

EFFECTIVE
From September 18, 2017

Member Rules of Nasdaq Riga

(Unofficial translation)

APPROVED by
the Meeting of the Supervisory Board
August, 31 2004

APPROVED by
the Meeting of the Supervisory Board
February 15, 2006

With amendments approved by the meeting of the Management Board
on December 22, 2006; October 30, 2007; February 11, 2009; January 19, 2010; June 14, 2011; April
13, 2012; June 28, 2013; December 4, 2013, September 6, 2014, November 11, 2015; May 12, 2017;
September 14, 2017

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1. Purpose of the Rules

The purpose of the Nasdaq Riga Member Rules (hereinafter Rules) is to define the procedure of trade with financial instruments in the markets organized by Nasdaq Riga, AS (hereinafter referred to as the Exchange), the procedure of obtaining, termination and cancellation of the status of the Member of the Exchange, as well as other provisions related with principal activities of the Exchange in order to facilitate compliance of the Exchange, its organized markets and Members' activities with the standards and operational principles provided by the Nasdaq Nordic and Nasdaq Baltic. The Rules have been drafted pursuant to the provisions of the Law on the Financial Instruments Market.

2. Terms (definitions and abbreviations)

Algorithmic Trading – entering of the Orders, registration of amendments to and cancellation of the Orders in the Order Book by use of an application, which automatically combines high number of Orders what correspond with programmed specific features (electronically developed high quantity registration).

Automatic Order Matching – automatic matching of buy and sell orders where price, quantity of financial instruments and other conditions of a Trade entered in the Order Book corresponds with previously set conditions of a Trade of an Order entered in the Order Book.

Automatically Matched Trade – a trade performed in the Order Book by automatic order matching.

Average Traded Price – volume weighted price of all Trades reported in the same Order Book.

Best Ask – the best ask to a specific instrument shall be stated by taking into account sell orders registered in the Order Book for one Lot or for bigger amount of instruments.

Best Bid – the best bid for a specific instrument shall be stated by taking into account buy orders registered in the Order Book for one Lot or for bigger amount of instruments.

Best price – the lowest price in the sell order or the highest price in the buy order.

Block trade – manual trade which is concluded on an amount of financial instruments which exceeds the limits for Block trades set by the Exchange.

Closing call auction – time period during the Trading Sessions where the orders entered during the Trading Hours and during the period preceding Closing Call Auction, or orders in the Order Book are executed at the calculated equilibrium price.

Commission – the Financial and Capital Market Commission.

Depository – central securities depository Nasdaq CSD SE, which maintains securities settlement systems in Latvia, Lithuania and Estonia and provides settlement for transactions concluded and registered at the Exchange.

Direct Market Access – electronic and automatic registration in the Trading System of the Orders established by the Member's client via of Internet or other network connections, which have been established between the Member and its client.

Equity market – Market Segments, where trading with stocks, issue instruments, warrants, investment fund shares and other similar financial instruments is performed.

Exchange day – a day when Trades can be performed in the markets organized by the Exchange (where trading on the Exchange takes place).

Exchange notice – a notice entered in the Trading System, by which information is provided to the Members or to the Market in general.

Exchange organized market – a regulated market or a multilateral trading facility organized and managed by the exchange pursuant to the provisions of the Law on the Financial Instruments Market and the Exchange rules.

Exchange trader – a Member' employee who is authorised to participate, on behalf of the Member, in the Trading System organised by the Exchange.

Financial instruments (hereinafter also Instruments) – transferable securities and other financial instruments which have been listed or traded in the markets organized by the Exchange.

Fixed-income market – Market Segments, where trading with fixed income instruments is performed.

Genium INET – the electronic trading system, which supports performance of Trades with financial instruments in the market of Fixed-income Instruments.

INET Nordic - the electronic trading system, which supports performance of Trades with financial instruments in the market of Equity Instruments.

Internal trade – the Manual Trade which is concluded between the Member and its client, or between two clients of the Member.

Interest- A non-binding offer from a Member to buy or sell fixed-income Instruments, which is placed in the Order Book.

Latest Paid Price – price in the latest Automatically Matched Trade concluded in the Trading System for at least one Round Lot, or price in a Manual Trade provided the latter, according to Trading Specifications, is in line with the kind and type of transactions that are taken into consideration for determining the Latest Paid Price. .

Law – the Law on the Financial Instruments Market, and other legal acts, regulating public circulation of financial instruments, activities of an organiser of the organized market and established markets, as well other related provisions.

Manual trade – an agreement an agreement outside the Order Book, where Member and its client have agreed that the transaction will be concluded pursuant to the provisions of the Exchange Rules.

Market – financial instruments market organized by the Exchange, which operates in accordance with defined requirements of entering, trading, listing of financial instruments and settlement.

Market maker – an Exchange Member who under contractual obligation undertakes to display Buy and Sell Orders for a certain financial Instrument in the Order Book at least in accordance with terms and requirements specified by the Exchange.

Market Segment – a sub-market, which operates in accordance with equal trade terms and conditions.

Member – a legal person to whom the status of the Member of the Exchange has been assigned and with which the Exchange has concluded a Membership Agreement.

Member State – a Member State of the European Union, or a Country of the European Economic Area.

Nasdaq Baltic – a collective term for the following regulated market organizers: Nasdaq Riga; Nasdaq Tallinn and Nasdaq Vilnius.

Nasdaq Nordic – a collective term for the following regulated market organizers: Nasdaq Copenhagen, Nasdaq Helsinki, Nasdaq Iceland and Nasdaq Stockholm.

Non-displayed volume - the difference between the total volume and the displayed volume. On the Equity market the total volume may consist completely of Non-displayed Volume in case the total volume of the Order is above Block Trades size as specified by the Exchange.

Non-public information - market information from the Trading System that may be distributed only to internal users of a Member.

Odd lot – a number of financial instruments less than Round Lot.

Opening Call Auction – period in the Trading Sessions when the Orders, which have been submitted during the Pre-trading Session, shall be matched for the equilibrium price.

Order – an obliging offer to buy or to sell financial instruments entered by the Member in the Order Book in accordance with the procedure established by the Exchange.

Order Book – The arrangement of Sell and Buy Orders or Interests placed in the Trading System, as well as other information related to a particular Instrument such as information regarding the clearing system where relevant, number of decimals for the price, size of Round Lots, Minimum Tradable Volumes etc.

Post-trading session - time period during Trading Sessions following the Trading Hours, when order cancellation is allowed, manual trades may be registered, and other activities may be carried out that are appropriate for post-trading session.

Pre-trading session - time period during Trading Sessions preceding the Trading Hours, when orders may entered in the Order Book, manual trades may be registered, and other activities may be carried out that are appropriate for pre-trading session.

Public market information – information about the market that is collected and summarized on the basis of data available in the Trading System (the information published by the Exchange about trading and other market related circumstances), that may be distributed to the general public.

Reference Price – the price of the last transaction concluded in the previous Trading Hours. If at the end of the Trading Hours a buy order has been entered in the Order Book of the relevant financial instrument where the specified price is higher than the reference price and the price in the last transaction concluded in the respective Trading Hours, or a sell order where the specified price is lower than the Reference Price and the price in the last transaction concluded in the respective Trading Hours, then the price specified in the order shall be considered to be the Reference Price for the next Trading Hours of the next Exchange Day.

Round Lot – minimal number of instruments which shall be taken into account by stating the Latest Paid Price in Genium INET that shall be applied to trade.

Sponsored Access – an electronic access arrangement under which a Member has permitted its client to transmit Orders in Member's membership identity to the Trading System. Sponsored Access may not be granted to Member's clients that have membership in the Nasdaq Baltic exchange(s).

Spread – an interval between the highest buy price and the lowest sell price in the order that for the respective financial instrument has been specified in the orders entered in the Order Book.

Standard Lot – a defined minimal number of Lots that may be set by the Exchange individually for each financial instrument.

Exchange rules – rules drafted and approved by the Exchange, regulating the Exchange membership admission, member operations at the Exchange, performing of trades at the markets organised by the Exchange and settlement for the trades performed or registered at the Exchange, as well as any other issues that have to be organized by the Stock Exchange pursuant to the provisions of the Law of the Financial Instruments Market in order to assure transparent and regular transactions.

Technology Equipment – a component of the Member's information system, which includes system programmes, application programmes, auxiliary programmes, system files, computers, computer networks, equipment and other devices, which are used in order the Member could access the Trading Systems and to perform Trades and settlement therein.

Tick Size – smallest possible change between two prices listed in the Trading System.

Time of the Trade – the time when an Automatically Matched Trade is matched or the Manual Trade is concluded (the parties of the transaction have agreed on the terms and conditions).

Trade – an agreement about buying or selling of financial instruments, which is registered as an Automatically Matched Trade or as a Manual Trade.

Trading Sessions – period on an Exchange day during the Pre-trading Session, the Trading Session, and the Post-trading Session.

Trading Hours – period during the Trading Sessions when Automatic Order Matching is performed and Manual Trades are reported, as well as other allowed activities are performed.

Trading System – the electronic system or systems, which ensures trading with instruments in the markets organized by the Exchange. Trading takes place in INET Nordic system for Equity Securities and in Genium INET system for Fixed-income Instruments.

Volume weighted average spread – the spread between the average weighted buy price and the average weighted sell price, available in the Order Book for the respective financial instrument for the required amount.

3. General provisions

3.1. Application and amendments to the Rules

- 3.1.1. The present Rules shall regulate the Members' activities in the markets organised by the Exchange, as well as other related issues. The Rules and the amendments hereto are available in the Internet homepage of the Exchange.
- 3.1.2. The Rules shall be binding for a Member starting with the date on which membership of the Exchange is granted and the Member has signed the Membership Agreement. Amendments to the Member Rules shall be binding to the Exchange and its Members without a previous approval from the Member if provisions of section 3.1.3 herein have been observed.
- 3.1.3. The Exchange shall make amendments to the Rules according to the following procedure:
- 1) Prior to the implementation of amendments to the Member Rules, the Exchange shall notify the Members about envisaged amendments. Members, no later than 10 Exchange days after receipt of such a notice, shall demand consultations (explanations) with the Exchange about the envisaged amendments;
 - 2) In case the Members have not demanded any explanations (consultation) about envisaged amendments, the Exchange shall prepare draft amendments and shall send the draft to the representatives of the professional associations as well as to the Commission not later than 30 days before approval of the amendments, for agreement.
 - 3) Amendments to the Rules shall enter into force as of the date stated by the Management Board of the Exchange, however not earlier than on the next day from publishing of the relevant amendments in accordance with the procedure provided for in the Law on the Financial Instruments Markets
- 3.1.4. On exceptional situations due to significant changes in the market situation, changes in legal acts, court rulings, decisions of governmental institutions or similar circumstances, and after prior approval by the Commission, the Exchange shall be entitled to decide that amendments to the Rules are effective from earlier date or immediately, without prior agreeing in the procedure described under section 3.1.3. In such cases, the Exchange shall notify the Members immediately after approval of the respective amendments to the Rules .
- 3.1.5. The Exchange shall be entitled to assign all rights and obligations pursuant to the Rules to any other entity that has sufficient qualifications and experience to take over the assigned obligations and which undertakes to provide the operations of organized market so far provided by the Exchange and run the Trading system, or in the event of a merger, to the combined undertaking. Such assignment shall enter into force not earlier than 4 weeks after the Exchange has received an approval from the Commission and have sent a notice to the Members in respect of the assignment. Members shall be entitled to assign their rights and obligations pursuant to the Member Rules, including in situations of reorganisation of the Member, only subject to a prior consent of the Exchange.

3.2. Technical provisions

The Trading System

- 3.2.1. The Exchange shall apply relevant Trading System for trading in the Equity and Fixed-Income Instruments markets. The present Rules shall apply only to trading in instruments listed in the Exchange organized markets.

The Exchange may issue separate documents which contain technical descriptions regarding the relevant Trading systems, as well as more detailed information in respect of the use of the Trading System. Such information is available on the Exchange website.

The Exchange shall ensure accessible to the Member a document describing in detail the functioning and usage of the trading system for equity instruments - „Nasdaq Nordic Market Model” and a document

describing the functioning and usage of the trading system for fixed-income instruments – „Genium INET Market Model for Fixed Income” in the English language (hereinafter together or separately – *Market Model* document).

Communication with the Trading System

- 3.2.2. The Member shall, for the purposes of communication with the Trading System, connect via data communication networks in the procedure approved by the Exchange. The Exchange may appoint specific data communication network suppliers. Any change of specific appointed network suppliers shall be subject to the consultation procedure with professional associations as described in section 3.1.3 second and third paragraphs. The Member shall cover all costs, related to the implementation and operation of the Member's data communication network.

The Member's Technology Equipment

- 3.2.3. Communication with the Trading System may be conducted also through computer application program(s) certified by the Exchange. The Exchange shall make a list of certified computer applications available to its Members.
- 3.2.4. The Member shall be responsible for the installation of a suitable Technology Equipment for connection to and communication with the Trading System. The Technology Equipment must fulfil the requirements imposed by the Exchange. The Member shall be responsible for designing a computer application and routines in accordance with the Exchange protocols for computer communication with the Trading System (transaction, session and access protocols), and to continuously adjust the applications and routines in order to ensure that the Technology Equipment, which is connected to the Trading System, is designed in such a manner that the Member Rules are complied with at all times.
- 3.2.5. The Members' Technology Equipment must function at all times in compliance with the requirements, so that such Technology Equipment is connected and maintains the connection to the Trading System.
- 3.2.6. All costs for the Technology Equipment and installation hereof at the Member's premises, including costs related to communication with the Trading System, shall be borne by the Member.

System tests

- 3.2.7. The Member's Technology Equipment (electronic connection) used for connection to the Trading System shall be tested in the test environment of the Trading System prior to connection of the equipment. Testing shall be conducted in the manner prescribed by and shall comply with the instructions issued by the Exchange. The Exchange shall be entitled, prior to connection, to test the functionality of the Technology Equipment and the Member's electronic connection to the Trading System. The Exchange may require the Member to participate in such tests.
- 3.2.8. The Exchange shall be entitled, by giving the necessity of the inspection, also during the Member's operations at the Exchange, to test the functionality of the Member's Technology Equipment and the Member's electronic connection to the Trading System. The Exchange may require the Member to participate in such tests. Furthermore, the Exchange may require the Member to conduct such tests. Testing shall be conducted in accordance with the instructions issued by the Exchange.
- 3.2.9. The Member may request that the Exchange carry out tests of the Member's Technology Equipment in the test environment of the Trading System. The Exchange may charge a fee for such testing. The Exchange shall render reasonable assistance to the Member in connection with the Member's tests.
- 3.2.10. The Exchange shall be entitled, during and outside Trading Sessions, to test the functionality of the Trading System. The Exchange may require the Member to participate in such tests. Testing shall be conducted in accordance with the instructions issued by the Exchange. The Member shall receive notification of tests of the Trading System that may influence the Member's daily operation in due time prior to such tests.
- 3.2.11. Each party shall be responsible for maintaining records for a period of at least 3 months of tests conducted by the relevant party.
- 3.2.12. Except for fees charged pursuant to section 3.2.9 of the Rules, any costs incurred by a party (Exchange and Member) in respect of the carrying out of tests, etc. shall be borne by that party.

- 3.2.13. The Member may commence trading only when the Exchange has approved in writing the compliance of the Member's Technology Equipment to the provisions of the Rules.

Drawbacks or deficiencies in the Member's Technology Equipment

- 3.2.14. Where, based on conducted tests or otherwise, the Exchange arrives to a conclusion that the Member's Technology Equipment or its electronic connection to the Trading System does not function in a satisfactory manner, or where the Member's Technology Equipment is designed in such a manner that the Rules are not or cannot be complied with, the Exchange shall notify the Member in writing, specifying the identified drawbacks or deficiencies. The Member shall rectify the drawbacks or deficiencies within the deadlines specified by the Exchange; the deadlines should be reasonable. The Exchange shall be entitled to prescribe that the Technology Equipment or a part thereof may not be used until the drawback or deficiency has been rectified.

Security

- 3.2.15. The Member shall ensure that its Technology Equipment is designed and located in such a manner that standards of authorisation control, traceability and physical security are met. Accordingly, *inter alia*, the Technology Equipment must be designed in such a manner that unauthorised access to the Trading System is prevented and it must be possible to retroactively trace the origin of separate registrations in the Trading System. The Technology Equipment must be located in premises that are not accessible to unauthorised persons. The Exchange may prescribe further security routines.
- 3.2.16. The Member must notify the Exchange immediately in the event of a serious breach of security measures or risk of serious breach of security measures that may affect the Member's connection to the Trading System, any other Member's connection to the Trading System or the Trading System itself.

Modifications of the Trading System and the Member's Technology Equipment

- 3.2.17. The Exchange reserve the right to make modifications to the Trading System, e.g., to modify the computer equipment (hardware) at its disposal and the location thereof, to modify the computer programs (software), and to change the protocol for data communication with the Trading System.
- 3.2.18. The Exchange shall notify the Members in due time prior to effecting modifications to the Trading System. In the event of extensive modifications, which may require modification of the Members' Technology Equipment, the notification shall include a description of the modifications, scheduled time for testing and the date on which the modifications shall come into effect. Changes, amendments, and modifications in the Trading System shall be implemented by the Exchange and the Members subject to deadlines and procedures as approved by the Exchange.
- 3.2.19. If requested by all Members of the Exchange and for implementation of modifications to the Trading System, the Exchange may organise a specialists' group with representatives from the Securities Market Professional Members Association, the Association of Commercial Banks and other professional associations (if necessary). The specialists' group shall assess and give proposals regarding implementation of intended changes and submit procedures, deadlines and other relevant requirements in order to ensure that the implementation of such changes, amendments or modifications is effected pursuant to the Members', Exchange's and other market participants' interests.
- 3.2.20. The Member agrees to comply with instructions issued by the Exchange in a timely manner concerning modifications to the Trading System, hereunder modify the Member's Technology Equipment accordingly. Upon instructions from the Exchange, modifications of the Member's Technology Equipment shall be subject to system tests in accordance with sections 3.2.7 and 3.2.8 of the Rules.
- 3.2.21. The Member may modify its Technology Equipment, which is connected to the Trading System. Modifications, which have an influence on or interfere with the Trading System, must be reported to the Exchange. The Exchange may require that the modified equipment be tested in accordance with sections 3.2.7 and 3.2.8 herein. The Member may request to test the modified equipment in accordance with section 3.2.9 herein.
- 3.2.22. Costs incurred by a party in respect of implementation of modifications shall be borne by that party.

Rectification of defects and deficiencies in the Trading System

- 3.2.23. The Exchange reserves the right to close the Trading System or to limit trading therein when necessary for rectification of defects or deficiencies in the Trading System. Such work shall preferably be scheduled outside Trading Sessions. The Exchange shall advise the Member in a timely manner prior to the implementation of such measures, if it is critical to correct the deficiencies and drawbacks during the Trading Sessions.

Use of the Trading System

- 3.2.24. The Member shall ensure that no unauthorised parties either directly or indirectly obtain access to the Trading System. The Member shall ensure that its personnel maintain the secrecy of procedures for access to the Trading System in the form of passwords and that such personnel do not, under any circumstances, disclose the passwords to unauthorised parties. In the event that the Member suspects that procedures for access to the Trading System have become known to an unauthorised party, the Exchange shall be immediately notified thereof.

System Contact Person

- 3.2.25. The Member shall appoint from amongst its employees one or more contact persons who shall be responsible for the Member's Technology Equipment and the Member's connection to the Trading System and shall be charged with the task of handling and administering enquiries from the Exchange relating to the Member's Technology Equipment and the connection. The Member shall notify the Exchange in writing of the names of the persons appointed as contact persons and, upon replacement of such persons, provide a written notice in respect of the new persons appointed.

Member liability

- 3.2.26. The Member shall be liable for all actions taken via the Member's electronic connection to the Trading System, regardless of whether such actions are taken by or without an authorisation of the Member.

3.3. Information from the Exchange Trading System

- 3.3.1. The Exchange shall be entitled to use the information set forth in the Member's placements in the Trading System for the purpose of describing of the Member's activities. The Exchange shall have exclusive rights to compiled information derived from the Trading System, including exclusive rights to all forms of release, publication, dissemination and copying of such information. The Exchange shall be entitled to publish and disseminate such information to the general public.
- 3.3.2. The Member is only entitled to use information from the Trading System, which has been received via the Member's electronic connection to the Trading System solely for the conduct of trading on the Exchange ("**Non-Public Market Information**"). Furthermore, only the Member's internal users may use and receive such information.

"**Insiders**" are the Member's exchange traders, employees involved in the Member's internal settlement and reporting functions, employees involved in the supervision of the Member's Technology Equipment directly connected to the Trading System, and such other employees as may be directly associated with trading in financial instruments, including employees engaged in risk monitoring and analysis of the Member's trading. Other employees of the Member or employees of companies in the same concern (group) as the Member are not considered to be insiders. The Member shall continuously maintain a list of insiders and shall upon request by the Exchange provide the list to the Exchange.

- 3.3.3. Other than stated in section 3.3.2 (i.e. information not directly related to or used in order to execute trades), the Member may receive, use and systematically disseminate information from the Trading System, in processed or unprocessed form, in whole or in part, only following execution of a separate agreement with the Exchange or with a legal entity or person nominated by the Exchange.

"A systematic dissemination of information" means continuous or frequent production of copies of information and continuous or frequent release or dissemination of information from the Trading System, including extracts of real-time information and continuous or frequent updating of such information.

- 3.3.4. The Member may only disseminate Public Market Information. Public Market Information shall be considered to be the information which is published by the Exchange in its Internet homepage.

- 3.3.5. The Exchange may, if dictated by circumstances, determine the point of connection to the Trading System, from which the Member may disseminate information, and the guidelines governing such dissemination.
- 3.3.6. The Member shall be responsible for ensuring that third parties with current or future access to the Member's Technology Equipment, including information from the Trading System, are aware of the provisions set in this section and undertake to comply therewith.

3.4. Intellectual property rights

- 3.4.1. The Exchange undertakes to maintain at all times copyrights, licences and other rights to use the software used in the Trading System. The Member is entitled to use the Trading System subject to any restrictions and conditions specified in the Rules. The rights are non-transferable to a third party, except in the case described under section 3.1.5. The rights are non-exclusive.
- 3.4.2. Intellectual property right to a organized market operations described in the Rules, documentation relating to the Trading System, agreements related thereto, indices, classifications, publications, statistics, and all other documents produced by the Exchange, as well as any alterations or modifications thereof are vested in the Exchange. Furthermore, intellectual property rights to Exchange-related information from the Trading System or other sources compiled or otherwise prepared by the Exchange, as well as indices and classifications produced from time to time by the Exchange, shall vest in the Exchange.
- 3.4.3. The Members may only use trademarks, which are the property of the Exchange, only for Exchange brands.
- 3.4.4. In order to use the above-mentioned trademarks and intellectual property rights in a particular manner, the Members must enter into separate agreements with the Exchange or other rights holders, which shall regulate the rights and obligations associated with the use of the specific trademarks or intellectual property rights.
- 3.4.5. The rights granted under these Rules convey no right to interest in the Exchange management, no copyright or collective property rights to the Trading System or any part thereof, documents related thereto, indices, classifications, publications, market information, statistics or other documents produced by the Exchange.
- 3.4.6. In the event a claim is brought against the Member by any third-party on the grounds that the Member has infringed the third party's intellectual property rights as a consequence of its use of the Trading System, or where the Member otherwise becomes aware that rights vested in the Exchange, or a rights holder which the Exchange represents, are being challenged, the Member shall be required, without delay, to inform the Exchange thereof in writing. The aforesaid provisions apply where the Member becomes aware of any infringement of intellectual property rights pertaining to the Exchange or a rights holder which the Exchange represents. Claims by a third party against the Member for infringement of intellectual property rights may, upon prior agreement with the Member, be handled by the Exchange or by the owner at the expense of third party. The Exchange may, upon agreement with the Member, represent the Member in case of a claim by third party. The Exchange and the relevant rights holder shall be entitled, without the Member's approval but on the understanding that the Member is held harmless, to enter into legal proceedings with any such third party.

The Member shall ensure that it possesses all licences required and right of use with respect to the Technology Equipment that the Member requires for connection to, and communication with, the Trading System.

3.5. Membership fee

The Member shall make payment of membership fees to the Exchange in accordance with the tariffs set forth by the Management Board of the Exchange. If the Exchange intends to increase the set tariffs, such changes shall enter into effect not earlier than 30 calendar days following dispatch of a respective notice to the Members.

3.6. Extraordinary measures

- 3.6.1. Upon the occurrence of circumstances or events which, in the opinion of the Exchange, have a material influence on the Exchange's ability to maintain well-functioning trading operations (for example, market disturbances, communication interruptions or technical disruptions), the Exchange may implement any of the following measures which Exchange deems necessary:

1) Suspend trading operations;

- 2) Limit trading operations;
- 3) Delay the opening/ closing of trading operations;
- 4) Limit the number of electronic connections per Member;
- 5) Generally limit the number or volume of Trades or Orders per electronic connection;
- 6) Limit the number or volume of Trades or Orders in one or more electronic connections;
- 7) Close one or several electronic connections.

The measures may be taken with respect to all trading, a particular Market, Market Segment, a particular Instrument, Direct Market Access (DMA), Sponsored Access, Algorithmic Trading, or a particular Member.

Technical disruptions

- 3.6.2. The provisions below shall apply with respect to technical disruptions to trading.
- 3.6.3. Where Members representing approximately 75% or more of trading in a Market are down, well-functioning trading shall be deemed incapable of being maintained and the Exchange shall suspend the trading or delayed the opening of trading in the relevant Market.
- 3.6.4. Where Members representing approximately 25% or less of trading in a Market are down, well-functioning trading shall be deemed capable of being maintained and the suspension of trading or a delay in the opening of trading in the relevant Market shall not be done.
- 3.6.5. Where Members representing more than approximately 25% but less than approximately 75% of the trading in a Market are down, the Exchange shall determine whether well-functioning trading can be maintained and decide upon any suspension of trading or delay in the opening of trading in the relevant Market.
- 3.6.6. A Member shall be considered to be down when all of the Member's electronic connections to the Trading System are down.
- 3.6.7. When determining the portion of trading which is down at one (1) of the Exchange Markets, stated in sections 3.6.3 to 3.6.5 herein, the Exchange shall use statistics with respect to the Member's market shares for the preceding month.
- 3.6.8. Where incidents occur that are not connectivity related, and cannot be easily converted into a connectivity percentage, the Exchange shall determine whether well-functioning trading can be maintained and decide upon any suspension of trading or delay in the opening of trading in the relevant Market.

Resumption of trading

- 3.6.9. Trading shall be resumed when Members representing approximately 75% of trading in a particular Market possess electronic connection to the relevant Market and the Exchange determines that well-functioning trading can be maintained.

Prior to the resumption of trading, the Members shall be given an opportunity to cancel existing Orders. Trading shall resume from the same status as prior to the suspension of trading. The Exchange may decide to resume trading without any Orders in the Order Books, with or without an open call auction.

Extension of Trading Sessions

- 3.6.10. Where the Exchange has suspended trading regardless of the duration or delayed the opening of trading by more than one (1) hour, the Exchange may order an extension of Trading Sessions. Such extension may not exceed the length of the suspension or delay in trading, however an extension in Trading Hours shall be ordered for a minimum of 15 minutes. The Exchange shall inform Members of any extension and the duration of such extension.
- 3.6.11. The Member shall be notified of extraordinary measures in reasonable time prior to the implementation of the measures unless a delayed implementation of the measures entails a risk of considerable damages in some manner. In such situations, the Exchange shall notify the Member in respect of extraordinary measures taken as soon as practically possible. The Member shall, if possible, notify its clients.
- 3.6.12. The Exchange shall notify the Member as soon as the extraordinary measures are cancelled and the trading operations are functioning properly. Where trading operations have been suspended, the resumption of trading

may take place not earlier than ten (10) minutes after the announcement of a decision with respect thereto, unless all Members have been informed in reasonable time in respect of an earlier resumption.

3.7. Confidentiality, and duty to provide information

The Member's duty of confidentiality

- 3.7.1. The Member shall ensure that employees and persons retained to provide services are bound by a duty of confidentiality and do not make any unauthorised disclosure of, or utilise, information regarding business circumstances or other circumstances which is obtained in the course of the Member's activities on the Exchange. The duty of confidentiality shall apply notwithstanding that the employment relationship has terminated or the services have been completed.
- 3.7.2. In the event the Member is erroneously provided with information intended for another Member, the Member shall immediately notify the Exchange thereof. The Member shall comply with any instructions issued by the Exchange regarding such information. Such information shall be confidential and may not be utilised by the Member.

The Member's duties to provide information

- 3.7.3. Upon a substantiated request in writing, the Member shall provide the Exchange with information regarding clients' accounts and clients' transactions, which the Exchange deem necessary in order to monitor and ensure compliance with these Rules and in order to fulfil its obligations pursuant to the Law on the Financial Instruments Market and the present Rules. The information shall be rendered in the manner prescribed by the Management Board of the Exchange.
- 3.7.4. The Member shall immediately notify the Exchange with regard to any circumstances due to which the Member is not able to observe the provisions of the Rules.
- 3.7.5. The Member shall immediately notify the Exchange in the event the Member's financial position deteriorates to such an extent that there exists a risk that the Member will no longer be able to perform its obligations pursuant to these Rules, or other circumstances exist which may lead to the same result.
- 3.7.6. The Member shall provide the Exchange with its annual report and immediately shall provide information to the Exchange regarding changes in the data in the Member's application (changes in composition in the Management Board auditor, head of trading, etc.).

The Exchange duties of confidentiality

- 3.7.7. The Exchange and employees and parties retained by the Exchange may not make any unauthorised disclosure or use of information regarding any business or personal circumstances that relates to the operations of the Exchange. The duty of confidentiality shall apply notwithstanding that the employment has terminated or the services have been completed. However, the Exchange shall be entitled and obligated to provide information to the Commission, which supervises the Exchange or to other third parties in accordance with legislation and these Rules.
- 3.7.8. The Exchanges may only disclose information to parties listed under 3.7.7, other than the Commission, which supervises the Exchange, only in case if the third party is subject to a similar duty of confidentiality.

3.8. Limitation of liability

- 3.8.1. The Member and the Exchange shall not be liable for damages incurred in circumstances other than those set forth in this section 3.8.2, provided the Member or the Exchange has fulfilled its duties with due diligence.
- 3.8.2. The Member and the Exchange shall not be liable for damages incurred due to force majeure or other accidental (extraordinary) events.

Force majeure or any other extraordinary event shall be deemed to exist where a party is prevented, in whole or in part, from performing its obligations under the Rules or where such performance may be deemed to be

unreasonably burdensome due to national or foreign legislation, the actions of national or foreign governmental authorities, provisions or other measures from bodies of the Member State, electricity outages, fire, water damages, telecommunications outages, strikes, blockades, lockouts, natural disasters, acts of war, or other similar circumstances beyond the control of such party. Strikes, blockades, lockouts and boycotts shall be deemed as accidental (extraordinary) events also where the Member or the Exchange is the object of, or executes, such measures.

- 3.8.3. In the event the Member or the Exchange is prevented, in whole or in part, from executing measures pursuant to the Rules as a consequence of circumstances set forth in this section 3.8.2, such performance may be postponed until such time as the respective circumstances have terminated. In the event the Member or the Exchange are prevented from making or receiving payment as a consequence of the circumstances mentioned in section 3.8.2 herein in due time, the parties shall not be liable for penalty interest.
- 3.8.4. The Member and the Exchange shall under no circumstances be liable for loss of data, lost profits or gains, or other indirect or consequential damages.
- 3.8.5. Pursuant to the provisions of section 3.8.1, the Exchange shall not be held liable for damages incurred as a consequence of, or in conjunction with, the dissemination of Public or Non-Public Market Information. The Exchange shall not be obligated to notify or correct errors in Public or Non-Public Market Information unless, in the opinion of the Exchange, such notification or correction is reasonable and may be deemed to be of significance to the Member.
- 3.8.6. Pursuant to the provisions of section 3.8.1, the Exchange shall not be held liable for damages incurred as a consequence of, or in conjunction with, any extraordinary measures implemented by the Exchange pursuant to section 3.6 of the Rules.
- 3.8.7. A claim for damages may be reduced or revoked where the injured party has, through its own actions, caused or contributed to its loss or failed to mitigate its loss, whether directly or indirectly.

3.9. Applicable law and settlement of disputes

- 3.9.1. Applicable law and settlement of disputes shall be determined by the laws of the Republic of Latvia by notwithstanding section 9 herein.
- 3.9.2. Any disagreement or dispute between the Member and the Exchange related to the interpretation and performance of the Rules shall be adjudicated in accordance with legislation of the Republic of Latvia and by mutual agreement.
- 3.9.3. In case the parties are unable to settle a dispute by mutual agreement, any disagreement or dispute between the Members and the Exchange in respect to trading on the Exchange shall be adjudicated in accordance with legislative acts of the Republic of Latvia, at choice of the claimant, either by the Arbitration Court of the Latvian Chamber of Commerce and Industry or the Arbitration Court of the Latvian Association of Commercial Banks.

4. The Members of the Exchange

4.1. General provisions on membership and trading on the Exchange

- 4.1.1. Trades on the Exchange, by taking into account the type of financial instruments, may be made in the Equity Market or Fixed-Income Market. Each of such markets is divided into several Market Segments.
- 4.1.2. The provisions of this section shall apply to all markets and market segments organised by the Exchange, unless otherwise provided in the present Rules.
- 4.1.3. When entering orders and concluding or reporting trades on the Trading System, the Member shall, in addition to these Rules, comply also with the specific trading requirements set forth in the Trading Specifications approved by the Management Board of the Exchange. Trading Specifications may regulate also the following issues:

1) Structure of the Trading Sessions (Pre-trading Session, Trading Hours, and Post-trading Session, as well as other periods of trading activity);

- 2) Description of operation principles and parameters for the specific functions of the Trading System (for example, calculation of the equilibrium price, processing of various Order conditions);
 - 3) Kinds and types of Manual Trades, as well as special procedure of Manual Trade reporting, ;
 - 4) Tick size (permissible increase of instruments price);
 - 5) Lot size
 - 6) Standard Lot size;
 - 7) Price deviation range for individual financial instruments or regulated market segments, as well as conditions where the price deviation range determined by the Rules may be lifted;
 - 8) Block transaction limit;
 - 9) Order types, conditions for order submission and procedure of fulfilment (priorities);
 - 10) Procedure of providing additional Exchange services by the use of the Trading System;
 - 11) Principles of compiling of information on Trades in the Trading System and preparing of statistics on Trades;
 - 12) Other technical parameters, requirements or restrictions which apply to making of Trades.
- 4.1.4. The Stock Exchange shall harmonise Trading Specifications and amendments thereto with the Members as described in section 3.1.3 of the Rules.
- 4.1.5. The Trading Specifications and the amendments thereto shall enter into effect within the deadline stated by the Management Board of the Exchange, however not earlier than on the next Exchange day after they have been posted on Internet homepage of the Exchange. In order to ensure functioning (operation) of the market in regular manner and in accordance with the law, the Management Board of the Exchange, in extraordinary cases, may ignore section 4.1.4 of the Rules and provide that the amendments to the Specifications enter into effect in earlier term, by immediately notifying thereof the Commission and the Members.
- 4.1.6. The Exchange shall immediately, however not later than on the next day after approval of the Specifications or the amendments thereto, forward electronically the wording of the Specifications or amendments thereto to the Commission, as well as shall send a notification to the Members about approval of the Specifications of the amendments thereto and information on the location of such amendments for becoming familiar with them.

4.2. Obtaining of the Exchange membership

- 4.2.1. Only the Member may perform a Trade in the Trading System by following to the exception in section 4.2.2. Membership may be obtained by an investment brokerage company or a credit institution, which is eligible to provide investment services in Latvia or in a member country, and is eligible to become the Member of the Exchange pursuant to the provisions of the Law on Financial Instrument Markets, as well as whose operation is supervised by a relevant state supervision institution, and that complies with the requirements of the Rules.
- 4.2.2. The Management Board of the Exchange may grant access to individual market segments for State Treasury, the Bank of Latvia, or equal public institutions of another country. Such entity shall be obliged to follow the provisions herein unless the agreement between such party and the Exchange does not provide for additional restrictions and requirements set individually for the entity.
- 4.2.3. For obtaining membership, an applicant shall submit to the Exchange a specific form application (Annex No. 1) and shall enclose documents which have been stated in the application. The Management Board of the Exchange shall make a decision on granting of membership within 30 days from the receipt of an application and documents stated therein.

A member of Nasdaq Nordic and Nasdaq Baltic may become the Member of the Exchange in case the following conditions are met:

- 1) It has a valid licence for provision of investment services in the country of registration (including the right to fulfil client's instructions on Trades with financial instruments);

- 2) The applicant has performed activities stated in legal acts in order to obtain membership in the Exchange, what can be confirmed by a respective notice of a supervision institution or by another document which certifies fulfilment of stated procedures for commencement of provision of investment services in Latvia or a member country.;
- 3) The applicant has signed a membership agreement.
- 4.2.4. The Member may commence its operations on the Exchange only after conclusion of a Member Agreement and payment of an entry fee stated by the Management Board of the Exchange.
- 4.2.5. The Member, in accordance with the concluded Member Agreement, may operate in one or several Markets or Market Segments.
- 4.2.6. The Member's fixed capital may not be less than 50,000 Euros. The Member shall ensure that its organisational structure, information systems, procedures for risk management, and other internal control procedures correspond with the provisions of the Law on the Financial Instruments Markets as well as the present Rules and other Exchange rules.
- 4.2.7. The Member may commence trading in any of the Markets only after fulfilment of the following requirements:
 - 1) The Member has at least two employees who have passed the trader's qualification exam and achieved the status of the exchange trader at a Nasdaq Nordic and/or Nasdaq Baltic exchange;
 - 2) The Member has received approval from the Exchange on compliance of the Member's Technology Equipment with the requirements of the Trading System, and the Member's software (information) system has been connected to the Trading System;
 - 3) The Member is a member of the Depository, or has concluded an agreement with a person who is able and who undertakes to provide settlement for Trades made by the Member;
 - 4) *(null and void from 18 September, 2017)*
 - 5) The Member has fulfilled other requirements according to the Exchange Rules, which must be observed when making settlement for Trades performed or entered in the Exchange.
- 4.2.8. An identification code shall be granted to each Member, and it shall be used by the Member when making Trades in the Trading System. In a special case, the Exchange may grant several identification codes to one Member, which allow to identify the type of a specific Trade or Market Segment where the Trades are made (for example, for Trades in any of the markets or market segments, for Manual Trades or automatically matched trades). The Exchange shall be entitled to grant one such identification code to the Member, which must be used by it when making Trades on behalf of a client.
- 4.2.9. When making Trades in the Trading System, the Member shall fulfil and observe the requirements specified in the Exchange Rules and Trading Specifications on the procedure of submission and fulfilment of Orders and settlement. Liability of the Member for failure thereof has been stated in sections 7 and 8 of these Rules and shall apply to all Trades by the Member (i.e., Trades made on behalf of a client and on client's account, as well as on behalf and on the account of the Member).
- 4.2.10. The Member shall be entitled to suspend its activities on the Exchange, upon its own initiative, by notifying the Exchange in writing at least 30 days in advance. The Member's activities shall be suspended on the last day of the month when the said period of 30 days has ceased. All commenced Trades where the Member is one of the parties of deal, shall be finished by making money and financial instrument settlement, but orders submitted the Exchange shall be cancelled on the day when the Member loses its membership.
- 4.2.11. In case the Exchange determines that the Member does not fulfil the provisions herein, the Management Board of the Exchange may decide on cancellation of the Member's membership without a preliminary warning. The Management Board of the Exchange may request the Member to fulfil orders entered in the Trading System if the respective circumstances require and in order to protect the parties of Trades from possible damages.

4.3. Exchange traders

- 4.3.1. The Member's employee, with whom the Member has concluded an employment agreement and who has been qualified as a trader according to the procedure stated by the Management Board of the Exchange, shall be

entitled to make Trades on the Exchange on behalf of the Member. An employee of the Member shall be considered also a person who has concluded an employment agreement with an investment traders company or a credit institution, which has been registered in a Member State and which belongs to the same concern (group) with the Member.

- 4.3.2. The Member shall be liable for its Trader's activities made by the use of the Member's access to the Trading System also in cases when the Member has not authorised performance of such activities.

A Trader shall ensure that any Order entered in the Trading System or reported trade corresponds with the provisions herein. The Member shall ensure that the respective Trader's personal identification code is indicated for all orders, which are entered in the Trading System by the Trader on the behalf of the Member.

- 4.3.3. The Member shall ascertain if an employee, who intends to become a Trader, has according qualification and experience in order to fulfil tasks of a Trader successfully and if the employee meets the following requirements:

- 1) An employee has at least 6 months' professional experience in the financial instruments market;
- 2) An employee has acquired the field of economics, financial market operation or financial analysis and can prove it with documents (is able to present respective educational documents);
- 3) Has mastered and is familiar with the Exchange Rules;
- 4) Has successfully passed an exam (test) organised by the Exchange for Traders, in order to perform activities in the Trading System.

- 4.3.4. Upon an application of the Member, an employee of the Member who fulfils the requirements of section 4.3.3 herein, shall be registered in the traders register of the Exchange with a note if the Trader is entitled to make Trades in all Markets or any specific Market segment. The Member shall prepare an application on registration of a Trader in accordance with a template approved by the Management Board of the Exchange.

A Trader who has been registered in any trader register of a Nasdaq Nordic or Nasdaq Baltic, may be included in the Exchange traders register irrespective of the conditions of section 4.3.3 herein.

Trader is assigned its personal user's identification code and a password, which confirm the Trader's user rights and access to the respective market segment of the Trading System.

It is prohibited to a Trader to assign its identification code (ID) to any third party.

The Exchange may perform intensified supervision on a Trader's Trades in the Trading System during the first three months from commencement of the Trader's activities.

- 4.3.5. The Member shall immediately notify the Exchange about termination of employment relations with an employee who is also a Trader, or about occurrence of any circumstances due to which the Trader is not able to participate in trading for an extensive time period (longer than one month) and to fulfil his or her tasks.
- 4.3.6. A Trader, who has not concluded any Trade in the Trading System for more than one year, shall lose the access right to the Trading System. The Exchange shall notify accordingly the respective Trader and the Member, whose employee is such a Trader.
- 4.3.7. In exceptional cases, if the Exchange has sufficient grounds, the Management Board of the Exchange may decide on non-application of separate requirements to Traders.

4.4. Exchange trading day

Structure of the trading sessions (Pre-trading Session, Trading Hours, and Post-trading Session) and the schedule, according to which access to the Trading System is provided, shall be stated in the Trading Specifications, which are available on Internet homepage of the Exchange.

4.5. Requirements for entering of Orders

The Member shall ensure that, when entering Orders in the Trading System and defining the procedure of fulfilment of Orders on Trades made by the Member on its behalf and on its account, the Member will not intentionally raise circumstances which could influence fulfilment of other orders entered in the Trading System.

4.6. Quality of pricing for Orders and Trades

- 4.6.1. The Orders entered in the Order Book and in Trades, which are automatically matched in the Trading System or for which a notification is submitted to the Trading System, shall be at a price that corresponds to the current market value of the financial instrument. A member shall submit orders with the purpose to execute them.

“**Current market value**” of Trades is a price which, after careful estimation, shows the real price of an instrument more precisely. When stating the current market value, the following factors shall be taken into account: instrument price changes during current and preceding Exchange day, instrument price fluctuations and price changes of similar (comparative) instruments, if necessary and substantiated, and other conditions shall be taken into account, which allow stating of the current market value more precisely.

- 4.6.2. For the Orders which are entered in the Order Book and for the Trades which are automatically matched or notified to the Trading System, Exchange may have a provision in the Trading Specifications the price may be indicated within the price deviation range. The price deviation range shall mean the admissible range of the price deviations of financial instruments within one trading session. The Management Board of the Exchange shall be entitled to temporally suspend or to change the set Price deviation range or change Reference Price for one or several financial instruments, considering the market circumstance (e.g., material information has been disclosed or a corporate action has taken place, and, as a result, the Reference price and Price deviation range no longer supports the compliance with the provisions of Item 4.6.1 of the Rules).
- 4.6.3. The Member is prohibited to make unfair Trades and manipulations with instruments, which have been listed in the Markets, *inter alia*, to enter Orders, to automatically match (make) Trades or to report on made Trades, which separately or collectively could have a material effect on the price structure of the Trading System, demand and supply and which have no commercial grounds or due to which other Member’s access to the Trading System has been interfered or disallowed.

The said provision shall mean that, for example, the following activities are prohibited:

- 1) To make a Trade with a purpose to immediately transfer involved financial instruments for stated minimal price, or transaction terms and conditions provide that the right to perform further Trades with such financial instruments will be restricted, or cancellation of such financial instruments from public circulation will be promoted otherwise;
 - 2) To facilitate Automatic Order Matching or to participate in a Trade in order the buyer and the seller would be the same party;
 - 3) To enter an Order or to automatically match an Order (to involve in a Trade) with a purpose to influence price of a financial instrument, which is owned by the Member or held by another party, in order the value of such financial instrument would change for any specific period (for example, prior to the end of a year or a month);
 - 4) To recommend any other person to enter an Order or to facilitate Automatic Order Matching (to involve in a Trade) with a purpose to create more favourable conditions (price) for any other party for selling or buying of the respective financial instrument;
 - 5) To delay entering of an Order in the Order Book, which could influence price of the respective financial instrument, with a purpose to make Trades with financial instruments on its own account or on account of a third party, by Automatic Order Matching (involving in a Trade) prior to entering of the respective Order;
 - 6) To perform other activities or to involve in Trades, which do not correspond with the principles of good and fair trade practice.
- 4.6.4. If the Exchange has determined that any of orders entered in the Trading System or Trades performed do not bear the features described in sections 4.6.1, 4.6.2 or 4.6.3, the Management Board of the Exchange may decide to invalidate and to cancel the respective Orders or to stipulate that the respective Trades shall not be taken into account in determining the Last Paid Price. Exchange shall, without delay, advise the Members involved in the Trade on the decision taken. After evaluating the individual case, Exchange may post the decision on the Trading System.

4.7. Short Trading Halt – Matching Halt

4.7.1. In extraordinary cases, the Exchange may decide to halt automatic matching for one or several instruments.

The Exchange may decide on halt of trade with respective instrument in case of unusual price fluctuations, if there is suspicion that equal information is not provided for all market participants or in case of any other circumstances which influence or put under risk regular and legal trading.

Trading halt shall be made for as short period as possible.

If instruments, which are listed in the Market, are listed also in markets regulated by other exchanges, the Exchange must decide on trading halt only in cases, if the Exchange is the primary market where trading with respective instruments has been commenced. The Exchange shall immediately notify other Nasdaq Nordic and/or Nasdaq Baltic on which the respective financial instrument is admitted to trading in respect to the matching halt.

4.7.2. The Exchange shall notify about trading halt, reasons of halt and resumption of trading by placing a respective notice in the Trading System.

4.7.3. During trading halt, the following restrictions and requirements shall apply to respective instruments:

- 1) Automatic Order Matching shall be halted;
- 2) Orders entered in the Order Book shall not apply to the Member;
- 3) It is prohibited to enter new orders or modify the existing Orders, however cancellation of orders shall be allowed;

4.7.4. After termination of trading halt, trading shall be resumed and restrictions in section 4.7.3 herein shall be removed, and the Member shall fulfil Orders entered in the Trading System.

4.7.5. The Exchange shall be entitled to decide on recommencing of trading with Opening Call Auction.

If a financial instrument is listed and traded also in markets regulated by other exchanges, the Exchange shall be entitled to decide on resumption of trading by call auction only in case if the Exchange is the primary market of the respective financial instrument.

4.8. Trading Halt – suspension

4.8.1. The Exchange may decide on suspension of trading with any of instruments listed in the Market in case of one of the following conditions:

- 1) Market participants have no available information on financial instruments which must be published in accordance with general requirements;
- 2) material information about an issuer of financial instruments is not available to general public;
- 3) If trading halt is provided for in law, or circumstances have occurred due to which it is necessary to halt trading.

The Exchange shall decide on trading halt if the Market is the primary regulated market where the respective instrument was listed. The Exchange shall immediately notify other Nasdaq Nordic and/or Nasdaq Baltic exchanges on which the respective financial instrument is admitted to trading in respect to the trading halt

4.8.2. The Exchange shall resume trading as soon as the reasons, due to which trading has been halted, have been eliminated.

4.8.3. The Exchange shall immediately place a notification in the Trading System about trading halt with a specific financial instrument, reasons of halt, as well as resumption of trading.

4.8.4. The Exchange may provide that Automatic Order Matching after trading halt may be performed after an auction has been performed, which shall be made in accordance with the rules regulating trading opening auction.

4.8.5. Orders, which have been entered in the Order Book before trading halt, may be cancelled. .

4.9. Direct Market Access

- 4.9.1. Direct Market Access is a process when Orders, which have been prepared by the Member's client, shall be electronically and automatically routed (entered) in the Trading System via Internet connection or other connections of the Member or its client's computer network. Direct Market Access may be performed also via connection of the Member's client to software, which has been specifically developed by the Exchange.
- 4.9.2. In order to acquire the right to use Direct Market Access (hereinafter referred to as DMA), the Member shall submit a written application to the Exchange, where the Member includes also a description of DMA system. The description must provide at least the following information:
- 1) Description of safety measures of the connection between the Member and a client used in DMA, including a description of client's identification procedures;
 - 2) Procedure according to which client's orders will be examined, before automatic routing of them to the Trading System;
 - 3) Description of the internal control procedures of the Member's DMA system;
 - 4) Description of the procedure, which must be observed by the client when using DMA system;
 - 5) Procedure according to which the Member undertakes to provide a client working in DMA system with the information in the Trading System and information about agreement between the Member and the client, which includes rules on the procedure of further use of the information received in such a manner.
- 4.9.3. The Member shall be liable for Orders entered via DMA system.
- 4.9.4. The Member shall provide according technical and administrative management, so that the orders, which are entered by its clients via DMA system, would correspond with the provisions herein.
- 4.9.5. The Member must appoint a trading manager or another person with respective duties with whom the Exchange can communicate in order to clarify any issue, which has arisen regarding the Orders entered in DMA system.
- 4.9.6. The Member shall ensure that its clients cannot access information in disposal of the Member which is not available to the general public in accordance with the procedure provided for in legal acts.
- 4.9.7. The Member shall immediately notify the Exchange about any serious changes or amendments to the information with respect to DMA system.
- 4.9.8. The Exchange may demand the Member to update information related to DMA system.
- 4.9.9. The Member must conclude a separate agreement with its client by setting a procedure and conditions, which must be observed by the client when commencing trading via DMA system. Such an agreement must include at least the following terms and conditions:
- 1) Maximum risk to be undertaken to cover by the Member in case an agreement has not been concluded with a client where the client would authorise the Member to examine and to perform blocking (reservation) of financial instruments or cash in the client's account of financial instruments or cash account;
 - 2) The Member's rights to immediately halt a client's Order, which has been entered via DMA system;
 - 3) The procedure according to which the Member will ensure that a client would pursue that its entered orders correspond with the provisions of the rules and would cancel, in cases provided for in an agreement, the Orders entered in the Trading System;
 - 4) The Member's rights to cancel Trades, which do not correspond with the provisions of section 4.6 herein, or the rights of the Exchange to cancel Trades in accordance with the provisions of section 5.7 herein;
 - 5) A prohibition to a client to enter such Orders in the Trading System, which separately or collectively could have a serious effect on price structure of a respective financial instrument or which have no commercial grounds, or in the result of which the Members' access to the Trading System could be prevented or disallowed;

- 6) A prohibition to a client to disseminate public market information, which is available in the Trading System;
 - 7) The procedure in accordance with which the use of DMA system may be commenced and suspended.
- 4.9.10. The Member shall ensure that the technical facilities of DMA system correspond to the following minimum requirements:
- 1) An Order contains a date and time when a client has entered the Order in DMA system;
 - 2) The Member's DMA system rejects automatically the Orders, which have been entered in the Order Book by a client, if in the result of fulfilment of such a task one or several risk limits, stated for the client, for settlement or transfer of financial instruments are exceeded. The Member's DMA system must immediately provide information about such Orders to the Member;
 - 3) The Member must have an opportunity to estimate the total risk at any time, which could arise to its clients when trading via DMA system;
 - 4) Sufficient data protection measures (firewalls) are available to the Member, which allow access to a client's Technology Equipment from the system itself, or the Member is entitled, according to an agreement, to perform tests of client's Technology Equipment and system connections during field inspections.
- 4.9.11. Prior to commencement of use of DMA system, the Member shall test it and approve its compliance with the provisions of the present Rules. The Exchange is entitled to request repeated testing of the system, if necessary. Connection of DMA system technology equipment with the Trading System may be performed only after the Exchange has approved such a connection.
- 4.9.12. Technology Equipment, which will be used for DMA, is compatible with the Trading System, by using an identification code (ID) of the Member's employee who is specifically responsible for DMA.
- 4.9.13. DMA may be used only for the instruments, with which Trades may be concluded by AOM (Automatic Order Matching).

4.10. Algorithmic Trading

- 4.10.1. The Member, having received an approval by the Exchange, is entitled to perform Trades, participate in trading by Algorithmic Trading.
- 4.10.2. The Member shall draft procedures for operation in Algorithmic Trading, where rules shall be included, which ensure compliance of risks related with entering of such Orders to the Member's set limits, by making Trades and transfers, as well as limits of transfers and settlement.
- 4.10.3. The Member shall ensure that the Technology Equipment, which is used for Algorithmic Trading, complies with the provisions of section 3.2 herein.
- 4.10.4. Orders, which have been entered by Algorithmic Trading (hereinafter referred to AT), shall be registered in the Trading System with an identification code(s) specifically granted to such a type of trading.
- 4.10.5. The Member shall appoint a trading manager or any other employee with respective duties as a contact person who shall be competent to give explanations about all issues related to AT and who shall be responsible to follow that AT would be performed in accordance with the provisions of section 4.10 herein, as well as shall be responsible to supervise Orders prepared in the result of AT. The Member may change a contact person by notifying the Exchange in due time.

4.11. Breaches of the Rules

The Member's surveillance rules, penalty sanctions for failure, and the procedure of settlement of disputes shall be provided in section 7 "Surveillance" and Section 8 "Sanctions" of the Rules.

4.12. Traders' market (Market makers)

- 4.12.1. The Exchange grant the right to the Member to operate as a Market maker for a specific or several instruments on the basis of a respective application established by the Exchange. The Exchange shall review such an application within 15 (fifteen) business days from the receipt of the application.

- 4.12.2. The Exchange set the maximum permissible limit (spread) between a buy and sell price of Trades announced by the Market maker (Market maker's price spread) and other terms in the Guidelines for Market Making. Market Maker shall comply with the terms and requirements for market making established by the Exchange with the Guidelines for Market Making.
- 4.12.3. The Member may refuse from the status of the Market maker by submitting a written application to the Exchange, which shall be prepared by the Member in the template approved by the Exchange. The Member shall be responsible to perform functions of a Market maker for at least four weeks from the date of filing the application of refusing to act as a Market maker to the Exchange, unless the Management Board of the Exchange has decided to reduce such period according to the Member's request.
- 4.12.4. In case of failure of the Member to observe the requirements for the Market maker, the Management Board of the Exchange shall be entitled to decide on suspension or cancellation of the Member's status of the Market maker for one or several financial instruments, in respect of which the Member has been permitted to perform functions of the Market maker.
- 4.12.5. The Exchange shall publish the list of financial instruments on its Internet website, which have Market makers, indicating also the Members who are the Market makers of the respective instrument, and the minimum amount of each financial instrument set for Market makers' orders.

4.13. Sponsored Access

- 4.13.1. Sponsored Access is the electronic access arrangement under which a Member has permitted its client to transmit Orders in Member's membership identity to the Trading System. Sponsored Access may not be granted to Member's clients that have membership in a Nasdaq Baltic exchange(s).
- 4.13.2. In order to acquire the right to use Sponsored Access, the Member shall submit a written application to the Exchange, where the Member includes also a description of Sponsored Access. An application shall include written routines for Sponsored Access. The routines shall contain at least the following:
- 1) A description of the security measures in place between the Member and the client and the Trading System, including that the client is fit and proper;
 - 2) A description of the verification procedure to which an Order from a client is subject before the Order is placed to the Trading System in order to ensure that the adequate pre-trade order validations are in place;
 - 3) A description of routines for monitoring of Sponsored Access;
 - 4) A description of the procedure for the client's use of Sponsored Access;
 - 5) Information regarding the extent to which the Member intends to disseminate information from the Trading System to the clients in connection with Sponsored Access, and information on the agreement for the dissemination of information which has been entered into.
- 4.13.3. The Member has the same liability for Orders which are placed through Sponsored Access as for Orders which the Member places in any other manner. Therefore the Member shall be also liable for any and all actions taken via the electronic connections to the Trading System in Member's membership identity, regardless of whether such actions are taken by an authorised representative of the Member, Member's client or any other party.
- 4.13.4. The Member shall establish appropriate technical and administrative arrangements in order to ensure that Orders placed through Sponsored Access would correspond to the provisions of these Rules. The Member is responsible to ensure that adequate pre-trade order validations are in place and that they, as well as any other descriptions and routines for the systems and use of Sponsored Access, are continuously compliant with the descriptions and routines that have been provided to the Exchange in accordance with 4.13.2.
- 4.13.5. The Member shall appoint a Head of Trading or a person with similar responsibility as contact person responsible for any matters which may arise in connection with Sponsored Access, in order to ensure that Sponsored Access is conducted in accordance with this article 4.13, and for supervision of the Orders and Trades which result from Sponsored Access.

Furthermore, the Member shall appoint a substitute contact person and assure that corresponding contact persons for the Member's client are appointed as well. The Member shall ensure that the Exchange is at all times correctly informed as to the name of the contact persons and the substitutes and shall ensure that contact persons or the substitutes can be contacted at any time during Exchange Hours. The Member shall provide the Exchange with the name, head office address and country of incorporation of the Member's client.

- 4.13.6. The Member shall ensure that a client through its technical connection to the Member or Trading System does not have access to Non-Public Market Information.
- 4.13.7. The Member shall immediately inform Exchange of any material changes or amendments with respect to the Sponsored Access.
- 4.13.8. The Exchange may at any time require updated information regarding the Member's Sponsored Access.
- 4.13.9. The Member shall enter into a separate written agreement regarding the terms and conditions for Sponsored Access with each client which desires to utilise Sponsored Access. Such an agreement shall contain at least the following:
- 1) The maximum risk which the Member may assume in relation to the client, or authorisation to verify and make reservations on the client's securities account or the relevant bank account for money respectively;
 - 2) Provisions stating the systems used of Sponsored Access need to provide adequate pre-trade order validations that ensure the compliance with the Rules;
 - 3) Provisions stating the Member's right to immediately suspend the Sponsored Access from the client;
 - 4) Provisions regulating the Member's responsibility towards the client for monitoring and cancellation of Orders from the Trading System when specific situations outlined in the agreement for Sponsored Access occur;
 - 5) Provisions regulating the Member's right to cancel Trades which fail to meet the requirements concerning the quality of pricing for Orders and Trades in sections 4.6 and Exchange's right to cancel Trades pursuant to sections 5.7;
 - 6) A provision stating the Member's right to inspect client's technical system and connection to the Trading System in order to ensure the compliance with the Rules;
 - 7) A prohibition on the placement by the client of Orders which, individually or together, are intended to improperly influence the price structure in the Trading System, which are devoid of commercial purpose, or which are intended to delay or prevent access to the Trading System by other Members;
 - 8) A description of the client's obligation not to disseminate Public Market Information from the Trading System;
 - 9) A description of the conditions for and the utilisation of Sponsored Access.
- 4.13.10 The Member's and clients Technical Equipment for Sponsored Access, must fulfill at least the following requirements:
- 1) An Order must contain information regarding the date and time at which the client placed the Order;
 - 2) All Orders placed through Sponsored Access shall be subject to the pre-trade order validations as described in the written routine provided in accordance with 4.13.2;
 - 3) The systems for Sponsored Access must automatically reject the placement in the Order Book of client's Orders that would, if executed, result in one or more of the client's payment and/or delivery risk levels being exceeded. The systems must simultaneously provide the Member with information regarding such Orders;
 - 4) The Member must, at all times, be able to verify the aggregate outstanding delivery and payment risk resulting from a client's Orders placed via Sponsored Access;
 - 5) For Sponsored Access the Member must ensure that the client has sufficient data security measures in place towards its connection to the Trading System;
- 4.13.12 Technical Equipment used Sponsored Access must be tested and approved by the Member before it is put into operation. Exchange may require further testing of such Technical Equipment. Exchange shall approve the connection of the Technical Equipment to the Trading System prior to implementation thereof..

4.13.13 Technical Equipment used for Sponsored Access shall be logged on to the Trading System with one or more user-IDs employed exclusively for the specific purpose.

4.13.14 Sponsored Access may only be used for Instruments which are subject to Automatic Order Matching.

5. Equity market

5.1. General provisions

The provisions of the present section shall apply to the following Market Segments:

- 5.1.1. Equity market segment;
- 5.1.2. Equity rights market segment;;
- 5.1.3. Investment fund unit market segment;;
- 5.1.4. Covered warrants market segment;.

5.2. Trading methods

Trades with financial instruments may be concluded in the Order Book or as Manual Trades.

5.3. Trading Sessions

5.3.1. Exchange Trading Sessions shall consist of:

- 1) Pre-trading session;
- 2) Trading Hours;
- 3) Post-trading session.

5.3.2. During the Pre-trading Session:

- 1) the Member may enter or modify Orders, which have been envisaged for Trading Opening Call Auction, as well as cancel such Orders;
- 2) the Member shall notify on its Manual Trades in compliance with Clause 5.6 hereof

5.3.3. During the Trading Hours:

- 1) The Member may enter Orders in the Order Book as well as modify or cancel submitted Orders;
- 2) Buy and sell Orders, which have been entered in the Order Book and which have the same price, number of financial instruments and other terms, shall be matched in one trade by Automatic Order Matching;
- 3) The Member shall report about its concluded Manual Trades in accordance with section 5.6 herein;
- 4) The Member shall be entitled to request cancellation of Trades in accordance with the provisions of section 5.7 herein.

5.3.4. During the Post-trading Session:

- 1) The Member shall be entitled to cancel Orders, which have been entered in the Order Book;
- 2) The Member shall report to the Exchange about concluded Manual Trades in accordance with section 5.6 herein;
- 3) The Member can submit a request to the Exchange to cancel a Trade, in accordance with section 5.7 herein;
- 4) Orders with expired validity term and trade reports, for which no approval has been received from the Member of the Exchange involved in the trade, shall be cancelled automatically.

5.4. Order Book and Orders

- 5.4.1. Each type of financial instruments can be traded in one or several Order Books. The types of orders to be entered in the Order Book shall be specified in the Trading Specifications.
- 5.4.2. An Order shall be a legally binding bid to buy (a buy order) or to sell (a sell order) a specific number of instruments in accordance with the terms and conditions mentioned in the Order, which shall be given by the Member of the Exchange on its own behalf or on behalf of any other person (client) (on its own account or on the account of any other person (client)).
- 5.4.3. The Member shall be entitled to enter, to modify or to cancel Orders. Time limitations for performance of such activities have been provided for in the Trading Specifications of the Exchange.

5.4.4. The Order must contain the following information:

- 1) Identification code of the Order Book;
- 2) Price;
- 3) Number (amount) of financial instruments;
- 4) Type of the Order: buy or sell order;
- 5) Category of an investor: a reference, whether the Order has been entered on behalf (on the account) of a client, issuer, or the Member;
- 6) Other information necessary for execution of the Order (for example, a reference about a Trade, which is made by the Member on behalf of an insider).

Conditions of the Order and the procedure of fulfilment of such conditions has been provided for in the Trading Specifications of the Exchange.

5.4.5. Order modification shall be changes in terms of an Order, which has been entered in the Order Book (for example, price or amount changes). Modifying an order may effect the priority of the Order execution. Trading Specifications shall provide for a more detailed information about Order modification.

5.4.6. *(null and void from 8 February, 2010)*

5.4.7. Order cancellation shall mean that the Order is removed (deleted) from the Order Book.

5.4.8. Trading Specifications may have a provision that the Price, which is indicated in the Order, shall be within the deviation range. If trade price has been indicated in any other currency (except euro) in an Order, which has been submitted to the Member by a client, the Member shall enter the Order in the Order Book by indicating the price in euros, which shall be calculated according to an exchange rate at the moment of entering of the Order. Where a financial instrument is traded in a currency other than euros, the price shall be indicated in the trading currency.

5.4.9. *(null and void from 8 February, 2010)*

5.5. Trading in the Order Book

5.5.1 Orders, which have been entered in the Order Book, shall be fulfilled:

- 1) in Opening Call at the beginning of the Trading Hours,
- 2) in Automatic Order Matching system during the Trading Hours, and
- 3) in Closing Call, which is made in the end of the Trading Hours and shall be organised in accordance with the terms and conditions regulating Opening Call auction.

5.5.2 The Exchange may provide special requirements in the Trading Specifications, which shall be observed when concluding trades during a specific period of the Trading Sessions. Market Model document may contain a more detailed description and clarifications of the special requirements set in the Trading Specifications.

5.6. Manual Trades Reporting and Registration Rules

5.6.1. The Member shall report or register its Manual Trades in the Trading System in accordance with the provisions of the present section or Trading Specifications.

5.6.2. It shall be deemed that the Member has participated in conclusion of the Manual Trade if the Member, on its own behalf or on client's behalf, has involved in a process where the parties agree on essential terms of the trade.

(5.6.3. null and void from 1 November, 2007)

5.6.4. Manual Trades, where at least two Members have been involved, must be reported to the Exchange in accordance with the procedure provided for in section 5.6.5. Manual Trade, where only one Member has been involved, must be registered as an internal trade in accordance with the procedure provided for in section 5.6.6.

The following information must be provided in a report about the Manual Trade (hereinafter referred to as a report):

- 1) Order Book identity code;
- 2) A reference, whether the Member is involved in the Trade as a buyer or a seller (Buy or Sell code);
- 3) The price;
- 4) Number of instruments;
- 5) Identification code of the Member who is the other party of the trade (if the Trade has been concluded by participation of two Members);
- 6) Date and time of conclusion of the Trade;
- 7) Type of the Trade according to the classification in the Trading Specifications;
- 8) A reference, whether the Trade shall be made on behalf of the Member, its client or issuer (if identification of the party of the Trade is possible);
- 9) Date envisaged for the Trade settlement (settlement period) and the settlement agent;
- 10) Other information provided for in the Trading Specifications.

5.6.5. In case of matching information by the Members, who have participated in the Manual Trade, the Manual Trade shall be registered in the Trading System.

The Member shall be responsible to compare information, which has been given in its report, with information provided in the report by the other Member, who has involved in the Trade. In case of non-matching information provided in reports of two Members, the respective Members shall investigate the reason of an error immediately and shall replace inaccurate (erroneous) report with a new report. The Member, who submits an updated report, shall ascertain, whether the erroneous report about the Manual Trade has been cancelled.

In case if the first report, which has been entered about the Manual Trade in the Trading System, has not been matched with the report entered by the other party later, the first report shall be removed from the Trading System and the Members involved in such a Trade must submit new reports to the Exchange.

5.6.6. The Member, who has participated in conclusion of an internal trade, shall register it in the Trading System by entering a report on the internal trade in the Trading System. The Member shall indicate the type of the Manual Trade in the report..

5.6.7 The types of Manual Trades and execution thereof shall be specified in the Trading Specifications.

5.6.8. The Member must enter a notification or report the Manual Trade in the Trading System not later than 3 minutes from the time of conclusion of the Manual Trade, unless Trading Specifications provide otherwise. Considering the size of the Manual Trade, Member may delay the information about the Manual Trade, however, complying with the deadlines specified in the Trading Specifications..

- 5.6.9. Member's notification about the Manual Trade shall contain the kind of transaction according to the classification in the Trading Specifications.

5.7. Cancellation of Trades

- 5.7.1. The Exchange shall be entitled to cancel a Trade only upon a request of the Members involved in the Trade.

The Member shall submit a request about cancellation of the Trade to the Exchange not later than within 10 (ten) minutes from execution of the Trade, if the Trade is concluded by Automatic Order Matching, or not later than within 10 minutes after registration of the Manual Trade in the Trading System.

- 5.7.2. An employee, who is authorised by the Management Board of the Exchange, shall be entitled to extend the deadline within which a Trade may be cancelled, if the Member has submitted an application with stated grounds for necessity of such extension.

- 5.7.3. In order to ensure market integrity or in other extraordinary circumstances, the Exchange shall be entitled to decide on cancellation of any of the Trades, if:

- 1) It is possible to conclude clearly that an error has been made when the Member has entered the Trade or the Member has given instructions to a client;
- 2) In the opinion of Exchange, the provisions of the Law or the Exchange Rules will be violated seriously in the result of execution of the Trade;
- 3) Obstacles (damages) have arisen in the Trading System or settlement system, which are not in the control of the Member.

5.8. Settlement rules

- 5.8.1. Settlement for Trades, which have been registered or concluded in the Exchange, shall be organised by the Depository in accordance with the rules of the Depository.

- 5.8.2. Settlement for Trades concluded or reported on the Exchange shall be made according to the DVP principle. Default settlement period for Trades concluded or reported on the Exchange is T+2.

Settlement period for Trades reported on the Exchange may be from T+0 to T+6

- 5.8.3. Financial instrument and cash settlement for the Trades concluded or reported by the Member shall be ensured by:

5.8.3.1. The Member itself if at the same time it is also a participant of the Depository in an account operator role in the respective securities settlement system operated by the Depository;

5.8.3.2. The Depository participant who is an account operator in the respective securities settlement system operated by the Depository and in accordance to a mutual agreement has undertaken to provide settlements related to the respective Members.

- 5.8.4. The Member shall monitor and shall ensure that the settlements of its Trades concluded or reported by it on the Exchange are made in accordance with the provisions herein and the rules of the Depository.

- 5.8.5. In case of default, the Exchange may use the assets of the Guarantee Fund pursuant to the procedure established in Guarantee Fund Rules.

- 5.8.6. The Management Board of the Exchange may impose a sanction specified in section 8 of these rules on a Member which has failed to provide a sufficient amount of cash or financial instruments for settlement.

5.9. Special provisions for Trades in the equity market segment

- 5.9.1. The term "equity" herein shall mean financial instruments, which ensure interest in a company's equity (for example, stocks, shares), and share certificates.

Automatic Order Matching

- 5.9.2. Trades in the Order Book are concluded in the way of automatically matching the Orders entered in the Order Book.

Trades outside the Order Book during the Trading Hours

- 5.9.3. Price of the Manual Trades, which are concluded during the Trading Hours and the amount of which is less than the limit stated for Block Trades, must be set within the Volume Weighted Average Spread which is valid at conclusion of the Manual Trade. For the purposes of Closing Call Auction,, the Volume Weighted Average Spread that has been set prior to Closing Call Auction shall be applied.
- 5.9.4. In case the Volume Weighted Average Spread has not been stated in the Order Book at the moment of conclusion of the Manual Trade, the Trade must be concluded at the current market price. The Trading Specifications may provide specific criteria for stating the current market price. Upon a request by the Exchange, the Member shall substantiate compliance of the Trade with the current market price.

Trades outside the Order Book outside the Trading Hours

- 5.9.5. In case the Manual Trade is concluded outside the period of the Trading Hours and if the amount of the Trade is less than the limit stated for the Block Trades, price of the Manual Trade must be within the Volume Weighted Average Spread as of the end of the Trading Hours.
- 5.9.6. In case the Volume Weighted Average Spread has not been stated as of the moment of closing the Trading Hours, the Trade must be concluded at the current market price. The Trading Specifications may provide specific criteria for stating the current market price. Upon a request by the Exchange, the Member shall substantiate the compliance of the Trade with the current market price.
- 5.9.7. Exchange may provide other restrictive rules to individual types of Trades in the Trading Specifications, and may also provide that individual types of Trades to be used for concluding Manual Trades require prior approval by the Exchange. However, the restrictions specified in the Trading Specifications may not expand the provisions mentioned in article 5.9 herein.

5.10. Special provisions for Trades in the Issue Instruments Market Segment

- 5.10.1. Within the present Rules, the issue instruments shall mean financial instruments with rights to purchase shares as well as other comparable financial instruments by subscription or exchange,
- 5.10.2. Trading with issue instruments shall be performed in accordance with the provisions of sections 5.9.2 to 5.9.7, unless otherwise provided for in the Trading Specifications.

5.11. Special provisions for Trades in the Investment Fund units Market Segment

Trading with investment fund units may be performed in accordance with the provisions of sections 5.9.2 to 5.9.7, unless otherwise provided for in the Trading Specifications.

5.12. Special provisions for Trades in the Covered Warrants Market Segment

- 5.12.1. Within the present Rules, covered warrants shall mean derived financial instruments issued by an issuer, which include rights to acquire issuer's financial instruments (for example, shares) at a fixed price within a specified period.
- 5.12.2. Trades with covered warrants may be concluded in accordance with the provisions of sections 5.9.2 to 5.9.7 herein, unless otherwise provided for in the Trading Specifications.

6. Fixed-income instruments market

6.1. General provisions

Sections 6.1 to 6.7 herein shall apply to all fixed-income instruments listed in the markets organized by the Exchange. Trades with fixed-income instruments may be concluded the Market Segment in which it is possible to match orders automatically (hereinafter - *RSE Bonds Automatch*).

6.2. Trading methods

- 6.2.1. In the Market Segment *RSE Bonds Automatch*, Trades may be performed in the Order Book as automatically matched trades or as Manual Trades. Manual trades have to be reported according to the provisions of Section 5.6 of these Rules, and taking into account the specific requirement listed under Section 6.2.3 of these Rules.
- 6.2.2.(null and avoid from May 15, 2017)

6.2.3. In the report on trades with fixed-income instruments to be submitted in accordance with these Rules, the following information shall be provided:

- 1) Identification Code of the Order Book;
- 2) a note whether the Member is the seller or the buyer in the transaction;
- 3) price or yield;
- 4) nominal amount of the fixed-income instrument;
- 5) identification code of the Member which is the other party of the transaction (if the transaction is concluded with two Members participating);
- 6) date and time of transaction;
- 7) type of transaction according to the classifier as specified in the Trading Specifications;
- 8) a note whether the transaction is performed on behalf of the Member, its client or issuer (if it is possible to identify the party of the transaction);
- 9) due date of payment (period of payment) and the payer;
- 10) other information as specified in the Trading Specifications;

6.2.4 Each type of fixed-income instrument may be traded in one or several Order Books.

6.3. Trading Sessions

6.3.1. Trading with fixed-income instruments in both Market Segments referred to in Section 6.1 hereof shall be performed within the hours provided in the Trading Specifications.

6.4. Order Book, Orders and Application of Prices in the Market Segment RSE Bonds Automatch

6.4.1. The following orders may be entered in the Order Book:

- 1) Round lot Order – an order where the specified amount of fixed-income instruments is equal to or exceeds the minimum amount as specified for the relevant fixed-income instrument in the Trading Specifications and according to which the Last Paid Price is determined when automatically matching the orders;
- 2) Odd lot Order– an order where the specified amount of fixed-income instruments is smaller than the minimum amount as specified for the relevant fixed-income instrument in the Trading Specifications.

6.4.2. The Member may enter, modify or cancel the orders. The time limits for these operations are specified in the Trading Specifications.

6.4.3. In the order, the price shall be specified as the “clean price” (percentage of the nominal value, price excluding accrued interest), “dirty price” (percentage of the nominal value, price including accrued interest) or yield in accordance with the requirements set for types of fixed income securities or Market Segments as specified in the Trading Specifications.

6.4.4. The following information shall be included in the order:

- 1) Identification Code of the Order Book;
- 2) price or yield;
- 3) nominal amount of the fixed-income instrument;
- 4) type of order – sell or buy order;
- 5) category of investor: a note whether the order has been entered on account of a client, issuer or the Member;
- 6) Identification code of the Member;
- 7) other information necessary for the execution of the order.

6.4.5. Modification of an order shall mean changes in the conditions of an order that has been entered in the Order Book (e.g. changes in price or amount). Modification of an order can affect the succession of the execution of the order (priority).

6.4.6. *(null and void from October 6,2014).*

6.4.7. Cancellation of an order shall mean that the order is excluded (deleted) from the Order Book.

6.4.8. Types of orders and the procedure of entering and executed thereof are specified in the Trading Specifications.

6.5. *(null and void from May 15, 2017)*

6.6. Cancellation of Transactions

Transactions with fixed-income instruments may be cancelled in the cases and in compliance with the procedure referred to in Section 5.7 hereof.

6.7. Settlement

Settlement for the transactions with fixed-income instruments concluded or registered at the Exchange shall be made in accordance with the article 5.8. herein.

7. Surveillance

7.1. General provisions of surveillance

7.1.1. In the Exchange Rules, the term “surveillance” shall mean the activities, which the Exchange is entitled to perform in accordance with the Law on the Financial Instruments Markets and the present Rules, in order to ensure compliance of its organized market and the Members’ operation with the Law on the Financial Instruments Markets and the Rules of the Exchange. The Exchange, according to its competence, shall supervise Trades by the Members of the Exchange with financial instruments listed in the Markets and shall supervise, whether the Members observe the provisions of the Law on the Financial Instruments Markets, the present Rules, the Trading Specifications as well as decisions of the Management Board of the Exchange.

7.1.2. The Exchange may set up one or a number of bodies (committees) for surveillance purposes, delegating its surveillance functions to the said bodies in full or partially. In such case the scope of authority of the committee shall be specified in these Rules and its general principles of work and organization of work shall be set out in the regulation that is subject to approval by the Council of the Exchange of the relevant committee.

7.1.3. The Exchange shall be responsible, on a daily basis, to carry out the surveillance of the Members and to monitor whether the Members observe the provisions of the Exchange Rules and legal acts regulating the financial instruments market, in order to organise execution of decisions and instructions and to organise the surveillance on execution of such decisions and instructions.

7.1.4 The Exchange may, in order to fulfil its responsibilities and functions specified in the Law on the Financial Instruments Markets:

1) Request information and documents from the Member about the Member’s activities in the Market and provision of investment services with financial instruments listed in the Market, in cases and in accordance with the procedure provided for in the Law on the Financial Instruments Markets, the present Rules and other rules of the Exchange, upon a substantiated request in writing;

2) Request other information from the Members, which is necessary in order the Exchange could assess, whether the Members observe the provisions of the rules of the Exchange and the Law on the Financial Instruments Markets and whether their activities comply with the said provisions;

3) Make copies and duplicates of documents that have been received from the Members.

- 7.1.5. The Exchange shall state the responsibility to all members of the Management Board of the Exchange, the Exchange employees and representatives, for indefinite term, to observe confidentiality of all information, which has been received in relation with supervision of the Members' activities. Such responsibility shall not apply to information, which is available to the general public, as well as to information to be published in accordance with the provisions of the Law or the Rules.
- 7.1.6 The Exchange shall inform the Member in writing if a case in connection with a violation of these Rules committed by the Member is passed to the Exchange Member and Issuer Surveillance Committee, which is set up in accordance with Article 7.1.2 hereof (hereinafter – the Surveillance Committee).

7.2. Inspections

- 7.2.1. In case of reasonable doubts, the Exchange shall be entitled to request the Member to perform internal audit and/or inspection in any time, in order to verify the compliance of a specific Trade, document or activities with the provisions of the rules of the Exchange, the Law on the Financial Instruments Markets, or any provisions stated by the Exchange accordingly.
- 7.2.2. The Member shall be responsible, upon a substantiated request in writing by the Exchange, for submitting all documents about provision of investment services or documents, which substantiate Trades with the financial instruments listed on the markets organized by the Exchange, as well as other documents, for the purposes of verification.

7.3. Instructions

- 7.3.1. The Exchange shall be entitled to give compulsory instructions to the Members in order to prevent breaches of the provisions of the Laws or the Exchange Rules, which have been discovered in the Member activities. The Exchange shall be entitled to verify, whether the Member has fulfilled an instruction by the Exchange.
- 7.3.2. In case of failure by the Member to fulfil an instruction by the Exchange, the Exchange shall be entitled to apply sanctions to the Member in accordance with section 8 herein.
- 7.3.3. The Member, to which the Exchange has issued an instruction, shall give a written reply to the instruction to the Management Board of the Exchange. If the Member does not agree with an instruction by the Exchange, the Member shall give the reasons in its letter of reply. The Exchange shall be entitled to invite the Member's representative for discussion of the reply.
- 7.3.4. In case Exchange Management Board, after reviewing the reply believes that the interests of financial instruments market and of investors are duly protected, Exchange may cancel the instruction or amend it fully or partially, even if the instruction has not been fulfilled.
- 7.3.5. A Member may appeal the decision adopted by the Exchange after it has examined the reply, at its choice, at the Arbitration Court of the Latvian Chamber of Commerce and Industry or the Arbitration Court of the Latvian Association of Commercial Banks.
- 7.3.6. Submitting a written reply to an instruction, appeal of an instruction or submitting a claim to the Arbitration Court of the Exchange or Arbitration Court of the Latvian Commercial Banks shall not release the Member from its responsibility to fulfil the instruction of the Exchange.

7.4. Additional restrictions to the Members

- 7.4.1. The Exchange shall be entitled to set additional requirements or restrictions to the Members, if such additional requirements or restrictions must be applied for the purpose of ensuring the Member's ability to duly fulfil its obligations or to ensure continuous operation of the financial instruments market, or protection of interests of investors. The Exchange can provide additional requirements or restrictions, for example, for organisation of the Member's internal control, employees' qualification, or performing of Trades in the Trading System of the Exchange.
- 7.4.2. The Management Board of the Exchange shall be entitled to apply restrictions to the Member by a decision, in case:
- 1) Of repeated failure by the Member to fulfil its obligations against its clients or other Members of the Exchange, which follow from Trades on the Exchange;
 - 2) The Member does not observe the provisions of the Law, the present Rules or other rules of the Exchange;

3) The Member's financial situation gives a reason to consider that the interests of the Member's clients have not been duly protected.

8. Sanctions

8.1. Types of sanctions and application thereof

In case the Member or its employee has violated the provisions of the Law on the Financial Instruments Market or the Exchange Rules, the Management Board of the Exchange shall be entitled to apply the following sanctions:

8.1.1. If a Member or its employee has violated the Financial Instruments Market Law or any rules or regulations of the Exchange, the following penalties may be applied on it:

- 1) issue a warning;
- 2) impose a fine;
- 3) suspend its operations at the Exchange;
- 4) cancel its membership at the Exchange.

8.1.2. The decision on the application of the said sanctions on Exchange Members may be taken by the Management Board and the Surveillance Committee of the Exchange within the scope of their competence as specified herein.

8.1.3. In assessing the circumstances of every single violation, the Management Board of the Exchange shall have the right to deal with any of the issues referred to hereunder and that are within the scope of competence of the Surveillance Committee and to decide on the application of relevant sanctions on the Exchange Member.

8.2. Warning

8.2.1. The Management Board of the Exchange shall be entitled by its decision to give a warning to the Member in case of breach of the Law on the Financial Instruments Market or the Rules of the Exchange, or, if the Member, members of its Management Board or the Member's employees have not fulfilled or are not fulfilling an instruction of the Exchange in a due manner.

8.2.2. The Exchange shall notify the Member in writing immediately about giving a warning and about measures to be performed for elimination of a breach.

8.3. Imposing a fine

8.3.1. Upon its decision, the Surveillance Committee may impose a fine to the Member if it, its Management board member or employee has violated the Law or the Rules and Regulations of the Exchange repeatedly, does not comply with an instruction of the Exchange repeatedly, or has essentially violated the Financial Instruments Market Law or any rules or regulations of the Exchange. A fine may be imposed by the Surveillance Committee also if the actions taken by the Member have damaged the interests of investors or another Member. The Surveillance Committee may impose a fine also for every established violation individually.

8.3.2. The Management Board of the Exchange may impose a fine of 70 to 2800 euros for the violations referred to under Article 8.3.1 hereof. In deciding on the amount of fine, the nature of the violation and the possible consequences of a failure to rectify the violation in due time shall be taken into account.

8.3.3. The Exchange shall notify the Member in writing about imposing a fine and shall indicate a period during which the fine must be paid.

8.4. Suspension of the Member's activities at the Exchange

8.4.1 The Exchange shall be entitled to prohibit a Member to use the Trading System and to suspend the Member's operation at the Exchange if:

- 1) The Member does not fulfil an instruction by the Exchange;
- 2) The Member does not observe the restrictions, which have been applied to the Member by the Exchange in accordance with section 7.4 herein;

- 3) The Member has lost its rights to provide investment services (a licence has been cancelled);
 - 4) The Member has admitted a serious or repeated breach of the provisions of the present Rules or the Law on the Financial Instruments Market;
 - 5) The Member does not fulfil the provisions of the Law on the Financial Instruments Market or the rules of the Exchange;
 - 6) In the opinion of the Exchange, the Member's financial situation does not allow investment activities of the respective Member without making a threat to or damaging the interests of investors, other Members or the Exchange.
- 8.4.2. The Exchange shall notify the Member in writing immediately about a decision to suspend activities of the respective Member or to prohibit the Member to use the Trading System, on the basis of the cases mentioned in section 8.4 herein, by indicating the conditions to be fulfilled by the Member in order the Exchange would cancel such a decision.
 - 8.4.3. By making material amendments to the conditions of a settlement agreement which has been concluded by the Member, in accordance with section 4.2.7. herein, the Management Board of the Exchange shall be entitled to apply restrictions to the amount of the Exchange trades, which is allowed to the Member, and/or to suspend the Member's operation on the Exchange, until the Exchange has ascertained itself about the Member's ability to fulfil the obligations, which follow from Trades on the Exchange.
 - 8.4.4. The Management Board of the Exchange shall be entitled to suspend the Member's operation at the Exchange for a period up to six (6) months. In case the Member eliminates the circumstances that have been the reason for suspending the Member's status within the period stated by the Exchange, the Management Board of the Exchange shall cancel the decision on suspension and restore the Member's rights to use the Trading System.
 - 8.4.5. Suspension of the Member's operation, on the basis of the cases mentioned in section 8.4.3 herein, shall not release the Member from the responsibility to pay the Membership fee also for the period of suspension of the Member's operation.
 - 8.4.6. The Exchange shall immediately place a notification in the Trading System about suspension of the respective Member's operations.
 - 8.4.7. The decision on the prohibition for the Member to use the Trading System and on the suspension of the Member's operation at the Exchange, if the Member has committed any of the violations referred to in Paragraphs 1 to 3 of Article 8.4.1 hereof, shall be taken by the Management Board of the Exchange. In individual cases, in assessing the circumstances of the particular violation, if the Member has committed a violation specified under this Article, the Management Board of the Exchange shall have the right to pass the issue for examination and decision taking to the Surveillance Committee.
 - 8.4.8. The decision on the prohibition for the Member to use the Trading System and on the suspension of the Member's operation at the Exchange, if the Member has committed any of the violations referred to in Paragraphs 4 to 6 of Article 8.4.1 hereof, shall be taken by the Surveillance Committee of the Exchange.

8.5. Cancellation of membership

8.5.1. The Exchange may cancel membership in case:

- 1) The Member, a member of its Management Board or Supervisory Board, or an employee has grossly or repeatedly violated the provisions of the rules of the Exchange or the Law;
- 2) The Member's financial situation does not comply with the provisions of the rules of the Exchange;
- 3) Qualification of the Member's employees, who perform activities in the Trading System, does not comply with the provisions of these Rules;
- 4) The Member does not fulfil a decision of the Management Board or the Surveillance Committee of the Exchange or an instruction of the Exchange to comply the Member's operation with the provisions of the rules of the Exchange or the Law on the Financial Instruments Market within the due term;

- 5) The Member has intentionally provided false information to the Exchange for obtaining the membership, or during its operation at the Exchange;
 - 6) The membership has been suspended for six months and the Member has been unable to eliminate the circumstances, which have caused such suspension.
- 8.5.2. The Management Board of the Exchange shall be entitled to cancel the membership in the Exchange, if the Member has not used the Trading System and has not traded with financial instruments for six months.
- 8.5.3. The membership on the Exchange may be cancelled by the Management Board of the Exchange if liquidation of the Member has been initiated or if the Member is declared insolvent, if bankrupt proceedings have been initiated, as well as if a decision has been taken to terminate the Member's activities.
- 8.5.4. The Exchange shall place a notification in the Trading System immediately about cancellation of the respective membership at the Exchange.
- 8.5.5. The Member shall be notified in writing about a decision to cancel its membership. Such a decision shall include the reason for cancellation and the Member's right to request additional review of the decision by the Management Board of the Exchange.
- 8.5.6 The decision on the cancellation of the Member status, if the Member has committed any of the violations referred to in Paragraphs 1 to 5 of Article 8.5.1 hereof, shall be taken by the Surveillance Committee.
- 8.5.7 The decision on the cancellation of the Member status, if the Member has committed a violation referred to in Paragraph 6 of Article 8.5.1 hereof, shall be taken by the Surveillance Committee.

9. Disputing of decisions of the management board and the surveillance committee of the exchange and settlement of disputes

- 9.1. The Member shall be entitled to appeal a decision of the Management Board or the Surveillance Committee of the Exchange on the suspension of the membership or cancellation of the membership, at its choice, either to the Arbitration Court of the Latvian Chamber of Commerce and Industry or the Arbitration Court of the Latvian Association of Commercial Banks.
- 9.2. If the Management Board or the Surveillance Committee of the Exchange has made a decision to cancel the Member's operation, the Member shall be entitled to request the Management Board of the Exchange to review the issue repeatedly, by giving substantiation to such a request.
- 9.3. If the Management Board of the Exchange does not amend a decision on cancellation of the membership after the second review of the decision, the Member shall be entitled to submit a claim, at its choice, either to the Arbitration Court of the Latvian Chamber of Commerce and Industry or the Arbitration Court of the Latvian Association of Commercial Banks.
- 9.4. All disputes between the Exchange and its Members, or between the Members, on issues not stipulated in mutual agreements and which cannot be settled by agreement between the parties, shall be settled, at choice of the claimant, either by the Arbitration Court of the Latvian Chamber of Commerce and Industry or the Arbitration Court of the Latvian Association of Commercial Banks. Verdicts of the arbitration court shall be final and not subject to appeal.
- 9.5. Unless stipulated otherwise in the rules of the Exchange, Members shall be entitled to file claims in relation to instructions of the Exchange or decisions of the Management Board or the Surveillance Committee of the Exchange pursuant to which a penalty is imposed on the Member, at their choice, either to the Arbitration Court of the Latvian Trade and Industry Chamber or to the Arbitration Court of the Association of Latvian Commercial Banks within 3 months of the relevant decision on instruction or penalty