



CORPORATE ACTIONS PRACTICE GUIDE

2014

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IN GENERAL

This Corporate actions (CA) practice guide describes various CA procedures performed in Latvian Central Depository, Estonian Central Depository of Securities and Central Securities Depository of Lithuania.

The corporate actions are fixed procedures performed (some not) within each CSD. The required procedures can vary depending on the issuing companies, legislation and market practice. All corporate actions are handled in each CSD according to the local market practice and the CSDs execute corporate actions with respect to the securities that are deposited with the local CSD (Issuer-CSD). The corporate actions mean that new securities can be registered into the book-entry accounts. The registrations are usually performed automatically in the Issuer-CSD. The Investor-CSD should perform the corresponding registrations in its own system based on the information delivered by the Issuer-CSD.

Main principles of execution of CA cross-border services between CSDs:

Item	Description
Range of CA and additional related services	<ul style="list-style-type: none"> - General Meetings - Lists of Shareholders - Dividend payments - Interest and Principal amount payments - Bonus Issues - Cancellation of Shares/Issues - Rights Issues - Redemption of share minority - Merger - Stock splits
Main principle of information flow	Issuer → Issuer-CSD → Investor-CSD/Investor-Bank → Investor
Main principle of cash flow	Issuer → Issuer-CSD's cash account → Investor-CSD's/Investor-Bank's cash account → Investor

1. Description and execution of Corporate Actions in Latvia

This part of the CA practice guide describes procedures how the corporate actions are executed in Latvia.

1.1. General Meetings

According to the amendments to Financial instruments market Law adopted on October 15, 2009 new procedure on identifying the owners of securities who are entitled to participate and vote in the General Meeting is in force starting January 1, 2010. The Law sets that the record date is the sixth business day before the General Meeting and all the shareholders who own the shares at the end of this day are entitled to participate and vote in the General Meeting. The new procedure applies to all joint stock companies whose shares are listed in the regulated market registered in Latvia.

Taking into account the aforementioned amendments to the Law, LCD decided to apply the analogical order also for the identifying the owners to the Meetings of other financial instruments (e.g. bonds and investment fund certificates).

In accordance with the transitional provisions of the LCD rules, the Issuers of debt securities and closed-end investment funds registered with LCD prior December 31, 2009 can choose whether to use former procedure (blocking the financial instruments to the meeting) or the new procedure (using record date) when calling a Meeting of Financial Instruments Owners.

All the Issuers who will register their debt securities or closed end investment funds after December 31, 2009 have to describe procedure how they are going to call a Meeting of Financial Instruments Owners (blocking the financial instruments to the meeting or using record date) in the Prospectus of the Issue. Otherwise the Issuer has to use the record date when identifying the owners of the financial instruments for the Meeting of Financial Instruments Owners.

The procedure on identifying the owners of securities who are entitled to participate and vote in the General Meeting as of the end of the record date (in force starting January 1, 2010)

In order to identify the owners of securities entitled to participation in the General Meeting, the Issuer submits a written request to LCD about drafting the Meeting List (information about all the owners of securities with rights to participate in the meeting). The Issuer submits the request to LCD starting with 30 business days before the meeting, but no later than 7 business days before the record date. The record date is set in the Financial instruments market Law and is the 6th business day prior the General Meeting¹.

The Issuer indicates in the request:

- the name and the ISIN code of the securities;
- the date and the time of the meeting;
- the venue of the meeting;
- the agenda of the meeting;
- the record date;
- the date on which the Issuer would like to receive the Meeting List;
- the amount of paid-up share capital.

In 1 business day from receipt of the request from the Issuer, LCD issues an instruction and forwards (according to LCD Rules No.11 "On Data Exchange") it to all LCD participants - commercial banks, brokerage

¹ According to the amendments to Financial instruments market law in force starting January 1, 2010.

companies, Central securities depository of Lithuania (hereinafter – CSDL) and Estonian Central Securities Depository (hereinafter – ECSD), indicating following:

- the title and ISIN code of the securities;
- the date and the time of the meeting;
- the venue of the meeting;
- the agenda of the meeting;
- the record date;
- the date on which LCD participants forward to LCD information about owners of securities.

According to the contract on servicing the securities' account, LCD participants notify the owner of securities and the holder of securities about the meeting and the record date. All the owners of securities at the end of the record date are entitled to participate and vote in the General Meeting. For the nominee accounts opened with LCD participant, LCD participant shall request from the nominee holder the information about the owners of securities as of the end of the record date.

LCD participants forward information about owners of securities to the LCD on the date appointed in LCD instruction, indicating:

- data identifying the person:
 - for natural persons name and the surname, the personal identification code, or another identity feature, and the country of residence;
 - for legal entities – company name, registration number and date, or other identity feature, and the country of residence;
 - for investment funds – investment fund's asset management company's name, investment fund's name, registration number of the investment fund, and the country of registration;
 - for state funded pension system's pension plans – pension plan's asset management company's name, pension plan's name, pension plan's identification number granted by State Social Insurance agency, and the country of registration;
 - for private pension funds – pension fund's name, pension plan's name, pension plan's registration number, and the country of registration.
- the ISIN code of securities;
- the number of financial instruments belonging to each person.

The LCD summarises information received from LCD participants and the Initial Register about all owners of securities on the record date into the Meeting List and submits it to the Issuer.

The Issuer receives the Meeting List in paper format and in electronic format. The following general information is included on the Meeting List:

- the name of the financial instruments and their ISIN code;
- type of the list (Meeting List);
- the date of the meeting.

On the Meeting List the following is indicated for each person:

- data identifying the person:
 - for natural persons name and the surname, the personal identification code, or another identity feature, and the country of residence;
 - for legal entities – company name, registration number and date, or other identity feature, and the country of residence;
 - for investment funds – investment fund's asset management company's name, investment fund's name, registration number of the investment fund, and the country of registration;
 - for state funded pension system's pension plans – pension plan's asset management company's name, pension plan's name, pension plan's identification number granted by State Social Insurance agency, and the country of registration;
 - for private pension funds – pension fund's name, pension plan's name, pension plan's registration number, and the country of registration.

- the ISIN code of financial instruments;
- the number of financial instruments belonging to each person.

Within 1 business day after the meeting, the Issuer advises LCD about closing of the meeting. The Issuer has an obligation to advise LCD on cancellation of the meeting or postponement to a later date not later than on the next business day after the decision on cancellation or postponement has been taken. Within 1 business day after receipt of a written announcement from the issuer about closing, cancellation or postponement of the meeting, LCD forwards information to all LCD participants.

The Issuer has to inform LCD about decisions made on the meeting by forwarding a written notification.

The procedure on identifying the owners of securities who have blocked their financial instruments in order to participate in the General Meeting

Starting January 1, 2010 the procedure will be applied only to those Issuers of the debt financial instruments and closed end investment funds that have:

- 1) indicated in the Prospectus of the Issue that in order to participate and vote in the Meeting the owners of financial instruments have to block the financial instruments on their accounts;
- 2) indicated in a written request about drafting the Meeting List that the owners of the financial instruments have to block the financial instruments on their accounts in order to participate and vote in the Meeting (applies only to those Issuers who have registered the issue with LCD prior December 31, 2009).

In order to identify the owners of securities entitled to participation in the General Meeting, the Issuer submits a written request to LCD about drafting the Meeting List (information about all the owners of securities with rights to participate in the meeting). The Issuer submits the request to LCD starting with 30 business days before the meeting, but no later than 7 business days before the date of blocking of securities. Before forwarding the request to the LCD the Issuer is asked to agree the date of blocking of securities with LCD. The date of blocking (date of blocking of securities- the last business day when the owner of securities can block or unblock the securities for the meeting) securities must be no later than 3 business days before the date when the Issuer would like to receive the Meeting List. The Issuer indicates in the request:

- the name and the ISIN code of the securities;
- the date and the time of the meeting;
- the venue of the meeting;
- the agenda of the meeting;
- the date of blocking of securities;
- the date on which the Issuer would like to receive the Meeting List.

In 1 business day from receipt of the request from the Issuer, LCD issues an instruction and forwards (according to LCD Rules No.11 "On Data Exchange") it to all LCD participants - commercial banks, brokerage companies, Central securities depository of Lithuania (hereinafter – CSDL) and Estonian Central Securities Depository (hereinafter – ECSD), indicating following:

- the title and ISIN code of the securities;
- the date and the time of the meeting;
- the venue of the meeting;
- the agenda of the meeting;
- the date of blocking of securities;
- the date on which LCD participants forward to LCD information about owners of blocked securities.

According to the contract on servicing the securities' account, LCD participants notify the owner of securities and the holder of securities about the meeting and the procedure of blocking of securities. Should the owner of securities wish to take part in the meeting, he should instruct the LCD participant to block the securities. Should the owner of securities, whose securities are held by another individual with a LCD participant, wish to participate in the meeting he should instruct the person holding the securities owned by the owner to block the securities. The holder of securities prepares information about owners of blocked securities and submits it to the LCD participant together with the blocking instruction. For the nominee accounts opened with LCD participant, LCD participant shall block the financial instruments on the account only after receiving information from the nominee holder about the owners of financial instruments.

On the basis of instruction for blocking securities from owner or holder of the securities, the LCD participant blocks the securities on the accounts. The LCD participants notify the person submitting the instruction about:

- the name and ISIN code of the financial instrument;
- the date of the meeting;
- the number of blocked securities;
- the date of execution of the blocking instruction;
- the financial instrument owner's:
 - for natural persons name and the surname, the personal identification code, or another identity feature;
 - for legal entities – company name, registration number and date, or other identity feature;
 - for investment funds – investment fund's asset management company's name, investment fund's name, registration number of the investment fund;
 - for state funded pension system's pension plans – pension plan's asset management company's name, pension plan's name, pension plan's identification number granted by State Social Insurance agency;
 - for private pension funds – pension fund's name, pension plan's name, pension plan's registration number.

LCD participant takes no instructions of blocking of securities, starting from the business day following the date of blocking of securities. LCD participants forward information about owners of blocked securities to the LCD on the date appointed in LCD instruction, indicating:

- data identifying the person:
 - for natural persons name and the surname, the personal identification code, or another identity feature, and the country of residence;
 - for legal entities – company name, registration number and date, or other identity feature, and the country of residence;
 - for investment funds – investment fund's asset management company's name, investment fund's name, registration number of the investment fund, and the country of registration;
 - for state funded pension system's pension plans – pension plan's asset management company's name, pension plan's name, pension plan's identification number granted by State Social Insurance agency, and the country of registration;
 - for private pension funds – pension fund's name, pension plan's name, pension plan's registration number, and the country of registration.
- the ISIN code of securities;
- the number of blocked securities.

LCD blocks the securities on the Initial Register (IR)² on the date of blocking. After the date of blocking of securities until the announcement about the close of the meeting, the LCD does not deregister³ securities

² Initial Register (IR) is a centralized (one-level) securities accounting module maintained by LCD for safe-custody of securities of privatized enterprises. After the privatization of enterprise the Latvian Privatization Agency generated results of privatization and created initial list of

on the IR. The information about the financial instrument owners registered on the IR is included in the Meeting List automatically (without blocking instructions from securities owners). The LCD summarises information received from LCD participants and the IR about owners of blocked securities and individuals on the IR into the Meeting List and submits it to the Issuer on the date indicated on the Issuer's request.

The Issuer receives the Meeting List in paper format and in electronic format. The following general information is included on the Meeting List:

- the name of the financial instruments and their ISIN code;
- type of the list (Meeting List);
- the date of the meeting.

On the Meeting List the following is indicated for each person:

- data identifying the person:
 - for natural persons name and the surname, the personal identification code, or another identity feature, and the country of residence;
 - for legal entities – company name, registration number and date, or other identity feature, and the country of residence;
 - for investment funds – investment fund's asset management company's name, investment fund's name, registration number of the investment fund, and the country of registration;
 - for state funded pension system's pension plans – pension plan's asset management company's name, pension plan's name, pension plan's identification number granted by State Social Insurance agency, and the country of registration;
 - for private pension funds – pension fund's name, pension plan's name, pension plan's registration number, and the country of registration.
- the ISIN code of financial instruments;
- the number of financial instruments belonging to each person or the number of financial instruments blocked for the meeting.

Within 1 business day after the meeting, the Issuer advises LCD about closing of the meeting. The Issuer has an obligation to advise LCD on cancellation of the meeting or postponement to a later date not later than on the next business day after the decision on cancellation or postponement has been taken. Within 1 business day after receipt of a written announcement from the issuer about closing, cancellation or postponement of the meeting, LCD forwards an instruction to unblock securities to all LCD participants.

On receipt of an instruction from LCD, LCD participants and the IR immediately unblock the blocked securities. LCD participants advise the nominee account holders about unblocking the blocked securities.

The Issuer has to inform LCD about decisions made on the meeting by forwarding a written notification.

shareholders. The initial lists of shareholders are kept by the Shareholders Register (so called Initial Register) in the LCD. The LCD keeps these lists of shareholders temporary until the shareholder opens securities account with a participant of the LCD.

³ *Deregistration* is a transfer of shares from the IR to the securities account of securities owner. Upon the instruction of securities owner the participant of the LCD sends a request to the LCD to transfer the shares from the Initial Register to the securities account of securities owner with a participant. Shares of one owner cannot be *deregistered* partly. The *deregistration* takes place once for all specified shares owned by one person.

1.1.1. The procedure on identifying the owners of securities who have blocked their financial instruments in order to participate in the General Meeting

	Notification date	Date of blocking of securities	Response Date = Date of blocking of securities + business 1 day	Date of blocking of securities + business 2 days	Date of blocking of securities + business 3 days	General meeting day + business 1 day
Issuer	<p>Issuer notifies LCD about the meeting indicating following:</p> <ul style="list-style-type: none"> - the date and the time of the meeting; - the venue of the meeting; - the agenda of the meeting; - paid up capital; - date of blocking of securities 				<p>Issuer receives the list of shareholders which have blocked securities on their accounts and are entitled to vote in the general meeting.</p>	<p>Issuer sends notification about closing of the general meeting and the decisions made in the general meeting to LCD</p> <p>Issuer sends notification about postponing or cancelling of the general meeting to LCD within one day after the decision on cancellation or postponement has been taken.</p>
LCD	<p>LCD within one day sends notification with the details regarding the meeting to the LCD participants indicating following:</p> <ul style="list-style-type: none"> - the title and ISIN code of the securities; - the date and the time of the meeting; - the venue of the meeting; - the agenda of the meeting; - the date of blocking of securities; - the date on which LCD participants forward to LCD information about owners of blocked securities. 		<p>LCD blocks the securities on the Initial Register (IR). The information about the financial instrument owners registered on the IR is included in the Meeting List automatically. After the date of blocking of securities until the announcement about the close of the meeting, the LCD does not deregister securities on the IR.</p>	<p>LCD forms the list of persons, which have blocked securities on their accounts and are entitled to vote in the general meeting</p>		<p>LCD sends notification about closing, postponing or cancelling of GM to Investor-bank and to Investor-CSD.</p>

Investor's bank/CSD	<ul style="list-style-type: none"> •Investor-bank/CSD forwards mentioned information to the Investors •Investor-CSD forwards mentioned information to local participants respectively which inform the Investors 	<ul style="list-style-type: none"> •Last day when Investor- bank accepts instructions to block the securities to the meeting •Last day when Investor- CSD accepts the lists of persons, which have blocked securities in their individual accounts, from its participants 	The Investor-bank/CSD provides a list of persons, which have blocked securities on their accounts and are entitled to vote in GM, to LCD.			<p>After receipt of information on closed, postponed or cancelled GM from LCD:</p> <ul style="list-style-type: none"> • Investor-bank unblocks securities in the accounts of clients • Investor-CSD forwards mentioned information, with request to unblock securities in the accounts of clients, to local participants respectively
Investor	Investor who wishes to participate in the meeting instructs its bank to block its securities*					

LCD – Latvian Central depository

Investor-CSD – Estonian Central depository and Central securities depository of Lithuania

* Legal persons which had blocked the securities to the general meeting have to authorize with power of attorney its representative/-es that will represent the legal person in the general meeting. Physical persons and legal person's representatives have to take personal identification document with them to the general meeting and acknowledgement of blocking securities issued by the Investor-bank.

1.1.2. The procedure on identifying the owners of securities who are entitled to participate and vote in the General Meeting as of the end of the record date (in force starting January 1, 2010)

	Notification date	Response Date = Record date + 1 business day	Record date + 2 business days	Record date + 3 business days	General meeting day + 1 business day
Issuer	<p>Issuer notifies LCD about the meeting indicating following:</p> <ul style="list-style-type: none"> - the date and the time of the meeting; - the venue of the meeting; - the agenda of the meeting; - paid up capital; - the record date. <p>Latvian Financial Instruments market Law sets that <u>record date</u> is 6th business day before the meeting day and the persons who own the securities at the end of this date are entitled to participate and vote in the General Meeting.</p>			<p>Issuer receives the full list of shareholders who are entitled to participate and vote in the general meeting.</p>	<p>Issuer sends notification about closing of the general meeting and the decisions made in the general meeting to LCD.</p> <p>Issuer sends notification about postponing or cancelling of the general meeting to LCD within one day after the decision on cancellation or postponement has been taken.</p>

	Notification date	Response Date = Record date + 1 business day	Record date + 2 business days	Record date + 3 business days	General meeting day + 1 business day
LCD	LCD within one day sends notification with the details regarding the meeting to the LCD participants indicating following: - the title and ISIN code of the securities; - the date and the time of the meeting; - the venue of the meeting; - the agenda of the meeting; - the record date; - the date on which LCD participants forward to LCD information about owners of securities.		LCD forms the full list of owners of securities for the General Meeting summarizing information received from Investor-bank/CSD and Initial Register.		LCD sends notification about closing/postponing/cancelling of GM to Investor-bank and to Investor-CSD.
Investor's bank/CSD	<ul style="list-style-type: none"> •Investor-bank/CSD forwards mentioned information to the Investors •Investor-CSD forwards mentioned information to local participants respectively which inform the Investors 	The Investor-bank/CSD provides a list of persons, which own securities as of the record date, to LCD.			

LCD – Latvian Central depository

Investor-CSD – Estonian Central depository and Central securities depository of Lithuania

* Legal persons which would like to participate and vote in the General Meeting have to authorize with power of attorney its representative/-es that will represent the legal person in the general meeting. Physical persons and legal person's representatives have to take personal identification document with them to the general meeting.

1.2. Full list of shareholders

In order to receive the Full List (information about all the persons who own or hold securities at the end of the day ¹ on a certain date) of shareholders, the Issuer must submit a written request to LCD. The Issuer indicates in the request:

- the name of the financial instrument and its ISIN code;
- the date for which LCD will note information about owners and holders of securities.

Within 1 business day after receiving the Issuer's request, LCD issues an instruction and transfers (according to LCD Rules No.11 "On Data Exchange") it to all LCD participants (ECSD and CSDL included). LCD indicates following in the instructions to the LCD participant:

- the name of the financial instrument and its ISIN code;
- the date for which a LCD participant notes the information about owners and holders of securities;
- the date by which the LCD participant forwards to LCD information about owners and holders of securities.

LCD participant fixes the owners and holders of securities for the date indicated in the instructions of LCD in his accounting system. The LCD participant forwards to LCD the information about owners and holders of securities in the time period appointed in the LCD instructions.

LCD participant indicates the following in the information about owners and holders of securities:

- data identifying the person:
 - for natural persons name and the surname, the personal identification code, or another identity feature, and the country of residence;
 - for legal entities – company name, registration number and date, or other identity feature, and the country of residence; for holders of securities – an indication "nominal holder" after the company name;
 - for investment funds – investment fund's asset management company's name, investment fund's name, registration number of the investment fund, and the country of registration;
 - for state funded pension system's pension plans – pension plan's asset management company's name, pension plan's identification number granted by State Social Insurance agency, and the country of registration;
 - for private pension funds – pension fund's name, pension plan's name, pension plan's registration number, and the country of registration.
- the ISIN code of securities;
- the number of securities belonging to each person.

LCD summarises the information received from all LCD participants about owners and holders of securities on the Full List, enclosing the information owned by Initial Register (IR) about persons who have rights on securities. LCD gives to the Issuer the Full List within two business days after receipt of information from all LCD participants and the IR.

The Issuer receives the Full List in paper format and in electronic format. The following general information is included on the Full List of LCD:

- the name of the securities and their ISIN code;
- type of the list (Full List);
- the date for which the Full List has been compiled.

On the Full List the following is indicated for each person:

- data identifying the person:

¹ in force starting October 1, 2008. Before October 1, 2008 LCD formed the full list of all the persons who owned or held securities on a certain date at the beginning of the day.

- for natural persons name and the surname, the personal identification code, or another identity feature, and the country of residence;
 - for legal entities – company name, registration number and date, or other identity feature, and the country of residence; for holders of securities – an indication “nominal holder” after the company name;
 - for investment funds – investment fund’s asset management company’s name, investment fund’s name, registration number of the investment fund, and the country of registration;
 - for state funded pension system’s pension plans – pension plan’s asset management company’s name, pension plan’s identification number granted by State Social Insurance agency, and the country of registration;
 - for private pension funds – pension fund’s name, pension plan’s name, pension plan’s registration number, and the country of registration.
- the ISIN code of securities;
 - the number of securities belonging to each.

LCD only provides such information and in such scope as it has been submitted by LCD participants or included in IR.

1.3. Dividend payments

Issuer’s authorised supervision authority (usually GM or Management Board) sets record date (a date specified by Issuer, as of end¹ of which the holders of securities who are recorded on the list are entitled to dividends or other cash proceeds) of dividends (or other cash proceeds related to the rights confirmed in capital securities (hereinafter- other cash proceeds)).

Dividend and other cash proceed record date must be set not earlier than the 10th business day from a meeting of an issuer’s management authority where the decision on payment of dividends has been passed.

Dividend payment date (a date when Issuer transfers the money to be distributed as dividends or other cash proceeds to LCD money account) must be set according to the following requirements:

- in case Issuer is obliged to withhold tax from the dividends or other proceeds payable, the payment date shall be set not earlier than the fifth business day and not later than the tenth business day from the record date;
- in case Issuer is not obliged to withhold tax from the dividends or other proceeds payable, the payment date shall be set not earlier than the next business day and not later than the fifth business day from the record date.

Issuer submits the Notification in writing about expected dividend or other cash proceed payment to LCD within 2 business days after passing the decision about dividend or other cash proceed payment, specifying:

- name and ISIN of the financial instrument;
- dividend or other cash proceed record date and payment date;
- dividend or other cash proceed amount per one financial instrument;
- the basis for dividend or other cash proceed payment.

Within 1 business day after receiving the issuer’s notification in writing, LCD issues an instruction and forwards (according to LCD Rules No.11 “On Data Exchange”) it to all LCD participants (including ECSD and CSDL) by specifying:

¹ in force starting October 1, 2008. Before October 1, 2008 the record date was the date specified by Issuer, as of 8:00 of which the holders of securities who were recorded on the list were entitled to dividends or other cash proceeds

- name and code of the financial instrument;
- dividend or other cash proceed record date and payment date;
- dividend or other cash proceed amount per one financial instrument.

LCD participants, within 1 business day after receiving the instruction from LCD about dividend or other cash proceeds payment, and pursuant to the provisions of a concluded custody agreement, provide the owners and holders of financial instruments with the information mentioned above.

In case Issuer, pursuant to the provisions of legislation, is obliged to withhold tax from dividends or other cash proceeds, and Issuer has requested Full list from LCD, LCD participant shall, by the end of the next business day following the record date specified by LCD, send information to LCD about owners of financial instruments as of the end of the business day on dividend or other cash proceed record date. In case, if a customer of LCD participant is the nominee account holder, LCD participant shall request information from the nominee account holder about the owners of financial instruments to the extent and in accordance with the procedure provided for in LCD Rules No. 7 "On Identification of Owners of Financial Instruments".

LCD shall, not later than on the third business day after record date, send the Full list to Issuer where LCD has summarised the information received from LCD participants about owners and holders of financial instruments, enclosing the information from the IR or the register maintained by LCD about the owners of financial instruments.

Issuer shall, not later than one business day before dividends or other cash proceed payment date, send LCD the list of the financial instrument owners to LCD from whom the income tax has been withheld from dividends or other cash proceeds. Issuer shall specify the following in the said list:

- data identifying the person;
 - for natural persons – name and the surname, the personal identification code, or another identity feature;
 - for legal entities – company (name), registration number and date.
- the number of financial instruments belonging to each person;
- amount of dividends or other cash proceed calculated for a person before tax (in cash);
- (interest) rate of income tax withheld from a person;
- amount (cash) of income tax withheld from a person;
- amount (cash) of dividends or other cash proceed payable to a person after income tax.

LCD within one business day after receiving of information from Issuer about the financial instrument owners from whom the income tax has been withheld from dividends or other cash proceeds informs LCD participants in writing by sending information about relevant customer of LCD participant.

Issuer transfers the entire amount of cash payable as dividends and other cash proceeds to the LCD account by 14:00 on the payment date. Where an Issuer has failed to comply with the requirements set above, LCD shall do one of the following:

- where an Issuer has transferred the amount of cash payable as dividends, or other cash proceeds to LCD before the payment date, LCD shall revert the amount to the Issuer's account wherefrom it was transferred, and the Issuer shall repeat the transfer on the payment date;
- where an Issuer, by 14:00 on the payment date, has transferred a part of the amount of cash payable as dividends or other cash proceeds to LCD, LCD shall immediately advise LCD participants and the Issuer thereof, and revert the partially transferred amount to the Issuer's account wherefrom it was transferred;
- where an Issuer, by 14:00 on the payment date, has failed to transfer the amount of cash payable as dividends or other cash proceeds to LCD, LCD shall immediately advise LCD participants and the Issuer thereof.

LCD shall transfer, no later than by the end of the day when received, all cash amounts to be disbursed as dividends or other cash proceeds received from an Issuer to LCD participants according to the number of financial instruments on corresponding accounts as of record date and by taking into account the information about taxes withheld, as provided by Issuer.

LCD participants, within 1 business day after receiving the money from LCD, transfer the dividends and other cash proceeds to the owner of securities and/or nominee holders in proportion to the number of securities held on the account as of record date (LCD participants take into account information provided by LCD about withheld taxes).

In case the cash amount payable per one financial instrument has been calculated with exactness to a fraction of the smallest unit of the respective currency, LCD shall transfer to LCD participant the amount of cash payable as dividends or other cash proceeds following the algorithm - only the final amount payable to the owner of securities as dividends and other cash proceeds shall be rounded.

The amount is rounded to the smallest unit of the respective currency following common approaches for rounding used in mathematics.

LCD participant transfers to owners of securities the amount of cash payable as dividends and other cash proceeds following the above described algorithm.

In case issuer fails to transfer the dividends and other cash proceeds on payment date, any changes in the structure of securities owners after the record date do not affect a person's eligibility to dividends and other cash proceeds.

Dividends allocated to persons who have, as of record date, their securities at the Initial Register (IR), are stored in the account of LCD with the Bank of Latvia. The persons whose securities as of record date are in the IR shall receive dividends after deregistration of the securities. On each 1st business day of the week, LCD transfers dividends or other cash proceeds to LCD participants for the securities deregistered during the previous week, which were in the IR as of dividend record day. LCD participant, within 1 business day after receiving the cash transfer from LCD, transfers the dividends or other cash proceeds payment for deregistered securities to the cash account of a beneficiary.

1.4. Interest and Principal amount payments

Within 5 business days before coupon record date or principal payment date, Issuer submits a notification to LCD in writing (if Agreement between LCD and Issuer does not prescribe different order), by specifying:

- name and ISIN of the financial instrument;
- interest record date, interest or principal payment date;
- interest and/or principal amount per one financial instrument;
- the basis for interest and/or principal payment.

Upon transferring interest and principal amount to LCD account, Issuer specifies the interest amount and the principal amount payable per one financial instrument.

On interest and principal amount payment date LCD issues an instruction and forwards (according to LCD Rules No.11 "On Data Exchange") it to all LCD participants (ECSD and CSDL included), specifying:

- name and code of the financial instrument;
- interest and principal record date and payment date;
- interest and principal amount per one financial instrument.

LCD participants, pursuant to the provisions of custody agreement, notify the owners of securities or nominee holders, specifying:

- name and code of the financial instrument;
- interest and principal record date and payment date;
- interest and principal amount per one financial instrument.

Issuer transfers the entire amount of cash payable as interest and/or principal amount the LCD account by 14:00 on the payment date. Where an Issuer has failed to comply with the requirements set above, LCD shall do one of the following:

- where an Issuer has transferred the amount of interest and/or principal amount to LCD before the payment date, LCD shall revert the amount to the Issuer's account wherefrom it was transferred, and the Issuer shall repeat the transfer on the payment date;
- where an Issuer, by 14:00 on the payment date, has transferred a part of the amount of cash payable as interest and/or principal amount to LCD, LCD shall immediately advise LCD participants and the Issuer thereof, and revert the partially transferred amount to the Issuer's account wherefrom it was transferred;
- where an Issuer, by 14:00 on the payment date, has failed to transfer the amount of cash payable as interest and/or principal amount, LCD shall immediately advise LCD participants and the Issuer thereof.

LCD shall transfer, no later than by the end of the day when received, all cash amounts to be disbursed as interest and/or principal amount from an Issuer to LCD participants according to the number of financial instruments on corresponding accounts as of record date and by taking into account the information about taxes withheld, as provided by Issuer.

LCD participants, within 1 business day after receiving the money from LCD, transfer the interest and/or principal amount to the owner of securities and/or nominee holders in proportion to the number of securities held on the account as of record date (LCD participants take into account information provided by LCD about withheld taxes) and cancel redeemed securities issue from their accounts.

In case the cash amount payable per one financial instrument has been calculated with exactness to a fraction of the smallest unit of the respective currency, LCD shall transfer to LCD participant the amount of cash payable as interest and/or principal amount following the algorithm - only the final amount payable to the owner of securities as interest and/or principal amount shall be rounded.

The amount is rounded to the smallest unit of the respective currency following common approaches for rounding used in mathematics.

LCD participant transfers to owners of securities the amount of interest and/or principal amount following the above described algorithm.

In case issuer fails to transfer the interest and/or principal amount on payment date, any changes in the structure of securities owners after the record date do not affect a person's eligibility to interest and/or principal amount.

1.5. Bonus Issues

Issuer's authorised supervision authority (usually GM or Management Board) sets a record date (a date specified by Issuer, as of end of which the holders of securities who are recorded on the list are entitled to Bonus Issue) of bonus shares.

There is no specific regulation for setting record date of Bonus Issue in LCD Rules.

Bonus Issue allocation date (a date when LCD credits participants' accounts with additional securities to be distributed as bonus securities to investors) must be set not earlier than the 5th business day and not later than the 10th business day from a record date (*it is advisable if Issuer contacts LCD to agree both record date, and allocation date*).

Issuer submits the Notification in writing about expected Bonus Issue to LCD within 2 business days after passing the decision about Bonus Issue, specifying:

- name and ISIN of the financial instrument;
- Bonus Issue record date and allocation date;
- Ratio of Bonus Issue (amount of Bonus securities per one existing financial instrument);
- the basis for Bonus Issue.

Within 1 business day after receiving the issuer's request in writing, LCD issues an instruction and forwards (according to LCD Rules No.11 "On Data Exchange") it to all LCD participants (ECSD and CSDL included) by specifying:

- name and ISIN of the financial instrument;
- Bonus Issue record date and allocation date;
- Ratio of Bonus Issue (amount of Bonus securities per one existing financial instrument)

LCD participants, within 1 business day after receiving the instruction from LCD about Bonus Issue, and pursuant to the provisions of a concluded custody agreement, provide the owners and holders of financial instruments with the information mentioned above.

Issuer submits Registration (book-entry) Order and other documentation related to Bonus Issue to LCD. The LCD Board decides on the registration of a financial instruments issue within 10 business days as of the moment of submitting the documents.

LCD credits (on allocation date) LCD participants accounts with additional securities to be distributed as bonus securities to investors accordingly to received instructions from an issuer and/or in proportion to the number of securities held on the account as of record date and sends the notification about the registration of the financial instruments issue to all LCD participants.

LCD participants, within 1 business day after receiving the additional securities from LCD, credits Bonus Issue securities to the owner of securities and/or nominee holders in proportion to the number of securities held on the account as of record date.

Bonus securities allocated to persons, who have, as of record date, their securities at the Initial Register (IR), are additionally added to their existent holdings of underlying securities. The persons whose securities as of record date are in the IR shall receive bonus securities after deregistration of the securities.

1.6. Cancellation of Issue

Securities issue, for which the cancellation term is determined in the characteristics, the LCD cancels on the determined date in compliance with the LCD Rules (No. 8 "On Payment of Dividends, Interest, Principal Sum, and other Income").

On the receipt of the Issuer's information about the necessity to cancel a securities issue registered with the LCD and the cancellation date of which is not determined by the characteristics of the issue, the LCD Board decides upon the cancellation of the relevant securities issue.

No later than 15 business days prior cancellation day, Issuer submits a request to LCD in writing, by specifying:

- name and ISIN of the financial instrument;
- cancellation date of issue;
- the basis for cancellations of securities issue;
- request for compilation of the full list of securities holders as of the end of a day at 23:59 of issue cancellation date, to be prepared in accordance with the requirements set in LCD Rules No. 7 "On Identification of Owners of Financial Instruments".

The LCD Board's decision on the cancellation of a securities issue registered with the LCD must be sent to all LCD participants. Within 1 business day after receiving the issuer's request in writing, LCD issues an instruction and forwards (according to LCD Rules No.11 "On Data Exchange") it to all LCD participants (ECSD and CSDL included) by specifying:

- name and ISIN of the financial instrument;
- cancellation date of issue;
- the basis for cancellations of securities issue;
- the date for which a LCD participant notes the information about owners and holders of securities;
- the date by which the LCD participant forwards to LCD information about owners and holders of securities.

LCD participants, pursuant to the provisions of custody agreement, notify the owners of securities or nominee holders about planned cancellation of the issue in securities owners' accounts.

LCD participant fixes the owners and holders of securities for the date (cancellation) indicated in the instructions of LCD in his accounting system. The LCD participant forwards to LCD the information about owners and holders of securities in the time period appointed in the LCD instructions.

LCD participant indicates the following in the information about owners and holders of securities:

- data identifying the person:
 - for natural persons name and the surname, the personal identification code, or another identity feature, and the country of residence;
 - for legal entities – company name, registration number and date, or other identity feature, and the country of residence; for holders of securities – an indication "nominal holder" after the company name;
- the ISIN code of securities;
- the number of securities belonging to each person.

After sending information to LCD, LCD participants must cancel securities issue from their clients' accounts.

LCD summarises the information received from all LCD participants about owners and holders of securities on the list, enclosing the information owned by Initial Register (IR) about persons who have rights on securities. LCD gives to the Issuer the list within two business days after receipt of information from all LCD participants and the IR.

The Issuer receives the securities owners list in paper format and in electronic format. The following general information is included on the list of LCD:

- the name of the securities and their ISIN code;
- type of the list (Full List);
- the date for which the list has been compiled.

On the list of securities owners, the following is indicated for each person:

- data identifying the person:
 - for natural persons name and the surname, the personal identification code, or another identity feature, and the country of residence;

- for legal entities – company name, registration number and date, or other identity feature, and the country of residence; for holders of securities – an indication “nominal holder” after the company name;
- the ISIN code of securities;
- the number of securities belonging to each.

According to the Agreement between LCD and Issuer, LCD drafts statement of acceptance of securities owners' list.

The LCD cancels dematerialised securities issue issued outside the Republic of Latvia in the account which corresponds to the nominee account of the LCD with a foreign central depository or an institution managing financial instruments settlement if these securities have been transferred from the nominee LCD account with a foreign central depository or an institution managing financial instruments settlement.

1.7. Rights Issues

Issuer's authorised supervision authority (usually GM or Management Board) sets a record date (a date specified by Issuer, as of end (at 23:59) of which the holders of securities who are recorded on the list are entitled to Rights) of Rights issue.

There is no specific regulation for setting record date of Rights Issue in LCD Rules.

Issuer sets allocation date (a date when LCD credits participants accounts with securities to be distributed as Rights to investors) of Rights Issue and allocation date of underlying securities issue (*it is advisable if Issuer contacts LCD to agree both record date, and allocation date*).

Issuer submits the Notification in writing about expected Rights Issue to LCD within 2 business days after passing the decision about Rights Issue, specifying:

- name and ISIN of the underlying financial instrument;
- Rights Issue record date and allocation date;
- Ratio of Rights Issue (amount of Rights per one existing underlying financial instrument);
- Subscription period;
- Subscription price;
- Allocation date of underlying securities;
- the basis for Rights Issue.

Within 1 business day after receiving the issuer's request in writing, LCD issues an instruction and forwards (according to LCD Rules No.11 “On Data Exchange”) it to all LCD participants (ECSD and CSDL included) by specifying:

- name and ISIN of the underlying financial instrument;
- Rights Issue record date and allocation date;
- Ratio of Rights Issue (amount of Rights per one existing underlying financial instrument);
- Subscription period;
- Subscription price;
- Allocation date of underlying securities;
- the basis for Rights Issue.

LCD participants, within 1 business day after receiving the instruction from LCD about Rights Issue, and pursuant to the provisions of a concluded custody agreement, provide the owners and holders of financial instruments with the information mentioned above.

After subscription period and settlement, Issuer submits Registration (book-entry) Order and other documentation related to Additional Issue of underlying securities and cancellation of Rights Issue to LCD. The LCD Board decides on the registration of an underlying financial instruments additional issue within 10 business days as of the moment of submitting the documents.

LCD credits (on allocation date of underlying securities) LCD participants accounts with additional securities to be distributed as newly acquired securities to investors accordingly to received instructions from an issuer and sends the notification about the registration of the additional financial instruments issue to all LCD participants.

LCD participants credit new securities to the owner of securities and/or nominee holders accordingly to LCD instructions, within 1 business day after receiving the additional securities from LCD.

1.8. Redemption of the share minority (Take-over)

A person (an offerer) that, in compliance with all requirements of Latvian Laws, acquires the voting rights attaching to shares in the amount that equals or exceeds 95 percent of the total voting rights is entitled to demand that other shareholders sell the shares they own to that person. Offer, which must be valid for at least 30 days, can be made only after taking a decision on discontinuing trading the shares on the regulated market.

When an offerer decides to make a final share buyout offer, it must prepare an offer prospectus and submit it to Latvian FSA.

The FSA sends a copy of its decision on granting permission to make a final share buyout offer and a prospectus of a final share buyout offer in an electronic form to the LCD. The LCD sends the prospectus of a final share buyout offer in an electronic form to all participants (ECSD and CSDL included) on whose accounts with the LCD book entries of the respective shares have been made.

Within 5 business days of the receipt of the FSA's decision on granting permission to make a final share buyout offer, the offerer must publish the information in respect of the final share buyout offer in the newspaper *Latvijas Vēstnesis*.

If a shareholder has not accepted a final share buyout offer by the expiration date, on the next day after the expiration date the shares are blocked on its accounts and the shareholder loses its right to use them. LCD participants (ECSD and CSDL included) are responsible for blocking the shares. LCD participants must block shares on the basis of a prospectus of a final share buyout offer received from the LCD.

Within 5 days of the expiration date of a final share buyout offer, the offerer must credit the cash account of the LCD with TARGET2-Latvija with an amount in EUR that is equivalent to the total value of shares not yet bought out, calculated on the basis of the value of one share as indicated in the prospectus of a final share buyout offer.

After crediting the cash account of the LCD with TARGET2-Latvija with the full amount of the total value of shares not yet bought out, LCD transfers all the shares for which book entries have been made in the Initial Register (IR) and the accounts of LCD participants to the LCD participant's account with which an offerer has opened its own account, and simultaneously transfers cash to the cash accounts of the respective

participants and sends a request to LCD participants to delete the shares in the accounts of the shareholders.

LCD participants, within 1 business day after receiving the money from LCD, transfer the cash to the accounts, with an amount that corresponds to the number of shares for which book entries have been made, of those persons on whose securities accounts book entries for the shares were made on the expiration date of the final share buyout offer.

1.9. Merger

Merger is a CA event, when shares of two or more companies are merged either one into another or in to a new company. Before a merger can be executed, the articles of association of newly established company must be issued and registered at the Company Register of Latvia. A decision on merger is made at a general meeting of shareholders of each company involved in process, after which the change must be reported and registered at the Company Register of Latvia. All shares, where there are holdings in the accounts of LCD participants, must be covered by merger.

In order to ensure that a merger is possible to implement both technically and accordingly to LCD Rules, issuers are requested to contact with LCD first.

Before merger of underlying shares, LCD sets blocking of trades and issues of securities. This must occur prior to record date. Before a merger of securities can be executed, the new security issue must be registered in the LCD system.

1.10. Stock split

A company can increase the quantity of shares without raising the share capital, just by executing a stock split. It means that a share is divided into two or more shares. Before a split can be executed, the articles of association of company must be amended accordingly. A decision on such change is made at a general meeting of shareholders, after which the change must be reported and registered at the Company Register of Latvia. All shares, where there are holdings in the accounts of LCD participants, must be covered by the split.

In order to ensure that a stock split is possible to implement both technically and accordingly to LCD Rules, issuer is requested to contact with LCD first.

Before split of underlying shares, LCD sets blocking of trades and issue of securities. This must occur prior to record date. Before a split of security can be executed, the new security issues must be registered in the LCD system.

1.11. Processing of cash payments

In order to provide Dividend and Interest and/or Principal amount and other similar type of payment services, Investor-CSD or Investor-bank must open cash account(s) (EUR, LTL and/or USD), which is connected to Investor-CSD's or Investor-bank's nominee account in Issuer-CSD, and provide details of mentioned account(s) to Issuer-CSD.

Baltic CSDs will apply following principles when distributing CA related payments based on foreign securities that are held by Investor-CSD among their local participants and investors:

- 1) Payment must be credited in original currency to the Investor-CSD's cash account;
- 2) Investor-CSD must distribute received funds among its local participants and/or investors by transferring the funds in original currency to their cash accounts, provided that respective local participants and/or investors have notified the Investor-CSD about necessary details of such account in advance. Corresponding holdings within the system of Investor-CSD will serve as a basis for determining of funds to be distributed among Investor-CSD's participants and/or investors;
- 3) Investor-CSD's participants and/or investors will be liable for crediting the funds in original currency to the final holder of respective securities.

Summary of CA services related cash transfer timelines

CA	Event	Timeline
Dividend payments	Cash transfer to LCD's cash account	by 14:00 on the payment date
	Cash transfer from LCD to Investor-CSD/Investor-bank	by 18:00 (payment date)
Interest and Principal amount payments (Government debt securities)	Cash transfer to LCD's cash account	by 11:00 on the payment date
	Cash transfer from LCD to Investor-CSD/Investor-bank	by 14:00 (payment date)
Interest and Principal amount payments (Corporate debt securities)	Cash transfer to LCD's cash account	by 14:00 on the payment date
	Cash transfer from LCD to Investor-CSD/Investor-bank	by 18:00 (payment date)
Redemption of the share minority	Cash transfer to LCD's cash account	by the 5th day after the expiration of final buyout offer (by 14:00, payment date)
	Cash transfer from LCD to Investor-CSD/Investor-bank	next date after settlement date (by 18:00, payment date)

2. Description and execution of Corporate Actions in Estonia

This CA practice guide's part describes procedures how the corporate actions are executed in Estonia.

2.1. General Meetings

In Estonia there is no need for a separate registration for voting purposes. Shareholders only have to be present at the meeting. ECSD does not create any temporary list of shareholders. Each person that appears in the shareholders' list at the moment specified by the issuer (Record date), has the right to participate in the shareholders' meeting.

ECSD receives from issuer information about place, time and agenda of the forthcoming general meeting and delivers this information to Investor-CSD if at that moment respective securities are in Investor-CSD safe-custody, specifying the date when Investor-CSD has to submit list of security's owners who will participate in the meeting. ECSD provides this information also upon request of Investor-CSD. Investor-CSD according to the Rules and Regulations of Investor-CSD delivers this information to its participants.

Investor-CSD provides a list of persons who are entitled to vote and delivers the list to ECSD on the date specified by ECSD. ECSD takes a list of the shareholders from the ECSD's system and joins it with the information received from Investor-CSD. Upon issuer's request (which also indicates that list is ordered in connection with the GM) shareholders list and list of persons provided by Investor-CSD shall be submitted to the issuer. List of persons provided by Investor-CSD shall be accompanied with the power of attorney mentioned below.

Investor-CSD provides ECSD with the power of attorney, which entitles ECSD to issue power of attorney in the name of Investor-CSD that authorises persons, set out by Investor-CSD, to participate and vote at the general meeting in the name of the Investor-CSD. Note that if a person is representative of a legal person, he or she has to be ready to prove that he or she is authorised to represent legal person at meeting. In some cases (especially when minutes of the AGM must be notarised) that presumes legalised (or provided with apostil) extract of relevant register.

According to a decree of Estonian Ministry of Finance the owner of the omnibus account has to give the issuer a list with the following data about persons executing voting rights:

- a) name or business name
- b) address
- c) personal identification code or date of birth in the case there is no personal identification code, registry code in case of legal persons
- d) number of shares per each person entitled to execute the voting right.

Record date (fixing list of persons that are entitled to participate in the meeting) is 10th day before the meeting, unless the articles of association prescribe otherwise.

2.1.1. Procedures for General Meeting of shareholders in Estonia

	Notification date	Date of providing list of investors who have expressed wish to participate at GM		General meeting day
Issuer	<p>Issuer notifies ECSD about the meeting indicating the following:</p> <ul style="list-style-type: none"> - type of the meeting (Annual General Meeting, Extra-ordinary General Meeting, etc.) - the date and the time of the meeting; - record date determining for the admission to the meeting*; - the venue of the meeting; - the agenda of the meeting; 			
ECSD	<p>ECSD within one day sends notification with the details regarding the meeting to the ECSD participants and Investor CSD indicating the following:</p> <ul style="list-style-type: none"> - the title and ISIN code of the securities; - the date and the time of the meeting; - the venue of the meeting; - the agenda of the meeting; - the date on which Investor CSD forwards to ECSD list of investors who have expressed wish to participate at GM. 		<p>Upon request of the issuer ECSD provides the issuer with list of investors who were shareholders at the record date specified by the issuer including the list provided by Investor-CSD and power of attorney authorising persons set out by Issuer CSD to participate and vote at GM**.</p>	

	Notification date	Date of providing list of investors who have expressed wish to participate at GM		General meeting day
Investor's bank/CSD	<ul style="list-style-type: none"> • Depending on the SLA of the Investor-bank the mentioned information is forwarded to the Investors by the bank • Investor-CSD forwards mentioned information to local participants respectively which inform the Investors 	Investor-CSD provides EVK with list of investors who have expressed wish to participate at the GM including the following information: <ul style="list-style-type: none"> - first and last name of physical person/official name of the legal person; - address; - ID number or equivalent/registration number - number of shares owned 		
Investor				Natural persons and legal person's representatives shall submit personal identification document (passport) upon registration. When representing a legal entity, power of attorney issued by the company and excerpt from the commercial register (legalised and translated into the English language) is required***. Natural person's representative shall, in addition, submit a power of attorney.

ECSD – Estonian Central depository

Investor-CSD – Latvian Central depository and Central securities depository of Lithuania

*Only persons who qualify as a shareholder on a given date will be admitted to the meeting.

**Investor-CSD provides ECSD with the power of attorney, which entitles ECSD to issue power of attorney in the name of Investor CSD that authorises persons, set out by Investor CSD, to participate and vote at the general meeting in the name of Investor CSD.

***Legal persons have to authorize with power of attorney its representative/-es that will represent the legal person in the general meeting. In addition an excerpt from the commercial register is required to prove the rights of the person authorizing. The extract has to be legalised and translated into English if issued by a foreign legal entity.

2.2. Full list of shareholders

In order to receive the full list of shareholders, the Issuer/Investor has to submit a written request to ECSD by filling out an application form available on ECSD website.

The following data is necessary for ECSD:

- Name and surname of shareholder or name of company
- Person identification code or registration code of company
- Address
- Name of the financial instrument and its ISIN code
- Date for which ECSD will note information about owners and holders of securities

According to the Estonian rules and regulations the ECSD has to give out the list of shareholders to the issuer not later than 3 working days after receiving the issuer's application.

2.3. Dividend payments

The procedure for payment of dividends shall be prescribed in the articles of association or by a resolution of the general meeting. In case of stock exchange listed shares payment of dividends is commonly conducted via ECSD.

However it is important to note that issuers are free to distribute dividends by themselves or by using payment agency services of the ECSD or Credit Institutions.

Pursuant to the Act on ECSD all issuers, shares of which are registered with ECSD, are required to notify the registrar (ECSD) promptly of resolutions concerning the payment of dividends. Often this requirement is not met.

In case of dividends paid by company, shares of which are traded on Tallinn Stock Exchange, following obligations and time-schedule are prescribed by the Rules of the TSE:

1. Resolution on proposed dividend amount shall be disclosed publicly immediately after the management board or supervisory board of an Issuer has decided the amount of dividends to be recommended to the annual general meeting.
2. Immediately after adoption of the resolution of the general meeting to pay dividends at least following information shall be disclosed:
 - the intended record⁶ date;
 - the amount of dividend to be paid per share;

⁶ Pursuant to the Rules and Regulations of the TSE the record date may not be fixed at an earlier date than 10 (ten) trading days after the date of the general meeting of shareholders that adopted a resolution on the nature or of any created, amended or terminated rights attached to the securities or on the extent of such rights (rights granted to security holders or the scope thereof). Before the beginning of trading on the date which is two days prior to the record date, the Exchange shall announce, through the Exchange Information System, that as a result of transactions with the exercise term T+2 carried out on the trading day about to begin, the buyer shall also acquire, upon effecting (finalising) the transaction, the rights and obligations of which the Issuer previously notified the Exchange, because the said transactions will be finalised before the record date. If as a result of a transaction effected on such a date a buyer does not receive the bought securities on their account by the record date, the buyer may claim from the seller compensation for the rights attached to the securities.

- the date of payment of the dividends (there are no legally binding rules on minimum or maximum time period between record date and payment date).

On payment date list of shareholders as of 23:59 PM on record date is used as basis for determination of persons and amounts to be paid. No corrections or exclusions are made. ECSD has no legal basis to replace someone of the investors (make corrections) with the person, who is not registered as the owner of share as of referred point of time.

There is no written rule about connection between Record date and Payment date. It can be on the following day. For TSE listed securities the record date is earliest at AGM+10.

2.4. Interest and Principal amount payments

Timetable

1. Issuer (or paying agent) notifies ECSD of interest/principal amount payment (*record date* – 5 days);
2. Record date;
3. On the payment date (*record date* + 1 bank day) the interest/principal amount is transferred to the investors who were in the list of investors on the record date at 23:59. Payments are made to the accounts related to the securities' accounts of investors.
4. In case of bonds whose record date is fixed at 8:00 the interest/principal amount is paid to the accounts within the same day.

Payments should be made by the issuer or the paying agent in a way that payment orders are submitted to the bank before 12:00 to ensure that the funds arrive on the accounts of investors on the same day (this enables to transfer the payment to foreign investors and to investors who hold their securities on nominee accounts on the same date).

When making interest/principal amount payments through ECSD (recommended also in the case of issuer or some other paying agent):

- 1) The amount to be paid to the specific investor shall be calculated on the basis of the number of the investor's securities (or nominal value of bonds) in the Estonian Central Register of Securities on the record date.
- 2) Interest/principal amount payment is made by a wire transfer to the investor's bank account that is related to his or her securities' account.

Bonds must be deleted from the register on the same day when the principal amount payments are made.

2.5. Bonus Issues

The issuer issues further units of a security to existing holders based on the holdings of each member on record date (normally in order to convert reserves into the form of share capital). Sometimes fractions can arise from a bonus issue.

By operation of law, almost all additional share issues (bonus issue, rights issues etc) contain two security registrations. In first step, the newly issued shares are registered on book-entry accounts with a new ISIN-code (temporary ISIN or Intermediate shares). After a certain period of time, these securities are converted into the old line of shares (new event "Pari-passu" and always at a ratio of 1:1).

Increase of the share capital is finalized via relevant entry with the Commercial Registry and rights (right for dividend, voting right) arising from additionally issued shares may not be exercised until relevant entry with the Commercial Registry. Due for those additionally issued shares will be in the beginning registered on book-entry accounts with a new ISIN-code (temporary ISIN or Intermediate shares). After relevant entry with the Commercial Registry when additionally issued shares ranks pari-passu with previously issued shares, they are merged into the old line of security (always at a ratio of 1:1).

NB. For TSE listed securities the record date is earliest at AGM+10. In case of non-listed securities there is no rule.

2.6. Cancellation of Shares

Pursuant to the Commercial Code share capital may be reduced by a reduction of the nominal values of shares or by the cancellation of shares. With regard of shareholders rights and corporate actions processing reduction of share capital is conceptually similar to the increase of share capital. In the same way increase of the share capital is finalised via relevant entry with the Commercial Registry. Petition on relevant entry must be enclosed with the notification of the ECSD. Similarity is also that rights arising from shares subject to cancellation may be exercised until relevant entry with the Commercial Registry.

Based on application from the issuer, shares that are subject to cancellation⁷, shall be marked with temporary ISIN code. Marked shares shall be deleted by debiting them from relevant securities account only after ECSD has received information on entry of the Commercial Register. Again investor CSD has to reflect shares with the temporary ISIN code in its` securities accounts and after deletion of such shares in issuer CSD (ECSD) perform corresponding entries within its` system.

2.7. Rights Issues

A company issues securities in proportion to the holders' holding of shares, which give them the right to subscribe for further units of newly issued shares.

The Rights Issue is handled as two-part event (mandatory event for Rights Distribution and choice event for subscription).

2.8. Redemption of the share minority (Take-over)

On the application of a shareholder whose shares represent at least 90% of the share capital (majority shareholder), the general meeting of shareholders may decide in favour of the shares belonging to the remaining shareholders (minority shareholders) being taken over by the majority shareholder in return for fair monetary compensation.

The majority shareholder shall determine the amount of compensation payable to minority shareholders. The amount of compensation shall be determined on the basis of the value of the shares to be taken over

⁷ In general, cancellation of shares is conducted proportionally. However in accordance with the Commercial Code it is possible to decide that shares are not deleted proportionally, but by cancellation of shares belonging to particular shareholder. Of course in such case law requires that shareholder whose shares are disproportionately cancelled had vote in favour of the resolution.

that these shares had ten days prior to the date on which the notice calling the general meeting was sent out.

A resolution on the takeover of shares belonging to minority shareholders shall be adopted if at least 95/100 of the votes represented by shares are in favour. The minutes of a general meeting at which a decision is taken on the takeover of shares belonging to minority shareholders shall be attested by a notary.

Within one month as of the adoption of the resolution of the general meeting, the management board shall submit an application to ECSD for the shares of minority shareholders to be transferred to the majority shareholder. ECSD shall arrange for the transfer of the shares to the account of the majority shareholder against payment the size of which corresponds to the compensation payable for the shares. It is a mandatory event and no instructions are required from investor.

2.9. Merger

Often as a part of a reorganisation of a group of related companies, the shares of two or more companies are merged, either one in to another or all in to a new company. Depending on the type of merger, the ISINs representing the shares of one or both/all companies involved in the merger could change. Fractions could occur for this corporate action type.

From a shareholder perspective a merge requires that both company's shareholders are getting new shares in the new company, both companies' need to have a shareholder meeting to accept the merge and no tender offering are involved. Merger is a mandatory event and no instructions are required from investor.

2.10. Stock split

Split means that the issuer increases the number of issued securities, for example by dividing every one share currently existing into four shares of a quarter of the old nominal value.

The amount of outstanding shares increase by a known factor but the nominal market value is unchanged. By such, the face value (nominal value) must decrease. Likewise, a reverse split is an event where the amount of outstanding shares decrease but the nominal market value is still unchanged. By such, the face value (nominal value) must increase. In Estonia the ISIN code always remains the same after split or reverse split.

For trading, the event day must be the first day of trading with the new circumstances. The stock price is adjusted on that day before the trading starts.

Split is quite rare event in case of TSE traded securities (usually company splits shares to minimal possible par value before listing in TSE).

2.11. Processing of cash payments

In order to provide Dividend and Interest and/or Principal amount and other similar type of payment services, Investor-CSD must open cash account(s) (LTL, EUR and/or USD), which is connected to Investor-CSD's nominee account in Issuer-CSD, and provide details of mentioned account(s) to Issuer-CSD.

Baltic CSDs will apply following principles when distributing CA related payments based on foreign securities that are held by Investor-CSD among their local participants and investors:

- 1) Payment must be credited in original currency to the Investor-CSD's cash account;
- 2) Investor-CSD must distribute received funds among its local participants and/or investors by transferring the funds in original currency to their cash accounts, provided that respective local participants and/or investors have notified the Investor-CSD about necessary details of such account in advance. Corresponding holdings within the system of Investor-CSD will serve as a basis for determining of funds to be distributed among Investor-CSD's participants and/or investors;
- 3) Investor-CSD's participants and/or investors will be liable for crediting the funds in original currency to the final holder of respective securities.

Summary of CA services related cash transfer timelines

CA	Event	Timeline
Dividend payments	Cash transfer to ECSD's cash account	by 18:00 (payment date - 1)
	Cash transfer from ECSD to Investor-CSD/Investor-bank	by 12:00 (payment date)
Interest and Principal amount payments (Government debt securities)	Cash transfer to ECSD's cash account	by 18:00 (payment date - 1)
	Cash transfer from ECSD to Investor-CSD/Investor-bank	by 12:00 (payment date)
Interest and Principal amount payments (Corporate debt securities)	Cash transfer to ECSD's cash account	by 18:00 (payment date - 1)
	Cash transfer from ECSD to Investor-CSD/Investor-bank	by 12:00 (payment date)
Redemption of the share minority	Cash transfer to ECSD's cash account	by 18:00 (payment date - 1)
	Cash transfer from ECSD to Investor-CSD/Investor-bank	by 12:00 (payment date)

2.12. Taxation in Estonia

Dividend payments:

- Dividends paid to resident individuals, resident legal persons and non-resident individuals and non-resident legal persons are not subject to withholding tax in Estonia starting from January 1st, 2009.

Interest payments:

- A withholding tax at the rate of 21% is charged on interest payments of securities issued by resident non-credit institutions and the Government of Estonia to resident individuals.
- Interest payments of securities issued by resident non-credit institutions and the Government of Estonia to resident legal persons and non-resident individuals and non-resident legal persons are not subject to withholding tax in Estonia.
- Interest payments of securities issued by resident credit institutions and credit institutions of the EEA Member States are not subject to withholding tax in Estonia.

2.13. Changeover to the Euro

Estonia adopted the euro on 1 January 2011, thus becoming the 17th member of the euro area.

The amendments to the Commercial Code that entered into force on July 1, 2010 enable private limited companies and public limited companies, whether being founded or having been founded earlier, to register their share capital in euros as of July 1, 2010. No final deadline has been established for re-registration of the converted share capital.

It is important to know that the share capital of companies or nominal values of debt instruments will not be automatically converted into euros. Each company must express its wish for this and register the changes in the share capital of the company in the commercial register.

The changes must be registered in the Estonian CSD by all public limited companies and private limited companies that have been registered in the Estonian CSD. For this, the decisions necessary for re-registration must be made by and relevant documents executed by the company.

In connection with the changeover to euro the following security data may change (together or separately) in addition to the change of currency:

- security par value (nominal)
- securities quantity
- introduction of non par value

Non par value shares are quite similar to ordinary shares, but

- they do not have any fixed nominal
- non par value shares have calculated value that can be found by dividing share capital with the number of shares

E.g. if a company (AS) has 1000 shares of the same type and share capital equals € 63 912, then the calculated value of one share is € 63,912 (i.e. 63 912/1000)

- the calculated value is the same for all shares of the company
- non par value share will give one vote and generally equal right to profit (preferred shares are an exception)
- non par value share can be an ordinary share as well as preferred share
- AS may have simultaneously either shares with par value or non par value shares (mixture of both is not allowed)

The current participation proportions of shareholders must remain the same. ISIN code is not changed with the changeover to euro.

2.14 Transformation

A company may be transformed into a company of a different type, e.g. a public limited (or joint-stock) company is transformed into a private limited company. The partners or shareholders of a company being transformed shall become partners or shareholders of the new company.

The decision on transformation shall be made by the partners or shareholders of the company being transformed.

A transformation resolution shall set out:

the type of company to be formed as a result of the transformation; the business name of the company; the share exchange ratio of the partners or shareholders of the company being transformed; the consequences of the transformation for the employees; the amount of share capital.

1)Transformation of Private Limited Company into Public Limited Company:

As a first step the registration of a Private Limited Company's units in ECSD is required and then transformation to Public Limited Company is possible.

2)Transformation of Public Limited Company into Private Limited Company:

Regarding the law transformed (established) Private Limited Company may hold units in ECSD or may delete units from ECSD.

2.15 The change of the name of the company

The issuer's name change is finalized only after ECSD has received the relevant information on entry of the Commercial Register. Notice from the issuer is needed.

3. Description and execution of Corporate Actions in Lithuania

This part of CA Practice Guide describes various CA procedures in Central Securities Depository of Lithuania (CSDL) and in general in Lithuania. The required procedures can vary depending on the issuing companies, legislation and market practice.

The issue of securities (financial instruments) and other corporate actions taking place on the initiative of the issuer or depending on his will, **which change the parameters of securities accounts**, are considered to be stock events. The stock event is considered to have taken place when on the basis of the documents submitted by the issuer (issuer's agent), CSDL makes corresponding entries in the securities accounts.

In compliance with the legal acts regulating specific stock events and carrying out operations related with stock events, CSDL manages securities accounts of the first tier of accounting (general accounts) by making appropriate accounting entries therein, while the account managers manage securities accounts of the second tier of accounting (personal accounts) by making appropriate accounting entries in accordance with the requirements of the legal acts and the regulating documents of CSDL.

The issuer (issuer's agent) must inform CSDL in writing on the stock events and submit all the documents required by CSDL not later than 5 business days prior to the day the stock event is expected, and in cases of equity securities, in addition not later than the following business day after the receipt of the relevant documents from the state and/or municipal institutions. The issuer (issuer's agent) must notify CSDL about any corporate actions in compliance with our (CSDL) internal document only.

CSDL announces publicly about the stock events reported to it not later than 2 days prior to their expected commencement.

In carrying out accounting operations (related with the stock event, during which the number of financial instruments held by investors is to be increased or decreased), CSDL makes relevant entries in those securities accounts of the first tier of accounting, which hold accounting records of the relevant securities at the end of the accounting day of the stock event. In the second tier of accounting, where the investor concerned is no more a client of the account manager on the date the entry in securities accounts is to be made, the account manager must open a technical account specified by CSDL fully identifying the respective investor, and immediately place with CSDL an instruction to transfer the respective securities to the general securities account of the issuer's agent, explicitly identifying the investor concerned.

3.1. General Meetings

Persons who were shareholders at the end of the record date have the right to attend and vote at the General Meeting themselves or may authorise other persons to vote for them as proxies or may dispose of their right to vote to other persons with whom an agreement on the disposal of the voting right has been concluded. The Record date of the public limited-liability company (further company) must be the fifth working day before the General Meeting.

The shareholder property rights are given to the Persons, who were shareholders of the company at the end of the tenth business day after the General Meeting, which adopted the relevant decision (at the end of the Record date).

The shareholders present at the General Meeting must be registered in the shareholder registration list. The shareholder registration list indicates the number of votes granted to each shareholder by the shares held by him.

A notice of the General Meeting must be published in the daily newspaper indicated in the Articles of Association (Statute) or delivered against acknowledgement of receipt sent by registered post to

At least 10 days before the General Meeting the shareholders must be granted access to the documents available to the company relating to the agenda of the Meeting, including draft decisions and the request filed with the Board by the initiators of the General Meeting.

The CSDL doesn't receive any information from the issuer about the forthcoming General Meeting. Such information is provided to the NASDAQ OMX Vilnius. An issuer must place a notice through the information system of the NASDAQ OMX Vilnius about the decision to convene a General shareholders' meeting and post it in the Central Storage Facility. The notice must contain at least the following information: name of the company, code, time and venue (address), the record date, agenda of the meeting, initiator of the meeting, the company's body, person or institution who passed a resolution to convene the meeting and so on. In the same manner information about a repeat meeting and about changes and/or additions to the agenda shall be disclosed. The issuer must make public the resolutions passed by the General Meeting through the information system of the NASDAQ OMX Vilnius.

The CSDL only compiles the list of owners according to a particular request from the issuer or the issuer's agent. The issuer has the right to request at any time from the account manager or CSDL to present a list of owners of its securities. This right shall be exercised by submitting an inquiry to the CSDL. To have such a request satisfied, an inquiry must be filed with the CSDL, which shall provide, depending on the choice of the issuer, either a list of account managers or a list of securities owners.

3.2. Full list of shareholders

The issuer has the right at any time to request from the account managers or CSDL a list of owners of its securities. This right shall be exercised by submitting an inquiry to the CSDL.

On request of the CSDL the account managers holding the securities issued by the issuer concerned in their general accounts, must provide to CSDL the list of persons who were securities owners on the date specified by the CSDL.

The account manager furnishes CSDL with the list of securities owners, whose personal securities account holds the credit balance of the securities referred above. The list of securities owners must include at least the following information:

1. CSDL participant's code, type of activity and nature of account;

2. residence country code of securities owner;
3. for natural persons name and the surname, the personal identification code, or other identity feature for legal entities – company name, registration number, or other identity feature;
4. address of securities owner;
5. securities account number;
6. ISIN code of securities allocated by CSDL;
7. number of securities held on the account;
8. restrictions on the transfer of rights attached to securities.

The account managers must provide information on securities owners by the date specified in CSDL's request; it may also be the date of request. The date of the list of securities owners is a business day set by CSDL, at the end of which the shareholders' list is to be generated.

The information shall be provided by account managers in a database format in accordance with the electronic database field structure set by CSDL.

CSDL created Secure Information Site for the Issuer's. Through this web based system issuers or CSDL participants can order and receive list of shareholders.

3.3 Dividend payments

The property rights of the shareholders are the following:

- 1) to receive a part of the company's profit (dividend);
- 2) to receive a part of assets of the company if the capital of the company is being reduced in order to pay to the shareholders from the company's funds;
- 3) to receive shares without payment if the authorized capital is increased out of the company's funds;
- 4) to have the pre-emption right in acquiring shares or convertible debentures issued by the company, except in cases when the General Meeting decides to withdraw the pre-emption right for all the shareholders.

The above property rights are given to the Persons, who were shareholders of the company at the end of the tenth business day after the General Meeting, which had adopted the relevant decision (Record date for dividends and other property rights).

Issuers are free to distribute dividends themselves or entrust distribution to brokerage firms or banks (financial intermediaries), who have the right to redistribute payments or may choose CSDL as an entity, which redistributes dividends between brokerage companies or banks through the payment systems ("LITAS-RLS" or Target2 for Euros) according to securities balances in general (omnibus) accounts and at a declared rate.

The General Meeting may not adopt the decision to declare and pay dividends if at least one of the following conditions is met:

- 1) the company is insolvent or would become insolvent after the payment of dividends;
- 2) the result of the financial year available for appropriation is negative (losses were incurred);
- 3) the equity capital of the company is lower or after the payment of dividends would become lower than the aggregate amount of the authorized capital, the legal reserve, the revaluation reserve and the reserve for own shares of the company.

Payment date must not be later than 1 month after the decision to pay dividends. Issuer must pay the allocated dividends within 1 month after the day of adoption of the decision on profit appropriation. Payment of dividends in advance is prohibited.

Issuer must pay the dividends in cash only.

3.4. Interest and principal amount payments

Payments of interest or principal amount of debt securities are made by the Issuers directly or are redistributed through financial intermediaries.

Government securities (GS) are redeemed and coupon payment is made to those investors, who held securities in personal accounts on the last business day before the redemption of securities or the coupon payment. If the securities redemption day set in advance falls on a non-working day, the securities will be redeemed on the first business day following the non-working day. On the day of GS redemption or coupon payment CSDL submits a notification to the Ministry of Finance of the Republic of Lithuania regarding the outstanding balance of the securities of this issue on securities accounts. CSDL specifies the accounts of its participants to be credited.

After the Ministry of Finance has provided due funds for GS redemption or coupon payment, CSDL transfers those funds to CSDL's participants.

The intermediaries repay the funds due to their clients on the securities redemption day or coupon payment day, unless their agreements with the clients provide otherwise.

Bonds issues and redemption by public limited liability companies

The resolution to issue debentures (bonds) may be adopted by the General Meeting of the company by a simple majority vote or by the Board if this is provided for in the Articles of Association.

The company must indicate in the resolution to issue debentures and in the debenture subscription agreement the nominal value of the debenture, the amount of interest rate, the fixed date of debenture redemption, from which date the debenture holder shall acquire the right to receive from the company a sum of money equal to the nominal value of the debenture and the annual interest. The debenture holder shall have equal rights with other holders of the same issue.

Before issuing debentures offered for public subscription, the company must conclude an agreement with a bank or brokerage firm (making a notice to the effect in the prospectus of the debentures). Under the agreement the bank or the brokerage firm should undertake to safeguard the interests of the holders of the debentures of a certain issue in relations with the company, while the company should undertake to pay remuneration to the bank or brokerage firm.

In the cases where the debentures issued by the company are secured by pledged assets or mortgage, the bank or the brokerage firm must be considered as the account manager of the securities. It shall exercise the rights of the security holder for the benefit of all debenture holders.

Third persons may offer directly to the debenture holder or through the Financial intermediary surety or guarantee for the discharge of obligations of the company arising because of the issue of debentures. In case of failure to discharge all or some of these obligations, the intermediary of public trading in securities must transfer the funds received from the third persons to the debenture holders.

3.5. Bonus issues

The authorized capital must be increased by the decision of the General Meeting.

Issuing new shares or increasing the nominal value of the issued shares increase the authorized capital.

A documentary proof of the decision to increase the authorized capital must be submitted to the manager of the Register of Legal Entities within 10 days after the adoption of the decision.

The shareholders of the company shall have the right of pre-emption to acquire the shares issued by the company in proportion to the nominal value of shares owned by them at the end of the tenth business day after the General Meeting, which adopted the decision to increase the authorized capital through additional contributions.

The authorized capital is considered to have been increased only after the amended Articles of Association (Statute) are registered in the Register of Legal Entities. The decision of the General Meeting to increase the authorized capital, except for the decision to issue convertible debentures, must be considered void in case of failure to submit the amended Articles of Association to the manager of the Register of Legal Entities within 6 months after the day of the General Meeting which adopted the decision to increase the authorized capital. If this deadline is not met, the contributions for the subscribed shares must be immediately returned without any deductions at the written request of the subscriber.

Record date for bonus issues, i.e: the right a) to receive shares without payment if the authorized capital is increased out of the company's funds; b) to have the pre-emption right in acquiring shares or convertible debentures issued by the company, except in cases when the General Meeting decides to withdraw the pre-emption right for all the shareholders, **is the end of the tenth business day after the General Meeting where the decision has been passed.**

The following documents must be submitted in order to have the securities issue registration account opened or adjusted at the CSDL.

Where the issuer increases its authorized capital by additional contributions:

1. Application for the registration of securities.
2. The original or an issuer-certified copy of the minutes of the General Meeting of shareholders, which has adopted a decision to increase the authorized (share) capital and make amendments to the Statute (Articles of Association) accordingly.
3. The original or an issuer-certified copy of the company's Statute (amendments thereto) with the increased capital that have been registered with the Register of Legal Persons.
4. Report on Securities Offering Results
5. The note regarding addition of the securities issues, where the newly issued securities issue provides to its shareholders the same property and non-property rights as the previously issued securities issue.

Where the issuer increases its authorized capital out of its own funds:

1. Application
2. The original or an issuer-certified copy of the minutes of the general meeting of shareholders, which has adopted a decision to increase the authorized (share) capital and make amendments to the Statute accordingly.
3. The original or an issuer-certified copy of the company's Statute (amendments thereto) with the increased capital that have been registered with the Register of Legal Persons.
4. Report on Securities Offering Results. It shall be submitted provided new shares are issued.
5. Statement of the securities indexation, where securities are held not only on an account of the issuer's agent.

6. The note regarding addition of the securities issues, where the newly issued securities issue provides to its shareholders the same property and non-property rights as the previously issued securities issue.

Where the issuer increases its authorized capital as a result of the reorganization:

1. Application.
2. The originals or issuer-certified copies of the minutes of the general meetings of shareholders of the companies under reorganization, which have adopted decisions regarding their reorganization.
3. The original or an issuer-certified copy of the reorganization conditions approved by the general meeting of shareholders of the companies under reorganization.
4. The original or an issuer-certified copy of the company's Statutes (amendments thereto) with the increased capital that have been registered with the Register of Legal Persons.
5. Report on Securities Offering Results.
6. Statement of the securities distribution in case of the reorganization of the company where securities are held not only on an account of the issuer's agent.
7. The note regarding addition of the securities issues, where the newly issued securities issue provides to its shareholders the same property and non-property rights as the previously issued securities issue.
8. An application of the company under reorganization that is wound up after the reorganization for the closure of the securities issue registration account. The application shall be submitted provided that the issue registration account has been opened with the CSDL to the company under reorganization.
9. A certified copy of the certificate on the de-registration of the company under reorganization from the Register of Legal Persons. The certificate shall be submitted provided that the issue registration account has been opened with the CSDL to the company under reorganization.
10. On request of the CSDL other required documents must be submitted.

Where the issuer issues securities, which do not certify the participation in the authorized capital:

1. Application
2. An issuer-certified copy of the minutes of the meeting of the issuer's body, which has adopted a decision to issue securities (unless it has been submitted earlier).
3. The original or an issuer-certified copy of the company's Statutes (amendments thereto) that have been registered with the Register of Legal Persons (unless it has been submitted earlier).
4. Report on Securities Offering Results.
5. The original or an issuer-certified copy of the securities issue program.

Securities issue registration accounts and general (omnibus) securities accounts are opened with the CSDL for every securities issue made by any of the issuers. Securities issue registration accounts and general securities accounts are opened for the purpose of the securities circulation control and they give no proof of ownership to the securities. The securities issue registration account of the CSDL records the total number of securities issued by a certain issuer. The general securities account is opened with CSDL on behalf of an account manager and records the total number of securities of one issue held by that account manager.

For the purpose of primary trading in securities (in cases when the traded securities issue will not be added immediately to the earlier registered securities issue) the CSDL allocates an ISIN code to the offered securities issue prior to the opening of the securities issue registration account.

Where the non-resident issuer issues securities, which do not certify the participation in the authorized capital, the following documents must be submitted:

1. Application.

2. A notarised copy of the minutes of the meeting of the issuer's body, which has adopted a decision to issue securities.
3. The original or a notarised copy of the Statute or other incorporation documents of the issuer (if available).
4. A notarised copy of the issuer's registration certificate.
5. Report on Securities Offering Results.
6. The original or a certified copy of an agreement with a financial intermediary.
7. The original or a notarised copy of the securities issue program (if available and unless it has been submitted earlier).

In case the head office of the legal person, issuing securities is registered on the territory other than Lithuanian, the submitted registration documents issued by a foreign country and all other documents related to the issue of the securities issue must be translated into the Lithuanian language.

3.6. Cancellation of shares and reduction of the authorized capital

The authorized capital may be reduced by the decision of the General Meeting or by the court decision. The authorized capital may only be reduced in the following ways:

- 1) by reducing the nominal value of shares;
- 2) by cancelling the shares.

After the registration of the amended Statute in the Register of Legal Entities, the Issuer must within one working day submit to the CSDL the documents required by the CSDL for changing the entries in the securities accounts. A document confirming the decision to reduce the authorized capital must be submitted to the manager of the Register of Legal Entities within 10 days after the adoption of the decision.

The authorized capital is considered to have been reduced only after the registration of the amended Articles of Association in the Register of Legal Entities.

In the case, when shares are cancelled to receive a part of assets of the company if the capital of the company is being reduced in order to pay to the shareholders from the company's funds, the Record date is the end of the tenth business day after the General Meeting, which adopted the relevant decision.

The cases where the issuer reduces the authorized capital.

The following documents must be submitted in order to have the securities issue registration account adjusted at the CSDL:

1. Reduction of the authorized capital by reducing the number of the shares:
 - 1.1. Application.
 - 1.2. An issuer-certified copy of the minutes of the meeting of the issuer's body, which has adopted a decision to reduce the authorized (share) capital, or of any other document specifying the procedure for the reduction of the authorized capital (if available).
 - 1.3. Explanatory note regarding the reason and procedure for the reduction of the authorized capital approved by the issuer's bodies.
 - 1.4. The original or an issuer-certified copy of the Statutes (amendments thereto) of the company with the reduced authorized capital that have been registered with the Register of Legal Persons.
 - 1.5. Statement of the reduction of the authorized capital where the securities are held not only on accounts of the issuer's agent.
2. Reduction of the authorized capital where the issuer changes the nominal value of the previously issued securities:
 - 2.1. Application.

2.2. Explanatory note regarding the reason and procedure for the change of the nominal value of the securities approved by the issuer's bodies.

2.3. The original or an issuer-certified copy of the company's Statute (amendments thereto) with the reduced authorized capital that have been registered with the Register of Legal Persons.

3. Where the issuer reduces its authorized capital as a result of the reorganization:

3.1. Application.

3.2. The original or an issuer-certified copy of the minutes of the General meeting of shareholders of the company under reorganization, which has adopted the decision regarding the reorganization of the company.

3.3. The original or an issuer-certified copy of the reorganization conditions approved by the general meeting of shareholders of the companies under reorganization.

3.4. The original or an issuer-certified copy of the company's Statute (amendments thereto) with the reduced authorized capital that have been registered with the Register of Legal Persons.

3.5. Statement of the reduction of the authorized capital where the securities are held not only on accounts of the issuer's agent.

3.6. On request of the CSDL other required documents must be submitted.

3.7. The change of the name of the securities or company

1. In case the issuer takes a decision to change the name of the securities (conversion of the securities from one class of securities to the other one), the following documents must be submitted in order to have the securities issue registration account adjusted at the CSDL:

1.1. Application.

1.2. An issuer-certified copy of the minutes of the meeting of the issuer's body, which has adopted a decision to convert the securities of one class to the securities of the other class.

1.3. The original or the issuer-certified copy of the company's Statute (amendments thereto) that have been registered with the Register of Legal Persons.

2. Where the issuer changes the name, the following documents must be submitted:

2.1. An issuer-certified copy of the new registration certificate of the company;

2.2. The original or an issuer-certified copy of the new registered Statute of the company;

2.3. Official requisites.

3.8. Rights issues

The same requirements are applied to the registration of subscription rights as to all other securities registered with CSDL in general and securities issue registration accounts.

The Issuer, or the Financial Intermediary acting under a securities offering agreement with the Issuer or on his behalf (further subscription agent), when applying for the opening of accounts for subscription rights with CSDL, must furnish:

1. The documents, required for the registration of subscription rights issue (described in section Bonus Issues).

2. A copy of securities offering agreement with the Issuer (where the subscription agent is a Financial intermediary);

3. A copy of the Minutes of the Issuer's general shareholders' meeting, which took a decision to issue subscription rights, containing the following information:

3.1 the Record date of the owners of securities rights;

3.2 the number of subscription rights to be issued;

3.3 the maturity of subscription rights, indicating the number of days;

3.4 the subscription ratio;

4. Requisites of cash account, opened for the payment of the new securities issue to be subscribed (name of bank, code and account number).

Upon submission by the subscription agent of all the documents, CSDL no later than within 5 business days registers the subscription rights issue.

After the subscription agent together with CSDL have set the rights' Record date, the subscription agent must announce about the stock event in the media prior to that date.

CSDL opens the issue registration account for the subscription rights issue and proportionally using the subscription ratio allots the newly issued subscription rights in accordance with the balance of the underlying issue held by subscription rights owners on record day to account managers by opening current accounts for them. The same procedure is used for the allotment of subscription rights to other persons, whose nominee or personal accounts are managed by CSDL (foreign CSDs or other CSDL clients).

The account for the securities of the new issue, which has been offered by means of subscription rights, is opened after the registration with the Register of Legal Persons of amendments to the Statute regarding the increase of the authorized capital and after the subscription agent submits to CSDL the subscription rights trading results, as well as after taking into account the results of subsequent stages of securities trading, i.e. without pre-emptive right.

The accounting of transactions of secondary trading in subscription rights shall be subject to the same requirements as trading in all other securities.

The owners of subscription rights, who were allotted such rights or acquired them during secondary trading with the intention to subscribe to the new issue of the Issuer's securities, must apply to his personal subscription rights account manager. All subscription rights are cancelled on their maturity date.

After the expiration of validity of the subscription rights and upon conclusion of the subsequent securities subscription stages without pre-emptive right, but not earlier than the new securities issue has been registered with the Register of Legal Persons, the subscription agent provides to CSDL the documents for the registration of the new issue.

3.8.1. Investment fund issues

When opening the issue registration account for the financial instruments issued by collective investment undertakings the following must be submitted to the Central Depository:

1. Application for the opening of the issue registration account with the Central Depository in the prescribed format;
2. Agreement of a collective investment undertaking or its management company with a participant of the Central Depository – intermediary of public trading (hereinafter referred to as the Issuer's agent) on representation in the Central Depository.
3. With respect to the management company of a collective investment undertaking or the collective investment undertaking itself (in case of an investment company):
 - extract from the Register of Legal Persons (with the indicated data on the CEO), and
 - license of activity issued by the Supervisory Authority;

4. With respect to the collective investment undertaking, management of which has been entrusted to the management company:

- agreement with the management company regarding asset management, and
- statute of the management company;

5. A prospectus, confirmed by the Supervisory Authorities, on the financial instruments, which have been issued or are being issued by a collective investment undertaking, except for the cases where the announcement of the prospectus is not obligatory;

6. Documents on the establishment of a collective investment undertaking – Rules on Investment Fund or By-laws of Investment Company;

7 Key Investor Information Document of a collective investment undertaking;

8. Report on the financial instruments offering results issued by the collective investment undertakings (as of the registration date) in the prescribed format.

9. The Central Depository is entitled to require from a collective investment undertaking submission of additional documents or information, if it considers that it is necessary for a proper opening, administration or closure of the financial instruments accounts of the collective investment undertakings. The Central Depository has a right in each individual case to decide, whether any documents referred to in paragraphs 2 or 7 need not be submitted with the application.

10. In cases referred to in paragraphs 2-7 the original documents or the copies confirmed by the CEO of the collective investment undertaking or its chosen management company must be provided.

11. The collective investment undertaking shall be obliged to immediately notify the Central Depository about the important changes in the information supplied pursuant to paragraphs 1-7, which will appear after the opening of the financial instruments issue registration account of the collective investment undertaking.

3.9. Redemption of the share minority (Mandatory sale or purchase)

Having acquired the shares, which account for no less than 95% of the capital entitling to voting rights and to no less than 95% of total votes at the general meeting of shareholders of the Issuer, the shareholder has the right to request from all other shareholders of the Issuer to sell their holdings of shares entitling to voting rights and the latter are obliged to sell them.

If the shareholder is obliged to submit a mandatory tender offer (i.e. acquires more than 1/3 votes in the general meeting of shareholders of the offeree company), the shares can be sold and purchased in compliance with mandatory sale - purchase procedures only after the shareholder's obligation to submit and realise the mandatory tender offer has been fulfilled.

The share price is set according to the following principles:

1) If the shareholder, submitting the mandatory tender offer, has acquired the shares entitling to no less than 95% of total votes at the general meeting of shareholders of the Issuer, the share price is set to be the same as during the execution of the tender offer;

2) If the shareholder, submitting the voluntary tender offer to buy out all the residual shares entitling to voting rights, has acquired the shares entitling to no less than 95% of total votes at the general meeting of shareholders of the Issuer, the share price is set to be the same as during the voluntary tender offer,

provided the holders of no less than 90% of the shares involved in the tender offer have sold the bidder their shares;

3) in other cases the share price is set in a way chosen by the person buying up the shares and it should ensure the fair price for the shares. The buy up price offered for the shares must be reasonable and coordinated in advance with the Bank of Lithuania (BoL). The Bank of Lithuania (BoL) has the right to reasonably demand for the change of price.

The shareholder seeking to buy out all Issuer's shares must deliver to the Issuer a notice on the buyout of the shares. The notice must include the following:

- 1) the data on the bidder acting independently or in concert with other collectively acting persons (Name of natural person, place of residence; name of legal person, head-office);
- 2) the number of shares by classes and their entitling votes held by the bidder acting independently or in concert with other collectively acting persons;
- 3) the request of the bidder acting independently or in concert with other collectively acting persons to other shareholders to sell to him all their holdings of Issuer's shares of the relevant class;
- 4) the offered share price and the way of its determination;
- 5) the procedure and place of buyout of the shares.

The documents substantiating the fixing of the price are enclosed together with the notice to the Issuer.

Upon receipt of the bidder's notice not later than within 5 days the Issuer must notify by registered letter every shareholder, the Bank of Lithuania (BoL) and the operator of the regulated market about the buyout of the shares and make announcement thereof in the daily newspaper of the Republic of Lithuania specified in the Issuer's by-laws.

Within 90 days of the announcement in the daily newspaper of the Republic of Lithuania all the shareholders must sell their shares to the shareholder specified in the notice on the buyout or contest the offered share price mentioned in the notice.

In the event that the shareholder has failed to sell the shares within the established time period, it shall be deemed that on the last day of the established time period the bidder acquires the right no later than within 30 days to apply to court and provide the documents evidencing execution of the payment according to the procedure established by law to the deposit account of the shareholder, who has failed to sell his shares, and require to commit the account managers to making entries in securities accounts about the transfer of title to the shares to the bidder buying up the shares. The court decision on making entries in securities accounts is deemed to be legal grounds for the account managers to make the required entries.

In case on the last day of the established time period the bidder fails to pay the bidding price for the shares, it shall be deemed that the shareholder's right to buy out the shares in a mandatory manner has terminated and this person forfeits the right in the future to request selling of shares to him in conformity with the present procedure.

Each shareholder of the Issuer (with the exception of the Issuer included in the list of objects to be privatised and whose shares are not traded on the regulated market) is entitled to request from the shareholder, who acting individually or in concert with other collectively acting persons has acquired shares accounting for no less than 95% of the capital entitling to voting rights and no less than 95% of total votes at the general meeting of shareholders, to buy the holding of his shares entitling to voting rights and the latter is obliged to buy them. In such a case the offeror must notify the Issuer. The notice must specify:

- 1) the data on the offeror requesting to buy the shares (Name of natural person, place of residence; name of legal person, head-office);

- 2) the number of shares by classes and their incidental votes held by the offeror;
- 3) the request of the offeror to buy from him all his holdings of Issuer's shares of the relevant class;
- 4) the requested share price and the way of its determination;
- 5) the selling place of the shares.

In the event that the shareholder has failed to meet his obligation to buy in the mandatory way the shares within the established time period and contest the share price, he must pay 10% annual interest on the overdue amount.

3.10. Reorganisation (merger by acquisition, merger by the formation of a new company, division by acquisition, division by the formation of a new company)

The decision on the reorganisation shall be adopted by the General Meeting of every company being reorganised and the company involved in the reorganisation. Where the company has different classes of shares, the decision shall be adopted if approved by a separate vote by each class of shareholders (as well as the holders of non-voting shares).

A decision on reorganization may be adopted not earlier than 30 days after the manager of the Register of Legal persons publishes the received reorganization conditions or reference to the company's website, where the reorganization conditions are published, which provides access to these reorganization conditions, and after they are published on the company's website.

The decision on the reorganisation must approve the terms of reorganisation and amend the Articles of Association of the continuing companies or adopt the Articles of Association of the companies which shall be newly formed after the reorganisation.

A documentary proof of the decision of the General Meeting to reorganise the company must be within 5 days submitted to the manager of the Register of Legal Entities.

Terms (conditions) of Reorganisation

The Boards or managers of companies being reorganised and the companies involved in the reorganisation must draw up the terms of reorganisation of the companies indicating the following:

- 1) the information required under Article 2.44 of the Civil Code about every company being reorganised and involved in the reorganisation as well as the name, legal form and registered office of every new company formed after the reorganisation;
- 2) the mode of reorganisation (merger by acquisition, merger by the formation of a new company, division by acquisition, division by the formation of a new company);
- 3) the companies that are wound up after the reorganisation and the companies continuing after the reorganisation;
- 4) the exchange ratio of shares of companies wound up after the reorganisation for the shares of companies continuing after the reorganisation and the substantiation thereof, the number of shares of the companies continuing after the reorganisation according to their classes and their nominal value as well as the rules of share allocation to the shareholders;
- 5) the procedure and time limits of the issue of shares to the shareholders of the companies continuing the activities after the reorganisation;
- 6) the price difference, paid out in cash, of the shares held by the shareholders and the shares receivable in companies continuing after the reorganisation;
- 7) the moment from which the shareholders of the company being wound up after the reorganisation shall be entitled to participate in the profits of the company continuing after the reorganisation and all terms related to the granting of this right;

8) the moment from which the rights and obligations of the company being wound up after the reorganisation shall be assumed by the company continuing after the reorganisation;

9) the moment from which the contractual rights and obligations of the company being wound up after the reorganisation shall be assumed by the company continuing the activities after the reorganisation and the transactions shall be included into the accounting of this company;

10) the rights granted by the company continuing after the reorganisation to the holders of shares of different classes, debentures and other securities;

11) in case of division of the company, the exact description of the assets, rights and obligations of the company being divided and the allocation thereof to the companies continuing after the reorganisation;

12) special rights granted to the members of organs of the companies being reorganised and involved in the reorganisation and the experts who carry out the evaluation of the terms of reorganisation.

The terms of reorganisation must be evaluated by the firm of auditors entered into contract with by every company involved in the reorganisation and being reorganised.

The valuation report of the terms of reorganisation must be drawn up and submitted to the company at least 30 days before the General Meeting which has on its agenda the issue of adoption of the decision to reorganise the company.

In addition to the terms of reorganisation, the amended Articles of Association of companies continuing after the reorganisation or the Articles of Association of companies newly formed after the reorganisation must be drawn up. Proposals regarding the terms of reorganisation may be submitted by the Supervisory Board, the Board, the manager of the company and the shareholders holding the shares in the company the nominal value whereof is at least 1/3 of the authorised capital.

The terms of reorganisation must be submitted to the manager of the Register of Legal Entities not later than on the first day of publication of the drawing up thereof in the daily specified in the Articles of Association. The valuation report of the terms of reorganisation must be submitted to the manager of the Register of Legal Entities together with the terms of reorganisation.

From the day of publication of the drawing up of the terms of reorganisation, the company being wound up after the reorganisation shall acquire the status of the company being reorganised and the company continuing after the reorganisation shall acquire the status of the company involved in the reorganisation.

The Board of every public limited liability company being reorganised and involved in the reorganisation (the manager, if the Board is not formed) must draw up a detailed written report. The report must indicate the purposes of reorganisation, explain the terms of reorganisation, the continuity of activities and indicate the time limits of reorganisation, legal and economic grounds of the terms of reorganisation, in particular the share exchange ratio and the rules determining the allocation of shares to the shareholders of companies continuing after the reorganisation. The report must be submitted to the manager of the Register of Legal Entities at least 30 days before the General Meeting which has on its agenda the issue of adoption of the decision to reorganise the company. The information on the drawing up of the report on the valuation of the terms of reorganisation and the particulars of the manager of the Register of Legal Entities where the documentary files of the public limited liability companies being reorganised and involved in the reorganisation are stored shall be presented in the report.

Every company being reorganised and involved in the reorganisation must publish the terms of reorganisation three times with at least 30-day intervals between publications in the daily indicated in the Articles of Association or publish them once at least 30 days before the General Meeting on the reorganisation of the company in the daily indicated in the Articles of Association and notify all creditors of the company in writing.

Exchange of Shares in the Course of Reorganisation:

1. The shares of the companies being reorganised must be exchanged for the shares of the companies continuing after the reorganisation (newly formed in the course of reorganisation and continuing after the reorganisation).

2. The shares of the companies continuing after the reorganisation may be allocated to the shareholders of companies being wound up after the reorganisation in proportion to the authorised capital of the companies being reorganised or otherwise.

3. Where the shares in the companies continuing after the reorganisation are allocated to the shareholders of the company being divided otherwise than in proportion to their participation in the authorised capital of that company, the shareholders holding the shares the nominal value whereof is less than 1/10 of the authorised capital of the company being divided shall have the right to require, within 45 days after the adoption of the decision to reorganise the company by the General Meeting, their shares to be redeemed by the company being divided before the completion of the reorganisation. The price paid for the shares being redeemed shall be determined taking into account the average market price of the shares for the period of 6 months immediately preceding the decision to reorganise the company adopted by the General Meeting. Disputes concerning the amount of the consideration for shares shall be settled in court. If the nominal value of the shares required to be redeemed exceeds 1/10 of the authorised capital of the company being divided, the reorganisation of the company under the approved terms of reorganisation may not be continued.

4. Own shares acquired by the company being wound up after the reorganisation or the shares of the company being wound up after the reorganisation acquired by a person acting in his own name but for the benefit of the company and for the account thereof as well as the shares of the company being wound up after the reorganisation acquired by the company continuing after the reorganisation or a person acting in his own name but for the benefit of such company and for the account of the company shall not be exchanged for shares of the company continuing after the reorganisation.

5. Where the shares are exchanged for new shares in the companies continuing after the reorganisation, the difference in the share price may be paid in cash to the shareholders of the companies being wound up after the reorganisation. Cash payments may not exceed 10% of the nominal value of new shares allocated to the shareholders in the companies continuing after the reorganisation.

The companies continuing after the reorganisation shall be the successors to all assets, rights and obligations of the reorganised companies after the registration of newly formed companies or the registration in the Register of Legal Entities of the amended Articles of Association of the companies continuing after the reorganisation, unless otherwise provided by the terms of reorganisation. The assets, rights and obligations shall be assigned to the companies according to the terms of reorganisation.

Completion of Reorganisation

The reorganisation shall be deemed completed when all new companies formed after the reorganisation are registered or the amended Articles of Association of all continuing companies are registered.

Before the documents of the company continuing after the reorganisation are submitted to the manager of the Register of Legal Entities, the General Meeting of this company shall be convened if the terms of reorganisation so provide. Both the shareholders of the company continuing after the reorganisation and the companies being wound up after the reorganisation shall be entitled to attend this General Meeting and vote if they were allocated the shares of the company continuing after the reorganisation under the terms of reorganisation.

A new company formed after the reorganisation shall be registered after the General Meeting of this company takes place and elects the organs of the company elected by the General Meeting under the Articles of Association, the election of the Board (if the Articles of Association provide for the election of the Board) and the manager of the company as well as after the statutory documents are submitted to the manager of the Register of Legal Entities.

The reorganised company shall be wound up after its removal from the Register of Legal Entities.

Members of the management organs of the reorganised company and the company involved in the reorganisation who drew up and implemented the terms of reorganisation as well as the experts who evaluated the terms of reorganisation under the agreement between the company and the firm of auditors must reimburse according to the procedure prescribed by laws the damage they inflicted on the shareholders of these companies.

The following documents must be submitted in order to have the securities issue registration account opened or adjusted at the CSDL where a new issuer is being established by reorganizing the companies:

1. Application;
2. The originals or issuer-certified copies of the minutes of the general meetings of shareholders of the companies under reorganization, which have adopted decisions regarding their reorganization;
3. The original or an issuer-certified copy of the reorganization conditions approved by the general meetings of shareholders of the companies under reorganization;
4. The original or an issuer-certified copy of the Statute of the company established as a result of the reorganization that has been registered with the Register of Legal Persons;
5. An issuer-certified copy of the registration certificate of the company;
6. Report on Securities Offering Results;
7. Statement of the securities distribution, where the securities are held not only on an account of the issuer's agent;
8. The original or a certified copy of an agreement with a Financial intermediary;
9. The original or an issuer-certified copy of the document certifying appointment of the CEO of the issuer;
10. An application of the company under reorganization that is wound up after the reorganization for the closure of the securities issue registration account. The application shall be submitted provided that the issue registration account has been opened with CSDL to the company under reorganization;
11. A certified copy of the certificate on the de-registration of the company under reorganization from the Register of Legal Persons. The certificate shall be submitted provided that the issue registration account has been opened with CSDL to the company under reorganization;
12. On request of CSDL other required documents must be submitted.

3.11. Stock consolidation or split

When a company reduces the quantity of shares without changing the share capital it makes its stock (issue) consolidation. When a company increases the quantity of shares without raising the share capital it makes its stock split.

The following documents must be submitted in order to have the securities issue registration account opened or adjusted at the CSDL in case the issuer takes a decision to consolidate or split the securities issue:

1. Without changing the size of the authorized capital to increase the nominal value of the shares by proportionally reducing the number of shares:

- 1.1. Application;
- 1.2. Explanatory note regarding the procedure for the change of the nominal value of the securities approved by the issuer's bodies;
- 1.3. The original or an issuer-certified copy of the company's Statute (amendments thereto) that have been registered with the Register of Legal Persons;
- 1.4. Statement of the securities distribution in case of issue splitting where the securities are held not only on accounts of the issuer's agent.

2. Without changing the size of the authorized capital to reduce the nominal value of the shares by proportionally increasing the number of shares:

- 2.1. Application;
- 2.2. Explanatory note regarding the procedure for the change of the nominal value of the securities approved by the issuer's bodies;
- 2.3. The original or an issuer-certified copy of the company's Statute (amendments thereto) that have been registered with the Register of Legal Persons;
- 2.4. Statement of the securities distribution in case of issue splitting. It shall be submitted on request of the CSDL.

3.12. Taxation of dividends and interest payments (general overview) ⁸

3.12.1. Non- resident individuals

A withholding tax at the rate of 15% is charged on dividends to non- resident individuals.

Non-taxable income shall include the following:

- interest on securities (except for securities issued by a person connected with an individual by employment relations or relations in their essence corresponding to employment relations where the interest paid by the person connected with the individual concerned by employment relations or relations in their essence corresponding to employment relations is higher than the interest paid by the same person to other holders of such securities) if the redemption of the securities in question commences not earlier than 366 days after the date of their issue, and if such securities have been acquired before 2013.12.31;
- interest on securities issued by the governments of the EEA Member States and political or territorial administrative units of the EEA Member States if such securities have been acquired before 2013.12.31;
- income from the sale or other transfer into ownership of securities acquired after 1 January 1999 if the securities are sold or otherwise transferred into ownership not earlier than 366 days after the date of their acquisition (in the event that a part of securities of the same type and class issued by the same entity are sold, it is deemed in every single case that the securities acquired first are first to be sold or otherwise transferred into ownership) and the individual did not hold more than 10% of the shares (interests, member shares) of the entity whose securities are sold or otherwise transferred into ownership for 3 years preceding the end of the tax period in which those securities were sold or otherwise transferred into ownership. The said relief shall not apply where the shareholder sells the shares to or otherwise transfers them into the ownership of the entity that has issued the shares in question, and also where securities are deemed to be sold under Article 11 of the Law on Personal Income Tax (Income received from liquidation of the entity).
- income from the sale or other transfer into ownership of securities acquired before 1 January 1999. The said relief shall not apply where securities are deemed to be sold under Article 11 of the Law on Personal Income Tax;

Based on the changes to Law on Personal Income Tax, adopted on 2013.12.12, the taxation basis has been changed for the income that was received starting from 2014.01.01. According to the new wording, the non-taxable income for non-resident individuals shall include the following:

- interest on securities (except for securities issued by a person connected with an individual by employment relations or relations in their essence corresponding to employment relations where the

⁸ Only general information is provided and exemptions may apply. For detailed information see Law on Corporate Income Tax, Law on Personal Income Tax and other legal acts.

interest paid by the person connected with the individual concerned by employment relations or relations in their essence corresponding to employment relations is higher than the interest paid by the same person to other holders of such securities), interest on securities issued by the governments of Lithuania and foreign countries and political or territorial administrative units of Lithuania and foreign countries, interest on deposits in Lithuanian and foreign banks and other credit institutions, if the total sum of such income does not exceed LTL 10 000 and if such securities have been acquired or deposit agreements have been made after 2014.01.01;

- difference between income from the sale or other transfer into ownership of financial instruments and expenses related with acquisition of such financial instruments, if such difference is less than LTL 10 000 during a given tax period.

The CSDL does not provide a relief at source or refund services on taxation of dividends or interest payments: this service for non-resident clients is usually provided by local financial intermediaries, specializing in custody services.

3.12.2. Non- resident legal persons

The dividends received by foreign entities from their owned shares, part of capital or possession of other rights of a Lithuanian entity are taxed by applying the profit tax rate of 15%. The tax is calculated, withheld and paid to the budget by the Lithuanian entity - payer (issuer) of the dividends not later than by the tenth day of the month following the month the dividends were paid.

The dividends, paid to a foreign entity by a Lithuanian entity, in which the foreign entity receiving the dividends has been holding for the period of at least 12 months without any break, including the moment the dividends are being allocated, at least 10 percent of the voting shares, are tax-exempt.

3.13. Withholding concessions⁹ to Estonian and Latvian residents according to tax treaties

3.13.1. Non - resident individual and/or legal persons

Withholding tax applicable to cross-border dividends paid to Latvian/Estonian resident individual or legal persons are subject to the tax treaties concluded between Lithuania and Latvia/ Estonia.

Withholding (Estonian residents)

Dividend payments exemptions shall include the following:

1) If at the moment when the dividends are announced or paid, a Estonian resident legal person is the beneficial owner of at least 25% of the share capital of the company.

Interest payments exemptions shall include the following (Estonian residents)

Interest paid to an Estonian resident individual or legal person is non-taxable.

Withholding (Latvian residents)

Non-taxable income dividend payments shall include the following:

1) If at the moment when the dividends are announced or paid, a Latvian resident legal person is the beneficial owner of at least 25% of the share capital of the company.

Interest payments exemptions shall include the following (Latvian residents)

Interest paid to a Latvian resident individual or a legal person is non-taxable.

3.14. Tax reclaim and relief

3.14.1. Non - resident individual and/or legal persons

Latvian/ Estonian resident individuals or legal persons receiving dividends from the Lithuanian issuer will be eligible for double taxation relief or reclaim from Lithuanian withholding tax on the grounds of the Lithuanian-Latvian/ Lithuanian- Estonian tax treaties.

The Issuer shall transfer the full amount of dividend or interest payment to the account of LCD/ECSD¹⁰ applying the general rate of withholding tax (15%) by default.

After the tax amount is transferred to the Lithuanian Tax Inspectorate, the investor can refund the overpaid income tax from the Lithuanian Tax Inspectorate. It has to be done applying directly. More information can be obtained from www.vmi.lt.

The CSDL does not provide a relief at source or reclaim services on taxation of dividends or interest payments: this service for non-resident clients is usually provided by local financial intermediaries, specializing in custody services.

⁹ The above-mentioned general exemptions are applicable

¹⁰ Latvian/Estonian resident individuals' or legal persons' holdings in Lithuanian securities via LCD/ECSD accounts with CSDL

4. Explanation of Abbreviations and Terms

AGM – Annual General Meeting

Baltic CSDs – all three Central Securities Depositories of Baltic countries: Estonian Central Depository for Securities, Latvian Central Depository, Central Securities Depository of Lithuania

CA – Corporate Actions

CSDL – Central Securities Depository of Lithuania

ECSD – Estonian Central Securities Depository

FSA – Financial Supervisory authority

GM – General Meeting

Investor-CSD – CSD, in which investor has opened securities account and which has a link with another CSD

Investor-Bank – Bank or brokerage company, in which investor has opened securities account

IR – Initial Register

ISIN – International Securities Identification Number

Issuer-CSD – CSD, which is a primary place of a securities book-entry and which has a direct relationship with the issuer

LCD – Latvian Central Depository