

REGULATION 33

CUSTODIAL ACTIVITIES OF SECURITIES

CHAPTER 1. OBJECT OF REGULATION

1. The following regulation determines the procedure for carrying out custodial activities, general principles of registration of securities put into custody, and technical equipment requirements.

CHAPTER 2. MAIN CONCEPTS USED IN THE REGULATION

2. Concepts used in this regulation have the following meaning:
 - 2.1. “Custodian” – in accordance with the meaning specified in the Republic of Armenia Law on “The Securities Market” with the exception of the Central Depository;
 - 2.2. “Security” - in accordance with the meaning specified in the Republic of Armenia Law on “The Securities Market”, with the exception of derivative securities, securities issued by the Republic of Armenia, and the Central Bank of Armenia (hereinafter “Central Bank”);
 - 2.3. “Customer” – a person, with whom the Custodian has an acting agreement on custodial activities. Those physical persons, legal entities, countries or communities who are owners of securities put into custody or have other property rights to those securities (trust manager or pledgee) as well as foreign Custodian (including cases

when the latter is considered as a nominee with the given Custodian) can be customers of the Custodian.

2.4. “Authorized representative” – a person who is nominated by the customer to conduct custodial operations with the customer’s securities accounts (for securities accounts) and has a card of an authorized representative presented to the Custodian.

2.5. “Safekeeping place” – a register holder or Registry (including Centralized Registry) where records about Global Certificates of Securities Issue testifying to the issue (existence) of securities and/or Decisions on Securities Issue of those securities are maintained and registered, rights to which are recorded by the Custodian, as well as Foreign Custodian or Registry where records of foreign securities are maintained.

2.6. “Securities account” – integrity of records envisaged for registration of securities made by the custodian conditioned with the customer or place of safekeeping.

2.7. “Sub-account” – an account opened under the Securities account where individual classes of securities of the given status are registered. Sub-account is the minimal essential and inseparable part of securities registration. The given status combines those securities which can be used to make similar custodial operations. Securities registered in Securities account can have free, envisaged for trade, submitted to trust management, pledged, accepted as a pledge, arrested, pledged-arrested and other status defined by internal rules of the custodian.

2.8. “Section of securities account” – a certain group of records made in the securities account which is an integrity of sub-accounts having the same status.

2.9. “Nominee” – a person in whose name securities belonging to other persons, with ownership rights, are recorded in the owners’ (nominees’) registry of securities, in the Central Depository or other Custodian (including Foreign Central Depository or Foreign Depository) without transfer of ownership rights. Those legal entities who have license for custodial activities, as well as those foreign custodians who are authorized to have and maintain accounts belonging to other persons in their name according to laws and other legal acts of their country, can be nominees.

2.10. “Foreign custodian” – a competent person who carries out custodian activities outside the Republic of Armenia.

2.11. “Custodial operations” – integrity of operations performed by the custodian with records in securities accounts, registration books, as well as securities certificate and other elements of securities registration system, according to this regulation.

2.12. “Corporate operation” – based on the decision of the issuer, conversion of securities of any class, as well as conversion of securities as a result of split, consolidation of securities of the issuer of the given class or reorganization of the issuer.

2.13. “Registration books” – securities registration cards and books.

2.14. “Securities account of nominee” – Securities account opened in the name of foreign custodian (custodian) with the custodian (foreign custodian) in which securities (foreign securities) belonging to customers of the custodian are registered.

2.15. “Personal account of the nominee” – Personal account opened in the name of custodian in the Central Depository in which securities belonging to the customers of the custodian are registered.

2.16. “Personal account” – integrity of existing information in the Registry about the registered owner, securities belonging to him and operations performed with those securities.

3. Other concepts used in this regulation have the meaning specified in the Republic of Armenia Law on “The Securities Market”.

CHAPTER 3. GENERAL PROVISIONS

4. The custodians carry out custodial activities determined by laws, other legal acts and the following regulation.

5. Submitting securities to custody does not cause a transfer of securities ownership rights. The custodian has no right to realize the rights certified by securities (ensuing from the securities) if it is not stipulated by the custodial agreement. Securities put into custody cannot be enforced against the obligations of the custodian, and in case of liquidation of the custodian they are not included in the list of properties to be liquidated.

6. Transfer of securities from the registry to the custodian results in change of the form of certification of rights to the securities. The certification of corresponding rights to the securities through records in personal account opened in registry is substituted by a certification of rights to the securities in the securities account opened with custodian.

7. The records made by the custodian in the securities account of the customer about the securities put into custody assure the rights of the customer towards the securities. In case of securities being put into custody the rights to them are not assured by records in registry.

8. The custodial activities also imply provision of services to the customer to exercise rights ensuing from securities, as stipulated by the custodial agreement signed with the customer, as determined by the Chapter 7 of the following regulation.

CHAPTER 4. RULES AND INTERNAL REGULATIONS REGULATING CUSTODIAL ACTIVITIES

9. The custodian defines rules (conditions) regulating custodial activities which must imply:

9.1. Information about custodial operations carried out by the custodian (opening, maintaining and closing of securities accounts (sections, sub-sections), operations with securities accounts, provision of references and statements of accounts, calculation and payment of interests and dividends, pledge and etc.);

9.2. Basis for conducting operations according to each type of custodial operation;

9.3. Forms of instructions, serving as basis for conducting custodial operations, or other documents and the procedure of their presentation;

9.4. Deadlines for conducting operations;

9.5. Tariffs on custodial services;

9.6. Description of processes of putting securities into custody and cessation;

9.7. Forms of statements from securities account, reports (references) about made operations, as well as forms of documents assuring the rights to securities, dates and procedure of their provision to customers;

9.8. Dates and procedure for informing the customers and registering the rights determined by securities belonging to them with other custodian, in case if the custodial activity is terminated by the custodian or the license is declared invalid;

9.9 Other provisions determined by the following regulation and/or rules of self-regulating organizations (a member of which the custodian is);

10. Rules regulating custodial activity must be approved by the competent body within 30 days after effective date of the license, in case if a license is obtained. Amendments and/or supplements to rules regulating custodial activities must also be approved by the competent body.

11. Copies of rules (sealed by the Custodian) regulating custodial activity as well as amendments or/and supplements made within these rules are presented to the Central Bank within 15 days after their approval by the custodian.

12. The rules regulating custodial activity are of public nature and must be open to all stakeholders.

13. The rules regulating custodial activity are the inseparable part of the custodial agreement signed between the custodian and customer. The custodian informs the customers about the amendments made in the rules 10 days before the effective date.

14. The custodian also determines internal regulations where the following is stated:

14.1. Internal rules of opening, maintaining, closing of securities accounts, as well as carrying out operations with securities accounts, developing documents, and providing information by the custodian.

14.2. Registration procedure of securities by the custodian including system of accounts, registration principles and procedures for separate maintenance and registration of securities belonging to each customer of the Custodian as well as securities belonging to the custodian and his customers.

14.3. Data security, data integrity and reservation (soft-copies) procedures, as well as procedures ensuring separation of authorities and data confidentiality, which must exclude the usage of information concerning to the customers by employees of the custodian or a third person to the detriment of the customers' interests.

14.4. Procedure for discussing applications and complaints of customers.

14.5. Other procedures.

15. The regulations stated in paragraphs 14.1 and 14.2 of this Chapter can be included in rules regulating custodial activity.

CHAPTER 5. CUSTODIAL AGREEMENT

16. The custodian performs custodial services and opens a securities account in the name of the customer based on the agreement signed with the customer. The custodial agreement is signed in written form.

17. The Custodian gives an opportunity to the customer to get acquainted with legal acts regulating custodial activity before signing the document.

18. The custodial agreement must imply:

18.1. The procedure for presenting orders (instructions) to the custodian by the customer to carry out operations with securities.

18.2. Dates for implementing instructions by the custodian.

18.3. The procedure for conducting custodial services to realize the rights ensuing from securities.

18.4. The dates, forms, and the procedure for providing statements, reports and other documents to the customer by the custodian, as well as the communication procedure with the customer.

18.5. The rights and responsibilities of the custodian and the customer.

18.6. The procedure of calculation and payment of fees for custodial services.

18.7. The conditions and procedure for returning the securities to the customer.

18.8. Responsibilities of the custodian and the customer for not fulfilling the requirements of the custodial agreement.

18.9. The procedure for solving conflicts between the Custodian and the customer within the frames of the custodial agreement.

18.10. Term of the agreement, the procedure for making amendments, supplements, and terminating the agreement, including the right of the customer to terminate the agreement unilaterally on condition of informing the Custodian at least 20 days before.

- 18.11. Reference to the rules regulating custodial activities determined by the Custodian.
- 18.12. Other obligatory information stipulated by Law.
19. Further to the information stated in Paragraph 18, the custodial agreement can also contain other provisions that do not contradict laws, legal acts, internal rules and regulations of the custodian.
20. Signing a custodial agreement and opening a securities account do not require an immediate deposit of securities to the account.
21. An own securities account and nominee securities account are opened and maintained in case if the customer of the custodian is a foreign custodian. In this case, further to requirements of Paragraph 18 the custodial agreement must also imply the procedure for providing information to the custodian about the owners of securities registered in nominee securities account of the foreign custodian if it is stipulated by law and other legal acts.

CHAPTER 6. GENERAL REQUIREMENTS FOR PERFORMING CUSTODIAL ACTIVITIES

22. The custodian has no right to decide or control directions for using securities belonging to customer by him, or impose other restrictions on the right of using his securities at his own discretion, not stipulated by normative acts or custodial agreement.
23. The custodian has no right to use securities of his customers to discharge his own obligations, as well as to use them as his own, as a guarantee for his obligations to other customers or third persons.
24. The custodian provides separate registration of rights to securities belonging to him and his customers (in case of documentary securities, separate safekeeping). For this purpose the custodian must act as a nominee and provide separate registration of securities belonging to him and the customer, in the registry of owners of inscribed securities or with the foreign custodian, by opening a personal securities account and

nominee account (for securities belonging to the customer) in the registry or with the foreign custodian.

24.1. If the custodian has no right to open a nominee account in the registry of owners of inscribed securities or with custodian operating in the following state in accordance with the legislation of foreign state, the custodian opens two securities accounts in the registry of owners of inscribed securities or with foreign custodian for separate registration of securities belonging to him or his customers, one account is for own securities, and the other is for registration of securities of customers, and if impossible, one account is opened, where can both own securities and securities of customers be registered. In cases determined by this point the custodian is obliged to ensure the separate registration of own securities and securities of customers (in case of documentary securities, separate safekeeping should be ensured) according to the Republic of Armenia law on “Securities market” and legal acts of the Central bank of Armenia.

(The Point 24.1 is amended on 01.03.11 by 43-N)

25. The custodian provides also separate registration of the rights to securities belonging to each customer (in case of documentary securities, separate safekeeping) by opening a separate securities account for each customer.

26. Securities belonging to customers with ownership rights are subject to separate registration apart from securities which are used, possessed or disposed by a person not acting as the owner of securities, based on the authority stated by law or the agreement of instruction, agency, commission, trust management signed with the owner of securities. Securities with restrictions on rights are also subject to separate registration. Rights of persons having other property rights are subject to separate registration apart from ownership right to securities.

27. The custodian registers facts of customers' securities being imposed by a pledge and other right of third persons as determined by the custodial agreement.

28. If the security belongs to several persons (co-owners) with the ownership right the custodian must register their right to concrete securities registered in the securities account.

29. The custodian is responsible for keeping records certifying the rights to securities put into custody, for providing their confidentiality, reliability, for presenting precise data and their timely implementation, for breaking requirement determined by this regulation.

30. The custodian returns securities of the customer to him through re-registration with another custodian (foreign custodian) in the name of the customer at the first request of the latter, as well as in cases of termination of the custodial agreement, recognition of the license void or termination, and liquidation of the custodian. In case of documentary securities the custodian passes the securities to the other custodian.

31. In cases determined by Paragraph 30 of this regulation if the custodian does not receive instructions from the customer, the securities are registered in the name of the customer in the registry of the owners of inscribed securities, as determined by the agreement between the custodian and Registry holder (Central Depository or issuer). In cases of foreign securities, they are registered with the foreign custodian where the custodian acts as a nominee. In case of documentary securities they are given to the customer.

32. The custodian compensates caused damage to the customer as a result of not carrying out its responsibilities or carrying out them improperly, if it is not proved that the damage is a result of force major event or through the customer's fault.

33. To realize the rights to the securities put into custody the custodian

33.1. Provides protection of customers' interests by undertaking necessary actions;

33.2. Provides transfer of securities to the securities account maintained with him or other custodian based on corresponding instructions;

33.3. Provides transfer of securities (except for foreign securities) to the personal account of the customer maintained with the registry of securities owners based on corresponding instructions;

33.4. Provides acceptance of securities belonging to its customers transferred by other custodians and other persons;

33.5. In case of documentary securities accepts them on deposit and provides their registration, as well as returns them to the customer at the first request of the latter;

33.6. Presents reports to the customer, his representative and/or persons stipulated by the custodial agreement about the operations carried out with the securities put into custody;

33.7. Carries out other operations stipulated by this regulation, internal regulations regulating custodial activity and custodial agreement.

CHAPTER 7. PERFORMANCE OF CUSTODY AND KEEPING REGISTRY TO REALIZE THE RIGHTS ENSUING FROM SECURITIES

34. To realize the rights ensuing from securities the custodian based on the provisions of custodial agreement

34.1. Performs a transfer of information and documents from the issuer or other custodian (including from the Central Depository and foreign custodian) to the customer, as well as from the customer to the issuer or other custodian;

34.2. undertakes all actions stipulated by laws and other legal acts to register corporate operations of the issuer in securities account of the customer;

34.3. passes all necessary information about customers and securities belonging to them to the issuer or other custodian (including to Central Depository or foreign custodian), as well as to the persons specified by the Republic of Armenia Law on “Securities Market”, Article 52 (except foreign securities), to compile the list of owners of inscribed securities, to receive income from securities and (or) to participate in the meeting of stockholders, as well as to realize other rights;

34.4. provides realization of franchise ensuing from securities;

34.5. carries out operations stipulated by laws, other legal acts and custodial agreement.

35. In case of being stipulated by the custodial agreement the Custodian

35.1. represents the interests of the customer at the meeting of stockholders by authority of the latter;

35.2. provides the customer with the information about securities market, activities and financial situation of the issuer;

35.3. provides the customer with consultation about investments, systems of registering rights to securities (including foreign securities);

- 35.4. provides the customer with other services unprohibited by laws and other legal acts.
36. The custodian, which is also a custodian of investment fund as stipulated by the Law of the Republic of Armenia “On Investment Funds”, can provide services of running a registry of holders of stocks (shares) of the investment fund under the contract signed with that investment fund (investment fund manager), unless otherwise provided for by the law.
- (The Point 36 is amended on 16.10.12 by 273-N)*
- 37. (The Point 37 is repealed on 16.10.12 by 273-N)*
- 38. (The Point 38 is repealed on 16.10.12 by 273-N)*
- 39. (The Point 39 is repealed on 16.10.12 by 273-N)*
- 40. (The Point 40 is repealed on 16.10.12 by 273-N)*
- 41. (The Point 41 is repealed on 16.10.12 by 273-N)*

CHAPTER 8. SECURITIES REGISTRATION SYSTEM

42. The Custodian must have a securities registration system to register ownership and other property rights to securities and rights ensuing from them, to fix, transfer, terminate those rights, and register other operations. The securities registration system is held in electronic or documentary form.
43. Elements of securities registration system are as follows:
- 43.1. documents and (or) orders (instructions) serving as basis for custodial services;
 - 43.2. securities registration cards, which are envisaged to reflect the current situation of securities accounts and other elements of securities registration system, and other information describing those elements;
 - 43.3. securities registration books, which are envisaged for consecutive registration of performance of custodial operations and changes made in other elements of securities registration;

- 43.4. statements and reports, which include information about results of implementation of orders and conditions of securities registration cards and registration books.
44. The custodian maintains securities accounts, securities registration cards, registration books and keeps other documents relating to securities registration, determined by its internal rules and procedures.
45. The custodian maintains the following types of securities registration cards:
- 45.1. customer card;
 - 45.2. card of authorized representative;
 - 45.3. securities account card;
 - 45.4. card of securities issuance;
 - 45.5. card of registration of other property rights, apart from ownership right and right of authorized representative.
46. The custodian maintains the following types of securities registration books:
- 46.1. book of received orders;
 - 46.2. book of custodial operations;
 - 46.3. registration book of securities certificates
 - 46.4. registration book of statements and reports.
47. The custodian can include other elements into its registration system and determine the framework of information implied in those elements to meet the terms and requirements towards custodial activities determined by the Law of the Republic of Armenia on “The Securities Market”, legal acts based on the Law and other legal acts. The elements of securities registration system are subject to strict registration.
48. In case if any security registered in securities account belongs to several persons with the right of co-ownership, the information about those persons determined by the custodian must be included in the customer card.

CHAPTER 9. SECURITIES REGISTRATION PRINCIPLES

49. The securities registration is made in units or in case if the amount of securities is not presented in units, then in nominal value.

50. In securities accounts opened with the Custodian the securities are registered based on double-entry (registration) principle. Each security is reflected twice during custody, once in customers securities account (credit account), and in the securities account opened for the safekeeping place of securities (debit account).

51. The following principle should be kept for each class of securities registered with the custodian: the total amount of securities of the same class registered in all credit accounts must be equal to the total number of securities of given class registered in debit accounts.

52. Each accounting operation with the custodian is reflected in two accounts by debiting one account and crediting the other.

53. The custodian performs separate registration of securities (rights to securities) belonging to each customer by opening separate securities account for each customer.

54. The custodian performs registration of securities belonging to customers apart from the securities belonging to him. For this purpose, the custodian opens a nominee personal account or nominee securities account with the registry of the owners of inscribed securities or foreign custodian for securities belonging to customers, and opens a personal or securities account for securities belonging to him with ownership rights.

55. During securities registration made by the custodian, at any moment only one record assuring the rights to securities can exist.

56. Separate sections are opened within securities accounts to reflect peculiarities of status of securities registered in securities accounts opened with the custodian. The sections are opened and closed during custodial operations with corresponding securities without additional instruction from the customer. As determined by internal rules regulating custodial activity, and custodial agreement the custodian has the right to change and supplement the list of sections of securities accounts without informing the customer. Opening of sub-sections within the section can be envisaged by the rules custodial rules. The sections and (or) sub-sections must be encoded as determined by the rules of Custodian and must have a single code within the frames of the given securities account.

57. To register individual classes of securities sub-accounts are opened under securities accounts, which can be grouped in separate sections of securities account depending on securities status. The sub-account is the smallest inseparable part of securities registration. Opening of sub-accounts does not require a supplementary custodial agreement.

58. Pledged securities can be registered in corresponding sections (sub-sections) of securities accounts of pledgee or pledger depending on requirements stated by the pledge agreement. During registration of securities in corresponding sections (sub-sections) of securities accounts of pledger or pledgee, availability of information about pledger or pledgee accordingly must be provided on those sections (sub-sections) by entering information into corresponding registration card.

59. Securities submitted to trust management can be registered in corresponding section of securities account of management founder, or in securities account of trust manager opened specially in the name of the trust manager by the custodian.

60. Securities in securities account of trust manager must be registered according to individual trustees. In this case a provision is defined by the custodial agreement, stating that the trust manager informs the Custodian about operations with securities of trustees registered in his account, or balances of trustees' securities, at least on daily basis, with the exception of cases when the balances of trustees' securities were not changed. The procedure, form and dates of informing are determined by the Custodian's rules and custodial agreement.

CHAPTER 10. CUSTODIAL OPERATIONS AND THEIR EXECUTION

61. The Custodian makes custodial operations based on orders (including electronic orders) of the customer, the authorized representative of the customer (including brokerage company or trust manager), Central Depository, Registry holder (issuer), foreign custodian, employees of the Custodian and other persons stated by the custodial agreement. The operations can only be performed based on written orders, including electronic orders defined by law, other normative legal acts, rules regulating custodial

activities, custodial agreement, as well as agreements (hereinafter “legal acts”) signed by the Custodian and Central Depository, Registry holder (issuer) or foreign custodian. The following documents can serve as orders:

- 61.1. instruction given in accordance with the requirements of legal acts by the customer, the authorized representative of the customer, Central Depository, Registry holder (issuer), foreign custodian, officials of the Custodian and other persons stipulated by the custodial agreement.
- 61.2. documents determined by law and other legal acts, substantiating a transfer of right to securities as a result of non-civil operations (based on the effective verdict or resolution of court).
62. In case if the initiative of performing custodial activity belongs to Custodian (particularly, when in cases determined by legal acts, the custodian makes records based on information provided by issuer, Central Depository, other custodian or person as stipulated by the custodial agreement) an office order or office documents, testifying to the fact of securities transfer, serve as basis.
63. If any security registered in securities account of the customer belongs to several persons (co-owners) with ownership right, then an instruction for performing a custodial operation with those securities can be presented only by a person authorized by co-owners.
64. A report, statement or reference about execution or rejection of the record is compiled and presented to persons determined by the custodial agreement at the end of each custodial operation. An electronic way of presenting reports, statements or references can be provided by the custodial agreement. The report, statement or reference is an official document provided by the custodian, which serves as a basis for receiver to make corresponding records and make accounting registration. The report, statement or reference about operation execution must imply information about the amount of fees collected for that operation.
65. The custodian provides any information about securities account of the customer opened with the custodian at customer’s request, including information about closed securities accounts within three years after the account has been closed.

66. The information about all custodial operations performed or being performed by the custodian is reflected in registration books of the custodian. All custodial operations are reflected in securities registration books in chronological order according to the succession of execution.

67. Main custodial operations are as follows:

67.1. **administrative operations:** those custodial operations which result in changes in the card of the customer and other registration books of the custodian with the exception of balances of securities accounts and sub-accounts.

Administrative operations are:

67.1.1. opening and closing of securities accounts (sections of accounts and sub-accounts);

67.1.2. changes of information implied in securities registration cards;

67.1.3. appointment of an authorized representative and cessation of authorities.

67.2. **accounting operations:** those custodial operations which result in changes of balances of securities accounts and (or) sub-accounts.

Accounting operations are:

67.2.1. acceptance and withdrawal of custody of securities;

67.2.2. transfer of securities.

67.3. **information operations:** those custodial operations which are connected with statements, reports or other documents about securities accounts, as well as with compilation and provision of information about execution of custodial operations.

Information operations are:

67.3.1. compilation and provision of statements, reports or other references from securities accounts and registration books;

67.3.2. compilation and provision of references about operations performed with securities accounts and customers.

67.4. **complex operations:** those custodial operations which include operations stated in paragraphs 67.1, 67.2, and 67.3 of this regulation or part of them.

Complex operations are:

67.4.1. putting a ban on securities and termination of the ban;

67.4.2. registration and cessation of registration of securities pledge and other rights of third persons.

67.5. **global operations:** those custodial operations carried out with any class of securities which result in changes in all securities accounts and all registration books of the custodian or in their main parts. As a rule global operations are carried out on the initiative of the issuer of the securities and are connected with corporate operations.

Global operations are:

67.5.1. conversion of securities;

67.5.2. annulment (repayment) of securities;

67.5.3. splitting and consolidation of securities;

67.5.4. payment of income from securities.

68. Further to defined operations in Paragraph 67 of this Chapter the custodian can carry out other custodial operations determined by his internal rules which do not contradict laws and other legal acts.

CHAPTER 11. OPENING AND CLOSING OF SECURITIES ACCOUNTS

69. Securities account in the name of the customer (customer security account) is opened based on the custodial agreement signed between the customer and the custodian with the exception of the case determined in Paragraph 70 of this regulation.

70. Without the presence of the custodial agreement securities account in the name of the customer can be opened only in case if the securities of the customer are transferred to another custodian as a result of the cessation of the activity of the custodian. Operations with those accounts can be carried out only after signing custodial agreement with the customer.

71. To open a customer securities account the customer presents to the custodian an account opening instruction and other necessary information and information determined by the custodian. If there is an authorized representative information stated by the custodian about the latter is also presented.

72. Securities account of safekeeping place is opened based on the office order of the custodian.

73. A single account number is granted to the securities account within the frames of securities registration system of the custodian, when it is opened. The encoding rules of the account number are determined by the custodian. A five-unit code granted to the custodian by the Central Bank must be used as a constituent part in account numbers.

74. All the securities accounts to be opened must be registered in the section opened for registration of administrative operations of the registry for custodial operations, where information about securities account numbers, account type (according to the classification of the custodian), dates of opening and closing of accounts must be included. This section must consist of two parts: credit account registration part and debit account registration part. These parts can be divided into sub-parts according to the account type (the account of owner, trust manager, pledgee, Central Depository and etc.).

75. It is forbidden to close securities account in which securities are registered.

76. Securities accounts with zero-balances can be closed

76.1. under the instruction of the customer;

76.2. in case of terminating the custodial agreement, including the case of declaring the license of custodial activities of the custodian void;

76.3. in case of not performing operations with securities accounts for at least a year (if nothing else is determined by the rules of the custodian or custodial agreement);

76.4. in case of cessation of activity of safekeeping places of securities;

76.5. in case of liquidation of the custodian.

77. It is prohibited to reuse previously closed securities account numbers.

CHAPTER 12. RELATIONSHIP (AGREEMENTS) BETWEEN THE CUSTODIAN AND CENTRAL DEPOSITARY, CUSTODIAN AND FOREIGN CUSTODIAN

78. Form, procedure and dates for presenting orders (including electronic orders), in case of carrying out custodial activities, can be stipulated by agreements signed between the

custodian and Central Depository, as well as foreign custodian.

79. An agreement is signed between the Central Depository and the custodian (as a sub-custodian of the Central Depository) in which further to conditions not contradicting law, other normative legal acts, rules of Central Depository, and rules and procedures of the custodian the following is determined:

79.1. the procedure of side-to-side communication, including description of technical equipment being used;

79.2. the procedure of comparison and adjustment of balances of securities registered in securities accounts of sides and other information on at least monthly basis.

CHAPTER 13. REQUIREMENTS TO TECHNICAL SATURATION

80. The territory of the custodian must meet the following requirements:

80.1. provide easy entry of customers to territory to fill in and pass written directions, inquiries and other documents, as well as to receive statements and references from securities accounts;

80.2. have a vault and fire-proof safes to keep securities certifications in case of carrying out custody of documentary securities;

80.3. have a vault and fire-proof safes to keep electronic copies of the database of maintained securities accounts and original copies of documents relating to operations;

80.4. have functioning fire-fighting equipment located in accessible places;

80.5. be equipped with protecting-fire fighting alarm system;

80.6. have different sources of power supply one of which must be a reserve. In case of falling out of the main power supply, the custodian must have a local source of power supply (generator, accumulator) which is sufficient to assure normal activities of the custodian without harming the integrity of information and systems.

- 80.7. the protecting-fire fighting alarm system and required lighting for carrying out custodial activities must be supplied from different sources of power supply;
81. In case of maintaining of an electronic securities registration system, the custodian uses a system which will protect all the information used during securities registration from an unauthorized use.
82. The custodian must have an opportunity to use the reserve system of electronic registration of securities or carry out securities registration in paper form, in case if the main registration system is out of order or it is impossible to use it because of other reasons.
83. The custodian has a right to use only computer software of securities registration which meets the requirements determined by law and this regulation.
84. The software and technical equipment saturation of the custodian must provide capabilities of regular and sound exchange of data and information between registry holder, custodian and foreign custodian as determined by corresponding agreements.
85. The custodian keeps documents relating to securities registration (documents substantiating operations and securities registration books), and data base for at least 70 years.
86. In case if securities registration is carried out electronically the custodian must copy the data base of the week and keep the copies in fire-proof safes in his territory, or in a special data storage system located out of his territory (remote data storage system). Copies created during a month must be submitted to safekeeping (in custody) in a magnet-proof vault of a Bank chosen by the custodian or Central Depository till the end of the first day of the next month (in case if the custodian does not have an own magnet-proof vault).
87. In case if securities registration is carried out in paper form the custodian must copy the data of the current day entered into securities account and securities registration books and submit them to safekeeping in fire-proof safes in the territory of the custodian by the end of the week.
88. The copies of databases mentioned in Paragraph 86 of this Chapter must be made in a way to make it possible to restore their initial form. It is not necessary to copy databases

and securities registration documents if no entry or record were made in databases and securities registration accounts during corresponding period of time.

89. All the documents relating to securities registration (including documents and securities registration books which serve as a basis for operations) must be kept exceptionally in fire-proof safes after the end of working hours or in the absence of competent employees in the territory of the custodian defined by internal rules of the custodian.