

HSBC BANK ARMENIA CJSC

RULES ON CUSTODY SERVICES PROVISION

Approved by the CEO of HSBC Bank Armenia CJSC on 20Dec2023

The Rules will enter into force starting from 22 Jan2024

Accordingly, the Rules approved on 10Apr2023 will be repealed

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1. GENERAL PROVISIONS

These Rules (hereinafter Rules) regulate the terms and conditions of providing Custody services by HSBC Bank Armenia cjsc to legal entities in securities market.

The following Rules are an inseparable part of the “Agreement on provision of Custody Services” signed between the Custodian and the Customer: the provisions of the Agreement supersede those defined by the Rules.

The Custodian provides Securities custody services for the Government securities issued by Republic of Armenia in the **local currency** that are freely circulating within the territory of Republic of Armenia.

The Rules are drawn in accordance with the RA Civil Code, the RA Law “On Securities Market”, the Central Bank of Armenia (CBA) regulations and other legal acts regulating the activities in securities market, the Rules of RA Central Depository and RA Stock Exchange.

The Banks provides Custody Services solely to legal entities.

2. INFORMATION ABOUT THE CUSTODIAN

Full name: HSBC BANK ARMENIA Closed Joint Stock Company

Address: 42, 90 Area Paronyan St, 0015, Yerevan, Republic of Armenia

Tel: (374-60) 655 000, Fax: (374 60) 655 501, E-mail: hsbc.armenia@hsbc.com

State registration: Registration number 67, 20th June 1995

License: Banking license number 67

Licensed by Central Bank of RA

Address: str. V.Sargsyan 6, Yerevan 0010, Republic of Armenia

Tel: (374-10) 583 841, Fax: (374-10) 523 852, E-mail: mcba@cba.am

Along with banking services “HSBC Bank Armenia” cjsc provides Custodian and other investment services in securities market.

3. CONCEPTS

The concepts used in the Rules have the following meaning:

- 3.1 **Custodian:** HSBC Bank Armenia CJSC, which acts according to the license issued by the Central Bank of RA.
- 3.2 **Security:** Government Securities issued by Republic of Armenia in the local currency that are freely circulating within the territory of Armenia.
- 3.3 **Customer:** legal entity, with whom the Custodian has signed an “Agreement on provision of Securities Custodial Services”.
- 3.4 **Securities account:** account with an identification number mentioned in the Agreement, opened by the Custodian in unified system for registration and accounting of securities where the details related to securities are recorded, including the ownership and other proprietary rights on securities, as well as transactions executed according to Customer Instructions.
- 3.5 **Responsible staff:** a person who provides custody services within and on behalf of the Custodian.
- 3.6 **Servicing staff:** a person, who accepts and passes the Customer Instruction to the Responsible staff.
- 3.7 **Agreement:** a transaction signed between a Customer, who applied to the Custodian in order to receive Custody services, and the Custodian. The Agreement stipulates the legal relations between the Custodian and the Customer in connection with the securities custodial services.
- 3.8 **Custody services:** custody services of Securities provided by the Custodian to the Customer on the basis of the Agreement, which are listed in the Agreement/ the Rules.
- 3.9 **Customer information card:** All necessary information related to Customer as well as co-owners of Customer securities.
- 3.10 **Instruction:** a document provided by the Customer to the Custodian, which is a ground for the Custodian to execute any transaction with the Customer securities within the scope of Custodial Services.
- 3.11 **CDA:** Central Depository of Armenia OJSC.
- 3.12 **Qualified investors:** Qualified investors are
 - a. investment companies, branches of foreign investment companies, banks, credit organisations, insurance companies, investment, pension funds and managers of investment companies, as well as legal persons registered in foreign states, which, pursuant to the legislation of the given state, are entitled to carry out activities of any person defined by this sub point;
 - b. the Republic of Armenia, communities of the Republic of Armenia, the Central Bank, foreign states, local self-government bodies of foreign states, central banks of foreign states;
 - c. international financial organisations, including the International Monetary Fund, European Central Bank, European Investment Bank;

- d. the person considered qualified investor by law or regulatory legal acts of the Central Bank based on the knowledge and experience of the given person in financial sector, his or her ability to hire specialists with relevant knowledge and experience, the amount of his or her net assets or the amount of assets under his or her management and other similar criteria;
- e. legal person, the participators (shareholders, unit holders) of which are persons specified in sub points “a-d” of this point.

Persons specified in sub points “d” and “e” of this point shall be considered qualified investors after the registration in the Central Bank in the manner prescribed by regulatory legal acts of the Central Bank.

- 3.13 **Professional customer:** The customer who has enough knowledge and experience to make investment decisions and assess the risks associated with them.
- 3.14 **Information Database:** The list of information on qualified investors registered with the Central Bank.
- 3.15 The other concepts used in the Rules have the meaning which is defined in the Law on Securities Market of RA, CBA regulations, other legal acts regulating professional activity in the securities market, RA Central Depository regulations clauses

4. DESCRIPTION OF CUSTODY SERVICES

- 4.1 The securities Custody service is the activity on safekeeping of securities, registering and transferring the rights derived from the Securities.
- 4.2 Within the scope of Custody services, the Custodian provides the following services to the Customers:
 - Opening and maintaining of securities account(s) for the Customer, making records on securities account in the result of carried out transactions,
 - Registering of Customer rights and restrictions of rights (holds and pledge over Securities), including making records on termination of those restrictions,
 - Assigning the role of the nominee for the Customer’s Securities,
 - Delivering to the Customer full information on securities received from the Issuer and CDA,
 - Other services related to Custodial activities as defined per laws and HSBC Group standards.
- 4.3 The Custodian provides the following services within the scope of Custodial activities:
 - In order to ensure the exercise of the rights of Securities, the Custodian makes transfer of information and documents from Issuer, CDA, to the Customer, as well as from the Customer to the Issuer, CDA, within 3 (three) business days upon receiving them.
 - Provides other services stipulated in the laws and other regulations as well as the Custody Agreement.
- 4.4 For ensuring the securities driven rights of the Customer the Custodian is obliged to:
 - Take all the necessary actions to ensure the protection of interests of the Customer/Investor.
 - Ensure the transfer of securities to the accounts with the Custodian or other securities accounts based on the corresponding instruction.
 - Ensure the transfer of securities to the Customer account at the CDA based on the corresponding instruction, which needs to be reflected in respective Securities owners’ register
 - Provide reports to the Customer or his/her Authorized representatives related to the transactions of the securities of the Customer held with the Custodian.
 - Provide periodic reports and information about the securities held with the Custodian based on RA legislation.

5. PROFESIONAL AND NONPROFESIONAL CUSTOMERS CATEGORIZATION

- 5.1 Prior entering into Custody Services Agreement and providing custody services to the customer the Bank classifies the customer as professional and nonprofessional. Prior to classifying the customer as professional the Bank informs the customer that some requirements defined by regulation would not apply to relationships between the Bank and that customer, presenting in essence such requirements.
- 5.2 The customers who give or does not give the consent to be qualified as professional in using brokerage services presents the statement in written form to the Bank (Appendix 3).
- 5.3 Professional customers are,
 - 5.2.1 Investment companies, branches of foreign investment companies, banks, credit organisations, insurance companies, investment, pension funds and managers of investment companies, as well as legal persons registered in foreign states, which, pursuant to the legislation of the given state, are entitled to carry out activities of any person defined by this sub point;

5.2.2 The Republic of Armenia, communities of the Republic of Armenia, the Central Bank, foreign states, local self-government bodies of foreign states, central banks of foreign states;

5.2.3 International financial organisations, including the International Monetary Fund, European Central Bank, European Investment Bank

5.2.4 The legal entities which meet at least two criteria below;

- As of the end of the year preceding entering into Brokerage Agreement date the Customer balance sheet value exceeds 500 million Armenian drams,
- The Sales turnover (according to RA Tax Law) as of the year preceding entering into Brokerage Agreement date exceeds one billion Armenian drams,
- At the point of entering into Brokerage Agreement as of the end of last month (in case of unavailability as of the previous month) the total capital of the Customer is 50 million Armenian dram.

5.4 According to the customer's initiative the Bank can categorize those customers as professional who satisfies at least two criteria below,

- 1) The customer has carried out 10 or more transactions in securities market at an average quarterly basis over the four quarters preceding submission of the application, moreover, the average value of one transaction is equal to at least one million Armenian dram.
- 2) At the moment of submission of application, the size of the customer securities portfolio exceeds 100 million Armenian dram.
- 3) The customer has at least 2 years of professional experience in the financial market, requiring the knowledge in the services the customer applies to be categorized as professional.

5.5 The Customer categorization for professional criteria by the Bank as per point 5.3 is valid if the assessment done by the Bank proves that the customer has the ability and knowledge to use investment services, take decisions and understand the risks arising from this activity. According to point 5.6 of the Rules the Bank has right not to request the knowledge and experience information from the customer.

5.6 The Bank has right not to request the information from the customer regarding its knowledge and experience if the transactions are done in the name of the Bank or customer and on customer behalf in the AMD denominated RA Government Bonds, which is defined in regulation 4/07 clause 36.

5.7 If the professional customer decides to be considered as nonprofessional and the Bank Agreement is in place in this case as per regulation requirements nonprofessional clauses are applied to customer (Appendix 3).

5.8 If the professional customer considers that he is not able to assess and manage the risks arising from investment activity the obligation of the professional customer is to refer to the Bank with request to consider himself as nonprofessional, which will allow the latest to be referred to regulation requirements which are applicable to nonprofessional customers.

5.9 Before entering into Brokerage Agreement with the professional customers or categorizing the customer as professional the Customer submits declaration that he is aware that in case of being categorized as professional some legal requirements would not apply to relationships between the Bank and that Customer (Appendix 3).

6. THE PROCEDURE OF REGISTRATION AND REMOVAL OF THE CUSTOMER FROM QUALIFIED CATEGORIZATION

6.1 While entering into Agreement with the professional Customer the Bank also requests the latest consent to categorize the customer as qualified investor. If the Customer consent is in place he signs the application to be considered as qualified investor provided by the Bank (Appendix 4).

6.2 Signed application is submitted by the Bank to Central Bank within 1 working day via CBANet system.

6.3 Legal entity application should be signed by head of executive body or other authorized person.

6.4 From the point of registration, the customer is considered to be qualified investor.

6.5 Professional customers who sign qualified investors application in order to be removed from Information Database should be present to the Bank application in Appendix 5.

6.6 The Bank immediately but not later than during 1 working day presents the signed application to Central Bank via CBANet system.

The Bank shall provide information on the termination of the Customer's professional status, as well as on termination of the Agreement with a professional Customer categorized as qualified investor, immediately, but not later than within 1 business day after the termination of the professional status.

7. ACCOUNT OPENING AND CONTRACT SIGNING

- 7.1 The Securities account is opened after signing the Agreement between the Custodian and the Customer and upon presenting all the necessary set of documents stipulated by the Agreement, the Rules and the internal procedure of the Custodian. All documents shall be presented in hard copies. The presentation of the above mentioned documents is not required if the Customer has previously presented them for opening a Bank or other account. If any document, including authorization, has been modified, is invalid or expired the Customer shall present the specified documents in a new edition or to submit other equivalent documents to replace them.
- 7.2 The Customer must immediately present the Custodian the amendments or additions to the documents presented for Securities Account opening and also timely inform the Custodian about the changes in the communication details and the authorities who may execute deals with the Securities Account. The Customer bears the risk of adverse consequences arising out of non-provision of the information on above-mentioned amendments in timely manner, whereas the Custodian bears no responsibility, including, but not limited to, for the Customer's failure to receive the reports, statements on time and for the Customer's losses arising from the above-mentioned failure.
- 7.3 If the Customer is a legal entity, the Agreement and the Customer Information Card is signed by the Authorized Person who acts according to the Charter or the appropriate Power of Attorney.
- 7.4 If the ownership rights of the securities registered on the Securities Account belong to several persons, the Customer Information Card must be signed by all owners or individual authorized representatives of each Customer or their General Authorized representative.
- 7.5 The signature on the Customer Information Card is verified by the Custodian, Notary or CDA. The signature of the Information Card of Authorized Person is verified by the Custodian Staff, who organizes the signing of the Customer Card or the Notary.
- 7.6 The Custodian is entitled to use the information presented in the Customer information card to meet the requirements of the RA law on "Combating Money Laundering and Terrorism Financing".
- 7.7 The numeration of the Securities Account is stipulated by the Internal Rules of the Custodian considering the Customer status, the nature of operations in the Securities market (professional, non-professional, investment companies, residence, etc.) and may be changed unilaterally by the Custodian. After the Customer notification about the numeration change, within 3 months, the Custodian undertakes to accept Customer Instructions on executing transactions with the previous Securities Account Number.
- 7.8 A Securities account for the Customer can be opened only after existence of the properly prepared and signed/approved Agreement with the Customer. By signing the Custodial Services Agreement, the Customer is not obliged to immediately provide securities to the Custodian.
- 7.9 Agreements on provision of securities custodial services are signed for indefinite period, and except for the case described in 7.10 paragraph, in case of termination of the Agreement on any other basis the Custodian shall be obliged to transfer the securities recorded on the Securities account via re-registering or transferring the securities with other Custodians within 3 working days after such termination.
- 7.10 The Agreement shall be considered as terminated if the Customer has not performed any transaction by his/her Security account within uninterrupted twenty-four months and if these accounts are held with zero balance.
- 7.11 The Customer's notification about changes made in the Rules is sent in the way preferred by the Customer at least 20 (twenty) calendar days before the changes take effect. Unless otherwise instructed by the Customer, the notifications are sent to the Customer's e-mail address specified in the Agreement. Moreover, if the changes made to the Rules are public, a reference is made to the relevant source (web page/section/subsection) in the notification. If the changes are non-public, then a certified hard copy or Electronic version with the signature of the authorized person is provided.

8. CUSTOMER INSTRUCTIONS

- 8.1 The form of the Instruction to be provided by Customer is defined in Appendix 1 of the Rules.
- 8.2 Other additional requirements for Customer Instruction may be stipulated by the Agreement.
- 8.3 For processing the deals based on the order the Bank considers,
- 8.3.1. Customer's professionalism or non-professionalism (Appendix 3),
 - 8.3.2. Conditions of customer's order
 - 8.3.3. Security characteristics mentioned in the customer's order (class, etc.)
 - 8.3.4. Specialties of the place (means) of transaction conclusion
- 8.4 The Instruction may be presented to the Custodian in hard copy, electronically¹. The instruction is considered presented if it is submitted by the Customer or the authorized Person in hard copy, or is sent electronically initially agreed with the Custodian and specified in the Agreement.

¹ Electronic Instructions may be accepted only through an Authenticated e-mail address. Besides electronically presented Instructions suppose transfer of funds/securities solely between the accounts of the same Customer with the Custodian. In the case, when the

- 8.5 When receiving the Instruction in hard copy the Servicing staff checks the authority of the person presenting it. If the Instruction is presented electronically the Custodian staff checks the compliance of the procedure of its submission with the one stated in relevant agreement on electronic communication.
- 8.6 Customer Instruction in hard copy is presented to the Custodian in two copies, one of which is kept by the Custodian while the other one is signed by the Servicing staff and returned to the Customer with the note “The instruction is accepted and will be processed if certain requirements are met”. The clauses/cases when the Custodian may reject to process the Instruction are stipulated in the clause 8.10 of the Rules.
- 8.7 When the Customer Instruction is sent electronically, the Servicing staff sends the Customer a corresponding electronic message stating the decline or approval of the instruction.
- 8.8 Before processing the Instruction, the Servicing staff checks its validity. The checking must at least include the verification of the signatures and the seal (if available) with the samples of signature and/or seal (if available) initially provided to the Custodian. If the amount mentioned in the Instruction exceeds the limits stated in the Custodian’s internal procedures, additional confirmation from the Customer will be requested by telephone:
- 8.9 After accepting the Instruction from the Servicing staff the Responsible staff processes it, in particular:
 - The Instruction will be processed on the same business day if it is accepted by 14:00. If the implementation of the Instruction assumes transfer/deposit of resources (securities and monetary funds) to the technical account of Stock Exchange or CDA, then the Instruction is processed during the next business day.
 - The instructions accepted by the Custodian after 14:00 will be processed during the next business day.
- 8.10 The Custodian has the right to reject the processing of the Customer Instruction in the following cases:
 - There is a doubt of inconsistency in the identification documents of the Customer (Authorized Person),
 - The Instruction is presented with corrections or doesn’t comply with the form presented in the Appendix 1 of the Rules or is presented with violations of the agreed procedures,
 - The submitted instruction refers to funds/securities, which are under the lien of third parties or are under hold,
 - The Instruction is inconsistent with the Agreement and/or the Rules or RA legislation and legal acts,
 - There are other reasons specified in the Agreement.
- 8.11 The Customer may cancel or make amendments to the Instruction, changing the price, value date, volume or other conditions until it is not processed by the Custodian.
- 8.12 For cancellation of the submitted Instruction the Customer should present the Custodian an Instruction in hard copy, electronically filled in according to the form specified in Appendix 2.
- 8.13 The Custodian preserves the right to reject to process the Customer Instruction, if its performance is impossible due to market conditions, business practice, etc.
- 8.14 If the Custodian refuses to process the Instruction, it immediately informs the Customer by sending a respective rejection message or advice.
- 8.15 The securities ownership rights are considered transferred after the respective records in the Customer securities account have been made. The Custodian is entitled to make records in the Securities account only if there are appropriate documentary bases for such records.
- 8.16 The Custodian bears the responsibility for safe-keeping, reliability and execution of the records on securities ownership rights under custody.

9. PROVISION OF STATEMENTS AND REPORTS

- 9.1 For every transaction on Securities Account a report evidencing the processing or rejection of the transaction is delivered to Customer. The report should contain necessary data, which allows to find the description and result of the transaction.
- 9.2 The report is treated as Custodian’s official outgoing document and serves as a ground for reflecting the operations of the Customer’s securities. All outgoing reports are registered in the Custody reports and statements register.
- 9.3 The transaction report is delivered to the Customer on the next business day of the transaction date making a relevant note in the Customer information card. If there is no instruction on the means of delivering reports in the

Instruction supposes transfer of funds/securities to a third party, it should be presented in hard copy (except the electronic Instructions, which were given through SWIFT, CBA Net systems). After receiving an electronic Instruction, a servicing staff before processing the Instruction, can confirm it with one of the Authorised persons of the Customer via recording telephone. If the call back cannot be made, that is the Customer is not available the Bank has the right to cancel the transaction.

Customer information card, the Custodian should deliver the reports only to the Customer or the authorized person.

- 9.4 To ensure the flexibility of information exchange, several methods of statement delivery may be selected by Customer or the authorized person (e.g. the use of electronic communications on condition that the original copy of the report or the statement to be delivered by post service or at the head office of the Custodian). The reports on activities with nominee accounts opened by foreign custodians with the Custodian as well as other documentation can be delivered via mutually agreed international interbank settlement systems (particularly via SWIFT or other systems).
- 9.5 If the Customer or the authorized person does not present any objection on executed transactions within 5 business days after the receipt of the report, the transaction details and the balance on the Securities Account are considered as confirmed.
- 9.6 The Customer has the right to receive any information on all Securities Accounts including the closed ones held with the Custodian for 3 years after the moment of their closure.
- 9.7 The Custodian is obliged to provide the Customer statements on Securities Accounts transactions and balances on pre-arranged periodicity (monthly, quarterly or maximum on annual bases). The statements shall contain the information and data stipulated in RA legal acts.
- 9.8 The Custodian performs periodic reconciliations of custody accounts with initially defined periodicity but not less than once a month. The outstanding discrepancies/differences found out during reconciliations should be immediately advised to the manager responsible for the Custody activities, and actions shall be undertaken for their correction.
- 9.9 On predefined periodicity, but not less than once a year, statements for securities accounted on Securities Accounts shall be sent to the Customers requesting their confirmation of the account entries.

10. TARIFFS

- 10.1 The tariffs/commissions and other costs for the Custodial Services herein are defined by the Custodian and published on its website² and also presented in the Information Booklet for Investment Services. The Custodian has the right to fix differentiated tariffs in the Agreement.
- 10.2 The Custodian can unilaterally change the tariffs. The Customer is being informed about the changes via the website of the Custodian, where the amendments to the tariffs are being placed. The Custodian's website shall also include a note about the date of placement of amendments. In the event of an increase in fees/commissions and other costs, the Customer's notification shall be sent by the Customer's preferred method. Unless otherwise instructed by the Client, notifications are sent to the Customer's email address specified in the Agreement. Moreover, if the changes made in the tariffs are public, a reference is made in the notification to the relevant source (web page/section/ subsection). If the conditions are non-public, then a certified hard copy or electronic version with the signature of the authorized person is provided.
- 10.3 The amended tariffs enter into force and become binding for Customer 20 (twenty) calendar days after notifying the Customer in accordance with the Rules and RA legal acts.

11. SECRECY

- 11.1 The Custodian staff is obliged to ensure the secrecy of the information on securities accounts. The following information is considered as secret:
- The information about the Customer,
 - The information about the Securities accounts,
 - The information about activities conducted on the Securities accounts,
 - Other information which is considered as secret by the Customer request, Contract or provisions stipulated by RA legislation.
- 11.2 The information on the Securities account with the Custodian can be provided only to the Customer, Authorized Person, to other persons stipulated by RA legislation. The Customer hereby agrees that the Custodian uses the Customer's electronic mail address, mobile phone number and other communication details for the purpose of sending to the Customer informative and advertising materials related to the services rendered by the Custodian. The Customer hereby agrees that for the purpose of processing the Customer's data the Custodian may use the services of HSBC Group member or other companies and shall be entitled to transfer to the later such data. The Customer's data shall be protected in accordance with privacy and security procedures of HSBC Group irrespective of whether such data is processed in or outside the territory of the Republic of Armenia and may be used only according to the instructions of the Custodian. The Custodian shall be liable for any losses incurred by

² <https://www.business.hsbc.am/en-gb/investment-services/custody-services>

the Customer if such losses result from negligence/breach of data protection privacy and security standards by these companies.

The Custodian shall be entitled to collect the Customer's data and provide to HSBC Group member companies and foreign competent authorities for the purpose of ensuring financial crime risk management activity and tax compliance obligations. The procedure and terms of collection and usage of subject information is stipulated in a document "Collection and use of Customer information (Financial crime risk management and tax compliance) - terms and conditions", which is inseparable part of the Rules and is available on the Custodian's website³

12. CONDITIONS ON PROVIDING AND TERMINATION OF SECURITIES SERVICE PROVISION

- 12.1 The servicing and termination of servicing of securities by the Custodian is made by including and excluding the Securities form the list of Securities serviced by the Custodian.
- 12.2 The Securities list serviced by the Custodian is provided to the Customer upon the request.
- 12.3 Redemption, interest calculation and payment of the Securities serviced by the Custodian shall be made on the day of the Securities redemption or interest payment by crediting the Customer's AMD account with the Bank, and only in the case of a foreign currency account, with a foreign currency amount equivalent to the AMD at the selling rate set by the Bank. Being a sub-custodian of RA Government Securities at the Central Bank of RA, the Bank receives funds in Armenian drams in the amount of the same redeemable Securities or interest paid to its correspondent account at the Central Bank of RA.
- 12.4 The Custodian may terminate the servicing of the securities if the securities are matured or declared void, in case of liquidation of the issuer as well as when there are amendments in the terms of circulation of securities that confine the servicing of the securities by the Custodian.
- 12.5 The Custodian has no right to terminate the servicing of the securities if they are registered on the Customers Securities Account except of the cases provided in 12.5 Paragraph
- 12.6 The Custodian is obliged to advise the Customer about the termination of Custody service or its license, as well as in cases of termination of the custodial agreement or liquidation within a week. In the case the Customer is obliged to provide all necessary information within 30 days necessary the Custodian to transfer and re-register Customer Securities with another custodian (including foreign custodian).
- 12.7 The Custodian transfers the Customer securities to another custodian for re-registration within 3 business days after receiving the Customer Instruction. The transfer of the Customer securities is executed as described in the chapter 8 of the Rules.
- 12.8 In cases determined by Paragraph 12.5 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).
- 12.9 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.
- 12.10 The Custodian is obliged to ensure the maintenance of the information about the registered Securities on the Customer Securities account and the transactions exacted by them, which are excluded from the list of servicing securities.

13. SECURITIES RECORD KEEPING

- 13.1 The Custodian performs the record keeping of Securities and securities-driven rights. Securities Accounts record keeping is carried out separately for each Customer. The record keeping is performed for the Customers on the off balance sheet accounts defined in the Agreements.
- 13.2 The custodian provides separate registration of rights to securities belonging to him and his customers (in case of documentary securities, separate safekeeping).
- 13.3 The securities record keeping is performed as per the owners (Customers) of the securities and the general account for all Customer securities.
- 13.4 The securities on the Custodian Securities Accounts are recorded on double entry basis. Each security of the Customer is reflected on two accounts: on the security account of the Customer and on the securities general account for all Customers. The sum of all separate Customer Securities Accounts held with the Custodian is equal to the balance of the general securities account under the ownership of Customers.

³ <https://www.business.hsbc.am/en-gb/liquidity-liability-and-investments/terms-and-conditions>.

- 13.5 The securities record keeping is performed by the number of securities – per unit, or volume – expressed in currency equivalents.
- 13.6 The person providing Custody has the right to open only securities own account and use Custodial services.

14. COMPLAINTS

15.1 The complaints related to the Custody Services are accepted and discussed according to the HSBC Bank Armenia CJSC Customer Complaint Handling Procedure.

15. CONFLICT OF INTERESTS

- 15.1 The Bank staff is obliged to
- 15.1.1 Provide investment and non-basic services on a proper professional level, accurately and attentively, acting in good faith, in clients' interests,
 - 15.1.2 abstain from concluding transactions that may cause conflict of interests between itself and its clients when it is impossible, give preference to the interests of clients,
 - 15.1.3 while providing custody services, take adequate measures to prevent a conflict of interests between itself and its clients or between its different clients, and when it is impossible, take measures to reduce them;
 - 15.1.4 Adhere to the RA laws and Banks internal legal acts regulating investment activity,
 - 15.1.5 To place the interest of the customer before the interest of the Bank and avoid entering into transactions which can negatively affect the Customer or the Bank,
 - 15.1.6 Ensure the investors (customers, partners and market participants) rights protection,
 - 15.1.7 In their scope of authority inform their Supervisors about possible breaches, as well with regards to activity in which the Bank can be considered as an interested party according to the RA legislation.
 - 15.1.8 Introduce effective organizational and administrative measures to prevent a conflict of interests related to its drafting and dissemination of investment proposals.

16. AMENDMENTS AND SUPPLEMENTS TO THE RULES

- 16.1 The Custodian unilaterally makes amendments and supplements to the Rules.
- 16.2 The Customer is being informed about the amendments and supplements to the Rules via Custodian's website⁴. There will also be a note on the Custodian's website about the date of the placement of the amendments.
- 16.3 The Bank notifies the Customer about all changes and additions made by the Bank to the Rules in the manner and within the time limits specified by clause 7.11 of the Rules. Moreover, the revised Rules are also posted on the Bank's website, with mandatory note on the date of posting these changes.⁵
- 16.4 In case of amendments and/or supplements, made to the valid legislation, the Bank shall be guided by these amendments and/or supplements until the adjustment of the Rule to the requirements of the new legislation.

⁴ <http://www.hsbc.am>

⁵ In case of discrepancies between the Armenian and English versions of these Rules, the Armenian version shall prevail.

On implementation of transactions with securities

Instruction

DATE _____

1 Securities Account	
Securities Account Number	Customer
Securities Account Section	

2.Information related to the receiver of securities and his/her account requisites	
Securities account number of the receiver	Place of safekeeping of securities
Grounds for withdrawal of securities	
<input type="checkbox"/>	Buy/sale
<input type="checkbox"/>	Donation
<input type="checkbox"/>	Heritage
<input type="checkbox"/>	Reorganization
<input type="checkbox"/>	Court order
<input type="checkbox"/>	Other grounds
The name and requisites of the document on the ground of which the withdrawal is made (the grounds are attached)	
Additional conditions for implementation	

3. Securities description		
Issuer of securities	Class of securities, registration number and its identification code	The quantity of securities

4. The grounds for the securities transaction			
Transaction date	Agreement ref. number	Value date	Transaction amount

Signature

Instruction is accepted

Full name of the representative

Customer signature is verified

Position

Authorized staff Name, Surname, Signature)

SEAL.

INSTRUCTION CANCELLATION FORM

Please cancel the instruction N: _____ presented to “HSBC Bank Armenia” cjsc on
 _____ (date, time) according to Custody Services N: _____ Agreement with the details provided
 below:

N	Issuer's Name	Securities Class	Grounds for withdrawal of securities (Buy/sale, Donation, Heritage, Reorganization, Court order, Other grounds	Receiver of securities and requisites	Number of Securities	Securities Face Value	Securities account number

Customer Name, Surname/Name: _____

Customer Signature: _____

SEAL.

Date _____

For Custodian use only

Signature verified _____

 (Authorized staff Name, Surname, Signature)

**DECLARATION ON CLASSIFICATION OF CUSTOMER/S IN TERMS OF PROFESSIONAL OR NON-
PROFESSIONAL CATEGORIES IN THE COURSE OF CUSTODY SERVICES**

According to Customer initiation the Bank can categories those customers as professional who meets at least two criteria below,

- ☐ The customer has carried out 10 or more transactions in securities market at an average quarterly basis over the four quarters preceding submission of the application, moreover, the average value of one transaction is equal to at least one million Armenian dram.
- ☐ At the moment of submission of application, the size of the customer securities portfolio exceeds 100 million Armenian dram.
- ☐ The customer has at least 2 years of professional experience in the financial market, requiring the knowledge in the services the customer applies to be categorized as professional.

Based on the above

During the course of receiving custody/investment services the ----- company hereby:

- ☐ gives consent to be categorized as a professional customer
- ☐ does not give consent to be categorized as a professional customer.

We are informed, and we accept thereon, that certain requirements aimed at legislative protection of customers will not be applicable if we are categorized as professional customers, and for that reason we will be deprived from protection to a certain degree. Namely, we are aware that if registered in Central Bank's Information Database of Qualified Investors, we may no longer fall under the legislative requirements aimed for the protection of investors.

Customer Name, Surname

Passport Number

Signature

Seal

For Bank use only

Signature verified

Authorized staff Name, Surname, Signature

APPLICATION OF PERSON FOR REGISTRATION AS
QUALIFIED INVESTORApproved by the Republic of Armenia Central Bank Board
Resolution No 69-N, March 11, 2008

PART A

To: The Central Bank Chairman

Dear Mr.: -----

I. In case of meeting Regulation 4/07 14.4) requirement, below statedI, -----(company name of legal person of qualified person), -----
certify that I meet at least two of the following criteria provided below, particularly,

- ☐ I have carried out 10 or more transactions in securities market at an average quarterly basis over the four quarters preceding submission of the application, moreover, the average value of one transaction is equal to at least one million Armenian dram.
- ☐ At the moment of submission of application, the size of my securities portfolio exceeds 100 million Armenian dram.
- ☐ I have at least 2 years of professional experience in the financial market, requiring the knowledge in the services I applies to be categorized as professional.

II. In case of meeting Regulation 4/07 14.1 requirement, below statedI, -----(company name of legal person of qualified person), -----
certify that I meet at least two of the following criteria provided below (put a check mark in respective sell), particularly,

- ☐ I have carried out 10 or more transactions in securities market at an average quarterly basis over the four quarters preceding submission of the application, moreover, the average value of one transaction is equal to at least one 500000 Armenian dram.
- ☐ At the moment of submission of application, the size of my securities portfolio exceeds 100 million Armenian dram.
- ☐ I have at least 1 years of professional experience in the financial market, requiring the knowledge in the services I applies to be categorized as professional.

III. In case of meeting RA Securities Law Article 3 clause 23-point e requirement, below statedI, -----(company name of legal person of qualified person), -----
certify that I meet at the criteria below,

- ☐ To be registered in the Central Bank in accordance with RA Law on Securities as qualified investor.

We are informed, and we accept thereon, that certain requirements aimed at legislative protection of customers will not be applicable if we are categorized as professional customers, and for that reason we will be deprived from protection to a certain degree. Namely, we are aware that if registered in Central Bank's Information Database of Qualified Investors, we may no longer fall under the legislative requirements aimed for the protection of investors.

Please register us as a qualified investor in accordance with the Republic of Armenia legislation.

Applicant (authorized representative of applicant) name and surname -----

I certify that I am authorized on behalf of -----

(company name of legal person of qualified person)

to submit this application to the Central Bank for registering him as a qualified investor (this line shall be filled out in case if authorized representative is available).

Signature of applicant (applicant's authorized representative). In case of submission of application in electronic form, signature of the applicant (applicant's authorized representative) is not required. -----

Date -----

* put a check mark«V» in case of meeting criteria

PART B

INFORMATION

The Central Banks shall place information from Part B in the Database of the qualified investors which can be provided to issuers.

According to the Republic of Armenia Law “On Securities Market”, in case of registration in Database of the Central Bank for Qualified Investors there is no obligation to publish Prospectus for Issuer who offers you securities. Therefore, any rights that may accrue from Prospectus will not apply to you.

A letter will be send to you at the address indicated in this document, informing that you are included in Database of the Central Bank for Qualified Investors.

Registration of a qualified investor shall be in force by June 30 of the year following the submission of application, unless you applied for revocation by an earlier period. This clause is not applicable to the qualified investors which are registered as qualified investors via investment services providing entity. In this case, your registration as qualified investor is valid until you are a professional customer of this particular investment services providing entity or till the time when then the you via investment services providing entity present application to Central Bank to be deregistered from Information Database.

Your obligation is to inform Central Bank that you no longer meet the regulation requirements of being categorized as qualified investor. This clause is not applicable to the qualified investors which are registered as qualified investors via investment services providing entity (in this case the changes are presented to Central Bank via this investment services providing entity).

In case if any information is changed, you may apply to the Central Bank with a request on making relevant changes to the Database. This clause is not applicable to the qualified investors which are registered as qualified investors via investment services providing entity (in this case the changes are presented to Central Bank via this investment services providing entity).

Name and surname of the qualifying
legal person

Name and surname of the qualifying
legal person

Place of residence (address), including phone
number

E-mail address

Date -----

APPLICATION OF QUALIFIED INVESTORS FOR DEREGISTRATION

To: The Central Bank Chairman

Dear Mr.: -----

Please remove me/us _____ from Database of the Central
(name of physical/legal person, registration number in Database)
Bank for Qualified Investors, in accordance with the Republic of Armenia legislation.

Applicant (authorized representative of applicant) name and surname -----

I certify that I am authorized on behalf of ----- to submit this application to the
(Company name of legal person of qualified person)
Central Bank for removing him from the Database of qualified investors.

Signature of applicant (applicant's authorized representative). In case of submission of application in electronic form, signature of the
applicant (applicant's authorized representative) is not required. -----

Date -----