

# Settlement and time limits of payment instructions

Valid from  
13 January 2018

## 1. GENERAL PROVISIONS

- 1.1 These terms and conditions of settlement and time limits of payment instructions (hereinafter the Instructions) shall regulate the relationships between AS LHV Pank (hereinafter the Bank) and the customer of the Bank (hereinafter the Customer) upon provision of payment services and effecting of the Payment Instruction by the Bank.
- 1.2 By submitting a Payment Instruction to the Bank, the Customer is responsible for the accuracy of data provided in the Payment Instruction and confirms that he/she has understood and agrees with the conditions specified in the Instructions.

## 2. TERMS AND DEFINITIONS

- 2.1 In addition to the terms and definitions used in the General Conditions of the Bank, for the purposes of this Instruction also these terms and definitions shall be used in the following meaning:
- 2.2 **Settlement Day** is the day on which the providers of payment services relating to the fulfilment of the Payment Instruction are open for settlement of payment transactions. A Settlement Day is any day, other than a Saturday, a Sunday, a national or public holiday. More detailed information on Settlement Days is available on the Bank's Website.
- 2.3 **BIC** is a unique combination of letters and numbers assigned to the Bank or other payment service provider for their identification.
- 2.4 **Special Account** is an account which is connected to the Customer's Account and which opened for the Customer in the Bank for the use of certain specific services (including the account opened for the use of the LHV Trader and LHV Broker trading platform).
- 2.5 **European Express Payment** is a payment made in euros to a bank, which serves as a member of the Target2 settlement system.
- 2.6 **European Payment** is a payment made in euros within the SEPA region to a bank, which serves as a member of the EBA Clearing STEP2 settlement system. A European payment requires the use of the IBAN and BIC, with shared fees (SHA).
- 2.7 **IBAN** is an International Bank Account Number.
- 2.8 **Unique Identifier** is the IBAN or an account number in other format.
- 2.9 **Payment Instruction** is any Instruction for performing of payment transaction submitted by the Payer to the Bank. Payment Instructions are divided as follows: a) credit Payment Instruction - the Payment Instruction is originated by the Payer. b) debit Payment Instruction - the Payment Instruction is originated by the Beneficiary or a third person, who is entitled to originate a payment on legal or contractual basis.

- 2.10 **Payment Intermediary** is a settlement system or a correspondent bank, through which the Payment Instruction is transmitted to the Beneficiary's payment service provider.
- 2.11 **Payer** is the Customer, who has an Account in the Bank and who submits a Payment Instruction for debiting the Account.
- 2.12 **Other Payment** is a payment, which is not the European Intrabank Payment. Other Payment is divided as follows: (a) the payment service provider of the Payer or the Beneficiary is located within the European Economic Area, or (b) the payment service provider of the Payer or the Beneficiary is located outside the European Economic Area.
- 2.13 **Intrabank Payment** is a payment where the Accounts of the Payer and the Beneficiary are opened in the Bank.
- 2.14 **Beneficiary** is the person, whose account is credited on the basis of the Payment Instruction.
- 2.15 **SEPA** is the Single Euro Payments Area, incorporating the EU Member States as well as Norway, Iceland, Liechtenstein, Switzerland and Monaco.
- 2.16 **TransferWise** payment is a payment involving currency conversion in the currencies and under the conditions provided by TransferWise.
- 2.15 **Value date** is the day of crediting of the account of the Payment Intermediary or the Beneficiary's payment service provider. The date of crediting of the account of the Beneficiary may differ from the date of crediting of the account of the Payment Intermediary or the Beneficiary's payment service provider.

## 3. EXECUTION OF THE PAYMENT INSTRUCTION

- 3.1 The Bank shall execute the payment transaction as the provider of payment service under the conditions specified in the Payment Instruction.
- 3.2 For the execution of a European Payment, Other Payment or an Intrabank Payment, the Payment Instruction (on the form established by the Bank) shall include the following data:
- 3.2.1 Name of the Payer;
- 3.2.2 Account number or IBAN of the Payer;
- 3.2.3 Name of the Beneficiary;
- 3.2.4 Unique Identifier of the Beneficiary;
- 3.2.5 BIC of the credit institution of the Beneficiary;
- 3.2.6 Payment amount;
- 3.2.7 Verbal description and/or reference number of the payment;
- 3.2.8 Method of payment of the fees under clause 6 of the Instructions;
- 3.3 For the successful execution of Other Payments, the Payment Instruction shall include the following data:
- 3.3.1 Payment priority, i.e. the speed of execution of the Payment Instruction. In case of Other Payments, the Payment Instruction shall have three priorities: (1) standard payment; (2) urgent payment, (3) express payment. The priority of the payment shall

designate the Value Date of the Payment Instruction for the Other Payment in accordance with clause 4 of the Instructions;

- 3.3.2 In the execution of Other Payments, the BIC of the payment service provider of the Beneficiary. Where the information is unavailable, the name and address (at least the city and country) of the Beneficiary's payment service provider (where BIC is unavailable, the corresponding code of the country where the payment service provider of the Beneficiary is located shall be provided - e.g. ABA for USA, BLZ for Germany, Sort Code for UK, etc.);
- 3.4 For the successful transfer of Other Payments to the Customer, the correct bank data shall be submitted to the originator of the payment:
  - 3.4.1 the Customer's name and address (at least the city and country);
  - 3.4.2 the Customer's Unique Identifier;
  - 3.4.3 the Customer's Bank - AS LHV Pank;
  - 3.4.4 BIC of the Customer's Bank - LHVBE22;
  - 3.4.5 Payment Intermediary of the Customer's Bank - the Bank's Payment Intermediary, depending on the currency. Information on the Bank's Payment Intermediaries is available on the Bank's Website;
- 3.5 The Payer is obliged to ensure availability of funds on the Account of the Payer which are needed for the execution of the Payment Instruction and the payment of service fees. The Bank is entitled to refuse to execute the Payment Instruction, if:
  - 3.5.1 The Payment Instruction does not include the information specified in clauses 3.2. or 3.3 of the Instructions;
  - 3.5.2 On the date of the reception of the Payment Instruction, the funds available on the Account of the Payer are insufficient for the execution of the Payment Instruction (in payment currency) and the payment of service fees;
  - 3.5.3 The Payer does not submit an additional confirmation for the amount of payment exceeding the limit amount established by the Bank. Additional confirmation for the Payment Instruction shall be requested through means of communication accepted by the Bank.
  - 3.5.4 The Bank is experiencing a technical glitch, as a result of which the Bank is not able to execute the Payment Instruction;
  - 3.5.5 By the execution of the Payment Instruction, the Bank would violate an obligation imposed on the Bank by some legislative act;
  - 3.5.6 The Payer requests to execute the payment in the currency not quoted by the Bank.
- 3.6 The Bank may use a payment intermediary for the payment transaction at its own discretion.

#### **4. TIME LIMITS FOR SETTLEMENT OF PAYMENTS**

- 4.1 The Bank shall execute the payments originated by the Customers and credit the payments received for the benefit of the Customers to their Accounts within the time limits specified in legislative acts and established by the Bank as follows:
  - 4.1.1 Intrabank Payment - Payment Instruction s shall be executed twenty-four hours a day. If an Intrabank Payment is requested from the Special Account of the Customer to the Account of the Customer or vice versa, the Payment Instruction shall be executed, if it has been accepted by the Bank on a Settlement Day before 17:00.

- 4.1.2 Intrabank receipts shall be credited to the Account of the Customer twenty-four hours a day. If receipt of an Intrabank Payment should be credited to the Special Account of the Customer, it shall be credited to the Special Account on the same Settlement Day, if relevant payment has arrived to the Bank before 17:00.
- 4.1.3 European Payment - the Payment Instruction shall be executed, if accepted by the Bank on a Settlement Day before 16:30. The Value Date of the Payment Instruction is the Settlement Day when the Payment Instruction was accepted for execution.
- 4.1.4 Receipt of a European Payment shall be credited to the Account of the Customer on the same Settlement Day if it has been received by the Bank before 18:00.
- 4.1.5 Other Payment - the Value Date is the date two days after the Settlement Day on which the Payment Instruction was accepted for execution (T +2).
- 4.1.6 Other Payment as an urgent payment - the Value Date is the day after the Settlement Day when the Payment Instruction was accepted for execution (T+1).
- 4.1.7 Other Payment as an express payment - the Value Date is the Settlement Day when the Payment Instruction was accepted for execution (T+0).
- 4.1.8 The Bank shall accept the Payment Instruction(s) specified in clauses 4.1.5-4.1.7 of the Instructions for execution, making sure that the transfer to the Beneficiary's account would be executed no later than 5 (five) Settlement Days after acceptance of the Payment Instruction.
- 4.2 The Bank shall publish on its Website the latest time for accepting the Payment Instruction for execution on the Settlement Day.
- 4.3 Payment Instruction submitted to the Bank on a Settlement Day after the time specified by the Bank on the Website, or on a Saturday, Sunday, a national or public holiday (including a national and/or public holiday of the Payment Intermediary used in the course of execution of the payment) shall be executed on the following Settlement Day.
- 4.4 Receipt of Other Payment shall be credited to the Account of the Customer on the same Settlement Day, if it has been received by the Bank, or on the next Settlement Day, if it is received after the end of the Settlement Day.
- 4.5 If on the Settlement Day preceding a national and/or public holiday the time of acceptance of Payment Instruction for execution is different from the time established by the Bank and published on the Bank's Website as the latest time for acceptance of Payment Instructions, the Bank shall inform the Customer thereof via the Website of the Bank.

#### **5. REVOCATION OF THE PAYMENT INSTRUCTION**

- 5.1 The Payer can revoke a Payment Instruction submitted to the Bank, if the Payer notifies the Bank thereof, submitting a relevant application, provided that the Bank has not yet accepted the Payment Instruction for execution (and has not transferred it to the Payment intermediary or the payment service provider of the Beneficiary) prior to the receipt or at the time of the receipt of the application for revocation of the Payment Instruction.
- 5.2 If the Customer has submitted to the Bank an application for revocation of the Payment Instruction, but the Payment

Instruction cannot be revoked according to clause 5.1 of the Instructions, the Bank shall make every possible effort to inform the Payment Intermediary or payment service provider of the Beneficiary or the Beneficiary of revocation of the Payment Instruction. In such a case, the amount of payment can be returned only upon consent of the Payment Intermediary and/or payment service provider of the Beneficiary, if the amount of payment is still at their disposal, or upon consent of the Beneficiary, if the payment has been credited to the account of the Beneficiary.

- 5.3 The Payer shall bear all expenses and risks in relation to the revocation of a Payment Instruction. The Bank shall transfer the returned sum back to the Account of the Payer after its receipt by the Bank. The service fee of a returned payment shall not be refunded.

## **6. SERVICE FEES**

- 6.1 Service fees related to the Payment Instruction and receipt thereof shall be paid by the Customer in accordance with the current Price List of the Bank. The Bank is entitled to debit the aforementioned fees from the Account of the Customer.
- 6.2 In the execution of Other Payments, the Payer can choose between two different methods of payment of the fees:
- 6.2.1 equal sharing of the costs (SHA) - costs related to the execution of the payment shall be divided between the Payer and the Beneficiary (the Payer shall pay the current service fees of the Bank and the Beneficiary shall pay the service fees of the Payment Intermediaries the payment service provider of the Beneficiary).
- 6.2.2 costs are covered by the Payer, i.e. full sum to the Beneficiary (OUR) - the Payer shall pay the current service fees of the Bank and any costs of the Payment Intermediaries used in the course of execution of the payment transaction.
- 6.2.3 the "costs are covered by the Payer" option can only be used if the payment service provider of the Payer or the Beneficiary is located outside the European Economic Area.
- 6.3 In case of the method of payment specified in clause 6.2.2 of the Instructions, the Bank may later debit the Account of the Payer for an additional service fee. The additional service fee is the difference arising when the total amount of service fees paid to the Payment Intermediaries and the payment service provider of the Beneficiary exceeds the service fee paid by the Payer to the Bank.
- 6.4 Any costs related to amendment (changing), certification and revocation of the Payment Instruction shall be paid by the Payer in the amount corresponding to the actual costs of the Bank. The Bank is entitled to debit the aforementioned costs from the Account of the Payer.