

## 1. Terms and Definitions used in the Contract

- 1.1. **Bank** – JSC Citadele banka, unified registration No. 40103303559.
- 1.2. **Transaction** – a payment for the goods or services made with a Card.
- 1.3. **Card Acceptance Device (POS terminal)** – an electronic device ensuring acceptance of Cards and processing of Transactions at the Merchant's.
- 1.4. **Types of POS terminals:**
  - 1.4.1. Stationary/Internet – a stationary device with a cable connection to the Internet or telephone line;
  - 1.4.2. Stationary/Wi-Fi – a stationary device with wireless Internet connection using a router;
  - 1.4.3. Mobile – a portable device with mobile Internet connection using a SIM card;
  - 1.4.4. mPOS – a solution composed of a payment card reader and mobile application.
- 1.5. **Application** – a certain Bank's application form for the rental of Card Acceptance Devices (POS terminals) filled out and signed by the Merchant and the Bank. The Application forms an integral part of the Contract.
- 1.6. **Card Processing Centre** – an external service provider chosen by the Bank.
- 1.7. **Contract** – a contract between the Bank and the Merchant on the rental of Card Acceptance Devices (POS terminals) composed of its integral parts, i.e. the Application and the Regulations with all annexes thereto.
- 1.8. **Card Acceptance Contract** – a contract made by the Bank and the Merchant on the acceptance of payment cards.
- 1.9. **Regulations** – Card Acceptance Devices (POS terminals) Rental Regulations that form an integral part of the Contract.
- 1.10. **Merchant** – a natural person or a legal entity, a party to the Contract.
- 1.11. **Service Provider** – a person that installs and maintains POS terminals at the Bank's instruction.
- 1.12. **GTR** – the General Transaction Regulations of the Bank.
- 1.13. Other binding terms and definitions thereof are specified in the GTR and other regulations on the Bank's services to the extent they are applicable to the Contract.

## 2. Subject Matter of the Contract

- 2.1. Under the procedure laid down in these Regulations, the Bank shall install and handover, and the Merchant shall accept a POS terminal for use. The Merchant and the Service Provider or the Bank shall sign a certificate of transfer and acceptance (Certificate) in relation to each POS terminal handed over for use. Each certificate of transfer and acceptance signed by the Parties shall form an integral part of the Contract.
- 2.2. The Contract may be concluded only if the Card Acceptance Contract is concluded.
- 2.3. Information about each POS terminal handed over for use, including device model, number and point of sale location, shall be specified in the Certificate.
- 2.4. The Merchant shall ensure that the Certificate is signed by the Merchant's employee authorised to do so. The Bank and/or Service Provider shall not be obliged to verify the adequacy of the Merchant's employee's authorisation.

## 3. Rights and Duties of the Parties

- 3.1. The Merchant:
  - 3.1.1. is entitled to use a POS terminal throughout the entire duration of the Contract;
  - 3.1.2. undertakes to use a POS terminal with care and good faith complying with all instructions and regulations related to its use;
  - 3.1.3. shall ensure that a POS terminal are used only to make Transactions within the framework of the Card Acceptance Contract and under provisions thereof;
  - 3.1.4. shall provide, to the best of its abilities, a continuous communication link between a POS terminal and the Card Processing Centre;
  - 3.1.5. shall ensure that POS terminals are used by the qualified and trained staff;
  - 3.1.6. shall immediately notify the Bank and the Service Provider of any operational POS terminal damages or troubles;
  - 3.1.7. shall request from the Service Provider the materials required to use a POS terminal at least 2 (two) working days in advance;
  - 3.1.8. shall be responsible for Transaction data until they are transmitted to the Card Processing Centre as well as for the compliance with the data transmission regulations (approved by the Merchant and the Card Processing Centre);
  - 3.1.9. shall cover all costs resulting from misuse or intentional damaging of a POS terminal. A separate certificate shall be drawn up regarding each such case;

- 3.1.10. shall inform the Bank about each new point of sale where a POS terminal is required to be installed as well as about the change of the point of sale address;
- 3.1.11. a POS terminal shall not be relocated without the Bank's permission;
- 3.1.12. shall indemnify the Bank for all costs and losses associated with non-fulfilment of Clause 5.3 of the Regulations;
- 3.1.13. at the Bank's request, shall immediately furnish information about the issues related to the actual usage of a POS terminal;
- 3.1.14. shall pay to the Bank the costs of the training referred to in Clause 3.2.1.1 of the Regulations in full.
- 3.2. The Bank:
  - 3.2.1. independently or through the Service Provider shall ensure:
    - 3.2.1.1. installation of a POS terminal and its handover to the Merchant for use as well as shall ensure, at the Merchant's request, training for Merchant's employees in work with POS terminals;
    - 3.2.1.2. maintain a POS terminal and keep it in working order;
    - 3.2.1.3. elimination of POS terminal defects or change of a POS terminal in case of inevitable defects within 5 (five) working days without an additional payment;
    - 3.2.1.4. 24-hour (twenty-four hour) Data Administration and Authorisation Service having the functions as follows:
      - 3.2.1.4.1. urgent inquiries;
      - 3.2.1.4.2. purchase authorisation;
      - 3.2.1.4.3. monitoring information exchange;
      - 3.2.1.4.4. assistance to the Merchant in the situations not provided for by the obligations related to the use of a POS terminal;
  - 3.2.2. is entitled to:
    - 3.2.2.1. monitor and inspect, at any time, the conditions in which a POS terminal is used;
    - 3.2.2.2. obtain from the Merchant information about the issues related to the use of a POS terminal;
    - 3.2.2.3. take a POS terminal back at any time in the case if the Merchant, while using a POS terminal, violates the provisions of this Contract and those of the Card Acceptance Contract as well as if 3 (three) months in a row the amount of Transactions made using a POS terminal does not exceed EUR 350 (three hundred and fifty euro).

## 4. Payments

- 4.1. For the renting of POS terminals, the Merchant shall pay to the Bank a rental charge specified without the value added tax. The value added tax shall be added to the rental charge and calculated in accordance with the applicable legal enactments.
- 4.2. Unless the Contract provides otherwise, the charge determined in the Contract shall be a monthly rental charge per one POS terminal and applied under the procedure as follows:
  - 4.2.1. if a POS terminal is installed until the 5 (fifth) day (inclusive) of a month, the rental charge for the current month shall be paid in full;
  - 4.2.2. if a POS terminal is installed after the 5 (fifth) day of a month, the rental charge shall be paid starting from the first day of the next month;
  - 4.2.3. if use of a POS terminal is discontinued and a POS terminal is handed over until the 5 (fifth) day (inclusive) of a month, the rental charge for the current month shall not be applied;
  - 4.2.4. if use of a POS terminal is discontinued and a POS terminal is handed over after the 5 (fifth) day of a month, the rental charge for the respective month shall be applied in full and not refunded to the Merchant.
- 4.3. The Bank shall deduct the rental charge and other payments, if the Bank is entitled to withhold them under the Contract, from the total amount of the Merchant's payment card transactions or the Merchant's current account with the Bank. Rental charges shall be deducted on the fifth day of each month. The Bank is entitled to deduct the rental charge for the rental period lasting less than one month right after a POS terminal has been handed over to the Bank or on the fifth day of the month following the end of the POS terminal rental period.
- 4.4. If until the 5 (fifth) day of a month in the Merchant's current account there are not sufficient funds to pay the rental charge and make other payments, if the Bank is entitled to withhold them under the Contract, and/or the Transaction turnover is not sufficient to withhold said charges, the Bank is entitled to forward any amount transferred to the Merchant's current account or any Transaction amount to pay the rental charge and/or make other outstanding payments under the Contract.
- 4.5. The Bank shall make invoices for the Merchant for the calculated and withheld rental charges, if the Bank is entitled to withhold them under the Contract. Invoices shall be made electronically, emailed to the Merchant's email address specified in the Contract and be valid without a signature and a seal.

4.6. If until the end of a month the Merchant will have not ensured that there are funds in the current account or provided the funds from the Transaction amounts, the Bank shall make and send to the Merchant an invoice for the calculated rental charges and other payments, if the Bank is entitled to withhold them under the Contract, which the Merchant undertakes to pay within 10 (ten) calendar days after sending thereof.

4.7. Invoices referred to in Clause 4.5 and 4.6 of the Contract shall be made electronically, emailed to the Merchant's email address specified in the Contract and be valid without a signature and a seal.

## 5. Responsibility and Handover of a POS terminal to the Bank

5.1. The Merchant shall be responsible for a POS terminal from the moment of signing of the Certificate and indemnify the Bank for all losses related to the harm done to a POS terminal (damages, theft, etc) regardless of the fact whether said harm has been done as a result of the Merchant's action or inaction, or it has been done by third parties and the Merchant gave the possibility to do said harm or was able to prevent it.

5.2. If a POS terminal is damaged so that its further use is impossible or was stolen, the Merchant shall pay to the Bank the value of a POS terminal complying with the rate of annual depreciation 20%, or the compensatory value of a POS terminal if the Bank has to repay it to third parties.

5.3. In case of termination of the Contract, the Merchant undertakes to hand over a POS terminal to the Bank or the Service Provider not later than within 2 (two) working days after the Contract termination date. If the Merchant closes a point of sale where a POS terminal is located, the Merchant shall notify the Bank of it in a timely manner but not later than 5 (five) working days in advance, and hand a POS terminal over to the Bank or the Service Provider before the closing date of a point of sale.

5.4. The Merchant shall hand over a POS terminal to the Bank in the same condition as it was at the time of its installation (taking into account natural tear and wear).

5.5. For the handover of a POS terminal to the Bank, the Merchant and the Bank or the Service Provider shall sign a certificate of transfer and acceptance.

5.6. If the Merchant fails to hand over a POS terminal within the term determined in Clause 5.3 of the Regulations, the Bank is entitled to calculate and withhold, including, in addition to the rental charge, a commission of EUR 7.11 (seven euro and 11 euro cents) and the value added tax in the amount determined in the regulatory enactments in the first 14 (fourteen) calendar days, and EUR 14.23 (fourteen euro and 23 euro cents) and the value added tax in the amount determined in the regulatory enactments for each following day of delayed handover of a POS terminal.

5.7. If the Merchant fails to hand over a POS terminal for more than 14 (fourteen) days, the Bank, having made the respective invoice, is entitled to deduct from the Merchant's current account with the Bank or from the total amount of the Merchant's payment card transactions the value of a POS terminal complying with the rate of annual depreciation 20% (twenty percent) or the compensatory value of a POS terminal if the Bank has to repay it to third parties.

## 6. Coming into Force and Duration of the Contract

6.1. The Contract comes into force on the day it has been signed by both Parties and shall be valid for an indefinite period. The Contract shall be terminated upon the Parties' written agreement or under the procedure specified in Clause 6.3 of the Contract.

6.2. In relation to the specific Merchant's point of sale, the Contract shall come into force after the Certificate has been signed.

6.3. If a Party terminates the Contract unilaterally, it shall give the respective notice to the other Party not later than 30 (thirty) days prior to the termination of the Contract except for the cases referred to in Clause 6.4 and Clause 8.6 of the

Regulations.

6.4. Upon occurrence of the circumstances referred to in Clause 3.2.2.3 of the Regulations as well as if the Merchant violates the obligations specified in Clause 3.1.2 or Section 4 of the Regulations, or the Card Acceptance Contract is terminated due to any reason, the Bank is entitled to immediately and unilaterally terminate the Contract.

6.5. If in the course of the Contract either Party has failed to fulfil its obligations, termination of the Contract shall not release the Parties from the fulfilment of said obligations in full.

6.6. Termination of the Contract shall not have impact on the recovery of pecuniary claims or the performance duty of resulting from the Contract before its expiration, termination or in relation to Transactions made during its validity.

## 7. Consideration of Disputes

Any dispute, controversy or claim arising out of or in connection with this Contract, which concerns it or its infringement, termination or invalidity shall be finally settled by Riga International Arbitration Court, which is located in Riga, in accordance with regulatory enactments of the Republic of Latvia and Arbitration Rules of this arbitration court in the Latvian language on the basis of the submitted documents, provided that the number of arbitrators shall be one or at discretion of the Bank in a court of the Republic of Latvia according to jurisdiction.

## 8. Final Provisions

8.1. The Parties' representatives certify that they have full rights (powers) to conclude the Contract on behalf of their principals assuming the rights and duties specified in the Contract on behalf of their principals. If at the moment of signing of the Contract a signatory of the Contract has not been legally entitled or authorised to represent a Party, being not the representative of said Party he or she claims to be, then he or she as a natural person shall be responsible for the performance of the Contract.

8.2. The Contract has been made and shall be interpreted under the effective regulatory enactments of the Republic of Latvia. All unregulated relationships of the Parties resulting from the Contract shall be handled under the effective regulatory enactments of the Republic of Latvia, the Bank's GTR and other contracts made by the Bank and the Merchant insofar as the provisions thereof do not contradict the provisions of this Contract.

8.3. In case of either Party's reorganisation, the Contract shall be binding upon its legal successors.

8.4. The Merchant is informed and consents that the Bank will also employ third parties' services to fulfil its obligations to the Merchant. The Bank shall not be liable for the Merchant's losses and inconveniences should they result from third parties' gross negligence or malice.

8.5. The Bank is entitled to unilaterally make changes in the GTR and Regulations. Information about any planned amendments in the GTR and Regulations prior to their coming into force shall be available to the Merchant at the Bank's customer service structural units, on the Bank's homepage in the Internet at [www.citadele.lv](http://www.citadele.lv), as well as the Merchant may obtain it by calling the Bank's Information Service.

8.6. If the Merchant does not agree to the changes made by the Bank, the Merchant is entitled to withdraw from the Contract without punitive sanctions notifying the Bank of it in writing and making all payments resulting from the Contract to the Bank in full. If until the coming into force of the amendments made to the GTR and Regulations the Merchant has not informed the Bank about its withdrawal from the Contract and has not made payments to the Bank, it shall be deemed that the Merchant agrees to the changes made by the Bank.