

EESTI PANK
GOVERNOR'S DECREE

Tallinn

10 January 2002, No 1

Approval of source documentation of payment systems of Eesti Pank

Based on Subsection 1 of § 2, Clause 3 of § 14 of the Central Bank Act (RT I 1993, 28, 498; 30, amendment; 1994, 30, 463; 1998, 64/65, 1006; 1999, 16, 271; 2001, 58, 353; 59, 358), Subsection 2 of § 87 of the Credit Institutions Act (RT I 1999, 23, 349; 2000, 35, 222; 40, 250; 2001, 48, 268) and the Supervisory Board of Eesti Pank Decision No 2-1 of 13 February 1996 (RTL 1996, 19/20, 139),

Eesti Pank resolves:

1: To approve:

"General Terms And Conditions of the Real Time Gross Settlement System (RTGS) of Eesti Pank" (Appendix 1);

"General Terms And Conditions of the Designated Time Net Settlement System (DNS) of Eesti Pank" (Appendix 2);

"Price list of the RTGS" (Appendix 3);

"Price list of the DNS" (Appendix 4);

"Rules and regulations of the Council of Payment System Experts" (Appendix 5);

"Rules and regulations of the Court of Arbitration working at the Council of Payment System Experts" (Appendix 6).

2. To authorise the Head of Clearing and Settlement Department of Eesti Pank to establish technical specifications regulating the operation of the RTGS and DNS, and sign agreements recorded by minutes in order to specify procedures based on the documents regulating the operation of the above mentioned payment systems.

3. To repeal:

3.1. Regulation of Eesti Pank No 167 of 27 November 1992 "Debit entries";

3.2. Regulation of Eesti Pank No 45 of 19 March 1993 "Inter-bank money market" (RTL 1993, 26/27, p. 747; 1996, 80, 459; 2000, 57, 888);

3.3. Decree of the Governor of Eesti Pank No 15 of 31 May 1996 "Amount of bank charges and payment procedure" (RTL 1996, 63, 392);

- 3.4. Decree of the Governor of Eesti Pank No 35 of 13 December 1996 "Establishment of instructions for forwarding and receiving payment orders" (RTL 1996, 146, 725; 1997, 27, 159);
- 3.5. Decree of the Governor of Eesti Pank No 16 of 26 June 1997 "Security of inter-credit institutions domestic electronic payments" (RTL 1997,101,598);
- 3.6. Decree of the Governor of Eesti Pank No 20 of 25 August 1997 "Establishment of technical specifications for the use of the Eesti Pank net settlement system" (RTL 1997, 137, 789).

To enforce this Decree from 21 January 2002 or from the day the RTGS and DNS are launched if the RTGS and DNS have not been launched on 21 January 2002.

/signature/

Vahur Kraft

Governor

Appendix 1
Approved by
Eesti Pank Governor's Decree
No 1 of 10 January 2002

GENERAL TERMS AND CONDITIONS OF THE REAL TIME GROSS SETTLEMENT SYSTEM (RTGS) OF EESTI PANK

1. Definitions of the Real Time Gross Settlement System of Eesti Pank:

Settlement Day - a calendar day, which is neither Saturday, Sunday, nor a public holiday.

Real Time Gross Settlement System of Eesti Pank (RTGS) - a gross settlement system for the settlement of payments in real time.

A participant of the Real Time Gross Settlement System of Eesti Pank (a RTGS participant) – an entity to whom Eesti Pank has granted the right to settle payments via the RTGS based on Accession Contract, General Terms and Conditions, Technical Specifications, or any other agreement. A RTGS member who settles payments via the RTGS based on Accession Contract, General Terms and Conditions, and Technical Specifications is called a fully qualified participant of the RTGS. A member who processes payments via the RTGS based on other agreements is called a RTGS participant with restricted rights.

Price list - a price list where fees for accession or use of the RTGS are fixed.

Financial Validation - activities which Eesti Pank performs in order to check if there are enough funds in the respective currency on the account of the RTGS participant to settle the payment in the amount stated in the payment order sent by the RTGS member.

Statement of Account - information disclosed according to the procedure established in Technical Specifications, which reflects the original balance, movements and final balance of the account of the RTGS member in a certain period.

Accession Contract - a contract the signing of which is the basis for obtaining the rights of a RTGS participant. Accession Contract stipulates the obligation of the RTGS participant to consider binding and perform all the obligations, which arise from the normative documents subject to fulfilment.

Payment Order - a payment order (credit order, debit order or net system order) in which the will of the payment originator is explicitly expressed. Credit order is a payment order the original issuer of which is the payer. Debit order is a payment order the original issuer of which, whether on the basis of law or by prior agreement with the payer, is a third person. Net system order is a payment order the original issuer of which is the administrator of the net settlement system.

Net settlement systems - payment systems operating on the basis of fixed time schedule and multilateral netting.

Priority - a feature, which determines the sequence of settlement of a payment and which is ascribed to the payment order in the General Terms and Conditions.

Notification - information, which is forwarded according to the procedure stipulated in Technical Specifications on the settlement of a payment or rejection of a Payment Order.

Technical Validation - a check performed by Eesti Pank according to Technical Specifications on the Payment Order sent by the members of the RTGS and accepted by Eesti Pank.

Technical Specifications - the conditions defining technical parameters and procedures of the operations of the RTGS.

General Terms and Conditions - the present general terms and conditions of the RTGS with all the changes and amendments made there.

2. Participants of the RTGS

2.1. Becoming a participant of the RTGS and realization of the rights and obligations arising from the membership takes place according to the provisions of normative documents accepted for execution on the basis of the Accession Contract.

2.2. All legal entities holding a valid licence for carrying out banking activities in the Republic of Estonia must join the RTGS. The right of the above entities for the participation in the work of the RTGS ends from the moment the above licence ends and stops for the period a moratorium has been announced to the credit institution. Eesti Pank is not obliged to give prior notice of the withdrawal of the participation right in the work of the RTGS, which is based on the provisions of the present clause, or exclusion from the membership of RTGS established by the Accession Contract.

2.3. Eesti Pank shall decide on the accession permissibility and accession terms and conditions of the entities not stated in Clause 2.2 of the General Terms and Conditions. The decision shall be made based on the rationality of the accession and considering the achieving of the objectives of the RTGS and avoiding systemic risk, organisational and economic credibility of the applicant applying for membership and assessment of Eesti Pank on the technical readiness of the accessing entity.

3. Payments settled via the RTGS

3.1. The task of the RTGS is to settle the payments originated by the participants of the RTGS and based on payment orders on a settlement day. For the settlement of payments each participant of the RTGS has to open an account with Eesti Pank. Each participant of the RTGS has the right to have only one account per a currency settled in the RTGS.

3.2. The RTGS participants can settle payments via the RTGS by using the legal tender of the Republic of Estonia as the currency. Eesti Pank may allow settlements in other currencies giving prior notice of it.

3.3. For the settlement of payments a participant of the RTGS shall send Payment Orders to Eesti Pank one by one and according to the procedure stipulated in Technical Specifications. The payment order applicable payments shall be settled in accordance with the priorities and in the order the payment orders are received.

3.4. The payment order applicable payment shall be settled on the RTGS participant's account in the currency stated in the payment order. If there is no money available in one currency on the account of the RTGS participant, no payments can be settled in other currencies available on other accounts.

3.5. The following payments are settled via the RTGS:

3.5.1. Credit order applicable payments sent by the RTGS participants for settlement,

3.5.2. Net system order applicable payments sent by the net settlement systems for settlement,

3.5.3. Debit order applicable payments initiated by a third party on the basis provided by law (compulsory collections in respect of the RTGS participants etc.).

3.6. All payments shall be settled via the RTGS on the basis and according to the procedure established in legal acts valid in the Republic of Estonia as well as the Accession Contract signed between the RTGS participant and Eesti Pank.

4. Access to the RTGS

4.1. Access to the RTGS by the RTGS participants is obtained according to the order stipulated in Technical Specifications.

4.2. All payment orders sent by the RTGS participant according to the procedure stipulated in Technical Specifications are considered as being transmitted by the employee authorised for that purpose by the RTGS participant. The RTGS participant is obliged to inform Eesti Pank at once if circumstances, which enable unauthorised access to technical equipment enabling data exchange of the RTGS participant with RTGS, have come evident. Eesti Pank is not responsible for the loss, which has arisen for the RTGS participant due to its failure to perform the notification obligation stated in this clause or as a result of delay in performing this obligation. An RTGS participant is obliged to compensate to Eesti Pank for all the loss Eesti Pank has had as a result of the failure to perform the notification obligation stated in this clause or delay in performing this obligation.

4.3. Execution of payment orders

4.4. Giving consent to the settlement of payment

Access to the RTGS is simultaneously considered as consent by the RTGS participant to allow on each settlement day the settlement of its payments between itself and other RTGS participants on the RTGS participant's account held in RTGS.

4.5. The timing and procedure of executing a payment order

4.5.1. The result of executing a payment order is the settled payment. The payment order for the settlement of a payment is transmitted by the RTGS participant to Eesti Pank according to the procedure stipulated in Technical Specifications.

4.5.2. Eesti Pank shall accept Payment Orders on each Settlement Day from 8.00 to 18.00. After 18.00 Eesti Pank shall accept only payment orders, which are sent by the RTGS participant at 18.00 or earlier and reached Eesti Pank at 18.15 or earlier. Payment Orders, which are sent by the RTGS participant after 18.15 and before 8.00, shall be accepted by Eesti Pank for execution only in case these Payment Orders on the acceptance by Eesti Pank from 8.00 to 18.15 on the Settlement Day conform to the conditions stipulated in the Accession Contract, General Terms and Conditions, and Technical Specifications.

4.5.3. The net system orders applicable payments are settled as follows. The payments according to the net system orders of the Estonian Central Securities Depository's stock exchange settlements of the net settlement system (SENS) and out of stock exchange over-the-counter settlements of the net settlement system (OTCNS) are settled one by one at 13.00 in the sequence stated above. The payments according to the net system orders of the Designated Time Net Settlement System (DNS) of Eesti Pank are settled at 16.15.

4.5.4. The payments according to the payment orders, which are sent to Eesti Pank by the RTGS participants, are always subject to settlement on value day on the first opportunity in case the value day stated in the Payment Order is not more than two Settlement Days bigger than the transmission day. The Payment Orders, in which the value day fixed for the settlement of the payment is more than two Settlement Days bigger than the actual transmission to the Eesti Pank day, are not accepted for the execution and the Payment Order is rejected. Eesti Pank shall not be responsible for the direct or indirect loss or decrease of income arisen for the RTGS participant due to the failure to execute such a Payment Order. If the RTGS participant wishes the execution of such an unexecuted Payment Order, it has to transmit it to Eesti Pank once again and follow the terms and conditions stipulated for the transmission of Payment Orders in the Accession Contract, General Terms and Conditions and Technical Specifications.

4.5.5. The Payment Orders accepted by Eesti Pank are executed following at first the Priority of Payments Orders and after that the order of the acceptance of Payment Orders. The Payment Orders which are sent by the net settlement systems have the first Priority, the Debit Orders and the Payment Orders initiated by Eesti Pank, have the second Priority have and all other Payment Orders have the third to fifth Priority.

4.5.6. In the course of the execution of Payment Orders Eesti Pank carries out Technical Validation and Financial Audit of the Payment Order.

4.6. Technical Validation

4.6.1. In respect of Payment Orders sent by the participants of the RTGS and accepted by Eesti Pank, Eesti Pank performs Technical Validation according to Technical Specifications.

4.6.2. If in the course of the Technical Validation technical errors or non-compliances with Technical Specifications are detected in the sent Payment Orders, the erroneous Payment Orders or the Payment Orders non-complying with the RTGS requirements, are rejected by Eesti Pank. Eesti Pank notifies the RTGS participant on the rejection of a Payment Order according to the procedure stipulated in the Technical Specifications by forwarding a Notification on the reason of the rejection of the Payment Order.

4.6.3. Eesti Pank performs Financial Validation on the Payment Orders, which have passed Technical Validation.

4.7. Financial Validation

4.7.1. Eesti Pank performs Financial Validation on these Payment Orders only, which have passed Technical Validation.

4.7.2. In the course of Technical Validation Eesti Pank checks whether the RTGS participant who is deemed to pay in the Payment Order has the respective currency on their account at least in the same amount as fixed for the payment in the Payment Order.

4.7.3. The Payment Orders, which have not passed Financial Validation, are left pending according to their priorities. In case the pending Payment Order does not pass the Financial Validation by 18.00 at the latest on the value day, the Payment Order is rejected by Eesti Pank. Eesti Pank notifies the RTGS participant on the rejection of the Payment Order according to the procedure set in the Technical Specifications by sending out a Notification on the reason of the rejection of the Payment Order.

4.7.4. The payments according to Payment Orders, which have passed Financial Validation, are settled.

4.8. Settlement of payments and notification of the RTGS participants

4.8.1. Only these Payment Orders applicable payments, which have passed Technical Validation and Financial Validation, are settled in the RTGS. The payment is settled by debiting the account(s) held in Eesti Pank, of the RTGS participant(s), who is(are) obliged to make a payment as stipulated in the Payment Order, and by crediting the account(s) held in Eesti Pank, of the RTGS participant(s), who is(are) entitled to receive /a payment/ in the stipulated currency and amount.

4.8.2. Eesti Pank notifies on the settlement of the payment:

a) the RTGS participant, who has initiated the payment, by sending the Notification according to the procedure stipulated in the Technical Specifications;

b) other RTGS participants connected with the settled payment by sending them the respective Notification or Payment Order according to the procedure stipulated in the Technical Specifications.

4.9. Irrevocability of Payment Order

A Payment Order becomes irrevocable at the moment the RTGS participant sends the Payment Order to Eesti Pank. The Payment Order is subject to unconditional execution by Eesti Pank from the moment the Payment Order has passed Technical Validation and Financial Validation. The payment order applicable payment is final on the moment the payment has been settled.

4.10. Debiting of the account without the instruction of the RTGS participant

Without an instruction of the RTGS participant (the payer), the accounts of the RTGS participant can be debited only on the basis stipulated by law or on the prior agreement with the payer and in the order established by Eesti Pank and according to the Technical Specifications.

5. Statement of the Account

On each Settlement Day Eesti Pank sends to each RTGS participant its Statement of the Account according to the terms and conditions and by the procedure stipulated in the Technical Specifications.

6. Price List

6.1. The RTGS participants pay a fee for the accession and a fee for the execution of the payment order according to the price list established by Eesti Pank.

6.2. The amounts subject to payment according to the Price List by the RTGS participant have to be paid by due date into the account of Eesti Pank, the details of which are indicated on the price list. Eesti Pank has the right to debit the account of a RTGS participant with the amounts subject to payment according to the price list if the RTGS participant has given the appropriate written consent to Eesti Pank in the Accession Contract or its Appendix.

6.3. Eesti Pank has the right to change the price list by notifying the RTGS participants of the change at least 90 days in advance.

7. Operation disorders of the RTGS

7.1. The task of Eesti Pank is to ensure the operation of the RTGS according to the stipulations in the General Conditions and Technical Specifications and eliminate all operational failures. Eesti Pank eliminates the RTGS operational failures in the

shortest time necessary for it on the condition that it does not cause Eesti Pank to bear unproportionally high costs in comparison to the damage avoided.

7.2. Eesti Pank is obliged to compensate the RTGS participants for the direct loss sustained by the RTGS participant due to the RTGS operational failures if the cause for the loss was the failure by Eesti Pank to meet its legal or contractual obligations. The responsibility of Eesti Pank shall come into being only if direct causal interrelation can be established between the RTGS operational failures and the failure by Eesti Pank to meet its legal or contractual obligations.

7.3. The RTGS participant is obliged to compensate Eesti Pank for the direct loss sustained due to the RTGS operational failures if the cause for the loss was the failure by the RTGS participant to meet its legal or contractual obligations. The responsibility of the RTGS participant shall come into being only if direct causal interrelation can be established between the RTGS operational failures and the failure by this particular RTGS participant to meet its legal or contractual obligations.

7.4. The RTGS participants and Eesti Pank are obliged to compensate each other for the direct loss sustained due to the RTGS operational failures in so far as the cause for the loss occurred has been detected to be the failure by one or several RTGS participants or by Eesti Pank to meet their legal or contractual obligations. The loss sustained due to the operational failures of the RTGS is not subject to compensation if it has been detected that the cause for the loss has been the failure by that RTGS participant, who has suffered the loss, or by Eesti Pank to meet its legal or contractual obligations.

7.5. Clause 7.4 does not limit the right of the RTGS participant or Eesti Pank to submit compensation claims for loss against third parties.

8. Elimination of errors occurred in settlements and compensation claims to Eesti Pank

8.1. Elimination of errors

8.1.1. If an RTGS participant detects an error in checking its payments, it is obliged to notify Eesti Pank of it at once after having detected the error.

8.1.2. If the error has occurred in the settlement process, Eesti Pank has the right to correct the error without the prior consent of the relevant RTGS participant(s) if the correction of the error is possible without the violation of legal rights of the RTGS participants and Eesti Pank.

8.1.3. Eesti Pank has the right to debit the account of the RTGS participant at once and without prior notice to the RTGS participant with each amount Eesti Pank has erroneously credited the same account.

8.1.4. The RTGS participants have to submit all the claims arisen due to errors related to the settlement, processing, or execution of payments to Eesti Pank within 30 Settlement Days at the latest after the day the notification reflecting the respective

transactions has been sent to them. Eesti Pank leaves unexamined all claims sent after that day.

8.1.5. Eesti Pank examines the claims, which are submitted later than stated in Clause 8.1.4, only if the RTGS participant proves that it had no possibility to notify Eesti Pank of the occurred error in time.

8.1.6. Eesti Pank is not responsible for the losses sustained by the RTGS participants due to their actions or inactivity if the above-mentioned claims are not submitted in time.

8.2. Compensation claims

8.2.1. If the RTGS participant submits a claim, which was related to the errors made in the settlement of payments and/or processing or execution of Payment Orders, following the deadlines stated in Clause 8.1.4, it also has to submit to Eesti Pank all the necessary evidence on the claimed violation together with the claim.

8.2.2. If additional investigation on the claimed violation is necessary to be performed by Eesti Pank and such investigation causes additional costs to Eesti Pank, Eesti Pank has the right to require and the RTGS participant asking for an investigation has the obligation to compensate for the costs of the additional investigation (investigation fee). The RTGS participant requesting an investigation is obliged to pay the investigation fee on the account and by the deadline determined by Eesti Pank. The investigation fee is to be refunded to the RTGS participant if the result of the investigation indicates that the RTGS participant asking for an investigation was not responsible for the claimed violation.

8.2.3. Eesti Pank is responsible to the RTGS participant for the errors occurred by the fault of Eesti Pank in processing Payment Orders.

9. Confidentiality

9.1. The parties, amounts, and terms and conditions of the payment transactions made via the RTGS are strictly confidential. In keeping and processing of the respective information, the requirements set to keeping bank secret are observed. The RTGS participants and Eesti Pank are obliged to ensure the preservation of confidentiality. The release of confidential information to third parties may occur only if the obligation to release such information arises from law.

9.2. The RTGS participants are obliged to establish procedure rules and instructions, which ensure that access to the RTGS is possible only for the authorised employees of the RTGS participants and oblige all authorised employees to use the RTGS only in the manner which enables to guarantee the following of confidentiality rules in the operation of the RTGS.

9.3. In case:

(a) an authorised employee of an RTGS participant has disclosed the code and/or password, which enables access to the RTGS, to an unauthorised person or has used

the confidentiality of the RTGS in a non-guaranteeing way or
(b) a third person has used the codes and/or passwords of the authorised employee of the RTGS participant,

the RTGS participant is obliged to fully offset for any losses incurred to Eesti Pank or other RTGS participants as a result of such a situation.

10. Forwarding of information

Every RTGS participant is obliged to notify Eesti Pank, and Eesti Pank is obliged to notify each RTGS participant in the quickest possible way of each circumstance, which may influence the ability of the RTGS participant or Eesti Pank to meet the requirements, which the RTGS participant or Eesti Pank have taken for meeting and which are based on the Accession Contract and fixed by normative documents, or which may in some other way influence the operation of the RTGS. If the information is produced in a way, which does not enable checking its authenticity later, the information has to be repeated on the first occasion in writing or in the form enabling its trustworthy written reproduction.

11. The Council of Payment System Experts and the Court of Arbitration of the Council of Payment System Experts

11.1. The Council of Payment System Experts is a permanent working body, which is composed of payment experts and is entitled to give recommendations to Eesti Pank for improving the operation of the RTGS and which, in the form of Court of Arbitration, shall solve disputes that may arise in connection with the use of the RTGS.

11.2. The Court of Arbitration of the Council of Payment System Experts is for solving disputes, which have arisen between Eesti Pank and the RTGS participant(s) in connection with the operation of the RTGS and which cannot be solved by mutual agreement.

11.3. The work of the Council of Payment System Experts and the Court of Arbitration of the Council of Payment System Experts is conducted according to the rules and regulations Approved by the Governor of Eesti Pank.

11.4. In case of non-agreement with the decision of the Court of Arbitration of the Council of Payment System Experts, Eesti Pank or the relevant RTGS participant has the right to recourse to the court for solving the dispute.

12. Amendment of normative documents accepted for execution on the basis of the Accession Contract and application of law

12.1. Amendment of normative documents subject to execution on the basis of the Accession Contract

12.1.1. Eesti Pank is entitled to unilaterally make amendments in the normative documents accepted for execution on the basis of the Accession Contract.

12.1.2. All amendments, which are made by Eesti Pank in General terms and Conditions and/or Technical Specifications, enter into force and are obligatory for the RTGS participants beginning from the date determined by Eesti Pank but not before the RTGS participants have been notified of the amendments.

12.1.3. Eesti Pank is obliged to notify every RTGS participant of the amendments made in the normative documents accepted for execution on the basis of the Accession Contract in writing at least two months before the amendments enter into force. Eesti Pank and the RTGS participants may stipulate in the Accession Contract a longer notification period for individual cases.

12.2. Application of law

12.2.1. Estonian laws are applied to legal relations and contracts regulating the operation of RTGS.

12.2.2. If due to the laws in effect or the laws to be effected in the future it is not possible to apply some provisions of the General Terms and Conditions, and the validity of this provision is not of decisive importance in respect of the operation of the entire RTGS or the fair distribution of rights and obligations of Eesti Pank and the RTGS participants, non-application of this provision shall not influence the applicability of the rest of the provisions of the General Terms and Conditions.

12.2.3. If due to the laws in effect or the laws to be effected in the future it is not possible to apply such a provision of the General Terms and Conditions, which is of decisive importance in respect of the operation of the entire RTGS or the fair distribution of rights and obligations of Eesti Pank and the RTGS participants, Eesti Pank has the right to make amendments in the General Conditions necessary for ensuring the ability of work of the RTGS. Eesti Pank has the right to give effect to the above amendments prior to the due date stated in Clause 12.1.3 of the General Conditions, provided that the RTGS participants have been notified of the amendments at least five Settlement Days in advance.

/signature/

Sven Meimer

Head of Financial Stability Department

/signature/

Meelis Mark

Deputy Head of Legal Department

Appendix 2
Approved by
Eesti Pank Governor's Decree
No 1 of 10 January 2002

GENERAL TERMS AND CONDITIONS OF THE DESIGNATED TIME NET SETTLEMENT SYSTEM (DNS) OF EESTI PANK

Definitions of the Designated Time Net Settlement System of Eesti Pank:

Settlement Day - a calendar day, which is neither Saturday, Sunday, nor a public holiday.

Designated Time Net Settlement System (DNS) - a payment system, which is based on multilateral netting and is operating by fixed time schedule. The system is for settling payments of limited size (smaller than large value payments).

Price List - a price list where fees for accession or use of the DNS are fixed.

Participant of DNS – an entity, which has been given the right to make settlements in the DNS based on Accession Contract, General Terms and Conditions and Technical Specifications. Participants of the DNS are divided into active and passive participants.

Active participant of DNS - a DNS participant, who has met the requirements necessary for the settlement of payments in the DNS on the Settlement Day in due time as established by General Terms and Conditions.

Passive participant of DNS - a DNS participant, who has not met the requirements necessary for the settlement of payments in the DNS on the Settlement Day in due time as established by General Terms and Conditions. A passive participant of the DNS is not enabled to participate in the work of the DNS on the Settlement Day.

Payment System of Eesti Pank - a payment system administered by Eesti Pank for the execution of payments between Estonian banks.

Financial Validation - activities which Eesti Pank carries out in order to check whether the net liability in the respective currency, which has arisen as a result of netting, remains for the active participant of the DNS within the limits set by Financial Limit after the acceptance of a Batch of Payment Orders sent by the active participant of the DNS.

Financial Limit - the biggest possible liability of the DNS participant on the Settlement Day, which is adequately covered by Monetary Collateral, and which is determined by the System Operator in conformity with these General Terms and Conditions.

Financial Position - net claim or net liability of a DNS participant arisen as a result of multilateral netting.

Confirmation - a notification sent to an active participant of the DNS by the System Operator in conformity with the procedures of Technical Specifications saying that the Batch of Payment Orders sent by the active participant of the DNS is either partially or fully accepted, or fully rejected by the System Operator.

Accession Contract – a contract the signing of which forms the basis for the acquisition of DNS participant’s rights. Accession Contract stipulates the obligation for the DNS participant to regard binding and to fulfil all obligations, which arise from Accession Contract, these General Terms and Conditions and Technical Specifications, and pay accession and service fees according to the DNS price list.

Payment Order - a payment order (order) in which the will of the payment originator is explicitly expressed. Credit Order is a payment order the original issuer of which is the payer.

Batch of Payment Orders - Payment Orders, which are sent by the DNS participant as a complete lot all at once in conformity with the procedures established in Technical Specifications.

Minimum Financial Limit - the lowest limit of the possible Financial Limit of the DNS participant, which is determined by the System Operator.

Cash Collateral - amount of money, which is deposited by the DNS participant according to the procedure provided in the General Terms and Conditions and Technical Specifications, for guaranteeing the carrying out of its payment obligations.

Large Value Payment - a payment in the amount of fifteen million or more Estonian kroons.

System Administrator - legal entity or legal entity’s structural unit appointed by the Accession Contract, which manages and develops the DNS in conformity with the authorisation established by the Accession Contract.

Technical Specifications - conditions defining technical parameters and procedures of the operations of DNS.

List of Authorised Persons - a list of persons authorised by the DNS participant who possess information (codes and passwords) which facilitates to exchange information, and send and receive payment orders through DNS.

General Terms and Conditions - these general terms and conditions of the DNS with all the changes and amendments made in them.

1. Participants of the DNS

1.1. Becoming a participant of the DNS and realization of the rights and obligations arising from the status takes place according to the provisions of the Accession Contract, General Terms and Conditions and Technical Specifications.

1.2. Eesti Pank has the right to decide on the suitability of an entity to accede the DNS.

1.3. All entities, which have a valid licence for pursuing banking activities in the Republic of Estonia, have the right to accede DNS. The right of the above entities to participate in the operation of DNS ends from the moment the above mentioned licence ends and suspends for the period during which a moratorium has been established to a credit institution.

1.4. Eesti Pank shall decide on the accession permissibility and accession terms and conditions of the entities, which are not stated in Clause 2.2 of the General Terms and Conditions. The decision is made based on the rationality of the accession in respect of achieving the objectives of RTGS and avoiding systemic risk, organisational and economic credibility of the applicant applying for participant status and assessment of Eesti Pank on the technical readiness of the accessing entity.

1.5. For the accession of DNS an entity wishing to accede has to have an account with Eesti Pank.

2. Payments settled via the DNS

2.1. The task of the DNS is to settle payments to be executed based on credit orders of DNS participants.

2.2. The DNS participants can settle payments via the DNS by using the legal tender of the Republic of Estonia as a currency for payments. The System Operator may allow settlements in other currencies too, notifying of it in advance.

3. Access to the DNS

3.1. The DNS participants are connected with the DNS according to the procedure established in the DNS Technical Specifications.

3.2. Simultaneously with signing of the Accession Contract, the applicant for the DNS participant status shall submit a list of Authorised Persons to the System Operator. If a person knowing the codes or passwords, which enable exchange of information with the DNS and through it the transmission and receipt of payment orders, leaves office or if such codes or passwords are made known to a new authorised person, the respective changes shall be promptly made in the List of Authorised Persons and the respective notice of the changes shall be forwarded to the System Operator. The System Operator is not responsible for the loss arisen to the DNS participant as a result of non-fulfilment of the notification obligation stated in this clause or delay of this notification. A DNS participant is obliged to compensate to the System Operator

for the whole loss the latter has as a result of non-fulfilment by the DNS participant of the notification obligation stated in this clause or delay of this notification.

4. Participation in the work of the DNS on a Settlement Day

4.1. A DNS participant may participate in the work of the DNS during a Settlement Day on condition that it has met the requirements established in Clause 5 of General Terms and Conditions before 9:30 in the morning of the same Settlement Day. The DNS participant, who has met the requirements established in Clause 5 of General Terms and Conditions in due time, is considered an active DNS participant and a DNS participant, who has not met the requirements established in Clause 5 of General Terms and Conditions in due time or has failed to meet the requirements, is considered a passive DNS participant. If the System Operator has decided to include one or several DNS participants amongst passive participants of DNS on a Settlement Day, the System Operator shall notify of it all DNS active participants in the morning of the same Settlement Day at 10:00 at the latest.

4.2. In order to start sending the Payment Order Batches, each DNS participant shall send a notice to the System Operator in the form established in the Technical Specifications on each Settlement Day.

4.3. The System Operator shall give a notice of the permission it has given to a DNS participant to send Payment Order Batches to DNS on a Settlement Day in the form established in the Technical Specifications.

5. Financial Limits and Cash Collateral

5.1. Minimum Financial Limit

5.1.1. Considering the amount of financial liabilities a DNS participant may have on a Settlement Day, the System Operator shall determine Minimum Financial Limit for each DNS Participant.

5.1.2. The calculation of Minimum Financial Limit is based on the average amount of net liabilities, which have arisen as the result of the settlement of payments of the Settlement Days of the last six months of the respective DNS participant, and which is multiplied with coefficient one and rounded up to the nearest 100,000 kroons. For the DNS participants, whose Minimum Financial Limit is less than 100,000 kroons, a Minimum Financial Limit shall be calculated by rounding it up to the nearest 10,000 kroons. The smallest Minimum Financial Limit established to the DNS participants shall be 10,000 kroons.

5.1.3. The Minimum Financial Limit shall be calculated for each DNS participant once a month as of 20th day of each month based on the net liabilities, which are the result of the settlement of payments of the DNS participant, on all Settlement Days beginning from the 21st day of the seventh month preceding the month of calculation

up to the 20th day of the month of calculation. The valid Minimum Financial Limit shall be changed only if the calculated new Minimum Financial Limit differs from the valid Minimum Financial Limit by more than five per cent.

5.1.4. The calculated new Minimum Financial Limit shall be valid from the first Settlement Day of the month following the calculation month. The System Operator shall notify the DNS participants of the Minimum Financial Limit in the order established by the General Terms and Conditions.

5.1.5. The primary Minimum Financial Limits of the DNS accessors shall be calculated by Eesti Pank considering the principles established in Clauses 5.1.1 to 5.1.3 as much as possible.

5.1.6. The DNS participants shall be notified of their Minimum Financial Limit every month at least two Settlement Days prior to the first Settlement Day of the next month.

5.1.7. In exceptional cases the System Operator has the right to change the Minimum Financial Limit of the DNS participant in a different way than established in Clauses 5.1.2 to 5.1.6. The nature of an exceptional case has to be such which makes it either fully or partially impossible to proceed from the criteria applied in the above clauses, e.g. in the case of credit institutions' merger or division, new participant's access to DNS or in other cases of similar kind.

5.1.8. The DNS participant shall be notified in advance of an increase or decrease of the exceptional Minimum Financial Limit in the written form or in the form enabling written reproduction at least two Settlement Days prior to the Settlement Day, which takes place based on the first new Minimum Financial Limit.

5.2. Financial Limit and changes to it

5.2.1. When applying for the right to participate in the work of DNS on the Settlement Day, a DNS participant has to open Financial Limit for the respective Settlement Day. Opening of the Financial Limit takes place by the depositing of Cash Collateral by the System Operator on an account opened with Eesti Pank.

5.2.2. Financial Limit has to be equal to or bigger than the Minimum Financial Limit . In case this requirement is disregarded the System Operator rejects the application of the DNS participant to participate in the work of DNS on the Settlement Day.

5.2.3. In the course of the Settlement Day an active participant of DNS has the right to change (increase or decrease) its Financial Limit on condition that the Financial Limit valid as a result of the change is at least equal to or bigger than:

- a) the Minimum Financial Limit established to the active participant of DNS and
- b) the liability arisen as a result of netting by the moment the Financial Limit is changed for the active participant of DNS.

5.2.4. In order to increase the Financial Limit a DNS participant shall deposit an additional Cash Collateral on the account with Eesti Pank opened by the System Operator. The increased Financial Limit shall be valid from the moment the System Operator receives a notice that the relevant account has been credited with the additional Cash Collateral deposited by the active participant of DNS.

5.2.5. In order to decrease the Financial Limit the active participant of DNS shall submit an appropriate application to the System Operator according to the procedure established in Technical Specifications. After that the System Operator shall check whether the decreased Financial Limit applied for by the active participant of DNS complies with the requirements set in Clause 5.2.3.

5.2.6. If the decreased Financial Limit applied for by the active participant of DNS complies with the requirements set in Clause 5.2.3, the System Operator shall establish a new Financial Limit to the active participant of DNS, shall repay the amount which equals to the amount by which the Financial Limit is decreased from the Cash Collateral to the active participant of DNS and transmit a notice on the establishment of the decreased Financial Limit to the active participant of DNS according to the procedure provided in the Technical Specifications.

5.2.7. If the decreased Financial Limit applied for by the active participant of DNS does not comply with the requirements provided in Clause 5.2.3, the System Operator shall leave the Financial Limit of the active participant of DNS unchanged and shall notify the active participant of DNS of it according to the procedure provided in the Technical Specifications.

5.3. Cash Collateral

5.3.1. In order to guarantee the meeting of monetary claims and liabilities arising as a result of netting carried out by the System Operator and to open Financial Limit, the DNS participant is obliged to deposit an appropriate Cash Collateral on the System Operator's account with Eesti Pank in the morning of the Settlement Day at 9:30 at the latest. The System Operator has the right to have command over Cash Collateral according to the order established by Eesti Pank and following the terms and conditions provided in the Accession Contract and the General Terms and Conditions.

5.3.2. In general, the amount of the deposited Cash Collateral has to be equal to the Financial Limit. For more efficient operation of DNS, at the same time retaining the stability of DNS, the System Operator has the right to decrease the rate of Cash Collateral giving a notice of it to the DNS participants at least six months in advance. Cash Collateral is a collateral instrument of DNS in the meaning of the Credit Institutions Act.

5.3.3. If the amount deposited as a Cash Collateral is smaller than provided in Clause 5.3.2 in the General Terms and Conditions or if the amount of the Cash Collateral does not comply with that provided in this clause or if the Cash Collateral is not deposited on the Settlement Day at 9:30 at the latest, the System Operator shall not allow a DNS participant to participate in the work of DNS on that particular

Settlement Day. The System Operator is obliged to return on the first opportunity the amount, which the DNS participant, who has not received the right to participate in the work of DNS on a Settlement Day, and has deposited with the aim to create Cash Collateral which has turned inadequate for making up the appropriate Cash Collateral.

5.3.4. If a DNS participant has not enough money on its account held with Eesti Pank to meet the monetary liability arisen as a result of netting in DNS, the System Operator has the right to meet the monetary liability of the DNS participant in the amount not reaching the necessary amount at the expense of the Cash Collateral of the DNS participant. The use of Cash Collateral takes place according to the provisions of the Accession Contract, General Terms and Conditions and Technical Specifications. In order to use Cash Collateral the System Operator is not obliged to ask for the permission from the DNS participant, who is the owner of the Cash Collateral, or to give a prior notice of it.

5.3.5. After having met all monetary liabilities arisen as a result of netting on a Settlement Day for the active participants of DNS, the System Operator returns each Cash Collateral deposited by each DNS active participant on its account with Eesti Pank. This part of the Cash Collateral, which the System Operator has used in conformity with the General Terms and Conditions for meeting the monetary liabilities arisen as a result of netting for the DNS participant, who deposited the Cash Collateral, shall not be returned.

6. Reports

On a Settlement Day the System Operator shall send to active participants of the system two types of reports: Reports of Incoming Payments and Statistics Reports.

6.1. Report of Incoming Payments

The Report of Incoming Payments includes a list of Payment Orders accepted by DNS in the course of predetermined period on a Settlement Day. The predetermined periods on a Settlement Day are from 10:00 to 11:00, from 11:00 to 14:00 and from 14:00 to 16:00. A Report of Incoming Payments shall be compiled to each DNS active participant separately so that it includes a list of only these Payment Orders which appointed receiver is a respective active participant of DNS.

6.2. Statistics Reports

The System Operator shall send to the active participants of the system three different types of statistics reports, which comprise a list of all transactions made in DNS in the course of a Settlement Day broken down by currencies. All Statistics Reports shall be

compiled to each DNS active participant of DNS separately so that it includes a list of only these transactions one party of which is the DNS participant receiving the report. The first Statistics Report includes a list of Payment Orders transmitted to the System Operator by the active participant of DNS who is receiving the report. The second Statistics Report includes a list of Payment Orders transmitted to the System Operator by other active participants of DNS and the appointed receiver of which is an active participant of DNS who is receiving the report. The third Statistics Report includes a claim or liability arisen as a result of netting of a DNS participant, who is receiving the report. The first and the second Statistics Report shall be sent only to the active DNS participants, the third Statistics Report shall be sent to all DNS participants.

7. Payment Orders

7.1. Giving approval for netting and execution of payments

The access to DNS is considered as the approval of a DNS participant to allow unlimited execution of netting of its claims and obligations between itself and other participants of DNS on each Settlement Day. Claims and obligations uncovered with netting shall be met on the accounts of the participants of the system with Eesti Pank.

7.2. Sending of Payment Orders

7.2.1. Payment Orders shall be sent to the System Operator in the form of Batches of Payment Orders. In one Batch there can be Payment Orders of only one and the same denomination. Active participants of DNS shall send Batches of Payment Orders to the System Operator according to the procedure established in the General Terms and Conditions.

7.2.2. The System Operator shall receive Batches of Payment Orders each Settlement Day from 10:00 to 16:00. The System Operator shall not accept Batches of Payment Orders, which have been sent to the System Operator later than 16:00. Unaccepted Payment Orders are regarded as non-sent. If a DNS participant wishes that such an unaccepted Payment Order be accepted, it has to send to the System Operator a new Batch of Payment Orders following the established terms and conditions.

7.2.3. The System Operator shall perform Technical Validation and Financial Validation on the Payment Orders in the Batch of Payment Orders and shall issue a confirmation to the active participant of DNS that the Batch of Payment Orders sent by it has been either partially or fully accepted or fully rejected by the System Operator.

7.3. Technical Validation

7.3.1. The System Operator shall perform Technical Validation according to Technical Specifications and shall fully reject all sent Batches of Payment Orders in which more technical errors or non-compliances with Technical Specifications have been detected than the established rate in Technical Specifications.

7.3.2. If in the course of Technical Control not more technical errors or non-compliances with Technical Specifications in the transmitted Batches of Payment Orders are detected than the established rate in Technical Specifications, the correct Payment Orders shall be regarded as accepted and erroneous or non-complying with the DNS requirements shall be rejected.

7.4. Financial Validation

7.4.1. After having performed Technical Validation, the System Operator shall perform Financial Validation on the Payment Orders, which are in the Batch and have passed Technical Validation, comparing the balance of claims and liabilities, which may arise to the active participant of DNS, who has sent the Batch of Payment Orders, in accepting the Payment Orders with the Financial Limit valid for that DNS active participant on the moment the Financial Validation is performed on the Settlement Day.

7.4.2. Financial Validation of Credit Orders takes place immediately after Technical Validation.

7.4.3. If the Financial Limit of the active participant of DNS is sufficient for covering net liabilities, which arise from accepting of credit orders of the active participant of DNS, the entire Batch of Payment Orders shall be regarded as having passed the Financial Validation and the System Operator shall immediately send a confirmation to the active participant of DNS on the acceptance of Payment Orders according to the procedure established in Technical Specifications.

7.4.4. If the Financial Limit of the active participant of DNS is not sufficient for covering net liabilities, which arise from accepting the credit orders of the active participant of DNS, the entire Batch of Payment Orders shall be rejected by the System Operator. The System Operator shall notify the active participant of DNS, who has sent the Batch of Payment Orders, of the rejection of the Batch of Payment Orders sending to the active participant a confirmation according to the procedure established in Technical Specifications.

7.5. Settlement of Payment Order Applicable Payments, which have passed Technical Validation and Financial Validation, and notification of DNS participants

7.5.1. The value day of a Credit Order Applicable Payment, which has been sent to the System Operator and passed Technical Validation and Financial Validation, is the day on which the Credit Order is sent. The value day stated on Credit Order which

differs from the actual day the credit order is sent to the System Operator, is not obligatory for the System Operator to follow and the System Operator is not responsible for direct or indirect loss or decrease in income arisen for the DNS participant as a result of executing such a credit order.

7.5.2. On each Settlement Day the System Operator notifies the active participants of DNS four times of the events taken place in DNS. For that purpose Reports of Payment Orders shall be sent to all active participants of DNS at least at 11:15, 14:15 and 16:30, and the Statistics Reports at 17:00.

7.5.3. In the course of the whole Settlement Day the active participant of DNS has the opportunity to ask for information about the balance of its claims and liabilities arisen as a result of netting in DNS, Financial Limit and Minimum Financial Limit. Active participant of DNS shall submit a request for information and receive an answer to it according to the procedure established in Technical Specifications.

7.6. Irrevocability of a Payment Order

A Payment Order becomes irrevocable from the moment a DNS participant sends the Batch of Payment Orders to the System Operator.

8. Establishment of mutual obligations of DNS participants and fulfilling the claims and liabilities arisen as a result of netting of payments in DNS

8.1. Establishment of mutual obligations of DNS participants

8.1.1. The System Operator shall net within the entire Settlement Day mutual claims and liabilities of the active participants of DNS according to the Payment Orders sent by the active participants of DNS and accepted by the System Operator. Within the entire Settlement Day the System Operator shall have at all times an overview of the claims or liabilities of each active participant of DNS arisen as a result of netting.

8.1.2. The fixing of claims and liabilities of the active participants of DNS takes place at 16:00 on each Settlement Day, after what the System Operator shall send the fixed claims and liabilities of the active participants of DNS to the Eesti Pank gross settlement system for settlement.

8.2. Fulfilling the claims and liabilities arisen as a result of netting of payments in DNS

8.2.1. For fulfilling the claims and liabilities of the active participants of DNS arisen as a result of netting of payments in DNS on the accounts of DNS participants held with Eesti Pank, the System Operator shall initiate a payment immediately after having fixed the claims and liabilities of the active participants of DNS.

8.2.2. A payment initiated by the System Operator shall be settled on the accounts of active participants of DNS held with Eesti Pank according to the instructions establishing the rules for settlement of payments.

8.2.3. In case there is inadequate amount of money on the account of an active participant of DNS for the execution of its payment obligation, the System Operator shall use the Cash Collateral deposited by the respective active participant of DNS in the amount not reaching the necessary amount.

9. Price List

9.1. Participants of DNS shall pay the accession fee and the fee for the processing of payment orders according to the price list established by Eesti Pank.

9.2. Amounts subject to payment by the participant of DNS according to the Price List have to be paid by the date and time to the account, which details are shown in the Price List and is held with Eesti Pank. The System Operator shall have the right to debit the amounts subject to payment according to the price list from the account of the DNS participant held with Eesti Pank, if the DNS participant has given to the System Operator an appropriate written consent in the Accession Contract or its Appendix.

9.3. Eesti Pank shall have the right to make amendments to the price list notifying the DNS participants of it at least 90 days in advance.

10. Operational failures of DNS

10.1. The task of the System Operator is to ensure the operation of DNS as stipulated in the General Terms and Conditions and eliminate all operational failures of DNS. A participant of DNS is obliged to eliminate these operational failures, which have arisen in these parts of DNS, which are in the control of the DNS participant, or if that is not possible by the means in the command of the DNS participant address the System Operator for the elimination of such failures. Operational failures of DNS have to be eliminated in the shortest possible time necessary for that, on condition that it will not incur unproportionally high costs compared to the prevented loss to the entity eliminating the operational failures.

10.2. The System Operator is obliged to compensate the DNS participant for the direct loss occurred to that particular DNS participant due to the DNS operational failures if the cause for the loss was the failure by the System Operator to meet its legal or contractual obligations. The responsibility of the System Operator shall come into being only if direct causal interrelation can be established between the DNS operational failures and the failure by the System Operator to meet its legal or contractual obligations.

10.3. The DNS participant is obliged to compensate the System Operator for the direct loss occurred due to the DNS operational failures if the cause for the loss was the failure by the DNS participant to meet its legal or contractual obligations. The responsibility of the DNS participant shall come into being only if direct causal interrelation can be established between the DNS operational failures and the failure by this particular DNS participant to meet its legal or contractual obligations.

10.4. The DNS participants and the System Operator are obliged to compensate each other for the direct loss occurred due to the DNS operational failures in so far as the cause for the loss occurred has been detected to be the failure by one or several DNS participants or by the System Operator to meet their legal or contractual obligations. The loss is not subject to compensation if it has been established that the cause for the loss has been the failure by that DNS participant, who has suffered the loss, or by the System Operator to meet its legal or contractual obligations.

10.5. Clause 10.4 does not limit the right of the DNS participant nor the System Operator to submit compensation claims for loss against third parties.

11. Elimination of errors occurred in netting and compensation claims to the System Operator

11.1. Elimination of errors

11.1.1. If the DNS participant detects an error in checking its payments, it is obliged to notify System Operator of it at once after having detected the error.

11.1.2. If the error has occurred in the netting process, the System Operator has the right to correct the error without prior consent of the relevant DNS participant(s) if the correction of the error is possible without the violation of legal rights of the DNS participants, the System Operator or Eesti Pank.

11.1.3. The System Operator has the right to debit the account of the DNS participant at once and without prior notice to the DNS participant with each amount the account has been erroneously credited.

11.1.4. The DNS participants have to submit all claims arisen due to errors related to the settlement, processing or execution of claims to the System Operator within 30 Settlement Days at the latest after the day the notification reflecting the respective transactions has been sent to them. The System Operator shall leave unexamined all claims submitted after that deadline.

11.1.5. The System Operator shall examine the claims submitted later than stated in Clause 11.1.4, only if the DNS participant proves that it had no possibility to notify Eesti Pank of the occurred error in time.

11.1.6. The System Operator shall not be responsible for the losses borne by the DNS participants due to their actions or inactivity if the above-mentioned claims are not submitted in time.

11.2. Compensation claims

11.2.1. If a DNS participant submits a claim, which is related to the errors made in the settlement, processing or execution of claims, he also has to submit to the System Operator by the deadline stated in Clause 11.1.4 all the necessary evidence on the claimed violation together with the claim.

11.2.2. If additional investigation on the claimed violation is necessary to be carried out by the System Operator and the DNS participant asking for an investigation turns to be guilty as a result of the investigation, the DNS participant is obliged to compensate the System Operator for the costs of the additional investigation. The System Operator shall have the right to refuse to carry out additional investigation if it turns out that the cost of additional investigation is unreasonably high compared to the price of the loss suffered. A DNS participant has the right to dispute the refusal of additional investigation in the Court of Arbitration of the Council of Payment System Experts, unless the System Operator has decided to satisfy the claim.

11.2.3. The System Operator is responsible for the errors occurred in processing Payment Orders due to the fault of the System Operator.

12. Confidentiality

12.1. The parties, amounts, terms and conditions of the transactions made through the DNS are strictly confidential, and in keeping and processing of the respective information the requirements set to keeping bank secret are observed. The DNS participants and the System Operator are obliged to ensure the preservation of confidentiality. The release of confidential information to third parties may take place only if the obligation to release such information arises from law.

12.2. The DNS participants are obliged to establish procedure rules and instructions, which ensure that access to DNS is possible only for the Authorised persons/entities included in the list of Authorised persons and oblige all Authorised persons to use DNS only in the way, which enables to guarantee the following of confidentiality rules in the operation of DNS.

12.3. In case:

- a) an employee or an authorised person/entity of the DNS participant has disclosed the code and/or password, which enables access to DNS, to an unauthorised person or has used the confidentiality of DNS in a non-guaranteeing way or
- b) a third person has used the codes and/or passwords of the DNS participant, the DNS participant is obliged to fully compensate for any loss arisen to the System Operator or other DNS participants due or as a result of such a situation.

13. Forwarding of notices

A DNS participant is obliged to notify the System Operator and the System Operator is obliged to notify each DNS participant in the quickest possible way of each circumstance, which may influence the ability of the DNS participant or System Operator to meet the requirements set with Technical Specifications or Accession Contract or which may in some other way influence the operation of DNS. If the information is produced in a way, which does not enable to check its authenticity later, the notice has to be repeated on the first occasion in writing or in the form enabling its trustworthy written reproduction.

14. The Council of Payment System Experts and the Court of Arbitration of the Council of Payment System Experts

14.1. The Council of Payment System Experts is a standing working body made up of payment experts and entitled to give recommendations to Eesti Pank or the System Operator for improving the operation of DNS and which in the form of Court of Arbitration shall solve disputes, which may arise in connection with the use of DNS.

14.2. The Court of Arbitration of the Council of Payment System Experts is for solving disputes, which have arisen between Eesti Pank and/or the DNS participant(s) in connection with the operation of DNS and cannot be solved by mutual agreement.

14.3. The work of the Council of Payment System Experts and the Court of Arbitration of the Council of Payment System Experts is conducted according to the rules and regulations approved by the Governor of Eesti Pank.

14.4. In case of non-agreement with the decision of the Court of Arbitration of the Council of Payment System Experts, Eesti Pank or the relevant DNS participant has the right to turn to the court for solving the dispute.

15. Amendment to General Terms and Conditions and Technical Specifications and application of law

15.1. Amendment to General Terms and Conditions and Technical Specifications

15.1.1. Eesti Pank is entitled to unilaterally make amendments into General Terms and Conditions and/or Technical Specifications.

15.1.2. All amendments made by Eesti Pank in General Terms and Conditions and/or Technical Specifications, shall be effective and binding on the DNS participants beginning from the date determined by Eesti Pank but not before the DNS participants have been informed of the amendments.

15.1.3. The System Operator is obliged to inform each DNS participant of the amendments made in General Terms and Conditions and/or Technical Specifications in writing at least two months before the amendments enter into force. Eesti Pank and

the DNS participants may stipulate in the Accession Contract a longer notification period for individual cases.

15.2. Application of law

15.2.1. Estonian laws are applied to legal relations and contracts regulating the operation of DNS.

15.2.2. If due to the laws in effect or the laws to be effected in future it is not possible to apply some provisions of General Terms and Conditions and the validity of this provision is not of decisive importance in respect of the operation of the entire DNS or the fair distribution of rights and liabilities of the System Operator and the DNS participants, non-application of this provision shall not influence the applicability of the rest of the provisions of General Terms and Conditions.

15.2.3. If due to the laws in effect or the laws to be effected in future it is not possible to apply such a provision of the General Terms and Conditions, which is of decisive importance in respect of the entire operation of DNS or the fair distribution of rights and obligations of Eesti Pank, the System Operator and the DNS participants, Eesti Pank has the right to make amendments to the General Terms and Conditions necessary for ensuring the ability of work of the DNS. Eesti Pank has the right to give effect to the above amendments prior to the due date stated in Clause 15.1.3 of the General Terms and Conditions, provided that the DNS participants have been notified of the amendments at least five Settlement Days in advance.

/signature/

Sven Meimer

Head of Financial Stability Department

/signature/

Meelis Mark

Deputy Head of Legal Department

Appendix 3
Approved by
Eesti Pank Governor's Decree
No 1 of 10 January 2002

PRICE LIST OF THE RTGS

I. GENERAL PRINCIPLES:

1. A fee for the execution of a Payment Order shall be charged from the RTGS participants regardless of the execution results (accepted/rejected).
2. The fees listed in the price list are subject to payment by a bank transfer onto a bank account stipulated by Eesti Pank, unless the valid normative acts or agreements signed between Eesti Pank and participants of the RTGS stipulate otherwise.

II. PRICE LIST:

Accession fee	EEK 100,000 ¹ .
Fee for the execution of a Payment Order, from 21 Jan. 2002	EEK 10.00

/signature/

Sven Meimer

Head of Financial Stability Department

8 January 2002

/signature/

Meelis Mark

Deputy Head of

Legal Department

8 January 2002

Appendix 4
Approved by
Eesti Pank Governor's Decree
No 1 of 10 January 2002

PRICE LIST OF THE DNS

I. GENERAL PRINCIPLES:

1. A fee for the execution of a Payment Order shall be charged from the DNS participants regardless of the execution results (accepted/rejected).
2. The fees listed in the price list are subject to payment by a bank transfer onto a bank account stipulated by Eesti Pank, unless the valid normative acts or agreements signed between Eesti Pank and participants of the DNS stipulate otherwise.

II. PRICE LIST:

Accession fee	EEK 100,000 ²
Fee for the execution of a Payment Order, from 21 January 2002 to 31 March 2002	EEK 0.10
Fee for the execution of a Payment Order, starting from 1 April 2002	EEK 0.50

/signature/

Sven Meimer

Head of Financial Stability Department

8 January 2002

/signature/

Meelis Mark

Deputy Head of Legal Department

8 January 2002

Appendix 5
Approved by
Eesti Pank Governor's Decree
No 1 of 10 January 2002

RULES AND REGULATIONS OF THE COUNCIL OF PAYMENT SYSTEM EXPERTS

1. The body of the Council of Payment System Experts

1.1. The Council of Payment System Experts (hereinafter the *Council*) is a standing working body which is made up of payment experts and is entitled to give recommendations for improving the operation of the payment systems (hereinafter *payment system*) administered by Eesti Pank or operating by the procedure established by Eesti Pank and which in the form of Court of Arbitration shall solve disputes arisen in connection with the work of payment system.

1.2. Three of the participants of the Council are appointed by Eesti Pank and one participant by each participant of the payment system. A person, who is a participant of more than one payment system, shall authorise only one representative to represent him/her.

1.3. The person entitled to nominate a participant is entitled to appoint for each participant also a substitute who shall participate in the work of the Council in case the permanent participant's appearance is hindered.

1.4. The Chairman of the Council is the executive head of the structural unit (System Operator) responsible for the work of the payment systems of Eesti Pank who shall be substituted in case of his hindrance of appearance by a substitute appointed by him amongst the participants of the Council.

2. Work procedure of the Council

2.1. The work procedure of the Council is established by the present rules and regulations.

2.2. The main work form of the Council is a meeting. The Council shall realise its standpoints in the form of resolutions and recommendations. Participants of the Council shall participate in the work of the Court of Arbitration of the Payment System Experts in the order established in the rules and regulations of the Court of Arbitration of the Payment System Experts.

2.3. Participants of the Council are entitled to use the premises of Eesti Pank for their meetings.

3. Preparation of the meetings of the Council

3.1. An agenda of the meeting shall be drafted proceeding from the payment systems development plan, issues to be discussed decided at previous meeting, and also from the proposals made by the Chairman and participants of the Council.

3.2. A draft decision on the issue to be discussed at the Council meeting shall be drawn up by the participant of the Council who put the item on the agenda.

3.3. Papers of a regular meeting have to be submitted to the Chairman of the Council five workdays prior to the meeting day at the latest. Based on the submitted papers the Chairman of the Council shall draw up a draft agenda of the meeting.

3.4. The Chairman of the Council shall send the draft agenda of a regular meeting and materials belonging to it to the Council participants four days before the meeting at the latest.

3.5. Matters on which materials are submitted delayed or incompletely prepared may be included in the agenda only by the proposal of the Chairman of the Council before the agenda is confirmed. The final agenda will be confirmed in the beginning of the meeting.

4. The Conduct of the Council meetings

4.1. Meetings of the Council are conducted according to the need but not less frequently than once in three calendar months. Unless the Council decides otherwise, the meetings will take place in the premises of Eesti Pank.

4.2. The date of the next regular meeting shall be decided, as a rule, at the previous meeting. If the day of the next meeting is not decided at the regular meeting, the Chairman of the Council shall determine the date for the next meeting and inform the Council participants of it at least four days prior to the meeting. The agenda has to be added to the notice.

4.3. The Chairman of the Council shall convene in case of need an extraordinary meeting by his/her own initiative or by the proposal of at least two Council

participants. The proposal has to include the agenda of the proposed extraordinary meeting, a written explanation on the items on the agenda subject to discussion and all additional materials.

4.4. The Council meetings are chaired by the Chairman of the Council. In the absence of the Chairman the meeting is chaired by a substitute appointed by the Chairman.

4.5. The Council participants shall participate in the Council meetings. Unless the meeting decides otherwise, persons invited to the meeting by the proposal of the Chairman or the Council participant(s) may also take part in the meeting without voting rights.

5. Adoption of the Council resolutions, taking of minutes and fulfilment of resolutions

5.1. The Council forms a quorum if at least half of the Council participants participate, among them the Chairman or his/her substitute.

5.2. The Council resolutions shall be adopted by a majority vote of the Council participants participating in the Council meeting. If the votes are equal, the Chairman of the meeting has the casting vote. If the votes are equal and in case the Chairman abstains from voting, the resolution is adopted in favour of the person having made the proposal.

5.3. The Council resolutions shall be drawn up as a component of the minutes. The Council resolution shall enter into force after it has been passed, unless other date is established in the resolution.

5.4. Minutes of the Council meeting shall be taken by the minutes-taker appointed by the Chairman of the meeting. The minutes shall comprise the item discussed, proposals made, resolution passed, and the results of voting. The minutes shall be approved by the signature of the Chairman of the meeting and the minutes-taker.

5.5. A participant of the Council who had a dissenting opinion while adopting the resolution has the right to demand that his/her dissent to be recorded in the minutes or added to the minutes in writing.

5.6. The fulfilment of Council resolutions is arranged and controlled by the Chairman of the Council who informs the Council of that.

6. The keeping and delivering of the Council minutes

6.1. The keeping of the originals of the Council minutes shall be arranged by the Chairman of the Council.

6.2. The Council participants shall receive copies of the minutes of the Council meetings. Other persons may become acquainted with the matters concerning them with the permission of the Chairman of the Council.

6.3. The person having drafted the resolution may submit together with the draft resolution a list of the persons to whom the resolution should be sent. Unless the Council decides otherwise, a copy of the respective Council resolution is delivered to the persons listed in the form of an excerpt of the minutes of the Council meeting.

/signature/

Sven Meimer

Head of Financial Stability Department

8 January 2002

/signature/

Meelis Mark

Deputy Head of Legal Department

8 January 2002

Appendix 6
Approved by
Eesti Pank Governor's Decree
No 1 of 10 January 2002

RULES AND REGULATIONS OF THE ARBITRAL COURT OF THE COUNCIL OF PAYMENT SYSTEM EXPERTS

1. Competence of the Court of Arbitration of the Council of Payment System Experts

1.1. The Court of Arbitration of the Council of Payment System Experts (hereinafter the *Court of Arbitration*) settles disputes which arise from contractual and other legal relations between participants of the payment systems, which are administered by Eesti Pank or operating according to the procedure established by Eesti Pank, or regarding one or several participants of payment systems with the person organising the operation of payment system.

1.2. Participant of a payment system for the purposes of these Rules and Regulations is a person who is a party of at least one contract forming the basis of activity for a payment system from among the above stated payment systems.

1.3. The Court of Arbitration takes disputes for resolving if:

- 1) based on payment system basic documents or a contract, a party is entitled to submit each dispute already arisen or likely to arise to the Court of Arbitration for resolving;
- 2) a consent for resolving a dispute in the Court of Arbitration is expressed by the plaintiff by submission of a statement, and by the defendant by an action which shows his voluntary subordination to the jurisdiction of the Court of Arbitration.

1.4. Whether a dispute is subordinate to the jurisdiction of the Court of Arbitration is decided upon by the Council of Payment System Experts.

1.5. The term "Court of Arbitration" in these Rules and Regulations is used in the meaning of both an institution and a body of court.

2. Restrictions for participation for the participants of the Council of Payment System Experts related to the work of the Court of Arbitration

2.1. A participant of the Council of Payment System Experts who is directly or indirectly interested in the solution of the issue, or in respect of whom occur other circumstances which cast suspicion upon his or her impartiality, is not allowed to:

2.1.1. participate in or be present at the discussions or decision-making process concerning issues related to the work of the Court of Arbitration made by the Council of Payment System Experts;

2.1.2. be elected Chairman or arbiter of the Court of Arbitration.

2.2. A participant of the Council of Payment System Experts is considered interested in the proceeding of the case if he or she depends on some party of the procedure by job, service or something else. A participant of the Council of Payment System Experts can be considered interested in the proceeding of the case or his impartiality can be established under suspicion also in other circumstances. The existence of such circumstances must be proved by the participant of the Council of Payment System Experts applying for the implementation of participation restriction.

2.3. A proposal for the application of participation restriction can be submitted by each participant of the Council of Payment System Experts, including a participant in respect of whom participation restriction is applied.

2.4. If a participant of the Council of Payment System Experts in respect of whom participation restriction is applied objects to the participation restriction, simple majority of the Council of Payment System Experts decides the application of the participation restriction. A participant of the Council of Payment System Experts in respect of whom participation restriction is applied shall not vote in the decision-making.

2.5. Participants of the Council of Payment System Experts who have been elected Chairman of the Court of Arbitration or arbiter shall not participate in the discussion of issues related to the work of the Court of Arbitration or decision-making by the Council of Payment System Experts as far as it directly concerns the participanship of the Court of Arbitration the participants of which they are.

3. The body of the Court of Arbitration

3.1. Both parties have the right to nominate one arbiter from amongst the participants of the Council of Payment System Experts to the participanship of the Court of Arbitration or ask an arbiter to be nominated by the Council of Payment System Experts.

3.2. The arbiters, who have been selected for the resolving of the case by the parties or nominated by the Council of Payment System Experts, shall elect Chairman of the

Court of Arbitration from amongst the participants of the Council of Payment System Experts at least ten days after their election to their posts.

3.3. If the arbiters have not elected the Chairman of the Court of Arbitration by the term stated in Clause 3.2, the Council of Payment System Experts shall elect the Chairman of the Court of Arbitration on the 20th day after the selection of the arbiters at the latest.

3.4. A precondition for being elected Chairman or an arbiter of the Court of Arbitration is the written consent of the candidate for the post of the Chairman or arbiter of the Court of Arbitration.

4. Proceeding in the Court of Arbitration

4.1. The Court of Arbitration shall resolve a dispute based on a written application submitted to the Council of Payment System Experts.

4.2. The application shall include:

- 1) names and addresses of the parties;
- 2) the essence of the claim;
- 3) the circumstances the claim is based on and the evidence;
- 4) the name of the arbiter chosen by a party or an authorisation for the nomination of an arbiter for the Council of the Court of Arbitration.

4.3. The application shall be enclosed with the evidence justifying the claim, and names and contact details of witnesses whom the Court of Arbitration wishes to hear.

4.4. The Council of Payment System Experts checks whether the dispute belongs under the jurisdiction of the Court of Arbitration and decides whether it will be accepted to proceeding or rejected.

4.5. If the Council of Payment Systems Experts decides to accept an application for proceeding, the defendant is required to present an objection, which shall include its position on whether the dispute belongs under the jurisdiction of the Court of Arbitration, and, if it agrees to the dispute being resolved by the Court of Arbitration, then also its position on the content of the dispute. The objection shall be enclosed with the name of the arbiter selected by the defendant or the authorisation for the nomination of the arbiter for the Council of Payment Systems Experts, as well as the evidence justifying the positions of the objection, names and contact details of the witnesses whom the defendant wishes to be heard by the Court of Arbitration.

4.6. If the defendant agrees to the dispute being resolved by the Court of Arbitration, the Council of Payment Systems Experts endorses, according to the applications submitted by the parties, the arbiters belonging to the participants of the Court of Arbitration resolving the application, or, upon the request of the party or parties, determines the arbiter(s) itself.

4.7. Upon resolving the dispute, the Court of Arbitration shall be governed by substantive law norms, contract terms, customary practice, and these Rules and Regulations.

4.8. Any data, pursuant to which the Court of Arbitration is able to ascertain the existence or absence of such circumstances, which justify the claims or objections of the parties, are considered evidence in resolving the dispute.

4.9. Each party must prove the circumstances they refer to as the basis of their claims and objections.

4.10. The Court of Arbitration is entitled to claim the necessary evidence from the parties, either on its own initiative or on the submission of a respective application by another party.

4.11. The Court of Arbitration is entitled to hear the witnesses who have appeared at the hearing or appoint and invite experts to the hearing.

5. Deliberation of the matter

5.1. The Court of Arbitration, taking into consideration the wishes of the parties, shall determine the time and place for deliberation of the matter and notify the parties of it well in advance. In case the representative of a party is unable to participate in the hearing at the time determined, a written notification must be forwarded to the Chairman of the Court of Arbitration at least 24 hours prior to the designated beginning of the Court of Arbitration hearing, indicating the reason for the failure to appear and submitting an application for postponing deliberation of the matter or then for deliberation of the matter without the presence of the representative of the party notifying of the failure to appear.

5.2. The matter shall be deliberated at a closed hearing by Chairman of the Court of Arbitration, the arbiters, and the representatives of the parties. In case of the parties' respective application, the Court of Arbitration may deliberate the matter without the presence of the representatives of the parties.

5.3. If the representative of a party fails to appear to the hearing, and the party has not applied to the Court of Arbitration for postponement of the hearing according to the

requirements of Clause 5.1, or has applied for deliberation of the matter without the presence of the representative of the party, and the Court of Arbitration considers it possible to deliberate the matter in a just manner without the representative of the party, then the Court of Arbitration shall deliberate the matter without the presence of the representative of the party. If the party does not send its representative to the next hearing either, the Court of Arbitration is entitled to resolve the matter substantively, not taking into consideration the applications submitted by the party. In case the representatives of both parties do not appear to the hearing, deliberation of the matter shall be postponed by the Court of Arbitration.

5.4. The hearing of the Court of Arbitration shall be recorded in the minutes, where the name of the Court of Arbitration, the time and place of the hearing, names of the parties, arbiters, the representatives of the parties, witnesses, and experts, and a short description of the hearing shall be recorded.

5.5. The minutes shall be signed by Chairman of Court of Arbitration and the arbiters involved in deliberation of the matter.

6. Arbitral award and its execution

6.1. The Court of Arbitration shall resolve the dispute as promptly as possible, but no later than within three months as of the nomination of arbiters. In case of need, the Council of Payment Systems Experts may extend this time limit if the Chairman of Court of Arbitration submits a respective application.

6.2. The proceeding of the application results in arbitral award rendered by the Court of Arbitration.

6.3. The arbitral award is rendered by majority vote. The arbiter who remains a minority shall append his or her written personal dissention opinion to the award.

6.4. In case the parties reach an agreement on the solution of the dispute, they shall prepare a respective written agreement, the content of which is indicated in the arbitral award.

6.5. The conclusion of the award is announced immediately after rendering the award.

6.6. The arbitral award shall be formalised in writing, and in addition to the details subject to being recorded in the hearing minutes, it shall also contain the content of the dispute, the motives for the award, and the award about the claim.

6.7. The award shall be formalised and issued within twenty days as of the announcement at the latest.

6.8. The Court of Arbitration may supplement the award on its own initiative or at the parties' request, which shall be submitted within 20 days as of receiving of the award at the latest, by a complementary award in order to correct typing and calculation mistakes.

6.9. The parties execute the award voluntarily by the term set by the Court of Arbitration. In case a term has not been set, the award shall be executed immediately after it has been fixed.

6.10. After the award has been formalised, the materials shall be deposited with the Chairman of the Council of Payment Systems Experts.

7. Filing protests and disclosing the Court of Arbitration's award

7.1. The party in whose opinion the requirements set in the Rules and Regulations have been violated, shall immediately submit the opinion and the resulting possible application to the Council of Payment Systems Experts. In case such opinion and application is submitted after the award has been rendered, the Council of Payment Systems Experts shall not review the application.

7.2. The Court of Arbitration award may be disclosed only if both of the parties have granted their consent.

/signature/

Sven Meimer

Head of Financial Stability Department

8 January 2002

/signature/**Meelis Mark**

Deputy Head of Legal Department

8 January 2002

¹ No accession fee for the participants of the Eesti Pank settlement system

² No accession fee for the participants of the operating Eesti Pank settlement system