ITS Central Securities Depository Business Rules

Contents

Definitions and Interpretation

Save where the context otherwise requires, the following words and phrases shall have the following meanings in these **Rules**:

Account	means an **Account** established for a **Client** in the **Depository**.
Acceptance of Securities	means **Depository** operation wherein **Securities** are credited to the **Account**, transferring legal title to the nominee for recording the **Securities** in the **Depository**. The terms "Acceptance," "Accepting," and "Accepted" shall be interpreted accordingly.
Admitted Securities	means the **Securities** and/or any other investments approved for admission to the **Depository** in accordance with these **Rules** and as specified in the **Procedures**.
AFSA	means Astana Financial Services Authority.
AIFC	means the Astana International Financial Centre.
AIFC Court	means the Court established in Astana and having jurisdiction to adjudicate on certain disputes as indicated in Article 13 of the Constitutional Statute on the **AIFC**.
AIFC Framework Regulations	means the Astana International Financial Centre Financial Services Framework Regulations as amended and/or supplemented from time to time.
ITS CSD	means International Trading System Central **Securities Depository** Limited
Applicant	means a **Person** who has applied to become a **Client**.
Articles of Association	means the **Articles of Association** of the **ITS CSD** as amended and/or supplemented from time to time.
Authorised Signatory	means, in respect of a **Client**, each **Person Notified** by the **Client** in accordance with **Rule** 2.9.1.
Bank	means a legal entity licensed by the relevant regulator to perform **Bank**ing activities and services (including payment services), approved by the **ITS CSD** and which meets requirements that the **ITS CSD** may establish from time to time in the **Procedures** with respect to the financial ability, **Personnel**, facilities, equipment, **Procedure**s of the **Bank**s and other relevant matters, and provides the **Clients** and the **ITS CSD** with facilities to effect payment in accordance with the **Rules** and the **Procedures**.
Board	means the **Board** of **Director**s of the **ITS CSD** (including any committee of the **Board** of **Director**s to which powers have been delegated in accordance with the **Articles of Association** or these **Rules**).
Business	means, in relation to a **Client** or the **ITS CSD**, the **Securities** services or other services conducted by the **Client** or the **ITS CSD**, as the case may be, in terms of the **Law** and these **Rules**.
Business Day	means a day on which the **ITS CSD** is open for **Business** as determined by the **ITS CSD** and as set out in the **Procedures**.
Client	means any **Person** acceded to the **Rules** and who uses the services of a **Depository**, or any **Person** that has applied to become a **Client** in the manner set out in these **Rules** and any applicable **Procedure**, and that has been accepted by the **ITS CSD** and designated by the **ITS CSD** as a **Client**. Subject to the foregoing, and without limitation, it is anticipated that the following type of **Persons** may be admitted as **Clients**: - trading member of **ITS**; - Custodian; - Central **Securities Depository** - ITS acting as **CCP**
Clearing Instruction	Means an **Instruction** given by **ITS CCP** as an **Account**

	operator in respect to a *Transaction* on *Trading Account*
Trading Account	means a classification of an *Account* established for a *Client* in *Depository* for holding *Securities* participating in clearing, with *ITS CCP* acting as an *Account* operator.
Control	means the ability of one *Person* or group of *Persons Acting in Concert* (*Person* A) (whether or not exercised and whether or not exercisable with or without the consent or concurrence of any other *Person*) to: (a) *Control*, including *Control* the appointment or removal of, 25% or more of the *Persons* who have the capacity to determine the outcome of decisions concerning the financial and operating policies of another *Person* (*Person* B), and where *Person* B is a company, includes the ability of *Person* A to *Control*, including *Control* the appointment and removal of, 25% or more of the *Directors* of *Person* B; and/or (b) exercise, or *Control* the exercise of, 50% or more of the legal or beneficial ownership rights in respect of that *Person* (*Person* B), and where that *Person* is a company, includes the ability of *Person* A to *Control Persons* who hold or *Control* 50% or more equity *Securities* or voting rights in *Person* B.
Corporate Action	means the actions of the *Issuers* with respect to security holders such as any action relating to specifying dates for book closures, record dates, dates for payment of interest or dividend, dates for annual general meetings, dates of redemption or *Maturity* of *Securities*, dates of conversion of debentures, warrants, call money dates, rights issues, bonus shares, consolidations, initial public offerings, private placements, mergers and such other actions taken by the *Issuer* from time to time.
Corporate Offer	means a takeover offer, scheme of arrangement, amalgamation or other offer acceptance of which would result in disposition or replacement of all or part of a holder's interest in the *Securities*.
Default Event	means an event or circumstance referred to in *Rule* 6.1.1.
Depository	means *ITS CSD* division operates all the *Securities Transaction*s in accordance with these *Rules*.
Depository Account	means an *Account* at the *ITS CSD* where *Securities* are recorded.
Depository Transaction or *Transaction*	means a *Transaction* resulting from an *Instruction* given under *Rule* 4.1.1.
Director	means: (a) in relation to a company, any *Person* occupying the position of *Director* of the company, by whatever name called; (b) in relation to any other entity, any *Person* occupying a position of management and *Control* in that entity that is comparable with that of a *Director*, by whatever name called and (c) in relation to a *Client*, includes a *Person* in accordance with the directions or *Instruction*s of whom that *Client*, or any *Person* referred to in (a) or (b) is accustomed or required to act.
Withdrawing of Securities	means *Depository* operation, the result of which is the *Withdrawing of Securities* from the *Account*
EDMS	means *Electronic document* management system of the ITS Tech Limited, used for the purpose of electronic interaction between *Client*s and the *Depository*
Electronic document	means documented information presented in electronic form, that is, in a form suitable for human perception using electronic computers, as well as for transmission over information and

	telecommunication networks or processing in information systems.
Electronic signature	means information in electronic form that is attached to or otherwise associated with other information in electronic form (signed information) and that is used to identify the **Person** signing the information.
Error	means an **Error** or oversight of any kind and arising for whatever reason, by the **ITS CSD** a delay, deficiency or failure on the part of the **ITS CSD**, arising for whatever reason and in any case.
Financial Institution	a **Bank**, custodian, intermediate broker, **Settlement** agent, clearing house, exchange and/or "over the counter" counterparty
FOP Instruction	means an **Instruction** where the delivery of **Admitted Securities** is made without a delivery of money
Instruction	means: - an **Instruction** given by a **Client** in respect to a **Transaction** and/or in an **Account**; and/or - an **Instruction** or other action by the **Depository** in respect of a **Transaction** and/or an **Account**;

Insolvent	means, in respect of a **Person**, the occurrence of any of the following:
	- an application or order is made, or a resolution is passed or proposed for the appointment of an administrator in respect of the liquidation, dissolution or winding up of the **Person** or the removal from the relevant register of the **Person** or any action, legal proceedings or other **Procedure** or step is taken in relation to the same;
	- a liquidator, receiver, manager, statutory manager, trustee, administrator, inspector, or similar official is appointed in respect of a **Person** or any of its assets, whether by a court, by the **Person**, by its creditors or otherwise or the **Person** is declared to be at risk of its
	
	Business, or any action, legal proceedings or other **Procedure** or step is taken in relation to the same;
	    - any action, legal proceedings or other **Procedure** or step is taken in relation to: • the suspension of payments, a stay or moratorium on payment or recovery of any indebtedness, winding-up, dissolution, administration or reorganization (by way of voluntary arrangement, scheme of arrangement or otherwise) of the **Person**;
	    • a composition, assignment or arrangement for the benefit of or with any creditor or class of creditors of the **Person**;
	    • the appointment of a liquidator, receiver, administrator, administrative receiver, compulsory manager or other similar officer in respect of the **Person** or any of its assets; or
	
	    - a moratorium or administration is proposed, ordered or arranged;
	    - a **Person** is unable to, or admits inability to pay its debts as they fall due or is deemed, declared or presumed by **Law** to be unable to pay its debts as they fall due;
	    - a **Person** suspends, stops or threatens to suspend or stop making payment on any indebtedness;
	    - a **Person** ceases, or threatens to cease, to carry on all or a material part of its **Business**;
	    - a distress, execution, attachment or other legal process is claimed or issued against any of the assets of a **Person**;

	and the term "*Insolvency*" shall be interpreted accordingly.
ITS CCP	means ITS Ltd., Operating a Clearing House acting as a Central counterparty that interposes itself between the counterparties to the contracts traded on one or more financial markets, becoming the buyer to every seller and the seller to every buyer. *ITS CCP* provides clearance and *Settlement* of *Transaction*s in *Securities*.
Issuer	means any legal entity who issues *Securites*
Law	means the Acting law of the Astana International Financial Centre as defined in the Article 4 of the Constitutional Statute of the Republic of Kazakhstan dated 7 December 2015 No. 438-V ZRK ("Constitutional Statute") as follows: The Acting law of the *AIFC* is based on the Constitution of the Republic of Kazakhstan and consists of: 1) the Constitutional Statute; and 2) *AIFC* Acts, which are not inconsistent with the Constitutional Statute and which may be based on the principles, legislation and precedents of the law of England and Wales and the standards of leading global financial centers, adopted by the *AIFC* Bodies in the exercise of the powers given by the Constitutional Statute; and 3) the Acting law of the Republic of Kazakhstan, which applies in part to matters not governed by the Constitutional Statute and *AIFC* Acts.
Material Adverse Effect	means, in the opinion of the *ITS CSD*, a *Material Adverse Effect* on: (a) the capacity of the *Client* to meet all its obligations to the *ITS CSD*;
Maturity	means the due date for repayment, redemption or repurchase of *Securities* that is repayable, redeemable or re- purchasable subject to a right or obligation to repurchase, repay or redeem, and "*Mature*", "*Matured*" and "*Maturity Date*" shall be interpreted accordingly.
Notice	means a communication that is transmitted by the *Depository* or a *Client* in a manner defined in a *Procedure*, and "*Notifying*" and "*Notify*" shall be construed accordingly.
Depository Agreement	means the agreement described as such and entered into between a *Client* and the *ITS CSD* as the same may be amended and/or supplemented from time to time.
Person	means *Person* and includes any individual, body corporate or body unincorporated, including a legal entity, company, partnership, unincorporated association, government or state.
Personnel	means, in relation to a particular *Person*, an employee of that *Person* and includes any individual employed by, contracted, seconded, or providing consulting services to, the *Person* whether it be on a permanent, part-time, casual or temporary basis.
Potential Default Event	means any event or circumstances that, with the giving of *Notice* or the lapse of time or both, would constitute a *Default Event*.
Procedure	means *Instruction*, specification and/or guideline, issued by *ITS CSD* and relating to the functioning and operation of the *ITS CSD*, *Client* and/or any other party as the case may be.
Rules	means these *ITS Central Securities Depository Business Rules* as the same may be amended and/or supplemented from time to time.
Sanctions	mean all applicable economic or financial *Sanctions*, or trade embargoes or restrictive measures including any *Sanctions* laws, regulations, acts enforced or imposed, enacted, administered by the United Nations Security Council, governmental bodies with regulatory authority of the European Union, the United Kingdom (including, but not limited to, through

	HM's Treasury), the United States (including, but not limited to, through the United States Office of Foreign Assets **Control** (OFAC)), the Republic of Kazakhstan or any other similar authority in other jurisdictions enacting restrictive measures, in each case, to the extent these measure are applicable.
Sanction Event	means an event of imposition of **Sanctions** against a **Person**.
Securities	means a share, debenture, warrant, certificate, structure product, a unit in or a share representing the rights thereto or interests of a Unitholder in a Fund as defined in the **AIFC** Glossary amended from time to time.
Settlement	means: a) in relation to an **Instruction,** the execution of a **Transaction** in accordance with an **Instruction** and in accordance with **Rule** 4.1.1; b) in relation to a **Corporate Action,** the recording of that **Corporate Action** in **Accounts** in accordance with the **Rule** 4.5; and "**Settle**", "**Settling**" and "**Settled**" shall be interpreted accordingly.
Third Party Account Provider	means an Authorised Firm or Regulated **Financial Institution** (including a **Bank**, custodian, intermediate broker, **Settlement** agent, clearing house, exchange and/or "over the counter" counterparty) that is a separate legal entity from the **ITS CSD**
Transaction	means a **Transaction** resulting from an **Instruction** given under **Rules** includes any transfer of **Securities**.
Unprofessional Conduct	a) includes conduct which amounts to dishonesty or impropriety affecting professional character and which is indicative of a failure to either understand or practice the precepts of honesty or fair dealing; and/or b) unsatisfactory professional conduct, where the conduct involves a substantial or consistent failure to reach and/or maintain reasonable standards of competence and diligence, by a **Client**, a **Director**, any **Personnel** or other **Person** who acts (or purports to act) on behalf of that **Client**, whether in the conduct of that **Client's Business** or in the conduct of any other **Business** in which the **Client**, its **Directors**, **Personnel** or other **Person** is involved.

Section 1: General Provisions

1.1. The **AFSA** has granted the **ITS CSD** a license to operate a Central **Securities Depository** as specified and defined in Schedule 4: Market Activities of the **AIFC Framework Regulations**.

1.2. The **ITS CSD** provides or makes available to the **Client**s services and facilities in the **Depository**:
- electronic custody of **Securities**;
- electronic recording of dividends in **Securities**;
- enable **Client**s to settle **Transaction**s in **Securities**;
- for the electronic **Settlement** of **Transaction**s in **Securities** based on the results of completed **Transaction**s on the ITS;
- for opening and maintenance of **Securities Account**s, the deposit of **Securities** in such **Account**s, the withdrawal of **Securities** and the transfer of **Securities** between **Securities Account**s;
- electronic reports to the **Client** according to the **Procedure** for **Rule** 1.2;
- the provision of entitlement schedules and other reports in respect of **Account** holders to **Client**s, **Issuer**s, **Securities** Registry or another authorised **Person**;
- other services or facilities as specified from time to time in accordance with these **Rules**.

1.3. Except as may be otherwise provided in any separate written agreement with **Client**, the **Business Rules** and **Procedures** set forth the entire **Depository Agreement** with **Client** for the subject matter hereof.

1.4. **Depository Agreement** shall come into effect when the **ITS CSD** admitted the relevant **Client** application.

1.5. The **ITS CSD** performs the functions of a **Settlement Depository** it carries out **Transaction**s on **Trading Account**s based on the **Clearing Instruction**s made by an **Account** operator **ITS CCP**.

1.6. Subject to the approval by the **AFSA**, the **ITS CSD** may amend, add to, alter, modify or repeal any of the provisions of these **Rules**. Amendments to these **Rules** become effective in accordance with the **Procedure** and timing specified in this article.

These **Rules** are approved by the **ITS CSD**'s **Board** following the **Procedure** described in this article.

Unless otherwise determined by decision of **AFSA**, amendments to these **Rules** must, before the amendment becomes effective:
- be made available for public consultation; and
- be approved by the **AFSA**.

Under the **AFSA** decision public consultation may not take place in cases of emergency, force majeure, typographical **Error**s, minor administrative matters, or to comply with applicable laws. In that case the **ITS CSD** shall publish on the **ITS CSD**'s website a new version of these **Rules** after approval by the **ITS CSD**'s **Board** within two (2) **Business Day**s.

If it is essential to make a change to the **Rules** without delay in order to ensure continued compliance with the **ITS CSD**'s authorisation requirements or other legal obligations the **ITS CSD** publish on the **ITS CSD**'s website the new edition of these **Rules** after its approval by the **ITS CSD**'s **Board** within two (2) **Business Day**s.

Public consultations shall be conducted according to the following **Rules**:

1) The **ITS CSD** must publish on its website a consultation paper setting out:
- the text of both the proposed amendment and the **Rules** that are to be amended;
- the reasons for proposing the amendment;
- a reasonable consultation period, which must not less than 30 (thirty) calendar days after the date of publication on the **ITS CSD**'s website, within which comments (remarks, suggestions) may be provided;
- the feedback address to be used by the **ITS CSD**'s to receive comments (remarks, suggestions) on a consultation paper.

2) At the same day as a consultation paper will be publish at the **ITS CSD**'s website the **ITS CSD** lodge the same consultation paper with the **AFSA**.

3) At the end of the reasonable consultation period, the **ITS CSD** will process all comments (remarks, suggestions) received for not more than 20 (twenty) calendar days.

4) On a reasonable ground the **ITS CSD** could extend a reasonable consultation period and a period of time for the **ITS CSD** to process all comments (remarks, suggestions) received. The **ITS CSD** shall post the extension information on the **ITS CSD**'s website and shall inform the **AFSA** of this decision at the same time as the extension is posted.

5) The **ITS CSD** only considers comments (remarks, suggestions) on a consultation paper if the said comments (remarks, suggestions) have been sent to the feedback address indicated on a consultation paper.

6) The **ITS CSD** does not restrict who can submit comments (remarks, suggestions) on changes to the **Rules**. In doing so, the **ITS CSD** shall give priority consideration to comments (remarks, suggestions) on changes to the **Rules** submitted by **Client**s and **AFSA**. Comments (remarks, suggestions) submitted by others shall be considered by the **ITS CSD** if there are any. The **ITS CSD** shall publish the reason for refusal to make a comment (remarks, suggestions) only if sent by the **Client**s.

7) The **ITS CSD** on its website shall publish a reasoned decision following the consideration of comments (remarks, suggestions) on the need to amend these **Rules** and the final version of these **Rules** taking into **Account** the accepted comments (remarks, suggestions) reflected in the reasoned decision.

8) On the date of publication of the reasoned decision, the **ITS CSD** on its website sends the said reasoned decision to **AFSA**.

9) In case of materiality of the planned amendments to these **Rules**, and/or upon decision of the **ITS CSD** and/or **AFSA**, the reasoned decision may include a time limit for repeated public consultations, the total period for which, taking into trading the time limit for submission of new comments (remarks, suggestions) and posting of the new reasoned decision, shall not exceed 20 calendar days.

10) These **Rules**, as amended, subject to the reasoned decision referred to in this sub-clause 7 or 9, shall be referred to the **ITS CSD**'s **Board** for consideration.

1.7. The **Client** acknowledges and agrees that if the **Client** does not accept any amendments as notified by **ITS CSD** from time to time, the **Client** shall have the right to terminate the **Depository Agreement** in accordance with the **Rules**. The **Client** further agrees that any amendments shall be deemed to be accepted by the **Client**, should the **Client** continue to effect **Transaction**(s) in the **Account** without expressively communicating its objections to such amendments prior to the **Transaction**(s).

1.8. The **ITS CSD** will review those **Rules** at least annually.

1.9. These **Rules** shall be publicly available on **ITS CSD** web page: www.itsx.kz.

1.10. These **Rules** are binding on all the **Client**s to the extent that they relate to each **Client**.

1.11. These **Rules**, inter alia, provide for:
   - the basis on which **Securities** is transferred into and from of the **Depository**;
   - the basis on which **Instruction**s are given to, or received by, the **Client**s and the **ITS CSD**;
   - the basis on which **Settlement** between **Client**s are affected.

1.12. These **Rules** and any **Procedure**s made in accordance with the **Rule** 1.14 constitute a binding contract between the **ITS CSD** and each **Client** and each of those **Person**s agrees to observe the **Rules** to the extent that they apply to the **Person** and to engage in conduct that the **Person** is required by the **Rules** to engage in.

1.13. Any agreement entered into between **Client**s pursuant to these **Rules** constitutes a binding contract between the **Client**s and is enforceable by the **ITS CSD**, as the case may be.

1.14. The **Rules** shall be supplemented by **Procedure**s.

1.15. The **ITS CSD** may issue **Procedure**s, inter alia, with respect to:
   - determination from time to time of fees and other monies payable to the **ITS CSD** by the **Client**s and other **Person** which use the services of the **ITS CSD**;
   - **Procedure** for opening, operating and closing **Account**;
   - conduct of **Business** with the **Client**s;
   - communication of information relating to **Transaction**s and holdings between the **ITS CSD** and **Client**s, **Issuer**s;
   - records and books of **Account** to be maintained by **Client**s;
   - manner and form in which the **Client**s shall maintain continuous electronic means of communication with the **ITS CSD**;
   - the **Business Day**s and hours of the **ITS CSD** and the hours of **Business** operations;
   - any other matter as may be decided by the **ITS CSD**.

1.16. The **ITS CSD** shall have power to repeal, delete, amend and/or alter the **Procedure**s or any part thereof or issue new **Procedure** from time to time.

1.17. If there is any inconsistency between any **Rule** and any **Procedure**, the **Rules** will prevail. If there is any inconsistency between any **Procedure** and any communique, the **Procedure**s will prevail.

1.18. **Client**s are obliged to act according to the **Procedure**s. If a **Rule** requires compliance with any part of the **Procedure**s, failure to comply with that part of the **Procedure**s is a contravention of that **Rule**.

1.19. The **ITS CSD** shall be entitled to issue, from time to time, **Notices**, circulars, manuals, directions, terms and conditions and information (here and in 1.17 and 1.20 called "communiques") for implementation of and/or clarification on any aspect of **Rules** or the **Procedure**s.

1.20. All such communiques shall bind the **Client**s with the same force and effect as these **Rules** and the **Procedure**s.

1.21. **ITS CSD** may from time-to-time monitor **Client**s' compliance with these **Rules**. In the absence of other circumstances **ITS CSD** monitors compliance with these **Rules** no more than once in a year during the annual

updating of *Client*s documents. If there are no breaches of these *Rules*, *ITS CSD* requires the *Client* during the annual confirmation claim the compliance with these *Rules* by means of written verification of the absence of any breaches. In case of breaches these *Rules* which are recorded by the *Client* and the *ITS CSD*, the *Client* undertakes to reimburse the *ITS CSD* for the amounts of fines, penalties, interest (amounts of administrative fines), as well as other losses. The *Client* has a right to appeal before the *ITS CSD* determine the fact these *Rules* breaches, in accordance with the *Procedure* specified in clause 5.2. of these *Rules*.

1.22. Unless expressly stated otherwise, where a *Rule* or *Procedure* is amended, deleted or lapses or otherwise ceases to have effect, that circumstance does not:

- revive anything not in force or existing at the time at which that circumstance takes effect;
- affect the previous operations of that *Rule* or *Procedure* or anything done under that *Rule* or *Procedure*;
- affect any right, privilege, obligation or liability acquired, accrued or incurred under that *Rule* or *Procedure*;
- affect any penalty, forfeiture, suspension, terminate on or disciplinary action taken or incurred in respect of that *Rule* or *Procedure* (including in respect of any contravention of that *Rule* or *Procedure*);
- affect any investigation, disciplinary proceeding or remedy in respect of any such right, privilege, obligation, liability, penalty, forfeiture, suspension, termination or disciplinary action, in respect of that *Rule* or *Procedure* (including in respect of any contravention of that *Rule* or *Procedure*), and
- affect any such investigation, disciplinary proceeding or remedy may be instituted, continued or enforced, and any such penalty, forfeiture, suspension, termination or disciplinary action may be imposed as if the circumstance had not taken effect and any such investigation, disciplinary proceeding or remedy may be instituted, continued or enforced, and any such penalty, forfeiture, suspension, terminate on or disciplinary action may be imposed as if the circumstance had not taken effect.

1.23. In these *Rules*:

- headings are for convenience only and shall not affect the interpretation of these *Rules*; references to a *Person* are to that *Person* and that *Person*'s successors, permitted assigns, executors and administrators as the context requires;
- references to periods of time include the day on which the period commences and also the day on which the period ends;
- any date that is not a *Business Day*, upon or by which anything is due to be done by any *Person*, will be deemed to be a reference to the next *Business Day* except where otherwise stated;
- a reference to conduct or engaging in conduct includes a reference to doing, refusing to do or omitting to do, any act, including the making of, or the giving effect to a provision of, an agreement. Unless the contrary intention appears, a reference to doing, refusing or omitting to do any act or thing includes a reference to causing, permitting, suffering or authorising the act or thing to be done or the refusal or omission to occur;
- words importing the plural include the singular and vice versa and words importing gender import all genders;
- references to statutes, statutory instruments, decrees, *Rules* of a regulatory authority or provisions thereof shall be construed as references to any of the foregoing as the same may be amended, extended, varied or replaced from time to time;
- a reference to a *Rule* (e.g. *Rule* 2.3) includes a reference to all sub- *Rules* included under that *Rule* (e.g. *Rule* 2.3.2) and a reference to a Section (e.g. Section 2) includes a reference to all *Rules* and sub-*Rule* within that Section of the *Rules*;
- a reference to "writing" includes any record capable of being published, whether or not in electronic form, unless a contrary intention is otherwise specified;
- a reference to conduct or engaging in conduct includes a reference to doing, refusing to do or omitting to do, any act, including the making of, or the giving effect to a provision of, an agreement. Unless the contrary intention appears, a reference to doing, refusing or omitting to do any act or thing includes a reference to causing, permitting, suffering or authorizing the act or thing to be done or the refusal or omission to occur;
- any statement in these *Rules* stated to be to the best of a *Person*'s knowledge or to be so far as a *Person* is aware (or any similar expression) will be deemed to include an additional statement that it has been made after due and careful enquiry by that *Person*.

1.24. The referred periods of time, *Notices* or others in the *Rules* shall be calculated according to the local time of Astana unless stated otherwise.

Section 2: Clients
2.1 Depository services

2.1.1 The *ITS CSD* may allow a *Person* that the *ITS CSD* considers satisfies the requirements set in this Section of the *Rules* to be a *Client* of the *Depository*

2.1.2 Providing services will be at the sole and absolute discretion of the *ITS CSD*. The *ITS CSD* may determine in its sole and absolute discretion, whether to approve or decline an application of *Applicant* to provide services of the *Depository*.

2.2. Clients

2.2.1 An *Applicant* shall not be allowed to be *Client* of the *Depository* unless the *Applicant*:

(a) holds all licenses, consents and approvals and has completed all registrations as are necessary to enable the *Applicant* to carry on the *Business* it proposes to carry on;

(b) satisfies the *ITS CSD* that it is of high integrity and a suitable *Person* to be a *Client* and that all *Director*s or other *Persons*, acting in a good faith, having *Control* of the *Applicant* are of good reputation and character and high *Business* integrity and have the training, skills, knowledge, expertise and experience to enable the *Applicant* to carry on the *Business* it proposes to carry on;

(c) satisfies the *ITS CSD* that it has in place management structures, facilities, *Procedure*s, *Personnel* and financial resources as are necessary to enable it to carry on the *Business* it proposes to carry on and that are adequate for the performance of its obligations as a *Client* under these *Rules*;

(d) satisfies the *ITS CSD* that the *Applicant* has in place appropriate systems and *Control*s which will ensure continuous compliance with all requirements imposed by or pursuant to the *Law* relevant to its activities as a *Client* and these *Rules*;

(g) satisfies the *ITS CSD* that the *Applicant* does and will continue to meet the requirements of the *Rules* for *Client*'s continuous obligations;

(j) has provided the names of all *Director*s, *Personnel* and other *Person*s to whom it proposes to give the right to submit *Instruction*s to the *Depository*;

(k) has provided contact details for the *Applicant* and the *Director*s, *Personnel* or other *Person*s acting on behalf of the *Applicant*;

(l) has provided to the *ITS CSD* such information as the *ITS CSD* believes is necessary to enable the *ITS CSD* to comply with its obligations under the Kazakhstan law On Counteraction of Legitimization (Laundering) of Incomes Received by Illegal Means, and Financing of Terrorism and the Joint Order Concerning some issues related to counteracting legalization (laundering) of proceeds obtained through criminal means and financing of Terrorism or any other law or regulation applicable to the *ITS CSD* in any jurisdiction;

(m) has provided to the *ITS CSD* the address of the location at which the *Client* will store or maintain records required to be stored or maintained under these *Rules*; and

(n) has provided such additional information as may be prescribed by the *Procedure*s or requested by *ITS CSD*, and

(o) has completed and submitted a duly authorised *Person* signed application form.

2.2.2 An *Applicant* undertakes to:

(i) submit unconditionally to the jurisdiction of the *AIFC Court* in relation to any disputes, or other proceedings in the *AIFC*, which arise out of or relate to its use of the facilities of *ITS CSD*;

(ii) submit unconditionally to the jurisdiction of *AFSA* in relation to any matters which arise out of or which relate to its use of the facilities of *ITS CSD*;

(iii) subject itself to the *AIFC Laws* in relation to its use of the facilities of *ITS CSD*.

2.2.3 The *ITS CSD* may require the *Applicant* to give undertaking or assurances in respect to any matter that the *ITS CSD* considers reasonable or in the interest of the *ITS CSD* or the other *Client*s, including recognition of the rights of the *ITS CSD* under these *Rules* that the *Rules* are, and will be, enforceable in the non-*AIFC* jurisdiction including on the **Insolvency** of the *Applicant*.

2.2.4 No *Person* shall conduct any *Business* as a *Client* unless it has been admitted as a *Client*.

2.3 Application Procedure

2.3.1 Applications for providing services by the *Depository* must be made in the manner prescribed by the *Procedure*s. An application constitutes an offer by the *Applicant* to be bound by the *Rules*, and acceptance of the application by the *ITS CSD* constitutes a binding contract between the *ITS CSD* and the *Applicant*.

2.3.2 Notwithstanding *Rule* 2.3.1, in determining an application for providing services by the *Depository*, the *ITS CSD* may have regard to any information available to the *ITS CSD* in whatever form and from whatever source.

2.3.3 The *ITS CSD* will endeavor to make its decision whether to accept or reject an application for providing services by the *Depository* within a reasonable time of receiving a completed application. The *ITS CSD* may request an *Applicant* to provide any document, further information and/or clarifications, undertake such investigations and seek such information from such other *Person*s, as the *ITS CSD* considers necessary to establish whether the *Applicant* satisfies the requirements of *Rule* 2.2.

2.3.4 The *ITS CSD* will notify the *Applicant* of the outcome of its application.

2.4 Client to act as Principal

2.4.1 Each *Client* must act as principal in all of its activities with the *ITS CSD* and must in all cases be responsible and liable to the *ITS CSD* as if it were principal and not an agent. Without limitation to the foregoing, to the extent that a *Client* is undertaking *Client*s *Client Business* (meaning that the *Client* is acting on behalf of any other *Person*, which may include another *Client*), the *Client*, acting in a good faith, shall ensure that the

Client has, at all times, the full and exclusive rights, power and authority to act in all of its activities with the *ITS CSD* in relation to such *Client*s *Client Business*, including full authority to bind that *Client*s *Client* and authorise holding of that *Person*'s *Securities* in the *Depository* in accordance with these *Rules*.

2.5 Client Obligation

2.5.1 A *Client* must at all times:

a) comply with, and procure that its *Director*s, *Personnel* and other *Person*s acting on its behalf comply with:

(i) these *Rules*, the *Procedure*s and the applicable laws;

(ii) any decisions, directions and requirements of the *ITS CSD* under the *Rules* or the *Procedure*s or of the *Law*;

(iii) every other undertaking and agreement between the *Client* and the *ITS CSD*; and

(iv) every other agreement, document, instrument or other obligation created in accordance with the *Rules* or the *Procedure*s.

b) continue to satisfy the requirements of *Rule* 2.2.1;

d) comply with, and procure that each of the *Client's Director*s, *Personnel* and any other *Person*s acting on its behalf complies with, all *Law* and regulation applicable to it and maintain in full effect and comply with all consents which may be necessary or desirable to enable the *Client* to carry on the *Business* it proposes to carry on or to enable the performance of its obligations as a *Client* under these *Rules*;

e) refrain from any act, omission or course of conduct which is likely to harm the reputation of the *ITS CSD*, threaten the integrity or security of the *ITS CSD* or constitute *Unprofessional Conduct*;

f) maintain any records that may be prescribed by the *Procedure*s for the period prescribed by the *Procedure*s; and

g) ensure the accuracy and completeness of all information or documents provided to the *ITS CSD* by or on behalf of the *Client*.

2.5.2 A *Client* shall ensure that only *Person*s with authority to transact *Business* with the *ITS CSD* have access to the *EDMS* or other system by which the *Business* is transacted with the *ITS CSD*.

2.5.3 A *Client* shall preserve all documents such as *Account* opening forms, KYC documents, agreements with its *Client*s and *Instruction*s received from *Client*s for a period defined by the *ITS CSD*.

2.5.4 It shall be the responsibility of each *Client* to promptly check and reconcile with its own records the details of all advices, statements and reports received by the *Client* from the *ITS CSD* and to promptly notify the *ITS CSD* of any *Error* or omission contained in such advices, statements and reports.

2.6 Notification and Provision of Information

2.6.1 Each *Client* must give the *ITS CSD Notice* of the following promptly after becoming aware of the same:

(a) any breach by the *Client* of these *Rules* or the occurrence of a *Potential Default Event* or *Default Event* in respect of the *Client* (and the steps, if any, being taken to remedy it);

(b) the resignation of a *Director*;

(c) any change in *Control* of the *Client*;

(d) the details of any litigation, arbitration or administrative proceedings, claim or action (including disciplinary or enforcement actions) taken, threatened or pending against the *Client* or any *Director*, *Personnel*, agent or *Person* acting on the *Client's* behalf by any regulatory authority, regulator, exchange, market operator, clearing and *Settlement* facility or any other *Person* which, if adversely determined, would reasonably be likely to have a *Material Adverse Effect* on:

(i) the *Business*, operations, property, condition (financial or otherwise) or prospects of the *Client*; or

(ii) the ability of the *Client* to comply with the *Rules*;

(e) the *Client* becoming aware of any breach by another *Client* of these *Rules* or occurrence of a *Default Event* in respect of another *Client*;

(f) any other material changes in information concerning the *Client* or the *Client's Business* from that previously provided to the *ITS CSD*; and

(g) any event or emergency, whether or not within the *Client's Control* which impairs the *Client's* ability to comply with the *Rules*, to properly and effectively conduct its *Business* as a *Client* or which may otherwise have a *Material Adverse Effect* on the *Client*.

2.6.2 Each *Client* must give the *ITS CSD* not less than five (5) *Business Day*s prior written *Notice* of:

(b) the proposed change in its management structure from that which the *Client* has previously provided to the *ITS CSD*;

(c) any proposed change in the nature or scope of its *Business* or any proposed cessation of its *Business* as a *Client*;

(d) any change in any of the *Director*s, *Personnel* or other *Person*s whom the *Client* allows, or proposes to allow, to access the *EDMS* on its behalf;

(e) the change of its name or the name in which it carries on *Business*, or any change in the address at which the *Client* carries on *Business* or stores or maintains records or other information required to be stored or maintained by these *Rules*; or

(f) the change to the contact details for the **Client**, any **Director**, **Personnel**, agent or other **Person** acting on behalf of the **Client**, which the **Client** has previously provided to the **ITS CSD**.

2.6.3 If the requirements in the **Rule** 2.6.2 (a) and/or (e) cannot be met because the effect of the change is immediately upon an occurrence of an event, the **Client** must give immediate **Notice** on the change to **ITS CSD**, with written explanation on the reasons that caused the occurrence of the immediate change.

2.6.4 The **ITS CSD** may, at any time and in its sole and absolute discretion, request in writing any information from a **Client** to enable the **ITS CSD** to determine whether that **Client** is complying with all applicable **Rules**, **Procedure**s and other **Notice**s or directives given from time to time by the **ITS CSD** or applicable **Law**s and regulations and/or to ensure the **ITS CSD** can carry out its functions and/or comply with any obligations it may have, including under the **Rules**, or as required by **Law**, regulation or directive.

2.6.5 A **Client** may apply in writing to **ITS CSD** for that information of the **Rule** 2.6.1 not to be disclosed to any specific **Person**s. **ITS CSD** will consider such request but is not obliged to accept such request if **ITS CSD** considers that such request would cause it to be in breach of any obligations it may have, including to disclose information to any **Person** under the **Rules** or otherwise.

2.7 Client Representations, Warranties and Undertakings

2.7.1 Each **Client** represents, warrants and undertakes to the **ITS CSD** and to its that:

a) the **Client** is duly incorporated and validly existing under the laws of its jurisdiction of incorporation, has the power to own its own assets, enter into, and to exercise its rights, and observe, perform and comply with its obligations under the **Rules** and each **Transaction**, and to carry on its **Business** as a **Client**;

b) everything required to be done (including the obtaining of any necessary consents, the declaration of any interests, and the passing of all necessary resolutions) to:

(i) enable the **Client** to lawfully enter into, and to exercise its rights, and observe perform and comply with its obligations under the **Rules** and in respect of each **Instruction** and each **Transaction**; and

(ii) ensure that those obligations and **Instruction**s are legal, valid, binding and enforceable in accordance with their terms; has been duly done and remains in full force and effect;

c) the **Client** is in compliance in all material respects with:

(i) all *laws*, regulations, by-laws, directives and consents relevant to its activities as a **Client**; and

(ii) all obligations binding on it by law, contract or otherwise;

d) no circumstances exist which would constitute a **Default Event** and no circumstances exist which would require notification to the **ITS CSD** and have not been **Notified**;

e) all information provided by the **Client** to the **ITS CSD** under the **Rules** or the **Procedure**s is correct, accurate, complete, true and not misleading in any material way (whether by omission or otherwise), and is compliant with any applicable law, regulation or reporting standard as at the date when that information was provided to the **ITS CSD**, and remains so, and there are no facts or circumstances that have not been disclosed to the **ITS CSD** that would make that information incorrect, inaccurate, incomplete, untrue or misleading in any material respect;

f) the **Client** is not **Insolvent** and is able to pay all its debts as they fall due;

g) the **Client** notify the **ITS CSD** immediately upon occurrence of **Sanction Event**;

h) the **Client** has an adequate and effective **Client** identification and screening process enabling the **Client** to detect its **Client**s (up to the beneficial owner(s)) subject to **Sanctions** in a timely manner. The **Client** further warrants and undertakes to **ITS CSD** that it will not directly or indirectly make use of its **Account**s with **ITS CSD** to support any activities with any **Person** targeted or designated by the **Sanctions**. If the **Client**'s **Client** (or its beneficial owner(s)), on whose behalf the **Client** holds cash and/or **Securities** on **Account**s with **ITS CSD**, is designated as a target of, or is otherwise subject to, the **Sanctions**, the **Client** undertakes to promptly report this to **ITS CSD** and to provide **ITS CSD** with information and documentation concerning sanctioned **Client** (its beneficial owner) and their respective assets held on **Account**s with **ITS CSD**.

i) in relation to all **Securities** it has Accepted **in the *Depository* in accordance with *Rule* 3.6:**

(i) the **Client** has title to the **Securities**, and is entitled to **Accept** it in the **Depository** and to deal with it in accordance with the **Rules**;

(ii) the **Client** has the right to transfer and give unencumbered title to the **Securities**, that the **Securities** is what it purports to be and that the **Client** is not aware of any fact which renders (or may render) the **Securities** valueless, defective, cancelled, void, or subject to a lien, security interest or other claim;

j) in relation to all **Securities** held in an **Account** in its name:

i) the **Client** has not received any **Notice** of, and is otherwise not aware of any proprietary or equitable interest or right in or to **Securities** that is or may be held or asserted by any other **Person** in a manner that may prevent or impede the **Client** from dealing with the **Securities** free from that proprietary or equitable interest or otherwise in accordance with the **Rules**; and

(ii) in any case where a **Client** is or may in the future undertake its **Client Business** the **Client** has the full and exclusive rights, power and authority to act in all of its activities with the **ITS CSD** in relation to such **Client Business**, including full authority to bind that **Client** and authorise holding of that **Person's Securities** in the

Depository in accordance with these **Rules** and in respect of the **Acceptance** or **Withdrawing** of that **Person's Securities** in accordance with these **Rules**.

k) the **Client** aware that in the event of the **ITS CSD**'s insolvency, winding up or other distribution event stipulated by the **AIFC**, the **Client**'s money will be subject to the **Client** Money Distribution **Rules**;

l) the **Client** aware that the **Client** is subject to the protections conferred by the **Client** Assets **Rules**;

m) the **Client** aware that **Client** money and **Securities** may be held by a **Third Party Account Provider** on behalf of the **ITS CSD**. The **ITS CSD** shall use all due skill, care and diligence in the selection, appointment and periodic review of the **Third Party Account Provider** with whom **Client** money and **Securities** is deposited in accordance with the **AIFC Rules**. Subject to this obligation, **ITS CSD** shall not be liable for the acts, omissions or failure of any **Third Party Account Provider**.

n) the **Client** aware that the **Client** money and **Securities** may be held in a jurisdiction outside the **AIFC** and the market practices, insolvency and legal regime applicable in that jurisdiction may differ from the regime applicable in the **AIFC**;

o) the **Client** aware that the **ITS CSD** shall not be liable to you for the loss of any **Client** money and Securites which is the direct or indirect result of the **Bank**ruptcy, insolvency, liquidation, receivership, custodianship, or assignment for the benefit of creditors of any **Third Party Account Provider**.

2.7.2 The representations and warranties of the **Client** contained in these **Rules** will be deemed to be repeated by the **Client** on each **Business Day** and immediately prior to the creation of each **Transaction** and each **Acceptance of Securities** by reference to the facts and circumstances existing on each such time.

2.7.3 Each **Client** acknowledges that the **ITS CSD** has been induced to accept the **Client** as a **Client** and act on **Instruction**s in reliance upon the representations, warranties and undertakings contained in the **Rule** 2.7.1 and that the **ITS CSD** will continue to rely on those representations, warranties and undertakings until all obligations of the **Client** under these **Rules** have been discharged in full.

2.7.4 If a **Client** becomes aware that any representation, warranty or undertaking of the **Client** and/or repeated is untrue, inaccurate or misleading or any of the information which it has previously given to the **ITS CSD** or the was incorrect, inaccurate, incomplete, untrue or misleading in any material respect, it must promptly notify the **ITS CSD** in writing and submit the correct information together with an explanation.

2.7.5. The **Client** shall indemnify and hold harmless the **ITS CSD**, its affiliates, and its and their respective **Director**s, officers, employees and agents from and against any and all losses, liabilities, judgments, suits, actions, proceedings, claims, penalties, damages or costs (including reasonable legal fees as incurred) resulting from or arising out of or in connection with: (i) the **Client**'s breach of this **Rules** or any applicable **AIFC** regulations and **Rules**; and (ii) any claim asserted against the **ITS CSD** by any third party for whom the **Client** acts or purports to act (including, without limitation, any asserted breach of fiduciary duty) in relation to the services provided to the **Client** in accordance with this **Rules**. The **ITS CSD** shall provide the **Client** with: (i) prompt written **Notice** of each such claim received by the **ITS CSD**; (ii) reasonable **Control** over the defense and **Settlement** of such claim; and (iii) such information and reasonable assistance to settle or defend any such claim. Notwithstanding the foregoing, the **Client** shall not settle any such claim without the **ITS CSD**'s prior written approval if such **Settlement** requires the **ITS CSD** to take any action, refrain from taking any action or admit any liability whatsoever

2.8 Scope of Obligations and Responsibility for Personnel and other Persons

2.8.1 A reference to a **Client** in these **Rules** extends to and includes, in relation to the obligations of a **Client** under the **Rules**, all subsidiaries of the **Client**, to the extent necessary to ensure that the object of any applicable **Rules** or any direction given from time to time by the **ITS CSD** is not frustrated or avoided by reason of the separate legal **Person**ality of the **Client**s of a group comprising the **Client** and its subsidiaries.

2.8.2 A **Client** is responsible for the conduct of the **Client**'s **Director**s, **Personnel** and other **Person**s acting on its behalf for the purposes of and in the course of its activities as a **Client**. Such conduct will be treated for the purposes of these **Rules** as conduct of the **Client**.

2.8.3 A **Client** must ensure that all **Person**s that are directly involved in the operation of its **Business** as a **Client** or are provided with access to **EDMS** on behalf of the **Client**:

(a) are under the supervision and **Control** of the Responsible **Person**; and

(b) have, and continue to have, the appropriate training, skills, knowledge, expertise and experience required to perform their respective functions; and

(c) are of good reputation, character and integrity.

2.9. Authorised Signatories

2.9.1 Each **Client** must provide to **ITS CSD** the names of **Person**s authorised by that **Client** to give **Notice**s and **Instruction**s on behalf of that **Client**.

2.9.2 A *Client* may provide to *ITS CSD* by *Notice* in writing new list of **Authorised Signatories** at any time. On giving *Notice* in writing of a new list of **Authorised Signatories** all previous lists of **Authorised Signatories**, are automatically revoked.

Section 3: Depository Accounts

3.1 Accounts

3.1.1 A *Client* can open and maintain *Account*s in the name of that *Client* with the description required by the *ITS CSD* and the *Client* and for the purposes of conducting its *Business*.

3.1.2 *Account*s may be opened and maintained in a manner prescribed by the *Procedure*s.

3.1.3. *Trading Account* may be opened/closed/modified only by *Instruction* provided by *ITS CCP*.

3.2 Transactions on Accounts

3.2.1 Each *Client* irrevocably authorises the *ITS CSD* (and directs the *ITS CSD* to accept without reference to the *Client*) to debit or credit *Securities* from or to the *Client*'s *Account*s as a result of a *Corporate Action*. This *Rule* constitutes an irrevocable *Instruction* by each *Client* to the *ITS CSD* to debit and/or credit and/or take such other action in respect of its *Securities Account*s for the purpose of effecting the *Settlement* of its obligations arising under each *Transaction* to which it is a party and/or as a result of a *Corporate Action*. The *ITS CSD* must debit and/or credit and/or take such other action in respect of *Securities Account*s as instructed or authorised in accordance with this *Rule*.

3.2.2 *Transaction*s on the *Client*'s *Trading Account*s are carried out based on *Instruction*s from *ITS CCP* in the manner provided for by the *Procedure*s for *Rule* 3.6.1 and 3.8.1. Performing operations to credit and/or debit *Securities* upon the *Instruction* of the *Account* holder is not permitted. This requirement does not apply to *ITS CCP*, which is entitled to give *Instruction*s for operations on all *Trading Account*s. *Instruction*s for conducting operations on all *Trading Account*s of the *Depository* are submitted by the *ITS CCP*. Documents initiated by *Client*s on *Trading Account*s are sent to the *Depository* through the *ITS CCP*.

3.3 Interaction of the Depository with Clients and third parties

3.3.1 The *Depository* has the right to use the services of *Financial Institution*s providing *Depository* services, including becoming a *Client* of such third *Person*s on the basis of agreements concluded with them, including in relation to the *Client*s' *Securities*. Use the services of such *Third Party Account Provider*s should be in accordance with the *AIFC Rules* and Regulations and to the mutual agreement with such *Third Party Account Provider*s.

3.3.2 The *Depository* does not have the right to dispose of the *Client*'s *Securities*, as well as to exercise rights under **the *Client*'s *Securities*,** except on an *Instruction* of the *Client* or **Authorised Signatories**.

3.3.3 **The *Depository*** ensures separate holding of *Securities* of each *Client* from the *Securities* of other *Client*s by opening a separate *Securities Account* for each *Client*.

3.3.4. **The *Depository*** ensures separate holding of *Securities* of each *Client* from The *Depository* own *Securities.*

3.3.5. The *Depository* should undertake appropriate due diligence and know your *Client Procedure*s before establishing any contractual obligations.

3.4 Account Closing

3.4.1 *Account*s may be closed in a manner prescribed by the *Procedure*s. An *Account* may only be closed if the *Account* has zero balances. The *ITS CSD* may apply by *Procedure*s other conditions to the closing of an *Account* or *Account*s generally.

3.4.2 The *ITS CSD* may on its own initiative close any *Account* that has a zero balance and has had no *Account* activity for a period of 6 months or more.

3.4.3. *Trading Account*s may be closed/open/modified only by *Instruction* provided by *ITS CCP*.

3.5. Account Modification

3.5.1. *Trading Account* may be modified in a manner prescribed by the *Procedure*s.

3.5.2. *Trading Account* may be modified only by *Instruction* provided by *ITS CCP*.

3.6. Acceptance of Securities

3.6.1 Subject to *Rule* 3.5.2, *Client* may credit *Securities* into a specified *Account* by transferring legal title to the *Securities* to *ITS CSD* in accordance with the *Procedure*s.

3.6.2 No *Securities* which was reached *Maturity*, or that is subject to any restriction on transfer that would prevent or restrict the transfer of beneficial interests across *Account*s or that otherwise fails to meet any condition imposed by the *ITS CSD* may be **Accepted** by the *Depository*.

3.6.3 Upon registration of legal title to the *Securities* in the name of the *ITS CSD* the *ITS CSD* will record the credit of the *Securities* in the *Account* of the *Client*. **Acceptance** is deemed to be effective from the date and time of transfer of legal title to the *ITS CSD*.

3.6.4 *Securities* recorded in the *Account* of a *Client* are deemed to be held by the *ITS CSD* as trustee to the exclusion of all other *Client*s. Nothing in the role of the *ITS CSD* renders the *ITS CSD* a bailee (constructive or otherwise) nor shall it constitute a representation by the *ITS CSD* as to the title of any *Client* to *Securities*.

3.7 Consequences of Acceptance and recording of Securities

3.7.1 By **Acceptance** *Securities* into the *Depository*, a *Client* agrees that, subject to *Rule* 3.10.1, he will be treated for the purposes of the *Rules* as sole beneficial owner of the *Securities*.

3.7.2 The *ITS CSD* may allow a *Client* to designate by *Notice* (including such terms as the *ITS CSD* may require) any *Securities* held in an *Account* as being held by it for a particular purpose, in a particular capacity or in connection with a particular *Instruction* of the *Client*. Any such designation shall operate solely for the benefit of the *Client* and will not constitute *Notice* to the *ITS CSD* or any other *Person* or put the *ITS CSD* or any other *Person* on *Notice* as to the existence of any limitation on the ability of a *Client* to deal with the *Securities*.

3.7.3 A *Client* holding entitlements to *Securities* in *Depository*, shall be entitled to all rights incidental to beneficial ownership of the *Securities* held in an *Account* in the *Depository* in its name, including receipt of interest and dividend or other distribution payments and exercise of voting and other rights. Any interest, dividend, distribution or other benefit received or accrued on any *Securities* will be credited to the relevant *Account* of the *Client*.

3.8 Withdrawing of Securities

3.8.1 Subject to *Rule* 3.8.4, a *Client* may request *Withdrawing of Securities* from an *Account* in that *Client*'s name for the purpose of ceasing to have the *Securities* recorded in the *Depository*, in the form prescribed by *Procedure*.

3.8.2 Notwithstanding *Rule* 3.8.4, the *ITS CSD* may give *Notice* to a *Client* requiring the *Withdrawing of Securities* if:
(a) the *ITS CSD* determines that the *Securities* does not comply with the criteria or conditions imposed by the *ITS CSD* in accordance with *Rules*; or
(b) the *Issuer* of an *Securities* becomes *Insolvent*.

3.8.3 On request for **Withdrawing** or giving *Notice* of *Withdrawing of Securities* in accordance with the *Rule* 3.8.1 and 3.8.2, the *ITS CSD* must:
(a) procure the legal title to the *Securities* is held by *Depository* on behalf of that *Client*, beneficial interest in the *Securities* in the name of the *Client*. The *Client* must do and execute all acts, documents and things as are required to enable completion of that transfer; and
(b) record the debit of the *Securities* from the *Account* of the *Client* specified.
Withdrawing is complete upon the transfer of legal title into the name of the *Client*.

3.8.4 *Securities* may not be Withdrawn:
(a) if the *Securities* is the subject of a clearing *Transaction* which has not been **Settled**;
(b) if at the time of receipt of a request in accordance with *Rule* 3.9.1, the balance of *Securities* in the specified *Account* is less than the aggregate of the amount of that:
1) *Securities* requested in accordance with the *Rule* 3.9.1,
2) *Securities* the *Client* is obliged to deliver as the product element of a *Depository Transaction* in respect of which an *Instruction* has been received by the *ITS CSD* at that time, and
3) *Securities* the *Client* is obliged to deliver as the product element of a *Corporate Action* in respect of which an *Instruction* has been received by *ITS CSD* at that time;
(c) if *Securities* recorded on *Trading Account* and *ITS CCP* give no permission to Withdrawing.

3.9 Reconciliation

3.9.1 The *ITS CSD* will, at least daily (every *Business Day*), reconcile the number of *Securities* on *Client Account*s with the number of *Securities* in *Account*s opened in *Third Party Account Provider*.

3.9.2 If, having undertaken reconciliation, there is an imbalance between the number of *Securities* on *Client*'s *Account* in the *Depository* and the number of *Securities* on *Account*s opened in *Third Party Account Provider*, then the *ITS CSD* will investigate the imbalance and take such actions, acting in good faith, as it deems appropriate.

3.10 Ownership of Securities

3.10.1 Subject to *Rule* 4.7, but notwithstanding any other provision of these *Rules*:

(b) the *ITS CSD* shall recognise only the *Client* in whose name *Securities* is recorded as the sole beneficial owner of that *Securities*;

(c) the *ITS CSD* shall not, except as ordered by a court of competent jurisdiction or as is otherwise expressly provided by these *Rules*, be liable for, bound by or compelled in any way to see to the execution of any trust or equity affecting the ownership of, or incidental rights to, an *Securities*;

(d) the *Client* shall not assert, nor permit any *Person* claiming under or through the *Client* to assert, any proprietary, equitable, contingent, future, partial or other interest or right against the *ITS CSD*, the or any *Person* acting on behalf of the *ITS CSD*;

(e) in any case where the terms governing any *Securities* impose any obligation on the *Person* in possession of, or entitled to, such *Securities* (including as to the execution or furnishing of any document), the *Client* will promptly on request by the *ITS CSD* do and execute such acts, documents and things as the *ITS CSD* may reasonably require to enable the *ITS CSD* to perform such obligation.

3.11. Trading Accounts

3.11.1. Each *Client* irrevocably authorises the *ITS CSD* to take *Instruction*s from *ITS CCP* as an *Account* operator to debit or credit *Securities* from or to the *Client*'s *Trading Account*s as a result of clearing performed by the *ITS CCP*. This *Rule* constitutes an irrevocable *Instruction* by each *Client* to the *ITS CSD* to debit and/or credit and/or take such other action in respect of its *Trading Account*s for the purpose of effecting the *Settlement* of its obligations arising under each clearing *Transaction* to which it is a party. The *ITS CSD* must debit and/or credit and/or take such other action in respect of *Trading Account*s as instructed or authorised in accordance with this *Rule*.

4. Section: Depository Transactions

4.1 Depository Instructions

4.1.1 A *Client* may give the *ITS CSD Instruction*s on any *Business Day* in the manner and during the time specified in the *Procedure*s.

4.1.2. A *FOP Instruction* can only be initiated by the *Client* transferring the *Securities*. *ITS CSD* will specify the terms and conditions for transfer of *Securities* with *FOP Instruction* in the *Procedures*.

4.1.3. The *ITS CSD* must execute each *FOP Instruction* by making debits and credits to the *Accounts* of the *Clients* in accordance with the *Instructions* provided that if:

(a) the execution of an *Instruction* relating to a class of *Securities* would result in there being a negative balance of that class of *Securities* in any *Account*;

 (c) any of the *Accounts* specified in the *Instruction* do not exist or have been suspended;

(d) the *Instruction* refers to *Securities* that has *Matured* or will *Mature* before the time for execution specified in the *Instruction*;

(e) the *Instruction* refers to *Securities* that does not comply with criteria or conditions for *Acceptance of Securities*, or for which acceptance has been suspended or withdrawn; or

(f) one or more of the other *Instructions* specified in the *Instruction* has not been received or has been received but not matched with the *Instruction*, or has been received and matched with the *Instruction* but cannot be executed at that time,

the *ITS CSD* shall not execute the *Instruction* but must retry execution of the *Instruction* until the time prescribed by the *Procedures*. If an *Instruction* remains unsettled at the time prescribed by the *Procedures* the *Instruction* will lapse, the *ITS CSD* will *Notify* the *Client* that the *Instruction* has failed and specify in that *Notice* the reason the *Instruction* could not be executed and the *ITS CSD* will have no further obligation in respect that *Instruction*.

4.1.4 A *Client* may withdraw an *Instruction* by *Notice* to the *ITS CSD* in a time and manner specified in these *Rules* and by *Procedure*.

4.2 Matured Securities

4.2.1 The *ITS CSD* has no obligation to deal with any *Securities* in the *Depository* after *Maturity* of those *Securities*. If the proceeds of *Maturity* of any *Securities* are received, the proceeds must be held on trust for the benefit of the *Client*.

4.3 Status of Settlements

4.3.1 The *ITS CSD* may specify in the *Procedure*s the points after which transfer *Instruction*s or other obligations may not be cancelled by a *Client*.

4.4 Notice of Corporate Actions

4.4.1 *ITS CSD* upon receipt of details of any *Corporate Action* in respect of *Securities* will, as soon as is reasonably practicable, notify the *Client*s for whom it holds that *Securities* of those details on the *ITS CSD's* website and/or via the relevant channel of communication.

4.4.2 *ITS CSD* upon request by an *Issuer* of *Securities* or a relevant authorised *Person*, and may on its own initiative without request, provide the *Issuer* of *Securities* or a relevant authorised *Person* with the name of the *Client* on behalf of whom it holds that *Securities*.

4.4.3 Where the *ITS CSD* has acted as defined with *Rule* 4.4.2, the *ITS CSD* may rely upon that *Issuer* or a relevant authorised *Person* to inform the relevant *Client*s of the details of any *Corporate Action* in respect of that *Securities*, and if such an *Issuer* or a relevant authorised *Person* acting on his behalf fails or refuses to communicate information regarding the *Corporate Action*s directly to one or more *Client*, no *Client* has any claim on, or cause of action against the *ITS CSD* or any *Person* acting on their behalf in respect of any such failure.

4.5 Corporate Actions

4.5.1 Where any interest, dividend or other amount of money in respect of an *Admitted Securities* on behalf of a *Client* as a result of a *Corporate Action* is received, the *ITS CSD* will instruct the *Third Party Account Provider* to pay that amount to the *ITS CSD* nominee *Account* in a *Bank* and then will credit the amount to the *Account* of the *Client* nominated by the *Client* for that purpose.

- neither the *ITS CSD* nor the *Third Party Account Provider* has no obligation to make any payment under *Rule* 4.5 until the *ITS CSD* has received the money required to make the payment in full, and the receipt of that money is cleared and irreversible. *ITS CSD* shall not be obliged to pay interest on any such amounts.

- where the *ITS CSD* receives any *Securities* as a result of a *Corporate Action* in respect of an *Securities* held on behalf of a *Client*, the *ITS CSD* will record the *Client*'s interest in that additional *Securities* by crediting the *Account* in which the *Securities* that accrued the entitlement to the additional *Securities* is recorded.

- where *Securities* held on behalf of a *Client* is amalgamated, consolidated, substituted, repurchased, redeemed, repaid or cancelled (including by way of *Corporate Offer* or other equivalent action), the *ITS CSD* will record the amalgamation, consolidation, substitution, redemption, repayment, repurchase or cancellation (howsoever described) by debiting and/or crediting the *Account* in which the *Securities* is recorded. The *ITS CSD* will be entitled to accept as conclusive the advice for this *Securities* of the amalgamation, consolidation, substitution, redemption, repurchase, repayment, or cancellation (howsoever described).

- where a *Client* accepts a *Corporate Offer* in relation to any *Securities* held on behalf of that *Client*, the *ITS CSD* will record the result of the *Corporate Offer* by debiting and/or crediting the *Account* in which the *Securities* is recorded accordingly. The *ITS CSD* will be entitled to accept as conclusive the advice (offeror's, of the relevant *Issuer* or relevant *Person*) as to acceptance of the *Corporate Offer*, unless the *Client* has given *Notice* to the *ITS CSD* to the contrary within the required timeframe.

4.5.2 If the laws of an *Issuer's* jurisdiction or any of an *Issuer's* constitutive documents require that one or more of the *Corporate Action*s are administered by or to, the ultimate *Securities* holders directly or by an agent in direct coordination with the *Issuer*, upon request of an *Issuer* or authorised representative, provided that the above stated is disclosed in the listing prospectus, *ITS CSD* shall require the *Client* to provide *ITS CSD* with the details of such ultimate *Securities* holders and the *Client* shall be under the obligation to provide such data to *ITS CSD*, within deadline and in a manner provided in a *Notice*.

4.5.3 Notwithstanding anything to the contrary in these *Rules*, *Corporate Action*s of an *Issuer* as described in *Rule* 4.5.2 shall be processed in a manner as described in *Rule* 4.5.2.

4.5.4 If the information requested in *Rule* 4.5.2 is not received by the *Client* in a timely manner, *ITS CSD* shall submit the requested data to the *Issuer* as recorded by *Depository*.

4.6 Instructions and Notices from Clients

4.6.1 The *ITS CSD* are entitled without further enquiry to accept and act on *Instruction*s and *Notice*s which:
(a) are communicated via the *EDMS*;
(b) are or purport to have been given or sent by an *Authorised Signatory*;
(c) are communicated in any other manner permitted or contemplated by these *Rules*; or
(d) are given by a *Person* who the *ITS CSD*, as the context requires, acting in good faith, believes is authorised to give such an *Instruction* and/or *Notice*.

4.6.2 The execution of, or action on (or no action, as the context requires) and/or *Notice*s shall constitute a good discharge by the *ITS CSD* neither of whom shall be required to check the authenticity or source of any *Instruction* or *Notice* (whether sent by facsimile, computer, telephone or otherwise).

4.6.3 Without limiting *Rule* 4.6.1, the *ITS CSD* may also accept as an *Instruction* or *Notice* from a *Client* an *Instruction* or *Notice* given by a liquidator, receiver, statutory manager or other *Person* the *ITS CSD* reasonably believes has lawful authority to act in the name of, or on behalf of, that *Client*.

4.6.4 Each **Client** authorises and will adopt and ratify all actions taken or (as the case may be) not taken, by the **ITS CSD** in a good faith on reliance upon an **Instruction** and/or **Notice** (notwithstanding any **Error**, misunderstanding, lack of clarity, forgery or fraud by an **Authorised Signatory**, **Person**s purporting to be authorised **Authorised Signatory** or by others).

4.6.5 Without limiting or prejudicing any other right, sole and absolute discretion, power or remedy, the **ITS CSD** not obligated to act on any **Instruction**, **Notice** or information and may refuse to allow a **Depository Transaction** or a **Corporate Action** to be **Settled** or to deal with an **Securities and money** in any other way, where:

(a) the **EDMS, Third Party Account Provider** or the system of the **Bank** is unavailable;

(b) the **ITS CSD** believes that the **Instruction** or **Notice** has not been given in accordance with the **Rules**, or that doing so would be unlawful, including contravening any statute or an order made by any court;

(c) the **ITS CSD** believes that acting on the **Instruction**, **Notice** or information or allowing the **Transaction**, **Corporate Action** or dealing with the **Securities** could place the **ITS CSD** or the in breach of its obligations to another **Client** or other **Person**;

 (e) a **Potential Default Event** has occurred;

(f) the **ITS CSD** receives information sufficient for the **ITS CSD** to form a view in a good faith that the **Client** may not be entitled to the **Securities** authorised to deal with **Securities** in accordance with these **Rules**;

(g) the **ITS CSD** determines that a state of emergency exists or is developing which in the opinion of the **ITS CSD** threatens the financial stability or integrity of the **Depository** or prevents or significantly hinders the operation of the **Depository** or creates unacceptable risks for the **ITS CSD** or **Client**s (including but not limiting, like fire, accident, flood, act of God, act of terrorism, communication breakdown, embargo, act or war, other emergency);

(h) the **ITS CSD** is served with a Court order which in the opinion of the **ITS CSD** affects the ability of the **Client** to deal with the **Securities** or money or otherwise enter into the **Depository Transaction** or participate in the **Corporate Action**;

(i) the **Client**, or another **Client** which is a party to the **Depository Transaction** or **Client** in the **Corporate Action**, resigns, is suspended or terminated in accordance with the **Rules**; or

(j) the **Instruction**, **Notice** or information is unclear in the view of the **ITS CSD**, in which case the **ITS CSD** must seek clarification from the **Client**, but the **ITS CSD** may not act (and may procure that does not act) upon that **Instruction**, **Notice** or information until it has been clarified to its absolute satisfaction.

4.6.6 If in accordance with **Rule** 4.6.5, the **ITS CSD** decides not to act or for any other reason the **ITS CSD** is unable to act on any **Instruction** or **Notice** or apparent **Instruction** or **Notice** which it has received from a **Client**, the **ITS CSD** will notify the **Client** concerned of the relevant circumstances as soon as practicable after it has become aware of them.

4.7 Errors

4.7.1 If as a result of an **Error** a **Client** receives any **Securities**, right, issue, benefit, security, financial instrument or other property or thing to which the **Client** is not entitled (an "**Error Benefit**"), then:

(a) Promptly following becomes aware of the **Error**, the **ITS CSD** must give **Notice** to the **Client** of the **Error** and specify the steps that must be taken by the **Client** in order to return the **Error Benefit** to the **Person** entitled to receive it, including the payment of money;

(b) the **Client** shall promptly take the steps specified in the **Notice** and in any event by the time if any specified in the **Notice**; and

(c) if the **Client** has already transferred any **Securities** or other property or assets the subject of the **Error Benefit**, the **Client** shall purchase equivalent **Securities**, or other property or assets in order to return the **Securities**, property or assets if required to do so by the **ITS CSD** under this **Rule**.

4.7.2 Without prejudice to any other provision of these **Rules**, where an **Error** has occurred in respect of the recording of money or **Securities** in an **Account**, the **ITS CSD** may in its discretion take any action it considers necessary or desirable to correct any record.

4.8 General

4.8.1 The **ITS CSD** may rely on any representation, **Notice**, agreement or document believed to be genuine, correct and appropriately authorised and upon any statement or representation made by a **Person** regarding any matters which may reasonably be assumed to be in that **Person**'s knowledge or power to make.

4.8.2 The **ITS CSD** are not responsible for:

(a) the adequacy, accuracy and/or completeness of any information (oral or written) supplied by an **Issuer** of **Securities** or other **Person**; or

(b) the legality, validity, effectiveness, adequacy or enforceability of any **Securities**.

4.8.3 The **ITS CSD** shall not be obliged to do or omit to do anything if it would or might in its reasonable opinion constitute a breach of any **Law** or a breach of fiduciary duty of the **ITS CSD**.

4.8.4. Subject to paragraph 4.8.6., in no circumstances shall the **ITS CSD**, its affiliates or its or their **Director**s, officers, employees or agents be liable to the **Client** or any **Person** for whom the **Client** purports to act for any direct or indirect loss of revenues or profits, loss of goodwill, loss of opportunity, anticipated savings, wasted

expenditure, or incidental, special or consequential damages, resulting from or arising out of or in connection with, in whole or in part, the provision of access to the *ITS CSD*, regardless of whether such loss could have been foreseen or prevented.

4.8.5. Subject to the implementation of disaster recovery and *Business* continuity measures by the *Client*, the *Client* shall not be liable for any failure or delay in the performance of any of its obligations under this *Rules* (other than the payment by the *Client* of fees due to causes beyond its reasonable *Control*, including but not limited to industrial disputes of any nature, work stoppages, civil disobedience, riots, rebellions, accidents, explosions, acts of God, acts of a public enemy, acts of government, interruptions or imperfections of telecommunications, sabotage, pestilence, terrorism, lightning or electromagnetic disturbances, brown-outs or black-outs, earthquakes, storms, floods, fires or other casualty. During the time that any of the events specified in the previous sentence continue to exist, the obligations of the *Client* hereunder, other than those affected by such events, shall remain in full force and effect and the *Client* shall continue to perform such obligations. Notwithstanding the foregoing, nothing in this paragraph shall affect the *Client's Settlement* obligations with respect to the payment by the *Client* of fees).

4.8.6. Nothing in these *Rules* will:

a) to the extent prohibited by *Law* or regulation, exclude or restrict any duty or liability the *ITS CSD*, its affiliates or its or their *Directors*, officers, employees, agents or any network provider may have to the *Client*; or

b) exclude or restrict any claim which can be directly attributable to a party's willful misconduct or fraud.

4.8.7. Each party hereby acknowledges that it has not relied upon any warranty, condition, guarantee or representation made by the other, except as specifically set forth in this *Rules* or the *Client's* application (as the case may be).

4.8.8. The rights and remedies provided under this *Rules* are in addition to, and not exclusive of, any rights or remedies provided by *Law*.

4.8.9. The *ITS CSD* hold *Client's* money and *Securities* separate from money and *Securities* belonging to the *ITS CSD* and don't use *Client's* money and *Securities* belonging to one *Client* to satisfy an obligation of another *Client*.

4.8.10. The *ITS CSD* shall use all due skill, care and diligence in the selection, appointment and periodic review of the *Third Party Account Provider* with whom *Client* money and *Securities* is deposited in accordance with the *AIFC Rules* and Regulations. Subject to this obligation, *ITS CSD* shall not be liable for the acts, omissions or failure of any *Third Party Account Provider*.

4.8.11. The *ITS CSD* shall not be liable for the loss of any *Client* money and *Securities* which is the direct or indirect result of the *Bank*ruptcy, insolvency, liquidation, receivership, custodianship, or assignment for the benefit of creditors of any *Third Party Account Provider*.

4.8.12. The *ITS CSD* must not use a *Client Securities* and money for its own purpose or that of another *Person* without the prior written permission of the relevant *Client*.

5. Section: Depository Powers
5.1 Admission of Securities

5.1.1 Any *Person* may apply to the *ITS CSD*, in the form prescribed by the *Procedure*s, to have a class of security approved as *Securities*. Upon receipt of an application or on its own initiative, the *ITS CSD* may at its discretion approve a class of Security as *Securities*.

5.1.2 The *ITS CSD* may attach such conditions to an approval given under *Rule* 5.1.1 that it considers necessary for the integrity, reliability and efficiency of the *Depository*.

5.1.3 Where a class of Security exists or is issued subject to a condition that prevents or limits the ability of that Security to be offered for sale to or to be held by any *Person*, that limitation must be notified to the *ITS CSD* on an application made in accordance with *Rule* 5.1.1. Notwithstanding the receipt of notification, it is the sole responsibility of each *Client* in whose *Account Securities* is recorded to inform any proposed or prospective transferee of any interest in the *Securities* of the existence and nature of the condition. Each *Client* acknowledges that neither the *ITS CSD* nor the bears any duty or obligation to inform them of the existence and nature of any condition.

5.1.4 Where the *ITS CSD* approves a class of security as *Securities* under *Rule* 5.1.1, the *ITS CSD* must **Notify** the *Applicant* (if applicable), **ITS**, the *Issuer* of the *Securities* (if applicable) and, by *Procedure*, each *Client*. The *Notice* given under this *Rule* will specify:

(a) the date upon which a class of security becomes *Securities* in accordance with a *Procedure*; and

(b) any conditions attached to approval of the *Securities*.

5.1.5 The *ITS CSD* may at any time, at its discretion, either:

(a) suspend approval of a class of *Securities* until further *Notice*, provided that any period of suspension does not exceed 60 *Business Day*s;

(b) withdraw approval of a class of *Securities*, whether or not approval of the *Securities* is already suspended.

5.1.6 If the *ITS CSD* suspends or withdraws approval of a class of *Securities* in accordance with *Rule* 5.1.5., the *ITS CSD* must promptly give *Notice* of the suspension or withdrawal to each *Client*. The *Notice* must specify the time and date on which the suspension or revocation is effective and in the case of a suspension in accordance with *Rule* 5.1.5, the period of the suspension.

5.1.7 Upon suspension or withdrawal of approval of a class of *Securities* no further *Securities* of that class can be **Accepted** by the *Depository* and no *Instruction*s can be given in respect of *Securities* of that class.

5.1.8 Withdrawal of approval of a class of *Securities* will not affect a *Client*'s or the *ITS CSD*'s rights or obligations under a *Transaction* entered into prior to notification of the withdrawal of approval.

5.2 Complaints and Investigations

5.2.1 The *ITS CSD* may receive and consider requests, appeals, complaints from the *Clients* in writing, indicating information about the name, location (address) of the applying *Client*, which must be signed by the *Client* or his authorized representative.

5.2.2 The *ITS CSD* may, at its discretion:
(a) reject summarily any complaint which appears to be insubstantial, immaterial, vexatious and or frivolous;
(b) investigate the complaint in accordance with *Rule* 5.2.5; or
(c) refer the complaint to any other *Person* that has jurisdiction in relation to the subject matter of the complaint or whom the *ITS CSD* believes is better qualified to deal with the matter.

5.2.3 In case of referring the complaint to any other *Person* who is entirely or partly responsible for the subject matter of a complaint, the *ITS CSD* complies with requirements set out in COB 15.3.

5.2.4 The *ITS CSD* considers complaints fairly, consistently, and promptly in accordance with these *Rules.*5.2.5 and *ITS CSD* Compliance *Procedure*s. All incoming requests, appeals, complaints are registered in the *ITS CSD* general register of incoming documents and send for consideration by the Compliance Officer. If it is necessary other employees of the *ITS CSD* may be involved in consideration process.

5.2.6 All incoming requests, appeals, complaints are considered within a period not exceeding 30 calendar days from the date of its receipt by the *ITS CSD*, if these incoming documents do not require additional study (verification) - within a period not exceeding 15 calendar days. If any extend period is needed the *ITS CSD* should notify the *Client*, those incoming requests, appeals or complaints are in charge, and prolong the consideration period not more that for 30 calendar days.

5.2.7 The *ITS CSD* will maintain a record of complaints detailing the complaint, any investigation or other action taken and the outcome of the complaint.

5.2.8 The *ITS CSD* may, either as a result of receiving a complaint in accordance with *Rule* 5.2.1 or on its own initiative, investigate a complaint and make such enquiries as it thinks fit. As a result of its investigations, the *ITS CSD* may exercise such powers as are conferred on it under these *Rules* as it thinks fit.

5.2.9 The *ITS CSD* provide the outcome to the *Client's* incoming requests, appeals, or complaints in the same way as the incoming request, appeal or complaint was sent (unless otherwise specified in the request), or by post (or in another way that guarantees delivery of the response).

5.2.10 If a *Client* is not satisfied with the *ITS CSD's* response, the *Client* may resolve its complaint by going to the *AIFC Court*.

5.2.11. *Clients* can request the *ITS CSD* free of charge to provide *ITS CSD* Compliance *Procedure*s.

5.3 Investigation Powers

5.3.1 The *ITS CSD* may for the purposes of ascertaining whether a *Client* is in compliance with these *Rules* or ascertaining whether to exercise any rights or powers under these *Rules*:
(a) require any *Client* to produce for inspection any documents or records (whether in physical or electronic form) in that *Client*'s possession or *Control*;
(b) require any *Client* to procure any *Director* of the *Client*, or any *Personnel* or other *Person* within the *Control* of the *Client*, to produce for inspection any documents or records (whether in physical or electronic form) in that *Person*'s possession or *Control*;
(c) require any *Client* to reproduce, or assist in reproducing any document or record produced, or required to be produced to the *ITS CSD*;
(d) inspect and make records of or copy any document or record produced to the *ITS CSD*.

5.3.2 Documents, records or information to be provided to the *ITS CSD* pursuant to *Rule* **5.3.1** must be provided in such format, electronic or otherwise, and by the time, specified by the *ITS CSD*.

5.4 Disclosure of Information obtained on Inspection

5.4.1 Information obtained pursuant to *Rule* 5.3 may be disclosed:
(a) as required by the *Law*;
(b) to a lawyer, *Account*ant or other professional adviser of the *ITS CSD*; or
(c) to any *Person* in *AIFC* that has jurisdiction in relation to the *Client* or the subject matter or the investigation.

5.4.2 The **ITS CSD** will take all reasonable measures to protect any information obtained by the **ITS CSD** pursuant to **Rule** 7.3 from any unauthorised use or disclosure.

5.4.3 Upon receipt of a request from the **ITS CSD** pursuant to **Rule** 5.3 a **Client** may make a submission in writing to the **ITS CSD** that that information obtained by the **ITS CSD** should not be disclosed to any specified **Person**(s). The **ITS CSD** will consider such submissions but is not obliged to accept such request if the **ITS CSD** considers that access to that information by any specified **Person** is appropriate for the **ITS CSD** to fulfill its functions, including, but not limited to, fulfilling any obligations it has under the **Law**.

5.5 Power of waiver and rulings

5.5.1 The **ITS CSD** has sole and absolute discretion to waive all or any part of these **Rules** or the **Procedure**s in respect of a **Client** and the **ITS CSD** may make rulings as to the interpretation of these **Rules** or the **Procedure**s. The **ITS CSD** may make rulings and grant waivers from these **Rules** or the **Procedure**s, on such terms and conditions as the **ITS CSD**, in its complete discretion, thinks fit. The **ITS CSD** may by **Procedure** specify the **Procedure**s and practices it will adopt in relation to consideration of applications for rulings or waivers.

5.5.2 Any waiver or ruling granted by the **ITS CSD** may be revoked at any time by the **ITS CSD** by **Notice** to the **Client** or **Client**s concerned. Any such revocation shall have effect from the date stated in the **Notice** (which may be before the date of the **Notice** if the **ITS CSD** considers that the waiver or ruling was granted on the basis of information which was incorrect, incomplete or misleading in any material respect or if the conditions specified in the waiver or ruling have not been satisfied or complied with in full).

5.5.3 Any waiver or ruling granted by the **ITS CSD** will be valid and have effect in accordance with the terms of and for the period specified in the decision for that waiver or ruling. Any waiver or ruling is granted by the **ITS CSD** on the basis that the information provided is complete, true and up-to-date in all material respects. Any waiver or ruling granted by the **ITS CSD** will be void from the outset if the **ITS CSD** has made the decision in relation to the application on the basis of information that the **ITS CSD** determines was incorrect, incomplete or misleading in any material respect. Waivers and rulings granted by the **ITS CSD** subject to conditions are only valid if those conditions are satisfied or complied with. A waiver or ruling will be void from the outset if any such conditions are not satisfied or complied with in full.

5.5.4 The power and discretions of the **ITS CSD** set out in this **Rule** 5.5 are subject to those waivers or ruling granted by the **ITS CSD** being in consistence with the **Law**.

5.6 Other powers

5.6.1 If the **ITS CSD** determines that a state of emergency exists or is developing, the **ITS CSD** may take or authorise any action it considers necessary for the purpose of dealing with the state of emergency, even if that action may be inconsistent with these **Rules**. If the action taken by the **ITS CSD** is inconsistent with these **Rules**, that action must be appropriately documented.

5.6.2 In the course of operating the **Depository**, the **ITS CSD** may collect and store information relating to **Securities**, **Issuer**s of **Securities**, **Client**s and the activities of the **Depository** generally.

5.6.3 The **ITS CSD** may provide **ITS CCP** with any information **ITS CCP** may request in order to promote the integrity, transparency and confidence in the market or in connection with its supervisory, regulatory and/or surveillance functions or its operation of such market or markets and operational platforms in connection therewith. Such information may include information about the **ITS CSD**, any **Client** and any information held by or provided to or by the **Depository**.

5.6.4 The **ITS CSD** may operate the **Depository** on such days and for such periods of time on such days as set out in the **Procedure**s.

5.6.5 **ITS CSD** may impose on any or all **Client**s such fees, levies and other charges. All fees, levies and other charges will be payable in the manner and at the time specified by **Procedure**. **ITS CSD** will publish the fees, levies and other charges payable in manner defined with **Procedure**.

6. Section: Default and Termination

6.1 Default Event

6.1.1 The occurrence of any of the following events or circumstances with respect to a **Client** will constitute a **Default Event**:

(a) that **Client** fails to pay an amount due and payable to the **ITS CSD** under the **Rules** at the place and in the currency in which it is expressed to be payable;

(b) that **Client** fails to comply with or breaches any of the continuing obligation requirements;

(c) that **Client** no longer satisfies any requirements for admission as a **Client** or fails to comply with any condition of admission;

(d) that **Client**:

(i) fails to comply with an obligation under these **Rules**;

(ii) fails to comply with any condition or directive imposed on the **Client** by the **ITS CSD**; and/or

(iii) breaches any agreement between the **Client** and the **ITS CSD**, as the case may be, in any material respect or breaches any undertaking in favor of the **ITS CSD**, as the case may be, and which, if the failure to comply is capable of remedy, is not remedied within such later time as the **ITS CSD** may in its sole and absolute discretion allow of the earlier of (1) the **ITS CSD** giving **Notice** to the **Client** and (e) the **Client** becoming aware of the failure to comply;

(f) an Insolvency occurs in respect of the **Client**;

(g) any representation or warranty made or deemed to be made by a **Client** under or pursuant to the **Rules** or the **Procedure**s, or in any other agreement or document delivered by or on behalf of the **Client** under or in connection with the **Rules** or the **Procedure**s (including in respect of an application to be a **Client**) is or proves to have been incorrect, or misleading when made or deemed to be made;

(h) the **ITS CSD** is informed by **ITS CCP** or other clearing and **Settlement** facility or **Depository** facility that the **Client** or a related **Person** of that **Client** is not, or may not be, complying with its obligations under the **Rules** and **Procedure**s of, or any terms of agreement with **ITS CCP** or any other clearing and **Settlement** facility or other **Depository** facility and such event or circumstance would have a **Material Adverse Effect**;

(i) the **ITS CSD** is informed by any **AFSA** or other regulatory body that the **Client** or a related **Person** of the **Client** is not, or may not be, complying with any **Law**, directive or regulatory requirement and such event has or may have a **Material Adverse Effect**;

(j) that **Client** or a related **Person** of that **Client** is suspended, expelled or terminated (howsoever described) as a **Client** or **Client** of, or subject to any sanction imposed by any derivatives, **Securities**, commodity or stock exchange or market or other clearing and **Settlement** facility or is subject to any sanction imposed by any regulatory authority or ceases to be entitled to carry on **Business**;

(k) a **Client** is found to be in breach of, or guilty of, an offence under the provisions of the **Law**, or a crime involving dishonesty; or

(l) it is or will become unlawful for a **Client** to comply with its obligations under the **Rules** or any obligation of a **Client** becomes invalid or unenforceable or is held, declared or claimed by any **Person** other than the **ITS CSD**, to be void, voidable or unenforceable.

6.2 Suspension

6.2.1 The **ITS CSD** will be entitled to suspend a **Client** in any of the following circumstances:

(a) the occurrence of a **Default Event**; or

(b) a **Potential Default Event** occurs which is continuing; or

(c) any alleged event or breach of these **Rules** where such breach or event, if proven, could have a **Material Adverse Effect**; or

(d) the occurrence of a **Sanction Event**.

6.2.2 A suspension may be for a fixed period or for an indefinite period, as determined by the **ITS CSD** in its sole discretion. During a period of suspension in respect of a suspended **Client**, the **ITS CSD** may exercise any of its powers under the **Rules**.

6.2.3 A suspension will remain in force for any period notified to the **Client** or until the **ITS CSD** determines that the suspension will be extended, or **Client** is terminated.

6.2.4 A suspended **Client** may withdraw **Securities** in accordance with the **Rules**, but may not otherwise exercise any other rights of a **Client**, including without limitation the giving of **Instruction**s or **Accepting of Securities** to the **Depository**.

6.3 Termination

6.3.1 The **Client** can terminate **Depository Agreement** by providing the **ITS CSD** with no less than thirty (30) **Business Day**s written **Notice** of termination.

6.3.2 No **Client** shall be permitted terminate **Depository Agreement** unless and until such **Client** shall have provided satisfactory evidence to the **ITS CSD** that:

• no amount is due, owing or payable by the **Client** to any regulator or to the **ITS CSD** inter alia by way of fees, charges, penalties or interest.

• the **Client** has complied with such other terms and conditions as the **ITS CSD** may have specified.

6.3.3 The **Depository Agreement** may be terminated by the **ITS CSD**:

• The **ITS CSD** will be entitled to terminate, either with immediate effect or by specifying a future date in any of the following circumstances:

(a) a **Default Event**,

(b) the **Client** ceases to carry on **Business** as a **Client** for a period of 6 months; or

(c) the **Client** is suspended under **Rule** 6.2.1(a) and the **ITS CSD**, in its sole discretion, determines that **Client** has not or is unlikely to remedy to the satisfaction of the **ITS CSD** the matters giving rise to the suspension.

(d) the occurrence of a **Sanction Event.** The **ITS CSD** promptly report to the **AFSA** about such occurrence.

6.4 General Provisions Relating to Suspension and Termination

6.4.1 **Client** must withdraw all **Securities** from the **Depository** in accordance with a **Procedure**. A **Client**'s obligations under these **Rules** will remain in full force and effect until all **Securities** held for the **Client** has been withdrawn.

6.4.2 On the effective date of suspension or termination of the **Depository Agreement**, **ITS CSD** will not take **Instructions** from the **Client**.

6.4.3 Suspended or terminated **Client** must act in good faith and take such actions as may be necessary, convenient or desirable to assist the **ITS CSD** in all matters arising out of such suspension or termination.

6.4.4 Suspended or terminated **Client** will not be entitled to the repayment of any fees, dues, assessments, fines or charges paid by such **Client** to the **ITS CSD**, nor will the terminated **Client** be discharged from the obligation to pay any fees, dues, assessments, fines or charges in respect of the period preceding the effective date of termination.

6.4.5 A former **Client** shall continue to be liable to the **ITS CSD** for all obligations and liabilities incurred by the former **Client** under these **Rules** during the period when he was a **Client** of the **Depository** until the later of:

(a) seven (7) years following the date on which a **Client** has ceased to be a **Client**; and

(b) if the **ITS CSD** has instituted proceedings or taken any action against the former **Client** during the seven-year period, then in relation to the obligation and liabilities that were the subject of such proceedings, the date on which all of the **ITS CSD**'**s** remedies against the former **Client** have been exhausted.

7. Section: Organizational provisions
7.1 Record Keeping
7.1.1 The **Depository** shall maintain, for a period of at least six (6) years or longer period, all its records on the services and activities so as to enable **AFSA** to monitor the **Depository**'**s** compliance with **AIFC** legal requirements.

7.1.2 The **ITS CSD**'s policies and **Procedure**s on record keeping shall ensure that record keeping system meets all the following conditions:

(i) each key stage of the processing of records by the **Depository** may be reconstituted;

(ii) the original content of a record before any corrections or other amendments may be recorded, traced and retrieved;

(iii) measures are put in place to prevent unauthorised alteration of records;

(iv) measures are put in place to ensure the security and confidentiality of the data recorded;

(v) a mechanism for identifying and correcting **Error**s is incorporated in the record keeping system;

(vi) the timely recovery of the records in the case of a system failure is ensured within the record keeping system.

8. Section: Miscellaneous
8.1 Force Majeure
8.1.1 Unless otherwise expressly provided for in these **Rules**, the **ITS CSD** shall not be liable for any act or omission or for any failure, suspension, restriction or delay in the provision of services and facilities or the performance in whole or in part of its obligations under these **Rules**, if, such act, omission, failure, suspension, restriction or delay arises out of causes beyond its reasonable **Control**.

8.1.2 Causes referred to in **Rule** 8.1.1 above may include, but shall not be limited to, acts of God, war, t**Error**ism, civil disturbances, riots, acts of a civil or military authority, embargoes, fires, floods, explosions, accidents, labour disputes, mechanical breakdowns, computer or system failures or other failures of equipment, failures of or defects in computer or system software, unavailability of or restrictions on any online communications system or communication media or facilities, criminal cybercrime activity, interruptions (whether in whole or in part) of power supplies or other utility or service, any suspension, restriction or closure of any market, any market emergency, failure, interruption or suspension of any **Depository** or custodian, **Bank** or **Financial Institution**, clearing or **Settlement** system, any **Law**, decree, regulation or order or directive of any government, competent authority or any court or tribunal, and any other causes in all cases.

8.2 Data Protection
8.2.1 The **ITS CSD** may collect and retain **Person**al information on **Client**s **Personnel**, **Director**s and other **Person**s, at all times in conformity with the **Law**.

8.2.2 The **ITS CSD** may process **Person**al data in connection with its activities and, if necessary, transmit or transfer such data to countries or territories outside the **AIFC**, at all times in conformity with the **Law**.

8.2.3 The **ITS CSD** the acknowledges that:

(1) **Client**s may, pursuant to these **Rules** and/or at the request of the **ITS CSD**, transfer information about their, **Personnel** and **Director**s and other **Person**s to the **ITS CSD** as the case may be; and

(2) such transfers may, in the absence of appropriate arrangements to protect the transferred information, place **Client**s in breach of data protection or privacy **Law**s.

8.2.4 In relation to each such transfer or set of transfers the **ITS CSD**, as the case may be, shall therefore, if so requested in writing by the relevant **Client**, promptly enter into a contract (as data importer) with that **Client** (as data exporter) in accordance with the provisions and requirements of the **Law** or an alternative regulator's requirements, as appropriate, to describe the transfer or set of transfers as that **Client** may reasonably specify in its request.

8.3 Confidentiality

8.3.1 Unless otherwise provided for under these **Rules** or in any other agreement or arrangement between the **ITS CSD** and a **Client**, the **ITS CSD**, as the case may be, shall treat all information and documents acquired by it under or in connection with these **Rules** (including without limitation all **Person**al information in respect of a **Client's Personnel**, **Director**s and other **Person**s) as confidential ("**Confidential Information**"). The **ITS CSD**, as the case may be, shall however be entitled to disclose **Confidential Information** in all or any of the following circumstances:

(1) for the purpose of enabling the **ITS CSD**, as the case may be, to institute, carry on or defend any proceedings including any court proceedings;

(2) for any purpose referred to in **AIFC Framework Regulations**;

(3) under compulsion of **Law**;

(4) for the purpose of enabling the **ITS CSD**, as the case may be, to discharge its functions having regard in particular to the protection of investors and the maintenance of high standards of integrity and fair dealing;

(5) in relation to the enforcement of that **Client**'s obligations under these **Rules**;

(6) for the purposes of international treaty obligations or to act in conformity with future international cooperation mechanisms (e.g. IOSCO MMOU);

(7) for any other purpose with the consent of the **Person** from whom the information was obtained and, if different, the **Person** to whom it relates;

provided that nothing shall prevent the **ITS CSD**, as the case may be, from disclosing any **Confidential Information** which is already in the public domain in any jurisdiction unless it has come into the public domain as a result of a breach by the **ITS CSD** as the case may be, of this **Rule** 8.3.1.

9. Section: Governing Law and Jurisdiction

9.1.1 These **Rules** shall be governed by and construed in accordance with the **Laws**, acts and regulations of the **AIFC** and each **Client** irrevocably submits to the exclusive jurisdiction of the **AIFC Court** and its legal jurisdiction.

9.1.2 Each **Client** irrevocably:

(1) waives any objection arising at any time to the laying of venue of any proceedings brought in **AIFC**;

(2) waives any claim that such proceedings have been brought in an inconvenient forum; and

(3) further waives the right to object with respect to such proceedings that the **AIFC Court** does not have jurisdiction over it.

9.1.3 The **ITS CSD**, as the case may be, shall be entitled to institute proceedings in any other jurisdiction to enforce the obligations of a **Client**, which arise under or in connection with these **Rules**.