

The Association of Global Custodians - Questionnaire - Questionnaire

 [Lithuania - Central Securities Depository of Lithuania, plc. - View Record](#)

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Information Gathering Project.
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Each will assist you with
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1664; e-mail:
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SCOPE, STRUCTURE, OWNERSHIP, CAPITAL, REGULATION AND AUDIT

The purpose of this section is to understand the ownership structure and financial strength of your institution, as well as the level of regulatory and operational supervision to which it is subject.

1. Rule 17f-7, by reference to Rule 17f-4, requires that, for a depository to be eligible to hold securities of U.S. registered investment companies (such depositories hereinafter referred to as "Eligible Securities Depositories"), the depository must be a "system for the central handling of securities where all securities of any particular class or series of any issuer deposited within the system are treated as fungible and may be transferred or pledged by bookkeeping entry without physical delivery of the securities."

In particular, are all securities of a particular class or series of any issuer that are deposited in your institution treated as fungible, and can they be transferred or pledged by bookkeeping entry without physical delivery of the securities?

Yes

2. Rule 17f-7 also requires that an Eligible Securities Depository "acts as or operates a system for the central handling of securities or equivalent book-entries in the country where it is incorporated," or "acts as or operates a transnational system for the central handling of securities or equivalent book-entries."

Does your institution: (Choose all that apply.)

Act as or operate a system for the central handling of securities or equivalent book-entries in the country where it is incorporated? (please answer 2b)

2b. Please specify the types of securities for which you act as or operate a system for the central handling of securities or equivalent book-entries:

All types of securities issued by the Government and public companies registered in Lithuania (shares, corporate bonds and money market instruments, Government securities)

3. What type of legal entity is the institution? (Choose all that apply.)

Public Company

4. Is the institution operated as a "for profit" or a "not for profit" organization?

For profit

5. Please provide the names of the owners and their ownership interest percentages.

Bank of Lithuania - 60% NASDAQ OMX Helsinki Oy - 32% NASDAQ OMX Vilnius - 8%

Question number 6 has been modified. Thus, your answer from last year has not been populated for this question.

6. Please answer the following:

6a. What is the date of establishment of the depository?

03/Nov/1994

6b. What is the date that the depository's operations began?

14/Aug/1993

7. Under what regulation or statute is the depository established and governed?

Established by Government Decree No 352 (20 May, 1993). Governed by the Law on Markets in Financial Instruments No X-1024(8 February, 2007) and Articles of Association of the CSDL. The SSS operated by the CSDL is regulated according to the Law on Settlement Finality in Payment and Securities Settlement Systems.

7a. Is the regulation or statute electronically available?

Yes (please answer 7b)

7b. If regulation or statute is electronically available, please supply web address(es) here or upload document(s) in question 7c.

<http://www.cSDL.lt/en/data/legal/cd/bylaws040427.doc>; <http://www.vpk.lt/uploads/Law%20on%20Markets%20in%20Financial%20Instruments%20%28%29.doc>

7c. Please supply document (s) here: **Articles of Association of the CSDL
Law on Markets in Financial Instruments**

7d. Please provide details of the structure and composition of your Board together with their industry experience and responsibilities in governing the depository.

What are the qualifications to become a board member?

A board member must be a person of impeccable repute, must have qualification established by the Securities Commission or a working experience in the financial institutions or other comparable institutions.

7e. What are the election procedures?

Five board members are elected directly by the shareholders.

7f. What is maximum length of time they can serve as a board member?

The board shall be elected for the term of 3 years. The term number of each board member is unlimited.

7g. Who is responsible for regulating the board members?

Shareholders and supervisory institutions, e.g. Bank of Lithuania and Securities Commission.

7h. What is the extent of their voting powers?

Budget, strategy, material transactions and decisions, structural list of personal

8. Rule 17f-7 requires that an Eligible Securities Depository "is regulated by a foreign financial regulatory authority as defined under section 2 (a) (50) of the Act", with section 2(a) (50) establishing that "foreign financial regulatory authority" means any (A) foreign securities authority, (B) other governmental body or foreign equivalent of a self-regulatory organization empowered by a foreign government to administer or enforce its laws relating to the regulation of fiduciaries, trusts, commercial lending, insurance, trading in contracts of sale of a commodity for future delivery, or other instruments traded on or subject to the rules of a contract market, board of trade or foreign equivalent, or other financial activities, or (C) membership organization a function of which is to regulate the participation of its members in activities listed above."

Who regulates the activities of the depository? (Choose all that apply.)

A governmental body or regulatory organization empowered to administer or enforce laws related to securities matters., Other (please answer 8a)

8a. Please explain:

Bank of Lithuania is empowered to monitor the Securities Settlement System operated by the CSDL, Lithuanian Securities Commission supervises activities of the CSDL.

9. Please provide the name of regulatory authority(ies) identified in question 8:

Lithuanian Securities Commission

10. Rule 17f-7 requires that an Eligible Securities Depository "is subject to periodic examination by regulatory authorities or independent accountants."

Is the depository subject to periodic examination by: (Choose all that apply.)

Regulatory authorities?, Independent accountants?, Other (please answer 10a)

10a. Please explain:

Lithuanian Securities Commission, International Audit company

11. What enforcement actions are available to the regulatory authority(ies) for breach of applicable statute or regulatory requirements? (Choose all that apply.)

Name of Authority #1 (please answer 11a):

Lithuanian Securities Commission

11a.

Fines

Name of Authority #2 (please answer 11c):

Bank of Lithuania

11c.

Other (please answer 11d)

11d. Please explain:

Bank of Lithuania can cancel registration of the SSS which is operated by the CSDL.

12. Has there been any use of such enforcement actions in the last three years?

No

Capital

13. Are annual financial statements publicly disclosed?

Yes (please answer 13a)

13a. If yes, the AGC requests a copy of the institution's annual report. Is the annual report available electronically?

Yes (please answer 13b)

13b. If yes, please upload the

document(s) here or insert web link(s) in question 13d:

13c. If more than one document for 13b, please upload the additional document here:

13d. Please insert web link(s) for 13b here:

http://www.csdl.lt/en/data/about/reports/Report_2008.pdf

Internal Audit

14. Is an internal audit undertaken in your depository?

Yes (please answer 14a)

14a. If yes, what areas does the audit cover (financials, operations, etc.) and which department in your depository handles it?

financials and operations by internal auditor

14b. How frequently does the internal audit occur? (Choose one.)

Two or more times a year (please answer 14d)

14d. Are the results of the internal audit publicly available?

No (please answer 14e)

14e. Please select the statement that most accurately characterizes the results of the last internal audit: (Choose one.)

No material exceptions found.

14g. Please list the date of your last internal audit performed by internal auditors and the period that the audit covered:

August 2009 for 1H 2009

15. Is a financial audit performed by an external party? If yes, which type of entity? (Choose all that apply.)

Yes - Audit firm (please answer 15a)

15a. If yes, please state name(s) of organization(s) who undertake the financial audit.

KPMG Baltics

15b. How frequently does the financial audit occur? (Choose one.)

Annually (please answer 15e)

15e. Are the results of the financial audit publicly available?

Yes (please answer 15g)

15g. Please select the statement that most accurately characterizes the results of the last financial audit: (Choose one.)

No material exceptions found.

15j. Please list the date of your last financial audit performed by independent external auditors and the period that the audit covered:

March 2009

16. Is an operational audit performed by an external party? If yes, which type of entity? (Choose all that apply.)

Yes - Regulatory authority (please answer 16a)

16a. If yes, please state name(s) of organization(s) who undertake the operational audit.

Lithuanian Securities Commission (LSC)

16b. How frequently does the operational audit occur? (Choose one.)

Less than annually (please answer 16c)

16c. If less than annually, please explain:

According to the LSC special regulations and timetable

16i. Please list the date of your last operational audit performed by independent accountants and the period that the audit covered:

LSC performed overall inspection of CSDL in 2008

PARTICIPANTS AND PARTICIPATION

The purpose of this section is to understand issues relating to participation in the depository, including eligibility requirements, conditions of participation, and supervision of participants.

17. What types of entities are eligible to become participants and how many of each type are there currently? (Choose all that apply.)

Banks (please answer 17a), Brokers (please answer 17e), Foreign Institutions (please answer 17m), Other entities (please answer 17q)

17a. How many Bank participants are there currently? (then please answer 17b)

11

17b. Please select the features included in the eligibility requirements for Banks. (Choose all that apply.)

Financial Thresholds (please answer 17c), Regulatory Oversight (please answer 17c)

17c. Where can a description of the specific eligibility requirements for Bank participants be found?

Rules on Securities Settlement System of the CSDL, Accounting Rules of Financial Instruments and Their Circulation, other Securities Commission and CSDL rules

17e. How many Broker participants are there currently? (then please answer 17f)

7

17f. Please select the features included in the eligibility requirements for Brokers. (Choose all that apply.)

Financial Thresholds (please answer 17g), Regulatory Oversight (please answer 17g)

17g. Where can a description of the specific eligibility requirements for Broker participants be found?

Rules on Securities Settlement System of the CSDL, Rules on Calculation of Capital Adequacy of Financial Brokerage Firms issued by the Securities Commission (2006-03-02), other Securities Commission and CSDL rules on operations, accounting and settlement of securities.

17m. How many Foreign Institution participants are there currently?

2 foreign CSDs

17n. Please select the features included in the eligibility requirements for Foreign Institution participants. (Choose all that apply.)

Regulatory Oversight (please answer 17o), Market Experience (please answer 17o)

17o. Where can a description of the specific eligibility requirements for Foreign Institution participants be found?

Rules on the SSS of the CSDL; bilateral cross-border link agreements

17q. If you have selected "Other entities" above, please explain:

Bank of Lithuania, NASDAQ OMX Vilnius

17r. Indicate how many "Other entities" are currently participants?

2

17s. Please select the features included in the eligibility requirements for the participants referred to above as "Other entities". (Choose all that apply.)

Regulatory Oversight (please answer 17t), Market Experience (please answer 17t), Other (please answer 17u)

17t. Where can a description of the specific eligibility requirements for participants described above as "Other entities" be found?

Law on the Bank of Lithuania, Law on Markets in Financial Instruments, Law on Settlement finality in payment and securities settlement systems; Rules on the SSS of the CSDL

17u. If other, please explain:

Rules on the SSS of the CSDL; bilateral agreements

18. Are participants required to contribute capital to the depository that would result in ownership of the depository?

No

19. Are prospective participants subject to an initial review and approval process regarding compliance with eligibility requirements?

Yes

Conditions of Participation**20. What governs the relationship between the depository and the participants? (Choose all that apply.)**

Relevant law and regulation, Standard participation contract, Rules of the depository

21. Rule 17f-7 requires that an Eligible Securities Depository "holds assets for the custodian that participates in the system on behalf of the Fund under safekeeping conditions no less favorable than the conditions that apply to other participants."

Please confirm that assets of foreign investors held by custodians as participants in the depository are held under safekeeping conditions no less favorable than the conditions that apply to other participants.

Yes

21b. Please briefly describe the approaches you take and the arrangements you have in place to ensure that the assets you hold for custodians receive the same level of safekeeping protection as the assets held for other categories of participants.**22. How does the depository notify participants of material changes to the conditions of participation? (Choose all that apply.)**

By public announcement, Other (please answer 22a)

22a. Please explain:

By information letters and on the web site

Governance of Participants**23. Who enforces compliance with the depository's conditions of participation? (Choose all that apply.)**

The depository, The exchange, The depository's regulator

24. What enforcement actions are available to the enforcement authority? (Choose all that apply.)

Fines, Restrictions on participation, Suspension of participation, Termination of participation

25. Has there been any such enforcement actions in the last three years?

No

DEPOSITORY FUNCTIONALITY AND SERVICES; USE OF AGENTS

Certain functionalities and services reduce risk to an investor if provided in an efficient manner. The purpose of this section is to identify those functionalities that may potentially be offered by depositories and clearing systems around the world, and ascertain whether they are offered by your institution.

26. For which of the following security types do you serve as a depository or clearing system? (Choose all that apply.)

Government securities, Equities, Corporate bonds, Corporate money market instruments, Others (please answer 26a)

26a. Please name the other security types:

1) shares of private companies held in securities portfolios of Investment companies with CSDL (private shares are usually held in the register of private companies); and 2) foreign securities held by Lithuanian investors in accounts of CSDL

27. Is the use of the depository in your market compulsory by law or compulsory by market practice for the settlement or safekeeping of all instrument types in your market (e.g. equities, government securities, corporate bonds, money market instruments, warrants, derivatives etc). (Choose all that apply.)

Yes by law for settlement, but not for all instrument types (please answer 27a)

27a. Please list the instrument types for which it is not compulsory by law to:

(i) settle in your depository

private shares are usually held in the register of private companies

28. Settlement and Safekeeping Percentages

28a. Please list by instrument type the percentage of the total market in your jurisdiction (either volume or value) settled within your institution, exclusive of your links with third parties.

shares - 51.7%; corporate bonds - 29.8%, Government securities - 4.8%, foreign securities - 4.7%

28b. Please list by instrument type the percentage of the total market in your jurisdiction (either volume or value) held in safekeeping within your institution.

shares - 51.7%; corporate bonds - 29.8%, Government securities - 4.8%, foreign securities - 13.7%

29. Are there any activities performed by a third party on behalf of the depository for the depository participants (e.g., vaulting of physical securities, registration, entitlement processing, etc.)?

No

30. Has any participant suffered any losses in the past three years due to the depository's performance?

No

Other Services

31. Who accepts cash deposits (or makes payment credit accommodations) for depository transactions? (Choose all that apply.)

Central Bank

32. Who processes cash clearing (or draws on credit lines, if applicable) for depository transactions? (Choose all that apply.)

Depository, Central Bank

33. Who controls the movement of cash for cash deposits (or draws on credit lines, if applicable)? (Choose all that apply.)

Depository, Central Bank

34. Who controls the movement of cash for cash clearing (or for draws on credit lines, if applicable)? (Choose all that apply.)

Depository, Central Bank

35. Please indicate services you provide. (Choose all that apply.)

Tax assistance where foreign holders may be entitled to tax relief at source or through a claim., Collateral handling in support of activities including securities lending, overdraft coverage, cash management, repurchase agreements, etc. Please provide details. (please answer 35c), Same day turnaround settlements., Other (please answer 35d)

35c. Collateral Handling: please provide details:

Settlement mechanism for various repurchase transactions are in place

35d. If other services, please explain:

Information on stock events 2 days in advance and stock events processing in participants' accounts, dividend and interest payments, formation of shareholder/bondholder lists

36. What procedures are in place for the processing of corporate action entitlements? (Choose all that apply.)

Credited to the securities account upon actual receipt by the depository., Corporate action entitlements are handled by an entity separate from the depository. (please answer 36c)

36c. Name of entity:

Issuer agents - banks or brokerage companies

37. What procedures are in place for the processing of interest and dividends?(Choose all that apply.)

Credited to the cash account upon actual receipt by the depository., Income and dividend collection is handled by an entity separate from the depository. (please answer 37c)

37c. Name of entity:

Issuer agents - banks or brokerage companies

Linkages With Other Central Securities Depositories (CSD) or International Central Securities Depositories (ICSD)

38. Please list all depositories or settlement systems to which you have an electronic link.

Latvian CD, Estonian CD, Clearstream Banking Luxembourg

39. Are procedures and controls (firewalls) in place to avoid systemic collapse or contamination if one of the linked entities should experience business interruptions for whatever reason?

Yes (please answer 39a)

39a. Please explain:

A proprietary system for cross-border transactions uses firewalls to avoid systemic collapse.

40. Has a business interruption recovery plan been developed in the event the linkages should become inoperable for any reason?

Yes

ACCOUNT STRUCTURES AND RECORDKEEPING

The purpose of this section is to identify the nature of accounts; the naming convention is employed, the level of segregation achieved, accessibility in the event of bankruptcy and the frequency of reporting generated from them.

41. Are participants permitted to maintain more than one account at the depository?

Yes (please answer 41a)

41a. If yes, please indicate number: (Choose one.)

More than one account (please answer 41b and indicate how many)

41b. If more than one account what is the maximum?

the maximum is not fixed

42. Are participants required/permitted to segregate assets held for their own benefit from those they hold for their clients?

Yes (please answer 42a)

42a. If yes, is segregation required or simply permitted?

Required (please answer 42b)

42b. How does segregation occur? (Choose all that apply.)

By separately designated participant accounts., By separately designated beneficial owner accounts.

43. Does the depository permit its participants to open accounts in the participant's own nominee name(s)?

Yes (please answer 43a)

43a. If yes, do laws exist which acknowledge the rights of beneficial owners with respect to securities registered in nominee name?

Yes

44. In the event a participant's single account is blocked for any reason (e.g., insolvency, penalties, violations, liens), would securities held in the account on behalf of the participant's clients be accessible:

44a. By the participant's clients?

Other (please answer 44c)

44c. If other, please explain:

Participant's account on which securities are held on behalf of his clients cannot be blocked. Clients' holdings, which are segregated in separate account, are transferred to the accounts of another reliable participant on the client's choice.

44d. By the intervening authorities controlling insolvency or other proceedings?

Other (please answer 44f)

44f. If other, please explain:

With clients' consent

44g. By the participant's creditors?

No

44j. By the depository's creditors?

No

45. In what form does the depository maintain records identifying the assets of each participant? (Choose all that apply. Please refer to "Help" for clarification.)

Computer file (please answer 45b), Hard copy (please answer 45b), Computer tape (please answer 45b)

45b. In which format is the source data maintained?

DB2-AS400

46. Rule 17f-7 requires that an Eligible Securities Depository "provides periodic reports to its participants with respect to its safekeeping of assets, including notices of transfers to or from any participant's account."

Does the depository make available periodic safekeeping reports to participants, including notices of transfers to or from the participant's account?

Yes (please answer 46b)

46b. If yes, please indicate the scheduled frequency: (Choose one.)

Other (please answer 46c)

46c. If other, please explain:

On each movement in the participant's account, as well as monthly, quarterly and annually. Participants can have daily monitoring of their accounts.

47. What is your document retention policy for documents described in previous question? (Choose one.)

Other (please answer 47a)

47a. If other, please explain:

The main securities accounting documents (journals of operations, entries in securities accounts and securities balances) and databases are kept for 75 years, while the primary documents for securities accounting and their databases are retained for 10 years.

SETTLEMENTS

The purpose of this section is to identify the model of settlement employed, the relationship between cash and securities, and the basis on which participants meet their obligations.

48. The Committee on Payment and Settlement Systems of the Bank for International Settlements (BIS) has identified three common structural approaches or models for linking delivery and payment in a securities settlement system. Please indicate which model your procedures most closely resemble (Please refer to details on the models within the "Help" section located below this question): (Choose all that apply.)

Model 1 - Gross, Simultaneous Settlements of Securities and Funds Transfers. (please answer 48a), Model 2 - Gross Settlements of Securities Transfers Followed by Net Settlement of Funds Transfers. (please answer 48a)

48a. How do your settlement procedures vary from the model chosen above?

Model depends on the type of transaction. For central market (automatched) transactions and some other trades concluded on the Stock Exchange - Model 2; for negotiated deals and OTC transactions - Model 1.

Question 48 Help:

Model 1 - Gross, Simultaneous Settlements of Securities and Funds Transfers. These systems settle transfer instructions for both securities and funds simultaneously on a trade-by-trade (gross) basis, with final (irrevocable and unconditional) transfer of securities from the seller to the buyer (delivery) occurring at the same time as final transfer of funds from the buyer to the seller (payment). The securities settlement system maintains securities accounts and funds accounts for participants. Transfer of securities and cash are made by book-entry.

Model 2 - Gross Settlements of Securities Transfers Followed by Net Settlement of Funds Transfers. These systems settle securities transfer instructions on a trade-for-trade (gross) basis, with final transfer of securities from the seller to the buyer (delivery) occurring throughout the processing cycle, but settle funds transfer instruction on a net basis, with final transfer of funds from the buyer to the seller (payment) occurring at the end of the processing cycle.

The securities settlement system maintains securities accounts for participants, but funds accounts are usually held by another entity (often a commercial bank or the central bank). Securities are transferred by book-entry, such transfer being final at the instant the entries are made on the securities settlement system's books. The corresponding funds transfers are irrevocable, but not final. During the processing cycle, the system calculates running balances of funds debits and credits, the balance being settled at the end of the processing cycle when the net debit and net credit positions are posted on the books of the commercial bank or central bank that maintains the funds accounts. Settlement of funds accounts may occur once a day or several times a day.

Model 3 - Simultaneous Net Settlement of Securities and Funds Transfers. These systems settle transfer instructions for both securities and funds on a net basis, with final transfer of both occurring at the end of the processing cycle. Settlement may occur once a day or several times a day. The securities settlement system maintains securities accounts for participants. Funds accounts may be maintained by another entity, either a commercial bank or the central bank.

During a processing cycle, running balances of debits and credits to funds and securities accounts are calculated. All funds and securities transfers are provisional until the end of the processing cycle, at which time book-entry transfer of securities take place. If and only if all participants have sufficient balances of funds and securities, final transfers of the net securities balances and net funds balances are executed.

49. Are the cash and security movements simultaneous?

Yes

OWNERSHIP OF SECURITIES

The purpose of this section is to determine how ownership of securities is represented, the ways the depository maintains ownership or control of securities held in the depository, and the extent to which ownership of assets held by the depository is separated from the proprietary assets of the depository.

50. How are depository eligible securities held by the depository?

Securities in the depository are held in dematerialized form.

51. If depository eligible securities are certificated, can depository eligible securities be held outside of the depository?

Not applicable

52. If securities are dematerialized:**May dematerialized security positions be re-certificated and held outside the depository?**

No (please answer 52a)

52a. Are the securities held: (Choose all that apply.)

Through book-entry at the depository, Through book-entry at a registrar or issuer (please answer 52b)

52b. Please identify which types of entities may act as registrars: (Choose all that apply.)

Other (please answer 52c)

52c. Please explain:

Brokerage firms and specialised brokerage divisions of banks

52d. If the securities held by the depository are recorded by book entry at the registrar, are the securities registered only to the depository, with the depository providing the function of recording ownership on a centralized basis for the market? (Choose all that apply.)

No (please answer 52g)

52g. If the securities held with the depository are recorded by book-entry at the registrar but are not registered exclusively to the depository, may they be registered to:

The beneficial owner, A nominee

52i. If the securities held with the depository are recorded by book-entry at the registrar, what are the control features at the registrar for transfer of registrar positions to and from the depository (e.g., authentication procedures, reconciliation, confirmation of position at registrar)? Please describe:

Authentication procedures, reconciliation, confirmation

53. Rule 17f-7 requires that an Eligible Securities Depository "maintains records that identify the assets of each participant and segregate the system's own assets from the assets of participants."

Does the depository maintain records that identify the assets of each participant and segregate the system's own assets from the assets of participants?

Yes

54. Does the law protect participant assets from claims and liabilities of the depository?

Yes

55. Can the depository assess a lien on participant accounts? (A lien would entitle the depository to take and hold or sell the securities of the participant in payment of a debt.)

No

55c. Please indicate the limits of this lien as indicated below: (Choose one.)

55e. If a lien is placed on a participant's account which has been designated for its clients, will the depository select certain securities to be subject to the lien?

55j. For accounts designated as client accounts, do procedures exist to restrict the placement of liens only to obligations arising from safe custody and administration of those accounts?

56. Transfer of Legal Ownership

Does the depository have legal authority to transfer title to securities?

Yes (please answer 56a)

56a. When does title or entitlement to depository securities pass between participants? (Choose one.)

When the transaction is processed on an intra-day basis. (please answer 56c)

56c. Where does title or entitlement to depository securities pass between participants? (Choose one.)

On the depository books

Datasheet Progress

Part 1 Completed