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Nasdaq CSD SE

RULES OF NASDAQ CSD

CHAPTER II

**PROVISIONS SPECIFIC TO ESTONIAN SETTLEMENT SYSTEM AND ESTONIAN
REGISTER OF SECURITIES**

Effective Date:	18.09.2017
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1. LEGAL BASIS, GOVERNING LAW AND DISPUTE RESOLUTION

- 1.1 Estonian Settlement System is designated as a securities settlement system governed by the Estonian law and notified to the European Securities and Markets Authority in accordance with Settlement Finality Directive.
- 1.2 The Depository is authorised to act as the operator of the Estonian Settlement System under the decision of the Estonian Financial Supervision Authority no 4.1-1/88, dated 14.11.2012.
- 1.3 The Depository acts as the authorised processor (i.e. registrar) of the Estonian Register of Securities under the Contract for the Maintenance of Estonian Register of Securities, dated 30.07.2014 (RT I, 05.08.2014, 22), entered into pursuant to the Securities Registry Act ("*SRA*", in Estonian: *Väärtpaberite registri pidamise seadus*).
- 1.4 The activities of the Depository, when acting as the operator of the Estonian Settlement System and the registrar of the Estonian Register of Securities, and its relations with Participants, to the extent they act as System Participants of the Estonian Settlement System, and Issuers, to the extent their securities have been initially recorded in the Estonian Settlement System, and matters listed under 2.17.3 of Chapter I, are governed by the Estonian law (applicable law).
- 1.5 Any disputes, claims or controversies that arise in connection with Estonian Settlement System or Estonian Register of Securities shall be resolved pursuant section 2.18 of Chapter I.

**2. RULES OF THE ESTONIAN SETTLEMENT SYSTEM AND DATA PROCESSING
RULES OF THE ESTONIAN REGISTER OF SECURITIES**

- 2.1 Provisions of Chapter I of the Rulebook and Contractual Documents shall apply to the Estonian Settlement System and the Estonian Register of Securities to the extent and unless:
- (i) specifically provided otherwise in this Chapter;
 - (ii) provided otherwise by the wording, nature or purpose of the relevant provision of Chapter I of the Rulebook and Contractual Document;
 - (iii) application of the relevant provision of Chapter I of the Rulebook and Contractual Document is in conflict with Estonian law.
- 2.2 Provisions of the Rulebook dealing with settlement of claims and obligations arising from instructions entered into Estonian Settlement System to debit or credit or make other entries to securities account in the Estonian Settlement

System shall be considered rules of the Estonian Settlement System within the meaning of Settlement Finality Directive and Estonian Securities Market Act.

2.3 Provisions of the Rulebook dealing with processing of the data of the Estonian Register of Securities shall be considered data processing rules of the Estonian Register of Securities within the meaning of § 8 (3) of the SRA.

2.4 Rules of the Estonian Settlement System and data processing rules of the Estonian Register of Securities shall be amended pursuant to section 2.3 of Chapter I.

3. USER COMMITTEE OF THE ESTONIAN SETTLEMENT SYSTEM

3.1 The Depository shall be advised by the user committee of the Estonian Settlement System (User Committee) on matters related to Estonian Settlement System. The mandate, governance arrangements, operational procedures, admission criteria and election mechanism for User Committee members shall be provided in "*Rules of Procedure of the User Committee of the Estonian Settlement System*".

4. SPECIAL PROVISIONS REGARDING CERTAIN PARTICIPATION RIGHTS IN THE ESTONIAN SETTLEMENT SYSTEM

4.1 Right of participation in Estonian Settlement System referred to in 3.1.1 (iii) of Chapter I (*Fund administrator*) shall provide the Participant with the right to provide instructions for making entries upon subscription and redemption transactions in units of the open-ended fund. Instructions shall be provided to the Depository in accordance with the agreement entered into between the management company of the fund, fund administrator and the Depository.

5. SPECIAL PROVISIONS REGARDING CERTAIN PARTICIPANT DEFAULT PROCEDURES UPON TERMINATION

5.1 Upon termination of the right of participation in Estonian Settlement System referred to in 3.1.1 (i) of Chapter I (*Account Operator*) the Depository shall organise the transfer of the right to administer securities accounts opened through the terminated Account Operator in the Estonian Settlement System to other Account Operators holding System Participant Status in the Estonian Settlement System. The transfer of the right to administer securities accounts shall be organised pursuant to sections (2) - (5) of § 36 of the SRA.

6. SPECIAL PROVISIONS REGARDING INITIAL RECORDING OF FINANCIAL INSTRUMENTS IN THE ESTONIAN SETTLEMENT SYSTEM

6.1 Securities listed in sections 1 and 2 of § 2 of the SRA shall be initially recorded in the Estonian Settlement System.

6.2 Proceedings of initial recording of securities referred to in 6.1, including requirements with respect to information, application and supporting documentation, deadlines of initial recording (registration) and liability of the

Issuer for the correctness of information, shall be provided by the SRA and other relevant provisions of the applicable law.

6.3 In the capacity of a member of Association of National Numbering Agencies, the Depository assigns ISIN and classification of financial instrument (CFI) codes to the securities initially registered in Estonia through its branch in Estonia on reasonable commercial terms and on a non-discriminatory basis.

7. SPECIAL PROVISIONS RELATED TO CERTAIN ANCILLARY SERVICES IN CONNECTION WITH SECURITIES RECORDED IN THE ESTONIAN SETTLEMENT SYSTEM

7.1 The Depository shall support processing of corporate actions, including any deletion or cancellation of securities, in securities referred to in 6.1 in accordance with the SRA, other relevant provisions of the applicable law and Corporate Actions Standards.

7.2 Services related to securities holders' registers of securities referred to in 6.1 shall be available to persons and agencies that are entitled to request the information about the relevant securities holders' register pursuant to SRA.

7.3 The Depository shall resolve requests for information, data or statistics relating to items of the Estonian Register of Securities in accordance with SRA and other relevant provisions of the applicable law.

8. SPECIAL PROVISIONS RELATED TO CENTRAL MAINTENANCE IN THE ESTONIAN SETTLEMENT SYSTEM

8.1 Records and accounts kept by the Depository for Estonian Settlement System and Estonian Register of Securities shall allow levels of asset segregation and protection provided by the SRA and other relevant provisions of the applicable law at the cost provided in the Price List of the Depository. More detailed informative description of levels of asset segregation and protection may be provided on the website of the Depository.

8.2 Provisions of § 6 of the SRA shall apply to the holder of the Operational Account with the type specified in 5.3.2 of Chapter I (*omnibus account*), the type specified in 5.3.3 (ii) of Chapter I (*segregated nominee account*) and 5.3.3 (iii) of Chapter I (*nominee account*) if and to the extent the Operational Account enables accounting of securities in the Estonian Settlement System.

8.3 The account type specified in 5.3.3 (i) of Chapter I (owner account) may be opened by using the following sub-types to the extent that such sub-type is used for accounting of securities in the Estonian Settlement System:

8.3.1 Joint owner account (*in Estonian: ühisomandi konto*) - an account that is designated by the account holder for holding securities of two or more owners in joint ownership;

- 8.3.2 Co-owner account (*in Estonian: kaasomandi konto*) - an account that is designated by the account holder for holding securities of two or more owners in common ownership.
- 8.4 A special-purpose notary's securities account (*in Estonian: notari väärtpaberikonto*) may be opened in the name of notary for or in connection with depositing of securities in the Estonian Settlement System by notary in accordance with the notaries regulation or other legal acts applicable to the activities of notary.
- 8.5 A special-purpose official securities account of the bailiff (*in Estonian: kohtutäituri väärtpaberikonto*) referred to in the Code of Enforcement Procedure may be opened in the name of bailiff for or in connection with the sale of securities arrested in the Estonian Settlement System.

9. SPECIAL PROVISIONS REGARDING COMMUNICATION OF APPLICATIONS AND REQUESTS RELATED TO ESTONIAN SETTLEMENT SYSTEM AND ESTONIAN CENTRAL REGISTER OF SECURITIES

- 9.1 All notices, requests, applications, inquiries, orders referred to in 5.7 of Chapter I (*orders of courts or other competent authorities or persons*) and other communication to the Depository in its capacity as the operator of the Estonian Settlement System or registrar of the Estonian Register of Securities shall be referred to the Estonian branch of the Depository.

10. TEMPORARY SECURITIES ACCOUNTS

- 10.1 The Depository shall open a temporary securities account at the request of an issuer in accordance with the SRA.
- 10.2 Orders in respect of securities held in a temporary securities account shall be submitted to the Depository by the issuer who requested the opening of such temporary securities account.
- 10.3 If a securities account is opened in the Estonian Settlement System for a holder of a temporary securities account through an Account Operator (hereinafter a new account), the securities in the temporary securities account shall be transferred to the new account. The Depository shall enter the Transfer Order underlying the entry into the CSD System at the request of the issuer. The Depository shall make a transfer after the Account Operator of the new account has confirmed the Transfer Order specified in the preceding sentence and shall thereafter close the temporary securities account.

11. DEPOSIT ACCOUNT

- 11.1. The Depository shall open a deposit account in the name of the shareholder based on an application submitted by an issuer pursuant to the SRA and taking into account requirements arising from the Money Laundering and Terrorist Financing Prevention Act and the International Sanctions Act if there is no securities account opened in the name of the shareholder in the Estonian Settlement System upon registration of the shares.
- 11.2. Only shares issued by the issuer who applied for the opening of the deposit account can be transferred to the deposit account upon their registration. As a rule, the Depository shall only allow transfers of securities with regard to the deposit account where the application of due diligence measures required by the law is guaranteed.
- 11.3. The Depository has the right to request from the issuer applying for the opening of a deposit account the submission of data and documents relevant for the opening and managing of the deposit account, including the submission of data and documents required for the application of due diligence measures required by the law. The issuer applying for the opening of a deposit account is responsible for the correctness and completeness of the information entered in the register with regard to the deposit account.
- 11.4. Orders in respect of securities held in the deposit account shall be submitted to the Depository by the issuer who requested the opening of such deposit account.
- 11.5. If a securities account is opened in the Estonian Settlement System for a holder of a deposit account through an Account Operator (hereinafter a new account), the securities in the deposit account shall be transferred to the new account. The Depository shall enter the Transfer Order underlying the entry into the CSD System at the request of the issuer. The Depository shall make a transfer after the Account Operator of the new account has confirmed the Transfer Order specified in the preceding sentence and shall thereafter close the deposit account.