

## **RULES ON SAFETY REQUIREMENTS FOR ACCOUNTING OF FINANCIAL INSTRUMENTS**

### **I. THE SCOPE AND LEGAL BACKGROUND**

1. These Rules shall establish the technical and organisational requirements for safety of accounting of financial instruments that shall be binding upon all account managers.
2. The legal background for these Rules is paragraph 27 of the Rules on Accounting of Financial Instruments and Their Circulation approved by the Lithuanian Securities Commission.

### **II. SAFETY REQUIREMENTS FOR ACCOUNTING OF FINANCIAL INSTRUMENTS**

3. Accounting of financial instruments must be conducted in separate premises or in a section of the shared premises separated by a special barrier. The account manager's employees directly engaged in financial instruments accounting operations, chief executives of the respective account managers, as well as other persons specified by the head of the account manager shall be entitled to be present in these separate premises or in the section of the shared premises during the business hours. The right to enter the account manager's premises (or the section of the shared premises) in which accounting of financial instruments is conducted shall also be given to the staff of the Securities Commission, the Central Securities Depository of Lithuania and to other officials in accordance with the procedure laid down in the laws of the Republic of Lithuania.
4. The head of the account manager shall be liable for the safety of the accounting documents and data of financial instruments, and for that purpose he must take all necessary measures in order to protect the documents and the data from any destruction or damage.
5. In order that entries in accounts of financial instruments and in other accounting documents of financial instruments could be made timely, the account manager must ensure that at least one employee having the right to manage financial instruments accounting would be present at his work place throughout the entire business day. The account manager shall be recommended to have at least two employees, who would be entitled to manage accounting of financial instruments.
6. The account manager shall be obliged to use such kind of a computer system for accounting of financial instruments and such kind of computer hardware and communication technique that would guarantee data protection of financial instruments accounting.

7. The account manager must have a possibility to use a reserve computer system for financial instruments accounting, whereby he could carry out financial instruments accounting operations in case of a breakdown of the mainframe computer system or when there is no possibility to use the system due to other reasons.
8. In cases of a breakdown of the computer system of financial instruments accounting or when there is no possibility to use the system due to other reasons, the account manager may continue securities accounting on paper, referring to the data not older than the data available on the preceding business day.
9. The account managers may use only the financial instruments accounting software that would ensure that the financial instruments accounting operations carried out by means of the said software would comply with all accounting requirements for financial instruments imposed by legal acts.
10. In order to ensure compliance of the financial instruments accounting software used by account managers with the requirements for financial instruments accounting prescribed by legal acts, the above mentioned software must be tested at the Central Depository. The Central Depository shall establish the requirements for the financial instruments accounting software and the procedure for testing it in a separate Executive Note.
11. No later than by 12 noon on the following business day, the account manager must make the daily backup of the database of the previous business day and leave the copies for safekeeping in a safe or a fire-proof strong-box in the account manager's premises or in a data storage located in the premises other than the account manager's office (further referred to as the remote data storage), while on the close of the business week the copies made during the week must be stored by the beginning of the next week in a magnet-proof vault of a bank chosen by the account manager or the Central Depository.
12. The data specified in paragraph 11 of these Rules shall be accumulated, stored and updated in such a way that the data of the last five business days would be stored in a safe, fire-proof strong-box or in a remote data storage of the account manager, while the data of the last five weeks would be stored in a vault of a bank or the Central Depository.
13. If in cases provided for in paragraph 8 the accounting of financial instruments is run on paper, at the end of each business day an account manager must make copies of the day's entries in the Consolidated Journal of Operations and in financial instruments accounts and leave them stored in a safe or fire-proof strong-box in the premises of the account manager, while at the end of the business week these copies must be stored in the vaults with a bank chosen by the account manager or with the Central Depository.
14. The copies of the financial instruments accounting data (the databases) or the copies of the financial instruments accounting documents must be made in such a way as to make it possible at any time to restore on their basis all the accounting data of financial instruments.

15. After business hours all financial instruments accounting documents (including primary accounting documents) must be kept exclusively in a locked safe or in a fire-proof strong-box.
16. Documents on financial instruments accounting (Consolidated Journal of Operations, securities accounts and Statement of securities positions) and the database shall be stored for 10 years.

### **III. FINAL PROVISIONS**

17. These Rules shall enter into force as of 1 February, 2009.

President

Artūras Keleras