

## CUSTODY AGREEMENT N \_\_\_\_\_

City \_\_\_\_\_

“ \_\_\_\_\_ “ 20\_\_\_\_

“Ardshininvestbank” CJSC, hereinafter referred to as the “Dealer”, represented by

\_\_\_\_\_  
/first name, last name, title/

who acts on the grounds of

\_\_\_\_\_  
/state the basis – charter, power of attorney, etc. /

on the one hand, and

\_\_\_\_\_  
/name of entity, first name and last name of physical person /

hereinafter referred to as “the Customer”,

represented by

\_\_\_\_\_  
/first name, last name, title/

who acts on the grounds of

\_\_\_\_\_  
/state the basis – charter, power of attorney, etc. /

on the other hand, entered into this Agreement as follows:

### PREAMBLE

This Agreement is signed between the Parties with an aim to regulate the Dealer’s and Customer’s relations in the sphere of Government bonds placement, circulation and redemption servicing. Terms used in this Agreement shall be interpreted in accordance with concepts and definitions contained in “Procedure on “Primary Placement of Government Bonds of the Republic of Armenia, Placement of Inadequately Placed Bonds, Organization of Buyback and Organization of Redemption Servicing”, “Placement, Circulation and Redemption\on Servicing of Short-term Government (Treasury) Bonds of the Republic of Armenia”, “Placement, Circulation and Redemption Servicing of Medium-term Government (Treasury) Coupon Bonds of the Republic of Armenia”, “Placement, Circulation and Redemption Servicing of Medium-term Government (Treasury) Coupon Bonds with Partial Repayments of the Republic of Armenia”, “Placement, Circulation and Redemption Servicing of Long-term Government (Treasury) Coupon Bonds”, approved by the RA Government Resolution No. 1103-N dated June 3,2004.

### 1. SUBJECT OF THE AGREEMENT

1.1 The Dealer, in compliance with the Procedure and this Agreement, opens a depot account for the Customer and carries out servicing of depot account of RA Government Bonds (hereinafter referred to as “the Bonds”) possessed by the Customer.

1.2 The Dealer undertakes to participate in Bonds primary placement auctions on the instruction of and against payment made by the Customer, on its behalf but at the Customer’s expense, and execute the Orders specified in Basic Conditions of Custodial Activities.

1.3 Bonds issue number, volume, price and other terms are indicated in the Customer’s respective application, as specified in Basic Conditions of Custodial Activities.

1.4 Bonds acquired by the Dealer for the Customer shall be the Customer's property.

## **2. RIGHTS AND OBLIGATIONS OF THE PARTIES**

### **2.1 The Dealer undertakes:**

2.1.1 As Sub-custodian, to open in the Customer's name depot account N 247004\_\_\_\_\_ for free securities, N 24700\_\_\_\_\_ for pledged securities and N 24700\_\_\_\_\_ for securities under lien, for the purpose of accounting of Bonds belonging to or pledged in favor of the Customer.

2.1.2 The Customer's depot account does not represent a commercial secret and shall be necessarily indicated in all Bond transactions and settlement instruments.

2.1.3 Within one banking day to transfer the Bonds acquired through the Customer's application to depot account of the latter opened with the Dealer, and not to use them for other purposes if no application on performing other type of action has been submitted by the Customer.

2.1.4 If the Customer's Application on Bonds acquisition has not been satisfied, within one banking day after expiry of the application validity term to transfer the whole amount deposited by the Customer to the bank account of the latter opened with the Dealer or, based on the Customer's payment order, to another bank account, or give to the Customer in cash.

2.1.5. In the event of non-satisfaction of the Customer's application, within two banking days to notify the Customer by telephone, fax or e-mail about existence of unpredicted circumstances preventing the conclusion of transaction on conditions offered by the Customer.<sup>1</sup>

2.1.6. To notify the Customer about concluded transaction within 1 (one) banking day after conclusion of the transaction on the basis of the Customer's application on Bonds acquisition or alienation.

2.1.7. Upon execution of any kind of Bond transaction, at the request of the Customer to provide the latter within one banking day a statement of his/its depot account and a reference on conducted transactions.

2.1.8. If within three days no information is received concerning the statement of depot account or reference on conducted transactions provided to the Customer, the statement of account or the reference shall be deemed by the Dealer as accepted, and the transaction – duly performed.

2.1.9. In case of Bonds redemption by the Issuer, to ensure the provision of redeemed Bonds amount to the Customer after one banking day following the actual redemption date.

### **2.2 The Dealer is entitled to:**

2.2.1 Reject the Customer's application, if it has not been submitted in due course, in the order and with requisites defined by Basic Conditions of Custodial Activity and the Procedure, or if the Customer has failed to deposit the amount necessary for the transaction execution.

2.2.2 Before or after satisfaction of the Customer's application charge commission in accordance with Basic Conditions of Custodial Activity.

### **2.3 The Customer undertakes to:**

2.3.1. Accept from the Dealer all results of actions taken on his/its instructions in the form of statement of depot account, as well as acquire all right and liabilities towards Bonds maintained on depot account;

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<sup>1</sup> The requirement of notice under this Article may not be considered as a ground for liability for the Dealer.

- 2.3.2. Examine the statement of depot account reflecting all actions performed by the Dealer in favor of the Customer and according to his/its instruction, and in case of revealing any shortcomings immediately notify the Dealer about them;
- 2.3.3. Release the Dealer from responsibility towards third persons assumed for the purpose of performing the instruction;
- 2.3.4. In case of submission of a Bonds Purchase Order to provide (deposit) in advance the monetary amount necessary for the transaction execution;
- 2.3.5. For each transaction ensure the payment of commissions prior to filing the application;
- 2.3.6. For execution of transactions submit to the Dealer respective applications or Orders (according to forms contained in Basic Conditions of Custodial Activities);
- 2.3.7. In case of submission of applications on Bonds purchase provide in advance the whole amount necessary for the transaction execution, and the commissions;
- 2.3.8. Pay commissions to the Dealer for commission operations at rates established by the Dealer.

#### **2.4 The Customer is entitled to:**

- 2.4.1. Submit respective applications or Orders on Bonds purchase or sale in the manner established by Basic Conditions of Custodial Activities.
- 2.4.2 In applications for purchase of Bonds from primary market submit relevant proposals in the manner established by Basic Conditions of Custodial Activities.
- 2.4.3 In case of each change on depot account require a Statement of account and a Reference on conducted transactions.
- 2.4.4. In case of Bonds redemption by the Issuer, require the provision of redeemed Bonds amount after one banking day following the actual redemption date.

### **3. RESPONSIBILITY OF THE PARTIES AND DISPUTE SETTLEMENT PROCEDURE**

- 3.1. For non-performance or improper performance of commitments under this Agreement the Parties shall bear responsibility in compliance with the applicable legislation and this Agreement.
- 3.2. In case of violation of settlement terms the defaulting Party shall pay to the other Party a penalty at 15% of due amount for each day of delay.

### **4. FORCE MAJEURE**

- 4.1. The Parties shall be exempted from responsibility for complete or partial non-performance of commitments assumed hereunder, if such a default has been the consequence of force majeure circumstance having occurred after signing of this Agreement, which the Parties could neither predict nor prevent. Such situations include earthquake, flood, fire, war, announcement of military and emergency situations, civil disorders, strikes, failure of communication means, acts of state authorities, essential changes in the Bonds market etc., which render impossible the fulfilment of obligations assumed hereunder. If the effect of force majeure continues for more than 3 (three) days, each of the Parties is entitled to terminate this Agreement upon notifying the other Party in advance.

### **5. ADDITIONAL PROVISIONS**

- 5.1. This Agreement enters into force since the date of its signing and remains in effect unless terminated on the initiative of any of the Parties or on the basis of mandatory provisions defined by the RA legislation. The Parties are obliged to notify each other on their intention to terminate this Agreement 7 days prior to the intended date of termination.

5.2. All amendments and alterations to this Agreement, as well as related correspondence shall be valid only if executed in writing. All amendments and alterations to this Agreement take effect only in case of being signed by both of the Parties.

5.3. Basic Conditions of Custodial Activities constitute an integral part of this Agreement.

5.4. This Agreement is executed and signed in Armenian, in two copies having equal legal force. Each Party is provided with one copy.

## **6. DISPUTE SETTLEMENT**

6.1. Disputes arising from and related to this Agreement shall be settled through negotiations. In case of failure to reach mutual consent, disputes shall be referred to the court and be resolved according to the procedure established by the RA legislation.

### **Addresses, requisites and signatures of the Parties**

Customer

Dealer

\_\_\_\_\_  
/bank requisites/ /signature/

\_\_\_\_\_  
/signature/

SEAL

SEAL

If the Party is a citizen:

\_\_\_\_\_  
/first name, last name, address passport number, issuing authority and date of issue/