

Central Securities Depository of Lithuania

Answers to the questionnaire included in **the Disclosure Framework for Securities Settlement System** prepared by the Committee on Payment and Settlement Systems (“CPSS”) and the International Organisation of Securities Commissions (“IOSCO”) on February 1997

Updated in November 2009

I. Basic information

A. What is the name of the SSS?

Central Securities Depository of Lithuania, Plc. (CSDL) (in Lithuanian: AB "Lietuvos centrinis vertybinių popierių depozitoriumas").

B. Where and in which time zone is the SSS located?

Place: Konstitucijos pr. 23, 08105 Vilnius, Lithuania. Time: Eastern European Time (GMT+02:00).

C. What functions does the SSS perform?

The principal objective of the Depository is to conduct the general accounting of securities (financial instruments), prepare and implement accounting systems for financial instruments account managers, execute their servicing and supervision.

While implementing this objective, the Depository performs the following functions:

- 1) opens and manages financial instruments accounts of account managers and personal financial instruments accounts;
- 2) ensures that during the execution of transactions with regard to financial instruments the said financial instruments are timely transferred from the financial instruments account of one account manager to the financial instruments account of another account manager;
- 3) ensures that the number of financial instruments of each issue placed for circulation corresponds to the number of financial instruments actually outstanding;
- 4) prepares and implements measures, which ensure the integrity and security of the financial instruments accounting system;
- 5) ensures compliance of the account managers with the rules and instructions of financial instruments accounting;
- 6) accumulates, processes and disseminates information concerning financial instruments accounting, trains and consults specialists in financial instruments accounting;
- 7) provides to account managers statements of their financial instruments accounts;
- 8) ensures protection of confidential information and implements internal control;
- 9) submits to the Securities Commission proposals concerning financial instruments accounting issues and provide reports on the development of the accounting system and the main problems related thereof;
- 10) provides the Bank of Lithuania and the Securities Commission with free of charge information necessary for the performance of their functions;
- 11) is entitled to handle cash settlements to the extent they relate to the management of securities accounts;
- 12) assigns ISIN codes to securities;
- 13) has the right to take over management of financial instruments accounting from the account managers against which a bankruptcy has been instituted;
- 14) provides issuers and intermediaries with other services related to account management.

- 15) prepares and presents to the Securities Commission for its approval rules on accounting of financial instruments and their circulation;
- 16) prepares and approves instructions of financial instruments accounting, specifying separate procedures provided for in the rules.

1. Does the SSS serve as a securities depository and/or provide securities settlement services?

The CSDL serves as a securities depository, which provides securities settlement services.

a) What types of instrument are eligible for deposit at the SSS (e.g. debt, equities, warrants, etc.)?

Equities, subscription rights, convertible bonds, debt instruments (corporate bonds, locally issued government securities: T-bills, fixed income government bonds and savings notes), foreign securities eligible through the link with Clearstream Banking Luxembourg (CBL) and cross-border links between Baltic CSDs.

b) What types of instrument are eligible for transfer within the SSS?

Equities, subscription rights convertible bonds, debt instruments (corporate bonds, locally issued government securities: T-bills, fixed income government bonds and savings notes), foreign securities eligible through the link with CBL, Estonian Central Depository, and Latvian Central Depository.

c) Please describe whether eligible securities are dematerialised, immobilised or transferred physically.

All securities are dematerialised (book-entry), i.e. are recorded by entries in the personal securities accounts opened in the name of the securities owners.

d) Does the SSS provide safekeeping for physical certificates?

No.

2. Does the SSS provide cash accounts and/or provide funds transfers in conjunction with securities transfers? If so, in which currencies?

The CSDL does not provide cash accounts. The CSDL and account managers participate in the Clearing Bank, e.g. the Payment system "LITAS" of the Bank of Lithuania (BoL), and have their own settlement accounts. Transfers in settlement accounts of securities account managers are executed in conjunction with securities transfers in the SSS of the CSDL in local currency Litas (LTL). The SSS Participants by delivering to the SSS special instruction regarding the change of settlement currency may change the settlement currency specified during the transaction. The change of settlement currency is possible only on bilateral consent of the parties.

Following the Instructions placed by CSDL participants, the SSS is generating free-of-payment and DVP settlement movements of securities, the execution of which imply a transfer of securities between the general securities accounts of the SSS participants and submission of payment Instructions to the payment system 'LITAS' operated by BoL for a transfer of cash between settlement accounts of the SSS participants, thereby ensuring a safe, final and irrevocable settlement of securities transactions.

3. Does the SSS provide a trade matching service? Do others provide such service for securities settled at the SSS?

Matching means a comparison checking of information available in Instructions placed by the SSS participants. The Instructions shall be deemed matched whenever the parameters, set by the SSS operator with regard to the Instructions placed by the SSS participants, coincide.

The CSDL matches FOP and DVP settlement instructions of OTC trading between the CSDL participants from T day up to S day on real-time basis. Matching of OTC settlement instructions is based on comparison of approx.10 parameters of the trades, including trade date, identification of securities and

counterparties, total amount, settlement day, etc. The settlement instructions are considered matched when mandatory requisites of the Buyer's and Seller's instructions coincide.

Having matched the Instructions, the SSS generates settlement movement, which is executed immediately or on the settlement day specified in the Instructions. The DVP transfer of securities and cash is carried out on the basis of matched Buyer's and Seller's instructions.

The electronic trading system of financial instruments exchange NASDAQ OMX Vilnius automatically produces a matched (confirmed) trade on T day between counterparties for central market (automatched) trades. Matching of trading orders for manual trades (negotiated deals), executed by brokerage firms on the NASDAQ OMX Vilnius, for the transactions of tender offer, public sale and initial public offering of a share issue is carried out by the NASDAQ OMX Vilnius on T day. After matching and execution of the transactions, the NASDAQ OMX Vilnius delivers information to its members regarding the placed trading orders and concluded transactions and to the CSDL regarding trading session results by 4.45 p.m.

4. Does the SSS provide a trade netting service (as distinct from undertaking the settlement of securities transfers on a net basis)? Do others provide such services for securities settled at the SSS? In either case, what types of netting (bilateral or multilateral), if any, are performed?

Pursuant to the Rules on Settlement of Transactions Concluded on the NASDAQ OMX Vilnius only the central market transactions are netted.

Settlement of central market 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.

While carrying out settlement movements of central market transactions, the CSDL checks whether the amount of securities in the general securities account of the Participants is sufficient, blocks the amount of securities required for settlement and submits to the Clearing Bank a batch of payment instructions of net balance positions, specifying the amount of cash to be transferred from the settlement accounts of the Participants, who are to deliver cash, to the special account and from it to the settlement accounts of the Participants, who are to receive cash.

5. Does the SSS offer a securities lending or borrowing programme?

No, it doesn't. However when one account manager is lending directly to another account manager, the CSDL facilitates execution of such a transfer of securities even on a settlement day (S), thus minimising securities defaults. Lending and borrowing procedures are based on repurchase or financial collateral arrangements between the SSS participants.

6. Does the SSS provide custodial and/or related services such as the collection of interest, dividends, principal or withholding tax reclamations? Which types of services are provided?

The CSDL may provide the collection and distribution of interest and principal of bonds, collection and distribution of dividends under separate agreement with Issuer or Issuer agent.

The CSDL withholds tax on government securities interest payments for non-residents.

7. Does the SSS act as a central counterparty or principal to transactions with its participants?

No. The CSDL does not provide any credits of securities or funds to its participants and therefore does not take any risks related to such activities.

8. Other? Please specify.

Implementation and enforcement of securities accounting principles upon account managers, accounting of corporate and stock events, handling of personal securities accounts in special cases and other instruments (details prescribed in CSDL regulation rules).

D. What type of organisation is the SSS?

The CSDL started its activities as a subdivision of the NASDAQ OMX Vilnius. It became an independent institution - a non-profit company - on 25 February 1994. In July 1998 the CSDL was reorganized into a public company.

1. Please indicate whether the SSS is a public sector or private sector entity.

60% of capital is owned by public institution (the Bank of Lithuania) and 40% of capital is owned by private companies (32% - NASDAQ OMX Helsinki Oy and 8% - NASDAQ OMX Vilnius). Both belong to NASDAQ OMX Group.

2. Please indicate whether the SSS is organised on a for-profit or a non-profit basis.

On for-profit basis.

3. What is the legal basis for the establishment of the SSS and for securities transfers made through it?

The legal basis for the establishment and operation of the CSDL is provided in the Civil Code, the Law on Markets in Financial Instruments, the Company Law and the Law on Settlement Finality in Payment and Securities Settlement Systems as well as in appropriate regulations:

a) approved by the Lithuanian Securities Commission: The Rules on Accounting of Financial Instruments and Their Circulation,

b) approved by the CSDL: the Rules on Settlement of Transactions Concluded on the NASDAQ OMX Vilnius Exchange, the Rules on the Securities Settlement System, the Securities Accounting Instruction, Securities transfer rules, etc;

c) approved by the Government: the Rules on the Issuance and Trading of Government Securities of the Republic of Lithuania, etc.

The Bank of Lithuania in compliance with ECB guidelines registered the securities settlement system of the Depository on January 19, 2004, as a systemically important system and commenced its official oversight.

E. Please describe and provide a diagram outlining the organisational and ownership structure of the SSS.

See Annex 1.

1. Who are the owners of the SSS?

The share capital is owned by:

the Bank of Lithuania – 36318 ordinary registered shares (ORS) (60 %);

the NASDAQ OMX Helsinki Oy belonging to the NASDAQ OMX group – 19369 ORS (32%); and

the NASDAQ OMX Vilnius belonging to the NASDAQ OMX group – 4843 ORS (8 %).

2. What entity or entities operate the SSS? Which functions of the SSS, if any, are outsourced to third parties?

- a) The CSDL operates the main functions of the SSS;
- b) The NASDAQ OMX Vilnius is responsible for trade matching, netting of the executed central market (automatically matched) trades, management of the Guarantee Fund;
- c) The Bank of Lithuania carries out cash settlement functions.

3. Does the SSS have a Board of Directors?

a) What is its composition?

The Board of the CSDL is composed of 5 members, including:

- 3 representatives of BoL;
- 2 representatives of NASDAQ OMX group.

b) What are its responsibilities?

The Board of the CSDL:

- 1) calls meetings of shareholders and executes resolutions passed at the meetings;
- 2) elects the Chairman of the Board, who is also the President of the CSDL, and sets his salary;
- 3) directs the activities of the CSDL;
- 4) sets prices for the services rendered by the CSDL. The amounts of the account managers' entrance fee, annual fee, quarterly securities custody fee for account management and transactions fee for accounting records must be coordinated with the Lithuanian Securities Commission;
- 5) prepares and approves detailed instructions on securities accounting;
- 6) considers and approves the organisational structure of the Company and positions, the statement of the company's financial position, the results of the activities and the estimate of income and expenditure (budget); etc.

F. Please describe the financial resources of the SSS.

1. Amount of paid-in capital and retained earnings?

In December 2008, paid in capital amounted to EUR 1.753 m, retained earnings and reserves equalled EUR 1.172 m, total shareholders equity EUR 2.925 m.

2. Guarantees, insurance coverage or other similar arrangements?

In December 2008 the mandatory reserve assigned to cover losses amounted to EUR 0.269 m.

3. Credit lines or letters of credit?

There are no facilities for credit lines or letters of credit.

4. Powers to assess participants or equity holders?

The CSDL is empowered by Law to inspect whether account managers comply with the rules and instructions of financial instruments accounting.

G. Please describe whether the SSS or its operator is subject to authorisation, supervision or oversight by an external authority.

The Securities Commission (LSC) is entitled to monitor, analyse, inspect and in other ways supervise the activities of the CSDL. Following its internal rules, the LSC carries out planned and targeted inspections of the CSDL operations and their compliance with laws and regulations. The LSC has the right to impose sanctions or restrict the activities of the CSDL as a means of enforcing laws and regulations. A representative of the LSC has the right to attend meetings of shareholders and the managing bodies of the CSDL with the deliberative voice and receive the material provided to other participants of the meetings.

The Bank of Lithuania registered the CSDL as a systemically important system in January 2004 and since then it has been carrying oversight of the CSDL by monitoring operation of its SSS.

The CSDL is subject to annual financial external audits by international audit companies. They assess whether the financial statements of the CSDL give true and fair view of the financial position of the CSDL and comply with the laws and regulations effective in Lithuania and with the International Accounting Standards (IAS).

II. Rules and procedures of the SSS

A. Does the SSS maintain a complete list of the rules and procedures governing the rights and obligations of participants and the duties of the SSS?

I. The following legal acts of 3 levels govern the rights and obligations of participants of the SSS:

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

II. The duties and rights of the CSDL (as SSS) are also described in:

- 1) The Rules on Accounting of Financial Instruments and Their Circulation, and
- 2) The Rules on Settlement of Transactions Concluded on the NASDAQ OMX Vilnius Stock Exchange (approved by the NASDAQ OMX Vilnius and CSDL);
- 3) Instructions approved by the Board of the CSDL:
 - The Securities Transfer Rules;
 - The Securities Accounting Instruction;
 - The Procedure for the Determination and Payment of the Fees of the CSDL.

1. How can participants obtain a copy of the rules and procedures?

Participants of the SSS are provided with the copies of all operating rules and procedures. All participants receive the newly adopted legal documents and amendments thereto once they have been adopted. The rules and procedures are also available by Internet on the web site of the CSDL both in Lithuanian and English.

2. Does other documentation provided to participants (e.g. user guides) have the same status as the rules and procedures?

User guides, standard software of securities accounting, etc. are not mandatory, they serve as recommendations. A contract of standard form between the CSDL and its participants is mandatory, and is provided as the annex to the Rules on the SSS.

3. Describe the process for changing rules and procedures, including any need for regulatory approval.

All drafts of and amendments to the legal documents, regulating securities accounting, are discussed by the Board of the CSDL and at the targeted meetings of Lithuanian Brokers' Association with the participation of the representatives of brokers and the LSC. All drafts of and amendments to the Rules on the Securities Settlement System of the CSDL must be reconciled with the BoL as other changes in regulation or participation in the SSS.

a) What authority is required, and how does this differ depending on the type of change involved?

The Rules on Accounting of Financial Instruments and Their Circulation as well as their amendments are prepared by the CSDL and must be approved by the LSC.

The CSDL must, within 3 business days, notify in writing the Bank of Lithuania about the changes of the participants of the system or of their data.

The CSDL must, within 7 business days, notify in writing the Bank of Lithuania about the changes made to the system rules, the agreements concluded by system participants in connection with the participation in the system or the standard terms of agreements.

The CSDL is obliged to submit to the Bank of Lithuania other information requested by it in connection with the system or its operation.

The CSDL prepares and approves instructions of securities accounting, which specify separate procedures provided for in the Rules on Accounting of Financial Instruments and Their Circulation.

b) How are participants notified of changes in rules and procedures?

All rules and procedures are mailed directly to participants of the CSDL. The participants are also notified in advance about the rules and procedures or their amendments at least 2 weeks prior to their coming into force. The Regulations passed by LSC are published in the official gazette "Valstybes ziniuos".

c) Is there a procedure for participants or others to comment on proposed rule changes?

Comments are made on the drafts at the meetings of the Lithuanian Brokers Association and the LSC.

B. Are the rules and procedures binding on the SSS as well as its participants? Under what conditions and on whose authority can written rules and procedures be waived or suspended by the SSS?

The Regulations passed by the LSC and the rules and procedures on securities accounting issued by the CSDL are binding on all account managers. The rules and procedures can be waived or suspended upon court decision if they are in contradiction to the superior acts, however, there have been no such cases in practice.

III. Relationships with participants

A. Please describe the types of membership offered by the SSS

1. How do the types differ?

Since the 19 January 2004 the status of the Participant of the SSS can be awarded to the following institutions specified in the Law on Settlement Finality in Payment and Securities Settlement Systems:

- 1) the Bank of Lithuania or a central bank of the state located in the European economic area or European Central Bank;
- 2) a credit institution licensed in Lithuania or the state located in the European economic area;
- 3) a brokerage firm licensed in Lithuania or the state located in the European economic area;
- 4) a state institution or company whose liabilities are guaranteed by the state;
- 5) 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 the state located in the European economic area.

Brokerage firms and banks acting through their divisions, i.e. intermediaries of public trading (IPT), must have the right to execute operations with securities, to open and manage personal accounts of securities. The SSS participants must also be participants of the Payment system "LITAS" and hold settlement account with the Bank of Lithuania.

2. Within each membership category, are all participants subject to the same rules and procedures? Please describe important exceptions, including both differences in rules across participants and the rationale for these differences.

All issuers must give proxies to IPT to run their securities accounting. All account managers must comply with securities accounting principles and other requirements. Participants can have different types of activity (TA) and act as principal agents or holders of client securities.

Stock exchanges and foreign central or international securities depositories may enjoy being SSS participants without being participants of the payment system 'LITAS' .

B. Can participants establish accounts for their customers' assets that are segregated from their own asset accounts at the SSS?

Accounting system of CSDL segregates own holdings of the participants (banks and brokerage firms) and the holdings of their clients - for each securities issue and for both primary and secondary markets. Participants – account managers must reconcile the statements from the CSDL segregated accounts with their own inside accounting system. The clients' securities kept by participants in custody in their accounts are not included in the balance sheets of banks or brokerage firms. However in cases when foreign account managers (hereinafter referred to as foreign custodians) acquire securities registered or legally traded within the Republic of Lithuania on behalf of their clients, the accounts (nominee accounts) of such clients may be opened in the name of foreign custodians, indicating that they act as account managers.

1. If so, is this accomplished through a single omnibus customer account or through a multiplicity of accounts and/or sub-accounts?

It is accomplished through a single omnibus account for one type of activity.

2. Is the segregation optional or compulsory

Segregation is compulsory in the CSDL and account managers' levels.

3. Does the fact that a sub-account at the SSS bears the name of a third party

give any rights to that third party as a participant under the rules of the system?

Not applicable.

C. Please describe participant requirements for each type of membership.

In order to conclude agreements with the SSS operator and become SSS participants, institutions shall supply the operator with the following:

1. an application;
2. copies of the Registration Certificate, the Articles of Association (Bank Statutes and Regulation of a structural brokerage subdivision) with all valid amendments and supplements as well as a copy of a licence issued by the Securities Commission (with an attached list of financial brokers), or a copy of a bank licence imposing no restrictions to render investment services;
3. a document or its copy, certifying the nomination (election) of the head of the institution;
4. a signature card of the authorized employees;
5. additional data and (or) required documents on request of the SSS operator;
6. a copy of the agreement specified in the Operating Rules of the Payment system "LITAS".

1. Are participants required to be domiciled or resident in a particular jurisdiction?

All participants are required to be domiciled in a particular jurisdiction. Lithuanian participants are required to be properly registered in Lithuania, whereas foreign participants must be properly registered in foreign countries.

2. Are participants required to be subject to a supervisory regime? If so, please describe.

Participants as account managers and intermediaries of public trading may be supervised by the LSC, NASDAQ OMX Vilnius and CSDL. The CSDL monitors compliance with the securities accounting principles. Banks are also supervised by BoL. Foreign participants are subject to surveillance of their home country supervisory authorities .

3. Are participants required to hold an equity stake in the SSS?

No.

4. Are there financial, economic, personal or other requirements (e.g. minimum capital requirements? "Fit and proper" tests? If so, please describe.

For banks registered in Lithuania, which are engaged in investment services, minimal core capital must be more than EUR 5 m.

Rules on the Calculation of Capital Adequacy for the Brokerage Firms and management companies establishes the capital adequacy requirements for category A (these BF can trade securities for their own account), and B (they can trade only in client money and for client account) brokerage firms (SSS participants) and the procedure of their calculation. Capital adequacy of a brokerage firm is calculated in order to ensure that it is financially sound enough to meet its liabilities.

According to the Rules on the Calculation of Capital Adequacy for the Brokerage Firms and management companies:

a) the initial own capital of brokerage firms willing to engage in all brokerage activities specified in the Law of the Republic of Lithuania on Securities Market (referred to as BF of category A) may not be less than EUR 730,000;

b) the initial own capital of brokerage firms, which have limited rights to invest own capital in securities, which are engaged neither in trading in securities with their own resources, nor in the firm commitment underwriting agreements with the issuers, must comply with a smaller initial capital requirement of EUR

125,000;

D. Does the SSS engage in oversight of its participants to ensure that their actions are in accordance with its rules and procedures? If so, please describe.

The CSDL carries out regular inspections of account managers. Once any deficiencies in securities accounting or non-compliance with the requirements for safety of securities accounting have been identified, the inspectors provide participants with methods to eliminate them.

The findings of the inspections are reported to the chief executive of the account manager and to the LSC.

E. Under what conditions can participants terminate their membership in the SSS? Does this mark the end of all liabilities of the participant? If not, please describe what liabilities could remain.

Participants can terminate their membership according to the conditions stated in the Agreement with the SSS.

"The Agreement may be terminated:

- 1) by consent of the Parties;
- 2) on the initiative of one of the Parties upon notifying in writing the other Party to the effect no later than 30 days in advance (with the exceptions given below);
- 3) on the initiative of the Participant upon notifying the CSDL no later than 5 days in advance, in case the Participant does not agree with the fees that have been amended or supplemented unilaterally by the CSDL;
- 4) on the initiative of the CSDL upon notifying the Participant to the effect no later than 5 days in advance in case the Participant fails to fulfil or fulfils improperly its obligations under the Agreement or violates the SSS Rules;
- 5) in case a bankruptcy case has been initiated to the Participant or CSDL, a licence has been revoked with regard to them or their activities have been restricted in any other way (in such a case the Agreement may be terminated by any of the Parties from the date indicated in its notification concerning the termination of the activities.
- 6) in other cases provided for in legal acts.

Upon termination of the Agreement on any grounds the Parties must meet all their obligations to each other, which have originated prior to the termination of the Agreement, except the cases, where obligations cannot be fulfilled in compliance with the requirements of legal acts or the Agreement."

F. Under what conditions can the SSS terminate a participant's membership in the SSS?

A participant's membership may be terminated by the CSDL in case of:

- 1) Withdrawal of the said participant from the SSS in accordance with the procedure established in the Agreement (see above);
- 2) The deprivation of the status of a participant of the Payment system "LITAS";
- 3) The decision of the Board of the CSDL provided the participant has at least twice a year infringed the provisions of the Rules of SSS and each time the SSS operator has notified him thereof in writing.

G. Please describe the scope of the SSS's liability to participants, including the standard of liability (negligence, gross negligence, wilful misconduct, strict liability or other), the force majeure standard, and any limitation to the scope of liability of the

SSS (e.g. indirect or consequential damages). Where are these liabilities and their limitations set out (e.g. in statute or contract)?

The rights, obligations and liabilities to which the CSDL is subject are formulated in agreements with its participants, the Law on Markets in Financial Instruments, The Rules on Accounting of Financial Instruments and Their Circulation, the Rules on the Issuance and Trading of Government Securities of the Republic of Lithuania, the Rules on Settlements of Transactions Concluded on the NASDAQ OMX Vilnius Stock Exchange, and other legal acts and bilateral agreements between the CSDL and the NASDAQ OMX Vilnius, the BoL, Clearstream Banking Luxembourg, and the Baltic CSDs. If the CSDL does not fulfil its statutory functions and obligations, the participant may apply to the Board and the General Meeting of Shareholders of the CSDL, to the LSC or to the court.

Liability of the CSDL or any other party in the event of negligent performance as well as liability for damages, inflicted by malpractice or negligence of the CSDL staff, is regulated by the relevant agreements between the Bank of Lithuania and the CSDL and SSS participants. The issue of liability should also be considered with regard to the provisions of the Civil Code (Book 6, Contractual Liability and Liability in Tort). The CSDL is not exposed to the risk of loss in the event of default, negligence or fraud on the part of a participant.

IV. Relationships with others SSSs and commercial intermediaries

A. Does the SSS maintain linkages (including sub-custodian or cash correspondent relationships) or other relationships with other SSSs?

The CSDL is a member of the European Central Securities Depositories Association (ECSDA) and International Securities Services Association (ISSA).

The CSDL keeps accounts with the Clearstream Banking Luxembourg (CBL) using unilateral DVP link. It also maintains bilateral settlement links with central depositories of the Baltic countries. By using these depository links local investors have gained an additional possibility to hold under custody the securities issued through CBL as well as in Estonia and Latvia. These links have also provided an additional alternative for market participants of the Nordic-Baltic Region enabling them to carry out settlement and hold Lithuanian securities in custody via BCDs links.

B. Does the SSS use securities custodians (other than the other SSSs addressed in the previous question) and/or commercial cash correspondents? Please identify the custodians or cash correspondents used and the duties that each performs.

The CSDL does not use any securities custodians (other than the SSSs addressed in the previous question) and/or commercial cash correspondents. For the CBL transfers Clearstream cash correspondents are used.

C. Please describe the standards used in approving or reviewing relationships with other SSSs custodians or cash correspondents, including any financial or operational requirements or the presence of insurance or public supervision.

The links with the Baltic CSDs are based on mutual agreements prepared in compliance with ECSDA recommendations on standard agreements between CSDs. The Agreement with the CBL has the form of an application to open an account and a written CSDL obligation to comply with General terms and conditions, which can be periodically reviewed and changed by the CBL.

D. Does the SSS advance funds or securities to or on behalf of other intermediaries such as issuing or paying agents? If so, please identify the circumstances in which

such exposure could arise.

The CSDL does not advance funds or securities to or on behalf of any other intermediaries.

E. Please describe measures in place to protect the SSS and its members against the failure of other SSSs or commercial intermediaries to meet obligations to the SSS, including risk controls, collateral or alternative sources of funds and securities.

The CSDL does not enter into any risk transactions with other SSSs or commercial intermediaries that could result in a failure of those intermediaries to meet their obligations to the CSDL.

V. Securities transfers, funds transfers and linkages between transfers

A. Please discuss whether and how settlement instructions are matched between participants prior to processing by the SSS.

1. Is matching required for all transactions without exception?

The SSS matches FOP and DVP settlement instructions of OTC trading between the CSDL participants from T day up to S day on real-time basis. Matching of OTC settlement instructions is based on comparison of approx.10 parameters of the trades, including trade date, identification of securities and counterparties, total amount, settlement day, etc. The settlement instructions are considered matched when mandatory requisites of the Buyer's and Seller's instructions coincide. The DVP transfer of securities and cash is carried out on the basis of matched Buyer's and Seller's instruction. Matching is not necessary for unilateral instructions when account managers execute FOP transfers between own omnibus securities accounts.

Matching of instructions is not required for trades concluded on the NASDAQ OMX Vilnius, as the NASDAQ OMX Vilnius provides the SSS with trading session results, which are generated on the basis of the already matched trading orders.

2. What procedure is used when instructions do not match?

After receiving a new bilateral instruction, the SSS searches for an instruction suitable for matching and sends a reminder to the settlement counterparty. When participants' instructions do not match by the settlement deadline, the CSDL rejects them and such transfers are not executed. First full in the event of failure to find any Instruction eligible for matching, the SSS on the basis of the received Instruction immediately generates and sends to its counterparty-SSS participant a message „Settlement Allegement“, whereas to the SSS participant, who has submitted the Instruction, - a message „Settlement Status and Processing Advice“. Upon receipt of the message „Settlement Allegement“, the SSS participant can generate on its basis a relevant counter-Instruction and immediately forward it to the SSS. The Instruction must include the identification number of the counterparty's Instruction on the basis of which the above-mentioned Instruction is being generated.

Having received the counter-Instruction from the counterparty and having matched the Instructions, the SSS shall generate settlement movement, which shall be executed immediately or on the settlement day specified in the Instructions (and at the specified time, if the latter has been provided for in the submitted Instruction). The SSS shall deliver to its participants, who have placed the Instructions, a message „Settlement Status and Processing Advice“, notifying about the matching of the Instructions concerned.

An Instruction can be placed in the SSS at the time chosen by the SSS participant but not earlier and not later than the cut-off time for the submission of Instructions.

3. Are matched settlement instructions binding on participants?

Matched settlement instructions are binding as settlement of certain transactions starts. The SSS participant shall not be allowed to change the Instruction placed with the SSS. The Instruction may only be revoked by the SSS participant by delivering a message „Revoke the Instruction or change the terms

and conditions of the settlement movement". Once the SSS has started executing the settlement movement generated on the basis of the Instruction, the said Instructions may not be revoked.

The trades of matched trading orders on the NASDAQ OMX Vilnius are binding.

NASDAQ OMX Vilnius members can terminate settlement of central market transactions and manual trades, except for the transactions of an initial public offering of shares, public sale of shares and a tender offer.

Both settlement parties (the NASDAQ OMX Vilnius members), intending to terminate or postpone the concluded transaction, must by 10 a.m. on day S present their written applications to the NASDAQ OMX Vilnius. By 11 a.m. on S day the NASDAQ OMX Vilnius shall inform the CSDL about the cancelled or postponed transactions by placing a message on Participants' Secure Information Site. On the basis of NASDAQ OMX Vilnius message CSDL shall change the execution date of the respective settlement movement or cancel its execution.

Settlement of manual trades carried on the NASDAQ OMX Vilnius can be postponed till day S+2.

a) If so, please describe the consequences of failure by participants to meet obligations (e.g. forced settlement, penalties, short positions).

For disruption of settlement (due to default of securities or cash) fines are applied to the defaulted account managers. The size of the fines and their payment procedure are laid down in the regulations of the CSDL and the NASDAQ OMX Vilnius.

b) Please describe whether this is a feature of the SSS's rules and procedures or of national law or regulations.

In case the parties of a settlement fail to meet their obligations, or one of the parties stops the settlement process for the securities transactions, disputes, disagreements between the parties and penalties are settled by negotiation and in the procedure prescribed by law. The Rules on Settlement of Transactions Concluded on the NASDAQ OMX Vilnius provides legal background for financial sanctions for SSS participants, if the latter fail to discharge their obligations to settle the transactions. Penalties are paid to the SSS according to the Instruction "The Procedure for the Determination and Payment of the Fees of the CSDL" and direct agreements between CSDL and its participants, and to the NASDAQ OMX Vilnius according to the NASDAQ OMX Vilnius Trading Rules.

c) Please provide a time line indicating the points at which matched instructions become binding, as well as any pre-matching process that takes place.

The participants can file with the SSS securities transfer instructions [against payment (DVP) and free-of-payment (FOP)] that are to be settled at a later than submission date from 8 a.m. (7.00 a.m. GMT+1) till 8.00 p.m. (7.00 p.m. GMT+1).

The participants can file with the SSS the securities transfer against payment instructions (where the settlement currency is Litas) that are to be settled on the day of their submission from 8.00 a.m. (7.00 a.m. GMT+1) till 3.45 p.m. (2.45 p.m. GMT+1). (The SSS reserves 15 min. for processing of instructions).

The participants can file with the SSS the securities transfer against payment instructions (where the settlement currency is Euro) that are to be settled on the day of their submission from 8.05 a.m. (7.05 a.m. GMT+1) till 5.45 p.m. (4.45 p.m. GMT+1). (The SSS reserves 15 min. for processing of instructions).

The participants can file with the SSS the FOP securities transfer instructions (local and cross-border) that are to be settled on the day of their submission from 8.00 a.m. (7.00 a.m. GMT+1) till 5.45 p.m. (4.45 p.m. GMT+1) (The SSS reserves 15 min. for processing of orders). The exact latest time of execution of cross-border FOP instructions depends on the closure of the business day of the central depository system in the corresponding country, but it may not be later than 5.45 p.m. (4.45 p.m. GMT+1).

B. Are securities transferred within the SSS registered?

All securities transferred within the CSDL are registered in the issue registration accounts, balanced with the general securities accounts of participants.

1. Who is the registrar?

The Lithuanian securities accounting system does not provide the uniform register of securities ownership. Most securities are registered and proof of ownership is expressed by entries in personal securities accounts opened by account managers, i.e. intermediaries of public trading (IPT) in the name of beneficiaries.

Nominee registration or transfer in the name of a nominee is possible only for clients of foreign account managers (custodians) who keep their securities in the name of those custodians.

In accordance with the Law on Markets in Financial Instruments and the The Rules on Accounting of Financial Instruments and Their Circulation:

“Financial instruments shall be recorded by entries in personal securities accounts.

Personal securities accounts shall be opened on behalf of the owner of the securities. Pledged securities accounts may be opened on behalf of the pledgee (provided the owner of the securities is disclosed alongside).

Accounts of the clients of the account managers registered abroad may be opened on behalf of those account managers, indicating that they act as account managers. In compliance with the procedure established by these Rules, personal securities accounts shall also register restrictions of securities transferability and other encumbrances as well as investors' claims during the primary trading in securities.”

2. Is it normal practice to register the securities in the name of the SSS (or its nominee) or in the name of the beneficial owner? Are there instances in which securities housed within the SSS are registered to neither the SSS (or its nominee) nor the beneficial owner?

Securities in beneficial owner's accounts are held in the name of the beneficial owner, except securities of clients of account managers registered abroad, who keep them like nominees in the omnibus account of local account managers.

3. If the SSS offers custodial services, will it hold securities registered in the name of the beneficial owner?

The CSDL offers the following custodial services:

a) with regard to domestic investment companies keeping in custody their securities portfolios in the CSDL, accounts are opened in the name of the investment companies on the basis of the depository services agreement;

b) with regard to remote foreign institutional investors (II) keeping their own securities in the CSDL, accounts are opened in the name of the II as beneficial owner, whereas securities of the II clients are held in the omnibus client account of the II as a nominee;

c) with regard to local brokerage firms and banks investing in foreign securities through the link of Clearstream Banking Luxembourg, accounts are opened in the name of the BF or bank for their principal investments and omnibus accounts for the holdings of their clients;

d) Latvian and Estonian investors hold Lithuanian securities in custody on the CSDL accounts opened on behalf of their central depositories.

According to the Rules on Accounting of Financial Instruments and Their Circulation the CSDL has the right to open and manage personal securities accounts and when the CSDL acts as an account manager it must comply with all the requirements imposed on account managers.

4. Under what circumstances does the SSS initiate registration of securities in the buyer's name?

The CSDL does not initiate any registration of securities in the buyer's name. Securities are entered into the account held with the CSDL by the account manager acting on behalf of the buyer on S day. The SSS

executes transfers on day S according to the received trading results from the NASDAQ OMX Vilnius, matched settlement instructions of participants, instructions and reports from the Payment system "LITAS" on cash accumulated in the participants' settlement accounts.

5. How long does the registration process typically take? Are participants notified when registration is complete?

The securities transfers within the SSS are executed in real-time or batch regime (depending on transaction type). It can take from few minutes to even all settlement day (in case of defaults). Confirmation of settlement is provided to participants immediately after execution. Final information (statements of accounts, reports on the executed transfers) to account managers is given at the end of the settlement day. Securities transfers in the internal accounting of the account manager must be executed immediately, after receiving confirmation of the executed settlement. The account manager is obliged to inform his clients on the changes in the beneficial owner's account immediately or within the time period specified in the agreement between the account manager and the owner of securities.

6. Can securities be transferred within the SSS before registration in the buyer's name is complete? If so, do the rules and procedures of the SSS provide for an unwind or reversal of such transfers in case of bankruptcy or other events which result in the buyer's name not being entered on the registrar?

Securities cannot be transferred within the SSS before registration in the buyer's name is complete.

C. Please describe how securities transfers are processed within the SSS.

1. Please indicate whether the transfers are processed as debits and credits to members' accounts or via some other method.

Securities transfers within the CSDL are processed as debits and credits to the securities accounts of the participants.

2. On a continuous (real-time) basis, or in one or more batches?

The following transfers are processed as a real time gross settlement process:

- 1) Settlement for FOP transactions;
- 2) Settlement for DVP transactions, except transfers of securities arising from settlement of transactions concluded on the regulated market;
- 3) Settlement of manual trades, concluded on the NASDAQ OMX Vilnius;

The following netted transfers are processed in separate batches for each type of transaction:

- 1) Settlement of the NASDAQ OMX Vilnius transactions concluded during initial public offering of a share issue;
- 2) Settlement of the NASDAQ OMX Vilnius transactions concluded during the execution of a tender offer;
- 3) Settlement of the NASDAQ OMX Vilnius transactions concluded during public sale of shares;
- 4) Settlement movements with regard to the NASDAQ OMX Vilnius central market transactions;
- 5) Stock events initiated by the SSS operator.
- 6) Settlement movements with regard to the Government securities auction transactions;

3. If continuous, during what hour does the processing occur? If in batches, at what time or times is the processing initiated and completed?

See Annex 2.

4. Do securities settlements occur daily? Please identify securities for which settlement occurs only on specific days of the week or month.

Securities settlements are carried out daily except weekends and public holidays.

D. Please describe whether final funds transfers in conjunction with the SSS are made as debits and credits to balances held at the SSS, at one or more commercial banks, at the central bank, or via some other method.

Fund transfers in conjunction with SSS are made as debits and credits to balances held at the Central bank. Participants of the SSS must hold settlement accounts in the BoL (Payment system "LITAS").

1. Does the SSS maintain cash accounts for its participants? Are these accounts equivalent to deposit accounts at a commercial or central bank or do they serve only as "cash memorandum" accounts?

The CSDL does not maintain any cash accounts for its participants.

2. On what entity (SSS or other) does the participant bear cash deposit risk?

Cash settlements are risk free for CSDL. The participant bears cash deposit risk in his commercial bank to the extent he holds funds there for the purpose of settling securities transactions (until the funds are finally transferred to the participant's settlements account in the BoL).

3. Under what circumstances does the SSS provide credit extensions or advances of funds to its participants and thereby expose itself to credit risk?

The CSDL does not provide any credit extensions or advances of funds to its participants and therefore does not expose itself to any credit risk.

4. How long can such credit extensions last? How long do they typically last?

See par.3.

E. Is the SSS a DVP system? If so, please describe the DVP model used according to the models outlined in the DVP Report (see the Introduction). Please also provide a diagram indicating the timing events in the processing of securities and funds transfers in the SSS. Where the SSS provides more than one alternative for settlement processing, please provide a response for each alternative and indicate the relative importance of each alternative.

With regard to the models outlined in the DVP Report, the CSDL uses DVP model 1 and 3.

The schedule of SSS deadlines is provided in Annex 2.

1. Are funds transfers and securities transfers processed within the same system or in different systems? If different, how are they linked?

Securities and funds transfers are processed in different systems. Securities are processed in the SSS, operated by the CSDL, while funds are processed in the Payment system "LITAS", operated by the BoL. Both systems maintain close relations and exchange information on the conducted transfers through the same messaging system. Participants of both systems can enter securities settlement instructions and payment orders through the same access point. A bilateral agreement between the CSDL and the BoL is

signed for the processing of settlement of DVP transactions.

SSS operated by the CSDL is a system for handling databases and processes operated on the basis of agreements of its participants in observance of general rules and standardized procedures with the purpose of carrying out registration and safekeeping of securities, execution of stock events and securities settlements between the SSS participants by making records of securities transfers between general securities accounts and transmitting payment Instructions related to such securities transfers for further processing into the System 'LITAS'. SSS executes real and designated time settlements of securities transactions, concluded on the NASDAQ OMX Vilnius or OTC, as well as free-of-payment securities transfers. Settlements are carried out according to trading session results provided by the information system of the NASDAQ OMX Vilnius and settlement Instructions provided by the participants electronically. The SSS ensure a simultaneous, final and irrevocable settlement of securities within the SSS and cash settlements within the System 'LITAS'.

a) Please describe whether each securities transfer is linked to a specific funds transfer on a trade-by-trade basis or on a net basis or via some other method.

Securities transfers executed continuously are linked to funds transfers on a trade-by-trade basis. As regards batch settlement, securities transfers are linked to funds transfers on a net basis.

b) Does the SSS “split” large transactions into multiple transactions or require participants to do so?

The CSDL does not split large transactions into multiple transactions and does not require participants to do so.

2. When do securities transfers and funds transfers become final?

The subparagraphs 3 and 4 of paragraph 3 of Article 4 of the Law on Settlement Finality in Payment and Securities Settlement Systems provide that the SSS Rules must specify the moment of entry of settlement instructions and payment orders into the system as well as the moment since which the settlement instruction or the payment order admitted to the system may not be revoked.

Paragraph 47 of the Rules on the Securities Settlement System of the Central Securities Depository of Lithuania provides that:

“The moment of irrevocability of Instructions shall be defined as the moment when the SSS starts executing the settlement movement generated according to the placed Instructions. The blocking of the placed securities in the general securities accounts of the participant shall be deemed the beginning of the execution of the settlement movement and it shall be equated to the moment of entry of Instructions into the SSS. Such settlement movements can fail only as a result of shortage of securities in the general securities accounts of the participants within the SSS and (or) cash in the settlement accounts of the participants.”

Finality of payments in DVP arrangements is guaranteed. The moment of final settlement in Lithuania is defined in the Law on Payments. Article 9 of this Law states that: “The payment order is considered executed at the moment the credit institution has charged funds to the payee’s account, provided that the credit institution of the payer and the payee is the same. In the case that the credit institutions of the payer and the payee are different, the payment order is considered executed at the moment the funds have been received against payment order by the payee’s credit institution from the payer’s credit institution. Upon execution of the payment order, the liability of the payer to the payee in the amount of the sum of the payment order comes to an end”.

a) At what time do securities transfers become final? After what event or events?

Settlement of securities transactions shall be considered as having taken place upon making entries in general securities accounts of the SSS participants and executing cash transfers between settlement accounts of the payment systems. A free-of-payment securities transfer shall be considered as having taken place, upon making respective entries in general securities accounts of the SSS participants delivering and receiving the securities.

b) At what time do funds transfers become final? After what event or events? Does this timing allow for same-day retransfer of funds received in exchange for securities?

Funds transfers become final and irrevocable when debit-credit operations are recorded in settlements accounts of the SSS participants. There is no one exact time because of real-time and several batches processing for different types of transactions (see Annex 2). The same-day retransfer of funds received in exchange for securities is possible.

c) If final delivery of securities precedes the final transfer of funds, can participants dispose freely of such securities prior to funds finality? If so, what actions will be taken if funds are not received?

The final delivery of securities does not precede the final transfer of funds. Settlement is carried out on the basis of DVP. Participants cannot dispose freely of such securities prior to funds finality.

d) If final delivery of funds precedes the final transfer of securities, can participants dispose freely of such funds prior to securities finality? If so, what actions will be taken if securities are not received?

The final delivery of funds does not precede the final transfer of securities. Settlement is carried out on the basis of DVP. Participants cannot dispose freely of such funds prior to securities finality.

e) Does the timing of finality differ depending on the type of security transferred or the currency in which payment is to be made? Please describe.

The timing of finality does not depend on the type of securities transferred or the currency in which the payment is to be made.

3. Please discuss whether participants are notified of securities or funds transfers while they are still provisional, only when they are final, or both.

Participants of a settlement are notified about the amounts of funds and securities that must be accumulated in the accounts before the settlement as well as about the results of the settlement.

F. Does the SSS itself “guarantee” funds or securities transfers?

The CSDL does not guarantee securities or funds transfers. The Guarantee Fund is managed by the NASDAQ OMX Vilnius and it guarantees settlement for the central market transactions.

VI. Default procedures

A. Please discuss the events or circumstances that would constitute default of a participant under the rules and procedures of the SSS or that would lead the SSS to make use of exceptional settlement arrangements or unwind procedures.

1. Failure by a participant to meet a test of its solvency under the applicable laws of its jurisdiction?

2. Failure to make payments or deliveries of securities within the time specified?

3. To the extent that the rules and procedures grant discretion in the determination of the use of default or other exceptional procedures, please discuss where the authority to exercise such discretion resides and the circumstances in which this authority would be used.

The following events or circumstances would constitute the default of a participant or justify the use of

exceptional procedures:

- shortage of securities or cash when making settlements for the NASDAQ OMX Vilnius and off-exchange transactions, i.e. failure to meet obligations to counterparties of settlements;
- insolvency;
- bankruptcy proceedings;
- a decision of the LSC or other supervisory authorities or the Board of the CSDL to suspend temporarily or irrevocably the activities of a participant who constantly or grossly fails to meet its liabilities to the market or does not comply with initial capital requirements.

B. *What procedures are followed by the SSS once it has determined that a default event has occurred or that exceptional settlement arrangements are to be employed?*

Having established a default of a participant, the CSDL or the Clearing Bank acts in compliance with the provisions of the legal acts regulating settlement of central market and OTC transactions. In case the activities of a participant were suspended temporarily or irrevocably by a decision of the Securities Commission or other competent authorities, the procedures set out in the Rules on Accounting of Financial Instruments and Their Circulation and instructions of the CSDL would be employed.

1. How and at what point participants are notified that this has occurred?

The SSS informs the participants of the default settlement immediately after the event of the securities default has occurred. The Clearing bank informs about cash defaults in participants' settlement accounts immediately, CSDL repeats this information to participants and monitors cash default elimination process.

2. Would the SSS be expected to continue to meet all its obligations to participants under these circumstances? Please discuss the resources in place to ensure that this would occur (e.g. collateral, participants' fund, insurance, loss-sharing arrangements, etc.).

For batch processing (central market transactions, transactions concluded during the execution of a tender offer, public sale and initial public offering of a share issue) - only the postponement of a particular settlement transfer to the following settlement day is used.

For real-time processing – the SSS expects that the participant will provide securities or cash until the end of the settlement day.

No collateral of the SSS is used.

3. Please describe and provide a time line indicating the order in which these resources would be used as well as the timing of participant notifications and important deadlines (e.g. when the SSS's obligations to participants would be met, when participants would need to cover their loss-sharing obligations).

In the event that a central market transaction is in default of securities, the SSS postpones the appropriate settlement transfer to the following settlement day, but not longer than the day S+10 inclusive. If carrying the actions on day S+4, the securities default is identified once again or the Participant fails to confirm the corresponding settlement movement, the CSDL shall inform the NASDAQ OMX Vilnius on the matter. In that case the NASDAQ OMX Vilnius must buy the required securities under market conditions on behalf of the NASDAQ OMX Vilnius member as a result of whose actions the securities default has occurred, paying by the means of the Guarantee Fund. While placing the order, the NASDAQ OMX Vilnius shall indicate in the ad hoc settlement conditions that the acquired securities will be held on the personal Guarantee Fund account of the NASDAQ OMX Vilnius with the Central Depository. The NASDAQ OMX Vilnius shall notify the CSDL on such a transaction in writing. On the basis of such a note the CSDL shall confirm the generated settlement movement and process it. The order must be placed in a way that would make it possible to transfer the securities to the referred account before the execution of the settlement movements begins on day S+9 at the due time indicated

in the Schedule of the SSS.. If securities are not available on the market, the settlement of the transaction is cancelled.

In the event that the Clearing Bank identifies cash default in the settlement account of at least one of the Participants taking part in the settlement, the Central Depository shall receive a message from the Clearing Bank about the blocked cash (if the amount of cash on the settlement account of the Participant is not sufficient to execute payment, the available balance of the account shall be blocked).

Upon receipt of the message referred above, the CSDL shall without delay suspend settlement movements of the Participants experiencing a deficiency of cash and in order to have the least impact on the settlements, shall select the non-executable settlement movements and recalculate aggregate settlement positions of each Participant in securities and cash.

The CSDL shall postpone the settlement movements of the central market transactions that have failed due to a deficiency of cash on day S till the next settlement day, but not longer than the day S+3 inclusive.

While carrying the settlement movements of the central market transactions on day S+1 and having identified that the Participant has failed to confirm the settlement movement concerned or having received a message from the Clearing Bank that there is a deficiency of cash for settlement movements on the Participant's settlement account once again, the CSDL shall inform the Exchange on the matter after the close of the accounting day. In that case the NASDAQ OMX Vilnius must transfer the required amount of cash of the Guarantee Fund to the account indicated by the CSDL before the execution of the settlement movements begins on day S+3 at the due time indicated in the Schedule of the SSS.

After the required amount of cash of the Guarantee Fund is transferred to the Guarantee Fund account of the NASDAQ OMX Vilnius administered by the Central Depository, the Central Depository shall change the corresponding settlement movement (which has been non-confirmed or which has been in default of cash), by indicating CSDL as the party delivering cash and receiving securities. In this way the settlement of central market transaction in compliance with the settlement movement, which is due on day S, shall be finished.

The received securities shall be transferred to the personal Guarantee Fund account indicated by the NASDAQ OMX Vilnius.

If the NASDAQ OMX Vilnius does not transfer the required amount of cash of the Guarantee Fund, the CSDL shall terminate the execution of the settlement movements of such central market transactions on day S+3.

4. Please describe all conditions under which provisional transfers of securities or funds could be unwound by the SSS.

The Lithuanian settlement system does not allow provisional transfers of securities or funds.

5. Can bankruptcy or insolvency be declared retrospectively in the SSS's jurisdiction (e.g. under a "zero-hour" rule), and could this cause provisional securities or funds transfers to be unwound.

Neither bankruptcy nor insolvency can be declared retrospectively in Lithuanian jurisdiction.

There is no "zero hour rule" in Lithuania. Legal acts of the Republic of Lithuania do not provide for the right of the administrator to revoke undertaken liabilities prior to instituting a bankruptcy proceeding.

6. Please describe any circumstances in which transfers of securities or funds that were defined as final in response to question V.E.2 above would ever be unwound.

The settlement movements, which are recorded in the Participants' general securities accounts and due to this are treated as final, cannot be unwound.

C. *Has a participant in the SSS ever been declared in default or become insolvent?*

In the history of the CSDL, a few participants have been declared insolvent or in default.

1. Have loss-sharing procedures been invoked?

The CSDL settlement system has no loss-sharing procedures, whereas the NASDAQ OMX Vilnius during 15 years of operation used twice its Guarantee Fund to cover the participant's short position of funds.

2. Please describe whether any of these defaults or insolvencies resulted in losses for the SSS or its participants and how they were absorbed.

The mentioned cases of insolvency/default have not resulted in any losses for the CSDL. The NASDAQ OMX Vilnius Guarantee Fund covered central market obligations of the participants in default from individual contributions of the defaulted participants and therefore the SSS participants had no losses.

VII. Securities overdrafts, securities lending and back-to back transactions

A. *Is it possible for debit positions (overdrafts) in securities accounts at the SSS to arise?*

Debit positions (overdrafts) are not possible on securities accounts. Shortages of securities necessary for the settlement are possible, but they can result in the temporal blocking of securities balance, but not in the overdraft position.

1. Under what conditions could such debit positions occur?

Not applicable.

a) *Do these conditions always result in debit positions in securities accounts rather than failed transactions? If not, please explain the basis for differential treatment by the SSS.*

b) *Are these situations covered explicitly by the rules and procedures of the SSS?*

2. How long can such debit positions last? How long do they typically last? Not applicable.

3. How are debit positions in securities accounts prevented, rectified or managed? Not applicable.

4. What procedures would be followed by the SSS in case the debit cannot be rectified? (e.g. failure by a participant with a debit balance in a securities account or unavailability of the securities in the market). Not applicable

a) *Application of loss-sharing provisions allocating the loss to participants?*

b) *Absorption of the loss by the SSS?*

c) *Other? Please specify.* Not applicable.

B. *Under what circumstances does the SSS provide for the lending of securities to*

ensure settlements?

- 1. Is the process for lending securities automatic? If not, please describe the procedures used by the SSS to determine whether a securities loan will be made.**
- 2. At what point are participants notified that securities are being lent to them in order to complete their settlements?**
- 3. Which securities on deposit at the SSS are eligible for lending? Do participants have the option to make securities available for lending or is it mandatory?**
- 4. Are lent securities identified by the SSS with specific participants as lenders or only with a common pool of securities available for lending? Does the participant whose securities are lent become a principal to the transaction?**

The CSDL does not manage securities lending-borrowing program. After early warning messages on short positions from the SSS, the participant himself can arrange borrowing/lending of securities by repurchase agreements, which can be processed during day S on real time basis.

C. How does the SSS settle back-to-back transactions?

The real-time processing allows settlement of back-to-back transactions.

VIII. Risk control measures

A. Please describe the roles and responsibilities of those areas of the SSS responsible for risk management and control.

The SSS is subject to control. Pursuant to the laws and regulations of the Republic of Lithuania the authorities involved in control are *the Bank of Lithuania and the LSC*.

Following the Law on Settlement Finality in Payment and Securities Settlement Systems the Bank of Lithuania registered the SSS of the CSDL as a systemically important system and is responsible for its oversight and monitoring.

Additionally as the largest shareholder (60% of capital) the Bank of Lithuania can influence and control activities of the CSDL through its representatives in the Board.

Following the Law on Markets in Financial Instruments, the objectives of the LSC (associated with supervision) shall be as follows:

- 1) to monitor, analyse, inspect and in other ways supervise the activities of intermediaries of public trading in securities, their association, stock exchanges, the CSDL and account managers;
- 2) to impose sanctions provided for in this Law on persons who violate this Law and the rules and instructions approved by the LSC;
- 3) to organise examinations and qualifications tests with the purpose of evaluating knowledge and competence of brokers.
- 4) following its internal rules the LSC carries out planned and targeted inspections of the CSDL operations and their compliance with laws and regulations.

The LSC has the right to impose fines on the CSDL as a means of enforcing laws or requirements, but no enforcement action has been taken against the CSDL yet.

The activities and operations of the CSDL are subject to permanent control and assessment, which is performed by *the independent internal auditor*. It conducts audit with respect to operational, financial and legal aspects as well as management of internal control procedures on a continuous basis.

The CSDL is subject to *external audit* by international audit companies. They once a year assess whether the financial statements of the CSDL give true and fair view of the financial position of the CSDL and comply with the laws and regulations effective in Lithuania. International auditors from the very establishment of the CSDL have conducted such kind of auditing.

The following risk management measures are employed at the SSS:

- 1) In compliance with the SSS rules the CSDL has an Early Warning System of Securities Defaults in place. The SSS participants are informed on the amounts of cash and securities required for settlement as well as on the shortage of securities (if appropriate) during the settlement cycle each day.
- 2) The procedures applied in case of settlement transfers of all transactions with respect to both securities and cash defaults are explicitly set.
- 3) There is no possibility for the SSS participants to make a transaction with non-existent securities. The transactions with securities, which are not recorded in general securities accounts of the SSS participants, are forbidden. Securities overdrafts (negative balances) are not permitted in the CSDL accounting system.
- 4) The NASDAQ OMX Vilnius administers the Guarantee Fund, which is allocated to cover defaults of the SSS participants in case of central market transactions.
- 5) The Rules on Settlement of Transactions Concluded on the NASDAQ OMX Vilnius provide legal background for financial sanctions for SSS participants, in the event the latter fail to discharge their obligations to settle the transactions. The penalties are paid to the CSDL (according to the Instruction regarding the Procedure for the Determination and Payment of the Fees of the CSDL and Agreements with participants) and to the NASDAQ OMX Vilnius (according to the NASDAQ OMX Vilnius Trading Rules),.
- 6) The CSDL does not act as central counterparty for participants' operations. It neither gives credits nor provides the deficient securities to SSS participants; therefore the CSDL is not exposed to any risk in its operations related to non-fulfilment of obligations by SSS participants.
- 7) Bad deliveries of securities are eliminated due to a complete dematerialisation of the securities accounting system, as securities pursuant to the laws and regulations of the Republic of Lithuania are book-entry, and any change in the title of securities is fixed by entries in securities accounts.
- 8) The SSS provides its participants with securities balances for the reconciliation of securities positions at the end of a settlement day and with a facility to observe execution of the securities transfer operations and securities positions throughout the whole day in real time.

1. Please describe the process for the internal review of risk management policies and procedures.

The CSDL has put the following formalised procedures in place:

- Approved the regulations of the Depository subdivisions, internal work regulations, and job instructions for employees ;
- Provided a description of the operating procedures for the IT and securities accounting employees and a business continuity plan to act under force majeure circumstances;
- Installed the reserve hardware and software and arranged additional working places for the purpose of dealing with the above-mentioned force majeure circumstances and for providing data back-up capabilities in an off-site location.

2. Is there a risk management policy that addresses the review and approval of new products and services offered by the SSS? At what level of the organisation is risk management approval given for a new product or service?

The Board of CSDL discusses and approves all new products and services to be offered by the CSDL assuming all related risks.

3. Does the SSS have a risk management function with clear independence from and authority over operational or marketing functions?

Internal Auditor's reports on risk control are provided to the president of the CSDL, who enforces implementation of risk management measures on any business unit.

4. Does the Board of Directors review risk management policies and procedures? Does the Board have a risk management or audit committee?

The Board discusses and approves all the rules and procedures of securities accounting. According to the risk assessment criteria provided by the Depository Review and Risk Evaluation Service, which was launched by Thomas Murray and Standard & Poor's, the CSDL updated the assessment of the risks related to the activities of the CSDL. In March 2009, external financial auditors provided the CSDL with IT audit results and recommendations for IT solutions.

B. Please describe any internal or external audits or supervisory/regulatory examinations that are performed with respect to the SSS. For each such audit or examination, please address the following questions.

1. Who performs the audit or examination?

The internal control of the Depository is run by the management of the CSDL and is revised by internal auditor, the operational and legal control is in the hands of the BoL and the LSC, and the financial control of the Depository is carried out by external auditor.

2. What is the scope of the audit or examination?

The last financial audits were performed by the international audit company KPMG Baltics. The same company conducted the IT audit of the CSDL in March 2008.

3. What is the frequency of the audit or examination?

International audits are conducted on an early basis. The LSC carries out inspections of the CSDL on average every two or three years.

4. Are audit or examination reports available for review by participants?

The annual Financial opinion and audited financial statements are public and available on the official website www.cSDL.lt.

C. *Please discuss whether the SSS has the capacity to value (i.e. mark to market) the securities that it holds.*

- 1. Please describe how these valuations are used by risk control systems at the SSS.**
- 2. How frequently are securities re-valued?**
- 3. What are the sources for securities valuations?**

a) *What outside price or data sources are used?*

b) *If pricing models are used, please describe how the models are chosen and how the model inputs are obtained.*

The CSDL can value the securities that it holds by using electronic file of the NASDAQ OMX Vilnius last quotations on an on-line basis. If the prices for securities are not fixed at the NASDAQ OMX Vilnius, the nominal value of prices is taken. Debt securities are also valued by nominal value. For statistical reports securities are valued monthly, for bills calculation – daily.

Additionally the CSDL can get daily market prices from Clearstream Banking Luxembourg for securities transferred through the link. But these securities for statistical reports and for the billing are valued monthly.

D. *Please discuss whether the SSS has a lien on the securities held in or transferred through it.*

- 1. Does the lien apply only to the securities owned by the participants themselves or does it extend to the securities beneficially owned by customers of participants?**
- 2. Under what circumstances and in what manner would such a lien allow the SSS to use the securities?**

The CSDL has no lien on securities held in or transferred through it. It can only execute instructions of law enforcement authorities concerning detention of securities held in personal accounts of participants.

E. *Please discuss the circumstances in which the SSS requires collateral to limit or mitigate risks.*

- 1. Does the SSS manage its own collateral system?**

The CSDL doesn't manage its own collateral system. According to the Law on Financial Collateral Arrangements, the SSS participants can conclude Security financial collateral arrangements or Title transfer financial collateral arrangements. The SSS carries out the securities transfers related to credit operations of the Bank of Lithuania. Such transfers are regulated by the Bank of Lithuania's "Rules on the Conclusion and Execution of Intra-day and Overnight Repurchase Agreements by the BoL and Participants of Payment system LITAS". Each business day CSDL provides the BoL with the data concerning the Government securities held by banks for the purpose of securing these repurchase

transactions.

2. Does the SSS share a collateral system with another SSS or payment system?
3. Can collateral at the SSS be posted and returned on the same day?
4. What types of transaction at the SSS involve the use of collateral?
5. What are the policies with regard to the type of collateral used or haircuts required?
6. How are collateral valuation methodologies developed and reviewed?
7. To what extent are collateral policies described in the written rules and procedures of the SSS?

F. Please describe the SSS's use of limits on exposures to monitor or control risks.

1. Please explain the types of limit used and the exposures to which they apply.
2. Do the limits apply to all participants and/or to other SSSs with which the SSS is linked? What are the exceptions to the limits?
3. Do limits apply to participants individually or in the aggregate or both?
4. Do limits apply to implicit as well as explicit extensions of credit or securities (e.g. when on-deliveries of securities are permitted pursuant to provisional but not final delivery of securities)?
5. Does the SSS automatically reject transactions that exceed limits or is compliance determined ex post?

The CSDL does not use the limits on participants' exposures. The account managers are controlled by the LSC with respect to their compliance with the initial own capital and capital adequacy requirements that are laid down in special instructions of the LSC.

G. Please describe other controls to mitigate or reduce risks at the SSS.

1. Does the SSS or its participants have the capacity to monitor participants' accounts continuously during processing?

The CSDL has the capacity to monitor all participants' securities accounts continuously during processing. Participants have a possibility during the processing to get messages about securities settlement status and observe execution of the intra-day funds transfer. At the end of a settlement day the participants get statements of their securities accounts showing balances and any movements in

them.

2. Is there a special risk control regime that the SSS would apply to a participant known to be experiencing financial difficulties?

The CSDL undertakes equal treatment of all participants, so it has no special risk control regime for participants experiencing financial difficulties.

3. Does the SSS maintain or administer loss-sharing arrangements other than those applicable to events of default and addressed in Section VI above? Are these loss-sharing pools pre-funded by participants?

No, it does not.

IX. Operational risks

A. Please provide assessments of the operational reliability of the computer and other systems used by the SSS, including any criteria that the SSS uses internally for this purpose.

1. What is the percentage uptime of the systems used by the SSS?

a) Whole system overall?

In order to ensure a proper running of the SSS and continuity of its operations, the processing capacity of the SSS hardware per month (on business days) may not exceed 50% on average of its total capacity. In the event that this established limit is exceeded by 15%, the SSS operator must expand the capacity of the used hardware.

b) Broken down by major components (e.g. communications network, central processing facility).

Since the beginning of the operation of the system there have been no delays or disruptions due to central processing unit (CPU) or any problems related to communications network or central processing facility.

c) During critical processing periods?

During critical processing periods there haven't been any problems as yet.

2. Has the SSS experienced major operational problems during the past two years?

No it has not.

B. Please describe contingency or disaster recovery planning at the SSS.

1. Does the SSS have a formal plan for business continuity in place?

The CSDL addresses the issue of business continuity as being of vital importance for its activities. Its data processing systems are closely linked with the ones used by the BoL, the NASDAQ OMX Vilnius and other financial market participants such as banks and brokerage firms. The links include data interchange and basic business services.

The CSDL has prepared a list of potential threats that is included in the Business Continuity (Disaster Recovery) Plan. Technical facilities enabling to avoid potential threats are also arranged and

implemented. These facilities safeguard the settlement system and hardware against such threats as natural disaster (thunder, fire, etc), physical impact on premises and equipment, illegal access to data and equipment. The accounting and settlement system and its components are safeguarded against outage of communication, malicious acts, and errors of the personnel.

The Business Continuity Plan of the CSDL includes:

- back-up of all computer files,
- off-site data storage,
- back-up files stored and loaded off-site,
- off-site operational facility.

It also provides:

- scenarios of possible outage,
- risk assessment,
- preventive measures and
- measures for the liquidation of after-effects.

The Rules on the Securities Settlement System determinate operational risk management facilities of the System and contingency plan, which obligates the CSDL as SSS operator to implement technical means in order to avoid possible threats. Such means shall safeguard the components and equipment of settlement system from natural disaster, physical impact on premises and equipment, illegal access to data or equipment. The SSS operator shall also specify information technology procedures and operational procedures for the employees engaged in accounting and settlement as well as their actions in the event of natural disaster. The SSS operator must take technical and organisational actions in order to make the System and its components safe from disruptions in communication, malicious actions and human errors.

2. Is this plan available for review by participants?

No it is not. The participants receive general information about the major elements of the business continuity plan.

3. How often is this plan tested? Does this involve participants in the SSS?

This plan is expected to be tested at least once a year. Testing involves the participants as well.

Testing of the functioning of the payment system LITAS is conducted at least once a year, the frequency of testing of the securities settlement system with the SSS participants is once in two years and with the Stock Exchange – once a year.

4. What are the major elements of the business continuity plan?

- Risk assessment
- Back-up of data and restoration of all software systems and programs.
- Off-site operational facility
- Establishment of an emergency organisational structure
- Checklist and a step-by-step description of recovery and continuity of business.

5. How long would it take the SSS to resume operations if primary systems become unusable?

The main securities accounting and settlement system can be reactivated in the event of outage in 2 hours. The back-up system can be activated in the event of the main system failing within 1 hour.

C. What are the key features of the internal controls covering operations and

security at the SSS (e.g. change controls or those covering remote access)?

The CSDL pays special attention to the integrity and security of operations. The Services to Participants & Inspection Division of the CSDL is authorised to inspect the securities accounting systems of the SSS participants. The BoL monitors and inspects the SSS as it is obliged to do that pursuant to the Law on Settlement Finality in Payment and Securities Settlement Systems. The LSC as mentioned earlier has the right to inspect the CSDL with regard to legal compliance, SSS' reliability and financial efficiency.

The CSDL has adopted the Instruction on Requirements for Safety of Accounting of Securities and Their Circulation, which establishes the principle technical and organisational requirements for safety of accounting of book-entry securities as well as the Procedure for the Liability and the Use of Confidential Information by the CSDL Employees. The Internal Auditor of the CSDL regularly provides audit reports on the activities of the CSDL, assessing safety of operations. Operational risk management facilities are described in the Rules of the SSS.

1. Please describe controls or security procedures in place to ensure that the SSS acts only on authentic settlement instructions from valid participants.

The internal safeguards ensuring that the SSS acts only on authentic settlement instructions from valid participants are the following: a reliable system for the placement and verification of electronic messages, provision and identification of passwords, the procedure for data checking by means of a programme, as well as training of participants and their inspection.

The participants send securities settlement instructions through the interbank Payment system "LITAS", the basic safeguards are ensured in compliance with ISO/IEC 17799 requirements. The settlement instruction structure is based on ISO15022XML standard and the instructions are transferred through the messaging subsystem (MSS).

The system of digital signature, which ensures the integrity of the document within the participants' network, its incontrovertible nature and unambiguous identification of the signatory, is applied. In order to avoid illegal access and manipulation of information, the SSS is located in a separate segment of local CSDL network (demilitarised zone), which is separated from the SSS participants and Depository's local network. The access to the zone is subject to authorization, surveillance and monitoring.

The standardized means of access of the participants to the Payment system "LITAS" is the participant access station (PAS), which ensures secure interface with participant's information system.

The password (identification code), smart card and digital certificate are used for authentication of the SSS participants.

In order to avoid interception and disclosure of information, it is encrypted in the network of the Payment system "LITAS". The network is not connected to public Internet.

Other information i.e. confirmation of transactions is provided by the participants to the Depository through the Participants' Secure Information Site (PSIS) managed by the Depository. Monitoring is available in the PSIS.

The CSDL provides the SSS participants with facilities ensuring data safety and authenticity for PSIS and for data transfer and receipt. These facilities are provided to the employees of the SSS participant, who have been authorised in writing to carry out operations with the electronic settlement instructions on behalf of the SSS participant concerned, who have been included in the list submitted to the CSDL, and who have appropriate qualification certificates issued or recognised as valid by the CSDL.

Only the correct combination of all the facilities ensuring safety and authenticity provides a possibility to place a settlement instruction with the CSDL and receive a CSDL information message.

The following facilities for ensuring data safety and authenticity are provided:

- 1) A unique identification code, assigned to identify the authorised employees of the account manager;
- 2) A password, which is comprised of a stable component, and a dynamically changing unique sequence of numbers, available in an electronic Secur ID card given to the account manager by the Central Depository;
- 3) A personal digital certificate;
- 4) Coding all the information transferred between the user and the server.

These facilities are sufficient for the identification of the supplier of data and protection of data from unauthorised use.

Upon the receipt of the settlement instruction, the CSDL immediately provides information concerning the settlement instruction received, including the date and time of its receipt, in the PSIS. An account manager may get information only on the settlement instructions that have been placed in his own name. The presence of the above-mentioned information in the PSIS is a direct proof that the CSDL has received the settlement instruction concerned.

Having checked the participant's instruction, the SSS sends back the result of the checking in real time. The participants are informed about the concluded securities transfers also in real time.

2. Are internal operational and security controls included in the internal and/or external audits of the SSS?

The internal operational and security controls of the CSDL are included in both the external and internal audits.

3. Are internal operational and security controls covered by regulatory requirements applicable to the SSS?

The internal operational and security controls of the CSDL are covered by regulatory requirements set by the LSC and CSDL applicable to the SSS and its participants.

D. Does the SSS impose minimum operational or performance standards on third parties (e.g. communications providers)?

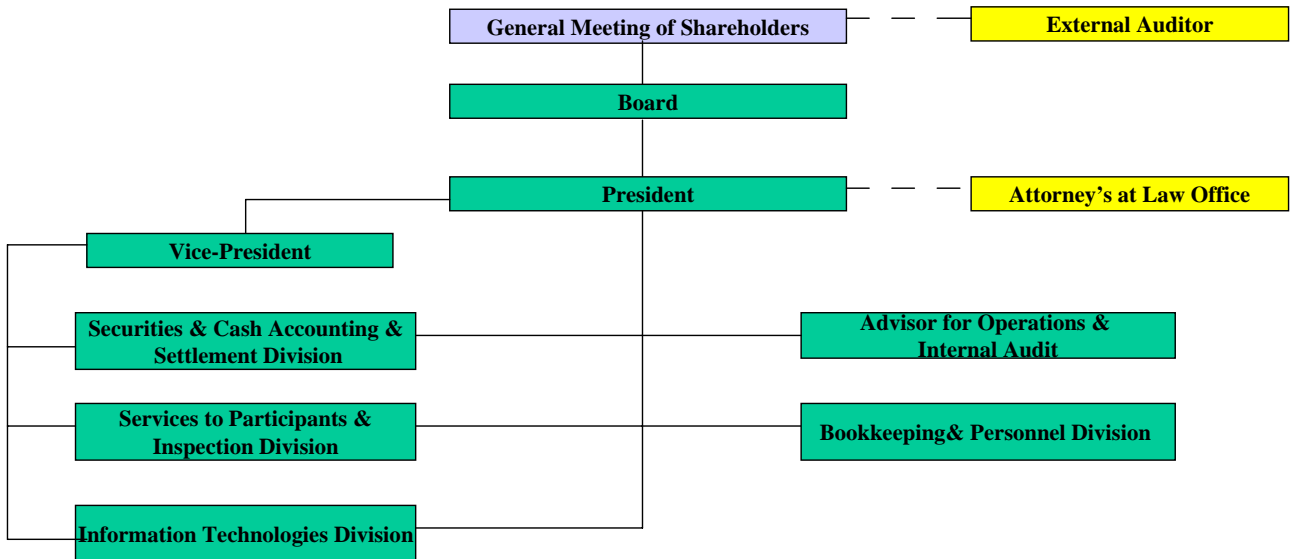
The CSDL does not impose any operational or performance standards on third parties (e.g. communication providers).

The organizational structure of the Central Securities Depository of Lithuania is attached.

APPROVED BY:

The Board meeting of
the Central Securities Depository of
Lithuania, plc.
October 29, 2004
Minutes No. 6

Organizational structure of the Central Securities Depository of Lithuania, plc.



APPROVED BY:

President of Central Securities Depository of Lithuania on
December 23, 2008

ORDER NO 48

**THE OPERATION TIME SCHEDULE OF THE CENTRAL SECURITIES DEPOSITORY OF
LITHUANIA AND ITS ADMINISTERED SECURITIES SETTLEMENT SYSTEM IN 2009
BUSINESS AND NON-BUSINESS DAYS OF THE COMPANY**

1. The business hours of the Central Securities Depository of Lithuania (hereinafter referred to as the Central Depository) are from 8:00 a.m. till 5:00 p.m. on Mondays – Thursdays, and from 8:00 a.m. till 3:45 p.m. on Fridays. Lunch break is from 12:00 noon till 12:45 p.m.
2. Central Depository's business and non-business days are set in compliance with the Labour Code of the Republic of Lithuania and other legal acts.
3. The Central Depository does not operate on Saturdays and Sundays, except for those Saturdays and Sundays that are provided for as business days according to the resolution of the Government of the Republic of Lithuania "Regarding shifting of a weekly rest days in 2009" (2008-11-24, Nr.1208), i.e. on 21 February, 2009, Saturday.
4. The Central Depository does not operate on State holidays, which are set in the Labour Code, i.e. :
January 1 – New Year's Day;
February 16 - Day of Re-establishment of the State;
March 11 - Day of Re-establishment of the Independence of Lithuania;
Sunday and Monday of Easter holidays (according to western tradition);
May 1 – International Labour Day;
The first May Sunday – Mother's Day;
The first June Sunday – Father's Day;
June 24 – Midsummer's Day;
July 6 – the Lithuanian State's Day (the day of coronation of Lithuanian King Mindaugas);
August 15 – Assumption Day;
November 1 – All Saints' Day;
December 25 and 26 – Christmas days.
5. In the light of the resolution of the Government of the Republic of Lithuania "Regarding shifting of weekly rest days in 2009" (dated 24 November 2008, No.1208), the Central Depository will not operate on January 2, Friday.

**THE BUSINESS AND NON-BUSINESS DAYS OF THE SYSTEM AND THE DAYS OF LIMITED
FUNCTIONING**

6. The business days and time of the Securities Settlement System of the Central Securities Depository of Lithuania (hereinafter referred to as the SSS) are harmonized with the business days and time of the Bank of Lithuania's payment system „LITAS-RLS“ and the European Central Bank's administered payment system TARGET2.
 - 6.1. The SSS does not operate on Saturdays (except for those referred to in item 6.2)

and Sundays and it will not be operational on the following days of 2009: January 1 (Thursday), April 13 (Monday), May 1 (Friday), December 25 (Friday),

6.2. On February 21, 2009 (workday Saturday) and on April 10 (Friday) the SSS will carry out no operations related with settlement in Euro, as the payment system TARGET2 will not be operational, whereas all other operations will be executed in accordance with the usual procedure.

6.3. The SSS will carry no operations in securities related with settlement in Litas on the following days in 2009, as the Bank of Lithuania's payment system „LITAS-RLS“ will not be operational, whereas all other operations will be executed in accordance with the usual procedure, i.e.:

January 2 (Friday), February 16 (Monday), March 11 (Wednesday);
June 24 (Wednesday), July 6 (Monday),

7. Securities operations executed in securities settlement systems of foreign states will be recorded in the SSS on the following business day.

THE BUSINESS DAY SCHEDULE OF THE SYSTEM

8. Operating hours of the SSS: from 8.00 a.m. (7.00 GMT+1) till 8.00 p.m. (7.00 p.m. GMT+1).
9. The SSS processes stock events of the settlement day during the opening of the day's processing.
10. The participants can file with the SSS securities transfer instructions [against payment (DVP) and free-of-payment (FOP)] that are to be settled at a later than submission date from 8 a.m. (7.00 a.m. GMT+1) till 8.00 p.m. (7.00 p.m. GMT+1).
11. The participants can file with the SSS the securities transfer against payment instructions (where the settlement currency is Litas) that are to be settled on the day of their submission from 8.00 a.m. (7.00 a.m. GMT+1) till 3.45 p.m. (2.45 p.m. GMT+1). *(The SSS reserves 15 min. for processing of instructions).*
12. The participants can file with the SSS the securities transfer against payment instructions (where the settlement currency is Euro) that are to be settled on the day of their submission from 8.05 a.m. (7.05 a.m. GMT+1) till 5.45 p.m. (4.45 p.m. GMT+1). *(The SSS reserves 15 min. for processing of instructions).*
13. The participants can file with the SSS the FOP securities transfer instructions (local and cross-border) that are to be settled on the day of their submission from 8.00 a.m. (7.00 a.m. GMT+1) till 5.45 p.m. (4.45 p.m. GMT+1) *(The SSS reserves 15 min. for processing of orders)*. The exact latest time of execution of cross-border FOP instructions depends on the closure of the business day of the central depository system in the corresponding country, but it may not be later than 5.45 p.m. (4.45 p.m. GMT+1).
14. The participants can instruct the SSS about the cancellation of the securities transfer instructions. The instructions will be cancelled unless any settlement movements generated on their basis have been started.
15. The participants – securities and (or) cash custodians – can change till 10.00 a.m. (9.00 a.m. GMT+1) the parameters of all settlement movements (generated on the basis of VSE₁, RSE₂ and TSE₃ transactions) scheduled to be executed that very day (client code, securities or cash custodian, parameters of general account and place of settlement).
16. The participants – securities and (or) cash custodians – must confirm all settlement movements (generated on the basis of VSE, RSE and TSE transactions) scheduled to be executed that very day.
17. By 11:00 a.m. (10.00 a.m. GMT+1) the VSE can file with the SSS instructions to terminate or postpone settlement movements (generated on the basis of VSE, RSE and TSE transactions) scheduled to be executed that very day. (The VSE members shall place relevant instructions with the VSE till the deadline established by the VSE).
18. By 11:10 a.m. (10.10 a.m. GMT+1), the SSS during special processing in the LinkGW system shall provide information on affirmation to settle the transactions concluded by the clients of the SSS participants in RSE and/or TSE trading systems.
19. Settlement movements of the VSE transactions pertaining to a tender offer are launched at 11.15 a.m. (10.15 a.m. GMT+1) as a designated time settlement process. Such settlement movements are performed till 1.00 p.m. (12.00 noon GMT+1).
20. Settlement movements of the VSE transactions pertaining to IPO are launched at 11.15 a.m. (10.15a.m. GMT+1) as a designated time settlement process. Such settlement movements are performed till 1.00 p.m. (12 noon GMT+1).

¹ VSE – Vilnius Stock Exchange

² RSE – Riga Stock Exchange

³ TSE – Tallinn Stock Exchange

21. Settlement movements of the VSE transactions pertaining to public sale of shares are launched at 11.15 a.m. (10.15 a.m. GMT+1) as a designated time settlement process. Such settlement movements are performed till 1.00 p.m. (12 noon GMT+1).
22. Settlement movements of the VSE transactions pertaining to GS⁴ auction, GS redemption and coupon payments are launched at 12:15 p.m. (11:15 GMT+1) as a designated time settlement process. Such settlement movements are performed till 2:00 p.m. (1:00 p.m. GMT+1). This paragraph shall be applicable from the time the VSE starts holding the GS auctions.
23. Settlement movements of the VSE transactions pertaining to manual trades are launched at 12:30 p.m. (11.30 a.m. GMT+1) as a real time gross settlement process. Such settlement movements are performed till 4.00 p.m. (3.00 p.m. GMT+1).
24. Settlement movements of the VSE transactions pertaining to automatched trades (together with the settlement movements of manual trades one of the delivering or receiving parties to which is LCD⁵ or EVK⁶) are launched at 1.00 p.m. (12.00 noon GMT+1) as a designated time settlement process. Such settlement movements are performed till 4.15 p.m. (15.15 p.m. GMT+1).
25. Settlement movements with regard to the Bank of Lithuania's Government securities auction transactions are performed from 8:00 a.m. (7.00 a.m. GMT+1) till 1.00 p.m. (12.00 noon GMT+1) as a real time gross settlement process. This paragraph shall be applicable till the time the Bank of Lithuania holds the GS auctions.
26. At 2:45 p.m. (1.45 p.m. GMT+1) during special processing, the SSS takes the VSE trading session results of the day⁷.
27. By 3 p.m. (14.00 GMT+1), the SSS during special processing provides in the LinkGW system the information on the transactions, concluded in the VSE system, in which at least one of the settlement parties is a participant of LCD and/or EVK systems⁸.
28. From 3:10 p.m. (2.10 GMT+1), the SSS during special processing receives the results of the TSE and RSE trading sessions of the day from LinkGW system⁹.
29. By 3:15 p.m. (2.15 p.m. GMT+1), the SSS provides the participants with all available information on transactions concluded on the Baltic stock exchanges¹⁰.
30. At 4:45 p.m. (3.45 p.m. GMT+1) during special processing, the SSS takes the VSE trading session results of the day¹¹.
31. By 5:00 p.m. (4:00 GMT+1), the SSS during special processing provides in the LinkGW system the information on the transactions, concluded in the VSE system, in which at least one of the settlement parties is a participant of LCD and/or EVK system¹².
32. From 5:10 p.m. (4:10 GMT+1), the SSS during special processing receives the results of the TSE and RSE trading sessions of the day from LinkGW system¹³.
33. By 5:15 p.m. (4:15 p.m. GMT+1), the SSS provides the participants with all available information on transactions concluded on the Baltic stock exchanges¹⁴.

34. The SSS launches the end-of-day processing after 6:00 p.m. (5:00 p.m. GMT+1) after having received information after 5.00 p.m. (4.00p.m. GMT+1) from the System LITAS-RLS on the closing of the banking day at the Bank of Lithuania and after notifying TARGET2 at 6.00 p.m. (5.00 p.m. GMT+1) of the closure of the settlement procedure. During the end-of-day processing the failed instructions are rejected

⁴ GS – Government securities

⁵ LCD – Latvian Central Securities Depository

⁶ EVK – Estonian Central Securities Depository

⁷ valid till February 1, 2009

⁸ valid till February 1, 2009

⁹ valid till February 1, 2009

¹⁰ valid till February 1, 2009

¹¹ valid from February 1, 2009

¹² valid from February 1, 2009

¹³ valid from February 1, 2009

¹⁴ valid from February 1, 2009

(execution terminated) or postponed to the following settlement day, depending on settlement conditions. Statements on the results of the day are drawn up and provided to the participants during the end-of-day processing.

35. After closing the day's processing, the SSS delivers to its participants the aggregate settlement positions for central market transactions and for transactions of each special procedure (execution of a tender offer, public sale of shares and public offering of a share issue).

36. The SSS provides its participants with a (monitoring) facility to observe execution of the current day's securities transfer operations from 8.00 a.m. (7.00 a.m. GMT+1) till 8.00 p.m. (7.00 p.m. GMT+1).