

Adopted by the Decision No 272-N  
of the Board of the Central Bank of Armenia  
on 06.10.2012

REGULATION 5/10  
THE PROCEDURE OF CENTRALIZED REGISTRY MAINTENANCE AND CUSTODY OF  
SECURITIES

SECTION 1. GENERAL PROVISIONS

CHAPTER 1. THE OBJECT OF THIS REGULATION

1. This regulation defines the procedure of centralized registry maintenance and custody by the Central depository.
2. This Regulation does not apply to the maintenance of registry of participants of mandatory pension funds by the registrar of participants and to the custody of shares of mandatory pension funds, in accordance with the Law of the Republic of Armenia "On funded pensions".

CHAPTER 2. GENERAL PROVISIONS

3. The issuer should provide the instructions, requests and other documents and information, defined by this Regulation, necessary for providing operations in the securities accounting system, to the Central depository through the account operator, with whom it has signed the agreement, specified in Chapter 9 of this Regulation.
4. The owner of the account (his/her authorized representative) should provide the instructions, requests and other documents and information, defined by this Regulation, necessary for providing operations in the securities accounting system, to the Central depository through the account operator, through whom the securities account has been opened (through whom the custody agreement has been signed), except for cases, specified in point 4.1 of this Regulation.  
(Point 4 added by Decision No 281-N on 10.12.13)
- 4.1. Central depository can set exceptions from the requirements of point 4 of this Regulation for financial organizations (including, foreign organizations), which satisfy

the criteria set by its rules.

(Point 4.1 added by Decision No 281-N on 10.12.13)

5. Central depository provides custody services to sub-custodians as well as any other persons, for whom securities account has been opened in the securities accounting system according to the law, this Regulation, the rules of Central depository.

6. Detailed procedure and conditions of opening, servicing and closing of securities account, registration of operations in securities accounting system, getting the instructions by account operators and transferring them to Central depository, requirements to account operators, the procedure of communication with account operators, as well as other provisions, specifies in this Regulation, are specified by the rules of Central depository.

### CHAPTER 3. BASIC DEFINITIONS

7. The definitions used in this Regulation have the following meaning:

- 1) **Centralized accounting system of securities** - a unified data system, which is maintained by the Central depository (hereinafter – Securities accounting system), about issuers, securities issued by them, registered owners (nominees) of securities and securities owned by them, as well as operations carried with the securities. The Securities accounting system includes the systems of centralized registry and custody.
- 2) **Registry of the owners of securities** – a data system, specified in chapter 5 of this Regulation, about the issuer, nominal securities, issued by the issuer, and the registered owners (nominees) of those securities.
- 3) **Account operator** – a person, who transfers the instructions and other information (documents), received from the owner of the account or the issuer, to the Central depository for providing operations in Securities accounting system, as well as a person, who, according to the law, normative legal acts, based on the law, and the agreement, signed with the Central depository, serves as a mediator in the services, provided by the Central depository.
- 4) **Operation** – an action, based on the instructions of the owner (nominee) of the security, registered in the Securities accounting system, the issuer or other person, who has such authority based on the law and other normative legal acts, as a result of which an opening of a securities account, change of the information on securities account, change in the balance of registered securities in securities account, registration of other information in Securities accounting system and (or) a supply of information from Securities accounting system occurs.

- 5) **Corporate action** – change of the nominal value of the share of the issuer by the decision of the issuer, in order to increase or decrease the volume of the statutory capital; or buyback, acquisition or conversion, fragmentation, consolidation of any class (type) of security; or reorganization (except for reformation) of the issuer.
  - 6) **Fragmentation of security** – according to the law of the Republic of Armenia “On joint-stock companies”.
  - 7) **Consolidation of security** – according to the law of the Republic of Armenia “On joint-stock companies”.
  - 8) **Acquisition of security** – acquisition of securities of the issuer by the same issuer.
  - 9) **Buyback of securities** – buyback of underwritten securities of the issuer by the same issuer, except for securities of open investment funds.
  - 10) **Conversion of securities** – the withdrawal from the circulation and cancellation (removal from Securities accounting system) of the certain class of securities of the issuer by exchange with securities of that or another issuer.
  - 11) **Instruction** – a document, which serves as a basis for providing operations (except for the supply of information) in the Securities accounting system.
  - 12) **Inquiry** – a document, which serves as a basis for supplying information from the Securities accounting system, as well as other documents, which can not be qualified as an instruction.
  - 13) **Owner of the account** – a person, who has a security account (by the name of whom there is a security account) in the Securities accounting system.
  - 14) **Temporary account** – a securities account, opened in Securities accounting system based on the data provided by the issuer, where the securities are accounted for those owners, for whom no securities account has been opened in Securities accounting system when registering the securities of the issuer in Securities accounting system, in accordance with chapter 9 of this Regulation.
8. Other definitions used in this Regulation have the meanings applied in the law of the Republic of Armenia “On securities market”.

## SECTION 2. INFORMATION REGISTERED IN SECURITIES ACCOUNTING SYSTEM

### CHAPTER 4. INFORMATION REGISTERED IN SECURITIES ACCOUNTING SYSTEM

9. The following information, specified in this section, is being registered in Securities accounting system:

- 1) On issuers, nominal securities issued by them and registered owners

- (nominees) of those securities (registry of the owners of securities),
- 2) On registered owners (nominees) of securities and the securities owned by them (securities account),
  - 3) On operation (acquisition, transfer, pledge, etc.) provided with securities.

#### CHAPTER 5. INFORMATION ON THE ISSUER, SECURITIES ISSUED BY THE ISSUER AND REGISTERED OWNERS OF THOSE SECURITIES

10. The following information on the issuer and securities issued by that issuer is being registered in Securities accounting system:

- 1) The name, location, postal address, contacts of the issuer, the country of state registration, tax payer identification number (TIN) (in the absence of TIN, other identification number provided by the appropriate state authority),
- 2) The type (class) of security, identification code (if applicable), nominal value (if applicable), number (volume) of underwritten securities,
- 3) On the owners of securities:
  - a. Name and surname, and in the case the owner is a legal person – its full name,
  - b. The series and number of the ID document, and in case the owner is a legal person – its tax payer identification number (TIN), and in the absence of TIN, other identification number provided by the appropriate state authority,
  - c. Place of residence, and in the case the owner is a legal person – its location and postal address,
- 4) Other information provided by the rules of Central depository.

#### CHAPTER 6. SECURITIES ACCOUNT

11. Any resident or non-resident person can have a securities account. A person can have more than one securities account.

12. If the security is owned by two or more persons (co-owners), then a co-owners' securities account can be owned for co-owners.

13. The following information on securities account is being registered in Securities accounting system:

- 1) The name and surname of the owner of account, and in case the owner is a legal person – its full name,
- 2) The place of residence of the owner of account, and in case the owner is a legal person – its location and postal address,
- 3) The series and number of the ID document of the owner of account, and in case the owner is a legal person – its tax payer identification number (TIN)

- (in the absence of TIN, other identification number provided by the appropriate state authority),
- 4) The bank account number and the name of the servicing bank of the owner of account (if applicable),
  - 5) The Securities account number and the date of the opening of the account,
  - 6) The number and type of securities accounted in securities account,
  - 7) If the security is owned by two or more persons, then the name, surname (name), place of residence (location), series and number of the ID document (in case the owner is a legal person – its tax payer identification number (TIN), and in the absence of TIN, other identification number provided by the appropriate state authority) for each of the co-owners, and in case of share ownership – also the share of each owner,
  - 8) The registration dates of acquisitions of securities and other operations,
  - 9) Information on limitations of the ownership rights (including pledge and arrest) on securities,
  - 10) Other information provided by the law, normative legal acts adopted based on the law, rules of Central depository.
14. The types and status of securities accounts opened in Securities accounting system is defined by the rules of Central depository.
- 14.1. In case of termination of the contract of custody, the securities account, maintained on its basis, can be closed, if there are no registered securities on that account (the balance of the securities account is zero). If the balance of the securities account is not zero, then the contract of custody can be terminated only after the transfer of securities to another securities account mentioned by the owner of the account.
- (Point 14.1 added by Decision No 281-N on 10.12.13)

## CHAPTER 8. NOMINEE ACCOUNT

15. No such securities can be accounted in the nominee account, which belong to the nominee on the ownership right.
16. Information on the owners of securities, accounted in the nominee account, is not being registered in Securities accounting system. In case of nominee account, information on nominee, required by this Regulation, is being registered in Securities accounting system.
17. The nominee is required to maintain records on securities accounted in the nominee account, that should include the information, specified in sub-point 1-3 and 6-8 of point 13 of this Regulation, as well as other information, specified by the law and normative legal acts adopted on the basis of the law, on each person, for whom the nominee maintains a securities account.

18. When voting or implementing other right with securities, accounted in the nominee account, the nominee should act according to instructions of the client (the owner of that securities). By the request of the client, the nominee must grant him permission (authority) in appropriate format for implementation of rights fixed on securities.

### SECTION 3. OPERATIONS, PERFORMED IN SECURITIES ACCOUNTING SYSTEM

#### CHAPTER 9. THE HANDING OF REGISTRY MAINTENANCE TO THE CENTRAL DEPOSITORY AND THE REGISTRATION OF SECURITIES IN SECURITIES ACCOUNTING SYSTEM

19. To hand the maintenance of registry of securities owners to the Central depository, the issuer signs a contract of registry maintenance with account operator, where the account operator acts on behalf of Central depository, based on the contract signed with the Central depository.

20. To sign a contract of registry maintenance, the issuer should provide the following documents and information to the Central depository with the mediation of account operator:

- 1) The list of owners of that class of securities (except for securities that are issued, but not yet underwritten), which should include the information specified in point 56 of this Regulation,
- 2) Information about the issuer's payment agent (if applicable), who is authorized to make payments on behalf of the issuer to the owners of securities,
- 3) Other information, provided by the rules of Central depository.

21. Within 5 business days after providing the information and documents, specified in point 20 of this Regulation, the Central depository registers the securities in the Securities accounting system.

21.1. The contract of maintenance of the registry of owners of the shares can be terminated only by re-signing a contract of registry maintenance with another account operator, except for such cases of liquidation or reformation of the issuer, as a result of which, according to the law of the Republic of Armenia "On joint-stock companies", the company is not obliged to hand the maintenance of registry of owners of the shares to a specialized organization.

(Point 21.1 added by Decision No 281-N on 10.12.13)

#### CHAPTER 10. OPENING OF SECURITIES ACCOUNT

22. Central depository opens a securities account, based on the instruction to open

a securities account, provided by a person, which is transferred to the Central depository by an account operator. The list of documents and information, provided when opening a securities account, is defined by the rules of Central depository.

23. If the owner of the security does not have an opened securities account in the Securities accounting system, when registering the securities of the issuer in the Securities accounting system in accordance with Chapter 9 of this Regulation, then a temporary account of securities is being opened for that person, based on the issuer's instruction.

24. The owner of the account is required to inform the account operator about any changes of the information, provided when opening the securities account. In case of non-providing the information, mentioned in this point, the issuer, account operator and the Central depository do not bear any responsibility for the damage caused to the owner of the account.

#### CHAPTER 11. MAKING RECORDS AND THEIR CORRECTIONS IN SECURITIES ACCOUNTING SYSTEM

25. Records in Securities accounting system are made, based on the instruction transferred to the Central depository by the account operator, or based on the decision of the court, as well as on basis, specified in the law, this Regulation and rules of Central depository.

26. The Central depository must make corrections in the records made in Securities accounting system, based on the decision of the court, which is in force.

27. The Central depository can make correction in the records of Securities accounting system by its own initiative, if the Central depository finds out, that the record is wrong or absent, and if the correction of the record does not violate the rights of other persons.

#### CHAPTER 12. MAKING RECORDS BASED ON THE ISSUER'S APPLICATION

28. Information about the issuer and securities issued by the issuer are being recorded in Securities accounting system, based on the issuer's application, which is transferred to the Central depository by account operator. The forms of appropriate applications and the list of attached documents and information are defined by the rules of Central depository.

29. Records in Securities accounting system, based on the issuer's application, are being made within 5 business days after receiving the appropriate applications and necessary documents and information, if no other term is provided by this Regulation, or the issuer's application does not define a longer term.

30. If the persons, in whose securities accounts the records should be made, are defined based on the concrete date, mentioned in the issuer's application, then the records should be made based on the information that exists in the Securities accounting system by the beginning (00:00 o'clock) of that day, if the issuer has not mentioned another time in the application. In cases, mentioned in this point, the records in the Securities accounting system are made based on the issuer's application within 2 business days after the concrete date, mentioned in the application.

31. The Central depository refuses making records on the basis of the issuer's application, if the application or attached documents and information are incomplete or do not comply with requirements, defined by the law, normative legal acts adopted on the basis of the law or rules of Central depository. If the application is rejected, the Central depository must inform the applicant about that, mentioning the reasons of rejection.

#### CHAPTER 13. OPERATIONS CONNECTED WITH CORPORATE ACTIONS

32. Based on the documents and information about corporate actions, provided by the issuer through the account operator, the Central depository makes records in Securities accounting system about the number and class of securities accounted in securities accounts of owners of the issuer's securities or about the change of the issuer (if necessary).

33. In case of conversion of securities as a result of reorganization of the issuer, the Central depository makes appropriate records in Securities accounting system in securities accounts of all registered owners (nominees) of issuer's securities of that class, in accordance with the proportion of the number of issuer's securities of that class, owned by them (registered by their name).

34. If fraction (non-complete) securities have arisen as a result of corporate action, then the Central depository must, in the case of request of the issuer, provide to the issuer the list of registered owners (nominees), mentioning the fraction securities belonging to them.

#### CHAPTER 14. CANCELLATION OF SECURITIES

35. After liquidation of the issuer, all securities issued by the issuer are considered as cancelled by Central depository.

36. The shares of joint-stock companies are considered as cancelled (are removed from Securities accounting system) only in case of termination of activities of joint-stock company as a result of its liquidation or reorganization, or in case of full conversion of such shares.



37. In case of redemption of securities, they are considered as cancelled after the redemption based on the appropriate instruction of the issuer or on the basis of expiration of redemption date.

#### CHAPTER 15. MAKING OF RECORDS BASED ON THE INSTRUCTIONS RECEIVED FROM THE OPERATOR OF REGULATED MARKET AND THE OPERATOR OF SECURITIES ACCOUNTING SYSTEM

38. The procedure of transferring instructions to the Central depository by the operator of regulated market, the form of the instruction, the requirements on the content of the instruction, the conditions and procedure of making records in Securities accounting system based on those instructions (if necessary, the procedure of making money settlements in accordance with the records) are defined by the rules of Central depository and the contract signed between the Central depository and the operator of regulated market.

39. The procedure of transferring instructions to the Central depository by the operator of another settlement (accounting) system of securities, the form of the instruction, the requirements on the content of the instruction, the conditions and procedure of making records in Securities accounting system (including, the transfer of registered securities between different systems of securities accounting) based on those instructions (if necessary, the procedure of making money settlements in accordance with the records) are defined by the contract signed between the Central depository and the operator of the appropriate system of securities settlement (accounting).

#### CHAPTER 16. TRANSFER OF SECURITIES

40. Transfer of securities is transfer of securities among the accounts by debiting one security account and crediting another securities account in the amount (volume) of transferred securities.

41. The Central depository makes the transfer of securities based on the instruction of account operator, as well as on other basis, specified in the law or this Regulation.

42. Transfer of securities, which requires money settlement (transfer of securities for payment), is made on a beforehand-specified date, simultaneously with the payment for securities or after that, in the way defined by the rules of Central depository.

43. The composition of information, that is included in the transfer instruction, and the procedure of giving the instruction by the account operator is defined by the rules of Central depository.

44. The Central depository rejects the instruction of securities transfer, if:

- 1) The transfer instruction does not comply with requirements set by this Regulation or the rules of Central depository,
- 2) The transfer instruction has been given by a non-authorized person,
- 3) On the securities account, there is not enough amount of securities, as mentioned in the transfer instruction,
- 4) There is no necessary money to meet financial liabilities, in case of money transfer for payment,
- 5) There are differences between the transfer instructions, provided by account operators of two sides of the transaction.

## CHAPTER 17. PLEDGE OF SECURITIES

45. The pledge of securities is being registered in Securities accounting system on the basis of instruction provided by the account operator of the pledger. The instruction of registration of the pledge of securities should be given by the pledger.

46. The security is considered to be pledged from the moment of its registration in Securities accounting system. Appropriate record is being done in the securities account of the pledger about the pledge of securities.

47. The composition of information, that is included in the instruction of pledge of securities, and the procedure of giving the instruction is defined by the rules of Central depository.

48. In case of alienation of pledged securities, the pledge is being registered in the securities account of the new owner.

49. The instruction of suspension of the pledge is being given to the account operator by the pledgee.

50. In case of refusing to meet the liabilities pledged with securities, the pledged securities can be transferred based on the instruction given by the compulsory enforcer of court decrees to satisfy the claims arisen from such liabilities, if otherwise is not defined by the contract between the pledger and the pledgee. In cases, specified in this point, the account operator and the Central depository are not obliged to find out the existence of legal bases necessary for the transfer of pledged securities and do not bear any responsibility for the damage caused as a result of the transfer of securities.

## CHAPTER 18. FREEZING OF SECURITIES

51. Freezing (arrest) of securities (or securities account) is making a record in Securities accounting system about temporary limitation of the alienation (transfer) of securities.

52. The Central depository freezes securities or securities account on the following

bases:

- 1) Based on the decision of the court, an authority implementing a criminal persecution or other appropriate body specified by law,
- 2) Based on the instruction of the owner of the account or his authorized representative,
- 3) Other bases, defined by the law and other legal acts.

53. Securities or securities accounts remain frozen, unless the appropriate operation is registered in Securities accounting system; or the instruction, which served as a basis for freezing, is cancelled; or the instruction to terminate the freezing is given; or the date, specified for freeze, has expired.

#### SECTION 4. SUPPLY AND DISCLOSURE OF INFORMATION FROM SECURITIES ACCOUNTING SYSTEM

#### CHAPTER 19. SUPPLY OF THE LIST OF REGISTERED OWNERS OF SECURITIES

54. Based on the written inquiry of the issuer, which was transferred by the account operator, the Central depository should provide the list of registered owners of securities within 5 business days.

55. The inquiry, specified in point 54 of this Regulation, should include the following information:

- 1) Identification code of securities (if not applicable, then the full name of the issuer and the class of securities), the list of registered owners (nominees) of which is required,
- 2) The date of preparing of the list,
- 3) The form of the list (in hard copy or electronically),
- 4) Other information, defined by the rules of Central depository.

56. The list of registered owners of securities includes the following information:

- 1) The name, surname and place of residence of the registered owner (for natural persons), and the name, location and postal address of the registered owner (in case of legal persons),
- 2) The type of ID, its number and series (for natural persons), and tax payer identification number (TIN) (in the absence of TIN, other identification number provided by the appropriate state authority) (for legal persons),
- 3) The number, total nominal value and share (in percent) of issuer's securities of that class, owned by the registered owner,
- 4) Other information, defined by the rules of Central depository.

57. The Central depository refuses to provide the list of registered owners of securities, if the written inquiry of the issuer does not comply with requirements, defined by this Regulation or rules of Central depository, or the issuer refuses to pay

the fee, defined by the rules of Central depository for providing the list.

## CHAPTER 20. NOTIFICATION ABOUT THE OPENING OF SECURITIES ACCOUNT

58. The Central depository notifies the person about opening a securities account for him, except for cases, when the person has refused such right in written form.

59. The notification, specified in point 58 of this Regulation, includes the following information:

- 1) The number of securities account,
- 2) The name of the account operator, which has transferred the instruction to open a securities account to the Central depository,
- 3) Other information, defined by the rules of Central depository.

60. The notification, specified in point 58 of this Regulation, is being sent to the owner of the account either electronically or in hard copy, based on the choice of the owner of the account.

61. In case of temporary account of securities, the notification, specified in point 58 of this Regulation is being sent to the issuer, by whose request the temporary account of securities has been opened.

## CHAPTER 21. DISCLOSURE OF INFORMATION ABOUT OPERATIONS, PROVIDED IN THE SECURITIES ACCOUNTING SYSTEM

62. The Central depository must disclose on its webpage an announcement about operations, provided in the Securities accounting system by request of reporting issuer, within 5 business days after receiving the request from the issuer, in accordance with the procedure, specified in this Regulation.

63. The announcement, specified in point 62 of this Regulation, must include the name of the appropriate issuer, the date of operation (if possible) and information, specified in this Chapter.

64. The announcement about the registration of securities (including, additionally issued securities) includes the following information:

- 1) Identification code of securities,
- 2) The type (class) of registered security,
- 3) The nominal value (if applicable) and the currency of securities,
- 4) The number of securities.

65. The announcement about the change of the nominal value of the securities includes the following information:

- 1) The type (class) of the security and its identification code,
- 2) The previous and new nominal values of the security.

66. The announcement about the conversion of securities includes the following

information:

- 1) The identification code of convertible securities,
- 2) The identification code of the securities, into which the securities are being converted, if they are registered in the Securities accounting system,
- 3) The name of the issuer of securities, mentioned in sub-point 2 of this point, if the issuer is not the issuer of the convertible security,
- 4) Conversion coefficient.

67. The announcement about cancellation of securities includes the following information:

- 1) The type (class) and identification code of cancellable securities,
- 2) The number of cancellable securities.

68. The Central depository may also disclose other information, besides the information, mentioned in points 63-67 of this Regulation.

69. The Central depository discloses the specified announcements only in cases, when all requirements for making appropriate records in Securities accounting system, defined by the law, this Regulation and the rules of the Central depository, are satisfied.

## CHAPTER 22. REPORT ABOUT THE BALANCE OF SECURITIES ACCOUNT

70. The owner of the account has the right to get a report (reference, extract) about the balance of his securities account, based on his inquiry.

71. The Central depository must at least once a year, not later, than January 31 of the next year, electronically provide to the owner of the account a report about the balance of securities account by the last day of the reporting year, if the owner of the account has provided a written request to get such information and has provided an appropriate e-mail address. Once a year, the report, specified in this point, is provided to the owner of the account for free.

72. The report, specified in point 71 of this Regulation, contains the following information:

- 1) The number of securities account,
- 2) The name, surname (name) of the owner of the account,
- 3) The identification code (if not applicable, then the full name of the issuer and the class of securities), number, nominal value and the currency of securities, accounted in securities account,
- 4) The identification code (class) and number of pledged securities,
- 5) The date of making the report,
- 6) The date, as of which the information, included in the report, is presented,
- 7) Other information defined by the rules of the Central depository.

## CHAPTER 23. REPORT ABOUT THE OPERATIONS CARRIED WITH SECURITIES ACCOUNT

73. The owner of the account has the right to get a report about the transactions, carried with his/her securities account, which the frequency or for the period, defined by himself/herself.

74. The Central depository must at least once a year, not later, than January 31 of the next year, electronically provide to the owner of the account a report about the operations carried with his/her securities account, if the owner of the account has provided a written request to get such information and has provided an appropriate e-mail address. Once a year, the report, specified in this point, is provided to the owner of the account for free.

75. The report, specified in point 74 of this Regulation, contains the following information:

- 1) The number of securities account,
- 2) The name, surname (name) of the owner of the account,
- 3) The place of residence (location and postal address) of the owner of the account,
- 4) All operations, carried with securities account during the reporting period, mentioning the registration date and brief description of each operation,
- 5) The date of making the report,
- 6) The reporting period, for which the report is presented,
- 7) Other information defined by the rules of the Central depository.

## CHAPTER 24. PRESENTATION OF INFORMATION TO THE CENTRAL DEPOSITORY

76. The issuer must notify the Central depository through the account operator:

- 1) About making the decision on liquidation of the issuer or about beginning of bankruptcy process against the issuer,
- 2) About the change of the representative of the issuer, authorized to present instructions and inquiries on behalf of the issuer,
- 3) About other essential circumstances specified by the rules of the Central depository.

77. The decision of the issuer about emerging, changing or termination of rights, that are evidenced by securities, must contain the concrete date, based on which, the persons are being defined, to whom the decision applies.

## SECTION 5. ACCOUNT OPERATOR

## CHAPTER 25. RESPONSIBILITIES OF ACCOUNT OPERATOR

78. The account operator must ensure, that the information, necessary for carrying operations in Securities accounting system is being transferred to the Central depository timely, and operations connected with securities accounts and with the Securities accounting system and carried by him, are being carried within his authority, in accordance with the law, the normative legal acts adopted on the basis of the law, and the contract, signed by the Central depository.

79. The account operator must mediate all services provided by the Central depository, unless otherwise is defined by the contract signed between the account operator and the Central depository. If providing of any service has become difficult or impossible due to technical reasons, then the account operator must immediately notify the Central depository about it.

80. The account operator must ensure by appropriate administrative and technical means, that the information transferred by him to the Central depository, and the registered information, connected with securities accounts, is protected from unauthorized use, including its change and destruction.

81. The account operator may make the information, registered in the Securities accounting system, available to the third parties only in cases and in procedure, specified by the law and normative legal acts, adopted on the basis of the law. Managers and employees of the account operator must keep the secrecy of information, registered in Securities accounting system, during and after their service at account operator.

82. The account operator must ensure, that instructions, information, inquiries are being transferred to the Central depository by an authorized representative of the account operator. The account operator bears responsibility, defined by the law, for damages caused to other persons by violating the requirements, set in this point.

## CHAPTER 26. GRANTING OF STATUS OF ACCOUNT OPERATOR

83. Only the members of securities settlement system can be an account operator.

84. The Central depository grants the status of account operator only to those persons, specified in point 83 of this Regulation, that satisfy the requirements set by the Central depository.

85. The form of the application, which should be presented to the Central depository to get a status of account operator, the list of attached documents and the procedure of their presentation, as well as the requirements of their content are being defined by the rules of the Central depository.

86. The Central depository can reject the granting of the status of account operator, if the person does not satisfy the requirements, set for account operator. In case of rejection of granting of the status of account operator, the Central depository

notifies the person, who has presented the application to get the status of account operator, mentioning the reasons of rejection.

## CHAPTER 27. TRANSFER OF INSTRUCTIONS AND INQUIRIES FOR CARRYING OF OPERATIONS

87. The account operator must transfer the received instructions to the Central depository immediately after receiving them, if the person, who has given the instruction, has not mentioned another term in the contract, according to which the account operator has been authorized to transfer the instructions to the Central depository.

88. If the requirements for making records in the Securities accounting system, defined by the law, this Regulation and the rules of the Central depository, are satisfied, then the Central depository must immediately implement the instruction, received from the account operator, in accordance with its rules, if no other term is specified by the instruction.

89. If the instruction, transferred by the account operator, defines the settlement of financial liabilities as a precondition for the transfer of securities, then the Central depository transfers the securities between the account operators, who have transferred the appropriate instruction, only after the settlement of financial claims and liabilities. Before transferring the securities, the Central depository freezes the securities, subject to transfer.

90. The account operator may implement the instructions and inquiries of only those persons, who are authorized persons to carry operations in the Securities accounting system, according to this Regulation.

91. The account operator, who has received from a person an instruction to carry operations or an inquiry about the information contained in the Securities accounting system, must identify the person and check the person's authority to give an instruction or an inquiry to carry operations with securities accounted in appropriate securities account. The instruction or the inquiry to carry operations in the Securities accounting system can be given directly by the owner of the account or by the person, authorized by the owner of the account in accordance with the law (including, on the basis of the authorization letter, the contract signed with a professional participant of the securities market). If the authorization letter for giving instruction or inquiry to carry operations in the Securities accounting system is not affirmed by the notary, then the account operator must take reasonable measures to check the reliability of the authorization.

(Point 91 amended by Decision No 281-N on 10.12.13)

92. The account operator is not liable for checking the legitimacy of the authorization to carry an operation in the Securities accounting system.



93. Unless otherwise is defined by the law and this Regulation, the account operator has no right to transfer the instruction to carry an operation in the Securities accounting system to the Central depository, without an appropriate instruction provided by the owner of the account or a person, authorized by him.

94. The account operator must check the accuracy of the information, transferred to the Central depository by him. The account operator bears responsibility for the accuracy of the instruction to carry operations, transferred to the Central depository by him.

95. The account operator must keep all the documents, instructions and inquiries, which served as a basis for the instructions, given to him for carrying operations, for 10 years after receiving them.

## CHAPTER 28. SUSPENSION OF THE STATUS OF ACCOUNT OPERATOR

96. In case of violation by the account operator of the requirements, defined by the law, normative legal acts adopted on the basis of the law or the contract signed with the Central depository, the Central depository has a right to suspend partially or fully the status of the account operator, if it is necessary for protection of account owners' rights.

97. During the period of suspension of the status of account operator, the right of the account operator to receive and (or) implement instructions and (or) inquiries is being partially or fully limited.

98. The decision of the Board of the Central depository about suspension of the status of account operator should define.

- 1) The reasons of suspension of the status of account operator,
- 2) The scope of suspension of the status of account operator – partial or full,
- 3) In case of partial suspension – the description of limitations,
- 4) The term of repeal of the reasons of suspension of the status of account operator

99. The decision of the Central depository about the suspension of the status of account operator is being immediately published, as well as provided to the account operator within 3 business days after its adoption.

## CHAPTER 29. REVOCATION OF THE STATUS OF ACCOUNT OPERATOR

100. In case of essential violation by the account operator of the requirements, defined by the law, normative legal acts adopted on the basis of the law or the contract signed with the Central depository, the Central depository revokes that person's status of account operator.

101. After entering into force of the decision to revoke the status of the account

operator, the Central depository organizes the transfer of the right to manage securities accounts and the maintenance of registry to other operators.

102. The decision of the Board of the Central depository about revocation of the status of account operator should define.

- 1) The reasons of revocation of the status of account operator,
- 2) The term of the transfer of the management of securities accounts and the maintenance of registry, specified by point 101 of this Regulation,
- 3) Other conditions, necessary to organize the transfer of the management of securities accounts and the maintenance of registry, specified by point 101 of this Regulation, taking into account the fact, that the owners of accounts and the issuers should have an opportunity to sign appropriate contracts with new account operators.

103. In case of revocation of the status of account operator, that account operator must compensate direct costs of all owners of account, who use securities accounts through him, that are connected with closing of securities accounts, opening new securities accounts and transferring securities from closed accounts to newly opened accounts (if fees are applicable to those operations).

104. The decision of the Central depository about the revocation of the status of account operator is being immediately published, as well as provided to the account operator within 3 business days after its adoption.

#### CHAPTER 30. RESIGNATION FROM THE STATUS OF ACCOUNT OPERATOR

105. The account operator has a right to resign from the status of account operator, by terminating the contract signed with the Central depository, if the account operator notifies the Central depository about it in written form at least 2 month ahead. Until the termination of the status of the account operator, the account operator bears all rights and responsibilities, arisen from that status.

106. The account operator, that wants to resign from the status of account operator, must notify all persons, who have opened securities accounts, as well as maintaining a registry through him, about it in written form.

107. The notification, specified in point 106 of this Regulation, is being sent by registered mail, not later, than the 30<sup>th</sup> day, preceding the day of termination of the contract signed with the Central depository.

108. In case of resignation from the status of account operator, that account operator must compensate direct costs of all owners of account, who use securities accounts through him, that are connected with closing of securities accounts, opening new securities accounts and transferring securities from closed accounts to newly opened accounts (if fees are applicable to those operations).

109. Besides the date of termination of the status of account operator, the

notification, mentioned in point 106 of this Regulation, must also include the data of other account operators, as well as a provision about the right of getting a compensation of costs, in accordance with point 108 of this Regulation.

#### CHAPTER 31. RESPONSIBILITIES OF THE PERSON, WHOSE STATUS OF ACCOUNT OPERATOR HAS BEEN TERMINATED

110. The person, whose status of account operator has been terminated in accordance with chapter 29 or chapter 30 of this Regulation, must implement the instructions of the Central depository and satisfy all the requirements, that are directed to the protection of accounts owners' rights, ensuring the continuity of the process of maintenance of security accounts and the registry.

111. The person, whose status of account operator has been terminated, must organize the process of archiving of all documents and information, which served as a basis for making operations in the Securities accounting system, in such a way, to ensure the storage of that information and documents, and their availability for competent bodies and state authorized bodies for at least 10 years following the day of termination of the status of account operator.