

PROVISION
on Compliance of Company with the Qualified Intermediary Agreement with an
additional function of a Qualified Derivative Dealer (QI/QDD Agreement)

Astana, 2024

TERMS, DEFINITIONS AND ABBREVIATIONS

Agreement, for the purpose of this Provision, an Agreement means a Derivative Agreement and a Repurchase Agreement.

Application (withholding statement) means one of the following applications, the form of which is defined in the internal documents of the Settlement Depository:

- Application (withholding statement) for tax withholding at payment of Income on US issuer' Securities, that are subject to provisions of Chapters 3 and 4 of the US Tax Code, for HouseAccounts and (or) Trading House Account of an owner, who is not a tax resident of the US, filled in regarding the Clearing Member;
- Application (withholding statement) for tax withholding at payment of Income on US issuer' Securities, that are subject to provisions of Chapters 3 and 4 of the US Tax Code, for Omnibus Account or (and) Trading Omnibus Account , filled in regarding the Clearing Member having no QI status in accordance with the US Tax Code;
- Application (withholding statement) for tax withholding at payment of Income on US issuer' Securities, that are subject to provisions of Chapters 3 and 4 of the US Tax Code, for Omnibus Account or (and) Trading Omnibus Account , filled in regarding the Clearing Member having QI status in accordance with the US Tax Code;
- Application (withholding statement) for tax withholding at payment of Income on US issuer' Securities, that are subject to provisions of Chapters 3 and 4 of the US Tax Code, for Omnibus Account or (and) Trading Omnibus Account , filled in regarding the Clearing Member having QI status in accordance with the US Tax Code.

Income Beneficial Owner – person (Clearing Member and Clearing Member's clients) having actual right to receive Income on US Issuer's Securities, who is the immediate beneficiary of such Income, i.e., the person actually receiving benefits from Income paid and defines its economic future.

Clarifying Tax Disclosure means tax disclosure that refines within the established time limits information on the Income Beneficial Owners provided by Clearing Members to ITS for subsequent data transmission to the depository.

Chapter 3 – any reference to "chapter 3" means sections 1441, 1442, 1443, 1461, 1463, and 1464 of the US Tax code.

Chapter 4 – any reference to "chapter 4" means sections 1471, 1472, 1473, and 1474 of the US Tax code.

Chapter 4 Status – the status of a person as a U.S. person, a specified U.S. person, an individual that is a foreign person, a participating FFI, a deemed-compliant FFI, a restricted distributor, an exempt beneficial owner, a nonparticipating FFI, a territory financial institution, an excepted NFFE, or a passive NFFE.

Chapter 61 – reference to "chapter 61" means sections 6041, 6042, 6045, 6049, and 6050N of the US Tax code.

Complex Contract means a Derivative Agreement that is not a Simple Contract.

Corporate Action – dividend payment or another event with US issuers' Securities (merger, acquisition, share exchange, company liquidation, additional issuance, etc.) involving the payment of income from US source.

Date of Rights Registration means the date, as of which the list of owners of foreign issuer Securities for Income payment is compiled.

Delta means the ratio of change in the Fair Value of a Derivative Agreement to any change in the Fair Value of the amount of US issuer' Securities constituting underlying asset of such Derivative Agreement.

Derivative Agreement, for the purpose of this Provision, Derivative Agreement means a Derivative Agreement, the underlying asset of which are US issuer' Securities.

Dividend Equivalent – (A) any substitute dividend made pursuant to a securities lending or a sale-repurchase transaction that (directly or indirectly) is contingent upon, or determined by reference to, the payment of a dividend from sources within the United States, (B) any payment made pursuant to a specified notional principal contract that (directly or indirectly) is contingent upon, or determined by reference to, the payment of a dividend from sources within the United States, and (C) any other payment determined to be substantially similar to a payment described in subparagraph (A) or (B).

Documentary evidence – any documentation obtained under the appropriate know-your-customer rules, sufficient to establish entitlement to a reduced rate of withholding under an income tax treaty, or any documentary evidence described sufficient to establish an account holder's status as a foreign person for purposes of chapter 61. Documentary evidence does not include a Form W-8 or Form W-9 (or an acceptable substitute Form W-8 or Form W-9).

Ex-Date of dividend payment means the date preceding the date of dividend payment on foreign issuer

securities.

Ex-Date of right fixation means the date preceding the date of right fixation.

Exempt Beneficial Owner – a Governmental Organization, an International Organization whose income does not benefit private persons, a National Bank, a qualifying Retirement Plan, Entity wholly owned by an Exempt Beneficial Owner.

Fair Value means fair value in accordance with international financial reporting standards.

FIRE System – a software product by the US Internal Revenue Service that allows the Qualified Intermediary, subject to access availability, send forms 1042-S in electronic format using 1187 aggregate format.

Forms 1042 – annual tax return of a foreign nationals regarding the amounts of withholding tax on Incomes from US sources withheld at the time of payment to the Income Beneficial Owners of incomes under US issuers' Securities.

Form 1042-S and Form 1187 – report on foreign national's income from US sources that is subject to withholding, to be provided both to the US Internal Revenue Service, and to each Income Beneficial Owner.

Form W-8 – including the following forms:

- IRS Form W-8BEN - Certificate of Foreign Status of Income Beneficial Owner for United States Tax Withholding (Individuals);
- IRS Form W-8BEN-E - Certificate of Status of Income Beneficial Owner for United States Tax Withholding and Reporting (Entities);
- IRS Form W-8ECI - Certificate of Foreign Person's Claim That Income is Effectively Connected With the Conduct of a Trade or Business in the United States;
- IRS Form W-8EXP - Certificate of Foreign Government or Other Foreign Organization for United States Tax Withholding and Reporting;
- IRS Form W-8IMY - Certificate of Foreign Intermediary, Foreign Flow-Through Entity, or Certain U.S. Branches for United States Tax Withholding and Reporting, as appropriate;
- It also includes any acceptable substitute Form W-8.

Form W-9 – Certificate of US Tax resident indicating Taxpayer Identification Number or any acceptable substitute Form W-9.

Global Intermediary Identification Number (GIIN) – the identification number that is assigned to a participating FFI, registered deemed-compliant FFI, direct reporting NFFE, or sponsoring entity of a direct reporting NFFE. The term also includes the identification number assigned to a reporting Model 1 FFI or registered deemed-compliant Model 1 IGA FFI that is a QI for the purpose of identifying itself to withholding agents.

Hedging means risk minimisation by way of execution of an agreement with opposite financial result with the same Underlying Security.

Identification – for the purpose of this document, implementation of a procedure to determine the Income Beneficial Owner to be paid, as well as the country of their tax residence in order to assign and apply correct withholding tax rate regarding Income and/ or Dividend Equivalent paid to them.

Identification Form – any valid Form W-8, Form W-9 (or an acceptable substitute Form W-8 or Form W-9), or documentary evidence, including all statements or other information required to be associated with the form or documentary evidence.

Income – funds and/ or other property, in particular, in form of dividends, Dividend Equivalents and interests payable to the person exercising the rights under US issuers' Securities.

Income transfer and tax withholding procedure – procedure for calculation of tax liabilities and claims based on tax disclosure that is performed within the framework of a Corporate Action.

Initial Hedging means Hedging of a Complex Contract on the date of its signing.

Intermediary – a financial institution in accordance with US Foreign Account Tax Compliance Act (FATCA), in particular participating in accounting of rights in US issuers' Securities, that is a Clearing Member, Clearing Member's client or Depository whose clients' securities are shown on the Omnibus Accounts or (and) Trading Omnibus Accounts.

Intermediary Identification Form – Form W-8IMY in accordance with US tax legislation.

Information on the amounts of Incomes paid – information on the amounts of Incomes paid to Income Beneficial Owners based on actual payments.

Know-Your-Customer Rules (KYC Rules) – “Know-your-customer rules” refers to the applicable laws, regulations, rules, and administrative practices and procedures governing the requirements of PFFI and (or) QI to obtain documentation confirming the identity of account holders.

Loan Agreement means a loan agreement for foreign issuer securities, obligations under which are not admitted to clearing by ITS.

Net Delta Exposure – net delta exposure to an Underlying Security is the amount (measured in number of shares) by which (A) the aggregate number of shares in an underlying security that the QDD has exposure to as a result of positions in the Underlying security (including as a result of owning the Underlying Security) with values that move in the same direction as the Underlying Security (the “long positions”) exceeds (B) the aggregate number of shares of in an Underlying Security that the QDD has exposure to as a result of positions in the Underlying Security with values that move in the opposite direction from the underlying security (the “short positions”). The net delta exposure calculation only includes long positions and short positions that the QDD holds in its equity derivatives dealer business. Any long positions or short positions that are treated as effectively connected with the QDD’s conduct of a trade or business in the United States for U.S. federal income tax purposes are excluded from the Net Delta Exposure computation. The amount of a Dividend equivalent is determined on the earlier of the date that is the record date of the dividend and the day prior to the Ex-dividend date with respect to the dividend. For example, if a specified NPC provides for a payment at settlement that takes into account an earlier dividend payment, the amount of the Dividend equivalent is determined on the earlier of the record date or the day prior to the Ex-dividend date for that dividend. For purposes of this calculation, Net Delta must be determined in a commercially reasonable manner. If a QDD calculates net delta for non-tax business purposes, the Net Delta ordinary will be the Delta used for this purpose, subject to the modifications required by this definition. Each QDD must determine its Net Delta Exposure separately only taking into account transactions that exist and are attributable to that QDD for U.S. federal income tax purposes.

Non-Financial Foreign Entity (NFFE) – a foreign entity that is not a financial institution (including an entity that is incorporated or organized under the laws of any U.S. territory and that is not a financial institution).

Nonparticipating FFI – an FFI other than a participating FFI, a deemed-compliant FFI, or an Exempt Beneficial Owner.

OTC Repurchase Agreement means a Repurchase Agreement, the subject matter of which are foreign issuer securities, obligations under which are not admitted to clearing by ITS.

Payment – any monetary amount of Dividend Equivalent before taxes, be it actual or estimated, explicit or implicit (assessed), that is used for the calculation of any monetary amount after taxes transferred to or by the Recipient Party, even if the Recipient Party transfers the monetary amount after taxes to the Transferring Party or no monetary amount is paid, as monetary amount after taxes is zero.

Potential Transaction – a Repo Agreement or Derivative Financial Instrument Agreement whose execution may result in receipt of Dividend Equivalent.

Presumptions rules – rules set out in the US Tax Code for classification of Income and/ or Income Beneficial Owners in the absence of documents enabling Income and/ or Income Beneficial Owner inclusion in a certain class of Incomes and/ or Income Beneficial Owners.

Repurchase Agreement, for the purpose of this Provision, Repurchase Agreement means a Repurchase Agreement and an OTC Repurchase Agreement, the subject matter of which are foreign issuer securities.

Responsible Parties mean parties to a Repurchase Agreement that participate in the chain of Dividend equivalent transfer and provided ITS with sufficient information to identify the income beneficiary.

QI-EIN – the identification number of Qualified Intermediary assigned by the IRS;

Qualified Derivative Dealer (QDD) – a Qualified Intermediary who has signed an agreement with the US Internal Revenue Service under which such intermediary may provide Income Beneficial Owners with tax benefits regarding Dividend Equivalents for US issuers’ Securities being the subject matter of a Repo Agreement or the underlying asset of a Derivative Financial Instrument Agreement, including in accordance with the double taxation agreement between Republic of Kazakhstan and US (and other similar agreements of foreign countries with US), as well as collect and store supporting documents on Income Beneficial Owners as the grounds for possible provision and implementation of tax benefits.

Qualified Intermediary (QI) – an Intermediary who has signed an agreement with the US Internal Revenue Service, under which such Intermediary may provide Income Beneficial Owners with benefits in accordance with double taxation agreement between Republic of Kazakhstan and US (and other similar agreements of foreign countries with US), as well as collect and store supporting documents on Income Beneficial Owners as grounds for possible provision and implementation of tax benefits.

QI/QDD Responsible Officer (Responsible Officer) – an ITS employee responsible for fulfillment of the QI/QDD Agreement requirements, who is indicated in ITS QI account on the website of the US Internal Revenue Service and performs the obligations of a Responsible Officer set out in the QI/QDD Agreement.

Register means information on the Income Beneficial Owners and Intermediaries in the form set out in the

Regulation on Information Exchange that is provided by a Clearing Member to obtain tax exemptions for Income paid to the Income Beneficial Owners on relevant US issuer' Securities.

Recipient Party – a Clearing Member who has the right to receive Dividend Equivalent for subsequent transfer to the Income Beneficial Owner.

Reviewer – ITS employee assigned by an order or another external person involved to check ITS compliance with the QI/QDD Agreement provisions, who has sufficient knowledge and authorities, as well as experience in checking procedures, policies, and other internal documents and processes, in particular, regarding QI/QDD, and their compliance with regulations and applicable legislation.

Section 871 (m) – Section of the US Tax Code, according to which payments of certain Dividend Equivalents are understood as dividends from a US source and are subject to tax withholding at the rate of 30% according to Chapter 3 (in absence of the exclusions indicated in the US Tax Code or relevant provisions of the applicable double taxation agreements) and in accordance with Chapter 4 of the US Tax Code.

Settlement Depository – the company ITS Central Securities Depository Limited (ITS CSD).

Simple Contract means a Derivative Agreement, the underlying asset of which is fixed amount of securities of one or more US issuers for Dividend equivalent payment determination. Amount of US issuer' Securities must be known at the time of Derivative Agreement execution, and Derivative Agreement must have one execution date, on which all amounts (except for any advance payment or any periodical payments) must be calculated regarding the Underlying Security.

Simple Contract Model means a closely comparable Simple Contract that as of the time of execution of a Complex Contract has Delta of 0.80, the underlying asset of which is relevant security that is the underlying asset of the Complex Contract and has the same fulfilment term as the Complex Contract regarding relevant Underlying Security.

Simple Identification Form – information on Income Beneficial Owners and/ or Intermediaries provided for identification of Income Beneficial Owners not claiming tax benefits for the Income paid to the Income Beneficial Owner under the relevant US issuers' Securities.

Tax Disclosure means information on the amount of foreign issuer Securities owned by the Income Beneficial Owners as of the Date of Rights Registration, that is necessary to pay Income on foreign issuer Securities. The Tax Disclosure form is set out in the Regulation on Information Exchange.

Transferring Party – a Clearing Member that shall transfer the Dividend equivalent.

Underlying Security means security constituting underlying asset of a Derivative Agreement or subject matter of a Repurchase Agreement.

US issuers' Securities – securities Incomes under which are taxable in US in accordance with Chapters 3 and 4 of the US Tax Code and the rights to which are or can be shown on House Accounts, Trading House Accounts, Omnibus Accounts or (and) Trading Omnibus Accounts.

Withholding agent – a U.S. or foreign person that has control, receipt, custody, disposal, or payment of any item of income of a foreign person that is subject to withholding.

INCOME BENEFICIAL OWNER IDENTIFICATION

1.1. In accordance with the QI/QDD Agreement provisions, ITS shall identify Income Beneficial Owners receiving Incomes, in particular, Dividend Equivalents, under US issuers' Securities in order to define, whether withholding is applicable or if payment is subject to reporting according to the QI/QDD Agreement. Lack of documentation on identification from significant number of Income Beneficial Owners constitutes an event of default.

1.2. ITS shall also comply with the KYC rules applicable to Income Beneficial Owner identification. If ITS is unable to reliably link Income received, in particular, Dividend Equivalent, with current documentation on Income Beneficial Owner identification, it shall apply Presumptions Rules to define whether withholding is required in accordance with Chapter 3 or 4 of the US Tax Code or whether additional withholding is required in accordance with Section 3406.

1.3. To ensure identification of Income Beneficial Owners on US issuer' Securities, may transfer information contained in the Identification Form and Simple Identification Form¹, as obtained from the Clearing Member at registration by them of their clients, to the Upstream Depository, except for information obtained from the Clearing Member, that is simultaneously the Settlement Depository and the Upstream Depository.

¹ Simple Identification Form is not provided for clients of Clearing Members that are Qualified Intermediaries and/or Qualified Derivative Dealers

1.4. To ensure identification of Income Beneficial Owners and Intermediaries for US issuer' Securities, a Clearing Member, except for the Clearing Member, that is simultaneously the Settlement Depository and the Upstream Depository, provides ITS with Applications (withholding statements) for further transfer to the Upstream Depository. If a Clearing Member provides documents for a Custody Sub-Account opening immediately to the Settlement Depository, the Clearing Member provides the Applications (withholding statements) to the Settlement Depository within the package of the said documents.

1.5. In case of periodic review requested by the US Internal Revenue Service, Identification Forms of Income Beneficial Owners (along with any relevant applications on withholding and other documents) shall be available for revision.

1.6. Established and applicable procedures for identification of Income Beneficial Owners being Clearing Members, clients of Clearing Members are presented in the current Provision, FATCA/CRS Provision and Regulation on Information Exchange of ITS.

1.7. During Income Beneficial Owner identification, authorized ITS employees shall gather necessary information, relevant Identification Forms and documents to ensure correct identification of Income Beneficial Owners in terms of FATCA legislation and in accordance with Chapters 3 and 4 of the US Tax Code. For this, they request the following documents:

- related to Clearing Members – Self-Certification Forms for FATCA/CRS purposes and corresponding Form W-8 or Form W-9;
- related to clients of Clearing Members – corresponding Form W-8 or Form W-9 or Simple Identification Form;
- Register.

The mentioned above documents are also collected for further transfer to the Upstream Depository.

1.8. Clearing Member, that is simultaneously the Settlement Depository and the Upstream Depository, does not provide ITS with documents indicated in clauses 7.4 and 7.7 of these Provision, as well as Tax Disclosure and Information on the Amounts of Incomes Paid

1.9. The relevant Identification Forms should confirm tax residence status of the Income Beneficial Owner and define correct applicable preferential withholding tax rate in accordance with applicable double taxation agreements of US, in particular, with Republic of Kazakhstan.

1.10. If the Income Beneficial Owner receives Income via an Intermediary being a financial institution, in addition to form W-8BEN-E, such Intermediary shall provide form W-8IMY (Intermediary Identification Form) confirming their status of an Intermediary, as well as relevant Application (withholding statement) for tax withholding at the time of Income payment under US issuers' Securities.

1.11. If Income is paid to an unincorporated investment fund, Identification Form W-8BEN-E shall be provided by financial institution managing the said fund (managing company), Identification Form shall contain sponsored GIIN (if any).

1.12. ITS does not provide consultations regarding filling in of Identification Forms, however, for the convenience of its clients, it may publish links to current versions of such forms and instructions on its Website. Filling in of all necessary fields according to such instructions is obligatory for subsequent performance by ITS of the function of a Qualified Intermediary and/or Qualified Derivative Dealer.

1.13. By sending the ITS Identification Forms, Simplified Identification Forms, and the Register, in particular, updated ones filled in regarding the Clearing Member, as well as clients of the Clearing Member, the Clearing Member confirms, that:

- they identify Income Beneficial Owner on US issuer' Securities and Intermediaries participating in the US issuer Securities accounting sequence in accordance with requirements of Chapters 3 and 4 of the US Tax Code;
- relevant US issuer' Securities, the Income Beneficial Owner on which is a US tax resident or a person featuring signs of a US tax resident, are registered by the Clearing Member on a separate Trading Omnibus Accounts of the Clearing Member's nominee holder opened for accounting of relevant US issuer Securities of each of such Income Beneficial Owner;
- relevant US issuer' Securities, the Income Beneficial Owner on which are financial institutions, that didn't joint agreements under Chapter 4 of the US Tax Code, are registered on a separate Trading Omnibus Accounts of the Clearing Member's nominee holder marked to account securities of the Income Beneficial Owner having NPFFI status;
- relevant US issuer' Securities, the Income Beneficial Owner on which are persons having refused to provide information on themselves within the framework of classification under Chapter 4 of the US Tax Code, and having no signs of connection with the US, are registered on a separate Trading Omnibus Accounts of the Clearing Member's nominee holder;
- regarding relevant US issuer' Securities, the Income Beneficial Owner on which or Intermediaries participating in the accounting sequence of relevant US issuer' Securities are persons unknown to the Clearing Member, the Clearing Member applies Presumptions Rules defined in Chapters 3 and 4 of the US Tax Code;

- The Income Beneficial Owner on relevant US issuer' Securities registered by the Clearing Member on their Trading Omnibus Account is a person, for whom Identification Form of the Income Beneficial Owner or Simplified Identification Form is provided;
- relevant US issuer' Securities of the Income Beneficial Owner are registered on their Trading Omnibus Accounts immediately in the depository accounting system of the Clearing Member or via Intermediaries participating in the accounting sequence of the US issuer' Securities having Intermediary Identification Forms submitted to the Upstream Depository. If relevant US issuer' Securities of the Income Beneficial Owner are registered on a Account in the depository accounting system of the Clearing Member or the Depository via a sequence of Intermediaries, the Clearing Member consecutively indicates all such Intermediaries.

1.14. The Clearing Member provides ITS with the following assurances about the circumstances:

- information presented in Identification Forms, Simplified Identification Forms and Register provided to the senior Tax Agent is internally consistent, complies with the documents submitted by the Clearing Member's clients for identification under Chapter 4 of the US Tax Code, and complies with the accounting data of the Clearing Member;
- Clearing Member guaranties, that procedure of identification of clients in accordance with requirements of Chapter 4 of the US Tax Code was implemented, all documents and confirmations from clients sufficient to define the client's status for the purpose of Chapter 4 of the US Tax Code are available, as defined in Chapter 4 of the US Tax Code;
- Income Beneficial Owners provided ITS with their consent to processing of their personal data contained in Identification Forms, Simplified Identification Forms, and the Register (Personal Data), namely gathering, systematisation, accumulation, storage, clarifying (updating, modification), use, anonymisation, blocking, and deletion of Personal Data, as well as Personal Data transfer to the Upstream Depository and senior tax agents, in particular, transborder transfer of Personal Data, including transfer to foreign tax authorities and agents.

ITS relies on representations provisioned in this clause. The Clearing Member undertakes to reimburse ITS against losses incurred by the latter as a result of violation by the Clearing Member of their representations. If as a result of such violation ITS was brought to tax and/or other administrative responsibility, the Clearing Member undertakes to reimburse ITS against the amounts of additionally accrued taxes, fines, penalties, and interests (amounts of administrative fines), and other losses.

1.15. Originals of all of the above-mentioned documents of the Clearing Members shall be stored in the company's Legal Records during the service term and 6 years after the end of service provision. Regarding Income Beneficial Owners being clients, obligations to store original documents shall be kept by the relevant Clearing Members; however, such documents shall be provided to ITS for the purpose of Income Beneficial Owner identification via Electronic Document Management System, as provisioned in Regulation on Information Exchange.

1.16. Income Beneficial Owner Identification Forms provided both in form of originals and in electronic format shall be stored in electronic database of ITS during the service term and 6 years after the end of service provision.

1.17. Clearing Member and Clearing Member's clients are required to inform ITS of changes to their data previously reflected on the applicable Forms W-8 or W-9 no later than 30 calendar days after the change in such data, by providing updated relevant Forms W-8 or W-9 in the manner prescribed by this Provision.

1.18. Because Forms W-8 and W-9 are valid until the last day of the third calendar year following the year in which the documentary evidence was submitted, ITS must inform the applicable Clearing Member in advance that the Forms provided by the Clearing Member and the Clearing Member's clients will expire and these Forms must be replaced no later than the first of the next tax period. If a Clearing Member fails to provide ITS with updated Identification Forms prior to its expiry, the Upstream Depository and ITS may set the tax rate for incomes on US issuer' Securities in the amount of 30% regarding:

- Income Beneficial Owners, whose Identification Forms were not updated;
- regarding Income Beneficial Owners, that are clients of a Clearing Member, whose Identification Form was not updated;
- regarding Income Beneficial Owners, that are clients of an Intermediary, whose Identification Form was not updated.

1.19. Income Beneficial Owner tax status shall be assigned as a result of manual and automated processing of Identification Forms provided either to ITS.

1.20. ITS shall assign 1 of the following 3 statuses, depending on Identification Forms provided, that affect applicable tax rate:

- **simple identification:** this status shall be assigned, if Income Beneficial Owner of ITS does not provide a signed W-8BEN/W-8BEN-E Identification Form. In this case, ITS may identify Income Beneficial Owner based on Self-Certification Forms and KYC/ AML questionnaires. Clients that undergo only simple identification may not claim preferential tax rate. Such Income Beneficial Owners are assigned the rate of 30% in accordance with local US legislation provisions;

- **full identification:** this status shall be assigned if the Income Beneficial Owner provides ITS with correctly filled in and signed W-8BEN/W-8BE-E Identification Form. Such Income Beneficial Owners may claim preferential tax rate depending on the jurisdiction of their tax residence and availability of signed and valid double taxation agreement between US and its relevant country;

- **no identification:** no Identification Forms provided, trade operations are prohibited. Payment of such Incomes is subject to penalty rate of 30%.

1.21. By applying the provisions of paragraph 7.21 of this Provision, it is necessary to take into account that if Intermediary does not provide the Intermediary form or acquires an intermediate FATCA status (its GIIN has been revoked, this person is not in the list of persons on the IRS website, etc.), then all of its clients regardless the availability of timely submitted and correct Identification Forms are recognized as Income Beneficial Owners with “no identification” status.

1.22. If there are claims from tax authorities of the US, the senior Tax Agent, the Upstream Depository or other persons against ITS in connection with documents and/or information provided by the Clearing Member in accordance with this section, in particular, in terms of taxes withheld from income on US issuer’ Securities, and such claims cause losses for ITS, including additional accrual of tax, fines and/or penalties or recovery of expenses, the Clearing Member must reimburse ITS against all losses incurred.

1.23. ITS bears no responsibility for non-application or incorrect application by the senior Tax Agent of the preferential tax rate to incomes of Income Beneficial Owners on US issuer’ Securities.

1.24. Clearing Member may assign to Depository provision to ITS of Identification Forms, Simplified Identification Forms, Register, Tax Disclosure, and other documents required for the Clearing Member and clients of the Member to comply with the US legislation.

1.25. In such case, the Clearing Member sends ITS a notification via Electronic Document Management System in the form provisioned in the Regulation on Information Exchange with the indication of the Depository name, list of documents that the Depository may provide to ITS and address of the Depository’s Electronic Document Management System. Clearing Member is fully responsible for actions of the Depository.

1.26. ITS does not inform the Clearing Member on Corporate Actions associated with US issuer’ Securities (in particular, payment of dividends, separation, segregation, reorganisation, etc.). ITS bears no responsibility for possible losses of the Clearing Member that may arise due to the Clearing Member having no information on Corporate Actions.

1.27. If there are mistakes or violations in the filling in formats of Identification Forms, Simplified Identification Forms, Register, Tax Disclosure or other documents required for the Clearing Member, clients of the Clearing Member to fulfil the US legislation, as well as if necessary clarifications from the Clearing Member are lacking or the Clearing Member fails to provide additional information regarding the said documents, the Upstream Depository may refuse to accept such documents from the Clearing Member for Identification of the Income Beneficial Owners and/or preferential tax rate application to incomes of the Income Beneficial Owners on US issuer’ Securities.

TAX WITHHOLDING

8.1. Tax withholding in accordance with Chapter 4 of the US Tax Code

8.1.1. In accordance with the requirements of Section 1471(a) of the US Tax Code, Qualified Intermediary and/ or Qualified Derivative Dealer with the tax withholding responsibility shall withhold tax equal to 30% of any taxable income received by a foreign financial institution, except for the cases when a foreign financial institution has the PFFI status and complies with the requirements of FATCA legislation (deemed compliant FFI) or is an Exempt Beneficial Owner in accordance with §1.1471-6. Section 1472(a) requires that Qualified Intermediary withholds tax in the amount of 30% on any taxable income from a US source received by NFFE (except for NFFE exclusions), unless such organization provides confirmation that it has no substantial US owners in US or information regarding its substantial US owners².

8.1.2. In accordance with Chapter 4 of the US Tax Code ITS performs 1 types of withholding:

Penalty rate of 30% (30BAD) – applies to incomes from US sources and constitutes a fine for the lack of identification and lack of data on tax residence of the Income Beneficial Owner. 30% fine is withheld at the time of payment of incomes from US sources to the Income Beneficial Owners that have not provided Identification Forms, as well as at the time of Dividend Equivalent payment to the financial institutions that have not been registered at IRS website and/ or have no GIIN, have NPFFI status under Chapter 4 of the US Tax Code.

8.2. Tax withholding in accordance with Chapter 3 of the US Tax Code

8.2.1. Sections 1441 and 1442 of the US Tax Code contain a requirement that Qualified Intermediary and/ or Qualified Derivative Dealer shall deduct and withhold tax in the amount of 30% on any passive (FDAP) income (interests, dividends, royalty, rent, etc.) paid to US tax non-residents (including Dividend Equivalents according to Section 871(m)). Preferential withholding tax rate may apply if there is a valid double taxation agreement between US and the country of the Income Beneficial Owner tax residence. ITS shall also inform on payments of such incomes in form 1042-S regardless of whether withholding was implemented by it or an Upstream Depository.

² Substantial US owner – owner of over 10% in the company authorised capital

8.2.2. In case of payment of a taxable income, regarding which tax shall be withheld in accordance with Chapters 3 and 4, ITS being the tax agent may offset any tax withheld in accordance with Chapter 4 against tax payable on income in accordance with Chapter 3.

8.2.3. In accordance with Chapter 3 of the US Tax Code ITS performs 2 types of withholding:

Reduced rate. Privilege is available to Income Beneficial Owners having completed the full identification, whose country of tax residence is reliably established. Income Beneficial Owner shall be a tax resident of the country having a signed and valid double taxation agreement with US, and such agreement shall allow for reduced tax rate application, tax shall be withheld in accordance with such agreement.

30% rate – 30% withholding applies, if Income Beneficial Owner undergoes only simple identification or is a tax resident of the country, that not has a signed and valid double taxation agreement with US in force.

Tax rates for Incomes on US issuers' Securities also depend on the types of security issuers paying Incomes to shareholders.

8.2.4. ITS doesn't assume primary withholding responsibility tax in accordance with the provisions of Section 1446(a) and Section 1446(f) of the US Tax Code: taxation of incomes from participation in publicly traded partnerships (PTPs).

8.3. Tax Disclosure Procedure

8.3.1. Upon receipt of information on Income payment in form of dividends on US issuer' Securities ITS sends the Clearing Members a notification on the need to provide Tax Disclosure within the term set out in the notification for further transfer to the Upstream Depository.

8.3.2. If a Clearing Member fails to provide Tax Disclosure within the term set out in notification on the need to provide Tax Disclosure or if a Clearing Member indicates in their Tax Disclosure the number of US issuer' Securities inconsistent with the total number of US issuer' Securities registered on the Trading Omnibus Account, the Upstream Depository may set a penalty tax rate for incomes on US issuer' Securities in the amount of 30% regarding the Income Beneficial Owners, for which the Clearing Member didn't provide Tax Disclosure or for which the number of US issuer' Securities set out in the Tax Disclosure fails to comply with the total number of US issuer' Securities registered on the Trading Omnibus Account.

8.3.3. Based on results of Income payment in form of dividends on US issuer' Securities ITS sends the Clearing Member a notification on the need to provide information on the amounts of Incomes paid for its further transfer to the Upstream Depository. The Clearing Member provides Information on the amounts of Incomes paid within the time limits set out in notification of ITS. Clearing Member guaranties completeness and reliability of information on the amounts of Incomes paid. If the ITS incurs losses in connection with incompleteness and/or unreliability of information provided by the Clearing Member on the amounts of Incomes paid, the Clearing Member undertakes to reimburse ITS against such losses.

8.3.4. If incorrect tax rate for Income in form of dividends and/or Dividend Equivalent is applied to the Clearing Member, their clients, the Clearing Member may send ITS a request for revision of the tax rate for Income in form of dividends and/or Dividend Equivalent by transfer of relevant application.

8.3.5. Procedure for document exchange between ITS and Clearing Members indicated in this clause is defined in the Regulation on Information Exchange.

8.4. Tax withholding in accordance with Section 871(m) of the US Tax Code

8.4.1. ITS having the status of a Qualified Derivative Dealer shall ensure tax withholding at the time of Dividend Equivalent payment in accordance with Section 871(m). Withholding is ensured during settlements under following transactions:

- Repo transactions with US issuers' Securities;
- transactions with Derivative Financial Instruments, the underlying instruments of which are US issuers' Securities;
- any similar transactions regulated by Section 871 (m) of the US Tax Code.

8.4.2. Types of incomes under such transactions are as follows:

- dividends paid by securities issuer;
- dividend equivalents received by a party to a transaction as a result of dividend payment by securities issuer;
- other incomes associated with US issuers' Securities

8.4.3. The said types of Incomes are subject to taxes according to the US legislation. In case of ITS, tax withholding at the time of payment of dividends, interests, and other similar incomes is ensured by Qualified Intermediary, and withholding at the time of payment of Dividend Equivalents is ensured by Qualified Derivative Dealer.

8.4.4. In order for the Income Beneficial Owners to receive tax exemptions on US issuer' Securities, Clearing Member being a party to Potential Transaction must provide ITS with Tax Disclosure, Register, and Identification Forms regarding the clients, in the interest of which by the Clearing Member executed the Potential Transaction. Tax Disclosure, Register, and Identification Forms are provided to ITS in accordance with the procedure set out in the Regulation on Information Exchange.

8.4.5. Receiving Party and Transferring Party must define, whether the Repurchase Agreement or the Derivative Agreement is a Potential Transaction, and provide information on this to ITS under the procedure set out in the Regulation on Information Exchange.

8.4.6. In case of failure of the Receiving or the Transferring Party to provide the said information, ITS defines the amount of the dividend equivalent under the procedure set out in this part 8.4 of this Provision in accordance with data available to ITS on the clients, in the interest of which the Repurchase Agreements and/or Derivative Agreements are executed, obligations under which are admitted to clearing. If Income Beneficial Owners under such Repurchase Agreements and/or Derivative Agreements is a client, information on which was not received by ITS from the Receiving Party, responsibility for non-provision of information and withholding of incorrect amount of tax is assigned to the Receiving Party.

8.4.7. Clearing Member may provide ITS with information on OTC Repurchase Agreements. Such information is provided under the procedure set out in the Regulation on Information Exchange. In this case, ITS provides the Clearing Member with a service aimed at provision of information in order to define the amount of Dividend Equivalent that is subject to transfer to the Income Beneficial Owner as well as to withhold tax in the case set out in this part 8.4 of the Provision. Dividend Equivalent is withheld or accrued from security funds of the Clearing Member accounted on TCA, information on which was provided by the Clearing Member within information on OTC Repurchase Agreements. Clearing Member pays for the said service in accordance with tariffs of ITS, information on which is presented on the ITS Web-site.

8.4.8. Clearing Member is responsible for fulfilment of respective obligations before Responsible Parties to the extend applicable to them.

8.4.9. ITS is not the Responsible Party and, thus, doesn't have to provide the Clearing Member with information regarding identification of Potential Transactions, applicable Delta, amount of Dividend Equivalents or time limits for tax withholding.

8.4.10. If ITS receives Dividend Equivalents or processes them as the Transferring Party acting as central counterparty, ITS declares, that it doesn't use combined Agreement execution strategies regardless of Potential Transactions as a result of execution of several Agreements for the same Underlying Security. Thus, tax agents must not consider any Agreements, in which ITS is the Transferring Party, according to combination rules in accordance with presumptions of treasury rules § 1.871-15(n).

8.4.11. ITS assumes that Clearing Members will provide all necessary information under Section 871(m). Receiving and Transferring Parties must provide information on Potential transactions compliant in terms of form and essence with the Regulation on Information Exchange by the Ex-Date of dividend payment.

8.4.12. Procedure for Delta determination

Delta of a Potential Transaction is defined by ITS only upon execution of a Derivative Agreement. Delta is not rechecked, when the Underlying Security is subsequently purchased on the secondary market.

Derivative Agreements with Delta of 0.80 or more, as well as Delta of 1.0 at the time of their execution (or re-execution), are Derivative Agreements included in the scope of the Dividend Equivalent rules.

Time limits for Delta determination:

- (1) Delta of a Potential Transaction is defined within the estimated time.
- (2) The estimated time for Potential Transaction is the date of the Potential Transaction assessment or the date of the Potential Transaction execution, whichever is earlier.
- (3) Potential Transaction is estimated, when all material economic terms and conditions of the transaction are coordinated, including the price, at which the Potential Transaction is being executed.

If the time between coordination of price of the Potential Transaction and execution of the Potential Transaction exceeds 14 calendar days, the estimated time is the date of execution of the Potential Transaction.

8.4.13. Simple and Complex Contracts

When it is impossible to define Delta, e.g. the number of shares of the Underlying Security that define Dividend Equivalent payment under the Derivative Agreement, cannot be defined, the distinction between a Simple Contract and a Complex Contract is drawn.

8.4.14.1. *Simple Contract*

All Simple Contracts must be estimated in terms of Delta presence in order to determine the threshold value falling within the scope of Dividend Equivalent rules.

If Delta is 0.80 or higher, the amount of tax under the Derivative Agreement is defined in accordance with Section 871 (m) at the time of Dividend Equivalent payment.

The fact, that Derivative Agreement has several validity terms or continuous term, doesn't exclude the fact, that the Derivative Agreement is a Simple Contract. E.g. an option agreement is considered as a Simple Contract, even if the option agreement can be fulfilled by the holder at any time before expiry of the validity term of the option agreement, if the amounts due under the Derivative Agreement are defined by reference to the same fixed amount of the US issuer' Securities on the date of execution.

Simplified calculation of Delta is provisioned for some Simple Contracts, the underlying asset of which are 10 or more Underlying Securities.

If the underlying asset of a Derivative Agreement is 10 or more Underlying Securities and for Hedging of Simple Contract the Receiving and/or Transferring Party purchases an exchange-traded security, e.g. security of an exchange-traded fund (ETF), the structure of which consists of almost all Underlying Securities of the Simple Contract, Delta of the Derivative Agreement can be calculated by way of determination of the ratio of the Fair Value of the Simple Contract to minor change in the Fair Value of the exchange-traded security. Delta defined in a simplified manner must be used as Delta for each Underlying Security of the

Derivative Agreement to calculate the amount of dividend equivalent.

8.4.14.2. Complex Contract

Derivative Agreements with uncertain Deltas are classified as Complex Contracts and are subject to the essential equivalence criterion.

The essential equivalence criterion measures change in the cost of a Complex Contract, when the price of the Underlying Security being the underlying asset of this contract hypothetically increases or decreases by one standard deviation (each being the test price), and compares this change to the change in cost of securities of the Underlying Security, that will be used for the Initial Hedging at each test price. The less is the proportionate difference between the change in cost of a Complex Contract and the change in cost of the value of its Initial Hedging at multiple price testing, the more equivalence is there between the Complex Contract and its Underlying Security. When this difference equals to or is less, than the difference for Simple Contract Model with Delta of 0.80 and its Initial Hedging, the Complex Contract is considered as essentially equivalent to the Underlying Security.

8.4.14.3. Simple Contract Model

Depending on Complex Contract, example of Simple Contract Model can be a put or call option agreement.

If the underlying asset of a Complex Contract is more, than nine US issuer' Securities and for Hedging of a Complex Contract the Receiving and/or Transferring Party has an exchange-traded security, such as exchange-traded fund (ETF), the structure of which consists of almost all Underlying Securities of a Complex Contract, the Receiving or the Transferring Party may consider the exchange-traded security as the Underlying Security for the purpose of the essential equivalence criterion application.

When exchange-traded security is used for the essential equivalence calculation, Initial Hedging is the number of US issuer' Securities of exchange-traded security for the purpose of Dividend Equivalent amount calculation.

8.4.14.4. Initial hedging

Examples of Complex Contracts include: Derivative Agreement with asymmetrical or binary payments, the underlying asset of which is different number of US issuer' Securities with different payment time, and the Derivative Agreement (binary option – option with fixed income), that provides for Payment, that doesn't change depending on the price of US issuer' Securities. They have undefined Delta, as the number of US issuer' Securities defining Dividend Equivalent payment cannot be known at the time of the Derivative Agreement execution.

8.4.14. Certain exceptions are provisioned from Dividend Equivalent determination or Agreements pertaining to Section 871(m).

(1) Payment pertaining to distribution under Underlying Security is not Dividend Equivalent to the extent, that the distribution would not be subject to tax (in accordance with provisions on non-resident foreign natural persons and corporate incomes, that are not actually associated with the US trade or business), if the Transferring Party would immediately own the Underlying Security. E.g. if Underlying Securities of NPC (conventional Agreement) are US issuer' Securities of regulated investment company (RIC) paying dividends including dividends from capital increase, that will not be subject to tax, if paid not in the US, and paid to the Transferring Party, thus, NPC payment is not Dividend Equivalent to the extent, that it is defined by reference to dividends in terms of capital increase.

(2) Dividend Equivalent is reduced by any amount considered in accordance with Sections 305(b) and (c) of the US Tax Code (distribution of shares and rights in shares) as dividends regarding the Underlying Security (i.e. exchange operations). E.g. if change in conversion coefficient of a convertible security is considered as dividends under Section 305 of the US Tax Code paid to the holder of the convertible security, the Dividend Equivalent is reduced by the amount of dividends under Section 305 of the US Tax Code arising as a result of such change.

(3) Dividend Equivalent doesn't include payment made in accordance with the due bill (the term, when security is traded with the right/obligation to receive/ transfer income received under this security), that arises as a result of the exchange's actions applicable to all Agreements, and when relevant exchange sets the Ex-Date of dividend payment after the Ex-Date of right fixation.

(4) Agreement is not subject to Section 871(m), when the taxpayer executes the Agreement within the framework of a program, according to which one or more persons must purchase over 50% of the company issuing the Underlying Securities.

(5) Agreements referring to the so called qualified index are not considered as Derivative Agreement for the purpose of Section 871(m).

Qualified index means index that as of the first day of a calendar year, in which the Derivative Agreement is executed, satisfies the following requirements:

- the underlying asset of the Derivative Agreement is 25 or more US issuer' Securities;
- 95 or more per cent of the index value pertains to long positions (with expected increase in the cost of the Underlying Securities);
- the index lacks the component underlying the US issuer' Security corresponding to more, than 15 per cent of the Underlying Securities' weight in the index;
- the index lacks five or less Underlying Securities of the component, that jointly correspond to more, than

40 per cent of the US issuer' Securities' component weight in the index;

- changes only in accordance with publicly established pre-defined criteria;
- failed to ensure in the previous calendar year annual dividend income on the Underlying Securities of one of the index components more, than 1.5 times annual dividend yield of S&P500 index for the same year;
- is traded via futures contracts or option contracts on the national stock exchange or foreign exchange or chamber of commerce, that is the trading operator.

In addition to this, estimated availability of Dividend Equivalence is not considered:

- in Agreement, that can be a short position in the index, if total short positions in the index and outside of the index don't exceed five per cent of the index weight.
- long-only indices featuring less, than 10 per cent of own assets in US issuer' Securities, are not analysed for the purpose of Section 871(m).

8.4.15. Amount of Dividend Equivalent

Upon execution of a Loan Agreement, execution of a Repurchase Agreement or Derivative Agreement, the amount of Dividend Equivalent for each Underlying Security is the amount of actual income paid on one Underlying Security multiplied by the number of Underlying Securities constituting the subject matter of the Repurchase Agreement or underlying asset of the Derivative Agreement.

For Simple Contract, the amount of Dividend Equivalent for each Underlying Security is the amount of income paid on one Underlying Security multiplied by the number of Underlying Securities constituting the underlying asset of Simple Contract multiplied by relevant Delta.

Special rules apply to Dividend Equivalents regarding sets of over 25 US issuer' Securities and situations, when Agreement under Section 871(m) refers to securities index, for which quarterly dividend yield is generally available.

For a Complex Contract, the amount of Dividend Equivalent for each Underlying Security is the amount of income paid on one Underlying Security multiplied by the number of Underlying Securities comprising initial hedging for the Underlying Security.

8.4.16. Withholding

ITS doesn't have to withhold tax regarding Dividend Equivalents on US issuer' Securities until the amount of Dividend Equivalent is defined.

8.4.17.1. *Term of Dividend Equivalent amount determination*

ITS defines the amount of Dividend Equivalent in order to withhold tax regarding dividend equivalents on US issuer' Securities during the term from the date of the issuer's decision to pay dividends till the date preceding the Ex-Date of dividend payment.

ITS defines the amount of Dividend Equivalent transferrable as income under Repurchase Agreement or Derivative Agreement, assumes liabilities/ claims regarding transfer of income/ receipt of income for clearing, fulfils obligations of Clearing Members under the procedure and within the time limits set out in the Clearing Rules.

ITS must withhold tax from Dividend Equivalent on the day of payment of dividend on US issuer' Security, and must notify the Clearing Member in writing, that ITS will withhold the tax on the date of dividend payment.

8.4.17.2. *Taxable period*

The Transferring Party is responsible for provision of information to ITS in the year, in which the tax on Dividend Equivalent has to be withheld. ITS is responsible for the tax on Dividend Equivalent, when tax regarding applicable dividend on the Underlying Security has to be withheld, i.e. on the date of dividend payment. The amount of tax is defined based on the amount that had to be calculated at the time of determination of the amount of Dividend Equivalent.

8.4.17.3. *Withholding regarding Agreements referring to partnerships*

Section 871(m) applies to Agreements referring to partnership share only if the partnership is active in the area of security trading, has significant investments in securities or owns a share in a lower level partnership that is involved in such activities.

If the Agreement constitutes partnership investments in securities, where

- 25 per cent or more of the partnership asset cost consist of the Underlying Securities or Potential Transactions or
 - cost of the Underlying Securities or Potential Transactions equals to or exceeds USD 25 million
- the obligation to withhold tax arises on March 15 of the next year after the year, in which Dividend Equivalent is paid.

For the purpose of this test, the cost of partnership assets is checked on the last day of the tax year immediately preceding execution of the Agreement associated with partnership, unless it became reliably known, that as a result of subsequent Agreement the partnership crossed one of the said thresholds.

8.4.17.4. *For Simple Contracts*, withholding of tax on Dividend Equivalent in accordance with Section 871 (m) is 30% of the product of three items:

- (1) the amount of dividend on the Underlying Security;
- (2) number of Underlying Securities; and
- (3) Delta.

8.4.17.5. *The amount of dividends on the Underlying Security*

Payments may refer to actual and estimated dividends. Estimated dividend for Complex Contracts is calculated based on the amount before taxes that refers to the estimated dividend.

If the Receiving Party indicates initially calculated estimated dividends in relevant specification of the Agreement, and the Transferring Party is not eligible to receive actual dividends, the amount of dividends on the Underlying Security is the less of the estimated and actual dividends.

If the Agreement is adjusted to actual dividend, the Payment adjusted to actual dividend is added to dividends paid on the Underlying Security (in addition to the estimated dividend).

For other Simple Contracts, dividend on the Underlying Security is the actual dividend.

8.4.17.6. *Number of Underlying Securities*

The number of Underlying Securities is adjusted in view of any so called fractional multiplier of the Agreement provided. E.g. a structured product providing a loan for 50% of all dividends for 100 Underlying Securities will be considered as the Agreement providing 100% loan for 50 Underlying Securities.

8.4.17.7. *Derivative Agreement Delta*

Delta of a Derivative Agreement is defined at the time of its execution.

8.4.17.8. For Complex Contracts the amount of tax withholding is 30% of the product of the following points:

- (1) the amount of dividend on the Underlying Security (defined as described above); and
- (2) the number of Underlying Securities, that fully Hedges the Complex Contract at the time of its execution.

8.4.17.9. *Rules of Dividend Equivalent withholding apply to the following exchange-traded instruments:*

- (1) option and futures agreements traded with Delta of 0.80 or higher at execution. Option and futures agreements with the same CUSIP may have different Deltas depending on the time of their execution.
- (2) Agreements with fixed extraordinary dividend payment.
- (3) Agreements with Delta > 0.80 regardless of the date of execution, and the Receiving Party is responsible for provision of information under Section 871(m).

Payments are not regarded as Payment for the purpose of tax withholding on option or other Agreements, under which advance payment or premium under option agreement is provided.

8.4.17.10. *Repurchase Agreements*

1. Within the time limits set out in the Regulation on Information Exchange, Clearing Members inform ITS:

1.1. Receiving Party:

Clearing Members, that are the Receiving Party, must define whether the Agreement is a Potential Transaction, the Income Beneficial Owner under the Potential Transaction, to whom the amount of Dividend Equivalent must be accrued, and provide the following information:

- Clearing Member code;
- code of the client under the first part of the Repurchase Agreement (for the unclosed repo position reflected in ITS accounting as a claim);
- code of the Income Beneficial Owner (if known to the Clearing Member). If the Income Beneficial Owner is the client under the first part of the Repurchase Agreement, the Clearing Member indicates the code of this client. If the Income Beneficial Owner is another person, the Clearing Member indicates the code of the client that must receive dividend equivalent. If the Income Beneficial Owner is not registered with ITS, the Clearing Member must send Register and Identification Forms for this Income Beneficial Owner. In case of failure to provide Register and Identification Forms for the Income Beneficial Owner, at the time of Dividend Equivalent transfer to such Income Beneficial Owner, tax will be withheld at the rate of 30%³;
- the US issuer' Security name and ISIN;
- number of US issuer' Securities comprising claims under Repurchase Agreements.

1.2. Transferring Party:

in order to reconcile the amounts of Dividend Equivalents received by Clearing Members, that are buyers under the first part of Repurchase Agreement, against the amounts of Dividend Equivalents paid to the Clearing Members, that are sellers under the first part of the Repurchase Agreement, Clearing Members, that are the Transferring Party, provide ITS with the following information:

- Clearing Member code;
- code of the client under the first part of the Repurchase Agreement (for the unclosed repo position reflected in ITS accounting as a liability)/ If the Repurchase Agreement is not reflected in the internal accounting of ITS (OTC Repurchase Agreement) and the client is not registered with ITS, the Clearing Member must provide identification of this client;
- the US issuer' Security name and ISIN;
- number of the US issuer' Securities comprising liability under Repurchase Agreements.

2. Information from Clearing Members under Repurchase Agreements is formed on the date of fixation of

³ It is recommended that back-office of the Clearing Member accounts securities transferred under the first part of the Repurchase Agreement and provides information to the Clearing Member depository on distribution of Dividend Equivalent under Repurchase Agreements

rights regarding the US issuer' Security that is the subject matter of the Repurchase Agreement by the Ex-Date of dividend payment. Information on requirements and obligations of the clients of Clearing Members under Repurchase Agreements is provided on a gross basis, i.e. both liabilities and claims without netting. The above mentioned information is provided within the framework of tax disclosure.

3. On the Ex-Date of dividend payment on the US issuer' Security, that is the subject matter of the Repurchase Agreement and on which dividend payment is expected, ITS compares data provided by Clearing Members within tax disclosure against data of ITS internal accounting for submission to the Upstream Depository. In case of data compliance, ITS takes into account the obligation to transfer Dividend Equivalent of the Clearing Members being the buyers under the first part of the Repurchase Agreement in view of the tax rate of the Income Beneficial Owner (the seller under the first part of the Repurchase Agreement). In case of data non-compliance, ITS sends the Clearing Member information on mistake. If a Clearing Member fails to provide correct information, ITS accounts the obligation to transfer dividend equivalent by the Clearing Members being the buyers under the first part of the Repurchase Agreement in full (without reduction of the amount of Dividend Equivalent by the amount of the tax).

4. On the date of dividend payment on US issuer' Security, that is the subject matter of the Repurchase Agreement, the Upstream Depository pays dividend in view of the tax rate of the asset owner being the buyer under the first part of repo. Information on the purchaser under the first part or repo is sent by the Clearing Member to the Upstream Depository within the framework of the Regulation on Information Exchange. The Upstream Depository transfers to ITS information on the tax rate applied to the buyer under the first part of repo upon actual processing of the corporate action within type 1042-S electronic form.

5. ITS calculates the amount of Dividend Equivalent to be transferred under each Repurchase Agreement in view of the following specifics:

- for each Repurchase Agreement ITS defines the buyer under the first part of the Repurchase Agreement and the seller under the first part of the Repurchase Agreement, as well as the Income Beneficial Owners and their tax rate;
- ITS defines the amount of Dividend Equivalent to be transferred to the seller under the first part of the Repurchase Agreement in view of the tax rate of the Income Beneficial Owner;
- if the buyer under the first part of the Repurchase Agreement received dividends in Upstream Depository, ITS withholds from the buyer under the first part of the Repurchase Agreement (from the security funds) the Dividend Equivalent amount to be transferred to the seller under the first part of the Repurchase Agreement, and includes it in the security funds of the seller under the first part of the Repurchase Agreement;
- if the buyer under the first part of Repurchase Agreement doesn't receive dividends in Upstream Depository, ITS writes off 100% of the Dividend Equivalent amount from security funds of the buyer under the first part of the Repurchase Agreement, withholds the tax at the rate of the Income Beneficial Owner under the Repurchase Agreement and accrues Dividend Equivalent to the seller under the first part of the Repurchase Agreement.

6. Based on information under Repurchase Agreements obtained from the Clearing Members, in accordance with which ITS identified the Income Beneficial Owner, reporting under form 1042-S is compiled for submission to the US Tax Service.

If clarifying information is provided on Income Beneficial Owner upon completion of settlements, ITS recalculates payments for current tax period by December 15 of the current reporting period.

8.4.17. Agreement combination

The combination rule in Dividend Equivalent rules defines, whether 2 or more Agreements shall be considered as one Agreement in accordance with Section 871 (m). This rule applies, when the Transferring Party (or an associated person) executes several Agreements, the subject matter or underlying asset of which is the same Underlying Security, the Agreements are executed in connection with each other, and the economy of the combined Agreements creates an instrument, that is considered as an Agreement under Section 871 (m). E.g. investor can be subject to Section 871 (m), if they execute a call option agreement regarding the Underlying Security with Delta of less, than 0.80 and executes relevant put option agreement for the same Underlying Security with Delta of less, than 0.80 with the same fulfilment price.

If the subject matter or the underlying asset of Potential Transactions is more, than one Underlying Security, combination rule applies separately regarding each Underlying Security.

If the tax regarding Dividend Equivalent under Agreement is subject to withholding in accordance with this rule, the tax remains subject to withholding, even if some of related positions under Agreement are closed, that in total provide Delta of 0.80 or more, and tax agent keeps withholding the remaining positions with combined Delta below 0.80.

Agreement Combination Rules provide Clearing Members acting as Receiving Parties with two assumptions required to define their obligations in terms of information provision to ITS. If this combination rule applies, Clearing Member acting as the Receiving Party may assume (in absence of actual knowledge of the opposite), that Agreements, under which the Dividend Equivalent amount is defined jointly, are not executed in connection with each other, if either (i) the Transferring Party executes operation on separate accounts, and the Receiving Party has no actual knowledge, that the accounts were created separately, to avoid application of Section 871(m), or Agreements executed with the interval of 2 or more business days are not executed in connection with each other.

However, the Receiving Party may not rely on the first assumption, if they actually know that the Transferring

Party created or used separate accounts in order to avoid application of Section 871(m). Besides, none of these assumptions applies, if the Receiving Party has actual knowledge that the Agreements were executed in connection with each other. ITS is allowed to rely on conclusions of the Receiving Party, that none of these presumption rules applies, if the Receiving Party has actual knowledge, that the Agreements were executed in connection with each other.

8.5. Tax recalculation

If incorrect tax rate for income in form of dividends and/or Dividend Equivalent is applied regarding a Clearing Member, their clients the Clearing Member may send ITS a request on revision of the tax rate for income in form of dividends and/or Dividend Equivalent by way of submission of relevant application under the procedure defined in the Regulation on Information Exchange.

8.6. Accounting and storage

To ensure, that the US Tax Service has access to sufficient information for audit of taxpayers and tax agents, that are parties to Agreements under Section 871(m), it is provisioned, that ITS and Clearing Members must store sufficient information to establish, whether an Agreement is an Agreement under Section 871(m), as well as to determine dividend equivalent amounts.

In this connection, ITS must store documents confirming calculation of Delta or essentially equivalence (including the number of US issuer securities of the Initial Hedging) and the amount of expected calculated dividends, if any. These documents must be created almost simultaneously with execution of the Potential Transaction.

The Clearing Member undertakes to provide ITS, upon request of the latter, with necessary information to confirm correctness of tax exemption provision by ITS, if ITS receives a request from the US Tax Service.

REPORTING TO THE US INTERNAL REVENUE SERVICE

10.1. Form 1042

Reporting form 1042 constitutes a declaration of the amount of taxes withheld at the time of payment of Incomes from US sources to Income Beneficial Owners, who are mostly not US tax non-residents during relevant reporting year. ITS is planning to receive the status of a withholding Qualified Intermediary with the additional function of a Qualified Derivative Dealer – therefore ITS will owe annually, by March 15 of the next year after the reporting year, provide Form 1042 to the US Internal Revenue Service in paper format or in electronic format via the relevant service provider. Instructions on preparation of reports under Form 1042 is published on the website of the US Internal Revenue Service.

10.2. Forms 1042-S and 1187

10.2.1. Reports under Form 1042-S shall be prepared and submitted to each Income Beneficial Owner for the relevant year, if such Income Beneficial Owner was identified under the simple or full identification. As ITS acts as a financial institution, ITS will owe submit these forms only in electronic format by way of submission of aggregated Form 1187 via FIRE System accessible to QI/QDD Responsible Officer.

10.2.2. Reports under Form 1042-S include amounts of Incomes received and taxes withheld in accordance with Chapters 3 and 4 of the US Tax Code with the indication of the codes of incomes and withholdings.

10.2.3. Instruction on preparation of reports under Form 1042-S and codes of incomes are published on the website of the US Internal Revenue Service. Copies of sheets A of Forms 1042-S shall be sent to the US Internal Revenue Service via FIRE System, copies of sheets B, C, and D shall be provided to Income Beneficial Owners by March 15 of the next year after the reporting year. Copies of sheets E shall be retained by ITS.

10.2.4. ITS will annually receive Forms 1042-S from upstream depositories that are Qualified Intermediaries, regarding the amounts paid at its level for subsequent distribution among Income Beneficial Owners. Based on the forms received, ITS shall ensure reconciliation with each upstream Qualified Intermediary in terms of correct reflection of the amounts in its reporting 1042 and 1042-S.