

## 1. Terms and Definitions

- 1.1. **Authorisation** – a process of electronic approval of card data as a result of which the Card Issuer either approves or declines a Transaction.
- 1.2. **Bank** – JSC Citadele banka, unified registration No. 40103303559.
- 1.3. **Fees and Charges** – current fees and charges for the Bank's products and services.
- 1.4. **Receipt** – a printed or electronic invoice made by the Card Acceptance Device containing information about a Transaction.
- 1.5. **Transaction** – a payment for the goods or services made with a Card at the Merchant's point of sale.
- 1.6. **Application** – a certain Bank's application form for the provision of payment card acceptance services to pay for Transactions filled out and signed by the Merchant and the Bank. The Application forms an integral part of the Contract.
- 1.7. **Card Acceptance Device** – a self-service electronic device ensuring acceptance of Cards and processing of Transactions at the Merchant's, when Card Users independently propose Transactions.
- 1.8. **Card Processing Centre** – an external service provider chosen by the Bank.
- 1.9. **Card** – a payment card of an international payment card organisation, for instance, VISA International, MasterCard Worldwide, American Express Limited, or/and any other international payment card organisation as well as payments cards of the local systems if the Bank ensures maintenance of said cards.
- 1.10. **Card User** – a natural person entitled to use the Card.
- 1.11. **Commission Fee** – remuneration determined in the Application that may be a fixed amount and/or percent of the Transaction amount but shall not be less than the determined minimum commission fee (if any is determined in the Application) and shall not exceed the maximum commission fee (if any is determined in the Application).
- 1.12. **Contract** – a contract between the Bank and the Merchant on the acceptance of payment cards which integral parts are these Payment Card Acceptance Regulations, using self-service card acceptance device (Regulations) with all annexes thereto.
- 1.13. **Disbursement** – cash disbursement to a Card User in addition to a Transaction.
- 1.14. **Regulations** – the Payment Card Acceptance Regulations, using self-service Card Acceptance Device that form an integral part of the Contract.
- 1.15. **Instructions** – a set of requirements specified in the Card Acceptance and Transaction Processing Regulations as well as the Payment Card Authentication Regulations which form an integral part of the Contract.
- 1.16. **Reclamation** – a Card Issuer's or Card User's complaint challenging a Transaction or any part thereof that is reviewed under the procedure laid down in the regulations of the respective International Card Organisation as well as in accordance with the requirements of the Card Processing Centre.
- 1.17. **Merchant** – a natural person or a legal entity, a party to the Contract.
- 1.18. **Card Organisations** – international payment card organisations, including VISA International, MasterCard Worldwide, American Express Limited or any other international payment card organisation.
- 1.19. **GTR** – the General Transaction Regulations of the Bank.
- 1.20. 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. Payments

- 2.1. After the Merchant has closed its business day and transmitted the Transaction data to the Card Processing Centre, the Bank, without a separate Merchant's order, shall transfer the amounts of the Merchant's Transactions to the Account not less than within 3 (three) working days of the Bank after receipt of the payment report from the Card Processing Centre, having beforehand withheld the Commission Fee and other payments if such are due to the Bank under the Contract. If the Account is not opened with the Bank, the Bank shall not assume responsibility for the availability of the funds in the Account within the term specified in this clause.
- 2.2. The Merchant shall pay to the Bank the Commission Fee for each Transaction. The Commission Fee includes interbank commission fees and card scheme fees the amounts of which the Merchant may find out at the Bank by submitting a request. Changes in interbank commission fees and card scheme fees shall not have impact on the total amount of the Commission Fee specified in the Contract.
- 2.3. In the cases mentioned in these Regulations, the Bank is entitled to suspend fulfilment of its obligations specified in Clause 2.1 of the Regulations.
- 2.4. If the Merchant has failed to transmit the Transaction data within 2 (two) working days after completion of a Transaction, the Bank is entitled to decline to transfer the Transaction amount to the Merchant.

## 3. Rights and Duties of the Bank

- 3.1. The Bank undertakes to maintain Cards and ensure Transactions at the Merchant's points of sale/ service delivery locations in compliance with the regulations of the Card Organisations, international and Latvia's legal enactments as well as the market practice in the field of Card maintenance. The Bank undertakes to accept and transfer to the Merchant the amounts of Transactions under the procedure specified in the Contract withholding the Commission Fee specified in the Contract as remuneration.
- 3.2. The Bank, independently or through the Card Processing Centre, shall provide the Merchant with the information stickers commensurate with the Contract.
- 3.3. To reduce the risks associated with acceptance of Cards and/or ensure fulfilment of the obligations under the Contract, the Bank is entitled to determine the safety measures to be taken additionally, for instance, to specify the maximum Transaction amount, request a security deposit, etc, having previously notified the Merchant of it in writing.
- 3.4. The Bank, having in writing notified the Merchant of it, is entitled to immediately terminate Card maintenance at the Merchant's points of sale/ service delivery locations, arrest the funds available in the Account or suspend the current transfer of Transaction amounts to the Merchant if the Account is not opened with the Bank in the events of infringement of the Card Acceptance and Transaction Completion Regulations as well as the Card Processing Centre's requirements or fraud in the Merchant's activity, or if the Bank has ground for suspicion that the activities referred to in this clause have occurred/are occurring, and also in the event if the Merchant has failed to transfer the funds requested by the Bank in the case mentioned in Clause 3.6 of the Regulations.
- 3.5. The Bank is entitled, without a separate Merchant's order or accept, only on grounds of the provisions of this clause, arrest for up to 180 days as well as withhold from the Transaction amounts, the Account or, if the funds available in the Account are not sufficient or the Account is not opened with the Bank, from any other Merchant's account with the Bank, including conversion according to the rate determined by the Bank on the respective day, if such is required, the funds covering the Bank's actual and possible expenses, or actual or possible direct losses in the events as follows:
  - 3.5.1. if the Merchant has violated the provisions of the Contract, including those of the Card Acceptance, Card and Transaction Data Processing and Transaction completion provisions specified in the Instructions as well as the requirements specified by the Card Processing Centre;
  - 3.5.2. if, in accordance with the Card Organisations' requirements or at the discretion of the Bank, additional verifications are to be performed in relation to a Transaction;
  - 3.5.3. if a Card User or a Card Issuer has submitted a complaint (Reclamation) in accordance with the Card Organisations' regulations;
  - 3.5.4. if, under the Contract and/or in accordance with the Charges and Fees, the Merchant has to pay any Commission Fee and/or contractual penalty;
  - 3.5.5. if a Card Organisation has imposed a monetary penalty on the Bank, filed a claim or initiated auditing.
- 3.6. If in the event of occurrence of the circumstances referred to in Clause 3.5 of the Regulations the Bank is not able to debit or withhold the required amounts due to the insufficient funds or lack of turnover, the Bank, having given written notice, is entitled to request the Merchant to transfer the required funds to the account specified by the Bank within 7 (seven) Bank's working days and, before the required funds are credited to the account, block the Merchant's incoming funds received by the Bank until the required amount will have been accumulated.
- 3.7. In the cases specified in the Contract, the amounts of money arrested are deemed to be the Merchant's collateral for the fulfilment of its obligations arising out of the Contract.
- 3.8. The Bank is entitled to inform the Card Organisations about the Merchant's fraudulent activities if such have been identified as well as if the amount and number of Reclamations and fraudulent Card Transactions exceeds the parameters determined by the International Card Organisations.
- 3.9. The Bank is entitled to unilaterally amend the Instructions by sending a prior notice to the Merchant's email address specified in the Contract.
- 3.10. In compliance with the regulatory enactments of the Republic of Latvia, the Bank is entitled, at the request of the Card Organisations, to furnish to them the statistical information about the Transactions made at the Merchant's.

## 4. Rights and Duties of the Merchant

- 4.1. The Merchant undertakes to accept at all Merchant's points of sale/

service delivery locations, including points of sale/ service delivery locations that will be established after conclusion of the Contract, all valid, duly presented Cards as a means of noncash payments for the Merchant's goods and/or services according to the same regulations and at the same prices as when paying for the same goods and/or services in cash.

4.2. The Merchant undertakes to make Transactions in accordance with the Instructions, regulations of the Card Processing Centre, laws and other regulatory enactments as well as do it in a manner so that not to do harm to the reputation of the Bank, Bank's associated companies and natural persons, Card Organisations or third parties.

4.3. When completing a Transaction, the Merchant shall specify the Transaction amount in the official currency of the Republic of Latvia unless the parties to the Contract have in writing agreed on the use of other currency/currencies.

4.4. The Merchant shall keep entries proving a Transaction to a computer-based register not less than 180 days after a Transaction has been made.

4.5. The Merchant shall accept a Card as a means of payment only for the goods and/or services related to the type of the Merchant's business and, if the Merchant has received a permission/licence, – in the cases when, in accordance with the regulatory enactments of the Republic of Latvia or in accordance with the regulatory enactments of the country in which the Merchant conducts its business and accepts Cards for payments under the Contract, a permission/licence is required to market the respective goods or services.

4.6. The Merchant undertakes not to accept a Card as a means of payment for the business conducted by third parties as well as not to assign third parties to accept Cards for the business conducted by the Merchant.

4.7. For each Transaction, the Merchant shall offer a Receipt to a Card User, including, for instance, by sending a Receipt to the email address chosen by a Card User or by sending a SMS to the specified telephone number. A Receipt proves the fact that each Transaction was paid with a Card.

4.8. At the written request of the Bank or the Card Processing Centre, the Merchant shall hand over to the Bank or the Card Processing Centre copies of the Receipts proving a Transaction not later than within 3 (three) Bank's working days after receipt of the request.

4.9. The Merchant undertakes to display at the Merchant's points of sale/ service delivery locations the stickers and signage of the respective Cards that are accepted for payment for the goods and/or services.

4.10. During validity of the Contract, the Merchant undertakes to use Card Acceptance Devices that were handed over for the Merchant's use by the Bank, third party under the Bank's instruction or other credit institution or branch of a credit institution registered in the Republic of Latvia. Use of any other technical device for the needs of Card acceptance is possible only subject to prior agreement with the Bank. Regardless of the Bank's approval, solely the Merchant shall be responsible for the compliance of the Card Acceptance Devices used by the Merchant to accept Cards with the effective requirements of the Bank, International Card Organisations and Card Processing Centre.

4.11. The Merchant shall ensure at its own expense that the electronic (logical) solutions and software, including information, data transmission and storage safety solutions and software directly or indirectly related to the Merchant's Card Acceptance Devices comply with the effective requirements of the Bank, International Card Organisations, PCI DSS (Payment Card Industry Data Security Standard) and Card Processing Centre.

4.12. At the Bank's request, the Merchant undertakes to perform the activities specified by the Bank to prove the fulfilment of the requirements referred to in Clause 4.11 of the Contract, including to submit the documents proving compliance. If the Merchant fails to meet the Bank's requirements specified in this clause, and the parties to the Contract fail to agree on the term within which the Merchant shall meet them, the Bank is entitled, independently or by inviting the respectively qualified third party, to conduct compliance inspections, and the Merchant undertakes to cover all the Bank's expenses related to said compliance inspections.

4.13. The Merchant shall be responsible for the Transaction data until their transmission to the Card Processing Centre as well as for the compliance with the data transmission regulation (agreed upon by the Merchant and the Card Processing Centre).

4.14. When changing the Merchant's type of business communicated to the Bank under the Contract, the Merchant shall not have the right to accept Cards for the goods and/or services provided under said type of business if the Bank has not accepted Card maintenance for the Transactions made under this type of business.

4.15. The Merchant is not entitled to:

4.15.1. determine an additional fee for the Card payments unless it is stipulated by the effective regulatory enactments of the Republic of Latvia, or the Bank has allowed it in accordance with the regulations of the International Card Organisations. The additional fee, if such is determined, shall be included in the Transaction amount and it may not be collected separately;

4.15.2. determine the minimum or maximum Transaction amounts unless they are stipulated by the effective regulatory enactments of the Republic of Latvia;

4.15.3. split a Transaction into several transactions;

4.15.4. disclose to third parties information about a Card User, Card number, Card validity term as well as any other information related to Card acceptance and Card Users. This Merchant's obligation shall be effective for an indefinite period;

4.15.5. use the Card reading system that copies, records or otherwise stores information contained in the magnetic stripe of a Card or micro-scheme (chip) of a smart card or is seen on the Card;

4.15.6. accept a Card for payment in order to discharge or refinance current obligations, dispense cash without Bank's approval;

4.15.7. accept Cards to pre-pay fines, indemnity for losses or contractual penalties;

4.15.8. accept Cards to pay earnest money except if such Transactions are allowed by the Bank.

4.16. If a Card User submits to the Bank or the Card Processing Centre a Reclamation, complaint or question about a Transaction, the Bank or the Card Processing Centre shall inform the Merchant about that. The Merchant undertakes to give a reply to the Bank or the Card Processing Centre not later than within 15 (fifteen) calendar days after receipt of such notice. In its reply, the Merchant shall reply relevantly proposing a solution to a situation or an explanation that would allow the Bank or the Card Processing Centre to handle the respective situation. If such a reply is not received within the specified term, the Bank is entitled to request that the Merchant pays the whole Transaction amount.

4.17. The Merchant undertakes to apply equal regulations to returns or exchanges regardless of whether the Merchant's buyer has paid for the goods with a Card or in any other manner. 4.18. If it is identified that the data of Cards and Transactions have been lost, the Merchant shall immediately but not later than within 1 (one) working day notify the Bank and the Card Processing Centre of it.

4.19. If the Merchant would like to open a new point of sale/ service delivery location where Cards will be accepted, the Merchant shall inform the Bank about it in a timely manner. The Bank shall start Card maintenance at the new point of sale/ service delivery location after the respective point of sale/ service delivery location has been accepted if it meets the requirements specified by the Card Organisations.

4.20. The Merchant is informed and consents that the Bank is entitled to ensure that the Merchant's representatives who have registered, on the Merchant's instruction, for Citadele Bank's Online Banking as users with all access rights have access to the customer portal of the Card Processing Centre.

## 5. Responsibility

5.1. The Parties shall be responsible for the fulfilment of the obligations under the Contract and be liable to each other for non-fulfilment or partial fulfilment of their obligations as well as for the caused direct losses in accordance with the procedure set out in the regulatory enactments of the Republic of Latvia. The Parties shall not be liable for the losses associated with the circumstances caused by force majeure, i.e. for the circumstances the occurrence of which does not depend on the respective Party and the consequences of which neither Party could have prevented.

5.2. The Bank shall be responsible for the processing of Transactions under the procedure specified in the Contract except for the planned business interruptions, and paying for Transactions to the Merchant in a timely manner under the procedure and within the terms specified in the Contract.

5.3. The Bank shall not be liable for the Merchant's losses and damage resulting from action or inaction of the Merchant, telecommunication service provider, a Card Organisation and/or a Card issuer or due to other reasons as well as if the Bank terminates the Contract as a result of violations on the part of the Merchant.

5.4. If the Merchant fails to comply with or violates the requirements specified in the Contract, including the Regulations and the Instructions, the Merchant shall be fully liable for the losses and damage, including any imposed sanctions, contractual penalties and other payments resulting from Card acceptance, Card and Transaction data processing and Transaction completion.

## 6. Administrative Provisions

6.1. The Parties shall send all notices and other documents related to the performance of the Contract or arising out of it to the other Party's address, email address specified in the Contract or, if notice is to be given

immediately, – shall be communicated verbally or by sending information to the telephone or fax number of the respective Party.

6.2. The Parties shall immediately in writing inform each other about any change in the other Party's name, particulars and telephone number as well as about other circumstances that may have impact on due performance and validity of the Contract.

6.3. Any notice and/or complaint related to the performance of the Contract shall be sent in writing to the respective Party's address specified in the Contract or later communicated in writing, and it shall be deemed to have been received: 3 (three) working day after the date of its posting if it is sent as a registered or insured mail; or on the day of delivery if handed over personally of which the respective Party has signed acknowledgement of receipt.

6.4. In the events specified in the Contract the Parties may communicate with each other also via email addresses specified in the Contract. Emailed information shall be deemed to have been received on the same working day if sent to the email address specified in the Contract until 17.30 of the respective working day, and a delivery status notification 'failure' or 'delay' has not been received; if information is emailed on a working day after 17.30, at the weekend or holiday, it shall be deemed to have been received on the next working day.

## 7. Contract Term

7.1. The Contract comes into force with the cancellation clause laid down in Clause 7.10 of the Contract on the day the Contract has been signed by both Parties, and it shall be valid for an indefinite period.

7.2. The Bank shall start providing the services specified in the Contract not later than within five Bank's working days from the date on which the Contract comes into force.

7.3. Both parties shall have the right to unilaterally terminate the Contract, having in writing notified the other Party of it 30 (thirty) calendar days in advance.

7.4. The Parties shall have the right to unilaterally terminate the Contract at any time, having in writing notified the other Party of it, if an insolvency petition in relation to one of the Parties has been filed with a court or if one of the Parties has been declared insolvent.

7.5. The Bank is entitled to unilaterally terminate the Contract without complying with the term referred to in Clause 7.3 of the Contract, having in writing notified the Merchant of it, in the cases as follows:

7.5.1. occurrence of the circumstances, including but not limited to, bankruptcy, liquidation proceedings that are pending or have commenced, or insolvency which the Bank reasonably regards as hindrance in the exercising of the Bank's rights in relation to the Merchant or as a result of which non-fulfilment of the Merchant's duties and obligations under the Contract may occur;

7.5.2. the Merchant has changed the type of its business having not informed the Bank about it;

7.5.3. the Merchant breaches the obligations referred to in Section 4 of the Contract or is involved in the activities that may do harm to the reputation of the Bank, International Card Organisations or Card system activity;

7.5.4. An International Card Organisation requests to terminate the Contract as well as if the ratio of the number of Reclamations and suspicious transaction reports to the number of the Merchant's Transactions has reached the value when further cooperation with the Merchant is not allowed;

7.5.5. The Merchant's authorised persons cannot be reached for communication, i.e. calling the telephone numbers specified by the Merchant for longer than 3 (three) weeks in a row, or the Merchant has not accepted any Transaction for at least 1 (one) month.

7.5.6. The Merchant does not place a security deposit with the Bank in the case if the Bank has required to do so;

7.5.7. Any other contract concluded with the Merchant is terminated at the Bank's initiative;

7.5.8. The Bank has information that the Merchant, its management officials or employees are involved in an offence subject to criminal liability under the effective legal enactments and/or has other negative information about the Merchant, its management officials or employees that may do harm to the Bank's reputation.

7.6. In the cases referred to in Clause 7.5 of the Contract, the Bank is entitled, without any prior warning, to take over into its possession the Card Acceptance Device(s) handed over to the Merchant by the Bank as well as to unilaterally terminate the Contract. If the Bank is not able to take over the Card Acceptance

Devices independently and without a delay, the Bank is entitled to withhold the cost of the non-regained Card Acceptance Devices from the Merchant under the procedure laid down in Clause 3.5 of the Contract.

7.7. After termination of the Contract, the Merchant undertakes to immediately transmit the data of the Transactions which were not sent for processing before the Contract was terminated.

7.8. Any rights and duties specified in the Contract in relation to the processing of Transaction data, Receipts electronic copies submitted while the Contract was valid shall be valid regardless of whether they were processed before or after termination of the Contract.

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

7.10. If inspection of the Merchant's compliance identifies the circumstances which do not allow cooperating with the Merchant, the Bank shall notify the Merchant of cancellation of the Contract not later than within 10 working days.

## 8. 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.

## 9. Miscellaneous

9.1. 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 General Transaction Regulations and other contracts concluded by the Bank and the Merchant insofar as the provisions thereof do not contradict the provisions of this Contract.

9.2. The Bank is entitled to unilaterally make changes in the GTR, Fees and Charges, Regulations and Instructions. Information about any planned amendments in the GTR, Fees and Charges, 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. The Bank shall in writing notify the Merchant of changes in the Instructions at least two calendar weeks in advance.

9.3. If the Merchant does not agree to the changes made by the Bank, the Merchant is entitled to unilaterally withdraw from the Contract without complying with the notice period referred to in Clause 7.3 of the Regulations and 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, Fees and Charges, Regulations or Instructions 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.

9.4. If the cooperation between the Bank and the International Card Organisations is terminated due to any reason, the Bank undertakes to immediately in writing notify the Merchant of it. At the same time, the Bank is entitled to provide to an International Card Organisation all the information about the Merchant requested by it that is required for the possible further cooperation between the International Card Organisation or its authorised person and the Merchant.

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

9.6. 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.