

THE COUNCIL OF LATVIJAS BANKA

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16 September 2013  
Rīgā

Procedure (internal regulation) No. 213/9

**On the Regulation for Servicing of Customer Accounts of Latvijas Banka**

Note.

As amended by Latvijas Banka's Council Procedures No. 225/4 of 10 July 2014 (with effect from 11 July 2014), No. 227/3 of 13 November 2014 (with effect from 21 November 2014), No. 233/3 of 12 May 2015 (with effect from 8 June 2015), No. 252/3 of 16 January 2017 (with effect from 3 February 2017), No. 258/4 of 13 July 2017 (with effect from 14 July 2017), No. 260/9 of 14 September 2017 (with effect from 6 October 2017), No. 279/4 of 20 September 2018 (with effect from 18 November 2018), No. 287/7 of 28 March 2019 (with effect from 15 April 2019), No. 292/3 of 16 July 2019 (with effect from 1 August 2019) and No. 295/3 of 26 September 2019 (with effect from 10 October 2019).

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

1. Hereby the "Regulation for Servicing of Customer Accounts of Latvijas Banka" (Appendix 1), sample agreements "On Servicing a Settlement Account" (Appendix 2), "On Indirect Participation in the EKS" (Appendix 3) and "On Servicing a Settlement Account and the Addressable BIC Holder Service in the EKS" (Appendix 4) have been adopted.

2. The agreements 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 in Paragraph 1 herein or is absent, the Deputy Chairperson of Latvijas Banka's Board shall sign the agreements referred to in Paragraph 1 herein. Where the Chairman and Deputy Chairperson of Latvijas Banka's Board either find themselves in a conflict of interest regarding the other party to the agreements referred to in Paragraph 1 herein or are absent, a member of the Board of Latvijas Banka shall sign the agreements referred to in Paragraph 1 herein.

3. The Board of Latvijas Banka shall establish a procedure for ensuring the servicing of Latvijas Banka's customer accounts.

4. The Board of Latvijas Banka shall approve the "Functional Specifications of Latvijas Banka's Payment Processing".

5. Chapter 5 of Appendix 1 "Regulation for Servicing of Customer Accounts of Latvijas Banka" hereto shall enter into force on 1 April 2014.

5.<sup>1</sup> Amendments to Paragraphs 2.15.<sup>1</sup> and 80.2 of Appendix 1 "Regulation for Servicing

of Customer Accounts of Latvijas Banka" hereto in relation to participation in STEP2 shall take effect on 9 December 2014.

6. The Procedure shall take effect on 1 January 2014.

Governor of Latvijas Banka

Ilmārs Rimšēvičs

## **Regulation for Servicing of Customer Accounts of Latvijas Banka**

### **7. General issues**

1. The Regulation sets out mutual rights and obligations of Latvijas Banka and the customer, including:

1.1. a procedure for opening a settlement account with Latvijas Banka for settlement in euro and its servicing in relation to a credit institution registered in the Republic of Latvia and a branch registered in the Republic of Latvia of a credit institution registered in another country (hereinafter, a credit institution) which are not participants of TARGET2-Latvija, and with regard to a credit union registered in the Republic of Latvia (hereinafter, a credit union);

1.2. a procedure for ensuring the service of indirect participation in Latvijas Banka's electronic clearing system (EKS; hereinafter, the EKS) to a credit union which has opened a settlement account with Latvijas Banka for settlement in euro;

1.3. a procedure for ensuring the addressable BIC holder service in the EKS to a payment institution licensed in the European Economic Area (EEA; hereinafter, a payment institution) and to an e-money institution licensed in the EEA (hereinafter, an e-money institution) which is entitled to execute customer credit transfers in Latvia by opening a settlement account with Latvijas Banka for the storage of funds in euro necessary for the execution of SEPA credit transfers of the customers of these institutions and by making SEPA credit transfers, with the value of one credit transfer not exceeding 1000 euro, of the customers of these institutions.

2. Terms used in the Regulation:

2.1. addressable BIC holder – a customer holding a Business Identifier Code (BIC) and having concluded the agreement "On Servicing a Settlement Account and the Addressable BIC Holder Service in the EKS" with Latvijas Banka;

2.2. current instant payment 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 the instant payment liquidity position;

2.3. [deleted];

2.4. [deleted];

2.5. [deleted];

2.5<sup>1</sup> [deleted];

2.6. [deleted];

2.7. [deleted];

2.8. business day – a business day within the meaning of the "System Rules for Participation in the EKS" approved by the Council of Latvijas Banka;

2.9. daily initial instant payment liquidity position – the amount of instant payment liquidity set by the customer whereby the customer starts its settlement by using the indirect participation or addressable BIC holder service in the EKS instant payment service at the beginning of TARGET2 daytime processing;

2.10. EKS – the electronic clearing system of Latvijas Banka (hereinafter, the EKS) within the meaning of the "System Rules for Participation in the EKS" approved by the Council of Latvijas Banka;

2.11. EKS participant – an entity that has entered into an agreement on participation in the EKS;

2.12. [deleted];

- 2.13. applicant customer – the entity referred to in Paragraph 1.1 or Paragraph 1.3 herein which has submitted an application to open a settlement account but has not yet become a customer;
- 2.14. customer – an entity for which Latvijas Banka has opened a settlement account in compliance with this Regulation;
- 2.15. clearing service – a component of the EKS ensuring the interbank clearing of SEPA credit transfer orders and SEPA payment return orders, inter alia the transmission of the related messages, as well as the preparation and submission of payment instructions in TARGET2 for effecting settlements in the settlement accounts of EKS participants in TARGET2;
- 2.16. Latvijas Banka's accounting system – Latvijas Banka's information system in which customer settlement accounts have been opened;
- 2.17. liquidity transfer order – a payment order, the main purpose of which is to transfer liquidity between the customer's settlement account with Latvijas Banka and other settlement accounts of the customer;
- 2.18. insolvency proceedings – any event, including the insolvency process, stipulated by legislative acts of the Republic of Latvia or any other country regarding the closure, restriction of activity or rehabilitation of the relevant customer, if it includes the termination or restriction of money transfers;
- 2.19. minimum instant payment liquidity position – the amount of the current instant payment liquidity position below which Latvijas Banka triggers an automatic increase in instant payment liquidity up to the level of the adjusted instant payment liquidity position;
- 2.20. indirect participant – a customer which has signed the agreement "On Indirect Participation in the EKS" with Latvijas Banka;
- 2.21. adjusted instant payment liquidity position – the level of instant payment liquidity position up to which Latvijas Banka automatically increases the instant payment liquidity if the minimum instant payment liquidity position has been reached;
- 2.22. RT1 – a clearing system managed by ABE Clearing S.A.S. à capital variable (hereinafter, EBA Clearing);
- 2.23. event of default – any existing or impending event the occurrence of which may threaten the performance by a customer of its obligations pursuant to the Regulation, including if:
- 2.23.1. the grounds for opening a settlement account referred to in Paragraphs 3 or 10 herein have disappeared;
- 2.23.2. the insolvency proceedings have been opened against the customer;
- 2.23.3. an application in relation to the insolvency proceedings has been submitted;
- 2.23.4. the customer has given notice in writing of its inability to pay its debts in full or in part;
- 2.23.5. the customer has been declared insolvent;
- 2.23.6. the customer's credit balance on its settlement account or all or a significant part of its assets are subject to a freezing order, attachment, seizure or any other procedure intended to protect the public interest or the rights of the customer's creditors;
- 2.23.7. any material representation or pre-contractual statement made by the customer is incorrect or untrue;
- 2.23.8. all or a substantial part of the customer's assets have been assigned;
- 2.23.9. a sanction resulting from violation of requirements relating to the prevention of money laundering or terrorist and proliferation financing has been imposed on the customer;
- 2.23.10. a sanction resulting from violation of requirements set out in the Law on International Sanctions and National Sanctions of the Republic of Latvia has been imposed on the customer;
- 2.24. SEPA – the Single Euro Payments Area;

- 2.25. SEPA credit transfer order – an order to make a SEPA credit transfer as defined in the SEPA Credit Transfer Scheme Rulebook approved by the European Payments Council (hereinafter, the SEPA Credit Transfer Scheme Rulebook);
- 2.26. SEPA rejection message – a SEPA Credit Transfer Scheme Rulebook compliant message to notify the recipient of a rejection of a payment or a message related to the payment;
- 2.27. SEPA payment cancellation request – a SEPA Credit Transfer Scheme Rulebook compliant request to refund a previously settled SEPA credit transfer;
- 2.27.<sup>1</sup> status request – an investigation request regarding the status of a SEPA payment cancellation request, SEPA claim of non-receipt or a SEPA claim for value date correction that has not been answered in due time;
- 2.27.<sup>2</sup> 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;
- 2.28. SEPA payment return order – a SEPA Credit Transfer Scheme Rulebook compliant payment refund order;
- 2.28.<sup>1</sup> 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 payee;
- 2.28.<sup>2</sup> 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;
- 2.28.<sup>3</sup> 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;
- 2.29. urgent credit transfer order – an instruction by a payer to make an urgent credit transfer to ensure the availability of funds to a payee on its settlement account;
- 2.30. urgent payment order – an urgent credit transfer order or liquidity transfer order submitted by a credit institution or a credit union;
- 2.31. STEP2 – a clearing system maintained by EBA CLEARING;
- 2.32. SWIFT – an international organisation established by banks to ensure the transmission of interbank financial messages by means of the telecommunications network (Society for Worldwide Interbank Financial Telecommunication);
- 2.33. TARGET2 business day – a business day within the meaning of the "System Rules for Participation in TARGET2-Latvija" approved by the Council of Latvijas Banka;
- 2.34. TARGET2 – TARGET2 within the meaning of the "System Rules for Participation in TARGET2-Latvija" approved by the Council of Latvijas Banka;
- 2.35. TARGET2-Latvija – TARGET2-Latvija within the meaning of the "System Rules for Participation in TARGET2-Latvija" approved by the Council of Latvijas Banka;
- 2.36. instant payment order – an order to credit a certain amount to the payee immediately after it has been received, as defined in the SEPA Instant Credit Transfer Scheme Rulebook approved by the European Payments Council (hereinafter, the SEPA Instant Credit Transfer Scheme Rulebook);
- 2.37. instant payment cancellation request – a request to refund a previously settled instant payment as defined in the SEPA Instant Credit Transfer Rulebook;
- 2.37.<sup>1</sup> 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;
- 2.38. instant payment status request – an instant payment investigation request where the debtor agent has not received a response to the submitted instant payment order, or a request regarding the status of an instant payment cancellation request which has not been answered in due time;
- 2.39. 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;

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

2.41. instant payment service – a component of the EKS ensuring continuous (24/7/365) real time clearing of instant payment orders and instant payment return orders, inter alia sending the payment execution confirmation to the payer, the transmission of instant payment cancellation requests and the related messages as well as the preparation and submission of payment instructions in TARGET2 for effecting settlements in the settlement accounts of EKS participants in TARGET2;

2.42. Proxy Registry "Instant Links" – Proxy Registry "Instant Links" within the meaning of the "System Rules for Participation in the EKS" approved by the Council of Latvijas Banka.

## **8. Opening and management of a settlement account**

### **Conditions, application procedure and opening of a settlement account for credit institutions and credit unions**

3. Latvijas Banka may open a settlement account for the institutions referred to in Paragraph 1.1 herein provided that the applicant customer fulfils the technical requirements specified in Paragraph 4 herein, submits the documents referred to in Paragraph 5 herein as well as the information referred to in Paragraph 6 herein if Latvijas Banka requests such information, and signs the agreement "On Servicing a Settlement Account".

4. The applicant customer shall fulfil the following technical requirements:

4.1 provide the information technology infrastructure necessary for the submission of payment orders and exchange of other payment processing-related information with Latvijas Banka;

4.2 pass the tests required by Latvijas Banka.

5. The applicant customer shall submit to Latvijas Banka the following documents:

5.1. an application to open a settlement account containing the objective of its opening and the chosen type of information exchange;

5.2. a document acknowledging powers of the person entitled to open a settlement account and sign payment orders on behalf of the applicant customer (hereinafter, the authorised person);

5.3. a specimen signature of the authorised person certified by a notary public or the applicant customer;

5.4. contact information of the authorised person;

5.5. a list of the authorised persons entitled to submit to and receive at Latvijas Banka payment orders of the applicant customer as well as other settlement-related information.

6. Latvijas Banka shall be entitled to request any additional information it deems necessary to decide on the opening of a settlement account.

7. Latvijas Banka shall communicate its decision on the opening of a settlement account to the applicant customer within two weeks from the day the applicant customer has fulfilled the technical requirements referred to in Paragraph 4 herein, and Latvijas Banka has received the documents specified in Paragraph 5 herein as well as the information referred to in Paragraph 6 herein if Latvijas Banka has requested such information. In the event of refusal Latvijas Banka shall state the reason thereof.

8. If Latvijas Banka has taken a decision to open a settlement account for the customer, Latvijas Banka shall open it by informing the customer about the opening of the settlement account in compliance with Paragraph 7 herein, shall indicate IBAN of the settlement account and BIC of Latvijas Banka.

**2.2 Conditions, application procedure and opening of a settlement account for payment institutions and e-money institutions to ensure the use of the addressable BIC holder service in the EKS**

9. Latvijas Banka shall open a settlement account for payment institutions and e-money institutions only to ensure the addressable BIC holder service in the EKS.

10. Latvijas Banka may open a settlement account for a payment institution and an e-money institution entitled to execute customer credit transfers in Latvia and start to provide the addressable BIC holder service in the EKS service selected by it where the applicant customer:

10.1. joins the SEPA credit transfer scheme approved by the European Payments Council to apply for the use of the addressable BIC holder service in the EKS clearing service;

10.2. joins the SEPA Instant Credit Transfer Scheme approved by the European Payments Council to apply for the use of the addressable BIC holder service in the EKS instant payment service;

10.3. fulfils the technical requirements specified in Paragraph 11 herein,

10.4. submits the documents and information referred to in Paragraphs 12–14 and Paragraph 16 herein, as well as the information referred to in Paragraph 17 if Latvijas Banka requests such information;

10.5. concludes the agreement "On Servicing a Settlement Account and the Addressable BIC Holder Service in the EKS".

11. To become a user of the addressable BIC holder service in the EKS, the applicant customer shall fulfil the following technical requirements:

11.1. install, manage, service and monitor the information technology infrastructure necessary for the submission of SEPA credit transfer files to Latvijas Banka by using the addressable BIC holder service in the EKS clearing service or the submission of instant payment orders by using the addressable BIC holder service in the EKS instant payment service, and for exchanging other payment processing-related information with Latvijas Banka and for carrying out activities associated with this process as well as ensure the security of this infrastructure;

11.2. pass the tests required by Latvijas Banka.

12. The applicant customer shall submit to Latvijas Banka the following documents and information:

12.1. an application containing a request to use the addressable BIC holder service in the EKS and to open a settlement account; the application shall contain:

12.1.1. the objective of the opening of the settlement account justifying the necessity of the addressable BIC holder service in the respective EKS service;

12.1.2. information about the nature of the actual and planned payment services provided by the applicant customer, their economic justification, the average and maximum value per payment according to each type of payment service, the overall maximum value of the payments to be submitted and received per applicant customer's customer within a day and the overall average and maximum value of the payments to be submitted by the applicant customer within a day;

12.1.2.<sup>1</sup> information on all of the applicant customer's settlement accounts used by the applicant customer for the storage of its customers' funds in euro;

12.1.3. information and supporting documents regarding the economic activity of the applicant customer (e.g. annual report, balance sheet, profit and loss statement), the planned economic activity, the existing and planned transaction volumes and the range of counterparties and customers;

12.2. information and supporting documents regarding the operation of the applicant customer's internal control system for the prevention of money laundering and terrorist and proliferation financing;

12.2.<sup>1</sup> information and supporting documents regarding the operation of the applicant customer's internal control system for the risk management of international and national sanctions;

12.2.<sup>2</sup> information and supporting documents regarding the applicant customer's owners, representatives of executive bodies and beneficial owners;

12.2.<sup>3</sup> information regarding the applicant customer's previous cooperation with credit institutions which have opened accounts for the applicant customer;

12.3. a document acknowledging the powers of the authorised person;

12.4. a specimen signature of the authorised person certified by a notary public or the applicant customer;

12.5. contact information of the authorised person;

12.6. a list of the authorised persons entitled to submit to and receive at Latvijas Banka payment orders of the applicant customer as well as other settlement-related information.

13. A customer or an applicant customer wishing to use the addressable BIC holder service in the EKS clearing service shall submit the following additional documents to Latvijas Banka:

13.1. a form as specified in Appendix 1.4 hereto;

13.2. an application for the addressable BIC holder service in STEP2 whereby the customer or applicant customer agrees to use the services provided by Latvijas Banka in relation to sending and receiving payments within SEPA.

14. A customer or an applicant customer wishing to use the addressable BIC holder service in the EKS instant payment service shall submit the following additional documents to Latvijas Banka:

14.1. a form as specified in Appendix 1.6 hereto;

14.2. an application for the addressable BIC holder service in RT1 whereby the customer or applicant customer agrees to use the services provided by Latvijas Banka in relation to sending and receiving payments within SEPA;

14.3. risk assessment stipulated by the SEPA Instant Credit Transfer Scheme approved by the European Payments Council.

15. A customer already using the addressable BIC holder service in one EKS service and wishing to use such a service also in the other EKS service, shall submit the documents referred to in Paragraph 13 or Paragraph 14 herein respectively, the justification for the necessity to use the addressable BIC holder service in the respective EKS service, and, if necessary, update the information referred to in Paragraph 12 herein.

16. A payment institution or e-money institution licensed in another EEA country shall submit a legal opinion in compliance with Appendix 1.2 hereto and an acknowledgement by its supervising institution stating that no sanctions resulting from violation of the requirements relating to the prevention of money laundering or terrorist and proliferation financing have been imposed on the institution over the past year.

17. Latvijas Banka shall be entitled to request any additional information it deems necessary to decide on the provision of the addressable BIC holder service in the respective EKS service and opening of a settlement account for the applicant customer.

18. Latvijas Banka, in consultation with the applicant customer, may specify the inclusion of the additional information in SEPA credit transfer orders and instant payment orders necessary for the payer's identification.

19. Latvijas Banka shall communicate to the applicant customer its decision on the provision of the addressable BIC holder service in the respective EKS service, the set maximum value per payment and opening of a settlement account within three months from the day when Latvijas Banka has received the documents and information referred to in Paragraphs 12–16 herein as well as the information referred to in Paragraph 17 herein if Latvijas Banka has requested such information, and the customer has passed the tests according to the requirements set out in Paragraph 11.2 herein. In the event of refusal, Latvijas Banka shall state the reason thereof.

20. Latvijas Banka shall reject an application by the applicant customer if:

20.1. the conditions referred to in Paragraph 10 herein have not been fulfilled;

20.2. Latvijas Banka considers that the provision of the addressable BIC holder service in the EKS might jeopardise the performance of the tasks laid down in the Law "On Latvijas Banka";

20.3. prudential considerations so require.

21. If Latvijas Banka takes a decision to provide the addressable BIC holder service in the respective EKS service to the customer and open a settlement account for it, Latvijas Banka shall notify the customer of the settlement account IBAN, Latvijas Banka's BIC and the date on which the provision of the addressable BIC holder services in the respective EKS service will start by sending a notification to the customer pursuant to Paragraph 19 herein.

### **1.3. Management of a settlement account**

22. Latvijas Banka shall apply 0% (zero percent) rate or the deposit facility rate set by the Governing Council of the European Central Bank, whichever is lower, on the balance of funds available on the settlement account of the credit institution or credit union, except the part of the balance of funds used for holding minimum reserves. Remuneration for holdings of minimum reserves shall be calculated and paid pursuant to the Council Regulation laying down the procedure for the application of minimum reserves. The 0% (zero percent) rate or the deposit facility rate set by the Governing Council of the European Central Bank on the balance of funds available on the settlement account referred to in this paragraph, except the part of the balance of funds used for holding minimum reserves, shall be applied simultaneously with the calculation and disbursement of the remuneration for holding minimum reserves.

23. Latvijas Banka shall apply 0% (zero percent) rate or the deposit facility rate set by the Governing Council of the European Central Bank, whichever is lower, on the balance of funds available on the settlement account of the payment institution or e-money institution. Interest payment shall be calculated at the end of each calendar day, assuming that there are 360 days in a year. Latvijas Banka shall send an invoice to the customer no later than on the 5th (fifth) business day of the following month. The customer shall pay the invoice no later than on the 10th (tenth) business day of the respective month.

24. Every business day, Latvijas Banka shall provide a settlement account statement to the customer by sending it by means of a SWIFT message or in electronic form if changes in the balance of funds available on the customer's settlement account have taken place during the previous business day.

25. At the customer's request, Latvijas Banka may issue a certificate containing information about the customer's settlement account and the entries made in it.

26. Latvijas Banka shall provide an opportunity for the customer to see the settlement account balance and entries made in the settlement account via Latvijas Banka's Information System for Monitoring Customer Accounts (eKKM system; hereinafter, the eKKM system).

## **9. Obligations of the parties**

### **Obligations and responsibility of Latvijas Banka and the customer**

27. Latvijas Banka shall provide settlement account services to customers as laid down in Chapters 10 and 11 herein. Unless otherwise provided for by the Regulation or required by law, Latvijas Banka shall use reasonable means within its power to perform its obligations under the Regulation, without guaranteeing a result.

28. The customer shall pay to Latvijas Banka the fee laid down in Appendix 1.1 hereto.

29. Latvijas Banka and the customer shall agree that the conditions set out in Chapters VIII and IX of the Law on Payment Services and Electronic Money shall not apply to the parties' legal relationship arising from the Regulation.

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

31. The customer shall be responsible for the authenticity, accuracy, correctness, enforceability and timeliness of the information and documents submitted to Latvijas Banka and the legality of the payments made. The customer shall be responsible for any losses incurred by it or Latvijas Banka arising out of the fact that the customer has submitted to Latvijas Banka counterfeit documents or they have been filled in incorrectly or incompletely.

32. Latvijas Banka shall be liable for any losses incurred by the customer in relation to the implementation of the present Regulation in cases of gross negligence or fraud (including but not limited to wilful misconduct). In cases of ordinary negligence, Latvijas Banka's liability shall be limited to the customer's direct loss, i.e. the amount of the transaction in question.

33. Latvijas Banka shall not be liable for any loss that results from any malfunction or failure in the technical infrastructure (including Latvijas Banka's information systems infrastructure, software, data and networks but not limited to them) if such malfunction or failure arises in spite of Latvijas Banka having adopted the measures that are reasonably necessary to protect such infrastructure against malfunction or failure, and to resolve the consequences of such malfunction or failure.

34. Latvijas Banka shall not be liable for any loss where the customer has not received its customer's consent to include the information on it in the Proxy Registry "Instant Links".

35. Latvijas Banka shall not be liable for any loss:

35.1. caused by the customer, its representative or a third party;

35.2. where it arises out of external events beyond Latvijas Banka's reasonable control.

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

37. In performing its obligations under the Regulation, Latvijas Banka may commission third parties on its own behalf (e.g. telecommunications network providers), if this is necessary to meet Latvijas Banka's obligations. Latvijas Banka's obligation shall be limited to the selection and commissioning of such third party, and Latvijas Banka's liability shall be limited accordingly.

38. The customer and Latvijas Banka shall undertake that it will under no circumstances disclose to third parties the information obtained by the customer and Latvijas Banka in relation to the implementation of the Regulation and agreements "On Servicing a Settlement Account", "On Indirect Participation in the EKS" or "On Servicing a Settlement Account and the Addressable BIC Holder Service in the EKS", except the provision of information, including information about the payments made and received by customers of the customer, to the institution supervising the customer's operation and the cases prescribed by legislation.

39. The customer shall agree that the institution supervising the customer's operation may provide to Latvijas Banka, at Latvijas Banka's request, information about the customer necessary in relation to the implementation of the Regulation and agreement "On Indirect Participation in the EKS" or the agreement "On Servicing a Settlement Account and the Addressable BIC Holder Service in the EKS".

40. The customer using the indirect participation service or the addressable BIC holder service in the EKS, at Latvijas Banka's written request, but at least once every three years shall ensure that an independent inspection body delivers its opinion about the compliance and efficiency of the customer's internal control system for the prevention of money laundering and terrorist and proliferation financing and the customer's internal control system for the risk management of international and national sanctions by coordinating the inspection body and the scope of the inspection with Latvijas Banka.

41. The customer using the indirect participation service or the addressable BIC holder service in the EKS instant payment service shall be obliged to ensure the compliance with the procedures provided for in the risk assessment stipulated by the SEPA Instant Credit Transfer Scheme approved by the European Payments Council.

42. A customer may use the available information entered in the Proxy Registry "Instant Links" only for the purposes stated herein. The customer shall keep the information entered in the Proxy Registry "Instant Links" confidential, unless such disclosure is required under the applicable laws and regulations.

42.<sup>1</sup> The customer who has applied for the use of the Proxy Registry "Instant Links" shall ensure that the information submitted for entry in the Proxy Registry "Instant Links" is accurate, its modification or cancellation is requested in a timely manner and the information entered in the Proxy Registry "Instant Links" is requested and used solely for the purpose established in Paragraph 185 herein. Latvijas Banka shall not be liable for any loss where the customer has submitted incorrect or false information for the inclusion in the Proxy Registry "Instant Links", the customer has failed to request the modification

or cancellation of such information in a timely manner or where the customer has requested, without legal basis, the information entered in the Proxy Registry "Instant Links" or information on the submitted requests for the information on its customers entered in the Proxy Registry "Instant Links".

### **Cooperation and notices**

43. In performing their obligations and exercising their rights under the Regulation, Latvijas Banka and the customer shall cooperate and provide each other with any information and documents relevant for the performance of their respective obligations and the exercise of their respective rights under the Regulation, without prejudice to any customer secrecy obligations.

44. The customer shall be obliged to immediately notify Latvijas Banka of changes in relation to its registration data, address, contact details (including the contact details of its authorised persons), legal capacity and ability to act, of the amendments to or voidness of the powers of attorney submitted to Latvijas Banka, of changes in relation to the information provided pursuant to the requirements of Paragraph 12.1.2.<sup>1</sup> herein or any other information provided pursuant to the present Regulation.

45. A payment institution and e-money institution shall be obliged to submit the information referred to in Paragraphs 12.1.2, 12.1.3 and 12.2–12.2.<sup>3</sup> herein to Latvijas Banka at least annually. The credit union using the indirect participation service in the EKS shall be obliged to submit the information referred to in Paragraphs 104.1.2, 104.1.3 and Paragraphs 104.2–104.5 herein to Latvijas Banka at least annually.

46. The payment institution, e-money institution and credit union using the indirect participation service in the EKS shall be obliged, at Latvijas Banka's request, to immediately provide written information about the objective and economic justification of any of its customer's (member's) economic activity and transactions and other information available, including the information available in the internal control system for the prevention of money laundering and terrorist and proliferation financing.

47. In the event that a payment institution or e-money institution wants to change the maximum value of payments stated pursuant to Paragraph 12.1.2 herein or the maximum value per payment set by Latvijas Banka, it shall resubmit the information specified in Paragraphs 12.1.2 and 12.1.3 herein. Changes shall take effect on the next business day after Latvijas Banka has informed the customer that the information provided is sufficient and adequate to make changes.

48. To ensure rapid exchange of information in contingency situations (the telecommunications network fails; it is impossible to process payment orders submitted by the customer or payments addressed to the customer due to participation failure or abnormal external events), the customer and Latvijas Banka shall exchange lists of contact persons, indicating their telephone numbers and e-mail addresses. The customer and Latvijas Banka shall immediately inform each other about any changes in the list of contact persons.

49. The customer shall immediately notify Latvijas Banka if an event of default occurs in relation to it.

50. Except where otherwise provided for by the Regulation, all notices pursuant to the Regulation 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 SWIFT message. Notices to Latvijas Banka shall be addressed to the Head of the Payments Systems Department of Latvijas Banka and delivered by post or submitted at K. Valdemāra iela 2A, Rīga, LV-1050, Latvia, or via SWIFT addressed to BIC LACBLV2X, or sent 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 to SWIFT address to BIC of the customer.

51. To prove that a notice has been sent to the customer or Latvijas Banka's address, 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.

## **10. Processing of the payment orders submitted by credit institutions and credit unions and processing of the received payments**

### **Basic principles of processing**

52. Latvijas Banka shall accept and process payment orders in compliance with the procedure laid down in the "Functional Specifications of Latvijas Banka's Payment Processing" (hereinafter, the Functional Specifications of Payment Processing) approved by the Board of Latvijas Banka.

53. The customer shall submit to Latvijas Banka a payment order in paper form in duplicate signed by the authorised person. The payment order in paper form shall be filled in without any alterations and erasures.

54. A payment order in the form of a SWIFT message shall be submitted by the customer via SWIFT.

55. A payment order in electronic form shall be submitted by the customer to Latvijas Banka via the file exchange service and pursuant to Latvijas Banka's Regulation stipulating the procedure for electronic exchange of information with Latvijas Banka by using the advanced security system where:

55.1. the type of information exchange is exchange of information in the framework of settlement account monitoring, including the eKKM system, and other types of electronic information exchange pursuant to the Regulation;

55.2. Latvijas Banka shall grant each customer two licences of the advanced security for information exchange in the framework of the settlement account monitoring.

56. Where any problems arise in the file exchange service operation:

56.1. the customer 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 file exchange, or agree with Latvijas Banka on another file exchange channel;

56.2 the files shall be encrypted and signed digitally 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 in accordance with the procedure provided for in Paragraph 55 herein.

57. Latvijas Banka shall accept from the customer urgent payment orders, which shall be executed in TARGET2-Latvija.

## **Urgent payments**

### **1.3.1. General provisions**

58. Latvijas Banka shall accept the following payment orders as urgent:

58.1. urgent credit transfer orders the customer makes on its own behalf when it makes cash transactions pursuant to Latvijas Banka's Regulation establishing the procedure for carrying out cash transactions by a credit institution at Latvijas Banka;

58.2. liquidity transfer orders.

59. Latvijas Banka shall execute an urgent payment order submitted by the customer on the same TARGET2 business day, provided that it is submitted in accordance with the procedure provided for in the "Functional Specifications of Latvijas Banka's Payment Processing".

60. In the event that an urgent payment order has been submitted after the respective business day's time period for payment order receipt stipulated in the "Functional Specifications of Latvijas Banka's Payment Processing", Latvijas Banka shall execute the payment order on the next TARGET2 business day.

61. The customer may submit an urgent payment request to Latvijas Banka:

61.1. in the form of a SWIFT message;

61.2. in electronic form (each text message in a separate file);

61.3. in paper form.

62. The customer shall draw up an urgent payment order in compliance with the terms and conditions laid down in the "Functional Specifications of Latvijas Banka's Payment Processing".

63. The time of receipt of an urgent payment order shall be the moment Latvijas Banka receives the urgent payment order submitted by the customer. As of that moment, it is irrevocable.

### **1.3.2. Acceptance, rejection and execution of urgent payment orders**

64. An urgent payment order submitted by the customer shall be deemed accepted by Latvijas Banka where:

64.1. the urgent payment order submitted in paper form complies with the formatting conditions stipulated in the "Functional Specifications of Latvijas Banka's Payment Processing";

64.2. the urgent payment order submitted in electronic form (each text message in a separate file) complies with the formatting conditions stipulated in the "Functional Specifications of Latvijas Banka's Payment Processing";

64.3. the urgent payment order submitted by means of a SWIFT message complies with SWIFT terms and conditions;

64.4. Latvijas Banka may execute the urgent payment order according to the information included therein and debit the funds referred to therein from the customer's settlement account.

65. Latvijas Banka shall promptly execute the accepted urgent payment order by submitting it to TARGET2-Latvija via Latvijas Banka's participation in TARGET2-

Latvija or via the accounting system of Latvijas Banka if the payment is made between the settlement accounts opened within the accounting system of Latvijas Banka.

66. Latvijas Banka shall promptly reject an urgent payment order that fails to fulfil the conditions laid down in Paragraph 64 herein. Latvijas Banka shall notify the customer of the rejection of an urgent payment order in the same way as it has been submitted – by means of a SWIFT message, in electronic form or, where submitted as paper-based document, by providing a note of rejection on both copies of the urgent payment order.

67. In the event that an urgent payment order is rejected by TARGET2-Latvija, Latvijas Banka shall return the funds to the customer's settlement account on the same business day and notify the customer thereof in the same way as the urgent payment order has been submitted – by means of a SWIFT message, in electronic form or, where submitted as paper-based document, by providing a note of rejection on both copies of the urgent payment order.

### **1.3.3. Received payment**

68. Any funds received from TARGET2-Latvija shall be promptly credited by Latvijas Banka to the customer's settlement account according to the IBAN of the payee's settlement account indicated in the payment only.

69. Where Latvijas Banka cannot credit the received funds to the customer's settlement account, it shall promptly reject the received payment and return the funds via TARGET2-Latvija.

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**11. Provision of the indirect participation service and the addressable BIC holder service in the EKS to the customer**

**General provisions for ensuring the indirect participation service in the EKS to credit unions**

97. Latvijas Banka shall ensure indirect participation in the EKS to the customer referred to in Paragraph 1.2 herein.

98. When ensuring the indirect participation service:

98.1. in the EKS clearing service, Latvijas Banka shall accept from customers SEPA credit transfer orders, SEPA payment return orders and the related messages submitted by the customer on its own or its customer's behalf;

98.2. in the EKS instant payment service, Latvijas Banka shall accept from customers instant payment orders not exceeding 15 000 euro, instant payment return orders and the related messages submitted by the customer on its own or its customer's behalf.

99. Latvijas Banka shall operate in the EKS clearing service within the SEPA credit transfer scheme approved by the European Payments Council as an intermediary institution of the indirect participant, submit the SEPA credit transfer orders, SEPA payment return orders and the related messages prepared by the indirect participant to the EKS and receive from the EKS the SEPA credit transfer orders, SEPA payment return orders and the related messages addressed to the indirect participant via Latvijas Banka's participation in the EKS and the connection of the EKS with other SEPA payment systems.

100. Latvijas Banka shall operate in the EKS instant payment service within the SEPA Instant Credit Transfer Scheme approved by the European Payments Council as an intermediary institution of the indirect participant, submit instant payment orders, instant payment return orders and the related messages prepared by the indirect participant to the EKS and receive from the EKS instant payment orders, instant payment return orders and the related messages addressed to the indirect participant or its customer via Latvijas Banka's participation in the EKS and the connection of the EKS with other SEPA payment systems.

#### **Application procedure for ensuring the indirect participation service in the EKS to credit unions**

101. The customer may choose the EKS service it wishes to use for the indirect participation service.

102. In order to become an indirect participant and use the service provided by Latvijas Banka, the customer shall fulfil the following technical requirements:

102.1. install, manage, service and monitor the information technology infrastructure necessary for the submission of the SEPA credit transfer files to Latvijas Banka by using the indirect participation service in the EKS clearing service or instant payment orders by using the indirect participation service in the EKS instant payment service, and perform any actions related to them as well as ensure the security of this infrastructure;

102.2. pass the tests required by Latvijas Banka.

103. In order to become an indirect participant and use the service provided by Latvijas Banka, the customer shall fulfil the following legal requirements:

103.1. join the SEPA Credit Transfer Scheme approved by the European Payments Council in order to use the indirect participation service in the EKS clearing service;

103.2. join the SEPA Instant Credit Transfer Scheme approved by the European Payments Council in order to use the indirect participation service in the EKS instant payment service;

103.3. sign the agreement "On Indirect Participation in the EKS" with Latvijas Banka.

104. In order to become an indirect participant and use the service provided by Latvijas Banka, the customer shall submit the following documents and information to Latvijas Banka:

104.1. an application for indirect participation in the EKS; the application shall contain:

104.1.1. the justification for the necessity for indirect participation in the respective EKS service;

104.1.2. information about the nature of the actual and planned payment services provided by the customer, their economic justification, the appropriate average and maximum value per payment according to each type of payment service, the overall maximum value of the payments to be submitted and received per customer's member within a day and the overall average and maximum value of the payments to be submitted by the applicant within a day;

104.1.3. information and supporting documents regarding the economic activity of the customer (e.g. annual report, balance sheet, profit and loss statement), the planned economic activity, the existing and planned transaction volumes and the range of counterparties;

104.2. information and supporting documents regarding the operation of the customer's internal control system for the prevention of money laundering and terrorist and proliferation financing;

104.3. information and supporting documents regarding the operation of the customer's internal control system for the risk management of international and national sanctions;

104.4. information and supporting documents regarding the customer's members, representatives of executive bodies and beneficial owners;

104.5. information regarding the customer's previous cooperation with credit institutions which have opened accounts for the customer.

105. In addition to the stipulation of Paragraph 104 herein, the customer wishing to use the indirect participation service in the EKS clearing service, shall submit to Latvijas Banka:

105.1. a form as specified in Appendix 1.3 hereto;

105.2. an application for indirect participation in STEP2 whereby the customer agrees to use the services provided by Latvijas Banka in relation to sending and receiving payments within SEPA.

106. In addition to the stipulation of Paragraph 104 herein, the customer wishing to use the indirect participation service in the EKS instant payment service, shall submit to Latvijas Banka:

106.1. a form as specified in Appendix 1.5 hereto;

106.2. an application for indirect participation in RT1 whereby the customer agrees to use the services provided by Latvijas Banka in relation to sending and receiving payments within SEPA.

106.3. risk assessment stipulated by the SEPA Instant Credit Transfer Scheme approved by the European Payments Council.

107. A customer who uses the indirect participation service in one EKS service and wishes to use the service in the other EKS service as well, shall submit the documents referred to in Paragraph 105 or Paragraph 106 herein.

108. In addition, Latvijas Banka may request any other information it deems necessary to decide on the provision of indirect participation services.

108.<sup>1</sup> Latvijas Banka, in consultation with the customer, may specify the inclusion of the additional information in SEPA credit transfer orders and instant payments necessary for the payer's identification.

109. Latvijas Banka shall communicate its decision on the provision of indirect participation services to the customer within one month of Latvijas Banka's receipt of the

documents referred to in Paragraphs 104, 105 or 106 herein and the information referred to in Paragraph 108 herein where Latvijas Banka has requested such information and the customer has passed the tests according to the requirements set out in Paragraph 102.2 herein. In the event of refusal, Latvijas Banka shall state the reason thereof.

110. Latvijas Banka shall reject the application for indirect participation service if:

110.1. the conditions referred to in Paragraph 97 herein and the requirements set out in Paragraphs 102–107 herein have not been met;

110.2. in Latvijas Banka's assessment, ensuring the indirect participation service would jeopardise the performance of Latvijas Banka's tasks as defined in the Law "On Latvijas Banka".

110.3. prudential considerations so require.

111. Where Latvijas Banka takes a decision to provide the indirect participation service to the customer in the respective EKS service, it shall notify the customer of the date of its recognition as an indirect participant in the EKS by sending a notification thereof pursuant to Paragraph 109 herein, upon coordinating the date of the connection with the times available to the respective SEPA systems.

### **5.3 General provisions for ensuring the addressable BIC holder service in the EKS to payment institutions and e-money institutions**

112. Latvijas Banka shall ensure the addressable BIC holder service in the EKS to the customer referred to in Paragraph 1.3 herein.

113. When ensuring the addressable BIC holder service to the customer:

113.1. in the EKS clearing service, Latvijas Banka shall accept from customers SEPA credit transfer orders not exceeding 1000 euro, and SEPA payment return orders and the related messages submitted by the customer on its customer's behalf;

113.2. in the EKS instant payment service, Latvijas Banka shall accept from customers instant payment orders not exceeding 1000 euro, instant payment return orders and the related messages submitted by the customer on its customer's behalf;

113.3. Latvijas Banka shall accept from customers orders of liquidity transfer from the customer's settlement account with Latvijas Banka to a customer's settlement account opened with another institution used by the customer for the storage of its customers' funds in euro, provided that the customer has notified Latvijas Banka thereof in compliance with Paragraph 12.1.2.<sup>1</sup> herein.

113.<sup>1</sup> The customer's settlement account with another institution used for liquidity transfers referred to in Paragraph 113.3 herein shall be opened with an institution licensed in a SEPA Member State.

114. Latvijas Banka shall operate in the EKS clearing service within the SEPA scheme as an intermediary institution of the addressable BIC holder, submit to the EKS SEPA credit transfer orders, SEPA payment return orders and the related messages prepared by the addressable BIC holder and receive from the EKS SEPA credit transfer orders, SEPA payment return orders and the related messages addressed to the addressable BIC holder via Latvijas Banka's participation in the EKS and the connection of the EKS with other SEPA payment systems.

115. Latvijas Banka shall operate in the EKS instant payment service within the SEPA Instant Credit Transfer Scheme approved by the European Payments Council as an intermediary institution of the addressable BIC holder, submit to the EKS instant payment

orders, instant payment return orders and the related messages prepared by the addressable BIC holder and receive from the EKS instant payment orders, instant payment return orders and the related messages addressed to the customer of the addressable BIC holder via Latvijas Banka's participation in the EKS and the connection of the EKS with other SEPA payment systems.

115.<sup>1</sup> Latvijas Banka shall execute liquidity transfer orders accepted from the customer in TARGET2-Latvija.

#### **1.4. Payment processing, ensuring the indirect participation service or the addressable BIC holder service in the EKS clearing service**

##### **1.4.1. Basic principles of processing payment message and information message files**

116. SEPA credit transfer orders, SEPA payment return orders and the related messages shall be exchanged with the customer in the EKS clearing service in the form of payment message and information message files.

117. The payment message and information message files shall be submitted to Latvijas Banka by the indirect participant via the file exchange service pursuant to 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 assigned for the purposes of exchanging information in the framework of settlement account monitoring in compliance with the procedure stipulated in Paragraph 55 herein.

118. The payment message and information message files shall be submitted to Latvijas Banka by the addressable BIC holder via the file exchange service and pursuant to Latvijas Banka's Regulation stipulating the procedure for electronic exchange of information with Latvijas Banka where:

118.1. the type of information exchange is an exchange of information in the framework of settlement account monitoring, including the eKKM system, and other types of electronic information exchange pursuant to the present Regulation;

118.2. Latvijas Banka shall grant each addressable BIC holder two licences of the advanced security system for the purposes of exchanging information in the framework of settlement account monitoring.

119. Where any problems arise in the operation of the file exchange service:

119.1. the customer may send and receive payment message and information message 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;

119.2. the files shall be encrypted and signed digitally 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 in accordance with the procedure provided for in Paragraph 118 herein.

120. The customer shall ensure the processing of the files addressed to it according to the procedure stipulated in the "Functional Specifications of Latvijas Banka's Payment Processing".

121. Latvijas Banka shall accept the payment message and information message files submitted by the customer on the same business day provided that they have been

submitted according to the procedure stipulated in the "Functional Specifications of Latvijas Banka's Payment Processing".

122. If the files have been submitted after the respective business day's time period for receipt of payment messages and information messages set out in the "Functional Specifications of Latvijas Banka's Payment Processing", Latvijas Banka shall accept them on the next business day according to the procedure stipulated in the "Functional Specifications of Latvijas Banka's Payment Processing".

123. In contingency situations, Latvijas Banka shall be entitled to amend the procedure stipulated in the "Functional Specifications of Latvijas Banka's Payment Processing".

124. The customer shall draw up payment message and information message files in electronic form in compliance with the formatting conditions stipulated in the "Functional Specifications of Latvijas Banka's Payment Processing".

125. The time of receipt of the SEPA credit transfer order and the SEPA payment return order shall be the moment the payment message file has been received by Latvijas Banka. As of that moment, the SEPA credit transfer order and SEPA payment return order shall be deemed irrevocable.

#### **1.4.2. Acceptance, rejection and execution of SEPA credit transfer orders and SEPA payment return orders**

126. The SEPA credit transfer orders or SEPA payment return orders compiled in files and submitted by the customer shall be deemed accepted by Latvijas Banka where:

126.1. the electronic payment message file and the SEPA credit transfer orders or SEPA payment return orders included therein are drawn up in compliance with the formatting conditions stipulated in the "Functional Specifications of Latvijas Banka's Payment Processing";

126.2. Latvijas Banka may debit the total amount of the payment message file from the customer's settlement account;

126.3. the value of one SEPA credit transfer submitted by the addressable BIC holder does not exceed the maximum value of one payment established herein.

127. On the grounds of prudence, including where the value of the SEPA credit transfer exceeds any of the maximum payment values or the total value of payments pursuant to the requirements stipulated in Paragraph 12.1.2 herein, Latvijas Banka may reject the SEPA credit transfer orders compiled in files and submitted by the customer.

128. Latvijas Banka shall promptly reject any payment message file that fails to fulfil the conditions laid down in Paragraph 126.1 herein. Latvijas Banka shall notify the customer of the rejection of the payment message file.

128.<sup>1</sup> Latvijas Banka shall promptly reject any information message file that fails to fulfil the formatting conditions stipulated in the "Functional Specifications of Latvijas Banka's Payment Processing".

129. All accepted SEPA credit transfer orders and SEPA payment return orders shall be executed by Latvijas Banka on the same business day by submitting them to the EKS.

130. In the event that Latvijas Banka receives from the EKS a rejection of the SEPA credit transfer order or SEPA payment return order submitted by the customer, it shall return the funds to the customer's settlement account on the same business day.

130.<sup>1</sup> In the event that Latvijas Banka receives from the EKS a rejection of the customer's information message, it shall send a SEPA rejection message to the customer on the same business day.

#### **1.4.3. Received payment message and information message files**

131. Upon receipt of the payment message and information message files addressed to the customer from the EKS and the funds corresponding to the total amount specified in the payment message file, Latvijas Banka shall promptly credit these funds to the customer's settlement account and send the files to the customer according to the procedure stipulated in the "Functional Specifications of Latvijas Banka's Payment Processing". Latvijas Banka shall send all received information without any changes.

132. If the customer is not able to accept a SEPA credit transfer and credit the respective funds to the payee's settlement account, the customer shall execute the SEPA payment return no later than on the next business day where the SEPA payment return order has been addressed to an EKS participant or an indirect participant or the addressable BIC holder or no later than on the next TARGET2 business day where the SEPA payment return order has been addressed to a participant of another SEPA payment system.

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137.<sup>4</sup>2 [deleted].

#### **5.4.5.<sup>3</sup> Key requirements for processing information messages**

137.<sup>5</sup> The customer may submit a SEPA payment cancellation request to Latvijas Banka within 10 (ten) business days following the settlement date.

137.<sup>6</sup> The customer may submit a payer's initiated SEPA payment cancellation request to Latvijas Banka within 13 months following the settlement date.

137.<sup>7</sup> Upon receipt of the SEPA payment return order addressed to the customer from the EKS, Latvijas Banka shall credit the received funds to the customer's settlement account. The amount of the funds repaid may be smaller than that mentioned in the SEPA payment cancellation request due to a fee charged by the payee's institution.

137.<sup>8</sup> The customer may submit a payer's initiated SEPA claim of non-receipt or SEPA claim for value date correction to Latvijas Banka within 13 months following the settlement date.

137.<sup>9</sup> The customer shall reply to the received SEPA payment cancellation request no later than within 15 (fifteen) business days, by repaying the funds or by sending the SEPA resolution of investigation (negative response to the cancellation request).

137.<sup>10</sup> The customer shall reply to the SEPA claim of non-receipt or SEPA claim for value date correction no later than within 10 (ten) business days.

137.<sup>11</sup> Where the customer has not received a reply within 15 (fifteen) business days following the submission of the SEPA payment cancellation request or within 10 (ten) business days following the submission of the SEPA claim of non-receipt or SEPA claim for value date correction, the customer may submit a status request to Latvijas Banka.

137.<sup>12</sup> Latvijas Banka shall ensure that the information messages received from the customer are sent to the EKS and that the information messages addressed to the customer and received from the EKS are sent to the customer.

### **Payment processing, ensuring the indirect participation service or the addressable BIC holder service in the EKS instant payment service**

#### **1.4.6. Core principles for processing instant payment orders and instant payment return orders**

138. Latvijas Banka shall accept and process the instant payment orders and instant payment return orders submitted by the customer on a continuous basis (24/7/365) according to the procedure stipulated in the "Functional Specifications of Latvijas Banka's Payment Processing".

139. Instant payment orders and instant payment return orders shall be submitted by the customer on an order-by-order basis in the form of a payment message, while instant payment cancellation requests and negative responses to the instant payment cancellation requests shall be submitted in the form of an information message.

140. The customer may submit messages every day from 00:00 to 24:00. Latvijas Banka shall accept the submitted message for processing immediately after it has been received.

141. To ensure the settlement, Latvijas Banka shall open an instant payment settlement account for the customer, and the customer shall credit the funds for the instant payment liquidity position to that account. Latvijas Banka shall ensure the accounting of the current instant payment liquidity position based on the payments submitted and received by the customer and the changes made in the instant payment liquidity position.

142. Latvijas Banka shall provide an opportunity for the customer to see the instant payment settlement account balance and entries made into the customer's settlement account via the eKKM system.

143. Latvijas Banka shall apply 0% (zero per cent) interest rate or the deposit facility rate set by the Governing Council of the European Central Bank, whichever is lower, on the balance of funds recorded on the instant payment settlement account of a credit union in the end-of-day processing according to the procedure stipulated in the "Functional Specifications of Latvijas Banka's Payment Processing". The 0% (zero per cent) rate or the deposit facility rate set by the Governing Council of the European Central Bank on the balance of funds available on the settlement account shall be applied simultaneously with the calculation and disbursement of the remuneration for holding minimum reserves.

144. Latvijas Banka shall apply 0% (zero per cent) interest rate or the deposit facility rate set by the Governing Council of the European Central Bank, whichever is lower, on the balance of funds recorded on the instant payment settlement account of a payment institution or e-money institution in the end-of-day processing according to the procedure stipulated in the "Functional Specifications of Latvijas Banka's Payment Processing". Interest payment shall be calculated at the end of each calendar day, assuming that there are 360 days in a year. Latvijas Banka shall send an invoice to the customer, and the customer shall settle the invoice according to the procedure stipulated in Appendix 1.1 hereto.

145. The customer shall ensure a continuous (24/7/365) connection to Latvijas Banka's indirect participation or addressable BIC holder service in the EKS instant payment service.

146. Should the customer temporarily disconnect from the indirect participation service or the addressable BIC holder service provided by Latvijas Banka in the EKS instant payment service due to modifications in the customer's payment and information systems or infrastructure prohibiting the processing of instant payments, the customer shall notify Latvijas Banka of the technical maintenance at least 24 hours in advance via the eKKM system.

147. The customer shall draw up instant payment orders and instant payment return orders in electronic form in compliance with the formatting conditions stipulated in the "Functional Specifications of Latvijas Banka's Payment Processing".

148. Instant payment orders, instant payment return orders and the related information as well as the messages within the Proxy Registry "Instant Links" shall be exchanged between the customer and Latvijas Banka in the form of messages via the web service or the file exchange service in accordance with Latvijas Banka's Regulation stipulating the procedure for electronic exchange of information with Latvijas Banka by using an advanced security system, where:

148.1. the type of information exchange is the provision of the online communication connection, online message exchange and information exchange as part of the provision of the indirect participation or the addressable BIC holder service in the EKS instant payment service and within the Proxy Registry "Instant Links";

148.2. Latvijas Banka shall grant each customer using the indirect participation service or the addressable BIC holder service in the EKS instant payment service:

148.2.1. two licences of the advanced security system for the provision of the online communication connection as part of the provision of the indirect participation or the addressable BIC holder service in the EKS instant payment service;

148.2.2. two licences of the advanced security system for the online message exchange as part of the provision of the indirect participation or the addressable BIC holder service in the EKS instant payment service.

148.3. Latvijas Banka shall grant each customer who has applied for the use of the Proxy Registry "Instant Links":

148.3.1. two licences of the advanced security system for the online communication connection;

148.3.2. two licences of the advanced security system for the online message exchange;

148.3.3. two licences of the advanced security system for the information exchange with Latvijas Banka within the framework of the Proxy Registry "Instant Links".

149. The management of the instant payment settlement account, the accounting of the instant payment liquidity position and the related information exchange as well as the addressable BIC holder's settlement account monitoring shall take place interactively or in file format in accordance with Latvijas Banka's Regulation stipulating the procedure for electronic exchange of information with Latvijas Banka by using an advanced security system, where:

149.1. the type of information exchange is the exchange of information within the eKKM system and the exchange of information as part of the provision of the indirect participation or the addressable BIC holder service in the EKS instant payment service pursuant to the present Regulation;

149.2. Latvijas Banka shall grant each participant two licences of the advanced security system for the information exchange within the eKKM system.

150. The time of receipt of an instant payment order shall be the moment Latvijas Banka receives the instant payment order submitted by the customer. As of that moment, the instant payment order is irrevocable.

### **5.5.2 Acceptance, rejection and execution of instant payment orders and instant payment return orders**

151. An instant payment order or instant payment return order submitted by the customer shall be deemed accepted by Latvijas Banka where:

151.1. the instant payment order or the instant payment return order complies with the formatting conditions stipulated in the "Functional Specifications of Latvijas Banka's Payment Processing";

151.2. Latvijas Banka may debit the amount of the instant payment order or the instant payment return order from the customer's instant payment settlement account;

151.3. the value of one instant payment submitted by the addressable BIC holder does not exceed the maximum value of one payment established herein;

151.4. Latvijas Banka shall receive from the customer the instant payment order in less than 20 seconds from the moment of its acceptance from the payee.

152. On the grounds of prudence, including where the value of the instant payment exceeds any of the maximum payment values or the total value of payments set according to the requirements stipulated in Paragraph 12.1.2 herein, Latvijas Banka may reject the instant payment orders submitted by the customer.

153. Latvijas Banka shall promptly reject any instant payment order and any instant payment return order if it fails to fulfil the conditions laid down in Paragraph 151 herein or if Latvijas Banka does not accept the respective order pursuant to the stipulation of Paragraph 152 herein, and shall notify the participant of the rejection of the instant

payment order or the instant payment return order according to the procedure stipulated in the "Functional Specifications of Latvijas Banka's Payment Processing".

154. Latvijas Banka shall promptly execute all accepted instant payment orders and instant payment return orders by submitting them to the EKS instant payment service and by reserving the respective amount of the instant payment liquidity.

155. Upon receipt of the payment execution confirmation from the EKS, Latvijas Banka shall reduce the customer's instant payment liquidity position by the reserved amount of the instant payment liquidity and send the payment execution confirmation to the customer.

156. Upon receipt of a rejection of the payment execution from the EKS, Latvijas Banka shall release the amount of the instant payment liquidity reserved by the customer and send the rejection of the payment execution to the customer.

157. In the event that the customer does not receive a confirmation or rejection of the payment execution within 25 seconds from the moment the payment has been accepted from the payer, the customer may start a payment status investigation by submitting a payment status request to Latvijas Banka.

158. Upon receipt of an acceptance or rejection of the payment order submitted by Latvijas Banka, the customer shall immediately notify the payer thereof.

### **5.5.3 The received instant payment orders and instant payment return orders**

159. Upon receipt of the instant payment order or the instant payment return order addressed to the customer from the EKS, Latvijas Banka shall promptly send it to the customer.

160. Immediately after the receipt of payment from Latvijas Banka, the customer:

160.1. where the payment amount can be credited to the payee's account, shall send a confirmation to Latvijas Banka that the payment amount may be credited to the payee's account;

160.2. shall send a rejection of the payment execution to Latvijas Banka where the payment amount cannot be credited to the payee's account or the processing time of the received payment has exceeded 20 seconds from the moment the payment has been accepted from the payer.

161. Upon receipt of an acceptance or rejection from the customer pursuant to Paragraph 160 herein, Latvijas Banka shall promptly forward it to the EKS.

162. Upon receipt the payment execution confirmation from the EKS, Latvijas Banka shall increase the customer's instant payment liquidity position and send the confirmation of the payment execution to the customer.

163. Upon receipt of the payment execution confirmation from Latvijas Banka, the customer shall promptly credit funds to the payee's account.

164. In the event that the customer receives a payment status request, the customer shall immediately respond to the request by sending a confirmation or rejection of the payment execution.

165. In the event that, after sending the payment execution confirmation, the respective amount of funds cannot be credited to the payee's account, the customer shall execute the instant payment return immediately after the receipt of the payment.

#### **5.5.4. [Deleted]**

166. [Deleted]

167. [Deleted]

#### **5.5.5. [Deleted]**

168. [Deleted]

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

169. [Deleted]

170. [Deleted]

#### **5.5.5.<sup>1</sup> [Deleted]**

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

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

#### **5.5.5.<sup>2</sup> [Deleted]**

170.<sup>3</sup> [Deleted]

170.<sup>4</sup> [Deleted]:

170.<sup>4</sup>1. [deleted];

170.<sup>4</sup>2. [deleted].

#### **5.5.5.<sup>3</sup> Key requirements for processing information messages**

170.<sup>5</sup> The customer may submit an instant payment cancellation request to Latvijas Banka within ten days following the settlement date.

170.<sup>6</sup> The customer may submit a payer's initiated instant payment cancellation request to Latvijas Banka within 13 months following the settlement date.

170.<sup>7</sup> Upon receipt of the instant payment return order addressed to the customer from the EKS, Latvijas Banka shall credit the received funds to the customer's instant payment settlement account. The amount of the funds repaid may be smaller than that mentioned in the instant payment cancellation request file due to a fee charged by the payee's institution.

170.<sup>8</sup> The customer shall reply to the received instant payment cancellation request no later than within 15 days by executing the instant payment return or sending a negative response to the instant payment cancellation request.

170.<sup>9</sup> Where the customer has not received a reply within 15 days following the submission of the instant payment cancellation request, the customer may submit an instant payment status request to Latvijas Banka.

170.<sup>10</sup> Latvijas Banka shall ensure that the information messages received by the customer are sent to the EKS and that the information messages addressed to the customer and received from the EKS are sent to the customer.

#### **5.5.6 Management and settlement of the instant payment liquidity position**

171. The customer shall be responsible for the management of the instant payment liquidity position to ensure the settlements of the instant payment service.

172. The customer may find out the amount of the current instant payment liquidity via the eKKM system or by sending the current instant payment liquidity position request to Latvijas Banka. In response to the request, Latvijas Banka shall send the customer information on the amount of the current instant payment liquidity to the customer. Technical information on the request for the amount of the current instant payment liquidity and the reply to that request is included in the "Functional Specifications of Latvijas Banka's Payment Processing".

173. On TARGET2 business days, the customer may increase or decrease its instant payment liquidity position according to the procedure stipulated in the "Functional Specifications of Latvijas Banka's Payment Processing" by submitting an instruction to increase or decrease the instant payment liquidity position respectively.

174. Where the customer's settlement account balance is not sufficient to increase the instant payment liquidity position, the instruction to increase the instant payment liquidity position shall not be executed.

175. Where the current instant payment liquidity position is not sufficient to decrease the instant payment liquidity position, Latvijas Banka shall reject the instruction to decrease the instant payment liquidity position.

176. According to the procedure stipulated in the "Functional Specifications of Latvijas Banka's Payment Processing", Latvijas Banka shall restore the customer's instant payment liquidity position in the amount of the initial daily instant payment liquidity position each TARGET2 business day, if the customer has applied for it via the eKKM system.

177. For the purposes of the instant payment liquidity position management, the participant may use the automatic instant liquidity position increase by notifying the following parameters of automatic instant payment liquidity increase:

177.1. the minimum instant payment liquidity position;

177.2. the increased instant payment liquidity position.

178. Latvijas Banka shall carry out the automatic instant payment liquidity increase only on TARGET2 business days during TARGET2 daytime processing.

179. The parameters of automatic instant payment liquidity increase shall take effect as of the moment the restoration of the initial daily instant payment liquidity position has been completed according to the procedure stipulated in the "Functional Specifications of Latvijas Banka's Payment Processing".

180. If after the execution of the payment the customer's current instant payment liquidity position decreases below the amount of the minimum instant payment liquidity position notified by the customer, Latvijas Banka shall increase the amount of the current instant payment liquidity automatically by debiting the funds from the customer's settlement account by the amount necessary to ensure that the customer's current instant payment liquidity position equals the increased amount of the instant payment liquidity identified by the customer.

181. Where the customer's settlement account balance is not sufficient to increase the instant payment liquidity position, the instant payment liquidity position shall not be increased.

182. According to the procedure stipulated in the "Functional Specifications of Latvijas Banka's Payment Processing", Latvijas Banka shall restore the initial daily instant payment liquidity position each TARGET2 business day:

182.1. all payment orders accepted by Latvijas Banka until the start of the restoration of the initial daily instant payment liquidity position shall be included in the calculation;

182.2. the amount of the customer's current instant payment liquidity shall be recorded;

182.3. the customer's real time clearing position of its instant payments shall be calculated based on the payments submitted and received, as well as the changes in the instant payment liquidity position necessary to restore the instant payment liquidity position in the amount of the initial daily instant payment liquidity position, if the customer has applied for it;

182.4. shall make a settlement and increase or decrease the instant payment liquidity position by the amount necessary to ensure the initial daily instant payment liquidity position identified by the customer by transferring the respective amount from the customer's instant payment settlement account to its settlement account and vice versa.

183. According to the procedure stipulated in the "Functional Specifications of Latvijas Banka's Payment Processing", Latvijas Banka shall record the current instant payment liquidity position as well as prepares the current instant payment liquidity position report and sends it to the customer each TARGET2 business day.

#### **5.5.<sup>1</sup> Liquidity transfer processing, ensuring the addressable BIC holder service in the EKS**

##### **5.5.<sup>11</sup> Core principles for processing liquidity transfer orders**

183.<sup>1</sup> The customer shall draw up a liquidity transfer order in compliance with the formatting conditions stipulated in the "Functional Specifications of Latvijas Banka's Payment Processing".

183.<sup>2</sup> Latvijas Banka shall accept and process<sup>2</sup> liquidity transfer orders in compliance with the procedure stipulated in the "Functional Specifications of Latvijas Banka's Payment Processing".

183.<sup>3</sup> The customer shall submit to Latvijas Banka the liquidity transfer order in electronic form in compliance with the procedure stipulated in Paragraph 118 herein or, where any problems arise in the operation of the file exchange service, in compliance with the procedure stipulated in Paragraph 119 herein.

183.<sup>4</sup> The customer shall submit to Latvijas Banka the liquidity transfer order in paper form in duplicate signed by the authorised person. The liquidity transfer order in paper form shall be filled in without any alterations and erasures.

183.<sup>5</sup> Latvijas Banka shall execute a liquidity transfer order submitted by the customer on the same TARGET2 business day, provided that it is submitted in accordance with the procedure provided for in the "Functional Specifications of Latvijas Banka's Payment Processing".

183.<sup>6</sup> In the event that a liquidity transfer order has been submitted after the respective business day's time period for payment order receipt set out in the "Functional Specifications of Latvijas Banka's Payment Processing", Latvijas Banka shall execute the liquidity transfer order on the next TARGET2 business day.

183.<sup>7</sup> The time of receipt of a liquidity transfer order shall be the moment Latvijas Banka receives the liquidity transfer order submitted by the customer. As of that moment, it is irrevocable.

#### **5.5.12 Acceptance, rejection and execution of a liquidity transfer order**

183.<sup>8</sup> A liquidity transfer order submitted by the customer shall be deemed accepted by Latvijas Banka where:

183.<sup>8</sup>1 the liquidity transfer order submitted in electronic form (each text message in a separate file) complies with the formatting conditions stipulated in the "Functional Specifications of Latvijas Banka's Payment Processing";

183.<sup>8</sup>2 the liquidity transfer order submitted in paper form complies with the formatting conditions stipulated in the "Functional Specifications of Latvijas Banka's Payment Processing";

183.<sup>8</sup>3 the liquidity transfer order prescribes a transfer of the customer's funds from the customer's settlement account with Latvijas Banka to the customer's settlement account opened with another institution on which information has been provided according to the requirements stipulated in Paragraph 12.1.2.<sup>1</sup>;

183.<sup>8</sup>4 Latvijas Banka may execute the liquidity transfer order according to the information included therein and debit the funds referred to therein from the customer's settlement account;

183.<sup>8</sup>5 the number of liquidity transfers executed within the respective TARGET2 business day and referred to in Paragraph 183.<sup>9</sup> herein has not been exceeded.

183.<sup>9</sup> The customer shall submit no more than two liquidity transfers within the respective TARGET2 business day.

183.<sup>10</sup> Latvijas Banka shall promptly execute the accepted liquidity transfer by submitting it to TARGET2-Latvija via Latvijas Banka's direct participation in TARGET2-Latvija.

183.<sup>11</sup> Latvijas Banka shall immediately reject any liquidity transfer order that fails to fulfil the conditions laid down in Paragraph 183.<sup>8</sup> herein. Latvijas Banka shall notify the customer of any rejection of a liquidity transfer order corresponding to the form of its submission – in electronic form or, where submitted as paper-based document, by providing an indication of rejection on both copies of the urgent payment order.

183.<sup>12</sup> In the event that the liquidity transfer order is rejected by TARGET2-Latvija, Latvijas Banka shall return the funds to the customer's settlement account on the same business day and notify the customer thereof in the same way as the liquidity transfer

order has been submitted – in electronic form or, where submitted as paper-based document, by providing an indication of rejection on both copies of the urgent payment order.

### **5.5.<sup>13</sup> Received payment**

183.<sup>13</sup> Any funds received from TARGET2-Latvija shall be promptly credited by Latvijas Banka to the customer's settlement account according to the IBAN of the payee's settlement account indicated in the payment only.

183.<sup>14</sup> Where Latvijas Banka cannot credit the received funds to the customer's settlement account or where funds have been received from an account which fails to meet the requirements laid down in Paragraph 113.3 or Paragraph 113.<sup>1</sup> herein, Latvijas Banka shall promptly reject the received payment and return the funds via TARGET2-Latvija.

## **5.6 Use of the Proxy Registry "Instant Links"**

### **5.6.1 Key requirements for the use of the Proxy Registry "Instant Links"**

184. The customer using the indirect participation service or the addressable BIC holder service in the EKS may apply for the use of the Proxy Registry "Instant Links". Latvijas Banka shall ensure:

184.1. an opportunity to submit information on the links between the customer account IBAN and the mobile phone number or another identifier in the Proxy Registry "Instant Links" online on a continuous basis (24/7/365) (hereinafter, the identifier);

184.2. [deleted];

184.3. the release of information stored in the Proxy Registry "Instant Links" to the customer upon request online on a continuous basis (24/7/365).

184.<sup>1</sup> Latvijas Banka shall ensure the processing of the information referred to in Paragraph 184.1 herein in the Proxy Registry "Instant Links" in accordance with the procedure established by the "Rules for the Use of the Proxy Registry "Instant Links"" approved by the Council of Latvijas Banka.

185. The customer shall employ the information received from Latvijas Banka pursuant to the requirements set out in Paragraph 184.3 herein for initiating or executing a payment, based on the information about the identifier of the payer or the payee provided by the customer.

186. The customer shall submit information to Latvijas Banka for entering in the Proxy Registry "Instant Links" as well as request to correct, delete and release the information included in the Proxy Registry "Instant Links" in accordance with the procedure provided for in the "Functional Specifications of Latvijas Banka's Payment Processing". Latvijas Banka shall provide the information contained in the Proxy Registry "Instant Links" to the customer in the form of messages via the web service and the file exchange service in accordance with the procedure established by Paragraph 148 herein.

187. Latvijas Banka shall ensure that the new or modified information submitted by the customer to the Proxy Registry "Instant Links" is available to the users of the Proxy Registry "Instant Links" immediately after its submission or modification as well as ensure that information is no longer available immediately after its deletion.

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

187.<sup>2</sup> The customer who has applied for the use of the Proxy Registry "Instant Links" shall agree that Latvijas Banka publishes its name, BIC and the contact information of the data controller on the websites of Latvijas Banka.

### **5.6.1.<sup>1</sup> Application for the use of the Proxy Registry "Instant Links"**

187.<sup>3</sup> Prior to starting to use the Proxy Registry "Instant Links", the customer:

187.<sup>3</sup>1 shall submit an Application Form for the use of the Proxy Registry "Instant Links" to Latvijas Banka (Appendix 1.8) by authorising Latvijas Banka, based on the reports received from the customer in accordance with the procedure established by Paragraph 186 herein, to submit the information on its customers referred to in Paragraph 190 herein for the inclusion, modification and cancellation in the Proxy Registry "Instant Links" as well as to release the information stored in the Proxy Registry "Instant Links";

187.<sup>3</sup>2 pass the tests required by Latvijas Banka.

187.<sup>4</sup> The customer may start to use the Proxy Registry "Instant Links" when it has fulfilled the requirements referred to in Paragraph 187.<sup>3</sup> herein. The customer coordinates with Latvijas Banka the date on which the use of the Proxy Registry "Instant Links" can be started.

187.<sup>5</sup> The customer who has applied for the use of the Proxy Registry "Instant Links" shall ensure timely update of the information included in the Application Form for the Use of the Proxy Registry "Instant Links" (Appendix 1.8). The customer shall coordinate with Latvijas Banka the date on which the updated information takes effect.

### **5.6.2 [Deleted]**

188. [Deleted]

189. [Deleted]

### **5.6.3. 3 Information to be entered in the Registry**

190. Latvijas Banka shall include in the Proxy Registry "Instant Links" the following information submitted by the customer:

190.1. its customer's IBAN;

190.2. its customer's identifier;

190.3. name and surname (of a natural person) or name (of a legal person) of its customer;

190.4. [deleted];

190.5. BIC matching the IBAN of its customer.

191. Only one IBAN can be linked to one identifier, but one IBAN can be linked to several identifiers.

192. The customer who has applied for the use of the Proxy Registry "Instant Links" shall ensure that its customer:

192.1. has proved in a technologically secure manner that the relevant identifier belongs to the customer;

192.2. on whom information will be entered in the Proxy Registry "Instant Links" Registry has received full information on the Proxy Registry "Instant Links" and the use of the information entered therein;

192.3. [deleted].

#### **5.6.4. [Deleted]**

193. [Deleted]

194. [Deleted]

195. [Deleted]

196. [Deleted]

197. [Deleted]

198. [Deleted]

199. [Deleted]

200. [Deleted]

201. [Deleted]

202. [Deleted]

#### **5.6.5. Termination of the use of the Proxy Registry "Instant Links"**

203. [Deleted]

203.<sup>1</sup> The customer may discontinue to use the Proxy Registry "Instant Links" at any time by submitting an Application Form for the Use of the Proxy Registry "Instant Links" (Appendix 1.8), indicating the date on which the customer discontinues to use the Proxy Registry "Instant Links". Where the customer discontinues to use the Proxy Registry "Instant Links", the authorisation to submit information on its customers for the inclusion in the Proxy Registry "Instant Links" granted by the customer in writing to Latvijas Banka shall become invalid and Latvijas Banka shall delete all information on the respective customer submitted to the Proxy Registry "Instant Links" and included in the Application Form for the Use of the Proxy Registry "Instant Links" on the indicated date (Appendix 1.8).

204. When terminating the provision of the indirect participation service or the addressable BIC holder service in the EKS, Latvijas Banka shall simultaneously terminate the customer's access to the Proxy Registry "Instant Links". The authorisation granted by the customer in writing to Latvijas Banka to submit information on its customers for the inclusion in the Proxy Registry "Instant Links" shall become invalid and Latvijas Banka shall delete all information on the respective customer submitted to the Proxy Registry "Instant Links".

205. In the event that Latvijas Banka discontinues maintenance of the Proxy Registry "Instant Links", it shall inform the customer thereof three months in advance.

206. [Deleted]

207. [Deleted]

### **5.7 Termination of the provision of the indirect participation or the addressable BIC holder service in the EKS**

208. Latvijas Banka shall immediately and without prior notice terminate the provision of the customer's indirect participation or the addressable BIC holder service in the EKS where:

208.1. the insolvency proceedings have been opened against the customer;

208.2. the grounds for opening a settlement account referred to in Paragraphs 3 or 10 herein no longer exist;

208.3. the customer does not comply with the conditions referred to in Paragraph 97 herein or does not meet the requirements set out in Paragraphs 103.1 or 103.2 herein.

209. Latvijas Banka may terminate, without prior notice, the provision of the customer's indirect participation or the addressable BIC holder service in the EKS where:

209.1. one or more events of default (other than those referred to in Paragraphs 208.1 and 208.2 herein) occur repeatedly;

209.2. the customer is in repeated serious breach of the Regulation;

209.3. the customer repeatedly fails to carry out any material obligation to Latvijas Banka;

209.4. any customer-related event occurs which, in Latvijas Banka's assessment, could jeopardise the performance of Latvijas Banka's tasks as defined in the Law on Latvijas Banka;

209.5. the addressable BIC holder exceeds any of the maximum payment values or the total value of payments established herein;

209.6. the addressable BIC holder has not paid Latvijas Banka's invoice referred to in Paragraph 23 herein, Paragraphs 8 and 10 of Annex 1.1 hereto or Paragraph 11.2 herein in accordance with the procedure set out herein;

209.7. any addressable BIC holder-related event occurs when, in Latvijas Banka's assessment, it is necessary to terminate the provision of the addressable BIC holder service or the indirect participation service in the EKS on the grounds of prudence.

210. In the event that Latvijas Banka terminates the provision of the customer's indirect participation or the addressable BIC holder service in the EKS according to Paragraphs 208 or 209 herein, it shall promptly notify the customer thereof.

211. In the event that Latvijas Banka terminates the provision of the customer's indirect participation or the addressable BIC holder service in the EKS in compliance with Paragraphs 208 or 209 herein, it shall no longer accept any new files of SEPA credit transfer orders or SEPA payment return orders submitted by that customer within the framework of the indirect participation service or the addressable BIC holder service in the EKS clearing service and any new SEPA instant credit transfer orders or SEPA instant payment return orders within the framework of the indirect participation service or the addressable BIC holder service in the EKS instant payment service. Latvijas Banka shall reject the files of SEPA credit transfer orders or SEPA payment return orders, instant payment orders and instant payment return orders submitted by or addressed to this customer.

212. The addressable BIC holder shall be entitled, at any time, to submit a written request to Latvijas Banka to terminate the addressable BIC holder service in one or both EKS services. The request shall specify the date as of which the customer wants to discontinue the use of the addressable BIC holder service in the EKS or in any of the EKS services.

If the customer wishes to discontinue the use of the addressable BIC holder service in both EKS services, the customer shall specify the details of the settlement account intended for storage of its customers' funds, to which the balance of funds available on the customer's settlement account and the customer's instant payment settlement account shall be transferred by Latvijas Banka at the moment of closure of that settlement account. The date specified by the customer in the present Paragraph shall be at least 14 business days from the day on which the request referred to in the present Paragraph has been submitted to Latvijas Banka, unless Latvijas Banka and the customer agree on a shorter period.

213. Latvijas Banka shall be entitled to terminate the addressable BIC holder service and close the customer's settlement account at any time, notifying the customer thereof in writing at least 14 business days in advance, unless Latvijas Banka and the customer agree on a shorter period.

214. Where Latvijas Banka terminates the addressable BIC holder service in the EKS according to Paragraphs 208, 209 or 213 herein, the customer shall be obliged to promptly notify Latvijas Banka of another settlement account dedicated to the storage of its customers' funds to which the balance of funds available on the customer's settlement account and the customer's instant payment settlement account shall be transferred. Latvijas Banka shall close the customer's settlement account and the customer's instant payment settlement account after the balance of funds has been transferred to the settlement account specified by the customer.

215. Termination of the agreement "On Indirect Participation in the EKS" or the agreement "On Servicing a Settlement Account and the Addressable BIC Holder Service in the EKS" shall not discharge the customer from complete execution of its obligations arising from the indirect participation in the EKS or the use of the addressable BIC holder service in the EKS. Following the termination of indirect participation in the EKS, Latvijas Banka shall be entitled to debit the customer's settlement account with Latvijas Banka by the amount which the customer owes to Latvijas Banka prior to the deadlines referred to herein.

## **6. Closing of a settlement account for credit institutions and credit unions**

216. The customer shall be entitled to submit a written request to close its settlement account at any time. The request for closing the settlement account shall specify the date as of which the customer wants to close its settlement account and open another settlement account in the customer's name to which the funds available on the settlement account shall be transferred at the moment of its closure. The date of the settlement account closure specified by the customer in the present Paragraph shall be at least 14 business days from the day on which the request has been submitted to Latvijas Banka, unless Latvijas Banka and the customer agree on a shorter period.

217. Latvijas Banka shall be entitled to close the customer's settlement account at any time, notifying the customer thereof in writing at least 14 business days in advance, unless Latvijas Banka and the customer agree on a shorter period. Within 14 business days following the receipt of the notification from Latvijas Banka, the customer shall be obliged to notify Latvijas Banka of the settlement account to which the funds available on the customer's settlement account shall be transferred.

218. Latvijas Banka shall close the customer's settlement account only after the customer has settled all its obligations arising out of the legal relationship between Latvijas Banka

and the customer and transfer the funds available on that settlement account to another settlement account specified by the customer and opened in its name.

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

219. The customer shall be deemed to be aware of and comply with all obligations related to legislation on data protection, prevention of money laundering and financing of terrorism 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 or credited on its settlement account.

219.<sup>1</sup> Latvijas Banka and the customer who has applied for the use of the Proxy Registry "Instant Links" shall act as data controllers with respect to the data processing referred to in Paragraph 190 herein and conducted in order to fulfil the task mentioned in the "Rules for the Use of the Proxy Registry "Instant Links"" approved by the Council of Latvijas Banka. The customer shall be the data controller with respect to the personal data to be submitted for the inclusion in the Proxy Registry "Instant Links" and received from the Proxy Registry "Instant Links". As part of its mandate, Latvijas Banka shall ensure the integrity of the data submitted by the customer and the personal data released from the Proxy Registry "Instant Links" upon the request of the customer and their consistency with the personal data submitted by the customer and included in the Proxy Registry "Instant Links" respectively as well as their submission without any changes for the inclusion in the Proxy Registry "Instant Links" or the provision of them to the customer. According to the "Rules for the Use of the Proxy Registry "Instant Links"" approved by the Council of Latvijas Banka, Latvijas Banka as the operator of the Proxy Registry "Instant Links" shall act as the data controller with respect to the personal data submitted for the inclusion of the users of the Proxy Registry "Instant Links" in the Proxy Registry "Instant Links", the personal data included in the Proxy Registry "Instant Links" and the personal data to be released from the Proxy Registry "Instant Links", thus ensuring their integrity and consistency with the more recent data submitted to the Proxy Registry "Instant Links".

219.<sup>2</sup> The customer and Latvijas Banka shall take the technical and organisational measures to ensure the security of the personal data to be included in the Proxy Registry "Instant Links" and received from the Proxy Registry "Instant Links" and shall collaborate in good faith in order to perform the data subject requests and ensure the accuracy of the personal data throughout the entire process of the data processing. The customer shall ensure the execution of the access rights of the data subject, including by providing information on the processing of the personal data included in the Proxy Registry "Instant Links".

219.<sup>3</sup> In the event of a personal data breach<sup>3</sup> that could potentially cause high risk to the rights and freedoms of natural persons, Latvijas Banka shall notify the customer without undue delay. The customer shall notify the data subjects to whom the received information refers without undue delay.

220. The customer shall be obliged to introduce appropriate legal and operational procedures concerning the prevention of money laundering and terrorist financing. Latvijas Banka shall not be liable for the compliance of the customer with the

requirements stipulated by the laws and regulations on the prevention of money laundering and terrorist financing.

221. Acting as a payer or payee's payment service provider, the customer shall comply with all requirements arising out of administrative or restricting measures laid down in accordance with Articles 75 or 215 of the Treaty on the Functioning of the European Union, including notification or obtaining consent from a competent authority regarding processing of transactions.

222. In the cases where Latvijas Banka as the customer's payment service provider is obliged to make a notification or obtain consent from a competent authority prior to the execution of a payment order in compliance with the requirements arising from administrative or restricting measures laid down in accordance with Articles 75 or 215 of the Treaty on the Functioning of the European Union, the customer, on behalf of Latvijas Banka, shall undertake to make a notification or obtain consent from a competent authority and provide Latvijas Banka with evidence of having made a notification or having received consent.

223. In the case referred to in Paragraph 222 herein, the customer shall not submit a payment order to Latvijas Banka until it has received a confirmation from Latvijas Banka.

224. Where the customer fails to comply with the requirement set out in Paragraph 222 herein or submits a payment order prior to receipt of a confirmation from Latvijas Banka, Latvijas Banka shall have the right to reject the respective payment order.

225. The terms "payment service provider", "payer" and "payee" used in Paragraphs 221 and 222 herein shall have the same meaning as defined in the applicable administrative or restricting measures.

## **8. Evidence**

226. Latvijas Banka's own books and records (whether kept in paper form, in electronic or any other mechanically reproducible form) shall be accepted as a means of evidence of the payments processed through Latvijas Banka and any obligations and of any facts or events that the parties rely on.

226.<sup>1</sup> Latvijas Banka shall keep the information referred to in Paragraph 226 herein for a period of five years from the time such information has been created.

226.<sup>2</sup> Latvijas Banka shall keep the information entered in the Proxy Registry "Instant Links" for a period of time specified in the "Rules for the Use of the Proxy Registry "Instant Links"" approved by the Council of Latvijas Banka, and it shall be issued to the customer who has applied for the use of the Proxy Registry "Instant Links".

226.<sup>3</sup> Latvijas Banka shall keep the information on the requests for the data entered in the Proxy Registry "Instant Links" for a period of time specified in the "Rules for the Use of the Proxy Registry "Instant Links"" approved by the Council of Latvijas Banka. Latvijas Banka shall issue the respective information to the customer who has applied for the use of the Proxy Registry "Instant Links" on its customer within the time limit specified in the "Rules for the Use of the Proxy Registry "Instant Links"" approved by the Council of Latvijas Banka on the basis of an application.

## **9. The rights of pledge and set-off of Latvijas Banka with respect to the settlement account of a credit institution and a credit union**

227. Latvijas Banka shall have a pledge over the customer's existing and future credit balances on the cash accounts (maintaining the customer's ownership rights), thereby collateralising any current and future claims arising out of the legal relationship between the parties. The entries of the settlement account shall be used for identifying the exact value of the funds and time of pledging.

228. Latvijas Banka shall have financial collateral stipulated in Paragraph 227 herein even in case the claims are only contingent or not yet due.

229. In the event of default of an indirect participant whose indirect participation in the EKS is suspended although insolvency proceedings with respect to the indirect participant have been opened and notwithstanding any assignment, judicial or other attachment, or other disposition of or with respect to the indirect participant's rights, all obligations of the indirect participant shall be automatically and immediately accelerated, without prior notice and without the need for any prior approval by any authority, so as to be immediately due. In addition, all mutual obligations of the indirect participant and Latvijas Banka shall be automatically set off against each other, and the party owing the higher amount shall pay the other party the difference.

230. Latvijas Banka shall promptly give an indirect participant notice of any set-off pursuant to Paragraph 229 herein after such set-off has taken place.

231. Latvijas Banka may, without prior notice, debit the customer's settlement account with Latvijas Banka by any amount which the customer owes to Latvijas Banka resulting from any legal relationship between the customer and Latvijas Banka.

## **10. Force majeure circumstances**

232. Latvijas Banka and the customer shall not be held liable for full or partial failure to perform the obligations laid down herein where it is caused by the circumstances Latvijas Banka and the customer cannot foresee at the moment of entering into the agreement "On Servicing a Settlement Account", the agreement "On Indirect Participation in the EKS" or the agreement "On Servicing a Settlement Account and the Addressable BIC Holder Service in the EKS" as well as overcome or prevent, including due to natural hazard, fire, military action or blockade (hereinafter, the force majeure circumstances).

233. Should it be impossible for Latvijas Banka or the customer to perform the obligations laid down herein due to the force majeure circumstances, it shall promptly notify the other party (the customer or Latvijas Banka) to this effect. If this is not the case, the respective party shall have no right to quote the force majeure circumstances as the grounds for not being held liable.

234. In the event of the force majeure circumstances, the deadline for performing the obligations specified herein shall be extended automatically for a period of time equal to the duration of the force majeure circumstances.

## **11. Settlement of disputes**

235. The bilateral relationship between Latvijas Banka and the customer shall be governed by the laws and regulations of the Republic of Latvia.

236. All claims and disputes that arise in connection with the Regulation shall be resolved by Latvijas Banka and the customer by way of mutual negotiations. Where Latvijas Banka and the customer fail to negotiate an agreement, the disputes shall be resolved in accordance with the procedure established by the laws and regulations of the Republic of Latvia. The place of the court proceedings shall be Riga, Latvia.

## **12. Final provisions**

237. Latvijas Banka shall have the right, at any time, to unilaterally amend the agreement "On Servicing a Settlement Account", the agreement "On Indirect Participation in the EKS" or the agreement "On Servicing a Settlement Account and the Addressable BIC Holder Service in the EKS" concluded between Latvijas Banka and the customer, this Regulation, the "Functional Specifications of the Electronic Clearing System (EKS) of Latvijas Banka" and the "Functional Specifications of Latvijas Banka's Payment Processing". Latvijas Banka shall notify the customer of the amendments in writing at least 14 business days prior to the date the amendments take effect.

238. Where the customer having got familiar with the amendments referred to in Paragraph 237 herein wants to close its settlement account due to the amendments made, the customer shall notify Latvijas Banka to this effect within 14 business days after the receipt of a notice on amendments from Latvijas Banka and Latvijas Banka shall carry out the closure of the settlement account in accordance with the procedure for closing a settlement account referred to in Section 0 herein. In the case referred to in this Paragraph, the amendments shall not apply to the customer and its settlement account.

238.<sup>1</sup> Latvijas Banka shall have the right, at any time, to unilaterally amend the "Rules for the Use of the Proxy Registry "Instant Links"" approved by the Council of Latvijas Banka, notifying the customer thereof in writing at least one month in advance prior to the amendments taking effect.

238.<sup>2</sup> Where the customer having got familiar with the amendments referred to in Paragraph 238.<sup>1</sup> wants to discontinue the use of the Proxy Registry "Instant Links" due to the amendments made, the customer shall notify Latvijas Banka to this effect within one month after the receipt of a notice on amendments from Latvijas Banka.

239. Where any provision in the Regulation becomes invalid, this shall not prejudice the applicability of other provisions hereof.

240. Any rights, interests, obligations, responsibilities and claims arising from or relating to the Regulation shall not be transferred, pledged or assigned by the customer to any third party without the written consent of Latvijas Banka.

241. All customers having started their indirect participation or having used the addressable BIC holder service in the EKS since 14 July 2017 shall be deemed to be using the service in the EKS clearing service.

242. Latvijas Banka started the provision of the indirect participation service or the addressable BIC holder service in the EKS instant payment service as well as the provision of the IBAN Register service on 28 August 2017.

243. Amendments to Paragraphs 2.15, 2.26, 2.27, 2.27.<sup>1</sup>, 2.27.<sup>2</sup>, 2.28.<sup>1</sup>, 2.28.<sup>2</sup>, 2.28.<sup>3</sup> and 2.37.<sup>1</sup>, Paragraphs 98, 99, 100, 113, 114 and 115, the title of Subsection 5.4.1, Paragraphs 116, 117, 118, 119, 121, 122, 124, 125, 128.<sup>1</sup> and 130.<sup>1</sup>, the title of Subsection 5.4.2, Paragraphs 126, 128 and 130, the title of Subsection 5.4.3, Paragraphs 131 and 132,

Subsections 5.4.4, 5.4.5, 5.4.5.<sup>1</sup>, 5.4.5.<sup>2</sup>, 5.4.5.<sup>3</sup>, 5.5.4, 5.5.5, 5.5.5.<sup>1</sup>, 5.5.5.<sup>2</sup> and 5.5.5.<sup>3</sup> of Appendix 1 herein and Paragraph 6 of Appendix 1.1 related to the introduction of new messages and files in the EKS shall apply as of 18 November 2019.

## **Fees and invoice settlement**

### **1. Fees**

#### **1.1 Application of the fee**

##### **1.1.1 The fee for the processing of an urgent payment order submitted by the customer**

1. The fee for the processing of an urgent payment order submitted by the customer in TARGET2-Latvija shall be set according to the fixed fee per transaction (debit entry) referred to in Paragraph 1.1.1 of Appendix 1.6 to the "System Rules for Participation in TARGET2-Latvija" approved by the Council of Latvijas Banka. In addition to this Paragraph, the customer shall pay as follows:

1.1 EUR 2.80 for the processing of an urgent payment order submitted in paper form;

1.2 EUR 1.14 for the processing of an urgent payment order submitted in electronic form (each text message in a separate file).

2. The fee for the processing of an urgent payment order submitted by the customer in Latvijas Banka's accounting system shall be set as follows:

2.1 EUR 2.80 for the processing of an urgent payment order submitted in paper form;

2.2 EUR 1.14 for the processing of an urgent payment order submitted in electronic form (each text message in a separate file).

##### **1.1.2 The fee for the processing of a SEPA credit transfer order submitted by the customer**

3. The fee for the processing of a SEPA credit transfer order submitted by the customer in the EKS system shall be set according to the procedure for setting the first category monthly fee referred to in Paragraph 1.1 of Appendix 1.5 to the "System Rules for Participation in the EKS" approved by the Council of Latvijas Banka.

4. In addition to the fee referred to in Paragraph 3 of this Appendix, the customer shall pay as follows:

4.1 EUR 2.80 for the processing of a SEPA credit transfer order submitted in paper form;

4.2 EUR 1.14 for the processing of a SEPA credit transfer order submitted in electronic form (each text message in a separate file).

5. The fee for the processing of a SEPA credit transfer order submitted by the customer in Latvijas Banka's accounting system shall be set as follows:

5.1 EUR 2.80 for the processing of a SEPA credit transfer order submitted in paper form;

5.2 EUR 1.14 for the processing of a SEPA credit transfer order submitted in electronic form (each text message in a separate file).

##### **1.1.3 The fee for the processing of a SEPA credit transfer order, instant payment order and the related orders via the indirect participation or the addressable BIC holder service in the EKS**

6. The fee for the processing of a SEPA credit transfer order, SEPA payment return order, SEPA payment cancellation request, SEPA resolution of investigation (negative response to the cancellation request), payment status request, SEPA claim of non-receipt, SEPA

claim for value date correction and SEPA investigation results notification submitted by the customer in electronic form (combining several payment messages in one file) in the EKS clearing service and for the processing of an instant payment order, instant payment return order, instant payment cancellation request, a negative response to the instant payment cancellation request and an instant payment status request in the EKS instant payment service shall be set according to the fee referred to in Paragraph 1.1 of Appendix 1.5 to the "System Rules for Participation in the EKS" approved by the Council of Latvijas Banka.

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

### **1.1.3.<sup>1</sup> The fee for the processing of a liquidity transfer order via the addressable BIC holder service in the EKS**

7.<sup>1</sup> The fee for the processing of a liquidity transfer order submitted by the customer in TARGET2-Latvija shall be set according to the fixed fee per transaction (debit entry) referred to in Paragraph 1.1.1 of Appendix 1.6 to the "System Rules for Participation in TARGET2-Latvija" approved by the Council of Latvijas Banka. In addition to the stipulation of this Paragraph, the customer shall pay as follows:

7.<sup>11</sup> EUR 1.14 for the processing of a liquidity transfer order submitted in electronic form (each text message in a separate file);

7.<sup>12</sup> EUR 2.80 for the processing of a liquidity transfer order submitted in paper form.

### **1.1.3.<sup>2</sup> The fee for the use of the Proxy Registry "Instant Links"**

7.<sup>2</sup> The customer who has applied for the use of the Proxy Registry "Instant Links" shall, as an entity reachable via a Registry user, pay a monthly fee to Latvijas Banka in the amount set by the "Rules for the Use of the Proxy Registry "Instant Links"" approved by the Council of Latvijas Banka..

## **1.2 Non-application of the fee**

8. Latvijas Banka shall not apply the fee for crediting funds to the customer's settlement account.

## **2. Invoice settlement**

9. Latvijas Banka shall send the customer an invoice specifying the fee to be paid for the previous month no later than on the 5th (fifth) business day of the following month.

10. The customer shall make a payment to the settlement account specified by Latvijas Banka at the latest on the 10th (tenth) business day of the respective month. Latvijas Banka shall debit the invoice amount from the respective settlement account of the credit institution or the credit union with Latvijas Banka. The addressable BIC holder shall pay the invoice no later than on the 10th (tenth) business day of the respective month.

11. When commencing to ensure indirect participation or the provision of the addressable BIC holder service in the EKS, Latvijas Banka shall send the customer an invoice specifying the fee for the connection to STEP2 maintained by EBA CLEARING and the disconnection from it and the fee for the respective year paid by the customer when making a payment to the settlement account specified in the payment invoice no later than

on the date on which indirect participation or the addressable BIC holder service in the EKS is provided to the customer.

12. Latvijas Banka shall collect from the customer the annual fees to be paid by Latvijas Banka to EBA CLEARING for the participation of indirect participants in the EKS and the use of the addressable BIC holder service in STEP2 as follows:

12.1 Latvijas Banka shall send an invoice to the customer using the indirect participation service in the EKS corresponding to the invoice received from EBA CLEARING and the amount of indirect participation service in the EKS used by the customer and shall debit the respective amount from the customer's settlement account on the next business day after Latvijas Banka's invoice has been sent;

11.2 Latvijas Banka shall send Latvijas Banka's invoice specifying the annual fee for STEP2 maintained by EBA CLEARING to the customer using the addressable BIC holder service in the EKS according to the effective EBA CLEARING tariffs on the 5th (fifth) business day of each following year after the provision of the addressable BIC holder service in the EKS is commenced. The customer shall pay the invoice no later than on the 10th (tenth) business day of the respective month.

**Guidelines for legal opinions prepared by payment institutions and e-money institutions licensed outside Latvia**

Latvijas Banka  
K. Valdemāra iela 2A, Rīga, LV-1050, Latvia

**Opinion on [name of payment institution or e-money institution]**

[location] [date]

Dear Mr (Ms)

We have been asked to provide this Opinion as [in-house or external] legal advisers to [specify name of payment institution or e-money institution] in respect of issues arising under the laws of [jurisdiction in which the payment institution or e-money institution has been issued a licence; hereinafter, the jurisdiction] in connection with the conclusion of the agreement "On Servicing a Settlement Account and the Addressable BIC Holder Service in the EKS" of [specify name of payment institution or e-money institution] (hereinafter, the Institution) and the use of the addressable BIC holder service of Latvijas Banka.

This Opinion is confined to the laws and regulations of [jurisdiction] as they exist on the date of this Opinion. We have made no investigation of the laws and regulations of any other jurisdiction as a basis for this Opinion, and do not express or imply any opinion in this regard.

**I. Documents examined**

1. For the purposes of this Opinion, we have examined:

- 1.1 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 an extract from the [specify relevant company register];
- 1.3 a copy of the Institution's licence;
- 1.4 [if applicable] a copy of a resolution adopted by the board of directors or the relevant governing body of the Institution on [insert year and date], evidencing the Institution's agreement to adhere to the requirements, 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 Documents (as defined below) on behalf of the Institution] and all other documents relating to the Institution's constitution, powers, and authorisations necessary or appropriate for the provision of this Opinion (hereinafter, the Institution's Documents).

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

- 2.1 the "Regulation for Servicing of Customer Accounts of Latvijas Banka" approved by the Council of Latvijas Banka on 16 December 2013 (hereinafter, the Regulation for Accounts);
- 2.2 the agreement "On Servicing a Settlement Account and Provision of the Addressable BIC Holder Service in the EKS" concluded on [date].

The Regulation and the agreement "On Servicing a Settlement Account and the Addressable BIC Holder Service in the EKS" shall be hereinafter referred to as the

"Account Documents" (hereinafter, together with the Institution's Documents they shall be referred to as the "Documents").

## **II. Assumptions**

3. For the purposes of this Opinion, we have assumed in relation to the Documents that:
  - 3.1 the terms of the Account Documents and the rights and obligations created by them are valid and legally binding under the laws and regulations of the Republic of Latvia, by which they are expressed to be governed, and the choice of the laws and regulations of the Republic of Latvia to govern the Account Documents is recognised by the laws and regulations of the Republic of Latvia;
  - 3.2 the Institution's Documents are within the capacity and power of and have been validly authorised, adopted or executed and, where necessary, submitted by the relevant parties;
  - 3.3 the Institution's Documents are binding on the parties to which they are addressed, and there has been no breach of any of their terms.

## **III. Opinion**

4. The Institution is a corporation which is duly established, has been issued a licence [for the operation of a payment institution or the issue of electronic money] under the laws and regulations of [jurisdiction] and has taken all necessary actions to commence the provision of payment services in the Republic of Latvia.
5. The Institution has all the requisite corporate powers to execute and perform the rights and obligations under the Account Documents to which it is a party.
6. The adoption or execution and the performance by the Institution of the rights and obligations under the Account Documents to which the Institution is a party will not in any way breach any provision of the laws or regulations of [jurisdiction] applicable to the Institution or the Institution Documents.
7. 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 Institution in connection with the adoption, validity or enforceability of any of the Account Documents or the execution or performance of the rights and obligations thereunder.
8. The Institution has taken all necessary corporate action and other steps necessary under the laws and regulations of [jurisdiction] to ensure that its obligations under the Account Documents are legal, valid and binding.
9. A distinct holding of the funds of the Institution and its customers
  - 9.1 The debiting of the fees and the interest charge applicable to the Institution pursuant to the Regulation for Accounts from the Institution's Account with Latvijas Banka in which only the funds of the Institution's customers are held shall not in any way breach any provision of the laws and regulations of [jurisdiction].
  - 9.2 [Specify whether the laws and regulations of the jurisdiction provide for holding of the funds of the Institution's customers separately from the Institution's funds and, if so, annex the English translation of the respective legal provisions].

9.3 [Specify whether the laws and regulations of the jurisdiction provide for the protection of the funds of the Institution's customers against the Institution's creditor claims and, if so, annex the English translation of the respective legal provisions].

#### 10. Insolvency issues

10.1 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 Institution and to which the Institution may become subject in [jurisdiction], are the following: [list of proceedings in original language and English translation] (hereinafter collectively referred to as "Insolvency Proceedings").

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

10.3 Information on Insolvency Proceedings or Proceedings is publicly available [indicate which information exactly is available and where it can be found] under the laws and regulations of [jurisdiction].

#### 11. Enforceability of the Regulation for Accounts

The provisions in the Regulation for Accounts, inter alia with regard to the cases when Latvijas Banka has the right to suspend the provision of the addressable BIC holder service to the Institution and the rights of Latvijas Banka specified under the Regulation for Accounts to debit the customer's account by any amount which the Institution owes to Latvijas Banka prior to the deadlines referred to in the Regulation for Accounts, are binding and enforceable in accordance with the Regulation under the laws and regulations of [jurisdiction].

This Opinion is stated as of its date and addressed solely to Latvijas Banka and the Institution. 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 [the Institution's supervising Institution] of [jurisdiction].

Yours faithfully,

[signature]

**Application form for the use of indirect participation service in the EKS clearing service**

New		Edit		Delete	
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Filing date									
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Desired effective date									
------------------------	--	--	--	--	--	--	--	--	--

Registered name of the customer: \_\_\_\_\_

Registration number																			
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BIC														
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We hereby acknowledge that we have adhered to the SEPA Credit Transfer Scheme approved by the European Payments Council.

Date of adherence/joining														
---------------------------	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Signature of the person having the right to represent the customer:

\_\_\_\_\_

Signatory's name, surname and position: \_\_\_\_\_

**Application form for the use of the addressable BIC holder service in the EKS clearing service**

New		Edit		Delete	
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Filing date									
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Desired effective date									
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Registered name of the customer: \_\_\_\_\_

Registration number																			
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BIC														
-----	--	--	--	--	--	--	--	--	--	--	--	--	--	--

We hereby acknowledge that we have adhered to the SEPA Credit Transfer Scheme approved by the European Payments Council.

Date of adherence/joining														
---------------------------	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Signature of the person having the right to represent the customer:

\_\_\_\_\_

Signatory's name, surname and position: \_\_\_\_\_

**Application form for the use of indirect participation service in the EKS instant payment service**

New		Edit		Delete	
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Filing date									
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Desired effective date									
------------------------	--	--	--	--	--	--	--	--	--

Registered name of the customer: \_\_\_\_\_

Registration number															
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BIC									
-----	--	--	--	--	--	--	--	--	--

We hereby acknowledge that we have adhered to the SEPA Instant Credit Transfer Scheme approved by the European Payments Council.

Date of adherence/joining									
---------------------------	--	--	--	--	--	--	--	--	--

Signature of the person having the right to represent the customer:

\_\_\_\_\_

Signatory's name, surname and position: \_\_\_\_\_

**Application form for the use of the addressable BIC holder service in the EKS instant payment service**

New		Edit		Delete	
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Filing date									
-------------	--	--	--	--	--	--	--	--	--

Desired effective date									
------------------------	--	--	--	--	--	--	--	--	--

Registered name of the customer: \_\_\_\_\_

Registration number														
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BIC									
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We hereby acknowledge that we have adhered to the SEPA Instant Credit Transfer Scheme approved by the European Payments Council.

Date of adherence//joining									
----------------------------	--	--	--	--	--	--	--	--	--

Signature of the person having the right to represent the customer:

\_\_\_\_\_

Signatory's name, surname and position: \_\_\_\_\_

[Deleted]

**Application Form for the Use of the Proxy Registry "Instant Links"**

Desired effective date	
------------------------	--

<b>Name of the customer</b>	
VAT Payer number	
Registration number	

New	<input type="checkbox"/>	Edit	<input type="checkbox"/>	Delete	<input type="checkbox"/>
BIC		Test BIC			
<b>Name</b>					
<b>Application for the receipt of non-mandatory messages/list</b>					
Notification messages on new information entry in the Proxy Registry "Instant Links" and notification messages on removal of the information entered in the Proxy Registry "Instant Links"					<input type="checkbox"/>
The list of all phone numbers registered in the Proxy Registry "Instant Links", in file format	Via the file exchange service				<input type="checkbox"/>
	Via the web service				<input type="checkbox"/>

The contact information of the data controller as to the issues regarding the personal data protection <sup>1</sup>	
The name, surname and contact details of the data protection specialist of the data controller.	

When submitting new data or modifying the submitted data to be indicated in the Application Form for the use of the Proxy Registry "Instant Links", I hereby authorise Latvijas Banka to submit the information referred to in Paragraph 190 of the "Regulation for Servicing of Customer Accounts of Latvijas Banka" for the inclusion, modification and cancellation in the Proxy Registry "Instant Links" as well as to release the information stored in the Proxy Registry "Instant Links".

\_\_\_\_\_

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

\_\_\_\_\_

(signature and date)

Governor of Latvijas Banka

Ilmārs Rimšēvičs

<sup>1</sup> Information shall be published on the website of Latvijas Banka.

Riga, \_\_\_ \_\_\_\_\_ 20\_\_

AGREEMENT No.  
SAMPLE

### On Servicing a Settlement Account

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 CUSTOMER) \_\_\_\_\_  
(name, surname and position of the representative)

acting under \_\_\_\_\_,  
(basis for the powers of representation)

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

1. The CUSTOMER shall confirm that it is familiar with the "Regulation for Servicing of Customer Accounts of Latvijas Banka" approved by the Council of Latvijas Banka and the "Functional Specifications of Latvijas Banka's Payment Processing" approved by the Board of Latvijas Banka (hereinafter, the Regulation) and faces no legal or any other impediment to complying with the requirements of the Regulation.

2. The CUSTOMER shall agree to act in accordance with the Regulation. The Regulation shall constitute an integral part of the AGREEMENT and shall become binding on the CUSTOMER as from the entry into force of the AGREEMENT.

3. Where the BANK rejects the CUSTOMER'S application to open a settlement account or the settlement account opened by the CUSTOMER with the BANK is closed in accordance with the Regulation, the AGREEMENT shall become invalid at the same time.

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

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

5. The AGREEMENT has been drawn up on \_\_\_ (\_\_\_\_\_) pages in 2 (two) copies, with one copy for each PARTY.

6. Registered addresses and banking details of the PARTIES

6.1 The BANK: K. Valdemāra iela 2A, Riga, LV-1050, phone: +371 67022300, fax: +371 67022420,

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.

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

6.2 The CUSTOMER: \_\_\_\_\_.

BANK

CUSTOMER

\_\_\_\_\_  
(signature)

\_\_\_\_\_  
(signature)

\_\_\_\_\_  
(date)

\_\_\_\_\_  
(date)

Seal

Seal

Governor of Latvijas Banka

Ilmārs Rimšēvičs

Riga, \_\_\_ \_\_\_\_\_ 20\_\_

AGREEMENT No.  
SAMPLE

### On Indirect 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 CUSTOMER) \_\_\_\_\_  
(name, surname and position of the representative)

acting under \_\_\_\_\_,  
(basis for the powers of representation)

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

1. The CUSTOMER shall agree to become an indirect participant in the EKS, using the services of the BANK as a participant and shall confirm that it is familiar with the "Regulation for Servicing of Customer Accounts of Latvijas Banka" approved by the Council of Latvijas Banka and the "Functional Specifications of Latvijas Banka's Payment Processing" approved by the Board of Latvijas Banka (hereinafter, the Regulation) and faces no legal or any other impediment to complying with the requirements of the Regulation.

2. The CUSTOMER shall agree to act in accordance with the Regulation. The Regulation shall constitute an integral part of the AGREEMENT and shall become binding on the CUSTOMER as from the entry into force of the AGREEMENT.

3. When processing the files of SEPA credit transfer orders submitted by the indirect customer and the related information, the BANK shall debit or credit the funds to the CUSTOMER'S settlement account with the BANK.

4. Where the CUSTOMER'S settlement account with the BANK is closed or the BANK, pursuant to the Regulation, has ceased to provide the indirect participation service to the CUSTOMER, the AGREEMENT shall become invalid at the same time.

5. The CUSTOMER shall confirm that it uses the BANK'S connection as the only connection to indirect participation in the EKS.

6. The CUSTOMER shall agree that the BANK publishes information on the CUSTOMER'S indirect participation in the EKS including the name of the CUSTOMER and BIC.

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

8. The BANK and the CUSTOMER may, at any time, unilaterally terminate the AGREEMENT by giving a 14 business days advance notice to the other party unless the PARTIES agree on a shorter notice period.

9. The AGREEMENT has been drawn up on \_\_ (\_\_\_\_\_) pages in 2 (two) copies, with one copy for each PARTY.

10. Registered addresses and banking details of the PARTIES

10.1 The BANK: K. Valdemāra iela 2A, Riga, LV-1050, phone: +371 67022300, fax: +371 67022420,

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.

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

10.2 The CUSTOMER: \_\_\_\_\_.

BANK

CUSTOMER

\_\_\_\_\_  
(signature)

\_\_\_\_\_  
(signature)

\_\_\_\_\_  
(date)

\_\_\_\_\_  
(date)

Seal

Seal

Governor of Latvijas Banka

Ilmārs Rimšēvičs

Riga, \_\_\_\_\_ 20\_\_

AGREEMENT No.  
SAMPLE

### On Servicing a Settlement Account and the Addressable BIC Holder Service 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 CUSTOMER) \_\_\_\_\_  
(name, surname and position of the representative)

acting under \_\_\_\_\_,  
(basis for the powers of representation)

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

1. The CUSTOMER shall agree to use the addressable BIC holder service in the EKS, using the services of the BANK as a participant and shall confirm that it is familiar with the "Regulation for Servicing of Customer Accounts of Latvijas Banka" approved by the Council of Latvijas Banka and the "Functional Specifications of Latvijas Banka's Payment Processing" approved by the Board of Latvijas Banka (hereinafter, the Regulation) and faces no legal or any other impediment to complying with the requirements of the Regulation.

2. The CUSTOMER shall agree to act in accordance with the Regulation. The Regulation shall constitute an integral part of the AGREEMENT and shall become binding on the CUSTOMER as from the entry into force of the AGREEMENT.

3. When processing SEPA credit transfer order files submitted by the addressable BIC holder, the related information and liquidity transfer order files, the BANK shall credit the funds to the CUSTOMER'S settlement account with the BANK or debit them from it.

4. Where the BANK, pursuant to the Regulation, rejects the CUSTOMER'S application to open a settlement account with the BANK and to provide the addressable BIC holder service in the EKS or ceases to provide the addressable BIC holder service in the EKS to the CUSTOMER and closes the CUSTOMER'S settlement account with the BANK, the AGREEMENT shall become invalid at the same time.

5. The CUSTOMER shall confirm that it uses the BANK'S connection as the only connection for the use of the addressable BIC holder service in the EKS.

6. The CUSTOMER shall agree that the BANK publishes information on the CUSTOMER as the addressable BIC holder in the EKS by indicating the name of the CUSTOMER and BIC.

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

8. The AGREEMENT has been drawn up on \_\_ (\_\_\_\_\_) pages in 2 (two) copies, with one copy for each PARTY.

9. Registered addresses and banking details of the PARTIES

9.1 The BANK: K. Valdemāra iela 2A, Riga, LV-1050, phone: +371 67022300, fax: +371 67022420, 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.

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

9.2 The CUSTOMER: \_\_\_\_\_.

BANK

CUSTOMER

\_\_\_\_\_  
(signature)

\_\_\_\_\_  
(signature)

\_\_\_\_\_  
(date)

\_\_\_\_\_  
(date)

Seal

Seal

Governor of Latvijas Banka

Ilmārs Rimšēvičs