

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) and Procedure No. 311/2 of 26 May 2020 (in effect from 1 July 2020).

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

1. Hereby the "System Rules for Participation in the EKS" (Appendix 1), the sample agreement "On Participation in the EKS" (Appendix 2) and the sample agreement "On the Use of the Logo "Zibmaksājumi" (Instant Payments)" (Appendix 3) have been adopted and approved.

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

2. The agreement referred to in Paragraph 1 herein and the agreements arising under the "System Rules for Participation in the EKS" referred to in Paragraph 1 herein shall be signed by the Chairman of the Board of Latvijas Banka. Where the Chairman of Latvijas Banka's Board either finds himself in a conflict of interest regarding the other party to the agreements referred to herein or is absent, the Deputy Chairperson of Latvijas Banka's Board shall sign the above agreements. Where the Chairman and/or Deputy Chairperson of Latvijas Banka's Board either find themselves in a conflict of interest regarding the other party to the agreements referred to herein or are absent, a member of the Board shall sign the above agreements.

2¹ The Board of Latvijas Banka shall establish a procedure for ensuring the operation of the electronic clearing system of Latvijas Banka.

3. The Board of Latvijas Banka shall establish the functional specifications of the electronic clearing system of Latvijas Banka.

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

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

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

Governor of Latvijas Banka

I. Rimšēvičs

System Rules for Participation in the EKS

1. General issues

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

2. Terms used in the Rules:

2.1 addressable BIC holder – an entity which:

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

2.1.2 holds a Business Identifier Code (BIC);

2.1.3 is not deemed an indirect participant;

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

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

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

2.4 business day – any day on which the clearing service is available, as set out in Appendix 1.4 hereto;

2.5 daily initial instant payment liquidity position (hereinafter, the daily initial IP liquidity position) – the amount of instant payment liquidity set by the participant whereby the participant starts its settlement in the instant payment service at the beginning of TARGET2 daytime processing;

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

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

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

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

2.8 clearing service – a component of the EKS which, in accordance with the operation schedule stipulated in Appendix 1.4 hereto and the timetable of clearing cycles laid down in the "Functional Specification of the EKS, the Electronic Clearing System of Latvijas Banka", ensures the interbank clearing of SEPA credit transfer orders and SEPA payment return orders, including the transmission of the related messages, as well as the

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

- preparation and submission of payment orders in TARGET2 for the settlement on the participants' settlement accounts in TARGET2;
- 2.9 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;
- 2.10 payment order – an instruction submitted by the EKS to make settlement on TARGET2 accounts;
- 2.11 payment routing – the addressing of SEPA 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);
- 2.12 insolvency proceedings – insolvency proceedings within the meaning of the Law "On Settlement Finality in Payment and Financial Instrument Settlement Systems";
- 2.13 minimum instant payment liquidity position (hereinafter, the minimum IP liquidity position) – the amount of the current IP liquidity position below which the instant payment service triggers an automatic increase in instant payment liquidity up to the level of adjusted IP liquidity position;
- 2.14 indirect participant – an entity which has entered into an agreement with a participant on the submission of payment orders to the EKS service and receipt of payments from the respective EKS service, and which has been recognised as an indirect participant by the EKS;
- 2.15 settlement account in TARGET2 – a PM account within the meaning of Latvijas Banka's rules for participation in TARGET2-Latvija;
- 2.16 adjusted instant payment liquidity position (hereinafter, the adjusted IP liquidity position) – the level of instant payment liquidity position up to which the instant payment service executes an automatic instant payment liquidity adjustment following a fall below the minimum IP liquidity position;
- 2.17 pre-deposit – funds in the amount consistent with the total value of the submitted payments sufficient for their execution in the clearing service;
- 2.18 real time clearing – a process of transmitting, processing and reconciling payment documents that takes place in real time prior to the settlement;
- 2.19 event of default – any existing or impending event (inter alia, where the participant does not meet the access criteria stated in Subsection 2.1 herein or the criteria stated in Paragraph 29 herein, where insolvency proceedings in relation to the participant have been opened, an application to open insolvency proceedings with respect to the participant has been submitted as stipulated by law, where the participant has issued a written declaration of its inability to pay all or any part of its debts or to meet its obligations arising in relation to intraday credit limit, where the participant has entered into a voluntary general agreement or arrangement with its creditors, where the participant is, or is deemed by Latvijas Banka to be, insolvent or unable to pay its debts, where the participant's credit balance on its settlement account in TARGET2 or all or a substantial part of the participant's assets are subject to a freezing order, attachment, seizure or any other procedure that is intended to protect the public interest or the rights of the participant's creditors, where any material representation made by the participant or which is implied to have been made by the participant under the applicable law is incorrect or untrue, where all or a substantial part of the participant's assets have been assigned), the occurrence of which may threaten the performance by a participant of its obligations under the present Rules or any other regulations applied to the relationship between that participant and Latvijas Banka;
- 2.20 cover account – a participant's settlement account opened in the EKS to ensure the execution of the clearing service settlement on a business day other than the business day of TARGET2 (hereinafter, a holiday of TARGET2);
- 2.21 SEPA – the Single Euro Payments Area;

- 2.22 SEPA credit transfer order – a SEPA Credit Transfer Scheme Rulebook compliant order by a participant or another entity to transfer a certain amount to the beneficiary, 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;
- 2.23 SEPA payment cancellation request – a SEPA Credit Transfer Scheme Rulebook compliant request to refund a previously settled SEPA credit transfer;
- 2.23¹ SEPA resolution of investigation (negative response to the cancellation request) – a SEPA Credit Transfer Scheme Rulebook compliant notification of refusal to refund a SEPA credit transfer according to the SEPA payment cancellation request;
- 2.24 status request – an investigation request regarding the status of a SEPA payment cancellation request, a SEPA claim of non-receipt or a SEPA claim for value date correction that has not been answered in due time;
- 2.25 SEPA payment return order – a SEPA Credit Transfer Scheme Rulebook compliant order to refund a previously settled SEPA credit transfer where a participant cannot accept it or a SEPA payment cancellation request has been received;
- 2.25¹ SEPA claim of non-receipt – a SEPA Credit Transfer Scheme Rulebook compliant request to confirm if and when a SEPA credit transfer has been credited to the account of the beneficiary;
- 2.25² SEPA claim for value date correction – a SEPA Credit Transfer Scheme Rulebook compliant request to modify the value date of a previously settled SEPA credit transfer;
- 2.25³ SEPA resolution of investigation (response to the investigation request) – a SEPA Credit Transfer Scheme Rulebook compliant notification containing response to a SEPA claim of non-receipt or a SEPA claim for value date correction;
- 2.26 SWIFT – an international organization established by banks to ensure the transmission of interbank financial messages by means of the telecommunications network (Society for Worldwide Interbank Financial Telecommunication);
- 2.27 TARGET2 business day – a business day within the meaning of Latvijas Banka's rules for participation in TARGET2-Latvija;
- 2.28 TARGET2 – TARGET2 within the meaning of Latvijas Banka's rules for participation in TARGET2-Latvija;
- 2.29 TARGET2-Latvija – TARGET2-Latvija within the meaning of Latvijas Banka's rules for participation in TARGET2-Latvija;
- 2.30 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;
- 2.31 TARGET Instant Payment Settlement (TIPS) service – TARGET Instant Payment Settlement (TIPS) service within the meaning of Latvijas Banka's rules for participation in TARGET2-Latvija;
- 2.32 Business Identifier Code (BIC) – a code as defined by the international standard ISO 9362;
- 2.33 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;
- 2.34 instant payment order – a SEPA Instant Credit Transfer Scheme Rulebook compliant order by a participant or another entity to immediately transfer a certain amount to the beneficiary upon the receipt of the order, generated on the basis of a payment by a participant or another entity or on a customer payment accepted by a participant or another entity;
- 2.35 instant payment cancellation request – a request to refund a previously settled instant payment as defined in the SEPA Instant Credit Transfer Scheme Rulebook;
- 2.35.¹ negative response to the instant payment cancellation request – a SEPA Instant Credit Transfer Scheme Rulebook compliant notification of refusal to refund an instant payment according to the instant payment cancellation request;

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

2.37 instant payment return order – a SEPA Instant Credit Transfer Scheme Rulebook compliant order to refund a previously settled instant payment where an instant payment cancellation request has been received;

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

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

2.40 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 SEPA credit transfer orders and SEPA 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. Any EKS service may establish links to other SEPA payment systems.

5. The link established by the clearing service to STEP2, a clearing system managed by *ABE Clearing S.A.S. à capital variable* (hereinafter, EBA CLEARING), ensures the reachability of the EKS participants using the services of the clearing service, their indirect participants and addressable BIC holders throughout the SEPA area, if they have chosen to receive all incoming SEPA payments in the EKS.

6. The link established by the instant payment service to RT1, an instant payment system managed by EBA CLEARING, and Latvijas Banka's access to TIPS service ensures the reachability of the EKS participants using the services of the instant payment service, their indirect participants and addressable BIC holders throughout the SEPA area.

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

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

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

9.1 Appendix 1.1: Technical specifications for the processing of SEPA credit transfer orders and SEPA payment return orders in the clearing service;

9.2 Appendix 1.2: Terms of reference for capacity and country opinions;

9.3 Appendix 1.3: Contingency and business continuity procedures of the clearing service;

9.4 Appendix 1.4: Operation schedule;

9.5 Appendix 1.5: Fee schedule and invoicing;

9.6 Appendix 1.6: Application form for the static data registration for the clearing service;

- 9.7 Appendix 1.7: Application form for the registration of an indirect participant for the clearing service;
- 9.8 Appendix 1.8: Application form for the registration of an addressable BIC holder for the clearing service;
- 9.9 Appendix 1.9: Technical specifications for the processing of instant payment orders and instant payment return orders in the instant payment service;
- 9.10 Appendix 1.10: Contingency and business continuity procedures of the instant payment service;
- 9.11 Appendix 1.11: Application form for the static data registration for the instant payment service;
- 9.12 Appendix 1.12: Application form for the registration of an indirect participant for the instant payment service;
- 9.13 Appendix 1.13: Application form for the registration of an addressable BIC holder for the instant payment service.

10. Appendices 1.1, 1.3 and 1.6–1.8 to the present Rules shall only be applied with respect to the clearing service.

11. Appendices 1.9–1.13 to the present Rules shall only be applied with respect to the instant payment service.

12. 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

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

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

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

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

13.4 Entities referred to in Paragraphs 13.1 and 13.2 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.

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

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

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

14.3 an investment firm incorporated in the European Economic Area;

14.4 a credit institution or any of the entities listed under Paragraphs 14.1–14.3 herein, incorporated in a country with which the European Union has entered into a monetary agreement allowing access by such entity to payment systems in the European Union,

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

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

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

15.1 entities referred to in Paragraphs 13 and 14 herein;

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

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

2.2 Participants

17. A participant may choose the EKS service it will use. A participant may choose to use the services of one or both EKS services as well as request the registration of several BICs corresponding to the respective settlement accounts in TARGET2 (hereinafter, the registered BIC) in each EKS service.

18. A participant which meets the requirements of Paragraph 13 herein may request the registration of entities as indirect participants in the particular EKS service the services of which the respective participant uses in compliance with the requirements of Paragraph 15 and Subsections 2.3 and 2.4 herein.

19. A participant which meets the requirements of Paragraph 13 herein may request the registration of entities as addressable BIC holders in the particular EKS service in compliance with the requirements of Subsection 2.4 herein.

2.3 Indirect participants

20. An entity eligible for indirect participation in the EKS pursuant to the provisions of Paragraph 15 herein may enter into an agreement with one participant which meets the requirements of Paragraph 13 herein.

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

21.1 for participation in the clearing service:

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

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

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

21.1.4 the rights and obligations of a participant to debit funds from the indirect participant's settlement account or credit funds to the indirect participant's settlement account immediately and irrevocably in accordance with SEPA credit transfer orders and SEPA payment return orders submitted to the clearing service or payments received from the clearing service;

21.2 for participation in the instant payment service:

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

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

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

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

21.3 for participation in any of the EKS services:

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

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

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

22. The EKS shall recognize an indirect participant by registering it in the respective list referred to in Subsection 2.8 herein.

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

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

24. The participant shall submit SEPA credit transfer orders and SEPA payment return orders of an indirect participant and addressable BIC holder to the clearing service in a manner ensuring that the indirect participant and addressable BIC holder may comply with the requirements of the "Law on Payment Services and Electronic Money". The payments received from the clearing service and to be delivered to an indirect participant or addressable BIC holder shall be forwarded by the participant immediately after their receipt from the clearing service.

25. The participant shall submit instant payment orders and instant payment return orders of an indirect participant and addressable BIC holder to the instant payment service in a manner ensuring that the indirect participant and addressable BIC holder may comply

with the requirements of the present Rules. The payments received from the instant payment service and to be delivered to an indirect participant or addressable BIC holder shall be forwarded by the participant in a manner ensuring that the indirect participant and addressable BIC holder may comply with the requirements of the present Rules.

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

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

27.¹ The participant, when submitting documents referred to in Paragraph 39 herein and each time when submitting payment orders of its indirect participant for processing in the EKS or when receiving payment orders addressed to its indirect participant from the EKS, shall confirm that the respective indirect participant meets the requirements of Paragraph 15 herein as well as:

27.¹1 meets the requirements of Paragraph 26 herein, where an indirect participant is using services of the clearing service;

27.¹2 meets the requirements of Paragraph 27 herein, where an indirect participant is using services of the instant payment service.

27.² The participant, when submitting documents referred to in Paragraph 41 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:

27.²1 meets the requirements of Paragraph 26 herein, where an addressable BIC holder is using services of the clearing service;

27.²2 meets the requirements of Paragraph 27 herein, where an addressable BIC holder is using services of the instant payment service.

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

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

2.5 Participant's application procedure

29. 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:

29.1 shall fulfil the following technical requirements:

29.1.1 ensure that it has joined TARGET2 and opened a settlement account in TARGET2 for each its registered BIC;

29.1.2 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;

29.1.3 pass the tests required by Latvijas Banka;

29.2 shall fulfil the following legal requirements:

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

29.2.2 as regards the credit institutions referred to in Paragraph 13.2 herein, submit a country opinion in the form specified in Appendix 1.2 hereto, unless the information and representations to be provided in such country opinion have already been obtained by Latvijas Banka in another context;

29.2.3 adhere to the SEPA Credit Transfer Scheme approved by the European Payments Council to participate in the clearing service;

29.2.4 adhere to the SEPA Instant Credit Transfer Scheme approved by the European Payments Council to participate in the instant payment service.

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

30.1 application form for the static data registration, as specified in Appendix 1.6 hereto;

30.2 application for the use of the services of Latvijas Banka as a participant of STEP2 where, pursuant to the information specified in the application form for the static data registration (Appendix 1.6 hereto), the relevant applicant participant has chosen to receive all incoming payments, including those from other SEPA payment systems, via the EKS.

31. 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 1.11 hereto.

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

33. 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:

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

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

34. 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 29.1.3 herein. Where Latvijas Banka requests additional information pursuant to the provisions of Paragraph 32 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.

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

36. Upon starting to use the services of an EKS service, a participant shall become the user of Proxy Registry "Instant Links". From the moment a participant starts to use the services of the respective EKS service, the Rules for the Use of the Proxy Registry "Instant Links" approved by the Council of Latvijas Banka shall become binding on the participant.

37. Upon starting to use the services of the instant payment service, the participant shall provide the instant payment liquidity position on the date of the connection by submitting a request on changes in the instant payment liquidity position in compliance with the provisions of Appendix 1.9 hereto and shall set the daily initial IP liquidity position via the work station in compliance with Paragraph 165.2 herein.

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

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

38.1 Application form for the registration of the indirect participant pursuant to Appendix 1.7 hereto;

38.2 the indirect participant's application for the use of the services of Latvijas Banka as a participant of STEP2 where the relevant participant has chosen to receive all incoming payments, including those from other SEPA payment systems, via the EKS.

39. To enable an indirect participant to join the instant payment service, a participant shall submit the following documents to Latvijas Banka:

39.1 Application for the registration of the indirect participant pursuant to Appendix 1.12 hereto;

39.2 the indirect participant's application for the use of the services of Latvijas Banka as a participant of RT1.

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

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

40.¹1 Application form for the registration of the indirect participant pursuant to Appendix 1.7 hereto, where participation in the clearing service is being terminated;

40.¹2 Application form for the registration of the indirect participant pursuant to Appendix 1.12 hereto, where participation in the instant payment service is being terminated.

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

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

40.³1 in Latvijas Banka's assessment, there are no longer any grounds for admitting that the entity is an indirect participant pursuant to Paragraph 145 herein;

40.³2 any other indirect participant-related event occurs which, in Latvijas Banka's assessment, would threaten the overall stability and safety of the EKS or jeopardise Latvijas Banka's performance of its tasks as defined in the Law on Latvijas Banka or pose other material risks.

40.⁴ Where participation of the indirect participant in the EKS is terminated pursuant to Paragraph 40.³ herein, Latvijas Banka shall notify the participant of the termination of its indirect participant's participation in a timely manner.

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

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

41.1 Application form for the registration of the addressable BIC holder in accordance with Appendix 1.8 hereto;

41.2 the addressable BIC holder's application for the use of the services of Latvijas Banka as a participant of STEP2 where the relevant participant has chosen to receive all incoming payments, including those from other SEPA payment systems, via the EKS.

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

42.1 Application form for the registration of the addressable BIC holder in accordance with Appendix 1.13 hereto;

42.2 the addressable BIC holder's application for the use of the services of Latvijas Banka as a participant of RT1.

43. 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.

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

43.¹1. Application form for the registration of the addressable BIC holder pursuant to Appendix 1.8 hereto, where registration in the clearing service is being terminated;

43.¹2. Application form for the registration of the addressable BIC holder pursuant to Appendix 1.13 hereto, where participation in the instant payment service is being terminated.

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

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

43.³1 the addressable BIC holder no longer meets the requirements of Paragraph 2.1 herein;

43.^{3,2} 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.

43.⁴ Where registration of the addressable BIC holder in the EKS is terminated pursuant to Paragraph 43.³ herein, Latvijas Banka shall notify the participant of the termination of its addressable BIC holder's registration in a timely manner.

2.8 List of EKS service users

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

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

46. The lists specified in Paragraph 45. herein shall also provide such user's consent to the processing of payment orders containing letters of the Latin alphabet with Latvian diacritical marks.

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

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

49. Latvijas Banka shall establish and maintain a routing table for each EKS service. The table shall contain information on the entities reachable by using the services of the respective EKS service, and it shall include information on the EKS participants, indirect participants and addressable BIC holders, and participants of other relevant SEPA payment systems. Latvijas Banka shall update the routing table and provide information to participants in compliance with the requirements set out in the "Functional Specification of the EKS, the Electronic Clearing System of Latvijas Banka".

49.¹ Latvijas Banka shall send to participants information on direct and indirect participants of STEP2 system in accordance with the procedure laid down in the "Functional Specification of the EKS, the Electronic Clearing System of Latvijas Banka".

3. Obligations of the parties

3.1 Obligations of Latvijas Banka and the participants

50. In the EKS, Latvijas Banka shall offer the services of the clearing service and the instant payment service described in Sections 4 and 5 herein. Unless otherwise provided

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

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

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-law 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 in a timely manner, but no later than three (3) months in advance.

3.2 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 smooth operation and security of the EKS. They shall exchange any information and documents relevant for the performance of their respective obligations and the exercise of their respective rights under the Rules, without prejudice to any banking secrecy obligations.

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 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 indirect participant or an addressable BIC holder by submitting the respective form to Latvijas Banka. Latvijas Banka shall notify the participant of the date from which the changes take effect in the EKS by sending a notification to the e-mail address indicated in the participant's list of contact persons.

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.

4. Clearing service

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

63. The clearing service shall process the following orders:

63.1 SEPA credit transfer orders submitted by a participant;

63.2 SEPA payment return orders submitted by a participant;

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

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

64. The clearing service shall provide the following:

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

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

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

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

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

64.6 the maintenance of cover accounts and ensuring of settlement on TARGET2 holiday.

65. Latvijas Banka may require the participant which meets the requirements referred to in Paragraph 14 herein to provide a pre-deposit for execution of payments submitted in the clearing service, where Latvijas Banka deems it necessary upon assessing risks and the requirements of laws and regulations.

66. The participant shall initiate SEPA payment return orders, no later than on the next business day following the day of the receipt of a SEPA credit transfer order, for those SEPA credit transfer orders received from the clearing service which the participant cannot accept and cannot credit the respective funds to the beneficiary's account, or which do not contain the entire information required for their execution.

67. The participant may submit a SEPA payment cancellation request to the clearing service within ten business days following the settlement date. The routing of the SEPA

payment cancellation request shall be identical to the routing of the SEPA credit transfer order being recalled.

68. The participant may submit an originator's initiated SEPA payment cancellation request to the clearing service within 13 months following the settlement date. The routing of the SEPA payment cancellation request shall be identical to the routing of the SEPA credit transfer order being recalled.

68.¹ The participant may submit an originator's initiated SEPA claim of non-receipt or SEPA claim for value date correction to the clearing service within 13 months following the settlement date. The routing of the request shall be identical to the routing of the initial SEPA credit transfer order.

69. The participant shall respond to the received SEPA payment cancellation request no later than within fifteen business days by returning the funds or sending the SEPA resolution of investigation (negative response to the cancellation request).

69.¹ The participant shall respond to the received SEPA claim of non-receipt or SEPA claim for value date correction no later than within ten business days.

70. Where the participant has not received a response within fifteen business days following the submission of a SEPA payment cancellation request or within ten business days following the submission of a SEPA claim of non-receipt or a SEPA claim for value date correction, the participant may submit a status request to the clearing service. The routing of the status request shall be identical to the routing of the initial SEPA credit transfer order.

71. [Deleted].

72. SEPA credit transfer orders, SEPA 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:
72.1 the information exchange is an exchange of information within the payment systems, including the clearing service, pursuant to the Rules;
72.2 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.

73. SEPA credit transfer orders and SEPA payment return orders shall be processed by the clearing service in clearing cycles in accordance with the timetable of clearing cycles laid down in the "Functional Specification of the EKS, the Electronic Clearing System of Latvijas Banka". In each clearing cycle, the clearing service shall receive payment message and information message files, perform the clearing of SEPA credit transfer orders and SEPA payment return orders, generate payment orders for effecting settlement through TARGET2 or cover accounts, process system notifications regarding settlement, as well as send payment message and information message files to the participants and other SEPA payment systems upon the execution of a settlement.

74. On a TARGET2 business day, the clearing service shall process the SEPA credit transfer orders and SEPA payment return orders submitted for execution by the

participants and other SEPA payment systems, ensuring the settlement execution on the settlement accounts in TARGET2.

75. On a TARGET2 business day, the settlement of the last clearing cycle (hereinafter, the night cycle) shall be performed on the day of accepting the payment message files, with the value date of the next TARGET2 business day.

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

4.2 Submitting payment message and information message files to the clearing service

77. A participant may submit payment message and information message files to the clearing service on business days from 00.00 to 24.00. Latvijas Banka shall accept submitted payment message and information message files on a business day in accordance with the timetable of clearing cycles laid down in the "Functional Specification of the EKS, the Electronic Clearing System of Latvijas Banka". Any payment message and information message files submitted after the respective business day's relevant time period shall be accepted by Latvijas Banka on the next business day in accordance with the timetable of clearing cycles.

78. The time of the payment message and information message file submission by the participant shall be automatically recorded at the moment when the transfer of the file to Latvijas Banka via the file exchange service is complete.

79. In all clearing cycles, with the exception of the night cycle, the clearing service shall process payment message and information message files with the value date of the current business day. In the night cycle, the clearing service shall process the payment message and information message files with the value date of the next TARGET2 business day.

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

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

81. SEPA credit transfer order or SEPA payment return order submitted by a participant or received from another SEPA payment system shall be deemed accepted by Latvijas Banka, where:

81.1 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 Rules and the "Functional Specification of the EKS, the Electronic Clearing System of Latvijas Banka" 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;

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

81.3 the operation schedule stipulated in Appendix 1.4 hereto and the timetable of clearing cycles laid down in the "Functional Specification of the EKS, the Electronic Clearing System of Latvijas Banka" has been complied with;

81.4 the provisions stipulated in Paragraphs 76 and 79 herein have been complied with.

82. Latvijas Banka shall promptly reject a SEPA credit transfer order and SEPA payment return order which fail to meet the terms and conditions stated in Paragraph 0 herein, and shall notify the participant of the rejection of a file, bulk, SEPA credit transfer order or SEPA payment return order pursuant to the Rules, whereas another SEPA payment system shall be notified subject to the terms and conditions of the agreement between Latvijas Banka and the operator of the respective other SEPA payment system.

4.4 Booking a pre-deposit on a TARGET2 business day

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

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

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

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

4.5 Clearing on TARGET2 business day

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

4.5.1 Clearing cycles

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

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

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

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

92. Where, pursuant to TARGET2 notification, the funds booked on a sub-account corresponding to the registered BIC of the participant are not sufficient for the settlement of the net position calculated for the respective registered BIC, the clearing service shall, on the basis of TARGET2 notification regarding the availability of funds on the participants' sub-accounts for each registered BIC, recalculate the multilateral net positions to ensure the settlement within the limits of the booked funds. The clearing service shall exclude from the clearing cycle those SEPA credit transfer orders and SEPA payment return orders which cannot be settled due to the lack of sufficient funds on the settlement account in TARGET2 corresponding to the registered BIC of the participant for the settlement of the net position calculated for the respective registered BIC (the procedure for the exclusion of orders is provided in Appendix 1.1 hereto).

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

4.5.2 Transmission of SEPA credit transfer orders and SEPA payment return orders

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

95. 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.

96. 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.

97. 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 SEPA credit transfer orders and SEPA 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.

98. Where another SEPA payment system rejects the SEPA credit transfer order or SEPA payment return order transferred to it, the clearing service shall generate a SEPA 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 SEPA credit transfer order or SEPA payment return order rejected by another SEPA payment system, and shall include it in the next clearing cycle to return the funds to the participant's settlement account in TARGET2 which was debited.

99. Information messages (SEPA payment cancellation requests, SEPA resolutions of investigation (negative responses to a payment cancellation requests), SEPA claims of non-receipt, SEPA claims for value date correction, status requests and SEPA 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 formatting terms and conditions of the "Functional Specification of the EKS, the Electronic Clearing System of Latvijas Banka" and, following the completion of each clearing cycle, shall be transmitted to the respective recipients.

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

100. For the settlement of the clearing service on a TARGET2 holiday, Latvijas Banka shall open a 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 cover account have taken place.

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

102. To ensure the settlement of the clearing service on a TARGET2 holiday, a

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

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

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

105. The clearing service shall include all SEPA credit transfer orders and SEPA 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.

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

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

108. Where the funds on a 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 cover account corresponding to the registered BIC of the participant. The clearing service shall exclude from the clearing cycle those SEPA credit transfer orders and SEPA payment return orders which cannot be settled due to lack of sufficient funds on a cover account required for the settlement (the procedure for the exclusion of the above orders is provided in Appendix 1.1 hereto).

109. The SEPA credit transfer orders and SEPA payment return orders excluded from the clearing cycle 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.

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

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

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

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

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

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

113. SEPA credit transfer orders and SEPA payment return orders shall be deemed irrevocable in the EKS as of the moment they are transmitted to the clearing service.

5. Instant payment service

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

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

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

114.2 instant payment return orders submitted by a participant;

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

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

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

115. The instant payment service shall ensure the following:

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

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

115.3 automatic adjustment of the current IP liquidity position and balancing of the daily initial IP liquidity position as per the parameters set by the participant and the provisions herein;

115.4 preparation and submission of payment orders to TARGET2 for the balancing of the daily initial IP liquidity position and verification of the settlement in TARGET2;

115.5 exchange of instant payment orders, instant payment return orders and related messages with another SEPA payment system.

116. Immediately after the receipt of an instant payment order or an instant payment return order, a participant in the instant payment service shall ensure the following:

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

116.2 send a negative confirmation message to the instant payment service where it is not possible to execute the instant payment order or instant payment return order;

116.3 immediately credit the beneficiary's account and notify the beneficiary after the receipt of positive confirmation message from the instant payment service.

117. Where the instant payment service, participant or another entity involved in the execution of an instant payment order or instant payment return order receives an instant payment order or instant payment return order and its processing time exceeds 20 seconds from the moment of its receipt from the originator, the respective instant payment service, participant or other entity involved in the execution of the order shall reject that order.

118. To ensure the settlement, Latvijas Banka shall open an instant payment collateral account for a participant in relation to each its registered BIC, where the participant shall credit the funds forming the instant payment liquidity position. 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.

119. The collateral account for instant payments 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 account in the end-of-day processing of the instant payment service in accordance with the timetable of the instant payment service laid down in the "Functional Specification of the EKS, the Electronic Clearing System of Latvijas Banka".

120. The collateral account for instant payments shall be remunerated to or the interest payment shall be received by a participant according to the balance of funds on the account in proportion to the amount of the current IP liquidity position for each registered BIC separately. The amount of the current IP liquidity position shall be recorded every TARGET2 business day in the end-of-day processing of the instant payment service in accordance with its timetable laid down in the "Functional Specification of the EKS, the Electronic Clearing System of Latvijas Banka".

121. Latvijas Banka shall calculate the remuneration of the collateral account for instant payments according to the balance of funds on the account simultaneously with the calculation of the remuneration in RT1 that the EKS is linked to. Latvijas Banka shall debit the respective payment from the participant's settlement account in TARGET2 specified in the application form for the static data registration or from another settlement account of the above participant opened with Latvijas Banka where a negative interest rate is applied, or shall credit it to the participant's settlement account in TARGET2 specified in the application form for the static data registration or another participant's account with Latvijas Banka where a positive interest rate is applied.

122. Where several registered BICs are registered for a participant, Latvijas Banka shall calculate the remuneration amount referred to in Paragraph 120 for each registered BIC separately.

123. The management of the instant payment liquidity position shall be performed by a participant in compliance with the requirements of Subsection 5.5 herein and Appendix 1.9 hereto.

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

125. 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 at least 24 hours in advance via the instant payment service workstation. Latvijas Banka shall notify other participants and the participants of RT1 to that effect.

126. A participant shall execute the instant payment return immediately after the receipt of an instant payment order and instant payment return order where, after sending the positive confirmation message, the respective amount of funds cannot yet be credited to the beneficiary's account.

127. A participant may submit an instant payment cancellation request to the instant payment service within ten days following the settlement date. The routing of the instant payment cancellation request shall be identical to the routing of the instant payment order being recalled.

128. A participant may submit an originator's initiated instant payment cancellation request to the instant payment service within 13 months following the settlement date. The routing of the instant payment cancellation request shall be identical to the routing of the instant payment order being recalled.

129. The participant shall respond to the received instant payment cancellation request no later than within fifteen days by returning the funds or sending a negative response to the instant payment cancellation request.

130. Where a participant has not received a response within fifteen days following the submission of an instant payment cancellation request, the participant may submit an instant payment status request to the instant payment service. The routing of the instant payment status request shall be identical to the routing of the initial instant payment order.

131. Instant payment orders, instant payment return orders 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:

131.1 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;

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

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

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

132. The management of the collateral account held with Latvijas Banka, the calculation of the instant payment liquidity position 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:

132.1 the type of information exchange is the information exchange in Latvijas Banka's Information System for Monitoring Customer Accounts and information exchange in payment systems in compliance with the present Rules;

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

132.2.1 two licences of the advanced security system for information exchange in Latvijas Banka's Information System for Monitoring Customer Accounts;

132.2.2 two licences of the advanced security system for information exchange in Latvijas Banka's payment systems.

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

133. 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.

134. A participant may submit payment messages and information messages every day from 00:00 to 24:00. Latvijas Banka shall accept the submitted message for processing in the instant payment service immediately after it has been received.

135. 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.

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

136. An instant payment order or instant payment return order submitted by a participant shall be deemed accepted by Latvijas Banka where:

136.1 the payment message generated on the basis of above order and submitted by a participant complies with the formatting terms and conditions of the present Rules and the "Functional Specification of the EKS, the Electronic Clearing System of Latvijas Banka";

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

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

136.4 the time-out deadline referred to in Paragraph 117 herein has been complied with during the processing.

137. Latvijas Banka shall accept an instant payment order or instant payment return order addressed to a participant and received from another SEPA instant payment system, where:

137.1 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;

137.2 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;

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

137.4 the time-out deadline referred to in Paragraph 117 herein has been complied with during the processing.

138. Latvijas Banka 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 136 herein, and shall notify the participant of the rejection of the instant payment order or instant payment return order in compliance with the provisions of Appendix 1.9 hereto.

139. Latvijas Banka 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 137 herein, and shall notify the operator of the other SEPA payment system of the rejection of the instant payment order or instant payment return order in compliance with the agreements concluded between Latvijas Banka and the operator of the respective system.

5.4 Real time clearing

5.4.1 Processing of instant payment orders and instant payment return orders

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

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

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

140.1.2 where the current IP liquidity position is not sufficient, the instant payment service shall reject the received instant payment order or instant payment return order and immediately send a negative confirmation message to the participant who has submitted the order;

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

140.1.4 based on each instant payment order:

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

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

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

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

140.1.4.5 upon the receipt of a positive confirmation message, the participant who is the addressee of the instant payment order shall immediately credit funds to the beneficiary's account;

140.1.4.6 upon the receipt of a positive confirmation message or negative confirmation message, the participant who has submitted the instant payment order shall immediately notify the customer to that effect;

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

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

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

140.2.2 where the amount of instant payment liquidity provided by the participant is not sufficient pursuant to Paragraph 147 herein, the instant payment service shall reject the received instant payment order or instant payment return order and shall immediately send a negative confirmation message to the participant who had submitted the respective instant payment order or instant payment return order.

140.2.3 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;

140.2.4 based on each instant payment order:

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

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

140.2.4.3 upon the receipt of a positive confirmation message or negative confirmation message, the participant who has submitted the instant payment order shall immediately notify the customer to that effect;

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

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

141.2 based on each instant payment order:

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

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

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

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

141.2.1.4 the participant who is the addressee of the instant payment order shall credit funds to the beneficiary's account immediately after the positive confirmation message has been received;

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

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

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

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

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

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

5.4.2 Instant payment status investigation

144. Where a participant, upon submitting an instant payment order or instant payment return 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.

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

145.1 recurrently send the positive confirmation or negative confirmation message to the entity who started the investigation where the instant payment order or instant payment return 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;

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

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

5.5 Management of instant payment liquidity position

5.5.1 Key requirements for managing the instant payment liquidity position

147. A participant shall be responsible for the management of instant payment liquidity position and ensuring the instant payment liquidity in the amount sufficient to execute all instant payment orders and instant payment return orders submitted with the respective registered BIC of the participant from the moment of the balancing of the daily initial IP liquidity position until the next balancing of the daily initial IP liquidity position. A participant shall ensure the sufficiency of the instant payment liquidity position, excluding the impact of the instant payment orders and instant payment return orders received during the above period on the amount of instant payment liquidity.

148. The participant shall have the duty to set the amount of the daily initial IP liquidity position and the right to change it in accordance with Paragraph 165.2 herein.

149. The participant can obtain information on the current IP liquidity position via the 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. Technical information on the current IP liquidity position request and the respective reply is included in Appendix 1.9 hereto.

150. On TARGET2 business days, the participant may increase or decrease the instant payment liquidity in accordance with the timetable of the instant payment service laid down in the "Functional Specification of the EKS, the Electronic Clearing System of Latvijas Banka" by submitting the respective request to increase or decrease the instant payment liquidity in accordance with Appendix 1.9 hereto.

151. Based on the received request, the instant payment service shall generate and submit to TARGET2 a payment order to increase the instant payment liquidity for the registered BIC by debiting the respective amount of funds from the settlement account in TARGET2 corresponding to the respective registered BIC of the participant or to decrease the instant payment liquidity by crediting the respective amount of funds to the settlement account in TARGET2 corresponding to the respective registered BIC of the participant.

152. If the balance of the settlement account in TARGET2 corresponding to the registered BIC of the participant is insufficient to increase the instant payment liquidity, the payment order shall be executed to the extent of the balance available.

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

154. The instant payment service shall balance a participant's instant payment liquidity position for each registered BIC of that participant to the amount of the daily initial IP liquidity position every TARGET2 business day in accordance with the timetable of the instant payment service laid down in the "Functional Specification of the EKS, the Electronic Clearing System of Latvijas Banka".

5.5.2 Automatic increase of instant payment liquidity

155. To manage the instant payment liquidity position, a participant may use the option to automatically increase the instant payment liquidity. An automatic increase of instant payment liquidity is an optional service of the instant payment service, and the participant can subscribe to it for each registered BIC separately via the workstation of the instant payment service.

156. The instant payment service shall carry out the automatic increase of instant payment liquidity only on TARGET2 business days, during TARGET2 daytime processing.

157. The participant shall set the following parameters for an automatic increase of instant payment liquidity:

157.1 the minimum IP liquidity position;

157.2 the adjusted IP liquidity position.

158. The parameters for an automatic increase of instant payment liquidity shall take effect as of the moment when the balancing of the daily initial IP liquidity position has been completed in accordance with the timetable of the instant payment service laid down in the "Functional Specification of the EKS, the Electronic Clearing System of Latvijas Banka".

159. Where, following the execution of an instant payment order or instant payment return order, the participant's current IP liquidity position for the registered BIC becomes smaller than the minimum IP liquidity position pre-defined by the participant, the instant payment service shall automatically generate and submit to TARGET2 a payment order to increase the current IP liquidity position by debiting the participant's settlement account in TARGET2 corresponding to the respective registered BIC of the participant by the amount required for the participant's current IP liquidity position for the respective registered BIC to reach the level of the adjusted IP liquidity position set by the participant.

160. If the balance of the settlement account in TARGET2 corresponding to the registered BIC of the participant is insufficient to increase the instant payment liquidity, the payment order shall be executed to the extent of the balance available.

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

161. The instant payment service shall balance the daily initial IP liquidity position for each registered BIC of the participant every TARGET2 business day in accordance with the timetable of the instant payment service laid down in the "Functional Specification of the EKS, the Electronic Clearing System of Latvijas Banka":

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

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

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

161.4 payment orders for the settlement of the real-time clearing positions in the settlement accounts in TARGET2 corresponding to the registered BICs of the participants shall be generated and submitted:

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

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

161.5 if the balance of the settlement account in TARGET2 corresponding to the registered BIC of a participant with a debit position is insufficient to settle a debit position, the payment order shall be executed to the extent of the balance available;

161.6 the parameters for an automatic increase of instant payment liquidity set by the participant shall be updated in compliance with the provisions of Paragraph 157 herein and the present Paragraph.

162. As part of the end-of-day processing performed every TARGET2 business day in accordance with the timetable of the instant payment service laid down in the "Functional Specification of the EKS, the Electronic Clearing System of Latvijas Banka", the instant payment service shall perform the recording of the current IP liquidity position, preparing statements on the current IP liquidity position and sending them to the participants for each registered BIC separately .

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

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

164. Instant payment orders and instant payment return orders shall be deemed irrevocable in the EKS as of the moment they have been submitted to the instant payment service.

5.8 Instant payment service workstation

165. The instant payment service workstation shall ensure the following possibilities for the participant in relation to each it's registered BIC separately:

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

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

165.3 possibility to set the parameters for an automatic increase of the current liquidity;

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

165.5 possibility to notify Latvijas Banka of the technical maintenance planned by a participant.

6. Contingency and Business Continuity Issues and Security Requirements

166. The contingency and business continuity procedures described in Appendix 1.3 hereto shall be applied in the event of an abnormal external event or any other event affecting the operation of the clearing service, whereas the contingency and business continuity procedures described in Appendix 1.10 hereto shall be applied in the event of an abnormal external event or any other event affecting the operation of the instant payment service.

167. 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.

168. 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.

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

7. Liability regime

7.1 Liability regulation

170. 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.

171. 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.

172. 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 procedures referred to in Appendix 1.3 or Appendix 1.10 hereto).

173. Latvijas Banka shall not be liable for:

173.1 any loss caused by a participant; or

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

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

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

7.2 Evidence

176. 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.

177. Latvijas Banka shall keep complete records of the SEPA credit transfer orders, SEPA 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.

178. 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.

179. Latvijas Banka shall keep the information referred to in Paragraph 178 herein for a period of five years from the time such information has been created.

8. Termination of participation

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

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

181. 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 1.6. or Appendix 1.11. hereto.

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

182.1 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;

182.2 in Latvijas Banka's assessment, there are no longer any grounds for admitting that an entity is a participant pursuant to Paragraph 14 herein. The respective participant shall be given a one month notice thereof.

183. Upon termination of participation in the EKS, the confidentiality duties referred to in Section 9 herein shall remain in force for a period of five years as of the date of the termination.

184. 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

185. 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:

185.1 the opening of the participant's insolvency proceedings;

185.2 the participant no longer meets the access criteria stated in Subsection 2.1 herein and the participation requirements stated in Paragraph 29 herein.

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

186.1 one or more events of default (other than those referred to in Paragraph 185 herein) occur;

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

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

186.4 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.

187. Where any of the technical requirements referred to in Paragraph 29.1 herein is not met, Latvijas Banka may immediately and without prior notice terminate the registration of a participant's registered BIC.

188. In exercising the rights under Paragraphs 186.1, 186.2, 186.3 or Paragraph 187 herein, Latvijas Banka shall take into account the seriousness of the events referred to therein.

189. Where Latvijas Banka terminates a participant's participation in the EKS under Paragraphs 185 or 186 herein or the registration of a participant's registered BIC under Paragraph 187 herein, Latvijas Banka shall:

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

189.2 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;

189.3 promptly notify the Financial and Capital Market Commission and the participant of the termination of the participant's participation or termination of the registration of its registered BIC, indicating the time of the termination.

190. Once the notification referred to in Paragraph 189.2 or 189.3 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.

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

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

193. Upon termination of the instant payment service provision to a participant, the participant shall be excluded from the current balancing of the daily initial IP liquidity position settlement in the instant payment service. The outstanding amount of instant payment liquidity shall be credited to the settlement account in TARGET2 corresponding to the participant's registered BIC or to another settlement account specified by the participant.

194. Upon termination of the registration of a participant's registered BIC in the instant payment service, the above registered BIC shall be excluded from the current balancing of daily initial IP liquidity position settlement in the instant payment service. The outstanding amount of instant payment liquidity shall be credited to the settlement account in TARGET2 corresponding to the registered BIC of the participant or to another settlement account specified by the participant.

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

196. Upon termination of the registration of a participant's registered BIC in the clearing service, the outstanding amount on the cover account shall be credited to the settlement

account in TARGET2 corresponding to the registered BIC of a participant or to another settlement account specified by the participant.

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

9. Confidentiality

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

199. By derogation from the requirements of Paragraph 198 herein, the participant agrees that Latvijas Banka may disclose payment, technical or organisational information obtained in the course of the operation of the EKS regarding a participant, indirect participant, addressable BIC holder or customers of the above entities to the extent that this is necessary for the performance of the tasks of the supervisory and oversight authorities, and provided that the disclosure is not in conflict with the applicable laws and regulations. Latvijas Banka shall not be liable for the financial and commercial consequences of such disclosure.

200. By derogation from the requirements of Paragraph 198 herein and provided this does not make it possible, whether directly or indirectly, to identify the participant, indirect participant, addressable BIC holder or the customers of the above entities, Latvijas Banka may use, disclose or publish payment information regarding a participant, indirect participant, addressable BIC holder or customers of the above entities for statistical, historical, scientific or other purposes in the exercise of its functions. The above information may be disclosed to another body governed by public law only where it is necessary to exercise its functions.

201. 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.

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

202. A participant shall be deemed to be aware of and comply with all the obligations under the laws and regulations on data protection, prevention of money laundering and financing of terrorism and proliferation as well as prevention of financing nuclear activities contributing to the risk of nuclear proliferation or the development of nuclear weapon delivery systems as well as on international sanctions and national sanctions of

the Republic of Latvia, in particular in terms of implementing appropriate measures regarding any payments debited from or credited to the participant's settlement account.

203. 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.

11. Notices

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

205. 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.

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

207. A participant shall be bound by all documents which it has submitted to Latvijas Banka in compliance with Paragraphs 204 and 205 herein and which Latvijas Banka reasonably believes to have received from the participant, its employees or agents.

12. Third Party Rights

208. 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.

209. 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.

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

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

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

14. Final provisions

212. Latvijas Banka shall have the right, at any time, to unilaterally amend the agreement "On Participation in the EKS" and the agreement "On the Use of the Logo "Zibmaksājumi" (Instant Payments)" concluded between Latvijas Banka and a participant, the present Rules and its Appendices, the "Rules for the Use of the Proxy Registry "Instant Links"" approved by the Council of Latvijas Banka and the "Functional Specification of the EKS, the Electronic Clearing System of Latvijas Banka" approved by the Board 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"" approved by the Council of Latvijas Banka 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.

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

214. 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"" approved by the Council of Latvijas Banka regarding the relationship among the participants and Latvijas Banka.

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

216. It is assumed that on 15 April 2019 the participants of the EKS each have one registered BIC in each EKS service which they use, and Latvijas Banka shall use the settlement account in TARGET2 corresponding to the above registered BIC to settle invoices pursuant to Appendix 1.5 hereto.

Technical specifications for the processing of SEPA credit transfer orders and SEPA payment return orders in the clearing service

1. General provisions

1.1. In the clearing service, information with participants shall be exchanged in a file format by using the file exchange service.

1.2. The participant shall ensure a timely submission of payment message and information message files, without causing any obstacles to the clearing cycle processing and settlement.

1.3. 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:

1.3.1. generate and send the participant a warning file;

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

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

1.3.4. all the files referred to in Paragraphs 1.3.2 and 1.3.3 of the present Appendix 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.

2. File types

2.1 To exchange information with the participants, the payment message file type PE (payment and payment return file) shall be processed.

2.2. To exchange information with participants, the following information message file types shall be processed:

2.2.1. VE – PE type file validation file;

2.2.2. FE – moved payments file;

2.2.3. UE – excluded payment rejection file;

2.2.4. TE – clearing result file;

2.2.5. ME – warning file;

2.2.6. KE – cover account statement file;

2.2.7. IE – Input Inquiry file;

2.2.8. OE – Output Inquiry File;

2.2.9. QE – IE file validation result file.

2.3. The rules for preparing files and bulks and the structure of messages are stipulated by the "Functional Specification of the EKS, the Electronic Clearing System of Latvijas Banka".

2.4. The clearing service shall process only those payment message and information message files where the date indicated in the respective file name coincides with the value

date, i.e. the date of the current business day or the next TARGET2 business day where the payment message and information message file has been submitted for processing in the night cycle.

2.5. The message field contents shall be validated by Latvijas Banka in accordance with the "Functional Specification of the EKS, the Electronic Clearing System of Latvijas Banka". Participants may agree among each other on specific rules regarding the field contents. However, no specific check-up shall be made by the clearing service as to whether the participants comply with any such rules.

3. Payment and information message types

3.1. SEPA credit transfer orders, SEPA payment return orders, SEPA payment cancellation requests, SEPA resolutions of investigation (negative responses to the cancellation requests), SEPA claims of non-receipt, SEPA claims for value date correction, status requests, and SEPA resolutions of investigation (responses to the investigation requests) shall be included in the files and processed in the clearing service in the form of the respective message types generated in accordance with the SEPA Credit Transfer Scheme Rulebook, SEPA Credit Transfer Scheme Inter-Bank Implementation Guidelines and ISO 20022 XML standard.

Message type	Description
Payment messages	
pacs.008.001.02	SEPA credit transfer message
pacs.004.001.02	SEPA payment return message
Information messages:	
pacs.002.001.03	Status message, moved payment notification message, excluded payment rejection message
camt.056.001.01	SEPA payment cancellation request message
camt.029.001.03	SEPA resolution of investigation (negative response to the cancellation request) message
camt.029.001.08	SEPA resolution of investigation (response to the investigation request) message
pacs.028.001.01	Status request message
camt.027.001.06	SEPA claim of non-receipt message
camt.087.001.05	SEPA claim for value date correction message

3.2. International standard ISO 20022 XML message structure and message field specifications shall be used for generating payment and information messages subject to the limitations and requirements stipulated for the clearing service and described in the "Functional Specification of the EKS, the Electronic Clearing System of Latvijas Banka".

3.3. Other information message files and clearing result file which are sent to the respective participant promptly after the completion of each clearing cycle shall be generated as a formatted file in accordance with the requirements of the "Functional Specification of the EKS, the Electronic Clearing System of Latvijas Banka".

4. Double-entry check

4.1. Double-entry check shall be performed for all files in order to reject the files which have been submitted more than once by mistake.

No.	Description	Source
1.	File name	Submitted file name
2.	File reference	<FileRef>
3.	Sending institution	<SndgInst>

4.2. Where the information of a newly submitted file to be checked is identical to the information of the file that has already been processed, the newly submitted file shall be rejected.

4.3. All bulks included in the file shall pass a double-entry check in order to reject those bulks which have been submitted more than once by mistake. Where the information of a newly submitted bulk to be checked is identical to the information of the bulk that has already been processed, all messages included in the bulk shall be rejected.

4.4. The bulk shall be checked as follows:

No.	Description	Source
1.	Date	Value date
2.	Message identification	<GrpHdr>/<MsgId>
3.	Instructing agent	<GrpHdr>/<InstgAgt>/ <FinInstnId>/<BIC>

4.5. All SEPA credit transfer orders and SEPA payment return orders shall pass a double-entry check in order to reject those orders that have been submitted more than once by a mistake.

4.6. The payment message fields, stated in Paragraphs 4.6.1 or 4.6.2 of the present Appendix shall be checked. Where the entire information that is subject to a double-entry check of a newly submitted order is identical to the information of the order that has already been accepted, the newly submitted SEPA credit transfer order or SEPA payment return order shall be rejected.

4.6.1. SEPA credit transfer messages shall be checked as follows:

No.	Description	Source
1.	Date	Value date
2.	Debtor agent	<CdtTrfTxInf>/<DbtrAgt>/ <FinInstnId>/<BIC>
3.	Transaction Identification	<CdtTrfTxInf>/<TxId>
4.	Message type	<pac.008.001.02>

4.6.2. SEPA payment return messages shall be checked as follows:

No.	Description	Source
1.	Date	Value date
2.	Debtor agent	<TxInf>/<OrgnlTxRef>/<CdtrAgt>/ <FinInstnId>/<BIC>
3.	Payment return identification	<TxInf>/<RtrId>
4.	Message type	<pac.004.001.02>

4.7. SEPA payment cancellation request messages, SEPA resolution of investigation (negative response to the cancellation request) messages and status request messages shall pass a complementary double-entry check. Where the entire information that is subject to

a double-entry check of a newly submitted SEPA payment cancellation request message, SEPA resolution of investigation (negative response to the cancellation request) message or status request message is identical to the information of a message that has already been received, the newly submitted message shall be rejected.

4.7.1. SEPA payment cancellation request messages shall be checked as follows:

No.	Description	Source
1.	Date	File date
2.	Assigner	<Assgnmt>/<Assgnr>/<Agt>/ <FinInstnId>/<BIC>
3.	Cancellation identification	<Undrlyg>/<TxInf>/<CxlId>
4.	Message type	<camt.056.001.01>

4.7.2. SEPA resolution of investigation (negative response to the cancellation request) messages shall be checked as follows:

No.	Description	Source
1.	Date	File date
2.	Assigner	<Assgnmt>/<Assgnr>/<Agt>/ <FinInstnId>/<BIC>
3.	SEPA payment cancellation status identification	<CxlDtls>/<TxInfAndSts>/ <CxlStsId>
4.	Message type	<camt.029.001.03>

4.7.3. Status request messages shall be checked as follows:

No.	Description	Source
1.	Date	File date
2.	Assigner	<GrpHdr>/<InstgAgt>/<FinInstnId>/<BICFI>
3.	Status request identification	<TxInf>/<StsReqId>
4.	Message type	<pacs.028.001.01>

4.7.4. SEPA claim of non-receipt messages shall be checked as follows:

No.	Description	Source
1.	Date	File date
2.	Assigner	<Assgnmt>/<Assgnr>/<Agt>/ <FinInstnId>/<BICFI>
3.	Case identification	<Case>/<Id>
4.	Message type	<camt.027.001.06>

4.7.5. SEPA claim for value date correction messages shall be checked as follows:

No.	Description	Source
1.	Date	File date
2.	Assigner	<Assgnmt>/<Assgnr>/<Agt>/ <FinInstnId>/<BICFI>
3.	Case identification	<Case>/<Id>
4.	Message type	<camt.087.001.05>

4.7.6. SEPA resolution of investigation (response to the investigation request) messages shall be checked as follows:

No.	Description	Source
1.	Date	File date
2.	Assigner	<Assgnmt>/<Assgnr>/<Agt>/ <FinInstnId>/<BICFI>
3.	Identifier of modification status	<ModDtls>/<ModStsId>
4.	Message type	<camt.029.001.08>

5. Rejection reason codes

5.1. Where a file, a bulk included in the file, a payment message or an information message is rejected, the participant shall receive a status message included in the respective file type and indicating the reason for the rejection by using rejection reason codes. The rejection reason codes are defined in the "Functional Specification of the EKS, the Electronic Clearing System of Latvijas Banka".

6. Generation and transmission of payment and information messages

6.1. Payment messages or information messages of the same type shall be included in one or several bulks. The bulk may only consist of a single type of messages. The bulks shall be included in one or several files. Bulks of different types may be included in a single file by arranging them in the sequence specified in the "Functional Specification of the EKS, the Electronic Clearing System of Latvijas Banka".

6.2. Messages shall be included in the following files in accordance with their type:

Message name	Message type	File type	File sender	File control message
SEPA credit transfer message	pacs.008.001.02	PE	EKS or participant	Yes
SEPA payment return message	pacs.004.001.02	PE	EKS or participant	Yes
Status message	pacs.002.001.03	VE or QE	EKS	Yes
Moved payment notification message	pacs.002.001.03	FE	EKS	Yes
Excluded payment rejection message	pacs.002.001.03	UE	EKS	Yes
Clearing result message	–	TE	EKS	No
SEPA payment cancellation request message	camt.056.001.01	PE	EKS or participant	Yes
SEPA resolution of investigation (negative response to the cancellation request) message	camt.029.001.03	PE	EKS or participant	Yes
Status request message	pacs.028.001.01	PE or IE	Participant	Yes
		OE	EKS	

SEPA claim of non-receipt message	camt.027.001.06	IE	Participant	Yes
		OE	EKS	
SEPA claim for value date correction message	camt.087.001.05	IE	Participant	Yes
		OE	EKS	
SEPA resolution of investigation (response to the investigation request) message	camt.029.001.08	IE	Participant	Yes
		OE	EKS	
Warning message	–	ME	EKS	No
Cover account statement message	–	KE	EKS	No

6.3. Where the clearing service rejects one or several payment messages or information messages of a single payment message file, the notices of erroneous payment message or information 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 payment messages or information messages listed.

6.4. Where the clearing service move some or several payment messages of a single payment message file, the respective moved payment notification message shall be included in a single moved payments file.

6.5. Where the clearing service rejects the excluded payment messages or information messages submitted by the participant and addressed to the participant, the respective notices of payment message or information message rejection shall be included in a single rejection file.

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

6.7. The clearing service shall generate a clearing result message for each registered BIC of a participant included in the net settlement. The clearing service shall include the clearing result message in the clearing result file. Where the clearing result comprises several messages, they shall be included in clearing result file.

7. Recalculation of the net positions and exclusion of SEPA credit transfer orders and SEPA payment return orders from the clearing cycle

7.1. When recalculating the net positions, the SEPA credit transfer orders and SEPA payment return orders, addressed to the participants whose registered BICs have credit positions, shall be excluded from the clearing cycle pursuant to the procedure stipulated by the Rules in the sequence opposite to that of their submission (taking into account the sequence of submitting the payment message files and the sequence of payment messages in the file). Where, as a result of exclusion, the position of the receiving participant changes from credit position to debit position, this payment shall not be excluded. Where all SEPA credit transfer orders and SEPA payment return orders, addressed to the participants whose registered BICs have credit positions, do not change the position from credit position to debit position have been excluded, the SEPA credit transfer orders and SEPA 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.

7.2. Where, following the exclusion of all orders referred to in Paragraph 7.1 of the present Appendix, the debit position is not covered, all SEPA credit transfer orders and SEPA 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).

7.3. If such exclusion results in an uncovered debit position for the registered BIC of the participant where a SEPA credit transfer order or SEPA payment return order has been addressed to, the orders of the above participant shall be excluded according to the algorithm described in Paragraphs 7.1 and 7.2 of the present Appendix, and the initial exclusion of SEPA credit transfer orders and SEPA payment return orders shall only continue thereafter.

8. Maintenance of a cover account

8.1. To ensure funds for a net settlement on a TARGET2 holiday, a participant on the previous business day of TARGET2 shall submit to TARGET2 one or more credit transfer orders (MT 202) addressed to Latvijas Banka, indicating the code /REC/EKSB in the Field 72. The BIC of a credit transfer order's sender shall match the registered BIC of the participant's cover account being credited.

8.2. It shall not be possible to increase funds in a cover account after the close of TARGET2 daytime processing.

8.3. At the end of each business day when changes in the funds balance on the cover account have taken place (crediting of funds, net settlement, repayment of funds), the clearing service shall generate a cover account statement message for the participant and send it to the participant by way of a cover account statement file, using its respective registered BIC.

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 [name, surname],

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

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

1. DOCUMENTS EXAMINED

For the purposes of this Opinion, we have examined:

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

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

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

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

1.5. [specify all powers of attorney and other documents constituting or evidencing the requisite power of the person or persons signing the relevant System Documents (as defined below) on behalf of the Participant] and all other documents relating to the Participant's constitution, powers, and authorisations necessary or appropriate for the provision of this Opinion (hereinafter, the "Participant Documents").

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

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

1.7. [..]

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

2. ASSUMPTIONS

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

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

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

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

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

3. OPINIONS REGARDING THE PARTICIPANT

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

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

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

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

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

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

Yours faithfully,

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

(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 [name, surname],

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

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

1. DOCUMENTS EXAMINED

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

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

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

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

2. ASSUMPTIONS

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

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

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

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

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

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

3. OPINION

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

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

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

3.2. General insolvency issues

3.2.1. Types of insolvency proceedings

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

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

3.2.2. Insolvency treaties

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

3.3. Enforceability of System Documents

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

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

The provisions on processing of credit transfer orders and payment return orders [Subsections 4.1 and 5.1] of the System Rules are valid and enforceable. In particular, all

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

3.3.2. Authority of Latvijas Banka to perform its functions

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

3.3.3. Remedies in the event of default

[Where applicable to the Participant, the provisions contained in the System Rules regarding the termination of participation, claims for default interest, and termination of agreements and transactions [Section 8] are valid and enforceable under the laws of [jurisdiction].]

3.3.4. Termination

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

3.3.5. Assignment of rights and obligations

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

3.3.6. Choice of governing law and jurisdiction

The provisions contained in [Section 13] of the System Rules, and in particular in respect of the governing law, the resolution of a dispute, competent courts, and service of process are valid and enforceable under the laws of [jurisdiction].

3.4. Voidable preferences

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

In particular, and without limitation to the foregoing, we express this opinion in respect of any credit transfer orders and payment return orders submitted by any Participant in the System. We are of the opinion that the provisions of [Subsections 4.7 and 5.7] of the System Rules establishing the enforceability and irrevocability of credit transfer orders and payment return orders will be valid and enforceable and that a credit transfer order or payment return order submitted by any Participant and processed pursuant to

[Subsections 4.1–4.6 and 5.1–5.6] of the System Rules may not be set aside in any Insolvency Proceedings or Proceedings as a preference, voidable transaction or otherwise under the laws of [jurisdiction].

3.5. Branches [to the extent applicable]

3.5.1. Opinion applies to action through branches

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

3.5.2. Conformity with law

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

3.5.3. Required authorisations

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

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

Yours faithfully,

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

(name, surname and position)

Contingency and business continuity procedures of the clearing service

1. General provisions

1.1. The present Appendix sets out the arrangements between Latvijas Banka and participants, if operation of the clearing service fails or is not available, or it is affected by abnormal external events, or the failure affects any participant.

2. Contingency and business continuity measures

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

2.2. The following key contingency and business continuity processing measures shall be available in the clearing service:

- 2.2.1. using alternative information exchange channels;
- 2.2.2. changing the operation schedule of the clearing service;
- 2.2.3. cancellation of the clearing cycle;
- 2.2.4. moving of payment orders to another cycle.

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

3. Incident communication

3.1. Information about the failure of the clearing service operation or an abnormal external event shall be communicated by Latvijas Banka to participants by using information from the list of the participants' contact persons. Notifications to participants shall include the following information:

- 3.1.1. the anticipated delay in processing (if known);
- 3.1.2. instructions to the participants.

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

4. The use of alternative information exchange channels of the clearing service

4.1. 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 recurrently transferred by the end of the TARGET2 business day.

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

4.3. 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 via an e-mail. The parties

shall notify by telephone their e-mail addresses to be used for the file exchange, or agree with Latvijas Banka on another file exchange channel.

4.4. In the cases referred to in Paragraph 4.3 of the present Appendix, 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 58 herein.

5. Changing the operation schedule

5.1. Latvijas Banka may change the operation schedule of the clearing service where necessary.

6. Cancellation of the clearing service clearing cycle

6.1. Where the clearing service cannot submit payment orders to TARGET2 for settling net positions, the clearing service shall cancel the clearing cycle.

6.2. SEPA credit transfer orders and SEPA 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.

6.3. Where the EKS cannot submit payment orders to TARGET2 for settling net positions of several clearing cycles in accordance with the timetable of clearing cycles laid down in the "Functional Specification of the EKS, the Electronic Clearing System of Latvijas Banka", several clearing cycles shall be combined into one clearing cycle.

7. Moving of payment orders to another cycle

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

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

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

8. Participant-related failures

8.1. Where a participant encounters problems that may prevent it from submitting SEPA credit transfer orders and SEPA payment return orders to the clearing service, it shall be solely responsible for solving such problems.

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

9. Other provisions

9.1. 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.

Operation schedule

1. Clearing service:

1.1. The EKS ensures clearing on all days, except Saturdays, Sundays, New Year's Day, Good Friday, Easter Monday, 1 May, 25 December 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;

1.2. On a business day, operations of the clearing service are to be executed in accordance with the timetable of clearing cycles laid down in the "Functional Specification of the Electronic Clearing System (EKS) of Latvijas Banka".

2. Instant payment service shall ensure non-stop (24/7/365) real time clearing in accordance with the operating timetable laid down in the "Functional Specification of the EKS, the Electronic Clearing System of Latvijas Banka".

3. Latvijas Banka may change the above operation schedule, if contingency and business continuity measures are implemented.

Fee schedule and invoicing

1. Fees for participants

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

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

2. Invoicing

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

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

3. Fees for reachability in other SEPA payment systems

3.1. The fee for the participation in STEP2 and RT1 shall be set according to the effective EBA CLEARING tariffs.

3.2. Latvijas Banka shall collect from a participant the fees paid by Latvijas Banka to EBA CLEARING for all registered BICs of the participant, including for the reachability of an indirect participant of this participant and an addressable BIC holder, in STEP2 or RT1 in the following order:

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

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

Application form for the static data registration for the clearing service

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

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

Registered name of the participant*	
VAT Payer Register, No	
Registration number	
Registered BIC of the participant for settlement of invoices	

Registered BIC in the clearing service											
(insert and fill in a separate section for each registered BIC)											
BIC											
Test BIC											
Name*											
1. Payment routing											
1.1. Send and receive all payments. I agree to the registration of the BIC and name in the STEP2 directory, using the services of Latvijas Banka as a STEP2 participant.										<input type="checkbox"/>	
1.2. Send and receive payments submitted by EKS participants only										<input type="checkbox"/>	
2. SEPA credit transfer orders and SEPA payment return orders containing the letters of the Latin alphabet with Latvian diacritical marks											
2.1. Are accepted										<input type="checkbox"/>	
2.2. Are not accepted										<input type="checkbox"/>	
3. Provision of a pre-deposit subject to Latvijas Banka request										<input type="checkbox"/>	
4. 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.**

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

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

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

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

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

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

Registered name of the indirect participant*										
Registration number										
Indirect participant's BIC										
BIC										
Test BIC										
1. Payment routing										
1.1. Send and receive all payments. I hereby confirm that the indirect participant has agreed to the registration of its BIC and name in the STEP2 directory, using the services of Latvijas Banka as a STEP2 participant.										<input type="checkbox"/>
1.2. Send and receive payments submitted by EKS participants only										<input type="checkbox"/>
2. I hereby confirm that the indirect participant has joined the SEPA Credit Transfer Scheme of the European Payments Council (indicate the date of joining)										

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

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

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

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

(shall be filled in and signed by the participant)

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

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

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

Registered name of the addressable BIC holder*											
Registration number											
Addressable BIC holder's BIC											
BIC											
Test BIC											
1. Payment routing											
1.1. Send and receive all payments. I hereby confirm that the addressable BIC holder has agreed to the registration of its BIC and name in the STEP2 directory, using the services of Latvijas Banka as a STEP2 participant.										<input type="checkbox"/>	
1.2. Send and receive payments submitted by EKS participants only										<input type="checkbox"/>	
2. 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.

(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.

Technical specifications for the processing of instant payment orders and instant payment return orders in the instant payment service

1. General information

1.1. In the instant payment service, payment information shall be exchanged with participants in a message format.

1.2. A current IP liquidity position report reflecting the changes made to the instant payment liquidity position of the registered BIC, based on the instant payment orders and instant payment return orders submitted and received by the participant, and the changes made to the instant payment liquidity position with the respective registered BIC, shall be sent to the participant in a file format, using its registered BIC code, and files are exchanged by using the file exchange service.

1.3. 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:

1.3.1. 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);

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

2. Message types and processing

2.1. The instant payment service accepts and processes only individual messages.

2.2. The instant payment service processes the received messages in real time and immediately forwards the messages generated during the processing to the respective participants.

2.3. The instant payment service processes types of messages generated in accordance with ISO 20022 XML standard.

Message type	Description
Payment messages	
pacs.008	Instant payment message
pacs.004	Instant payment return message
Information messages	
pacs.002	Instant payment status message
camt.056	Instant payment cancellation request message
camt.029	Negative response to the instant payment cancellation request message
pacs.028	Instant payment status request message
camt.060	Current IP liquidity position request message
camt.052	Current IP liquidity position message

2.4. ISO 20022 XML message structure and message field specifications shall be used for generating payment and information messages subject to the limitations stipulated by the instant payment service and requirements described in the "Functional Specification of the EKS, the Electronic Clearing System of Latvijas Banka".

2.5. During the end-of-day processing, the instant payment service shall generate the current IP liquidity position report for each registered BIC of the participant registered in the instant payment service.

2.6. The file of the current IP liquidity position report, sent to the participant using its respective registered BIC after the end-of-day processing, shall be generated in accordance with the requirements of the "Functional Specification of the EKS, the Electronic Clearing System of Latvijas Banka", as a formatted file.

3. Double-entry check

3.1. Double-entry check shall be performed by instant payment service in order to reject the messages which have been submitted more than once by mistake.

3.2. The following elements of the respective message shall be checked:

No.	Message type	Message reference	Entity/Institution	Date and time
1.	pac.008	<TxId>	<DbtrAgt>	<AcptncDtTm>
2.	pac.004	<RtrId>	<CdtrAgt>	<IntrBkSttlmDt>
3.	camt.056	<CxlId>	<DbtrAgt>	<CreDtTm>
4.	camt.029	<CxlStsId>	<CdtrAgt>	<CreDtTm>
5.	pac.028	<StsReqId>	<DbtrAgt>	<CreDtTm>

3.3. Where the information that is subject to a double-entry check of a newly submitted message is identical to the information of the message that has already been accepted, the newly submitted message shall be rejected.

3.4. Instant payment status messages (pac.002) shall not be subject to the instant payment service duplication checks. Where the instant payment service receives several status messages for the same payment message, the first message shall change its payment status, but those received later shall be forwarded without changing their payment status.

4. Status reason codes

4.1. Where an instant payment order or an instant payment return order is rejected, the participant shall receive an reject notification included in an instant payment status message and indicating the reason for the rejection by using status reason codes. The status reason codes are defined in the "Functional Specification of the EKS, the Electronic Clearing System of Latvijas Banka".

5. Cover management

5.1. Requests to increase or decrease the current IP liquidity position shall be sent via SWIFT as requests for changes in IP liquidity position (MT298), addressed to Latvijas Banka and generated in accordance with the requirements of the "Functional Specification of the EKS, the Electronic Clearing System of Latvijas Banka".

5.2. The restrictions applying to the parameters for automatic instant payment liquidity increase are defined in the "Functional Specification of the EKS, the Electronic Clearing System of Latvijas Banka".

5.3. The instant payment service shall process a current IP liquidity position request message generated in accordance with the international standard ISO 20022 requirements applicable to preparing an XML standard message pacs.060. When receiving such a message, the instant payment service shall send the current IP liquidity position message generated in accordance with the international standard ISO 20022 requirements applicable to preparing an XML standard message pacs.052, to the participant, using its respective registered BIC.

Contingency and business continuity procedures of the instant payment service

1. General provisions

1.1. The present Appendix sets out the arrangements between Latvijas Banka and participants, if the operation of the instant payment service fails or it is not available, it is affected by abnormal external events, or the failure affects any participant.

2. Contingency and business continuity measures

2.1. In the event of abnormal external events or failure of the instant payment service or its operation or such unavailability that affects normal operation of the instant payments, Latvijas Banka shall be entitled to adopt contingency and business continuity measures.

2.2. In relation to business continuity and contingency processing measures, the Latvijas Banka shall have full discretion regarding whether and which measures are adopted to execute payment orders and payment return orders.

3. Incident communication

3.1. Information about the failure of the instant payment service operation or an abnormal external event shall be communicated by Latvijas Banka to participants by using information from the list of the participants' contact persons. Notifications to participants shall include the following information:

- 3.1.1. the anticipated unavailability of the instant payment service (if known);
- 3.1.2. instructions to participants.

3.2. Latvijas Banka may notify participants of any other existing or anticipated events which are likely to affect the normal operation of the instant payment service.

4. Changing the operation schedule

4.1. Latvijas Banka may change the operation schedule of the instant payment service and the operating timetable of the instant payment service laid down in the "Functional Specification of the EKS, the Electronic Clearing System of Latvijas Banka", where necessary.

5. Participant-related failures

5.1. Where a participant encounters problems that may prevent it from submitting instant payment orders and instant payment return orders to the instant payment service, it shall be solely responsible for solving such problems.

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

6. Other provisions

6.1. 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.

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

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

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

Registered name of the participant*	
VAT Payer Register, No	
Registration number	
Registered BIC of the participant for settlement of invoices	

Registered BIC in the instant service											
(insert and fill in a separate section for each registered BIC)											
BIC											
Test BIC											
Name*											
1. I agree to the registration of the participant's registered BIC and name in RT1 and the TIPS directory											<input type="checkbox"/>
2. Instant payment orders and instant payment return orders containing letters of the Latin alphabet with Latvian diacritical marks											
Are accepted											<input type="checkbox"/>
Are not accepted											<input type="checkbox"/>
3. 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.

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

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

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

(shall be filled in and signed by the participant)

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

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

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

Registered name of the indirect participant*											
Registration number											
Indirect participant's BIC											
BIC											
Test BIC											
1. I hereby confirm that the indirect participant has agreed to the registration of its BIC and name in the RT1 and the TIPS directory										<input type="checkbox"/>	
2. I hereby certify that the indirect participant has joined the SEPA Instant Credit Transfer Scheme approved by the European Payments Council (indicate the date of joining)											

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

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

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

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

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

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

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

Registered name of the addressable BIC holder*											
Registration number											
Addressable BIC holder's BIC											
BIC											
Test BIC											
1. I hereby confirm that the addressable BIC holder has agreed to the registration of its BIC and name in the RT1 and the TIPS directory										<input type="checkbox"/>	
2. 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.

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

Governor of Latvijas Banka

I. Rimšēvičs

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

SAMPLE

**THE TIMESTAMP OF THE ELECTRONIC SIGNATURE
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AGREEMENT No.

On participation in the EKS

Latvijas Banka (hereinafter, the BANK) represented by _____

(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 _____

(name, surname and position of the representative)

acting under _____,

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

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

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

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

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

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

6. Registered addresses of the Parties

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

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

6.2. The PARTICIPANT: _____

The BANK

The PARTICIPANT

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

(name, surname)

(name, surname)

Governor of Latvijas Banka

I. Rimšēvičs

SAMPLE

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

AGREEMENT No.

On the use of the instant payments logo

Latvijas Banka (hereinafter, the BANK) represented by _____

(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 _____

(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 BANK shall provide the PARTICIPANT using the instant payments service of the electronic clearing system of Latvijas Banka a licence for the use of the BANK's instant payments logo (hereinafter, the logo) as depicted and described in the "Functional Specification of the EKS, the Electronic Clearing System of Latvijas Banka" of the Board of the BANK.
2. The PARTICIPANT shall comply with the requirements for using the logo laid down in the present AGREEMENT and the "Functional Specification of the EKS, the Electronic Clearing System of Latvijas Banka" of the Board of the BANK. The logo may not be subject to any alternations other than of its size.
3. The BANK shall provide the licence referred to in Paragraph 1 of this AGREEMENT to the PARTICIPANT for as long as the PARTICIPANT is entitled to use the instant payment services of the EKS in accordance with the "System Rules for Participation in the EKS" approved by the Council of the BANK.
4. The PARTICIPANT shall have no right to pass on the licence referred to in Paragraph 1 of this AGREEMENT to any third parties.
5. The BANK certifies and guarantees that it has all the rights to provide the licence referred to in to in Paragraph 1 of this AGREEMENT.
6. The PARTICIPANT shall have the right to use the logo in SEPA countries and territories in information materials, including information materials published on the

PARTICIPANT's website or displayed by the PARTICIPANT in social media and providing information about instant payments implemented by using the instant payments service of the EKS.

7. The PARTICIPANT shall have the right to use the logo in SEPA countries and territories when providing such services to its customers where the instant payments service of the EKS is used, e.g. in a mobile application initiating an instant payment.

8. The PARTICIPANT shall have no right to use the logo in cases that are not referred to in Paragraphs 6 and 7 of this AGREEMENT without a written consent of the BANK.

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

10. Where the BANK discontinues to provide instant payment services of the EKS to the PARTICIPANT in accordance with the "System Rules for Participation in the EKS", the AGREEMENT shall also become invalid at the same time.

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

12. Registered addresses of the PARTIES

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

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

12.2. The PARTICIPANT: _____

The BANK

The PARTICIPANT

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

(name, surname)

(name, surname)

Governor of Latvijas Banka

I. Rimšēvičs