CET+1.

The operating hours of the LCD back-office are 08:30 to 18:00 Monday - Friday, with the exception of public holidays. The operating hours of the securities settlement system are 09:00 to 18:00, Monday - Friday, again with the exception of public holidays.

Following is a list of public holidays in Latvia for 2012:

Weekday	**Date**	**Public holiday**
Sunday	January 1	New Year's Day
Friday	April 6	Good Friday

Monday	April 9	Easter Monday
Tuesday	May 1	International Labour Day
Friday	May 4	Day of Declaration of Independence of Latvia
Saturday	June 23	Midsummer's Eve (Ligo)
Sunday	June 24	Midsummer's Day (Jani)
Sunday	November 18	Proclamation of the Republic of Latvia*
Monday	December 24	Christmas Eve
Tuesday	December 25	Christmas Day
Wednesday	December 26	Boxing Day
Monday	December 31	New Year's Eve

*According to the Latvian government law on the national holidays in case November 18, Proclamation of the Republic of Latvia, falls on Saturday or Sunday, the next working day is a holiday.

3.4. Clearing agent

An LCD account manager that has not entered into a three-party agreement with the LCD and the Bank of Latvia (hereinafter BoLV) for cash settlements for transactions with DVP settlement, must appoint another LCD participant as its clearing agent. The relevant agreement must be presented to the LCD before LCD participant rights are granted.

The agreement or the letter of attorney issued pursuant to the agreement shall indicate the maximum sum that an LCD participant, utilizing the cash clearing agent service, is entitled to use each day for the settlement of net and gross settlements of transactions. In this agreement, it may be specified that the LCD participant, providing the cash clearing agent service, shall submit a statement to the LCD on a daily basis indicating the amount of funds they agree to utilize to settle transactions performed by another LCD participant.

3.5. Clearing and settlement of NASDAQ OMX Riga trades

3.5.1. Settlement cycle

Automatically matched trades are always settled on the third day after the trade (T+3), where T is the day of conclusion of the transaction. RIG negotiated deals may have a settlement period between T+0 and T+40 (inclusive). Settlement time schedules are provided in Appendix No 2.

3.5.2. Trading and settlement currency

The official trading and settlement currency of RIG trades is the Latvian lat (LVL). RIG listed securities can also be traded in euro (EUR) and US dollars (USD). In such cases the settlement of such transactions will be also be carried out in the respective currency.

3.5.3. Settlement principles

Settlement of RIG trades can either be based on net or gross principle. The gross principle is applied in case of negotiated trades with settlement cycles of T+0 and settlement on Treasury securities purchased at auctions on RIG. All other RIG trades are settled by net principle.

3.5.3.1 Settlement by net principle

- **Generation of RIG trade information for settlement**

At the end of the trading session at 16:30, details of executed RIG trades are derived from the trading system and sent via direct electronic link to the LCD settlement system DENOS.

- **Trade enrichments**

RIG trades are automatically enriched with the settlement details indicated in the trade. If the trade enrichment inserted by the trading member is technically incorrect or not inserted at all, the trade will be enriched with the values of default account manager in the LCD system.

RIG trades concluded by Estonian or Lithuanian trading members are routed to the respective CSD by the LCD and further forwarded by the Estonian and Lithuanian CSDs to their participants by 17:15 on T.

- **Change of settlement date**

Until S 10:00, it is possible for the trading member to change the settlement date by submitting the relevant application to RIG. The RIG then cancels the previous trade and enters a new one containing the changed settlement details into DENOS. The account managers of both parties are requested to confirm the settlements details of the trade by S 11:00.

- **Change of account manager for securities settlement**

Account manager, that has received the request to confirm the settlement of RIG trade, but doesn’t have grounds for that, can submit their rejection until S 10:00 by sending an appropriate message to LCD. The account manager may indicate new account manager in their rejection message.

LCD will require confirmation from the respective new account manager before proceeding with the settlement.

- **Trade confirmations**

RIG trades shall be confirmed by S 11:00 in DENOS.

Trade confirmations are only requested from account managers in the following cases:

- a trade enrichment inserted by a trading member was technically incorrect;
- trade enrichment was not inserted or was inserted incompletely by a trading member;
- the settlement of the trade will be provided by the account manager, which is not the same legal entity that concluded the trade on the RIG (e.g. cross-border settlement);
- a trading member has indicated in the trade that the buyer/seller’s account manager confirmation is required.

If trade confirmation from the account manager is not required, no information is sent to the account manager.

Account managers can decline to confirm a trade until S 10:00 if:

- if that was assigned to the default account manager because trade enrichment inserted by trading member was technically incorrect or incomplete or enrichment was not inserted by trading member at all;
- the trade enrichment details are complete and correct, but the information does not conform with the submitted instructions from the investor.

When rejecting the settlement, the account manager has a right to provide correct settlement information or the obligation to settle the trade is passed on to the trading member’s default account manager. LCD will request confirmation from the new/default account manager.

Trades that are settled cross-border to the EVK/ LCVPD shall also be confirmed to the respective CSD by S 11:00. Immediately afterwards, the EVK/LCVPD checks the correctness of the confirmation, blocks the sold securities on the seller’s account and sends trade confirmations to the LCD. If the quantity of securities is insufficient, EVK/ LCVPD will immediately inform the LCD about those specific trades. Settlement of those trades will be postponed to next day net settlement.

- **<u>Pre-settlement activities</u>**

By S 11:10, at the latest, the account manager providing clearing agent services for other account managers, informs the LCD about the maximum amount of cash which can be used from the clearing agent cash account in BoLV to settle trades for other account managers.

By S 11:15, the LCD calculates the multilateral net securities and cash positions of the account managers involved in the settlement. The LCD will inform the account manager of any insufficiency of securities on the correspondent account at the LCD. FOP transfers can be used to cover the short position in securities.

By S 12:00, account managers are obliged to provide the required funds for the settlement of trades in the cash accounts with the BoLV.

- **<u>1st Settlement cycle</u>**

On S 12:00, LCD checks the availability of securities according to calculated net positions on the account managers’ omnibus accounts and:

- if the quantity of securities is sufficient, they are blocked;
- if there is an insufficient quantity of securities for certain transactions, the LCD either selects those transactions and settles them according to gross principle (see 3.5.3.2. Settlement by gross principle) as soon as the required quantity of securities is provided or postpones the trade to next day settlement. The selection of trades is done on a best-effort basis and the maximum settlement execution principle is applied.

On S 12:00 – 12:30, LCD instructs BoLV to execute cash settlement according to multilateral net claims and obligations.

On S 12:30 – 13:00, BoLV checks cash positions and:

- if the cash amount is sufficient for settlement, BoLV transfers the cash;
- if the cash amount is insufficient on any of the cash accounts, BoLV sends the LCD a rejection of cash settlement by reporting the defaulting party. The LCD immediately informs all involved parties including the RIG about suspension of settlement.

Settlement is final and irrevocable after cash settlement in the BoLV.

By S 13:00, based on the successful cash settlement confirmation from the BoLV, LCD transfers the securities and sends settlement confirmations on a trade-by-trade basis to all concerned account managers including the EVK and the LCVPD. Based on information received from the LCD, account managers as well as EVK/LCVPD make entries in their book-entry system.

- **2nd Settlement cycle**

The 2nd settlement cycle is carried out only in the case of insufficient funds in the BoLV.

Between the 1st and 2nd cash settlement attempt RIG may decide whether to involve the Guarantee Fund to cover insufficient cash positions or postpone or cancel the respective trades. The RIG shall inform the LCD about its decision no later than S 13:30.

At S 13:30 – 14:00, LCD verifies whether the required quantity of securities has been blocked. The securities' net positions could change if the RIG decides to cancel or postpone some trades. In this case, the LCD unblocks securities that were blocked for the first cycle of settlement, calculates new net positions and blocks the new quantity of securities.

By S 14:00, LCD will notify all the parties about the new net positions and postponed trades.

At S 14:00, LCD instructs the BoLV to execute cash settlement according to new net positions.

On S 14:00 – 14:30, the BoLV checks cash positions and:

- if the cash amount is sufficient for settlement, BoLV transfers the cash;
- if the cash amount is insufficient on any of the cash accounts, BoLV rejects the cash settlement. The securities remain blocked and the settlement will be suspended until the next settlement day and will be included in the first settlement cycle. LCD notifies all involved parties and RIG about suspension of settlement.

By S 14:30, on receipt of confirmation of successful cash settlement from the BoLV, the LCD immediately transfers the securities and sends the settlement confirmations on a trade-by-trade basis to all concerned account managers including the EVK and LCVPD.

3.5.3.2. Settlement by gross principle

Settlement by gross principle is applied to RIG trades with settlement date T+0 and settlement on Treasury securities purchased at auctions on RIG.

RIG Trades with T+0 settlement

- **Trade information**

To settle a RIG trade on a real-time basis (T+0), RIG sends trade information to the LCD immediately after the trade is concluded, however no later than S 14:30.

The account managers that are responsible for T+0 trade settlement are obliged to provide the necessary quantity of securities on the seller's correspondent account at the LCD and the necessary amount of funds in the buyer's cash account at the BoLV for settlement no later than the execution of the trade at the RIG.

- **Trade confirmation**

After the receipt of the trade information from the RIG, the LCD immediately checks if the execution of the trade settlement requires any trade confirmation from the account managers - consent regarding securities settlement and/or funds settlement. If consent is required, the LCD sends a confirmation request to the respective account manager/clearing agent. The investor should confirm the trade immediately, but no later than S 16:00.

The LCD participant has the right to reject the execution of the settlement until S 15:00 based on the same criteria as for settlement by net principle (See *3.5.3.1. Settlement by net principle, Trade confirmations*).

- **Settlement**

Once all the required confirmations are received, but no later than S 16:00, the execution of DVP settlement commences.

Settlement for each transaction is executed separately (DVP Model 1). Securities transfer is linked to cash transfer on a trade-by-trade basis.

The LCD checks the sufficiency of securities on the seller's account manager's account and blocks the required securities. No later than S 16:15, the LCD submits the order to transfer cash according to the received settlement instructions to BoLV.

If the amount of fund is sufficient, the BoLV transfers the cash and sends the confirmation on execution of cash settlement to LCD no later than S 16:45.

Immediately after receipt of the confirmation from the BoLV, the LCD transfers the securities and sends a confirmation of the settled trades to the account manager.

- **Postponement**

If there are insufficient funds for settlement on the buyer's account manager's correspondent account, the BoLV sends a rejection to execute the settlement. LCD immediately informs RIG and the account manager about the insufficiency of funds and moves the settlement to next day settlement. Both the RIG and the account manager are notified about the postponed settlements.

Settlement of RIG auction trade on Treasury securities

On the date of initial placement of Treasury securities, RIG forwards the settlement orders to the LCD.

By 16:00 on S-1, the account manager confirms settlement in response to the LCD's confirmation request. If the LCD fails to receive the confirmation the obligations to settle the trade will be transferred to the RIG trading member who concluded it.

By 17:00 on S-1, the cash clearing agent submits confirmation of the maximum amount of funds which can be used for each separate order, if required.

By 09:30 on S, the LCD starts execution of the settlement separately for each settlement order. The required quantity of securities is blocked on the account of unplaced Treasury securities separately for each order. The BoLV will receive instructions to transfer funds from the account manager's cash account to the Treasury account opened with the BoLV.

By 10:00 on S, on receipt of confirmation about executed cash settlement for each separate order, the LCD immediately transfers the blocked securities to the respective account manager and forwards settlement confirmations to the account manager, the State Treasury and the RIG.

3.5.4. Default handling

Instructions executed on the stock exchange become binding immediately after registration of the trade. The principles of handling trading member or account manager default in settlement of stock exchange trades are described in provisions of the "NASDAQ OMX Riga Rules on Cash Clearing and Financial Instrument Settlement". The RIG runs a Guarantee Fund that can be enacted in the case of cash default. In the case of trade default, the defaulting member will also be subject to penalty fees imposed by the RIG.

3.6. Settlement of OTC DVP transactions

3.6.1. Trade and settlement currency

The settlement of OTC-DVP transactions can be executed in Latvian lat (LVL), US dollars (USD) and euro (EUR) currencies.

3.6.2. Settlement period

The counterparties of OTC trade can choose any settlement period from T+0 (in real time) to T+360. The account manager shall state a specific settlement date by submitting a DVP settlement instruction to the LCD. Settlement of OTC DVP is executed from 09:00 to 17:00 on each business day.

3.6.3. Instructions and confirmations

The account manager shall provide a unique reference for each DVP transaction, which is used for further identification in the LCD securities settlement system.

Once the seller and buyer have agreed on an OTC market DVP transaction, their account managers submit DVP instruction to the LCD in order to initiate the settlement of the trades. The DVP instruction can also be submitted by LCD participant with whom neither the seller nor the buyer has opened securities account.

To facilitate settlement in a timely manner, the instruction can be submitted by one of the transaction parties while the other party submits its instruction as a reply to the LCD's request for a matching instruction. The LCD will verify and review whether the account manager or cash clearing agent's confirmations are required before the settlement. Once the instructions have been received the LCD matches them and sends the settlement status information to the parties involved in the transaction.

The LCD verifies the following matching criteria in the DVP instructions:

- counterparties involved in the settlement
- ISIN code
- quantity of securities
- price
- settlement currency
- trade date
- settlement date

3.6.4. Settlement of OTC DVP transactions

On S, once the transactions are matched, the LCD immediately checks the availability of securities on the seller's account manager's account at the LCD. If there is a sufficient quantity of securities for settlement, LCD immediately blocks the securities and sends the instructions to the BoLV to execute cash settlement on a trade-by-trade basis. Once the required funds are transferred, the BoLV confirms the settlement of monetary obligations and, upon receipt of relevant confirmation from the BoLV, the

LCD immediately transfers the securities and informs the counterparties of the execution of settlement.

The LCD will not execute the settlement of the transaction if there is an insufficient quantity of securities or funds on the account manager’s account.

Cut-off times on S for OTC DVP settlement:

Deadline	Activities
14:30	DVP instructions and confirmations for securities settlement submitted to the LCD
15:30	Instructions and confirmations for cash settlement are submitted by clearing agent, if necessary
16:15	The LCD gives instructions to the BoLV for cash settlement
16:30	The BoLV confirmation for cash settlement
17:00	The LCD confirmation on execution of OTC DVP settlement

3.6.5. Failure of settlement

The settlement of OTC DVP transactions becomes binding after the start of settlement process (counterparties have sufficient securities and cash balance to settle the transaction). If counterparties have not provided sufficient securities and/or cash balance by the end of the settlement day, the instructions are not considered to be binding. There are no penalties in case of default for OTC transactions.

3.7. Settlement of transactions in foreign currencies

The LCD can ensure DVP settlement of transactions both by net and gross principle in cases where related cash settlements are to take place in a foreign currency (EUR and USD only). For DVP settlement in EUR and USD currencies, the LCD has opened correspondent cash accounts with Deutsche Bank AG.

An account manager that wishes to perform DVP settlement in a foreign currency shall provide the LCD with their foreign currency account details.

On S, the account manager of the buyer shall ensure that the necessary amount of cash is transferred to the LCD correspondent cash account before the start of settlement process. Once account has been credited with the cash, LCD receives confirmation of the credited amount from the bank. If the received amount of funds is sufficient to settle monetary obligations for the transactions the LCD starts the settlement process according to the principles described above (Settlement by net principle, Settlement by gross principle).

Calculations of cash and securities net positions are made separately for each currency.

3.8. Free-of-payment transfers

Free-of-payment (FOP) transfers are settled on a gross basis in real time. The FOP order can be submitted and executed throughout the LCD’s operating hours, i.e. each business day from 09:00 to 18:00.

The LCD shall immediately execute a FOP transfer order on S once the receiver’s account manager has confirmed the incoming transfer and that there is sufficient quantity of securities on the deliverer’s account manager’s account. Confirmation of receipt is not requested in cases where the deliverer and receiver of FOP are at the same account manager.

If the LCD has not commenced the execution of the transfer order, the latter may be cancelled upon the initiative of either the deliverer or receiver by submitting a transfer cancellation order.

4. Market Practice for Securities Settlement in Lithuania

4.1. Clearing and settlement organization

Clearing and settlement is performed by the AB "Lietuvos centrinis vertybinių popierių depozitoriumas" (Central Securities Depository of Lithuania - hereinafter LCVPD).

The LCVPD started its activities in 1993 as a subdivision of the AB "Nacionalinė vertybinių popierių birža" (NSEL) and became an independent institution - a non-profit company - on February 25, 1994. Currently, LCVPD is a public company. 100% of the capital is owned by NASDAQ OMX Group (92% - NASDAQ OMX Helsinki Oy and 8% - AB NASDAQ OMX Vilnius).

The legal basis for the establishment and operation of the LCVPD is provided in the Civil Code, the Law on Markets in Financial Instruments, the Law on Securities, the Law on Companies, and the Law on Settlement Finality in Payment and Securities Settlement Systems as well as in appropriate regulations.
In compliance with ECB guidelines, the BoLT registered the Securities Settlement System (hereinafter SSS) on January 19, 2004, as a systemically important system, whereby official surveillance of the system commenced.
LCVPD operations are supervised and regulated by the Bank of Lithuania, the Supervision Service.

In Lithuania the omnibus account model is applied, however personal (investors') accounts are also permitted in certain circumstances.

The account manager (holder of an omnibus account) must be entitled to execute operations with securities, to open and manage own and clients personal accounts of securities.
The status of LCVPD participant can be awarded to the following institutions as specified in the Law on Settlement Finality in Payment and Securities Settlement Systems:

- the BoLT or a central bank of a state located in the European economic area or European Central Bank;
- a credit institution licensed in Lithuania or in a state located in the European economic area;
- a brokerage firm licensed in Lithuania or in a state located in the European economic area;
- a state institution or company the liabilities of which are guaranteed by the state;
- any legal entity which is located outside the European economic area and the activity of which is typical of credit institution or brokerage firm licensed in a state located in the European economic area.

The participants of the LCVPD SSS must also be participants of the LITAS-RLS payment system (managed by the BoLT) for Litas related settlements or/and TARGET2 payment system (managed by the ECB) for Euro related settlements.

Regulated market operators (stock exchanges) and foreign central or international securities depositories may act as SSS participants without being participants of the LITAS-RLS or TARGET2 payment systems.

4.2. Applicable laws, rules and regulations

The rights and obligations of LCVPD and their participants are governed by laws on three different levels:

I. Main legal acts:

- Law on Markets in Financial Instruments;
- Law on Securities;
- Law on Settlement Finality in Payment and Securities Settlement Systems;
- Rules on the Securities Settlement System of the LCVPD, approved by its Board;
- Agreements between the LCVPD and its participants;

II. The duties and rights of the LCVPD are also described in:

- The Accounting Rules for Financial Instruments and their Circulation;
- The Rules on Settlement of Securities Transactions Concluded on the Stock Exchange NASDAQ OMX Vilnius (approved by the AB NASDAQ OMX Vilnius and LCVPD);
- the Rules on the Issuance and Trading of Government Securities of the Republic of Lithuania;

III. Instructions approved by the Board of the LCVPD:

- Securities Transfer Rules;
- Securities Accounting Instruction;
- The Procedure for the Determination and Payment of the Fees of the LCVPD.

The securities clearing and settlement process is covered by statutory provisions set out in the relevant Lithuanian laws, decisions of the BoLT, the rules of the LCVPD and the decisions issued hereunder. The member firms of the AB NASDAQ OMX Vilnius and account managers of the LCVPD are bound by these laws, rules and decisions in their relations with LCVPD and towards each other. More information can be obtained on the following websites:

- http://www.LCVPD.lt/en/legal/depos.php (Legal basis > Depository)
- http://www.nasdaqomxbaltic.com/en/exchange-information/rules-and-regulations/nasdaq-omx-vilnius (Rules and regulations of the AB NASDAQ OMX Vilnius)

4.3. Operating hours and public holidays

Any reference to time in this section of the document is Lithuanian time, which is CET+1.

The business hours of the LCVPD are 08:00 to 17:00, Monday - Thursday and 08:00 to 15:45 on Friday. LCVPD as office does not operate during public holidays and non-business days.
The operating hours of the help desk are 08:00 to 18:00, Monday - Friday.
The operating hours of the SSS are 08:00 to 20:00, Monday - Friday.
The business days (operational calendar), public holidays and time schedule of the SSS are harmonized with the business days and time schedule of the Bank of Lithuania's LITAS-RLS payment system and the European Central Bank's (ECB) administered payment system TARGET2. Note that some Saturdays are non-trading but settlement business days. These days will be part of the settlement cycle.

The following is the list of public holidays, non-business days and days with limited operations for LCVPD as a Securities Settlement System in Lithuania for 2012:

Weekday	Date	Public holidays	SSS non-business days and days with limited operations
Sunday	01.01.2012	New Year's Day	System's non-business day
Thursday	16.02.2012	Day of Re-Establishment of the State	System's business day All settlement operations will be executed **excluding** the DVP in **litas**
Sunday	11.03.2012	Day of Re-Establishment of the Independence	Weekend
Friday	06.04.2012	Good Friday	System's Business day All settlement operations will be executed **excluding** the DVP in **euro**
Sunday	08.04.2012	Easter Day	Weekend
Monday	09.04.2012	Easter Monday	System's non-business day
Tuesday	01.05.2012	International Labour Day	System's non-business day
Sunday	06.05.2012	Mother's Day	Weekend
Sunday	03.06.2012	Father's Day	Weekend
Sunday	24.06.2012	St. John's Day (Midsummer Day)	Weekend
Friday	06.07.2012	Statehood Day	System's Business day All settlement operations will be executed **excluding** the DVP in **litas**
Wednesday	15.08.2012	Assumption Day	System's Business day All settlement operations will be executed **excluding** the DVP in **litas**
Thursday	01.11.2012	All Saints' Day	System's Business day All settlement operations will be executed **excluding** the DVP in **litas**
Monday	24.12.2012	Christmas Eve	System's Business day All settlement operations will be executed **excluding** the DVP in **litas**
Tuesday	25.12.2012	Christmas Day	System's non-business day
Wednesday	26.12.2012	Boxing Day	System's non-business day

4.4. Clearing agents

A clearing agent is a LCVPD participant (brokerage firm or bank) that provides cash clearing services for domestic and cross-border stock exchange trades and OTC DVP transfers to account managers, account operators and trading members that do not have access to the payment systems managed by the Bank of Lithuania and ECB.

The obligations of a clearing agent services provider are as follows:

- It must be a licensed credit institution or brokerage company;
- It must have a correspondent account in the local central bank;
- It must/could have a correspondent relationship with commercial banks settling in other Baltic central banks;
- It must have an agreement with an account operator/account manager/trading member that has no access to central bank cash clearing and settlement system;
- It must give its confirmation (or rejection) of positions to be settled in the relevant central bank;
- It must/could make necessary currency conversions.

LCVPD participants that are securities account managers can also be cash clearing agents.

4.5. *Clearing and settlement of NASDAQ OMX Vilnius trades*

4.5.1. Settlement cycle

The default settlement cycle of AB NASDAQ OMX Vilnius trades is T+3. The settlement cycle for automatically matched (automatched) trades in Government debt securities is T+1. Trade counterparties can agree on different cycle (T+1 - T+6) for manual trades. Settlement time schedule is provided in Appendix No 2.

4.5.2. Trading and settlement currency

The main trading currency on AB NASDAQ OMX Vilnius is euro (EUR).

In case of Special Procedures as described in Membership and Trading Rules of NASDAQ OMX Vilnius, Litas and other currencies may also be used.

Financial instruments traded in EUR or LTL are settled in the same trading currencies.

In cases where a financial instrument is denominated in other currencies than EUR and LTL, the settlement amount is recalculated to the settlement sum in Litas by LCVPD, applying the exchange rate between the Litas and the other currency established by the Bank of Lithuania and effective on the transaction day

If during settlement confirmation period both settlement sides bilaterally agree to change settlement currency from EUR to LTL or vice versa (the settlement currency may be changed as provided in the Rules on Settlement of Transactions Concluded on the AB NASDAQ OMX Vilnius), the LCVPD recalculates the specified settlement sum of the transaction applying the Bank of Lithuania's official LTL and EUR conversion rate (1 EUR = 3,4528 LTL).

The fractional part of the settlement sum after conversion is rounded applying the decimal arithmetic rounding rules.

4.5.3. Generation of AB NASDAQ OMX Vilnius trade information for settlement

After the close of the trading day, the AB NASDAQ OMX Vilnius trade results are automatically transferred from the trading platforms via the Traxess database to the LCVPD securities settlement system by T 16:45. By T 17:00, LCVPD delivers information to the local account managers, LCD and EVK about AB NASDAQ OMX Vilnius trades that are going to be settled via LCD account managers or EVK account operators in the LinkGW database (cross Baltic CSD communication database). The LCVPD acts as an Issuer CSD for the AB NASDAQ OMX Vilnius trades.

4.5.4. Cancellation of AB NASDAQ OMX Vilnius trades

Manual and automached transactions cancelled by mutual agreement of the trading parties are cancelled through AB NASDAQ OMX Vilnius, with the exception of the transactions related to the initial public offering of shares, public sale of shares and tender offers. Both parties intending to terminate the concluded trade must present their cancellation instructions in writing to the AB NASDAQ OMX Vilnius by S 10:00. The AB NASDAQ OMX Vilnius enters cancellations into the securities settlement system via a non-public Internet website - Participants' Secure Information Site (hereinafter WebPS) until S 11:00. Any transaction, even a confirmed one, can be cancelled. Information related to the cancelled transactions is transferred to the LCD or the EVK by the LCVPD via LinkGW.

4.5.5. Trades enrichments

All AB NASDAQ OMX Vilnius trades entered into the securities settlement system have to be enriched. Trade enrichment consists of the following:

A letter code assigned to the settlement system is specified in the first position of the field „Clearing Firm‟:

- "V" – settlement place – AB Lietuvos centrinis vertybinių popierių depozitoriumas;
- "R" – settlement place – AS Latvijas Centrālais depozitārijs;
- "T" – settlement place - AS Eesti Väärtpaberikeskus

The second, third and fourth digits of the code of the LCVPD Participant involved in the settlement are specified in the second-fourth field positions.

An investor category letter code is specified in the first position of the field „Clearing Account‟:

- "C"– Client (In Lithuania corresponds to type of activity 11 and nature of account 02),
- "O" – Own Account (In Lithuania corresponds to type of activity 21 and nature of account 02),
- "M" – Market Maker (In Lithuania corresponds to type of activity 26 and nature of account 02),
- "I" – Issuer Holding (In Lithuania corresponds to type of activity 07 and nature of account 09 or 10);

Requisites of the financial instrument account (the client personal financial instrument account number, assigned in the internal accounting of the account manager) are specified in the second - twelfth field positions.

Trades can be enriched by trade members by entering one-off settlement conditions into the trading system with orders/trades or they will automatically be enriched with standard settlement conditions for one individual transaction by the securities settlement system. The following principles are applied:

- a trade is accepted if it contains enough information for settlement and is technically correct;
- if the trade contains enough information for settlement but is technically incorrect, the trade will be enriched with the values of the default account manager and clearing agent, stated in the trading member's standard settlement conditions, taking into account whether it is trading member's own trade or a client's trade;
- if the trade does not contain enough information for settlement, the trade will be enriched with values of default account manager and clearing agent, taking into account whether it is trading member's own trade or client's trade;
- if the trade information passes technical validation and the settlement place is LCD/EVK, the trade will be enriched using LCD/EVK nominee accounts.

4.5.6. Change of settlement date

The trading member can change the settlement date for manual trades until S 10:00 by submitting the relevant application to AB NASDAQ OMX Vilnius. Change of the settlement date of automatched trades is not permitted. AB NASDAQ OMX Vilnius enters amendments into the securities settlement system via WebPS until S 11:00. The earliest possible new settlement date is T+1. Settlement of manual trades can be postponed until S+2.

4.5.7. Change of settlement conditions

The account manager can change the specified settlement conditions (the place of securities custody, requisites of the general securities accounts of the securities custodian with the LCVPD, client code in accounting records of the securities custodian) until S 10:00, and the clearing agent can change its code in the settlement conditions to the code of another clearing agent and can input a proposal to the counterparty to

change the settlement currency by sending an appropriate instruction to the LCVPD. If both parties of a trade bilaterally agree, they can change settlement currency from EUR to LTL or vice versa (the settlement currency may be changed as provided in the Rules on Settlement of Transactions Concluded on the AB NASDAQ OMX Vilnius).
The LCD account manager and the EVK account operator can change the terms and conditions of settlements. A change of the settlement place from LCD or EVK to LCVPD can be realised by changing the code of the settlement place (must be "LCVPD") and the omnibus account of the securities custody in LCVPD system. After this information is received from LinkGW, the settlement system will cancel it from LinkGW and present it to the securities custody for confirmation.
A rejection can only be made in case of incorrect settlement conditions when the settlement system isn't able to perform the settlement.

4.5.8. Confirmations of settlement movements

On the basis of the enriched trade results the securities settlement system generates settlement entries. Information on settlement entries is sent for further confirmation to the designated LCVPD account manager and clearing agent and to the Latvian account manager and Estonian account operator via the LCD and EVK systems. The account manager and clearing agent must confirm their agreement to settle or reject to settle according to all settlement entries related to them until S 11:00. The unconfirmed by the time settlement movements may be confirmed by 3:45 p.m. on S day and settled by applying real time procedure.
The confirmation of the settlement movement, where at least one of the counterparties is Estonian central depository or Latvian central depository as account manager, must be performed by 11 a.m. on S day.

If the specified account manager and the clearing agent do not confirm a particular settlement (entry) movement generated on the transaction basis during the specified time, the securities settlement system modifies the settlement entry by changing the settlement information indicated by trading member to the default information provided in the trading member's standard settlement conditions and transfers information on the settlement movement to the default account manager and clearing agent for confirmation. If after such enrichments the EVK account operator or the LCD account manager is involved, the LCVPD informs the EVK or the LCD through the LinkGW database. The EVK (or the LCD) immediately sends trade settlement details and a confirmation request to the EVK account operator (or the LCD account manager). If confirmations are not received by the S 11:00 deadline, the obligation to settle the trades will be passed on to the trading member's default account manager and clearing agent that have concluded the trade; the respective information is sent to the trading member's default account manager and clearing agent.

The EVK/LCD is required to calculate securities net positions until S 11:00. This is done to verify and inform the LCVPD if there are sufficient securities on the accounts of the EVK account operators and the LCD account managers.

4.5.9. Pre-settlement activities

Each day, after the close of the settlement day (about 18:00 day S-1) and before settlement processes on day S (at 11 a.m.), the LCVPD provides the local account manager and the clearing agent, via the WebPS, with information on:

- aggregate settlement positions in securities and in cash with respect to all automatched trades and manual trades concluded on the AB NASDAQ OMX Vilnius, provided separately by every omnibus securities account and settlement currency. Currency positions are provided on a net basis for settlement movements that are intended to be settled in a batch process (manual trades

one settlement party of which is a foreign account manager/account operator are included in the batch process);
- aggregate settlement positions in securities and in cash of the settlement movements pertaining to transactions of every special procedure (government securities' corporate actions, tender offer, public sale of shares and public offering of a share issue), given by an individual number assigned by the LCVPD SSS (this number is generated according to the seller's or buyer's order number in the trading system of AB NASDAQ OMX Vilnius) to every special procedure are provided separately by every omnibus securities account and settlement currency.

Processing of settlement movements generated by automatched transactions is carried out in due time indicated in the Schedule of the SSS in accordance with the aggregate positions in a single batch, i.e. a designated time settlement procedure is applied. In the case where settlement movements were not confirmed by 11 a.m. on S day (the initial confirmation time), but were confirmed by 3.45 p.m. on S day, the real time gross settlement procedure is applied to their accounting.

Having confirmed the settlement movements of automatched transactions, the Participants must accumulate the amount of securities specified in *Aggregate settlement positions* in the general securities accounts with the Central Depository and (or) the amount of cash in the settlement accounts within the payment systems before the execution of the settlement movements begins.

At S 13:00, LCVPD verifies the net positions of securities in the omnibus accounts of the LCVPD account managers for automatched trades and also checks up whether the quantity of securities is sufficient in the EVK and LCD accounts in the LCVPD system for automatched and manual trades:
- if the quantity of securities is sufficient, they are blocked;
- if the quantity of securities is insufficient, LCVPD selects the trades for which settlement is possible. The selection is done on a best-effort basis and the maximum settlement execution principle is applied. Trades for which there is an insufficient quantity of securities will be postponed and settled on the next possible settlement day; all concerned parties will be informed about trades for which settlement has been postponed.

4.5.10. Cash settlement in BoLT

On S 13:00 – 14:45, LCVPD sends a payment order to the BoLT to transfer cash according to net positions between clearing agent accounts in LITAS-RLS payment system. The BoLT immediately transfers cash between the accounts of the clearing agents involved in case the cash amount is sufficient.

If the cash amount is insufficient in any of the cash accounts, the BoLT immediately sends a message to the LCVPD and the clearing agent about the actual cash amount blocked in settlement account of the clearing agent. The LCVPD immediately suspends settlement movements of the participants with a cash deficiency. And, in order to have the least impact on settlements, it selects the non-executable settlement movements, recalculates the aggregate settlement positions of each participant in securities and cash (in such a case the aggregate settlement positions of the clearing agent in securities cannot exceed the quantity of the traded securities, whereas the ones in cash cannot exceed the sum blocked in the settlement account of the clearing agent) and sends new payment document to the BoLT. The BoLT transfers the cash.

4.5.11. Settlement of securities

Upon receiving the confirmation from the BoLT regarding the execution of cash transfers between the participants' cash accounts, the LCVPD SSS transfers the earlier blocked securities between the securities accounts.

Upon concluding the settlement LCVPD sends settlement confirmation to all the parties concerned including the LCD/EVK. According to this confirmation, the LCD/EVK makes respective securities transfers in Latvia/Estonia.

4.5.12. Cash and securities settlement in TARGET2

Cash settlement in EUR is performed via TARGET2 (T2) using the interfaced settlement model (procedure 6). The LCVPD has the status of an ancillary system in TARGET2. The settlement party (bank or brokerage company) responsible for cash settlement has to transfer the amount of cash necessary for the settlement to its own sub-account dedicated to operations with LCVPD as an ancillary system.
The LCVPD SSS blocks the amount of securities required for settlements in the securities account of the participants. Then, the SSS submits the payment orders to the single technical platform of the payment system TARGET2 indicating the amount of funds to be transferred among accounts of the participants according to the settlement procedure 6 for ancillary systems. Upon receiving a notification from the payment system TARGET2 on the transfer of funds, the CSD immediately transfers securities among the securities accounts of the participants.

4.5.13. Default handling

In order to guarantee the execution of the transaction, the AB NASDAQ OMX Vilnius has the right to impose sanctions on its members. The default measures are stipulated in the VSE rules and regulations, including the submission of special orders to the LCVPD, buying or selling securities, usage of the AB NASDAQ OMX Vilnius Guarantee Fund etc. These default measures can be imposed in cases where the AB NASDAQ OMX Vilnius trading member has not provided the trade enrichments necessary for the execution of VSE trades or the trade cannot be settled for some other reason.

4.6. Settlement of OTC DVP transactions

4.6.1. Currencies

The settlement currency for OTC DVP may be the litas (LTL) and the Euro (EUR).

4.6.2. Instructions

Matching criteria for OTC-DVP transactions are as follows:

- ISIN
- Quantity
- Currency
- Securities quantity
- Instructing party
- Counterparty
- Trade date
- Intended settlement date (or time)
- Trade type

Once the seller and the buyer have agreed on an OTC DVP transaction, their account managers must send the respective securities transfer instructions to the LCVPD. In case a securities custodian and cash custodian are different participants, the LCVPD sends a message to the cash custodian requesting its consent to settle cash obligations. In case a securities custodian and cash custodian is one and the same participant, the request confirmation message is not sent. The initiation of a securities transfer by a participant is considered also to be his agreement to make a cash transfer.
If the settlement movement is confirmed and securities requested are available on the seller's account, the securities required for settlement will be blocked by the LCVPD and the defined payment order to transfer cash between the settlement accounts specified in the settlement movement will be immediately provided to the payment system.
Having obtained a message from the payment system on the successful cash transfer between the specified settlement accounts, the SSS operator immediately executes the transfer of the earlier blocked securities between the accounts specified in the settlement movement, thus finishing the DVP settlement.

4.6.3. Real-time gross settlement

A real-time gross settlement system is implemented in Lithuania, making trading with a T+0 settlement cycle possible. The LCVPD performs OTC DVP trade settlement from 08:00 to 16:00 in Litas and from 08:05 to 18:00 in Euro. Settlement of OTC-DVP trades at a designated time is also possible.

4.6.4. Cash settlement in the BoLT

Cash settlement of OTC DVP trades is based on claims and obligations calculated by the LCVPD during the pre-settlement process.

The LCVPD sends payment instructions to the BoLT. Settlement of gross monetary claims and obligations takes place in the BoLT LITAS-RLS payment system by debiting and crediting the clearing agents' settlement accounts. The settlement of OTC DVP transactions is final after cash settlement in the BoLT LITAS-RLS payment system.

4.6.5. Cash settlement in TARGET2

Cash settlement of OTC DVP trades is based on claims and obligations calculated by the LCVPD during the pre-settlement process.

The LCVPD sends payment orders to the TARGET2. Settlement of gross monetary claims and obligations takes place in the TARGET2 payment system by debiting and crediting the clearing agents' settlement accounts dedicated for the LCVPD SSS. The settlement of OTC DVP transactions is final after cash settlement in the TARGET2 payment system.

LCVPD uses the settlement procedure 6 interfaced model based on setting aside the needed liquidity on a specific sub-account of the participants. Settlement with dedicated liquidity is operated in so-called "procedures" identified by specific "start of procedure" and "end of procedure" messages.

With the "start of procedure message" the liquidity is therefore transferred from the settlement banks' RTGS accounts to the sub-accounts. With the "end of procedure message" the remaining liquidity on the sub-accounts is transferred back to the settlement banks' RTGS accounts. Within a procedure several cycles could run consecutively. During the settlement cycle the dedicated liquidity is consequently blocked. The payments orders received by TARGET2 during this cycle to transfer liquidity from the RTGS account to a specific sub-account are immediately executed.

4.6.5. Securities settlement

After the BoLT or TARGET2 have sent the confirmation regarding the settlement of monetary obligations to the LCVPD, respective securities transfers will be made.

4.6.6. Failure of settlement

In the case of OTC DVP transactions, the execution of the transfer instructions is not guaranteed. If one of the transaction parties has not submitted the transfer instruction via his or her account manager, or the submitted transfer instruction cannot be processed for some other reason, for example the relevant securities or cash are not available on the accounts to be debited, the transfer will not be executed.

4.7. Free-of-payment transactions

Free-of-payment transfers are settled online and can be submitted till 17.45 and executed till 18.00.

In case of FOP transfers, cash payments are not controlled by the LCVPD. The transfer from seller to buyer takes place promptly after the buyer's account manager has confirmed the incoming transfer instruction and LCVPD has checked whether the securities requested are available on the securities account to be debited.
Unexecuted FOP transfers on the settlement day will be cancelled or rejected (it depends on who initiated the FOP transfer) by the system at the end of the settlement day.

5. *Cross-border settlement between Baltic States*

To facilitate pan-Baltic cross-border trading the EVK, LCD and LCVPD have established a pan Baltic FOP link for cross-border deliveries and a DVP link for stock exchange and OTC DVP transactions. Information exchange between the depositories is carried out through a common database – LinkGW.

5.1. Link for cross-border stock exchanges trades

Stock exchange trades are made by trading members that have cross membership in the relevant stock exchange. Every trade contains information about the settlement place, i.e. in what depository it will be settled. The relevant stock exchange's Issuer CSD distributes trades to the Investor CSD.

Trading members trading cross-border have two solutions for clearing and settlement:

- They may maintain an account in all three CSDs.
    - In this case all clearing and settlement procedures will take place according to local rules.
- They may maintain an account in one CSD only provided that the member firm has signed a cross-border settlement agreement with a clearing agent.
    - In this case relevant cross-border clearing and settlement procedures apply
    - Cross-border cash settlement takes place in the national central bank of the relevant stock exchange. The clearing agent provides cash for settlement through the commercial banking system.
    - Cross border securities settlement takes place in two steps
        - Step 1 - Securities are transferred to/from the Issuer CSD's omnibus account after receiving a message about successful cash settlement from the national central bank.
        - Step 2 – Securities transfers are made in the Investor CSD.

The Baltic SEs and CSDs have harmonized the time schedule of transactions agreed on Baltic stock exchanges, which is given in Appendix 2.

5.2. Link for cross- border OTC DVP transactions

5.2.1. Eligible transactions

Eligible cross-border OTC DVP transactions are off-exchange agreed transactions that settle on a delivery versus payment basis, where one of the counterparties or both counterparties are located outside of the applicable security's Issuer CSD.

Baltic Link solution supports pan-Baltic transactions in the following currencies

- in case of Lithuanian securities (ISIN LT) – LTL
- in case of Latvian securities (ISIN LV) – LVL
    - USD and EUR if supported by the local cash clearing agent
- in case of Estonian securities (ISIN EE) – EUR

Baltic Link solution does not support pan-Baltic transactions agreed in other currencies or in other combinations as described above.

5.2.2. Main principles of settlement

All cross-border OTC DVP transactions settle on a gross-basis (trade by trade) (DVP Model 1).

The ECSDA's Issuer CSD model is applied, according to which the Issuer CSD is responsible for organizing the final settlement of securities and the cash leg of the transaction (central bank funds).

5.2.3. Settlement process

Same day value cross-border OTC DVP transaction orders can be submitted to the EVK and LCVPD system from 08:00 and to LCD system from 09:00. Transaction orders can be submitted and confirmed until S 14:30.

The cash clearing agent should give its confirmation (or rejection) of the cash leg

- By S 15:30 for Latvian securities
- By S 17:00 for Estonian securities
- By 15:30 for Lithuanian securities (in litas)
- By 17:30 for Lithuanian securities (in Euro)

The Baltic CSDs exchange information on status (matched, confirmed, settled) of the transactions online. The confirmations of settled cross-border OTC DVP transactions are exchanged by S 17:00 at the latest.

At 18:00 on S, the Baltic CSDs unilaterally cancel all unexecuted cross border OTC DVP transactions for which the designated settlement date has expired.

5.2.4. Cancellation of a cross-border OTC DVP transaction

Counterparties can only cancel a cross-border OTC DVP transaction until the start of the settlement process. A party who wishes to cancel the instruction should send its instructions to the relevant CSD.

5.2.5. Matching criteria and mandatory information

The following information shall be provided for matching and execution of settlement

- Intended settlement date
- Cash amount including currency
- Securities quantity
- ISIN
- Inserting party
- Inserting party's BIC code
- Client's securities account number
- Money account number (IBAN in issuer CSD country)
- Counterparty
    - If counterparty is LCD or LCVPD, then counterparty's BIC and omnibus account number must be provided
    - If counterparty is EVK, then counterparty's BIC or counterparty's securities account number must be provided
- Cash clearing agent (in case the account operator/account manager settles cross-border)
    - BIC code of the clearing agent and BIC code of the instructing account operator/account manager, which has a valid cash clearing agreement with the entity acting as the clearing agent.

5.2.6. Information on cash clearing

The clearing agent is informed of the instruction immediately after matching has taken place in the Issuer CSD and the settlement process has started. A confirmation to proceed with the settlement process is requested.

5.3. FOP link

FOP transfers between EVK, LCD and LCVPD are possible from 09:00 to 18:00. Instructions from local account operators/account managers are accepted until 17:30.

In addition to local FOP transfer criteria, cross-border FOP transfer instructions must include information about the counterparty's account in the foreign depository.

6. Links with other international institutions

6.1. FOP link between the EVK and KDPW

It is possible to make cross-border FOP transfers between the EVK and Polish CSD (KDPW) starting from July 2007. Link between EVK and KDPW enables transfers of those Estonian securities that have been declared valid for transfer by the both depositories, EVK and KDPW. According to the agreement, the corporate actions shall be carried out according to the Estonian law, issuers' instructions and procedures adopted by EVK.

Same day value FOP transfers between EVK and KDPW are accepted from 08:00 to 17:30 and are executed until 18:00.

6.2. FOP link between the LCD and the BoLV VNS' securities settlement system

The BoLV and the LCD have established a bilateral correspondent relationship agreement to transfer securities from the BoLV's VNS system to the LCD's DENOS system and vice versa. VNS is a securities settlement system operated by the BoLV that ensures accounting and settlement of Latvian government debt securities and corporate debt securities, which are accepted as collateral by the BoLV in monetary policy operations. The SWIFT net communication network is used in data exchange between the BoLV and the LCD.

FOP transfers between VNS and DENOS are executed from 09:00 to 17:00. Transfer instructions from account managers are accepted until 16:45.

6.3. FOP and DVP Link between the LCD and Clearstream Banking Luxembourg

In May 2011 The LCD has opened a securities account within the Clearstream Banking Luxembourg (CBL). Pursuant to the mutual agreement with CBL, LCD can perform FOP and DVP transfers to/from CBL allowing Latvian investors to keep CBL accepted securities in securities accounts in Latvia through LCD accounting system.

The DVP settlements are possible for all settlement currencies eligible in CBL.

- **Securities transfers to CBL**

An account manager can submit FOP/DVP instruction indicating the place of settlement until S-1 13:00, indicating for example the Euroclear securities settlement system or Clearstream securities settlement system. Once the transfer instruction is received the LCD submits it to CBL.

On S, upon receipt of settlement confirmation from the CBL, the LCD enters the confirmation in its securities settlement system and sends the relevant confirmation message to the account manager. On S, upon receipt of cash, the LCD transfers the cash to the account manager.

If the CBL settlement confirmation has not been received by S 18:00, the LCD postpones instruction to the next settlement day and informs the account manager. When confirmation from CBL is received, LCD informs the account manager.

- **Securities transfer from CBL**

Until S 13:00, account manager can instruct LCD to receive securities from CBL to LCD. In case of DVP instruction CBL`s cash account in favour of LCD has to be credited until S 13:00. Then LCD submits the instruction to CBL.

Until S 18:00, or on the effective S and upon receiving CBL confirmation on the execution of the transaction, the LCD enters the transaction in its securities settlement system and notifies the account manager of the execution of the transfer.

6.4. FOP and DVP Link between the LCVPD and Clearstream Banking Luxembourg

The Central Securities Depository of Lithuania has opened an omnibus account for securities and cash in Clearstream Banking Luxembourg (CBL).
All intermediaries of public trading and securities account managers are offered to use this account:

- for custody and transfer of traded foreign securities eligible in CBL system;
- for custody and transfer of cash, related to foreign securities transactions, in all currencies eligible in CBL system.

FOP and DVP transfers of securities and related cash are available.

Deadlines for internal and Bridge securities transactions are standard for all securities. The times below show the input deadlines for:

- Internal transactions (those between two Clearstream Banking customers) - till S 18:00 for both FOP and DVP;
- Bridge transactions (those between a Clearstream Banking customer and a counterparty in Euroclear Bank) - till S 15:00 for both FOP and DVP.

Deadlines for Cash instructions:

- till S 16:30 for EUR;
- till S 18:00 for USD.

6.5. FOP Link between the LCVPD and KDPW

The Lithuanian Central Securities Depository has opened a new direct settlement link with the Polish National Depository for Securities, Krajowy Depozyt Papierów Wartościowych S.A. (KDPW).

On 19 November 2010, LCVPD and KDPW signed an agreement on securities accounts handling and on cross border settlement of transactions in the Securities Settlement System (SSS) administered by LCVPD.

Deadline for FOP instruction – till 18:00.

Appendices

Appendix 1. Comparative table of settlement practices

	Estonia	Latvia	Lithuania
System participants	• TSE member firm (direct, remote) • Account operator that does not have correspondent account in BoE • Account operator that has correspondent account in BoE • Clearing agent (local, remote) • LCD, LCVPD, KDPW	• RIG • Account manager (LCD participant) that has cash account in BoLV (bank) • Account manager (LCD participant) that does not have cash account in BoLV (brokerage) • BoLV • CLEARSTREAM BANKING LUXEMBOURG, LCVPD, EVK	• AB NASDAQ OMX Vilnius member firm (direct, remote) • Account manager (LCVPD participant) that has cash account in BoLT (bank) • Account manager (LCVPD participant) that does not have cash account in BoLT (brokerage) • Clearing agent • LCD, EVK
C&S system	Depend	DENOS	SSS (In-house developed)
Main types of securities accounts	• End-investors accounts • Client accounts = Nominee accounts	Omnibus accounts of account managers (2 level securities accounting system)	Omnibus accounts of account managers (2 level securities accounting system)
C&S operating days	All BoE operating days	All BoLV operating days	All BoLT operating days
Trade types	SE trades: • TSE trades • Cross-border SE trades OTC trades: • OTC-DVP • FOP • Cross-border OTC-DVP • Cross-border FOP	SE trades: • RIG trades • Cross-border SE trades OTC trades: • OTC-DVP • FOP • Cross-border OTC-DVP • Cross-border FOP	SE trades: • AB NASDAQ OMX Vilnius trades • Cross-border SE trades OTC trades: • OTC-DVP • FOP • Cross-border OTC-DVP • Cross-border FOP
Settlement period	TSE trades: • Automatch T+3 • Contract transaction T+1…T+6 (default T+3) OTC-DVP trades: • T+0… T+…	RIG trades: • Automatch T+3 • Contract transaction T+0…T+40 (default T+3) • S for auction trades of initial placement of Treasury securities is fixed by State Treasury OTC-DVP trades: • T+0…T+360	AB NASDAQ OMX Vilnius trades: • Automatch T+3 • Contract transaction T+0…T+6 (default T+3) OTC-DVP trades: • T+0…T+360
DVP Model	• TSE trades – DVP model 1 • OTC– DVP model 1 • Cross-border OTC-DVP – DVP model 1	• RIG trades – DVP model 3 • OTC, RIG T+0, RIG auction trades of Treasury securities – DVP model 1 • Cross-border OTC-DVP – DVP model 1	• AB NASDAQ OMX Vilnius trades – DVP model 3 • OTC, SE T+0 – DVP model 1 • Cross-border OTC-DVP – DVP model 1
Trading currency	EUR	LVL, USD, EUR	LTL, EUR
Settlement currency in central bank	EUR	LVL	LTL
Trades transfer	TSE trades are transferred automatically online from the INET trading system to the Depend clearing and settlement system of EVK. If the trade's counterparty	RIG trades are transferred automatically and on a batch basis from the INET trading system to the DENOS clearing and settlement system of LCD at the end of the trading day.	AB NASDAQ OMX Vilnius trades are transferred automatically and on a batch basis from the INET trading system to the securities settlement system of LCVPD at the end of the trading

	settles in a remote depository, the trade will be forwarded to that CSD on a trade-by-trade basis by EVK at the end of the trading day	If the trade's counterparty settles in a remote depository, the trade will be forwarded on a trade-by-trade basis to that CSD by LCD at the end of the trading day	day. If the trade counterparty settles in a remote depository, the trade will be forwarded on a trade-by-trade basis to that CSD by LCVPD at the end of the trading day
Securities settlement	Securities are settled on a trade-by-trade basis	Securities are settled on a trade-by-trade basis	Securities are settled on a trade-by-trade basis
Cash settlement	Central bank funds • TSE, OTC – trade-by-trade settlement with optimization batches • Cross-border – cash settlement in the central bank is combined with the commercial bank funds	Central bank funds • RIG – multilateral net settlement • OTC DVP, RIG T+0 – RTGS settlement • RIG Treasury securities auction trade DVP settlement • Cross-border – cash settlement in the central bank is combined with the commercial bank funds Commercial bank funds • EUR and USD DVP settlement	Central bank funds • AB NASDAQ OMX Vilnius – multilateral net settlement • RTGS settlement • Cross-border – cash settlement in the central bank is combined with the commercial bank funds
Blocking of securities	• TSE trades and local OTC in the pre-settlement process • Cross-border OTC on the seller's side at moment of account operator's confirmation	• RIG trades in the pre-settlement process before sending cash settlement instruction to BoLV (S 12:00) • OTC DVP, RIG T+0 – before sending cash settlement instruction to BoLV • RIG action trades of T-securities-before sending cash settlement orders to BoLV (S 9:00 - 9:30)	• AB NASDAQ OMX Vilnius trades in the pre-settlement process before sending cash settlement instruction to BoLT (starting from S 13:00) • OTC DVP incl. cross-border trades on the seller's side at the moment of confirmation
RTGS	• Cross-border OTC-DVP • Domestic OTC-DVP	• SE T+0 trades • Cross-border OTC-DVP • Domestic RTGS OTC-DVP	• SE T+0 trades • Cross-border OTC-DVP • Domestic RTGS OTC-DVP
Same day turnaround	Allowed	Allowed - once securities are book-entered in the account.	Allowed for OTC and AB NASDAQ OMX Vilnius T+0
Netting	• Only technical netting applied for TSE, OTC-DVP in batches	Only RIG trades are netted	Only AB NASDAQ OMX Vilnius trades are netted
Initiator of FOP	Both deliverer's and receiver's account managers can initiate a FOP transfer.	Both deliverer's and receiver's account managers can initiate a FOP transfer.	Both deliverer's and receiver's account managers can initiate a FOP transfer
Execution of FOP	Real time	Real time	Real time

Appendix 2. Timetable of settlement of transactions on Baltic stock exchanges

Activity	**TSE / EVK (Estonia)**	**RIG / LCD (Latvia)**	**AB NASDAQ OMX Vilnius / LCVPD (Lithuania)**
Member CSD to disclose/send cross-border SE transaction info to account managers/account operators	T 17:15		
Issuer CSD to receive trade enrichments, or settlement instructions, or amendments of a trade settlement data from trading member regarding SE trades on the respective exchange	S 10:00		
Trading member/VSE sends trade settlement cancellations to issuer CSDs	S 10:00		S 11:00 (from AB NASDAQ OMX Vilnius)
Account manager/account operator sends settlement affirmations for both local and non-local Baltic trades to local CSDs	S 11:00		
Cash clearing agent informs issuer CSD of the maximum cash amount per trading member	Not applicable	S 11:00	S 11:00
Member CSD checks sufficiency of securities for non-local Baltic trades on account managers /account operators accounts (internal) – net positions per account are calculated - and blocks the securities on its accounts	S 11:00		
Member CSD sends settlement affirmations for non-local Baltic transactions to issuer CSD via LinkGW	S 11:05-11:10		
Issuer CSD to calculate preliminary securities and cash net positions for information purposes; information passed on to trading members/account managers/account operators	available continuously on-line	S 11:10-11:15	After S 11:10 on demand
Issuer CSD calculates final net securities and cash positions	Not applicable	S 12:00	Not applicable
Issuer CSD blocks securities on securities accounts	At the start of the batch processing	S 12:00	At the moment when the cash instruction is sent to BoLT PS or to ECB T2
Cash position confirmation from Cash Clearing Agent	Not applicable	Not applicable *(information S 11:00)*	Not applicable *(information S 11:00)*
Settlement process start time	S 09:00…14:00 batches every half an hour	S 12:00	S 13:00
Cash settlement in respective national Central Bank	Autonomous central bank money model is applied; S 09:00…14:00 batches every half an hour	S 12:00 -13:00 (in case of default S 13:30 – 14:30)	S 13:00 (in case of default max to 16:00)
Securities transfers in issuer CSD	Immediately after receipt of	Immediately after receipt of confirmation	Immediately after receipt of confirmation

	confirmation from EVK Liquidity Settlement Module	from BoLV	from BoLT PS or ECB T2
Settlement info to member CSDs	Immediately after settlement in EVK	Immediately after settlement in LCD	Immediately after settlement in LCVPD

Appendix 3. Definitions and abbreviations

Abbreviation	Definition
Account manager	A legal entity that is a participant of the CSD and manages personal investors' securities accounts and provides different services to investors. In Lithuania all account managers have a correspondent cash account in the BoLT In Latvia there are two types of account managers: - that do not have a correspondent cash account in the BoLV; - that have a correspondent cash account in the BoLV.
Account operator	A legal entity that is a participant of the CSD and intermediates securities account services to investors. There are two types of account operators: - that do not have a correspondent cash account in the central bank; - that have a correspondent cash account in the central bank. Account operators solution is in Estonia.
Batch settlement	A settlement process running at pre-defined intervals and processing orders in a fixed sequence.
BoE	Bank of Estonia
BoLT PS	Bank of Lithuania Payment System
BoLV	Bank of Latvia
ECB T2	European Central Bank Target2 payment system
Broker firm, Exchange member firm (trading member)	A legal entity that has been granted the right to trade in the securities listed or traded on the exchange via the trading system of the exchange
Central bank funds	Money in the payment system of a National Central Bank (NCB)
Clearing agent	A credit institution that has a correspondent cash account in the National Central Bank and offers clearing services to Exchange trading members and account operators/managers.
CSD	Central Securities Depository
LCVPD	Central Securities Depository of Lithuania
DENOS	Securities settlement system operated by Latvian Central Depository
Depend	Clearing and settlement system of EVK
DVP	Delivery versus payment – simultaneous cash and securities settlement
EVK	Estonian Central Securities Depository, Eesti Väärtpaberikeskus
Exchange transaction	Trade that is routed from an electronic stock exchange to a CSD
FCMC	Financial and Capital Market Commission
Final transfer (settlement finality)	Irrevocable and unconditional change of ownership. In particular, a final transfer cannot be reversed by the insolvency of one of the parties that were involved in the transfer
FOP	Free-of-payment transfer
Foreign CSD	Used in the context of order routing, the foreign CSD is a CSD with no direct link to the electronic stock exchange from which the orders originate.
Gross settlement	Settlement in which settlement instructions are settled in separate bookings. The opposite is net settlement
Investor CSD	CSD in which investor has opened securities account and which has a link with another CSD.
Issuer CSD	CSD which is primary place of a securities book-entry and which has direct relationship with issuer
LCD	Latvian Central Depository
Link	Link between EVK and a foreign central securities depository
LinkGW	Technical solution for transferring securities between EVK, LCD and LCVPD
Matching	Process that compares individual OTC trades and links them into pairs for later settlement
Net settlement	Settlement in which several settlement instructions are settled in a single booking. The opposite is gross settlement
OTC trades	Over-the-counter trades. In the context of this report trades that are not automatically routed from an electronic exchange to one or more CSDs
RIG	NASDAQ OMX Riga
S	Settlement day

SSS	Securities settlement system
T	Trade day
Trading member	Brokerage company/ exchange member – a legal entity to whom the stock exchange has granted the right to trade with the securities listed or traded on the stock exchange via the trading system.
Traxess	An intermediary database for gathering and distributing exchange trading information
TSE	NASDAQ OMX Tallinn
VNS	The BoLV security settlement system that ensures security settlement for BoLV monetary policy operations and security transfers of the VNS participants

Appendix 4. Account operators in Estonia

Name	**Address**	**Phone**	**E-mail/ Internet**
Citadele banka	Smilšu iela 3, Riga LV-1522	+371 7010000	info@citadele.lv www.citadele.lv
Eesti Krediidipank	Narva mnt. 4, Tallinn 15014	+372 6690900	info@krediidipank.ee www.krediidipank.ee
Swedbank	Liivalaia 8, Tallinn 15040	+372 6310310	info@swedbank.ee www.swedbank.ee
LHV Pank	Tartu mnt. 2, Tallinn 10145	+372 6800400	klienditugi@lhv.ee www.lhv.ee
Nordea Pank	Hobujaama 4, Tallinn 15068	+372 6283300	tallinn@nordea.com www.nordea.ee
Danske Bank A/S Eesti filiaal	Narva mnt. 11, Tallinn 10502	+372 6302100	info@sampopank.ee www.sampopank.ee
Marfin Pank Eesti AS	Pärnu mnt. 12, Tallinn 10148	+372 6802500	info@marfinbank.ee www.marfinbank.ee
SEB Pank	Tornimäe 2, Tallinn 15010	+372 6655100	info@seb.ee www.seb.ee
Tallinna Äripank	Vana-Viru 7, Tallinn 10111	+372 6688000	helpdesk@tbb.ee www.tbb.ee
Svenska Handelsbanken AB (publ), Branch Operations in Finland*	Aleksanterinkatu 11, Helsinki Fin-00100	+358 104442464	www.handelsbanken.fi

*Membership discontinued as of 1st February 2012

Appendix 5. Account managers in Latvia

Name	Address	Phone	E-mail/ Internet
ABLV Bank	Elizabetes iela 23, Rīga, LV 1010	+371 67775222	info@ablv.com www.ablv.com
Baltikums Bank	Mazā Pils iela 13, Rīga, LV 1050	+371 67031320	info@baltikums.eu www.baltikums.eu
GE Money Bank	13.janvāra iela 3, Rīga, LV 1050	+371 67024763	www.gemoneybank.lv
DNB Banka	Skanstes iela 12, Riga, LV 1013	+371 67171880	info@dnb.lv www.dnb.lv
Swedbank	Balasta dambis 1a, Rīga, LV-1048	+371 67024555	info@swedbank.lv www.swedbank.lv
Latvijas Hipotēku un zemes banka	Doma laukums 4, Rīga, LV 1977	+371 8000100	8000100@hipo.lv www.hipo.lv
Latvijas Krājbanka*	J.Daliņa iela 15, Rīga, LV 1013	+371 67092020	info@lkb.lv www.lkb.lv
SMP Bank	Elizabetes iela 57, Rīga, LV 1772	+371 67019153	info@smpbank.com www.smpbank.lv
Nordea Bank Finland Plc Latvijas filiāle	Kr. Valdemara iela 62, Riga, LV 1013	+371 67096096	info@nordea.lv www.nordea.lv
NORVIK BANKA	E.Birznieka-Upīša iela 21, Rīga, LV 1011	+371 67041100	welcome@norvik.lv www.norvik.lv
Citadele banka	Republikas laukums 2a, Rīga, LV 1522	+371 67010000	info@citadele.lv www.citadele.lv
Rietumu Banka	Vesetas iela 7, Rīga, LV 1013	+371 67025555	info@rietumu.lv www.rietumu.lv
Dukascopy Europe IBS	Lāčplēša iela 20a-1, Rīga, LV 1011	+371 67283294	
SEB banka	"SEB finanšu centrs" Valdlauči, Meistaru iela 1, Ķekavas pagasts, Ķekavas novads, LV 1076	+371 6727778777	info@seb.lv www.seb.lv
Reģionālā investīciju banka	J.Alunāna iela 2, Rīga, LV 1010	+371 67359000	bank@ribbank.com www.ribbank.com
Trasta Komercbanka	Miesnieku iela 9, Rīga, LV 1050	+371 67027777	info@tkb.lv www.tkb.lv
Baltic International Bank	Kalēju iela 43, Rīga, LV 1050	+371 67222789	office@bib.eu www.bib.lv

*The Board of the Financial and Capital Market Commission during the 21 November 2011 meeting decided to suspend provision of all financial services by the joint stock company of the JSC "Latvijas Krājbanka"

Appendix 6. Account managers in Lithuania

Name	Address	Phone	E-mail/ Internet
SEB bankas	Gedimino 12, Vilnius, LT-01103	+370 52682370	info@seb.lt www.seb.lt
Danske Bankas	Saltoniskiu 2, Vilnius, LT-08500	+370 52787144	www.sampo.lt
Šiaulių Bankas	Tilžės 149, Šiauliai, LT-76348	+370 41595654	info@sb.lt www.sb.lt
Nordea Bank Finland Plc	Didžioji 18/2, Vilnius, LT-01128	+370 52361335	info@nordea.lt www.nordea.lt
Medicinos Bankas	Pamėnkalnio 40, Vilnius, LT-01114	+370 52644845	info@medbank.lt www.medbank.lt
Citadele Bankas	K. Kalinausko 13, Vilnius, LT-03107	+370 52664622	info@citadele.lt www.citadele.lt
Swedbank AB	Konstitucijos pr. 20A, Vilnius, LT-03502	+370 52684742	info@hansa.lt www.hansa.lt
DnB Nord Bankas	J. Basanavičiaus 26, Vilnius LT-03601	+370 52393771	info@dnbnord.lt www.dnbnord.lt
Bankas Snoras (company in bankruptcy)	A. Vivulskio 7, Vilnius, LT-03221	+370 52652662	info@snoras.lt www.snoras.com
Ūkio Bankas	Maironio 25, Kaunas, LT-44250	+370 37301430	ub@ub.lt www.ub.lt
BC Kapitalo srautai	Konstitucijos 23-502, Vilnius, LT-08105	+370 52723798	info@kapitalosrautai.lt www.kapitalosrautai.lt
BC Vivum	Konstitucijos 23-613, Vilnius, LT-08105	+370 52721489	isse@mail.iti.lt
BC Finbaltus	Konstitucijos 23-660, Vilnius, LT-08105	+370 52725861	finbaltus@vilnius.omnitel.net
BC Orion Securities	A. Tumėno 4, Vilnius, LT-01109	+370 52313833	info@orion.lt www.orion.lt
BC Finasta	Maironio 11, Vilnius, LT-01124	+370 52786833	info@finasta.lt www.finasta.lt
BC G.Steponkaus kontora	Konstitucijos 15-12, Vilnius, LT-08106	+370 52755577	info@steponkus.lt www.steponkus.lt
Finasta bankas	Maironio 11, Vilnius LT-01124	+370 52786833	info@finasta.lt www.finasta.lt

Appendix 7. Contact information

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https://www.e-register.ee/en

NASDAQ OMX / Latvian Central Depository / NASDAQ OMX Riga
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Fax: +371 6722 9411
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