ITS Central Securities Depository Business Rules

COMPARISON TABLE

In this table, underlining indicates new text and ~~striking through~~ indicates deleted text, otherwise the Article remains unaltered.

№	Current	Proposed	Justification	Accepted/Not accepted
Definitions and Interpretation				
1.		<u>Error Benefit means 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.</u>	The current version also contains this definition, but in the text of clause 4.7.1. For the sake of clarity, the concept of an Error Benefit has been replaced to the “Definitions and Interpretation” to preserve the logic of presenting the rest of the provisions in the Business Rules.	Accepted
2.		<u>Guarantee Account means a classification of an Account established for a Client in the Depository, designated exclusively for the purpose of holding Securities admitted as Guarantee Collateral, with ITS CCP acting as the Account Operator.</u>	The provision is introduced to establish a separate type of account (Guarantee Account) that is intended exclusively for holding securities admitted as Guarantee Collateral. Previously, trading accounts marked as accounts for securing the client’s guarantee obligations were used for this purpose. The introduction of a separate Guarantee Account is aimed at delineating account functions and clarifying that such accounts may not be used to secure and/or perform any obligations of the Clearing Participant under the contracts and other obligations admitted to clearing with ITS CCP. In the proposed version of Business Rules the concept of a Guarantee Account is mentioned in	Accepted

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			Section 3 of Business Rules (clauses 3.1.4, 3.2.2, 3.4.3, 3.11).	
3.		Guarantee Collateral means property, which may be used to secure and/or perform obligations of the Client as a clearing member of ITS CCP.	For the sake of clarity, the concept of a Guarantee Collateral has been added to the "Definitions and Interpretation" to preserve the logic of presenting the rest of the provisions in the Business Rules. In the proposed version of Business Rules the concept of a Guarantee Collateral is mentioned in the interpretation of the definition "Guarantee Account".	Accepted with amendments in the following wording: «Guarantee Collateral means Securities, which are used as contribution to the default fund of ITS CCP».
3.1 Accounts				
4.		3.1.3. Account may be used only for holding Securities, corporate actions, and acceptance and withdrawing of Securities.	The provision has been introduced to formalize and explicitly reflect in the text of the document the actually established procedure for the use of the Account. The addition is intended to eliminate potential ambiguities and to confirm that the Account is intended solely for holding securities, conducting corporate actions, and the acceptance and withdrawal of securities.	Accepted
5.	3.1.3. Trading Account may be opened/closed/modified only by Instruction provided by ITS CCP.	3.1.4. Trading Account and Guarantee Account may be opened/closed~~/modified~~ only by Instruction provided by ITS CCP.	The change is being introduced to clarify that the clause applies not only to Trading Accounts but also to Guarantee Accounts (the concept of which is included in the proposed version of the Business Rules).	Accepted
6.		3.1.5. Only Securities included in the list of Securities disclosed on the ITS CCP website can be credited to the Guarantee Account.	The provision is introduced to define and restrict the scope of Securities that may be credited to the Guarantee Account. This clarification ensures transparency and consistency with the list of eligible Securities disclosed on the ITS CCP website, thereby enhancing control and compliance in the use of Guarantee Collateral.	Accepted
3.2 Transactions on Accounts				

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7.	3.2.2 Transactions on the Client's Trading Accounts are carried out based on Instructions from ITS CCP in the manner provided for by the Procedures 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 Instructions for operations on all Trading Accounts. Instructions for conducting operations on all Trading Accounts of the Depository are submitted by the ITS CCP. Instructions initiated by Clients on Trading Accounts are sent to the Depository through the ITS CCP in the form prescribed by the ITS CCP.	3.2.2 Transactions on the Client's Trading and Guarantee Accounts are carried out based on Instructions from ITS CCP in the manner provided for by the Procedures for Rule 3.6.1 and 3.8.1. Performing operations to credit and/or debit Securities upon the Instruction of the Trading and Guarantee Account holder is not permitted. This requirement does not apply to ITS CCP, which is entitled to give Instructions for operations on all Trading and Guarantee Accounts. Instructions for conducting operations on all Trading Accounts of the Depository are submitted by the ITS CCP. Instructions initiated by Clients on Trading and Guarantee Accounts are sent to the Depository through the ITS CCP in the form prescribed by the ITS CCP.	The change is being introduced to clarify that the clause applies not only to Trading Accounts but also to Guarantee Accounts (the concept of which is included in the proposed version of the Business Rules).	
	3.4 Account Closing			
8.	3.4.3. Trading Accounts may be closed/open/modified only by Instruction provided by ITS CCP.	3.4.3. Trading Accounts and Guarantee Account may be closed~~/open/modified~~ only by Instruction provided by ITS CCP.	The change is being introduced to clarify that the clause applies not only to Trading Accounts but also to Guarantee Accounts (the concept of which is included in the proposed version of the Business Rules). The exclusion of the phrase "open/modified" is due to the fact that these matters are already regulated by clause 3.1.4, whereas this article is intended to address Account Closing exclusively.	Accepted
	3.11 Trading and Guarantee Accounts			
9.	3.11. Trading Accounts 3.11.1. Each Client irrevocably authorises the ITS CSD to take Instructions from ITS CCP as an Account operator to debit or credit Securities from or to the Client's Trading Accounts as a result of clearing	3.11. Trading and Guarantee Accounts 3.11.1. Each Client irrevocably authorises the ITS CSD to take Instructions from ITS CCP as an Account operator to debit or credit Securities from or to the Client's Trading Accounts as a result of clearing performed by the ITS CCP. This Rule	Clauses 3.11.2 and 3.11.3 are introduced to establish the procedure for the ITS CSD actions in relation to Clients' Guarantee Accounts and to ensure proper interaction between the ITS CSD and the ITS CCP. Clause 3.11.2 formalizes the Client's irrevocable authorization for the ITS CSD to	Accepted

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	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 Accounts 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 Accounts as instructed or authorised in accordance with 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 Accounts 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 Accounts as instructed or authorised in accordance with this Rule. 3.11.2. Each Client irrevocably authorizes the ITS CSD to take Instructions from ITS CCP as an Account operator to debit or credit Securities from or to the Client's Guarantee Accounts. 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 Guarantee Accounts. The ITS CSD must debit and/or credit and/or take such other action in respect of Guarantee Accounts as instructed or authorized in accordance with this Rule. 3.11.3 Securities held in the Guarantee Account may not be used to secure and/or perform any obligations of the Clearing Participant under the contracts and other obligations admitted to clearing with ITS CCP.	execute ITS CCP's instructions regarding debiting, crediting, or otherwise managing securities on Guarantee Accounts, thereby ensuring operational efficiency and compliance with ITS CCP requirements. Clause 3.11.3 clarifies the restricted purpose of Guarantee Accounts, expressly prohibiting the use of securities held therein to secure or perform any obligations of the Clearing Participant under contracts and other obligations admitted to clearing with the ITS CCP, thus ensuring segregation of assets and risk isolation.	
4.5 Corporate Actions				
10.	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	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	The reference to the Procedures for the payment of income under Corporate Actions has been added in order to avoid duplication in the Business Rules. The last two sub-clauses in the list are	Accepted

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	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 a 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	nominee Account in a Bank and then will credit the amount to the Account of the Client nominated by the Client for that purpose. The procedure for the payment of income under Corporate Actions, including any interest, dividends and other amount of money, described in the Procedures. - 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 a 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	introduced to establish a clear procedure for updating the Client's bank account details and to allocate responsibility in cases where payments are sent to the wrong address due to the Client's failure to provide timely updates. This ensures the accuracy of payment processing and reduces operational and financial risks for the ITS CSD.	

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	(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.	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. - in the event of an update Client Bank account details, the Client shall submit a corresponding request to amend the information using the approved form of Procedures prior to the commencement of the payment processing. - ITS CSD shall not be liable for erroneously directed payments resulting from the failure to update Client Bank account details in a timely manner.		
		4.7 Errors		
11.		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:	Clarification change in connection with addition of a separate definition of "Error Benefit" to the "Definitions and Interpretation". Please refer to item 1 of this Comparison Table.	Accepted
		4.8 General		
12.	4.8.13. The ITS CSD shall 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.	4.8.13. The ITS CSD shall not use a Client Securities and money for its own purpose or that of another Person, shall not use them as collateral or subject to liens, without the prior written permission of the relevant Client.	The phrase "shall not use them as collateral or subject to liens" has been added to further clarify the prohibition on the use of Client assets, explicitly specifying that Client securities and money may not be pledged or otherwise encumbered without the Client's prior	Accepted

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			written consent.	