

The Treasury of the Republic of Latvia  
Smilšu street 1  
Riga, LV – 1919  
Latvia

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Attn: Gunta Medne, Acting Treasurer – Deputy Treasurer and Inese  
Sudare, Deputy Director of Financial Resources Department

Our ref JAMD/ICM:20088488.4

12 September 2014

Dear Mrs Medne,

**Republic of Latvia – Legal consultative services**

I am writing to you on behalf of Allen & Overy LLP and each of the other members of the A&O Group (as defined in paragraph 1 of Appendix 2) to confirm the basis on which we will provide advice and/or services to the Treasury of the Republic of Latvia (the **Treasury**) in respect of the matters described in paragraph 2 below (the **Matters** and each such matter, a **Matter**) The terms of engagement of each member of the A&O Group on the Matters will be governed by this letter and its appendices (together the **Letter**), subject to any amendments that we may agree from time to time.

**1. Our team**

Roger Wedderburn-Day and I will lead and be responsible for supervising our team. You will, of course, also have access to any other specialists within the firm that may be required. However, at this stage it is not possible to identify which other partners and staff will be involved in the Matters as this will depend on the specifics of the advice requested from time to time and the specialist areas involved.

**2. The Matters**

The Matters will involve us advising the Treasury on a case by case basis in relation to various financial market issues as outlined in the Invitation to Submit a Tender dated 30 May 2014 in respect of the procurement procedure: "Legal Consultations", identification no. VK/2014/06 (the **Invitation**).

As no member of the A&O Group is currently authorised to advise as to matters of Latvian law, the relevant members of the A&O Group would propose to work in conjunction with any Latvian law firm appointed by you to advise on any Latvian law aspects of the Matters as necessary.

Valsts kase  
Līgums  
Nr. VK/5/14/708  
17.09.2014.

Allen & Overy LLP is a limited liability partnership registered in England and Wales with registered number OC306763. It is authorised and regulated by the Solicitors Regulation Authority of England and Wales. The term partner is used to refer to a member of Allen & Overy LLP or an employee or consultant with equivalent standing and qualifications. A list of the members of Allen & Overy LLP and of the non-members who are designated as partners is open to inspection at its registered office, One Bishops Square, London E1 6AD.

Allen & Overy LLP or an affiliated undertaking has an office in each of: Abu Dhabi, Amsterdam, Antwerp, Athens, Bangkok, Barcelona, Beijing, Belfast, Bratislava, Brussels, Bucharest (associated office), Budapest, Casablanca, Doha, Dubai, Düsseldorf, Frankfurt, Hamburg, Hanoi, Ho Chi Minh City, Hong Kong, Istanbul, Jakarta (associated office), London, Luxembourg, Madrid, Mannheim, Milan, Moscow, Munich, New York, Paris, Perth, Prague, Riyadh (associated office), Rome, São Paulo, Shanghai, Singapore, Sydney, Tokyo, Warsaw, Washington, D.C. and Yangon.

### **3. Fees**

We will charge the time spent by team members working for the Treasury on the Matters at the hourly rates detailed in paragraph 1 of Appendix 1. These hourly rates are inclusive of all costs, expenses and disbursements. It is not anticipated that the Matters will involve any significant travel or other costs and expenses incurred by us on your behalf.

If any particular Matter looks like it may cost more than £5,000, we will advise you of this and provide you with a separate fee estimate so that you can decide whether or not to proceed in obtaining the advice concerned.

We will invoice you monthly provided the amount of each invoice is at least £5,000 and, if not, aggregate our fees for each Matter on a month by month basis until a total of £5,000 is reached. If the total cost of our fees for all Matters over the course of a financial year for us is less than £5,000 at the year end (which is 30 April of each year), we will not invoice you for these fees and will write them off.

In the absence of any other agreed arrangement, any work carried out by us for any Matters in an office outside London will be charged at a 10 per cent. discount to the hourly rates of that office in pound sterling (subject to such hourly rates not being greater than those set out in paragraph 1 of Appendix 1). If it is envisaged that any Matter will be carried out by an office outside London we will provide you with details of the hourly rates of that office.

We agree that the total amount of our fees for the Matters shall not exceed £33,130 (as calculated by reference to the total fee amount of €41,500 specified in the Invitation converted from euro to GBP at the reference rate published by the European Central Bank on 3 September 2014 of 0.79855 and resulting in a pound sterling equivalent of GBP 33,139.83) and to cease work on any Matter once this total fee amount is reached. Our invoices will be payable in pound sterling and each invoice will set out a summary of the services provided. Each invoice will be addressed to The Treasury of the Republic of Latvia, Smilšu street 1, Riga, LV – 1919, Latvia.

Following receipt of our invoice, the Treasury may request clarification in relation to the contents of the invoice with any such request to be made by the Treasury promptly and in writing. We will endeavour to respond to any such request to the extent reasonably practicable. We and the Treasury agree to make all reasonable efforts to ensure that any request for clarification is made and responded to within 20 working days from the receipt by the Treasury of the invoice.

Any fee estimate given by us will be given in good faith but is not contractually binding. Fee estimates will be subject to the stated caveats and assumptions and to any factors outside our control. We will notify you if it becomes reasonably apparent that an estimate is likely to be materially exceeded.

### **4. Term of engagement**

Subject as set out in paragraph 11 of Appendix 2 and as otherwise agreed in writing, our engagement on the Matters will be for the period of three years from the date of the signing of the duplicate copy of this Letter by the Treasury or until our total fees for the Matters on which we are instructed reach the total fee limit of £33,130 and our respective obligations under this Letter are fulfilled, whichever is the earlier.

**5. Data protection**

You acknowledge and agree that in respect of some or all of the Personal Data, we will act as your data processor processing Personal Data on your behalf. In the event that we act as your data processor, we shall:

- (a) only undertake processing of Personal Data required in connection with the performance of our retainer for you and we shall comply with your reasonable instructions with respect to Personal Data; and
- (b) take appropriate technical and organisational measures against unauthorised or unlawful processing of Personal Data and against accidental loss or destruction of, or damage to, Personal Data. Terms defined in relevant Data Protection Legislation shall have the same meaning when used in this paragraph 6.

**6. General Terms and Conditions**

In Appendix 2 to this letter, I attach the Allen & Overy International Standard Terms of Business which form part of this Letter.

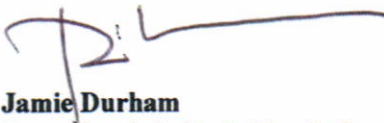
**7. Limitation of liability in relation to the Matters**

You hereby agree that the aggregate liability of each member of the A&O Group by reason of or arising out of anything done or omitted in relation to the Matters shall be limited to twice the aggregate total professional fees of members of the A&O Group (excluding VAT and disbursements) invoiced and paid in relation to the Matters or, if greater £3,000,000.

I hope that you will find the contents of this Letter to be satisfactory. If so, could you please counter-sign and return to us the enclosed duplicate copy of this Letter, in order to indicate the Treasury's acknowledgement of and agreement with the terms of this Letter. In the meantime, your instructions or continued instructions will constitute such acknowledgement and agreement.

We are very much looking forward to continuing to work with you.

Yours sincerely



**Jamie Durham**

For and on behalf of Allen & Overy LLP  
and each of the other members of the A&O Group

[[*On duplicate only*]]

The appointment of Allen & Overy LLP and each of the other members of the A&O Group on the above terms is agreed.

Signed: .....

Date: 17.09.2014.....

**Gunta Medne**

Acting Treasury – Deputy Treasurer  
For and on behalf of the Treasury of the Republic of Latvia

**APPENDIX 1**

1. Subject as outlined in paragraph 2 of the Letter to which this Appendix 1 is attached and of which it forms part, we will charge for all work done on the Matters on the basis of hourly rates as set out in the table below.

| <b>Position</b>  | <b>Grade</b>          | <b>Hourly rate<br/>(GBP)</b> |  |
|------------------|-----------------------|------------------------------|--|
| Partner          | Senior Partner 0      | 740                          |  |
| Partner          | Partner 0 / Partner 1 | 675                          |  |
| Counsel          | Counsel               | 635                          |  |
| Senior Associate | Snr Assoc.            | 570                          |  |
| Mid Associate    | Grade 16              | 475                          |  |
| Mid Associate    | Grade 15              | 450                          |  |
| Mid Associate    | Grade 14              | 425                          |  |
| Junior Associate | Grade 13              | 345                          |  |
| Junior Associate | Grade 12              | 325                          |  |
| Trainee          | Grde 11 / Grde 10     | 200                          |  |
| Paralegal        | PL-2                  | 200                          |  |

2. These hourly rates are exclusive of VAT, which we are not required to charge on our fees for the Matters.

## APPENDIX 2

### ALLEN & OVERY INTERNATIONAL STANDARD TERMS OF BUSINESS

#### 1. Definitions

Unless the context otherwise requires:

**A&O Entity** means each entity within the A&O Group engaged in the provision of legal services;

**A&O Group** means Allen & Overy LLP, its Subsidiaries and the other partnerships, corporations, undertakings and entities which are authorised to practise using the name "Allen & Overy" and **member of the A&O Group** has a corresponding meaning;

**Affiliated Company** means, in relation to a body corporate, any subsidiary of one of its parent companies which is not, itself, a subsidiary company or a parent company of the body corporate;

**Allen & Overy LLP** is a limited liability partnership incorporated in England and Wales with registered number OC 306763 and registered office at One Bishops Square, London E1 6AD;

**Data Protection Legislation** means EC Data Protection Directive (Directive 95/46/EC), all legislation implementing that Directive and all other laws and regulations enacted anywhere in the world relating to or impacting on the processing of personal data and privacy;

**Group Company** means, in relation to a body corporate, any subsidiary company, parent company or Affiliated Company;

**Partner** is a title referring to a member of Allen & Overy LLP or an employee or consultant with equivalent standing and qualifications, or an individual with equivalent status in another A&O Entity. A list of the members of Allen & Overy LLP and of the non-members who are designated as partners is available for inspection at One Bishops Square, London E1 6AD and upon request;

**Personal Data** means all personal data (as that term is defined in relevant Data Protection Legislation) provided to us pursuant to our retainer with you;

**Relationship Partner** means the Partner identified as such from time to time. If no Partner has been identified as such, the Relationship Partner for a particular matter will be the Partner responsible for the overall supervision of that matter;

**Subsidiary** means subsidiary and subsidiary undertaking each as defined in sections 1159 to 1162 of the Companies Act 2006 and subsidiaries should be defined accordingly; and

**we, us and our** refer to the A&O Entity or A&O Entities providing services on a particular matter; and **you, yourself and your** refer to the person, persons, entity or entities receiving those services.

#### 2. Application and interpretation

2.1 These terms will apply to our work for you except to the extent that we agree, or have agreed, different terms with you.

2.2 Nothing in these terms will apply to the extent that its application would result in a breach of applicable law or regulations.

2.3 Each provision of these terms will be enforceable independently of each of the others and the validity of each provision will not be affected if any of the others is invalid.

### **3. Your relationship with the A&O Group**

3.1 The A&O Group is not a legal entity or a partnership and does not itself provide legal services. Legal services are provided by individual A&O Entities, each of which is a separate and distinct business, and some of which are limited liability undertakings.

3.2 You will instruct us on a matter by matter rather than a permanent basis.

3.3 Unless agreed otherwise, services from a particular jurisdiction will be provided by the A&O Entity practising in that jurisdiction. The lawyer-client relationship in respect of such advice will be between you and the relevant A&O Entity and the retainer will be on these terms. For this purpose, you authorise any A&O Entity to instruct any other A&O Entity on your behalf. If at any time you would like the name of the A&O Entity providing services from a particular jurisdiction, this will be available from the Relationship Partner or on our website at [www.allenoverly.com/legal-notices](http://www.allenoverly.com/legal-notices).

3.4 We will not be responsible for advising you on non-legal matters (including, without limitation, business, commercial, financial, technical, insurance, accounting, broking, actuarial, environmental or information technology matters), and you will be responsible for deciding whether documents or advice prepared or reviewed by us meet your commercial objectives. We will not be responsible for the accuracy of any computer model's algorithms or for any formulae in the documentation.

3.5 We will advise you based on our interpretation of the relevant legislation, case law and practice at the time the advice is given. Unless we have expressly agreed to the contrary, we will not be responsible for updating our advice, even if the relevant law and practice changes thereby affecting our conclusions and even if you remain a current client in relation to any or all matters.

3.6 We reserve the right not to send any of our Partners, lawyers, staff or consultants to any location where we believe there is a risk to their personal safety.

### **4. Fees and invoicing**

4.1 Our invoices are payable within 20 working days of receipt by the Treasury, failing which we may exercise our right to stop acting under clause 11, or charge interest at 8% per annum (except to the extent that you have raised an unresolved bona fide query), or both. We will inform the Treasury as soon as reasonably practicable following postage or sending of any invoice.

4.2 In the event that an amount is invoiced exclusive of any value added or other sales tax, but the relevant tax authority deems that value added or other sales tax is owing on that amount, you will remain liable to pay us an amount equivalent to such value added or other sales tax (including any interest and, where amounts in relation to such tax were not charged by us at your specific request (for the avoidance of doubt, supported by appropriate tax advice obtained by you and shared with us), penalties), which payment shall be made within 21 days of us notifying you to this effect.

### **5. Taxes and exchange controls**

5.1 Our fees are payable free of any withholding or deduction in respect of any taxes or duties. If you are required by law to withhold or deduct tax and such withholding or deduction is not reduced or removed, we shall be entitled to increase the amount of our invoice so that after any withholding or deduction we receive and retain a net sum equal to the amount of the fees you owe us.

5.2 If your payment of our fees or our receipt of such payment is subject to exchange or other similar control, you will use your best endeavours to obtain (or where appropriate help us to obtain) the necessary consents as soon as possible after you receive an invoice from us and then ensure that we receive prompt payment in accordance with such consents. If exchange control approval has not been obtained within six months from the date of our invoice then, if so lawfully requested by us at any time thereafter, you will pay into an account designated by us the amount in local currency equivalent to the amount outstanding (converted at the date of our request).

## **6. Documents and document storage**

6.1 We will retain copyright in all documents we draft and produce in relation to any matter (and, subject to our duties of confidentiality to you, may therefore use the intellectual property rights in the documents as the basis for advising on other matters) but you will have an unlimited licence to use those documents for your own purposes.

6.2 In some circumstances, in particular, if you have not paid all of our invoices, we may have the right to keep documents that belong to you even if you ask us to return or destroy them.

6.3 We may destroy documents relating to a matter (both our paper and, where practicable, electronic files) when we consider that we do not need to keep them, failing which we reserve the right to charge for our storage costs. Subject to sub-clause 6.2 and to applicable laws, regulations or duties, we will also destroy documents before this time if you instruct us to do so. However we reserve the right to keep documents belonging to us, and cannot guarantee that we can erase all electronic documents (including those on back-up tape).

## **7. Liability**

7.1 Without prejudice to your right to bring a claim against the A&O Entity providing the relevant services, you agree, to the extent such agreement is enforceable under applicable laws and regulation, that there is no assumption of a personal duty of care by, and you will not bring any claim against, any Partner or other member, shareholder, employee or lawyer of, or consultant to, any A&O Entity.

7.2 If we and any other Person (as defined below) are both liable to you in respect of the same damage, or another Person and/or you have caused or contributed to that damage, our liability to you will be limited to such amount as is just and equitable, having regard to the extent to which we, that Person and/or you are liable for, or have otherwise caused or contributed to, that damage. Any limitation, exclusion, restriction or settlement (however arising) including inability to pay or insolvency, affecting the possibility of recovering compensation from any Person, will be ignored in determining whether and to what extent that Person is liable or responsible for that damage and the amount of our liability. For this purpose, **Person** means any body corporate, individual or other person, including any director or employee of a Group Company, any person associated with a Group Company and any person providing finance or services to a Group Company, including other professionals.

7.3 Our services are for your benefit and may not be used or relied upon by anyone else without our prior written consent. Nor can we accept liability for the acts or omissions of any third party we may instruct on your behalf or for the default of any financial institution with which we deposit money on your behalf.

## **8. Electronic communications and data protection**

8.1 We may communicate with you electronically (including through our newchange dealroom or similar system). You accept the risks involved in such communication, except in the case of our gross negligence or wilful default. We may also monitor communications in order to establish facts,

to determine that communications using our systems are relevant to our business, to comply with applicable laws or regulations, or to develop and manage our relationship with you.

- 8.2 You warrant and undertake to us that all Personal Data disclosed to us has been obtained and processed by you or on your behalf, and will be disclosed to us, in compliance with all relevant Data Protection Legislation, and you will not do or omit to do anything in effecting this disclosure or otherwise that would cause us to be in breach of any relevant Data Protection Legislation (to the extent applicable to us).
- 8.3 You agree that we may transfer Personal Data within the A&O Group and to our third party service providers, including to jurisdictions outside the European Economic Area. If you are not the data subject, you will procure the consent of the data subject(s) to such transfer or take such other steps as are necessary to ensure that such transfer complies with all the relevant Data Protection Legislation.

## **9. Conflicts/relationships with other clients**

- 9.1 We will establish whether we are able to act for you by reference to the legal and professional rules affecting the relevant A&O Entity. Under such rules, we may have to stop acting for you if a conflict arises between our duties to you and to other clients, or between our interests and your interests; similarly, we may have to stop acting for another client if a conflict arises between our duties to you and that client.
- 9.2 You agree that (a) we are, and will remain, free to represent other clients adversely to you on matters which are not directly related to the matters where we represent you and (b) wherever we are permitted under applicable law and the professional rules which regulate our conduct as lawyers, we will not be prevented or restricted by virtue of our relationship with you from advising any other clients, including clients which (i) are your market competitors, and/or (ii) are your counterparties.
- 9.3 We will consider you as a current client for conflict purposes where we are retained on at least one current matter for you. For these purposes, "current matter" shall not include (a) a matter in respect of which a final invoice has been submitted nor (b) a matter that is no longer active (and any matter on which we have received no instructions from you for a period of two months which evidence that it remains active, will be deemed to be no longer active).

## **10. Confidentiality**

- 10.1 We will treat any information obtained from you that is not in the public domain as confidential. However, we may sometimes have to disclose information to regulatory authorities or under rules of law or professional conduct. If so, we would (where permissible and practicable) inform you of the request or requirement to disclose.
- 10.2 We will assume that information that you give, or is given by a third party on your behalf, to us and which is subject to confidentiality obligations owed to a third party has not been given in breach of such obligations.
- 10.3 You agree that we will not be prevented from acting for another client (including a client with interests adverse to yours) on a matter where we hold information that would be relevant but in respect of which we owe a duty of confidentiality to you, provided that we put in place appropriate safeguards to protect such information.
- 10.4 We will not use information which is confidential to you for the advantage of, or, subject to sub-clause 10.1, disclose such information to, any third party. In the same way, you acknowledge that we will not use confidential information obtained from any other party for your advantage or disclose such information to you, even if it is relevant to a matter.



- 10.5 We may sometimes outsource support services such as word processing, translation, photocopying, document reviews, certain IT services, waste disposal and the administration of our expenses, on the basis that our suppliers have agreed or will agree to keep any information they receive from us confidential and process any Personal Data in accordance with our instructions only and in compliance with all relevant Data Protection Legislation. Some of these suppliers may be based outside the European Economic Area. By confirming your agreement to these terms, or by giving us further instructions or by continuing with existing instructions, you consent to such outsourcing. We may also discuss your affairs with your other advisers on a matter.
- 10.6 This clause 10 will not prohibit A&O Entities sharing confidential information with each other. By confirming your agreement to these terms, or by giving us further instructions or by continuing with existing instructions, you consent to such sharing of confidential information. However, you should not assume that information you provide to a person working on one matter will be communicated to a person working on another matter. You should therefore provide all information that has a bearing on a matter direct to the relevant team.

## 11. Termination

Our retainer for a matter will terminate upon delivery of our final invoice. Otherwise, and to the extent such agreement is enforceable under applicable laws and regulation:

- (a) you may at any time upon reasonable notice terminate our retainer on any or all matters by written notice;
- (b) we may terminate our retainer on any or all matters by written notice if we have good reason (such as delay in payment of our fees, a conflict of interest arising or where we consider our continuing to act may adversely impact our reputation) and upon reasonable notice; and
- (c) in either case, you will pay our costs up to the time of termination.

## 12. Governing law and dispute resolution

- 12.1 This agreement and our retainer on any matter (including any non-contractual obligations arising out of or in connection with this agreement or our retainer on any matter) is governed by English law.
- 12.2 For the purposes of this clause 12, a **Dispute** means (a) any dispute arising out of, relating to or having any connection with this agreement or our retainer on any matter, including any dispute as to its existence, validity, interpretation, performance, breach or termination or the consequences of its nullity, and (b) any dispute relating to any non-contractual obligations arising out of or in connection with this agreement or our retainer on any matter.
- 12.3 Any Dispute between us and one or more parties to this agreement must be notified to the other party or parties (as the case may be) in writing. The notice must give details of the Dispute. Notices given to us must also be copied to Allen & Overy LLP at One Bishops Square, London, E1 6AD, United Kingdom and marked "for the attention of the General Counsel and the Business Protection Unit". The parties to the Dispute must first attempt to resolve it amicably by negotiation. If the Dispute is not resolved amicably by negotiation within 30 days from the date on which notice was given in accordance with this sub-clause 12.3 (or any longer period as is agreed by the parties to the Dispute in writing), either party may begin proceedings in accordance with the provisions which follow in this clause 12.
- 12.4 The English courts will have exclusive jurisdiction to settle any Dispute, and each party submits to the exclusive jurisdiction of the English courts. For the purposes of this sub-clause 12.4, each party

waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.

- 12.5 You expressly, irrevocably and unconditionally: (a) waive, in respect of yourself and your assets (irrespective of their use or their intended use), any right of immunity or claim thereto, under the laws of any jurisdiction, on the grounds of sovereignty or otherwise which may now or hereafter exist – whether immunity from any legal process, from the jurisdiction of any court, from recognition of any judgment, order or award, from attachment prior to judgment or in aid of execution, from execution and from relief of any kind (including by way of injunction, specific performance or recovery of property), and agree not to assert any such right or claim in any legal action or proceeding, whether in the United Kingdom or any other jurisdiction; (b) submit to the jurisdiction of any court for the purposes of recognition of any judgment, order or award in relation to a Dispute; and (c) consent to the attachment, execution and other relief described above.

### **13. Anti-money laundering laws and Sanctions**

- 13.1 Under anti-money laundering laws, we may need formal evidence of your identity before we can act and may also conduct checks using external electronic databases for this purpose. If we are unable to obtain evidence of your identity or you do not provide such evidence we may be unable to act or have to stop acting. We must also report suspicions of money laundering activity to our Money Laundering Reporting Officer or to the relevant external authorities, or both. We may have to stop work on a matter and may not be allowed to tell you if we make such a report. We will not be liable to you for the consequences of any such report made in good faith.
- 13.2 We are also subject to various sanctions regimes and other legal and regulatory constraints which may be specific to certain jurisdictions, entities and/or individuals. Where, in our absolute discretion, we consider that our work on any matter may involve a breach of any applicable governmental, intra governmental or regulatory sanction, law or regulation, you agree that we may cease acting on the relevant matter immediately and terminate our retainer, without liability for so doing.

### **14. Third party rights**

These terms and our retainer by you on any matter creates rights and obligations only between you and us and no other person may rely on advice which we give to you and no such other person is intended to be protected by our obligations and services to you or may enforce any term of our engagement by virtue of any applicable law.

### **15. Severability**

The provisions of this agreement shall be severable in the event that any of the provisions of this agreement is held by a court or tribunal of competent jurisdiction to be invalid, void or otherwise unenforceable, and the remaining provisions shall remain enforceable to the fullest extent permitted by law.

### **16. Miscellaneous**

Please see our website at [www.allenoverly.com/legal-notices/Pages/Services-to-clients.aspx](http://www.allenoverly.com/legal-notices/Pages/Services-to-clients.aspx) for further information about how we are regulated, our complaints procedure (including whether or not you may have a right to complain to the Legal Ombudsman in the United Kingdom), our policy on the payment of interest, our position in relation to the provision of financial services (please note that we are not authorised by the Financial Conduct Authority or any other financial regulator in any jurisdiction), including insurance mediation, and how we hold and process Personal Data.