

THE COUNCIL OF LATVIJAS BANKA

9 September 2010
Riga

Regulation No. 183/3

Participation Procedure in Latvijas Banka's Electronic Clearing System

Note.

As amended by Latvijas Banka's Council Procedure No. 193/6 of 12 May 2011 (in effect from 1 June 2011), Procedure No. 196/3 of 15 September 2011 (in effect from 21 November 2011), Procedure No. 200/2 of 3 February 2012 (in effect from 20 February 2012), Procedure No. 203/3 of 25 May 2012 (in effect from 29 May 2012), Procedure No. 211/11 of 16 May 2013 (in effect from 1 June 2013.), Procedure No. 213/7 of 16 September 2013 (in effect from 30 September 2013), Procedure No. 213/8/8 of 16 September 2013 (in effect from 1 January 2014.), Procedure No. 226/2 of 15 September 2014 (in effect from 6 October 2014), Procedure No. 227/2 of 13 November 2014 (in effect from 1 January 2015), Procedure No. 231/2 of 12 March 2015 (in effect from 5 May 2015), Procedure No. 241/3 of 19 January 2016 (in effect from 1 April 2016), Procedure No. 256/2 of 31 May 2017 (in effect from 14 July 2017), Procedure No. 261/2 of 27 October 2017 (in effect from 21 November 2017), Procedure No. 279/2 of 20 September 2018 (in effect from 18 November 2018), Procedure No. 287/5 of 28 March 2019 (in effect from 15 April 2019), Procedure No. 295/2 of 26 September 2019 (in effect from 18 November 2019), Procedure No. 311/2 of 26 May 2020 (in effect from 1 July 2020), Procedure No. 327/6 of 26 April 2021 (in effect from 1 June 2021), Procedure No. 347/2 of 25 October 2021 (in effect from 21 November 2021), Procedure No. 360/2 of 14 February 2022 (in effect from 1 March 2022), Procedure No. 365/2 of 14 March 2022 (in effect from 28 March 2022), Procedure No. 381/16 of 25 June 2022 (in effect from 15 August 2022), Procedure No. 386/3 of 19 September 2022 (in effect from 19 September 2022), Procedure No. 389/8 of 10 October 2022 (in effect from 25 October 2022), Procedure No. 393/1 of 7 November 2022 (in effect from 21 November 2022) and Procedure No. 398/6 of 12 December 2022 (in effect from 13 December 2022).

Issued pursuant to
Paragraph 2 of Part 1 of Section 72
of the State Administration Structure Law

1. Hereby the "System Rules for Participation in the EKS" (Appendix 1), the sample agreement "On Participation in the EKS" (Appendix 2) and the sample agreement "On Ensuring Execution of Credit Transfers in the Event of a Threat to National Security" (Appendix 4) have been adopted and approved.

1.¹ If the other party is incorporated in another country, the agreement may be concluded in English.

2. [Deleted]

2.¹ [Deleted]

3. [Deleted]

3.¹ Amendments to Paragraphs 2.14, 2.20, 3, 26.2, 32.2 and 35.2 of Appendix 1 hereto and Paragraph 3 to Appendix 1.5 hereto regarding the participation in STEP2, shall take effect on 9 December 2014.

4. Procedure No. 172/10 "Participation Procedure in the Electronic Clearing System of Latvijas Banka" of the Council of Latvijas Banka of 5 November 2009 shall be deemed invalid.

5. The Procedure shall take effect on 9 November 2010.

Governor of Latvijas Banka

Ilmārs Rimšēvičs

System Rules for Participation in the EKS

1. General issues

1. The Rules shall stipulate provisions for the participation in Latvijas Banka's electronic clearing system (the EKS; hereinafter, the EKS), and mutual rights and obligations of a participant and Latvijas Banka.

2. Terms used in the Rules:

2.1 addressable BIC holder – an entity which:

2.1.1 is entitled to provide payment services in the jurisdiction of incorporation and, if different, the one where it carries on business related to the provision of payment services;

2.1.2 holds a Business Identifier Code (BIC);

2.1.3 is not deemed an indirect participant;

2.1.4 is a correspondent or customer of a participant or a branch of a participant or an indirect participant, and may submit payment orders to and receive payments from the EKS via the above participant;

2.2 current instant payment liquidity position (hereinafter, the current IP liquidity position) – the amount of instant payment liquidity accumulated in real time, taking into account the participant's outgoing payment orders, incoming payments and changes made in instant payment liquidity position;

2.2.¹ central banks – central banks within the meaning of Latvijas Banka's rules for participation in TARGET2-Latvija;

2.3 participant – an entity that has entered into an agreement "On Participation in the EKS" and uses the services of at least one EKS service;

2.4 business day – any day on which the clearing service is available, as set out in Paragraph 74 herein;

2.5 daily initial instant payment liquidity position (hereinafter, the daily initial IP liquidity position) – the amount of instant payment liquidity set by the participant and balanced every TARGET2 business day according to the timetable of the instant payment service or upon reaching the minimum instant payment liquidity position or the maximum instant payment liquidity position;

2.6 investment firm – an investment brokerage firm within the meaning of Paragraph 2 of Part 1 of Article 1 of the Law "On the Financial Instruments Market", excluding the institutions specified in Part 7 of Article 101 of the Law "On the Financial Instruments Market", provided that the respective investment brokerage firm is:

2.6.1 licensed and supervised by a recognized competent authority, which has been designated as such under Directive 2014/65/EU¹;

2.6.2 entitled to carry out activities referred to under Paragraphs 2, 3, 6 or 7 of Part 4 of Article 3 of the Law "On the Financial Instruments Market";

2.7 clearing settlement – settlement effected on the basis of the calculated multilateral net positions;

2.8 clearing cover account – a participant's settlement account opened in the EKS to ensure the execution of the clearing service settlement on a business day other than the business day of TARGET2 (hereinafter, a holiday of TARGET2);

¹ Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (recast) (OJ L 173, 12.06.2014., p. 349).

2.9 Functional Specification of the Clearing Service – a technical documentation published on Latvijas Banka's website that details a participant's interaction with the clearing service;

2.10 clearing service – a component of the EKS which, in accordance with the operation schedule stipulated in Paragraph 74 herein and the timetable of clearing cycles laid down in Paragraph 75 herein, ensures the interbank clearing of credit transfer orders and payment return orders, including the transmission of the related messages, as well as the preparation and submission of payment orders in TARGET2 for the settlement on the participants' settlement accounts in TARGET2;

2.11 clearing – a process of transmitting, processing and reconciling payment documents that takes place prior to the clearing settlement and the calculation of the multilateral net positions underlying the clearing settlement;

2.12 credit transfer order – an order compliant with the SEPA Credit Transfer Scheme Rulebook approved by the European Payments Council (hereinafter, the Credit Transfer Scheme Rulebook) placed by a participant or another entity to transfer a certain amount to the beneficiary and generated on the basis of a payment by a participant or another entity or on a customer payment accepted by a participant or another entity;

2.13 resolution of investigation (negative response to the cancellation request) – a SEPA Credit Transfer Scheme Rulebook compliant notification of refusal to refund a credit transfer according to the payment cancellation request;

2.14 payment cancellation request – a SEPA Credit Transfer Scheme Rulebook compliant request to refund a previously settled credit transfer;

2.15 claim of non-receipt – a SEPA Credit Transfer Scheme Rulebook compliant request to confirm if and when a credit transfer has been credited to the account of the beneficiary;

2.16 payment routing – the addressing of payments and transmitting them to entities reachable by way of using the EKS services directly or via other SEPA compliant payment systems offering similar services (hereinafter, other SEPA payment systems);

2.17 payment order – an instruction submitted by the clearing service to make settlement on TARGET2 accounts or an instruction submitted by the instant payment service to make settlement on TIPS DCA accounts;

2.18 claim for value date correction – a SEPA Credit Transfer Scheme Rulebook compliant request to modify the value date of a previously settled credit transfer;

2.19 insolvency proceedings – insolvency proceedings within the meaning of the Law "On Settlement Finality in Payment and Financial Instrument Settlement Systems";

2.19.¹ maximum instant payment liquidity position (hereinafter, the maximum IP liquidity position) – the amount of the current IP liquidity position set by the participant above which the instant payment service triggers an automatic decrease in instant payment liquidity up to the level of the daily initial IP liquidity position;

2.20 minimum instant payment liquidity position (hereinafter, the minimum IP liquidity position) – the amount of the current IP liquidity position set by the participant below which the instant payment service triggers an automatic increase in instant payment liquidity up to the level of the daily initial IP liquidity position;

2.21 payment return order – a SEPA Credit Transfer Scheme Rulebook compliant order to refund a previously settled credit transfer where a participant cannot accept it or a payment cancellation request has been received;

2.22 indirect participant – an entity which has entered into an agreement with a participant on the submission of payment orders to the EKS service and receipt of payments from the respective EKS service, and which has been recognised as an indirect participant by the EKS;

2.23 settlement account in TARGET2 – a PM account within the meaning of Latvijas Banka's rules for participation in TARGET2-Latvija;

2.24 [Deleted]

- 2.25 resolution of investigation (response to the investigation request) – a SEPA Credit Transfer Scheme Rulebook compliant notification containing response to a claim of non-receipt or a claim for value date correction;
- 2.26 pre-deposit – funds in the amount consistent with the total value of the submitted payments sufficient for their execution in the clearing service;
- 2.27 real time clearing – a process of transmitting, processing and reconciling payment documents that takes place in real time prior to the settlement;
- 2.28 event of default – any existing or impending event (inter alia, where the participant does not meet the access criteria stated in Subsection 2.1 herein or the criteria stated in Paragraph 28 herein, where insolvency proceedings in relation to the participant have been opened, an application to open insolvency proceedings with respect to the participant has been submitted as stipulated by law, where the participant has issued a written declaration of its inability to pay all or any part of its debts or to meet its obligations arising in relation to intraday credit limit, where the participant has entered into a voluntary general agreement or arrangement with its creditors, where the participant is, or is deemed by Latvijas Banka to be, insolvent or unable to pay its debts, where the participant's credit balance on its settlement account in TARGET2 or all or a substantial part of the participant's assets are subject to a freezing order, attachment, seizure or any other procedure that is intended to protect the public interest or the rights of the participant's creditors, where any material representation made by the participant or which is implied to have been made by the participant under the applicable law is incorrect or untrue, where all or a substantial part of the participant's assets have been assigned), the occurrence of which may threaten the performance by a participant of its obligations under the present Rules or any other regulations applied to the relationship between that participant and Latvijas Banka;
- 2.29 SEPA – the Single Euro Payments Area;
- 2.30 status request – an investigation request regarding the status of a payment cancellation request, a claim of non-receipt or a claim for value date correction that has not been answered in due time;
- 2.31 SWIFT – an international organization established by banks to ensure the transmission of interbank financial messages by means of the telecommunications network (Society for Worldwide Interbank Financial Telecommunication);
- 2.32 TARGET Instant Payment Settlement (TIPS) service – TARGET Instant Payment Settlement (TIPS) service within the meaning of Latvijas Banka's rules for participation in TARGET2-Latvija;
- 2.33 TARGET2 business day – a business day within the meaning of Latvijas Banka's rules for participation in TARGET2-Latvija;
- 2.34 TARGET2-Latvija – TARGET2-Latvija within the meaning of Latvijas Banka's rules for participation in TARGET2-Latvija;
- 2.35 TARGET2 – TARGET2 within the meaning of Latvijas Banka's rules for participation in TARGET2-Latvija;
- 2.36 capacity opinion – a participant-specific opinion that contains an assessment of a participant's legal capacity to enter into and carry out its obligations herein;
- 2.36¹ TIPS DCA – a TIPS DCA within the meaning of Latvijas Banka's rules for participation in TARGET2-Latvija;
- 2.37 Business Identifier Code (BIC) – a code as defined by the international standard ISO 9362;
- 2.38 country opinion – a participant-specific opinion that contains an assessment of whether the participant's participation in the EKS is not contrary to the national legislation;
- 2.39 instant payment return order – an order compliant with the SEPA Instant Credit Transfer Scheme Rulebook approved by the European Payments Council (hereinafter,

SEPA Instant Credit Transfer Scheme Rulebook) placed to refund a previously settled instant payment where an instant payment cancellation request has been received;

2.40 instant payment resolution of investigation – a SEPA Instant Credit Transfer Scheme Rulebook compliant notification of refusal to refund an instant payment according to the instant payment cancellation request;

2.41 instant payment cancellation request – a request to refund a previously settled instant payment as defined in the SEPA Instant Credit Transfer Scheme Rulebook;

2.42 instant payment order – a SEPA Instant Credit Transfer Scheme Rulebook compliant order by a participant or another entity to transfer a certain amount to the beneficiary upon the receipt of the order, generated on the basis of a payment by a participant or another entity or on a customer payment accepted by a participant or another entity;

2.43 instant payments cover account (hereinafter, the IP cover account) – a participant's account opened in the EKS where the participant credits the funds for the instant payment liquidity position;

2.44 instant payment liquidity position – cover for instant payment service settlement, provided in the form of non-cash payment instruments;

2.45 Functional Specification of the Instant Payment Service – a technical documentation published on Latvijas Banka's website that details a participant's interaction with the instant payment service;

2.46 instant payment service – a component of the EKS which ensures continuous (24/7/365) real time clearing of instant payment orders and instant payment return orders, including the sending of a confirmation of the payment execution to the originator, the transmission of instant payment cancellation requests and the related messages, as well as the preparation and submission of payment orders in TARGET2 for the settlement on the participants' TIPS DCAs;

2.47 instant payment status request – an instant payment investigation request where the originator bank has not received a response on the submitted instant payment order, or a request regarding the status of an instant payment cancellation request that has not been answered in due time;

2.48 Proxy Registry "Instant Links" – the Registry within the meaning of Latvijas Banka's Rules for the Use of the Proxy Registry "Instant Links".

3. Latvijas Banka offers the following EKS services:

3.1 the clearing service for processing credit transfer orders and payment return orders in compliance with the provisions of Section 4 herein;

3.2 the instant payment service for processing instant payment orders and instant payment return orders in compliance with the provisions of Section 5 herein.

4. The link established by the clearing service to STEP2, a clearing system managed by *ABE Clearing S.A.S. à capital variable* (hereinafter, EBA CLEARING), ensures the reachability of the EKS participants using the services of the clearing service, their indirect participants and addressable BIC holders throughout the SEPA area. Participants, their indirect participants and addressable BIC holders are included in the list of the entities addressable via STEP2 as the reachable entities of Latvijas Banka.

5. The link established by Latvijas Banka's access to the TIPS service ensures the reachability of the EKS participants using the services of the instant payment service, their indirect participants and addressable BIC holders throughout the SEPA area. Participants, their indirect participants and addressable BIC holders are included in the TIPS directory as the reachable entities of Latvijas Banka.

6. Latvijas Banka defines the technical configuration of the EKS as well as operates as both the EKS operator and a participant.

7. The EKS is designated as a system within the meaning of the Law "On Settlement Finality in Payment and Financial Instrument Settlement Systems".

8. The following Appendices form an integral part of the present Rules:

8.1 Appendix 1.1: Terms of reference for capacity and country opinions;

8.2 Appendix 1.2: Fee schedule and invoicing;

8.3 Appendix 1.3: Application form for the static data registration for the clearing service;

8.4 Appendix 1.4: Application form for the registration of an indirect participant for the clearing service;

8.5 Appendix 1.5: Application form for the registration of an addressable BIC holder for the clearing service;

8.6 Appendix 1.6: Application form for the static data registration for the instant payment service;

8.7 Appendix 1.7: Application form for the registration of an indirect participant for the instant payment service;

8.8 Appendix 1.8: Application form for the registration of an addressable BIC holder for the instant payment service.

9. In the event of any conflict or inconsistency between the content of any appendix and the content of any other provision in the Rules, the Rules shall prevail.

2. Participation

2.1 Access criteria

10. The following types of entities are eligible for participation in the EKS:

10.1 a credit institution incorporated in the European Economic Area, including where it acts through a branch incorporated in the European Economic Area;

10.2 a credit institution incorporated outside the European Economic Area, provided that it acts through a branch incorporated in the European Economic Area;

10.3 the national central bank of a European Union Member State.

10.4 Entities referred to in Paragraphs 10.1 and 10.2 herein are eligible for participation where the restrictive measures adopted by the Council of the European Union or Member States under Articles 65.1(b), 75 or 215 of the Treaty on the Functioning of the European Union do not apply to them and where their implementation Latvijas Banka deems incompatible with the smooth operation of the EKS.

11. Latvijas Banka may, at its discretion, also admit the following entities as participants:

11.1 a treasury department of a central or regional government of a European Union Member State active on the money markets;

11.2 a public sector² body of a European Union Member State, authorised to hold accounts for customers;

11.3 an investment firm registered in the European Economic Area;

11.4 a credit institution or any of the entities listed under Paragraphs 11.1–11.3 herein, registered in a country with which the European Union has entered into a monetary agreement allowing access by such entity to payment systems in the European Union,

² The definition of the term "public sector" is provided in Article 3 of Council Regulation (EC) No. 3603/93 of 13 December 1993 specifying definitions for the application of the prohibitions referred to in Articles 104 and 104b (1) of the Treaty (OJ L 332, 31.12.1993, p. 1).

subject to the conditions set out in the monetary agreement and provided that the relevant legal regime applied in the country is equivalent to the relevant European Union legislation.

12. Latvijas Banka may require the participant which meets the requirements referred to in Paragraph 11 herein to provide a pre-deposit for the execution of payments submitted in the clearing service (i.e., make a pre-deposit), where Latvijas Banka deems it necessary upon assessing risks and the requirements of laws and regulations.

13. The following types of entities are eligible for indirect participation in the EKS:

13.1 entities referred to in Paragraphs 10 and 11 herein;

13.2 postal operators and credit unions incorporated in the European Economic Area and entitled to provide payment services in accordance with the laws and regulations, within the meaning of the "Law on Payment Services and Electronic Money".

14. Electronic money institutions shall not be entitled to participate in the EKS.

15. A participant may choose the EKS service it will use. A participant may choose to use the services of one or both EKS services as well as request the registration of several BICs corresponding to the respective settlement accounts in TARGET2 in the clearing service and the registration of several BICs corresponding to the respective TIPS DCAs in the instant payment service (hereinafter, the registered BIC).

16. A participant which meets the requirements of Paragraph 10 herein may request the registration of entities as indirect participants in the particular EKS service the services of which the respective participant uses in compliance with the requirements of Paragraphs 13, 18, 19 and Subsection 2.2 herein.

17. A participant which meets the requirements of Paragraph 10 herein may request the registration of entities as addressable BIC holders in the particular EKS service in compliance with the requirements of Subsection 2.2 herein.

18. An entity eligible for indirect participation in the EKS pursuant to the provisions of Paragraph 13 herein may enter into an agreement with one participant which meets the requirements of Paragraph 10 herein.

19. In the agreement between a participant and an indirect participant, it is advisable to stipulate at least the following requirements:

19.1 for participation in the clearing service:

19.1.1 the obligation of a participant to settle the indirect participant's payments provided that such payments meet the clearing service requirements;

19.1.2 the procedures, time frames and provisions for the execution of the submitted credit transfer orders and payment return orders as well as the received payments;

19.1.3 the moment from which the credit transfer orders and payment return orders submitted by an indirect participant to the participant shall be deemed irrevocable. In the clearing service, the terms and conditions stipulated for the participant's credit transfer orders and payment return orders shall also apply to the indirect participant's credit transfer orders and payment return orders;

19.1.4 the rights and obligations of a participant to debit funds from the indirect participant's settlement account or credit funds to the indirect participant's settlement account immediately and irrevocably in accordance with credit transfer orders and

payment return orders submitted to the clearing service or payments received from the clearing service;

19.2 for participation in the instant payment service:

19.2.1 the obligation of a participant to settle the indirect participant's payments provided that such payments meet the instant payment service requirements;

19.2.2 the procedures, time frames and provisions for the execution and transmission of the submitted instant payment orders, instant payment return orders and the received payments, including immediate crediting of the customer account and sending the confirmation of the payment execution;

19.2.3 the moment from which instant payment orders and instant payment return orders submitted by an indirect participant to the participant shall be deemed irrevocable. In the instant payment service, the terms and conditions stipulated for the participant's orders shall also apply to an indirect participant's instant payment orders and instant payment return orders;

19.2.4 the rights and the obligation of a participant to debit funds from an indirect participant's settlement account or credit funds to an indirect participant's settlement account in real time and irrevocably in accordance with the instant payment orders and instant payment return orders submitted to the instant payment service or the payments received from the instant payment service;

19.3 for participation in any of the EKS services:

19.3.1 the confidentiality obligation of a participant with respect to the payments submitted by an indirect participant;

19.3.2 the obligation of a participant to notify an indirect participant in due time, where the participant ceases to participate in the EKS or one of its services or is not willing to continue to provide the service of indirect participation, and the obligation of an indirect participant to notify the participant in due time, where the indirect participant wishes to terminate its participation in the EKS or one of its services based on the service provided by the participant;

19.3.3 the obligation of a participant to notify an indirect participant of amendments made to legal acts that may affect the indirect participant.

2.2 The participant's responsibility related to the payments made by an indirect participant and addressable BIC holder

20. The participant shall submit the payment orders of its indirect participant and addressable BIC holder to the selected EKS service and receive from the EKS the payments addressed to an indirect participant and addressable BIC holder. The participant shall be responsible for the execution and transmission of the orders, related messages and payments stipulated herein.

21. The participant shall submit the payment orders of its indirect participant and addressable BIC holder to the EKS as well as forward the payments which have been received from the EKS and are to be delivered to an indirect participant or addressable BIC holder in a manner ensuring that the indirect participant and addressable BIC holder may comply with the requirements of the "Law on Payment Services and Electronic Money" and the present Rules.

22. The participant using the services of the clearing service shall ensure that its indirect participants and addressable BIC holders have adhered to the SEPA Credit Transfer Scheme approved by the European Payments Council.

23. The participant using the services of the instant payment service shall ensure that its indirect participants and addressable BIC holders have adhered to the SEPA Instant Credit Transfer Scheme approved by the European Payments Council.

24. When submitting the documents referred to in Paragraph 37 or Paragraph 38 herein and each time when submitting the payment orders of its indirect participant for processing in the EKS or when receiving payment orders addressed to its indirect participant from the EKS, the participant shall confirm that the respective indirect participant meets the requirements of Paragraph 13 herein as well as:

24.1 meets the requirements of Paragraph 22 herein, where an indirect participant is using services of the clearing service;

24.2 meets the requirements of Paragraph 23 herein, where an indirect participant is using services of the instant payment service.

25. The participant, when submitting documents referred to in Paragraph 44 or Paragraph 45 herein and each time when submitting payment orders of its addressable BIC holder for processing in the EKS or when receiving payment orders addressed to its addressable BIC holder from the EKS, shall confirm that the respective addressable BIC holder meets the requirements of Paragraph 2.1 herein as well as:

25.1 meets the requirements of Paragraph 22 herein, where an addressable BIC holder is using services of the clearing service;

25.2 meets the requirements of Paragraph 23 herein, where an addressable BIC holder is using services of the instant payment service.

26. Upon request by Latvijas Banka, the participant shall provide any information in relation to its indirect participant or addressable BIC holder deemed necessary by Latvijas Banka to ensure the smooth operation and security of the EKS, performance of Latvijas Banka's tasks as defined in the Law on Latvijas Banka as well as compliance with the present Rules.

27. Latvijas Banka shall resolve the issues related to the payments made by an indirect participant and addressable BIC holder solely with the participant.

2.3 Participant's application procedure

28. To become a participant of the EKS or to start using the services of a chosen EKS service or to request the registration of a new registered BIC, an applicant participant which complies with the access criteria or a participant:

28.1 shall fulfil the following technical requirements:

28.1.1 for using the services of the clearing service, ensure that it has joined TARGET2 and opened a settlement account in TARGET2 for each its registered BIC;

28.1.2 for using the services of the instant payment service, ensure that it has joined TARGET2 and opened a TIPS DCA for each of its registered BIC;

28.1.3 install, manage, operate and monitor as well as ensure the security of the IT infrastructure necessary for the participation in the selected EKS service. To perform the above, an applicant participant may involve third parties while retaining sole liability pursuant to the present Rules;

28.1.4 pass the tests required by Latvijas Banka;

28.1.5 with the purpose to ensure the access of the instant payment service to the TIPS DCA referred to in Paragraph 28.1.2 herein, configure its reference data in accordance with the procedure laid down in Latvijas Banka's rules for participation in TARGET2-Latvija;

28.1.6 authorise Latvijas Banka to perform the actions specified in Paragraphs 173, 180, 181 and 182.4 herein, by performing the TIPS DCA reference data set-up following the instructions set out in the Functional Specification of the Instant Payment Service;

28.1.7 indicate Latvijas Banka as the Instructing Party within the meaning of Latvijas Banka's rules for participation in TARGET2-Latvija. In this case, Latvijas Banka, following the instructions set out in the Functional Specification of the Instant Payment Service, provide the sending and the receiving of the messages related to the participant's TIPS DCA in the name of the respective participant, its registered indirect participant or addressable BIC holder.

28.2 shall fulfil the following legal requirements:

28.2.1 submit a capacity opinion in the form specified in Appendix 1.2 hereto, unless the information and representations to be provided in such capacity opinion have already been obtained by Latvijas Banka in another context;

28.2.2 as regards the credit institutions referred to in Paragraph 10.2 herein, submit a country opinion in the form specified in Appendix 1.1 hereto, unless the information and representations to be provided in such country opinion have already been obtained by Latvijas Banka in another context;

28.2.3 submit debit authorisation enabling Latvijas Banka to debit the fees pursuant the Rules unless Latvijas Bankas has already received such a debit authorisation in another context;

28.2.4 for using the services of the clearing service, adhere to the SEPA Credit Transfer Scheme approved by the European Payments Council to ;

28.2.5 for using the services of the instant payment service, adhere to the SEPA Instant Credit Transfer Scheme approved by the European Payments Council.

29. For using the services of the clearing service or requesting the registration of a new registered BIC, an applicant participant or participant shall submit the following documents to Latvijas Banka:

29.1 application form for the static data registration, as specified in Appendix 1.3 hereto;

29.2 application to STEP2, confirming a participant's consent to become Latvijas Banka's entity reachable via STEP2;

29.3 debit authorisation enabling the clearing service to make settlement on the respective participant's settlement account in TARGET2-Latvija.

30. For using the instant payment service or requesting the registration of a new registered BIC, an applicant participant or participant shall submit to Latvijas Banka an application form for the static data registration, as specified in Appendix 1.6 hereto.

31. Latvijas Banka may request any additional information it deems necessary to decide on an application for participation.

32. Latvijas Banka shall reject an application for participation in the EKS, the use of the services of the chosen EKS service or the registration of a registered BIC where:

32.1 any of the access criteria or participation requirements specified herein have not been met;

32.2 in Latvijas Banka's assessment, such participation would endanger the smooth operation and security of the EKS, jeopardise performance of Latvijas Banka's tasks as defined in the Law on Latvijas Banka or pose other material risks.

33. Latvijas Banka shall communicate its decision on the application for participation in the EKS to an applicant participant or on the application for the use of the services of the chosen EKS service or the registration of a registered BIC to the participant within one

month of the date Latvijas Banka has received all the requested documents, if the applicant participant or participant has passed the tests pursuant to the requirements of Paragraph 28.1.4 herein. Where Latvijas Banka requests additional information pursuant to the provisions of Paragraph 31 herein, the decision shall be communicated within one month of the date Latvijas Banka has received the above information from the applicant participant or the participant. In the event of refusal Latvijas Banka shall state the reason thereof.

34. Latvijas Banka shall communicate to the applicant participant or the participant the date on which the participation in the EKS will commence, the services of the chosen EKS service will become available or the registration of a registered BIC shall be carried out. Latvijas Banka shall send a notification regarding the registration of a registered BIC to the e-mail address indicated in the participant's list of contact persons.

35. Upon starting to use the services of the EKS, a participant shall become the user of Proxy Registry "InstantLinks". From the moment a participant starts to use the respective services of the EKS, Latvijas Banka's Rules for the Use of the Proxy Registry "Instant Links" shall become binding on the participant.

36. Upon starting to use the services of the instant payment service, on the date of its connection the participant shall set the daily initial IP liquidity position via the instant payment service work station.

2.4 Indirect participant's application procedure and termination of participation procedure

37. To enable an indirect participant to join the clearing service, a participant shall submit the following documents to Latvijas Banka:

37.1 application form for the registration of the indirect participant pursuant to Appendix 1.7 hereto;

37.2 the indirect participant's application to STEP2 confirming the indirect participant's consent to become Latvijas Banka's entity reachable via STEP2.

38. To enable an indirect participant to join the instant payment service, a participant shall submit to Latvijas Banka an application for the registration of the indirect participant pursuant to Appendix 1.12 hereto.

39. Latvijas Banka shall notify a participant of the date from which the indirect participant is to be recognised by the EKS or by the chosen EKS service by sending a notification to the e-mail address indicated in the participant's list of contact persons.

40. To terminate the participation of an indirect participant in an EKS service, a participant shall submit the following documents to Latvijas Banka:

40.1 Application form for the registration of the indirect participant pursuant to Appendix 1.4 hereto, where participation in the clearing service is being terminated;

40.2 Application form for the registration of the indirect participant pursuant to Appendix 1.7 hereto, where participation in the instant payment service is being terminated.

41. Latvijas Banka shall notify the participant of the date from which the participation of the indirect participant in a respective EKS service will be terminated by sending a notification to the e-mail address indicated in the participant's list of contact persons.

42. Latvijas Banka may immediately terminate participation of an indirect participant in the EKS without notice where:

42.1 in Latvijas Banka's assessment, there are no longer any grounds for admitting that the entity is an indirect participant pursuant to Paragraph 13 herein;

42.2 any other indirect participant-related event occurs which, in Latvijas Banka's assessment, would threaten the overall stability and safety of the EKS or jeopardise Latvijas Banka's performance of its tasks as defined in the Law on Latvijas Banka or pose other material risks.

43. Where participation of the indirect participant in the EKS is terminated pursuant to Paragraph 42 herein, Latvijas Banka shall notify the participant of the termination of its indirect participant's participation in a timely manner.

2.5 Addressable BIC holder's application procedure and termination of registration procedure

44. To include an addressable BIC holder in the routing tables of the clearing service, the participant shall submit the following documents to Latvijas Banka:

44.1 Application form for the registration of the addressable BIC holder in accordance with Appendix 1.5 hereto;

44.2 the addressable BIC holder's application to STEP2 confirming the addressable BIC holder's consent to become Latvijas Banka's entity reachable via STEP2.

45. To include an addressable BIC holder in the routing tables of the instant payment service, the participant shall submit to Latvijas Banka an application form for the registration of the addressable BIC holder in accordance with Appendix 1.8 hereto.

46. Latvijas Banka shall notify the participant of the date from which the addressable BIC holder is to be included in the respective routing tables by sending a notification to the e-mail address indicated in the participant's list of contact persons.

47. To terminate the registration of an addressable BIC holder in an EKS service, a participant shall submit the following documents to Latvijas Banka:

47.1 Application form for the registration of the addressable BIC holder pursuant to Appendix 1.5 hereto, where registration in the clearing service is being terminated;

47.2 Application form for the registration of the addressable BIC holder pursuant to Appendix 1.8 hereto, where participation in the instant payment service is being terminated.

48. Latvijas Banka shall notify the participant of the date from which the registration of the addressable BIC holder in a respective EKS service will be terminated by sending a notification to the e-mail address indicated in the participant's list of contact persons.

49. Latvijas Banka may immediately terminate registration of an addressable BIC holder in the EKS without notice where:

49.1 the addressable BIC holder no longer meets the requirements of Paragraph 2.1 herein;

49.2 any other addressable BIC holder-related event occurs which, in Latvijas Banka's assessment, would threaten the overall stability and safety of the EKS or jeopardise Latvijas Banka's performance of its tasks as defined in the Law on Latvijas Banka or pose other material risks.

50. Where registration of the addressable BIC holder in the EKS is terminated pursuant to Paragraph 49 herein, Latvijas Banka shall notify the participant of the termination of its addressable BIC holder's registration in a timely manner.

2.6 List of EKS service users

51. Latvijas Banka shall be entitled to maintain a list of participants, indirect participants and addressable BIC holders for each EKS service and publish it on Latvijas Banka's website.

52. The list of service users of each EKS service shall contain the user's name, participation status (participant, indirect participant or addressable BIC holder), BIC; regarding an indirect participant and addressable BIC holder, the respective registered BIC of the participant whose services they use shall also be specified.

53. The lists specified in Paragraph 52 herein shall also provide such user's consent to the processing of payment orders containing letters of the Latin alphabet with Latvian diacritical marks, applying the choice of the participant to its indirect participants and addressable BIC holders.

54. The participant agrees that Latvijas Banka may publish the names and BICs of the participant, its indirect participant and addressable BIC holder as well as other central banks may publish the name and the BIC of the participant using the instant payment service and the names and the BICs of its indirect participants and addressable BIC holders. The participant shall ensure that an explicit consent to the publication of such data has been obtained from the indirect participant or addressable BIC holder.

55. Latvijas Banka shall be entitled to furnish another SEPA payment system with information on the reachability of the EKS participants, indirect participants and addressable BIC holders, if necessary.

56. Latvijas Banka shall establish and maintain a routing table for each EKS service. The table shall contain information on the entities a user of the respective EKS service may address payment orders and related messages to, i.e. it shall include information on the EKS participants, indirect participants, addressable BIC holders and participants of other relevant SEPA payment systems. Latvijas Banka shall generate the routing table and provide information to participants following the instructions set out in the Functional Specification of the respective EKS service.

57. A routing table for the clearing service shall be updated at least once a month. The regular updates shall take effect on the first Tuesday of each month following the first Saturday of the month. The updated tables shall be available for download in the file exchange service no later than on the last Friday before the changes take effect.

58. In addition to the routing table for the clearing service, Latvijas Banka shall provide participants with information on the direct and indirect participants of STEP2, which is updated at least once a month, prepared in the file format and sent to the participants following the instructions set out in the Functional Specification of the Clearing Service.

59. A routing table for the instant payment service shall be updated every TARGET2 business day. The updated routing tables shall be available for download in the file

exchange service on the day the updates take effect. Regular updates shall take effect at 20:30.

60. The participant may provide a routing table for the clearing service and a routing table for the instant payment service to its reachable parties.

3. Obligations of the parties

3.1 Obligations of Latvijas Banka and the participants

61. In the EKS, Latvijas Banka shall offer the services of the clearing service and the instant payment service described in Sections 4 and 5 herein. Unless otherwise provided for by the Rules or laws and regulations, Latvijas Banka shall use all reasonable means within its power to perform its obligations under the Rules, without guaranteeing a result.

62. The participant shall pay to Latvijas Banka the fees stipulated in Appendix 1.5 hereto. The provisions of this Paragraph shall not apply to the Treasury.

63. The participant represents and warrants to Latvijas Banka that the performance of its obligations under the Rules does not breach any laws and regulations or by-laws applicable to it or any agreement binding on it.

64. The participant shall undertake to participate in the tests organised by Latvijas Banka and address other issues related to the use of the EKS.

65. The participant shall promptly notify Latvijas Banka of modifications in the participant's payment and information systems or infrastructure that might affect the participant's participation in the EKS, and upon Latvijas Banka's request, shall perform recurrent tests of the modified systems.

66. Latvijas Banka shall inform the participant about the introduction of a new technical configuration of the EKS by sending a notification to the e-mail address indicated in the participant's list of contact persons in a timely manner, but no later than three (3) months in advance.

3.2 Cooperation and information exchange

67. In performing their obligations and exercising their rights under the Rules, Latvijas Banka and participants shall cooperate to ensure the smooth operation and security of the EKS. They shall exchange any information and documents relevant for the performance of their respective obligations and the exercise of their respective rights under the Rules, without prejudice to any banking secrecy obligations.

68. Latvijas Banka shall establish and maintain the EKS support desk to assist the participant encountering difficulties related to the EKS operation.

69. Latvijas Banka may communicate information to participants by any means of communication.

70. To ensure rapid exchange of information regarding the EKS-related issues, including in the case of abnormal external events and in the event of any operational failures related to the EKS or a participant, the participant and Latvijas Banka shall exchange lists of

contact persons, indicating their telephone numbers and e-mail addresses. The contact person designated by the participant shall be entitled to provide and receive files in exceptional circumstances or to provide information to Latvijas Banka on another person entitled to provide and receive files. The participant and Latvijas Banka shall immediately notify each other of any changes in the above list of contact persons.

71. The participant shall ensure a timely update of the information to be specified in the application forms for the static data registration as well as the information on the registration of an indirect participant or an addressable BIC holder by submitting the respective form to Latvijas Banka. Latvijas Banka shall notify the participant of the date from which the changes take effect in the EKS by sending a notification to the e-mail address indicated in the participant's list of contact persons.

72. The participant shall inform Latvijas Banka about any changes in its legal capacity and relevant legislative changes affecting associated issues covered by the country opinion.

73. The participant shall promptly notify Latvijas Banka if an event of default occurs in relation to it or if it is subject to crisis prevention or management measures within the meaning of Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No 1093/2010 and (EU) No 648/2012³ (hereinafter, Directive 2014/59/EU) or within the meaning of any other equivalent applicable law.

4. Clearing service

4.1 Key requirements for processing credit transfer orders and payment return orders

74. The clearing service ensures clearing every day, except on Saturdays, Sundays, New Year's Day, Good Friday, Easter Monday, 1 May, Christmas Day and 26 December. If a business day is transferred pursuant to the Cabinet of Ministers Decree, the clearing service shall execute clearing on the transferred business day.

75. Timetable of the clearing cycles:

75.1 the clearing service processing shall take place on the days referred to in Paragraph 74 herein from 8:00 to 18:45;

75.2 the files submitted by the participants are processed in seven clearing cycles;

75.3 the calculation of the net positions and the submission of the corresponding payment orders to TARGET2 shall take place within 15 minutes following the sending cut-off time for the respective clearing cycle;

75.4 the sending cut-off time for the 1st cycle shall be 8:59; for the 2nd cycle – 9:44; for the 3rd cycle – 11:29; for the 4th cycle – 13:14; for the 5th cycle – 14:29; for the 6th cycle – 16:14; for the 7th cycle – 17:44.

76. The clearing service shall process the following orders:

76.1 the credit transfer orders and payment return orders submitted by a participant;

³ OVL 173, 12.06.2014, p. 190.

76.2 the credit transfer orders and payment return orders submitted by a participant of another SEPA payment system and addressed to the participant, its indirect participant and addressable BIC holder (hereinafter, addressed to the participant);

76.3 payment cancellation requests, resolutions of investigation (negative responses to the cancellation requests), claims of non-receipt, claims for value date correction, status requests and resolutions of investigation (responses to the investigation requests).

77. The clearing service shall provide the following:

77.1 the clearing of credit transfer orders and payment return orders, including the exchange of related messages, in the file processing mode;

77.2 the submission of payment orders to TARGET2 to book a pre-deposit and return the remaining balance;

77.3 calculation of the multilateral net positions and submission of the corresponding payment orders to TARGET2 for settlement and verification of the settlement results;

77.4 the transmission of the clearing results and settled payments to the participants on the day of accepting the payment message files;

77.5 the exchange of credit transfer orders and payment return orders, including related messages, with another SEPA payment system;

77.6 the maintenance of clearing cover accounts and settlement on a TARGET2 holiday.

78. On a TARGET2 business day, the clearing service shall process the credit transfer orders and payment return orders submitted for execution by the participants and other SEPA payment systems, ensuring the settlement execution on the settlement accounts in TARGET2.

79. On a TARGET2 holiday, the clearing service shall only process the credit transfer orders and payment return orders submitted by the participants and addressed to the participants, indirect participants and addressable BIC holders, ensuring the execution of the settlement in the clearing cover accounts.

80. When submitting a payment cancellation request, a claim of non-receipt, a claim for value date correction, a resolution of investigation (negative response to the cancellation request), a status request and a resolution of investigation (response to the investigation request) to the clearing service, the participant shall comply with the submission deadlines specified in the SEPA Credit Transfer Scheme Rulebook. The clearing service shall not check whether the submission deadline is met.

80.¹ Latvijas Banka to the extent possible shall support participants using the clearing service in identifying the reason that led to initiation the claim for value date correction, claim of non-receipt or status request.

81. Credit transfer orders, payment return orders and the related information shall be exchanged with the participants in the clearing service in the form of payment message and information message files by means of the file exchange service in accordance with Latvijas Banka's regulation stipulating the procedure for electronic information exchange with Latvijas Banka by using an advanced security system, where:

81.1 the information exchange is an exchange of information within the payment systems, including the clearing service, pursuant to the Rules;

81.2 Latvijas Banka shall grant each participant, in relation to each registered BIC, two licences of the advanced security system for information exchange with Latvijas Banka within the payment systems.

82. For the purpose of signing and encrypting the files, the keys of the advanced security system issued by Latvijas Banka shall be used, provided that the licences of the advanced security system for information exchange with Latvijas Banka within the payment systems are granted in accordance with Latvijas Banka's regulation stipulating the procedure for electronic information exchange with Latvijas Banka by using an advanced security system.

83. Where no valid user keys of the advanced security system for information exchange within the payment systems are available to a participant, the clearing service shall:

83.1 generate and send the participant a warning file;

83.2 reject all files received from the participant and generate file validation result files;

83.3 following the completion of net settlement, generate the clearing result files and payment message and information message files addressed to each registered BIC of the participant. As of that moment, the EKS has fulfilled its obligations regarding the execution of SEPA credit transfer orders and SEPA payment return orders addressed to the participant;

83.4 all the files referred to in Paragraphs 83.2 and 83.3 herein and generated by the clearing service shall be stored at Latvijas Banka and transferred, using the respective registered BIC, to the participant immediately after it has restored the validity of at least one of its user keys for information exchange within the payment systems.

4.2 Submitting and processing payment message and information message files in the clearing service

84. A participant may submit payment message and information message files to the clearing service on business days from 00.00 to 24.00. The clearing service shall accept submitted payment message and information message files in accordance with the timetable of clearing cycles. Any payment message and information message files submitted after the respective business day's relevant time period shall be accepted by the clearing service on the next business day in accordance with the timetable of clearing cycles.

85. The starting time of the payment message and information message file processing shall be automatically recorded at the moment when the processing of the file is started in the clearing service.

86. In all clearing cycles the clearing service shall process those payment message and information message files where the date indicated in the respective file name coincides with the value date of the current business day.

87. The participant shall include in the files credit transfer orders, payment return orders, payment cancellation requests, resolutions of investigation (negative responses to the cancellation requests), claims of non-receipt, claims for value date correction, status requests, and resolutions of investigation (responses to the investigation requests) that are generated in the form of the respective message types in accordance with the SEPA Credit Transfer Scheme Rulebook, SEPA Credit Transfer Scheme Inter-Bank Implementation Guidelines and ISO 20022 XML international standard as well as following the instructions set out in the Functional Specification of the Clearing Service.

88. The instruction for preparing the files and the structure of messages to be included in the files are set out in the Functional Specification of the Clearing Service. Participants may agree among each other on the specific rules regarding the message field contents.

However, the clearing service shall perform no specific check-ups as to whether the participants comply with any such rules.

89. The clearing service shall perform double-entry checks for all files and messages, rejecting the files or messages submitted more than once by mistake. The double-entry check is performed following the instructions set out in the Functional Specification of the Clearing Service.

90. Where the clearing service rejects a file or a message, the participant shall receive a status message indicating the reason for the rejection, using the rejection reason codes specified in the Functional Specification of the Clearing Service. If the clearing service rejects one or several messages of a single message file, the notifications of erroneous message rejection shall be included in a single file of the respective type, confirming the inclusion of the received file in the calculation of the clearing cycle, excluding the erroneous messages listed.

91. Where the clearing service in the situations laid down in the present rules moves a message submitted by a participant to the next clearing cycle, the participant shall receive a moved payment notification message.

92. Where a message is rejected as a result of a clearing cycle recalculation or due to the exclusion of a participant or an entity reachable via STEP2 from the clearing, the participant shall receive the excluded payment rejection message.

93. Where a payment cancellation request, a resolution of investigation (negative response to the cancellation request), a status request, a claim of non-receipt, a claim for value date correction or a resolution of investigation (response to the investigation request) submitted by a participant, addressed to the participant of another SEPA payment system and accepted by the clearing service cannot be delivered to the addressee because STEP2 or another SEPA payment system has rejected the message, the participant shall receive an information message.

94. All validation files generated by the clearing service in response to the files submitted by a participant shall be immediately sent to the participant using the same registered BIC used by the participant for the submission of the respective file.

95. The clearing service shall generate messages, to be included in the files and sent to the participant, in accordance with the SEPA Credit Transfer Scheme Rulebook, SEPA Credit Transfer Scheme Inter-Bank Implementation Guidelines and ISO 20022 XML international standard as well as following the instructions set out in the Functional Specification of the Clearing Service.

4.3 Acceptance and rejection of credit transfer orders and payment return orders

96. Following the receipt of a payment message file from another SEPA payment system, the clearing service shall commence the acceptance or rejection of credit transfer orders and payment return orders included in the file, once sufficient funds for the settlement of clearing service payments have been provided. The funds for payments to/from other SEPA payment systems shall be provided using Latvijas Banka's settlement account in TARGET2.

97. A credit transfer order or a payment return order submitted by a participant or received from another SEPA payment system shall be deemed accepted by Latvijas Banka, where:
97.1 the payment message generated on the basis of the above order and submitted by a

participant complies with the formatting terms and conditions specified in the present Rules and instructions set out in the Functional Specification of the Clearing Service or the payment order received from another SEPA payment system complies with the formatting rules specified in the agreement concluded with the operator of the respective other SEPA payment system;

97.2 the registration of any registered BIC of a participant involved in the execution of the order has not been terminated;

97.3 the operation schedule stipulated in Paragraph 74 herein and the timetable of clearing cycles stipulated in the Paragraph 75 herein has been complied with;

97.4 the provisions stipulated in Paragraphs 79 and 86 herein have been complied with.

98. The clearing service shall promptly reject a credit transfer order and payment return order which fail to meet the terms and conditions stated in Paragraph 97 herein, and shall notify the participant of the rejection of a file, credit transfer order or payment return order pursuant to the present Rules, whereas another SEPA payment system shall be notified subject to the terms and conditions of the agreement between Latvijas Banka and the operator of the respective other SEPA payment system.

4.4 Booking a pre-deposit on a TARGET2 business day

99. Upon the receipt of a payment message file from a participant having an obligation to provide a pre-deposit for the settlement of the submitted payments, the clearing service shall generate and submit to TARGET2 a payment order to book a pre-deposit by debiting the total amount, specified in the credit transfer orders and payment return orders included in the file and accepted by the clearing service, from the settlement account in TARGET2 corresponding to the registered BIC of the participant and crediting it to this account's sub-account, and shall process TARGET2 notifications.

100. The clearing service shall verify the sufficiency of the pre-deposit booked on the participant's sub-account upon the receipt of a notification from TARGET2 thereon.

101. Where the pre-deposit is not sufficient for the execution of all credit transfer orders and payment return orders included in the payment message file and accepted by the clearing service, the clearing service shall reject the payment message file and shall generate and submit to TARGET2 a payment order to return the funds booked on the sub-account back to the settlement account in TARGET2 corresponding to the registered BIC of the participant.

102. Where the pre-deposit has been sufficient, the credit transfer orders and payment return orders included in the payment message file and accepted by the clearing service shall be included in the clearing.

4.5 Clearing on TARGET2 business day

4.5.1 Clearing cycles

103. The clearing service shall include all credit transfer orders and payment return orders of the relevant clearing cycle accepted during the receipt of payment message files in the calculation of the above clearing cycle.

104. The clearing service shall calculate the multilateral net position corresponding to each registered BIC of each participant on the basis of the credit transfer orders and

payment return orders submitted by the participants and received from another SEPA payment system and included in the respective clearing cycle.

105. With respect to the participants who have no obligation to provide a pre-deposit and whose registered BIC has a debit position as a result of clearing, the clearing service shall, no later than 15 minutes since the calculation of multilateral net positions has been started, submit to TARGET2 payment order to book the funds necessary for the settlement of debit positions by crediting them to the sub-accounts corresponding to the registered BICs of the participants, and freeze the balance on all participants' sub-accounts, and shall process TARGET2 notifications.

106. The clearing service shall verify the sufficiency of funds booked on the participants' sub-accounts upon the receipt of a relevant notification from TARGET2.

107. Where the funds booked on sub-accounts corresponding to registered BICs of the participants are sufficient for the settlement of the net positions calculated for the respective registered BICs, the clearing service shall submit to TARGET2 payment orders to settle the multilateral net positions and return the remaining balance of the booked pre-deposit amount to the participants who have committed to provide such a pre-deposit. The clearing service shall process TARGET2 notifications. When the information on the settlement of all payment orders has been received from TARGET2, the clearing cycle shall be completed.

108. Where, pursuant to TARGET2 notification, the funds booked on a sub-account corresponding to the registered BIC of the participant are not sufficient for the settlement of the net position calculated for the respective registered BIC, the clearing service shall, on the basis of TARGET2 notification regarding the availability of funds on the participants' sub-accounts for each registered BIC, recalculate the multilateral net positions to ensure the settlement within the limits of the booked funds.

109. When recalculating the net positions, the credit transfer orders and payment return orders, addressed to the participants whose registered BICs have credit positions, shall be excluded from the clearing cycle in the sequence opposite to that of their submission (taking into account the sequence of submitting the payment message files and the sequence of payment messages in the file). Where, as a result of exclusion, the position of the receiving participant changes from credit position to debit position, this payment shall not be excluded. Where all credit transfer orders and payment return orders, that have been addressed to the participants whose registered BICs have credit positions and that do not change their position from credit position to debit position, have been excluded, the credit transfer orders and payment return orders which are to be sent to another SEPA payment system shall be excluded from clearing. The exclusion shall be effected until the balance of funds on the sub-account of the respective participant covers the debit position.

110. Where, following the exclusion of all orders referred to in Paragraph 109 herein, the debit position is not covered, all credit transfer orders and payment return orders not excluded up to that moment shall be excluded on a case-by-case basis in the sequence opposite to their submission (taking into account the sequence of submitting the payment message files and the sequence of payment messages in the file).

111. If such exclusion results in an uncovered debit position for the registered BIC of the participant where a credit transfer order or payment return order has been addressed to,

the orders of the above participant shall be excluded according to the algorithm described in Paragraphs 109 and 110 herein, and the initial exclusion of credit transfer orders and payment return orders shall only continue thereafter.

112. The credit transfer orders and payment return orders addressed to the participants and excluded from clearing shall be moved to the next clearing cycle or rejected, where it is the last clearing cycle during which the clearing service processes the credit transfer orders and payment return orders with the value date of the current business day. The credit transfer orders or payment return orders addressed to the participants in other SEPA payment systems and excluded from clearing shall be moved to the next clearing cycle or rejected, where it is the last clearing cycle during which the payments are transmitted to other SEPA payment systems with the value date of the current business day.

4.5.2 Transmission of credit transfer orders and payment return orders

113. Following the completion of the settlement of each clearing cycle, the clearing service shall generate for transmission to each participant credit transfer orders and payment return orders included in the clearing and addressed to it. Information indicated in the orders shall be forwarded without any changes whatsoever. Credit transfer orders and payment return orders shall be arranged in one or more payment message files for each registered BIC of the participant separately.

114. For each registered BIC which the participant uses to participate in the clearing, the clearing service shall generate the clearing result file providing information on the payment message files submitted by the participant and included in the clearing and those addressed to the respective participant.

115. The clearing service shall transmit the clearing result file to the participant along with the payment message files addressed to the registered BIC of the participant promptly after the completion of each clearing cycle.

116. Following the completion of the clearing cycle during which the messages are transmitted to other SEPA payment systems, the clearing service shall generate for transmission credit transfer orders and payment return orders included in the clearing and addressed to the participants of another SEPA payment system by arranging them in one or several payment message files, and shall transmit them in accordance with the agreements concluded between Latvijas Banka and the respective system's operator.

117. Where another SEPA payment system rejects the credit transfer order or payment return order transferred to it, the clearing service shall generate a payment return order for transmission to the participant using the same registered BIC which the participant has used to submit to the clearing service the credit transfer order or payment return order rejected by another SEPA payment system, and shall include it in the next clearing cycle to return the funds to the participant's settlement account in TARGET2 which was debited.

118. Information messages (payment cancellation requests, resolutions of investigation (negative responses to a payment cancellation requests), claims of non-receipt, claims for value date correction, status requests and resolutions of investigation (responses to the investigation requests)) shall not be included in the calculation of the net positions but, shall be included in the files in accordance with the instructions set out in the Functional

Specification of the Clearing Service and, following the completion of each clearing cycle, shall be transmitted to the respective recipients.

4.6 Provision of funds on the clearing cover account, booking of a pre-deposit and clearing on a TARGET2 holiday

119. For the settlement of the clearing service on a TARGET2 holiday, Latvijas Banka shall open a clearing cover account in the clearing service for each registered BIC of the participant and provide the relevant statement of account at the end of each business day when the changes in the funds balance on the respective clearing cover account have taken place.

120. Latvijas Banka shall apply to the clearing cover account balances either the remuneration at 0% (zero per cent) interest rate or the deposit facility rate set by the European Central Bank, whichever is lower. Latvijas Banka shall calculate the remuneration on the clearing cover account's balance simultaneously with the calculation of the remuneration for holding minimum reserves and shall debit the remuneration on the clearing cover account's balance from the participant's settlement account in TARGET2 corresponding to the registered BIC of the participant or from another TARGET2 settlement account of the above participant.

121. To ensure the settlement of the clearing service on a TARGET2 holiday, a participant shall ensure the crediting of funds to the settlement account of Latvijas Banka in TARGET2-Latvija for each of its registered BIC on the previous TARGET2 business day. Latvijas Banka shall credit the funds received to the clearing cover account corresponding to the registered BIC of the participant.

122. Upon the receipt of a payment message file from a participant who has an obligation to provide a pre-deposit for execution of payments submitted to the clearing service, the clearing service shall verify whether the balance of each clearing cover account is sufficient and shall freeze the funds required on the clearing cover account.

123. Where the funds on the clearing cover account corresponding to the registered BIC of the participant who has an obligation to provide a pre-deposit for execution of payments submitted to the clearing service is not sufficient for the execution of all credit transfer orders and payment return orders included in the payment message file, the clearing service shall reject the payment message file.

124. The clearing service shall include all credit transfer orders and payment return orders of the respective clearing cycle accepted during the receipt of the payment message files in the calculation of the above clearing cycle.

125. The clearing service shall calculate the multilateral net position corresponding to each registered BIC of each participant on the basis of the credit transfer orders and payment return orders submitted by the participants and included in the respective clearing cycle.

126. Where the funds on the participants' clearing cover accounts are sufficient for the net settlement of the respective clearing cycle, the clearing service shall settle net positions by debiting those clearing cover accounts corresponding to the registered BICs of the participants with the debit position and by crediting those clearing cover accounts

corresponding to the registered BICs of the participants with the credit position. The respective clearing cycle is complete after execution of the above settlement.

127. Where the funds on a clearing cover account are not sufficient for the settlement of net position calculated for the respective registered BIC, the clearing service shall recalculate multilateral net positions, based on the information about the available funds, to ensure the settlement within the limits of funds available on the clearing cover account corresponding to the registered BIC of the participant. Following the procedure provided in Paragraphs 109–111 herein, the clearing service shall exclude from the clearing cycle those credit transfer orders and payment return orders which cannot be settled due to lack of sufficient funds on a cover account required for the settlement.

128. Credit transfer orders and payment return orders excluded from clearing shall be moved to the next clearing cycle or rejected where it is the last clearing cycle of the clearing service on the respective business day.

129. Credit transfer orders and payment return orders as well as payment cancellation requests, resolutions of investigation (negative response to the cancellation request), claims of non-receipt, claims for value date correction, status requests and resolutions of investigation (response to the investigation request) shall be transmitted in accordance with the procedure stipulated by Subsection 4.5.2 herein.

130. Latvijas Banka shall transfer the funds remaining on the clearing cover account corresponding to the registered BIC of the participant to the respective participants' settlement account in TARGET2 on the next TARGET2 business day.

4.7 Entry of credit transfer orders and payment return orders into the EKS and their irrevocability in the clearing service

131. For the purposes of Article 8(2) and Article 10(3) of the Law "On Settlement Finality in Payment and Financial Instrument Settlement Systems", credit transfer orders and payment return orders shall be deemed irrevocable in the EKS as of the moment the clearing service starts their processing.

132. For the purposes of Article 8(1) of the Law "On Settlement Finality in Payment and Financial Instrument Settlement Systems", a credit transfer order or a payment return order shall be deemed entered in the EKS:

132.1 on a TARGET2 business day – as of the moment a participants' settlement account in TARGET2 is debited in the accordance with the payment order requesting the settlement of multilateral net positions;

132.2 on a TARGET2 holiday – as of the moment a participant's clearing cover account is debited.

5. Instant payment service

5.1 Key requirements for processing instant payment orders and instant payment return orders

133. Timetable of the instant payment service:

133.1 the instant payment service accepts, processes and sends messages to the respective participant, using its registered BIC, in real time on a 24/7/365 basis;

133.2 generation and transmission of the IP liquidity position report is performed every calendar day at 00:05–00:35;

133.3 balancing of the daily initial IP liquidity position is performed on TARGET2 business days at 8:30–9:00;

133.4 processing of requests on changes in the instant payment liquidity positions of the participants and automatic increase or decrease of the current IP liquidity position is performed in real time on a 24/7/365 basis;

133.5 end-of-day processing (recording the balance of the IP cover account, generating and transmission of the statement of IP cover account) is performed on TARGET2 business days at 19:05–19:10.

134. The instant payment service shall process the following orders:

134.1 instant payment orders submitted by a participant where the amount does not exceed 100 000 euro;

134.2 instant payment return orders submitted by a participant;

134.3 instant payment orders submitted by a participant of another SEPA instant payment system and addressed to a participant;

134.4 instant payment return orders submitted by a participant of another SEPA payment system and addressed to a participant;

134.5 instant payment cancellation requests, negative responses to the instant payment cancellation requests and instant payment status requests.

135. The instant payment service shall ensure the following:

135.1 real time clearing of instant payment orders and instant payment return orders and the related messages;

135.2 calculation of the current IP liquidity position and the monitoring of its sufficiency;

135.3 increase and decrease of the current IP liquidity position as per the participant's request to increase or decrease the current IP liquidity position and the balancing of the daily initial IP liquidity position according to the parameters set by the participant and the provisions herein;

135.4 preparation and submission of payment orders to TARGET2 for the balancing of the daily initial IP liquidity position and verification of the settlement on the participant's TIPS DCA;

135.5 exchange of instant payment orders, instant payment return orders and related messages with another SEPA payment system;

135.6 Instructing Party service.

136. Immediately after the receipt of an instant payment order, a participant in the instant payment service shall:

136.1 send a positive confirmation message to the instant payment service where the funds stated in the instant payment order can be credited to the beneficiary's account;

136.2 send a negative confirmation message to the instant payment service where it is not possible to execute the instant payment order.

137. The instant payment service workstation, which is accessed by participants via Latvijas Banka's Information System for Monitoring Customer Accounts (hereinafter referred to "eKKM"), shall ensure the following possibilities for the participant in relation to each it's registered BIC separately:

137.1 access to the information on the current IP liquidity position;

137.2 possibility to set the amount of the daily initial IP liquidity position and to change it;

137.3 possibility to set the parameters for an automatic management of the current liquidity;

137.4 access to the information on the confirmed and rejected instant payment orders and instant payment return orders, the received payments and related messages during the TARGET2 business day;

137.5 possibility to notify Latvijas Banka of the technical maintenance planned by a participant;

137.6 submission of the request to increase the current IP liquidity position and information of its status;

137.7 submission of the request to decrease the current IP liquidity position and information of its status.

138. Latvijas Banka shall open an IP cover account for a participant in relation to each its registered BIC. The instant payment service shall ensure the calculation of the current IP liquidity position based on the instant payment orders and instant payment return orders submitted and received by the participant with the respective registered BIC, as well as the changes in the instant payment liquidity position made by the participant.

139. The IP cover account shall be remunerated by Latvijas Banka at the deposit facility rate, set by the European Central Bank, according to the balance of funds on the cover account recorded in the end-of-day processing of the instant payment service.

140. The IP cover account for instant payments shall be remunerated to or the interest payment shall be received by a participant according to the balance of funds on the account in proportion to the amount of the current IP liquidity position for each registered BIC separately. The amount of the current IP liquidity position shall be recorded every TARGET2 business day in the end-of-day processing of the instant payment service.

141. Latvijas Banka shall calculate the remuneration of the IP cover account for instant payments on a second TARGET2 business day of each month. Latvijas Banka shall debit the respective payment from the participant's settlement account in TARGET2 specified in the application form for the static data registration or from another settlement account in TARGET2 of the above participant where a negative interest rate is applied, or shall credit it to the participant's settlement account in TARGET2 specified in the application form for the static data registration or another participant's settlement account in TARGET2 where a positive interest rate is applied.

142. Where several registered BICs are registered for a participant, Latvijas Banka shall calculate the remuneration amount referred to in Paragraph 140 for each registered BIC separately.

143. A participant shall ensure a continuous (24/7/365) connection to the instant payment service.

144. Where a participant has to temporarily disconnect from the instant payment service due to modifications in the participant's payment and information systems or infrastructure not allowing to ensure the processing of instant payments, the participant shall notify Latvijas Banka of the planned technical maintenance of the respective registered BIC of the participant no earlier than 14 days in advance via the instant payment service workstation. Latvijas Banka shall notify other participants.

145. [Deleted]

146. When submitting an instant payment cancellation request, an instant payment return order, an instant payment resolution of investigation or an instant payment status request to the instant payment service, the participant shall comply with the submission deadlines specified in the SEPA Instant Credit Transfer Scheme Rulebook. The instant payment service shall not check whether the submission deadline is met.

147. Instant payment orders, instant payment return orders and the related information as well as current IP liquidity position requests and the related information shall be exchanged with participants in the instant payment service in the form of messages via the web service in accordance with Latvijas Banka's regulation stipulating the procedure for electronic information exchange with Latvijas Banka by using the advanced security system, where:

147.1 the type of information exchange is the provision of the online communication connection in the instant payment service and online message exchange in the instant payment service in compliance with the present Rules;

147.2 in relation to each registered BIC of a participant, Latvijas Banka shall grant the following:

147.2.1 two licences of the advanced security system for the online communication connection in the instant payment service;

147.2.2 two licences of the advanced security system for the online message exchange in the instant payment service.

148. The management of the IP cover account of instant payments, and the exchange of the related information shall take place interactively or in the form of files in accordance with Latvijas Banka's regulation stipulating the procedure for electronic information exchange with Latvijas Banka by using the advanced security system, where:

148.1 the type of information exchange is the information exchange in the eKKM and information exchange in payment systems in compliance with the present Rules;

148.2 in relation to each registered BIC of a participant, Latvijas Banka shall grant the following:

148.2.1 two licences of the advanced security system for information exchange in the eKKM;

148.2.2 two licences of the advanced security system for information exchange in Latvijas Banka's payment systems. If a participant already uses clearing services of the EKS, no additional licenses shall be granted.

149. For the purpose of signing messages, the keys of the advanced security system issued by Latvijas Banka shall be used, provided that the licences of the advanced security system for the online message exchange in the instant payment service are granted in accordance with Latvijas Banka's regulation stipulating the procedure for electronic information exchange with Latvijas Banka by using an advanced security system.

150. A participant shall electronically sign the following orders and requests generated in the form of the respective message types in accordance with the instructions set out in the Functional Specification of the Instant Payment Service:

150.1 instant payment order;

150.2 instant payment cancellation request;

150.3 instant payment return order;

150.4 instant payment resolution of investigation.

151. Where no valid user keys of the advanced security system for information exchange within the instant payment service are available to a participant (to originator bank or beneficiary bank), the instant payment service shall:

151.1 reject the message submitted by the participant with the respective registered BIC and generate and send a rejection message to the participant (where no valid user keys for the online communication connection in the instant payment service or for the online message exchange in the instant payment service are available);

151.2 The file containing the current IP liquidity position report, generated during the end-of-day procedure for the participant's respective registered BIC, shall be stored at Latvijas Banka and sent to the participant using the respective its registered BIC, immediately after it has restored the validity of at least one of its user keys for information exchange within the payment systems (where no valid user keys for information exchange within the payment systems are available).

5.2 Submission of instant payment orders and instant payment return orders in the instant payment service

152. Each individual instant payment order and instant payment return order shall be submitted separately in the form of a payment message, while instant payment cancellation requests, negative responses to the instant payment cancellation requests and instant payment status requests shall be submitted in the form of an information message.

153. A participant may submit payment messages and information messages every day from 00:00 to 24:00. The instant payment service shall accept the submitted message for processing in the instant payment service immediately after it has been received and immediately forward to the respective participants those messages generated in the course of processing.

154. The time of submission of a payment message or information message by a participant shall be automatically recorded at the moment when the participant submits the message in the instant payment service.

155. Payment messages and information messages shall be generated in accordance with the SEPA Instant Credit Transfer Scheme Rulebook, the SEPA Credit Transfer Scheme Inter-Bank Implementation Guidelines and ISO 20022 XML international messaging standards as well as following the instructions set out in the Functional Specification of the Instant Payment Service.

156. The instant payment service shall perform double-entry check, rejecting the messages submitted more than once by mistake. The double-entry check is performed following the instructions set out in the Functional Specification of the Instant Payment Service.

5.3 Acceptance and rejection of instant payment orders and instant payment return orders

157. Where the instant payment service or a participant receives an instant payment order and its processing time exceeds 20 seconds from the moment of its receipt from the originator, the instant payment service or the respective participant shall reject that order.

158. An instant payment order or instant payment return order submitted by a participant shall be deemed accepted by the instant payment service where:

158.1 the payment message generated on the basis of above order and submitted by a participant complies with the formatting terms and conditions of the present Rules and the instructions set out in the Functional Specification of the Instant Payment Service;

158.2 the registration of the registered BIC involved in the execution of the instant payment order or instant payment return order has not been terminated;

158.3 Latvijas Banka has not been notified of the technical maintenance of the respective registered BIC of the participant who is the addressee of the instant payment order and instant payment return order;

158.4 the time-out deadline referred to in Paragraph 157 herein has been complied with during the processing.

159. The instant payment service shall accept an instant payment order or instant payment return order addressed to a participant and received from another SEPA instant payment system, where:

159.1 the payment message generated on the basis of the instant payment order or instant payment return order is compliant with the formatting terms and conditions specified in the agreements concluded between Latvijas Banka and the operator of the respective system;

159.2 the registration of the registered BIC of the participant involved in the execution of the instant payment order or instant payment return order has not been terminated;

159.3 Latvijas Banka has not been notified of the technical maintenance of the respective registered BIC of the participant who is the addressee of the instant payment order and instant payment return order;

159.4 the time-out deadline referred to in Paragraph 157 herein has been complied with during the processing.

160. The instant payment service shall immediately reject any instant payment order or instant payment return order submitted by a participant where it fails to fulfil the conditions laid down in Paragraph 158 herein, and shall notify the participant of the rejection of the instant payment order or instant payment return order by sending a negative confirmation message indicating the reason for the rejection, using the rejection reason codes specified in the Functional Specification of the Instant Payment Service.

161. The instant payment service shall immediately reject any instant payment order or instant payment return order submitted by another SEPA payment system where it fails to fulfil the conditions laid down in Paragraph 159 herein, and shall notify the operator of the other SEPA payment system of the rejection of the instant payment order or instant payment return order in compliance with the agreements concluded between Latvijas Banka and the operator of the respective system.

5.4 Real time clearing

5.4.1 Processing of instant payment orders and instant payment return orders

162. An accepted instant payment order or instant payment return order submitted by a participant shall be processed as follows:

162.1 where the instant payment order or instant payment return order has been addressed to another participant using the services of the instant payment service:

162.1.1 the instant payment service shall verify whether the current IP liquidity for the registered BIC of the participant who has submitted the instant payment order or instant payment return order is sufficient for executing the instant payment order or instant payment return order; if it is sufficient, the respective amount of instant payment liquidity shall be reserved;

162.1.2 where the current IP liquidity position is not sufficient, the instant payment service shall reject the received instant payment order or instant payment return order and

immediately send a negative confirmation message to the participant who has submitted the order;

162.1.3 after reserving the instant payment liquidity, the instant payment service shall send the instant payment order or instant payment return order to the participant who is the addressee of the order;

162.1.4 based on each instant payment order:

162.1.4.1 where it is possible to execute the instant payment order, the participant who is the addressee of the order shall send a positive confirmation message to the instant payment service;

162.1.4.2 where it is not possible to execute the instant payment order, the participant who is the addressee of the order shall send a negative confirmation message to the instant payment service;

162.1.4.3 upon the receipt of a positive confirmation message, the instant payment service shall reduce the amount of instant payment liquidity reserved for the registered BIC which the respective participant has used to submit the instant payment order and, accordingly, shall increase the amount of the instant payment liquidity for the registered BIC of the participant receiving the instant payment order, and shall send a positive confirmation message to the participants involved in the payment execution;

162.1.4.4 upon the receipt of a negative confirmation message, the instant payment service shall release the amount of instant payment liquidity reserved for the registered BIC the respective participant has used to submit the instant payment order, and shall send the negative confirmation message to that participant;

162.1.5 based on each instant payment return order, the instant payment service shall reduce the amount of instant payment liquidity reserved for the registered BIC the respective participant has used to submit the instant payment return order and, accordingly, shall increase the amount of instant payment liquidity for the registered BIC of the participant receiving the instant payment return order;

162.2 where the instant payment order or instant payment return order has been addressed to a participant of another SEPA payment system:

162.2.1 the instant payment service shall verify whether the current IP liquidity position for the registered BIC of the participant who has submitted the instant payment order or instant payment return order is sufficient for executing the instant payment order or instant payment return order; if it is sufficient, the respective amount of instant payment liquidity shall be reserved;

162.2.2 where the amount of instant payment liquidity provided by the participant is not sufficient pursuant to Paragraph 169 herein, the instant payment service shall reject the received instant payment order or instant payment return order and shall immediately send a negative confirmation message to the participant who had submitted the respective instant payment order or instant payment return order.

162.2.3 after reserving the amount of instant payment liquidity, the instant payment service shall send the instant payment order or instant payment return order to the other SEPA payment system;

162.2.4 based on each instant payment order:

162.2.4.1 upon the receipt of a positive confirmation message from another SEPA payment system, the instant payment service shall reduce the amount of instant payment liquidity reserved for the registered BIC the respective participant has used to submit the instant payment order, and shall send the positive confirmation message to that participant;

162.2.4.2 upon the receipt of a negative confirmation message from another SEPA payment system, the instant payment service shall release the amount of instant payment liquidity reserved for the registered BIC the respective participant has used to submit the

instant payment order, and shall send the negative confirmation message to that participant;

162.2.5 based on each instant payment return order, upon the receipt of the confirmation of the execution of the instant payment order from another SEPA payment system, the instant payment service shall reduce the amount of instant payment liquidity reserved for the registered BIC the respective participant has used to submit the instant payment return order

163. An accepted instant payment order or instant payment return order submitted by another SEPA payment system shall be processed as follows:

163.1 the instant payment service shall send the received instant payment order or instant payment return order to the participant who is the addressee of the order;

163.2 based on each instant payment order:

163.2.1 where it is possible to execute the instant payment order:

163.2.1.1 the participant who is the addressee of the instant payment order shall send a positive confirmation message to the instant payment service;

163.2.1.2 the instant payment service shall send a positive confirmation message to another SEPA instant payment system;

163.2.1.3 upon the receipt of a positive confirmation message from another SEPA payment system, the instant payment service shall increase the current IP liquidity position for the registered BIC of the respective participant receiving the instant payment order, and shall send the positive confirmation message to that participant;

163.2.2 where it is not possible to execute the instant payment order:

163.2.2.1 the participant who is the addressee of the instant payment order shall send a negative confirmation message to the instant payment service;

163.2.2.2 the instant payment service shall send a negative confirmation message to another SEPA instant payment system;

163.3 based on each instant payment return order, the instant payment service shall increase the current IP liquidity position for the registered BIC of the respective participant receiving the instant payment return order.

164. Where within 25 seconds from the acceptance of an instant payment order from the originator the instant payment service has received neither a positive confirmation nor a negative confirmation message on the instant payment order received, processed and sent in the instant payment service to the respective participant, the instant payment service shall reject the above instant payment order and send a negative confirmation message to both participants involved in the execution of the instant payment order. Where the instant payment service, after sending the negative confirmation message, also receives a rejection from the participant whom the instant payment order was sent to, the instant payment service shall forward it for information to the participant who submitted the above instant payment order.

165. Upon the receipt of an information message (instant payment cancellation request, instant payment resolution of investigation and instant payment status request), the instant payment service shall forward it to the respective participant or another SEPA instant payment system.

5.4.2 Instant payment status investigation

166. Where a participant, upon submitting an instant payment order for processing, has received neither a positive confirmation nor negative confirmation message within 25 seconds from the moment it has been accepted from the originator, the participant may

start a payment status investigation by submitting an instant payment status request in the instant payment service.

167. Upon the receipt of an instant payment status request from a participant or another SEPA instant payment system, the instant payment service shall:

167.1 recurrently send the positive confirmation or negative confirmation message to the entity who started the investigation where the instant payment order had been processed in the instant payment service and a positive confirmation or negative confirmation message had been received, or the instant payment service had rejected it;

167.2 forward the instant payment status request to the entity who is the addressee of the instant payment order, where it had been sent, but no positive confirmation or negative confirmation message had been received in the instant payment service.

168. Upon the receipt of the instant payment status request, the participant who is the addressee of the instant payment order, shall immediately respond to the request by sending a positive confirmation or negative confirmation message.

5.5 Management of instant payment liquidity position

5.5.1 Key requirements for managing the instant payment liquidity position

169. A participant shall be responsible for the management of instant payment liquidity position and ensuring the instant payment liquidity in the amount sufficient to execute all instant payment orders and instant payment return orders submitted with the respective registered BIC of the participant from the moment of the balancing of the daily initial IP liquidity position until the next balancing of the daily initial IP liquidity position.

169.¹ A participant shall ensure that the balance on the TIPS DCA corresponding to the registered BIC of the participant is sufficient for the balancing of the daily initial IP liquidity position and for execution of payment orders to increase the instant payment liquidity.

170. The participant shall set and change the amount of the daily initial IP liquidity position via the instant payment workstation. Where a participant changes amount of the daily initial IP liquidity position after the balancing of the daily initial IP liquidity position has taken place according to the timetable of the instant payment service, the updated daily initial IP liquidity position for the respective registered BIC of the participant will be set on the next TARGET2 business day.

171. The participant can obtain information on the current IP liquidity position via the instant payment service workstation or by sending a current IP liquidity position request to the instant payment service. In response to the request, the instant payment service shall send the information on the current IP liquidity position to the participant. The current IP liquidity position request and the respective reply shall be prepared following the instructions set out in the Functional Specification of the Instant Payment Service.

172. The participant may increase or decrease the instant payment liquidity:

172.1 by submitting the request to increase or decrease the current IP liquidity position prepared following the instructions set out in the Functional Specification of the Instant Payment Service;

172.2 by submitting the request to increase or decrease the current IP liquidity position in the instant payment service workstation.

173. Based on the received request, the instant payment service shall generate and submit to TARGET2 a payment order in the name of the EKS system or by Latvijas Banka acting as the Instructing Party in the name of the participant.

174. If the balance of the TIPS DCA corresponding to the registered BIC of the participant is insufficient to increase the instant payment liquidity, the instant payment service rejects the request to increase the current IP liquidity position.

175. If the current IP liquidity position is insufficient to decrease the instant payment liquidity, the instant payment service shall reject the order to decrease the instant payment liquidity.

5.5.2 Automatic increase and decrease of instant payment liquidity

176. To manage the instant payment liquidity position, a participant may use the option to automatically increase and decrease the instant payment liquidity by setting up the parameters for an automatic increase and decrease of instant payment liquidity, i.e. the minimum IP liquidity position and the maximum IP liquidity position, via the workstation of the instant payment service:

176.1 the minimum IP liquidity position for the registered BIC of the participant shall not be higher than 50% of the daily initial IP liquidity position;

176.2 the maximum IP liquidity position for the registered BIC of the participant shall not be higher than 50% of the daily initial IP liquidity position.

177. [Deleted]

178. [Deleted]

179. The parameters for an automatic increase or decrease of instant payment liquidity shall take effect as of the moment the balancing of the daily initial IP liquidity position is completed in accordance with the timetable of the instant payment service.

180. Where, following the execution of an instant payment order or instant payment return order, the participant's current IP liquidity position for the registered BIC becomes smaller than the minimum IP liquidity position pre-defined by the participant or higher than the maximum IP liquidity position pre-defined by the participant, the instant payment service shall automatically generate and submit to TARGET2 a payment order in the name of the EKS system or by Latvijas Banka acting as the Instructing Party in the name of the participant to increase the current IP liquidity position up to the level of the daily initial IP liquidity position.

181. If the balance of the TIPS DCA corresponding to the registered BIC of the participant is insufficient to increase the instant payment liquidity, the payment order shall be rejected. After 30 (thirty) minutes the instant payment service shall check the balance on the IP cover account and if the current IP liquidity position of the participant is lower than the minimum IP liquidity position set by the participant, the instant payment service shall prepare and submit the payment order to TARGET2 in the name of the EKS system or by Latvijas Banka acting as the Instructing Party in the name of the participant to increase the current instant payment liquidity position. Information about the insufficient balance on the TIPS DCA preventing an automatic increase of instant payment liquidity shall be communicated to the participant by Latvijas Banka using the list of the participants' contact persons.

5.6 Balancing of the daily initial IP liquidity position by the instant payment service

182. The instant payment service shall balance the daily initial IP liquidity position for each registered BIC of the participant every TARGET2 business day in accordance with the timetable of the instant payment service:

182.1 the calculation shall include all instant payment orders accepted by the instant payment service before starting the balancing of the daily initial IP liquidity position concerning which the instant payment service has sent a confirmation of the payment execution within 25 seconds of receipt, as well as all instant payment return orders accepted by the instant payment service before starting the balancing of the daily initial IP liquidity position;

182.2 current IP liquidity position shall be recorded for each registered BIC of the participant individually;

182.3 real-time clearing position of instant payments for each registered BIC of the participant shall be calculated based on the submitted and received instant payment orders and instant payment return orders, as well as the changes in the instant payment liquidity position required to balance the instant payment liquidity position to the amount of the daily initial IP liquidity position;

182.4 payment orders for the settlement of the real-time clearing positions on the TIPS DCAs corresponding to the registered BICs of the participants shall be generated and submitted to TARGET2 system in the name of the EKS system or by Latvijas Banka acting as the Instructing Party in the name of the participant:

182.4.1 to increase the instant payment liquidity to the amount of the daily initial IP liquidity position, set by a participant, for each registered BIC with a debit position, where an increase in the instant payment liquidity is required;

182.4.2 to decrease the instant payment liquidity position to the amount of the daily initial IP liquidity position, set by a participant, for each registered BIC with a credit position, where a decrease in the instant payment liquidity is required;

182.5 if the balance of the TIPS DCA corresponding to the registered BIC of a participant with a debit position is insufficient to settle a debit position, the payment order shall not be executed and information about the insufficient balance on the TIPS DCA preventing balancing of the daily initial IP liquidity position shall be communicated to the participant by Latvijas Banka using the list of the participants' contact persons;

182.6 the parameters for an automatic increase of instant payment liquidity set by the participant shall be updated in compliance with the provisions of Paragraph 178 herein.

183. Every TARGET2 business day, the instant payment service shall prepare the statements of the IP cover accounts and send them to the participants for each registered BIC separately. The statements of IP cover accounts and a IP liquidity position reports shall be generated following the instructions set out in the Functional Specification of the Instant Payment Service.

5.7 Entry of instant payment orders and instant payment return orders in the EKS and their irrevocability in the instant payment service

184. For the purposes of Article 8(1) and Article 10(3) of the Law "On Settlement Finality in Payment and Financial Instrument Settlement Systems", instant payment orders and instant payment return orders shall be deemed irrevocable in the EKS as of the moment they are submitted to the instant payment service.

185. For the purposes of Article 8(1) of the Law "On Settlement Finality in Payment and Financial Instrument Settlement Systems", an instant payment order or instant payment return order shall be deemed entered in the EKS at the moment it has been submitted to the instant payment service.

6. Contingency and Business Continuity Issues and Security Requirements

6.1. Basic principles of the Contingency and Business Continuity handling measures

186. In the event of an abnormal external event or failure of an EKS service or such unavailability of an EKS service that affects the normal operation of the respective EKS service, Latvijas Banka shall be entitled to adopt contingency and business continuity measures.

187. In relation to contingency and business continuity measures, Latvijas Banka shall have full discretion regarding the measures to be adopted to settle credit transfer orders, payment return orders, instant payment orders and instant payment return orders.

188. Latvijas Banka may change the timetable of clearing cycles or the timetable of the instant payment service where necessary.

189. Information about the failure of an EKS service operation or an abnormal external event shall be communicated by Latvijas Banka to participants using the list of the participants' contact persons.

190. Latvijas Banka may notify participants of any other existing or anticipated events which are likely to affect the normal operation of the EKS.

191. A participant shall participate, upon Latvijas Banka's request, in regular or ad hoc testing of contingency and business continuity measures, training or any other preventive arrangements organised by Latvijas Banka and deemed necessary by Latvijas Banka. Any costs incurred by the participant as a result of such testing or other arrangements shall be borne solely by the participant.

6.2 Contingency and business continuity measures to ensure the processing in the clearing service

6.2.1 Use of alternative information exchange channels for the clearing service

192. Where a participant is unable to process the file received from the clearing service due to a temporary disruption of the file exchange service, the participant may request that the same file be repeatedly transferred.

193. Where any problems arise in the operation of the file exchange service, Latvijas Banka may request the participant to repeatedly submit the payment message and information message files.

194. Where any problems arise in the operation of the file exchange service, a participant may transfer and receive payment files as well as other files using the e-mail address indicated in the participant's list of contact persons or agree with Latvijas Banka on another file exchange channel.

195. In the cases referred to in Paragraph 194 herein, the files shall be encrypted and signed electronically in accordance with Latvijas Banka's regulation stipulating the procedure for electronic exchange of information with Latvijas Banka by using the keys of the advanced security system users where such keys have been assigned for information exchange within the payment systems in accordance with the procedure provided for in Paragraph 82 herein.

6.2.2 Cancellation of the clearing service clearing cycle

196. Where the clearing service cannot submit payment orders to TARGET2 for settling net positions, the clearing cycle may be cancelled.

197. Credit transfer orders and payment return orders submitted by the participants and received from other SEPA payment systems during the cancelled clearing service clearing cycle and included in the calculation of the clearing cycle shall be included in the next cycle.

198. Where the EKS cannot submit payment orders to TARGET2 for settling net positions of several clearing cycles in accordance with the timetable of clearing cycles, several clearing cycles shall be combined into one clearing cycle.

6.2.3 Moving of payment orders to another cycle

198.¹ Where the clearing service cannot submit payment instructions to TARGET2 for settling net positions by the end of the current TARGET2 business day, the payment message file shall be included in the 1st cycle of the clearing service of the next TARGET2 business day with the value date of the next TARGET2 business day.

199. Where the clearing service cannot include in the clearing cycle a payment message file received from other SEPA payment systems by the end of the current TARGET2 business day, the payment message file shall be included in the 1st cycle of the clearing service of the next TARGET2 business day with the value date of the next TARGET2 business day.

200. Where another SEPA payment system rejects a payment message file submitted by the clearing service due to technical reasons and it is not possible to forward the above file with the value date of the current business day, the payment message file shall be resent to another SEPA payment system in the 1st cycle of the clearing service of the next TARGET2 business day with the value date of the next TARGET2 business day.

201. Where the EKS cannot send payment orders to other SEPA payment systems by the end of the current TARGET2 business day, the payment orders shall be included in the 1st cycle of the clearing service of the next TARGET2 business day with the value date of the next TARGET2 business day.

6.2.¹ Clearing in the event of a threat to national security

201.¹ In the events specified in the Financial and Capital Market Commission's regulations stipulating the management of critical financial services, when STEP2 system is unavailable, Latvijas Banka shall ensure clearing to the EKS participants as well as to entities having entered into an agreement "On Ensuring Execution of Credit Transfers in

the Event of a Threat to National Security" (hereinafter the "critical service provider"), processing only those credit transfer orders and payment return orders that have been submitted by the participants and critical service providers and addressed to the participants, critical service providers, indirect participants and addressable BIC holders.

201.² The critical service provider shall ensure processing of payments from the credit institutions included in the list of critical service providers according to regulations of the Financial and Capital Market Commission stipulating the management of critical financial services, from Latvijas Banka and the Treasury.

201.³ The critical service provider shall also ensure processing of payments from other EKS participants that are not referred to in Paragraph 201.² herein. Where the critical service provider is not in a position to ensure processing of payments from the EKS participants that are not referred to in Paragraph 201.² herein, it shall immediately inform Latvijas Banka.

201.⁴ Upon receipt of information referred to in Paragraph 201.³ herein, Latvijas Banka shall provide the respective information to the contact persons of the EKS participants.

201.⁵ The EKS shall reject all the payment orders that cannot be processed as indicated in Paragraph 201.³ herein.

201.⁶ Credit transfer orders, payment return orders and the related information shall be exchanged in accordance with the procedure stipulated in Paragraphs 81–83 herein.

201.⁷ In addition to the provisions of this Subsection, when performing the processing of credit transfers in the event of a threat to national security, the critical service providers and Latvijas Banka shall comply with the requirements of Subsections 3.1, 6.1 and 6.2.1, Sections 7, 10–12 and 14 as well as Paragraphs 257–260 and 265 herein to the extent it is not inconsistent with the provisions of this Subsection and is related to the execution of credit transfers in the event of a threat to national security.

201.⁸ Latvijas Banka shall notify the contact persons of the participants and the critical service providers of the start of application of the procedure specified in this Subsection, providing information on the number of clearing cycles, the sending cut-off time, time of settlement and way of file submission.

201.⁹ Latvijas Banka shall generate a routing table, containing information on the entities payment orders may be addressed to, and send it to the participants and the critical service providers following the instructions set out in the Functional Specification of the Clearing Service.

6.2.11. Clearing using ancillary system's settlement procedure 6 in TARGET2

201.¹⁰ If Latvijas Banka is able to execute EKS settlement in TARGET2 using the ancillary system's settlement procedure 6, clearing between the participants and the critical service providers shall be performed in accordance with the procedure stipulated in Section 4 herein.

6.2.12. Clearing in the event of unavailability of ancillary system's settlement procedure 6 in TARGET2

201.¹¹ If Latvijas Banka is unable to execute EKS settlement in TARGET2 using the ancillary system's settlement procedure 6:

201.¹¹¹. submitting and processing payment message files and information message files in the clearing service shall take place in accordance with the procedure stipulated in Subsection 4.2 herein;

201.¹¹². acceptance and rejection of credit transfer orders and payment return orders shall take place in accordance with the procedure stipulated in Paragraphs 97 and 98 herein;

201.¹¹³. sending of credit transfer orders and payment return orders shall take place in accordance with the procedure stipulated in Subsection 4.5.2. herein.

201.¹² Reservation of a pre-deposit for all participants and critical service providers shall be performed as follows:

201.¹²¹. upon the receipt of a payment message file from a participant or critical service provider, Latvijas Banka shall verify whether the balance of the respective clearing cover account is sufficient for settlement of the total amount of credit transfer orders and payment return orders included in the payment message file and accepted by the clearing service;

201.¹²². where the funds on the clearing cover account are insufficient for settlement of the total amount of credit transfer orders and payment return orders included in the payment message file and accepted by the clearing service, the clearing service shall prepare and submit a payment order to TARGET2 requesting to reserve a pre-deposit by debiting the shortage amount from the account balance available on TARGET2 account corresponding to the registered BIC of the participant or critical services provider and crediting it to the clearing cover account of the participant or the critical service provider.

201.¹³ The clearing service shall include all credit transfer orders and payment return orders of the relevant clearing cycle accepted during the receipt of payment message files in the calculation of the above clearing cycle.

201.¹⁴ The clearing service shall calculate the multilateral net position corresponding to each registered BIC of each participant and to each critical service provider on the basis of the credit transfer orders and payment return orders included in the respective clearing cycle.

201.¹⁵ Where the funds on the participants' and critical service providers' clearing cover accounts are sufficient for the net settlement of the respective clearing cycle, the clearing service shall settle net positions by debiting the debit positions and by crediting the credit positions on the respective clearing cover accounts. The respective clearing cycle is complete after execution of the above settlement.

201.¹⁶ Where the funds on a clearing cover account are insufficient for the settlement of the net position calculated for the respective registered BIC or critical service provider's BIC, the clearing service shall recalculate multilateral net positions, based on the information about the available funds, to ensure the settlement within the limits of funds available on the clearing cover accounts. Following the procedure provided for in Paragraphs 109–111 herein, the clearing service shall exclude from the clearing cycle those credit transfer orders and payment return orders which cannot be settled due to lack of sufficient funds on a cover account required for the settlement.

201.¹⁷ Credit transfer orders and payment return orders excluded from clearing shall be moved to the next clearing cycle or rejected where it is the last clearing cycle of the clearing service on the respective business day.

201.¹⁸ The funds remaining on the clearing cover account shall be transferred to the respective participant's or critical service provider's settlement account in TARGET2 after the last clearing cycle of the clearing service on the respective business day.

201.¹⁹ For the purposes of Article 8(2) and Article 10(3) of the Law "On Settlement Finality in Payment and Financial Instrument Settlement Systems", credit transfer orders and payment return orders shall be deemed irrevocable in the EKS as of the moment the clearing service starts processing of a file submitted by the participant or the critical service provider.

201.²⁰ For the purposes of Article 8(1) of the Law "On Settlement Finality in Payment and Financial Instrument Settlement Systems", a credit transfer order or a payment return order shall be deemed entered in the EKS as of the moment a participant's or critical service provider's clearing cover account is debited.

6.3 Contingency and business continuity measures to ensure the processing in the instant payment service

202. Where a participant is unable to process the file received from the instant payment service due to a temporary disruption of the file exchange service, the participant may request that the same file be repeatedly transferred.

203. Where, as a result of technical problems, the status of an instant payment is not known, the instant payment service shall send to a participant a positive confirmation message or a negative confirmation message with respect to the instant payment as soon as Latvijas Banka can unambiguously determine the status of the respective instant payment.

6.4 Participant-related failures

204. Where a participant encounters problems that may prevent it from submitting credit transfer orders, payment return orders, instant payment orders and instant payment return orders to an EKS service, it shall be solely responsible for solving such problems.

205. The participant shall promptly notify Latvijas Banka's contact persons about any problems related to the generation or submission of credit transfer orders, payment return orders, instant payment orders and instant payment return orders to an EKS service and the expected time period for solving them.

7.5 Security requirements

206. A participant shall implement adequate security controls to protect its systems from unauthorised access and use. A participant shall be exclusively responsible for the adequate protection of the confidentiality, integrity and availability of its systems.

207. A participant shall inform Latvijas Banka of any substantial security-related incident in its systems or technical infrastructure and, where appropriate, any security-related incident that may occur in the systems or technical infrastructure of the third parties

providing services, where the clearing service or instant payment service operation is affected or may be affected. Latvijas Banka may request further information about the incident and, if necessary, request that appropriate measures be taken by the participant to prevent a recurrence of such an event.

208. Latvijas Banka may impose additional security requirements on all participants or the participants considered critical by Latvijas Banka.

7. Liability regime

7.1 Liability regulation

209. In performing their obligations pursuant to the Rules, Latvijas Banka and the participants shall be bound by a general duty of reasonable care in relation to each other.

210. Latvijas Banka shall be liable with respect to the participants for any loss arising out of the operation of the EKS and caused by Latvijas Banka as a result of fraud (including but not limited to wilful misconduct) or gross negligence. In cases of ordinary negligence, Latvijas Banka's liability shall be limited to the participant's direct loss, i.e. the amount of the transaction in question, excluding any consequential loss.

211. Latvijas Banka shall not be liable for any loss that results from any malfunction or failure in the systems or technical infrastructure (including but not limited to Latvijas Banka's information system infrastructure, programmes, data and networks), if such malfunction or failure arises in spite of Latvijas Banka having adopted measures that are reasonably necessary to protect such infrastructure against malfunction or failure and to resolve the consequences of such malfunction or failure (the latter including but not limited to initiating and implementing the contingency and business continuity measures referred to in Section 6 herein).

212. Latvijas Banka shall not be liable for:

212.1 any loss caused by a participant; or

212.2 any loss where it arises out of external events beyond Latvijas Banka's reasonable control.

213. Latvijas Banka and the participant shall take all reasonable and practicable steps to prevent any damage or mitigate loss.

214. In performing its obligations under the Rules, Latvijas Banka may commission third parties on its own behalf (for example, telecommunications network providers), where necessary, to meet Latvijas Banka's obligations as well as in the cases where the above is a standard market practice. Latvijas Banka's obligation shall be limited to the due selection and commissioning of any such third party and Latvijas Banka's liability shall be limited accordingly.

7.2 Evidence

215. Electronic or paper-based records of the messages retained by Latvijas Banka shall be accepted as a means of evidence of the payments processed through Latvijas Banka.

216. Latvijas Banka shall keep complete records of the credit transfer orders, payment return orders, instant payment orders and instant payment return orders submitted and the

payments received by a participant as well as the related messages for a period of five years from the time such orders are submitted and payments received.

217. Latvijas Banka's own books and records (whether kept as paper-based documents, by electronic or magnetic recording or in any other mechanically reproducible form) shall be accepted as a means of evidence of any obligations of the participant and of any facts and events that the parties rely on.

218. Latvijas Banka shall keep the information referred to in Paragraph 16 herein for a period of five years from the time such information has been created.

8. Termination of participation

8.1 Duration, ordinary termination of participation and termination of the use of an EKS service

219. Without prejudice to Subsection 8.2 herein, participation in the EKS shall be for an indefinite period of time.

220. A participant may terminate its participation in the EKS, discontinue to use one of the EKS services or terminate the registration of its registered BIC at any time giving 14 business days' notice thereof, unless it agrees on a shorter notice period with Latvijas Banka. To discontinue to use one of the EKS services or terminate the registration of a participant's registered BIC, the participant shall submit an application form for the static data registration in compliance with the provisions of Appendix 1.3 or Appendix 1.6 hereto.

221. Latvijas Banka may terminate a participant's participation in the EKS or discontinue the provision of an EKS service where:

221.1 Latvijas Banka suspends or terminates the operation of the EKS or one of its services, giving three months' notice thereof, unless it agrees on a different notice period with the participant;

221.2 in Latvijas Banka's assessment, there are no longer any grounds for admitting that an entity is a participant pursuant to Paragraph 11 herein. The respective participant shall be given a one month notice thereof.

222. Upon termination of participation in the EKS, the confidentiality duties referred to in Section 10 herein shall remain in force for a period of five years as of the date of the termination.

223. Upon termination of a participant's participation in the EKS, the use of the EKS services and the registration of all participant's registered BICs shall also be terminated simultaneously.

8.2 Extraordinary termination of participation

224. Latvijas Banka shall immediately and without prior notice terminate a participant's participation in the EKS if one of the following events of default occurs:

224.1 the opening of the participant's insolvency proceedings, unless it is subject to the crisis prevention measures or crisis management measures within the meaning of Directive 2014/59/EU;

224.2 the participant no longer meets the access criteria stated in Subsection 2.1 herein

and the participation requirements stated in Paragraph 28 herein.

225. Latvijas Banka may immediately and without prior notice terminate a participant's participation in the EKS where:

225.1 one or more events of default (other than those referred to in Paragraph 23 herein) occur;

225.2 the participant is in recurrent material breach of the Rules;

225.3 the participant fails to fulfil any material obligation to Latvijas Banka repeatedly;

225.4 any other participant-related event occurs which, in Latvijas Banka's assessment, would threaten the overall stability and safety of TARGET2 or jeopardise Latvijas Banka's performance of its tasks as defined in the Law on Latvijas Banka or pose other material risks.

226. Where any of the technical requirements referred to in Paragraph 28.1 herein is not met, Latvijas Banka may immediately and without prior notice terminate the registration of a participant's registered BIC.

227. In exercising the rights under Paragraphs 24.1, 24.2, 24.3 or Paragraph 226 herein, Latvijas Banka shall take into account the seriousness of the events referred to therein.

228. Where Latvijas Banka terminates a participant's participation in the EKS under Paragraphs 23 or 24 herein or the registration of a participant's registered BIC under Paragraph 25 herein, Latvijas Banka shall:

228.1 record the time of terminating the participant's participation in the EKS or terminating the registration of a participant's registered BIC;

228.2 promptly notify other participants and other SEPA payment systems of the termination of the participant's participation or the termination of the registration of a participant's registered BIC;

228.3 promptly notify the participant whose participation or registered BIC registration has been terminated of the termination of its participation or its registered BIC registration, indicating the time of the termination.

229. Once the notification referred to in Paragraph 27.2 or 27.3 herein has been sent by Latvijas Banka, its recipients shall be deemed notified of the termination of a participant's participation in the EKS or the termination of the registration of a participant's registered BIC. The participants shall bear any losses arising from the submission of payment orders to a participant whose participation or registered BIC registration has been terminated, if such payment order has been submitted to the EKS after the above termination.

230. Where the participant's participation in the EKS has been terminated, the EKS shall not accept any new payment orders submitted by that participant. The clearing service shall reject the payment orders accepted by the clearing service and new payment orders submitted by or addressed to that participant. The instant payment service shall reject any new payment orders.

231. Once the registration of a participant's registered BIC has been terminated, the EKS shall not accept any new payment orders submitted by that participant in the EKS with the respective registered BIC of that participant. The clearing service shall reject the payment orders accepted by the clearing service and new payment orders submitted by or addressed to that participant and submitted in or received from the clearing service with the respective registered BIC of that participant. The instant payment service shall reject any new payment orders.

232. Upon termination of the instant payment service provision to a participant, the outstanding amount of instant payment liquidity shall be credited to the settlement account in TARGET2 corresponding to the participant's registered BIC or to another settlement account of the participant.

233. Upon termination of the registration of a participant's registered BIC in the instant payment service, the outstanding amount of instant payment liquidity shall be credited to the settlement account in TARGET2 corresponding to the registered BIC of the participant or to another settlement account of the participant.

234. Upon termination of the clearing service provision to a participant, the outstanding amount on the clearing cover account shall be credited to the settlement account in TARGET2 corresponding to the registered BIC of a participant or to another settlement account specified by the participant.

235. Upon termination of the registration of a participant's registered BIC in the clearing service, the outstanding amount on the clearing cover account shall be credited to the settlement account in TARGET2 corresponding to the registered BIC of a participant or to another settlement account specified by the participant.

236. Upon termination of a participant's participation in the EKS or the provision of one of the EKS services to a participant in compliance with the provisions of Section 8 herein, the participation of its indirect participant or the provision of one of the EKS services to its indirect participant in the EKS shall be terminated at the same time and the registration of the addressable BIC holder shall be deleted. Following the termination of a participant's participation, the above participant shall promptly notify its registered indirect participant and the addressable BIC holder to that effect.

9. Latvijas Banka's rights of pledge and netting

237. Where a participant has no account in TARGET2-Latvija, Latvijas Banka shall have a pledge over the existing and future balances of the clearing cover account and the instant payment cover account, thereby collateralising any current and future claims arising from the legal relationship between the parties.

238. Latvijas Banka shall have the rights specified in Paragraph 36 herein even if its claims are contingent or not yet due.

239. In the event of default referred to in Paragraph 23 herein or another event of default or in the event referred to in Paragraph 24 herein resulting in termination or suspension of a participant's participation in the EKS, notwithstanding the commencement of any insolvency proceedings with respect to the participant and notwithstanding any assignment, judicial or other attachment, or other disposition of or with respect to the participant's rights, all obligations of the participant shall be automatically and immediately accelerated, without any prior notice and the need for any approval by any authority, so as to be immediately due. In addition, all mutual obligations of the participant and Latvijas Banka shall be automatically netted, and the party owing the higher amount shall pay the other party the difference.

240. Latvijas Banka shall promptly give the participant notice of any netting in accordance with the requirements of Paragraph 239 herein after such netting has taken place.

241. Latvijas Banka may, without prior notice, debit a participant's clearing cover account and instant payment cover account by any amount which the participant owes to Latvijas Banka resulting from the legal relationship between the participant and Latvijas Banka.

10. Confidentiality

242. Latvijas Banka shall keep confidential all sensitive or secret information, including where such information relates to payment, technical and organisational information at a participant's disposal or its customers' disposal, unless the participant or its customer has given its written consent to disclose it or such disclosure is permitted or required under the laws and regulations of the Republic of Latvia.

243. By derogation from the requirements of Paragraph 41 herein, the participant agrees that Latvijas Banka may disclose payment, technical or organisational information obtained in the course of the operation of the EKS regarding a participant, indirect participant, addressable BIC holder or customers of the above entities to the extent that this is necessary for the performance of the tasks of the supervisory and oversight authorities, and provided that the disclosure is not in conflict with the applicable laws and regulations. Latvijas Banka shall not be liable for the financial and commercial consequences of such disclosure.

244. By derogation from the requirements of Paragraph 41 herein and provided this does not make it possible, whether directly or indirectly, to identify the participant, indirect participant, addressable BIC holder or the customers of the above entities, Latvijas Banka may use, disclose or publish payment information regarding a participant, indirect participant, addressable BIC holder or customers of the above entities for statistical, historical, scientific or other purposes in the exercise of its functions. The above information may be disclosed to another body governed by public law only where it is necessary to exercise its functions.

245. The information related to the operation of the EKS available to a participant may only be used by the above participant for the purposes stated in the Rules. A participant shall keep such information confidential, unless Latvijas Banka has explicitly given its written consent to disclose it. The participant shall ensure that any third party to which it outsources, delegates or subcontracts tasks which may have an impact on the performance of the participant's obligations under the Rules is bound by the confidentiality requirements stated in this Paragraph.

11. Data protection, prevention of money laundering and related issues

246. A participant shall be deemed to be aware of and comply with all the obligations under the laws and regulations on data protection, prevention of money laundering and financing of terrorism and proliferation as well as prevention of financing nuclear activities contributing to the risk of nuclear proliferation or the development of nuclear weapon delivery systems as well as on international sanctions and national sanctions of the Republic of Latvia, in particular in terms of implementing appropriate measures regarding any payments debited from or credited to the participant's settlement account.

247. A participant shall be deemed to have authorised Latvijas Banka to obtain any information related to it from any financial or supervisory authority or trade body, whether Latvian or foreign, if such information is necessary for the participant's participation in the EKS.

12. Notices

248. Except where otherwise provided for by the Rules, all notices required or permitted pursuant to the Rules shall be sent by way of a signed paper document, a digital document signed with a secure digital signature and comprising a time-stamp (hereinafter, a digital document), or by an authenticated message via SWIFT. Notices to Latvijas Banka shall be addressed to the Head of the Payments Systems Department of Latvijas Banka and delivered by post to or submitted at K. Valdemāra iela 2A, Rīga, LV-1050, Latvia, or via SWIFT addressed to BIC LACBLV2X, or emailed to the official digital address of Latvijas Banka (hereinafter, e-address), or to the e-mail address info@bank.lv. Latvijas Banka shall send notices to a participant to its address, e-address or e-mail address indicated to Latvijas Banka by the participant and updated on a regular basis, or via SWIFT addressed to BIC of the participant.

249. To prove that a notice has been sent, it shall be sufficient to prove that the notice in the form of a paper document was delivered to the respective address or that the envelope containing such notice was properly addressed and posted, or such notice in the form of a digital document was sent to the e-address or e-mail address.

250. All notices shall be given in Latvian. A participant incorporated outside the Republic of Latvia may submit such notices to Latvijas Banka in English.

251. A participant shall be bound by all documents which it has submitted to Latvijas Banka in compliance with Paragraphs 47 and 48 herein and which Latvijas Banka reasonably believes to have received from the participant, its employees or agents.

13. Third Party Rights

252. Any rights, interests, obligations, responsibilities and claims arising from the Rules shall not be transferred, pledged or assigned by a participant to any third party without Latvijas Banka's written consent.

253. The present Rules do not create any rights in favour of or obligations in relation to any entity other than Latvijas Banka and a participant.

14. Governing laws and regulations, jurisdiction and place of court proceedings

254. The bilateral relationship between Latvijas Banka and a participant shall be governed by the laws and regulations of the Republic of Latvia.

255. The place of court proceedings regarding the legal relationship between Latvijas Banka and a participant shall be Riga, Latvia.

15. Final provisions

256. Latvijas Banka shall have the right, at any time, to unilaterally amend the agreement "On Participation in the EKS" concluded between Latvijas Banka and a participant, the

present Rules and its Appendices and the "Rules for the Use of the Proxy Registry "Instant Links"" approved by the Council of Latvijas Banka (hereinafter, amendments). The notifications of any amendments shall be furnished in writing. Amendments shall be deemed to have been accepted within one month of the notice of amendments to the "Rules for the Use of the Proxy Registry "Instant Links"" or 14 days of the notice of other amendments stated in this Paragraph unless a participant expressly objects to an amendment or agrees on a shorter notice period with Latvijas Banka. Where a participant objects to an amendment, Latvijas Banka shall be entitled to terminate that participant's participation in the EKS immediately.

257. Latvijas Banka shall inform a participant in a timely manner before making any amendments to the Functional Specification of the Clearing Service and the Functional Specification of the Instant Payment Service published on the website of Latvijas Banka.

258. Where any provision in the present Rules becomes invalid, this shall not prejudice the applicability of other provisions hereof.

259. By participating in the EKS, a participant shall automatically agree to comply with the provisions of the present Rules regarding the relationship among the participants and Latvijas Banka and the provisions of the "Rules for the Use of the Proxy Registry "Instant Links"" regarding the relationship among the participants and Latvijas Banka.

260. Termination of a participant's participation in the EKS shall not release that participant of full execution of the obligations arising from its participation in the EKS. After the termination of a participant's participation in the EKS, Latvijas Banka shall retain its rights, as stipulated in the present Rules and the rules for participation in TARGET2-Latvija, to debit that participant's settlement account in TARGET2 or another participant's account opened with Latvijas Banka by the amount which the participant owes to Latvijas Banka, and Latvijas Banka may exercise these rights immediately prior to the due dates stated herein.

261. It is assumed that on 15 April 2019 the participants of the EKS each have one registered BIC in each EKS service which they use, and Latvijas Banka shall use the settlement account in TARGET2 corresponding to the above registered BIC to settle invoices pursuant to Appendix 1.2 hereto.

262. A participant using the services of the instant payment service until 1 December 2021 shall open a TIPS DCA for each of its registered BIC, configure reference data of the account to ensure the access of the instant payment service to the TIPS DCA as well as submit to Latvijas Banka an updated application form for the static data registration for the instant payment service, as specified in Appendix 1.6 hereto.

263. [Deleted]

264. As of 14 September 2022, Paragraph 120 of the Rules shall not apply to government deposits as defined in Article 2, Paragraph 5 of Guideline (EU) 2019/671 of the European Central Bank of 9 April 2019 on domestic asset and liability management operations by the national central banks (ECB/2019/7)⁴ (hereinafter, Guideline ECB/2019/7). In the case of government deposits, the remuneration of holdings shall be governed by the

⁴ OJ L 113, 29.04.2019., p. 11

provisions relating to those government deposits as set out in Article 4 of Guideline ECB/2019/7.

265. Amendments to the Rules in relation to the replacement of the reference to the Law "On Latvijas Banka" with a reference to the Law on Latvijas Banka shall take effect on 1 January 2023.

266. Amendment to Paragraph 228.3 herein in relation to the deletion of the reference to the Financial and Capital Market Commission shall take effect on 1 January 2023.

267. Paragraphs 201²–201⁵ herein shall cease to be in effect on 1 January 2024.

TERMS OF REFERENCE FOR CAPACITY AND COUNTRY OPINIONS**TERMS OF REFERENCE FOR CAPACITY OPINIONS FOR PARTICIPANTS****THE TIMESTAMP OF THE ELECTRONIC SIGNATURE
BEARS THE DATE OF SIGNING THE DOCUMENT**

Latvijas Banka
info@bank.lv

Participation in the EKS

Dear Mr/Ms [surname],

We have been asked to provide this Opinion as [in-house or external] legal advisers to [specify name of Participant or branch of Participant] (hereinafter, the "Participant") in respect of issues arising under the laws of [jurisdiction in which the Participant is established; hereinafter the "jurisdiction"] in connection with the participation of [specify name of Participant] in the EKS (hereinafter, the "System").

This Opinion is confined to the laws of [jurisdiction] as they exist as on the date of this Opinion. We have made no investigation of the laws of any other jurisdiction as a basis for this Opinion, and do not express or imply any opinion in this regard. Each of the statements and opinions presented below applies with equal accuracy and validity under the laws of [jurisdiction], whether or not the Participant acts through its head office or one or more branches established inside or outside of [jurisdiction] in submitting credit transfer orders and payment return orders and receiving payments.

1. DOCUMENTS EXAMINED

For the purposes of this Opinion, we have examined:

a certified copy of the [specify relevant constitutional document(s)] of the Institution such as is/are in effect on the date hereof;

1.2. [if applicable] an extract from the [specify relevant company register] and [if applicable] [register of credit institutions or analogous register];

1.3. [to the extent applicable] a copy of the Participant's licence or other proof of authorisation to provide banking, investment, funds transfer or other financial services in [jurisdiction];

1.4. [if applicable] a copy of a resolution adopted by the board of directors or the relevant governing body of the Participant on [insert date], [insert year], evidencing the Participant's agreement to adhere to the System Documents, as defined below;

1.5. [specify all powers of attorney and other documents constituting or evidencing the requisite power of the person or persons signing the relevant System Documents (as defined below) on behalf of the Participant] and all other documents relating to the

Participant's constitution, powers, and authorisations necessary or appropriate for the provision of this Opinion (hereinafter, the "Participant Documents").

For the purposes of this Opinion, we have also examined:

1.6. the "System Rules for Participation in the EKS" approved by the Council of Latvijas Banka on [insert date] (hereinafter the "System Rules");

1.7. [...]

The System Rules and the [...] shall be referred to hereinafter as the "System Documents" (and collectively with the Participant Documents as the "Documents").

2. ASSUMPTIONS

For the purposes of this Opinion, we have assumed in relation to the Documents that:

2.1. the System Documents with which we have been provided are originals or true copies;

2.2. the terms of the System Documents and the rights and obligations created by them are valid and legally binding under the laws of the Republic of Latvia by which they are expressed to be governed, and the choice of the laws of the Republic of Latvia to govern the System Documents is recognised by the laws of the Republic of Latvia;

2.3. Participant Documents are within the capacity and power of and have been validly authorised, adopted or executed and, where necessary, delivered by the relevant parties;

2.4. Participant Documents are binding on the parties to which they are addressed, and there has been no breach of any of their terms.

3. OPINIONS REGARDING THE PARTICIPANT

3.1. The Participant is a corporation duly established and registered or otherwise duly incorporated or organised under the laws of [jurisdiction].

3.2. The Participant has all the requisite corporate powers to execute and perform the rights and obligations under the System Documents to which it is a party.

3.3. The adoption or execution and the performance by the Participant of the rights and obligations under the System Documents to which the Participant is a party will not in any way breach any provision of the laws or regulations of [jurisdiction] applicable to the Participant or the Participant Documents.

3.4. No additional authorisations, approvals, consents, filings, registrations, notarisations or other certifications of or with any court or governmental, judicial or public authority that is competent in [jurisdiction] are required by the Participant in connection with the adoption, validity or enforceability of any of the System Documents or the execution or performance of the rights and obligations thereunder.

3.5. The Participant has taken all necessary corporate action and other steps necessary under the laws of [jurisdiction] to ensure that its obligations under the System Documents are legal, valid and binding.

This Opinion is stated as of its date and is addressed solely to Latvijas Banka and the [Participant]. No other persons may rely on this Opinion, and the contents of this Opinion may not be disclosed to persons other than its intended recipients and their legal counsel without our prior written consent, with the exception of the European Central Bank and the national central banks of the European System of Central Banks [and [the national central bank/relevant regulatory authorities] of [jurisdiction]].

Yours faithfully,

**THE DOCUMENT HAS BEEN SIGNED ELECTRONICALLY WITH A SECURE
ELECTRONIC SIGNATURE AND COMPRISES A TIME STAMP.**

(first name, surname and position)

TERMS OF REFERENCE FOR COUNTRY OPINIONS FOR NON-EEA PARTICIPANTS

THE TIMESTAMP OF THE ELECTRONIC SIGNATURE BEARS THE DATE OF SIGNING THE DOCUMENT

Latvijas Banka
info@bank.lv

Participation in the EKS

Dear Mr/Ms [surname],

We have been asked to provide this Opinion as [external] legal advisers to [specify name of Participant or branch of Participant] (hereinafter, the "Participant") in respect of issues arising under the laws of [jurisdiction in which the Participant is established; hereinafter, the "jurisdiction"] under the laws of [jurisdiction] in connection with the participation of the Participant in the EKS (hereinafter, the "System"). References herein to the laws of [jurisdiction] include all applicable regulations of [jurisdiction]. We express an opinion herein under the law of [jurisdiction], with particular regard to the Participant established outside the Republic of Latvia in relation to the rights and obligations arising from participation in the System, as presented in the System Documents defined below.

This Opinion is confined to the laws of [jurisdiction] as they exist as on the date of this Opinion. We have made no investigation of the laws of any other jurisdiction as a basis for this Opinion, and do not express or imply any opinion in this regard. We have assumed that there is nothing in the laws of another jurisdiction which affects this Opinion.

1. DOCUMENTS EXAMINED

For the purposes of this Opinion, we have examined the documents listed below and such other documents as we have deemed necessary or appropriate:

1.1. the "System Rules for Participation in the EKS" approved by the Council of Latvijas Banka on [insert date] (hereinafter the "System Rules");

1.2. any other document governing the System and/or the relationship between the Participant and other participants in the System, and between the participants in the System and Latvijas Banka.

The System Rules and the [...] shall be referred to hereinafter as the "System Documents".

2. ASSUMPTIONS

For the purposes of this Opinion we have assumed in relation to the System Documents that:

2.1 the System Documents are within the capacity and power of and have been validly authorised, adopted or executed and, where necessary, delivered by the relevant parties;

2.2. the terms of the System Documents and the rights and obligations created by them are valid and legally binding under the laws of the Republic of Latvia by which they are

expressed to be governed, and the choice of the laws of the Republic of Latvia to govern the System Documents is recognised by the laws of the Republic of Latvia;

2.3. the participants in the System through which any credit transfer orders and payment return orders are sent or payments are received, or through which any rights or obligations under the System Documents are executed or performed, are licensed to provide funds transfer services, in all relevant jurisdictions;

the documents submitted to us in copy or as specimens conform to the originals.

3. OPINION

Based on and subject to the provisions below, and subject in each case to the Paragraphs set out below, we are of the following opinion.

3.1. Country-specific legal aspects [to the extent applicable]

The following characteristics of the legislation of [jurisdiction] are consistent with and in no way set aside the obligations of the Participant arising out of the System Documents: [list of country-specific legal aspects].

3.2. General insolvency and crisis management issues

3.2.1. Types of insolvency proceedings

The only types of insolvency proceedings (including composition or rehabilitation) - which, for the purpose of this Opinion, shall include all proceedings in respect of the Participant's assets or any branch it may have in [jurisdiction] - to which the Participant may become subject in [jurisdiction], are the following: [list proceedings in original language and Latvian and English translation] (together collectively referred to as "Insolvency Proceedings").

In addition to Insolvency Proceedings, the Participant, any of its assets, or any branch it may have in [jurisdiction] may become subject in [jurisdiction] to [list any applicable moratorium, receivership, or any other proceedings as a result of which payments to and/or from the Participant may be suspended, or limitations can be imposed in relation to such payments, or similar proceedings, including the crisis prevention or management measures equivalent to those laid down in Directive 2014/59/EU, in original language and Latvian and English translation] (hereinafter collectively referred to as "Proceedings").

3.2.2. Insolvency treaties

[Jurisdiction] or certain political subdivisions within [jurisdiction], as specified, is/are party to the following insolvency treaties: [specify, if applicable which have or may have an impact on this Opinion].

3.3. Enforceability of System Documents

Subject to the Paragraphs set out below, all provisions of the System Documents will be binding and enforceable in accordance with their terms under the laws of [jurisdiction], in particular in the event of the opening of any Insolvency Proceedings or Proceedings with respect to the Participant.

3.3.1. Processing of credit transfer orders and SEPA payment return orders

The provisions on processing of credit transfer orders and payment return orders [Subsections 4.1 and 5.1] of the System Rules are valid and enforceable. In particular, all credit transfer orders and payment return orders processed pursuant to such Section will be valid, binding and will be enforceable under the laws of [jurisdiction]. The provision of the System Rules specifying the precise point in time at which credit transfer orders and payment return orders submitted by the Participant to the System become enforceable and irrevocable (Subsections 4.7 and 5.7) is valid, binding and enforceable under the laws of [jurisdiction].

3.3.2. Authority of Latvijas Banka to perform its functions

The opening of Insolvency Proceedings or Proceedings in respect of the Participant will not affect the authority and powers of Latvijas Banka arising out of the System Documents. [Specify [to the extent applicable] that: the same opinion is also applicable in respect of any other entity which provides the Participants with services directly and necessarily required for participating in the System (e.g. network service provider).]

3.3.3. Remedies in the event of default

[Where applicable to the Participant, the provisions contained in the System Rules regarding the termination of participation, accelerated performance of claims which have not yet matured, claims for using the funds of the Participant, netting, claims for default interest, and termination of agreements and transactions [Sections 8 and 9] are valid and enforceable under the laws of [jurisdiction].]

3.3.4. Termination

[Where applicable to the Participant, the provisions contained in the System Rules [Subsection 8.2] (in respect of termination of the Participant's participation in the System on the opening of Insolvency Proceedings or Proceedings or other events of default, as defined in the System Rules, or if the Participant represents any kind of systemic risk or has serious operational problems) are valid and enforceable under the laws of [jurisdiction].]

3.3.5. Assignment of rights and obligations

The rights and obligations of the Participant cannot be assigned, altered or otherwise transferred by the Participant to third parties without the prior written consent of Latvijas Banka.

3.3.6. Choice of governing law and jurisdiction

The provisions contained in [Section 14] of the System Rules, and in particular in respect of the governing law, the resolution of a dispute, competent courts, and service of process are valid and enforceable under the laws of [jurisdiction].

3.4. Voidable preferences

We are of the opinion that no obligation arising out of the System Documents, the performance thereof, or compliance therewith prior to the opening of any Insolvency Proceedings or Proceedings in respect of the Participant may be set aside in any such proceedings as a preference, voidable transaction or otherwise under the laws of [jurisdiction].

In particular, and without limitation to the foregoing, we express this opinion in respect of any credit transfer orders and payment return orders submitted by any Participant in the System. We are of the opinion that the provisions of [Subsections 4.7 and 5.7] of the

System Rules establishing the enforceability and irrevocability of credit transfer orders and payment return orders will be valid and enforceable and that a credit transfer order or payment return order submitted by any Participant and processed pursuant to [Subsections 4.1–4.6 and 5.1–5.6] of the System Rules may not be set aside in any Insolvency Proceedings or Proceedings as a preference, voidable transaction or otherwise under the laws of [jurisdiction].

3.5. Branches [to the extent applicable]

3.5.1. Opinion applies to action through branches

Each of the statements and opinions presented above with regard to the Participant applies with equal accuracy and validity under the laws of [jurisdiction] in situations where the Participant acts through its one or more of its branches established outside [jurisdiction].

3.5.2. Conformity with law

Neither the execution and performance of the rights and obligations under the System Documents nor the submission, transmission or receipt of credit transfer orders and payment return orders by a branch of the Participant will in any respect breach the laws of [jurisdiction].

3.5.3. Required authorisations

Neither the execution and performance of the rights and obligations under the System Documents nor the submission, transmission or receipt of credit transfer orders and payment return orders by a branch of a Participant will require any additional authorisations, approvals, consents, filings, registrations, notarisations or other certifications of or with any court or governmental, judicial or public authority that is competent in [jurisdiction].

This Opinion is stated as of its date and is addressed solely to Latvijas Banka and the [Participant]. No other persons may rely on this Opinion, and the contents of this Opinion may not be disclosed to persons other than its intended recipients and their legal counsel without our prior written consent, with the exception of the European Central Bank and the national central banks of the European System of Central Banks [and [the national central bank/relevant regulatory authorities] of [jurisdiction]].

Yours faithfully,

THE DOCUMENT HAS BEEN SIGNED ELECTRONICALLY WITH A SECURE ELECTRONIC SIGNATURE AND COMPRISES A TIME STAMP.

(first name, surname and position)

Fee schedule and invoicing

1. Fees for participants

1.1. The participants shall be charged a monthly fee for processing credit transfer orders, instant payment orders, payment return orders, instant payment return orders, payment cancellation requests, instant payment cancellation requests, payment resolutions of investigation (negative responses to the cancellation requests), negative responses to the instant payment cancellation requests, status requests, instant payment status requests, claims of non-receipt, claims for value date correction and resolutions of investigation (responses to the investigation request) in the EKS, based on the volume of transactions (the number of processed items) per month. The above fee shall be as follows:

Band	Number of processed items		Price (in EUR)
	From	To	
1.	1	10 000	0.0645
2.	10 001	100 000	0.0260
3.	100 001	300 000	0.0045
4.	300 000	–	0.0040

2. Invoicing

2.1. No later than on the ninth business day of the following month, Latvijas Banka shall send a participant the invoice for the previous month specifying the fees to be paid.

2.2. No later than on the fourteenth business day of the respective month, Latvijas Banka shall debit the invoice amount from the relevant participant's settlement account in TARGET2, specified in the application form for the static data registration, or from another settlement account in TARGET2.

3. Fees for reachability in other SEPA payment systems

3.1. The fee for the participation in STEP2 shall be set according to the effective EBA CLEARING tariffs.

3.2. Latvijas Banka shall collect from a participant the fees paid by Latvijas Banka to EBA CLEARING for all registered BICs of the participant, including for the reachability of an indirect participant of this participant and an addressable BIC holder, in STEP2 in the following order:

3.2.1. after receiving an invoice from EBA CLEARING, Latvijas Banka shall send the respective Latvijas Banka's invoice to the participant specifying the fees for the participant;

3.2.2. on the next business day after sending the above invoice to the participant, Latvijas Banka shall debit the invoice amount from the relevant participant's settlement account in TARGET2, specified in the application form for the static data registration, or from another settlement account in TARGET2.

Application form for the static data registration for the clearing service

**THE TIMESTAMP OF THE ELECTRONIC SIGNATURE
BEARS THE DATE OF SIGNING THE DOCUMENT**

New	<input type="checkbox"/>	Modify	<input type="checkbox"/>	Delete	<input type="checkbox"/>
Preferred activation date					

Registered name of the participant*	
VAT Payer Register, No	
Registration number	
Registered BIC of the participant for settlement of invoices and for payment of interest on the instant payment cover account balance	

Registered BIC in the clearing service											
(insert and fill in a separate section for each registered BIC)											
BIC											
Name*											
1. Credit transfer orders and payment return orders containing the letters of the Latin alphabet with Latvian diacritical marks											
1.1 Are accepted											<input type="checkbox"/>
1.2 Are not accepted											<input type="checkbox"/>
2. The participant has joined the SEPA Credit Transfer Scheme of the European Payments Council (indicate the date of joining)											

**THE DOCUMENT HAS BEEN SIGNED ELECTRONICALLY WITH A SECURE
ELECTRONIC SIGNATURE AND COMPRISES A TIME STAMP.**

_____ (first name, surname and position of the person having the right to represent the participant)

*When entered in the system, the name may be represented in Latin characters without the Latvian diacritical marks.

Application form for the registration of indirect participant for the clearing service
(shall be filled in and signed by the participant)

**THE TIMESTAMP OF THE ELECTRONIC SIGNATURE
BEARS THE DATE OF SIGNING THE DOCUMENT**

New	<input type="checkbox"/>	Modify	<input type="checkbox"/>	Delete	<input type="checkbox"/>
Preferred activation date					

Registered name of the participant*											
VAT Payer Register, No											
Registration number											
Registered BIC of the participant in the clearing service											
BIC											

Registered name of the indirect participant*											
Registration number											
Indirect participant's BIC											
BIC											
I hereby confirm that the indirect participant has joined the SEPA Credit Transfer Scheme of the European Payments Council (indicate the date of joining)											

THE DOCUMENT HAS BEEN SIGNED ELECTRONICALLY WITH A SECURE ELECTRONIC SIGNATURE AND COMPRISES A TIME STAMP.

_____ (first name, surname and position of the person having the right to represent the participant)

*When entered in the system, the name may be represented in Latin characters without the Latvian diacritical marks.

Application form for the registration of addressable BIC holder for the clearing service

(shall be filled in and signed by the participant)

THE TIMESTAMP OF THE ELECTRONIC SIGNATURE BEARS THE DATE OF SIGNING THE DOCUMENT

New	<input type="checkbox"/>	Modify	<input type="checkbox"/>	Delete	<input type="checkbox"/>
Preferred activation date					

Registered name of the participant*	
VAT Payer Register, No	
Registration number	
Registered BIC of the participant in the clearing service	
BIC	

Registered name of the addressable BIC holder*	
Registration number	
Addressable BIC holder's BIC	
BIC	
I hereby confirm that the addressable BIC holder has joined the SEPA Credit Transfer Scheme of the European Payments Council (indicate the date of joining)	

THE DOCUMENT HAS BEEN SIGNED ELECTRONICALLY WITH A SECURE ELECTRONIC SIGNATURE AND COMPRISES A TIME STAMP.

_____ (first name, surname and position of the person having the right to represent the participant)

*When entered in the system, the name may be represented in Latin characters without the Latvian diacritical marks.

Application form for the static data registration for the instant payment service

**THE TIMESTAMP OF THE ELECTRONIC SIGNATURE
BEARS THE DATE OF SIGNING THE DOCUMENT**

New	<input type="checkbox"/>	Modify	<input type="checkbox"/>	Delete	<input type="checkbox"/>
Preferred activation date					

Registered name of the participant*	
VAT Payer Register, No	
Registration number	
Registered BIC of the participant for settlement of invoices	
Registered BIC of the participant for payment of interest on the IP cover account balance	

Registered BIC in the instant service											
(insert and fill in a separate section for each registered BIC)											
BIC											
TIPS DCA number											
Name*											
Indicative information on maximum amount of instant to be included in TIPS Directory (to be indicated if above 100,00.00 euro)											
1. Instant payment orders and instant payment return orders containing letters of the Latin alphabet with Latvian diacritical marks											
1.1 Are accepted											<input type="checkbox"/>
1.2 Are not accepted											<input type="checkbox"/>
2. The participant has joined the SEPA Instant Credit Transfer Scheme of the European Payments Council (indicate the date of joining)											

THE DOCUMENT HAS BEEN SIGNED ELECTRONICALLY WITH A SECURE ELECTRONIC SIGNATURE AND COMPRISES A TIME STAMP.

_____ (first name, surname and position of the person having the right to represent the participant)

*When entered in the system, the name may be represented in Latin characters without the Latvian diacritical marks.

Application form for the registration of an indirect participant for the instant payment service

(shall be filled in and signed by the participant)

**THE TIMESTAMP OF THE ELECTRONIC SIGNATURE
BEARS THE DATE OF SIGNING THE DOCUMENT**

New	<input type="checkbox"/>	Modify	<input type="checkbox"/>	Delete	<input type="checkbox"/>
Preferred activation date					

Registered name of the participant*											
VAT Payer Register, No											
Registration number											
Registered BIC of the participant in the instant payment service											
BIC											

Registered name of the indirect participant*											
Registration number											
Indirect participant's BIC											
BIC											
I hereby certify that the indirect participant has joined the SEPA Instant Credit Transfer Scheme approved by the European Payments Council (indicate the date of joining)											

THE DOCUMENT HAS BEEN SIGNED ELECTRONICALLY WITH A SECURE ELECTRONIC SIGNATURE AND COMPRISES A TIME STAMP.

(first name, surname and position of the person having the right to represent the participant)

*When entered in the system, the name may be represented in Latin characters without the Latvian diacritical marks.

Application form for the registration of an addressable BIC holder for the instant payment service

**THE TIMESTAMP OF THE ELECTRONIC SIGNATURE
BEARS THE DATE OF SIGNING THE DOCUMENT**

New	<input type="checkbox"/>	Modify	<input type="checkbox"/>	Delete	<input type="checkbox"/>
Preferred activation date					

Registered name of the participant*											
VAT Payer Register, No											
Registration number											
Registered BIC of the participant in the instant payment service											
BIC											

Registered name of the addressable BIC holder*											
Registration number											
Addressable BIC holder's BIC											
BIC											
I hereby confirm that the addressable BIC holder has joined the SEPA Instant Credit Transfer Scheme approved by the European Payments Council (indicate the date of joining)											

THE DOCUMENT HAS BEEN SIGNED ELECTRONICALLY WITH A SECURE ELECTRONIC SIGNATURE AND COMPRISES A TIME STAMP.

_____ (first name, surname and position of the person having the right to represent the participant)

Governor of Latvijas Banka

Ilmārs Rimšēvičs

*When entered in the system, the name may be represented in Latin characters without the Latvian diacritical marks.

SAMPLE

**THE TIMESTAMP OF THE ELECTRONIC SIGNATURE
 BEARS THE DATE OF SIGNING THE DOCUMENT**

AGREEMENT No.

On participation in the EKS

Latvijas Banka (hereinafter, the BANK) represented by _____

_____ (first name, surname and position of the representative)

acting under _____,

_____ (basis for the powers of representation)

on the one side, and

_____ (name of the entity)

(hereinafter, the PARTICIPANT), represented by _____

_____ (first name, surname and position of the representative)

acting under _____,

on the other side (hereinafter jointly referred to as the "PARTIES"; hereinafter individually also referred to as the "PARTY"), enter into the following agreement (hereinafter referred to as the "AGREEMENT").

1. The PARTICIPANT shall agree to apply for participation in the BANK's electronic clearing system (hereinafter, the EKS) in accordance with the "System Rules for Participation in the EKS" approved by the Council of Latvijas Banka (hereinafter, the System Rules).

2. Where the BANK accepts the application for participation, the PARTICIPANT shall agree to act in accordance with the System Rules.

3. Where the BANK rejects the PARTICIPANT'S application for participation in the EKS or the participation is terminated pursuant to the System Rules, the AGREEMENT shall also become invalid at the same time.

4. The AGREEMENT shall take effect at the moment of its signing.

5. The AGREEMENT has been drawn up as an electronic document on 2 (two) pages.

6. Registered addresses of the Parties

6.1. The BANK: K. Valdemāra iela 2A, Riga, LV-1050, Latvia; e-mail: info@bank.lv; registered with the Register of VAT payers of the State Revenue Service of the Republic of Latvia with No. LV90000158236.

Settlement account with Latvijas Banka: No. LV35 LACB 0EUR 1750 5010 0, BIC LACBLV2X.

6.2. The PARTICIPANT: _____

The BANK

The PARTICIPANT

**THE TIMESTAMP OF THE ELECTRONIC SIGNATURE WITH A SECURE
ELECTRONIC SIGNATURE BEARS THE DATE OF SIGNING THE DOCUMENT**

(first name, surname)

(first name, surname)

Governor of Latvijas Banka

Ilmārs Rimšēvičs

SAMPLE

**THE TIMESTAMP OF THE ELECTRONIC SIGNATURE
 BEARS THE DATE OF SIGNING THE DOCUMENT**

AGREEMENT No.

**On Ensuring Execution of Credit Transfers in the Event of a Threat to
 National Security**

Latvijas Banka (hereinafter, the BANK) represented by _____

(first name, surname and position of the representative)

acting under _____,
 (basis for the powers of representation)

on the one side, and

(name of the entity)

(hereinafter, the CRITICAL SERVICE PROVIDER), represented by

(first name, surname and position of the representative)

acting under _____,

on the other side (hereinafter jointly referred to as the "PARTIES"; hereinafter individually also referred to as the "PARTY"), enter into the following agreement (hereinafter referred to as the "AGREEMENT").

1. The CRITICAL SERVICE PROVIDER shall agree to execute credit transfers in the event of a threat to national security in accordance with the Subsection 6.2.¹ of the "System Rules for Participation in the EKS" approved by the Council of Latvijas Banka (hereinafter, the System Rules) as well as the provisions of the System Rules referred to in that Subsection.

1.¹ Applying Paragraph 1.1 of Appendix 1.2 of the System Rules, the number of processed items band shall be determined proportionally to the number of those Latvijas Banka's electronic clearing system (the EKS; hereinafter, the EKS) business days of the respective month, when the settlement was executed in accordance with the procedure specified in Subsection 6.2.¹ of the System Rules, i.e. the number of processed items applicable to each band shall be determined by dividing the number of processed items of this band by the total number of EKS business days per month and multiplying by the number of EKS business days when the settlement was executed in accordance with the procedures specified in Subsection 6.2.¹ of the System Rules.

2. The CRITICAL SERVICE PROVIDER authorises the BANK to execute transfer orders from the CRITICAL SERVICE PROVIDER'S settlement account in TARGET2 required for the settlement of the clearing service.

3. To ensure rapid exchange of information regarding the issues related to the execution of credit transfer orders transfers in the event of a threat to national security, the

CRITICAL SERVICE PROVIDER and the BANK shall exchange lists of contact persons, indicating their telephone numbers and e-mail addresses. The CRITICAL SERVICE PROVIDER and the BANK shall immediately notify each other of any changes in the list of contact persons.

4. The AGREEMENT shall take effect at the moment of its signing.

1. The BANK shall have the right, at any time, to unilaterally amend the agreement " On Ensuring Execution of Credit Transfers in the Event of a Threat to National Security", System Rules and its Appendices. The notifications of any amendments shall be furnished in writing. Amendments shall be deemed to have been accepted if the CRITICAL SERVICE PROVIDER expressly objects to an amendment within 14 days of the notice unless the PARTIES agreed on a shorter notice period. Where the CRITICAL SERVICE PROVIDER objects to an amendment, the BANK shall be entitled to terminate the AGREEMENT immediately.

6. The AGREEMENT shall terminate if the CRITICAL SERVICE PROVIDER is no longer a service provider within the meaning of the Financial and Capital Market Commission's regulations stipulating the management of critical services in the financial sector.

7. The CRITICAL SERVICE PROVIDER and the BANK may unilaterally terminate the AGREEMENT at any time giving 14 business days' notice thereof, unless the PARTIES agree on a shorter notice period.

8. The AGREEMENT has been drawn up as an electronic document on 2 (two) pages.

6. Registered addresses of the PARTIES

6.1. The BANK: K. Valdemāra iela 2A, Riga, LV-1050, Latvia; e-mail: info@bank.lv; registered with the Register of VAT payers of the State Revenue Service of the Republic of Latvia with No. LV90000158236. Settlement account with Latvijas Banka: No. LV35 LACB 0EUR 1750 50100, BIC LACBLV2X.

6.2. The CRITICAL SERVICE PROVIDER:

The BANK

The CRITICAL SERVICE PROVIDER

**THE TIMESTAMP OF THE ELECTRONIC SIGNATURE WITH A SECURE
ELECTRONIC SIGNATURE BEARS THE DATE OF SIGNING THE DOCUMENT**

(first name, surname)

(first name, surname)

Governor of Latvijas Banka

Mārtiņš Kazāks