

APPROVED

by Resolution of the 20 September 2012 meeting
of the Bank of Latvia
Procurement Commission
Minutes No. 2

R. Jakovļevs
Head of the Procurement Commission
Bank of Latvia

TENDER REGULATION

On the Potential Production, Packaging and Delivery of the Latvian *Euro* Circulation Coins

1. IDENTIFICATION NUMBER OF THE PROCUREMENT

1.1 LB/2012/97

2. COMMISSIONING PARTY

2.1 Bank of Latvia, K. Valdemāra iela 2A, Riga, LV-1050

3. TYPE OF PROCUREMENT

3.1 Open Competition

4. SUBJECT-MATTER OF THE PROCUREMENT

4.1 The production, packaging and delivery of the Latvian *euro* circulation coins (hereinafter referred to as the "Coins") in accordance with the provisions of the draft of the contract (Appendix 1 to the Tender Regulation (hereinafter referred to as the "Regulation")), the requirements set out in the technical specifications of the Coins (Appendix 2 to the Regulation), the technical specifications of the packaging (Appendix 3 to the Regulation) and the delivery time schedule (Appendix 4 to the Regulation), as well as the volume indicated in the financial bids of the circulation quality Coins (Appendix 5 to the Regulation) and the *Brilliant Uncirculated quality* (hereinafter referred to as the "BU") and the *proof* quality Coins (Appendix 6 to the Regulation).

5. LOCATION AND TIME FOR THE IMPLEMENTATION OF THE CONTRACT

5.1 The timelines for the implementation of the contract shall be established in the delivery time schedule (Appendix 4 to the Regulation) and the draft of the contract (Appendix 1 to the Regulation).

5.2 The location of the implementation of the contract: the Coins, after the production and packaging, shall be delivered to the Bank of Latvia (*DDP* Bezdēlīgu iela 3, Riga – *Incoterms 2010*).

6. LOCATION, DATE, TIME AND PROCEDURE FOR THE SUBMISSION AND OPENING OF BIDS

6.1 All documents shall be drawn up in compliance with the requirements set out in the Regulation in Latvian or English, fixed together (by stitching the documents with a cord at the left margin, fixing both ends on the other side) and signed.

6.2 Bid documents shall be inserted in a sealed envelope and delivered by mail (to be received at the Bank of Latvia – by 10.00 a.m. on 20 November 2012) or in person to the Bank of Latvia at K. Valdemāra iela 2A, Rīga (Noliktavas iela entrance) on business days from 8.30 to 17.30 (on Fridays and days before national holidays from 8.30 to 16.15) by 10.00 a.m. on 20 November 2012, provided a signature is put to this effect on the bid submission form (phone No. for inquiries: +371 6702 2300; e-mail: konkursi@bank.lv).

6.3 The envelope shall bear the following information:

6.3.1 the address of the commissioning party: Bank of Latvia Procurement Commission, K. Valdemāra iela 2A, Rīga, LV-1050;

6.3.2 the tender "On the Potential Production, Packaging and Delivery of the Latvian *Euro* Circulation Coins (Procurement LB/2012/97);

6.3.3 the name and address of the tenderer.

6.4 Bids shall be opened at the bid opening meeting at the Bank of Latvia's meeting room, K. Valdemāra iela 2A, Rīga, immediately after the expiry of the deadline for the submission of bids.

6.5 All interested persons may be present at the bid opening meeting by giving an advance notice to this effect to the contact person of the commissioning party Ms. Maruta Brūkle, Head of the Coin Division of the Cash Department or Ms. Gunta Bluķe, Head of Marketing of the Coin Division of the Cash Department (phone No.: +371 6702 2434; +371 6702 2335; e-mail: konkursi@bank.lv).

6.6 The bids submitted (sent in) after the established deadline or not drawn up in compliance with the requirements set out in Paragraphs 6.2 or 6.3 of the Regulation or not drawn up in Latvian or English shall not be accepted and shall be returned or sent back to their submitters.

7. DOCUMENTS AND INFORMATION TO BE SUBMITTED

7.1 For the selection of tenderers, a tenderer shall submit the following documents:

7.1.1 a copy of the tenderer's registration certificate;

7.1.2 a statement by the tenderer that the circumstances referred to in Paragraphs 8.2.2 – 8.2.8 of the Regulation do not apply to the tenderer;

7.1.3 a statement by the tenderer that the circumstances referred to in Paragraph 8.2.2 of the Regulation do not apply to the persons, who have the right of representation of the tenderer (Members of the Board, procurators and persons of an equal professional rank), the persons, who have the right to supervise in relation to the tenderer (Members of the Council and persons of an equal professional rank), as well as the persons, who have the right to take a decision in relation to the tenderer (hereinafter referred to as the "tenderer's official");

7.1.4 information in line with the form regarding the experience gained by the tenderer within the last 4 (four) years (2012, 2011, 2010 and 2009) enclosed in Table 1 of the Regulation:

7.1.4.1 in servicing of at least 1 (one) customer for whom the tenderer has produced the *euro* circulation coins of all denominations, also packaging them in the starter kits, as well as the *BU* and *proof* quality *euro* coins of any denomination;

7.1.4.2 in servicing of at least 2 (two) customers not referred to in Paragraph 7.1.4.1 of the Regulation for whom the tenderer has produced the *euro* or any other circulation coins:

Table 1

No.	Name of the customer	Information on the produced circulation coins (indicating the currency, the face value, the time of delivery, the quality of production (<i>BU</i> , <i>proof</i> or circulation) of the produced coins and information on the packaging in the starter kits, if any)	Name, surname, phone number, e-mail address of the customer's contact person
1.			
2.			
3.			

7.1.5 the following information on the production capacity of the circulation coins:

7.1.5.1 the name/designation, amount and capacity (in terms of the number of the coins to be produced within a definite period of time) of the equipment used for the production of the circulation coins that is at the tenderer's disposal and is intended for the implementation of the contract;

7.1.5.2 a statement by the tenderer confirming its technical capability to produce 65 (sixty-five) million circulation coins per month;

7.1.6 a statement by the tenderer that it has received authorisation from the European Commission (hereinafter referred to as the "EC") and the European Central Bank (hereinafter referred to as the "ECB") to produce the *euro* circulation coins and that it meets all the requirements of the EC and ECB for the mints producing the *euro* circulation coins;

7.1.7 a copy of the quality management system certificate issued by an accredited certification institution to the effect that the tenderer has introduced the ISO 9001 standard;

7.1.8 the *euro* circulation coins of all denominations produced by the tenderer for circulation and the *euro* circulation coins produced in *BU* and *proof* quality (one sample per denomination).

7.2 The Bank of Latvia Procurement Commission (hereinafter referred to as the "Commission") shall be entitled to request a tenderer to submit the following documents within 10 (ten) business days:

7.2.1 a statement which has been issued no earlier than one month prior to the day of submission by the Enterprise Register of the Republic of Latvia or an equivalent authority of another country where the tenderer is registered and which confirms that insolvency proceedings have not been declared for the tenderer and that the tenderer is not in the stage of liquidation (in cases as provided by Paragraph 8, Section 39 of the Public Procurement Law);

7.2.2 a statement which has been issued by the State Revenue Service of the Republic of Latvia no earlier than one month prior to the day of submission and which confirms that the tenderer (regardless of whether it is registered in Latvia or not) has no tax debts administered by the State Revenue Service, including debts of State social insurance contributions, exceeding 100 lats in total in Latvia (in cases as provided by Paragraph 8, Section 39 of the Public Procurement Law);

7.2.3 a statement which has been issued no earlier than one month prior to the day of submission and which confirms that the tenderer who is registered in a foreign country has no tax debts, including debts of State social insurance contributions, exceeding 100 lats in total in

the respective country (in cases as provided by Paragraph 8, Section 39 of the Public Procurement Law);

7.2.4 the tenderer's latest annual balance sheet and profit and loss statement submitted to the State Revenue Service of the Republic of Latvia or an equivalent tax administration authority of another country.

7.3 For the bid conformity and selection, a tenderer shall submit the following documents:

7.3.1 the financial bid in accordance with Appendices 5 and 6 to the Regulation;

7.3.2 the description of the Coin production procedure/process which confirms that the tenderer has the capability to perform the contract within the defined time periods specified in Appendix 4 to the Regulation;

7.3.3 a statement by the tenderer that during the implementation period of the contract it will comply with the requirements set out in the Common Basic Inspection Plan and the Common Quality Assurance Plan established by the Mint Directors Working Group (hereinafter referred to as the "MDWG") as well as with other legislative documents and technical requirements.

8. VERIFICATION OF THE TENDERERS' QUALIFICATION AND THE EVALUATION AND SELECTION OF BIDS

8.1 The selection of tenderers and the bid conformity check and selection shall be performed by the Commission in closed meetings by evaluating each tenderer's qualification and bid on a case-by-case basis pursuant to the Public Procurement Law, the procurement procedure documents, as well as other legislative acts.

8.2 The Commission shall exclude a tenderer from further participation in the procurement procedure and shall not review the bid of a tenderer in any of the following cases:

8.2.1 the tenderer has not been registered in accordance with the requirements specified by laws and regulations;

8.2.2 pursuant to such a court judgement or punishment prescription of the prosecutor, which has come into effect, is no longer contestable and no appeal can be filed against it, the tenderer or tenderer's official has been found guilty of committing a fraudulent activity in avoiding taxes and similar payments, criminal offences of corruptive character, fraudulent activities in the field of finance, the legalisation of criminally acquired funds or participation in a criminal organisation (except as provided by Clause 1, Paragraph 4, Section 39 of the Public Procurement Law);

8.2.3 pursuant to such a decision by a competent authority or a court judgement, which has come into effect, is no longer contestable and no appeal can be filed against it, the tenderer has been found guilty of a significant violation of employment rights which is related to 1) the employment of one or several citizen(s) or subject(s) other than citizens or subjects of the Member States of the European Union, if they stay in the territory of the Member States of the European Union illegally; 2) the employment of one person without entering into a written employment contract, if this is established repeatedly within one year or the employment of two or more persons without entering into a written employment contract (except as provided by Clauses 1 and 2, Paragraph 4, Section 39 of the Public Procurement Law);

8.2.4 pursuant to such a decision by a competent authority or a court judgement, which has come into effect, is no longer contestable and no appeal can be filed against it, the tenderer has been found guilty of a violation of competition rights, by way of a vertical agreement, whose aim is to restrict the opportunity for a purchaser to determine the resale price, or a horizontal cartel agreement, except the case where the relevant institution, having discovered violation of competition rights, has released the tenderer from the fine (except as provided by Clause 3, Paragraph 4, Section 39 of the Public Procurement Law);

8.2.5 insolvency proceedings have been declared for the tenderer, economic activities of the tenderer have been suspended or discontinued, legal proceedings have been initiated regarding the bankruptcy of the tenderer or it is discovered that the tenderer will be liquidated by the expected expiry date of the contract (the commissioning party may decide on not excluding the tenderer from a procurement procedure pursuant to this Paragraph in cases as provided by Paragraph 3, Section 39 of the Public Procurement Law);

8.2.6 in Latvia and in the country where the tenderer is registered (if it is not registered in Latvia), the tenderer has tax debts, including State social insurance contributions, exceeding 100 lats in total in each country;

8.2.7 the tenderer's current assets are less than its short-term liabilities in the latest financial statements submitted to the State Revenue Service or an equivalent tax administration authority of another country;

8.2.8 the ratio of the tenderer's equity to total assets is less than 5% (five per cent) in the latest financial statements submitted to the State Revenue Service of the Republic of Latvia or an equivalent tax administration authority of another country;

8.2.9 the quality of the coin samples submitted by the tenderer pursuant to Paragraph 7.1.8 of the Regulation does not meet the quality requirements specified by the MDWG;

8.2.10 the quality of the *BU* quality *euro* circulation coins submitted by the tenderer pursuant to Paragraph 7.1.8 of the Regulation is lower than that of the *BU* quality 2-lats coins produced in 2003 and Cu/Ni lats collector coins *The Latvian ABC Book* produced in *BU* quality in 2010;

8.2.11 the quality of the *proof* quality *euro* circulation coins submitted by the tenderer pursuant to Paragraph 7.1.8 of the Regulation is lower than that of the Bank of Latvia's lats collector coins produced in *proof* quality;

8.2.12 at least one customer has provided a negative reference when inquiring the customers indicated by the tenderer (Paragraph 7.1.4 of the Regulation) and the Bank of Latvia (if the tenderer has concluded a contract on the production of the coins with the Bank of Latvia);

8.2.13 the tenderer has not produced circulation coins for at least 3 (three) different customers within the last 4 (four) years (2012, 2011, 2010 and 2009);

8.2.14 the tenderer has not produced the *euro* circulation coins of all denominations, also packaging them in the starter kits, and the *BU* and *proof* quality *euro* coins of any denomination for at least 1 (one) customer within the last 4 (four) years;

8.2.15 the technical resources at the tenderer's disposal do not testify to the technical capability to produce 65 (sixty-five) million circulation coins per month;

8.2.16 the tenderer has not received the EC and ECB'S authorisation to produce the *euro* circulation coins or it does not comply with all the requirements the EC and the ECB have stipulated for the mints producing the *euro* circulation coins;

8.2.17 the quality management system of the tenderer is not certified in compliance with the requirements of the ISO 9001 standard;

8.2.18 the tenderer has provided false information for the evaluation of its qualification or has not provided the requested information at all;

8.2.19 as otherwise provided by the Public Procurement Law.

8.3 The Commission shall exclude a tenderer (bid) from further participation in the tender and shall not review the bid of a tenderer where it does not meet the requirements set out in the Regulation.

8.4 The Commission shall take a decision to enter into a procurement contract with the tenderer whose qualification and bid comply with the requirements set out in the Regulation and whose total price offered for the production, packaging and delivery of the circulation, *BU* and *proof* quality Coins (the total amount of Appendices 5 and 6) is the lowest.

8.5 Where the tenderer selected as the winner of the tender has failed to submit the contract expromissory guarantee referred to in Paragraph 12.1 of the Regulation to the Bank of Latvia within the defined time period specified in Paragraph 12.1 of the Regulation, the Commission shall be entitled to consider that the respective tenderer has refused to enter into a contract and to make a decision on the conclusion of the contract with the successive tenderer who has submitted a bid complying with all the requirements of the Regulation and whose total price offered for the production, packaging and delivery of the circulation, *BU* and *proof* quality Coins is the successive lowest, or on the suspension of the tender without selecting any of the bids.

8.6 Where the tenderer selected as the winner of the tender has failed to sign the draft of the contract prepared by the commissioning party within the defined time period specified in Paragraph 12.3 of the Regulation, the Commission shall be entitled to consider that the respective tenderer has refused to enter into a contract and to make a decision on the conclusion of the contract with the successive tenderer who has submitted a bid complying with all the requirements of the Regulation and offered the successive lowest total price for the production, packaging and delivery of the circulation, *BU* and *proof* quality Coins, or on the suspension of the tender without selecting any of the bids.

9. DRAFT OF THE PROCUREMENT CONTRACT

9.1 For the draft of the procurement contract, see Appendix 1 to the Regulation.

10. RIGHTS AND OBLIGATIONS OF THE COMMISSION

10.1 To take a decision on the conclusion of a procurement contract or the termination or suspension of a procurement procedure.

10.2 To make amendments to the procurement procedure documents.

10.3 To consult with experts where necessary.

10.4 To request a tenderer to clarify information on its bid, where it is necessary for the selection of the tenderers, as well as for the evaluation and comparison of bids.

10.5 To notify all tenderers of the conclusion of a procurement contract or the termination or suspension of the tender within 3 (three) business days of taking the decision.

10.6 Upon the request of the interested supplier, to provide additional information on the Regulation.

10.7 Where upon opening a bid at the bid opening meeting the Commission establishes that it has not been executed in compliance with the requirements, namely, it has not been fixed together (by stitching the documents with a cord at the left margin, fixing both ends on the other side), the Commission shall be entitled to immediately fix together (by stitching the documents with a cord at the left margin, fixing both ends on the other side) the received bid documents, provided all Commission members put their signatures to this effect.

11. RIGHTS OF A TENDERER

11.1 Prior to the deadline for the submission of bids, a tenderer may alter or revoke the submitted bid.

11.2 When submitting a bid, a tenderer may require confirmation to the effect that the bid has been received; moreover, it should bear an indication of the time of the receipt.

11.3 The interested supplier shall be entitled to request additional information on the Regulation, if the request is submitted to the Commission in time, taking into account that the Commission is not entitled to provide additional information later than 6 (six) days prior to the deadline for the submission of bids. Requests shall be sent by e-mail: konkursi@bank.lv, by fax: +371 6702 2420 or by mail: Bank of Latvia Procurement Commission, K. Valdemāra iela 2A, Riga, LV-1050, provided the procurement number and the name of the tender are indicated in the request.

11.4 A tenderer or a tenderer's representative shall be entitled to participate in the bid opening meeting by giving an advance notice to the commissioning party's contact person indicated in Paragraph 6.5 of the Regulation.

12. OTHER PROVISIONS

12.1 Within 10 (ten) business days after the notice regarding the results of the procurement procedure has been published, the tenderer declared the winner (except the case referred to in Paragraph 12.2 of the Regulation) shall submit to the commissioning party the contract expromissory guarantee acceptable to the commissioning party, issued by the guarantor (a commercial bank accepted by the commissioning party), in the amount of 1 000 000 (one million) euro, valid from the day the CONTRACT takes effect until 1 May 2014, whereby the guarantor irrevocably guarantees to reimburse the commissioning party for the tenderer's debt if such debt is incurred as a result of improper performance of the contractual obligations, including a penalty and losses, without raising any objections, imposing any conditions and applying to the tenderer in advance after the first written request establishing the tenderer's default on the contractual obligations has been received.

12.2 Within 10 (ten) business days after the information on the results of a procurement procedure has been published, the tenderer selected as the winner shall have no obligation to submit the contract expromissory guarantee referred to in Paragraph 12.1 of the Regulation to the commissioning party, where the Procurement Monitoring Bureau has accepted for review a complaint whereby the legal basis of the tendering procedure is contested. In this case, the tenderer selected as the winner shall have an obligation to submit the bank's contract expromissory guarantee referred to in Paragraph 12.1 of the Regulation to the commissioning party within 10 (ten) business days after the decision taken by the Complaints Examination Commission of the Procurement Monitoring Bureau permitting the commissioning party to enter into the contract with the tenderer selected as the winner of this tender has been announced.

12.3 The tenderer declared the winner (except the case referred to in Paragraph 12.4 of the Regulation) shall sign the draft of the contract prepared by the commissioning party as per Appendix 1 to the Regulation within 15 (fifteen) calendar days after the notice regarding the results of the procurement procedure has been published. Where the signing of the draft of the contract is delayed due to the commissioning party's fault, the said term of 15 (fifteen) calendar days shall be extended for the number of the days delayed due to the commissioning party's fault. Where the commissioning party sends the contract referred to in the Regulation to the tenderer within 5 (five) business days after the notice regarding the results of the procurement procedure has been published, the above period of time shall not be considered a delay due to the commissioning party's fault.

12.4 The tenderer selected as the winner shall have no obligation to perform the obligation referred to in Paragraph 12.3 of the Regulation within 15 (fifteen) calendar days after the information on the results of the procurement procedure has been published, where the Procurement Monitoring Bureau has accepted for review a complaint whereby the legal basis of the tendering procedure is contested. In this case, the tenderer selected as the winner shall have an obligation to perform the obligation referred to in Paragraph 12.3 of the Regulation within 15 (fifteen) calendar days after the decision taken by the Complaints Examination Commission of the Procurement Monitoring Bureau permitting the Bank of Latvia to enter into a contract with the tenderer selected as the winner of the tender has been announced.

12.5 A tender bid submitted by a tenderer shall constitute evidence that the tenderer:

12.5.1 is familiar with the Regulation;

12.5.2 has understood and accepted the terms and conditions of the tender, and they do not put the tenderer into a disadvantageous position in relation to other tenderers.

12.6 The submitted bids including the coin samples referred to in Paragraph 7.1.8 of the Regulation shall not be returned to the tenderers.

12.7 There shall be no compensation for developing and submitting a bid.

12.8 The disputes and disagreements between the commissioning party and the tenderers shall be resolved by way of negotiations. Where the parties fail to negotiate an agreement, the disputes shall be resolved in accordance with the procedure established by the Republic of Latvia laws and regulations.

12.9 The Regulation has been drawn up on 31 (thirty one) pages, including Appendix 1 on 13 (thirteen) pages, Appendix 2 on 1 (one) page, Appendix 3 on 3 (three) pages, Appendix 4 on 2 (two) pages, Appendix 5 on 2 (two) pages and Appendix 6 on 2 (two) pages.

* * *

DRAFT

Riga, __ _____

CONTRACT
No. LB-07/2012/____

On the Potential Production, Packaging and Delivery of the Latvian *Euro* Circulation Coins (Procurement LB/2012/97)

The Bank of Latvia (hereinafter referred to as the "BANK") represented by _____ (*position, name, surname of the representative*), acting in accordance with _____ (*basis for the rights of representation*), on the one side, and the _____ (*name*) (hereinafter referred to as the "MINT") represented by its _____ (*position, name, surname of the representative*), acting under the _____ (*basis for the rights of representation*) on the other side (both hereinafter referred to as the "PARTIES"; each separately hereinafter also referred to as the "PARTY"), enter into the following contract (hereinafter referred to as the "CONTRACT").

1. SUBJECT OF THE CONTRACT

1.1 The MINT shall undertake, at the BANK'S order, to produce, pack and deliver the following Latvian *euro* circulation coins (hereinafter referred to as the "COINS") to the BANK in line with the requirements set out in the Tender Regulation (Procurement LB/2012/97), the technical specifications of the Coins (Appendix __ to the CONTRACT), the technical specifications of the packaging (Appendix __ to the CONTRACT) and the delivery time schedule (Appendix __ to the CONTRACT):

1.1.1 the circulation quality COINS (hereinafter referred to as the "circulation COINS") including the circulation COINS in the starter kits for retailers and for public in line with the financial bid submitted by the MINT (Appendix __ to the CONTRACT);

1.1.2 the *Brilliant Uncirculated* quality COINS (hereinafter referred to as the "BU COINS") in line with the financial bid submitted by the MINT (Appendix __ to the CONTRACT);

1.1.3 the *proof* quality COINS (hereinafter referred to as the "*proof* COINS") in line with the financial bid submitted by the MINT (Appendix __ to the CONTRACT).

2. PROCEDURE FOR THE PRODUCTION AND PACKAGING OF THE COINS

2.1 The BANK shall send the plaster models of the national sides of the COINS (hereinafter referred to as the "plaster models") and the graphic design of the packaging paper of the circulation COIN rolls and the packaging bags of the starter kits within 10 (ten) business days of the coming into force of the CONTRACT.

2.2 Within 8 (eight) weeks after the plaster models have been received but not later than by 1 April 2013, the MINT shall carry out all the preparatory activities stipulated by the legislative acts of the European Commission (hereinafter referred to as the "EC") and the European Central Bank (hereinafter referred to as the "ECB"), produce the master tools of the national sides of the COINS and produce and deliver the following COIN samples to the BANK for approval to the address indicated in Paragraph 13.1 of the CONTRACT without any additional charge:

2.2.1 10 (ten) circulation COIN samples per denomination;

2.2.2 5 (five) *BU* COIN samples per denomination;

2.2.3 5 (five) *proof* COIN samples per denomination packed in acrylic capsules.

2.3 Within 2 (two) weeks after the COIN samples have been received, the BANK shall check their quality and compliance with the provisions of the CONTRACT and approve the COIN samples by giving a notice to this effect to the MINT in writing or shall, if any defects in the COIN samples are detected, send to the MINT a substantiated refusal to approve the COIN samples submitted by the MINT.

2.4 The MINT shall eliminate the defects in the COIN samples indicated in the BANK'S refusal not later than within 2 (two) weeks after the BANK'S substantiated refusal has been received.

2.5 The MINT shall produce a trial of the circulation COINS (1 000 000 (one million) circulation COINS per denomination) within 8 (eight) weeks after the COIN samples have been approved (Paragraph 2.3 of the CONTRACT) and the BANK'S written order regarding the production of the trial circulation COINS has been received.

2.6 The MINT shall, at the BANK'S request, deliver up to 1 000 (one thousand) loose trial circulation COINS per denomination to the address indicated in Paragraph 13.1 of the CONTRACT.

2.7 The BANK shall check the quality and compliance of the circulation COINS produced as a trial of the circulation COINS with the provisions of the CONTRACT (Paragraphs 4.3 and 4.4 of the CONTRACT) and approve the trial circulation COINS by notifying the MINT to this effect in writing or shall, if any defects in the trial circulation COINS are detected, send a substantiated refusal to approve the trial circulation COINS produced by the MINT.

2.8 The MINT shall eliminate the defects in the trial circulation COINS referred to in the BANK'S refusal not later than within 2 (two) weeks after the BANK'S substantiated refusal has been received.

2.9 The BANK shall send a written order regarding the production of the mintages of the COINS to the MINT after the Council of the European Union has taken a decision on the abrogation of the Republic of Latvia's derogation under Article 140(2) of the Treaty on the Functioning of the European Union. The MINT shall be entitled to start the production of the mintage of the COINS only after the BANK'S written order referred to in this Paragraph of the CONTRACT has been received.

2.10 The MINT shall start the production of the mintages of the circulation COINS not later than 1 (one) week after the BANK'S written order regarding the production of the mintages of the COINS has been received.

2.11 Prior to the packaging of the circulation COINS, the MINT shall send the printed samples of the paper of the packaging rolls of the circulation COINS of all denominations and the starter kit bags for retailers and for public (hereinafter jointly referred to as the "packaging material of the circulation COINS") to the BANK. Within 5 (five) business days after the samples of the packaging material of the circulation COINS have been received, the BANK shall check their quality and compliance with the provisions of the CONTRACT and approve them by notifying the MINT to this effect in writing, or shall, in the event that any defect is detected, send to the MINT a substantiated refusal to approve the samples of the packaging material of the circulation COINS submitted by the MINT.

2.12 The MINT shall eliminate the defects in the samples of the packaging material of the circulation COINS referred to in the BANK'S refusal not later than within 2 (two) weeks after the BANK'S substantiated refusal has been received.

2.13 The MINT shall notify the BANK of the start of the production of the *BU* COIN mintage in writing not later than 1 (one) month in advance. The BANK shall, for its account, deliver the blisters and cardboard wallets necessary for the packaging of the *BU* COINS to the MINT before the start of the production of the *BU* COIN mintage.

3. PROCEDURE FOR THE DELIVERY OF THE COINS

3.1 The MINT shall deliver the COINS to the BANK – *DDP* Bezdēlīgu iela 3, Rīga, LV-1007 (*Incoterms 2010*).

3.2 The mintages of the COINS shall be delivered in 4 (four) separate batches in line with the delivery time schedule (Appendix __ to the CONTRACT).

3.3 The delivery time schedule (Appendix __ to the CONTRACT) may be adjusted subject to the MINT and BANK'S written agreement but not scheduling more than +/- 2 (two) weeks for the delivery of each mintage and more than +/- 50% (fifty per cent) of the volume for each batch of the mintage if compared with the delivery time schedule specified in Appendix 4 to the Tender Regulation (LB/2012/97). Each individual batch of the mintage may be divided into several shipments, if the overall term of delivery of each batch of the mintage referred to in the delivery time schedule is complied with and the MINT has agreed upon such a division with the BANK in writing.

3.4 The measurements of the transport vehicles used for the delivery of the COINS shall not exceed a maximum of 4 m in width, 3.80 m in height and 18.75 m in length.

3.5 The MINT shall send the information on the shipment of the COINS (hereinafter referred to as the "application for the shipment") to the BANK 5 (five) business days prior to dispatching of each shipment of the COINS, indicating its content and volume (the face value and number of the COINS), the number of containers, the type of shipment, as well as the expected time and location of crossing the border of the Republic of Latvia. The MINT shall confirm the information on the shipment of the COINS without mentioning the content of the shipment and other shipment details thereof 1 (one) business day prior to dispatching the COINS. The way of sending the information referred to in this Paragraph of the CONTRACT shall be subject to mutual agreement by the PARTIES.

3.6 The COINS shall be deemed delivered when the Chief Cashier of the Riga Branch of the Cash Department of the BANK or any other representative authorised by the BANK signs the

document confirming the delivery of the shipment of the COINS at the place of receiving the shipment to the effect that the shipment of the COINS has been received.

3.7 Where the BANK'S representative has established a full or partial damage to the packaging of the shipment of the COINS at the place of receiving it, the BANK'S representative shall make a note of the established damage on the document confirming the delivery of the shipment of the COINS and take a photo of the damaged packaging.

3.8 The BANK shall immediately send the information on the receipt of the shipment of the COINS in a damaged packaging, with the photos enclosed, to the MINT and shall carry out the examination of the content of the damaged packaging and inform the MINT on the results of the examination within 3 (three) months.

3.9 Where the BANK establishes any non-conformity of the number of the received COINS or the number of the received *BU* COIN packagings to the provisions of the CONTRACT or the number indicated in the application for the shipment during the examination (Paragraph 3.8 of the CONTRACT), the MINT shall pay the BANK a penalty of 10% (ten per cent) of the total face value of the missing COINS but no more than 20 000 (twenty thousand) *euro* for the shortage established in one shipment of the COINS, and the following ways of compensation for the shortages in the COINS shall be applicable at the BANK'S choice:

3.9.1 The MINT shall reimburse the BANK for the metal costs of the missing COINS (if the BANK has paid the MINT an advance payment beforehand) and the actual costs of the missing *BU* COIN packagings;

3.9.2 The MINT shall produce, pack and deliver the missing COINS to the BANK within 8 (eight) weeks or by any other term agreed upon by the BANK in writing.

3.10 The BANK shall check the conformity of the number of the received COINS and *BU* COIN packagings to the provisions of the CONTRACT and the number referred to in the application for the shipment within 2 (two) years (except the cases referred to in Paragraph 3.8 of the CONTRACT) after all shipments of the batches of the COINS have been received. Where any non-conformity is discovered, the BANK shall immediately notify the MINT to that effect.

3.11 Where the BANK establishes any non-conformity of the number of the received COINS or *BU* COIN packagings to the provisions of the CONTRACT and the number referred to in the application for the shipment during the inspection (Paragraph 3.10 of the CONTRACT), the following ways of compensation for the shortages of the COINS shall be applicable to the MINT at the BANK'S choice:

3.11.1 The MINT shall reimburse the BANK for the production, packaging, delivery and metal costs of the missing COINS and the actual costs of the missing *BU* COIN packagings;

3.11.2 The MINT shall produce, pack and deliver the missing COINS to the BANK within 8 (eight) weeks or any other time period agreed upon by the BANK in writing.

3.12 Where the total shortage of the COINS established by the BANK during the inspection referred to in Paragraph 3.10 of the CONTRACT exceeds 100 000 (one hundred thousand) *euro*, the MINT, apart from the compensation referred to in Paragraph 3.11 of the CONTRACT, shall pay the BANK a penalty of 10% (ten per cent) of the total face value of the missing COINS but no more than 100 000 (one hundred thousand) *euro*.

3.13 Where the entire shipment of the COINS (e.g. the container) has been lost, the MINT shall pay the BANK a penalty of 10% (ten per cent) of the total face value of the lost COINS but no more than 100 000 (one hundred thousand) *euro*.

3.14 The MINT shall make the payments referred to in Paragraphs 3.9.1, 3.11.1, 3.12 and 3.13 of the CONTRACT within 10 (ten) business days after the BANK'S request has been received.

3.15 The BANK shall be entitled to inform the EC and the ECB on the cases when as a result of the inspections referred to in Paragraphs 3.8 and 3.10 of the CONTRACT the BANK has established a shortage of the COINS or the entire shipment of the COINS has been lost (Paragraph 3.13 of the CONTRACT).

4. PROCEDURE FOR THE QUALITY CHECK

4.1 The MINT shall guarantee that the quality of all COINS, including the trial circulation COINS, complies with that of the approved COIN samples (Paragraph 2.3 of the CONTRACT).

4.2 In addition to the requirements stipulated in the legislative acts of the EC and the ECB, the BANK shall carry out the quality monitoring and check activities referred to in Paragraphs 4.3 – 4.5, 4.8 and 4.9 of the CONTRACT during the process of production, acceptance and putting into circulation of the COINS.

4.3 The BANK'S expert commission shall carry out the quality checks at the MINT during the process of production of the trial circulation COINS (Paragraph 2.5 of the CONTRACT) and the quality checks during the process of production of the mintages of the COINS (Paragraph 2.10 of the CONTRACT). All costs related to the trips of the BANK'S expert commission shall be covered by the BANK.

4.4 The BANK'S expert commission shall be entitled to hold the meetings regarding the production of the COINS. The meetings shall be chaired and the minutes of them shall be taken by the BANK'S expert commission. The MINT shall have an obligation to participate in the meetings regarding the production of the COINS, and the decisions and instructions that are taken by the BANK'S expert commission at the above meetings, including the decision on the suspension of the production of the COINS until the elimination of the defects established by the BANK, shall be binding on the MINT.

4.5 Where any COINS whose quality does not comply with that of the approved COIN samples (Paragraph 2.3 of the CONTRACT) are detected after the COINS have been received or enter into circulation within 2 (two) years following the receipt of all shipments of the mintages of the COINS, the BANK shall immediately inform the MINT to this effect and send the non-conforming COINS to the MINT for replacement for the MINT'S account or at the BANK'S request the MINT shall reimburse the costs of the non-quality COINS.

4.6 The MINT shall produce, pack and deliver the COINS intended for replacement to the BANK not later than within 8 (eight) weeks after the non-conforming COINS sent by the BANK have been received or any other time period agreed upon by the BANK in writing.

4.7 Where the BANK does not request the MINT to replace the non-conforming COINS for the MINT'S account, the MINT shall reimburse the BANK for the production, packaging, delivery and metal costs of the non-conforming COINS and pay the BANK a penalty of 5% (five per cent) from the amount to be calculated by multiplying the production, packaging,

delivery and metal costs of one relevant COIN unit by the number of the relevant non-conforming COINS within 10 (ten) business days after the BANK'S request has been received.

4.8 Where any starter kits of the COINS whose packaging does not conform to the provisions of the CONTRACT are detected within 6 (six) months after all starter kits of the circulation COINS have been received, the BANK shall immediately inform the MINT to this effect and send the starter kits of the circulation COINS whose packaging is deemed as non-conforming to the MINT for the elimination of the defects for the MINT'S account. The MINT shall eliminate the defects and deliver the relevant starter kits of the circulation COINS to the BANK not later than within 8 (eight) weeks after the non-conforming starter kits of the circulation COINS sent by the BANK have been received or any other time period agreed upon by the BANK in writing, as well as shall pay the BANK a penalty of 10 (ten) *euro* cents for each non-conforming packaging of the starter kit of the circulation COINS but no more than 10 000 (ten thousand) *euro*.

4.9 Where any COINS whose packaging does not conform to the provisions of the CONTRACT are established after the COINS have been received or enter into circulation within 2 (two) years following the receipt of all shipments of the mintage of the COINS, the BANK shall immediately inform the MINT to this effect and request the MINT to eliminate the defects in the packaging of the COINS or reimburse the costs incurred by the BANK when eliminating the defects detected in the packaging of the COINS.

4.10 The MINT shall eliminate the defects in the packaging of the COINS and deliver the relevant COINS to the BANK not later than within 8 (eight) weeks after the COINS whose packaging is deemed as non-conforming and which are sent by the BANK have been received or any other time period agreed upon by the BANK in writing.

4.11 Where the BANK does not request the MINT to eliminate the defects in the packaging of the COINS whose packaging is deemed as non-conforming, the MINT shall cover the BANK'S costs incurred by the BANK when eliminating the defects established in the packaging of the COINS within 10 (ten) business days after the BANK'S request has been received.

5. CONTRACT AMOUNT AND COSTS

5.1 The CONTRACT amount shall comprise the following:

5.1.1 the production costs of the master tools of the COINS (Appendix ___ to the CONTRACT);

5.1.2 the production, packaging and delivery costs of the circulation COINS (Appendix ___ to the CONTRACT);

5.1.3 the production, packaging (including the acrylic capsules) and delivery costs of the *BU* and *proof* COINS (Appendix ___ to the CONTRACT);

5.1.4 the metal costs necessary for the 1- and 2- *euro* and 10-, 20- and 50- *euro*-cent COINS.

5.2 The price of the metal necessary for the 1- and 2- *euro* and 10-, 20- and 50- *euro*-cent trial circulation COINS shall be set based on the London Metal Exchange (hereinafter referred to as the "LME") price on the next business day after the CONTRACT has come into force.

5.3 The price of the metal necessary for the production of the batches of the 1- and 2-*euro* and 10-, 20- and 50-*euro*-cent COINS shall be set based on the LME price on the next business day after the BANK'S written order regarding the start of the production of the mintage of the COINS has been received.

5.4 The metal costs of all 1-, 2- and 5-*euro*-cent COINS to be produced under the CONTRACT in accordance with Appendices __ and __ to the CONTRACT shall be included in the production costs of the COINS of these denominations.

6. PROCEDURE FOR SETTLEMENT

6.1 The MINT shall be entitled to receive an advance payment in the amount of the costs of the metal necessary for the production of the trial of the 1- and 2-*euro* and 10-, 20- and 50-*euro*-cent circulation COINS after the day the CONTRACT takes effect and to receive an advance payment in the amount of the costs of the metal necessary for the production of the mintage of the 1- and 2-*euro* and 10-, 20- and 50-*euro*-cent COINS after the BANK'S order referred to in Paragraph 2.9 of the CONTRACT has been received in accordance with the following procedure:

6.1.1 The MINT shall submit the expromissory guarantee acceptable to the BANK, issued by the guarantor (a commercial bank accepted by the BANK) to the BANK, in the amount of the advance payment requested for the purchased metal by the MINT, which is effective until 1 May 2014 and whereby the guarantor irrevocably guarantees to reimburse the BANK for the advance payment, without raising any objections, imposing any conditions and applying to the MINT in advance, after the BANK'S first written request has been received stating that the PARTY unilaterally terminates the CONTRACT or the CONTRACT ceases based on any other grounds prior to the delivery of all COINS to the BANK;

6.1.2 The BANK shall be entitled to reject the expromissory guarantee referred to in Paragraph 6.1.1 of the CONTRACT by submitting a motivated refusal to the MINT within 10 (ten) business days after it has been received;

6.1.3 The BANK shall pay the MINT an advance payment within 10 (ten) business days after the expromissory guarantee acceptable to the BANK and referred to in Paragraph 6.1.1 of the CONTRACT and the MINT'S invoice have been received.

6.2 The BANK shall make the payment for the production of the master tools of the COINS and the production of the trial circulation COINS of all denominations, including the metal used for the trial COINS, from which the advance payment paid to the MINT (if any) is deducted proportionally, within 30 (thirty) days after the entire trial of the circulation COINS has been produced and the MINT'S invoice has been received, provided the BANK has approved the quality of the trial COINS in accordance with the procedure referred to in Paragraph 2.7 of the CONTRACT.

6.3 The BANK shall make the payment for the production, packaging, delivery and metal of the delivered COINS, from which the advance payment paid to the MINT (if any) is deducted proportionally, within 30 (thirty) days after the MINT'S invoice has been received (except the case referred to in Paragraph 6.4 of the CONTRACT).

6.4 Where a full or partial damage to the packaging of the shipment of the COINS is established (Paragraph 3.7 of the CONTRACT), the BANK shall make a payment for the production, packaging, delivery and metal of the COINS delivered in the respective shipment,

from which the advance payment paid to the MINT (if any) is proportionally deducted, no earlier than within 10 (ten) business days after the respective examination of the shipment of the COINS (Paragraph 3.8 of the CONTRACT) has been completed.

6.5 Where the Council of the European Union does not take a decision on the abrogation of the Republic of Latvia's derogation under Article 140(2) of the Treaty on the Functioning of the European Union in 2013, the BANK shall, by giving a notice to the MINT in writing, suspend the execution of the orders given by the BANK and cover the production costs of the master tools of the COINS and of the trial circulation COINS actually produced until the moment of receiving the notice in line with the financial bid submitted by the MINT (Appendix __ to the CONTRACT), as well as the PARTIES shall make mutual settlements for the metal purchased for the production of the 1- and 2-*euro* and 10-, 20- and 50-*euro*-cent trial circulation COINS in accordance with the following procedure:

6.5.1 where the MINT has received an advance payment for the metal purchased for the production of the 1- and 2-*euro* and 10-, 20- and 50-*euro*-cent trial circulation COINS from the BANK or the BANK has made the payment referred to in Paragraph 6.2 of the CONTRACT, the MINT shall reimburse the BANK for the current disposal value of the metal of the 1- and 2-*euro* and 10-, 20- and 50-*euro*-cent trial circulation COINS based on the LME price on the next business day after the BANK'S notice has been received, but no more than 100% (hundred per cent) and no less than 90% (ninety per cent) of the purchase costs of the metal purchased for the 1- and 2-*euro* and 10-, 20- and 50-*euro*-cent trial circulation COINS within 3 (three) months after the BANK'S notice has been received;

6.5.2 where the MINT has not received an advance payment for the metal purchased for the production of the 1- and 2-*euro* and 10-, 20- and 50-*euro*-cent trial circulation COINS from the BANK and the BANK has not made the payment referred to in Paragraph 6.2 of the CONTRACT, the BANK shall pay the MINT the difference between the purchase costs of the metal purchased for the production of the 1- and 2-*euro* and 10-, 20- and 50-*euro*-cent trial circulation COINS and the current disposal value of the metal of these trial COINS based on the LME price on the next business day after the BANK'S notice has been received (where the difference is negative), but no more than 10% (ten per cent) of the purchase costs of the metal purchased for the 1- and 2-*euro* and 10-, 20- and 50-*euro*-cent trial circulation COINS within 30 (thirty) days of the day of sending the notice and receiving the MINT'S invoice.

6.6 The MINT shall, for its account, send the produced master tools of the national sides of the COINS whose production has been paid by the BANK to the BANK within 10 (ten) days after a full settlement has been received (Paragraph 6.3 of the CONTRACT).

6.7 The MINT shall submit the expromissory guarantee acceptable to the BANK, issued by the guarantor (a commercial bank accepted by the BANK) to the BANK, in the amount of 1 000 000 (one million) *euro*, valid from the day the CONTRACT takes place until 1 May 2014 whereby the guarantor irrevocably guarantees to reimburse the BANK for the MINT'S debt, if such debt is incurred as a result of improper performance of the contractual obligations, including a penalty and losses, without raising any objections, imposing any conditions and applying to the MINT in advance after the BANK'S first written request establishing the MINT'S default on the contractual obligations has been received.

6.8. The MINT shall send an invoice to the BANK'S Accounting Department. The PARTIES shall agree that the MINT may submit an invoice to the BANK electronically by e-mailing it to: rekinu-parvaldisana@bank.lv. An invoice sent electronically shall be deemed received on the next business day following its sending to the BANK'S e-mail address indicated in this Paragraph of the CONTRACT.

7. LIABILITY OF THE PARTIES

7.1 The PARTIES shall be mutually liable for the performance of the contractual obligations.

7.2 The MINT shall reimburse the BANK for all losses incurred by it, inter alia if the MINT has failed to meet any requirements set out in the legal acts of the European Union or those set by the EC or ECB.

7.3 The MINT shall be liable for all shortages of the COINS and losses incurred by the BANK.

7.4 Where any defined time period for delivery of the COINS referred to in Paragraph 2.5 of the CONTRACT or Appendix __ to the CONTRACT is delayed, the MINT shall pay the BANK a penalty of 0.5% (five tenths of one per cent) from the amount to be calculated by multiplying the production, delivery, packaging and metal costs of one relevant COIN by the number of the COINS to be delivered within the relevant shipment of the COINS by the MINT, for each calendar day of delay but no more than 25% (twenty-five per cent) of the above amount.

7.5 Where the delivery of the COIN samples is delayed (Paragraph 2.2 of the CONTRACT), the MINT shall pay the BANK a penalty of 500 (five hundred) *euro* for each calendar day of delay.

7.6 Where the MINT has failed to comply with the rules of delivery referred to in Paragraph 3.4 of the CONTRACT or the requirements with respect to the packaging of the COINS (the weight and size of the pallet, the material of boxes, the fastenings, the print of the packaging material) referred to in Appendix __ to the CONTRACT, the MINT shall pay the BANK a penalty of 10,000 (ten thousand) *euro* for each shipment of the COINS in which the respective non-conformity has been established.

7.7 Where the MINT falls behind the defined time period for payment referred to in Paragraphs 3.14, 4.7, 4.11 or 6.5 of the CONTRACT, the MINT shall pay the BANK a penalty of 0.5% (five tenths of one per cent) of the amount of the delayed payment for each calendar day of delay but no more than 25% (twenty-five per cent) of the delayed amount of payment.

7.8 The MINT shall pay the penalty within 30 (thirty) business days of the day of receiving the BANK'S invoice. The BANK shall be entitled to unilaterally deduct the penalty payable by the MINT from the BANK'S payments referred to in the CONTRACT.

7.9 Where the BANK falls behind the defined time period for payment referred to in Paragraphs 6.1.3, 6.2, 6.3, 6.4 or 6.5 of the CONTRACT, the BANK shall pay the MINT a penalty of 0.5% (five tenths of one per cent) of the delayed amount of payment for each calendar day of delay but no more than 25% (twenty-five per cent) of the amount of the delayed payment. The BANK shall pay the penalty within 30 (thirty) business days of the day of receiving the MINT'S invoice.

7.10 Where the performance of any obligation specified in the CONTRACT is delayed, the penalty shall be calculated for the period of time commencing on the next calendar day after the deadline for performing the contractual obligation has expired and including the day when the obligation is met.

7.11 The payment of the penalty shall not absolve the PARTIES of all responsibility for the performance of the obligations specified in the CONTRACT.

8. CONFIDENTIALITY

8.1 The PARTY shall not be allowed to disclose information on the other PARTY and the CONTRACT that is not publicly available without the other PARTY'S written consent (except as provided by laws and regulations).

8.2 The confidentiality obligation referred to in Paragraph 8.1 of the CONTRACT shall be effective for an indefinite period of time and shall remain effective also if the PARTY has unilaterally terminated the CONTRACT or the CONTRACT has ceased in any other way.

9. FORCE MAJEURE

9.1 The PARTIES shall be absolved of all responsibility for a full or partial failure to perform the obligations specified in the CONTRACT, where it is caused by force majeure, i.e. natural hazard, fire, war, armed conflict, prohibition by state authorities, administration and municipal institutions as well as amendments to laws and regulations. The PARTY referring to force majeure shall be absolved of all responsibility for a failure to perform the party's obligations solely if the said PARTY has not been able to foresee these circumstances at the moment of entering into the CONTRACT, overcome or prevent them.

9.2 The PARTY encountering the impossibility to perform the obligations due to force majeure shall have an obligation to advise the other PARTY to this effect and the possible duration of force majeure in writing not later than within 5 (five) calendar days of the day force majeure occurred. A failure to advise the other PARTY or a failure to advise it in a timely manner shall prohibit the PARTY having failed to advise the other party or failed to do it in a timely manner from referring to any of the said force majeure circumstance as an excuse for a full or partial failure to perform the obligations. The existence of the force majeure circumstances shall be proved by a document issued by a competent state or local government institution.

10. UNILATERAL TERMINATION OF THE CONTRACT

10.1 The BANK shall be entitled to terminate the CONTRACT unilaterally, without paying any penalty and reimbursing any losses, by giving a notice to this effect to the MINT in writing in the following cases:

10.1.1 where the MINT has failed to strike the COIN samples which proportionally conform to the specifications of the plaster models submitted by the BANK and whose quality complies with that of the *euro* coins submitted for the tender (Procurement LB/2012/97) by the MINT and accepted by the BANK within 3 (three) months after the plaster models have been received;

10.1.2 where the MINT has failed to strike the trial circulation COINS conforming to the quality of the circulation COIN samples (Paragraph 2.3 of the CONTRACT) within 3 (three) months after the sample COINS have been approved and the BANK'S written order regarding the production of the trial circulation COINS has been received;

10.1.3 where the MINT falls behind the defined time period for delivery of the COINS referred to in Paragraph 2.5 of the CONTRACT or any defined time period for delivery referred to in Appendix ___ to the CONTRACT for more than 30 (thirty) calendar days;

10.1.4 where the MINT has violated the provisions of the CONTRACT for more than 2 (two) times and this violation is attested by a BANK'S written claim sent to the MINT;

10.1.5 where workout or insolvency proceedings of the MINT have been initiated by the court.

10.2 Where the BANK terminates the CONTRACT unilaterally pursuant to Paragraphs 10.1.1 or 10.1.2 of the CONTRACT, the MINT shall pay the BANK a penalty of 100,000 (one hundred thousand) *euro* and fully reimburse the BANK for the advance payment (if any) within 10 (ten) business days after the BANK'S notice regarding unilateral termination of the CONTRACT has been received.

10.3 Where the BANK terminates the CONTRACT unilaterally pursuant to Paragraphs 10.1.3 or 10.1.4 of the CONTRACT, the MINT shall pay the BANK a penalty of 100,000 (one hundred thousand) *euro* and reimburse the BANK for the advance payment in proportion to the amount of the outstanding CONTRACT obligations (i.e. in proportion to the undelivered COINS) within 10 (ten) business days after the BANK'S notice regarding unilateral termination of the CONTRACT has been received.

10.4 Where the MINT fails to meet its obligations specified in the CONTRACT due to declared workout or insolvency proceedings, the BANK shall be entitled to terminate the CONTRACT unilaterally, without paying any penalty and reimbursing any losses, by giving a notice to the MINT to this effect in writing and receiving the full amount referred to in the CONTRACT expromissory guarantee submitted by the MINT and the amount of the expromissory guarantee referred to in Paragraph 6.1.1 of the CONTRACT in proportion to the outstanding CONTRACT obligations (i.e. in proportion to the undelivered COINS).

10.5 The PARTY shall be entitled to unilaterally terminate the CONTRACT, without paying any penalty and reimbursing any losses, by giving a notice to this effect to the other PARTY in writing, where the force majeure circumstances last for more than 2 (two) months. Where the right to terminate the CONTRACT unilaterally referred to in this Paragraph of the CONTRACT is used by the MINT, it shall reimburse the BANK for the advance payment in proportion to the outstanding CONTRACT obligations (i.e. in proportion to the undelivered COINS) within 10 (ten) business days after the MINT'S notice regarding unilateral termination of the CONTRACT has been received.

10.6 The BANK shall be entitled to terminate the CONTRACT unilaterally, without paying any penalty and reimbursing any losses, by giving a notice to this effect to the MINT in writing until the moment the Council of the European Union has taken a decision on the abrogation of the Republic of Latvia's derogation under Article 140(2) of the Treaty on the Functioning of the European Union. In the event of the use of the right to terminate the CONTRACT unilaterally referred to in this Paragraph of the CONTRACT, the BANK shall reimburse the MINT for the production costs of the master tools of the COINS and the actually produced trial circulation COINS until the moment of terminating the CONTRACT in line with the financial bid submitted by the MINT (Appendix __ to the CONTRACT), as well as the PARTIES shall make mutual settlements for the metal purchased for the production of the 1- and 2-*euro* and 10-, 20- and 50- *euro*-cent trial circulation COINS in accordance with the following procedure:

10.6.1 where the MINT has received an advance payment for the metal purchased for the production of the 1- and 2-*euro* and 10-, 20- and 50-*euro*-cent trial circulation COINS from

the BANK or the BANK has made the payment referred to in Paragraph 6.2 of the CONTRACT, the MINT shall reimburse the BANK for the current disposal value of the metal of the 1- and 2-euro and 10-, 20- and 50-euro-cent trial circulation COINS based on the LME price on the next business day after the BANK'S notice has been received, but no more than 100% (hundred per cent) and no less than 90% (ninety per cent) of the purchase costs of the metal purchased for the 1- and 2-euro and 10-, 20- and 50-euro-cent trial circulation COINS within 3 (three) months after the BANK'S notice has been received;

10.6.2 where the MINT has not received an advance payment for the metal purchased for the production of the 1- and 2-euro and 10-, 20- and 50-euro-cent trial circulation COINS from the BANK and the BANK has not made the payment referred to in Paragraph 6.2 of the CONTRACT, the BANK shall pay the MINT the difference between the purchase costs of the metal purchased for the production of the 1- and 2-euro and 10-, 20- and 50-euro-cent trial circulation COINS and the current disposal value of the metal of these trial COINS based on the LME price on the next business day after the BANK'S notice has been received (where the difference is negative), but no more than 10% (ten per cent) of the purchase costs of the metal purchased for the 1- and 2-euro and 10-, 20- and 50-euro-cent trial circulation COINS within 30 (thirty) days of the day of sending the notice and receiving the MINT'S invoice.

10.7 In the event of the termination of the CONTRACT, the MINT shall send the master tools and striking dies of the COINS to the BANK or any third person indicated by the BANK without any remuneration and for its own account on the next business day after the PARTY'S notice regarding unilateral termination of the CONTRACT has been received.

11. DISAGREEMENTS AND DISPUTES

11.1 All disputes and disagreements that arise in connection with the CONTRACT shall be resolved by the PARTIES by way of negotiations.

11.2 The disputes and disagreements that are not resolved by the PARTIES by way of negotiations shall be settled in accordance with the procedure prescribed by the Republic of Latvia laws and regulations. The place of the court proceedings shall be Riga, the Republic of Latvia.

11.3 Where the PARTIES disagree on the text of the CONTRACT, the text in Latvian shall prevail.

12. OTHER PROVISIONS

12.1 Where the Council of the European Union does not take a decision on the abrogation of the Republic of Latvia's derogation under Article 140(2) of the Treaty on the Functioning of the European Union in 2013, the BANK shall not order the mintages of the COINS. The PARTIES shall be entitled to agree on the terms whereupon the production, packaging and delivery of the COINS is to be resumed, if the Council of the European Union takes a decision on the abrogation of the Republic of Latvia's derogation under Article 140(2) of the Treaty on the Functioning of the European Union in 2014, 2015 or 2016. The PARTIES may agree on the changes in the production, packaging and delivery prices of the COINS, provided the MINT proves the increase in the costs and the rise in the respective amounts does not exceed the inflation target (2% (two per cent)) set by the ECB for each successive year.

12.2 The plaster models shall be the BANK'S property and shall be used only for the production of the COINS as specified in the CONTRACT. At the BANK'S request, the MINT

shall deliver them to the BANK. Where the plaster models are damaged during the process of production, the MINT shall destroy them and send a confirmation to this effect to the BANK in writing.

12.3 The master tools of the national sides of the COINS produced in conformity to the plaster models submitted by the BANK and used for the production of the COINS shall be the BANK'S property. The master tools shall be stored at the MINT and, upon the receipt of the BANK'S request, sent to the BANK or destroyed. The MINT shall deliver the stored master tools to the BANK or any third person indicated by the BANK within 10 (ten) business days after the BANK'S request in writing has been received. In the event of destruction of the master tools, the MINT shall submit to the BANK a written confirmation to the effect that the master tools have been destroyed.

12.4 The MINT shall destroy all produced trial circulation COINS and submit a statement of destruction to the BANK within 3 (three) months after the settlements referred to in Paragraphs 6.5 or 10.6 of the CONTRACT have been made.

12.5 The Deputy Head of the Cash Department of the BANK shall be authorised to represent the BANK in the performance of Paragraphs 2.3, 2.5, 2.6, 2.7, 2.9, 2.11, 3.3, 3.5, 3.8, 3.9.2, 3.10, 3.11.2, 4.5, 4.6, 4.8, 4.9, 4.10, 12.2 and 12.3 of the CONTRACT.

12.6 All amendments and supplements to the text of the CONTRACT shall be made in writing and shall become an integral part of the CONTRACT only when signed by both PARTIES.

12.7 Any appendix to the CONTRACT shall constitute its integral part.

12.8 The CONTRACT shall enter into force from the moment of its mutual signing and shall be in force until the complete implementation of the obligations specified in the CONTRACT.

12.9 The CONTRACT has been drawn up on __ (____) pages in Latvian and English in two copies, including Appendix 1 __ (____) page, Appendix 2 on __ (____) pages, Appendix 3 on __ (____) page, Appendix 4 on __ (____) page and Appendix 5 on __ (____) pages. After mutual signing of the CONTRACT, one copy shall be delivered to the BANK, but the other – to the MINT.

13. LEGAL ADDRESSES AND BANKING DETAILS OF THE PARTIES

13.1 The BANK – Bank of Latvia, K. Valdemāra iela 2A, Riga, LV-1050, Latvia, registered with the Register of Value Added Tax Payers Republic of Latvia on 12 September 1996 with No. LV90000158236. The settlement account with the Bank of Latvia No. LV35 LACB 0EUR 1750 5010 0.

13.2 The MINT –

BANK

MINT

Appendix 2
to the Tender Regulation of
20 September 2012
(Procurement LB/2012/97)

TECHNICAL SPECIFICATIONS OF THE COINS

1. The MINT shall carry out the production, packaging and delivery of the COINS of (eight) denominations (1-, 2-, 5-, 10-, 20- and 50- *euro-cent* and 1 and 2 *euro*) to the BANK.
2. The production of the COINS shall be carried out in line with the COIN design approved by the EC and the plaster models of the national sides submitted by the BANK. The produced COINS shall proportionally conform to the specifications of the plaster models: the diameter – 15 cm without a rim (1 and 2 *euro* and 50-, 20- and 10-*euro-cent* COINS) and 13.5 cm without a rim (1-, 2- and 5-*euro-cent* COINS), the maximum height – 1.4 mm, the height of letters – 0.3 mm. The suppliers expressing interest may receive the design of the national sides of the COINS by contacting the persons referred to in Paragraph 6.5 of the Regulation.
3. When producing the COINS, the MINT shall comply with the following requirements:
 - 3.1 the requirements set out in the Council Regulation (EC) No. 975/98 of 3 May 1998 on denominations and technical specifications of euro coins intended for circulation;
 - 3.2 the common face design of the COINS and the COIN tolerance in view of the EC conditions which are effective during the production of the COINS;
 - 3.3 the quality management requirements specified by the Mint Directors Working Group;
 - 3.4 all latest key procedures and instructions regarding the production of the *euro* coins provided by the EC and ECB.
4. The COINS shall be produced in the volume and breakdown by COIN quality type and denominations referred to in Appendices 4, 5 and 6 to the Regulation.
5. The packaging of the circulation COINS shall be carried out in compliance with the requirements referred to in Paragraph 1 of Appendix 3 to the Regulation, the packaging of the *BU* COINS shall be carried out in compliance with the requirements referred to in Paragraph 2 of Appendix 3 to the Regulation, but that of the *proof* COINS – in compliance with the requirements referred to in Paragraph 3 of Appendix 3 to the Regulation.
6. The MINT shall carry out the delivery of the COINS to the BANK in line with the delivery time schedule (Appendix 4 to the Regulation).

TECHNICAL SPECIFICATIONS OF THE PACKAGING

1. PACKAGING REQUIREMENTS FOR THE CIRCULATION COINS

1.1 The MINT shall carry out the packaging of the circulation COINS in compliance with the requirements set out in Table 1 of this Appendix, except the circulation COINS to be packed in the starter kits (see Paragraph 1.2 and Tables 2 and 3 of this Appendix).

(Table 1)

Face value	Number of COINS in a roll (pcs.)	Number of COINS in a cardboard box (pcs.)	Measurements of a pallet	Number of boxes on a pallet	Weight of a pallet (kg)
1-euro-cent	50	2 500	Not exceeding 120 x 80 cm	At the MINT'S choice	Total weight of 1 pallet may not exceed 800 kg
2-euro-cent	50	2 500			
5-euro-cent	50	2 500			
10-euro-cent	40	2 000			
20-euro-cent	40	2 000			
50-euro-cent	40	2 000			
1 euro	25	1 250			
2 euro	25	1 250			

Each 10 (ten) COIN rolls shall be shrink-wrapped together with a plastic foil.

The suppliers expressing interest may receive the graphic design of the packaging paper of the COIN rolls by contacting the persons referred to in Paragraph 6.5 of the Regulation.

The cardboard used for the boxes shall meet the following criteria – 14E RR with the thickness of 1,5 mm ECT 4kN/m, or more durable.

The packaging (the cardboard of boxes, the fastenings of pallet etc.) shall be suitable for placing the pallet in no less than four layers.

Each box shall bear an indication of the face value and number of the COINS.

1.2 A part of the circulation COINS shall be packed in the starter kits (bags) in compliance with the requirements and volume set out in Tables 2 and 3 of this Appendix.

(Table 2)

STARTER KITS FOR RETAILERS (150 000 pcs.)

Face value of COINS	Content of one starter kit (bag)			
	Number of COINS in a roll (pcs.)	Number of rolls (pcs.)	Total number of COINS (pcs.)	Total face value (EUR)
<i>2 euro</i>	25	1	25	50.00
<i>1 euro</i>	25	3	75	75.00
<i>50-euro-cent</i>	40	2	80	40.00
<i>20- euro-cent</i>	40	2	80	16.00
<i>10- euro-cent</i>	40	2	80	8.00
<i>5- euro-cent</i>	50	3	150	7.50
<i>2- euro-cent</i>	50	2	100	2.00
<i>1- euro-cent</i>	50	3	150	1.50
TOTAL	320	18	740	200.00

The graphic design of the packaging paper of the COIN rolls shall be identical with that referred to in Paragraph 1.1 of this Appendix.

The measurements of the bags shall be 22 cm x 22 cm (+/- 5 cm) with one side having a humidity resistant print. The suppliers expressing interest may receive the print design sample of the bag by contacting the persons referred to in Paragraph 6.5 of the Regulation.

The material of the bags shall be polyethylene with the thickness of no less than 110 µm. The bags shall be resistant to shock (when filled bags are thrown down from a height of 1 meter) and tearing. The side edges of the bags shall be melted with the help of a special technology so that it is not possible to open them without damaging.

The bags containing the COINS shall be packed in cardboard boxes on the pallet (71 x 43 cm (+/-10 cm)). The weight of 1 (one) pallet shall be 750 – 800 kg. Each cardboard box shall bear an indication of the number of the bags containing the COINS placed in the box.

(Table 3)

STARTER KITS FOR PUBLIC (600 000 pcs.)

Face value of COINS	Content of one starter kit (bag)	
	Number of COINS (pcs.)	Total face value (EUR)
<i>2 euro</i>	2	4.00
<i>1 euro</i>	4	4.00
<i>50-euro-cent</i>	7	3.50
<i>20-euro-cent</i>	8	1.60
<i>10-euro-cent</i>	7	0.70
<i>5-euro-cent</i>	6	0.30
<i>2-euro-cent</i>	6	0.12
<i>1-euro-cent</i>	7	0.07
TOTAL		14.29

The measurements of the bags shall be 10 cm x 12 cm (+/-2cm) with one side having a humidity resistant print . The suppliers expressing interest may receive the print design samples of the bag by contacting the persons referred to in Paragraph 6.5 of the Regulation.

The material of the bags shall be polyethylene with the thickness of no less than 110 µm. The bags shall be resistant to shock (when filled bags are thrown down from a height of 1 meter) and tearing. The side edges of the bags shall be melted with the help of a special technology so that it is not possible to open them without damaging.

The bags containing the COINS shall be packed in cardboard boxes on the pallets (71 x 43 cm (+/-10 cm)). The weight of 1 (one) pallet shall be 750 – 800 kg. Each cardboard box shall bear an indication of the number of the bags containing the COINS placed in the box.

2. PACKAGING REQUIREMENTS FOR the *BU* COINS

The *BU* COINS shall be packed in the sets – the blisters in cardboard wallets with sleeves that are delivered to the MINT by the BANK for its account. The suppliers expressing interest may receive the packaging samples by contacting the persons referred to in Paragraph 6.5 of the Regulation.

The *BU* COIN sets shall be packed and placed on the pallets so that they would not get damaged during the delivery. The maximum weight of 1 (one) pallet shall not exceed 800 kg.

3. PACKAGING REQUIREMENTS FOR the *Proof* COINS

The *Proof* COINS shall be packed in acrylic capsules corresponding to their size and purchased by the MINT. The *proof* COINS packed in the capsules shall be packed and placed on the pallets so that the *proof* COIN sets would not get damaged during the delivery. The weight of 1 (one) pallet shall not exceed 800 kg.

Appendix 4
to the Tender Regulation of
20 September 2012
(Procurement LB/2012/97)

DELIVERY TIME SCHEDULE*

Type, face value and total mintage of COINS (pcs.)	Batches of the mintage			
	Number of COINS to be delivered (pcs.) by 14 October 2013	Number of COINS to be delivered (pcs.) by 1 November 2013 including 50% of the COINS packed in starter kits for retailers and for public	Number of COINS to be delivered (pcs.) by 9 December 2013 including 50% of COINS packed in starter kits for retailers and for public	Number of COINS to be delivered (pcs.) by 1 March 2014
1	2	3	4	5
Circulation COINS				
2 euro (20 000 000 pcs.)	-	5 000 000	10 000 000	5 000 000
1 euro (30 000 000 pcs.)	-	10 000 000	10 000 000	10 000 000
50 euro-cent (25 000 000 pcs.)	5 000 000	10 000 000	10 000 000	-
20 euro-cent (35 000 000 pcs.)	10 000 000	9 000 000	9 000 000	7 000 000
10 euro-cent (40 000 000 pcs.)	10 000 000	10 000 000	10 000 000	10 000 000

to be continued

Type, face value and total mintage of COINS (pcs.)	Batches of the mintage			
	Number of COINS to be delivered (pcs.) by 14 October 2013	Number of COINS to be delivered (pcs.) by 1 November 2013 including 50% of the COINS packed in starter kits for retailers and for public	Number of COINS to be delivered (pcs.) by 9 December 2013 including 50% of COINS packed in starter kits for retailers and for public	Number of COINS to be delivered (pcs.) by 1 March 2014
1	2	3	4	5
5 euro-cent (50 000 000 pcs.)	10 000 000	15 000 000	15 000 000	10 000 000
2 euro-cent (80 000 000 pcs.)	15 000 000	15 000 000	15 000 000	35 000 000
1 euro-cent (120 000 000 pcs.)	30 000 000	20 000 000	15 000 000	55 000 000
BU COINS (240 000 pcs. or 30 000 pcs. per denomination)	-	240 000	-	-
Proof COINS (40 000 pcs. or 5 000 pcs. per denomination)	-	40 000	-	-

**The delivery schedule may be adjusted in line with the provisions of Paragraph 3.3 of the CONTRACT.*

Appendix 5
to the Tender Regulation of
20 September 2012
(Procurement LB/2012/97)

FINANCIAL BID OF THE CIRCULATION COINS

(the name of the tenderer)

offers to carry out the production, packaging and delivery of the circulation COINS to the BANK at the following price (*euro* (VAT excluded)):

Calculation of the metal price	Face value and total mintage volume (pcs.) including 1000 000 trial COINS per denomination	Production costs of master tools of COINS	Production of 1 000000 trial COINS per denomination	Production costs of COINS excluding 1 000 000 trial COINS per denomination but including the packaging of all COINS in rolls and starter kits (including the costs of the packaging material)	Total delivery costs (<i>DDP</i> Bezdēlīgu iela 3, Rīga, <i>Incoterms 2010</i>) for all COINS	TOTAL costs of COINS
The metal costs shall be specified separately based on the London Metal Exchange (LME) prices in accordance with the CONTRACT		A	B	C	D	E (=A+B+C+D)
	2 euro (20 000 000 pcs.)					
	1 euro (30 000 000 pcs.)					
	50-euro-cent (25 000 000 pcs.)					
	20- euro-cent (35 000 000 pcs..)					
	10-euro-cent (40 000 000 pcs.)					

to be continued

Calculation of the metal price	Face value and total mintage volume (pcs.) including 1000 000 trial COINS per denomination	Production costs of master tools of COINS	Production of 1 000000 trial COINS per denomination	Production costs of COINS excluding 1 000 000 trial COINS per denomination but including the packaging of all COINS in rolls and starter kits (including the costs of the packaging material)	Total delivery costs (DDP Bezdēlīgu iela 3, Rīga, Incoterms 2010) for all COINS	TOTAL costs of COINS
		A	B	C	D	E (=A+B+C+D)
<i>The price of the metal is included in the production costs</i>	5-euro-cent (50 000 000 pcs.)					
	2-euro-cent (80 000 000 pcs.)					
	1-euro-cent (120 000 000 pcs.)					
Total	400 000 000 pcs.					

We hereby confirm and guarantee that the above information is true and correct and complies with the requirements of the open Tender "On the Potential Production, Packaging and Delivery of the Latvian *Euro* Circulation Coins", (Procurement LB/2012/97).

We confirm that we are familiar with the provisions of the draft of the CONTRACT (Appendix 1 to the Tender Regulation) and agree with them.

Signature of the person having the right to represent the tenderer:

Signatory's name, surname and position: _____

Date: _____

Appendix 6
to the Tender Regulation of
20 September 2012
(Procurement LB/2012/97)

FINANCIAL BID OF THE *BU* AND *PROOF* COINS

_____ (the name of the tenderer)

offers to carry out the production, packaging and delivery of the *BU* and *proof* COINS to the BANK at the following price (*euro* (VAT excluded)).

Calculation of the metal price	Type, face value and total mintage of the COIN	Production and packaging price of COINS*	Delivery price (<i>DDP</i> Bezdēlīgu iela 3, Rīga, <i>Incoterms 2010</i>)	Total price of the COINS
		A	B	C (=A+B)
	<i>BU</i> COINS			
<i>The metal costs shall be specified separately based on the London Metal Exchange (LME) prices in accordance with the CONTRACT</i>	2 euro (30 000 pcs.)			
	1 euro (30 000 pcs.)			
	50-euro-cent (30 000 pcs.)			
	20-euro-cent (30 000 pcs.)			
<i>The price of the metal is included in the production costs</i>	10-euro-cent (30 000 pcs.)			
	5-euro-cent (30 000 pcs.)			
	2-euro-cent (30 000 pcs.)			
	1-euro-cent (30 000 pcs.)			

to be continued

Calculation of the metal price	Type, face value and total mintage of the COIN	Production and packaging price of COINS*	Delivery price (DDP Bezdelfigu iela 3, Rīga, Incoterms 2010)	Total price of the COINS
		A	B	C (=A+B)
	<i>Proof</i> COINS			
<i>The metal costs shall be specified separately based on the London Metal Exchange (LME) prices in accordance with the CONTRACT</i>	2 euro (5 000 pcs.)			
	1 euro (5 000 pcs.)			
	50-euro-cent (5 000 pcs.)			
	20-euro-cent (5 000 pcs.)			
<i>The price of the metal is included in the production costs</i>	10-euro-cent (5 000 pcs.)			
	5-euro-cent (5 000 pcs.)			
	2-euro-cent (5 000 pcs.)			
	1-euro-cent (5 000 pcs.)			
Total				

*Including the acrylic capsule but excluding the packaging of the sets of the *BU* COINS.

We hereby confirm and guarantee that the above information is true and correct and complies with the requirements of the open Tender "On the Potential Production, Packaging and Delivery of the Latvian *Euro* Circulation Coins", (Procurement LB/2012/97).

We confirm that we are familiar with the provisions of the draft of the CONTRACT (Appendix 1 to the Tender Regulation) and agree with them.

Signature of the person having the right to represent the tenderer:

Signatory's name, surname and position: _____

Date: _____