



Unofficial translation by the Financial and Capital Market Commission

Regulation No. 224 of 25 October 2012
of Financial and Capital Market Commission
(Minutes no 39, paragraph 2)
Done in Riga

Regulations on the procedure for reporting short positions or uncovered positions in financial instruments

Issued in accordance with
Article 7 (1), paragraph 1 of the Law on the Financial and Capital Market Commission

I. General provisions

1. "Regulations on the procedure for reporting short positions or uncovered positions in financial instruments" (hereinafter – Regulations) shall lay down the procedure for the investor's notification to the Financial and Capital Market Commission of information regarding short positions or uncovered positions in financial instruments as well as the procedure for registration of information providers.

2. Regulations shall be binding on natural and legal persons who have such positions in financial instruments as:

- 2.1. short positions in sovereign debt of the Republic of Latvia;
- 2.2. short positions in shares admitted to the trading on a regulated market of the Republic of Latvia;
- 2.3. uncovered positions in Latvian sovereign credit default swaps.

II. Procedure for reporting of short or uncovered positions in financial instruments

3. Legal and natural persons referred to in Paragraph 2 of Regulations (hereinafter – investors) shall notify of short or uncovered positions in accordance with provisions of the directly applicable Union laws as follow:

3.1. Regulation No 236/2012 of the European Parliament and of the Council of 14 March 2012 on short selling and certain aspects of credit default swaps;

3.2. Commission Delegated Regulation (EU) No 918/2012 of 5 July 2012 supplementing Regulation (EU) No 236/2012 of the European Parliament and of the Council on short selling and certain aspects of credit default swaps with regard to definitions, the calculation of net short positions, covered sovereign credit default swaps, notification thresholds, liquidity thresholds for suspending restrictions, significant falls in the value of financial instruments and adverse events;

3.3. Commission Implementing Regulation No 827/2012 of 29 June 2012 laying down implementing technical standards with regard to the means for public disclosure of net short

position in shares, the format of the information to be provided to the European Securities and Markets Authority in relation to net short positions, the types of agreements, arrangements and measures to adequately ensure that shares or sovereign debt instruments are available for settlement and the dates and period for the determination of the principal venue for a share according to Regulation (EU) No 236/2012 of the European Parliament and of the Council on short selling and certain aspects of credit default swaps;

3.4. Commission Delegated Regulation No 826/2012 of 29 June 2012 supplementing Regulation No 236/2012 of the European Parliament and of the Council with regard to regulatory technical standards on notification and disclosure requirements with regard to net short positions, the details of the information to be provided to the European Securities and Markets Authority in relation to net short positions and the method for calculating turnover to determine exempted shares.

4. Reporting of information relating to short or uncovered positions shall be carried out by the Short Position Reporting System (hereinafter - SPRS). SPRS is the web portal available to the general public at <https://www.investinfo.lv>.

5. SPRS shall be created and maintained by the Financial and Capital Market Commission.

6. Information to be entered in SPRS shall fall into the categories as follow:

6.1. notifications of net short positions in shares;

6.2. notifications of net short positions in sovereign debt;

6.3. notifications of uncovered position in sovereign credit default swaps.

7. Users registered with the Financial and Capital Market Commission (hereinafter – Registered Users) shall be entitled to notify of short or uncovered positions to SPRS. To notify of its short or uncovered positions, the investor shall become the Registered User in SPRS.

8. Registered User shall be entitled to report information both of its own short or uncovered positions and short or uncovered positions of other investors if they have empowered the Registered User to do so.

9. Registered User shall report information relating to the short or uncovered position in Latvian or English, by filling in an appropriate SPRS reporting form available on the website:

9.1. in the notification of short positions in shares, the Registered User shall indicate information specified in Annex I of Regulations in conformity with the indications laid down in Table 1 of Annex 1 of the Regulation referred to in Paragraph 3.4 hereto;

9.2. in the notification of short positions in sovereign debt, the Registered User shall indicate information specified in Annex II of Regulations in conformity with the indications laid down in Table 1 of Annex 1 of the Regulation referred to in Paragraph 3.4 hereto;

9.3. in the notification of uncovered positions in sovereign credit default swaps, the Registered User shall indicate information specified in Annex III of Regulations in conformity with the indications laid down in Table 1 of Annex 1 of the Regulation referred to in Paragraph 3.4 hereto.

10. If the Registered User has provided false information in notification referred to in Paragraph 9 hereto, it shall annul the erroneous notification by changing the status of the relevant SPRS notification to "annulled" and including comments justifying its annulment.

11. Detailed procedure for reporting and annulling information relating to short or uncovered positions shall be provided in the SPRS usage instructions available in SPRS.

III. Registered Users of SPRS

12. To be registered as the Registered User of SPRS, the investor shall submit a signed application to the Financial and Capital Market Commission filling in the form appended in Annex IV to Regulations.

13. After receipt of application referred to in Paragraph 12 of Regulations the Financial and Capital Market Commission shall register the user within two business days and provide the submitter with instructions on further steps for the activation of the status of Registered User. A detailed description of steps to be taken for the activation of the status of Registered User shall be provided in the SPRS usage instruction available in SPRS.

14. Financial and Capital Market Commission shall annul the Registered User's rights upon receipt of relevant application.

15. In case restoration of access rights is required for the Registered User whose access has been suspended, the Registered User shall submit a signed application referred to in Paragraph 12 of Regulations.

16. Financial and Capital Market Commission shall be entitled to block or withdraw the access rights of Registered User to SPRS on its own initiative, if the relevant Registered User performs activities that obstruct functioning of SPRS, forthwith notifying the relevant Registered User of blocking or withdrawing the Registered User's rights.

IV. Information disclosure relating to short positions in shares

17. Information on the notifications conforming to the indications laid down in Article 6 of Regulation referred to in Paragraph 3.1 hereto shall be forthwith disclosed in SPRS. In relation to above notifications, information referred to in Annex V to Regulations shall be disclosed in SPRS.

18. Notifications that do not conform to Article 6 of Regulation referred to in Paragraph 3.1 hereto shall not be disclosed publicly and shall be accessible only to the Financial and Capital Market Commission.

V. Responsibility for accuracy of information

19. Registered User is entirely responsible for accuracy of information entered into SPRS.

VI. Closing provision

20. Regulations shall take effect on 1 November 2012.

Chairman
Financial and Capital Market Commission

K. Zakulis

Annex I to
Regulations No. 224 of 25.10.2012
of Financial and Capital Market Commission

Information to be provided in the notification of short positions in shares in accordance with Article 5 of Regulation No 236/2012 of the European Parliament and of the Council of 14 March 2012 on short selling and certain aspects of credit default swaps and the format of information

| Net short position in shares | |
|---|--|
| 1. Reporting date (yyyy-mm-dd) | |
| 2. Name of issuer: | |
| 2.1. ISIN code | |
| 2.2. Full name | |
| 3. Position creation date (yyyy-mm-dd) | |
| 4. Net short position after crossing notification threshold: | |
| 4.1. Number of shares | |
| 4.2. % of issued share capital | |
| 5. Date of previous notification of position in relevant shares | |
| 6. Comments | |

Annex II to
Regulations No. 224 of 25.10.2012
of Financial and Capital Market Commission

Information to be provided in the notification of short positions in sovereign debt in accordance with Article 7 of Regulation No 236/2012 of the European Parliament and of the Council of 14 March 2012 on short selling and certain aspects of credit default swaps and the format of information

| Net short position in sovereign debt | |
|--|--|
| 1. Reporting date (yyyy-mm-dd) | |
| 2. Name of issuer: | |
| 2.1. Country code | |
| 2.2. Full name | |
| 3. Position creation date (yyyy-mm-dd) | |
| 4. Net short position after crossing notification threshold Equivalent nominal amount | |
| 5. Date of previous notification of position in sovereign debt | |
| 6. Comments | |

Annex III to
Regulations No. 224 of 25.10.2012
of Financial and Capital Market Commission

Information to be provided in the notification of uncovered positions in sovereign credit default swap in accordance with Article 8 of Regulation No 236/2012 of the European Parliament and of the Council of 14 March 2012 on short selling and certain aspects of credit default swaps and the format of information

| Uncovered position in sovereign credit default swaps | |
|--|--|
| 1. Reporting date (yyyy-mm-dd) | |
| 2. Name of issuer: | |
| 2.1. Country code | |
| 2.2. Full name | |
| 3. Position creation date (yyyy-mm-dd) | |
| 4. Net short position after crossing notification threshold Equivalent nominal amount | |
| 5. Date of previous notification of uncovered position in relevant credit default swaps | |
| 6. Comments | |

Annex IV to
Regulations No. 224 of 25.10.2012
of Financial and Capital Market Commission

Application for registration of SPRS user

| | |
|--|--|
| 1. Email address | |
| 2. Mobile phone number | |
| 3. First name and last name, and identity number of the person or name of the company and its registration number, full address and contact person (full name, telephone and fax numbers and email address). BIC code (if any) | |
| 4. Other investors whose short positions will be reported* | |

* Please indicate for each investor: first name and last name, and identity number of the person or the name of the company and its registration number, the full address and contact person (first name and last name, telephone and fax numbers, and email address).

Annex V to
Regulations No. 224 of 25.10.2012
of Financial and Capital Market Commission

Information to be publicly disclosed regarding short positions in shares in accordance with Article 6 of Regulation No 236/2012 of the European Parliament and of the Council of 14 March 2012 on short selling and certain aspects of credit default swaps

| Field title | Information to be made public in the field |
|-------------------------------------|---|
| Position holder | |
| Name of issuer | |
| ISIN code | |
| Amount of net short positions (%) | |
| Position creation date (yyyy-mm-dd) | |
| Comments | |