

# Price transparency according to the European Code of Conduct on Clearing and Settlement

## I. Price list

The CSDL fees are regulated by the CSDL instruction “The Procedure for Fixing and Payment of Fees of the Central Securities Depository of Lithuania” and mutual agreements between the CSDL and its participants. The approval of this instruction and amendments to it is within the responsibility of the CSDL Board. According to the Law on Markets in Financial Instruments (Article. 68 paragraph 5), the Board of the CSDL sets the rates of the account manager’s entrance fee, annual fee, quarterly account management (securities custody) fee and operations fee for an accounting record that must be coordinated with the Securities Commission (SC). Those 4 types of fees that need to be reconciled with the SC in 2010 accounted for 67% of all CSDL operating revenues. Amendments to the fees are usually also coordinated with the CSDL participants and are officially disclosed at least 20 days before coming into force.

### 1. Types and rates of fees charged by the CSDL

The CSDL participants shall pay the following fees to the CSDL for the provided securities accounting services:

1. entrance fee;
2. annual fee;
3. quarterly account management (securities custody) fee;
4. operations fee;
5. stock events administration fee (brokerage firms or banks pay this fee only when issuers authorise them to manage their securities accounting);
6. other special fees.

### 2. Entrance fee in Lit<sup>1</sup>

For Brokerage firms and Banks (Account Managers).	For foreign and international CSDs	Brief description
650	10 000	Entrance fee is a one-off payment for the opening of accounts when account managers become participants of the CSDL.

### 3. Annual fee in Lit<sup>1</sup>

For Brokerage firms and Banks (Account Managers).	For foreign and international CSDs	Brief description
391	4 000	Annual fee is a participation fee. New participants of the CSDL shall pay this fee together with entrance fee, or against a separate invoice.

For Issuers (indirect participants represented by their authorized Account Managers)	Brief description
195	The fee is imposed on indirect participants, whose personal securities accounts are managed by Brokerage firms or Banks.

<sup>1</sup> According to Currency Board Arrangement the national currency Lit<sup>1</sup> is pegged to the Euro at a fixed rate of 3.4528 LTL/EUR.

**4. Quarterly account management (securities custody) fee in Litass or % of average value**

For Brokerage firms, Banks, (Account Managers)	Brief description	Discounts, exemptions applied
1 LTL for 20000 LTL balance or 0.005%  (On the average quarterly balance of securities in terms of value )	Quarterly account management (securities custody) variable fee is a product of the average quarterly balance of securities in terms of value on the securities account of a participant (average quarterly capitalization) multiplied by the tariff of the quarterly fee applied to participants.	No discounts applied
3.00	The quarterly account management (securities custody) fee (fixed tariff) paid for every account opened with the CSDL	The quarterly account management (securities custody) fee charged on each securities account shall not be applied to short-term (up to 1 year) securities accounts.

For Issuers (represented by their authorized Account Managers)	Brief description	Discounts, exemptions applied
1 LTL for 20000 LTL balance or 0.005%  (On the average quarterly balance of securities in terms of value)	For securities held on the issuers' accounts represented by Account Managers  The quarterly account management (securities custody) variable fee is a product of the average quarterly balance of securities in terms of value on the securities account of an Issuer (average quarterly capitalization) multiplied by the quarterly fee tariff applied to Issuers.	1) Issuers, whose securities have been admitted to the Main List of NASDAQ OMX Vilnius (Exchange), shall pay a quarterly account management (securities custody) fee not exceeding LTL 4000; 2) Issuers, whose securities have been admitted to the Secondary List of the Exchange, shall pay a quarterly account management (securities custody) fee not exceeding LTL 2000; 3) Issuers, whose securities have been admitted to the Bond List of the Exchange, shall pay a quarterly account management (securities custody) fee not exceeding LTL 1500; 4) Issuers whose securities have not been admitted to the Main, Secondary or Bond Lists of Exchange, shall pay a quarterly account management (securities custody) fee not exceeding LTL 1000.
3.00	The quarterly account management (securities custody) fee (fixed rate) paid for every account opened with the CSDL	The quarterly account management (securities custody) fee charged on each securities account shall not be applied to short-term (up to 1 year) securities accounts.

The balance of securities in terms of value is determined according to the following principles:

1. The average quarterly balance of securities on the securities account in terms of value shall be calculated by adding together the securities balance of each calendar day and dividing the sum by the number of the calendar days of the quarter concerned.

2. The balance of securities of each calendar day measured in terms of value on the securities account shall be calculated by multiplying the number of securities held on the securities account of the participant at the end of the CSDL's settlement day by the price of the securities on the respective calendar day.

In case the amount of securities in terms of value is indicated in the securities account (when neither the nominal value nor quantity of the securities are indicated), the said amount shall be considered the balance on the account of that day.

3. In fixing the price of securities, three rules must be followed, which shall be applied in turn one after another, if the price has not been determined by the preceding rule:

3.1. the closing price of the securities trading session established at the trading session on the NASDAQ OMX Vilnius on the calendar day concerned shall be taken for the calculation;

3.2. the closing price of the securities trading session established at the last trading session on the NASDAQ OMX Vilnius, but not earlier than 30 calendar days ago (excluding the period, when trading was suspended due to stock events) shall be taken for the calculation;

3.3. the nominal value of securities shall be taken for the calculation.

4. In fixing the price of debt securities, the nominal value of these securities shall be taken in all the cases.

5. In the event the securities are denominated in any other currency than the Litas, the official exchange rate on the last day of the quarter shall be taken for the calculation of the securities balance in terms of value on each calendar day.

## 5. Operations fees

### 5.1. NASDAQ OMX Vilnius central market (automatched) transaction fee in Litas or Euro

For Brokerage firms, Banks and foreign or international CSDs	Brief description
1.00 LTL if funds are settled in payment system Litas-RLS and 1.00 EUR <b>(since Nov.1, 2010 reduced to LTL 1.00)</b> if funds are settled in payment system TARGET 2	The fee is paid for any securities accounting entry per settlement movement (not per order) in the debit or credit side of the participant's account.

### 5.2. VSE manual (block) trades or OTC DVP transaction fee

For Brokerage firms, Banks and foreign or international CSDs	Brief description
5.20 LTL if funds are settled in payment system Litas-RLS and 2.60 EUR <b>(since Nov.1, 2010 reduced to LTL 5.20)</b> if funds are settled in payment system TARGET 2	The fee is paid for any securities accounting entry in the debit or credit side of the participant's account.

### 5.3. Free-of-payment (FOP) transfer fee in Litas

Between accounts of local account managers	Between accounts of local account managers and CSDL accounts in CSDs of Latvia/Estonia	Brief description	Discounts, exemptions applied

4.90	15.00	Fees are paid for any securities accounting entries in the debit or credit side of the participants' accounts.	During the execution of FOP transfers, when securities are transferred from accounts of issuer's account manager to accounting of clients' securities or accounting of own securities of an account manager, no operations fee (LTL 4.90) for accounting entry shall be applied to issuers, whereas account managers shall be charged the fee rate LTL 4.90 on each accounting entry.
------	-------	--	---

**6. Stock events (corporate actions influencing the parameters of accounts) administration fees in Litas or in % of the Stock event value**

For Issuers	Brief description	Discounts, exemptions applied
0.1% of the total nominal value of the new issue.	For new securities issues in case when the authorized capital is increased by additional contributions or out of the company's funds (shares).	The fee may not be less than LTL 260 or more than LTL 1034.
0.1% of the total nominal value of the reduced part of the issue	Reduction of the authorized capital (shares).	The fee may not be less than LTL 260 or more than LTL 1034.
0.05% of the total nominal value of the new securities issue	For other new securities issues (debt securities).	The fee may not be less than LTL 260 or more than LTL 1034. The fee is not charged for Government securities
260	For securities accounting entries made in their general securities account (accounts) on the basis of other stock events (re-organization of the issuer; increase of the authorized capital out of the company funds by raising the nominal value of the previously issued shares; exchange of securities of one type or class into the securities of another type or class; change of the name of securities; change of the status of a participant from direct into indirect or vice versa; assimilation of securities issues; distribution of dividends, etc.), and/or for stock events administration	-
260	In case of reorganization or restructuring of the issuer resulting in the closure of its general securities account in CSDL.	-

For Brokerage firms, Banks, Issuers	Brief description
2.61	For entries in securities accounts in processing of stock events.

## 7. Prices of additional services to customers (special fees) in Litas or % of the service value

For Issuers or their authorised account managers	Brief description	Discounts, exemptions applied
Number of Securities owners: up to 100 - 91 LTL 101-200 - 117 LTL 201-300 - 144 LTL 301-400 - 168 LTL 401-500 - 195 LTL 501-600 - 220 LTL 601 and over - 246 LTL	For the drawing up and submission to the issuer or its authorised account manager of the list of securities owners.  For each request to draw up the list of securities owners when the securities are held with other account managers, the Issuer is charged one of the following fees depending on the number of securities owners entered on the list.	The Issuer (its authorised account manager), intending to get the list of securities owners earlier than within 4 business days of the placement of the request, must pay additionally: <ol style="list-style-type: none"> <li>1. 80% of the calculated fee rate, provided that the list is presented on the next business day after the submission of the request;</li> <li>2. 60% of the calculated fee rate, provided that the list is presented on the second business day after the submission of the request;</li> <li>3. 40% of the calculated fee rate, provided that the list is presented on the third business day after the submission of the request.</li> </ol> Increasing coefficients (from 1 to 2.2) are applied depending on the number of securities Account Managers (from 1 to 30) holding the shares of the Issuer.  The Issuer wishing to get a list of owners of the securities issued by it that are held in the accounts of the Central Securities Depository of Latvia and/or Estonia (serving as account managers of foreign accounts), shall pay to the CSDL a fee of LTL 91 for the submission of each list (per each foreign central securities depository).

## 8. Fees for the use of the Participants' secure information site of the CSDL in Litas

For Brokerage firms, Banks	Brief description
178.69 (excluding VAT, which is 21%)	For the use of the Participants' secure information site of the CSDL per month.

## 9. Fees for connection to the CSDL messaging system<sup>2</sup> in Litas

For Brokerage firms, Banks	Brief description
a one-off access charge – 5000 (excluding VAT); a charge for the monthly administration of the Participant – 165 (excluding VAT)	Fee for the use of technical equipment located within the CSDL, which creates virtual private network (VPN) access point enabling the Participant to join the messaging system (MS), in case he access the MS by means of the equipment located within the CSDL. The fee consists of two parts.

<sup>2</sup> The fee is charged on CSDL participants, which are voluntarily connected through the CSDL to the Bank of Lithuania's system "Litas-RLS". Such participants account for approximately 30 % of all CSDL participants.

## **10. Cases when calculation of fees is suspended**

13.1. Upon the initiation against the CSDL participant of a bankruptcy case, an extrajudicial bankruptcy procedure, or liquidation, the calculation of its fees shall be suspended. It shall be resumed upon termination of the bankruptcy case, the extrajudicial bankruptcy procedure, or liquidation, as well as due to the presence of other legal grounds.

## **11. New fees effective since Feb. 8, 2011**

- For each confirmation of a settlement movement at a later time than the set primary due time on the settlement day, the participant specified in standard settlement conditions shall pay a fee of LTL 20;
- The participant, who has initiated the change or cancellation of settlement instructions, shall pay a fee of LTL 2;
- For the cancellation or the postponement of a settlement movement to another settlement day, each participant, involved in the settlement movement - the securities custodian - shall pay a fee which amounts to LTL 10.

## II. Price examples and statistics

The data presented in the table show the fees for CSDL services for 2010 paid by an average practically operating CSDL participant of each category in LTL.

(5 brokerage firms, 11 banks, 2 foreign CSDs, and on average 372 issuers were operating in 2010. The data of 2 brokerage firms and 3 trading or other departments of banks having a separate participant's status, which were not performing settlement activities, are not included in the calculations).

**Table 1**

	Annual fee in LTL	Central market transactions (operations) in LTL*	Manual (block) or OTC transactions (operations) in LTL*	FOP transactions (operations) in LTL*	Variable quarterly securities custody fee and average capitalization in LTL	Fixed securities custody fee in LTL	Fee for the use of the Participants' secure information site of CSDL in LTL	Total annual fees in LTL
1	2	3	4	5	6	7	8	9
Fee rates	391 (195 for issuers)	1	5.2 (20 or 25 for c/b transfers through CSDs links)	4.9 (15 for c/b transfers through CSDs links)	1 for 20000 balance or 0.005% for each quarter	3 for each type of account per quarter	178.69 (plus VAT 21%) for each month	-
Average number of operations or market capitalisation in securities accounts (for an average Brokerage firm)	-	9 380	36	816	169 m LTL	107 acc.	-	-
Average number of operations or market capitalisation in securities accounts (for an average Bank)	-	31 524	420	2 670	888 m LTL	108 acc.	-	-
Average number of operations or market capitalisation in securities accounts (for an average foreign CSD)	-	22 822	155	205	96 m LTL	57 acc.	-	-
Average brokerage firm in 2010 LTL	391	9 380	251	4 083	33 838	1 284	2 573	<b>51 800</b>
Average bank in 2010 LTL	391	31 524	2 644	13 568	177 519	1296	2 573	<b>229 515</b>
Average foreign CSD in 2010 LTL	-	22 822	3 275	3 075	19 175	684	-	<b>49 031</b>
Average Issuer in 2010 LTL	195	-	-	-	2 516**	24	-	<b>2 735</b>

\* fees are applied for each entry in securities accounts (each settlement instruction processed). In 2009 the fee for the FOP entry was LTL 5.20, - from 8 February 2010 it was reduced to LTL 4.90.

\*\*discounts in the form of maximum quarterly custody fee, which are applied only to issuers, are disclosed in page 2 of this document.

For entrance, annual, operations, securities custody and stock events administration fees VAT is not applied.

Table 2. Breakdown of fees per average CSDL participant (excluding issuers) in 2010 in Litass

per average:	Brokerage firm (5)		Bank (11)		Foreign CSD (2)		Total by all types (18) of participants	
	LTL	%	LTL	%	LTL	%	LTL	%
Fees from all types of operations (except CA)	13 714	26.5	47 736	20.8	29 172	59.5	36 223	22.6
Custody variable and fixed fees (LTL3/acc.)	35 122	67.8	178 815	77.9	19 859	40.5	121 239	75.7
Annual & IT services fees	2 964	5.7	2 964	1.3	-	-	2 635	1.7
Total in LTL / EUR	51 800/ 15 002	100	229 515/ 64 472	100	49 031/ 14 200	100	160 097/ 46 367*	100

\*Calculated by division of all operating revenue excluding CA by the total number of participants (18 Brokerage firms, Banks and Foreign CSDs, excluding issuers)

Sample calculation of prices for CSDL services provided to the participants:

During 2010, the Brokerage firm (BF) XXX carried out 1000 operations of central market (automatched) transactions (table 1 column 3), 100 manual transactions, 50 local OTC transactions, 10 cross border OTC transactions (column 4), 85 local FOP transfers and 8 cross border FOP transfers (column 5). BF XXX held in custody on its personal and client accounts a securities portfolio, the average value of which was LTL 200 m (column 6), whereas the number of accounts of different securities was 100 (column 7). The whole year BF XXX used the services of the Participants' secure information site (PSIS) (column 8). All funds settlement of DVP operations were processed in payment system Litass-RLS. In this case BF XXX pays to CSDL for services of 2010 in LTL:

1) Annual fee -	391
2) For central market (automatched) transactions	$1\ 000 \times 1 = 1\ 000$
3) For manual transactions	$100 \times 5.20 = 520$
4) For local OTC transactions	$50 \times 5.20 = 260$
5) For cross border OTC transactions	$10 \times 25 = 250$
6) For local FOP transfers	$85 \times 4.90 = 416$
7) For cross border FOP transfers	$80 \times 15 = 1\ 200$
8) Variable quarterly custody fee for securities portfolio	$200\ 000\ 000 \times 0.005\% \times 4 = 40\ 000$
9) Fixed quarterly custody fee for securities portfolio	$100 \times 3 \times 4 = 1\ 200$
10) For PSIS services	$178.69 \times 1.21 \times 12 = 2\ 573$
Total fees for the year 2009 in LTL	46 730

### III. Summary

#### 1. Legal basis

The legal basis for establishing issuance of securities in the book-entry form and regulating the operation of the Central Securities Depository of Lithuania (CSDL) is provided in the Civil Code, the Law on Markets in Financial Instruments, the Law on Companies, and the Law on Settlement Finality in Payment and Securities Settlement Systems as well as in appropriate regulations:

a) approved by the Lithuanian Securities Commission: the Rules on Accounting of Securities and their Circulation,

b) approved by the CSDL: the Rules on Settlement of Transactions Concluded on the Stock Exchange NASDAQ OMX Vilnius, the Rules on the Securities Settlement System, the Securities Accounting Instruction, The Securities Transfer Rules;

c) approved by the Government: the Rules on the Issuance and Trading of Government Securities of the Republic of Lithuania, etc.

The Bank of Lithuania in compliance with ECB guidelines registered the securities settlement system of the CSDL on January 19, 2004, as a systemically important system and commenced its official oversight.

#### 2. Securities settlement system

The CSDL (in Lithuanian: AB "Lietuvos centrinis vertybinių popierių depozitoriumas") serves as a securities Depository, which provides securities settlement services. The principal objective of the CSDL is to conduct the general accounting of securities, prepare and implement accounting systems for securities account managers, execute their servicing and supervision.

The CSDL is the operator of Securities settlement system (SSS or System). The SSS is a system for handling databases and processes operated on the basis of agreements of its participants in observance of general rules and standardized procedures with the purpose of carrying out registration and safekeeping of securities, execution of stock events and securities settlements between the SSS participants by making records of securities transfers between general securities accounts and transmitting payment Instructions related to such securities transfers for further processing into the payment systems Litās-RLS or TARGET 2. The SSS executes real and designated time settlements of securities transactions, concluded on the Exchange or OTC, as well as free-of-payment securities transfers. Settlements are carried out according to trading session results provided by the information system of the Exchange and settlement Instructions provided by the participants electronically. The SSS ensures simultaneous, final and irrevocable settlements of securities within the SSS and cash settlements within the payment systems Litās-RLS or TARGET 2.

Securities and funds transfers are processed in different systems. Securities are processed in the SSS, operated by the CSDL, while funds are processed in the payment systems Litās-RLS, operated by the Bank of Lithuania or TARGET 2, operated by the European central bank. All mentioned systems maintain close relations and exchange information on the conducted transfers through the same messaging system. Participants of both systems can enter securities settlement instructions and payment orders through the same access point. A bilateral agreement between the CSDL and the Bank of Lithuania is signed for the processing of settlement of DVP transactions.

#### 3. Eligible types of instruments

Eligible types of instruments in the SSS are equities, subscription rights, convertible bonds, debt instruments (corporate bonds and locally issued government securities: T-bills, fixed income government bonds). Foreign securities are eligible through the link with Clearstream Banking Luxembourg (CBL) and cross-border links between Baltic CSDs (Estonian and Latvian CSDs). All securities are dematerialised (book-entry), i.e. are recorded by entries in the personal securities accounts opened in the name of the securities owners.

#### 4. Matching and data processing

The CSDL matches FOP and DVP settlement instructions of OTC trading between the CSDL participants from T day up to S day on real-time basis. Matching of OTC settlement instructions is based on comparison of approximately 10 trade parameters, including trade date, identification of securities and counterparties,

total amount, settlement day, etc. The settlement instructions are considered matched when mandatory requisites of the Buyer's and Seller's instructions coincide. The DVP transfer of securities and cash is carried out on the basis of matched Buyer's and Seller's instructions.

The electronic trading system of NASDAQ OMX Vilnius automatically produces a matched (confirmed) trade on T day between counterparties for central market trades. Matching of trading orders for manual trades (negotiated deals), executed by brokerage firms or banks on the Exchange, for the transactions of a tender offer, public sale and initial public offering of a share issue is carried out by the Exchange on T day. After matching and execution of the transactions, the Exchange delivers information to its members regarding the placed trading orders and concluded transactions and to the CSDL regarding trading session results.

#### 5. CSDL participants

The status of the Participant of the SSS can be awarded to the following institutions specified in the Law on Settlement Finality in Payment and Securities Settlement Systems:

- 1) the Bank of Lithuania or a central bank of the state located in the European economic area or European Central Bank;
- 2) a credit institution licensed in Lithuania or the state located in the European economic area;
- 3) a brokerage firm licensed in Lithuania or the state located in the European economic area;
- 4) a state institution or company whose liabilities are guaranteed by the state;
- 5) any legal entity which is located outside the European economic area and the activity of which is typical of credit institution or brokerage firm licensed in the state located in the European economic area.

Brokerage firms and banks acting through their divisions, i.e. intermediaries of public trading (IPT), must have the right to execute operations with securities, to open and manage personal accounts of securities issued by themselves or by other issuers. The SSS participants must also be participants of payment systems Litasp-RLS or TARGET 2 and hold settlement account with the Bank of Lithuania or TARGET 2 system.

Stock exchanges and foreign central or international securities depositories may be the SSS participants without being participants of the payment systems Litasp-RLS or TARGET 2.