

"APPROVE"

General Director

"Eurasian currency and stock exchange
investment exchange "Union"

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REGULATION

ON

DEPOSITORY

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INDEPENDENT STRUCTURAL DIVISION

"Eurasian currency and stock investment exchange "«Union»"

Bishkek-2020

1. GENERAL PROVISIONS

1.1 the Regulation on Depository — a separate structural division of Open joint stock company "Eurasian currency and stock investment exchange "Union" (hereinafter — Regulations) defines the competence, tasks, functions, duties, rights, procedure of formation and activities of independent structural units of the Depository, Open joint stock company "Eurasian currency and stock investment exchange "Union" (hereinafter – Exchange "Union") and its officials.

* The Depository is an independent structural division of the Exchange;

• The Depository is headed by the Director of the Depository, who is a member of the Board of Directors of the Union Exchange»;

• Performing Depository activities is the sole function of the Depository;

* The staff schedule, forms and procedure for remuneration of employees of the Depository, and their work regulations are determined in accordance with the internal regulatory documents of the «Union» Exchange.

1.2. the following basic concepts are used in this Regulation:

a Depository is an independent structural division of the «Union» Exchange, which has a license to conduct Depository activities. its main activities are:

- registration of rights and (or) transfer of rights to securities;

- clearing of securities transactions;

- accounting and (or) storage of securities and funds of depositors on the basis of a Depository service agreement;

securities clearing is a system of settlement of mutual obligations and claims of participants in investment operations among the members and partners of the UIS, which results in the necessary investment operations;

cash clearing is a system for calculating mutual obligations and requirements for transferring funds related to investments in socially significant projects, which result in the necessary operations for crediting funds to the accounts of members and partners of the EIU;

delivery of securities — transfer of rights to securities through transfers to depo accounts or their physical transfer to other financial organizations;

owner of securities — a person who owns the securities by right of ownership;

depositor — a person who uses the services of the Depository on a contractual basis;

authorized depositor — a depositor who is a participant in the investment market.

unauthorized depositor — a depositor who is not a participant in the investment market;

a Depository service agreement (hereinafter referred to as a Depository agreement) is an agreement between a Depository and a depositor that regulates their relations in the course of Depository activities;

a Deposit account is a set of entries in the Depository's accounting registers that provides registration of depositors' details, accounting for the client's funds and securities, and fixing the client's rights;

authorized custody account — a custody account with an authorised Deposit which is a separate accounting of securities and monetary funds of the depositor;

unauthorized depo account — a depo account of an unauthorized depositor, where only its own securities and funds of the depositor of a member or Partner of the EIU are recorded;

internal documents of the Depository — documents approved by the Depository on the implementation of Depository and related activities, containing, in particular, the established rules and standards for conducting Depository operations and their accounting;

securities storage — a Depository service for ensuring the safety of securities and funds entrusted for storage;

instruction to the Depository — a document containing instructions to the Depository and serving as the basis for performing a Depository operation or a group of sequentially related Depository operations.

2. MAIN TASKS OF THE DEPOSITORY

2.1. the main tasks of the Depository are:

- organization and implementation of Depository activities to support investment projects;
- provision of storage and/or accounting services;
- * accounting for the transfer of ownership rights to securities and cash;
- * protect and protect the confidentiality of depositors ' information.

2.2. the Depository is obliged to provide the conditions necessary for the Performance of its functions, including:

- * creating a system for keeping records of Depository operations that provides complete and reliable information;
- * provide conditions for separate storage of securities and / or accounting of rights to securities of each depositor, as well as separate storage of securities and / or accounting of rights to securities of depositors and securities;
- * promote the development and improvement of digital technologies for conducting operations and electronic document management of the Depository, including procedures for recording all transactions in the internal documents of the Depository, the procedure for processing documents by the Depository, storage and subsequent use of documents, including in accordance with the terms of the EDI Regulations;
- * develop internal control rules to ensure the integrity of data, including in case of emergencies, delimit access rights and ensure the confidentiality of information, which prevent the Depository from using this information in its own interests;
- * follow procedures that prevent the use of information obtained in connection with the exercise of professional activities for purposes not related to this activity;
- * define a system of measures aimed at reducing the risks of performing Depository activities, as well as identify measures to reduce the risks of combining Depository activities with other types of professional activities in the securities market;
- * develop an effective system for handling complaints and requests from depositors, using digital techniques and innovative technologies.

2.3. the tasks provided for in the clauses of these Regulations are performed by the «Union» Exchange if it has a license to perform Depository activities.

2.4. The specifics of the Depository's activities are established By the law of the Kyrgyz Republic "on the securities market". the Depository performs actions to provide the following types of services to depositors:

- * storage of securities (documentary securities and securities certificates) and depositors ' funds;
- * transfer of information related to the ownership of a security from the Issuer (register holder) to the depositors/clients of the depositors (hereinafter referred to as the client) and from the depositors (clients) to the Issuer (register holder) of the securities;
- on behalf of the depositor, receiving income on securities held in the Depository, followed by their transfer to the depositors '/clients ' money accounts;
- * accounting for encumbrances (i.e. accounting for the imposition of obligations on securities in the case of their registration as collateral) of securities of depositors (clients) with obligations, as well as the termination of obligations;
- * execution of orders for the transfer and receipt of securities and funds of depositors (clients);
- * transfer of securities certificates on behalf of depositors (clients) to third parties;
- verification of securities certificates for authenticity;
- * clearing of securities and cash;
- collection and transportation of securities;
- * withdrawal of securities certificates from circulation in accordance with the terms of their circulation;
- * registration of securities transactions;
- operating as a nominee holder;
- control over execution of orders for securities and funds of depositors (clients);
- * making investment settlements on operations with securities.

2.5. all types of services provided by the Depository to depositors (clients) are performed in accordance with the internal documents of the «Union» Exchange and the Depository agreement.

3. FUNCTIONS OF THE DEPOSITORY

3.1. to perform the tasks assigned to it, the Depository performs the following functions:

- * provides depositors (members and partners of the EIU) with services for accounting and certification of rights to securities, accounting and certification of transfer of securities, including cases of encumbrance of securities with obligations;
- * maintains custody accounts and provides the depositor with information about the status of the custody accounts opened for him in the Depository;
- * provides the depositor, in accordance with the procedure established by the Depository agreement, with services that facilitate the exercise by the owners of securities of their rights under securities, including the right to participate in the management of joint-stock companies, to receive dividends, income and other payments on securities;
- * provides related services to the depositor in accordance with the Depository agreement.

3.2. the Depository conducts expertise and consultations for participants of the securities market and employees of the Depository who use securities in their activities.

3.3. the Depository may interact with professional organizations of participants in the stock, investment, and financial markets directly or legally formalizing relationships through the «Union» Exchange.

3.4. the Depository prepares reference and reporting documents on the requests of the exchange's divisions and the Exchange itself, on its activities.

3.5. the Depository may also perform other services related to the implementation of Depository activities provided for by the legislation of the Kyrgyz Republic;

3.6. the Depository interacts with other structural divisions of the «Union» exchange in its activities and assists Them in providing professional documents of an informational nature.

4. DUTIES OF THE DEPOSITARY

4.1. the Depository is obliged by the nature of its activity to:

* provide services for the storage of securities certificates and / or accounting and transfer of rights to securities in accordance with the regulatory legal acts of the EIU;

- provide separate storage of securities and/or accounting of rights to securities of depositors of the members and partners of EIU, for these purposes, the Depository shall act as nominal holder of securities of depositors members and partners ENI in the register of holders of registered securities or in another Depository, and to ensure separation of accounts opened in the register of holders of registered securities or accounts of another Depository, with the transfer of rights to account for its own securities, Exchange "Union" and account for securities of depositors;

* ensure separate storage of securities and / or accounting of rights to securities of each depositor from securities of other depositors of the Depository, in particular, by opening a separate Deposit account for each depositor;

- to ensure the transmission of information and documents necessary for the exercise of securities holders' rights on their securities from the issuers or holders register of securities holders to the securities holders and securities holders to issuers or holders of registers of owners of securities, including by obtaining information about securities owners, necessary to the exercise of rights under securities by the Depositories — depositors of the Depository;

* ensure that the owners of securities exercise their rights under the securities they own in accordance with the procedure stipulated in the Depository agreement with the depositor;

* transfer securities belonging to the depositor at its first request, by re-registering registered securities in the name of the owner in the register of registered securities owners, or opening an account in another Depository specified by the depositor, as well as by returning certificates of documentary securities and transferring them to another Depository specified by the depositor (in this case, the transfer of securities of the depositor to another Depository specified by the depositor is not carried out in the following cases, when, in accordance with the requirements of regulatory legal acts of the Kyrgyz Republic, another Depository cannot service this issue of securities.

4.2. the Depository may perform operations with securities of depositors only on behalf of these depositors or their authorized persons, including account Trustees, and within the time period established by the Depository agreement.

4.3. the Depository must make records on the depositor's depot account only if there are documents that are the basis for making such records Under the instructions of the «Union» Exchange.

4.4. the Depository is obliged to register the facts of encumbrance of securities of depositors, as well as other rights of third parties in accordance with the procedure provided for by the Depository agreement.

4.5. The Depository is obliged to take all measures provided by legislative acts of the Kyrgyz Republic and other normative-legal acts of the Kyrgyz Republic on protection of the rights of a bona fide purchaser for securities held by it and to prevent the withdrawal of securities from a bona fide purchaser and in accordance with the Depository agreement to provide:

- on behalf of the depositor, the securities transfer to the specified client securities account in the Depository and any other Depository (with the securities of the depositor to another Depository specified by the depositor, shall not apply in the cases when in accordance with the requirements of the normative legal acts of the Kyrgyz Republic other Depository is unable to service the issuance of securities in accordance with the regulatory legal acts or on other legal grounds);
- transfer of registered securities to a personal account in the register of registered securities holders on behalf of the depositor;
- * accepting securities transferred to depositors' accounts from other Depositories or from the Registrar and/or other financial institution;
- acceptance of securities certificates for storage;
- * ensure that securities certificates are issued to the depositor's accounts in other financial institutions at the request of the depositor.

4.6. Take all measures provided for by the state laws of the Kyrgyz Republic and its other regulatory legal acts to protect the interests of depositors when performing corporate actions by the Issuer.

4.7. The duties of the Depository include:

- * provide the necessary conditions for the safety of securities certificates and electronic records of rights to securities of depositors, including through the use of systems for duplicating information about rights to securities and a secure system for storing electronic records. In particular, all documents, journals, reporting materials and records of Depository accounting are stored in the Depository, including from the date of receipt of the document to the Depository and making the latest changes or adjustments to the record in electronic form, according to the "EDI Regulations" for at least five years;
- * ensure the protection and confidentiality of information by establishing the procedure for access of Depository employees to information related to Depository activities;
- * provide the depositor with reports on operations performed with its securities, which are stored and / or rights to which are recorded in the Depository (in this case, reports and documents are provided within the terms established by the Depository agreement);
- to provide conditions for carrying out control of execution of Depository activities;
- * notify its depositors of such combination in case of combining Depository activities with other types of professional activities in the securities market;
- * interact with registrars and correspondent depositories on issues related to accounting of rights to securities, as well as dividends, corporate actions, etc. and store primary documents on these issues;
- * preparation of Depository reports for depositors, senior management and regulatory authorities;
- * compliance with the requirements of the legislation of the Kyrgyz Republic on securities and other state regulatory legal acts of the Kyrgyz Republic.

5. RIGHTS OF THE DEPOSITARY

5.1. the Depository uses digital technologies in its activities on the basis of creating an electronic Depository and keeping records of Deposit operations in accordance with the terms of the EDI Regulations, including digitizing securities on paper.

5.2. the Depository is entitled to perform actions with securities on behalf of the depositor in cases stipulated by the Depository agreement.

5.3. the Depository has the right to provide the depositor with related services that improve the quality of the Depository service on the basis of the Depository agreement.

5.4. The Depository may become a depositor of another Depository (open Nominee accounts) on the basis of the agreement concluded in respect of securities of clients, custody contracts which contain no prohibition on the conclusion of such contract.

5.5. The Depository is entitled to receive from the issuers or Registrar information and documents relating to securities of depositors.

5.6. Carry out its activities as a Nominee holder.

5.7. the Depository may perform other actions related to the implementation of Depository activities in accordance with the legislation of the Kyrgyz Republic and other regulatory legal acts of the authorized state Executive body of the Kyrgyz Republic in order to ensure the interests of depositors.

6. MANAGEMENT OF THE DEPOSITARY, REQUIREMENTS FOR EMPLOYEES OF THE DEPOSITARY

6.1 the Depository is headed By the General Director of the Exchange;

6.2. the Staff schedule, forms and procedure for remuneration of employees of the Depository, and their work regulations are determined in accordance with the Exchange's regulatory documents.

6.3. The limits of authority of the Depository's employees are determined by this Regulation and the job description.

6.4. the Depository's Specialists are guided in their activities by the legislation of the Kyrgyz Republic and internal regulatory legal acts of the Exchange regulating the implementation of Depository activities, as well as The exchange's Charter, this Regulation, the Depository agreement with the depositor and other local regulatory documents of the Exchange.

6.5. the head and specialists of the Depository must meet the qualification requirements established by the regulatory legal acts of the Kyrgyz Republic.

7. INTERACTION WITH OTHER DIVISIONS OF THE EXCHANGE AND TERMS AND PROCEDURE OF OPERATION

7.1. in its activities, the Depository interacts technologically with the Union for the promotion of socio-economic development of the regions "Eurasian Investment Union", branches, additional and operational offices of the Union Exchange and the following internal divisions of the Union Exchange:

- The Administrative Staff Of The Union Exchange»;
- * Specialized Committees Of The «Union» Exchange:
- * Accreditation Committee;
- Listing Committee;
- Evaluation Committee;

- The Issue Committee;
- * Exchange Departments:
 - Department of information services;
 - Foreign Exchange Department;
 - Audit and accounting Department;
 - The Exchange Arbitration;
 - Clearing house and its own Electronic Investment System.

7.2. the Depository ensures the integrity and security of the accounting and reporting system for Depository operations with securities and cash.

7.3. the exchange Controls the activities of the Depository on the basis of legislative acts issued by the authorized state body for the securities market in accordance with the procedure established by regulatory and legal acts of the Kyrgyz Republic.

7.4. for violations of the requirements of regulatory legal acts of the Kyrgyz Republic, the management and employees of the Depository are responsible in accordance with the legislation of the Kyrgyz Republic.

7.5. in case of detection of violations by the Depository of the requirements of regulatory legal acts of the Kyrgyz Republic, the authorized state body for the securities market shall take measures against it in accordance with the legislation of the Kyrgyz Republic.

7.6. all internal documents of the Depository regulating professional activities must comply with the regulatory legal acts of the Kyrgyz Republic.

7.7. the Depository is Reorganized in accordance with the procedure and conditions stipulated by the Exchange's internal documents and regulatory legal acts of the Kyrgyz Republic.