

APPROVED
by the Council of the Bank of Latvia
Resolution No 138/1
of 2 November 2007

I. Rimšēvičs
Governor of the Bank of Latvia

Riga _____

SAMPLE

AGREEMENT No

On Participation of Ancillary System in TARGET2-Latvija

The Bank of Latvia represented by _____, Chairman of the Board, acting under the Republic of Latvia Law "On the Bank of Latvia" (hereinafter, the Bank of Latvia), on the one side and _____ (hereinafter, the Ancillary System) operating in accordance with the Statute, represented by _____ on the other side, (hereinafter, jointly the Parties), enter into the following Agreement (hereinafter, the Agreement).

1. The present Agreement entitles the Ancillary System to participate in the European Automated Real-time Gross Settlement Express Transfer System TARGET2-Latvija (hereinafter, TARGET2-Latvija) as a direct participant in accordance with the Bank of Latvia "System Rules for Participation in TARGET2-Latvija" (hereinafter, the System Rules).
2. The Ancillary System certifies that it is familiar with the Agreement, the System Rules and the provisions of the Appendices, and neither the Agreement, nor the System Rules and Appendices create unfavourable conditions for the Ancillary System.
3. Within the scope of the present Agreement, the Parties shall act in accordance with the System Rules, excluding Paragraph 7 of the System Rules and Appendices 6 and 7.
4. The Ancillary System shall pay to the Bank of Latvia fees in accordance with Appendix 1 (an integral part of the Agreement) to the present Agreement.
5. The Parties agree that the Bank of Latvia shall have the discretion to unilaterally introduce amendments to the Agreement, System Rules and its Appendices. The Bank of Latvia shall notify in writing the Ancillary System of the amendments made to the Agreement, System Rules or its Appendices in writing. Amendments shall be deemed to have been approved unless the Ancillary System expressly objects to such amendments in writing within 14 (fourteen) days of being informed thereof. Where the Ancillary System has objected to an amendment, the Bank of Latvia reserves the right to terminate, immediately and

unilaterally, that Ancillary System's participation in TARGET2-Latvija and close any of its payment module (PM) accounts.

6. The Bank of Latvia shall notify the Ancillary System on the expected amendments on a timely basis, where possible, prior to their approval at the Bank of Latvia.

7. The Ancillary System shall undertake:

7.1 to participate in TARGET2-Latvija tests organised by the Bank of Latvia and address other issues related to the use of TARGET2-Latvija;

7.2 to notify the Bank of Latvia of modifications in the Ancillary System's payment and information systems or infrastructure, that might affect the participation of Ancillary System in TARGET2-Latvija, and upon the Bank of Latvia's request, perform recurrent tests of the modified TARGET2-Latvija systems.

8. The Bank of Latvia shall:

8.1 inform the Ancillary System about the introduction of new technical configuration of TARGET2-Latvija at least three months before it;

8.2 conduct tests related to the TARGET2-Latvija implementation.

9. Where the Ancillary System has, pursuant to Paragraph 7.2, provided information about the changes in payment and information systems or infrastructure, the Bank of Latvia shall be entitled to request conduction of recurrent tests of TARGET2-Latvija as well as set a date from which the above changes are implemented in TARGET2-Latvija.

10. To ensure the authenticity of payment orders processed in TARGET2-Latvija in contingency situations or in the event of the Ancillary System-related operational failures, the Ancillary System shall submit to the Bank of Latvia:

10.1 a list of authorised persons who, under this Agreement, have the right to encrypt and sign information electronically and verify the authenticity of the received information;

10.2 the Ancillary System's sample seal (if any) and a list of the authorised persons who have the right to sign the Ancillary System's paper-based payment orders, certified by a notary public;

10.3 a list of authorised persons who have the right to submit to and receive at the Bank of Latvia the Ancillary System's paper-based payment orders as well as other settlement-related information.

11. To ensure rapid exchange of information on TARGET2-Latvija related matters in contingency situations and in the event of the Ancillary System-related operational failures, the Ancillary System and the Bank of Latvia shall exchange lists of contact persons.

12. The Parties agree that Appendix 1 to the Agreement shall take effect on 19 May 2008. By 18 May 2008, the Ancillary System shall pay to the Bank of Latvia, the following fees, based on the volume of transactions (the number of processed items) processed per month.

Band	From	To	Price (EUR)
1.	1	100	1.75
2.	101	1 000	1.00
3.	1 001	–	0.80

13. The Agreement shall take effect on _____. Where the Ancillary System's participation in TARGET2-Latvija is terminated pursuant to the System Rules, the Agreement shall become invalid.

14. The present Agreement is made on __ (____) pages (including Appendix 1 on 2 (two) pages), in 2 (two) copies, one for each Party.

15. Registered addresses and banking details of the Parties.

15.1 Bank of Latvia: K. Valdemāra iela 2A, Riga, LV-1050, phone 6702 2300, fax 6702 2420, e-mail: info@bank.lv, VAT payer's number LV90000158236, registered with the Register of VAT Payers on 12 September 1996. Settlement account of the Bank of Latvia No. LV51 LACB 0LVL 1750 5010 0, BIC LACBLV2X.

15.2 Ancillary System: _____

BANK OF LATVIA

ANCILLARY SYSTEM

(date)

(date)

Seal

Seal

FEES AND INVOICING

1. The Ancillary System participating in TARGET2-Latvija as a direct participant shall pay a fee consisting of three components, irrespective of the number of accounts it has opened with the Bank of Latvia and/or the settlement central bank.

1.1. Fixed monthly fee in the amount of EUR 1 000 (Fixed Fee I).

1.2. Fixed monthly fee in the amount of EUR 417–4 167 (in proportion to the gross value of the Ancillary System's euro cash settlement transactions; Fixed Fee II).

Band	From (EUR million/day)	To (excluding; EUR million/day)	Annual fee (EUR)	Monthly fee (EUR)
1.	0	1 000	5 000	417
2.	1 000	2 500	10 000	833
3.	2 500	5 000	20 000	1 667
4.	5 000	10 000	30 000	2 500
5.	10 000	50 000	40 000	3 333
6.	50 000	–	50 000	4 167

The Bank of Latvia shall annually calculate the gross value of the Ancillary System's euro cash settlement transactions on the basis of the gross value in the previous year, and the calculated gross value shall be applied for calculating fees as of 1 January of the respective year.

1.3. The transaction fee shall be calculated on the same basis as the charge set for the participants of TARGET2-Lavija, as referred to in Appendix 6 to the System Rules. The Ancillary System may choose one of the two options: to pay a fixed fee of 0.80 EUR per payment instruction (Option A, referred to in Paragraph 1.1.1 of Appendix 6) or the fee calculated on a degressive basis (Option B, referred to in Paragraph 1.1.2 of Appendix 6), subject to the following amendments:

1.3.1. For Option B, the band limits relating to the volume of payment instruction shall be divided by two;

1.3.2. A fixed fee in the amount of 100 EUR (if Option A is chosen) or 1 250 EUR (if option B is chosen) shall be paid in addition to the fee referred to in Paragraphs 1.1 and 1.2.

2. Any fee related to the payment instruction submitted or payment received by the Ancillary System shall be charged solely to this Ancillary System.

3. Each Ancillary System shall receive from the Bank of Latvia an invoice for the previous month based on the fee stated in Paragraph 1 no later than on the fifth business day of the next month and shall make payments to the account indicated by the Bank of Latvia or debit them from the account specified by the Ancillary System no later than on the tenth business day of the current month.

4. Each Ancillary System specified in the present Appendix pursuant to the Directive 98/26/EC of the European Parliament and of the Council shall be deemed a separate Ancillary System even where one or two ancillary systems are operated by the same legal person. This

provision shall also apply to the ancillary systems that are not specified pursuant to the Directive 98/26/EC of the European Parliament and of the Council, identifying such ancillary systems in accordance with the following criteria:

- 4.1. a formal arrangement based on a contractual instrument (e.g., an agreement between the participants and system operator) or laws and regulations;
- 4.2. several participants;
- 4.3. common rules and standardised procedure;
- 4.4. payment and/or securities clearing, netting and/or settlements among participants.