

GUIDELINES ON COMPETITION LAW REQUIREMENTS AND LOBBYING ACTIVITIES

These Guidelines are intended for the governing bodies, administration, members, sponsors, and other third parties involved in the activities of Fintech Hub LT Association (hereinafter – the Association). The Guidelines have been prepared in accordance with competition law and lobbying activity requirements. The Competition Law and the Competition Guidelines for Associations promote fair competition and prohibit restrictive agreements, while the Lobbying Law ensures transparent and lawful lobbying activities.

1. MAIN COMPETITION LAW REQUIREMENTS

The members and sponsors of the Association (hereinafter collectively – Members) are credit institutions, electronic money and payment institutions, peer-to-peer lending platforms, crypto-asset service providers, insurance intermediaries, law firms, technology companies, and other digital finance institutions. All Members must maintain competition and may not enter into restrictive agreements.

Prohibited Agreements:

- **Price fixing** (e.g., several Members agree to apply identical card transaction fees).
- **Market sharing** (e.g., two lending platforms agree that one will serve only private, the other only corporate investors).
- **Non-solicitation of employees** (e.g., Members agree not to hire each other's specialists).
- **Restrictions on production, innovation, or trade** (e.g., Members agree not to offer free accounts to small businesses).
- **Boycotts of clients or suppliers** (e.g., Members agree to refuse cooperation with a certain service provider).

- **Exchange of commercially sensitive information*** (e.g., Members share internal data on future pricing or service structures).

*What is commercially sensitive information?

Commercially sensitive information includes data that may affect competition if known to competitors. This includes:

- **Pricing strategies** (e.g., planned fees for payment operations).
- **Discounts, margins, and mark-ups** (e.g., service terms offered to business clients).
- **Purchase and sales conditions** (e.g., contractual obligations between Members and partners).
- **Production or service capacities** (e.g., number of corporate clients served monthly).
- **Customer data and segmentation** (e.g., target business or private clients, behavioral analysis).
- **Future strategic plans** (e.g., planned product updates, expansion directions).

Exchanging this information among competitors can reduce competition and must be strictly limited.

2. ASSOCIATION'S PARTICIPATION IN LEGISLATION

The Association contributes to improving regulations but may not act as a unit to restrict competition.

Permitted:

- **Public policy issues** (e.g., proposing legislative initiatives to reduce bureaucratic burden in anti-money laundering and counter-terrorist financing).
- **Common market rules** (e.g., proposing standardized API requirements for financial institutions).
- **Consumer protection** (e.g., suggesting clearer transparency requirements for consumers to fully understand loan terms).

Prohibited:

- **Members may not coordinate competitive decisions in the legislative process** (e.g., agreeing to jointly increase service fees).
- **Members may not coordinate submitted data; it must be objective and uncoordinated between competitors** (e.g., agreeing on which cost categories to include when calculating the cost of a single transfer when such data is requested by authorities).
- **Legislation may not be used as a tool to restrict competition** (e.g., seeking regulations that make it harder for new competitors to enter the market).

3. ASSOCIATION'S ACTIVITIES IN THE CONTEXT OF COMPETITION LAW AND LOBBYING

- **Avoid discussions that may restrict competition during meetings** (e.g., not discussing exchange rates for different currencies).
- **Do not make decisions regarding members' individual activities** (e.g., members may not agree on more favorable implementation of EU regulations than required for the whole market; implementation may be individual or general as set by legal acts and accompanying documents).

- **If proposals to restrict competition arise, reject them clearly and publicly, preferably in writing** (e.g., rejecting suggestions to boycott certain third-party payment systems).
- **Notify the Competition Council of prohibited proposals** (e.g., joint agreements on standardized pricing models should be reviewed by the supervisory authority).

Member Liability for Violations:

- A fine of up to 10% of total annual worldwide turnover in the previous financial year. Total worldwide turnover includes all revenue earned globally.
- Executives may face up to five years of disqualification from management positions and monetary fines.
- Even Members who did not directly participate may be deemed involved if they do not express clear dissent, preferably in writing.

Association Liability for Violations:

- A fine of up to 10% of total annual worldwide turnover in the previous financial year. Total worldwide turnover includes all revenue earned globally.
- For violations of the prohibition on anti-competitive agreements and abuse of dominance, the Association may be fined up to 10% of total annual worldwide turnover in the previous financial year or up to 10% of the total annual worldwide turnover of all members in the previous financial year.
- Executives may face up to five years of disqualification from management positions and monetary fines.

The development and innovation of the Fintech sector must align with the principles of fair competition and lobbying activities. Self-regulation, transparency, and responsible behavior are essential to avoid market monopolization or other anti-competitive actions. The exchange of commercially sensitive information between members is strictly limited to ensure fair competition and promote innovation in the market.