

# Price transparency according to the Code of Conduct on clearing and settlement

## I. Price list

The CSDL fees are regulated by the CSDL instruction “The Procedure for Fixing and Payment of Fees of the Central Securities Depository of Lithuania” and mutual agreements between the CSDL and its participants. The approval of this instruction and amendments to it is within the responsibility of the CSDL Board. According to the Securities Market Law (Art. 49.5), the Board of the CSDL sets the rates of the account managers’ entrance fee, annual fee, quarterly (securities custody) fee and transaction (operations) fee for accounting record that must be coordinated with the Securities Commission (SC). Those 4 types of fees that need to be reconciled with the SC account for 80% of all CSDL revenues. Amendments to the fees are usually also coordinated with the CSDL participants and are officially disclosed at least 20 days before coming into force.

### 1. Types and rates of fees charged by the CSDL

The CSDL participants shall pay the following fees to the CSDL for the provided securities accounting services:

1. entrance fee;
2. annual fee;
3. quarterly fee for handling of securities accounting (securities custody);
4. operations (transaction) fee;
5. stock events administration fee (brokerage firms or banks pay this fee only when issuers authorise them to manage their securities accounting);
6. other special fees.

### 2. Entrance fee

Fee rate in LTL <sup>1</sup> for Brokerage firms, Banks (Account Managers).	Brief description
650	Entrance fee is a one-off payment for the opening of accounts when account managers become participants of the CSDL.

### 3. Annual fee

Fee rate in LTL for Brokerage firms, Banks (Account Managers).	Brief description
391	Annual fee is a participation fee. New participants of the CSDL shall pay this fee together with entrance fee, or against a separate invoice.

Fee rate in LTL for Issuers (indirect participants represented by their authorized Account Managers)	Brief description
195	The fee is imposed on indirect participants, whose personal securities accounts are managed by Brokerage firms or Banks.

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<sup>1</sup> According to Currency Board Arrangement the rate of the national currency Litas (LTL) is fixed to Euro: 3,4528 LTL equal to 1 Euro.

#### 4. Quarterly fee for handling of securities accounting (securities custody)

Fee rate in LTL for Brokerage firms, Banks, (Account Managers)	Brief description	Discounts, exemptions applied
1 LTL for 20000 LTL balance or 0.005% (On the average quarterly balance of securities in terms of value )	Quarterly securities variable custody fee is a product of the average quarterly balance of securities in terms of value on the securities account of a participant (average quarterly capitalization) multiplied by the rate of the quarterly fee applied to participants.	No discounts applied
3.00	The quarterly securities custody fee (fixed rate) paid for every account opened with the CSDL	The quarterly fee for handling of securities accounting charged on each securities account shall not be applied to short-term (up to 1 year) securities accounts.

Fee rate in LTL for Issuers (represented by their authorized Account Managers)	Brief description	Discounts, exemptions applied
1 LTL for 20000 LTL balance or 0.005% (On the average quarterly balance of securities in terms of value)	For securities held on the issuers' accounts represented by Account Managers  Quarterly securities variable custody fee is a product of the average quarterly balance of securities in terms of value on the securities account of an Issuer (average quarterly capitalization) multiplied by the rate of the quarterly fee applied to Issuers.	1) Issuers, whose securities have been admitted to the Official Trading List of Vilnius Stock Exchange (VSE), shall pay a quarterly fee not exceeding LTL 4000  2) Issuers, whose securities have been admitted to the Current Trading List of VSE, shall pay a quarterly fee not exceeding LTL 2000 (in case the Issuer has issued bonds and they have been admitted to the Current Trading List – a fee not exceeding LTL 1500)  3) Issuers whose securities have not been admitted to the Official or Current Trading Lists of VSE, shall pay a quarterly fee not exceeding LTL 1000.
3.00	The quarterly securities custody fee (fixed rate) paid for every account opened with the CSDL	The quarterly fee for handling of securities accounting charged on each securities account shall not be applied to short-term (up to 1 year) securities accounts.

The balance of securities in terms of value is determined according to the following principles:

1. The average quarterly balance of securities on the securities account in terms of value shall be calculated by adding together the securities balance of each calendar day and dividing the sum by the number of the calendar days of the quarter concerned.

2. The balance of securities of each calendar day measured in terms of value on the securities account shall be calculated by multiplying the number of securities held on the securities account of the participant at the end of the CSDL's settlement day by the price of the securities on the respective calendar day.

In case the amount of securities in terms of value is indicated in the securities account (when neither the nominal value nor quantity of the securities are indicated), the said amount shall be considered the balance on the account of that day.

3. In fixing the price of securities, three rules must be followed, which shall be applied in turn one after another, if the price has not been determined by the preceding rule:

3.1. the closing price of the securities trading session established at the trading session on the Vilnius Stock Exchange on the calendar day concerned shall be taken for the calculation;

3.2. the closing price of the securities trading session established at the last trading session on the VSE, but not earlier than 30 calendar days ago (excluding the period, when trading was suspended due to stock events) shall be taken for the calculation;

3.3. the nominal value of securities shall be taken for the calculation.

4. In fixing the price of debt securities, the nominal value of these securities shall be taken in all the cases.

5. In the event the securities are denominated in any other currency than the Litas, the official exchange rate on the last day of the quarter shall be taken for the calculation of the securities balance in terms of value on each calendar day.

## 5. Operations fees

### 5.1. VSE central market (automatched) transaction fee

Fee rate in LTL for Brokerage firms, Banks	Brief description
1.00	The fee is paid for any securities accounting entry per settlement movement (not per order) in the debit or credit side of the participant's account.

### 5.2. VSE manual (block) trades or OTC DVP transaction fee

Fee rate in LTL for Brokerage firms, Banks	Brief description
5.20	The fee is paid for any securities accounting entry in the debit or credit side of the participant's account.

### 5.3. Free-of-payment (FOP) orders fee

Fee rate in LTL for Brokerage firms, Banks	Brief description	Discounts, exemptions applied
5.20	Fees are paid for any securities accounting entries in the debit or credit side of the participants' accounts.	During the execution of free-of-payment transfer orders, when securities are transferred from accounts of issuer's account manager to accounting of clients' securities or accounting of own securities of an account manager, no operations fee (LTL 5.20) for accounting entry shall be applied to issuers, whereas account managers shall be charged the same operations fee rate (LTL 5.20) as before on each accounting entry.

### 6. Stock events (corporate actions influencing the parameters of accounts) administration fees

Fee rate in LTL for Issuers	Brief description	Discounts, exemptions applied
0.1% of the total nominal value of the new issue.	For new securities issues in case when the authorized capital is increased by additional contributions or out of the company's funds (shares).	The fee may not be less than LTL 260 or more than LTL 1034.
0.1% of the total nominal value of the reduced part of the issue	Reduction of the authorized capital (shares).	The fee may not be less than LTL 260 or more than LTL 1034.
0.05% of the total nominal value of the new securities issue	For other new securities issues (debt securities).	The fee may not be less than LTL 260 or more than LTL 1034. The fee is not charged for Government securities
260	For securities accounting entries made in their general securities account (accounts) on the basis of other stock events (re-organization of the issuer; increase of the authorized capital out of the company funds by raising the nominal value of the previously issued shares; exchange of securities of one type or class into the securities of another type or class; change of the name of securities; change of the status of a participant from direct into indirect or vice versa; assimilation of securities issues; distribution of dividends, etc.), and/or for stock events administration	-
260	In case of reorganization or restructuring of the issuer resulting in the closure of its general securities account in CSDL.	-

Fee rate in LTL for Brokerage firms, Banks, Issuers	Brief description
2.61	For entries in securities accounts in processing of stock events.

### 7. Prices of additional services to customers (special fees)

Fee rate in LTL for Issuers or their authorised account managers	Brief description	Discounts, exemptions applied
<p>Securities owners LTL</p> <p>up to 100 - 91 LTL</p> <p>101-200 - 117 LTL</p> <p>201-300 - 144 LTL</p> <p>301-400 - 168 LTL</p> <p>401-500 - 195 LTL</p>	<p>For the drawing up and submission to the issuer or its authorised account manager of the list of securities owners.</p> <p>For each request to draw up the list of securities owners when the securities are held with other account managers, the Issuer is</p>	<p>The Issuer (its authorised account manager), intending to get the list of securities owners earlier than within 4 business days of the placement of the request, must pay additionally:</p> <p>1. 80% of the calculated fee rate, provided that the list is presented</p>

<p>501-600 - 220 LTL 601 and over - 246 LTL</p>	<p>charged one of the following fees depending on the number of securities owners entered on the list.</p>	<p>on the next business day after the submission of the request; 2. 60% of the calculated fee rate, provided that the list is presented on the second business day after the submission of the request; 3. 40% of the calculated fee rate, provided that the list is presented on the third business day after the submission of the request.</p> <p>Increasing coefficients (from 1 to 2.2) are applied depending on the number of securities Account Managers (from 1 to 30) holding the shares of the Issuer.</p> <p>The Issuer wishing to get a list of owners of the securities issued by it that are held in the accounts of the Central Securities Depository of Latvia and/or Estonia (serving as account managers of foreign accounts), shall pay to the CSDL a fee of LTL 91 for the submission of each list (per each foreign central securities depository).</p>
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#### 8. Fees for the use of the Participants' secure information site of the CSDL

Fee rate in LTL for Brokerage firms, Banks	Brief description
178,69 (excluding VAT, which is 18%)	For the use of the Participants' secure information site of the Central Depository per month.

#### 9. Fees for connection to CSDL messaging system \*

Fee rate in LTL for Brokerage firms, Banks	Brief description
<p>a one-off access charge – 5000 (excluding VAT); a charge for the monthly administration of the Participant – 165 (excluding VAT)</p>	<p>Fee for the use of technical equipment located within the CSDL, which creates virtual private network (VPN) access point enabling the Participant to join the messaging system (MS), in case he access the MS by means of the equipment located within the CSDL. The fee consists of two parts.</p>

\*The fee is charged on CSDL participants, which are voluntarily connected through the CSDL to the Bank of Lithuania's system "Litas". Such participants account for approximately 30 % of all CSDL participants.

#### 10. Cases when calculation of fees is suspended

13.1. Upon the initiation of a bankruptcy case, an extrajudicial bankruptcy procedure, or liquidation against the CSDL participant, the calculation of its fees shall be suspended. It shall be resumed upon termination of the bankruptcy case, the extrajudicial bankruptcy procedure, or liquidation, as well as due to the presence of other legal grounds.

## II. Price examples and statistics

The data presented in the table show the fees for CSDL services for 2006 paid by an average CSDL participant of each category in LTL (in 2006 there were 8 brokerage firms, 9 banks, 2 foreign CSDs, and 426 issuers).

	Annual fee	Central market transactions (operations)	Manual (block) transactions (operations)	FOP	Variable quarterly securities custody fee and average capitalization	Fixed securities custody fee	Fee for the use of the Participants' secure information site of CSDL	Total
1	2	3	4	5	6	7	8	9
Fee rates	391 (195 for issuers)	1*	5.2	5.2 (15 for foreign CSDs)	1 for 20000 balance or 0.005%	3	178.69 (without VAT)	-
Average number of operations or market capitalisation in securities accounts (for an average Brokerage firm)	-	10260	242	428	241 m	582	-	-
Average number of operations or market capitalisation in securities accounts (for an average Bank)	-	20416	410	1100	969 m	650	-	-
Average number of operations or market capitalisation in securities accounts (for an average foreign CSD)	-	11682	61	251	97 m	220	-	-
Brokerage firm	391	10260	1258	2140	48250	1746	2530	<b>66575</b>
Bank	391	20416	2132	5720	193753	1950	2530	<b>226892</b>
Foreign CSD	-	11682	317	3676	19347	660		<b>35681</b>
Issuer	195	-	-	-	2133		-	<b>2328</b>

\*The fee has been charged since 24 January 2005. Prior to that date it amounted to 2.61 Lt per entry in securities account.

For entrance, annual, operations, securities custody and stock events administration fees VAT is not applied.

Breakdown of fees per average CSDL participant in 2006

per average:	Brokerage firm		Bank		Foreign CSD		Total by all types of participants	
	LTL	%	LTL	%	LTL	%	LTL	%
Fees from all types of operations	13658	20,5	28268	12,5	15674	43,9	20791	14,9
Custody variable and fixed fees (LTL3/acc.)	49996	75,1	195703	86,2	20007	56,1	115858	83,2
Annual & IT services fees	2921	4,4	2921	1,3			2614	1,9
Total	66575	100	226892	100	35681	100	139263	100

### III. Summary

#### 1. Legal basis

The legal basis for establishing securities in the book-entry form and regulating the operation of the Central Securities Depository of Lithuania (CSDL) is provided in the Civil Code, the Law on Securities Market, 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 Securities and their Circulation,

b) approved by the CSDL: the Rules on Settlement of Transactions Concluded on the Vilnius Stock Exchange, the Rules on the Securities Settlement System, the Securities Accounting Instruction, The Securities Transfer Rules;

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 CSDL on January 19, 2004, as a systemically important system and commenced its official oversight.

#### 2. Securities settlement system

The CSDL (in Lithuanian: AB "Lietuvos centrinis vertybinių popierių depozitoriumas") serves as a securities Depository, which provides securities settlement services. The principal objective of the CSDL is to conduct the general accounting of securities, prepare and implement accounting systems for securities account managers, execute their servicing and supervision.

The CSDL is the operator of Securities settlement system (SSS). The SSS 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'. The SSS executes real and designated time settlements of securities transactions, concluded on the Vilnius Stock Exchange (VSE) 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 VSE and settlement Instructions provided by the participants electronically. The SSS ensures simultaneous, final and irrevocable settlements of securities within the SSS and cash settlements within the System 'LITAS' operated by central bank.

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 Bank of Lithuania (central bank). 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 Bank of Lithuania is signed for the processing of settlement of DVP transactions.

### **3. Eligible types of instruments**

Eligible types of instruments in the SSS are equities, subscription rights, convertible bonds, debt instruments (corporate bonds and locally issued government securities: T-bills, fixed income government bonds). Foreign securities are eligible through the link with Clearstream Banking Luxembourg (CBL) and cross-border links between Baltic CSDs (Estonian and Latvian CSDs). 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.

### **4. Matching and data processing**

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 approximately 10 trade parameters, 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 instructions.

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

### **5. Range of participants of CSDL**

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 issued by themselves or by other issuers. The SSS participants must also be participants of the Payment system "LITAS" and hold settlement account with the Bank of Lithuania.

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