

AGREEMENT

on the cooperation framework for the supervision and oversight of Nasdaq CSD SE

1. Preamble. Parties to the agreement and their roles

1.1. Whereas not specified in the text terms have the meaning as provided for in Annex III to this Agreement.

Whereas Nasdaq CSD is incorporated in Latvia, is regulated and supervised by the FCMC and provides initial recording, central maintenance services and settlement facilities for Latvia and for Estonian, Lithuanian and Icelandic securities on cross-border basis, including operation of SSS under Latvian, Estonian, Lithuanian and Icelandic law. These services are considered to be of substantial importance for the functioning of securities markets in Latvia, Estonia, Lithuania and Iceland,

Whereas as the case may be Nasdaq CSD may start to provide services following procedure provided for by Article 23 of CSDR there is a need to foresee procedure how other competent authorities and relevant authorities as defined in Article 12(1) of CSDR, who are statutory supervisors and/or overseers of payment and securities settlement systems in those particular countries, become the parties to this Agreement, avoiding new signing procedure by all participating Authorities who had entered into Agreement before;

this Agreement is concluded to set out principles for cooperation between participating Authorities.

1.2. This Agreement is concluded between following public authorities:

1.2.1. The Financial and Capital Market Commission (*Finanšu un kapitāla tirgus komisija*, the FCMC) – Home Competent Authority in the meaning of Article 10 of CSDR, responsible for supervision of Nasdaq CSD's activities, including those provided in any Host Member State. The FCMC has mandate to designate Latvian SSS operated by Nasdaq CSD as system under SFD and consequently to notify it to ESMA;

1.2.2. The Central Bank of Latvia (*Latvijas Banka*, Bank of Latvia) – Relevant Authority in the meaning of Article 12 of CSDR, who is:

- responsible for the oversight of Latvian SSS operated by Nasdaq CSD;
- the representative of the Eurosystem as a relevant authority in its role as central bank of issue and as central bank in whose books the cash leg of euro transactions takes place (hereinafter – CBI);
- central bank in whose books the cash leg of euro transactions settled in Latvian SSS operated by Nasdaq CSD is settled;

1.2.3. The Estonian Financial Supervision Authority (*Finantsinspeksioon*, the EFSA) – Host Competent Authority in the meaning of Article 23 of CSDR, in its capacity as financial supervision authority and responsible for securities market supervision in Estonia and thus having legitimate interest in the functioning of SSS operated by Nasdaq CSD. The EFSA has mandate to designate Estonian SSS operated by Nasdaq CSD as system under SFD and consequently to notify it to ESMA;

1.2.4. The Central Bank of Estonia (*Eesti Pank*, the Bank of Estonia) – Relevant Authority in the meaning of Article 12 of CSDR, who is:

- responsible for the oversight of Estonian SSS operated by Nasdaq CSD; and
- central bank in whose books the cash leg of euro transactions settled in Estonian SSS operated by Nasdaq CSD is settled;

1.2.5. The Central Bank of Lithuania (*Lietuvos Bankas*, the Bank of Lithuania) – Host Competent Authority in the meaning of Article 23 of CSDR in its capacity as financial supervision authority and responsible for securities market supervision in Lithuania and thus having legitimate interest in the functioning of SSS operated by Nasdaq CSD. The Bank of Lithuania has mandate to designate Lithuanian SSS operated by Nasdaq CSD as system under SFD and to consequently to notify it to ESMA.

The Bank of Lithuania is also Relevant Authority in the meaning of Article 12 of CSDR, who is:

- responsible for the oversight of Lithuanian SSS operated by Nasdaq CSD; and
- central bank in whose books the cash leg of Lithuanian SSS operated by Nasdaq CSD is settled.

1.2.6. The Central Bank of Iceland (*Seðlabanki Íslands*, the Bank of Iceland) – Host Competent Authority in the meaning of Article 23 of CSDR in its capacity as financial supervision authority and responsible for securities market supervision in Iceland and thus having legitimate interest in the functioning of SSS operated by Nasdaq CSD. The Bank of Iceland has mandate to designate Icelandic SSS operated by Nasdaq CSD as system under SFD and consequently to notify it to ESMA.

The Bank of Iceland is also Relevant Authority in the meaning of Article 12 of CSDR, who is:

- responsible for the oversight of Icelandic SSS operated by Nasdaq CSD; and
- central bank in whose books the cash leg of Icelandic SSS operated by Nasdaq CSD is settled.

1.2.7. Other host Competent Authority and Relevant Authority, who has become a party to the agreement under procedure provided for by Section 11.1 of the Agreement.

1.3. Purpose of this agreement.

This Agreement reflects the common understanding among the Authorities as to specific arrangements to be established in accordance with Article 24(4) of CSDR for organising cooperation among Authorities in the States whose markets are served by Nasdaq CSD and is concluded among Authorities with the following purpose:

- to support each other in exercising supervisory, CBI and oversight tasks by cooperation on issues of relevant interest;

- to facilitate the exchange of information, views and assessments among Authorities in order to allow for more efficient and effective exercising of supervision, oversight and CBI tasks (including the avoidance of duplication of tasks) and timely action in going concern and emergency situations;
- to enable Authorities to develop a common understanding of the risk profile of the Nasdaq CSD as the starting point for risk-based supervision;
- to achieve coordination of supervisory review and risk assessment, establish where relevant supervisory plans for the mitigation of risks, arrange any division of tasks and joint on-site supervisory visits conducted by Competent Authorities;
- to coordinate major decisions taken by individual Authority as far as possible and practicable and to strive to reach consensus where appropriate.

2. Legal nature of the Agreement

2.1. This Agreement constitutes agreement among the Authorities to it to follow cooperation principles, consultation and information exchange procedures.

2.2. This Agreement serves as a basis of cooperation for the Authorities and does not affect any legal obligations under other international agreements signed with third parties. This Agreement is not legally binding.

2.3. The Authorities remain solely and fully responsible for the proper execution of their respective competences, tasks and duties under applicable national law. Interaction contemplated in this Agreement must be compliant with the laws under which they are established and which govern their powers, capacities and responsibilities.

3. Cooperation principles.

3.1. The FCMC is responsible, according to Latvian Law on Financial and Capital Market Commission and Law on Financial Instruments Market, for the enforcement of CSDR regulatory framework applicable to Nasdaq CSD.

3.2. Without prejudice to the rights of the Host Competent Authorities to request information on Nasdaq CSD activities in host country directly from Nasdaq CSD, Authorities agree that the FCMC acts as the single contact point for Nasdaq CSD with regard to regulation of that entity as per CSDR.

3.3. The Authorities form College of Supervisors (the College). Cooperation among the Authorities takes place through the College. Bilateral cooperation takes place between Authorities for matters of relevance to the respective Authorities.

3.4. The Authorities exchange relevant information to ensure effective and efficient supervision of Nasdaq CSD as well as to support Relevant Authorities' tasks in their role of overseers and CBI. Information exchange is consistent with the requirements of relevant legislation.

Each Authority participates in the College within the field of its competence as stated in paragraph 1.2 of Agreement.

3.5. Information shall be exchanged actively between Authorities (a balanced two-way process), both within and outside the College and the information exchanged shall reflect the needs of the Authority involved.

4. Functioning of the College

4.1. Working language of the College shall be English.

4.2. The FCMC takes the lead in coordinating all the activities of the College covered by the present Agreement. The FCMC shall chair the meetings of the College. The College meets at least annually, or as circumstances dictate. The College can meet in person or by means of teleconference.

4.3. The College does not have decision making powers. Discussions in the College takes place at the level of experts. In case of necessity, expert obtains views of senior management and, when needed, expert represents official opinion of the Authority.

4.4. Each Authority has to nominate its representative (-s) with sufficient knowledge and expertise for meetings of the College. Representatives of Authorities shall commit sufficient time for the exercise of tasks according to Agreement. It is expected that representatives participating in the meeting of College have sufficient expert background.

4.5. The FCMC serves as the central hub for the gathering and dissemination of information regarding Nasdaq CSD activities within the College as well as among Authorities outside the College, as agreed in Annex I to Agreement, which contain detailed procedure for exchange of information in normal and in emergency situations and for consultation.

4.6. The Authorities cooperate on and discuss issues of common interest relating to:

- supervision of Nasdaq CSD, including regular review conducted according to the Article 22 of the CSDR and assessment of new services;
- functioning of SSSs operated by Nasdaq CSD and settlement of securities within SSSs operated by Nasdaq CSD;
- assessment of risks affecting Nasdaq CSD and its services; and
- compliance with CSDR and other applicable law, EU or international standards.

4.7. Within the College the Authorities agree on supervisory plans, on division of the tasks and on joint on-site supervisory visits conducted by the Competent Authorities.

4.8. The College as an advisory body established for mutual consultation shall be the first place in which to strive for common understanding among the Authorities in case of divergent views regarding the application of EU law and possible ESMA Guidelines to a matter related to the supervision of CSD activities in a cross-border context.

4.9. Should official opinions of Authorities be divergent, the matter may be referred by any Competent Authority for mediation to the ESMA, as described in Regulation No 1095/2010.

4.10. The FCMC keeps all Authorities fully informed, in advance, of the College meeting, the main issues to be discussed and the activities to be considered. The FCMC also keeps all Authorities fully informed, in a timely manner, of the actions taken in those meetings or the measures carried out.

4.11. Each Authority can raise issue to the College. The FCMC takes decision what format of the College meeting is appropriate to discuss relevant issues.

4.12. The FCMC protocols meetings of the College. Meeting protocols have to be sent to all Authorities by the end of the third business day following the date of the meeting. Authorities shall notify the FCMC, if they disagree with the agreement fixed in protocol, by end of third business day following receipt of protocol.

5. Confidentiality

5.1. Further to the professional secrecy requirements resulting from EU or national laws and regulations or from any other legal obligations, the Authorities confirm that any confidential supervisory information shared between them shall be used only for lawful supervisory purposes of Nasdaq CSD. The information received by Relevant Authorities under Agreement, other than information referred to in Articles 7(9), 17(4) and 22(7) of the CSDR shall not be passed on to the European System of Central Banks, including the European Central Bank, without prior consent given by providing Authority and Nasdaq CSD. The transmission of information exchanges between supervisors shall take into account national laws and regulations concerning supervisory data secrecy.

5.2. The Authorities shall endeavour, to the extent permitted by law, to maintain the confidentiality of all information and shall not disclose information to third parties without first obtaining the prior consent of the Authority that initially provided that information.

5.3. The Authorities shall endeavour that all persons dealing with, or having access to such information shall be bound by the obligation of professional secrecy.

6. Responsibilities of Authorities

6.1. Each Competent Authority takes into account the exercise of the other Competent Authorities' supervisory tasks and the objective of achieving effective and efficient supervision of Nasdaq CSD. Competent Authorities undertake to share and delegate tasks, and conduct joint examinations as detailed in sections 7 and 8 of Agreement.

6.2. Each Authority shall, in the exercise of its general duties, duly consider the potential impact of its decisions on the stability of the financial system in all other countries concerned and, in particular, in emergency situations, based on the available information.

6.3. Where the FCMC has to make decision with regard to Nasdaq CSD services that are of substantial importance in Host Member State, it has first to ask assessment of Host Competent Authority within a reasonable timeframe. If the FCMC disagrees with the assessment provided by the Host Competent Authority, escalation procedures mentioned in paragraph 4.3 shall and in paragraph 4.9 may be undertaken subsequently.

6.4. Relevant Authorities assist and contribute to exercising of supervision activities as stated in paragraphs 6.1 and 6.3 of Agreement.

7. Sharing and Delegation of Tasks

7.1. If permitted by national law, Authorities can share and delegate tasks to each other to the extent of and under the terms and conditions agreed upon. A clear division of tasks among Authorities may be agreed within the College. Each Authority performs the tasks for which it is best placed. It shall be acknowledged, that Host Competent Authority is best placed to supervise those Nasdaq CSD services that are country specific, subject to provisions of national law and are of substantial importance for the Member State concerned. Authorities may also agree on how delegated tasks are fulfilled in each specific case.

7.2. Any agreement among Authorities on delegation and sharing of tasks, supervision program, review plan shall be protocolled in accordance with paragraph 4.12.

7.3. Delegation and/or sharing of tasks shall be discussed at the same time of the planning of supervisory activities in the College or at any other time at the request of any of the Authorities. The FCMC, if not involved in the delegation arrangement, shall be adequately informed.

7.4. In principle, the delegation shall be outcome oriented instead of process oriented, and the laws and regulations of the delegated Authority apply to the process of carrying out the task while the result is assessed and used by the delegating Authority under its law.

7.5. The FCMC should, in general, agree with the delegating and the delegated Authorities on how to inform the College of the results of the work.

7.6. The FCMC and the delegating Authority shall communicate, respectively, with Nasdaq CSD, unless agreed otherwise between the FCMC and the delegating and delegated Authorities.

8. On-site Examinations

8.1. Competent Authorities agree that their cooperation is particularly useful in the field of on-site inspections. Risk assessment of Nasdaq CSD may also be carried out in the form of a joint on-site examination.

8.2. The Competent Authorities shall make efforts to have a coordinated inspection programme in place regarding Nasdaq CSD, in order to have a clear picture of its positions and operations and to avoid duplication. For this purpose, within the College or on a bilateral basis the Host Competent Authorities inform the FCMC about the planned on-site examinations at national level in order to facilitate the role of coordination stated in next paragraph. For its part, the FCMC informs Host Competent Authorities about the projected on-site examinations which may have a bearing on issues relevant to the supervision of the branches and/or subsidiaries.

The information exchanges above shall be without prejudice to the inspection programs being the sole responsibility of the corresponding Competent Authority.

8.3. The coordination of inspection programs shall be the responsibility of the FCMC.

8.4. Joint on-site examinations shall be conducted according to the following principles:

- the FCMC may participate in an examination carried out by any of the Host Competent Authorities;
- the Host Competent Authorities may in agreement with the FCMC participate in examinations of the head office for matters that are of interest for the supervision of the local subsidiary or branch;
- any request for joint on-site examinations shall be agreed upon case-by-case by the respective Competent Authorities.

8.5. Findings of common relevance shall be discussed between the Authorities. The College shall be informed of relevant findings at its next meeting at the latest, and sooner if necessary. This information may include the purpose of the joint on-site examination, its main findings and supervisory decisions and any corrective measures taken.

9. Communication with Nasdaq CSD

9.1. An active dialogue between the Authorities and Nasdaq CSD shall be established. The Authorities agree on the information to be communicated to Nasdaq CSD for matters involving various Authorities. The arrangements undertaken among Authorities for the supervision of Nasdaq CSD (e.g. the general modalities of organization of supervision etc.), such as those encompassed in this Agreement, shall be communicated to Nasdaq CSD in a form agreed upon by the Authorities.

9.2. The FCMC shall be responsible for communication with Nasdaq CSD, including the main findings of the regular supervisory review and any agreed views. Conveyance of this information may involve a multilateral meeting between the Authorities and the senior management of Nasdaq CSD.

9.3. Host Competent Authorities and Relevant Authorities shall be responsible for communication with Nasdaq CSD, its respective branch with regard to tasks and responsibilities under CSDR, national law and delegated tasks agreed in the College.

9.4. Nasdaq CSD may be invited to attend the College meeting to present its position regarding the issues under consideration.

10. Cooperation in Crisis Situations

10.1. General Aspects of Cooperation in Crisis Situations

10.1.1. Authorities shall be responsible for assessing whether a crisis situation is affecting Nasdaq CSD in part that they have legitimate interest in.

10.1.2. Competent Authorities shall cooperate closely in a crisis situation, in order to facilitate the actions and the timely decision making process of the authorities responsible for the

management and resolution of the crisis. This cooperation shall include consultations with Relevant Authorities.

10.1.3. Authorities shall cooperate closely, whenever necessary and according to their national law, with other authorities (e.g. ministries of finance possibly within the framework of a Cross Border Stability Groups, if they exist) involved in the crisis management process.

10.1.4. The FCMC shall coordinate crisis management activities, encouraging the exchange of information and seeking to achieve consistency in the decision making process. The views and assessments of the Authorities responsible for the supervision of financial systems likely to be most affected by the crisis should be adequately taken into account by the FCMC.

10.2. Information Sharing

10.2.1. In the case of a crisis, Authorities shall update and share their respective crisis assessments and all essential and relevant pieces of information.

10.2.2. In the exchange of information, Competent Authorities should balance between timeliness and proportionality.

10.3. Crisis Management Preparatory Arrangements during Normal Times

To prepare for dealing with an emergency situation, during normal times Competent Authorities in cooperation with Relevant Authorities and where relevant with other authorities shall: a) check the capacity of Nasdaq CSD to provide the pieces of information needed in a crisis situation in a timely manner; b) define internal contingency plans; c) devise the infrastructure for cross-border information exchange; d) develop cooperation procedures with other authorities; e) identify the persons to be placed on a contact list for emergencies; f) conduct simulation exercises when needed.

10.4. Communication in Emergency Situations

Where the emergency situation potentially affects the stability of the financial system in any of the States where Nasdaq CSD carries out its core activities, and jeopardises the safety and soundness of systems and activities in any of the States, the Competent Authorities, where appropriate, shall inform as soon as practicable Relevant Authorities and, in a case may be, other authorities.

The Authorities shall endeavour to coordinate their external communication of crisis-related information and to set-up internal procedures for communication.

11. New Party to Agreement and Final provisions

11.1. Should Nasdaq CSD start to provide services in other country, the Competent Authority and Relevant Authorities of the host country can become a party to the Agreement by signing and submitting Annex IV to the FCMC. The FCMC informs other Authorities about new party to the Agreement.

11.2. The Authorities signing the Agreement or Annex IV commit to applying its provisions until any of them communicates in writing, 6 months in advance, its wish to discontinue it.

11.3. The Authorities shall revise at least yearly procedures agreed and update them when necessary. The Authorities may propose to update this Agreement in order to reflect major procedures.

11.4. The representatives of the Authorities at the College may deviate from procedure provided for in section 3.2. and 4.12. if mutually agreed.

11.5. All amendments to this Agreement shall be drawn up in writing, signed by all Authorities and constitute an integral part of the Agreement.

11.6. The Agreement shall be drafted in English. Where necessary, each Authority shall be responsible for translation into its own language.

11.7. The Agreement shall enter into force on the date when signed by all Authorities. Should the Authority become a party to the Agreement by signing Annex IV the Agreement shall be applicable to the Authority by the date when Annex IV is signed.

11.8. With entry into force of this Agreement, the "Cooperation agreement among the Financial and Capital Market Commission, the Central Bank of Latvia, the Estonian Financial Supervision Authority, the Central Bank of Estonia and the Central Bank of Lithuania on the cooperation framework for the supervision and oversight of Nasdaq CSD SE" as of 2017 is terminated.

11.9. This Agreement consists of 10 pages and 4 Annexes (Annex I "On the Exchange of Information" on 2 pages, Annex II "On the Incident Management Framework" on 3 pages, Annex III "Definitions" on 2 pages, Annex IV "Confirmation to Join the Agreement" on 1 page) and is drawn up in one original for each Authority.

SIGNATURES

FCMC
Santa Purgaile
Chairwoman

EFSA
Andres Kurgpõld
Member of the Management Board

Date:

Date:

Bank of Iceland
Unnur Gunnarsdóttir
Deputy Governor
for Financial Supervision

Bank of Lithuania
Vitas Vasiliauskas
Chairman

Date:
Bank of Latvia
Mārtiņš Kazāks
Governor

Date:
Bank of Estonia
Madis Müller
Governor

Date:

Date:

Bank of Iceland
Ásgeir Jónsson
Governor
