

**DECISION  
OF THE FEDERAL SECURITIES MARKET COMMISSION  
NO. 36 OF OCTOBER 16, 1997  
ON THE APPROVAL OF THE REGULATIONS  
ON DEPOSITARY ACTIVITIES IN THE RUSSIAN FEDERATION,  
THE ESTABLISHMENT OF THE PROCEDURE FOR PUTTING IT INTO FORCE  
AND THE FIELD OF APPLICATION THEREOF**

For the purpose of creating an effective stock market infrastructure, in recognition of the feasibility of a coordinated regulation of the various segments of the stock market by the various agencies, with due regard to the need for enhancing the protection of the rights of an investor and other participants in the stock market, in recognition of the need for building-up a uniform records system whereby immobilization and dematerialization of all issue securities will be made possible the Federal Securities Market Commission on the approval of the Central Bank of the Russian Federation and the Ministry of Finance of the Russian Federation hereby resolves:

**1.** To approve the attached [Regulations](#) on Depositary Activities in the Russian Federation, the Establishment of the Procedure for Putting It Into Force and the Field of the Application Thereof (hereinafter referred to as "the Regulations") elaborated on the basis of the Report on the Concept Approaches to the Place and Role of Depositary Activities on Today's Securities Market.

**2.** The following procedure is hereby established for putting the Regulations into force as well as the following field of application thereof:

**2.1.** The Regulations shall extend to all the organizations pursuing depositary activities on the territory of the Russian Federation.

**2.2.** The Regulations shall regulate depositary activities by all kinds of securities: either issue or non-issue, issued in any form either paper or non-paper.

**2.3.** All the organizations pursuing depositary activities on the territory of the Russian Federation shall bright their activities in conformity with the requirements set forth in the Regulations no later than July 1, 1998.

**2.4.** The Regulations shall supersede the [Temporary Regulations](#) on Depositary Activities on the Securities Market of the Russian Federation and the Procedure for Licensing Thereof endorsed by the Decision of the Federal Securities Market Commission No. 20 of October 2, 1996, the [Temporary Requirements](#) to the Standards of Depositary Activities endorsed by the Decision of the Federal Securities Market Commission No. 9 of February 14, 1997.

**2.5.** The Central Bank of the Russian Federation is hereby approached with the proposal to repeal from the moment of the present Decision of the Federal Securities Market Commission coming into force the [Temporary Regulations](#) on the Depositary Transactions of Banks in the Russian Federation (the [Letter](#) of the Central Bank of the Russian Federation No. 167 of May 10, 1995);

*On amending the documents of the Central Bank of the Russian Federation in connection with the adoption of the present Decision see the [Direction](#) of the Central Bank of the Russian Federation No. 28-U of November 24, 1997*

it shall be established that as of the moment of the present Decision of the Federal Securities Market Commission coming into force the [Rules](#) for Keeping Account of the Depositary Transactions of Loan Organizations in the Russian Federation (the Instructions of the Central Bank of the Russian Federation No. 44 of July 25, 1996) and other regulatory documents of the Central Bank of the Russian Federation governing the procedure for keeping depositary records shall be effective except as being in contradiction with the Regulations until the adoption of a regulatory legal act governing the procedure for keeping depositary records with no regard to the type of the organization.

**2.6.** The effect of the licenses of a professional participant in the securities market for the

pursuance of depositary-guardian, depositary-custodian, jointly with the depositary-custodian and depositary-guardian activities issued earlier shall be terminated from July 1, 1998. Until July 1, 1998 all the organizations shall have the right to pursue depositary activities under the said licenses in accordance with the regulatory legal acts which covered the said activities prior to the coming into force of the present Decision.

**2.7.** The organizations which have obtained the licenses of a professional participant in the securities market for the pursuance of depositary-custodian, jointly with depositary-custodian and depositary-guardian activities and intending to continue the pursuance of depositary activities shall, having brought their depositary activities in conformity with the requirements set forth in the [Regulations](#), replace their licenses with the license of a professional participant in the securities for the pursuance of depositary activities. The procedure for replacing the licenses shall be established by a licensor body. Within 30 days from the moment when the application is received and the original of the license issued earlier the licensor body issue the license containing a permission for the pursuance of depositary activities, unless the organization intends to pursue other kinds of professional activities on the securities market. No license fee shall be charged when the license is replaced. While replacing the license the licensor body shall have no right to demand other documents on depositary activities apart from the aforesaid.

**2.8.** The organizations which have obtained the licenses of a professional participant in the securities market for the pursuance of depositary-guardian activities and which intend to continue the pursuance of depositary activities shall, having brought their depositary activities in conformity with the requirements set forth in the [Regulations](#), obtain the license of a professional participant in the securities market for the pursuance of depositary activities, in accordance with the procedure established by the Federal Securities Market Commission. Should the original depositary-guardian license be submitted, the licensor body shall accept the fee paid when the license of a professional participant in the securities market for the pursuance of depositary-guardian activities to offset the license fee.

The organizations which have obtained the license of a professional participant in the securities market for the pursuance of depositary-guardian activities and which do not intend to continue depositary activities may pursue the activities of a guardian of accounts, provided they hold the license of a professional participant in the securities market.

**2.9.** Until the adoption of a regulatory legal act on the procedure for the submission of reports on depositary transactions the organizations pursuing depositary activities shall continue reporting in accordance with the requirements set forth in the regulatory legal acts adopted earlier.

Chairman  
of the Federal Securities  
Market Commission

D.V. Vasilyev

**REGULATIONS**  
**ON DEPOSITARY ACTIVITIES IN THE RUSSIAN FEDERATION,**  
**(Approved by the [Decision](#) of the Federal Securities Market**  
**Commission No. 36 of October 16, 1997)**

1. Applicability of the Regulations
2. Fundamentals of Depositary Activities
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5. Transfer of the Securities Kept in Custody and/or the Rights to Which Are Recorded at Depositary
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- 10. Non-Disclosure
- 11. Depositary Records
- 12. Depositary Transactions
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In accordance with the [Federal Law](#) No. 39-FZ of April 22, 1996 on the Securities Market the present Regulations on Depositary Activities in the Russian Federation (hereinafter referred to as "the Regulations") sets forth the terms and conditions for the pursuance of depositary activities in the Russian Federation, establishes requirements to the pursuance of depositary activities, regulates the general rules for keeping depositary records as well as determines the procedure for the state regulation and supervision over depositary activities.

## **1. Applicability of the Regulations**

**1.1.** The present Regulations shall extend to all the organizations pursuing depositary activities on the territory of the Russian Federation.

*On regulating the activities of specialized depositories of stock investment funds, unit investment funds and non-governmental pension funds see the [Regulations](#) endorsed by [Decision](#) of the Federal Securities Market Commission No. 40-ps of October 9, 2002*

**1.2.** The present Regulations extend to the activities of a mutual fund in the capacity of a specialized depositary except as being in contradiction with the acts of the Federal Securities Market Commission regulating the procedure, terms and conditions for mutual funds' pursuing activities as specialized depositories.

**1.3.** The present Regulations do not regulate the procedure as well as terms and conditions for licensing depositary activities in the Russian Federation. The licensing of depositary activities shall be performed in accordance with the [Federal Law](#) on the Securities Market and the regulatory legal acts of the Federal Securities Market Commission establishing the procedure and terms and conditions for the licensing including the limitations on combining depositary activities with other kinds of professional activities on the securities market.

## **2. Fundamentals of Depositary Activities Depositary Activities and Records System on the Securities Market**

**2.1.** The "records system" on the securities market shall mean an aggregate of record-keeping institutions, i.e. the organizations pursuing depositary activities and the organizations pursuing the activities of keeping a register of the owners of securities. The records system on the securities market shall perform the functions of confirming the rights to securities as well as confirming the rights certified by the securities for the purposes of transferring these rights and exercising these rights.

**2.2.** The "depositary activities" shall be deemed professional activities on the securities market in accordance with the [Federal Law](#) on the Securities Market. A person pursuing depositary activities shall be termed a "depositary".

The custody of the certificates of securities not accompanied by records and certification of the rights of clients (depositors) to the securities shall not be deemed depositary activities and shall be performed in accordance with the norms of the [civil legislation](#) of the Russian Federation on custody.

**2.3.** Depositary activities shall include the mandatory providing to clients (depositors) of the services of record-keeping and certifying the rights to securities, record-keeping and certifying the transfer of securities including cases of encumbrances on securities.

The transfer of the certificates of securities into custody of a depositary as accompanied by

record-keeping and certifying the rights to the said securities at the depositary shall entail a change in the method of the certification of the right to securities, i.e. the certification of the rights by means of a certificate shall be replaced with the certification of the rights by means of an entry in a depo account open at the depositary.

The transfer of securities from the register-keeping system to a depositary acting as a nominal holder of the securities shall entail a change in the method of certifying the rights to the securities, i.e. the certification of the rights by means of an entry in a personal account in the register-keeping system (as well as a certificate, if any) shall be replaced with the certification of the rights with an entry in a depo account open at the depositary.

**2.4.** The entries made by the depositary concerning the rights to securities shall certify the rights to the securities except as otherwise established in accordance with the judicial procedure.

The rights to the registered securities handed over to a depositary shall not be certified by entries on the register of the owners of registered securities. As securities are kept in custody and/or as the rights to securities are recorded in the depositary at every moment of time there may exist only one entry executed by the depositary and certifying the rights to a security.

**2.5.** Depositary activities shall also include the mandatory providing to a client (depositor) of the services, in accordance with the procedure established under a deposit agreement, whereby the owner of securities is assisted in the exercising their rights relating to the securities including the right to participation in the management of joint-stock companies, receipt of dividends, earnings and other payments on the securities.

**2.6.** The depositary shall have the right, under an agreement with a client, provide accompanying services which improve the quality of depositary servicing to the client as provided in the present Regulations.

**2.7.** A client (depositor) of the depositary may be a legal entity or natural person to whom securities belong by the right of ownership or other right in rem (owner of securities) and also another depositary including a depositary acting as a nominal holder of its clients' securities.

Clients (depositors) of the depositary may be also chargees of securities and trustees who manage securities.

**2.8.** Except as otherwise provided by the federal laws and other regulatory legal acts, a client (depositor) may transfer the powers of controlling the securities and exercising the rights relating to the securities which are kept in the custody of and/or the rights to which are recorded by the depositary to another person, i.e. the guardian of the account. As guardians of the clients' (depositors') accounts open at the depositary there may act the persons holding the license of a professional participant in the securities market.

An agreement shall be concluded between the guardian of an account and the depositary whereby their mutual rights and obligations are to be established including the obligation to conclude depositary agreements with depositors and verify the data per the client's (depositor's) securities.

Should there exist the guardian of the account, the client (depositor) shall have no right on his own to issue instructions to the depositary in respect to the securities in the depositary's custody and/or to the rights to securities which are recorded at the depositary except the cases provided under the deposit agreement. A depo account may have only one guardian.

Each instruction issued by the guardian of an account to the depositary shall have, as the basis thereof, an instruction served to the guardian of the account by the client (depositor). The guardian of the account shall have the duty of providing the client (depositor) with the depositary's statements of the transactions implemented on the client's (depositor's) depo accounts and the documents issued by the depositary whereby the client's (depositor's) rights to the securities are certified. The guardian of the account shall keep the client's primary instructions used as a basis for the preparation of the instructions issued by the guardian to the depositary. The guardian of the account shall keep record of the transactions implemented on the client's (depositor's) depo accounts under his guardianship.

The guardian of an account shall not certify the rights to securities, however, the entries executed by the guardian of an account may be used as a proof of the rights to securities.

The depositary shall not be liable to a client (depositor) for the losses inflicted as a result of the activities of the guardian of an account except as otherwise being established under the agreement between the depositary and the client (depositor).

The guardian of the account shall not be liable to the client for the losses, should the guardian prove that the losses have been inflicted as a result of the depositary's activities which the guardian of the account could not foresee or avert.

### **Object of Depositary Activities**

**2.9.** The object of depositary activities shall be the securities issued by residents of the Russian Federation. In accordance with the requirements set forth in the federal laws and other regulatory legal acts the object of depositary activities may also be the securities issued by non-residents in accordance with the legislation of the state under the jurisdiction of which they are except as being in contradiction with the provisions of the federal laws and other regulatory legal acts.

**2.10.** The object of depositary activities may be issue securities of any form of issue, i.e. non-paper, paper with mandatory centralized custody, paper without mandatory centralized custody. The objects of depositary activities may also be non-issue securities made out in conformity with the form and procedure established by the legislation.

### **3. Terms and Conditions for the Pursuance of Depositary Activities**

**3.1.** Depositary activities may be performed only by the legal entities holding the license of a professional participant in the securities market for the pursuance of depositary activities.

*According to [Decision](#) of the Federal Commission on Securities Market No. 22 of June 3, 1998 professional securities market-makers engaged in dealer, broker activity, and trust management of securities must become members of a self-regulated organization of professional securities market-makers*

**3.2.** Depositary activities shall be performed in accordance with the federal laws and other legal acts, the present Regulations as well as a depositary agreement with the client (depositor).

**3.3.** The depositary shall elaborate and endorse the terms and conditions for the pursuance of depositary activities containing the information concerning the following:

the transactions carried on by the depositary;

the procedure for clients' (depositors') actions and the personnel of the depositary as such transactions are implemented;

the grounds for the conduct of such transactions;

the specimens of the documents to be filled in by the clients (depositors) of the depositary;

the specimens of the documents issued to the clients (depositors);

transaction completion terms;

tariffs for the depositary's services;

the proceedings for the acceptance for servicing and termination of the servicing of a securities issue by the depositary;

the procedure for clients (depositors) being provided with the statements of their accounts;

the procedure and terms for clients (depositors) being provided with statements of transactions completed as well as the procedure and terms for clients (depositors) being provided with the documents certifying their rights to securities.

**3.4.** The terms and conditions of the performance of depositary activities shall have transparent nature and shall be provided on the request of any persons concerned.

**3.5.** The terms and conditions of depositary activities endorsed by the depositary shall be an integral part of the deposit agreement with the client (depositor). The depositary shall notify clients (depositors) of any changes in the terms and conditions of depositary activities at the latest ten

days prior to their being put in force.

**3.6.** The depository shall also elaborate and endorse internal documents setting forth the following:

the procedure for effecting the transactions and document circulation of the depository including the proceedings for reflecting in the depository's internal documents all transactions executed, the procedure for document processing by all the units of the depository, the delineation of functions in terms of processing, keeping and further use of the documents;

the rules for keeping record of depository transactions and appropriate proceedings providing and maintaining separate custody of securities and/or the records of the rights to securities of each client (depositor) as well as separate custody of securities and/or the records of the rights to clients' (depositors') securities and the securities owned by the depository itself;

the rules for in-house monitoring for the purposes of protecting the integrity of information including in emergencies, the delineation of the right of access and providing the confidential status of information whereby the possibility is eliminated of the said information being used by the depository in its own interests, by the personnel of the depository or third persons to the detriment of the interests of the clients (depositors);

the procedure for considering clients' (depositors') grievances and inquiries.

**3.7.** Should depository activities be combined with other professional activities on the securities market, the depository shall notify its clients (depositors) of such a combination. A person intending to become a client (depositor) of the depository shall be notified of such a combination prior to the signing of a deposit agreement.

**3.8.** Should depository activities be combined with other kinds of professional activities on the securities market and also should depository activities be pursued by a bank or another loan organization, the depository activities shall be pursued by a separate unit of the legal entity for which the said activities shall be exclusive. Apart from that, the said legal entity shall endorse and observe the procedures precluding the use of the information received in connection with the performance of depository activities, for the purposes not relating to the said activities. Under regulatory legal acts there may be established additional requirements to the legal entities carrying on such combined activities so as to avoid a conflict of interests.

#### **4. Requirements to the Pursuance of Depository Activities**

**4.1.** The transfer of securities by a client (depositor) to a depository and the conclusion of a deposit agreement shall not entail the transfer of the right of ownership in the client's (depositor's) securities to the depository. The depository shall have no right to dispose of the client's (depositor's) securities as well as exercise rights relating to the client's (depositor's) securities except as per a written instructions of the client (depositor) or a person authorized by him including the guardian of the account, such instructions being issue in accordance with the procedure provided in the deposit agreement.

**4.2.** The depository shall have no right to stipulate the signing of the deposit agreement with a client (depositor) by the latter's waiver of any of the rights certified by the securities transferred to the depository.

**4.3.** Clients' (depositors') securities shall not be collected for the depository's own debts. Should the depository go bankrupt, clients' (depositors') securities shall not be included in the debtor's estate.

**4.4.** For the purposes of providing the safety of clients' securities the depository shall provide separate custody of the securities and/or the records of the rights to clients' (depositors') securities from the securities owned by the depository itself. For these purposes the depository shall act as a nominal holder of clients' securities in the register of the owners of registered securities or at another depository and provide the separation of the accounts open in the register of the owners of registered securities or at another depository as an account for own securities and an account for depositors' (clients') securities.

**4.5.** The depository shall also provide separate custody of each client's (depositor's) securities

and/or records of the rights to securities from the securities of the other clients (depositors) of the depositary in particular by means of opening a separate depo account for each client (depositor).

**4.6.** The depositary shall provide the necessary conditions of the safety of the certificates of securities and entries on the rights to clients' (depositors') securities including by means of the use of an back-up system for the information on the rights to securities and a secure entry-keeping system.

**4.7.** The depositary shall have the right to become a depositor of another depositary under an agreement concluded with it in respect to the securities of the clients' (depositors') with whom the deposit agreements were signed whereby the conclusion of such an agreement is not prohibited. Should the depositary become a depositor of another depositary, it shall be liable to the client (depositor) for its actions as for its own actions excluding the cases when the conclusion of an agreement with another depositary was effected per a direct written instruction of the client (depositor).

**4.8.** Should the depositary be a depositor of another depositary, the said depositaries shall carry on verification of information on clients' (depositors') securities and the transactions performed on the clients' (depositors') securities. The verification shall be conducted in accordance with the procedure and within the term set under the deposit agreement.

**4.9.** Should the depositary perform the custody of the certificates of securities on its own, it shall have a special vault for keeping the certificates of securities, such vault being in conformity with the provisions of the regulatory legal acts.

**4.10.** The depositary shall provide the transmission of the information and documents required for the owners of securities to exercise their rights relating to the securities they own from the issuers or the holders of the register of the owners of securities to the owners of securities and from the owners of securities to the issuers or the holders of the registers of the owners of securities including by means of getting the information on the owners of securities required to exercise their rights relating to securities from the depositaries being depositors of a given depositary whose clients (depositors) are owners of securities.

In accordance with the procedure set forth in the deposit agreement with the client (depositor) the depositary shall also provide for the owners of securities exercising their rights relating to the securities they own.

**4.11.** The depositary shall immediately on first demand hand over to the client (depositor) the securities the client (depositor) owns and also in the event of termination of the deposit agreement or liquidation of the depositary by means of:

re-registering registered securities in the name of the owner in the register of the owners of registered securities or at another depositary designated by the client (depositor);

returning the certificates of paper securities to the client (depositor) or transferring them to another depositary designated by the client (depositor).

In such a case the transfer of client's (depositor's) securities to another depositary designated by the client (depositor) shall not be effected in the cases when, in accordance with the requirements set forth in the regulatory legal acts, the other depositary cannot service a given securities issue in accordance with the regulatory legal acts or on other legal grounds.

**4.12.** The depositary shall provide the client (depositor) with the statements of the transactions effected with the client's (depositor's) securities which are kept and/or the rights to which are recorded at the depositary. Statements and documents shall be provided within the terms set under the deposit agreement.

**4.13.** The depositary shall have no right to:

acquire the right of charge or lien in respect to the client's (depositor's) securities kept in its custody and/or the rights to which are recorded at the depositary, without a written consent of the client (depositor);

determine and monitor the guidelines for the use of client's (depositor's) securities, establish the limitations on his right to dispose of the securities at his own discretion for which there is no provision in the legislation of the Russian Federation or the deposit agreement;

be liable by means of client's (depositor's) for its own obligations and also use them as

security for the performance of own liabilities, other clients' liabilities and other third persons' liabilities;

stipulate the conclusion of a deposit agreement with a client (depositor) by the latter's waiver of any of his rights certified by securities;

dispose of client's (depositor's) securities without his instruction.

**4.14.** The depository shall provide reimbursement to the client (depositor) for the losses inflicted to the latter in the event of the depository's default on or improper performance of the responsibilities for the custody of securities and/or keeping the records of securities including the cases of loss of entries in depo account as well as in the case of improper performance of other responsibilities under deposit agreement, unless the depository proves that the losses occurred through force majeure circumstances, deliberation or blunt imprudence of the client (depositor). Any agreement between the depository and the depositor (client) limiting the depository's liabilities shall be deemed null and void.

## **5. Transfer of the Securities Kept in Custody and/or the Rights to Which Are Recorded at Depository**

**5.1.** The depository shall perform transactions with securities of clients (depositors) only in the instructions of these clients (depositors) or the persons authorized by them including the guardians of accounts and within the term established under the deposit agreement. The depository shall make entries on client's (depositor's) depo account only when the documents are available as being grounds for the execution of such entries in accordance with the present Regulations, other regulatory legal acts and the deposit agreement.

**5.2.** The grounds for making entries in client's (depositor's) depo account shall be as follows:

instructions of the client (depositor) or the person authorized by him including the guardian of the account being in conformity with the requirements set forth in the deposit agreement;

the documents confirming the transfer of the rights to the securities per the effective laws and other regulatory legal acts - in the event when the right to the securities is assigned not as a result of the deals of civil legal nature.

**5.3.** The depository shall register the facts of encumbrances on the securities of clients (depositors) in the form of a pledge and also other rights of third persons, in accordance with the procedure provided in the deposit agreement.

**5.4.** The rights to the securities which are in the custody of and/or the rights to which are recorded at the depository shall be deemed transferred as of the moment when the depository makes appropriate entry in the client's (depositor's) depo account. However, in the absence of an entry in the depo account the person concerned shall not be deprived of a possibility to prove his rights to the securities by making reference to other proofs.

**5.5.** For the purposes of clients' (depositors') exercising their rights to securities the depository shall:

**5.5.1.** Take all the measures as provided in the federal laws and other regulatory legal acts for the purpose of protecting the rights of a bona fide acquirer to the securities he owns and preventing the securities being seized from a bona fide acquirer.

**5.5.2.** On client's (depositor's) instructions provide, under the deposit agreement, the transfer of securities to the depo accounts designated by the client (depositor) either at the same depository or at any other depository.

In such a case the transfer of client's (depositor's) securities to another depository designated by the client (depositor) shall not be effected in the cases when, under the requirements set forth in the regulatory legal acts, the other depository cannot service a given securities issue in accordance with the regulatory legal acts or on other legal grounds.

**5.5.3.** In respect to registered securities provide on client's (depositor's) instructions the transfer of the securities to a personal account in the register of the owners of registered securities.

**5.5.4.** Provide the acceptance of the securities transferred to clients' (depositors') accounts from other depositories or from a registrar.



**5.5.5.** Provide the acceptance into custody of the certificates of securities. In such a case the depository shall provide verification of the authenticity of the certificates accepted into custody as well as monitoring of the deposited certificates not being declared invalid and/or stolen, not being searched for, or not being included in stop-lists by the issuers, law enforcement agencies or the bodies of the state regulation of the securities market.

**5.5.6.** Provide, on the client's (depositor's) request, the issuance of the certificates of securities.

## **6. Records System**

**6.1.** For the purposes of implementing more effectively the rights of the owners in respect to the securities they own and providing the transfer of securities the record-keeping institutions may enter in the contractual relationships aimed at performing the actions for the implementation of the rights of the owners in respect to the securities and the transfer of securities between various record-keeping institutions.

**6.2.** A nominal holder's account shall be open for a depository in the register of the owners of registered securities in accordance with the federal laws and other regulatory legal acts, such an opening not being dependent on the depository's signing an agreement with the registrar.

The depositor and the registrar shall have the right to conclude an agreement between themselves which would include the terms and conditions not contradicting the federal laws and other regulatory legal acts and establishing additional guarantees to ensure the rights of the owners of securities including the condition whereby securities information will be regularly verified.

## **7. Deposit Agreement**

**7.1.** The depository agreement shall be ground for the occurrence of the rights and responsibilities of the client (depositor) and the depository as the depository provides the client with the services as specified in the present Regulations.

The object of the deposit agreement shall be the depository's providing the client (depositor) with the services of the custody of the certificates of securities, recording and certifying the rights to securities by means of the depository's opening and keeping client's (depositor's) depo account, effecting transactions on this account. The object of the deposit agreement shall also be the depository's providing the services assisting the owners of securities in the implementation of their rights in respect to the securities they own.

In such a case the depository shall provide the services of the custody of the certificates of securities, recording and certifying the rights to securities, should the securities be issued in paper form. Should the securities be issued in a non-paper form, the depository shall provide the services of recording and certifying the rights to the securities.

**7.2.** The deposit agreement shall be concluded in a simple written form.

**7.3.** The deposit agreement shall contain the following terms and conditions:

an unambiguous definition of the object of the agreement;

the procedure for the client's (depositor's) passing instructions to the depository for managing the client's (depositor's) securities kept in custody of and/or the rights to which are recorded at the depository;

the depository's responsibilities in respect to the performance of the client's (depositor's) instructions, the term of instruction performance;

the procedure for the depository's providing the services whereby the owners are assisted in implementing their rights in respect to the securities including by means of forwarding appropriate information and documents from the owner to the issuer and registrar and from the issuer and registrar to the owner;

the effective term of the agreement, the grounds and procedure for amending and terminating the agreement including the client's (depositor's) right to unilaterally rescind the agreement with the depository;

the procedure and form for the depository's reporting to the client (depositor);  
the rate and procedure for the payment for the depository's services.

The terms and conditions of depository activities as endorsed by the depository shall be an integral part of the deposit agreement.

Apart from the aforesaid terms and conditions the deposit agreement may also contain the other terms and conditions except as being in contradiction with the federal laws and other regulatory legal acts and the present Regulations.

**7.4.** As the deposit agreement is being concluded the client (depositor) shall not be requested to deposit securities immediately.

**7.5.** In the event when the depository's client (depositor) is another depository the depository agreement between them is called an inter-depository relations agreement.

Should the depository's client (depositor) be another depository, the recording and certifying of the depositor's depository's clients (depositors) securities shall be performed per the whole aggregate of data without itemizing by specific clients (depositors) and the depository being a depository shall perform the functions of a nominal holder of its clients' (depositors') securities.

**7.6.** Apart from the terms and conditions specified under [Item 7.3](#) of the present Regulations the inter-depository relations agreement shall provide a procedure for obtaining, in the events stipulated in the federal laws and other regulatory legal acts, information on the owners of the securities recorded at the depository being a depositor. In such a case the depository in which another depository's account is open shall not be responsible for the correctness and trustworthiness of this information and shall only be responsible for the correctness of its being transferred to third persons.

The inter-depository relations agreement shall also provide for depositaries' obligation to verify the data on clients' (depositors') securities and also the procedure and terms for such a verification.

**7.7.** The depository being a depositor shall issue instructions in respect to the account on which its clients' (depositors') securities are recorded and which is open in another depository only when it has grounds for effecting a transaction on the client's (depositor's) depo account open in a given depository.

## **8. Assistance to Owners in Implementing the Rights Relating to Securities**

**8.1.** For the purposes of securities owners' properly exercising their rights in respect to the securities they own the depository shall:

**8.1.1.** Undertake all the measures provided under the deposit agreement and required for the implementation of owner's rights in respect to securities.

**8.1.2.** Receive from the issuer or registrar the information and documents concerning clients' (depositors') securities and pass them to the clients (depositors) in accordance with the procedure and within the terms set under the deposit agreement.

**8.1.3.** Pass information and documents from clients (depositors) to the issuer or registrar in accordance with the procedure and within the terms set under the deposit agreement.

**8.1.4.** Take all the measures, as provided in the federal laws and other regulatory legal acts, to protect clients' (depositors') best interests as the issuer performs corporate actions.

**8.1.5.** As the issuer compiles a list of the owners of registered securities, forward to the issuer or registrar all the information on the clients (depositors) and the clients' (depositors') securities required for their exercising the owners' rights, i.e. getting earnings on the securities, attending the general shareholders meetings and other rights; forward to the issuer the information, required for the owners' exercising their rights relating to the securities, on the bearer or order securities recorded on the clients' (depositors') accounts in accordance with the procedure provided under the deposit agreement.

The information provided by the depository shall correspond to the data in the depository's registers as of the date set as a date for the compilation of respective lists.

The depository shall be responsible for the trustworthiness of the information it provides and

the proper timing of the submission thereof.

**8.1.6.** Provide proper custody of the certificates of securities and depositary record documents the keeping of which is required for the owners' exercising their rights relating to the securities.

**8.1.7.** In the event when necessary for the owners' exercising their rights relating to the securities, provide the certificates of securities to the issuer or registrar including the certificates for redemption, coupons and other yield documents providing for payment on sight.

**8.1.8.** Provide the owners with the implementation of the right of vote at the general shareholders meetings in accordance with the procedure set forth in the deposit agreement.

## **9. Accompanying Services Provided by Depositary**

**9.1.** Under an agreement with the client (depositor) the depositary shall have the right to provide to him accompanying services including the following:

**9.1.1.** Keeping clients' (depositors') cash accounts in accordance with the federal laws and other regulatory legal acts, such accounts relating to the implementation of transactions with securities and receiving earnings on the securities.

**9.1.2.** Keeping clients' (depositors') foreign currency and multi-currency accounts in accordance with the federal laws and other regulatory legal acts, such accounts relating to the implementation of transactions with securities and receiving earnings on the securities.

**9.1.3.** Verifying the certificates of securities in terms of their authenticity and negotiability.

**9.1.4.** Collecting and transporting the certificates of securities.

**9.1.5.** In accordance with the federal laws and other regulatory legal acts withdrawing from circulation, redeeming and destroying the certificates of securities, detaching and redeeming coupons.

**9.1.6.** On the instructions of the owner, representing the owner's interests at the general shareholders meetings.

**9.1.7.** Providing clients (depositors) with information on the securities declared invalid and/or stolen, being searched for or included in the stop-lists due to some other reasons by the issuers, law enforcement agencies or the bodies of the state regulation of the securities market.

**9.1.8.** Keeping track of the issuer's corporate actions, informing the client (depositor) of these actions and the would-be negative effect thereof for him. Should there be appropriate clauses in the agreement, performing the actions allowing to minimize the damage inflicted to the client (depositor) in connection with the issuer's effecting corporate actions.

**9.1.9.** Providing clients (depositors) with the information held by the depositary of the issuers including the information on the issuers' state.

**9.1.10.** Providing clients (depositors) with the information on the securities market situation.

**9.1.11.** Rendering assistance in the optimization of the taxation of incomes on securities.

**9.1.12.** Organizing investment and tax consultations, providing clients (depositors) with the information on the Russian and international system of the registration of the property rights to securities, consultations on the operating rules of such systems.

**9.1.13.** Providing other services, except as prohibited under the federal laws and other regulatory legal acts, connected with the keeping of depositors' depo accounts and assistance in the implementation of the rights relating to securities.

## **10. Non-Disclosure**

**10.1.** The depositary shall provide the confidential status of the information concerning the depo accounts of the depositary's clients (depositors) including the information on the transactions effected on the accounts and other information on the clients (depositors) of which the depositary became aware in connection with its performing depositary activities.

**10.2.** Should confidential information on the clients' (depositors') depo accounts get disclosed, the clients whose rights have been violated shall have the right to claim damages from the depositary in accordance with the procedure established by the legislation of the Russian

Federation.

**10.3.** Information on clients' (depositors') depo accounts may be provided only to the clients themselves, the authorized representatives thereof, the licensor body within its competence as check-ups of the depository's activities are being carried out. Such information may be issued to other state bodies and the officials thereof exclusively in the cases as provided under the federal laws.

**10.4.** The owners of securities shall be held accountable for violation of the legislation of the Russian Federation insofar as concerns the limitations on the acquisition of securities.

## **11. Depository Records**

**11.1.** The securities recorded at a depository and owned by its clients (depositors) shall not be reflected on the main balance sheet of the depository. They shall be recorded off the main balance sheet. Should the depository be the owner of a part of the securities recorded by itself, the monetary value of these securities shall be reflected on the balance sheet and the securities themselves shall be recorded off balance sheet.

**11.2.** The following shall be depository record materials:

the orders serving as grounds for the performance of depository transactions;

the record registers of the depository, i.e. the depository record materials intended to fix at the depository the current values of the requisite information of the depository record objects and the depository's actions for performing the depository transactions;

statements and reports, i.e. the depository's documents containing the information on the results of fulfilling instructions and on the state of the record registers of the depository.

**11.3.** Depository records of securities shall be done in pieces. Additionally to the depository records of securities in pieces it is admissible to keep record of the securities in the units in which face value of the securities of a given issue is designated as well as the reflection of the market value of the securities in custody of the depository.

For the purposes of keeping the depository records one security (one piece) shall mean the minimal face value of the traded securities of a given issue except as otherwise established under the terms and conditions of the securities issue and trading.

**11.4.** For the purposes of keeping depository records the depository shall keep depo accounts and other record registers as well as keeps in its custody the necessary documents and other depository record materials.

**11.5.** Securities shall be recorded on depo accounts according to the double entry principle. Within the depository records each security shall be reflected twice, i.e. first, on the depositor's depo account and, second, on the custody location account.

For each issue of the securities recorded at the depository a balance shall be observed: the total number of the securities of one issue recorded on depositors' depo accounts shall be equal to the total number of the securities of this issue recorded on the custody location accounts.

**11.6.** Recording of clients' (depositors') securities at the depository may be performed by the following methods:

open record method;

closed record method;

marked record method.

In the open record method of recording the rights to securities the client (depositor) may issue instructions to the depository only in respect to a specific number of securities recorded on a depo account without the indication of their individual features (like number, series, digits) and without the indication of the individual features of the certificates thereof.

In the closed record method of recording the rights to securities the depository undertakes to accept and perform the client's (depositor's) instructions in respect to any specific security recorded on his depo account or of the securities recorded on his depo account and certified by a specific certificate.

In the marked record method of recording the rights to securities the client (depositor), while

issuing instructions, shall indicate, apart from the number of securities, the feature of the group to which the given securities or the certificates thereof are referred. The groups into which the securities of a given issue are subdivided may be determined by the terms and conditions of the issue or the peculiarities of custody (recording) of specific groups of securities and/or the certificates thereof.

**11.7.** The depositary shall have the right to determine on its own which record method is to be applied to record the rights to securities, unless the use of a specific method is a condition sine qua non of the organization of recording a securities issue serviced by the depositary.

**11.8.** Record registers of the depositary shall be organized in the form of questionnaires or journals.

"Questionnaires" are depositor's record registers in which only the current values of the requisite information of the objects of depositary records are reflected.

"Journals" are depositor's record registers made up of consecutive entries.

Depositaries have the right to choose on their own the form of keeping depositary materials unless it is set out in the regulatory legal acts governing the procedure for keeping depositary records.

**11.9.** The following record registers shall be included in the depositary record materials:

- depo account transactions journal;
- questionnaire of the depo account;
- client's (depositor's) questionnaire;
- questionnaire of securities issue;
- journal of accepted instructions;
- transactions journal;
- journal of dispatched statements and abstracts.

## **12. Depositary Transactions**

**12.1.** "Depositary transaction" means a set of actions performed by the depositary with the record registers and also with the certificates of securities in the depositary's custody and other record materials.

**12.2.** There exist three major classes of depositary transactions:

- inventory;
- administrative;
- information.

"Inventory transactions" are depositary transactions changing securities balance on personal accounts in the depositary.

"Administrative transactions" are depositary transactions leading to a change in the questionnaires of depo accounts as well as the contents of other record registers of the depositary save the securities balance on personal accounts.

"Information transactions" are depositary transactions relating to the compilation of statements and reference papers on the status of depo accounts, personal accounts and other record registers of the depositary or on the completion of depositary transactions.

"Complex depositary transaction" is a transaction including, as components, the elements of the various types of transactions, i.e. inventory, administrative, information.

"Global transaction" is a depositary transaction changing the state of all or a significant part of the record registers of the depositary relating to a given issue of securities. As a rule, the performance of global transactions takes place on an issuer's initiative and it is related to his performing corporate actions.

**12.3.** The ground for effecting a depositary transaction shall be an instruction, i.e. a document signed by the person initiating the transaction and delivered to the depositary.

Depending on who the transaction initiating person is the following kinds of instructions may be discerned:

- clients' instructions as initiated by a client (depositor), a person authorized by him, the

guardian of an account;

service instructions as initiated by depositary's officials;

official instructions as initiated by empowered state bodies;

global instructions as initiated, as a rule, by an issuer or registrar on the issuer's instructions.

**12.4.** Instructions for the performance of transactions shall be a document in paper form. The acceptance, as instructions, of documents in electronic form shall be admissible in the case and in accordance with the procedure provided by the legislation of the Russian Federation and the agreement of the parties.

Information on all the instructions accepted by the depositary shall be entered in the instructions journal.

Information on all transactions completed and being performed by the depositary shall be reflected in the depositary's transactions journal.

**12.5.** The completion of a depositary transaction shall be the forwarding of the statement on transaction completion to all the persons specified as statement recipients in the standing rules for the performance of a given transactions. The statement shall be forwarded in a mandatory way to the person who initiated the transaction.

A statement on depositary transaction completion sent to a recipient is an official document of the depositary. Statement of the depositary's completing a transaction on a depo account shall be deemed ground for posting within the accounting systems of the recipient of the statement.

Information on all the statements sent by the depositary to a recipient shall be entered in the statements issue journal.

**12.6.** In the events provided by the federal laws and other regulatory legal acts the depositary shall perform written instructions of state bodies: judiciary, investigation and preliminary investigation ones. The instructions of state bodies shall be accompanied by appropriate documents, i.e. court decision, writ of execution, seizure ruling etc.

### **13. Control of Depositary Activities**

**13.1.** Control of depositary activities shall be performed by licensor bodies in the following forms:

depositary's regular submitting reports on depositary transactions per the requirements set forth in the regulatory legal acts;

verification of depositary's documents as presented on the inquiry by the licensor body;

verification of depositary's activities on part of the persons authorized by the licensor body.

*On the furnishing of information about the depositary activity of the credit organizations see also [Letter](#) of the Central Bank of Russia No. 18-T of January 16, 1998*

**13.2.** The licensor body shall have the right on its own initiative to conduct check-ups of a depositary's activities.

*See the [Procedure](#) for Holding Inspections of Issuers, Professional Market-Makers, Self-Regulating Organizations of Professional Market-Makers and of Other Organizations Licensed by the Federal Securities Market Commission endorsed by [Decision](#) of the Federal Security Market Commission No. 03-40/ps of September 24, 2003*

As a check-up is being performed the depositary shall provide the persons authorized by the licensor body the documents and information relating to the performance of depositary activities.

**13.3.** Should facts be discovered of the depositary activities being pursued in violation of the requirements set forth in the laws, other regulatory legal acts and the present Regulations, the licensor body shall have the right to apply to the depositary the sanctions and measures provided in the laws and other regulatory legal acts including the suspension or cancellation of the license of a professional participant in the securities market for the pursuance of depositary activities.