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PURPOSE


The purpose of “ACBA BANK” OJSC procedure on custody services mediation of securities registered with the “Central Depository of Armenia” OJSC’s unified system of securities registry and settlement is to define the processes of mediation of custody services, provided to the owners or nominees of securities (hereinafter referred to as “the Account Holder”) in “Central Depository of Armenia” OJSC (hereinafter referred to as “the Central Depository”) by “ACBA BANK” OJSC (hereinafter referred to as “the Bank”).

APPLICATION SCOPE

This Procedure is applied by the territorial and structural subdivisions of the Bank.

RELATED DOCUMENTS

RA Law “On Securities Market”	
RA Law “On Joint Stock Companies”	
RA Civil Code	
“Rules of Unified System of Securities Registry and Settlement” of “Central Depository of Armenia” OJSC	
Rules on tariffs of “Central Depository of Armenia” OJSC	
Regulation 4/07 “On Requirements to Activities of Persons Providing Investment Services”	
Regulation 5/10 “On Centralized Registry and Custody of Securities”	
Regulation 33 “On Custody Activities of Securities”	
“ACBA BANK” OJSC internal code of conduct	POLICY 07
“ACBA BANK” OJSC procedure on opening, keeping, control and termination of current (settlement) accounts	ACBA 72 PR 01
“ACBA BANK” OJSC procedure on registry keeping mediation of registered securities	ACBA 75 PR 41
“ACBA BANK” OJSC operational tariffs	TC 01-06
Agreement on custody of securities	eFO 72-00-650
Agreement on holding registry	eFO 72-00-651
Sub-custody contract	eFO 72-00-652
Agreement on provision of supplementary services	eFO 72-00-653
Agreement on custody of issuer’s securities	eFO 72-00-654
Sub-custody agreement for custody of foreign securities	eFO 72-00-655
Agreement on custody of securities, being shared property	eFO 72-00-656
Account holder’s card	eFO 75-40-01
Order on closing of securities account	eFO 75-40-02
Order on transfer of securities	eFO 75-40-03
Order on transfer of securities with principle “Delivery versus payment” and “Free of payment”	eFO 75-40-04
Order on acquisition of securities with principle “Delivery versus payment” and “Free of payment”	eFO 75-40-05
Order on transfer of Account Holder’s portfolio	eFO 75-40-06
Order on pledge of securities	eFO 75-40-07
Order on termination of pledge of securities	eFO 75-40-08
Order on freezing of securities account	eFO 75-40-09
Order on termination of freezing of securities account	eFO 75-40-10
Order on temporary limitation of voting right	eFO 75-40-11
Agreement on sale/pledge of securities under general joint ownership	eFO 72-00-227

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Declaration on security rights	eFO 72-00-228
Notification on opening of securities account	eFO 75-40-12
Securities account statement	eFO 75-40-13
Statement on balance of securities account	eFO 75-40-14
Report on transactions, performed with securities account	eFO 75-40-15
Information request form	eFO 75-40-16
Order on provision of access to securities account	eFO 75-40-17
Order on closing of access to securities account	eFO 75-40-18
Order on purchase/sale of bonds	(MT 520/521)
Order on free delivery of bonds	(MT 522)
Order on pledge/acceptance for pledge of bonds	(MT 540/541)
One-sided order on pledge of bonds	(MT 542)
Pledgee’s/pledger’s order on release of bonds from pledge	(MT 543/544)
One-sided order on release of bonds from pledge	(MT 545)
Order on refusal from pledged bonds	(MT 546)
Pledger’s/pledgee’s order on change of bonds’ pledge	(MT 547/548)
Order on change of pledger of bonds	(MT 549)
Order on change of pledgee of bonds	(MT 550)
Order on seizure and removal of seizure of bonds	(MT 560/561)
Order on transfer of blocked bonds	(MT 562)

DEFINITIONS AND CONCEPTS

Issuer – a legal entity, which issues (has issued) security or makes an offer to issue security on its behalf,

Law – RA Law “On Securities Market”,

System – Unified system of registry and settlement of securities, which consists of Centralized Registry System of Securities (includes the systems of centralized registry of securities and custody of securities) and Settlement System of Securities (under the meaning of Chapter 20 of RA Law “On Securities Market”),

Rules – Rules of operation of Unified System of Securities Registry and Settlement of “Central Depository of Armenia” OJSC,

Securities account – Informative basis for the personalized registration of securities and the ownership and other property rights to securities,

Depo account – “Securities account”, envisaged for registration of government bonds,


Depo order – Order for making transactions with government bonds in the system,

Account operator – Member of Unified System of Registry and Settlement of Securities, which according to the agreement, signed with the Central Depository, transfers the orders and other information (documents), received from the Account Holder or the issuer, to the Central Depository to make transactions in the System, as well as in compliance with the Law, normative legal acts, adopted on its basis, and the agreement with the Central Depository, mediates the services, provided by the Central Depository,

Member of settlement system of regulated market” or “MSSRM” – a person, meeting the requirements, specified by the Rules of Operation of the Unified System of Registry and Settlement of Securities of the Central Depository, and related to the member of the system, who within the framework of authorizations, specified by the agreement with the Central Depository and rules, transfers to the Central Depository own or his/her customer’s orders and information, which are required to make transactions with securities in the regulated market via the system,

Software system – software, installed by the Central Depository in the Bank, with which the functions of registry maintenance, protection and custody are performed,

Account holder – a person, who has (available in his/her name) a securities account, opened in the system, and Account Holder’s card [eFO 75-40-01](#) is opened in his/her name in the Bank,

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Authorized person – a person, who is appointed by the Account Holder to perform custody transactions with the Account Holder’s securities account (by the part of securities account),

Transaction – an action, performed in the system on the basis of the order of the Account Holder, issuer of security, their authorized representatives or other person, specified by the RA legislation, as a result of which a securities account is opened, the information, available on the securities account is changed, securities account is closed, balance, recorded on the securities account is changed, other actions are registered in the securities registry of the issuer, and/or information from the system is provided,

Registration date – A date, as of which, the name and surname (company name) of the Account Holder shall be specified in the registry of the issuer to perform the rights, granted to him/her by the securities, belonging to him/her (registered in his/her name),

Order – a document, being the ground for making transactions (with the exception of provision of information) in the system,

Request – A document, being the basis for the provision of information from the system, as well as other documents, which may not be qualified as an order,

Nominee – A person, in whose name, the nominal securities, belonging to other persons, are registered without the transfer of property right,

Free delivery or ST transfer – A type of transfer of securities from one securities account to another, in which case, no approval or consent of the receiving side is required,

Free of payment transfer or FOP transfer – A type of transfer of securities from one securities account to another, in which case, the transfer and receipt orders of correspondingly the transferring and receiving parties are required,

Delivery versus payment or DVP transfer – A type of transfer of securities from one securities account to another, in which case, the transfer and receipt orders of correspondingly the transferring and receiving parties are required, as well as the availability of funds, being the collateral for the final settlement, resulting from the DVP transfer from the account in AMD, authorized for DVP transfer, and available on the commercial account of the Central Depository, is required,

Securities portfolio transfer or portfolio transfer – A type of transfer of securities from one securities account to another, as a result of which the transfer of full portfolio of securities, available on the account, is performed with the record of one transaction,

Authorized account in AMD for DVP transfer – An account in AMD, belonging to the account operator, from which only transfer of AMD with the purpose of DVP transfer to a commercial account may be performed, and to which only amounts, resulted from the final settlement with DVP transfer from a commercial account, may be transferred,

Shared property – Property under general ownership, in the property right of which, the share of each owner is defined,


Joint property – Property under general ownership, in the property right of which, the share of each owner is not defined,

Government bond – Government (treasury) bonds, issued by the RA Ministry of Finance or RA Central Bank,

Foreign security – Security, issued by a foreign state, international organization, a legal entity, registered by a foreign state, or an investment fund or a property complex, having no status of a legal entity, the ownership registry of which is not held or has not been held by the Central Depository. The principles, specified by the rules for the custody of foreign securities by the Central Depository, are applied also in case of securities, placed in foreign states and/or foreign currency on behalf of (by) the Republic of Armenia or an issuer, registered in the Republic of Armenia, performing the custody of which, the Central Depository acts as a subcustodian of the foreign custodian.

CHAPTER 1. GENERAL PROVISIONS

1.1. The Bank is a member of the Unified System of Registry and Settlement of Securities, which was granted the status of an account operator by the Central Depository.

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1.2. In the system, the Bank performs the mediation of the services, provided to the owners (nominees) of securities by the Central Depository, within the framework of authorizations, specified by the agreement, signed with the Central Depository.

1.3. In the system, the changes of information, records of transactions, as well as the provision of information are performed in the Head Office by the employee of Dealing Back Office Team (hereinafter referred to as “the Responsible Employee”). To mitigate its operational risks, the Bank has defined three level control of authorized employees. Based on the second eye principle, the execution of any transaction by the Responsible Employee in the software system, in the Head Office shall be approved by the Head of Assets and Liabilities Management Division or by the Dealing Back Office Team leader by a relevant approval in the software system. Any access in the software system is provided by the relevant employee of IT Operations Department, who is the third level of control.

1.4. The Bank must record the received orders in the system within the terms, specified by this Procedure, if the person, giving the order, has not specified a longer period.

1.5. Before recording the received request in the system, the Bank shall check the authorizations of the person, presenting the request. Providing the services, specified by this Procedure, the Bank acts on the basis of the order or request, presented only by the issuer, authorized representative of the issuer, Account Holder, authorized representative of Account Holder, if otherwise is not specified by the Law or rules of the Central Depository.

1.6. The Bank shall check the accuracy of orders of its execution of transactions in the system of securities. The Bank bears responsibility for the violation of the requirement, specified by this clause.

1.7. The Responsible Employee may transfer the received order if required, to the Legal Department of the Bank for the provision of a written conclusion on the controversial provisions of the given document. The conclusion shall be given by the Legal Department within 1 working day upon receipt of the order (request).

1.8. The Bank shall keep the orders and requests, being the grounds for records in the system, for 10 years upon their receipt.

1.9. The Bank may open a securities account for the Account Holder in one of the following two ways:

- a) by reopening of the securities account, opened by the Central Depository and having the status of a temporary account, which envisages also the identification, specified by this Procedure, if the given person has a securities account in the Central Depository,
- b) by opening of a new securities account.

1.10. For each securities account, a personal identification number is generated in the software system. The identification number is the sequential number (account number) of the securities accounts, maintained in the system, the structure of which is defined by the Central Depository.


1.11. For the same person, the Bank may open only one account of the same type in the system, except for the cases of opening of accounts of joint ownership.

CHAPTER 2. SECURITIES ACCOUNTS AND THEIR TYPES

2.1. By the mediation of the Bank, the following types of securities accounts may be opened in the system:

- a) Owner’s securities account, which is opened to record securities, belonging by the property right,
- b) Nominee’s securities account, which is opened to record securities in the name of resident custodians of the Republic of Armenia, belonging to other persons by the property right,
- c) Foreign nominee’s securities account, which is opened to record securities for foreign custodians, belonging to other persons by the property right,
- d) issuer’s securities account, to which the securities, under the possession (including obtained or repurchased) of and placed by the issuer,
- e) Shared property securities account is an account of general property, to which the securities, which belong to more than one person, are recorded, by the principle of specified shared proportion,
- f) Joint property securities account is an account of general property, to which the securities, which belong to more than one person, are recorded, by the principle of joint property.

In the system, the following types of operational accounts may also be opened:

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a) Placed securities account, which is opened in the software system to perform placement of securities in the regulated market. The securities, issued, but not yet placed, shall be recorded to the placed securities account,

b) Pledgee’s collateral account, which is opened in the software system to record the transaction of pledge of securities, if the pledger does not present the account number of owner’s securities of the pledgee with active status, or if the pledgee does not have owner’s securities account in the system with active status,

c) Depo subaccount, which is opened in the software system under the account of owner’s securities, to record the rights and limitations to government bonds,

d) Securities technical account, which is an account, envisaged for the record of blocked securities with the trading purpose in the regulated market,

e) Book Entry account, which is opened out of the System, for the comprehensive accounting of the state bonds with other subcustodians,

f) account of final settlement in AMD.

2.2. The securities account, opened in the system, may have one of the following statuses:

a) “Status of a temporary account” (hereinafter referred to as “the Securities Temporary Account”), which is given by the issuer to the securities accounts, opened in the system, based on the data (list of owners of nominal securities (nominees)), presented within the framework of signing of the agreement on registry maintenance, as well as to the securities accounts opened (reopened) in the system, the service right of which is not granted to the Bank, and with which, the right to make transactions is granted only to the Central Depository, in cases and by the procedure, specified by the Rules,

b) “Status of unidentified account” (hereinafter referred to as “the Securities Unidentified Account”) is given to the unidentified securities account during the execution of transaction of reopening of the Securities Temporary Account by the Bank,

c) “Status of active account” (hereinafter referred to as “the Securities Active Account”) is given to the account, opened or reopened by the Bank, to which the access right of the Bank is not terminated,

d) “Status of reopened account, resulting from heritage”, which is given to the account, opened (reopened) by the Bank, from which the transfer of securities shall be made as a result of the heritage to the securities account of the Account Holder, being the heir.

CHAPTER 3. PROCESS OF OPENING OF SECURITIES ACCOUNTS

3.1. Customer’s desire:

3.1.1. The potential customer gets acquainted with all terms of provision of custody services of securities to the Account Holders in the system with the mediation of the Bank, from the advertisement, marketing campaigns, the Bank’s website, customers’ feedback, the information, provided by the Bank’s employees.

3.2. Presentation of terms and customer decision:


3.2.1. The Responsible Employee verbally informs the potential Account Holder of the terms and tariffs of the provision of Securities custody services [TC 01-06](#). By the customer’s desire, the Responsible Employee may provide also the printed copy of the relevant section of the Bank’s tariffs, as well as other published informational materials.

3.2.2. The Responsible Employee verbally explains the main risks, occurring using the services, the cases and volume of other expenses, related to the service, if they are known to the latter, enumerates the documents, required for the provision of services.

3.2.3. After being informed of the securities custody services, the customer makes a decision. In case of consent to use the service, the process proceeds to the next clause of the given chapter, and in case of no consent – the process ends at this stage.

3.3. Signing of agreement:

3.3.1. For opening of a securities account, the Bank signs a written Securities Custody Agreement [eFO 72-00-650](#) with the Account Holder, in case of identification of individuals and legal entities by this Procedure and receipt of required documents.

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3.3.2. For opening of a securities account for an individual, the following documents shall be presented to the Bank:

- a) completed Account Holder’s card [eFO 75-40-01](#),
- b) identification document of the given individual, in case of availability of an authorized representative – also his/her identification document,
- c) copy of the document, verifying the public service number of the RA resident Account Holder (social card) or in case of not having a public service number – copy of the statement, verifying its absence, in case of non-resident Account Holders, copy of another equivalent document, verifying the number, definitely identifying the person,
- d) if required, upon the request of the Responsible Employee, the Account Holder shall present also other documents, which will make the Responsible Employee believe in the reliability of the presented data.

3.3.3. In the process of reopening of a securities account, the Bank receives from the Account Holder the documents, specified under subclause 3.3.2 of this Procedure.


3.3.4. Opening of a securities account for a person, being the Account Holder, the Bank must check in the system the availability of an account with the status of a temporary account, opened by the Central Depository for the Account Holder, on the basis of the relevant documents and data, presented by the Account Holder. For checking purposes, the Bank shall enter the data, presented in the Account Holder’s card [eFO 75-40-01](#), in the software system of the Central Depository. The following information, available from the data, presented by the Account Holder, shall be entered into the system:

- a) name (as specified in the identification document) in case of an individual, company name (as specified in the state registration document) – in case of a legal entity,
- b) surname (as specified in the identification document),
- c) number and serial number (serial number – if available) of the identification document – in case of an individual, number and serial number (serial number – if available) of the state registration or another equivalent certificate – in case of a legal entity,
- d) place of residence – in case of an individual, mailing address – in case of a legal entity,
- e) date of birth – in case of an individual,
- f) temporary securities account number, opened by the Central Depository,
- g) temporary securities account number, opened by the Central Depository (if available), which was given by the Central Depository before the adoption of these rules,
- h) issuer’s name or ISIN or SIC of securities (to be specified, if the given person is already a securities owner of any company),
- i) number of securities, belonging to the person (to be specified, if the given person is already a securities owner of any company).

3.3.5. The account with the status of the Temporary Account is considered to be reopened or is reopened by the Bank, if any 5 data from the information, specified by subclauses “a” to “i” of subclause 3.3.4 of this chapter, coincide with the information, available in the securities account, opened in the system by the Central Depository, and at the same time, if it is identified.

3.3.6. Opening a securities account, a legal entity shall submit to the Bank the following documents:

- a) Account holder’s card (filled in) [eFO 75-40-01](#),
- b) copy of the document, certifying the state registration of the Account Holder, which may be substituted with an inquiry on the data from the State Register of the Legal Entities of the Ministry of Justice of the Republic of Armenia about the Issuer, performed by the Bank.
- c) Taxpayer’s registration number or another equivalent document, certifying the number (in case of non-resident Account Holders), if available,
- d) copy of the document, certifying the fact of appointment of the persons, authorized to act on behalf of the legal entity without a power of attorney (may be not submitted in case of consent of the Central Depository),
- e) copy of identification document of the person, acting on behalf of the legal entity,
- f) in case of a person, acting on the basis of a power of attorney, the original or the copy of the document, also certifying the authorizations,

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g) if required, upon the request of the Responsible Employee, the Account Holder shall submit also other documents, which will render it possible to ensure the authenticity of the submitted data.

3.3.7. Opening shared and joint property accounts, the Account Holder shall present the Account Holder’s cards [eFO 75-40-01](#) to the Bank, which contain the information, specified for each Account Holder.

3.3.8. General property accounts are opened, if the same securities belong to more than one person.

3.3.9. If any security, registered on the securities account of the Account Holder, belongs to several persons (co-owner) by the property right, the order on execution of a custody transaction with the given security may be presented only by the person, authorized by these co-owners.

3.3.10. The persons, having the permission to perform custody, by Law (hereinafter referred to as “the Custodian”), in order to have nominee’s account in the system, must sign a relevant subcustody agreement [eFO 72-00-652](#) with the Central Depository, with the mediation of the Bank, if the Bank shall service the nominee’s account, and if the Custodian is an account operator, the subcustody agreement shall be signed directly with the Central Depository.

3.3.11. The transaction of opening of a securities account with the mediation of the Bank is registered in the system within 3 working days, upon the receipt of the information or orders, specified by this Procedure.

3.3.12. The Bank reopens via the system the account with the status of the temporary account, identified on the basis of the request of the notary on the heritage, by giving to the account the status of the heritage account, without making further identification actions in it.

3.3.13. After registration of the heritage right, the securities account with the status of testator’s account is subject to immediate closing, if the balance of the testator’s account is zero.

CHAPTER 4. CHANGE OF DATA OF THE SECURITIES ACCOUNT

4.1. In case of change of the data of the securities account, the Account Holder or his/her authorized person presents to the Bank the document, evidencing the relevant change (if the change is conditioned by the change of the name or change of the identification document/registration certificate of the Account Holder), as well as Account Holder’s card [eFO 75-40-01](#).

4.2. On the basis of the order on change of the account, the Bank registers the change of the data of the securities account in the system within 3 working days, upon the receipt of the information and orders, specified by this Procedure.

4.3. In case of no submission of the information, submitted under Clause 4.1 of this Procedure, the Bank and the Central Depository do not bear responsibility for the loss, caused to the account holders.


CHAPTER 5. PROCEDURE OF IDENTIFICATION OF SECURITIES ACCOUNT

5.1. Performing identification of securities account on the basis of the data, presented by the Account Holder, the Bank shall be guided by the following principles:

5.1.1. If from the information, presented by the Account Holder, only the information, specified by subclauses “a”, “b”, “f” and “h”, “i” of Clause 3.3.4 of this Procedure, have coincided in the system, the Bank performs the identification of the given securities account only based on the statement(s) of the issuer(s) and/or statement, properly verified by the passport office.

5.1.2. If in case of reopening of an account by the Bank, the information, specified by subclauses “a” or “b” of Clause 3.3.4 of this Procedure, available in the system, does not coincide with the information, presented by the Account Holder, the Bank shall request from the Account Holder a statement, properly verified by the issuer(s) and/or a relevant statement from the passport office, and in case of a legal entity – a relevant statement, provided by the issuer(s) and/or relevant grounds, provided by the body, executing the state registration or a relevant decision of the court.

5.1.3. In case of registration of a heritage right, the identification shall be performed on the basis of the information, specified in the request, performed by the notary and the statement, provided by the issuer (if required).

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5.1.4. If in the process of opening of a securities account, it is impossible to identify the securities account, for reasons, not related to the Bank, the latter gives the status of unidentified account to the given securities account, by making a relevant note in the securities account.

5.1.5. If a securities account with the status of unidentified account is not identified within 10 working days upon its reopening by the order, specified by this Procedure, the Bank shall inform the Central Depository, specifying the securities account number.

5.1.6. Within 1 working day upon receipt of the information on impossibility of identification of the securities account, the Central Depository shall block the authorization of the Bank to the securities account.

CHAPTER 6. CLOSING OF SECURITIES ACCOUNT AND TERMINATION OF SECURITIES CUSTODY AGREEMENT

6.1. The securities account, opened via the Bank, may be closed:

6.1.1. by the desire of the Account Holder, on the basis of the relevant Order on closing of securities account [eFO 75-40-02](#) in written form,

6.1.2. by the procedure and cases, specified by this Procedure.

In case of termination of the Custody Agreement, all overdue liabilities of the Account Holder continue to stay in force until their full execution.

6.2. In the system only securities accounts with zero securities balance may be closed.

6.3. For the closing of the securities account with no zero balance by the desire of the Account Holder, before submission of the order on closing of the securities account, the Account Holder must transfer the securities portfolio, registered on the account, to another securities account with active status.

6.4. Within 1 working day upon receipt of the Order on closing of securities account [eFO 75-40-02](#) from the Account Holder, the Bank shall register it in the system, as a result of which the securities account receives the status of a closed securities account in the system. The securities account is closed by the termination of “Securities Custody” or “Securities Subcustody” agreement, signed between the Bank and Account Holder.

CHAPTER 7. SECURITIES TRANSFER TRANSACTIONS

7.1. The transactions, conditioned by the transfer of securities in the system are performed in the following types, in which the securities transfer transaction is not included, which is the result of the transaction, signed in the regulated market:

- a) free delivery or ST transfer,
- b) delivery versus payment or DVP transfer,
- c) free of payment or FOP transfer,
- d) securities portfolio transfer or portfolio transfer,

e) securities transfer, resulting from the repo agreement, signed between the RA Central Bank and a commercial bank.


7.2. Free delivery or ST transfer:

7.2.1. With the mediation of the Bank, a free delivery securities transfer transaction may be registered only if the securities account, being the transferring party, has the status of an active account, with the exception of securities transfer, performed on the basis of the heritage or court decision.

7.2.2. To register a free delivery securities transfer transaction, the Account Holder, being the party, transferring the securities, must apply to the Bank and present the Order on transfer of securities [eFO 75-40-03](#), as well as Agreement on sale/pledge of securities under general joint ownership [eFO 72-00-227](#) or Declaration on security rights [eFO 72-00-228](#).

7.2.3. In case of transfer of securities on the basis of the court decision, the interested party shall present to the Bank the court decision, entered into legal force, or a relevant decision of the Service of Compulsory Enforcement of Legal Acts, as well as the application on transfer of securities.

7.2.4. If the securities account of the Account Holder, being the transferring party by the court decision, is not maintained with the mediation of the Bank, and the relevant verdict or decision has been presented to the Bank, or by the given verdict the respondent is the Central Depository, the court verdict, entered

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into legal force, or the relevant decision of the Service of Compulsory Enforcement of Legal Acts shall be submitted to the Central Depository within 1 working day upon its receipt by the Bank.

7.2.5. On the basis of the court verdict, entered into legal force, or the relevant decision of the Service of Compulsory Enforcement of Legal Acts, the Central Depository must perform the free delivery securities transfer transaction in the system, if the securities account of the Account Holder, being the transferring party, has the status of temporary account, or by the given verdict or decision, the respondent is the Central Depository.

7.2.6. Within 1 working day upon receipt of the court verdict, entered into legal force, or the relevant decision of the Service of Compulsory Enforcement of Legal Acts, the Central Depository may redirect it to the Bank, if the securities account, being the transferring party, has the status of active account and is serviced by the Bank.

7.2.7. For the free delivery of securities as a result of the registration of heritage, the heir shall present the following information and documents to the Bank:

- a) certificate of heritage right,
- b) documents for opening of a securities account, specified by this Procedure, if previously no securities account was open for the heir(s) with the mediation of the Bank,
- c) if required, by the request of the Responsible Employee, the heir(s) shall submit also other documents, which will allow to be convinced of the reliability of the data, presented by them.

7.2.8. The securities are transferred by free delivery (ST transfer), by the request of the donator, if the donator submits to the Bank the donation agreement. If the donator does not submit the donation agreement to the Bank, the transfer of securities is performed by the free of payment agreement (FOP transfer).

7.2.9. The transfer of securities to the securities account of the Issuer in the System is performed by the free of payment agreement (FOP transfer) or delivery versus payment (DVP transfer).

7.2.10. If required, upon the request of the Responsible Employee, the Account Holders shall present also other documents, which will allow to believe in the reliability of the presented data.

7.2.11. The Bank registers the free delivery securities transfer transaction within 3 working days upon receipt of the order, specified by this chapter.

7.3. Delivery versus payment or DVP transfer:


7.3.1. For the transfer of securities with the principle “Delivery versus payment”, the Account Holder or his/her authorized representative shall submit Order on transfer of securities with principle “Delivery versus payment” and “Free of payment” [eFO 75-40-04](#) to the Bank, which shall be registered in the software system by the Bank in the period from 9:30 am to 15:00 pm of the working day.

7.3.2. To obtain securities with the principle “Delivery versus payment”, the Account Holder, being the party, receiving the securities, or his/her authorized representative shall present Order on acquisition of securities with principle “Delivery versus payment” and “Free of payment” [eFO 75-40-05](#) to the Bank, which shall be registered in the software system by the Bank in the period from 9:30 am to 15:00pm of the working day.

7.3.3. The Account Holder, presenting the order on acquisition of securities, or his/her authorized representative, at the same time perform the transfer of the amount, subject to payment for the acquisition of the securities to the relevant authorized account, envisaged for “Delivery versus payment” transaction of the Bank.

7.3.4. As the Account Operator, servicing the securities account of the party, receiving securities, the Bank transfers the amount, required for the acquisition of securities, to the commercial account in AMD of the Central Depository, opened in the RA Central Bank, from its authorized account via message MT 100 or MT 202 (for AMD transfer) and MT 203 (for FX transfer) of BankMail system. In the field “Purpose” of the mentioned message, the letters DVP shall be specified. At the same time, in the system, the size of the amount, required for the given transaction, shall be also mentioned, which is reflected in the mirror account, opened for the reflection of the funds in the system.

7.3.5. By 15:40 pm of the day of the final settlement, as of the moment, when in the system the orders of the Account Operators of the parties, transferring and receiving securities, coincide, and the funds, in the size of the amount, subject to payment, specified in the order, are available on the commercial account of the Central Depository, by the procedure, specified by Clause 7.3.4 of this chapter, the

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securities transfer is registered in the system, the final settlement is performed, as a result of which, the amount, subject to payment, is transferred from the commercial account of the Central Depository to the authorized account of the Account Operator of the selling party.

7.4. Free of payment transfer or FOP transfer:

7.4.1. The securities transfer with the principle of “Free of payment transfer” is performed in the same procedure, as in the case of transfer of securities with “Delivery versus payment” principle, without the requirement of availability of funds.

7.5. Securities portfolio transfer or portfolio transfer:

7.5.1. The securities transfer transaction with the transfer of securities portfolio is registered in the system:

- a) on the basis of the Order on transfer of Account Holder’s portfolio [eFO 75-40-06](#), when the Account Holder transfers the full balance of securities, available on its securities account, serviced by the Bank, to his/her another securities account, opened with another account operator,
- b) in other cases, envisaged by this Procedure and rules of the Depository.

7.5.2. The order on transfer of securities portfolio is subject to execution by the Bank within 1 working day upon its receipt by the latter.

7.6. Securities transfer, resulting from the repo agreement, signed with the RA Central Bank and a commercial bank:

7.6.1. The registrations and terms of the transactions, conditioned by the transfer of securities, resulting from “repo, reverse repo and termination of repo agreement” transactions, are regulated in the system by the relevant agreements. The procedure of execution of operations on recall of the transfer of securities from repo basket, resulting from repo, reverse repo transactions, is specified by the Rules.

CHAPTER 8. TRANSACTIONS, CONDITIONED BY PLEDGE OF SECURITIES

8.1. The Bank may register securities pledge transaction only in case of availability of a securities account of a person, being the pledging party, with active status. In case of execution of corporate actions with the securities, pledged in the system, the collateral right is maintained to the securities, registered as a result of the corporate action. If as a result of corporate action, the pledge right on the registered securities is not automatically registered in the program system, the Account Operator shall immediately inform of it the Central Depository in writing. Upon receipt of the notification, the Central Depository shall immediately ensure the registration of the pledge right on the securities, registered as a result of the corporate action, if otherwise stated by the RA legislation.

8.2. The Bank opens a pledgee account in the system for the pledgee, where the securities, registered for the benefit of the pledgee are reflected, if the pledgee does not have owner’s securities account with the active status in the system or does not want to open a new owner’s securities account with the mediation of the Bank.


8.3. To register securities pledge transaction, the pledger must present to the Bank the Order on pledge of securities [eFO 75-40-07](#), as well as Agreement on sale/pledge of securities under general joint ownership [eFO 72-00-227](#) or Declaration on security rights [eFO 72-00-228](#).

8.4. Upon the request of the Responsible Employee, together with the Order on pledge of securities [eFO 75-40-07](#), the Collateral Agreement shall be submitted to the Bank.

8.5. If required, upon the request of the Responsible Employee, the Account Holders shall present also other documents, which will allow to believe in the reliability of data, presented by them.

8.6. A transaction, conditioned by the subsequent pledge of securities, is registered in the System, if it is not prohibited by the previous collateral agreement, registered in the System, or by the terms of issue of the pledged securities.

8.7. The securities pledge order [eFO 75-40-07](#), presented by the Pledger, is subject to execution by the Bank within 3 working days upon its receipt. In case of the change of the pledgee of securities, as well as pledge of collateral right, the registration of the collateral right for the benefit of the new pledgee is performed on the basis of the order of the pledgee (or given the consent of the pledgee – on the basis of the

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order of the pledger), registered in the System at the given moment, within three working days upon its receipt.

CHAPTER 9. EXTRAJUDICIAL SALE SERVICES OF SECURITIES PLEDGE

9.1. In case of provision of extrajudicial sale services of securities pledge, the pledgee shall present to the Bank the original copies of the following documents or their properly verified copies (if the account of the pledger is serviced by the Bank).

- a) agreement/contract, envisaging extrajudicial sale term of securities pledge,
- b) notification to the pledger, specified by the RA Civil Code, and evidence of its receipt by the pledger, which may be presented to the Bank, visiting the Bank, as well as at the time of sale of collateral,
- c) securities transfer order, specified by this Procedure,
- d) other documents (if defined), specified by the RA Civil Code,
- e) if required, upon the request of the Responsible Employee, the Account Holders shall present also other documents, which will allow to believe in the reliability of the data, presented by them.

9.2. Within 5 working days, checking the submitted documents and making sure that they meet the requirements, specified by these rules and the RA legislation, the Bank registers the relevant order in the system. Otherwise, the execution of the order is rejected.

CHAPTER 10. TERMINATION OF SECURITIES PLEDGE RIGHT

10.1. The termination of the securities pledge right may be performed in the following cases:

- a) as of the date of the termination of pledge right, the information about which was registered in the system at the transaction on registration of pledge right,
- b) submission of the order on termination of pledge by the pledgee,
- c) submission of the order on termination of pledge right by the pledger and a document, evidencing the consent of the pledgee,
- d) on the basis of the relevant decision of the court, Service of Compulsory Enforcement of Legal Acts or by the body, having such authorization by the RA legislation,
- e) in other cases, specified by the Rules of the Central Depository.

10.2. The Order on termination of pledge right of securities [eFO 75-40-08](#) by the Pledgee, it is subject to execution by the Bank within three working days upon its receipt.

CHAPTER 11. FREEZING OF SECURITIES OR SECURITIES ACCOUNT AND ITS TERMINATION ON THE BASIS OF THE ORDER OF THE ACCOUNT HOLDER

11.1. The freezing of the securities or securities account by the Account Holder or his/her authorized representative is performed as seizure of execution of transactions with its owner’s securities account or any security (securities), available on the securities account. To register the freezing transaction, the Account Holder or its authorized representative shall submit to the Bank the Order on freezing of securities account [eFO 75-40-09](#).


11.2. The termination of freezing of securities is performed on the basis of the Order on termination of freezing of securities account [eFO 75-40-10](#) of the Account Holder, or, if the term, specified for freezing, has elapsed.

11.3. If required, upon the request of the Responsible Employee, the Account Holder shall present also other documents, which will make the Responsible Employee believe in the reliability of the presented data.

11.4. The order on freezing of securities and its termination is subject to execution by the Bank within 1 working day upon its receipt by the Bank.

CHAPTER 12. TEMPORARY LIMITATION OF VOTING RIGHT IN THE GENERAL MEETING OF JOINT STOCK COMPANY FOR PLEDGED SECURITIES

12.1. For the temporary limitation of the voting right, the Account Holder submits the Order on temporary limitation of voting right [eFO 75-40-11](#) to the Bank, specifying the ISIN or SIC and the number of securities, to which the limitation of voting right shall be applied. At the same time the customer, being the pledgee,

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presents to his/her account operator the consent on limitation of the voting right, if the securities are already under burden with pledge.

12.2. If the parties of the pledger and pledgee have reached an agreement on the limitation of the voting right at the moment of the registration of the securities pledge transaction in the system, the record of the limitation of the voting right in the system is performed at the registration of the pledge transaction.

12.3. The limitation of the voting right is considered to be terminated by the registration of the termination of pledge of terminated securities, or, if the term for the execution of termination of the limitation of the voting right has been decided in advance. If the order on the termination of the limitation of the voting right has been given by the pledger earlier than its pledge, it is registered in the system only upon availability of the written consent of the pledgee.

12.4. If required, upon the request of the Responsible Employee, the Account Holder shall present also other documents, which will make the Responsible Employee believe in the reliability of the presented data.

CHAPTER 13. TRANSACTIONS, PERFORMED BY THE CENTRAL DEPOSITORY WITHOUT MEDIATION OF THE BANK

13.1. The registration of the freezing of the securities or securities account in the system by the Central Depository is made by the decision of the court, the Service of Compulsory Enforcement of Legal Acts or prosecuting authority on freezing of the securities account or any security (securities), available on the securities account, in the following cases:

- a) recognition of the issuer bankrupt, when the Central Depository freezes the securities, issued by the given issuer,
- b) when the securities account, which is subject to freezing, has the status of a temporary account.

13.2. The termination of freezing of the securities or securities account by the Central Depository is registered by the decision of the court, the Service of Compulsory Enforcement of Legal Acts or prosecuting authority on freezing of the securities account or any security (securities), available on the securities account, in the following cases:

- a) in case of recovery of the issuer, when the Central Depository terminates the records on freezing of the securities, issued by the given issuer, on the securities accounts of Account Holders,
- b) when the securities account, in which the record on termination of freezing shall be made, has the status of a temporary account.

13.3. On the basis of the court verdict, the securities transfer in the system is registered by the Central Depository in the following cases:


- a) when by the given verdict the debtor is the Central Depository,
- b) when the securities account of the party, transferring securities, has the status of a temporary account.

13.4. The Central Depository has the right to redirect the verdict or decision on the execution of securities transfer transaction, received by it, to the account operator, who maintains the securities account of the Account Holder, being the party, transferring the securities, within 1 working day upon receipt of the relevant verdict or decision.

13.5. The registration of the transactions, specified by this chapter, in the system by the Central Depository is performed within 3 working days upon receipt of the document or order, being the ground for the transaction.

CHAPTER 14. OPERATING HOURS IN THE SYSTEM

14.1. The documents, as well as orders, specified by this Procedure, may be presented by the issuers and Account Holders to the Bank on each working day from 09:30 to 16:00. The Bank may provide the answers to the requests, received from the issuers and Account Holders as of the date, specified in the requests, taking into consideration and informing the issuer and Account Holder that as of the date of submission of request from 10:30 to 15:40, the securities, blocked for trade, will be on the securities technical account and will not be reflected in the securities account of the Account Holder.

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CHAPTER 15. PROVISION OF INFORMATION FROM THE SYSTEM

15.1. *Information, provided to the Account Holder:*

15.1.1. The Account Holder has the right to receive information from the system to the written request, given within its scope of authorizations, in the relevant volume, with the exception of notification to the Account Holder of the opening of the securities account, which shall be notified to the Account Holder, as a result of the opening of a securities account, by the Bank.

15.1.2. The Account Holder has the right to refuse its right to receive notification on opening of its securities account [eFO 75-40-12](#) by the Securities Custody Agreement [eFO 72-00-650](#).

15.1.3. The notification of the opening of the securities account is presented to the Account Holder in paper form or electronically, the form of which is specified in the order of signing of agreement, presented by the Account Holder to the Bank. The notification contains information on the number of securities account, the Bank (the Bank’s name, business address, telephone number, website) and other information, specified by the Notification [eFO 75-40-12](#).

15.1.4. The Account Holder has the right to receive the following information from the system:

- a) Securities account statement [eFO 75-40-13](#), which includes information on only one class or type of security, available on the securities account,
- b) Statement on balance of securities account [eFO 75-40-14](#), which includes information on the balance, available on the securities account,
- c) Report on transactions, performed with securities account [eFO 75-40-15](#).

15.1.5. The Bank provides the information, specified by subclause 15.1.4 of this Procedure, to the Account Holder within 3 working days upon receipt of the relevant written Information request form [eFO 75-40-16](#).

15.1.6. The report or reference on transactions, specified by the given chapter, is provided for the period, which is specified in the written Form [eFO 75-40-16](#) of the Account Holder, and which does not exceed and includes the period of availability of information in the system on the securities, being the subject of transactions.

15.1.7. The Bank provides the information, specified by this chapter, only to the authorized representatives of the Account Holder, the information on the validity of whose authorizations are available in the system or presented in other documents.

15.1.8. Once in a year, not later than January 31 of the next year, the Bank electronically provides the report on the balance of the securities account, as well as transactions, performed with the securities account, free of charge to the Account Holder, if the Account Holder has submitted a written request to receive such information, and has provided a relevant email.

15.1.9. The information, specified by this chapter, is approved by the signature of any of the deputies of the Chief Executive Officer of the Bank and sealed with the seal of the Bank.

15.1.10. If any information, specified in this chapter, is provided in paper form, the Account Holder or his/her authorized representative shall make a note on provision of information and sign the original copy of the given information (also shall seal, if such is available).

15.2. *Information, provided to the notary:*


15.2.1. In cases, envisaged by law, the notary has the right to receive information from the system to the request, given within the scope of his/her authorization, in the relevant volume.

15.2.2. The notary request is directly addressed to the Central Depository, if it has not been addressed to the Bank in advance (in case of service of the securities account, related to the request, by the Bank).

15.2.3. As a result of receiving the request, the Central Depository checks the information of the request in the system, and if the request refers to the securities account with the status of temporary account, provides the response to the notary request within 3 working days.

15.2.4. If the Central Depository finds out that the request refers to the securities account, having the status of active account, it may redirect the notary request to the Bank within 1 working day upon its receipt.

15.2.5. The Bank shall provide the response to the notary request within 2 working days upon its receipt.

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15.3. Information, provided to state bodies:

15.3.1. The RA Central Bank and the state bodies have the right to receive information from the system only within the scope of their authorizations by the procedure, established by the RA legislation.

15.3.2. The Central Depository shall respond to the requests, received from the Service of Compulsory Enforcement of Legal Acts, the RA Central Bank and state bodies, by the procedure, specified by its rules, if the given request has not been directed to the Bank and/or the Bank is authorized to respond to the given request.

CHAPTER 16. CUSTODY OF GOVERNMENT BONDS

16.1. General principles of execution of custody of government bonds via the system:

16.1.1. The functions of custody (subcustody) of government bonds, performed by the Central Depository, are regulated by the RA laws, normative legal acts of the RA Central Bank and the Ministry of Finance, adopted on their basis, by the agreement, signed by the Central Depository with the RA Central Bank, rules and other legal acts of the Central Depository.

16.1.2. The provision of services on the custody of government bonds (including the opening of the depo accounts of the Account Holder) is performed by the procedure, specified by the rules of the Central Depository and the internal legal acts of the Bank on the basis of the custody agreement, signed by the Bank and Account Holder.

16.1.3. The precondition for the provision of services on the custody (subcustody) of government bonds (including the opening of the depo account) is the availability of the current account of the Account Holder (with the exception of foreign nominees) with the Bank.

16.1.4. The Bank may perform transactions with the government bonds of the Account Holder, only by the legal acts, regulating the circulation of the government bonds, the rules of the Central Depository, as well as on the basis of the written, including electronic, orders, specified by the agreements, signed between the Central Depository and the RA Central Bank. Orders can be the following documents:

a) depo orders, duly completed and presented by the person, having the rights to the government bonds, or his/her authorized person, as well as in cases, specified by the legal acts, regulating the circulation of the government bonds, other documents, evidencing these rights,

b) in case of execution of transactions on the limitation, transfer, termination of the rights to the securities by the court decision, the judicial acts, specified by the RA legislation and/or decisions of the Service of Compulsory Enforcement of Legal Acts.

16.1.5. The procedure of provision by the Bank of notes on sent and received orders to the CBA via Bank Mail system, provision of information to the Customers, hours of execution of operations, provision of reports to the Customers, procedures of acceptance, execution and rejection of depo orders are specified by the Rules.

16.2. Service of repayment of government bond, payment of discount rate, interest, coupon yield:


16.2.1. The service of repayment of government bond, payment of discount rate, interest, coupon yield is performed in compliance with the regulations of the RA Central Bank and rules of the Central Depository.

16.3. Execution of transactions with government bonds in the secondary market:

16.3.1. The trading with government bonds, repo (reverse repo), exchange of government bonds and other transactions, permitted by RA legislation, are executed in the secondary market. During the organization and execution of the processes of those operations, the Bank is guided by the Rules.

16.4. Pledge of government bonds: During the pledge of government bonds, the whole process of acceptance of the orders by the Bank, their record in the software, development of Depo orders, and if required, submission to the CBA, is performed by the procedure, established by the Rules.

16.5. Removal (release) of government bonds from pledge: The whole process of removal of government bonds from pledge, the list of persons, authorized to give orders, the scope of their authorizations, development of orders and their record in the software, flow of funds (if available), is performed by the procedure, established by the Rules.

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16.6. Refusal from the collateral of the government bonds:

16.6.1. The transaction on refusal from the collateral is performed, when given non-execution of the main liability to the pledgee, without applying to the court, the pledger refuses from the government bonds (or their part), being the collateral, by transferring them to the pledgee’s ownership. The whole process of refusal from collateral is performed by the procedure, established by the Rules.

16.7. Replacement of collateral of government bonds:

16.7.1. Transaction of replacement of collateral of government bonds is performed, when the government bonds have been pledged by the collateral agreement, the repayment term (partial repayment) of which precedes the due term of the main liability, specified in the collateral agreement, or in other cases, specified by the collateral agreement. The whole process of replacement of government bonds, being the collateral, is performed by the procedure and sequence, established by the Rules.

16.8. Change of pledger of government bonds:

16.8.1. The change of pledger is a transaction, as a result of which the property right to the pledged government bonds is transferred to another person (new pledger), by keeping the pledge right of the pledgee to the pledged government bonds. The transaction on change of pledger is performed, when the pledger’s property right to the pledged government bonds is transferred to another person, by the procedure, specified by the RA legislation. In case of change of pledger, the pledged government bonds are transferred from the depo account of the pledged government bonds of the pledger, to the depo account of pledged government bonds of the new pledger, with the relevant simultaneous reregistration of the pledge right of the same pledgee. The whole process of change of pledger of government bonds is performed by the procedure, established by the Rules.

16.9. Change of pledgee of government bonds:

16.9.1. The change of pledgee is a transaction, as a result of which the pledge right of the pledgee is transferred to another person, keeping the property right of the pledger to the pledged government bonds. The whole process of change of the pledgee of government bonds is performed by the procedure, established by the Rules.

16.10. Repayment of pledged government bonds and payment of interests against them:

16.10.1. The repayment of pledged government bonds and payment of interests against them is performed in compliance with the regulations of the RA Central Bank and rules of the Central Depository.

16.11. Provision of references, statements, reports on transactions with government bonds:


16.11.1. Performing transaction with government bonds, the Bank provides to the customer or his/her authorized representative a report on the execution of the presented depo orders, by the end of the next working day upon execution of that order.

16.11.2. In cases, specified by this Procedure, the provision of statements, reports and references from the system, is performed by the general procedure, specified by the rules of the Central Depository.

16.11.3. In case of any flow on the depo account, in the period after the flow until the end of the next working day, the Bank provides to the customer the references, related to the government bonds, belonging to the latter.

16.11.4. In case of having a customer-pledgee, in the period after pledging of government bonds for the benefit of the pledgee until the end of the next working day, the Bank provides to the customer the reference, related to the government bonds, pledged for the benefit of the latter.

16.11.5. The statements from securities account, reports on the transactions, executed with government bonds, references on the government bonds, belonging to the customer and on government bonds, pledged for the benefit of customer-pledgee are provided in paper form, electronically or via fax. The copies of all specified documents are kept with the Bank and recorded electronically in the register of sent statements and reports.

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CHAPTER 17. SUBCUSTODY OF FOREIGN SECURITIES

17.1. For the execution of the rights of the owners of foreign securities, the Bank performs all actions, specified by the custody agreement, signed between the Bank and the customer, its subcustody agreement [eFO 72-00-655](#) and its procedures.

17.2. For the execution of transactions, envisaged by this Procedure, with the securities, registered in the securities account or subject to registration, the Account Holder presents to the Bank the orders, specified by the rules of the Bank, which the Bank transfers to the Central Depository via registration in the software system. When it is not possible to execute the transfer of the order via registration in the software system, the Bank presents the order to the Depository in paper form. The Account Holder presents to the Bank the documents, specified by the rules, for the transaction, envisaged by the given order, as well as other documents, required by foreign custodian, signed an agreement with the Central Depository.

17.3. Based on the record in the system, performed by the Bank, if required, the Central Depository forms the orders, specified by the rules of the foreign custodian, and submits to execution within the specified terms.

17.4. After submission of the information by the foreign custodian on the execution of the orders, presented by the Central Depository (if it is envisaged by the rules of the foreign custodian and/or by the agreement, signed between the foreign custodian and the Central Depository), the Central Depository makes a note on the execution of the order in the system or otherwise informs the Bank. The latter must notify the Account Holder of the execution of the transaction, within the next working day, the latest.

17.5. To receive the information on the balance of the foreign securities, available on the account, as well as on the transactions, performed with the securities account, the Account Holder applies to the Bank. Based on the request of the Account Holder, the Bank provides to the latter the reports (statement, reference), specified by the rules. The Bank receives the specified reports by making a relevant request in the system, and if it is impossible, the Bank submits a written request to the Central Depository to receive the information, to which the Central Depository shall reply by the procedure, specified by the rules. If the provision of information by the Bank is performed via such communication means, as facsimile connection, email or other, the Bank bears no responsibility for the probable access of such information to the third parties.

17.6. The Account Holder may present to the Bank the orders on execution of final settlement with the funds of transactions with foreign securities, the peculiarities of submission and execution of which, are specified by the subcustody agreement, signed between the Bank and the Account Holder.

17.7. In cases, specified by the rules, when the Central Depository provides subcustody services directly, the Bank presents the orders, specified by this chapter, directly to the Central Depository, by the procedure, specified by the agreement, directly (without the mediation of the Bank) signed between the Central Depository and the Account Holder.


17.8. The acceptance of the order, presented by the Account Holder by the bank is performed within the operational day (09:30-17:00 of each working day), if other term is not specified by the subcustody agreement, signed between the Bank and the Account Holder. The order, accepted at the end of the operational day, is considered to be accepted within the next operational day. The terms for acceptance of the orders for the execution of transactions with foreign securities are adjusted with the terms, envisaged by the agreements, signed with the foreign custodian.

CHAPTER 18. EXECUTION OF TRANSACTIONS WITH SECURITIES IN THE REGULATED MARKET

18.1. Commercial seizure of securities and its termination:

18.1.1. For the execution of the commercial seizure of securities, the Bank records the following information in the relevant section of the software system:

- a) securities account number,
- b) identification code of seized securities,
- c) number of securities, subject to seizure,
- d) account number in AMD, authorized for the registration of the currency of seized securities.

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18.1.2. For the deposition of the securities, the Bank records the data of the commercial seizure in the software system at 10:30-14:45 of the trading day. The information, included in the order on commercial seizure of securities, registered in the software system after 14:45 of the trading day, enters into the regulated market on the next trading day.

18.1.3. For the creation of the order on commercial seizure of securities, the data, recorded in the software system by the Bank, are automatically compared by the software system with the similar information, available in the software system, and in case of detection of non-conformities, the order on commercial seizure is not formed. The comparison is made by the sequence of formation of orders. As a result of comparison, the software system informs the Bank of the detected non-conformities via relevant message.

18.1.4. The commercial seizure of securities is terminated:

- a) on the basis of the order on commercial seizure of securities, registered in the software system by the Bank,
- b) as a result of reverse deposition of seized securities by the Bank during the trading in the regulated market,
- c) in other cases, specified by the rules of “Unified System of Registry and Settlement of Securities”,
- d) for the creation of order on termination of commercial seizure in the software system, the Bank selects the relevant order of commercial seizure of securities of terminated seizure,
 - records the number of securities, which shall remain with the status of commercial seizure, in case of incomplete termination of commercial seizure,
 - performs cancellation of the given order, in case of complete termination of commercial seizure.

18.2. Transfer of funds for deposition:

18.2.1. For deposition of funds for the execution of transactions in the regulated market, by 14:45 of the trading day, the Bank directly transfers (deposits) from its authorized accounts in AMD to the commercial account of the Central Depository the funds, envisaged for trading of securities in the regulated market.

18.2.2. The transfer of funds to the commercial account of the Central Depository is performed on the basis of the relevant orders, presented to the RA Central Bank. The orders are presented electronically, and in case of impossibility of presentation electronically, they shall be presented in paper form.

18.2.3. For deposition of funds by 14:45 of the given trading day, within the limits of its relevant free funds in AMD, registered in the system, the Bank may register in the software system an order on deposition of funds, which shall include the following data:

- a) number of relevant authorized account in AMD of the Bank,
- b) currency of funds,
- c) size of funds,
- d) number of securities account.

18.2.4. The Bank may correct the non-conformities, detected in the relevant order on deposition of funds, not later than by 14:45 of the trading day.


18.3. Reverse deposition of securities and funds:

18.3.1. The reverse deposition of securities and funds in the regulated market is performed in compliance with the rules of the operator of the regulated market.

18.4. Clearing and final settlement:

18.4.1. After trading session, the Central Depository performs initial check-up, after which performs netting of claims and liabilities, resulting from the transactions, executed during the session.

18.4.2. After determining the net claim and/or liabilities with the securities of the Bank and/or its customer, the Central Depository calculates the funds, subject to transfer to the Bank’s own and customers’ authorized accounts in AMD during the final settlement, prepares the relevant order for the final settlements.

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18.4.3. The Bank checks the compliance of the funds, transferred to its authorized accounts in AMD, as a result of the final settlement, with the references of registration of the transactions, received from the operator of the regulated market, as well as with the information, available in the software system.

18.4.4. In case of detection of any non-conformity, by 16:30 of the trading day, the Bank informs the RA Central Bank and the Central Depository via phone. If possible, the notification to the RA Central Bank is sent also electronically via CBANet computer network.

18.4.5. If as a result of the check-ups, performed by the Central Depository, it is found out that the alert, made on non-conformity, is groundless, by 17:00, the Central Depository informs the RA Central Bank of it via phone and CBANet computer network.

18.4.6. If as a result of the check-ups, performed by the Central Depository, it is found out that the alert, made on non-conformity, is well-grounded, by 17:00, the Central Depository informs the RA Central Bank of it via phone and CBANet computer network, fax or email, asking to delay the closing of the operational day. After receiving the relevant notification on correction of errors from the Central Depository via phone and CBANet computer network, fax or email, the Bank, not later than by 18:00, must transfer back the funds, received in excess from the commercial account of the Central Depository.

18.4.7. If as a result of the check-up, it is found out that less funds are transferred to the account of the Bank, the Central Depository, not later than 18:30 of the given trading day, must present relevant orders to the RA Central Bank, for the transfer of the received funds to the Bank’s authorized account in AMD.

CHAPTER 19. PROVISION OF ACCESS TO CUSTOMER’S SECURITIES ACCOUNT TO THE MEMBER OF SETTLEMENT SYSTEM OF THE REGULATED MARKET (MSSRM)

19.1. For the execution of transactions with securities in the regulated market, the Account Holder (authorized representative) may present to the Bank the Order on provision of access to securities account [eFO 75-40-17](#), according to which the Bank provides the access to customer’s securities account to the MSSRM system member.

19.2. The access of the MSSRM system member to the Account Holder’s securities account may be closed by the Account Holder’s (authorized representative) Order on closing of access to securities account [eFO 75-40-18](#).

19.3. The orders, specified by this chapter, are accepted by the Bank in case of identification of the Account Holder or authorized representative, by the order, specified by this Procedure.

CHAPTER 20. SERVICE TARIFFS

20.1. The fees for the services, presented by this Procedure, are paid in the size, specified by “ACBA BANK” OJSC transaction tariffs. The amount, to be paid, is rounded with the accuracy of 10 AMD.


20.2. The fees for the securities custody services shall be paid in the size, specified by the tariffs of the Bank, on a monthly basis, by postpaid method, in the period from 1 to 10 of the following month. If the Account Holder does not make the payment by the 10th of the following month, the Bank has the right to collect the amount, subject to payment, without acceptance from the Account Holder’s account (if an account is available), according to the Agreement on custody of securities [eFO 72-00-650](#).

20.3. If the amount, to be paid for the services, provided by the Bank, is calculated by the tariff, reflected in percentage against the main measuring indicator of the service, and the amount of the main measuring indicator of the service is reflected in foreign currency, the amount of that indicator is recalculated as of that day with the exchange rate against AMD, established by the RA Central Bank, against which the relevant percentage is calculated.

20.4. In case of non-execution of liabilities of the Account Holder duly, the Bank applies fine for each overdue day in the size, specified by the custody agreement.

20.5. In case of having overdue liabilities for more than three months, the Bank cancels the provision of services to the Account Holder under custody agreement.

20.6. In case of cancellation of services, envisaged by Clause 20.5 of the Procedure, the Bank must immediately inform the Central Depository, as a result of which, the payment of fees, envisaged by the tariff rules of the Central Depositor by the Bank, is terminate, in compliance with the volume of cancelled services.

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20.7. In case of desire to restart the agreement, the Account Holder must immediately pay the fee for the restart of the agreement, calculated by the formulae, specified by this chapter.

20.8. The fees for the provision of services to the Account Holder, which do not relate to the custody of the securities account, are paid on the day of presentation of the order or request on receipt of services by the Account Holder.

20.9. For the restart of the agreement, the Account Holder pays the fee, envisaged for the restart of the agreement, calculated by the formula 1 of this chapter, if the custody agreement of securities is resigned. The Bank must pay to the Central Depository the fee, calculated by the formula 2 of this chapter in case of restart of the provision of services, cancelled by Clause 20.5 of this Procedure.

20.10. The Formula 1 and Formula 2 are specified by the procedure, defined by the rules on tariffs of the Central Depository.

20.11. In case of payment of fine by the Bank to the Central Depository, for the calculation of the overdue liability, the basis is the given service fee (cost price), specified in the rules on tariffs of “Central Depository of Armenia” OJSC.


CHAPTER 21. RISKS ASSOCIATED WITH THE PROCESS OF PROVISION OF MEDIATION SERVICES OF CUSTODY OF SECURITIES TO ACCOUNT HOLDERS

21.1. The risks associated with the process of provision of mediation services of custody of securities to Account Holders, the probability of their occurrence and their possible impact on the Bank, the mechanisms of risk management, mitigation and the internal audit aimed at risk management, prevention and mitigation, as well as subdivisions, persons involved in risk management are presented in the Operational risk map [eFO 80-00-20](#).

CHAPTER 22. TRANSITIONAL PROVISIONS

22.1. The Procedure goes into effect from 18 December 2020.

22.2. From the validity date of this Procedure, “ACBA-CREDIT AGRICOLE BANK” CJSC procedure on custody services mediation of securities registered with the “Central Depository of Armenia” OJSC’s unified system of securities registry and settlement, approved by the Bank Board on 19 November 2019, shall be repealed.

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AGREED	APPROVED
Chief Executive Officer	Chairman of the Board
H. Andriasyan	11.12.2020 M. Harutyunyan

DEVELOPED
Dealing Back Office Team Leader
S. Harutyunyan