APPROVED by the Board meeting of AB NASDAQ OMX Vilnius on 17 May 2005 Minutes No. 05-29 as amended by AB NASDAQ OMX Vilnius at its Board meeting on 30 March 2006, Minutes No. 06-61; 19 May 2008, Minutes No. 08-52; 10 November 2008, Minutes No. 08-69; 12 January 2009, Minutes No. 09-01; 09 December 2009, Minutes No. 09-105; 25 January 2010, Minutes No. 10-110; 08 November 2010, Minutes No. 10-02.	APPROVED by the Board of the Central Securities Depository of Lithuania on 11 May 2005 Minutes No. 11 as amended by the Board of the Central Securities Depository of Lithuania on 22 March 2006, No. 1; 15 May 2008, Minutes No. 3 29 October 2008, Minutes No. 4 06 January 2009, Minutes No. 1; 07 December 2009, Minutes No. 6; 27 January 2010, Minutes No. 1; 14 September 2010, Minutes No. 8.

RULES ON SETTLEMENT OF SECURITIES TRANSACTIONS CONCLUDED ON THE STOCK EXCHANGE NASDAQ OMX VILNIUS

I. GENERAL PROVISIONS

1. These Rules shall regulate the procedure for settlement of securities transactions (hereinafter referred to as the transactions) concluded on the Stock Exchange AB NASDAQ OMX Vilnius (hereinafter referred to as the Exchange).

2. All settlements of transactions shall be carried out through the Securities Settlement Systems (hereinafter referred to as the SSS) administered by the Central Securities Depository of Lithuania, plc. (hereinafter referred to as the Central Depository).

3. The Central Depository shall handle and coordinate settlement of transactions between the participants of the SSS.

4. Settlement of transactions shall be carried out following the delivery versus payment principle.

5. If the transactions are concluded between the clients of the same participant of the SSS (hereinafter referred to as the Participant) or between the Participant and his clients, the transfers of cash shall not be executed in the payment system.

6. All messages provided for in these Rules shall be submitted through the Electronic document exchange system LITAS of the Bank of Lithuania (hereinafter referred to as the EDE Litas system), except when these Rules or other legal acts and agreements establish otherwise.

7. The form and content of all messages of technical nature and other documents mentioned in the Rules shall be determined by the Central Depository; otherwise the documents specified in the EDE LITAS shall be used.

8. For the purpose of these Rules foreign central depositories and international securities depositories shall be recognized as the Participants provided they have concluded settlement agreements with the Central Depository.

II. CONCEPTS AS USED IN THE RULES

9. **Settlements** – acts of securities and cash transfers between accounts whereby obligations of the parties are fulfilled.

10. **Settlement movement** – records in the databases of the Central Depository, after making of which the securities are transferred between the general securities account of the Participants and (or) the payment orders to carry out cash transfer between the settlement accounts of the Participants are placed with the systems LITAS-RLS or TARGET2-LIETUVOS BANKAS, thus ensuring the DVP of settlement.

11. **Settlement accounts** – accounts opened to the Participants in the payment systems that hold the funds of the Participants and their clients.

12. **Central market transactions** – auto-matched transactions concluded on the Exchange.

13. **Participants' Secure Information Site** (hereinafter referred to as PSIS) – a non-public Internet website administered by the Central Depository, which is designed only for the SSS Participants and the Exchange subject to relevant agreements signed with the Central Depository.

14. **LinkGw database** – the database administered by the Estonian central securities depository designed to exchange information between the central securities depositories of Lithuania, Latvia and Estonia.

15. **Cash custodian** – a Participant who holds (keeps in custody) own and client's cash and to whom a settlement account is opened in the payment system.

16. **Designated time settlements** – execution of a batch of settlement movements at a designated time within the SSS and the payment system by covering net claims and liabilities arising from transactions concluded on the Exchange. Designated time settlements are applied for central market transactions, execution of a tender offer, public sale of shares, initial public offering of shares and for other transactions defined by the Exchange.

17. **Instructions** – The documents placed in an electronic form by an SSS Participant via EDE-LITAS. The documents placed by the Participants, the Exchange or the third party, on the basis of which the SSS operator makes entries in the general securities accounts of the Participants and which are allowed by legal acts and these Rules, may be recognized as Instructions.

18. **Real time gross settlements** – execution of settlement movements in real time in the order of placement (according to FIFO principle) within the SSS and the payment system by meeting Participants' claims and liabilities arising from trades concluded on the Exchange, free-of-payment transfers, or transactions concluded off-Exchange (OTC).

19. **Special (clearing) account** – an account opened to the Central Depository in the payment system, which is used in handling and coordinating designated time settlements of the Participants.

20. **Standard settlement conditions** – written information provided by the Exchange member to the Exchange (Table. *Standard settlement conditions*, Annex 1) concerning his chosen securities and cash custodians, who after confirming settlement movements in

accordance with the procedure established in these Rules will have the obligation to settle the transactions of the Exchange members concluded on the Exchange.

21. **Day S** – a day of settlement of a transaction when securities and cash transfers are executed between the Participants‘ accounts in the Central Depository and the payment system.

22. **Day T** – a day on which a transaction is concluded on the Exchange.

The following terms are used in the text: “day S+n” and “day T+n”, where “n” means a number of respective *business* days after “day S” or “day T” (e.g., “day S+3” means the third business day after “day S”).

23. **TRAXESS database** – The database administered by the Estonian central securities depository which is designed for the placement of trading results of the Exchange.

24. **Securities custodian** – a Participant, who holds (keeps in custody) own and client’s securities.

25. **One-off settlement conditions** – settlement information specified by an Exchange member in the information fields “Clearing party” and “Clearing account number” located in the segment “Clearing info” of the SAXESS trading system and in the information fields “Clearing firm” and “Clearing account” located in the INET Nordic trading system. The settlement information referred above is used only during settlement of a specific transaction concluded on the Exchange.

26. Other concepts of the Rules have the meaning assigned thereto in the Law on Payments, the Law on Settlement Finality in Payment and Securities Settlement Systems, the Membership and Trading Rules of NASDAQ OMX Vilnius, the Rules on the Securities Settlement System of the Central Securities Depository of Lithuania (hereinafter referred to as the SSS Rules), and the operating rules of the payment systems LITAS-RLS and TARGET2-LIETUVOS BANKAS.

III. SYSTEM‘S MESSAGES

27. **“Settlement movements pending confirmation”** – information about settlement movements, which are to be confirmed by a Participant specified as a settlement party. The message is generated after taking in the trading results of the Exchange and is placed for the Participant on the PSIS or through EDE-Litas system.

28. **“Confirmed settlement movements”** – information about settlement movements confirmed by the Participant and on the basis of which the obligation of the Participant to settle arises. The Participant whose obligation to accept securities and cash arises subject to *Standard settlement conditions* also receives this message, although he has placed no agreement to accept them. The message is generated at the close of the day and placed for the Participant on the PSIS or through EDE-Litas system..

29. **“Aggregate settlement positions”** – information provided to the Participants about securities and cash to be accumulated on the settlement day in the specified accounts. The message is generated at the close of each accounting day and placed on the website of the PSIS. The settlement positions of the accounting day shall be formed later than the initial confirmation time specified in paragraph 51 after the SSS has processed the enrichments of settlement conditions submitted by the Participants, theconfirmations of settlement movements as well as the information provided by the Exchange on settlement

postponements and cancellations. The settlement movements unconfirmed by the initial confirmation time specified in paragraph 51 shall not be entered into the report on aggregate settlement positions of the settlement day.

30. **“Consolidated journal of operations”** – information about entries made on securities accounts. The message is generated in real time and at the close of the settlement day and placed on the Participants’ Secure Information Site;

31. **“Detailed summary report on securities transfers”** – information about executed and pending settlement on settlement day settlement movements as well as withdrawn, postponed and terminated settlement movements on the same settlement day due to securities or cash defaults. The message is generated in real time and at the close of the settlement day and placed on the PSIS.

32. **“Statement of operations pending processing” (EDE Litas message STMNT, document STPEND)** – information about pending settlement movements as well as withdrawn, postponed and terminated settlement movements on the same settlement day due to securities or cash defaults. The message is generated at the close of the settlement day and placed in the EDE Litas system.

33. **Settlement movements pending confirmation (EDE Litas messageTRANST, document TRANST)** – information on settlement movements, which may be executed in the SSS in the case where the Participants specified therein confirm them thus stating their commitment to deliver and/oraccept securities and deliver and/or accept cash. The message is generated after taking in the trading results of the Exchange and is placed for the Participant on the PSIS or through EDE-Litas system.

34. **“Statement of securities account” (EDE Litas message STMNT, document STTRAN)** – information about entries in general securities accounts made on the settlement day and about the balances of the said accounts. The message is generated at the close of the settlement day and placed in the Participants’ Secure Information Site and in the Messaging system of LITAS.

35. **“Balances on securities accounts” (EDE Litas message STMNT, document STHOLD)** – information about securities balances on the general securities accounts of a Participant within the SSS. The message is generated in real time and placed on the PSIS. Through EDE Litas system this message is provided to the Participant on his request.

36. **“Postponed and cancelled settlement movements of Exchange transactions”** – information, which the Central Depository delivers to the Exchange and Securities Commission about the settlement movements, the execution of which in the course of the settlement day has been postponed, and they have been settled later than stipulated in settlement conditions, and those, which at the close of the settlement day have been postponed till the next settlement day, as well as information about securities and (or) cash defaults identified at the close of the settlement day. The message is generated at the close of the settlement day and delivered to the Exchange on the web page of the PSIS and by e-mail. This information is delivered to the Securities Commission on paper.

37. **“Changed settlement movements“** – information, which the Central Depository provides to the Exchange and Securities Commission about the executed settlement movements, the specified settlement conditions of which have been changed by the Participants. The message is generated at the close of the settlement day and delivered

to the Exchange on the web page of the PSIS and by e-mail. This information is delivered to the Securities Commission in an electronic form.

IV. PROVISION OF TRADING RESULTS TO THE SSS, THEIR PREPARATION FOR SETTLEMENT

38. Every business day by 4:45 p.m. the Exchange shall form trading day results in the TRAXESS database. The Exchange may also finalize the trading day results after 4:45 p.m. upon written notice to the Central Depository given not later than by 4.30 p.m.

39. The trading day results formed by the Exchange and transferred to the Central Depository must specify exact and adequate information about the Participants, who will have to settle the transactions concluded on the Exchange by delivering securities and cash. In case where the trading day results of the Exchange do not specify any information about the Participants who are obliged to settle, or where such information is identified as inadequate or inaccurate, the Central Depository shall use for the generation and execution of settlement movements the information provided by the Exchange on the Participants selected by the Exchange members as referred to in the *Standard settlement conditions* (Annex 1).

40. The trading day results formed by the Exchange and transferred to the Central Depository shall specify the ~~settlement sum of the~~currency at the time of conclusion of a transaction ~~in the currency of securities' denomination~~. Where the currency at the time of conclusion of a transaction is the Litas or the Euro, the settlements shall be carried out in the currency of the conclusion of the transaction. In cases where a transaction is nominated in other currency than the Litas or the Euro, w~~W~~hen generating a settlement movement, the Central Depository shall translate the ~~specified settlement~~ sum of the transaction specified in the trading day results ~~in the currency of securities' denomination~~ to the settlement sum in Litas, applying the exchange rate between the Litas and the other foreign currency, in which the securities transaction has been concluded, established by the Bank of Lithuania and effective on the transaction day. Such translation shall be performed only when the Central Depository has no agreement for cash transfer with the payment system, in which payments in the currency of the securities~~'~~ transaction ~~denomination~~ are executed.

~~In case the settlement parties do not wish to settle in the currency of securities' denomination, the settlement currency may be changed as provided in section V of the Rules and the Central Depository shall translate the specified settlement sum into Litas, applying the exchange rate established by the Bank of Lithuania and effective on the transaction day between the Litas and the foreign currency in which the settled securities are denominated.~~

When translating the ~~specified settlement~~ sum of the transaction into Litas, the Central Depository shall round the fractional part of the settlement sum applying the decimal arithmetic rounding rules.~~"~~

41. On the basis of the trading results of the Exchange, the Central Depository shall immediately generate settlement movements and provide an updated message "Settlement movements, pending settlement" to the Participants.

42. In case a settlement movement is generated where at least one party to the settlement is Estonian and (or) Latvian central securities depository, the Central Depository shall make corresponding entries in the GwLink database by 5:00 p.m. on T day.

43. The SSS generates settlement movements depending on whether the Exchange member when placing an order with the Exchange or a message on the concluded manual trade has set "One-off settlement conditions" (Annex 2). If the Exchange member:

43.1. has not set such conditions – the SSS writes down in the settlement movement the Participants (securities and cash custodians) specified in the *Standard settlement conditions* (Annex 2) according to Owner Category indicated in the trading results;

43.2. has set such conditions – the SSS writes down in the settlement movement the Participant specified in these conditions (Annex 2) (in such cases a securities custodian and cash custodian is one and the same Participant.).

V. CHANGE AND CONFIRMATION OF SETTLEMENT CONDITIONS

44. The SSS Participants can one-sidedly change the settlement conditions specified during the transaction by sending prior to 10 a.m. on day S a message "Cancellation of Instruction or Change of Conditions of settlement movement" (EDE Litas message SETCHG, document SETCHG). .This Instruction shall be submitted to the SSS through PSIS or EDE Litas system.

45. The Exchange members, who are not the SSS Participants, must give instruction concerning the change of the settlement conditions to the Participants, specified in the settlement conditions of their concluded transactions. In case the settlement conditions of the transactions concluded on the Exchange have no reference to the Participants that have to settle, the Exchange members must provide the instruction concerning the change in the settlement conditions to the Participants specified in the *Standard settlement conditions*.

46. The Participant referred to in the settlement movement (securities custodian) may change only the settlement conditions related to securities (the place of securities custody, requisites of the general securities accounts of the securities custodian with the Central Depository, client code in accounting records of the securities custodian). In such a case an obligation of the specified Participant to settle by delivering securities will arise only when he confirms his agreement to settle.

47. The Participant referred to in the settlement movement (cash custodian) may change only the settlement conditions related to cash (settlement currency, specify another Participant who is able to settle cash). In such a case an obligation of the newly specified Participant to settle by delivering cash will arise only when he confirms his agreement to settle.

48. The SSS Participants by delivering to the SSS prior to 10 a.m. the Instruction regarding the change of settlement currency may change the ~~settlement~~ currency specified ~~during~~ in the transaction or during the formation of the settlement movement (from the Euro to the Litas or from the Litas to the Euro). This instruction shall be delivered to the SSS through PSIS. The change of settlement currency is possible only on bilateral consent of the parties. In case the other settlement party does not confirm the change of settlement currency, the settlement shall be executed in the currency specified during the conclusion of the transaction or during the formation of the settlement

movement. The Central Depository shall translate the settlement sum applying the official exchange rate between the Litas and the Euro. When translating the specified settlement sum into Litas, the Central Depository shall round the fractional part of the settlement sum applying the decimal arithmetic rounding rules.

49. In case the Participants have changed the settlement currency, the SSS shall change the settlement day set during the conclusion of the transaction or during the generation of the settlement movement to the nearest following payment system's business day, if the day set during the conclusion of the transaction coincides with the payment system's non-business day.

50. In case the Participant has changed the settlement conditions referred to in the settlement movement, this information shall be transferred immediately to the newly specified Participants, who can change settlement conditions or confirm the settlement movement till the deadline fixed by the Central Depository.

51. The SSS Participants (delivering or receiving securities or cash) must confirm all settlement movements recorded on day S by 11 a.m. on day S (the initial confirmation time). The unconfirmed by the time referred above settlement movements that are generated on the basis of central market (automatched) and/or manual transactions concluded in the NASDAQ OMX Vilnius trading system may be confirmed by 3.45 p.m. on S day.

The confirmation of the settlement movement at least one of the Participants whereof is Estonian central depository or Latvian central depository must be performed by 11 a.m. on S day.

Postponement of the confirmation time may not be applied to settlement movements generated on the basis of the transactions concluded in the NASDAQ OMX Riga and NASDAQ OMX Tallinn trading systems.

52. Confirmation of the settlement movement means an explicit, unconditional and irrevocable agreement by the Participant, who has provided such confirmation, to settle the settlement movement concerned. The SSS records only the settlement movements, which have been confirmed by all the Participants specified in them, except for the cases provided for in these Rules.

53. Where the same Participant is obliged to deliver securities and receive cash, his agreement to deliver securities at the same time means an unconditional and irrevocable agreement to accept cash that will be transferred by the Central Depository's instruction to his settlement account in the payment system.

54. Where the same Participant is obliged to pay cash and receive securities, his agreement to deliver cash at the same time means an unconditional and irrevocable agreement to accept securities that will be transferred to his general securities account within the SSS.

55. In the event that the Participant referred to in "One-off settlement conditions" does not confirm the settlement movement by the terms and according to the conditions specified in paragraph 51, the Central Depository shall replace him in the settlement movement by the Participant, specified in the *Standard settlement conditions*.

56. Securities shall be entered into the general securities account of the Participant (receiver of the securities) specified in the *Standard settlement conditions* within the SSS

without his agreement provided that an agreement to deliver cash has been received from the Participant who has an obligation to deliver cash.

57. Cash shall be transferred to the settlement account of the Participant (receiver of cash) specified in the *Standard settlement conditions in the payment system* without his agreement provided that an agreement to deliver the securities has been received from the Participant who has an obligation to deliver the securities.

58. If at least one of the Participants referred to in the settlement movement, who is obliged to confirm the settlement movement, fails to do so by the fixed deadline, the SSS shall postpone this settlement movement till the next day.

VI. TERMINATION, POSTPONEMENT AND CHANGE OF SETTLEMENTS

59. The Exchange members can terminate settlement of central market transactions and manual trades, except for the transactions of a public offering of shares, public sale of shares and a tender offer.

60. Settlement of manual trades carried on the Exchange can be postponed till day S+2 or the status of a settlement may be changed, i.e. the provisions of Chapter VII “Settlement of Manual Trades” shall not be applicable for the execution of the settlement.

61. Both settlement parties (the Exchange members), intending to terminate, postpone the concluded transaction or change its settlement status, must by 10 a.m. on day S present their written applications to the Exchange.

62. By 11 a.m. on day S the Exchange shall inform the Central Depository about the terminated or postponed transactions or about the change of their status by placing a message on PSIS.

63. On the basis of the message referred to in paragraph 62 the Central Depository shall change the execution date or the status of the respective settlement movement or terminate its execution.

64. The Central Depository shall inform the Participants (securities and cash custodians), who are obliged to settle in accordance with these settlement movements, about the settlement movements that have been changed, postponed or terminated by the instruction of the Exchange. This information shall be placed on PSIS and through EDE Litas system.

The settlement parties that have submitted their applications for the change of the status of a settlement shall be obliged to guarantee that the settlement of the manual trades concluded on the Exchange is in compliance with the terms and conditions of these trades and the DVP principle within the SSS or outside it. The Exchange shall have the right to ask the parties to the transaction for information confirming compliance with the provisions of this paragraph.

65. At the close of the day S+2, the settlement movements of manual trades shall be automatically terminated, if they have not been confirmed in due time and according to established conditions by at least one of the Participants specified in settlement conditions, or the SSS has identified securities or/and cash default.

66. At the close of the day S+10 the settlement movements of the central market transactions shall be terminated, if they have not been confirmed in due time and according to established conditions by the Participant delivering securities, or securities default has been identified.

67. At the close of the day S+3 the settlement movements of the central market transactions shall be terminated, if they have not been confirmed in due time and according to established conditions by the Participant delivering cash, or cash default has been identified.

VII. SETTLEMENT OF MANUAL TRADES

68. Partial settlement of a manual trade is not feasible.

69. The settlement movement, at least one of the Participants of which is Latvian or Estonian central depository, shall be settled in one batch with the central market transactions, i.e. a designated time settlement procedure shall be applied. The Participant (who has to deliver cash) of such a settlement movement must ensure that the amount of cash accumulated on his settlement account would correspond to the amount of cash required for manual trades (where he must deliver cash).

70. On day S at the time indicated in the Schedule of the SSS, the Central Depository shall carry out settlement movements of manual trades. These settlement movements shall be included in the general queue for the execution of real time gross settlements, with the exception of the movements specified in paragraph 69.

71. During the process laid down in paragraph 70 the Participant must have a sufficient amount of securities in the general securities accounts with the Central Depository and (or) a sufficient amount of cash in the settlement account for settlement of manual trades.

72. The SSS shall check whether the amount of securities in the general securities accounts of the Participant delivering securities is sufficient, block the amount of securities required for settlement and submit to the payment system a payment order (hereinafter referred to as the third party order), specifying the amount of cash to be transferred from the settlement account of the Participant delivering cash to the settlement account of the other Participant (who is to receive cash).

73. The third party payment order shall be executed in the payment system without delay provided there is a sufficient amount of cash on the settlement account of the Participant.

74. Having received a message concerning the transfer of cash, the SSS shall without delay transfer the securities between the general securities accounts of the Participants and notify them by means of a message of the established format about the executed settlement movement.

75. Having carried out one of the settlement movements, the SSS pursues the execution of another one, which is standing in the queue for execution.

VIII. THE PROCEDURES TAKEN IN CASES OF SECURITIES AND (OR) CASH DEFAULTS DURING MANUAL TRADES[1]

Securities default

76. If the SSS identifies securities default while checking the general securities account of the Participant, it shall postpone the execution of such a settlement movement by placing it into the queue of the settlement movements to be executed and execute it repeatedly till the expiration of the time for the execution of such settlement movement.

77. Having identified a securities default, the SSS shall immediately deliver to both settlement Participants a message in the established format whereby notifying them of the securities default on the general securities account.

78. In case the SSS identifies securities default once again while executing temporarily postponed settlement movements, it shall not inform the Participants about the matter any more.

79. The settlement movements of manual trades, the execution of which has failed due to securities default on day S, shall be postponed till the next settlement day, but not longer than the day S+2. In case of failure to execute such settlement movements of manual trades on day S+2, their execution shall be terminated.

Cash default

80. In the event of failure to execute in the payment system a payment order delivered by the SSS due to cash default on the settlement account of the Participant delivering cash, the order concerned shall be queued among the orders pending execution and executed repeatedly till the close of the banking day.

81. At the close of the payment system's day the Central Depository and the Participants (the payer and the payee) shall receive notices from the payment systems concerning the removal of the orders that have not been executed due to cash default from the queue of the orders pending execution.

82. The SSS shall postpone settlement movements of the manual trades that have failed due to cash default on day S till the next settlement day, but not longer than the day S+2. In the event that the settlement movements of such manual trades have failed on the day S+2, their execution shall be cancelled.

IX. SETTLEMENT OF CENTRAL MARKET TRANSACTIONS

83. Partial settlement of central market transactions is not feasible.

84. Settlement of central market transactions shall be 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 shall be applied. In the case where settlement movements were not confirmed by 11 a.m. on S day (the initial confirmation time), but were confirmed by 3.45 p.m. on S day, the real time gross settlement procedure shall

[1] Except for the cases, where one of the settlement parties is Latvian or Estonian central depository.

apply to their accounting. When executing settlement movements confirmed after 11 a.m. on S day and having identified securities or/and cash default, the procedures specified in paragraphs 91 – 98 and 103 - 109 shall apply.

85. Having confirmed the settlement movements of central market (automatched) transactions, the Participants must accumulate the amount of securities specified in *Aggregate settlement positions* in the general securities accounts with the Central Depository and (or) the amount of cash in the settlement accounts within the payment systems before the execution of the settlement movements begins.

86. While carrying out settlement movements of central market (automatched) transactions, the SSS shall check whether the amount of securities in general securities account of the Participants is sufficient, block the amount of securities required for settlements and submit to the payment system a batch of payment instructions, 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.

87. The batch of payment instructions shall be executed in the payment system without delay provided that there is a sufficient amount of cash on the settlement accounts of all the Participants, who are to deliver cash.

88. Having received a message from the payment system concerning the transfers of cash, the SSS shall without delay transfer the securities between the general securities accounts of the Participants and notify them by means of a message of the established format about the executed settlement movements.

X. THE PROCEDURES TAKEN IN CASES OF SECURITIES AND (OR) CASH DEFAULTS DURING CENTRAL MARKET TRANSACTIONS[2]

Securities default

89. If carrying out the actions referred to in paragraph 86 a securities default is identified in the general securities account of at least one of the Participants (including Latvian and Estonian central depositories) who is to deliver securities, the SSS shall suspend all settlement movements of the central market transactions 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 (in such a case the aggregate settlement positions of the Participants in securities cannot exceed the quantity of traded securities, provided that these securities are available on the account).

90. Having carried out the actions referred to in paragraph 89, the SSS shall not inform the Participants about the matter. The Latvian and Estonian central depositories shall be notified of the selected non-executable settlement movements related to them. They must inform immediately whether after removing from the settlement process of day S the non-executable settlement movements it would be possible to record other settlement

[2] Including the cases, where one of the settlement parties of the manual trade is Latvian or Estonian central depository.

movements confirmed by them. The settlements shall be pursued further in accordance with the procedure laid down in paragraphs 86 – 88.

91. The SSS shall postpone the settlement movements of the central market (automatched) transactions that have failed due to securities default on day S till the next settlement day, but not longer than the day S+10 inclusively.

92. The Exchange member must ensure that not later than on day S+4 the amount of securities required for the settlement of the transaction concluded by the Exchange member is available on the general securities account of the Participant who is to settle the transaction concluded by this Exchange member. The Participant, who has to settle the transaction concluded by this Exchange member, must confirm the corresponding settlement movement (provided it has not been confirmed earlier) in due time indicated in the Schedule of the SSS.

93. Having identified that the Participant has accumulated the amount of lacking securities from day S+1 till day S+4 as specified in paragraph 92, the SSS shall continue execution of settlements according to the procedure laid down in Chapter IX.

94. If carrying the actions referred to in paragraph 86 on day S+4, the securities default is identified once again or the Participant fails to confirm the corresponding settlement movement, the Central Depository shall inform the Exchange on the matter. In that case the Exchange must buy the required securities under market conditions on behalf of the Exchange 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 Exchange shall indicate in the ad hoc settlement conditions that the acquired securities will be held on the personal Guarantee Fund account of the Exchange with the Central Depository. The Exchange shall notify the SSS on such a transaction in writing. On the basis of such a note the SSS 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 e before the execution of the settlement movements begins on day S+9 at the due time indicated in the Schedule of the SSS.

95. Information about the transaction by means of which the Exchange has bought the required securities shall be forwarded to the SSS in accordance with the procedure specified in paragraph 38.

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

97. The cash received shall be transferred to the Guarantee Fund account specified by the Exchange.

98. If the Exchange does not buy the required amount of securities in compliance with the procedure prescribed by paragraph 94, the SSS shall terminate the execution of the settlement movements of such central market transactions on day S+10.

Cash default

99. In the event that the payment system identifies cash default in the settlement account of at least one of the Participants taking part in the settlement, the SSS shall receive a message from the payment system 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).

100. Upon receipt of the message referred to in paragraph 99, the SSS 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 (in such a case the aggregate settlement positions of the Participant in securities cannot exceed the quantity of the bought securities, whereas the ones in cash cannot exceed the sum blocked in the settlement account of the Participant).

101. Having carried out the actions referred to in paragraph 100, the SSS does not inform the Participants about the matter. The Latvian and Estonian central depositories shall be notified of the selected non-executable settlement movements related to them. After that the SSS shall once again generate and submit to the payment system a batch of payment instructions, specifying the amount of cash to be transferred from the settlement accounts of the Participants (who are to deliver cash) to the special account of the Central Depository in the payment system and from it to the settlement accounts of other Participants.

102. The settlements shall be pursued further in accordance with the procedure laid down in paragraphs 86 – 88.

103. The SSS shall postpone the settlement movements of the central market (automatched) 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 inclusively.

104. The Exchange member must ensure that not later than on day S+1 the amount of cash required for the settlement of the transaction concluded by the Exchange member is available in the payment system on the settlement account of the Participant who is to settle the transactions concluded by this Exchange member. The Participant, who has to settle the transaction concluded by this Exchange member, must confirm the corresponding settlement movement (provided it has not been confirmed earlier) in due time indicated in the Schedule of the SSS.

105. Having identified that the Participant has accumulated the amount of lacking cash on day S+1 as specified in paragraph 104, the SSS shall continue execution of settlements according to the procedure laid down in Chapter IX.

106. While carrying the settlement movements of the central market (automatched) 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 payment system that there is a deficiency of cash for settlement movements specified in paragraph 103 on the Participant's settlement account once again, the SSS shall inform the Exchange on the matter after the close of the accounting day. In that case the Exchange must transfer the required amount of cash of the Guarantee Fund to the account indicated by the Central Depository before the execution of the settlement movements begins on day S+3 at the due time indicated in the Schedule of the SSS.

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

108. The received securities shall be transferred to the personal Guarantee Fund account indicated by the Exchange.

109. If the Exchange does not transfer the required amount of cash of the Guarantee Fund in compliance with the procedure laid down in paragraph 106, the SSS shall cancel the execution of the settlement movements of such central market transactions on day S+3.

XI. SETTLEMENT OF TRANSACTIONS OF THE GOVERNMENT SECURITIES AUCTION

110. In accordance with the Government securities offering order’s number assigned by the trading system of the Exchange and the ISIN code of the issue, the SSS shall aggregate the settlement movements of the transactions of the Government securities auction into one batch of settlement movements subject to a simultaneous execution on day S and give it a unique number The settlement movements to be executed on day S with regard to the Government securities redemption and the Government securities coupon payments shall be added to the formed batch of the settlement movements, thus assessing the receivable/payable funds of the Participants.

111. Partial settlement of a buy or sell transaction concluded during the Government securities auction is not feasible.

112. The Participants must confirm the settlement movements of the transactions of the Government securities auction in compliance with the procedure laid down in Chapter V.

113. Having confirmed the settlement movements of the transactions of the Government securities auction, the Participants must accumulate the amount of cash specified in *Aggregate settlement positions* in the settlement accounts within the payment system and (or) the amount of Government securities in the general securities accounts with the Central Depository, before the execution of the settlement movements begins.

114. The SSS on day S at the time fixed in the Schedule for the SSS shall process the batch of the settlement movements under the designated time settlement procedure, in accordance with the unique number assigned to such a batch. Each batch of settlement movements shall be carried out separately according to the designated time settlement procedure.

115. While carrying out settlement movements of the transactions of the Government securities auction, the SSS shall check whether the amount of securities in the general securities accounts of the Participants, who are to deliver securities (according to early redemption transactions or when executing final redemption), is sufficient, block the amount of securities required for settlements and submit to the payment system a batch of payment instructions, 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.

116. The batch of payment instructions shall be executed in the payment system without delay provided that there is a sufficient amount of cash on the settlement accounts of all the Participants, who are to deliver cash.

117. Having received a message from the payment system concerning the transfers of cash, the SSS shall without delay transfer the securities between the general securities accounts of the Participants and notify them by means of a message of the established format about the executed settlement movements.

XII. THE PROCEDURES TAKEN IN CASES OF CASH DEFAULT[3] DURING THE TRANSACTIONS OF THE GOVERNMENT SECURITIES AUCTION

118. Having identified in the payment system a default in the settlement account of the Participant representing the Ministry of Finance (further in this chapter referred to as the Issuer), the SSS prior to the placement of the batch of payment orders to the payment system, shall submit a request for the Issuer to accumulate the lacking amount of cash required for settlement till the time specified in the Schedule for the SSS or specify which settlement movements and cash payments have to be postponed till the next day.

119. In case the Issuer has failed to place an instruction regarding which settlement movements and cash payments have to be postponed till the next day and the Participant representing the Issuer has failed to accumulate the required amount of cash, the SSS, in compliance with the principles set forth in paragraph 120, shall select the non-executable on day S settlement movements and the cash payments that are to be postponed till the next settlement day and then executed after the Issuer transfers the lacking cash.

120. In case of cash default in the payment system on the settlement account of the Participant representing the Issuer and who has been required to settle on day S regarding the Government securities to be redeemed and/or coupons, the SSS shall distribute cash accumulated by the abovementioned Participant among the Participants holding in their general accounts the Government securities to be redeemed and/or the ones with respect to which coupon payment is to be made, in accordance with the principles mentioned below in the following order of priority:

120.1. Payment of the funds allocated for the payment of Government securities coupons.

120.2. Payment of the funds, allocated for the redemption of short-term (with maturity of up to and including one year) Government securities.

120.3. Payment of the funds allocated for the payment of long-term Government securities.

120.4. Payment of the funds allocated for the early redemption of Government securities.

120.5. Payments for the Government securities held in the general securities accounts opened on behalf of the clients shall be made prior to the payments for the Government securities held in the general own securities accounts of the participants, however taking into account the terms and conditions set forth in paragraphs 120.1, 120.2, 120.3 and 120.4.

[3] Including the cases where one of the settlement parties to a manual transaction is Latvian or Estonian depository.

120.6. The amount of lacking funds shall be divided on a pro rata basis among the one type of general securities accounts of one issue held by all the Participants in view of the balance on such an account of a Participant and taking into consideration the terms and conditions set forth in paragraphs 120.1, 120.2, 120.3, 120.4 and 120.5. The delay in the execution of the payment shall primarily start on a pro rata basis from the general account holding the largest balance of securities of one issue, i.e. the Participant having the largest balance in the general account will not receive the largest amount of cash.

121. In case of cash default on the settlement account of at least one of the Participants taking part in the settlement, the SSS shall receive a message of the payment system on the cash amount blocked on the settlement accounts of the Participants (where there is no sufficient cash amount for the execution of the payment on the Participant's settlement account, the current balance of cash shall be blocked).

122. Upon receipt of the message of the payment system referred to in paragraph 121, the SSS shall without delay according to the principles set forth in paragraph 123 select the non-executable settlement movements of the Participants experiencing a deficiency of cash and postpone their execution till the next settlement day but not longer than till day S+2, and recalculate aggregate settlement positions of each Participant in securities and cash (in such a case the aggregate settlement positions of the Participant in securities cannot exceed the quantity of the bought securities, whereas the ones in cash cannot exceed the sum blocked in the settlement account of the Participant).

123. In case of cash deficiency in the payment system on the settlement account of the Participant who is to settle on day S for the Government securities of different maturity acquired during the offering, the SSS shall establish the order of succession of the settlement movements pending execution in compliance with the established below principles in their order of priority:

123.1. The settlement movements of the shortest-term Government securities shall be executed prior to the settlement movements of the longer-term Government securities;

123.2. The settlement movements generated on the basis of the transactions concluded on behalf of the clients shall be executed prior to the settlement movements generated on the basis of the transactions concluded on behalf of the SSS Participant, in cases where the settlement movements to be executed with regard to one issue of the Government securities must be selected.

123.3. Settlement movements shall be executed applying FIFO principle, but taking into account the principles set forth in paragraphs 123.1 and 123.2.

124. The deficiency of cash on the settlement account of a Participant within the payment system results in the deficiency of cash on the settlement account of the Participant representing the Issuer, when on the same day S the Issuer performs redemption of the issue of Government securities and/or payment of coupons. Having identified the need to accumulate additional amount of cash for the settlement of the Government securities to be redeemed, the SSS shall inform the Issuer on the amount of cash to be accumulated in order all the settlement movements left in the batch of settlements could be executed. The further actions of the SSS shall be pursued in accordance with the procedure laid down in paragraphs 118, 119 and 120.

125. In the event that the Issuer has transferred cash to the settlement account of the Participant representing the Issuer within the payment system prior to the time specified in

the Schedule for the SSS, the further settlements will be pursued according to the usual procedure.

126. The SSS shall not inform the Participants about the selected non-executable settlement movements and non-payable cash. The Latvian and Estonian central depositories shall be notified of the selected non-executable settlement movements related to them. After that the SSS shall repeatedly generate and provide to the payment system the batch of payment instructions where it shall specify the amount of cash to be transferred from the settlement accounts of the Participants (who are to deliver cash) to the special Central Depository's account within the payment system and from it to the settlement accounts of other Participants (who are to receive cash).

127. Settlements shall be pursued further in compliance with the procedure provided for in paragraphs 113-117.

128. The Exchange member must ensure that not later than on day S+1 the amount of cash required for the settlement of the transaction concluded by the Exchange member at the auction is available in the payment system on the settlement account of the Participant who is to settle the transactions concluded by this Exchange member. The Participant, who is to settle the transaction concluded by this Exchange member, must confirm the corresponding settlement movement (provided it has not been confirmed earlier) in due time indicated in the Schedule for the SSS.

129. Having identified that the Participant has accumulated the lacking funds on day S+1 in the manner specified in paragraph 128, the SSS shall execute settlements further in accordance with the procedure laid down in Chapter XI.

130. On day S+1, while executing settlement movements with regard to the Government securities auction and having identified that the Participant has failed to confirm the settlement movement concerned, or having received a message from the payment system that there is a deficiency of cash for settlement movements specified in Paragraph 122 on the settlement account of the Participant once again, the SSS shall inform the Exchange and the Issuer thereof at the close of the accounting day. If on day S+2 the abovementioned settlement movements are not settled, they shall be cancelled informing the Exchange and the Issuer about the matter.

XIII. SETTLEMENT OF TRANSACTIONS OF THE INITIAL PUBLIC OFFERING OF SHARES

131. A Participant, representing the issuer of the securities to be issued, or acting at his own account being the issuer himself, must open with the Central Depository the account of shares to be offered in accordance with the established procedure.

132. In accordance with the share offering order's number assigned by the trading system of the Exchange, the SSS shall aggregate the settlement movements of the transactions of the IPO of shares into one batch of settlement movements subject to a simultaneous execution and give it a unique number.

133. Partial settlement of transactions of the IPO of a share issue is not feasible.

134. The Exchange shall fix on PSIS a minimum quantity of securities to be offered for each batch of settlement movements of the transactions of the IPO of shares, after settling of which the IPO of shares shall be deemed to have taken place.

135. The Participants must confirm the settlement movements of the transactions of the IPO of shares in compliance with the procedure established in chapter V.

136. Having confirmed the settlement movements of the transactions of the IPO of shares, the Participants must accumulate the amount of securities specified in *Aggregate settlement positions* in the general accounts of the securities to be offered with the Central Depository and (or) cash in the settlement accounts in the payment system before the execution of the settlement movements begins.

137. The SSS on day S at the time fixed in the Schedule of the SSS shall record the batch of the settlement movements under the designated time settlement procedure, in accordance with the unique number assigned to such a batch. Each batch of settlement movements shall be carried out separately according to the designated time settlement procedure.

138. The settlement movements of each batch of transactions of IPO of shares shall be carried out according to the procedure that is analogous to the one established in paragraphs 86 - 88 at the time fixed in the Schedule for the SSS.

Securities default

139. If carrying out the actions referred to in paragraph 86 a securities default is identified in the general securities account of the Participant (including Latvian and Estonian central depositories) who is to deliver securities, the SSS shall postpone the execution of the batch of settlement movements of the transactions of the IPO of shares till the next day, but not longer than to day S+2.

140. The Exchange member must ensure that not later than on day S+2 the amount of securities required for the settlement of the transaction is available on the general securities account of the Participant who is to settle the transaction. The Participant, who is to settle the transaction, must confirm the corresponding settlement movements (provided these have not been confirmed earlier) in due time indicated in the Schedule for the SSS.

141. Having identified that the Participant has accumulated the amount of securities in default within the period from day S+1 till day S+2 as specified in paragraph 140, the SSS shall continue execution of settlements according to the procedure analogous to the one laid down paragraphs 86-88 at the time fixed in the Schedule for the SSS.

142. Having identified that the Participant has failed to accumulate the amount of securities in default within the period from day S+1 till day S+2 as laid down in paragraph 140, the SSS shall terminate the execution of the batch of settlement movements of the transactions of the IPO of shares.

Cash default

143. In the event that a message has been received from the payment system about a cash default identified in the settlement account of at least one of the Participants taking part in the settlement, the SSS shall postpone the execution of the batch of settlement movements of the transaction of IPO of shares till the next day, but not longer than to S+2.

144. The Exchange member must ensure that not later than on day S+2 the amount of cash required for the settlement of the transaction is available on the settlement account of the Participant who has to settle the transaction. The Participant, who has to settle the transaction, must confirm the corresponding settlement movement (provided it has not been confirmed earlier) in due time indicated in the Schedule of the SSS.

145. If on day S+2 a deficiency of cash is identified once again on the settlement account of the Participant who is to deliver cash:

145.1. but the total number of securities to be issued, for the settlement of which the amount of cash is sufficient, does not fall lower than the minimum number of the securities to be offered that is fixed by the Exchange, the SSS shall cancel the execution of such settlement movements, and execute other settlement movements.

145.2. and as a result the total number of the securities to be offered, for the settlement of which the amount of cash is sufficient, falls lower than the minimum number of securities to be offered that is fixed by the Exchange, the execution of the batch of settlement movements pertaining to the transactions of such IPO of shares shall be terminated.

XIV. SETTLEMENT OF TRANSACTIONS OF PUBLIC SALE OF SHARES

146. In accordance with the sell order number assigned by the trading system of the Exchange, the Central Depository shall aggregate the settlement movements of the transactions of public sale of shares into one batch of settlement movements subject to a simultaneous execution and give it a unique number.

147. Partial settlement of transactions of public sale of shares is not feasible.

148. The Exchange shall fix on PSIS a minimum quantity of securities to be sold for each batch of settlement movements of the transactions of public sale of shares, after settling of which the public sale of shares shall be deemed to have taken place.

149. The Participants must confirm the settlement movements of the transactions of the public sale of shares in compliance with the procedure established in Chapter V.

150. Having confirmed the settlement movements of the transactions of the public sale of shares, the Participants must accumulate the amount of securities specified in *Aggregate settlement positions* on the general securities accounts with the Central Depository and (or) cash in the settlement accounts in the payment system before the execution of the settlement movements begins.

151. The SSS on day S at the time fixed in the Schedule of the SSS shall record the batch of the settlement movements under the designated time settlement procedure, in accordance with the unique number assigned to such a batch. Each batch of settlement movements shall be carried out separately according to the designated time settlement procedure.

152. The settlement movements of each batch of transactions of public sale of shares shall be carried out according to the procedure that is analogous to the one established in paragraphs 86 - 88 at the time fixed in the Schedule of the SSS.

Securities default

153. If carrying out the actions referred to in paragraph 86 a securities default is identified in the general securities account of the Participant (including Latvian and Estonian central depositories) who is to deliver securities, the SSS shall postpone the execution of the

batch of settlement movements of the transactions of the public sale of shares till the next day, but not longer than to day S+2.

154. The Exchange member must ensure that not later than on day S+2 the amount of securities required for the settlement of the transaction is available on the general securities account of the Participant who is to settle the transaction. The Participant, who is to settle the transaction, must confirm the corresponding settlement movements (provided these have not been confirmed earlier) in due time indicated in the Schedule of the SSS.

155. Having identified that the Participant has accumulated the amount of securities in default within the period from day S+1 till day S+2 as specified in paragraph 154, the SSS shall continue execution of settlements according to the procedure analogous to the one laid down in paragraphs 86-88 at the time fixed in the Schedule for the SSS.

156. Having identified that the Participant has failed to accumulate the amount of securities in default within the period from day S+1 till day S+2 as laid down in paragraph 154, the SSS shall cancel the execution of the batch of settlement movements of the transactions of the public sale of shares.

Cash default

157. In the event that a message has been received from the Clearing Bank about a cash default identified in the settlement account of at least one of the Participants taking part in the settlement, the SSS shall postpone the execution of the batch of settlement movements of the transaction of the public sale of shares till the next day, but not longer than to S+2.

158. The Exchange member must ensure that not later than on day S+2 the amount of cash required for the settlement of the transaction is available on the settlement account of the Participant who has to settle the transaction. The Participant, who has to settle the transaction, must confirm the corresponding settlement movement (provided it has not been confirmed earlier) in due time indicated in the Schedule of the SSS.

159. If on day S+2 a deficiency of cash is identified once again on the settlement account of the Participant who is to deliver cash:

159.1. but the total number of securities to be traded, for the settlement of which the amount of cash is sufficient, does not fall lower than the minimum number of the securities to be traded that is fixed by the Exchange, the SSS shall select together with the Exchange non-executable settlement movements, cancel their execution, and execute other settlement movements.

159.2. as a result the total number of the securities to be traded, for the settlement of which the amount of cash is sufficient, falls lower than the minimum number of securities to be traded that is fixed by the Exchange, the execution of the batch of settlement movements of the transactions the public sale of shares shall be terminated.

XV. SETTLEMENT OF TRANSACTIONS OF A TENDER OFFER

160. In accordance with the number of the order for the execution of the tender offer assigned by the trading system of the Exchange, the Central Depository shall aggregate

the settlement movements of the transactions of a tender offer into one batch of settlement movements subject to a simultaneous execution and give it a unique number.

161. Partial settlement of transactions of a tender offer is not feasible.

162. At the close of day T on PSIS the Exchange :
162.1. shall fix a minimum quantity of securities for each batch of settlement movements of the transactions of a (voluntary) tender offer, after settling the purchase of which the tender offer shall be deemed to have taken place;
162.2. depending on the conditions of the (voluntary) tender offer, can modify the settlement movements of the batch of transactions of the tender offer generated by the SSS as well as generate additional settlement movements and aggregate them into one batch of settlement movements.

163. The Participants must confirm the settlement movements of the transactions of a tender offer in compliance with the procedure established in chapter V.

164. Having confirmed the settlement movements of the transactions of a tender offer, the Participants must accumulate the amount of securities specified in *Aggregate settlement positions* on the general securities accounts with the Central Depository and (or) cash on the settlement accounts in the payment system before the execution of the settlement movements begins.

165. The SSS on day S at the time fixed in the Schedule of the SSS shall record the batch of the settlement movements under the designated time settlement procedure, in accordance with the unique number assigned to such a batch. Each batch of settlement movements shall be carried out separately according to the designated time settlement procedure.

166. The settlement movements of each batch of transactions of a tender offer shall be carried out according to the procedure that is analogous to the one established in paragraphs 86 - 88 at the time fixed in the Schedule of the SSS.

Default of securities (being the object of a mandatory tender offer)

167. In case of securities default during the mandatory tender offer the execution of the settlement movements for which the securities default has been identified shall be terminated, whereas other settlement movements shall be executed.

Cash default (in case of a mandatory tender offer)

168. In the event that a message has been received from the payment system about a cash default identified in the settlement account of the Participant, who is to deliver cash, the SSS shall postpone the execution of the batch of settlement movements of the transactions of a tender offer till the next day, but not longer than to S+2.

169. The Exchange member must ensure that not later than on day S+2 the amount of cash required for the settlement of the transaction is available on the settlement account of the Participant who is to settle the transaction. The Participant, who is to settle the transaction, must confirm the respective settlement movements (provided they have not been confirmed earlier) in due time indicated in the Schedule of the SSS.

170. Having identified that the Participant has accumulated the amount of lacking cash within the period from day S+1 till day S+2 as specified in paragraph 177, the SSS shall continue execution of settlements according to the procedure that is analogous to the one laid down in paragraphs 86 – 88 in due time indicated in the Schedule of the SSS

171. If on day S+2 the cash default is identified once again in the settlement account of the Participant who is to deliver cash, the execution of the batch of settlement movements shall be cancelled.

Default of securities (being the object of the voluntary tender offer)

172. If carrying out the actions referred to in paragraph 86 a securities default is identified in the general securities account of the Participant (including Latvian and Estonian central depositories) who is to deliver securities, the SSS shall postpone the execution of the batch of settlement movements of a tender offer till the next day, but not longer than till day S+2.

173. The Exchange member must ensure that not later than on day S+2 the amount of securities required for the settlement of the transaction is available on the general securities account of the Participant who is to settle the transaction. The Participant, who is to settle the transaction, must confirm the respective settlement movements (provided they have not been confirmed earlier) in due time indicated in the Schedule of the SSS.

174. Having identified that the Participant has accumulated the amount of lacking securities within the period from day S+1 till day S+2 as specified in paragraph 173, the SSS shall continue execution of settlements according to the procedure that is analogous to the one laid down in paragraphs 86 – 88 in due time indicated in the Schedule of the SSS.

175. If on day S+2 a deficiency of securities is identified once again on the general securities account of the Participant who is to deliver securities:

175.1. but the total number of securities to be purchased does not fall lower than the minimum number of the securities to be purchased that is fixed by the Exchange, the SSS shall cancel their execution, and execute other settlement movements.

175.2. as a result the total number of the securities to be purchased falls lower than the minimum number of securities to be purchased that is fixed by the Exchange, the execution of the batch of settlement movements of such a tender offer shall be cancelled.

Cash default (in case of a voluntary tender offer)

176. In the event that a message has been received from the payment system about a cash default identified in the settlement account of the Participant who is to deliver cash, the SSS shall postpone the execution of the batch of settlement movements of the transactions of a tender offer till the next day, but not longer than to S+2.

177. The Exchange member must ensure that not later than on day S+2 the amount of cash required for the settlement of the transaction is available on the settlement account of the Participant who is to settle the transaction. The Participant, who is to settle the transaction, must confirm the respective settlement movements (provided they have not been confirmed earlier) in due time indicated in the Schedule of the SSS.

178. Having identified that the Participant has accumulated the amount of lacking cash within the period from day S+1 till day S+2 as specified in paragraph 177, the SSS shall continue execution of settlements according to the procedure that is analogous to the one laid down in paragraphs 86 – 88 in due time indicated in the Schedule of the SSS.

179. If on day S+2 the cash default is identified once again in the settlement account of the Participant who is to deliver cash, the execution of the batch of settlement movements shall be terminated.

Default of securities as a means of settlement (in case of a voluntary tender offer)

180. The paragraphs 181 - 184 of these Rules shall apply in cases where the transactions concluded according to the voluntary tender offer are settled in other securities.

181. If carrying out the actions referred to in paragraph 86 a securities default is identified in the general securities account of the Participant (including Latvian and Estonian central depositories) who is to deliver securities, the SSS shall postpone the execution of the batch of settlement movements till the next day, but not longer than to day S+2.

182. The Exchange member must ensure that not later than on day S+2 the amount of securities required for the settlement of the transaction is available on the general securities account of the Participant who is to settle the transaction. The Participant, who is to settle the transaction, must confirm the respective settlement movements (provided they have not been confirmed earlier) in due time indicated in the Schedule of the SSS.

183. Having identified that the Participant has accumulated the amount of lacking securities within the period from day S+1 till day S+2 as specified in paragraph 182, the SSS shall continue execution of settlements according to the procedure that is analogous to the one laid down in paragraphs 86– 88 in due time indicated in the Schedule of the SSS.

184. Having identified that the Participant failed to accumulate the lacking securities within the period from day S+1 till day S+2 as specified in paragraph 182, the SSS shall terminate the execution of the batch of settlement movements of the voluntary tender offer.

PENALTIES FOR THE CASES OF DEFAULT AND TERMINATION OF SETTLEMENT MOVEMENTS

185. In the case where settlement movements have been postponed till the next settlement day or terminated due to securities and (or) cash defaults on the Participant‘s accounts or because the Participant has failed to confirm the settlement movement concerned, such Participant must pay penalties to the Central Depository according to the procedure and within the terms established by the Central Depository.

Annex 1

Standard settlement conditions

Exchange member ____
(name)

NASDAQ OMX VILNIUS member code	Settlement place (central depository)*	Owner Category	Parameters of securities accounts				Cash custodian
			Central depository participant code (CDPC)	**Type of activity (TA)**	**Nature of account (NA)**	**Number of account in custodian's accounting**	**In the System "Litas-RLS"** **In the System TARGET2** (4-character code of CSDL participant)
			In case ECSD has been indicated as settlement place, there is no need to fill in the fields of the Identified securities custodian				
		Main settlement account					________________
		Client owner					________________
		Own account					________________
		Market maker					________________
		Issuer holding					________________

*CSDL - AB Lietuvos centrinis vertybinių popierių depozitoriumas; LCD - AS Latvijas Centrālais depozitārijs; ECSD - AS Eesti Väärtpaberikeskus.

Annex 2

One-off settlement conditions
(Change of standard settlement conditions for one individual transaction)

In order to change standard settlement conditions (Annex 1) for one individual transaction, NASDAQ OMX Exchange member shall fill in the settlement information fields in SAXESS and/or INET Nordic trading systems, i.e. enter an order into the order book or notify the Exchange on the executed transaction specifying the information of the settlement Participants.

In order to change in standard settlement conditions specified information for one individual transaction in the SAXESS trading system, the intended information must be entered in the fields "Clearing party" and "Clearing account number". The field "Clearing reference" must be blank. The information entered in the field "Clearing reference" is not processed.

In order to change in standard settlement conditions specified information for one individual transaction in the INET Nordic trading system, the intended information must be entered in the fields "Clearing Firm" and "Clearing Account".

The procedure for the filling in of the fields "Clearing party" and "Clearing Firm":

- Only four characters (digits and letters) may be entered;
  - A letter code assigned to the settlement system shall be specified in the first position:
    - "V" – settlement place – AB Lietuvos centrinis vertybinių popierių depozitoriumas;
    - "R" – settlement place – AS Latvijas Centrālais depozitārijs;
    - "T" – settlement place - AS Eesti Väärtpaberikeskus
  - The second, third and forth digits of the code of the CSDL Participant involved in the settlement shall be specified in the second-forth field positions.
  -

The procedure for the filling in of the fields "Clearing account number" and "Clearing Account"

- Only twelve characters (digits and letters), the meaning of which may differ depending on the System the settlement is going to take place, may be entered;
  - An investor category letter code shall be specified in the first position:
    - "C"– Client (In Lithuania corresponds to type of activity 11 and nature of account 02),
    - "O" – Own Account (In Lithuania corresponds to type of activity 21 and nature of account 02),
    - "M" – Market Maker (In Lithuania corresponds to type of activity 26 and nature of account 02),
    - "I" – Issuer Holding (In Lithuania corresponds to type of activity 07 and nature of account 09 or 10);
  - Requisites of the financial instrument account (the client personal financial instrument account number, assigned in the internal accounting of the account manager) shall be specified in the second - twelfth field positions.