



## 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) and Procedure No 410/8 of 6 March (in effect from 20 March 2023).

Issued pursuant to  
Clause 2 of Paragraph one 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.<sup>1</sup> If the other party is established in another country, the agreement may be concluded in English.

2. [Deleted]

2.<sup>1</sup> [Deleted]

3. [Deleted]

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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 establishment 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 a correspondent, customer or a branch of a 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 available amount of instant payment liquidity;

2.3 central banks – central banks within the meaning of Latvijas Banka's rules for participation in TARGET-Latvija system;

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

2.5 business day – any day on which the clearing service is available, as set out in Paragraph 63 herein;

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

2.7 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 TARGET (hereinafter, a holiday of TARGET);

2.8 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;

2.9 clearing service – a component of the EKS which, in accordance with the operation schedule stipulated in Paragraph 63 herein and the timetable of clearing cycles laid down in Paragraph 64 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 ancillary system transfer orders in TARGET for the settlement on the participants' real-time gross settlement dedicated cash accounts (hereinafter, the RTGS DCA) or sub-accounts thereof (hereinafter collectively, the TARGET settlement account) opened in TARGET;

2.10 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;

2.11 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;

- 2.12 liquidity transfer order – a cash transfer order to increase or decrease the current IP liquidity position by transferring a specified amount of funds to or from the TARGET instant payment segregated cash account (hereinafter, TIPS DCA) corresponding to the registered BIC;
- 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 order – a credit transfer order, a payment return order, an instant payment order or an instant payment return order;
- 2.17 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);
- 2.18 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";
- 2.20 maximum instant payment liquidity position (hereinafter, the maximum IP liquidity position) – 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 initial IP liquidity position;
- 2.21 minimum instant payment liquidity position (hereinafter, the minimum IP liquidity position) – 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 initial IP liquidity position;
- 2.22 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;
- 2.23 ancillary system transfer order – a cash transfer order initiated by the clearing service in accordance with real-time gross settlement ancillary system settlement procedure C within the meaning of Latvijas Banka's rules for participation in TARGET-Latvija system (hereinafter, RTGS AS Settlement Procedure C);
- 2.24 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;
- 2.25 pre-fund – funds in the amount consistent with the total value of the submitted payments sufficient for their execution in the clearing service;
- 2.26 event of default – any impending or existing event, the occurrence of which may threaten the performance by a participant of its obligations under these Rules or any other provisions applicable to the relationship between this participant and the participant's central bank or other central bank, including where:
- 2.26.1 the participant no longer meets the access criteria stated in Subsection 2.1 herein or the criteria stated in Paragraph 24 herein;
- 2.26.2 insolvency proceedings in relation to the participant have been opened;
- 2.26.3 an application has been submitted in relation to insolvency proceedings;
- 2.26.4 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;
- 2.26.5 the participant has entered into a voluntary general agreement or arrangement with its creditors;

- 2.26.6 the participant is, or is deemed by Latvijas Banka to be, insolvent or unable to pay its debts;
- 2.26.7 the participant's credit balance in any of its accounts in TARGET or all or a substantial part of the participant's assets are subject to a freezing order, attachment, seizure or other procedure intended to protect the public interest or the rights of the participant's creditors;
- 2.26.8 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;
- 2.26.9 all or a substantial part of the participant's assets have been assigned;
- 2.27 initial instant payment liquidity position (hereinafter, the initial IP liquidity position) – the amount of instant payment liquidity set by the participant and balanced every TARGET business day according to the timetable of the instant payment service or upon reaching the minimum IP liquidity position or the maximum IP liquidity position;
- 2.28 SEPA – the Single Euro Payments Area;
- 2.29 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;
- 2.30 TARGET business day – a business day within the meaning of Latvijas Banka's rules for participation in TARGET-Latvija system;
- 2.31 TARGET-Latvija – TARGET-Latvija within the meaning of Latvijas Banka's rules for participation in TARGET-Latvija system;
- 2.32 TARGET – TARGET within the meaning of Latvijas Banka's rules for participation in TARGET-Latvija system;
- 2.33 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;
- 2.34 Business Identifier Code (BIC) – a code as defined by the international standard ISO 9362;
- 2.35 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;
- 2.36 public sector body – a public sector institution within the meaning of Article 3 of Council Regulation (EC) No 3603/93<sup>1</sup> of 13 December 1993 specifying definitions for the application of the prohibitions referred to in Articles 104 and 104b (1) of the Treaty;
- 2.37 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;
- 2.38 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;
- 2.39 instant payment cancellation request – a request to refund a previously settled instant payment as defined in the SEPA Instant Credit Transfer Scheme Rulebook;
- 2.40 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 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;
- 2.41 instant payments cover account (hereinafter, the IP cover account) – a participant's pre-fund account opened separately in the EKS for each registered BIC where the participant credits the funds for the instant payment liquidity position;

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<sup>1</sup> OV L 332, 31.12.1993, p. 1

- 2.42 instant payment liquidity position – current IP liquidity position and the funds set aside for the execution of instant payment orders and instant payment return orders;
- 2.43 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;
- 2.44 instant payment service – a component of the EKS which ensures continuous (24/7/365) processing 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 transmission of liquidity transfer orders;
- 2.45 instant payment status request – an instant payment investigation request where the originator bank has not received a response to 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;
- 2.46 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 and addressable BIC holders throughout the SEPA area. Participants and addressable BIC holders are included in the STEP2 routing table as the reachable entities of Latvijas Banka.

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

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 EKS, as an ancillary system, participates in TARGET-Latvija in accordance with Latvijas Banka's rules on participation in TARGET-Latvija system.

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

- 9.1 Appendix 1.1: Terms of reference for capacity and country opinions;
- 9.2 Appendix 1.2: Fee schedule and invoicing;
- 9.3 Appendix 1.3: Application form for the static data registration for the clearing service;
- 9.4 Appendix 1.4: Application form for the registration of an addressable BIC holder for the clearing service;

- 9.5 Appendix 1.5: Application form for the static data registration for the instant payment service;
- 9.6 Appendix 1.6: Application form for the registration of an addressable BIC holder for the instant payment service.

10. 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**

11. The following types of entities are eligible for participation in the EKS:
- 11.1 a credit institution established in the European Economic Area, including where it operates through a branch established in the European Economic Area;
  - 11.2 a credit institution incorporated outside the European Economic Area, provided that it acts through a branch established in the European Economic Area;
  - 11.3 the national central bank of a European Union Member State;
  - 11.4 entities referred to in Paragraphs 11.1 and 11.2 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.
12. Latvijas Banka may, at its discretion, also admit the following entities as participants:
- 12.1 a treasury department of a central or regional government of a European Union Member State active on the money markets;
  - 12.2 a public sector<sup>2</sup> body of a European Union Member State, authorised to hold accounts for customers;
  - 12.3 a credit institution or any of the entities listed under Paragraph 12.1 or 12.2 herein, established 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, 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.
13. Latvijas Banka may require the participant which meets the requirements referred to in Paragraph 12 herein to provide a pre-fund for the execution of payments submitted in the clearing service (i.e. make a pre-fund) where Latvijas Banka deems it necessary upon assessing risks and the requirements of laws and regulations.
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 TARGET in the clearing service and the registration of several BICs with different TIPS DCAs of a participant in the instant payment service (hereinafter, the registered BIC).

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<sup>2</sup> 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).

16. A participant which meets the requirements of Paragraph 11 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.

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

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

18. The participant shall submit the payment orders of its 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 addressable BIC holder in a manner ensuring that the addressable BIC holder may comply with the requirements of the "Law on Payment Services and Electronic Money" and the present Rules.

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

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

21. The participant, when submitting documents referred to in Paragraph 33 or Paragraph 34 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:

21.1 meets the requirements of Paragraph 19 herein where an addressable BIC holder is using services of the clearing service;

21.2 meets the requirements of Paragraph 20 herein where an addressable BIC holder is using services of the instant payment service.

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

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

## **2.3 Participant's application procedure**

24. 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:

24.1 shall fulfil the following technical requirements:

24.1.1 for using the services of the clearing service, ensure that it has joined TARGET and opened a RTGS DCA and its sub-account for each of its registered BIC;



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

24.1.3 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;

24.1.4 pass the tests required by Latvijas Banka;

24.1.5 with the purpose to ensure the access of the instant payment service to the TIPS DCA referred to in Paragraph 24.1.2 herein, configure its reference data in accordance with the procedure laid down in Latvijas Banka's rules for participation in TARGET-Latvija system;

24.1.6 authorise Latvijas Banka to perform the actions specified in Paragraphs 161, 165.3, 169 and 170 herein by performing the TIPS DCA reference data set-up following the instructions set out in the Functional Specification of the Instant Payment Service;

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

24.2 shall fulfil the following legal requirements:

24.2.1 submit a capacity opinion in the form specified in Appendix 1.1 hereto, unless the information and representations to be provided in such capacity opinion have already been obtained by Latvijas Banka in another context;

24.2.2 as regards the credit institutions referred to in Paragraph 11.2 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;

24.2.3 for the purpose of static data registration, submit to the central bank corresponding to the RTGS DCA specified in the application form a debit authorisation enabling Latvijas Banka to debit the fees, pursuant to the Rules, from the participant's RTGS DCA;

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

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

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

25.1 an application form for the static data registration to Latvijas Banka, as specified in Appendix 1.3 hereto;

25.2 an application to the central bank corresponding to the registered BIC of the participant for the inclusion of the relevant TARGET settlement accounts in the settlement bank account group of the EKS – an ancillary system to TARGET.

26. 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 1.5 hereto.

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

28. 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:

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

28.2 in Latvijas Banka's assessment, such participation would endanger the stability 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.

29. 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 24.1.4 herein. Where Latvijas Banka requests additional information pursuant to the provisions of Paragraph 27 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.

30. 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 will 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.

31. Upon starting to use the services of the EKS, a participant shall become the user of the Proxy Registry "Instant Links". 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.

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

#### **2.4 Addressable BIC holder's application procedure and termination of registration procedure**

33. To include an addressable BIC holder in the routing tables of the clearing service, the participant shall submit to Latvijas Banka application form for the registration of the addressable BIC holder in accordance with Appendix 1.4 hereto.

34. 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 1.6 hereto.

35. 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.

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

36.1 an application form for the registration of the addressable BIC holder pursuant to Appendix 1.4 hereto where registration in the clearing service is being terminated;

36.2 an application form for the registration of the addressable BIC holder pursuant to Appendix 1.6 hereto where participation in the instant payment service is being terminated.

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

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

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

38.2 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.

39. Where registration of the addressable BIC holder in the EKS is terminated pursuant to Paragraph 41 herein, Latvijas Banka shall notify the participant of the termination of its addressable BIC holder's registration in a timely manner.

## **2.5 List of EKS service users**

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

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

42. 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 addressable BIC holders.

43. The participant agrees that Latvijas Banka may publish the names and BICs of the 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 addressable BIC holders. The participant shall ensure that an explicit consent to the publication of such data has been obtained from the addressable BIC holder.

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

45. 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, 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.

46. 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.

47. In addition to the routing table for the clearing service, Latvijas Banka shall provide participants with information on the routing table 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.

48. A routing table for the instant payment service shall be updated every TARGET business day and shall be available for download in the file exchange service. Regular updates shall take effect at 19:00.

49. 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 Latvijas Banka and the participants**

50. Unless otherwise provided for by the Rules or other laws and regulations, Latvijas Banka shall use all reasonable means within its power to perform its obligations under the Rules, without guaranteeing a result.

51. The participant shall pay to Latvijas Banka the fees stipulated in Appendix 1.2 hereto. The provisions of this Paragraph shall not apply to the Treasury.

52. 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.

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

54. 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.

55. 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.

### **4. Cooperation and information exchange**

56. In performing their obligations and exercising their rights under the Rules, Latvijas Banka and participants shall cooperate to ensure the stability 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.

57. Latvijas Banka shall establish and maintain the EKS support desk to assist the

participant encountering difficulties related to the EKS operation.

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

59. 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.

60. 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 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.

61. 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.

62. 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 648/2012<sup>3</sup> (hereinafter, Directive 2014/59/EU) or within the meaning of any other equivalent applicable law.

## **5. Clearing service**

### **5.1 Key requirements for processing credit transfer orders and payment return orders**

63. 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.

64. Timetable of the clearing cycles:

64.1 the clearing service processing shall take place on the days referred to in Paragraph 63 herein from 8:00 to 18:45;

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

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<sup>3</sup> OV L 173, 12.06.2014, p. 190.

64.3 the calculation of the net positions and the submission of the corresponding ancillary system transfer orders to TARGET shall take place within 15 minutes following the sending cut-off time for the respective clearing cycle;

64.4 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.

65. The clearing service shall process the following orders:

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

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

65.3 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).

66. The clearing service shall provide the following:

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

66.2 the submission of ancillary system transfer orders to TARGET to book a pre-fund and return the remaining balance;

66.3 calculation of the multilateral net positions and submission of the corresponding ancillary system transfer orders to TARGET for settlement and verification of the settlement results;

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

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

66.6 the maintenance of clearing cover accounts and settlement on a TARGET holiday.

67. On a TARGET 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 TARGET.

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

69. 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.

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

71. 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:

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

71.2 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.

72. 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.

73. 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:

73.1 generate and send the participant a warning file;

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

73.3 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 credit transfer orders and payment return orders addressed to the participant;

73.4 all the files referred to in Paragraphs 73.2 and 73.3 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.

## **5.2 Submitting and processing payment message and information message files in the clearing service**

74. 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 the 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.

75. 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.

76. 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.

77. 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.

78. 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.

79. 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.

80. 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.

81. 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.

82. 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.

83. 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.

84. 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.

85. 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.



### **5.3 Acceptance and rejection of credit transfer orders and payment return orders**

86. 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 accounts in TARGET.

87. 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:

87.1 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;

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

87.3 the operation schedule stipulated in Paragraph 63 herein and the timetable of clearing cycles stipulated in Paragraph 64 herein has been complied with;

87.4 the provisions stipulated in Paragraphs 68 and 76 herein have been complied with.

88. 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 87 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.

### **5.4 Booking a pre-fund on a TARGET business day**

89. Upon receipt of a payment message file from a participant having an obligation to provide a pre-fund for the settlement of the submitted payments, the clearing service shall generate and submit to TARGET an ancillary system transfer order to book a pre-fund 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 RTGS DCA corresponding to the registered BIC of the participant and crediting it to the sub-account of this account, and shall process TARGET notifications.

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

91. Where the pre-fund 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 TARGET an ancillary system transfer order to return the funds booked on the sub-account back to the RTGS DCA corresponding to the registered BIC of the participant.

92. Where the pre-fund 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.

## **5.5 Clearing on a TARGET business day**

### **5.5.1 Clearing cycles**

93. 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.

94. 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.

95. With respect to the participants which have no obligation to provide a pre-fund 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 TARGET 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 TARGET notifications.

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

97. 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 TARGET ancillary system transfer orders to settle the multilateral net positions and return the remaining balance of the booked pre-fund amount to the participants which have committed to provide such a pre-fund. The clearing service shall process TARGET notifications. When the information on the settlement of all ancillary system transfer orders has been received from TARGET, the clearing cycle shall be completed and the credit transfer orders and payment return orders included in the respective clearing cycle have been executed.

98. Where, pursuant to TARGET 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 TARGET 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.

99. 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 the credit position to the 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 the credit position to the 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.

100. Where, following the exclusion of all orders referred to in Paragraph 99 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).

101. 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 99 and 100 herein, and the initial exclusion of credit transfer orders and payment return orders shall only continue thereafter.

102. 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.

### **5.5.2 Transmission of credit transfer orders and payment return orders**

103. 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.

104. 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.

105. 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.

106. 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.

107. 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.

108. 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.

### **5.6 Provision of funds on the clearing cover account, booking of a pre-fund and clearing on a TARGET holiday**

109. 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.

110. Latvijas Banka shall apply to the clearing cover account balances either the remuneration at 0% (zero percent) interest rate or the deposit facility rate set by the European Central Bank, whichever is lower, except for government deposits referred to 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)<sup>4</sup> (hereinafter, Guideline ECB/2019/7). 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 RTGS DCA corresponding to the registered BIC of the participant. In the case of government deposits, the remuneration of holdings shall be governed by the rules relating to such government deposits laid down in Article 4 of Guideline ECB/2019/7.

111. To ensure the settlement of the clearing service on a TARGET holiday, a participant shall ensure the crediting of funds to the RTGS DCA of Latvijas Banka for each of its registered BIC on the previous TARGET business day. Latvijas Banka shall credit the funds received to the clearing cover account corresponding to the registered BIC of the participant.

112. Upon receipt of a payment message file from a participant which has an obligation to provide a pre-fund 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.

113. Where the funds on the clearing cover account corresponding to the registered BIC of the participant which has an obligation to provide a pre-fund for execution of payments submitted to the clearing service is not sufficient for the execution of all credit transfer

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<sup>4</sup> OJ L 113, 29.04.2019, p. 11.

orders and payment return orders included in the payment message file, the clearing service shall reject the payment message file.

114. 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.

115. 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.

116. 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 and the credit transfer orders and payment return orders included in the relevant clearing cycle are executed.

117. 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 99-101 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.

118. 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.

119. 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 5.5.2 herein.

120. Latvijas Banka shall transfer the funds remaining on the clearing cover account corresponding to the registered BIC of the participant to the respective participants' RTGS DCA on the next TARGET business day.

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

121. For the purposes of the Law "On Settlement Finality in Payment and Financial Instrument Settlement Systems", a credit transfer order or a payment return order:

121.1 shall be deemed irrevocable in the EKS as of the moment the clearing service starts its processing;

121.2 shall be deemed entered in the EKS:

121.2.1. on a TARGET business day – as of the moment all participants with debit positions have their RTGS DCA sub-accounts debited in accordance with ancillary system transfer orders for the settlement of multilateral net positions;

121.2.2 on a TARGET holiday – as of the moment the clearing cover accounts of all participants with debit positions are debited.

## **6. Instant payment service**

### **6.1 Key requirements for processing instant payment orders and instant payment return orders**

122. Timetable of the instant payment service:

122.1 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;

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

122.3 balancing of the initial IP liquidity position is performed on TARGET business days at 8:30-9:00;

122.4 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;

122.5 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 TARGET business days at 19:05-19:10.

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

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

123.2 instant payment return orders submitted by a participant;

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

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

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

124. The instant payment service shall ensure the following:

124.1 processing of instant payment orders and instant payment return orders and the related messages;

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

124.3 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 initial IP liquidity position according to the parameters set by the participant and the provisions herein;

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

124.5 Instructing Party service.

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

125.1 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;

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

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

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

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

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

126.4 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 TARGET business day;

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

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

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

127. 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.

128. 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.

129. The IP cover account 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 balance of the IP liquidity position for each registered BIC IP cover account separately. The amount of the current IP liquidity position shall be recorded every TARGET business day in the end-of-day processing of the instant payment service.

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

131. Where several registered BICs are registered for a participant, Latvijas Banka shall calculate the remuneration amount referred to in Paragraph 129 for each registered BIC separately.

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

133. 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.

134. 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.

135. 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:

135.1 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;

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

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

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

136. 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:

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

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

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

136.2.2 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.

137. 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.

138. 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:

- 138.1 instant payment order;
- 138.2 instant payment cancellation;
- 138.3 instant payment return order;
- 138.4 instant payment resolution of investigation.

139. 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:

- 139.1 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);
- 139.2 The file containing the statement of IP cover account, 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).

## **6.2 Submission of instant payment orders and instant payment return orders in the instant payment service**

140. 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.

141. 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.

142. 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.

143. 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.

144. 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.

### **6.3 Acceptance and rejection of instant payment orders and instant payment return orders**

145. 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.

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

146.1 the payment message generated on the basis of the 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;

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

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

146.4 the time-out deadline referred to in Paragraph 145 herein has been complied with during the processing.

147. 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:

147.1 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;

147.2 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;

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

147.4 the time-out deadline referred to in Paragraph 145 herein has been complied with during the processing.

148. 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 146 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.

149. 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 147 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.

### **6.4 Processing of instant payment orders and instant payment return orders**

150. An accepted instant payment order or instant payment return order submitted by a

participant shall be processed as follows:

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

150.1.1 the instant payment service shall verify whether the current IP liquidity for the registered BIC of the participant which 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:

150.1.1.1 the respective amount of instant payment liquidity shall be reserved for each instant payment order;

150.1.1.2 for each instant payment return order, the execution shall be performed by the instant payment service by debiting the IP cover account corresponding to the registered BIC of the participant to which the instant payment return order was submitted by the participant concerned and by crediting the IP cover account corresponding to the registered BIC of the participant to which the instant payment return order was received by the participant concerned and shall send the instant payment return order to the participant which is the addressee of the order;

150.1.2 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 which has submitted the order;

150.1.3 after reserving the instant payment liquidity, the instant payment service shall send the instant payment order to the participant which is the addressee of the order;

150.1.4 based on each instant payment order:

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

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

150.1.4.3 upon receipt of a positive confirmation message, the instant payment service shall execute the payment by debiting the IP cover account corresponding to the registered BIC of the participant which the respective participant has used to submit the instant payment order and, accordingly, shall credit the IP cover account corresponding to the registered BIC of the participant receiving the instant payment order, and shall release the reserved instant payment liquidity position and send a positive confirmation message to the participants involved in the payment execution;

150.1.4.4 upon 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 a negative confirmation message to that participant;

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

150.2.1 the instant payment service shall verify whether the current IP liquidity position for the registered BIC of the participant which 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;

150.2.2 where the current instant payment liquidity position is not sufficient, 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 which had submitted the respective instant payment order or instant payment return order.

150.2.3 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;

150.2.4 based on each instant payment order:

150.2.4.1 upon receipt of a positive confirmation message from another SEPA payment system, the instant payment service shall execute the payment by debiting the IP cover account corresponding to the registered BIC of the participant the respective participant has used to submit the instant payment order, shall release the reserved instant payment liquidity position and shall send the positive confirmation message to that participant;

150.2.4.2 upon 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;

150.2.5 based on each instant payment return order, upon receipt of the confirmation of the execution of the instant payment order from another SEPA payment system, the instant payment service shall execute the payment by debiting the IP cover account corresponding to the registered BIC of the participant the respective participant has used to submit the instant payment return order, and shall release the reserved instant payment liquidity position.

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

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

151.2 based on each instant payment order:

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

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

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

151.2.1.3 upon receipt of a positive confirmation message from another SEPA payment system, the instant payment service shall execute the payment by crediting the IP cover account corresponding to the registered BIC of the participant through which the respective participant has received the instant payment order, and shall send a positive confirmation message to that participant;

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

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

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

151.3 based on each instant payment return order, the instant payment service shall execute the payment by crediting the IP cover account corresponding to the registered BIC of the participant through which the respective participant has received the instant payment return.

152. Where within 25 seconds from the moment of acceptance of the 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 to which the instant payment order was sent, the instant payment service shall forward it for information to the participant which submitted the above instant payment order.

153. Upon 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.

## **6.5 Instant payment status investigation**

154. 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.

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

155.1 recurrently send the positive confirmation or negative confirmation message to the entity which 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;

155.2 forward the instant payment status request to the entity which 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.

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

## **6.6 Management of instant payment liquidity account**

157. 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.

158. The instant payment service shall, in accordance with the time schedule for the operation of the instant payment service and the instructions contained in the Functional Specification of the Instant Payment Service, prepare and send the balance of the IP cover account and statements of the IP cover account to the participants, for each registered BIC separately.

159. The participant shall use the tools provided by Latvijas Banka for the reconciliation of the IP cover accounts.

160. Participants shall immediately inform Latvijas Banka in the event of a discrepancy in respect of any of the participant's IP cover accounts.

161. The participant may increase or decrease the balance of the IP cover account:

161.1 by submitting the liquidity transfer order to increase or decrease the IP liquidity position prepared following the instructions set out in the Functional Specification of the Instant Payment Service;

161.2 on the workstation of the instant payment service by entering a liquidity transfer order to decrease or increase the instant payment liquidity.

162. Upon receipt of the order referred to in Paragraph 161 of these Rules, the instant payment service shall generate and submit to TARGET a liquidity transfer order in the name of the EKS or by Latvijas Banka acting as the Instructing Party in the name of the participant.

163. 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.

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

165. Each TARGET business day, in accordance with the instant payment service's operating schedule, the instant payment service shall balance the initial IP liquidity for each registered BIC of the participant:

165.1 record the amount of IP liquidity position for each registered BIC of the participant;

165.2 calculate the necessary changes in IP liquidity to balance the amount of the IP liquidity position to the relevant initial IP liquidity;

165.3 prepare and submit to TARGET a liquidity transfer order on behalf of the EKS or on behalf of the participant, with Latvijas Banka acting as the instructing user to balance the initial IP liquidity in the participants' IP cover accounts to the initial IP liquidity position selected by the participant;

165.4 where the balance of the TIPS DCA corresponding to the participant's registered BIC is insufficient to balance the initial IP liquidity, the liquidity transfer order shall be rejected and the initial IP liquidity shall not be balanced;

165.5 restore the automatic increase parameters for instant payments liquidity set by the participant in accordance with Paragraph 167 of these Rules.

166. The amount of the initial IP liquidity position shall be set and changed by the participant at the workstation of the instant payment service. Where the participant changes the amount of the initial IP liquidity position after the initial IP liquidity balance time set out in the instant payment service operating schedule, the new amount of the initial IP liquidity position shall be applied to the registered BIC of the respective participant on the next TARGET business day.

167. To manage the IP cover account, 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:

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

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

168. The parameters for an automatic increase or decrease of instant payment liquidity shall take effect as of the moment the balancing of the initial IP liquidity position is completed.

169. Where, following the execution of an instant payment order or instant payment return order, the participant's current IP liquidity 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 TARGET a payment order in the name of the EKS 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 initial IP liquidity position.

170. 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 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 TARGET in the name of the EKS or by Latvijas Banka acting as the Instructing Party in the name of the participant to increase the current IP 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.

## **6.7 Entry of instant payment orders and instant payment return orders in the EKS and their irrevocability in the instant payment service**

171. For the purposes of the Law "On Settlement Finality in Payment and Financial Instrument Settlement Systems", the instant payment order, instant payment return order or liquidity transfer order shall be deemed entered and irrevocable in the EKS as of the moment the relevant funds are reserved in the IP cover account corresponding to the registered BIC of the participant.

## **7. Contingency and Business Continuity Issues and Security Requirements**

### **7.1. Basic principles of the Contingency and Business Continuity handling measures**

172. 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.

173. 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.

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

175. 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.

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

177. 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.

## **7.2 Contingency and business continuity measures to ensure the processing in the clearing service**

### **7.2.1 Use of alternative information exchange channels for the clearing service**

178. 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.

179. 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.

180. 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.

181. In the cases referred to in Paragraph 180 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 72 herein.

### **7.2.2 Cancellation of the clearing service clearing cycle**

182. Where the clearing service cannot submit the ancillary system's transfer orders to TARGET for settling net positions, the clearing cycle may be cancelled.

183. 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.

184. Where the EKS cannot submit the ancillary system's transfer orders to TARGET 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.



### **7.2.3 Moving of payment orders submitted to the clearing service**

185. Where the clearing service cannot submit the ancillary system's transfer orders to TARGET for settling net positions by the end of the current TARGET 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.

186. 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 TARGET business day, the payment message file shall be included in the 1st cycle of the clearing service of the next TARGET business day with the value date of the next TARGET business day.

187. 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 TARGET 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 TARGET business day with the value date of the next TARGET business day.

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

### **7.2.4 Clearing in the event of a threat to national security**

189. 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 and addressable BIC holders.

190. 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.

191. The critical service provider shall also ensure processing of payments from other EKS participants that are not referred to in Paragraph 190 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 190 herein, it shall immediately inform Latvijas Banka.

192. Upon receipt of information referred to in Paragraph 191 herein, Latvijas Banka shall provide the respective information to the contact persons of the EKS participants.

193. The EKS shall reject all the payment orders that cannot be processed as indicated in Paragraph 191 herein.

194. Credit transfer orders, payment return orders and the related information shall be exchanged in accordance with the procedure stipulated in Paragraphs 71-73 herein.

195. 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 Section 3, Subsections 7.1 and 7.2.1, Sections 8, 11-13 and 15 as well as Paragraphs 266-270 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.

196. 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.

197. 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.

#### **7.2.4.1 Clearing using RTGS AS settlement procedure C in TARGET**

198. If Latvijas Banka is able to execute EKS settlement in TARGET using the RTGS AS settlement procedure C, clearing between the participants and the critical service providers shall be performed in accordance with the procedure stipulated in Section 4 herein.

#### **7.2.4.2. Clearing in the event of unavailability of RTGS AS settlement procedure C in TARGET**

199. If Latvijas Banka is unable to execute EKS settlement in TARGET using the RTGS AS settlement procedure C:

199.1 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 5.2 herein;

199.2 acceptance and rejection of credit transfer orders and payment return orders shall take place in accordance with the procedure stipulated in Paragraphs 87 and 88 herein;

199.3 sending of credit transfer orders and payment return orders shall take place in accordance with the procedure stipulated in Subsection 5.5.2. herein.

200. Reservation of a pre-fund for all participants and critical service providers shall be performed as follows:

200.1 upon 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;

200.2 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 Latvijas Banka, the clearing service shall prepare and submit a payment order to TARGET requesting to reserve a pre-fund by debiting the shortage amount from the account balance available on RTGS DCA 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. 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.

202. 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.

203. 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 and the credit transfer orders and payment return orders included in the relevant clearing cycle are executed.

204. 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 99-101 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.

205. 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.

206. The funds remaining on the clearing cover account shall be transferred to the respective participant's or critical service provider's RTGS DCA after the last clearing cycle of the clearing service on the respective business day.

207. For the purposes of the Law "On Settlement Finality in Payment and Financial Instrument Settlement Systems", a credit transfer order or a payment return order:

207.1 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;

207.2 shall be deemed entered in the EKS as of the moment a participant's or critical service provider's clearing cover account is debited.

### **7.3 Contingency and business continuity measures to ensure the processing in the instant payment service**

208. 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.

209. 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.

#### **7.4 Participant-related failures**

210. 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.

211. 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**

212. 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.

213. 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.

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

### **8. Liability regime**

#### **8.1 Liability regulation**

215. 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.

216. 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.

217. 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 7 herein).

218. Latvijas Banka shall not be liable for:

218.1 any loss caused by a participant; or

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

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

220. 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.

## **8.2 Evidence**

221. 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.

222. 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.

223. 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.

224. Latvijas Banka shall keep the information referred to in Paragraph 223 herein for a period of five years from the time such information has been created.

## **9. Termination of participation**

### **9.1 Duration, ordinary termination of participation and termination of the use of an EKS service**

225. Without prejudice to Subsection 9.2 herein, participation in the EKS shall be for an indefinite period of time.

226. 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.

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

227.1 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;

227.2 in Latvijas Banka's assessment, there are no longer any grounds for admitting that an entity is a participant pursuant to Paragraph 12 herein. The respective participant shall be given a one month notice thereof.

228. Upon termination of participation in the EKS, the confidentiality duties referred to in Section 11 herein shall remain in force for a period of five years as of the date of the termination.

229. 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**

230. 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:

230.1 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;

230.2 the participant no longer meets the access criteria stated in Subsection 2.1 herein and the participation requirements stated in Paragraph 24 herein.

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

231.1 one or more events of default (other than those referred to in Paragraph 230 herein) occur;

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

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

231.4 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.

232. Where any of the technical requirements referred to in Paragraph 24.1 herein is not met, Latvijas Banka may immediately and without prior notice terminate the registration of a participant's registered BIC.

233. In exercising the rights under Paragraphs 231.1, 231.2, 231.3 or 232 herein, Latvijas Banka shall take into account the seriousness of the events referred to therein.

234. Where Latvijas Banka terminates a participant's participation in the EKS under Paragraphs 230 or 231 herein or the registration of a participant's registered BIC under Paragraph 232 herein, Latvijas Banka shall:

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

234.2 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;

234.3 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.

235. Once the notification referred to in Paragraph 234.2 or 234.3 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.

236. Where the participant's participation in the EKS has been terminated, the EKS shall not accept any new payment orders and liquidity transfer 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 and liquidity transfer orders.

237. Once the registration of a participant's registered BIC has been terminated, the EKS shall not accept any new payment orders and liquidity transfer 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 and liquidity transfer orders.

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

239. 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 RTGS DCA corresponding to the registered BIC of the participant or to another settlement account of the participant.

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

241. 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 RTGS DCA corresponding to the registered BIC of a participant or to another settlement account specified by the participant.

242. 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 registration of the addressable BIC holder shall be deleted at the same time. Following

the termination of a participant's participation, the above participant shall promptly notify its registered addressable BIC holder to that effect.

## **10. Latvijas Banka's rights of pledge and netting**

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

244. Latvijas Banka shall have the rights specified in Paragraph 243 herein even if its claims are contingent or not yet due.

245. In the event of default referred to in Paragraph 230 herein or another event of default or in the event referred to in Paragraph 231 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.

246. Latvijas Banka shall promptly give the participant notice of any netting in accordance with the requirements of Paragraph 245 herein after such netting has taken place.

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

## **11. Confidentiality**

248. Latvijas Banka shall ensure the confidentiality of all sensitive or secret information, including information relating to the participant, participant's customer, addressable BIC holder and its customer's payment, technical and organisational information unless the participant or participant's customer, addressable BIC holder and its customer have given their written consent to disclose it or such disclosure is permitted or required under the laws and regulations of the Republic of Latvia.

249. By derogation from the requirements of Paragraph 248 herein, the participant agrees that information relating to any action taken pursuant to Subsection 9.2 of this Regulation shall not be treated as confidential.

250. By derogation from the requirements of Paragraph 248 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, participant's customer, addressable BIC holder or its customer to the extent that this is necessary for the performance of the tasks of the supervisory, resolution 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.



251. By derogation from the requirements of Paragraph 248 herein and provided this does not make it possible, whether directly or indirectly, to identify the participant, participant's customer, addressable BIC holder or its customer, Latvijas Banka may use, disclose or publish payment information regarding a participant, participant's customer, addressable BIC holder or its customer 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.

252. 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.

## **12. Data protection, prevention of money laundering, administrative or restrictive measures and related issues**

253. A participant shall be deemed to be aware of all the obligations under the laws and regulations on data protection, shall comply with them and shall be able to demonstrate that compliance to the relevant competent authorities.. The participant shall be deemed to be aware of and shall comply with all obligations under legislation on the 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 compliance with the 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.

254. 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.

255. A participant acting as a payment service provider of a payer or a payee shall comply with any requirements applicable to it arising from administrative or restrictive measures imposed pursuant to Article 75 or 215 of the Treaty on the Functioning of the European Union, including requirements relating to notification and/or obtaining the consent of the competent authority for the processing of transactions.

## **13. Notices**

256. Unless otherwise provided in these Rules, all notices required or permitted by these Rules shall be sent by registered post or electronically, where bilaterally agreed, or by other written means. Notices to Latvijas Banka shall be submitted to the Head of the Payment Systems Department of Latvijas Banka (address: K. Valdemāra iela 2A, Rīga, LV-1050, Latvia) or sent to the BIC address of Latvijas Banka LACBLV2X or to the official electronic address (hereinafter, e-address) of Latvijas Banka or to the e-mail address info@bank.lv. Notices to the participant shall be sent to the address, e-address, e-mail address or BIC address notified by the participant to Latvijas Banka from time to time.

257. 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.

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

259. A participant shall be bound by all documents which it has submitted to Latvijas Banka in compliance with Paragraphs 256 and 257 herein and which Latvijas Banka reasonably believes to have received from the participant, its employees or agents.

#### **14. Third Party Rights**

260. 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.

261. 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.

#### **15. Governing laws and regulations, jurisdiction and place of court proceedings**

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

263. Without prejudice to the jurisdiction of the Court of Justice of the European Union, any dispute arising in connection with the relationship referred to in Paragraph 262 herein shall be subject to the exclusive jurisdiction of the competent courts of the Republic of Latvia.

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

#### **16. Final provisions**

265. 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.

266. 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.

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

268. 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.

269. 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 TARGET-Latvija system, to debit that participant's RTGS DCA 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.

270. Paragraphs 190-193 herein shall cease to be in effect on 1 January 2024.

271. From 20 March 2023 to 31 March 2023, Paragraph 1.1 of Appendix 1.2 to these Rules shall not apply, but the monthly fee for the processing of a credit transfer order, an instant payment order, a payment return order, an instant payment return order, a payment cancellation, an instant payment cancellation, a negative response to the cancellation request, a status request, an instant payment status request, a payment search request, a payment value date change request and enquiry result notification in the EKS based on the volume of transactions per month (the number of items processed) shall be determined as follows.

Category	Number of items processed		Price (in euro)
	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

**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] 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] (hereinafter, the "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 payment orders, liquidity transfers 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] in accordance with the conditions for access to participate in the EKS;

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 competent court or governmental or judicial authority or other body governed by public law 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.**

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(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 payment 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 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 the Participant or payment orders and liquidity transfers of the Participant may be suspended, or limitations can be imposed in relation to such payments, or similar proceedings, 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 payment orders and liquidity transfer orders**



The provisions on processing of payment orders and liquidity transfer orders [Subsections 5.1 and 6.1] of the System Rules are valid and enforceable. In particular, all payment orders and liquidity transfer 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 payment orders and liquidity transfer orders submitted by the Participant to the System become enforceable and irrevocable (Subsections 5.7 and 6.7) 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 9 and 10] 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 9.2] (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 15] 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 payment orders and liquidity transfer orders submitted by any Participant in the

System. We are of the opinion that the provisions of [Subsections 5.7 and 6.7 and Paragraph 207] of the System Rules establishing the enforceability and irrevocability of payment orders and liquidity transfer orders will be valid and enforceable and that a payment order or liquidity transfer order submitted by any Participant and processed pursuant to [Subsections 5.1–5.6 and 6.1–6.6] 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 or receipt of payment 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 or receipt of payment orders by a branch of a Participant will require any additional authorisations, approvals, consents, filings, registrations, notarisations or other certifications of or with any competent courts or governmental, or judicial authority, or any other body governed by public law that are 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.**

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(first name, surname and position)

Appendix 1.2

## **Fee schedule and invoicing**

### **1. Fees for participants**

1.1. The monthly fee for participants shall consist of a fixed monthly fee of 1000 euro and a fee of 0.006 euro for each credit transfer order, instant payment order, payment return order, instant payment return order, payment cancellation request, instant payment cancellation request, payment resolution of investigation (negative responses to the cancellation request), negative response to the instant payment cancellation request, status request, instant payment status request, claim of non-receipt, claim for value date correction and resolutions of investigation (response to the investigation request) in the EKS, based on the volume of transactions (the number of processed items) per month.

## **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 RTGS DCA.

## **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 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 RTGS DCA, specified in the application form for the static data registration.

## 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"/>	Test environment	<input type="checkbox"/>	Production environment	<input type="checkbox"/>
Preferred activation date									

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

<b>Registered BIC in the clearing service</b> (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 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"/>	Test environment	<input type="checkbox"/>	Production environment	<input type="checkbox"/>
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Preferred activation date	
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<b>Registered name of the participant*</b>												
VAT Payer Register, No												
Registration number												
Registered BIC of the participant in the clearing service												
BIC												

<b>Registered name of the addressable BIC holder*</b>												
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"/>	Test environment	<input type="checkbox"/>	Production environment	<input type="checkbox"/>
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Preferred activation date	
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<b>Registered name of the participant*</b>	
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	

<b>Registered BIC in the instant service</b>											
(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 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"/>	Test environment	<input type="checkbox"/>	Production environment	<input type="checkbox"/>
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Preferred activation date	
---------------------------	--

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

<b>Registered name of the addressable BIC holder*</b>	
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

MārtiņšKazāks

\_\_\_\_\_  
\*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  
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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: \_\_\_\_\_

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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 7.2.4 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.

2. Applying Paragraph 1.1 of Appendix 1.2 of the System Rules, the fee shall only be calculated for the number of processed items.

3. The CRITICAL SERVICE PROVIDER authorises the BANK to execute transfer orders from the CRITICAL SERVICE PROVIDER'S RTGS DCA for the settlement of the clearing service.

4. 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.

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

6. 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.

7. 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.

8. 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.

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

10. Registered addresses of the PARTIES

10.1. 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.

10.2. The CRITICAL SERVICE PROVIDER:

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The BANK

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The CRITICAL SERVICE PROVIDER

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

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(first name, surname)

---

(first name, surname)

Governor of Latvijas Banka

Mārtiņš Kazāks