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**CENTRAL BANK OF THE REPUBLIC OF ARMENIA**

**BOARD RESOLUTION 113-N**

**Adopted April 8, 2008**

**ON APPROVAL OF REGULATION 4/07 ON “REQUIREMENTS ON  
INVESTMENT SERVICES PROVIDERS’ ACTIVITIES”**

By virtue of the Law of the Republic of Armenia on “The Central bank”, article 20 (e), the Law of the Republic of Armenia on “Legal acts”, article 16 (1), the Law of the Republic of Armenia on “Securities market” article 27 (4), article 61, article 64 (5), article 65 (3), article 66 (2, 3), article 67 (7), article 69 (1), and article 70 the Board of the Central bank of Armenia *decides to*:

1. Approve Regulation 4/07 on “Requirements on investment services providers’ activities” pursuant to Appendix (attached).
2. This Resolution shall enter into force 10 days after its official publication.
3. Since June 30, 2008 parts 20, 21, 23, 24, 25 and forms 79.2-2(b), 79.2-3(b), 79.2-3(d) of the “Code of securities market regulation” approved by the Central bank board resolution 713-N adopted on December 5, 2006 on Approval of the “Code of securities market regulation” has no legal force.

Chairman of the Central bank of Armenia  
T. Sargsyan

April 14, 2008  
Yerevan

Approved by  
the Central Bank  
of the Republic of Armenia  
Board Resolution 113-N,  
April 8, 2008

## REGULATION 4/07

### REQUIREMENTS ON INVESTMENT SERVICES PROVIDERS' ACTIVITIES

#### CHAPTER 1

##### *SUBJECT MATTER*

This regulation defines requirements on investment services providers' activities.

#### CHAPTER 2

##### *MAIN CONCEPTIONS USED IN THE REGULATION*

1. Conceptions used in this regulation have the following meanings:
  - 1) **“Requirements on investment services providers` activities”** - rules and requirements on provision of investment services, limitations on provision of certain types of investment services and special procedure for their provision, detailed requirements on structure, form, content and provision procedure of information, reports and other such documents that should be provided by investment services providers to their customers, exceptions from the requirements defined in the Point 1 of the article 66 of the Law of the Republic of Armenia on “Securities market”, mandatory requirements for the investment services provision contracts, detailed criteria on provision of requirements defined in the articles 63 and 66 of the Law of the Republic of Armenia on “Securities market”;
  - 2) **“Order”** - customer's instructions for the purpose of concluding transactions with securities, as well as investment service provider's assignment, order, bid or suggestion;
  - 3) **“Limited order”** - order to buy (sell) certain volume of securities by the price indicated in the order or by a lower price in case of buying securities (by the price indicated in the order or by a higher price in case of selling securities);

- 4) **“Market order”** - order to buy (sell) certain volume of securities by the price formed in the market at that moment;
  - 5) **“Law”** - the Law of the Republic of Armenia on “Securities market”;
  - 6) **“Central bank”** - the Central bank of the Republic of Armenia;
  - 7) **“Interested person”** – the head and members of the executive body of investment company, executive director, deputy executive director, or the head and members of other similar body, the head of the unit responsible for investment services provision in the bank or credit organization, workers providing investment services as a part of or in the name of an investment service provider;
  - 8) **“Possession of customer’s assets”** – keeping, or accounting in its own account, or possibility of actual possession of customer’s assets (securities and(or) cash) by investment services provider;
  - 9) **“Reliable means for information transfer”** - any method, which enables customer to get and keep personal information, and which will allow using it in full in the future, and reproducing it.
2. Other conceptions used in this regulation have the same meaning as in the Law.

### **CHAPTER 3**

#### ***INFORMATION PROVIDED TO CUSTOMERS;***

##### ***GENERAL PROVISIONS***

3. The whole information (including advertising materials) provided to the customer by the investment services provider should be clear, unbiased and not misleading.
4. Provided information is regarded clear, unbiased and not misleading, if conditions specified in the Points 5-10 of this regulation are met.
5. Information should contain the name of investment services provider.
6. If information especially emphasizes expected benefits from investment services or securities, than at the same time there should be unbiased and visible information about corresponding risks.
7. Information should be understandable for people with middle level knowledge and expertise in the field of investments.
8. Information should not be presented in a form to conceal important points or warnings, or to make impression that they are not important.
9. In cases when information contains comparisons with other entities or investment services provided by other entities, than
  - 1) Comparisons should be appropriate and sensible, and should be presented in unbiased and balanced manner;
  - 2) Information sources on which comparisons are based should be specified;
  - 3) Comparisons should contain those basic facts and assumptions, which make the basis for comparisons.
10. In cases when information contains provisions about recent behavior or indicators of investment services, securities or financial indices, than
  - 1) Those provisions should not be more visible, than other provisions;

- 2) Information should contain recent behavior or indicators of investment services, securities or financial indices for last 5 years (if available);
  - 3) Information sources should be mentioned;
  - 4) Information should contain a warning point, that previous behavior or previous indicators do not mean that they will continue in the future;
  - 5) In cases if they are aggregate indicators, i.e. taxes, fees or other similar payments are not included, that fact should be disclosed.
11. Before the conclusion of an investment services contract and the provision of investment services, customers should be provided with the following information (hereinafter provided information):
- 1) Information about investment services provider and about services provided by it, according to Chapter 4;
  - 2) Information about securities, according to Chapter 5;
  - 3) Information about the place (means) of transaction (stock exchange, other regulated market or unregulated market);
  - 4) Information about corresponding expenses and fees according to Chapter 6.
12. Provided information should give an opportunity to the customer to understand the nature of the specific investment service or security and connected risks. This information may be presented to the customers in standard forms (especially in form of booklets).
13. Before concluding an investment services contract and providing investment services, investment services provider classifies customers as professionals and non-professionals. Only qualified investors could be classified as professional customers, exclusively in cases, when they give their consent. Before classifying a customer as a professional, investment services provider informs customer that some requirements defined by this regulation would not apply to relationships between investment services provider and that customer, specifying the nature of that requirements. Those customers who give their consent to be classified as professionals in the field of one or all investment services defined by the Law, present corresponding written statement to the investment services provider about the following:
- 1) They agree to be classified as a professional customer;
  - 2) They are informed, that being classified as professional customers, they lose some protection, as some legal requirements concerning consumer protection are not applied to them.
14. It is allowed, by initiative of investment services provider or its professional customer, to treat a professional customer as a non-professional and carry out all required consequent activities. If investment services provider is informed that a customer has ceased to be a qualified investor, than it should immediately take appropriate measures to stop the professional status of its customer.

## CHAPTER 4

### ***INFORMATION ABOUT INVESTMENT SERVICES PROVIDER AND SERVICES PROVIDED***

15. Investment services provider provides customers with the following information about itself and services provided:
  - 1) The name and contacts of investment services provider;
  - 2) Information about languages that customer can use to contact investment services provider and get documents and other information;
  - 3) Methods to contact each other and exchange information between each other, as well as the procedure of order acceptance and transmission;
  - 4) Grounds, according which investment services provider is entitled to provide investment services, as well as the name and contacts of licensing and (or) registering official body;
  - 5) Information about reports presented to customers, frequency and time limits of their presentation, as well as the procedure of their presentation;
  - 6) If investment services provider possesses the assets of the customer, than the short description of steps taken to provide protection for customer's assets, including reimbursement of customers by investment services provider, asset guarantees and participation in other similar schemes;
  - 7) Short description of the policy concerning the limitation of conflicts of interest (if customer demands, the whole description of the policy of the conflicts of interest).
16. In the case of providing securities portfolio management service investment services provider should offer such a method that would provide an opportunity to the customer to assess the effectiveness of management and to compare it with a meaningful benchmark. It is prohibited to promise any guaranteed level of return in the case of providing securities portfolio management service.
  - 16.1. The benchmark mentioned in the Point 16 of this regulation should satisfy the following requirements at the same time.
    - 1) It should express the level of return for alternative investments, which will give an opportunity to the customer to compare the effectiveness of management with the effectiveness of alternative investments. Especially meaningful benchmark should express the level of return of other comparable instruments existing in the financial market, which terms, risks, investment country and other essential characteristics correspond, are as close as possible or comparable with limitations specified by the customer;
    - 2) It should not be based on the level of return, achieved by that manager in the past or on indicators, which are under the influenced of the manager.  
**(Point 16.1 is added on 25.05.10 by 122-N)**
  - 16.2. The benchmark mentioned in the Point 16 of this regulation might be based on stock indices, summary indices expressing effectiveness of bank deposits, securities portfolio management by other managers, average yield calculated for the specific group of similar instruments and such other indicators.  
**(Point 16.2 is added on 25.05.10 by 122-N)**

17. In addition to information specified in the Point 15 of this regulation, in the case of providing securities portfolio management service, investment services provider should also provide customer with the following information:
  - 1) Information about the method and frequency of assessment of the customer's securities portfolio value;
  - 2) Features of the benchmark, to which the effectiveness of management (yield of customer's securities portfolio) should be compared;
  - 3) Types of securities, which could be included in the portfolio and transactions (including limitations), which could be fulfilled in the scope of management of those securities;
18. If investment services provider possesses customer's assets, than the customer should also be informed:
  - 1) That the assets of the customer could be accounted in the nominee's account or in the securities or banking account opened in the name of investment services provider and about the risks connected with those accounts;
  - 2) About the possibility of using customer's assets as a collateral or source for granting loans on behalf of investment services provider, as well as about the possibility of accounting the assets of the customer by a custodian as a security measure against customer's liabilities;
  - 3) About the liabilities of investment services provider, if customer's assets are used to issue a loan or otherwise used in the benefit of investment services provider or other customer.
19. Requirements described in this Chapter (excluding Point 18(2)) might be not applied to professional customers.

## **CHAPTER 5**

### ***INFORMATION ABOUT SECURITIES***

20. Investment services provider should provide customers with description of securities and risks related with them. The description should represent characteristics of each type of securities (share, bond, etc.) and related risks in a simple and clear form.
21. If investment services provider provides its customer with information about securities, which at that moment are subject to public offer, and a prospectus was published for that purpose, than investment services provider should inform the customer where the prospectus is published and how it can be obtained.
22. If the risks arisen from securities are guaranteed by a third party, investment services provider should present its customer information about the guarantee and the guarantor. If investment services provider is a bank, than it should inform its customers that investments in securities are not guaranteed by the Deposit Guarantee Fund.
23. Requirements described in this Chapter might be not applied to professional customers.

## **CHAPTER 6**

### ***INFORMATION ABOUT EXPENCES AND FEES***

24. Investment services provider should provide its customers with the following information about expenses and fees:
  - 1) Aggregate sum, which should be paid by customer for the use of investment services, including all fees, expenses and other payments, as well as all tax liabilities, which are held by investment services provider as tax agent. If it is impossible to inform the precise sum, which should be paid, than the process of calculation should be presented.
  - 2) If any part of the aggregate sum, mentioned in the previous point is paid by foreign currency or is expressed in foreign currency, than the foreign currency, its exchange rate and connected expenses should be specified.
  - 3) Methods of payments.
25. Information about fees being charged should also be presented to customer by separate line.
26. Requirements described in this Chapter might be not applied to professional customers.

## **CHAPTER 7**

### ***DETAILED CRITERIA ON INFORMATION REQUIREMENT ABOUT CUSTOMER***

27. In the case of provision consulting services concerning securities portfolio management or investments in securities, investment services provider requires from the customer necessary information about customer's knowledge and expertise in the field of investment activities, about customer's financial condition and investment purposes, which would give an opportunity to suggest or advise the customer such services or securities, which maximally correspond to customer's will. In the case of not receiving above mentioned information, investment services provider is not entitled to persuade customer to invest in any security.
28. Information about financial condition includes the following:
  - 1) Sources and size of customer's regular income;
  - 2) Total assets and liquid assets;
  - 3) Financial investments and information about real estate;
  - 4) Regular financial outflows.
29. Information about investment purposes includes the following:
  - 1) Time period during which customer intends to hold the investment;
  - 2) Customer's preference towards risks and their scope;
  - 3) Purpose of investment.
30. Information about customer's knowledge and expertise in the field of investment activities includes the following:
  - 1) Information about those investment services, securities and transactions with securities to which the customer has had any connection;
  - 2) The nature, volume and frequency of customer's transactions with securities, as well as the time period during which those transactions were performed;

- 3) Customer's educational level, professions and activities.
31. In the case of providing investment services, which are not mentioned in the Point 27 of this regulation, investment services provider should require from the customer information about customer's knowledge and expertise concerning only the investment service provided or the security involved, which would give the investment services provider an opportunity to assess if that investment service or security corresponds to customer's needs. In the case, when investment services provider thinks (based on information provided by the customer), that given investment service or security does not correspond to customer's needs, than investment services provider warns the customer about it. That warning might be presented to customers in a standard form.
  32. In the case, if customer does not provide information specified in the Point 27 of this regulation, or provides insufficient information, than investment services provider warns the customer that such behavior does not allow to suggest or advise such investment services or securities, which will maximally correspond to customer's will. That warning might be presented to customers in a standard form.
  33. In the case, if customer does not provide information specified in the Point 31 of this regulation, or provides insufficient information, than investment services provider warns the customer that such behavior does not allow to assess if given investment service or security corresponds to customer's needs. That warning might be presented to customers in a standard form.
  34. While performing the actions mentioned in the Points 27 and 31 of this regulation, investment services provider decides if the customer has necessary knowledge and expertise in the field of investment activities, to understand the risks arisen from that investment service or security. Investment services provider could consider that professional customers have such necessary knowledge and expertise.
  35. Investment services provider could rely on information provided by customer, excluding cases if it knew or could have known that information is obviously old, not accurate or not complete.

## **CHAPTER 8**

### ***EXCEPTIONS FROM THE REQUIREMENT ON GETTING INFORMATION ABOUT CUSTOMER IN THE CASE OF PROVIDING CERTAIN SERVICES***

36. If services, mentioned in the Points 1 and (or) 2 of the Article 25 of the Law, are provided by investment services provider separately or together with non-principal services, than it is entitled not to require information about customer's knowledge and experience from the customer only in the case, if the following requirements are met at the same time:
  - 1) Those services are connected with the securities mentioned in the Points 1 or 4 of the Article 4 of the Law;
  - 2) Investment services provider clearly explains the customer the application of this exception.



**CHAPTER 9**  
***MANDATORY REQUIREMENT CONCERNING INVESTMENT SERVICES PROVISION***  
***CONTRACTS***

37. Before signing an investment services provision contract, investment services provider gives the customer an opportunity to examine legal acts regulating the provision of investment services.
38. Investment services provision contract defines:
- 1) Rights and obligations of contractual parties;
  - 2) Calculation of the amount of payment for the investment services and payment procedure;
  - 3) Procedure, terms and form of provision of reports and other documents to customers;
  - 4) Procedure to contact the customer, as well as facilities, which the customer considers as reliable means for information transfer;
  - 5) Responsibilities of the parties for non-compliance with the contract requirements;
  - 6) The procedure for resolving disputes between the parties;
  - 7) Term of the contract, procedure of making amendments and additions, procedure for termination of the contract, including the right of the customer to abate the contract unilaterally, provided that the investment services provider is informed at least 10 days in advance;
  - 8) The procedure of customer's assets refund in the case of contract termination;
  - 9) Other mandatory information required by the Law.
39. In addition to information specified in the Point 38, the contract might contain other provisions that conform to the laws, normative legal acts and investment services provider's internal rules and regulations.

**CHAPTER 10**  
***REPORTS PRESENTED TO THE CUSTOMERS***

40. If investment services provider has fulfilled customer's order (excluding securities portfolio management), than it should immediately, but not later than the end of the working day following the transaction conclusion, provide customer with a report about the fulfillment of the order by reliable means of information transfer according to the Point 41 of this regulation.
41. The report about the fulfillment of the customer's order at least includes:
- 1) The name of investment services provider;
  - 2) Customer's first name and last name (for legal entities – the name) or customer's identification number;
  - 3) Date of transaction conclusion, specifying the year, month, day in the mentioned order;
  - 4) Time of transaction conclusion, specifying the hour and minute in the mentioned order;
  - 5) The type of the customer's order (market, limited, etc.);
  - 6) The place of transaction conclusion (the name of stock exchange, the name of other regulated market or "unregulated market" is specified);

- 7) Securities identification code, issuance number (if not available issuer's name and security's type, in case of derivative instrument – its description);
  - 8) Type of transaction specified in the order (buy, sell);
  - 9) Nature of the order if transaction type specified in the order is not “buy” or “sell” (securities prescription, option, etc.);
  - 10) Number of securities (for non-quantified securities – nominal value);
  - 11) Unit price (is not filled for non-quantified securities);
  - 12) Total volume;
  - 13) Total amount of charged fees and other payments, if required by non-professional customer also their details (for each payment)
  - 14) Conditions and terms for payments made by customer, if customer has not been informed about them previously (bank account number, etc.);
  - 15) Information about the fact, that from the position of the customer the other party of the transaction was the investment services provider, or any other entity included in the same group as the investment services provider, or any other customer of that investment services provider, if the transaction was not performed in such regulated market, which provides the anonymousness of one party of the transaction for the other.
42. If customer's order is performed part by part, than investment services provider presents to the customer the report about the fulfillment of the order for each part.
43. If investment services provider provides securities portfolio management service, it should at least quarterly provide the customer with a report about securities portfolio management by reliable means of information transfer according to the Point 44 of this regulation.
44. The report about securities portfolio management at least includes:
- 1) The name of investment services provider;
  - 2) Identification number of the account opened for the purpose of customer's securities management;
  - 3) At the beginning and the end of accounting period
    - a. The list of securities included in the portfolio and the value of the portfolio, including real value of each security in the portfolio;
    - b. Customer's cash balance;
  - 4) Annual yield rate of securities portfolio during the accounting period;
  - 5) Payments charged during the accounting period, giving the detailed statement at least for charged payments for management and incurred expenses for transaction conclusion.
  - 6) Comparison of the yield rate of management with the benchmark previously agreed with the customer (if such benchmark is available);
  - 7) Dividends, percentage revenue and other payments received during the accounting period from the securities included in the securities portfolio;
  - 8) Corporate activities with securities included in securities portfolio (conversion of securities as a result of splitting or consolidating of securities from the same class or restructure of issuer);
  - 9) Transactions concluded in the scope of securities portfolio management during the accounting period according to information specified in the sub points 3-12 of the Point 41 of this regulation, except in cases when customer

prefers getting that information for each transaction as well according to the Point 45 of this regulation.

45. If customer prefers getting information about portfolio management for each transaction, investment services provider, who provides securities portfolio management service, provides a report in terms and procedure defined by the Point 40 of this regulation in addition to the report defined by the Point 44 of this regulation.

## **CHAPTER 11**

### ***DETAILED CRITERIA ON FULFILLMENT OF FIDUTIAR DUTIES AND FULFILLMENT OF CUSTOMER ORDERS IN THE BEST POSSIBLE CONDITIONS***

46. Investment services provider should take all reasonable steps to fulfill customer's order in the best possible conditions for customer, taking into consideration the price, expenses, terms (speed), possibility of order fulfillment and settlement, total value of the order, nature of the order and other factors connected with the order fulfillment. For this purpose those investment services providers, which perform transactions based on customer's order, should elaborate policies for order fulfillment.
47. The following factors are taken into consideration to assess the relative importance or the degree of importance of the factors mentioned in the Point 46 of this regulation:
  - 1) Customer's professionalism or non-professionalism;
  - 2) Significant conditions of customer's order (price, volume and quantitative conditions, customer's specific instructions, etc.);
  - 3) Security characteristics mentioned in the customer's order (class, etc.);
  - 4) Specialties of the place (means) of transaction conclusion;
48. For the purposes of this chapter the place (means) of transaction conclusion includes stock exchanges, other regulated markets or non-regulated market operating within the territory of the Republic of Armenia, as well as regulated markets or entities performing similar functions located outside of the territory of the Republic of Armenia.
49. It is supposed, that investment services provider has taken all reasonable steps to fulfill the order in the best possible conditions for the customer, if that entity fulfills the order or the specific conditions of that order, following the specific instructions given by the customer.
50. If investment services provider takes steps to decide the best conditions for the fulfillment of customer's order, and tries to choose between the different places for transaction conclusion, than it should choose that place for transaction conclusion, which would impose minimum total expenses on the customer in case of order fulfillment.
51. In the case of securities portfolio management and provision of services mentioned in the Point 1 of the Part 1 of the Article 25 of the Law, investment services provider should take all reasonable steps to provide the best possible result for the customer, taking into account the factors mentioned in the Point 46 of this regulation for the

purposes of the fulfillment of fiduciary duties. In this case investment services provider should meet the requirements mentioned in the points 47-50 of this regulation.

52. In the case of securities portfolio management and provision of services mentioned in the Point 1 of the Part 1 of the Article 25 of the Law, it is supposed that investment services provider has fulfilled its fiduciary duties and could not to take steps mentioned in the Point 51 of this regulation, if that entity has followed all specific instructions which were of great importance for the customer:
  - 1) If it has ordered third parties to buy or sell securities, for the purpose of performing a transaction in the scope of securities portfolio management, and (or);
  - 2) If it has transmitted an order to third parties to perform a transaction with securities in the scope of the provision of service mentioned in the Point 1 of Part 1 of Article 25 of the Law.
53. In the case, if securities portfolio manager and provider of the service mentioned in the Point 1 of Part 1 of Article 25 of the Law, itself fulfills the transactions, than it should meet the requirements mentioned in the Points 46-50 of this regulation.
54. Policy of orders fulfillment includes information about different places (means) of transaction conclusion, as well as about those factors, which are considered by investment services provider, when making choice between those places for each class of securities. Investment services provider should inform customers about the policy of orders fulfillment and get the preliminary consent of the customer to apply that policy to that customer.
55. Investment services provider reviews the policy of orders fulfillment in the case, if such significant changes have been made, which do not allow fulfillment of customer's orders in the best possible conditions for the customer, using the place for transaction conclusion, chosen according to that policy.

## **CHAPTER 12**

### ***RULES AND REQUIREMENTS ON PERFORMING TRANSACTIONS WITH SECURITIES ON BEHALF OF INVESTMENT SERVICES PROVIDER OR CUSTOMER FOR ACCOUNT OF THE CUSTOMER***

56. When performing transactions with securities on behalf of investment services provider or customer for account of the customer, investment services provider take steps to fulfill customers' orders unbiased, immediately and precisely. Those measures should give an opportunity to fulfill customer's other orders with similar conditions according to the sequence of their receipt by investment services provider.
57. When performing transactions with securities on behalf of investment services provider or customer for account of the customer, investment services provider should:
  - 1) Be sure, that orders for performing transactions were registered and submitted for fulfillment in an appropriate way;

- 2) Fulfill other orders with similar conditions according to the sequence of their receipt, excluding situations, when order's characteristics or current market condition make it impossible, and
  - 3) Immediately inform the customer about those significant difficulties and negative facts, which make impossible the precise fulfillment of customer's order.
58. In general, for the purpose of providing better results, investment services provider could consolidate its customer's order or a transaction performing on its behalf with an order of its another customer and perform them in that way, if:
- 1) It does not provide a worse result for any customer, than in the case when customer's order had been fulfilled separately;
  - 2) In general it meets the interests of the customer.
59. If investment services provider consolidates customer's order with a transaction performed on its own behalf, than in the case of that consolidated order's partial fulfillment the privilege is given to the customer, except if anything else is not predetermined by the investment services provision contract.
60. Customer's orders could be presented in written or non-written forms.
61. Orders in written form are submitted by the customer by e-mail, internet or fax, if customer wills also in documental form.
62. In the case of presenting orders in non-written form, the worker entitled to accept orders fills and signs the defined form for order presentation no later than the end of that working day based on information received in non-written form, specifying the time when information is received (not the term determined for filling the order by him/her) precisely in minutes and his/her name, surname. In such situations, the order contains a note, that the customer has submitted the order in non-written form.
63. Customer may submit an order in non-written form, if investment services provider using appropriate technical devices registers the fact certifying the order submission by the customer and the content of the order (especially records the telephone conversation), including the time of presentation, mentioning the year, month, day, hour and minute in the mentioned order. Moreover, those technical devices should not allow modifying registered information in any case.
64. Information content included in the order presented by the customer, submission procedure and terms, as well as the procedure and terms of making amendments in order conditions or invocation of the order are defined by internal rules of the investment services provider and investment services provision contract.

## **CHAPTER 13**

### ***GENERAL RULES AND REQUIREMENTS ON RECORDING (ACCOUNTING) DURING THE PROVISION OF INVESTMENT SERVICES***

65. Investment services provider should keep such records (accounts) about the services provided and transactions performed, which should give the Central bank an opportunity to assess how the investment services provider follows the requirements of the Law, this regulation, internal rules and regulations. Especially those records should give the Central bank an opportunity to be sure, that investment services provider fulfills its duties towards customers.

66. Concerning services and transactions, records should include appropriate data about all transactions with securities no matter on whose behalf they were performed. Those data should also include detailed information about customer's identity.
67. Records concerning services and transactions should be made in a way or by such means to meet the following conditions:
- 1) By the request of the Central bank those records should be accessible and obtainable by the Central bank and it should be possible to discover each stage of each transaction.
  - 2) If amendments or additions are made in those records, than they should be done in such manner to give an opportunity to find out the initial content of registrations and each amendment or addition, and
  - 3) An unauthorized usage of those records by third parties should be excluded.

## **CHAPTER 14**

### ***RECORDS OF ORDERS AND INVESTMENT DECISIONS***

68. Investment services providers record each order given by a customer and each investment decision made in the scope of securities portfolio management service provision.
69. Those records should be made immediately after orders are received or investment decisions are made, but no later than the end of that working day.
70. Records for each order given by a customer at least include the following information:
- 1) Customer's first name, last name (for legal entities - name) or customer identification number;
  - 2) Type of transaction specified in the customer's order (buy, sell);
  - 3) The nature of the customer's order, if the type of transaction specified in the order is not "buy" or "sell" (securities prescription order, order for option contract conclusion, etc.);
  - 4) The type of the order given by the customer (market, limited, etc.);
  - 5) Security's identification code (if not available, the name of issuer and the type of security, for derivative instruments – its description);
  - 6) Quantity of securities;
  - 7) Unit price;
  - 8) Total volume;
  - 9) Specific directions given by the customer (if available);
  - 10) Precise time, showing when customer's order is received, specifying the year, month, day, hour and minute in the mentioned order;
  - 11) The name and surname of interested person recording the order.
71. In the scope of securities portfolio management services provision records about each investment decision (concerning performing transactions, internal orders) at least include the following information:
- 1) Customer's first name, last name (for legal entities - name) or customer identification number;
  - 2) Type of transaction specified in the decision (buy, sell);

- 3) The nature of the decision if the type of transaction specified in the decision is not “buy” or “sell” (prescription of securities, option contract conclusion, etc.);
- 4) The type of the order given according to the decision (market, limited, etc.);
- 5) Security’s identification code (if not available, the name of issuer and the type of security, for derivative instruments – its description);
- 6) Quantity of securities;
- 7) Unit price;
- 8) Total volume;
- 9) Specific directions given by the customer (if available);
- 10) Precise time, showing when the investment decision is made, specifying the year, month, day, hour and minute in the mentioned order;
- 11) The name and surname of interested person making investment decision.

## **CHAPTER 15**

### ***RECORDS OF PERFORMED TRANSACTIONS***

72. An entity providing services mentioned in the Point 1 of Part 1 of Article 25 of the Law immediately after receiving an approval about fulfillment of accepted and transmitted orders, but not later than the end of that working day, should record the performed transaction.
73. An entity providing services mentioned in the Point 2 of Part 1 of Article 25 of the Law immediately after fulfillment of the customer’s order, but not later than the end of that working day, should record the performed transaction.
74. Records made according to the Points 72-73 of this chapter include the following information:
  - 1) Customer’s first name, last name (for legal entities - name) or customer identification number,
  - 2) Date of transaction conclusion, specifying the year, month and day in the mentioned order;
  - 3) Time of transaction conclusion, specifying the hour and minute;
  - 4) Type of transaction (buy, sell);
  - 5) Nature of the transaction, if the type of transaction is not “buy” or “sell” (prescription of securities, option contract conclusion);
  - 6) Security’s identification code (if not available, the name of issuer and security, for derivative instruments – its description);
  - 7) Quantity of securities;
  - 8) Unit price;
  - 9) Total volume;
  - 10) The other party of the transaction;
  - 11) The place of transaction conclusion (the name of stock exchange, other regulated market or “unregulated market” is mentioned);
  - 12) The name and surname of interested person performing the transaction (in the case specified in the Point 72 of this regulation – the name and surname of the interested person responsible for transaction performance).

75. If investment services provider accepts and transmits orders from customers for performing transactions with securities, than investment services provider should immediately after transmitting the order, but not later than the end of that working day, should record transmitted and registered orders. These records include the following information:

- 1) Customer's first name and last name (for legal entities - name) or customer identification number;
- 2) Those entity's name or identification number to whom the order has been transmitted;
- 3) Conditions of transmitted order, according to information mentioned in the sub points 2-9 of the Point 70;
- 4) The date of order transmission and precise time, specifying the year, month, day, hour and minute in the mentioned order.