
Luminor Bank AS

Card Acceptance Rules

APPROVED

Edition of 07.06.2016 by the decision of the Management Board of AS DNB banka,
dated 07.06.2016

Effective from 09.06.2016

1. TERMS USED IN THE RULES AND INTERPRETATION OF THE RULES

1.1. The following terms shall have the following meaning in these rules (hereinafter - the "Rules"):

- 1.1.1. **Turnover** – the total sum of Transactions within a particular period of time;
- 1.1.2. **Authorisation** – a process whereby the Customer requests the Issuer to allow the Transaction using the Card Acceptance Device;
- 1.1.3. **Bank** – Luminor Bank AS, reg. No 11315936, address: Liivalaia 45, 10145, Tallinn, Republic of Estonia, represented within the Republic of Latvia by Luminor Bank AS Latvian branch, reg. No 40203154352, address: Skanstes iela 12, LV-1013, Riga, Republic of Latvia; homepage address in the Internet: www.luminor.lv; electronic mail address: info@luminor.lv;
- 1.1.4. **Transaction:**
 - 1.1.4.1. payment to the Customer for the delivered goods or provided services, made at the Point of Sale via the Card Acceptance Device whereby the Card User uses the Card (Card Data) to initiate the respective payment and the Customer uses the Card Acceptance Service;
 - 1.1.4.2. receiving of cash from the Customer in relation to the payment described in Clause 1.1.4.1, performed at the Point of Sale via the Card Acceptance Device whereby the Card User uses the Card (Card Data) to initiate the respective receiving of cash and the Customer uses the Card Acceptance Service (hereinafter also referred to as the Cash Withdrawal Transaction);
- 1.1.5. **Source Documents** – documents that confirm identification of the Card User and their participation in the performance of the particular Transaction (e.g. Transaction receipt, cash register receipt) and other documents related to the Transaction;
- 1.1.6. **Close of the Day Procedure** – actions to be taken by the Customer to survey the information related to the Authorisations performed during the day at the Point of Sale;
- 1.1.7. **Security Deposit** – financial assets payable to the Security Deposit Account in accordance with the Agreement to be used for performance of the Secured Obligations in the cases specified in the Agreement;
- 1.1.8. **Security Deposit Account** – the Customer's current or term deposit account opened with the Bank, the account number of which is indicated in the Agreement and the financial assets deposited in which the Bank will use for performance of the Secured Obligations in the cases specified in the Agreement;
- 1.1.9. **Security Deposit Availability Term** – the term specified in the Agreement within which the Customer has the obligation to ensure that the Security Deposit is freely available to the Bank in the Security Deposit Account;
- 1.1.10. **Financial Pledge** – the financial pledge of the Financial Collateral established pursuant to the Rules for the benefit of the Bank;
- 1.1.11. **Financial Collateral** – all deposits of the Customer with the Bank (both present and future) and all funds that otherwise owed (that will be owed in the future) by the Bank to the Customer, which in accordance with the law may be an object of financial pledge;
- 1.1.12. **Instructions** – the Bank's or Installer's instructions, requirements, guidelines, descriptions and any other information prepared by the Bank or Installer in respect to the Card Acceptance Service available to the Customer at the Places of Service during the Bank's working hours upon the Customer's request, or at the Bank's homepage;
- 1.1.13. **Issuer** – a credit institution or another person who issued the Card;
- 1.1.14. **Card Acceptance Device** – an electronic device (e.g. a POS terminal, integrated cash register system, imprinter) by means of which the Transaction is performed;
- 1.1.15. **Operation Manual of the Card Acceptance Device** – the Installer's provisions that are binding on the Customer in relation to use of the Card Acceptance Device that the Customer receives from the Installer under the Agreement;

- 1.1.16. **Rules of Card Organization:**
- 1.1.16.1. in relation to Transactions with Cards of the system created, managed or otherwise controlled by Visa – regulatory enactments and other documents issued or approved by Visa (e.g., *Articles of Association of Visa Europe Limited, Visa Europe Limited Operating Regulations*);
- 1.1.16.2. in relation to Transactions with Cards of the system created, managed or otherwise controlled by MasterCard – regulatory enactments and other documents issued or approved by MasterCard (e.g., *Bylaws of MasterCard International Incorporated, MasterCard Rules, Maestro Global Rules*);
- 1.1.17. **Card Acceptance Service** – a service of acceptance of payment cards of the system created, managed or otherwise controlled by Visa or MasterCard that the Bank provides to the Customer in accordance with the Agreement for the purpose of performance of Transactions;
- 1.1.18. **Card:**
- 1.1.18.1. a payment card of the system created, managed or otherwise controlled by Visa (e.g., *Visa Classic, Visa Electron*) that is used to perform the Transaction;
- 1.1.18.2. a payment card of the system created, managed or otherwise controlled by MasterCard (e.g., *MasterCard, Maestro*) that is used to perform the Transaction;
- 1.1.19. **Card Data** – information regarding the Card number, expiry, verification code;
- 1.1.20. **Card User** – a natural person whose name and surname is indicated on the Card and who has an agreement with the Issuer regarding use of the Card issued by the latter or who has been otherwise authorised to perform Transactions with the Card;
- 1.1.21. **Customer** – the person who has concluded the Agreement with the Bank;
- 1.1.22. **Parties** – the Customer and the Bank (collectively);
- 1.1.23. **Party** – each of the Parties individually;
- 1.1.24. **Contractual Payment** – a payment that the Customer has the obligation to make to the Bank under the Agreement;
- 1.1.25. **Agreement** – the agreement between the Parties regarding the Card Acceptance Service (together with the Rules and other documents that regulate the terms and conditions of the abovementioned agreement, as agreed by the Parties);
- 1.1.26. **Secured Obligations** – all of the Customer's payment obligations arising out of the Agreement (both the existing and contingent liabilities and payment obligations subject to conditions suspensive and resolutive);
- 1.1.27. **Payment Card Organization** – MasterCard or Visa;
- 1.1.28. **MasterCard** – the international payment card organization *MasterCard International Incorporated*, its subsidiaries and companies otherwise affiliated to *MasterCard International Incorporated*;
- 1.1.29. **Appendix** – Appendix to the Rules, specifying the information on the amount of Interchange Fees and fees imposed by Payment Card Organizations. The Appendix is available to the Customer at the Places of Service during the business hours of the Bank upon the Customer's request or at the Bank's homepage or provided by the Installer;
- 1.1.30. **Application** – the written application, in the form set by the Bank, that the Customer has submitted to the Bank upon applying for the Card Acceptance Service at a particular Point of Sale;
- 1.1.31. **Complaint** – a complaint submitted by the Issuer pursuant to a request from the Card User to the Bank (including with mediation of Visa or MasterCard), disputing a Transaction in any part thereof and receiving from the Bank the amount of the disputed Transaction. Such complaint will be reviewed in line with the procedure stipulated under the Rules of the Card Organization;
- 1.1.32. **Initial Security Deposit Amount** – the amount of the Security Deposit determined at the time of entering into the Agreement and indicated in the Agreement;
- 1.1.33. **Interchange Fee** – a fee payable by the Bank either directly or indirectly to the Issuer in relation to the performance of every Transaction;
- 1.1.34. **Point of Sale** – the Customer's point of sale indicated in the Application, where the Transactions are performed;
- 1.1.35. **Installer** – a person who, under an agreement between the person and the Bank, installs at the Point of Sale the Card Acceptance Device that is either the property of the person or is otherwise legally at the disposal of the person, delivers the respective Card Acceptance Device to the Customer and accepts the Card Acceptance Device from the Customer, and services the Card Acceptance Device in the event the respective Card Acceptance Device is to be installed at the Point of Sale according to the Application;
- 1.1.36. **Further Security Deposit Amount** – the amount of the Security Deposit that is determined in accordance with the Agreement after the Agreement has been entered into;
- 1.1.37. **Visa** – the international payment card organization *Visa Europe Limited*, its subsidiaries and companies otherwise affiliated to it;
- 1.1.38. **General Terms** – the Bank's General Terms and Conditions.

- 1.2. Unless otherwise provided in the Rules and unless the context requires otherwise:
 - 1.2.1. references to Chapters, Clauses or Sub-clauses in the Rules mean references to the Chapters, Clauses or Sub-clauses of the Rules (respectively);
 - 1.2.2. terms, that are explained in singular in Clause 1, shall be interpreted accordingly also when in the Rules these terms are used in plural and vice versa;
 - 1.2.3. the terms used in the Rules, that are not no explained in Clause 1, correspond to the terms used in the General Terms;
 - 1.2.4. the terms used in the Agreement correspond to the terms used in the Rules;
 - 1.2.5. the term "person" in the Rules shall also mean a group of persons that does not have the status of a legal person, but which is recognised as subject of the law (e.g., a partnership);
 - 1.2.6. reference in the Rules to any document includes a reference to that document with all amendments thereto and any novations thereof.
- 1.3. The reference to the Agreement in the Rules also includes a reference to the Rules.
- 1.4. Headings of the Chapters in the Rules are included for convenience only, not for interpretation of the Rules.
- 1.5. If any of the parts of the Rules is invalid or becomes such the other parts of the Rules shall not be affected by this.
- 1.6. In case of discrepancies between the text of the Rules in Latvian and the text of the Rules in foreign language the text of the Rules in Latvian shall prevail.

2. GENERAL ISSUES

- 2.1. The Rules govern the legal relationships between the Parties in relation to the Card Acceptance Service.
- 2.2. The List of Conditions and General Terms shall also apply to the legal relationships between the Parties in relation to the Card Acceptance Service, unless otherwise provided in the Rules.
- 2.3. The rendering and receiving of the Card Acceptance Service under the Agreement is also subjected to the requirements of the Rules of Card Organizations to the extent they apply to the legal relationships between the Parties in relation to the Card Acceptance Service.
- 2.4. The Bank is entitled to amend the Rules unilaterally in accordance with the General Terms.
- 2.5. By entering into the Agreement the Customer represents that:
 - 2.5.1. the Customer has the necessary knowledge, qualification, experience, authority and all necessary licences and certificates that are necessary according to the legal enactments to offer the delivery of goods and rendering of services at the Point of Sale, as well as to enter into and perform transactions of the delivery of the respective goods and rendering of the respective services;
 - 2.5.2. the Customer's right to offer the delivery of goods and rendering of services at the Point of Sale and the Customer's right to enter into and perform transactions of the delivery of the respective goods and rendering of the respective services are not restricted either administratively or by the court or otherwise.
- 2.6. The Customer shall maintain the validity of all licences, permits and certificates indicated in Clause 2.5 over the entire term of validity of the Agreement and submit copies of the abovementioned documents to the Bank (by presenting the original document) upon the latter's request. The Customer shall notify the Bank within 5 (five) business days on that:
 - 2.6.1. the Customer's right to offer the delivery of goods and rendering of services via the Point of Sale are restricted either administratively or by the court or otherwise;
 - 2.6.2. the Customer's right to enter into and perform transactions of the delivery of the respective goods or rendering of the respective services are restricted either administratively or by the court or otherwise.
- 2.7. The Customer shall notify the Bank on any other changes to the information that the Customer provided to the Bank in relation to the Agreement within 5 (five) business days after the introduction or occurrence of the changes concerned.
- 2.8. The Customer shall provide to the Bank information requested by the latter regarding the Customer's financial standing, property and all encumbrances thereof. Such data shall be provided within the term indicated by the Bank that may not be shorter than 5 (five) business days counted from the date of receipt of the respective request of the Bank.
- 2.9. The Customer shall not transfer the rights enjoyed by the Customer or the obligations undertaken by the Customer in accordance with the Agreement to a third party without prior written consent of the Bank.

3. GENERAL OBLIGATIONS OF THE CUSTOMER RELATED TO ACCEPTANCE OF CARDS

- 3.1. The Customer shall submit a separate Application to the Bank for each Point of Sale.
- 3.2. The Customer shall use only such Card Acceptance Devices that have valid 1st (first) and 2nd (second) level approvals issued by EMVCo, LLC, the information regarding of which is available at the Internet homepage of EMVCo, LLC (<http://www.emvco.com>). The Customer shall ensure the compliance of the Card processing infrastructure with the Payment Card Industry Data Security Standards (*PCI DSS*), the

information regarding which is available at the Internet homepage of the PCI Security Standards Council (<https://www.pcisecuritystandards.org>).

- 3.3. At the Point of Sale Transactions may be performed by means of one or several Card Acceptance Devices. Each separate Card Acceptance Device may perform Transactions in only one currency.
- 3.4. Upon the arrangement of the Transaction with a Card the Customer shall clearly indicate the amount and currency of the Transaction in the Source Document.
- 3.5. The Customer shall ensure that the Close of the Day Procedure is performed every day during which Transactions have been performed by means of the Card Acceptance Device.
- 3.6. At each Point of Sale the Customer may accept valid Cards that are presented according to the relevant Instructions as a means of payment only for such goods and services that correspond to the type of business of the respective Point of Sale indicated in the Application.
- 3.7. The Customer shall immediately notify the Bank on each occasion when the Customer has identified suspicious actions with a Card or he has doubts regarding the genuineness of the Transaction, and on each occasion of illicit use or attempted illicit use of the Card Acceptance Device. The Parties shall use the contact information of the Parties indicated in the Agreement for the purpose of information exchange in relation to the cases described in this Clause.
- 3.8. The Customer shall store Source Documents for a period of at least 2 (two) years after the date of the Transaction and to submit such to the Bank not later than within 3 (three) business days after the date of receipt of a respective request from the Bank.
- 3.9. The Customer shall store the Card Data in the Card Acceptance Device in an unchanged format until the delivery of the relevant data to the Bank.
- 3.10. The Customer shall cooperate with the Bank, Visa and MasterCard upon examination of Transactions or supervision of the Customer and the Point of Sale performed by the abovementioned. Having received a request from the Bank, Visa or MasterCard, the Customer shall ensure that it is possible for the respective person to conduct examination of the Customer and the Point of Sale, access all necessary information related to Transactions and the Point of Sale, as well as immediately, but not later than within 2 (two) business days provide any other information requested by the Bank, Visa or MasterCard. The Bank and the Installer may verify whether the Customer complies with all provisions of the Agreement that concern the use of the Card Acceptance Device and that no other devices of acceptance of Cards are connected at the Point of Sale.
- 3.11. The Customer shall ensure that Visa and MasterCard graphic logotypes of relevant design and colour (including, but not limited to Visa, MasterCard and Maestro graphic logotypes – depending on the type of the Cards accepted at the Point of Sale), which inform about the acceptance of the particular Cards, are available at the Point of Sale in a manner easily perceivable by the Card User. The graphical logotypes used at the Point of Sale shall not differ from each other as to their size and placement at the Point of Sale.
- 3.12. The Customer shall be prohibited to:
 - 3.12.1. charge an additional fee for Card payments, except in cases where charging of such fee is mandatory subject to the applicable regulatory enactments or the Bank has agreed to charging of such additional fee in line with the Rules of Card Organizations. Where charging of the additional fee is mandatory due to the applicable regulatory enactments, such additional fee shall be included in the amount of the Transaction and shall not be separately charged;
 - 3.12.2. determine minimum and maximum Transaction amounts as well as place any announcements at the Point of Sale indicating that such amounts are determined;
 - 3.12.3. divide a Transaction in several parts in order to avoid Authorisation of the Transaction and arrangement thereof for the full amount;
 - 3.12.4. perform Transactions without physical presence of the Card at the Point of Sale, except in cases provided in Chapter 5;
 - 3.12.5. accept the Card as a mean of payment for refinancing or discharge of existing liabilities or for business operations performed by a third party;
 - 3.12.6. issue a commercial cheque, bill of exchange or another document that may be used for further payments;
 - 3.12.7. disburse cash or arrange a noncash transfer to the Card User where it is necessary to repay the Transaction amount to the Card User;
 - 3.12.8. request and use the Card User's Card or the account number linked to the Card for any purposes other than the performance of Transactions;
 - 3.12.9. allow that Source Documents become available to third parties;
 - 3.12.10. cumulate information about the Card User, Card Data and any other information related to acceptance of Cards and the Card User outside the Card Acceptance Device, use such information and disclose it to third parties (except in cases where provision of information is stipulated by applicable regulatory enactments);
 - 3.12.11. use such Card Acceptance Device that copies, records or otherwise saves information that is contained in the Card's magnetic strip or microchip in the Customer's data processing systems;

- 3.12.12. allow that Cards are accepted via Card Acceptance Devices by such employees of the Customer who have not been trained to accept Cards and have not been acquainted with Customer's duties and liability provided in the Agreement;
- 3.12.13. place the Card Acceptance Device so that a third party may freely, without being monitored on the part of the Customer access the Card Acceptance Device and use it;
- 3.12.14. store Card PIN code, PIN code block, full magnetic strip and microchip (EMV chip) data together with Card Data in the Card Acceptance Devices owned or used by the Customer or any other systems owned or used by it (e.g. video surveillance systems);
- 3.12.15. use the name of Visa or MasterCard or any other information regarding Visa or MasterCard (including, but not limited to Visa and MasterCard graphic logotypes) in advertisements, announcements or in any other manner without prior written consent of the Bank;
- 3.12.16. use the name of the Bank or any other information related to the Bank (including, but not limited to the Bank's graphic logotype) or information related to the services provided in accordance with the Agreement in advertisements, announcements or in any other manner without prior written consent of the Bank;
- 3.12.17. place notifications at the Point of Sale regarding that the Bank, Visa or MasterCard support or advise the goods or services offered by the Customer;
- 3.12.18. demonstrate any type of biased attitude towards Card Users depending on identity of the Card User or Issuer (including, but not limited to different handling of Transactions with Cards issued by different Issuers or Cards of different payment card systems), except in cases when prior written consent of the Bank has been received.

4. INSTALLATION, ACCEPTANCE, USE AND DELIVERY OF THE CARD ACCEPTANCE DEVICE

- 4.1. The provisions of Clause 4.2 and further Clauses shall apply to such Card Acceptance Device as the Customer receives from the Installer subject to the Agreement.
- 4.2. The Bank shall ensure that the Installer supplies to the Customer and installs at the Point of Sale the Card Acceptance Devices indicated in the Application (fully set, in working order and sealed) in the quantity indicated in the Application and provide the Customer with the Operation Manual of the Card Acceptance Device within 5 (five) business days after the date on which an Application, in the form and substance acceptable to the Bank has been submitted to the Bank and the preconditions for installation of the respective Card Acceptance Devices at the particular Point of Sale have been met. The Customer shall cover the expenses related to the training of the Customer's employees to work with the Card Acceptance Device, as well as expenses related to the installation of the Card Acceptance Device at the particular Point of Sale (for example, costs of installing the relevant electronic communication networks and electric wiring connections, costs of purchasing the equipment, devices and gadgets necessary to connect the Card Acceptance Device to the electronic communication network and the functioning thereof).
- 4.3. An acceptance-delivery statement in 3 (three) counterparts shall be completed for the supply and installation of each Card Acceptance Device, signed by the Customer and the Installer: 1 (one) counterpart for the Customer, 1 (one) counterpart for the Installer and 1 (one) counterpart for the Bank. The Customer's signature under the acceptance-delivery statement shall confirm, among other things, that the Installer has provided the Customer with the Operation Manual of the Card Acceptance Device and that the Customer has become familiar with it and undertakes to comply with the same.
- 4.4. The Customer shall use the Card Acceptance Device for the acceptance of Cards at the Point of Sale according to the Operation Manual of the Card Acceptance Device.
- 4.5. The Customer shall ensure that the Card Acceptance Device is preserved in its full setting and working order, including preservation of the sealing.
- 4.6. If damage occurs to the Card Acceptance Device or the labelling thereof, the Customer shall immediately notify the Installer by calling any of the telephone numbers indicated on the respective Card Acceptance Device.
- 4.7. The Customer shall not use other devices for acceptance of Cards at the Point of Sale without a written permission of the Bank.
- 4.8. The Customer may consult the Installer regarding issues related to the use of the Card Acceptance Device by calling any of the telephone numbers indicated on the Card Acceptance Device.
- 4.9. During the validity period of the Agreement the Customer may terminate use of any individual Card Acceptance Device by notifying the Bank thereof not later than 30 (thirty) days in advance. The Customer shall deliver the respective Card Acceptance Device (in full setting, in working order and sealed) to the Installer within 3 (three) days after the expiry of the term of use of the respective Card Acceptance Device.
- 4.10. Within 3 (three) business days after the expiry of the Agreement the Customer shall deliver to the Installer all Card Acceptance Devices (in full setting, in working order and sealed) at the disposal of the Customer.

5. SPECIAL PROVISIONS REGARDING CASH DISBURSEMENT TRANSACTIONS AND TRANSACTIONS WITHOUT PHYSICAL PRESENCE OF THE CARD

- 5.1. The Customer may perform Cash Disbursement Transactions at the Point of Sale only in the cases when it is indicated in the Application. The limit of one Cash Disbursement Transaction shall be EUR 100.00 (one hundred euro).
- 5.2. The Customer may perform Transactions without physical presence of the Card at the Point of Sale in the cases where in the Application is provided that Customer at the Point of Sale will make Transactions without physical presence of the Card and the Bank has accepted it (including Transactions related to the car rental services or services of guest accommodation at guest accommodation lodgings provided by the Customer). In such cases the Customer shall clearly and unambiguously inform the Card User prior to the performance of the Transaction on that the Customer will arrange or may arrange the Transaction without physical presence of the Card and that the Customer will perform or may perform pre-authorisation.
- 5.3. The Customer should take into consideration the enhanced risks for Complaints under the Rules of Card Organizations in case of Transactions without physical presence of the Card, which may result in the Customer's duty under the Agreement to refund the Transaction amount to the Bank.

6. COMPLAINTS

- 6.1. The Bank shall notify the Customer on each received Complaint by communicating it to the Customer's contact person indicated in the Agreement and requesting submission of Source Documents.
- 6.2. Within 3 (three) business days after the Customer has received the Bank's notice regarding the Complaint the Customer shall either recognise the Complaint as substantiated and inform the Bank respectively or disprove the Complaint by submitting to the Bank the Source Documents requested by the latter and the Customer's written explanation.
- 6.3. If the Customer fails to submit to the Bank the requested Source Documents and the Customer's written explanation within the term indicated in Clause 6.2, the Bank may assume that the Customer has found the respective Complaint to be substantiated.
- 6.4. The Customer shall, immediately but not later than within 2 (two) business days after the Customer has received the Bank's notice of the Complaint, pay to the Bank the amounts of the Transactions regarding which the Complaints have been received, as well as cover all other expenses related to the received Complaints and the contesting thereof.
- 6.5. The Parties may use electronic mail to send the notices and other information related to Complaints.

7. PAYMENTS

- 7.1. Within 3 (three) business days after the completion of the Close of the Day Procedure with the Card Acceptance Device the Bank shall pay to the Customer the amounts of the Transactions regarding which the Close of the Day Procedure was performed on the respective date. Upon paying the abovementioned amounts to the Customer the Bank shall deduct the Service Fees related to the Transactions. The Bank shall pay the amounts indicated in this Clause to the Customer in the currency in which the respective Transactions were performed by transferring the relevant amounts of cash to the Customer's current account indicated by the Customer in the Application for the purpose of receipt of such amounts.
- 7.2. If the Customer has not performed the Close of the Day Procedure with the Card Acceptance Device for more than 5 (five) consecutive days, the Bank may postpone the payment of the amounts owed to the Customer as stated in Clause 7.1 until the Customer performs the obligations under Clause 3.5 regarding the Close of the Day Procedure.
- 7.3. If a Complaint has been received regarding a Transaction the Bank may withhold the amount of the respective Transaction in the Customer's account for the period that does not exceed 180 (one hundred eighty) days.
- 7.4. If additional examination is necessary in relation to a Transaction pursuant to the Rules of Card Organizations, the Bank may withhold the payment of the amount of the respective Transaction to the Customer for the period of such examination.
- 7.5. The amounts owed to the Bank in accordance with the Rules shall be debited from the Customer's accounts which are opened with the Bank in accordance with the General Terms and the Bank's Account Maintenance and Card Usage Rules. The Bank shall have the right also to deduct amounts owed to the Bank in accordance with the Rules from the amounts of the Transaction amounts owed to the Customer.
- 7.6. If the Bank has to perform currency exchange in order to make Contractual Payment, such currency exchange shall be performed at the currency exchange rate set by the Bank and effective at the time when the respective amount is debited (Clause 7.5). The provisions of this Clause shall also apply if the Contractual Payment is made through the Bank having exercised Financial Pledge.
- 7.7. If it is not possible to make a Contractual Payment according to the procedure specified in Clause 7.5, the Customer shall make such Contractual Payment to the Bank not later than within 5 (five) business days after the receipt of a respective request from the Bank.

8. FINANCIAL COLLATERAL

- 8.1. In order to secure performance of the Secured Obligations the Customer shall pledge to the Bank the Financial Collateral in accordance with the provisions of this Clause and further Clauses. The Security Deposit is a part of the Financial Collateral and the Financial Pledge applies to it.
- 8.2. The Financial Pledge of the Financial Collateral shall be effective until the expiry of the Complaint submission term and the term of availability of the Security Deposit, as well as all Secured Obligations have been performed and the Bank is released under the Agreement from all obligations of any payments to third parties.
- 8.3. By entering into the Agreement the Customer represents to the Bank that the Customer may freely deal with the Financial Collateral (also to pledge it in accordance with the Rules) and also that the Financial Collateral has not been pledged to any other person or otherwise encumbered. In respect of the Customer's future deposits with the Bank and the funds which otherwise will be owed in the future by the Bank to the Customer and which, in accordance with the law, may be an object of financial pledge the representations indicated in this Clause shall be deemed to be made by the Customer at the time when the respective deposits (funds) become a part of the Financial Collateral.
- 8.4. During the time when the Financial Pledge is effective the Customer shall not, without prior written consent of the Bank, pledge or otherwise encumber the Financial Collateral (any part thereof), or exercise its other rights in respect of the Financial Collateral (any part thereof) if such exercising of the rights contradicts the obligations of the Customer arising out of the Rules or in any manner whatsoever terminates or limits the rights of the Bank granted to it by the Rules.
- 8.5. Subject to the restrictions regarding dealing with the Financial Collateral set out in the Rules and in other agreements between the Parties, the Customer may deal with the Financial Collateral. However, if the Bank exercises its right in respect of the Financial Collateral in accordance with the Rules, all Bank's claims for the securing of which the Financial Collateral has been pledged in accordance with Rules shall be satisfied at first and only after satisfaction of such claims the Customer shall be entitled to deal with the remaining part of the Financial Collateral (if any).
- 8.6. If the Customer delays the Contractual Payment, the Bank shall be entitled, without prior notification thereof to the Customer, to suspend debit Operations with the Financial Collateral (any part thereof) and apply the Financial Collateral (any part thereof) to make the respective Contractual Payment. In such case at first the funds shall be debited from the accounts opened in the currency in which the respective Contractual Payment has to be made under the Rules.
- 8.7. If the Financial Collateral is pledged to secure the Bank's claims arising out of several different grounds (agreements), then upon occurrence of the basis for applying of the Financial Collateral to discharge of the Bank's claims the Bank is entitled to choose for discharge of what claims and in what amount the Financial Collateral shall be applied.
- 8.8. Amendments to and novations of the provisions of Secured Obligations shall in no manner whatsoever terminate or limit the Financial Pledge or other rights of the Bank granted to it under the Rules in respect of the Financial Collateral, and furthermore they shall in no manner whatsoever release the Customer from the obligations that it have assumed under the Rules in respect of the Financial Collateral.
- 8.9. The Financial Pledge shall also secure the performance of such Secured Obligations that arise out of any amendments to the provisions of the Secured Obligations and any novations of the provisions of the Secured Obligations (including, but not limited to such amendments to the provisions of Secured Obligations and such novations of the provisions of the Secured Obligations that decrease or increase the payable amount, decrease or increase the interest rate or reduce or extend the payment term).
- 8.10. Unless otherwise provided in the Rules, the provisions of Clauses 8.8 and 8.9 shall also apply in the case the amendments to and novations of the provisions of Secured Obligations have been made without prior notice thereof to the Customer and without receipt from the Customer consent to the making thereof, as well as in the event the regulatory enactments which apply to the Secured Obligations allow for such procedure of amending or novation (respectively) of the provisions of the Secured Obligations.

9. THE SECURITY DEPOSIT

- 9.1. To ensure the performance of the Secured Obligations the Customer shall pay the Security Deposit to the Bank. The provisions of calculation, payment and use of the Security Deposit are specified in Clause 9.2 and the following Clauses.
- 9.2. The Customer shall ensure that the Security Deposit in the amount specified in the Agreement is freely available to the Bank in the Security Deposit Account over the entire validity term of the Agreement and additionally for 4 (four) calendar months after the expiry of the Agreement.
- 9.3. For the purposes of the Agreement it is deemed that the Security Deposit is freely available to the Bank in the Security Deposit Account, provided no prohibition to debit the Security Deposit Account for the Security Deposit under the Agreement or no prohibition to use the Security Deposit for the compliance with the Secured Obligations under the Agreement has been imposed as provided for by regulatory enactments.
- 9.4. Upon entering into the Agreement the amount of the Security Deposit shall be equal to the amount of the Initial Security Deposit. As of the next calendar month after the signing of the Agreement, 1 (one) time within a calendar month – by the 10th (tenth) date of each respective month – the amount of the Security

Deposit for the next period of time will be stated in line with the provisions of the Agreement regarding the calculation of the Further Security Deposit Amount.

- 9.5. If the Further Security Deposit Amount calculated according to Clause 9.4 is smaller than the Initial Security Deposit Amount, the Further Security Deposit Amount shall be equal to the Initial Security Deposit Amount for the period of time until the next date of stating the Further Security Deposit Amount.
- 9.6. Should the Bank have any grounds to believe that it may incur any loss or expenses in relation to the Agreement, the amount of which may exceed the amount of the Security Deposit stated according to Clause 9.4 and 9.5, the Bank may unilaterally increase the amount of the Security Deposit specified under the Agreement by notifying the Customer thereof not later than within 3 (three) business days.
- 9.7. If the amount of the Security Deposit freely available to the Bank in the Security Deposit Account is from time to time smaller than the Security Deposit amount specified under the Agreement, the Customer shall without delay transfer to the Security Deposit Account cash assets in the amount that is equal to the difference between the amount of the Security Deposit specified under the Agreement and the amount of the Security Deposit freely available to the Bank in the Security Deposit Account.
- 9.8. Should the Bank consider that the Bank may incur any loss or expenses in relation to the Agreement after the expiry of the Security Deposit Availability Term, the Bank may at any time unilaterally extend the Security Deposit Availability Term for the period of time that the Bank deems necessary. Within such period of time the amount of the Security Deposit shall not be recalculated – it shall remain as it was at the time when the Bank decided to extend the Security Deposit Availability Term.
- 9.9. The debit Operations with the Security Deposit (or any part thereof) except debit Operations that are necessary for execution of the Contractual Payments in accordance with the Rules in the cases specified in the Rules shall be suspended until the expiry of the Security Deposit Availability Term.
- 9.10. If claims by third person have been addressed to the Security Deposit (any part thereof) or the Financial Pledge over the Security Deposit (any part thereof) has been challenged or become invalid, the Customer shall, upon the request of the Bank, provide to the Bank additional security, acceptable to the Bank, in order to secure performance of the Secured Obligations. Such additional security shall be provided within the term indicated by the Bank.
- 9.11. If a third person raises claims for the Security Deposit (any part thereof) by disputing the Financial Pledge to the Security Deposit (any part thereof), the Customer shall hold harmless the Financial Pledge and compensate the Bank for all loss and expenses incurred in relation to the disputing of the Financial Pledge.

10. LIABILITY

- 10.1. Unless the Rules specify otherwise, each Party shall be liable towards the other for the failure or insufficient performance of its obligations arising from the Agreement subject to the General Terms.
- 10.2. The Customer shall indemnify the Bank against all expenses and loss that the Bank has incurred in relation to the Point of Sale, Transactions, Complaints and other issues related to the acceptance of Cards, including, but not limited to:
 - 10.2.1. any payments required by Visa and MasterCard in relation to the Customer and the Point of Sale;
 - 10.2.2. any payments in all cases when the Issuer submits substantiated Complaint disputing a Transaction in cases specified in the Rules of Card Organization (i.e. the Card User has refused the Transaction, the Transaction is fraudulent, the Card User has not received the goods or services purchased within the Transaction etc.);
 - 10.2.3. loss and expenses incurred by the Bank where the Customer uses the Card Acceptance Device for provision of services or selling of goods that do not correspond to the Customer's type of business indicated in the Application;
 - 10.2.4. loss and expenses related to damage, destruction, theft, robbery or other manner of loss of the Card Acceptance Device or renewal of damaged labelling of a Card Acceptance Device;
 - 10.2.5. any payments requested by the Installer with regard to the Customer's failure or insufficient performance of his obligations related to the installation at the Point of Sale of a Card Acceptance Device that the Customer receives from the Installer under the Agreement, the acceptance from the Installer thereof, and use and delivery to the Installer thereof.
- 10.3. The Bank shall not be held liable for the goods and services offered at the Point of Sale (including, but not limited to the quality, price and delivery of the goods and services), for the operation of the Point of Sale as well as for any claims between the Customer and the Card Users.

11. INTEREST AND CONTRACTUAL PENALTY

- 11.1. If by the set due date the Customer does not make to the Bank any of the Contractual Payments the Customer shall pay to the Bank the interest of 0.05% (five hundredth of the percentage point) of the overdue Contractual Payment per each day of delay.
- 11.2. For failure or partial failure of the obligations under the Agreement the Customer shall, upon the Bank's request, pay to the Bank contractual penalty in the amount of EUR 100.00 (one hundred euro) for each day of failed or insufficiently performed obligations and immediately rectify the concerned violation, provided it is subject to rectifying.

- 11.3. Should the Bank establish that any goods or services that do not correspond to the Customer's type of business indicated in the Application are being sold using the Card Acceptance Device, the Customer shall, upon the Bank's request, pay to the Bank contractual penalty in the amount equal to the sum of the Transactions performed by means of the respective Card Acceptance Device during the previous calendar month.
- 11.4. Payment of the contractual penalties set forth in the Agreement does not release the Customer from the obligation to fulfil the Agreement, as well as does not affect the amount of loss to be reimbursed, and it may not be added to reimbursement of loss.
- 11.5. The provisions of Clause 11.1 regarding the interest payable on defaulted Contractual Payments and the provisions of Chapter 11 regarding contractual penalties shall apply to the extent of the restrictions applicable to the amount of such interest and penalties (respectively) pursuant to regulatory enactments.
- 11.6. Should the Bank have any suspicion concerning the unlawfulness of a Transaction the Bank may, at its own discretion, suspend the operation of the Card Acceptance Device by means of which the respective Transaction has been performed and other Card Acceptance Devices at the concerned Point of Sale until final clarification of circumstances.

12. CONFIDENTIALITY AND PROCESSING OF PERSONAL DATA

- 12.1. The Customer shall not, with consideration of the exceptions set forth in the Agreement, disclose to any third party the confidential information that the Customer has obtained in relation to the Agreement. With consideration of the exceptions specified in Clause 12.2, the confidential information for the purposes of this Clause (hereinafter also - "Confidential Information") is deemed to be the information of the content of the Agreement or any other document related to the Agreement, the Card User's personal data, Card Data, information on the Bank's services or business, any information that is deemed the Bank's trade secret, as well as any other information that the Bank orally or in writing refers to as confidential information, as well as any other information the becoming available of which to a third party may cause loss to the Bank. The Customer shall not use confidential information for any purposes other than related to the Agreement.
- 12.2. The following shall not be deemed the Confidential Information:
 - 12.2.1. information that is general knowledge or available on the public domain at the time of disclosure thereof, or becomes such otherwise than by the fault of the Customer;
 - 12.2.2. information that is lawfully known to the Customer at the time of receipt thereof and that the Customer is entitled to disclose without any restrictions;
 - 12.2.3. information that the Bank provides to a third party without any restrictions regarding the disclosure of such information;
 - 12.2.4. information provided to the Customer by a third party who has acquired such information in a lawful manner and is entitled to disclose it without any restrictions;
 - 12.2.5. information on Service Fees and Interchange Fees related to the Transactions performed by the Cards whose Issuer is located in a country of the European Economic Area.
- 12.3. To prevent disclosure of the Confidential Information the Customer shall take reasonable measures of preservation of such information, which shall not be less strict than the measures taken by the Customer for the protection of his own information of similar nature.
- 12.4. The Customer shall ensure that the Confidential Information is available only to those employees, officials, proxies and invited experts (specialists) of the Customer, who needs the respective information to perform their designated assignments or other duties within the limits of the legal relations between these persons and the Customer.
- 12.5. The Customer may disclose the Confidential Information to a third party provided the Customer's rights or obligations to disclose the respective information to such third party are stipulated by the applicable regulatory enactments or the provisions of the Agreement.
- 12.6. The Customer shall compensate the Bank for loss caused to the Bank through the Customer's acts or omissions as a result of unlawful disclosure or use of the Confidential Information.
- 12.7. The Customer shall ensure that the personal data acquired during the course of performance of the Agreement are processed in line with the requirements of the applicable regulatory enactments.
- 12.8. The rights and obligations of the Bank in relation to use of the information concerning the Customer, the Agreement, its terms and conditions and the performance thereof and any other information (e.g. concerning the Customer's transactions) that the Bank has obtained in relation to the Agreement and the guaranteeing of the secrecy thereof is stipulated by the Credit Institutions Law and other applicable regulatory enactments, as well as the General Terms.
- 12.9. The Bank may provide any information on the Customer and the Agreement, its terms and conditions and the performance thereof (including, but not limited to the information related to the Point of Sale, Transactions related to the Point of Sale, suspicious operations with the Card and exceeding of the number of Complaints permitted for the Point of Sale), as well as any other information (e.g. concerning the Customer's transactions) that the Bank has obtained in relation to the Agreement to Visa and MasterCard when carrying out the examination related to Transactions or monitoring of the Customer and the Point of Sale in line with the Agreement. These rights of the Bank shall also apply to such information regarding the Customer, his accounts and transactions, the secret of which the Bank as a

credit institution is obliged to guarantee under the regulatory enactments of the Republic of Latvia and also to such information that is deemed the Customer's trade secret.

- 12.10. The provisions of Clause 12.9 will not restrict the Bank's right to provide the information indicated in Clauses 12.8 and 12.9 to the persons to which the Bank is entitled, subject to the General Terms, to provide such information regarding the Customer, his accounts and transactions, the secret of which the Bank as a credit institution is obliged to guarantee under the regulatory enactments of the Republic of Latvia.

13. INFORMATION ON INTERCHANGE FEES RELATED TO THE TRANSACTIONS

- 13.1. Service Fee related to the performance of every Transactions payable by the Customer under the Agreement to the Bank, inter alia consists of the Interchange Fee and fee imposed by the Payment Card Organization covered by the Bank to provide the Card Acceptance Service. Information about the prospective value of the Interchange Fees and the fees imposed by Payment Card Organizations related to the Cards whose Issuers is located in a country of the European Economic Area is specified in the Appendix. Information on amounts of the Service Fees for the Transactions using Cards of each category and each brand, shall be provided by the Bank to the Customer upon its request.
- 13.2. Amount of the Interchange Fees and the fees imposed by the Payment Card Organizations specified in the Appendix is variable. The Bank is entitled to revise the information specified in the Appendix without any notice to the Customer. Amount of the Interchange Fees and the fees imposed by the Payment Card Organizations specified in the Appendix shall in no way affect the amount payable by the Customer to the Bank as the Service Fee related to the Transaction.
- 13.3. Upon the Customer's request and at the latter's discretion the Bank shall provide the Customer with daily, weekly or monthly reports (hereinafter also referred to as the "Reports") on the Service Fees applied during the previous reference period on every Transaction, separately specifying the Interchange Fee paid by the Bank to the Issuer in relation to this Transaction. The Bank shall dispatch the Reports using electronic mail. Should the Customer fail to request the provision of the Reports from the Bank, it shall be considered a Customer's waiver from the receipt of Reports.
- 13.4. For preparation of the Reports the Bank shall use the data publicized in information systems of the Payment Card Organizations on Interchange Fees accessible to all licence holders of the respective Payment Card Organizations. The actual Interchange Fee paid by the Bank to the Issuer related to the Transaction may differ from the one specified by the Bank in the Report.

14. TERM AND TERMINATION OF THE AGREEMENT

- 14.1. The Agreement shall enter into effect when signed by the representatives of the Parties and shall be effective for an unspecified term.
- 14.2. The Agreement may be terminated should the Parties agree so, or any Party unilaterally terminates the Agreement according to the provisions of Clauses 14.3 - 14.5.
- 14.3. Each Party may unilaterally terminate the Agreement by notifying the other Party in writing at least 30 (thirty) days in advance. In such case the Agreement is deemed terminated as of the 31st (thirty-first) day after the date of dispatching of such notice.
- 14.4. The Customer may unilaterally terminate the Agreement also in other cases indicated in the General Terms.
- 14.5. The Bank may also unilaterally terminate the Agreement with an immediate effect, should any of the following preconditions arise:
- 14.5.1. the Customer is failing or insufficiently performing his obligations under the Agreement;
 - 14.5.2. the Customer has provided false information to the Bank either prior to entering into the Agreement or during the validity of the Agreement;
 - 14.5.3. an application for legal protection proceedings or insolvency proceedings has been filed with the court in respect of the Customer;
 - 14.5.4. the Bank has become aware of the activities of the Customer or the Point of Sale or events related to the Customer or the Point of Sale that in the opinion of the Bank may cause loss to the Bank or harm the reputation of the Bank's, Visa or MasterCard business, trade secrets, copyright or other personal copyright or interests protected by the law;
 - 14.5.5. such event has occurred that, in the justified opinion of the Bank, causes material adverse changes to the Customer's business activities of financial standing and as a result of which the Bank has reasonable grounds to believe that due performance of the Customer's payment obligations to the Bank under the Agreement may become impossible;
 - 14.5.6. the sum of Transactions that have been reported by the Issuer to the Bank as suspicious Transactions within 1 (one) calendar month exceeds 1.5% (one point five percent) of the Turnover of the particular calendar month at the Point of Sale;
 - 14.5.7. the sum total of the Complaints received regarding the Transactions at the Point of Sale within 1 (one) calendar month exceeds 1.5% (one point five percent) of the Turnover of the particular calendar month at the Point of Sale or the number of the Transactions on which Complaints have been received exceeds 1.5% (one point five percent) of the total number of Transactions;

- 14.5.8. the Bank has received a request from Visa or MasterCard to terminate the Agreement;
- 14.5.9. in other cases indicated in the General Terms.
- 14.6. Upon termination of the Agreement the Bank ceases the provision of the Card Acceptance Service and the Customer ceases the performance of Transactions. Termination of the Agreement shall not release the Parties from performance of other obligations under the Agreement in the entirety thereof, including, but not limited to the obligation of the Parties to compensate the other Party for any expenses or loss incurred during the validity of the Agreement or after the termination of the Agreement in relation thereof and the obligation not to unlawfully disclose or use the confidential information of the other Party.

15. NOTICES

- 15.1. Unless the Agreement provides otherwise, all notices set out in the Agreement and related to it between the Parties shall be made only in writing and shall be sent by mail to the legal address of the respective Party specified in the Agreement or specified by that Party to another Party at later stage in accordance with the procedure set out in the Agreement, or delivered to the respective Party in person.
- 15.2. If the notice is sent by mail, it shall be assumed delivered to the respective Party on the 5th (fifth) business day after its delivery to post office, unless the Agreement provides otherwise, but not later than on the date of its actual delivery to the Party. If the notice is delivered to the Party in person, it shall be assumed delivered to the respective Party when the respective notice has been handed to that Party against the signature.
- 15.3. In the cases specified in the Agreement the Parties may send the notices set out in the Agreement by electronic mail to the electronic mail address of the respective Party (its representative to whom the respective notice has to be addressed) specified in the Agreement or specified by the Party to whom the respective notice is addressed to another Party at later stage in accordance with the procedure set out in the Agreement. It shall be assumed that the Party has received the notice of the other Party addressed to it and sent by electronic mail according to the provisions of this Clause at the moment when the Party to whom the notice is addressed received it in a legible format. The Parties agree to assume the notices that are sent and received in the abovementioned manner to be electronically signed.
- 15.4. Each Party who has sent a notice to the other Party by electronic mail shall also submit the respective notice as a hard copy, should the other Party request so, according to the procedure set in Clause 15.1. In such case, unless the Agreement provides otherwise, the respective notice shall be submitted as a hard copy not later than within 5 (five) business days after the Party who sent the respective notice to the other Party by electronic mail has received the respective request of the other Party.

16. DISPUTE RESOLUTION

- 16.1. Any dispute that arises in respect of the Agreement or the performance thereof (hereinafter - the "Dispute") shall be resolved in the Court of Arbitration of the Association of Commercial Banks of Latvia (hereinafter also – "the Court of Arbitration") in accordance with the Articles of Association of, the Regulations of that court and the Regulations on the Costs of the Court of Arbitration of the Association of Commercial Banks of Latvia. The provisions of these documents are deemed included by reference in this Clause. The subject-matter of the Dispute to be resolved in the Court of Arbitration shall be any pecuniary or non-pecuniary disagreement or claim that arise out of the Agreement, including any disagreement or claim regarding performance of the Agreement, payment of contractual penalty, compensation for loss or the security, as well as any other disagreements and claims that relate to the Agreement, amending, breach, termination, lawfulness, effectiveness or interpretation of the Agreement. The award of the Court of Arbitration shall be final, is not subject to appeal and shall be mandatory for the parties or the respective Dispute. The number of arbitrators shall be 3 (three). All arbitrators shall be appointed in accordance with the Regulations of the Court of Arbitration of the Association of Commercial Banks of Latvia. The language of the arbitration proceedings shall be Latvian.
- 16.2. If the Court of Arbitration of the Association of Commercial Banks of Latvia does not have jurisdiction over the Dispute then, depending on the amount of claim, such Dispute shall be resolved in Riga Regional Court or the City of Riga Vidzeme Urban District Court (as in the court of first instance), in the Republic of Latvia.
- 16.3. The provisions of Clauses 16.1 and 16.2 shall not restrict the rights of the Bank to commence court proceedings against the Customer in relation to a Dispute in any other court within jurisdiction. To the extent allowed by the regulatory enactments, the Bank may simultaneously commence the respective court proceedings in several courts.