

# **AIX Central Securities Depository Business Rules**

# AIX Central Securities Depository Business Rules

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## 1 Section: Introduction and General provisions

### 1.1 Definitions

In this **Rules** the following terms shall have the following meanings:

<b>Account</b>	means an account established for a <b>Participant</b> , the <b>Depository</b> or <b>Nominee</b> in the <b>Depository</b> .
<b>Acting in Concert</b>	means a group of <b>Persons</b> who, pursuant to an agreement or understanding (whether formal or informal), actively cooperate through the acquisition (directly or indirectly) of Securities in another <b>Person</b> by any of them (either directly or indirectly) to obtain or consolidate Control of that <b>Person</b> .
<b>Admitted Product</b>	means the <b>Securities</b> and/or any other investments approved for admission to the <b>Depository</b> in accordance with these <b>Rules</b> and as specified in the <b>Procedures</b> .
<b>AFSA</b>	means Astana Financial Services Authority.
<b>AIFC</b>	means the Astana International Financial Centre.
<b>AIFC Court</b>	<del>m</del> 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 <b>AIFC</b> .
<b>AIFC Framework Regulations</b>	means the Astana International Financial Centre Financial Services Framework Regulations as amended and/or supplemented from time to time.
<b>AIX</b>	means Astana International Exchange <u>Limited</u> .
<b>AIX CSD</b>	<del>m</del> Means Astana International Exchange Central Securities Depository Limited
<b>Applicant</b>	means a <b>Person</b> who has applied to become <u>a</u> <b>Participant</b> .
<b>Articles of Association</b>	means the Articles of Association of the <b>AIX CSD</b> as amended and/or supplemented from time to time.
<b>Authorised Signatory</b>	means, in respect of a <b>Participant</b> , each <b>Person</b> <b>Notified</b> by the <b>Participant</b> in accordance with Rule 2.12.1.
<b>Board</b>	means the Board of Directors of the <b>AIX CSD</b> (including any committee of the board of directors to which powers have been delegated in accordance with the <b>Articles of Association</b> or these <b>Rules</b> ).
<b><u>Borrowed Product</u></b>	<u>means <b>Admitted Product</b> subject to <b>Lending Transaction</b>.</u>
<b><u>Borrower</u></b>	<u>means a <b>Person</b> who borrows <b>Admitted Product</b> under a <b>Lending Transaction</b>. <b>AIX CSD</b> may from time to time define in the <b>Procedures</b> criteria for qualification(s) that must be met</u>

	for a <b>Person</b> to act as <b>Borrower</b> .
<b><u>Borrowing Request</u></b>	means a request by <del>the</del> <b>Borrower</b> to initiate a <b>Lending Transaction</b> in accordance with these <b>Rules</b> .
<b>Business</b>	means, in relation to a <b>Participant</b> or the <b>AIX CSD</b> , the securities services or other services conducted by the <b>Participant</b> or the <b>AIX CSD</b> , as the case may be, in terms of the <b>Law</b> and these <b>Rules</b> .
<b>Business Day</b>	means a day on which the <b>AIX CSD</b> is open for <b>Business</b> as determined by the <b>AIX CSD</b> and as set out in the <b>Procedures</b> .
<b>Clearing</b>	means a procedure of calculation of obligations arising from the executed transactions in <b>Admitted Products</b> on <b>AIX</b> and the procedure of preparation for <b>Settlement</b> of <b>Transactions</b> by checking the availability of the required <b>Securities</b> and money
<b>Clearing and Settlement Rules</b>	means Rules for Clearing and Settlement as described in Section 5 of these Rules
<b>Client</b>	means any <b>Person</b> who uses the services of a <b>Participant</b> .
<b>Control</b>	<p>means the ability of one <b>Person</b> or group of <b>Persons Acting in Concert</b> (<b>Person A</b>) (whether or not exercised and whether or not exercisable with or without the consent or concurrence of any other <b>Person</b>) to:</p> <p>(a) control, including control the appointment or removal of, 25% or more of the <b>Persons</b> who have the capacity to determine the outcome of decisions concerning the financial and operating policies of another <b>Person</b> (<b>Person B</b>), and where <b>Person B</b> is a company, includes the ability of <b>Person A</b> to control, including control the appointment and removal of, 25% or more of the <b>Directors</b> of <b>Person B</b>; and/or</p> <p>(b) exercise, or control the exercise of, 50% or more of the legal or beneficial ownership rights in respect of that <b>Person</b> (<b>Person B</b>), and where that <b>Person</b> is a company, includes the ability of <b>Person A</b> to control <b>Persons</b> who hold or control 50% or more equity securities or voting rights in <b>Person B</b>.</p>
<b>Corporate Action</b>	<del>m</del> Means the actions of the <b>Issuers</b> 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 <b>Maturity</b> 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 <b>Issuer</b> from time to time.
<b>Corporate Offer</b>	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 <b>Admitted Product</b> .
<b>Custodian</b>	means a legal entity who is accepted by the <b>AIX CSD</b> as a <b>Participant</b> after such entity is authorised or recognised by the <b>AFSA</b> to practice any of the custody services provided for in Law, such as keeping an investor's money or securities with regard to investment of securities issued to the public or traded in a financial market that is subject to the <b>AFSA</b> control, or practicing other activities such as paying or receiving money on behalf of investors, receiving or delivering securities on behalf of investors, exercising any of the investor's rights on behalf of same such as receiving dividends or attending general assemblies, and following up the registration of securities ownership transfer.
<b>Declared Default</b>	means a <b>Default Event</b> that the <b>AIX CSD</b> has determined it will treat as a " <b>Declared Default</b> " in accordance with the <b>Rule 7.2.1</b> .
<b>Default Declaration Date</b>	means the date and time determined and described as such by the <b>AIX CSD</b> in accordance with the <b>Rule 7.2.1</b> .
<b>Default Event</b>	means an event or circumstance referred to in <b>Rule 7.1.1</b> .
<b>Delivery-versus-Payment</b> or <b>DVP</b>	means a procedure of transfer of securities and transfer of money which ensures that the transfer of securities is simultaneous and subject to payment, or full synchronization of the transfer of securities and money.
<b>Depository</b>	means the depository operated by the <b>AIX CSD</b> in accordance with these <b>Rules</b> .
<b>Depository Account</b>	means an <b>Account</b> at the <b>AIX CSD</b> where Securities are recorded.
<b>Depository System</b>	means the electronic system for accessing and creating <b>Transactions</b> in the <b>Depository</b> , including any software contained within or used in connection with that system that allows <b>Admitted Product</b> to be transferred from the <b>Securities Registry</b> into the <b>Depository</b> .
<b>Depository Transaction</b> or <b>Transaction</b>	means a transaction resulting from an <b>Instruction</b> given under <b>Rule 4.1.1</b> . and executed in accordance with <b>Rule 4.1.4</b> .
<b>Director</b>	means: (a) in relation to a company, any <b>Person</b> occupying the

	<p>position of director of the company, by whatever name called;</p> <p>(b) in relation to any other entity, any <b>Person</b> occupying a position of management and <b>Control</b> in that entity that is comparable with that of a director, by whatever name called and</p> <p>(c) in relation to a Participant, includes a <b>Person</b> in accordance with the directions or instructions of whom that Participant, or any <b>Person</b> referred to in (a) or (b) is accustomed or required to act.</p>
<b>DVP Instruction</b>	means an instruction where the <b>Depository Transaction</b> involves delivery of <b>Admitted Product</b> with delivery of money
<b>Error</b>	means an error or oversight of any kind and arising for whatever reason, by the <b>AIX CSD</b> or <b>Nominee</b> or a delay, deficiency or failure on the part of the <b>AIX CSD</b> or <b>Nominee</b> , arising for whatever reason and in any case.
<b>FOP Instruction</b>	means an instruction where the delivery of <b>Admitted Product</b> is made without a delivery of money
<b>Instruction</b>	<p>means:</p> <ul style="list-style-type: none"> <li>- an instruction given by a <b>Participant</b> in respect to a <b>Transaction</b> and/or in an <b>Account</b>, and/or</li> <li>- an instruction or other action by the <b>Depository</b> in respect of a <b>Transaction</b> and/or an <b>Account</b>,</li> </ul>
<b>Insolvent</b>	<p>means, in respect of a <b>Person</b>, the occurrence of any of the following:</p> <ul style="list-style-type: none"> <li>- 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 <b>Person</b> or the removal from the relevant register of the <b>Person</b> or any action, legal proceedings or other procedure or step is taken in relation to the same;</li> <li>- a liquidator, receiver, manager, statutory manager, trustee, administrator, inspector, or similar official is appointed in respect of a <b>Person</b> or any of its assets, whether by a court, by the <b>Person</b>, by its creditors or otherwise or the <b>Person</b> is declared to be at risk of its <b>Business</b>, or any action, legal proceedings or other procedure or step is taken in relation to the same;</li> <li>- any action, legal proceedings or other procedure or step is taken in relation to: <ul style="list-style-type: none"> <li>• the suspension of payments, a stay or moratorium on payment or recovery of any</li> </ul> </li> </ul>



	<p>indebtedness, winding-up, dissolution, administration or reorganization (by way of voluntary arrangement, scheme of arrangement or otherwise) of the <b>Person</b>;</p> <ul style="list-style-type: none"> <li>• a composition, assignment or arrangement for the benefit of or with any creditor or class of creditors of the <b>Person</b>;</li> <li>• the appointment of a liquidator, receiver, administrator, administrative receiver, compulsory manager or other similar officer in respect of the <b>Person</b> or any of its assets; or</li> </ul> <ul style="list-style-type: none"> <li>- a moratorium or administration is proposed, ordered or arranged;</li> <li>- a <b>Person</b> 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;</li> <li>- a <b>Person</b> suspends, stops or threatens to suspend or stop making payment on any indebtedness;</li> <li>- a <b>Person</b> ceases, or threatens to cease, to carry on all or a material part of its <b>Business</b>;</li> <li>- a distress, execution, attachment or other legal process is claimed or issued against any of the assets of a <b>Person</b>;</li> </ul> <p>and the term “<b>Insolvency</b>” shall be interpreted accordingly.</p>
<b>Issuer</b>	<u>m</u> Means any legal entity who issues <b>Admitted Product</b> or <b>AIX</b> listed entity.
<b>Law</b>	<p><u>m</u>Meansthe <u>A</u>acting law ofthe Astana International Financial Centre <u>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:</u></p> <p><u>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</u></p>

	<u>Republic of Kazakhstan, which applies in part to matters not governed by the Constitutional Statute and AIFC Acts.</u>
<b><u>Lender</u></b>	means a <b>Person</b> appointed by <b>AIX CSD</b> to act as lender who lends <b>Admitted Product</b> under a <b>Lending Transaction</b> . <b>AIX CSD</b> may from time to time define in the <b>Procedures</b> criteria for qualification(s) that must be met for a <b>Person</b> to act as <b>Lender</b> .
<b><u>Lending Transaction</u></b>	means a transaction for delivery and re-delivery of <b>Admitted Product</b> in accordance with Section 6 of the <b>Rules</b> .
<b>Lodgement</b>	means transfer of legal title to <b>Admitted Product</b> to the <b>Nominee</b> for the purpose of having the <b>Admitted Product</b> recorded in the <b>Depository</b> and “ <b>Lodge</b> ”, “ <b>Lodging</b> ” and “ <b>Lodged</b> ” shall be interpreted accordingly.
<b>Material Adverse Effect</b>	means, in the opinion of the <b>AIX CSD</b> , a material adverse effect on: <ul style="list-style-type: none"> <li>(a) the capacity of the <b>Participant</b> to meet all its obligations to the <b>AIX CSD</b>, <b>Nominee</b>, <b>AIX</b> or other <b>Participants</b>;</li> <li>(b) the financial position, reputation, security, integrity or stability of the <b>Depository</b> or the <b>Participant</b>; or</li> <li>(c) an <b>AIX</b> market or in respect of any <b>Admitted Product</b>, any underlying market for or in respect of that <b>Admitted Product</b>.</li> </ul>
<b>Maturity</b>	means the due date for repayment, redemption or repurchase of an <b>Admitted Product</b> that is repayable, redeemable or repurchaseable subject to a right or obligation to repurchase, repay or redeem, and “ <b>Mature</b> ”, “ <b>Matured</b> ” and “ <b>Maturity Date</b> ” shall be interpreted accordingly.
<b>NIN</b>	means a unique numeric identifier of a holder of <b>Securities</b> issued by the <b>Securities Registry</b> .
<b>Nominated Custodian</b>	means a custodian appointed by the <b>AIX CSD</b> or <b>Nominee</b> from time to time to hold <b>Admitted Product</b> for and on behalf of the <b>AIX CSD</b> or <b>Nominee</b> as specified by the <b>Procedure</b> . Where the term “ <b>Nominated Custodian</b> ” is used in these <b>Rules</b> it also refers to the situation where the <b>AIX CSD</b> is recording <b>Admitted Product</b> in the <b>Depository System</b> as a result of <b>Securities</b> being recorded with another central securities depository or with a custodian.
<b>Nominee</b>	means AIX CSD Nominee Limited and/or any other <b>Person</b> appointed as nominee by the <b>AIX CSD</b> from time to time and/or equivalent arrangement ( <b>AIX CSD</b> nominee account with other <b>Person</b> ).
<b>Notice</b>	means a <del>communication</del> message that is transmitted by the <b>Depository</b> or a Participant in a manner defined in a

	<b>Procedure</b> , and “ <b>Notifying</b> ” and “ <b>Notify</b> ” shall be construed accordingly.
<b>Participant</b>	Means any <b>Person</b> that has applied to become a <b>Participant</b> in the manner set out in these <b>Rules</b> and any applicable <b>Procedure</b> , and that has been accepted by the <b>AIX CSD</b> and designated by the <b>AIX CSD</b> as a <b>Participant</b> . Subject to the foregoing, and without limitation, it is anticipated that the following type of <b>Persons</b> may be admitted as <b>Participants</b> : <ul style="list-style-type: none"> <li>• trading member of <b>AIX</b>;</li> <li>• <b>Custodian</b>;</li> <li>• central securities depository,</li> </ul> and a reference to “ <b>Participation</b> ” shall be interpreted accordingly.
<b>Participation Agreement</b>	means the agreement described as such and entered into between a <b>Participant</b> and the <b>AIX CSD</b> as the same may be amended and/or supplemented from time to time.
<b>Participant Member</b>	means <b>Participant</b> who is a trading member of <b>AIX</b> as defined in <b>AIX Rulebook</b> . <u>For avoidance of doubt, a <b>Custodian</b> may be a <b>Participant Member</b> provided that it possesses all the necessary regulatory approval(s) to conduct custody business and is trading member of <b>AIX</b> at the same time.</u>
<b>Participant Non-Member</b>	means <b>Participant</b> who is not a trading member of <b>AIX</b> as defined in <b>AIX Rulebook</b> . <u>For avoidance of doubt, a <b>Custodian</b> may be a <b>Participant Non-Member</b> provided that it possesses all the necessary regulatory approvals to conduct custody business, but is not trading member of <b>AIX</b> at the same time.</u>
<b>Person</b>	means person and includes any individual, body corporate or body unincorporated, including a legal entity, company, partnership, unincorporated association, government or state.
<b>Personnel</b>	means, in relation to a particular <b>Person</b> , an employee of that <b>Person</b> and includes any individual employed by, contracted, seconded, or providing consulting services to, the <b>Person</b> whether it be on a permanent, part-time, casual or temporary basis.
<b>Potential Default Event</b>	means any event or circumstances that, with the giving of notice or the lapse of time or both, would constitute a <b>Default Event</b> .
<b>Procedure</b>	means instruction, specification and/or guideline, issued by <b>AIX CSD</b> and relating to the functioning and operation of the <b>AIX CSD</b> , <b>Participants</b> and/or any other party as the case may be.
<b>Responsible Person</b>	means an individual appointed by a <b>Participant</b> to represent the <b>Participant</b> and perform the functions of a <b>Responsible Person</b> in accordance with these <b>Rules</b> .
<b>Rules</b>	means these <b>AIX Central Securities Depository Business</b>

	<b>Rules</b> <u>as the same may be amended and/or supplemented from time to time</u>
<b>Securities</b>	<del>M</del> means <del>equities</del> <del>shares</del> and bonds of <b>AIFC</b> shareholding companies; and bonds, instruments, and bills issued by the Government, or a Kazakhstani public authority or institution; or any other securities including non-Kazakhstani securities that are authorised by the <b>AFSA</b> or <b>AIX</b> in accordance with the <b>Law</b> .
<b>Securities Holder</b>	means the holder of an issued <b>Security</b> which is registered in the <b>Securities Registry</b> .
<b>Securities Register</b>	means the register that records the legal owner of the Securities issued by an <b>Issuer</b> that is maintained by or on behalf of that <b>Issuer</b> .
<b>Securities Registry</b>	means Astana International Exchange Registrar Limited, as a <b>Person</b> who is appointed by an <b>Issuer</b> to maintain its securities register and who is able to interact with the <b>AIX CSD's Depository System</b> .
<b>Settlement</b>	means: <ul style="list-style-type: none"> <li>a) in relation to an <b>Instruction</b>, the execution of a <b>Transaction</b> in accordance with an <b>Instruction</b> and in accordance with <b>Rule 4.1.4</b>;</li> <li>b) in relation to a <b>Corporate Action</b>, the recording of that <b>Corporate Action</b> in <b>Accounts</b> in accordance with the <b>Rule 4.5</b>;</li> </ul> and " <b>Settle</b> ", " <b>Settling</b> " and " <b>Settled</b> " shall be interpreted accordingly.
<b>Settlement Bank</b>	means legal entity licensed by the relevant regulator to perform banking activities and services (including payment services), approved by the <b>AIX CSD</b> and which meets requirements that the <b>AIX CSD</b> may establish from time to time in the <b>Procedures</b> with respect to the financial ability, personnel, facilities, equipment, procedures of the banks and other relevant matters, and provides the <b>Participants</b> and the <b>AIX CSD</b> with facilities to effect payment in accordance with the <b>Rules</b> and the <b>Procedures</b> .
<b>Settlement Day</b>	meansthe <b>Business Day</b> when the <b>Settlement</b> takes place as defined in the <b>Procedures</b> .
<b>Settlement Fail</b>	meansthe occurrence of an event whereby intended <b>Transaction</b> fails to <b>Settle</b> on the intended <b>Settlement Day</b> due to one <b>Participant</b> failing to deliver either money or <b>Admitted Product</b>
<b>Stock Exchange</b>	<u>means Authorised Investment Exchange as regulated in AIFC</u>

	<u>Glossary (Act No. FR0017 of 2018) as amended and/or supplemented from time to time. When <b>Stock Exchange</b> is mentioned in these <b>Rules</b>, it refers to <b>AIX</b>.</u>
<b>T+2</b>	Means <b>Settlement Day</b> calculated as the second <b>Business Day</b> after the trading day which is the day when a <b>Transaction</b> was concluded.
<b>Transaction</b>	means a transaction resulting from an <b>Instruction</b> given under <b>Rule 4.1.1</b> and executed in accordance with <b>Rule 4.1.4</b> , and includes any selling, or buying, or transfer of <b>Admitted Product</b> .
<b>Unprofessional Conduct</b>	<p>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</p> <p>b) unsatisfactory professional conduct, where the conduct involves a substantial or consistent failure to reach and/or maintain reasonable standards of competence and diligence,</p> <p>by a <b>Participant</b>, a <b>Director</b>, any <b>Personnel</b> or other <b>Person</b> who acts (or purports to act) on behalf of that <b>Participant</b>, whether in the conduct of that <b>Participant's Business</b> or in the conduct of any other <b>Business</b> in which the <b>Participant</b>, its <b>Directors</b>, <b>Personnel</b> or other <b>Person</b> is involved.</p>
<b>Uplift</b>	means transfer of legal title to <b>Admitted Product</b> for the purpose of ceasing to have the <b>Admitted Product</b> recorded in the <b>Depository</b> in accordance with the Rule 3.7.3, and a reference to " <b>Uplifted</b> " shall be interpreted accordingly.

## 1.2 The AIX CSD

- 1.2.1 The **AFSA** has granted the **AIX CSD** a licence to operate a Clearing House to provide a book-entry Securities Settlement System and to operate a Central Securities Depository as specified and defined in Schedule 3: Market Activities of the **AIFC Framework Regulations**.
- 1.2.2 The powers of the **AIX CSD** under these **Rules** are in addition to the powers of the **Board** under the **Articles of Association** and at **Law**.
- 1.2.3 The **AIX CSD** is the operator of a central securities depository and securities settlement system and makes the **Depository** available for the following purposes:
- to enable electronic custody of **Admitted Product**;
  - to enable recording of interests in **Admitted Product**;
  - to enable **Participants** to discharge delivery and payment obligations for the purposes of **Settlement**;
  - to enable **Participants** to settle **Transactions** in **Admitted Product**; and
  - to provide other services not inconsistent with these **Rules**.

1.2.4 The **AIX CSD** provides or makes available to the **Participants** services and facilities in the **Depository**:

- for the electronic recording of interests in **Admitted Product**;
- for the electronic transfer of title to Securities that are **Admitted Product**;
- for the electronic **Settlement of Transactions** in **Admitted Product**;
- for opening and maintenance of securities **Accounts**, the deposit of securities in such **Accounts**, the withdrawal of securities and the transfer of securities between securities **Accounts** in the **Depository System**;
- the provision of entitlement schedules and other reports in respect of **Account** holders to **Issuers, Securities Registry** or other authorized **Person**; and,
- other services or facilities as specified from time to time in accordance with these **Rules**.

1.2.5. **Participant** status does not provide or entitle a **Participant** to have any shareholding in the **AIX CSD**.

### 1.3 Status of the Rules

1.3.1 These **Rules**, *inter alia*, provide for:

- the basis on which **Admitted Product** is transferred into and from of the **Depository System**;
- the basis on which settlement **Instructions** are given to, or received by, the **Participants** and the **AIX CSD**;
- the basis on which **Settlement** between **Participants** are effected;
- any action to be taken if a **Participant** is unable, or is likely to become unable, to meet that **Participant's** obligations to any or all of the following:
  - the **Depository**;
  - another **Participant**; and/or
  - any other party to these **Rules** or any other **Person**.

1.3.2 These **Rules** and any **Procedures** made in accordance with the **Rule** 1.5 constitute a binding contract between the **AIX CSD**, ~~the Nominee~~ and each **Participant** and each **Responsible Person** and each of those persons 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.

1.3.3 Any agreement entered into between **Participants** pursuant to these **Rules** constitutes a binding contract between the **Participants** and is enforceable by the **AIX CSD** and/or ~~the Nominee~~, as the case may be.

1.3.4 Nothing in these **Rules** or any **Procedure**, or in the status of **Participant** shall:

- entitle a **Participant** or any other **Person** to take action (except as provided in these **Rules**) against any of the **AIX CSD**, ~~the Nominee~~, **AIX**, to challenge the right of the **AIX CSD**, ~~the Nominee~~, **AIX**, to exercise or not exercise any of their respective powers under the **Rules** in such manner as it thinks fit, or for the consequences of any such exercise or non-exercise other than as expressly



provided for in these **Rules** or the **Procedures**; or

- limit or affect the rights of the **AIX CSD**, ~~the Nominee~~, **AIX**, in respect of the **Rules** and in particular (but without limitation) the absolute discretion of the **AIX CSD** to make rulings and waivers and the right of the **AIX CSD** to amend (including replace, vary, remove or otherwise substitute) all or any of the **Rules** or **Procedures** in the manner expressly provided for in these **Rules** and the **Procedures**.

1.3.5 These **Rules** are binding on all the **Participants** to the extent that they relate to each **Participant**.

1.3.6 These **Rules** shall be publicly available on **AIX** web page [www.aix.kz](http://www.aix.kz).

## 1.4 Amendment of Rules

1.4.1 Subject to the approval by the **AFSA**, the **AIX CSD** may amend, add to, alter, modify or repeal any of the provisions of these **Rules**.

1.4.2 The **AIX CSD** will review those **Rules** at least annually.

1.4.3 When reviewing the **Rules**, the **AIX CSD** may consult **Participants** and other users through a user committee. The **Depository** consults with representatives of **Participants** and **Persons** through a user committee on material amendments to the **Rules** that, in its reasonable opinion, may have a material effect on such **Participants** or **Persons**. The tasks, work procedure, governance arrangements and management of the conflicts of interest of a user committee shall be defined by terms of reference and are publicly available on **AIX** web page [www.aix.kz](http://www.aix.kz).

## 1.5 Procedures

1.5.1 The **Rules** shall be supplemented by **Procedures**.

1.5.2 The **AIX CSD** may issue **Procedures**, *inter alia*, with respect to:

- mode of functioning and operation of the **Depository System**;
- hardware and software required to be installed and maintained by the **Participants**;
- determination from time to time of fees, system usage charges, deposits and other monies payable to the **AIX CSD** by the **Participants** and other **Person** which use the services of the **AIX CSD**;
- penalties payable by the **Participants**;
- procedure for opening, operating and closing **Account**;
- conduct of **Business** with the **Participants**;
- communication of information relating to **Transactions** and holdings between the **AIX CSD** and **Participants**, **Issuers**, and/or **Securities Registry**;
- records and books of account to be maintained by **Participants**;
- requirements, manner and format for submission of periodic returns by **Participants** to the **AIX CSD** in relation to their activities in connection with the **AIX CSD**;

- manner and form in which the **Participants** shall maintain continuous electronic means of communication with the **AIX CSD**;
- the **BusinessDays** and hours of the **AIX CSD** and the hours of **Business** operations;
- measures taken by **AIX CSD** to handle **Settlement Fails** and the use of a guarantee fund in order to protect non-failing **Participant**;
- any other matter as may be decided by the **AIX CSD**.

- 1.5.3 The **AIX CSD** shall have power to repeal, delete, amend and/or alter the **Procedures** or any part thereof or issue new **Procedure** from time to time.
- 1.5.4 If there is any inconsistency between any **Rule** and any **Procedure**, the **Rules** will prevail.
- 1.5.5 **Participants** are obliged to act according to the **Procedures**. If a **Rule** requires compliance with any part of the **Procedures**, failure to comply with that part of the **Procedures** is a contravention of that **Rule**.
- 1.5.6 The **AIX CSD** shall be entitled to issue, from time to time, **Notices**, circulars, manuals, directions, terms and conditions and information (here and in 1.5.7 and 1.5.8 called “communiqués”) for implementation of and/or clarification on any aspect of **Rules** or the **Procedures** or on any procedural or operational issue.
- 1.5.7 All such communiqués shall bind the **Participants** with the same force and effect as these **Rules** and the **Procedures**.
- 1.5.8 If there is any inconsistency between any **Rule** and any communicate, the **Rules** will prevail. If there is any inconsistency between any **Procedure** and any communicate, the **Procedures** will prevail.

## 1.6 Effect of Amendment

- 1.6.1 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, termination 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, termination or disciplinary action may be imposed as if the circumstance had not taken effect.

## 1.7 Interpretation

### 1.7.1 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**.

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

## 2 Section: Participants

### 2.1 Access to the Depository

2.1.1 The **AIX CSD** may allow a **Person** that the **AIX CSD** considers satisfies the requirements set in this Section of the **Rules** to be a **Participant** in the **Depository** and to access the **Depository System**.

2.1.2 The **AIX CSD** may, either at the time of admission to **Participation** in the **Depository** or at any time thereafter, impose any condition on a **Participant's Participation** and access that it considers appropriate. The **AIX CSD** will notify the **Participant** in writing of any condition imposed.

2.1.3 Access to the **Depository** and the **Depository System** will be at the sole and absolute discretion of the **AIX CSD**. The **AIX CSD** may determine in its sole and absolute discretion, whether to approve or decline an application for **Participation** in the **Depository**, provided that at all times the **AIX CSD** shall have regard to the integrity, stability, reliability and efficiency of the **Depository System**.

~~2.1.4 Only **Participant** which is **Participant Member** can effect **DVP Settlement** in the **Depository System**.~~

### 2.2 Participants

2.2.1 **AIX CSD** shall have two types of **Participants**:

- **Participant Member;**
- **Participant Non-Member.**

2.2.2 An **Applicant** shall not be allowed to participate in the **Depository** and shall not be provided access to the **Depository System** unless the **Applicant**.

- (a) holds all licences, 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 **AIX CSD** that it is of high integrity and a suitable **Person** to be a **Participant** and that all **Directors** 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 **AIX CSD** that it has in place management structures, facilities, procedures, 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 **Participant** under these **Rules**;
- (d) satisfies the **AIX CSD** that the **Applicant** has in place appropriate systems and controls which will ensure continuous compliance with all requirements imposed by or pursuant to the **Law** relevant to its activities as a **Participant** and these **Rules**;
- (e) satisfies the **AIX CSD** as to the **Applicant's** technical capacity to be connected to the **Depository System** including satisfaction of such systems testing as may be prescribed by **Procedure**;
- (f) where applicable, has bank accounts and facilities to communicate with the **Settlement Bank** for the purposes of conducting **Settlement** and has advised the **AIX CSD** of the identity of the bank and the appropriate accounts;
- (g) satisfies the **AIX CSD** that the **Applicant** does and will continue to meet the requirements of the **Rules** for **Participant's** continuous obligations;
- (h) pays to the **AIX CSD** any prescribed admission fee;
- (i) has nominated a **Responsible Person** and provided the **AIX CSD** with the name of the **Responsible Person** nominated;
- (j) has provided the names of all **Directors**, **Personnel** and other **Persons** to whom it proposes to give access to the **Depository System** on its behalf;
- (k) has provided contact details for the **Applicant**, the **Responsible Person** and the **Directors**, **Personnel** or other **Persons** acting on behalf of the **Applicant**;
- (l) has provided to the **AIX CSD** such information as the **AIX CSD** believes is necessary to enable the **AIX CSD** to comply with its obligations under the legislation for 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 **AIX CSD** in any jurisdiction;*

- (m) has provided to the **AIX CSD** the address of the location at which the **Participant** 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 Procedures** or requested by **AIX CSD**, and
- (o) has completed and submitted a duly authorised signed application form and a **Participation Agreement**.

2.2.3 An **Applicant** must provide to the **AIX CSD** a written enforceable undertaking addressed to the **AIX CSD** that it will:

- (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 the **AIX CSD**; and
- (ii) subject itself to the **AIFC Law** in relation to its use of the facilities of the **AIX CSD**.

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

2.2.5 No **Person** shall conduct any **Business** as a **Participant** unless it has been admitted as a **Participant**.

2.2.6 No **Participant** shall assign its **Business** and/or functions as a **Participant** or entrust the **Control** or conduct of its **Business** and/or functions to any **Person** except with the prior written approval of the **AIX CSD** and subject to such terms and conditions as the **AIX CSD** may stipulate from time to time.

## 2.3 Application Procedure

2.3.1 Applications for **Participation** in the **Depository** must be made in the manner prescribed by the **Procedures**. An application constitutes an offer by the **Applicant** to be bound by the **Rules**, and acceptance of the application by the **AIX CSD** constitutes a binding contract between the **AIX CSD**, ~~the Nominee~~ and the **Applicant** to be bound by the **Rules**.

2.3.2 Notwithstanding **Rule** 2.3.1, in determining an application for **Participation**, the **AIX CSD** may have regard to any information available to the **AIX CSD** in whatever form and from whatever source. For the avoidance of doubt, the **AIX CSD** may satisfy itself that one or more of the requirements of **Rules** 2.2 has been met by virtue of an **Applicant's Participation** in, any other market, depository system or the applicant holding any other

status, licence, permission or entitlement which the **AIX CSD** in its sole and absolute discretion considers is relevant.

2.3.3 The **AIX CSD** will endeavor to make its decision whether to accept or reject an Application for **Participation** within a reasonable time of receiving a completed application. The **AIX CSD** may request an **Applicant** to provide further information and/or clarifications, undertake such investigations and seek such information from such other **Persons**, as the **AIX CSD** considers necessary to establish whether the **Applicant** satisfies the requirements of **Rule 2.2**.

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

## 2.4 Participant to act as Principal

2.4.1 Each **Participant** must act as principal in all of its activities with the **AIX CSD** and must in all cases be responsible and liable to the **AIX CSD** as if it were principal and not an agent. Without limitation to the foregoing, to the extent that a **Participant** is undertaking **Client** business (meaning that the **Participant** is acting on behalf of any other **Person**, which may include another **Participant**), the **Participant**, acting in a good faith, shall ensure that the **Participant** has, at all times, the full and exclusive rights, power and authority to act in all of its activities with the **AIX CSD** in relation to such **Client** business, including full authority to bind that **Client** and authorise holding of that **Person's Admitted Product** in the **Depository** in accordance with these **Rules**.

## 2.5 Participant Obligations

2.5.1 A **Participant** must at all times:

- a) comply with, and procure that its **Directors, Personnel** and other **Persons** acting on its behalf comply with:
  - (i) these **Rules**, the **Procedures** and the applicable laws;
  - (ii) any decisions, directions and requirements of the **AIX CSD** under the **Rules** or the **Procedures** or of the **Law**;
  - (iii) every other undertaking and agreement between the **Participant** and the **AIX CSD** and/or Nominee; and
  - (iv) every other agreement, document, instrument or other obligation created in accordance with the **Rules** or the **Procedures**.
- b) continue to satisfy the requirements of **Rule 2.2.2**;
- c) comply with operational, procedural and technical requirements of the **Depository System** and networks, as specified by the **AIX CSD** by the **Procedures**;
- d) comply with, and procure that each of the **Participant's Directors, Personnel** and any other **Persons** 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 **Participant** to

carry on the **Business** it proposes to carry on or to enable the performance of its obligations as a **Participant** under these **Rules**;

- e) refrain from any act, omission or course of conduct which is likely to harm the reputation of the **AIX CSD**, threaten the integrity or security of the **AIX CSD** or constitute **Unprofessional Conduct**;
- f) maintain any records that may be prescribed by the **Procedures** for the period prescribed by the **Procedures**; and
- g) ensure the accuracy and completeness of all information or documents provided to the **AIX CSD** by or on behalf of the **Participant**.

- 2.5.2 A **Participant** shall ensure that only persons with authority to transact **Business** with the **AIX CSD** have access to the **Depository System** or other system by which the **Business** is transacted with the **AIX CSD**.
- 2.5.3 A **Participant** who is admitted as such by the **AIX CSD** shall be required to pay to the **AIX CSD** such fees, levies and charges imposed by the **AIX CSD** within such time as may be specified by the **AIX CSD**. The **AIX CSD** shall not be obliged to pay any interest to the **Participant** on any sum received by the **AIX CSD** as security or deposit unless otherwise agreed by the **AIX CSD**.
- 2.5.4 A **Participant** shall preserve all documents such as account opening forms, KYC documents, agreements with **Clients** and instructions received from **Clients** for a period defined by the **AIX CSD**.
- 2.5.5 It shall be the responsibility of each **Participant** to promptly check and reconcile with its own records the details of all advices, statements and reports received by the **Participant** from the **AIX CSD** and to promptly notify the **AIX CSD** of any error or omission contained in such advices, statements and reports.

## 2.6 Notification and Provision of Information

- 2.6.1 Each **Participant** must give the **AIX CSD** **Notice** of the following promptly after becoming aware of the same:
  - (a) any breach by the **Participant** of these **Rules** or the occurrence of a **Potential Default Event** or **Default Event** in respect of the **Participant** (and the steps, if any, being taken to remedy it);
  - (b) the resignation of a **Director** or **Responsible Person**;
  - (c) any change in **Control** of the **Participant**;
  - (d) the details of any litigation, arbitration or administrative proceedings, claim or action (including disciplinary or enforcement actions) taken, threatened or pending against the **Participant** or any **Director**, **Personnel**, agent or **Person** acting on the **Participant'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 **Participant**; or
- (ii) the ability of the **Participant** to comply with the **Rules**;
- (e) the **Participant** becoming aware of any breach by another **Participant** of these **Rules** or occurrence of a **Default Event** in respect of another **Participant**;
- (f) any other material change in information concerning the **Participant** or the **Participant's Business** from that previously provided to the **AIX CSD**; and
- (g) any event or emergency, whether or not within the **Participant's** control which impairs the **Participant's** ability to comply with the **Rules**, to properly and effectively conduct its **Business** as a **Participant** or which may otherwise have a material adverse effect on the **Participant**.

2.6.2 Each **Participant** must give the **AIX CSD** not less than five (5) **Business Days** prior written **Notice** of:

- (a) the proposed appointment of a **Responsible Person**;
- (b) the proposed change in its management structure from that which the **Participant** has previously provided to the **AIX CSD**;
- (c) any proposed change in the nature or scope of its **Business** or any proposed cessation of its **Business** as a **Participant**;
- (d) any change in any of the **Directors**, **Personnel** or other **Persons** whom the **Participant** allows, or proposes to allow, to access the **Depository System** 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 **Participant** 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 **Participant**, the **Responsible Person** or any **Director**, **Personnel**, agent or other **Person** acting on behalf of the **Participant**, which the **Participant** has previously provided to the **AIX 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 **Participant** must give immediate **Notice** on the change to **AIX CSD**, with written explanation on the reasons that caused the occurrence of the immediate change.

2.6.4 The **AIX CSD** may, at any time and in its complete sole and absolute discretion, request in writing any information from a **Participant** to enable the **AIX CSD** to determine whether that **Participant** is complying with all applicable **Rules**, **Procedures** and other

Notices or directives given from time to time by the **AIX CSD** or applicable laws and regulations and/or to ensure the **AIX 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 **Participant** may apply in writing to **AIX CSD** for that information of the **Rule** 2.6.1 not to be disclosed to any specific **Persons**. **AIX CSD** will consider such request but is not obliged to accept such request if **AIX 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 Participant's Representations, Warranties and Undertakings

- 2.7.1 Each **Participant** represents, warrants and undertakes to the **AIX CSD** ~~and to its~~ **Nominee** that:

- a) the **Participant** 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 **Participant**;
- 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 **Participant** 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 **Instructions** are legal, valid, binding and enforceable in accordance with their terms;

has been duly done and remains in full force and effect;

- c) the **Participant** is in compliance in all material respects with:
  - (i) all laws, regulations, by-laws, directives and consents relevant to its activities as a **Participant**; 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 **AIX CSD** and have not been **Notified**;
- e) all information provided by the **Participant** to the **AIX CSD** under the **Rules** or the **Procedures** 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 **AIX CSD**, and remains so, and there are no facts or circumstances that have not been disclosed to the **AIX CSD** that



would make that information incorrect, inaccurate, incomplete, untrue or misleading in any material respect;

- f) the **Participant** is not **Insolvent** and is able to pay all its debts as they fall due;
- g) in relation to all **Admitted Product** it has **Lodged** in the **Depository** in accordance with **Rule 3.5**:

- (i) the **Participant** has title to the **Admitted Product**, and is entitled to **Lodge** it in the **Depository** and to deal with it in accordance with the **Rules**;

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

- h) in relation to all **Admitted Product** held in an **Account** in its name:

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

- (ii) in any case where a **Participant** is or may in the future undertake **Client** business, the **Participant** has the full and exclusive rights, power and authority to act in all of its activities with the **AIX CSD** in relation to such **Client** business, including full authority to bind that **Client** and authorise holding of that **Person's Admitted Product** in the **Depository** in accordance with these **Rules** and in respect of the **Lodgement** or **Uplift** of that **Person's Admitted Product** in accordance with these **Rules**.

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

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

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

## 2.8 Scope of Obligations and Responsibility for Personnel and other Persons

- 2.8.1 A reference to a **Participant** in these **Rules** extends to and includes, in relation to the obligations of a **Participant** under the **Rules**, all subsidiaries of the **Participant**, to the extent necessary to ensure that the object of any applicable **Rules** or any direction given from time to time by the **AIX CSD** is not frustrated or avoided by reason of the separate legal personality of the **Participants** of a group comprising the **Participant** and its subsidiaries.
- 2.8.2 A **Participant** is responsible for the conduct of the **Participant's Directors, Responsible Person, Personnel** and other **Persons** acting on its behalf for the purposes of and in the course of its activities as a **Participant**. Such conduct will be treated for the purposes of these **Rules** as conduct of the **Participant**.
- 2.8.3 A **Participant** must ensure that all **Persons** that are directly involved in the operation of its **Business** as a **Participant** or are provided with access to the **Depository System** on behalf of the **Participant**:
- (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 Responsible Persons

- 2.9.1 Each **Participant** must nominate for approval by the **AIX CSD** an individual to be the **Responsible Person** for that **Participant**. An application shall be made by submitting to the **AIX CSD** a duly completed application form, together with any other information required by this **Rules** and the **Procedures**. The **AIX CSD** will not approve the nominated individual to be the **Responsible Person** for a **Participant** unless the **AIX CSD** is satisfied (at the **AIX CSD's** absolute discretion) that the individual satisfies the requirements set out in the **Rules**.
- 2.9.2 A **Responsible Person** must:
- (a) be of, and continue to be of, good reputation and good character and integrity;
  - (b) have, and continue to have, skills, knowledge, expertise, training and experience, of a type specified by the **Procedures**;

- (c) have, and continue to have, sufficient power and authority within the **Participant** to fulfil the functions of a **ResponsiblePerson**;
- (d) have not engaged in, and must not engage in **Unprofessional Conduct**;
- (e) provide to the **AIX CSD** a written undertaking:
  - (i) to comply with and be bound by the **Rules** and the **Procedures** and any decisions, directions and requirements of the **AIX CSD** or as required, the **Nominee**, under the **Rules** or the **Procedures**;
  - (ii) to procure the **Participant** to comply with and be bound by the **Rules**, the **Procedures** and any decisions, directions and requirements of the **AIX CSD** under the **Rules** or the **Procedures**; and
  - (iii) submitting to the exclusive jurisdiction of the **AIFC Court** and waiving any objection arising at any time to the undertaking of proceedings in relation to the **Rules** in **AIFC**, any claim that such proceedings have been brought in an inconvenient forum and the right to object to such proceedings on the basis that the **AIFC Court** do not have jurisdiction over him or her.

2.9.3 A **ResponsiblePerson** must:

- (a) if requested by the **AIX CSD**, represent the **Participant** in any dealing with the **AIX CSD** ~~or the **Nominee**~~, and have full power to bind the **Participant**;
- (b) procure that the **Participant** complies at all times with the **Rules** and the **Procedures**;
- (c) be responsible for the control, leadership, influence and supervision of the **Participant's Business** with the **Depository**;
- (d) submit to the **AIX CSD** such reports or certifications in relation to the **Participant's Business** as a **Participant** and/or its compliance with these **Rules** as prescribed by the **Procedures**;
- (e) procure that all information which the **ResponsiblePerson** gives to the **AIX CSD** is correct, accurate, complete, true and not misleading and if the **ResponsiblePerson** becomes aware that information which he or she has previously given to the **AIX CSD** was incorrect, inaccurate, incomplete, untrue or misleading, promptly notify the **AIX CSD** in writing and submit the amended information together with an explanation; and
- (f) complete any training or continuing education requirements that may be prescribed by the **Procedures**.

2.9.4 In determining an application to be approved as a **ResponsiblePerson**, the **AIX CSD**:

- (a) may have regard to any information available to the **AIX CSD** in whatever form and from whatever source;

- (b) will endeavor to make its decision whether to accept or reject an application for an individual to be a **ResponsiblePerson** within a reasonable time of application receiving a complete application;
- (c) may request an applicant to provide further information, undertake such investigations and seek such information from such other **Persons**, as the **AIX CSD** considers necessary to establish whether the applicant satisfies the requirements of the **Rule2.9.2**; and
- (d) will notify the applicant and the **Participant** of the outcome of its application.

2.9.5 The **AIX CSD** may (in its sole and absolute discretion) withdraw its approval for an individual to be the **ResponsiblePerson** for the **Participant**, for any reason whatsoever, including if:

- (a) the **AIX CSD** considers that:
  - (i) the **ResponsiblePerson** no longer satisfies any of the requirements set out in the **Rule2.9.2**;
  - (ii) the **ResponsiblePerson** fails to comply with the obligations set out in the **Rule2.9.3**; or
  - (iii) the continuation of that individual as the **ResponsiblePerson** for the **Participant** will be detrimental, or reasonably likely to be detrimental, to the wellbeing, proper conduct, stability or integrity of the **AIX CSD**, the **Depository System** or its operations; or
- (b) the rights of the **Participant** are, or are to be, suspended or terminated.

2.9.6 Where a **ResponsiblePerson** of a **Participant** fails to comply with the obligations set out in the **Rules** and the **Procedures**, that **Participant** will also have contravened the **Rules** and the **Procedures**.

## 2.10 Rights and Obligations of Participants in relation to Securities Holders when interacting with the Securities Registry

2.10.1 Where the **Securities Registry** is the place of origin of an **Admitted Product** into the **Depository** (the **Admitted Product** is **Lodged** by **Lodging** from the **Securities Registry**), and unless regulated differently in a **Procedure**, no **Participant** shall conduct **Business** with a **Securities Holder** registered in the **Securities Registry** unless it has entered into a written agreement with the **Securities Holder**.

2.10.2 Only after the **Securities Holder** has entered into a written agreement with the **Participant** as defined in 2.10.1, shall the **Participant** be permitted to open an **Account** for managing and holding **Security** balances on behalf of such **Securities Holder**. The **Account** so opened may be separate and distinct from **Accounts** of other **Securities Holders** managed by that **Participant**.

2.10.3 **Participant** shall, before entering into any agreement with or opening any **Account** or while acting upon the instruction of any **Securities Holder** during the subsistence of such agreement:

- make such inquiries as may be necessary and exercise due care and caution in ascertaining the genuineness of the intending Securities Holder by carrying out appropriate Know Your Customer due diligence;
- scrutinize and ascertain the authenticity of the documents produced by the **Securities Holder** for opening the **Account**;
- in case of joint owners of securities or individual owners, obtain authority in writing from all such joint owners or individuals respectively in accordance with the **Law**.

2.10.4 The **Participant** shall act on the instructions of the **Securities Holder** or of such **Person** as may have been duly authorised by the **Securities Holder** on their behalf.

2.10.5 The **Participant** shall not effect a debit or credit to the **Account** of a **Securities Holder** without appropriate instruction from the **Securities Holder** or the **AIX CSD**.

2.10.6 If required according to law, the **Participant** shall maintain a separate **Account** for each **Securities Holder** into the **Depository System** and ensure that the **Securities** held on behalf of the **Securities Holder** in the **Depository System** by the **Participant** are not mixed with its own securities, or those of other **Securities Holders**.

2.10.7 Notwithstanding termination of such agreement by the **Participant** or withdrawal of the authority so conferred by the **Securities Holder**, the provisions of the agreement and all mutual rights and obligations arising there from in so far as they relate to dealing or operations with **Admitted Product**, except in so far as the same are contrary to or inconsistent with such termination or withdrawal, shall continue to be binding on the parties in respect of all acts, deeds, matters and things done and **Transactions** effected during the period when such agreement was effective.

## 2.11 Participant's Undertaking

2.11.1 In any case where the terms governing any **Admitted Product** impose on the **Person** in possession of, or entitled to, that **Admitted Product** any obligation, the **Participant** on whose behalf the **Admitted Product** is held in the **Depository** undertakes to immediately on demand by **AIX CSD**, pay, do, procure and/or execute such amounts, acts, documents, matters or things as **AIX CSD** requires to enable **AIX CSD** to perform that obligation.

## 2.12 Authorised Signatories

2.12.1 Each **Participant** must, on being allowed to participate in the **Depository**, provide to **AIX CSD** the names of **Persons** authorised by that **Participant** to give **Notices** and **Instructions** on behalf of that **Participant**. A list of **Authorised Signatories** may indicate that any authorised signature may be a facsimile, an email address or electronic signature, whether affixed by stamp or generated by other mechanical or automated means.

2.12.2 A **Participant** may provide to **AIX 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.



### 3 Section: Depository Accounts

#### 3.1 Accounts

- 3.1.1 A **Participant** can open and maintain **Accounts** in the name of that **Participant** with the description required by the **AIX CSD** and the **Participant** and for the purposes of conducting **its Business**.
- 3.1.2 **Accounts** may be opened and maintained in a manner prescribed by the **Procedures**.
- 3.1.3 Overnight balances of **Admitted Product** in a transitory settlement **Account** of the **Participant** are not permitted unless regulated otherwise in the **Procedures**.

#### 3.2 Transactions on Accounts

- 3.2.1 Each **Participant** irrevocably authorises the **AIX CSD** (and directs the **AIX CSD** to accept without reference to the **Participant**) to debit or credit **Admitted Product** from or to the **Participant's Accounts** in accordance with **Clearing and Settlement Rules** and/or as a result of a **Corporate Action**. This **Rule** constitutes an irrevocable instruction by each **Participant** to the **AIX CSD** to debit and/or credit and/or take such other action in respect of its **Securities Accounts** 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 **AIX CSD** must debit and/or credit and/or take such other action in respect of **Securities Accounts** as instructed or authorised in accordance with this **Rule**.

#### 3.3 Deposit of money

- 3.3.1 A **Participant** is obliged to credit **AIX CSD Nominee** account at the **Settlement Bank** with the balance of money enough to meet his **Settlement** obligations for that settlement cycle, in the time and manner prescribed by the **Procedures**.
- 3.3.2 After the settlement takes place, money as result of the settlement process shall be available to the **Participant** in manner prescribed by **Procedures**.
- 3.3.3 No money balance provided by the **Participant** on **AIX CSD Nominee** account in the **Settlement Bank** will bear interest.
- 3.3.4 Money recorded in **AIX CSD Nominee** account in the **Settlement Bank** for a **Participant** is (deemed to be) held by the **AIX CSD** (or **Nominee**) as trustee for that **Participant** to the exclusion of all other **Participants**. Nothing in the role of the **AIX CSD** (or **Nominee**) renders the **AIX CSD** (or **Nominee**) a bailee (constructive or otherwise) nor shall it constitute a representation or warranty by the **AIX CSD** (or **Nominee**) as to the title of any **Participant** to money in an account.
- 3.3.5 The **AIX CSD** and **Nominee** shall recognise only the **Participant** who deposits the money or receives the money in accordance with the **Rules** as the sole beneficial owner of that money.

- 3.3.6 The **AIX CSD** and **Nominee** 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, money in an **Account**, nor to recognise a **Participant** as holding money in an **Account** trust nor to recognise (whether or not it has **Notice** of the interest or rights concerned and notwithstanding and designation of any account) any proprietary, equitable, contingent, future, partial or other interest in any money in an account or any other right, except the beneficial right of ownership (if any) of the **Participant** which deposited money for **Settlement** or is receiving money from **Settlement**.
- 3.3.7 The **Participant** shall not assert, nor permit any **Person** claiming under or through the **Participant** to assert, any proprietary, equitable, contingent, future, partial or other interest in any money in an **Account** against the **AIX CSD**, **Nominee** or any **Person** acting on behalf of the **AIX CSD** or **Nominee** (or both), other than the beneficial right of ownership (if any) of the **Participant** for whom the money in the **AIX CSD Nominee account** the **Settlement Bank** is recorded.
- 3.3.8 If the balance of money provided by the **Participant** on the **AIX CSD Nominee account** in the **Settlement Bank** is not enough to meet his settlement obligations for that settlement cycle, the **AIX CSD** may without limitations take such actions as the **AIX CSD** may deem necessary, expedient or desirable, including taking disciplinary actions against the **Participant**.

### 3.4 Account Closing

- 3.4.1 **Accounts** may be closed in a manner prescribed by the **Procedures**. An **Account** may only be closed if the **Account** has zero balances. The **AIX CSD** may apply by **Procedures** other conditions to the closing of an **Account** or **Accounts** generally.
- 3.4.2 The **AIX 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.

### 3.5 Lodgement of Admitted Product

- 3.5.1 Subject to **Rule 3.5.2**, a **Participant** may **Lodge Admitted Product** into a specified **Account** by transferring legal title to the **Admitted Product** to **Nominee** or a **Nominated Custodian** in accordance with the **Procedures**.
- 3.5.2 No **Admitted Product** which has reached **Maturity**, or that is subject to any restriction on transfer that would prevent or restrict the transfer of beneficial interests across **Accounts** or that otherwise fails to meet any condition imposed by the **AIX CSD** under **Rule 6.7.1.2** may be **Lodged** in the **Depository**.
- 3.5.3 Upon registration of legal title to the **Admitted Product** in the name of the **Nominee** in the **Securities Registry**, or where the **Admitted Product** is held by a **Nominated Custodian**, upon receipt of confirmation from the **Nominated Custodian** of the transfer of the **Admitted Product** into the account of the **Nominee** at that **Nominated Custodian**, the **AIX CSD** will record the credit of the **Admitted Product** in the **Account** of the **Participant** **Lodging the Admitted Product** in accordance with **Rule**



- 3.5.1. **Lodgement** is deemed to be effective from the later of date and time of transfer of legal title to the **Nominee** and the **Participant** giving **Notice** on the **Lodgement**.
- 3.5.4 **Admitted Product** recorded in the **Account** of a **Participant** is deemed to be held by the **AIX CSD** and/or **Nominee** as trustee to the exclusion of all other **Participants**. Nothing in the role of the **AIX CSD** or **Nominee** renders the **AIX CSD** or **Nominee** a bailee (constructive or otherwise) nor shall it constitute a representation by the **AIX CSD** as to the title of any **Participant** to **Admitted Product**.
- 3.5.5 The **AIX CSD** is the managing trustee of the **Depository** and appoints the **Nominee** as custodian trustee of the **Admitted Product** Lodged in the **Depository**.
- 3.5.6 The appointment of **Nominee** as custodian trustee does not relieve the **AIX CSD** of any of its obligations under these **Rules**. The **AIX CSD** must do everything necessary to enable and ensure that the obligations and functions of the **Nominee** as custodian trustee are performed.
- 3.5.7 The **AIX CSD** and the **Nominee** may enter into such agreements, arrangements or understandings between themselves as the **AIX CSD** and the **Nominee** consider necessary or desirable to give effect to their respective roles as managing trustee and custodian trustee.
- 3.5.8 At the close of each **Business Day** at the time prescribed by the **Procedures**, every **Participant** must transfer the balance of **Admitted Product** in each transitory settlement **Account** to another **Account** (not being a transitory settlement **Account**), unless the **AIX CSD** agrees otherwise.

### 3.6 Consequences of Lodgement and recording of Securities

- 3.6.1 By **Lodging Admitted Product** into the **Depository**, a **Participant** agrees that, subject to **Rule 3.9.1**, it will be treated for the purposes of the **Rules** as sole beneficial owner of the **Admitted Product**.
- 3.6.2 The **AIX CSD** may allow a **Participant** to designate by **Notice** (including such terms as the **AIX CSD** may require) any **Admitted Product** 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 **Participant**. Any such designation shall operate solely for the benefit of the **Participant** and will not constitute **Notice** to the **AIX CSD** or any other **Person** or put the **AIX CSD** or any other **Person** on notice as to the existence of any limitation on the ability of a **Participant** to deal with the **Admitted Product**.
- 3.6.3 A **Participant** holding entitlements to **Admitted Product** through the **Depository where the Admitted Product has been Lodged** from the **Securities Registry**, shall not be entitled to any rights incidental to beneficial ownership of the **Admitted Product** 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 **Admitted Product** will be credited to the relevant account of the appropriate **Client** of the **Participant** as it would be registered in the **Securities Registry** as **Securities Holder** if the **Securities** were not **Lodged** in the **Depository**.
- 3.6.4 A **Participant** holding entitlements to **Admitted Product** through the **Depository** where the place of origin of the **Admitted Product is Nominated Custodian**, shall be entitled

to all rights incidental to beneficial ownership of the **Admitted Product** 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 **Admitted Product** will be credited to the relevant **Account** of the **Participant**.

### 3.7 Uplifting Admitted Products

3.7.1 Subject to **Rule 3.7.4**, a **Participant** may request the **Uplift** of **Admitted Product** from an **Account** in that **Participant's** name for the purpose of ceasing to have the **Admitted Product** recorded in the **Depository**, in the form prescribed by **Procedure**.

3.7.2 Notwithstanding **Rule 3.7.4**, the **AIX CSD** may give Notice to a **Participant** requiring the **Uplift** of **Admitted Product** if:

- (a) the **AIX CSD** determines that the **Admitted Product** does not comply with the criteria or conditions imposed by the **AIX CSD** in accordance with **Rules**; or
- (b) the **Issuer** of an **Admitted Product** becomes **Insolvent**.

3.7.3 On request for **Uplift** or giving Notice of **Uplift** of **Admitted Product** in accordance with the **Rule 3.7.1** and 3.7.2, the **AIX CSD** must:

- (a) procure the registration in the **Securities Registry** of the **Admitted Product** (if any) of legal title or where the legal title to the **Admitted Product** is held by a **Nominated Custodian** on behalf of that **Participant**, beneficial interest in the **Admitted Product** in the name of the **Participant**. The **Participant** 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 **Admitted Product** from the **Account** of the **Participant** specified.

**Uplift** is complete upon the transfer of legal title or where the legal title to the **Admitted Product** is held by a **Nominated Custodian** on behalf of that **Participant** beneficial interest in the **Admitted Product** into the name of the **Participant**.

3.7.4 **Admitted Product** may not be **Uplifted**:

- (a) if the **Admitted Product** is the subject of a **Depository Transaction** which has not been **Settled**;
- (b) if at the time of receipt of a request in accordance with **Rule 3.8.1**, the balance of that **Admitted Product** in the specified **Account** is less than the aggregate of the amount of that: 1) **Admitted Product** requested in accordance with the **Rule 3.8.1**, 2) **Admitted Product** the **Participant** is obliged to deliver as the product element of a **Depository Transaction** in respect of which an **Instruction** has been received by the **AIX CSD** at that time, and 3) **Admitted Product** the **Participant** is obliged to deliver as the product element of a **Corporate Action** in respect of which an **Instruction** has been received by **AIX**

**CSD** at that time, or

- (c) in any period during which the **Securities Registry** of the **Admitted Product** is closed or is unable to process transfers of legal title to **Admitted Product** or during which the relevant **Nominated Custodian** is closed or is unable to process transfers.

### 3.8 Reconciliation

- 3.8.1 The **AIX CSD** will, at least daily, reconcile the ownership interest of the **Nominee** recorded on the **Securities Registry** and recorded by each **Nominated Custodian** with the cumulative entitlements of all **Participants** for each **Admitted Product** to verify that the number of **Securities** making up a **Securities** issue or part of a **Securities** issue submitted to the **Depository** is equal to the sum of **Admitted Products** recorded on the securities **Accounts** of the **Participants**.
- 3.8.2 If, having undertaken reconciliation, there is an imbalance between the entitlements in the **Depository** and the recorded interest of the **Nominee**, then the **AIX CSD** will investigate the imbalance and take such actions, acting in good faith, as it deems appropriate.

### 3.9 Ownership of Admitted Product

- 3.9.1 Subject to **Rule 4.7**, but notwithstanding any other provision of these **Rules**:
  - (a) where the **Securities Registry** is the place of origin of an **Admitted Product**, the **AIX CSD** and the **Nominee** shall recognise the **Client** of a **Participant** as the sole beneficial owner of that **Admitted Product**, in accordance with 3.10.1;
  - (b) where the **Admitted Product** is approved for admission through a **Nominated Custodian**, the **AIX CSD** and the **Nominee** shall recognise only the **Participant** in whose name **Admitted Product** is recorded as the sole beneficial owner of that **Admitted Product**;
  - (c) the **AIX CSD** and the **Nominee** 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 **Admitted Product**;
  - (d) the **Participant** shall not assert, nor permit any **Person** claiming under or through the **Participant** to assert, any proprietary, equitable, contingent, future, partial or other interest or right against the **AIX CSD**, the **Nominee** or any **Person** acting on behalf of the **AIX CSD** or the **Nominee** (or both);

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

### 3.10 Securities Holders with the Securities Registry

- 3.10.1 Upon **Lodging** securities from the **Securities Registry** into the **DepositorySystem**, the **Securities Holder** shall continue to be registered in the **Securities Registry** (as a sub-title next to the title of the Nominee in respect to the **Securities** so **Lodged**) as a **Person** having entitlement in respect of the securities so **Lodged** and shall continue to enjoy all such rights and privileges and be subject to all such duties and obligations as a registered **Securities Holder** of those **Securities** would be entitled to, or subject to. The consolidated securities register would consist of both **Securities** registered in the **Securities Registry** and **Securities** held for the same **Securities Holder** in the **Depository**.

## 4 Section: Depository Transactions

### 4.1 Depository Instructions

- 4.1.1 A **Participant** may give the **AIX CSD Instructions** on any **Business Day** in the manner and during the time specified in the **Procedures**.
- 4.1.2 A **FOP Instruction** can only be initiated by the **Participant** transferring the **Securities**. The **Depository** will specify the terms and conditions for transfer of **Securities** with **FOP Instruction** in the **Procedures**.
- 4.1.3 The **AIX CSD** will enable each **Participant** to view in the **Depository System** all unsettled **Instructions** given by that **Participant**.
- 4.1.4 The **AIX CSD** must execute each **FOP Instruction** and each **DVP Instruction** by making debits and credits (and in the case of a **DVP Instruction**, simultaneously) to the **Accounts** of the **Participants** in accordance with the **Instructions** provided that if:
- (a) the execution of an **Instruction** relating to a class of **Admitted Product** would result in there being a negative balance of that class of **Admitted Product** in any **Account**;
  - (b) the execution of an **Instruction** relating to money would result in there being a negative balance of money in any **Account**;
  - (c) any of the **Accounts** specified in the **Instruction** do not exist or have been suspended;
  - (d) the **Instruction** refers to **Admitted Product** that has **Matured** or will **Mature** before the time for execution specified in the **Instruction**;
  - (e) the **Instruction** refers to **Admitted Product** that does not comply with criteria or conditions for Lodgement of **Admitted Product**, or for which admission 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 **AIX 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 **AIX CSD** will Notify the **Participant** that the **Instruction** has failed and specify in that Notice the reason the **Instruction** could not be executed and the **AIX CSD** will have no further obligation in respect that **Instruction**.

- 4.1.5 A **Participant** may withdraw an **Instruction** by **Notice** to the **AIX CSD** in a time and manner specified in these **Rules** and by **Procedure**.

## 4.2 Matured Admitted Product

- 4.2.1 The **AIX CSD** and the **Nominee** have no obligation to deal with any **Admitted Product** in the **Depository** after **Maturity** of that **Admitted Product**. If the proceeds of **Maturity** of any **Admitted Product** are received by the **Nominee**, the proceeds must be held on trust for the benefit of the **Participant**, and may be transferred to a third party by the **AIX CSD** or **Nominee** following Notice to that effect from that **Participant**.

## 4.3 Status of Settlements

- 4.3.1 Settlements are final and binding and may not in any circumstances be reversed or avoided after:
- (a) an amount of money is credited to or debited from an **Account**; or
  - (b) **Admitted Product** is credited to or debited from an **Account**,  
in accordance with **Rule** 4.1.4 or **Rule** 4.5 or **Rule** 5.2.21.
- 4.3.2 Each **Participant** acknowledges that the **AIX CSD** has no responsibility other than to execute **Instructions** received in accordance with **Rule** 4.1.4, and, without limiting the foregoing, the **AIX CSD** has no obligation to ensure that any **Participant** performs or completes its obligations under a **Depository Transaction**.
- 4.3.3 The **AIX CSD** may specify in the **Procedures** the points after which unsettled payments, transfer **Instructions** or other obligations may not be cancelled by a **Participant**.

## 4.4 Notice of Corporate Actions

- 4.4.1 For **Admitted Product** approved for admission through a **Nominated Custodian**, and subject to **Rule** 4.4.3, upon receipt of details of any **Corporate Action** in respect of such **Admitted Product**, the **AIX CSD** will, as soon as is reasonably practicable, notify the **Participants** for whom it holds that **Admitted Product** of those details.
- 4.4.2 For **Admitted Product** approved for admission through a **Nominated Custodian** the **AIX CSD** will upon request by an **Issuer** of an **Admitted Product** or a relevant authorised **Person**, and may on its own initiative without request, provide the **Issuer** of an **Admitted Product** or a relevant authorised **Person** with the name of the **Participant** on behalf of whom it holds that **Admitted Product**.
- 4.4.3 Where the **AIX CSD** has acted as defined with **Rule** 4.4.2, the **AIX CSD** may rely upon that **Issuer** or a relevant authorised person to inform the relevant **Participants** of the details of any **Corporate Action** in respect of that **Admitted Product**, and if such an **Issuer** or a relevant authorised person acting on his behalf fails or refuses to communicate information regarding the **Corporate Actions** directly to one or more **Participant**, no **Participant** has any claim on, or cause of action against the **AIX CSD**, the **Nominee**, or any **Person** acting on their behalf in respect of any such failure.



## 4.5 Corporate Actions

4.5.1 For **Admitted Product** approved for admission through a **Nominated Custodian**,

- where any interest, dividend or other amount of money in respect of an **Admitted Product** on behalf of a **Participant** as a result of a **Corporate Action** is received, the **AIX CSD** will procure the **Nominated Custodian** to pay that amount to the **AIX CSD Nominee** account in a bank and then it will credit the amount to the account of the **Participant** nominated by the **Participant** for that purpose.
- 
- neither the **AIX CSD** nor the **Nominee** has any obligation to make any payment under **Rule 4.5** until the **AIX CSD** has received the money required to make the payment in full, and the receipt of that money is cleared and irreversible. Neither the **AIX CSD** nor the **Nominee** shall be obliged to pay interest on any such amounts.
- where the **Nominated Custodian** receives any **Admitted Product** as a result of a **Corporate Action** in respect of an **Admitted Product** held on behalf of a **Participant**, the **AIX CSD** will record the **Participant's** interest in that additional **Admitted Product** by crediting the **Account** in which the **Admitted Product** that accrued the entitlement to the additional **Admitted Product** is recorded.
- where **Admitted Product** held on behalf of a **Participant** is amalgamated, consolidated, substituted, repurchased, redeemed, repaid or cancelled (including by way of **Corporate Offer** or other equivalent action), the **AIX CSD** will record the amalgamation, consolidation, substitution, redemption, repayment, repurchase or cancellation (howsoever described) by debiting and/or crediting the **Account** in which the **Admitted Product** is recorded. The **AIX CSD** and the **Nominee** will be entitled to accept as conclusive the advice for this **Admitted Product** of the amalgamation, consolidation, substitution, redemption, repurchase, repayment, or cancellation (howsoever described).
- where a **Participant** accepts a **Corporate Offer** in relation to any **Admitted Product** held on behalf of that **Participant**, the **AIX CSD** will record the result of the **Corporate Offer** by debiting and/or crediting the **Account** in which the **Admitted Product** is recorded accordingly. The **AIX CSD** and the **Nominee** 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 **Participant** has given Notice to the **AIX 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 Actions** 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 authorized representative, provided that the above stated is disclosed in the listing prospectus, **AIX CSD** shall require the **Participant** to provide **AIX CSD** with the details of such ultimate securities holders and the **Participant** shall be

under the obligation to provide such data to **AIX CSD**, within deadline and in a manner provided in a **Notice**.

- 4.5.3 Notwithstanding anything to the contrary in these **Rules**, **Corporate Actions** 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 **Participant** in a timely manner, **AIX CSD** shall submit the requested data to the **Issuer** as recorded in the **Depository System**.

## 4.6 Instructions and Notices from Participants

- 4.6.1 The **AIX CSD** ~~and the Nominee are~~ is entitled without further enquiry to accept and act on **Instructions** and **Notices** which:
- (a) are communicated via the **Depository System**;
  - (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 **AIX CSD**, or the **Nominee**, 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 **Notices** shall constitute a good discharge by the **AIX CSD** ~~or the Nominee~~, 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 **AIX CSD** may also accept as an **Instruction** or **Notice** from a **Participant** an **Instruction** or **Notice** given by a liquidator, receiver, statutory manager or other **Person** the **AIX CSD** reasonably believes has lawful authority to act in the name of, or on behalf of, that **Participant**.
- 4.6.4 Each **Participant** authorises and will adopt and ratify all actions taken or (as the case may be) not taken, by the **AIX CSD** ~~and the Nominee~~ 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**, **Persons** 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, neither the **AIX CSD** ~~nor Nominee~~ is obliged to act ~~(and the AIX CSD may procure that the Nominee does not 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 **Admitted Product** or with money in any other way, where:
- (a) the **Depository System** or the system of the **Settlement Bank** is unavailable;
  - (b) the **AIX 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 **AIX CSD** believes that acting on the **Instruction, Notice** or information or allowing the **Transaction, Corporate Action** or dealing with the **Admitted Product** or money could place the **AIX CSD** ~~or the Nominee~~ in breach of its obligations to another **Participant** or other **Person**;
- (d) according to the **Depository System**, the **Depository Transaction, Corporate Action** or dealing or any receipt or clearance of money or **Admitted Product** appears not to have occurred within the prescribed timeframes or by applicable cut-off times;
- (e) a Potential **Default Event** has occurred;
- (f) the **AIX CSD** ~~or the Nominee~~ receives information sufficient for the **AIX CSD** ~~or Nominee (as the case may be)~~ to form a view in a good faith that the **Participant** may not be entitled to the **Admitted Product** or money, or authorised to deal with **Admitted Product** or money in accordance with these **Rules**;
- (g) the **AIX CSD** determines that a state of emergency exists or is developing which in the opinion of the **AIX CSD** threatens the financial stability or integrity of the **Depository** or prevents or significantly hinders the operation of the **Depository** or the **Depository System**, or creates unacceptable risks for the **AIX CSD**, the **Depository System**, ~~the Nominee~~, or **Participants** or the **Settlement** system generally (including but not limiting, like fire, accident, flood, act of God, act of terrorism, communication breakdown, embargo, act of war, other emergency);
- (h) the **AIX CSD** ~~or Nominee~~ is served with a Court order which in the opinion of the **AIX CSD** affects the ability of the **Participant** to deal with the **Admitted Product** or money or otherwise enter into the **Depository Transaction** or participate in the **Corporate Action**;
- (i) the **Participant**, or another **Participant** which is a party to the **Depository Transaction** or **Participant** 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 **AIX CSD**, in which case the **AIX CSD** must seek clarification from the **Participant**, but the **AIX CSD** may not act ~~(and may procure that Nominee 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 **AIX CSD** decides not to act or for any other reason the **AIX CSD** is unable to act on any **Instruction** or **Notice** or apparent **Instruction** or **Notice** which it has received from a **Participant**, the **AIX CSD** will notify the **Participant** 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 **Participant** receives any money, payment, **Admitted Product**, right, issue, benefit, security, financial instrument or other property or thing to which the **Participant** is not entitled (an "**Error Benefit**"), then:

- (a) Promptly following becomes aware of the **Error**, the **AIX CSD** must give **Notice** to the **Participant** of the **Error** and specify the steps that must be taken by the **Participant** in order to return the **Error Benefit** to the **Person** entitled to receive it, including the payment of money;
  - (b) the **Participant** 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 **Participant** has already transferred any **Admitted Product** or other property or assets the subject of the **Error Benefit**, the **Participant** shall purchase equivalent **Admitted Product**, or other property or assets in order to return the **Admitted Product**, property or assets if required to do so by the **AIX 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 **Admitted Product** in an **Account**, the **AIX CSD** may in its discretion take any action it considers necessary or desirable to correct any record.

## 4.8 General

- 4.8.1 The **AIX CSD** ~~and the Nominee~~ 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 **AIX CSD** ~~and Nominee are~~ is not responsible for:
  - (a) the adequacy, accuracy and/or completeness of any information (oral or written) supplied by an **Issuer** of **Admitted Product**, **Securities Registry** or other **Person**; or
  - (b) the legality, validity, effectiveness, adequacy or enforceability of any **Admitted Product** or of any Security.
- 4.8.3 ~~Neither the AIX CSD nor the Nominee~~ 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 (in respect of the **AIX CSD** ~~or the Nominee~~).

## 5 Section: Clearing and Settlement

### 5.1 General Provisions

- 5.1.1. The **AIX CSD** operates the securities settlement system which performs **Clearing** and **Settlement** of **Transactions** in **Admitted Products**.
- 5.1.2. By becoming a **Participant**, the **Person** undertakes to perform its payment obligations and obligations to deliver **Admitted Product** in accordance with these **Rules**.
- 5.1.3. **Admitted Product** will be eligible for **Clearing** and **Settlement** if and when appropriately recorded on **Accounts** maintained with the **AIX CSD**.
- 5.1.4. The object of **Clearing** and **Settlement** in the **Depository System** shall be all **Transactions** in **Admitted Products** executed on **AIX** and the off-market **Transactions** as specified in these **Rules**.
- 5.1.5. **Settlement** of **Transactions** may be executed in a currency defined by **AIX** for the **Settlement** of secondary market **Transactions** conducted on **AIX** provided that the currencies are supported by the **AIX CSD**, the **Settlement Bank** and appropriate arrangements for those settlement currencies exist. For off-exchange **Transactions Settlement**, the settlement currencies are defined by **AIX CSD**. The **AIX CSD** shall define in the **Procedures** the available settlement currencies and the arrangements that need to exist.
- 5.1.6. The **Depository System** shall perform the **Clearing** and **Settlement** of **Transactions** in **Admitted Products** on the basis of the data on executed transactions ~~on received from the AIX~~ as regulated in the Rules 5.2. or according to the data as defined regulated in the Rules 5.3.
- 5.1.7. ~~Following the receipt of data on transactions executed on the AIX or according to the data as regulated in the Rules 5.3 the~~ The **Depository System** shall initiate the procedure of **Clearing** and **Settlement** according to the data as defined regulated in the Rules 5.2. or the Rules 5.3.
- 5.1.8. Any ~~Participant Member~~ in the **Depository's** settlement system that settles **Transactions** in the system on its own behalf or on behalf of a third party shall **Settle** such **Transactions** on the intended **Settlement Date**. As regards transactions in securities executed on **AIX**, the intended **Settlement Date** shall be the second **Business Day** after the trading takes place. This requirement does not apply to off-market **Transactions** defined in the Rules 5.3.
- 5.1.9. The procedure of **Clearing** and **Settlement** of **Transactions** in **Admitted Products** in the **Depository System** ensures a final and irrevocable exchange of **Securities** for money in accordance with the conditions under which the transaction was executed and with these **Rules**.
- 5.1.10. Cancellation or modification of **Instructions** for settlement of **Stock Exchange** and Off-market transactions shall be regulated in a **Procedure**.

### 5.2. Stock Exchange Transactions Settlement

- 5.2.1. Data on executed transactions in **Admitted Product** shall be submitted by the **AIX** to the **Depository System** in an electronic format on the date of execution. The method of submission and confirmation of received data on executed **Transactions** in **Admitted Product** shall be agreed between the **AIX** and the **AIX CSD**.
- 5.2.2. Following the receipt of official data on the executed transactions from the **AIX**, it shall be considered that the transactions in **Admitted Product** executed on the **AIX** are irrevocable for the **Participant Members** and the **Participant Members** may not unilaterally or bilaterally make any modifications or cancellation of the transactions except when a **Custodian** takes over execution of the settlement of whole or part of a transaction conducted on **AIX** as regulated in the Rule 5.2.6. Transaction received from **AIX** for **Settlement** may be canceled or amended on the basis of an appropriate decision of a judicial body or body of a competent authority. The **AIX CSD** is entitled to cancel transactions that do not may not be Settled in accordance with the provisions of this **Rule**. ~~the **AIX CSD** is entitled to cancel.~~
- 5.2.3. Notwithstanding **Rule** 5.2.2, the **AIX CSD** may make modifications or cancel transactions in **Admitted Product** only in case of a request made by the **AIX** for the purposes of removing errors made in the execution of the transaction by its members or because of unpredictable errors in the trading system of the **AIX**. The method and the procedure of cancellation or modifications to the transactions shall be regulated jointly by the **AIX** and the **AIX CSD**.
- 5.2.4. In the event of modification or cancellation of a transactions as defined in **Rules** 5.2.2 and 5.2.3, the **AIX CSD** shall make a new calculation of obligations arising from the transaction and inform the **AIX** and the **Participant Members** settling the transactions thereof. As exception, the **AIX CSD** shall not inform the **AIX** for the modification of transaction conducted on **AIX** when the modification is result of actions defined as regulated in the **Rule** 5.2.6.
- 5.2.5. A Transactions received from the **AIX** for **Clearing** and **Settlement** of **Admitted Product** registered on an **Account** in the **Depository System** is considered to be an **Instruction** for **Transaction** with **Admitted Product** which is freely transferable and free from any liens and/or restrictions. When modification of transaction conducted on **AIX** occurs as a result of actions defined as regulated in the **Rule** 5.2.6, the outcome of such modification is considered to be an **Instruction** for **Transaction** with **Admitted Product** which is freely transferable and free from any liens and/or restrictions.
- 5.2.6. **Participant Member** can ask a **Custodian** to take give-up a settlement obligation of a transaction conducted on **AIX** to that **Custodian**. The giving-up can be initiated by the **Participant Member** through the **Depository System**, either for the whole or for part of a transaction conducted on **AIX**, by that **Participant Member**, for the money side - of a transaction or for the securities side - of a transaction or for both. A **Custodian** can take-up the respective settlement obligation for a transaction conducted on **AIX** from a **Participant Member** through the **Depository System**. If accepted by the respective **Custodian**, the position which is taken-up becomes the **Custodian's** obligation for settlement and the respective **Participant Member's** settlement obligation is reduced or annulled, as the case may be. By taking up, the **Custodian** gives **Instruction** to **AIX CSD** that the **Custodian** is willing to take over the execution of the settlement obligation from the respective **Participant Member**, while the respective **Participant Member's Instruction** to **AIX CSD** for settlement is canceled or modified, as the case may be. Once a settlement obligation of a transaction conducted on **AIX** is taken over by a **Custodian**, it may not be reverted back to the **Participant Member**. The **Settlement**

Day of a position which is taken-up for **Settlement** doesn't change from the initial. **AIX CSD** shall define in a **Procedure** the details how the give-up and take-up of a settlement obligation may be performed and the conditions regarding the give-up and take-up of a settlement obligation of a transaction conducted on **AIX**.

~~5.2.6~~**5.2.7.** **Settlement** of transactions executed on the **AIX** shall be made in the **Depository System** according to BIS Model II, where the transfer of **Admitted Product** shall be done on gross basis ~~for each transaction executed on a given trading date~~, while the transfer of money shall be done by netting buy and sell money obligations of a **Participant Member** for the **Transactions** the **Participant Member** is obliged to **Settle** on a **Settlement Day**, at a level of **Participant Member**.

~~5.2.7~~**5.2.8.** All **Participantss Members** with settlement obligations on a respective **Settlement Day** must provide on that **Settlement Day** the required appropriate quantity of **Admitted Product** and the required appropriate monetary amount.

~~5.2.8~~**5.2.9.** A **ParticipantMember** which is **Settling** buy side of a transaction executed on the **AIX** must secure the required monetary amount is credited on the **Account** on **AIX CSD Nominee** account at the **Settlement Bank** on the **Settlement Day** by the defined settlement time.

~~5.2.9~~**5.2.10.** The timing and the cycles of **Settlement** on a **Settlement Day** are regulated in **Procedures**.

~~5.2.10~~**5.2.11.** The **Depository System** shall make available a report to each **ParticipantMember** on its settlement obligations as transaction is concluded on **AIX**. The report shall reflect any subsequent changes in the settlement obligations of the **Participant** resulting from actions as defined regulated in the **Rule**5.2.6. The report shall contain the elements necessary for the execution of the **Settlement**.

~~5.2.11~~**5.2.12.** In case of debt securities with periodic interest payment, the total monetary obligations of the **ParticipantMember** for **Settlement** of a **Transaction** shall include the amount of the accrued interest.

~~5.2.12~~**5.2.13.** The **ParticipantMember** shall check the accuracy and the completeness of the report and notify the **AIX CSD** if it has not received the report and/or if it modifications in the accuracy and completeness of the data in the report is needed. By not objecting to the accuracy and completeness of the report, the **ParticipantMember** undertakes to meet the obligations contained in the report and thus waives the right to an objection to its rights and obligations contained in the report. If within a time specified in a **Procedure** the **ParticipantMember** does not challenge the accuracy and completeness of the report, the report is considered final and binding for the **ParticipantMember**. If the report is challenged and when **AIX CSD** has reviewed the challenged report, the **AIX CSD** will **Notify** the **ParticipantMember** on the final and binding report for the **Participant Member**.

~~5.2.13~~**5.2.14.** A **Participant Member** responsible for **Settlement** of a ~~transaction~~**Transaction** conducted on the **AIX** shall make available the respective **Admitted Product** for **Settlement**. Where appropriate, **AIX's** trading members are obliged to state the **NIN** of the buyer of the **Admitted Product** which is associated with the **Participant Member's Account** for that **Client** of the **Participant Member** to which the quantity of **Admitted Product** bought in the respective **Transaction** shall be allocated.

~~5.2.14~~**5.2.15.** The transfer of **Admitted Product** from the **Account** of the **Participant Member** representing the seller of **Admitted Product** to the buying **Participant Member's**



**Account** or to the **Participant Member's Account** of the **Client** managed by the **Participant Member** shall be executed by the **Depository System** on the **Settlement Day**. During the process of **Settlement**, the **Depository System** will perform the allocation of the **Admitted Product** according to the information on the **NIN** provided by the **AIX**. For transaction concluded on **AIX** where the settlement obligation arising from **AIX** transaction is **Settled** by a **Custodian** as defined regulated in the **Rule 5.2.6**, the debiting and the crediting of the appropriate **Account** of the **Custodian** with the **Admitted Product**, and the transfer and allocation of the **Admitted Product** as defined regulated in the **Rule 5.2.6** shall be performed in a manner defined as regulated in the **Procedures**.

~~5.2.15~~ **5.2.16.** For transaction concluded on **AIX** where the settlement obligation arising from **AIX** transaction is not **Settled** by a **Custodian** as regulated in the **Rule 5.2.6**:

- In cases when **AIX** transaction is concluded for more than one underlying selling **Clients** or the investor's **NIN** of the seller is not provided by the **AIX** for whatever reason or the seller's **NIN** is not recognised by the **Depository System**, the **Admitted Product** will be debited from the transitory settlement **Account** of the **Participant Member** which performs the **Settlement** of the **Transaction**. Before the **Settlement** starts, the **Participant Member** must credit his transitory settlement **Account** with the respective **Admitted Product**.
- In cases when **AIX** transaction is concluded for more than one underlying buying **Clients** or the investor's **NIN** of the buyer is not provided by the **AIX** for whatever reason or the buyer's **NIN** is not recognised by the **Depository System**, the **Admitted Product** will be allocated to the transitory settlement **Account** of the **Participant Member** which performs the **Settlement** of the **Transaction**. After the **Settlement** is completed, the allocation of respective **Admitted Product** from the transitory settlement **Account** to the **Participant Member's Accounts** for the respective **Clients** shall be performed by the **Participant Member**.

~~5.2.16~~ **5.2.17.** The transitory settlement **Account** is a technical **Account** designated for settlement purposes and the ~~**Participant Member**~~ which participates in the **Settlement** of a **Transaction** may use this **Account** only for the purposes as stated in 5.2.16 and as defined regulated in the **Procedures** for the **Rule 5.2.6**. A ~~**Participant Member**~~ delivering and/or receiving **Admitted Product** on a transitory settlement **Account** must allocate the appropriate **Admitted Product** in a time and manner specified in the **Procedures**.

~~5.2.17~~ **5.2.18.** Immediately after the receipt of data from the **AIX**, the **Depository System** shall ~~check-verify~~ whether the required **Admitted Product** is registered on the respective securities **Account** managed by the **Participant Member** for the selling **Client** and if there is sufficient quantity of **Admitted Product** on that **Account** for **Settlement**.

~~5.2.18~~ **5.2.19.** If the case may be that there is insufficient quantity of **Admitted Product** for **Settlement** of a respective **Stock Exchange** transaction on the appropriate **Account** of the ~~**Participant Member**~~, the ~~**Participant Member**~~ responsible for **Settlement** of the transaction must take appropriate actions to secure sufficient quantity of the **Admitted Product** by the **Settlement Day** before the **Settlement** takes place.

~~5.2.19~~ **5.2.20.** The transfer of money from the **Accounts** of buying ~~**Participants Members**~~ to the **Accounts** of selling ~~**Participants Members**~~ shall be executed by the **Depository System**.



~~5.2.20~~**5.2.21.** The settlement of **Transactions** concluded on **AIX** is performed according to the principle **Delivery-versus-Payment** on the intended **Settlement Day**.

~~5.2.21~~**5.2.22.** On the **Settlement Day**, if the conditions for **Settlement** are met, the **Depository System** shall execute the transfer of **Admitted Product** from the appropriate **Account** of the ~~selling-Participant~~**acting for the seller Member** to the appropriate **Account** of the ~~buying-Participant~~**Member acting for the buyer** and at the same time it shall update the cash positions of the ~~Participants~~**Members** on a **Delivery-versus-Payment** basis. By performing the **Settlement** in the **Depository System**, the transfer of **Securities** and money is final and irrevocable. The **AIX CSD** and the ~~Participants~~**Members** are obliged to perform all the appropriate allocations of money and **Securities** deriving from the **Settlement** of **Transaction** in the **Depository System** without any delays.

~~5.2.22~~**5.2.23.** On the **Settlement Day**, and in the appropriate settlement cycle, if the conditions for **Settlement** of a particular **Transaction** are not met, the **Depository System** may execute the **Settlement** of the remaining **Transactions** for which there is sufficient money or **Securities**.

~~5.2.23~~**5.2.24.** The **AIX CSD** shall notify the ~~Participant~~**Members** in the failed **Settlement** that there is unsettled **Transaction** on that **Settlement Day**.

~~5.2.24~~**5.2.25.** The process of **Clearing** and **Settlement** of **Transactions** in the **Depository System** organized by the **AIX CSD** as defined in these **Rules** refers to the ~~Participant~~**Members** of the **AIX CSD**. The **AIX CSD** shall not be liable for the accuracy, completeness and actions taken by the ~~Participant~~**Member** for:

- the fulfillment of the monetary obligations between the ~~Participant~~**Member** and its **Client**, and/or
- the allocation of **Admitted Product** from the transitory settlement **Account** of the ~~Participant~~**Member** which performs the **Settlement** of **Transaction** to the ~~Participant~~**Member's Account** for the respective **Client**.

### 5.3. Off-market Transactions Settlement

5.3.1. **AIX CSD** conducts Off-market **Transaction Settlement** as a **Delivery-versus-Payment Settlement** of **Transaction** different than **Stock Exchange Transaction Settlement** described in the **Rule 5.2**.

5.3.2. **AIX CSD** will define in a **Procedure** the preconditions, requirements for the **Participant**, the relevant **Settlement** processes and other terms and conditions for conducting Off-market **Transaction Settlement**.

5.3.3. **AIX CSD** may define in **Procedure** which **Rules** do not apply to the **Participants** when conducting Off-market **Transaction Settlement** and the procedures that will be implemented for the relevant subject matters.

## 6 Section: Securities lending and borrowing

### 6.1 General

6.1.1 **AIX CSD** may by **Notice** in the manner prescribed by **Procedure** identify **Admitted Product** held by the **Lender** in an **Account** which is available for lending in accordance with these **Rules**.

### 6.2 Initiation and creation of a Lending Transaction

6.2.1 A **Lending Transaction** may be initiated by a **Participant** who wishes to borrow **Admitted Product**, by:

- lodging a **Borrowing Request** to **AIX CSD**, or
- bilateral arrangements approved by **AIX CSD**.

6.2.2 **AIX CSD** shall define in a **Procedure** the process of initiation and creation of a **Lending Transaction** in accordance with the **Rule 6.2.1**.

### 6.3 Lending terms

6.3.1 Each **Lending Transaction** is undertaken on the terms as set in written general securities lending agreement signed between the **Lender** and the **Borrower**, which must be valid for the borrowing and lending operations between the **Lender** and the **Borrower**, and which must be aligned with the Section 6 of these **Rules**.

6.3.2 **AIX CSD** may define in **Procedures** terms, representations, warranties, undertakings and conditions that must be regulated in the general securities lending agreement under **Rule 6.3.1** between the **Lender** and the **Borrower**.

6.3.3 A **Participant** conducting **Securities Lending** and/or **Borrowing** shall:

- a. submit to **AIX CSD** documents as regulated in a **Procedure**,
- b. perform the **Lending Transaction** in a manner as specified in the same **Procedure**,
- c. report to **AIX CSD** any **Lending Transaction** in a time and manner as specified in the same **Procedure**.

## 6.7 Section: Depository Powers

### 6.17.1 Admission of Products

6.1.17.1.1 Any **Person** may apply to the **AIX CSD**, in the form prescribed by the **Procedures**, to have a class of **Security** approved as an **Admitted Product**. Upon receipt of an application or on its own initiative, the **AIX CSD** may at its discretion approve a class of **Security** as an **Admitted Product**.

**6.4.27.1.2** The **AIX CSD** may attach such conditions to an approval given under **Rule 76.1.1** that it considers necessary for the integrity, reliability and efficiency of the **Depository**.

**6.4.37.1.3** 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 **AIX CSD** on an application made in accordance with **Rule 67.1.1**. Notwithstanding the receipt of notification, it is the sole responsibility of each **Participant** in whose **AccountAdmitted Product** is recorded to inform any proposed or prospective transferee of any interest in the **Admitted Product** of the existence and nature of the condition. Each **Participant** acknowledges that neither the **AIX CSD** nor the **Nominee** bears any duty or obligation to inform them of the existence and nature of any condition.

**6.4.47.1.4** Where the **AIX CSD** approves a class of **Security** as an **Admitted Product** under **Rule 67.1.1**, the **AIX CSD** must **Notify** the applicant (if any), **AIX**, the **Issuer** of the **Admitted Product** (if any) and, by **Procedure**, each **Participant**. The **Notice** given under this **Rule** will specify:

- (a) the date upon which a class of **Security** becomes **Admitted Product** in accordance with a **Procedure**; and
- (b) any conditions attached to approval of the **Admitted Product**.

**6.4.57.1.5** The **AIX CSD** may, with **AIX**'s prior written consent, at any time, at its discretion, either:

- (a) suspend approval of a class of **Admitted Product** until further **Notice**, provided that any period of suspension does not exceed 60 **Business Days**;
- (b) withdraw approval of a class of **Admitted Product**, whether or not approval of the **Admitted Product** is already suspended.

**6.4.67.1.6** If the **AIX CSD** suspends or withdraws approval of a class of **Admitted Product** in accordance with **Rule 67.1.5**, the **AIX CSD** must promptly give **Notice** of the suspension or withdrawal to **AIX**, the **Issuer** of the **Admitted Product** (if any) and each **Participant**. 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 76.1.5**, the period of the suspension.

**6.4.77.1.7** Upon suspension or withdrawal of approval of a class of **Admitted Product** no further **Admitted Product** of that class can be **Lodged** into the **Depository** and no **Instructions** can be given in respect of **Admitted Product** of that class.

**6.4.87.1.8** Withdrawal of approval of a class of **Admitted Product** will not affect a **Participant's** or the **AIX CSD's** rights or obligations under a **Transaction** entered into prior to notification of the withdrawal of approval.

**6.4.97.1.9** The **AIX CSD** may with **AIX**'s prior written consent at any time, at its discretion remove any suspension in accordance with **Rule 67.1.5** and give **Notice** accordingly to **AIX**, the **Issuer** of the **Admitted Product** (if any) and each **Participant**.

## **6.27.2 Complaints and Investigations**

**6.2.17.2.1** The **AIX CSD** may receive and consider complaints from any **Person** about the **AIX CSD**, the **AIX CSD's** operation of the **Depository**, **Nominee**, a **Participant** or a **Participant's Directors** or **Personnel**. The **AIX 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 67.2.3**; or
- (c) refer the complaint to any other **Person** that has jurisdiction in relation to the subject matter of the complaint or whom the **AIX CSD** believes is better qualified to deal with the matter.

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

**6.2.37.2.3** The **AIX CSD** may, either as a result of receiving a complaint in accordance with **Rule 67.2.1** or on its own initiative, investigate a complaint and make such enquiries as it thinks fit. As a result of its investigations, the **AIX CSD** may exercise such powers as are conferred on it under these **Rules** as it thinks fit.

**6.2.47.2.4** Where the **AIX CSD** has received a complaint, it shall notify the complainant of the outcome of such complaint.

### **6.37.3 Investigation Powers**

**6.3.17.3.1** The **AIX CSD** may for the purposes of ascertaining whether a **Participant** is in compliance with these **Rules** or ascertaining whether to exercise any rights or powers under these **Rules**:

- (a) require any **Participant** to produce for inspection any documents or records (whether in physical or electronic form) in that **Participant's** possession or control;
- (b) require any **Participant** to procure any **Director** of the **Participant**, or any **Personnel** or other **Person** within the **Control** of the **Participant**, to produce for inspection any documents or records (whether in physical or electronic form) in that **Person's** possession or control;
- (c) require any **Participant** to reproduce, or assist in reproducing any document or record produced, or required to be produced to the **AIX CSD**;
- (d) inspect and make records of or copy any document or record produced to the **AIX CSD**.

**6.3.27.3.2** Documents, records or information to be provided to the **AIX CSD** pursuant to **Rule 67.3.1** must be provided in such format, electronic or otherwise, and by the time, specified by the **AIX CSD**.

### **6.47.4 Disclosure of Information obtained on Inspection**

**6.4.17.4.1** Information obtained pursuant to **Rule 67.3** may be disclosed:

- (a) as required by the **Law**;

- (b) to a lawyer, accountant or other professional adviser of the **AIX CSD**; or
- (c) to any **Person** in **AIFC** that has jurisdiction in relation to the **Participant** or the subject matter or the investigation.

**6.4.27.4.2** The **AIX CSD** will take all reasonable measures to protect any information obtained by the **AIX CSD** pursuant to **Rule 76.3** from any unauthorised use or disclosure.

**6.4.37.4.3** Upon receipt of a request from the **AIX CSD** pursuant to **Rule 6.7.3** a **Participant** may make a submission in writing to the **AIX CSD** that that information obtained by the **AIX CSD** should not be disclosed to any specified **Person(s)**. The **AIX CSD** will consider such submissions but is not obliged to accept such request if the **AIX CSD** considers that access to that information by any specified **Person** is appropriate for the **AIX CSD** to fulfill its functions, including, but not limited to, fulfilling any obligations it has under the **Law**.

## **6.57.5 Power of waiver and rulings**

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

**6.5.27.5.2** Any waiver or ruling granted by the **AIX CSD** may be revoked at any time by the **AIX CSD** by **Notice** to the **Participant** or **Participants** 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 **AIX 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).

**6.5.37.5.3** Any waiver or ruling granted by the **AIX 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 **AIX 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 **AIX CSD** will be void from the outset if the **AIX CSD** has made the decision in relation to the application on the basis of information that the **AIX CSD** determines was incorrect, incomplete or misleading in any material respect. Waivers and rulings granted by the **AIX 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.

**6.5.47.5.4** The power and discretions of the **AIX CSD** set out in this **Rule 6.7.5** are subject to those waivers or ruling granted by the **AIX CSD** being in consistence with the **Law**.

## **6.67.6 Other powers**



**6.6.17.6.1** If the **AIX CSD** determines that a state of emergency exists or is developing, the **AIX 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 **AIX CSD** is inconsistent with these **Rules**, that action must be appropriately documented.

**6.6.27.6.2** In the course of operating the **Depository**, the **AIX CSD** may collect and store information relating to **Admitted Product**, Securities underlying an **Admitted Product**, **Issuers** of **Admitted Product**, **Participants** and the activities of the **Depository** generally.

**6.6.37.6.3** The **AIX CSD** may provide **AIX** with any information **AIX** 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 **AIX CSD**, **Nominee**, the **Depository System**, any **Participant**, any **Responsible Person** and any information held by or provided to or by the **Depository**.

**6.6.47.6.4** The **AIX CSD** must provide the **Securities Registry** with the information required for the orderly functioning of its **Business** and related to Securities Holders registered in the Securities Registry. Such information may include information about the **AIX CSD**, **Nominee**, the **Depository System**, any **Participant**, any **Responsible Person** and any information held by or provided to or by the **Depository**.

**6.6.57.6.5** The **AIX CSD** may operate the **Depository System** on such days and for such periods of time on such days as set out in the **Procedures**.

**6.6.67.6.6** **AIX CSD** may impose on any or all **Participants** such fees, levies and other charges, including as a condition of participation as a **Participant** as it sees fit. All fees, levies and other charges will be payable in the manner and at the time specified by **Procedure**. **AIX CSD** will publish the fees, levies and other charges payable in manner defined with **Procedure**.



## 78 Section: Default and Termination

### 7.18.1 Default Event

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

- (a) that **Participant** fails to pay an amount due and payable to the **AIX CSD**~~or Nominee~~ under the **Rules** at the place and in the currency in which it is expressed to be payable;
- (b) that **Participant** fails to meet its settlement obligations in a timely manner (by the end of the settlement date), be it failure to deliver cash or securities
- (c) that **Participant** fails to comply with or breaches any of the continuing obligation requirements;
- (d) that **Participant** no longer satisfies any requirements for admission as a **Participant** or fails to comply with any condition of admission;
- (e) that **Participant**:
  - (i) fails to comply with an obligation under these **Rules**;
  - (ii) fails to comply with any condition or directive imposed on the **Participant** by the **AIX CSD**~~or Nominee~~; and/or
  - (iii) breaches any agreement between the **Participant** and the **AIX CSD**~~or Nominee~~, as the case may be, in any material respect or breaches any undertaking in favour of the **AIX CSD**~~or Nominee~~, 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 **AIX CSD** may in its sole and absolute discretion allow of the earlier of (1) the **AIX CSD** giving Notice to the **Participant** and (B) the **Participant** becoming aware of the failure to comply;
- (f) the **AIX CSD** withdraws approval for a **Responsible Person**;
- (g) an **Insolvency** occurs in respect of the **Participant**;
- (h) the **AIX CSD** restricts that **Participant** from accessing the **Depository System** or the **AIX CSD** is of the opinion that the acts, omissions or proposed conduct of that **Participant** may adversely affect the soundness, stability, security, operation or integrity of the **Depository System**;
- (i) any representation or warranty made or deemed to be made by a **Participant** under or pursuant to the **Rules** or the **Procedures**, or in any other agreement or document delivered by or on behalf of the **Participant** under or in connection with the **Rules** or the **Procedures** (including in respect of an application to be a **Participant**) is or proves to have been incorrect, or misleading when made or deemed to be made;
- (j) the **AIX CSD** is informed by **AIX** or other market operator, clearing and

settlement facility or depository facility that the **Participant** or a related **Person** of that **Participant** is not, or may not be, complying with its obligations under the rules and procedures of, or any terms of agreement with **AIX** or any other market operator, clearing and settlement facility or other depository facility and such event or circumstance would have a **Material Adverse Effect**;

- (k) the **AIX CSD** is informed by any **AFSA** or other regulatory body that the **Participant** or a related **Person** of the **Participant** 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**;
- (l) that **Participant** or a related **Person** of that **Participant** is suspended, expelled or terminated (howsoever described) as a **Participant** or **Participant** of, or subject to any sanction imposed by **AIX**, any other 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**;
- (m) a **Participant** or its **Responsible Person** is found to be in breach of, or guilty of, an offence under the provisions of the **Law**, or a crime involving dishonesty; or
- (n) it is or will become unlawful for a **Participant** to comply with its obligations under the **Rules** or any obligation of a **Participant** becomes invalid or unenforceable or is held, declared or claimed by any **Person** other than the **AIX CSD**, to be void, voidable or unenforceable.

87.1.2. Upon an instance of **Settlement Fail** as described in 87.1.1 (b) the **AIX CSD** will apply buy-in, close-out or cash compensation as defined in a **Procedure**. The **AIX CSD** will protect the interests of the counterparties to **Transactions** subject to **Settlement Fail** through application of a guarantee as defined in the same **Procedure**.

## 7.28.2 Declared Default

7.2.18.2.1 The **AIX CSD** may, in its absolute discretion, determine whether it will treat a **Default Event** as a **Declared Default** and may determine the **Default Declaration Date**, being the date and time from which the **Participant** is deemed to be in default. It must act in coordination with **AIX**, give Notice to the Defaulting **Participant** and may notify other **Participants** and the public of the **Declared Default** and **Default Declaration Date**.

7.2.28.2.2 The **AIX CSD** shall give notice to **AFSA** immediately upon a **Declared Default** including the identity of the **Participant**, the total volume and value of pending settlement instructions, where known to the **AIX CSD**, the number of **Clients** of the defaulting **Participant** and information of any material risk that the default may entail.

7.2.38.2.3 The **AIX CSD** shall give notice of the **Declared Default** to **AFSA**, other **Participants**, linked trading venues, CCPs and linked CSDs as soon as possible following a **Declared Default** informing of the actions taken by the **AIX CSD**.

## 7.38.3 Default Remedies

**7.3.18.3.1** Upon the occurrence of a **Declared Default**, the **AIX CSD** may, without limitation, take such action as the **AIX CSD** deems necessary, expedient or desirable for the risk management purposes in respect of such **Declared Default**. This action may include all or any of the following:

- suspending the defaulting **Participant's** connection to the **Depository**, effectively blocking the entry of new settlement instructions;
- cancelling any or all **Instructions** of the defaulting **Participant**.

**7.3.28.3.2** In order to protect the interests of the non-defaulting **Participant**, the **AIX CSD** will act with unsettled transactions as defined in a Procedure.

#### **7.48.4 Set off**

**7.4.18.4.1** Without prejudice to any other rights the **AIX CSD** may have, whether under these **Rules**, by agreement, by operation of law or otherwise, the **AIX CSD** may at any time and without notice to a **Defaulting Participant** set off any amount (whether actual, contingent, present or future) payable or owing by the **AIX CSD** to the **Defaulting Participant** against any amount (whether actual, contingent, present or future) payable or owing by the **Defaulting Participant** to the **AIX CSD**. The **AIX CSD** must notify the **Defaulting Participant** of any set off effected under these **Rules**. If any obligation is unascertained, the **AIX CSD** may make a good faith estimation of that obligation and effect set off in respect of that obligation, subject to the **AIX CSD** adjusting its accounting once such obligation is ascertained.

#### **7.58.5 Suspension**

**7.5.18.5.1** The **AIX CSD** will be entitled to suspend a **Participant** in any of the following circumstances:

- (a) the occurrence of a **Default Event** or **Declared Default** in respect of that **Participant**, 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.

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

**7.5.38.5.3** A suspension will remain in force for any period notified to the **Participant** or until the **AIX CSD** determines that the suspension will be extended or **Participation** is terminated.

**7.5.48.5.4** A suspended **Participant** may **Uplift Admitted Product** in accordance with the **Rules**, but may not otherwise exercise any other rights of a **Participant**, including without limitation the giving of **Instructions** or **Lodging Admitted Product** to the **Depository**.

### 7.68.6 Resignation

**7.6.18.6.1** A **Participant** may cease to be a **Participant** by providing the **AIX CSD** with no less than **thirty (30) Business Days** written **Notice** of the resignation of its **Participation**.

**7.6.28.6.2** The **AIX CSD** shall be entitled to require the **Participant** to continue as a **Participant** for such further period not exceeding three months from the receipt of the **Notice** referred to in **8.7.6.1**. above if the **AIX CSD** shall deem it necessary to do so in the interest of the **Securities Holders** or the functioning of the **Depository**.

**7.6.38.6.3** The **AIX CSD** shall notify the **Participant** and **AFSA**, within seven **(7)** days, of the receiving a notice of resignation and upon the date on which such resignation becomes effective.

**7.6.48.6.4** The **AIX CSD** shall request the **Securities Registry** to notify the **Securities Holders** with **Securities Holdings** with that **Participant**, within seven days, of the **Participant** receiving notice of resignation and upon resignation as well.

**7.6.58.6.5** A resigning **Participant** must not give **Instructions** with an effective date later than the last day of such **Participant's Participation**.

**7.6.68.6.6** No **Participant** shall be permitted to resign as a **Participant** unless and until such **Participant** shall have provided satisfactory evidence to the **AIX CSD** that:

- all **Accounts** of **Securities Holders** held with the **Participant** have been closed either by transfer of **Admitted Product** to any other **Participant(s)** of the **Securities Holder's** choice in the **Depository System** and/or with the **Securities Registry**;
- there remain no pending **Instructions** or unresolved grievances of **Securities Holders** or the **AIX CSD** or that the **Participant** has otherwise made satisfactory arrangements in that regard;
- no amount is due, owing or payable by the **Participant** to any regulator or to the **AIX CSD** inter alia by way of fees, charges, penalties or interest.
- the **Participant** has complied with such other terms and conditions as the **AIX CSD** may have specified.

### 7.78.7 Termination

**7.7.18.7.1** A ~~**Participant's Participation**~~ in the **Depository** may be terminated by the **AIX CSD**.

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

- (a) a **Default Event**, whether or not it has resulted in a **Declared Default**;
- (b) the **Participant** ceases to carry on **Business** as a **Participant** for a period of 6 months; or

- (c) the **Participant** is suspended under **Rule 78.5.1(a)** and the **AIX CSD**, in its sole discretion, determines that **Participant** has not or is unlikely to remedy to the satisfaction of the **AIX CSD** the matters giving rise to the suspension.

## **7.88.8 General Provisions Relating to Resignation, Suspension and Termination**

**7.8.18.8.1** A resigning or terminated **Participant** must **Uplift** all **Admitted Product** from the **Depository** in accordance with a **Procedure**. A **Participant's** obligations under these **Rules** will remain in full force and effect until all **Admitted Product** held for the **Participant** has been **Uplifted**.

**7.8.28.8.2** On the effective date of resignation, suspension or termination of a **Participant's Participation** in the **Depository**, the **Participant's** access to the **Depository System** shall cease.

**7.8.38.8.3** The **AIX CSD** may publish the resignation, suspension or termination of a **Participant** in any manner it deems appropriate. The **AIX CSD** will notify all other **Participants** and may notify other relevant regulatory authorities of the resignation, Suspension and termination.

**7.8.48.8.4** A resigning, suspended or terminated **Participant** must act in good faith and take such actions as may be necessary, convenient or desirable to assist the **AIX CSD** in all matters arising out of such resignation, suspension or termination.

**7.8.58.8.5** A resigning, suspended or terminated **Participant** will not be entitled to the repayment of any fees, dues, assessments, fines or charges paid by such **Participant** to the **AIX CSD**, nor will the resigning or terminated **Participant** be discharged from the obligation to pay any fees, dues, assessments, fines or charges in respect of the period preceding the effective date of resignation or termination.

**7.8.68.8.6** Subject to any legal or regulatory requirement to retain such information, a resigning or terminated **Participant** must return to the **AIX CSD** all software, equipment and documentation provided by the **AIX CSD**.

**7.8.78.8.7** A former **Participant** shall continue to be liable to the **AIX CSD** and to all other **Participants** for all obligations and liabilities incurred by the former **Participant** under these **Rules** during the period of its **Participation** in the **Depository** until the later of:

- (a) seven (7) years following the date on which a **Participant** has ceased to be a **Participant**; and
- (b) if the **AIX CSD** has instituted proceedings or taken any action against the former **Participant** 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 **AIX CSD's** remedies against the former **Participant** have been exhausted.

**7.8.88.8.8** On suspension of a **Participant** or termination of the agreement with a **Participant**, where the **Securities Registry** is the place of origin of an **Admitted Product**, every **Securities Holder** having his/her **Securities** on a **Participant's Account** for that **Clients** shall have the option of either getting his **Securities** held with the **Participant** transferred to another **Participant** or lift the **Securities** into the **Securities Registry**.



## 89 Section: Organizational provisions

### 8.19.1 CSD System GUI

**8.1.19.1.1** Functionality of the **Depository System** shall be available to **Participants** through a special-purpose client application (CSD System GUI) and other communication channels described in operating manual(s) and technical documentation provided by the **AIX CSD**. **Participants** may be required to execute such other documentation as may be specified in the **Procedures** in order to access the **Depository System**.

### 8.29.2 Business continuity

**8.2.19.2.1** If the services provided by the **Depository** in connection with its **Depository System** are interrupted for any reason, including as a result of a software error, telecommunications outage, unavailability of **Settlement Bank** services or **Default Event** of the **Participant(s)**, the **Depository** shall use all reasonable efforts to minimize the duration of any interruption of the functioning of the **Depository System** for the **Participants** and shall be entitled, on its own initiative, to apply the following contingency measures:

- (i) changing the schedule for data processing and settlement activities, including temporary suspension of such activities, extraordinary extension of the working time of the settlement system(s) and postponing of the settlement dates of affected **Transactions**; and/or
- (ii) temporary restriction of access to the settlement system or certain functionalities thereof; and/or
- (iii) forwarding **Transactions** and other instructions issued for performing activities of the **Depository** through alternative communication channels and, if necessary, manual processing of **Transactions** and instructions so forwarded; and/or
- (iv) other measures notified to the **Participants** or respective users of the affected system.

### 8.39.3 Record Keeping

**8.3.19.3.1** The **Depository** shall maintain, for a period of at least six 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.

**8.3.29.3.2** The **AIX CSD's** policies and procedures 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 errors 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.

## **910 Section: Miscellaneous**

### **9.110.1 Force Majeure**

**9.1.110.1.1** Unless otherwise expressly provided for in these **Rules**, ~~neither the AIX CSD nor the Nominee~~ 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.

**9.1.210.1.2** Causes referred to in **Rule 109.1.1** above may include, but shall not be limited to, acts of God, war, terrorism, 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 which are beyond the **AIX CSD's** ~~or, as the case may be, the Nominee's~~ reasonable control.

### **9.210.2 Data Protection**

9.2.1 The **AIX CSD** ~~and the Nominee~~ may collect and retain personal information on **Participants** ~~Personnel, Directors~~ and other **Persons**, at all times in conformity with the **Law**.

9.2.2 The **AIX CSD** ~~and the Nominee~~ may process personal 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**.

9.2.3 The **AIX CSD** ~~and the Nominee~~ acknowledges that:

- (1) **Participants** may, pursuant to these **Rules** and/or at the request of the **AIX CSD** or the **Nominee**, transfer information about their, **Personnel** and **Directors** and other **Persons** to the **AIX CSD** ~~and/or the Nominee~~ as the case may be; and

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

9.2.4 In relation to each such transfer or set of transfers the **AIX CSD** ~~and/or the Nominee~~, as the case may be, shall therefore, if so requested in writing by the relevant **Participant**, promptly enter into a contract (as data importer) with that **Participant** (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 **Participant** may reasonably specify in its request.

### 9.310.3 Confidentiality

9.3.1 Unless otherwise provided for under these **Rules** or in any other agreement or arrangement between the **AIX CSD** ~~and/or the Nominee~~ and a **Participant**, the **AIX CSD** ~~and/or the Nominee~~, 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 personal information in respect of a **Participant's Personnel, Directors** and other **Persons**) as confidential ("**Confidential Information**"). The **AIX CSD** ~~and/or the Nominee~~, 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 **AIX CSD** ~~and/or the Nominee~~, 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 **AIX CSD** ~~and/or the Nominee~~, 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 **Participant'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 **AIX CSD** ~~or the Nominee~~, 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 **AIX CSD** ~~or the Nominee~~, as the case may be, of this **Rule** 109.3.1.

### 9.410.4 Invalidity

9.4.1 The invalidity, illegality and unenforceability in whole or in part of any of the provisions of these **Rules** shall not affect the validity, legality and enforceability of the remaining part or provisions of these **Rules**.

## **1011** Section: Governing Law and Jurisdiction

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

10.1.2 Each **Participant** 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.

10.1.3 The **AIX CSD** ~~and/or the **Nominee**~~, as the case may be, shall be entitled to institute proceedings in any other jurisdiction to enforce the obligations of a **Participant**, which arise under or in connection with these **Rules**.