

APPROVED BY
NASDAQ OMX Vilnius Board
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Principles of Flushing Order books

Introduction:

The Principles contains a specification of the NASDAQ OMX Vilnius, NASDAQ OMX Riga and NASDAQ OMX Tallinn Exchanges (hereinafter collectively as "**Baltic Exchanges**" or individually "**Exchange**") procedures in connection with flushing of order books on the equity markets. The efforts of the Baltic Exchanges to harmonize the procedures require all the Baltic Exchanges to apply to a common interpretation of the NASDAQ OMX Vilnius Membership and Trading Rules, NASDAQ OMX Riga Member Rules and NASDAQ OMX Tallinn Member Rules (Hereinafter "**Rules**"), regarding flushing of the order books on the equity market.

According to Article 4.6.3 of NASDAQ OMX Tallinn Member Rules and Article 4.6.4 of NASDAQ OMX Vilnius Membership and Trading Rules, Article 4.6.4 of NASDAQ OMX Riga Member Rules, the Exchange is entitled to flush order books if order do not represent current market value due to corporate actions.

Corporate actions (such as splits and bonus issues) or dividends in listed companies, causing the market price to be adjusted significantly when taking effect on ex-date, are often subject to fluctuations in the order book during the pre-open session. As order with time in force „Good Till Cancelled“ (hereinafter "**GTC**") are entered into the order book at old market price, this can lead to trades being executed at price levels deviating from the current market price. To eliminate the impact of orders that reflect the old price level, the Baltic Exchanges will flush all orders during the post-trading session, the trading day before a corporate action or dividend with a significant price impact is to take place.

The flushing procedures are intended to protect investors from trading on obsolete terms and to offer security to investors who use the GTC order time in force functionality.

It is also possible to "flush" the order book before resuming trading (during Trade Halt) according to the Rules.

Flushing criteria

The Baltic Exchanges can take action if orders are entered into the order book at prices reflecting the market price before a corporate action or dividend, and when the prices meet the criteria for flushing.

In general, corporate actions and dividends qualify for flushing where a corporate action, dividend or other event is expected to have an impact on the price of the security of at least 10% in either direction on ex-date or immediately after Trade Halt. The impact shall be assessed on base of the closing price the previous trading day before ex-date or the last price before the Trade Halt.

Flushing procedure

The Baltic Exchanges intervene in a swift and consistent manner based on the given criteria and make a decision as to whether orders are to be flushed, to ensure that the integrity of the market remains intact and that the risk of trades being executed at erroneous prices is minimized.

The Baltic Exchanges will act according to the following flushing procedure:

All orders in order books qualifying for flushing will be flushed during the post-trading session the trading day before the corporate action or dividend applies (ex-date) or before trading will be resumed.

If there is uncertainty regarding the level of expected theoretical price impact or if it cannot be objectively estimated, the Exchange reserves the right not to flush order books.

The flushing procedure is applicable for equities listed on NASDAQ OMX Baltic and First North equity markets in Riga, Tallinn and Vilnius.

Chairman of the Board

ARMINTA SALADZIENE