

Approved by decision of the
Management Board of Tallinn Stock Exchange

Procedure for Payment and Handling of Guarantee Fund Contributions

1. General Provisions

- 1.1. This Procedure for Payment and Handling of Guarantee Fund Contributions has been approved to specify the requirements provided for in clauses 5.2.1.1 (*regular contribution*), 5.2.1.2 (*special contribution*), 5.5.3 (*annual limits of guarantee fund restoration claims*), and 7.2.1 (*settlement limit*) of the Rules for Clearing and Settlement of Stock Exchange Transactions (*hereinafter the 'Settlement Rules'*), which are a part of the Tallinn Stock Exchange (*Exchange*) Rules.

2. Regular Contribution

- 2.1. The minimum amount of the regular contribution referred to in clause 5.2.1.1 of the Settlement Rules shall be EUR 5 000 (*EEK 78 233*).
- 2.2. A new home member may start trading on the Exchange only after the payment of an initial semi-annual contribution in at least the minimum amount of the semi-annual contribution.

For the purposes of these Rules, the home member shall mean a member of the Exchange in respect to whom the Exchange operates as the Home Exchange within the meaning of the Settlement Rules.

- 2.3. If a home member starts trading on more than one Baltic Exchange, the Exchange shall, at the latest immediately after having obtained results of the following recalculation of the amounts of the Semi-Annual Contributions, divide the semi-annual contribution paid by the home member to the Exchange guarantee fund (*incl. the initial semi-annual contribution*) between the guarantee funds of the Exchange and appropriate Baltic Exchanges by transferring the allotment payable into the Riga Stock Exchange guarantee fund to the Riga Stock Exchange and the allotment payable into the Vilnius Stock Exchange guarantee fund to the Vilnius Stock Exchange respectively.

Upon the agreement with other Baltic Exchange the maintenance of the amounts on the account of the Exchange (TSE) may replace the transfer of amounts to the guarantee funds of Riga Stock Exchange or Vilnius Stock Exchange pursuant to clauses 2.3, 2.4.3 and 2.8, provided that:

- 2.3.1. separate accounting of the amounts so maintained on the account of Exchange is kept and amounts so held shall not be deemed as part of the guarantee fund of the Exchange;
- 2.3.2. upon request from the other Baltic Exchange the Exchange shall be capable of executing immediate transfer of the amounts so held to the guarantee fund of other Baltic Exchange.

- 2.4. In accordance with the sub-clauses of clause 2.6, the Exchange shall at least twice a year, immediately after the end of each calendar half-year, carry out the calculations necessary for recalculating the amount of the semi-annual contribution paid by the home member, and depending on the results of this recalculation, the Exchange:
 - 2.4.1. shall submit to the home member an additional payment claim (*additional payment claim*) – if the total amount of payments made by the home member into the guarantee funds of the Exchange and other Baltic Exchanges is by at least 100 EUR or 2% lower than the amount of the semi-annual contribution corresponding to the mean daily turnovers of the Exchange member during the last calendar half-year;
 - 2.4.2. shall notify the home member of the possibility to apply for a refund of the difference between the previously paid semi-annual contribution and the amount of the semi-annual contribution calculated on the basis of the mean daily turnovers during the last calendar half-year (*semi-annual contribution overage*) – if the total amount of payments made by the home member into the guarantee funds of the Exchange and other Baltic Exchanges is by at least 100 EUR or 2% higher than the amount of the semi-annual contribution calculated on the basis of the mean daily turnovers during the last calendar half-year;
 - 2.4.3. shall organise, if necessary, the rearrangement of the previously paid semi-annual contributions and the amounts paid on the basis of possible additional payment claims between the guarantee funds of different Baltic Exchanges.
- 2.5. If necessary, the Exchange shall have the right to organise the recalculation of semi-annual contributions of the home member and to carry out the actions referred to in clauses 2.4.1 - 2.4.3 at any time. In particular, this necessity may be caused by a changed market situation on the Exchange or other Baltic Exchanges, acquisition or waiver of additional memberships in other Baltic Exchanges by the home member, a justified application from another Baltic Exchange, an error discovered in earlier calculations, or any other contingency.
- 2.6. Recalculation of the amount of the semi-annual contribution shall require the following:
 - 2.6.1. calculation of the mean daily turnover of the home member on the capital markets of the Exchange and other Baltic Exchanges (*mean daily turnover on capital markets*) during the calendar half-year preceding the due date for the payment of the semi-annual contribution – according to the formula provided in clause 1 of Annex 1;
 - 2.6.2. calculation of the capital market component of the semi-annual contribution payable on the basis of the daily turnover referred to in the preceding clause (*amount of capital market component*) – according to the table provided in clause 2 of Annex 1;
 - 2.6.3. establishment of the distribution of the capital market component between the guarantee funds of the Exchange and other Baltic Exchanges on the basis of the relative share of each Baltic Exchange in the daily turnover established according to clause 2.6.1, taking into account the trading activities of the home member;

- 2.6.4. calculation of the mean daily turnover of the home member on the bond markets of the Exchange and other Baltic Exchanges (*mean daily turnover on bond markets*) during the calendar half-year preceding the due date for the payment of the semi-annual contribution – according to the formula provided in Annex 1;
 - 2.6.5. calculation of the bond market component of the semi-annual contribution payable on the basis of the daily turnover referred to in the preceding clause (*amount of bond market component*) – according to the table provided in clause 3 of Annex 1;
 - 2.6.6. establishment of the distribution of the bond market component between the guarantee funds of the Exchange and other Baltic Exchanges on the basis of the relative share of each Baltic Exchange in the daily turnover established according to clause 2.6.4, taking into account the trading activities of the home member;
 - 2.6.7. calculation of the amount of the semi-annual contribution payable by the member of the Exchange by summation of the capital market and bond market components;
 - 2.6.8. establishment of the distribution of the semi-annual contribution established pursuant to clause 2.6.7 between the guarantee funds of Baltic Exchanges, taking into account the relative shares referred to in clauses 2.6.3 and 2.6.6.
- 2.7. The initial semi-annual contribution of the home member and subsequent additional payment claims shall be paid to the Exchange, subject to the conditions indicated on the invoice submitted by the latter, respectively in Estonian kroons or Euros within 3 working days, unless a different payment term is specified on the invoice. In the case of delayed payment, the Exchange shall have the right to claim a fine for delay in the extent of 0,5% of the unpaid amount for each delayed banking day.
- 2.8. If the home member is active on more than one Baltic Exchange, the Exchange shall transfer the allotments of the semi-annual contribution or additional payment claim, which have been established on the basis of the distribution referred to in clause 2.6.8 and are subject to rearrangement between the guarantee funds of Baltic Exchanges, to the Riga Stock Exchange and/or Vilnius Stock Exchange, respectively, or shall submit to the Riga and/or Vilnius Stock Exchange the relevant guidelines on returning the respective amounts.
- 2.9. In the case of distributing or rearranging the amounts paid on the basis of a semi-annual contribution and additional payment claims between the guarantee funds of the Exchange and other Baltic Exchanges, the Exchange shall be guided by the provisions of clauses 2.6.3, 2.6.6 and 2.6.8 (*i.e., procedures are implemented according to the relative share of market-based [capital and bond markets] trading on the respective Baltic Exchange*).

If the calculations referred to in the sub-clauses of clause 2.6 result in the sum of the capital and bond market components of the home member being lower than the minimum amount of the semi-annual contribution (*clause 2.1*), the calculated balance covering the difference between the minimum amount of the semi-annual contribution and the sum of the said components shall be distributed between the guarantee funds of Baltic Exchanges on the basis of relative share of capital markets of each Baltic Exchange in the mean daily turnover identified pursuant to clause 2.6.1, taking into account the trading activities of the home member.

- 2.10. In the case referred to in clause 2.5.2, the member of the Exchange shall notify the Exchange of the intent to request a refund of the overage of the semi-annual contribution no later than within 20 days from receiving the notification referred to in clause 2.4.2. The Exchange shall arrange the repayment of the overage within 10 business days.

If the member of the Exchange does not submit a notification of its intent to request a refund of the overage of the semi-annual contribution within the term specified in the preceding sentence, refund of the overage may be claimed only after clarification of the results of the next recalculation of the semi-annual contribution. During this period, the non-refunded overage shall be treated as a contribution to the guarantee fund of the first or second ranking pursuant to clauses 5.4.5.1 and 5.4.5.2 of the Settlement Rules.

Refund of the overage of the semi-annual contribution may not be claimed for the amount that would lead to reduction of the resources placed in the guarantee funds of the Exchange and/or other Baltic Exchanges to a level below the minimum amount of semi-annual contribution as specified in clause 2.1.

- 2.11. The member of the Exchange whose Home Exchange, within the meaning of the Settlement Rules, is another Baltic Exchange, shall pay the initial semi-annual contribution and the amounts payable on the basis of subsequent additional payment claims through the Home Exchange into the guarantee fund of the Exchange according to invoices submitted by the Home Exchange.

If the member of the Exchange referred to in the preceding sentence has, as a result of the calculations made by the Home Exchange for the purposes of recalculating the semi-annual contribution, acquired the right to claim a refund of the resources placed in the guarantee fund of the Exchange, the Exchange shall refund the amounts in accordance with the instructions of the Home Exchange.

3. Settlement Limit

- 3.1. The settlement limit referred to in clause 7.2.1 of the Settlement Rules shall be determined on the basis of the total amount of payments placed on the account of the home member in the guarantee funds of the Exchange and other Baltic Exchanges at any given moment.
- 3.2. The settlement limit applicable either to all members or particular Exchange Member determined by the Exchange shall be established by a resolution of the Management Board of the Exchange, if deemed necessary considering the trading activity, volume and number of transactions on the market, as well as other relevant circumstances and risks and the general situation of the market.
- 3.3. The Exchange shall notify members immediately about the establishment, amendment or cancellation of the settlement limit.

4. Special contribution

- 4.1. The Exchange shall determine the amount of the special contribution referred to in clause 5.2.1 of the Settlement Rules on the basis of the Exchange member's trading activity, volume of market transactions, and assessment of solvency of the Exchange member if possible, as well as other facts and risks.

5. Limits of Guarantee Fund Restoration Claims

- 5.1. The total amount of claims referred to in clause 5.5.3 of the Settlement Rules, and submitted in relation to a member of the Exchange within one calendar year, may not exceed double the value of the last semi-annual contribution of the member of the Exchange.

The limit specified in the preceding sentence shall not be applicable in relation to a member of the Exchange, whose acts or omissions have caused the decrease of the guarantee fund below the minimum limit provided by law.

Annex 1
Calculation Rules Concerning
the Amount of Regular Contribution

1. Mean Daily Turnover of Exchange Member

The mean daily capital and bond markets turnover of the member of the Exchange shall be calculated according to the following formula:

$$ADT = \frac{B}{C}$$

where:

- ADT** – the mean daily capital markets or bond markets turnover.
- B** – Total amount of all purchase and sale transactions between the Exchange member and other members of the Exchange made during the calendar half-year preceding the due date of the semi-annual contribution and made on other Baltic Exchanges through automatic matching of transaction orders on capital markets (when calculating the mean daily capital markets turnover) or bond markets (when calculating the mean daily capital markets turnover), respectively.
- C** – Total number of such trading days in the calendar half-year preceding the due date of the semi-annual contribution, when the member of the Exchange made purchase or sale transactions with other members of the Exchange through automatic matching of transaction orders on capital markets (when calculating the mean daily capital markets turnover) or bond markets (when calculating the mean daily capital markets turnover), respectively.

2. Calculation of the Amount of Capital Market Component

The amount of capital market component shall be calculated according to the following table:

| Percentage used to calculate the amount | Capital markets mean average turnover on Baltic Exchanges during the calendar half-year preceding the due date of the semi-annual contribution (EUR) | | |
|---|--|-------------|-------------|
| 10% | 0 | to | 125 000 EUR |
| 1% | From | 125 000 EUR | |

3. Calculation of the Amount of Bond Market Component

The amount of bond market component shall be calculated according to the following table:

| Percentage used to calculate the amount | Bond markets mean average turnover on Baltic Exchanges during the calendar half-year preceding the due date of the semi-annual contribution (EUR) | | |
|---|---|-------|--|
| 0.25% | From | 0 EUR | |