


Approved by
ARARATBANK OJSC
Executive Board Resolution No.89/L
from March 12, 2021
Chairman of the Executive Board
Mher Ananyan_____

AraratBank

PROCEDURE

FOR PROVISION OF BROKERAGE SERVICES

Effective since March 12, 2021

	Procedure for provision of brokerage services	Code: Procedure 25-02 Edition: 04 Category: Public Date: March 12, 2021
---	---	--

SECTION I. PURPOSE, SCOPE OF APPLICABILITY, RELATED DOCUMENTS AND DEFINITIONS

CHAPTER 1. PURPOSE AND INTERPRETATIONS


1. The Procedure for provision of brokerage services shall define the order and terms of performing brokerage functions related to financial instruments and providing brokerage services by ARARATBANK OJSC to its Customers.

CHAPTER 2. SCOPE OF APPLICABILITY

2. The requirements set out in the Procedure for provision of brokerage services shall apply to ARARATBANK OJSC Customers and ARARATBANK OJSC employees involved in the implementation of brokerage activities.

CHAPTER 3. RELATED DOCUMENTS

3. The Procedure for provision of brokerage services shall pertain to the following main documents:
 - 1) The RA Civil Code;
 - 2) The RA Law on Securities Market;
 - 3) The RA Law on Banks and Banking Activities;
 - 4) The RA Law on Joint Stock Companies;
 - 5) Regulation 4/07 on "Requirements on investment services providers' activities", approved by Resolution of the RA CBA Board No.113-N from April 8, 2008;
 - 6) Regulation 4/03 on "Reports submitted to the Central Bank by persons providing investment services, procedure, forms and periods on their submission", approved by Resolution of the RA CBA Board No.140-N from April 22, 2008;
 - 7) Regulation 4/12 on "Rules for protection of funds of investment services providers' Customers", approved by Resolution of the RA CBA Board No.282-N from October 26, 2010;
 - 8) Regulation 4/06 on "Criteria to be considered qualified investors and procedure on registration of parties as qualified investors", approved by Resolution of the RA CBA Board No.69-N from March 11, 2008;
 - 9) Regulation 4/05 on "Qualification of managers of persons providing investment services, the operator and the Central Depository and natural persons providing investment services, their professional compliance criteria and the list of topics for qualification test", approved by Resolution of the RA CBA Board No.15-N from January 15, 2008;
 - 10) Regulation 33 on Custodial Activities of Securities, approved by Resolution of the RA CBA Board No.33-N from April 12, 2007;
 - 11) Procedure for securities custody, approved by ARARATBANK OJSC Executive Board Resolution No. 168/02L from April 17, 2019;
 - 12) Rules on operating the unified system of securities registration and settlement, defined by Central Depository of Armenia OJSC on January 21, 2020;


	Procedure for provision of brokerage services	Code: Procedure 25-02 Edition: 04 Category: Public Date: March 12, 2021
---	---	--

- 13) Resolution No. 299/02L of ARARATBANK OJSC Executive Board from June 23, 2020 “On approval of internal rules for providing and registering margin trading in international markets;
- 14) Procedure for organizing the process of archiving, approved by ARARATBANK OJSC Board Resolution No. 13/03 L-H from May 15, 2017;
- 15) Procedure for examination of complaints/proposals submitted by Customers, approved by ARARATBANK OJSC Board Resolution No. 13/01L from May 15, 2020;
- 16) Procedure for opening, servicing (maintaining) and closing of Bank (including unallocated bullion) accounts, approved by ARARATBANK OJSC Executive Board Resolution No. 486/L from December 28, 2020;
- 17) Procedure for examination of complaints/proposals submitted by Customers, approved by ARARATBANK OJSC Board Resolution No. 08/04L-H from March 15, 2019;
- 18) Procedure for elaborating and adopting draft legal acts, approved by ARARATBANK OJSC Board Resolution No.02/01L-H from January 14, 2021.
- 19) Procedure for classification and identification of the Bank’s information assets, approved by ARARATBANK OJSC Board Resolution No.27/03L-H from July 10, 2019.
- 20) ISO/IEC 27001 Information technologies - Security techniques - Information security management systems – Requirements.

CHAPTER 4. DEFINITIONS AND ABBREVIATIONS

4. The following main concepts are used in the Procedure for provision of brokerage services:
 - 1) **Bank (Broker)** - ARARATBANK OJSC.
 - 2) **Procedure** - Procedure for provision of brokerage services.
 - 3) **Law** - The RA Law on Securities Market.
 - 4) **Financial instrument** - Any financial instrument freely traded on the trading platforms of the RA and/or foreign financial markets, including securities (bonds, stocks, shares, depositary receipts, etc.), money market instruments (bills, checks), derivatives, currency, precious metals, etc.
 - 5) **Bond** – Within the meaning of this Procedure, a government bond and/or a corporate bond.
 - 6) **Government bond** - Within the meaning of this Procedure, bonds issued by government (treasury) banks of the RA and/or other states and/or central banks of the RA and/or other states.
 - 7) **Corporate bond** - Within the meaning of this Procedure, non-government bonds.
 - 8) **Derivative** - Securities which verify the right and/or obligation for due date (exceeding T+2) implementation (performance), the price of which directly or indirectly depends on a certain underlying asset, particularly:
 - a. market (stock exchange) price of financial asset,
 - b. interest rate or other remuneration,
 - c. financial asset index,
 - d. credit risk or other risk,
 - e. the inflation level or other official economic statistical indicators.
 Derivatives include forward, futures, options, CFDs, etc.
 - 9) **Stock exchange** - Armenian Stock Exchange OJSC.
 - 10) **Auction** - Bidding process for the initial placement of bond issues or the buyback/sale of bonds.

- 11) **TR (Trading Platform)** - Any regulated market and other organization, system, or resource for the organization of trading in financial instruments which in accordance with definite rules shall ensure trading in financial instruments and resources to perform subsequent settlement.
- 12) **TP rules** - TP effective rules, procedures, policies, orders, regulations, which shall be binding for members and users of the TP.
- 13) **Trade session** - A period of time during which a financial instrument shall be traded on the given TP in accordance with that TP rules.
- 14) **Transaction** - Acquisition or alienation of financial instruments based on Customer Orders outside or inside the TP in accordance with that TP Rules.
- 15) **Forex transaction** - Any derivative financial instrument (transaction) which is not a standardized derivative financial instrument by the RA Law "On Securities Market", the price of which directly or indirectly depends on exchange rate of foreign currency and which is concluded by using leverage.
- 16) **Leveraged transaction** - A non-standardized derivative financial transaction, including Forex transaction, concluded with leverage.
- 17) **Currency (foreign currency)** - Banknotes and coins circulated and considered a legal means of payment in a state or group of states, as well as funds placed in bank accounts and deposits, denominated in monetary units of states.
- 18) **Customer** - A person who has entered into a brokerage service agreement with the Broker.
- 19) **Agent** - A person who facilitates and mediates provision of the services to the Customer by the Broker.
- 20) **Operational day** - The period from 09³⁰ till 17⁴⁵ of any business day, when the Broker performs operations.
- 21) **Margin trading** - Transactions executed or routed for execution to the Agent (transactions the Orders of execution of which the Broker receives from the Customer and routes for execution to the Agent, including through a TP) by the Broker on behalf of and based on the order of the Customer, where at the time of submission of the corresponding Order there are no sufficient Funds on the Customer's account to fulfill the Customer's liabilities, and such Funds are conditionally or actually made available for the Customer by the Broker and/or the Agent, enabling conclusion of the corresponding transaction.
- 22) **Essential terms of Transaction** - The type (or its distinctive code) and issuer of Securities, type of Transaction (purchase or sale of securities, the exercise of Customer's right via Derivatives, subscription order, repo, reverse repo), trade volume (quantity of securities), price limitations (buy, sell, execute) per security (for non-market orders only).
- 23) **Market order** - The Customer's Order to the Broker, which shall assume execution of transaction set out in the Order by immediate sell or purchase of securities by existing market price.
- 24) **Funds Availability Time** - Opening of the trading session prior to the trading session of the transaction day in the given TP.
- 25) **Position or open position** - Difference between the Customer's claims and liabilities, expressed in currency or securities, which is not equal to zero.
- 26) **Order** - A document, an electronic or voice message provided by the Customer to the Broker which shall constitute a basis for execution or routing for execution of the transaction by the Broker at the expense of the Customer's Funds aimed at alienation, acquisition or transfer of financial instruments by the Customer.
- 27) **Notice** - Any information delivery, exchange, notification, Order and any other communication under the Agreement between the Customer and the Broker.
- 28) **Brokerage account** - Accounts opened with the Broker on behalf of the Customer for executing brokerage transactions with financial instruments.
- 29) **Securities account** - Brokerage securities accounts opened with the Broker on behalf of the Customer for making brokerage transactions with financial instruments and/or securities accounts opened on behalf of

	Procedure for provision of brokerage services	Code: Procedure 25-02 Edition: 04 Category: Public Date: March 12, 2021
---	---	--

the Customer in the Unified System of Securities Registration and Settlement of the Central Depository of Armenia (DEPEND).


- 30) **Bank account** - Cash accounts opened with the Broker on behalf of the Customer.
 - 31) **Customer's accounts** - Brokerage, Securities and Bank accounts opened on behalf of the Customer.
 - 32) **System** - A software package which shall serve as an electronic (network, internet-based) tool under the operational management of Agents and/or the Broker to execute transactions and which shall provide for an interface as technical means of ensuring access of services to the Customer and enabling the Customer to independently submit Orders for execution.
 - 33) **Agreement** - Brokerage Services Provision and Brokerage Accounts Servicing Agreement executed between the Customer and the Broker, of which the present Procedure shall be an integral part.
 - 34) **Funds** - Funds (any currency) and securities, which the Customer has provided to the Broker for execution of Orders or final settlement, or which have been generated (received) as a result of execution of Customer's Orders.
 - 35) **Applicable law** - Laws and other binding legal acts which apply to the actions taken by the Broker on the implementation of the Agreement and this Procedure.
 - 36) **Fiduciary duty** - The Broker's obligation to act in the Customer's best interests, demonstrating good faith and judgement.
 - 37) **Final settlement** - Fulfillment of mutual liabilities, which is defined by the effective terms of the given transaction.
 - 38) **Responsible Officer** - An employee of the Bank who provides services to the Customer pursuant to the terms stipulated by the Agreement and this Procedure.
 - 39) **Regulation 4/05** - Regulation 4/05 on "Qualification of managers of persons providing investment services, the operator and the Central Depository and natural persons providing investment services, their professional compliance criteria and the list of topics for qualification test", approved by Resolution of the RA CBA Board No.15-N from January 15, 2008.
 - 40) **Regulation 4/06** - Regulation 4/06 on "Criteria to be considered qualified investors and procedure on registration of parties as qualified investors", approved by Resolution of the RA CBA Board No.69-N from March 11, 2008.
5. Other terms used in the Procedure which are not defined above shall be understood as specified in the Law or other legal acts approved on this basis. If not defined therein, such terms shall have the meaning commonly used in business practice, unless otherwise explicitly implied by specific application of the given concept.

CHAPTER 5. AMENDMENTS AND ADDITIONS

6. Edition 04: amendments have been made to sub-paragraph 8 of paragraph 4 of the Procedure.

CHAPTER 6. ANNEXES

7. The Procedure contains the following annexes:
 - 1) Annex 1: Cash transfer order;
 - 2) Annex 2: Transaction execution order;
 - 3) Annex 3: Order on bond auction participation on behalf of the Customer;

	Procedure for provision of brokerage services	Code: Procedure 25-02 Edition: 04 Category: Public Date: March 12, 2021
---	---	--

- 4) Annex 4: Notice on approval/rejection of order on bond auction participation on behalf of the Customer;
- 5) Annex 5: Restrictive conflict of interest policy
- 6) Annex 6: Statement on risk awareness for leveraged transactions, including forex trades
- 7) Annex 7: Questionnaire on the Customer and the Customer's investment knowledge, experience, qualification and investment purposes.


CHAPTER 7. INFORMATION ABOUT THE BROKER

8. The information about the Broker is described below:
 - 1) Full name: ARARATBANK Open Joint Stock Company; short name: ARARATBANK OJSC.
 - 2) Address: 87th Building, N85 Buzand st., Yerevan, 0002.
 - 3) E-mail: araratbank@araratbank.am, brokerage@araratbank.am; website: www.araratbank.am; tel.: +374 10 59-23-23 (Call Center); +374 10 5323-01 (Investment Banking Department).
 - 4) Along with brokerage services, the Broker provides other types of statutory investment services, whether principal or not, and performs banking activities under the full banking license.
 - 5) The Broker is supervised by the Central Bank of the Republic of Armenia, which is located at 6 Vazgen Sargsyan st., Yerevan, tel.: +374 10 592697, website: www.cba.am, e-mail: mcba@cba.am.

SECTOR II. GENERAL PROVISIONS OF BROKERAGE SERVICES


CHAPTER 1. GENERAL PROVISIONS

9. This Procedure shall regulate the relationship between the Broker and the Customer in connection with the services specified in the Agreement and other services described below:
 - 1) ensuring final settlement of transaction in financial instruments,
 - 2) ensuring final settlement for Bonds sold/purchased for Customers at auction,
 - 3) custody services related to brokerage,
 - 4) exchange of currency required for final settlement,
 - 5) margin trading.
10. The Procedure and the Agreement shall constitute integral parts of each other. If the Agreement provides otherwise than the Procedure, the corresponding provision of the Agreement shall prevail. Any amendments and annexes to the Procedure shall be made unilaterally by the Bank, subject to notification of the Customer of such amendment/annex. Publication of the amended Procedure on the Broker's official website shall be deemed a proper notification.
11. Without prejudice to fiduciary obligations to the Customer, the Broker may use an Agent's service without the Customer's acceptance, while providing services to the Customer. The Broker shall have the right to involve other organizations at its own discretion, including persons specializing in securities market, and use the services and TPs provided by other organizations on international and local markets, unless the Customer has stated the preferable mediation which shall be used by the Broker to execute the transaction.

	Procedure for provision of brokerage services	Code: Procedure 25-02 Edition: 04 Category: Public Date: March 12, 2021
---	---	--

CHAPTER 2. INFORMATION PROVIDED TO THE CUSTOMER WITHIN THE FRAMEWORK OF BROKERAGE SERVICES

12. Prior to entering into the Agreement, the Broker shall provide the Customer with the following information:
- 1) information on the Broker and the services provided by the Broker,
 - 2) information on financial instrument,
 - 3) information on trading venue (means) (stock exchange, other regulated or non-regulated markets),
 - 4) costs and charges relating to trades.
13. The information provided to the Customer should enable the Customer to understand the essence of the investment service and financial instrument and the risks associated therewith. This information can be provided to Customers through a standard method, inter alia, in the form of a booklet.
14. The Customer shall be provided with the following information on the Broker and the services provided by the Broker:
- 1) Name of the Broker and contact information;
 - 2) Information on the languages in which the Customer can contact the Broker and receive documents and other information;
 - 3) Means of communication and exchange of information, as well as the procedure for accepting and routing Orders;
 - 4) Grounds on which the Broker is authorized to provide investment services, as well as name and contact details of the competent body which licensed and (or) registered the Broker;
 - 5) Information on the reports submitted to Customers, frequency, terms and procedure for submission thereof;
 - 6) Brief description of the steps taken to ensure protection of the Funds of Customers of the Broker, including investor compensation, fund guarantee or other similar schemes undertaken by the Broker,
 - 7) Brief description of restrictive conflict of interest policy, and, upon the Customer's request, full description of conflict of interest policy (Annex 5).
15. The Broker shall be bound to inform the Customer on the following:
- 1) possibility of booking the Customer's Funds in Securities or Bank accounts opened in the name of the Broker, as well as on risks arising therefrom;
 - 2) possibility of pledging or lending the Customer's Funds on behalf of the Broker;
 - 3) the Broker's liabilities where the Customer's Funds are provided for loan or otherwise used for the benefit of the Broker or another Customer.
16. The Broker shall be bound to provide the Customer with a description of securities and associated risks, clearly stating features as well as associated risks of each type (stock, bond, etc.) of securities.
17. Where the Broker provides the Customer with information about securities being subject of a public offering regarding which a prospectus has been published, the Broker shall inform the Customer on where it was published or can be obtained.
18. Where risks associated with securities are guaranteed by a third party, the Broker shall be bound to provide the Customer with information about the guarantee and the guarantor.
19. The Broker shall be bound to provide the Customer with the following information on possible costs and charges:

	Procedure for provision of brokerage services	Code: Procedure 25-02 Edition: 04 Category: Public Date: March 12, 2021
---	---	--

- 1) Gross amount payable by the Customer for the services rendered by the Broker, including all commissions, expenses, other charges, as well as all tax payments withheld by the Broker as a tax Agent. Where an accurate estimate of costs cannot be provided, the order of calculation should be submitted.
 - 2) Where any part of the gross amount specified in sub-paragraph 1 of paragraph 19 of the Procedure is paid or expressed in foreign currency, the Broker must indicate the foreign currency, the exchange rate and the related expenses.
 - 3) Information on ways of payment, inter alia, amount of commission fees should be presented to the Customer as a single line item.
20. The requirements of paragraphs 14-19 of the Procedure (except for sub-paragraph 2 of paragraph 15 of the Procedure) may not be observed for professional Customers. The Customer shall be deemed professional in the manner prescribed by the RA legislation and this Procedure.


CHAPTER 3. INFORMATION REQUIRED FROM THE CUSTOMER WITHIN THE FRAMEWORK OF BROKERAGE SERVICES

21. The Broker shall request information on the Customer's knowledge and experience in the investment service or securities provided by the Broker to allow assessing whether the investment service or the securities meet the requirements of the Customer. If the Broker, based on the information provided by the Customer, finds that the investment service or the securities provided by the Broker do not meet the requirements of the Customer, the Broker shall warn the Customer either orally or in writing.
22. In the event that the Customer fails to provide the information required by paragraph 21 of the Procedure or provides incomplete information, the Broker shall warn the Customer in writing or orally that the Customer's conduct prevents the Broker from assessing the relevance of the investment service or the securities provided by the Broker to the requirements of the Customer.
23. The Broker relies on the information provided by the Customer, unless the Broker knew or could have known that the information was obviously obsolete, inaccurate or incomplete.


CHAPTER 4. CRITERIA FOR PROFESSIONAL AND NON-PROFESSIONAL CUSTOMERS

24. Prior to entering into the Agreement and providing investment services, the Broker shall classify Customers as professional and non-professional for all brokerage services, or for a transaction, or for a transaction with any type (class) of securities.
25. The following type of Customers shall be deemed professional:
 - 1) Investment companies, branches of foreign investment companies, banks, credit organizations, insurance companies, investment, pension funds and managers of investment companies, as well as legal persons registered in foreign states, that, pursuant to the legislation of the given state, shall be entitled to carry out activities of any person described under this paragraph;
 - 2) The Republic of Armenia, communities of the Republic of Armenia, the Central Bank, foreign states, local self-government bodies of foreign states, central banks of foreign states;
 - 3) International financial organizations, including International Monetary Fund, European Central Bank, European Investment Bank;

- 4) Legal entities which meet at least two of the below-mentioned criteria:
 - a. As of the end of the year preceding the date of entering into the Agreement, the Customer balance sheet value exceeds 500 million Armenian drams,
 - b. The Customer sales turnover (according to RA Tax Code) from the activities of the year preceding the date of entering into the Agreement exceeds one billion Armenian drams;
 - c. As of the end of the month preceding the date of entering into the Agreement (if unknown, as of the month preceding the last month) the total capital of the Customer stands at 50 million Armenian drams.
26. At the Customers' initiative, Customers not mentioned in paragraph 25 of the Procedure, meeting at least two of the criteria mentioned below can be classified by the Broker as professional:
 - 1) The Customer has carried out 10 and more transactions in securities market on an average quarterly basis over four quarters preceding the submission of the application, with the average value of one transaction equaling at least one million Armenian drams;
 - 2) At the time of application submission, the size of the Customer securities portfolio exceeds 100 million Armenian drams;
 - 3) The Customer has at least 2 years of professional work experience in the financial market, which requires knowledge of the services provided to the Customer in which the latter wishes to be classified as Professional.
27. Classification of Customers referred to in paragraph 26 of the Procedure as professional shall be considered valid if the assessment of the Customer's knowledge and experience conducted by the Broker ensures the appropriate capacity and knowledge of the Customer to use the investment services, take investment decisions and understand the risks arising therefrom. Where the Customer is an organization, the Broker shall assess the knowledge and experience of the manager, employee or representative of the organization authorized to conclude transactions on behalf of the organization.
28. The Broker shall be guided by the procedure for qualification and professional eligibility criteria defined by Regulation 4/05 to assess the knowledge and experience of Customers referred to in paragraph 27 of the Procedure.
29. For the assessment of the Customer's capacity and knowledge by the Broker, the Customer shall be provided with a questionnaire consisting of 30 test questions and 60 minutes for its completion. Correct answers given by the Customer to more than 70% of the questions contained in the questionnaire shall be considered a passing score.
30. Based on the test questionnaire completed by the Customer, the Responsible Officer shall prepare same day minutes on results of customer capacity and knowledge assessment signed by the Responsible Officer.
31. Prior to signing the Agreement with a professional Customer, the Broker shall inform the Customer in writing that certain requirements prescribed by normative regulations of the Central Bank of Armenia will not apply to the relationship between the Broker and the Customer, describing the essence of those requirements.
32. Where Customers referred to in paragraph 26 of the Procedure initiate to be classified as professional Customers for any or all of the investment services, or any service or services relating to any transaction or transactions with any type (class) of securities as specified in the Law, the Customer shall submit a written statement to the Broker, containing the following:
 - 1) Consent of the Customer to be classified as a professional Customer for the given service or transaction;

	Procedure for provision of brokerage services	Code: Procedure 25-02 Edition: 04 Category: Public Date: March 12, 2021
---	---	--

- 2) Awareness of the Customer that classification of the Customer as professional for a service or a transaction will imply that certain legislative requirements oriented at customer protection will not apply to the Customer in relation to a certain service or a transaction, thus making the Customer less protected.
33. Prior to concluding the Agreement with professional Customer on Leveraged transactions, including Forex trades, or classifying Customers referred to in paragraph 26 of the Procedure as professional in relation to Leveraged transactions, including Forex trades:
- 1) The Broker shall notify the Customer on the risks associated with these transactions. Enabling access to online TPs to conclude Leveraged transactions, including Forex trades, shall be regarded as an investment service relating to acceptance and routing of Customer Orders on execution of securities trading or as an execution of securities trading on behalf of the Broker or the Customer and at the expense of the Customer;
 - 2) Such Customers shall submit a written statement to the Broker about their awareness of the risks related to leveraged trades, including Forex trades, and the statement submitted by the Customer shall comply with Annex 6 of the Procedure and shall be signed by the Customer.
34. At the initiative of the professional Customer referred to in paragraph 25 of the Procedure, as well as at the initiative of the Broker, subject to the consent of the Customer, it is allowed to treat the professional Customer as non-professional, in which case the legal requirements aimed at protection of non-professional Customers would apply.
35. The Agreement signed between the Broker and the Customer shall contain a provision stating that if the professional Customer considers itself unable to assess and manage the risks arising from investment services or investments, the professional Customer shall request the Broker to be treated as non-professional Customer, which will make the Customer eligible for the legislative requirements applicable to non-professional Customers.
36. The professional Customer shall be classified by the Broker as non-professional in accordance with paragraphs 34 and 35 of the Procedure, based on the Agreement signed with the Broker. The Agreement shall clearly state whether the Customer classification as non-professional applies to all brokerage services, a transaction or transactions with a certain type (class) of securities.
37. When concluding the Agreement with professional Customers referred to in paragraph 25 of the Procedure or when classifying persons referred to in paragraph 26 of the Procedure as professional Customers, the Broker shall make a written inquiry on the consent of Customers to be considered qualified investors. Upon obtaining the Customer's consent, the Broker shall submit an application on qualified investor registration defined by Annex 1 of Regulation 4/06 for the Customer's signature. The application signed by the Customer shall be submitted by the Broker to the Central Bank of Armenia (at the address provided by the Central Bank) via CBANet system within 1 working day from the date of signing. In case of failure of the CBANet system, the application shall be submitted by means of magnetic or electronic media, with an attached note on failure.
38. Professional Customers, who have signed an application on qualified investor registration in accordance with paragraph 37 of the Procedure, in order to deregister from the Registered Qualified Investors Database defined by Regulation 4/06, shall sign and submit to the Broker an application on termination of registration in the Registered Qualified Investors Database defined by Annex 2 of the Regulation 4/06. The Broker shall submit the signed application electronically to the Central Bank as prescribed by paragraph 37 of the Procedure, without any delay, but not later than within 1 working day from the date of receiving the signed


	Procedure for provision of brokerage services	Code: Procedure 25-02 Edition: 04 Category: Public Date: March 12, 2021
---	---	--

application from the professional Customer.

39. The Broker shall immediately notify the Central Bank of termination of the status of professional Customer and cancellation of the Professional Customer Agreement referred to in sub-paragraph 4 of paragraph 25 of the Procedure (only for Customers who have given consent to the Broker to be considered qualified Investors according to paragraph 37 of the Procedure) not later than within 1 working day upon termination of professional status (or upon termination of the Agreement in case of professional Customers referred to in sub-paragraph 4 of paragraph 25 of the Procedure). The notification shall be submitted electronically in the manner prescribed by paragraph 37 of the Procedure and shall include official name of the Broker, name, surname and patronymic of the Customer (official name, legal form of organization), social security number of the Customer or, in the absence thereof, other identification document number (taxpayer identification number), date of termination of the professional status of the professional Customer (or date of termination of the Agreement in case of Professional Customers referred to in sub-paragraph 4 of paragraph 25 of the Procedure), grounds for termination (cancellation of the Agreement).
40. In accordance with Regulation 4/06, the Broker shall send an electronic notification to the Central Bank on changes in data received from its professional Customers within 1 working day in the manner prescribed by paragraph 37 of the Procedure.

CHAPTER 5. GENERAL PRINCIPLES OF PROVISION OF BROKERAGE SERVICE

41. The Broker shall execute the Customer's Orders or route them for execution to third parties only in cases where there are sufficient Funds and securities in the Customer's accounts for settlement of transactions per Customer's Orders and discharge the Customer's liabilities to the Broker, except when an Order for Margin trading is executed or routed/transferred for execution, which shall be subject to a separate agreement. The balances of Brokerage accounts and brokerage securities accounts opened with the Broker in the name of the Customer for executing brokerage transactions with financial instruments shall be considered to execute brokerage transactions in international markets, and the balances of the Customer's Brokerage, Bank and Securities accounts –in the RA securities market.
42. The acceptance, execution and routing for execution of Orders shall be rejected if:
- 1) the form and content thereof do not comply with the Agreement and/or the Procedure;
 - 2) the Order has not been submitted in the manner prescribed by the Agreement and/or the Procedure;
 - 3) as a result of performing the actions defined by the Agreement and the Procedure, the Broker has reasonable doubts as to the eligibility for such submission of the person submitting the Order;
 - 4) in the case defined in paragraph 91 of the Procedure;
 - 5) agents refuse to accept for execution and/or to execute the Order submitted by the Customer and transferred thereto by the Broker, taking into account the lack of ability to conclude/execute transactions in certain markets and TPs;
 - 6) due to any cause beyond the Broker's control, it has become objectively impossible for the Broker to execute or route the Order for execution;
 - 7) obstacles and restrictions rendering the execution of the Order impossible are defined or applied by the relevant TPs or Agents.
43. When using brokerage services, the Customer shall be obliged to:

	Procedure for provision of brokerage services	Code: Procedure 25-02 Edition: 04 Category: Public Date: March 12, 2021
---	---	--


- 1) timely submit to the Broker the documents defined by the Broker for the opening of the Securities account and for the implementation of other custodial operations by the Broker under the Agreement,
- 2) immediately notify the Broker of any change in the data contained in the information/documents provided under the Brokerage Agreement and the Procedure within 2 working days of such change.

CHAPTER 6. ACCEPTANCE OF BROKERAGE ORDERS AND EXECUTION THEREOF

44. In order to conclude a Transaction, the Customer shall submit to the Broker an Order containing the essential terms of the Transaction. The Order may indicate the type of the Order as well as terms of validity (validity for execution) of the Order, in days (date) or until withdrawal. Should the Order not specify the type of the Order, it shall be considered a Market Order. Should the Order not specify the term of validity of the Order, it shall be deemed valid until the end of the first TP Session held at the time of submitting the transaction Order or after the submission thereof. The basis for concluding transactions shall be paper-based Order (Annex 2), as well as Orders containing the essential terms of the Transaction submitted by e-mail, via the Bank-Customer system, MobileBank application or by phone.
45. The Customer may submit the Order in written or non-written form.
46. A written Order shall be submitted by the Customer by e-mail (subject to mandatory confirmation by the Customer by phone), via the Bank-Customer system, MobileBank application, and on paper at the option of the Customer.
47. Where a non-written Order is submitted, the Responsible Officer authorized to accept the Order shall complete the form for the Order based on the data received in a non-written form not later than close of business on the day of its receipt, stating his full name and the exact time of receipt (not the date of completion of the form). In such case, it should be specified in the Order that it has been submitted by the Customer in a non-written form.
48. When submitting an Order by e-mail (subject to mandatory confirmation by the Customer by phone), the Bank-Customer system or the MobileBank application, the Customer acknowledges that, given the technical and other circumstances beyond the Broker's control, the Order may not reach the Broker, arrive late, be sent by unauthorized third parties, or become known to the latter by other means, including network failures, unauthorized access to network, unauthorized use of passwords and other means and methods. The Customer realizes that the Broker shall be in no way liable for the damages incurred by the Customer as a result of the events referred to in the present paragraph, and the Customer's Order received from the e-mail address specified in the Agreement shall be deemed by the Broker as received from the Customer subject to mandatory confirmation by the Customer by phone.
49. When submitting the Order via electronic communication, the Customer can ascertain that the Broker has received the Order by having a phone conversation with the Broker's authorized representative.
50. Telephone-based Orders shall be recorded by the Broker subject to the Customer's consent to the recording of its communications with the Broker. When accepting an Order over the phone, the Responsible Officer shall be entitled to asking questions required to verify the identity of the person who has made contact therewith, including the Agreement prerequisites and other questions necessary for the Customer's identification, and shall accept the Order only upon due identification of the Customer. The Broker, using

appropriate technical means, shall register the fact of submission of the Order by the Customer and confirmation of the content thereof, including the time of submission, with the year, month, day, hour and minute completed sequentially. Moreover, the technical means used by the Broker shall protect the registered information from any changes.

51. When submitting an Order by phone, the Customer shall read out the terms stipulated in Paragraph 50 of the Procedure, which shall be repeated by the Responsible Officer, and the Customer shall confirm the fact that the Responsible Officer has correctly understood the terms of the Order by pronouncing "I confirm".
52. When submitting a paper-based Order (Annex 2), the Customer shall provide the Order in 2 copies, one of which shall remain with the Broker, while the other copy marked "Accepted" and signed by the Responsible Officer authorized to accept the Order shall be returned to the Customer via postal mail, in person or by e-mail (the Order returned by e-mail must be scanned and attached to the e-mail). The Order submitted by the Customer via e-mail, the Bank-Customer system or MobileBank application shall be provided in one copy, which shall remain with the Broker, and the Customer shall be notified of the acceptance of the Order via e-mail.
53. The Broker shall have the right to refuse to accept the Customer's Order:
 - 1) in case of doubt of inconsistency or lack of identification documents and data received from the Customer or its authorized person,
 - 2) in case of non-compliance of the submitted Order with the requirements of the RA Legislation and the Procedure.
54. The Customer shall have the right to send a notice of revocation of the submitted Order. The notice shall be accepted for execution if the request or offer for the transaction on the Revoked Order has not yet been satisfied and/or accepted by the Broker. The notice of Order revocation shall be deemed accepted from the moment it reaches the Responsible Officer of the Broker. If the Order Transaction is concluded during the period from the moment of receiving the Customer's notice of revocation until the Broker confirms the revocation of the request for transaction from the respective TP, the notice of revocation shall not be executed by the Broker.
55. The Broker shall have the right to reject to execute the accepted Order if upon acceptance of the Order, the funds in the Customer's accounts (except for Margin trading) are found to be insufficient to fulfill the Order and collect charges for fulfilling that Order. The Broker shall have the right to acceptance-free write-off of amounts from the Customer's accounts at the time of the transaction execution or at any time thereafter. Moreover, the Order may not be executed if the Funds in the Customer's accounts are encumbered by rights of other persons or are blocked.
56. In case of refusal to execute the Order, the Broker shall immediately notify the Customer by e-mail or phone.
57. Depending on the type of market (stock exchange, over-the-counter, regulated or non-regulated) and location, nature of the transaction and timelines for execution, the Broker may define in writing the deadlines for submission and revocation of the Order, and the Order or notice of revocation submitted in violation thereof shall not be executed. Definition of these deadlines shall be integral to the Procedure and shall be binding on the parties.
58. Where there are minimum quantity/volume limits defined for financial instruments purchased/sold by TPs or Bank Agents based on one Order, these limits shall also apply to the Customer's Orders, of which the Broker shall inform the Customer.
59. The Customer acknowledges that the scope of financial instruments subject to purchase by corresponding


	Procedure for provision of brokerage services	Code: Procedure 25-02 Edition: 04 Category: Public Date: March 12, 2021
---	---	--

Orders, volume of Transactions, deadlines for submission of Transaction Orders shall be limited by the list of securities, volume limits and terms of Order submission (execution) defined by the Agents and TPs that ensure the execution of Transactions. In any case, the Broker shall accept Orders during the Operating Day, and the Market Order submitted in the period between the closing and opening of Trading Sessions in the given TP shall not be subject to execution or transfer for execution.

60. The Order for execution of brokerage operation with financial instruments permitted to trade in the RA regulated market shall be concluded by the Broker on the Exchange in terms set by rules thereof, while the non-resident bond transactions shall be concluded under the rules of the respective market.
61. With a view of protection of Customers' interests and execution of transactions at the best price, government bonds can be traded on the Exchange and over the counter.
62. In the event of a conflict between the Broker's and the Customer's interests, the Broker shall give priority to the Customer's interests, guided by a Fiduciary obligation.
63. The Customer may submit an Order on Margin trading by e-mail (subject to the Customer's mandatory confirmation by phone), via the Bank-Customer system, MobileBank application, and to that effect, borrow cash or securities loan from the Broker in accordance with the terms of a relevant complimentary agreement concluded with the Broker (u).
64. Securities shall be traded on Delivery versus Payment (DVP) or Free Delivery basis.
65. The Orders submitted by the Customer and approved by the Broker shall be the basis for entering transactions and making accounting entries into the Bank's "Operating Day" program.

CHAPTER 7. PARTICIPATION IN BOND PLACEMENT AND BUYBACK AUCTIONS

66. In case the Customer wishes to participate in the Auction, the Customer shall submit the Order on Bond Auction participation (Annex 3) to the Broker by 10:30 of the Auction Day, providing a respective amount of funds on the Customer's cash account opened in the Bank or, in case of a buyback auction, bonds of respective volume (quantity) on the Customer's depo account opened in the Bank.
67. The Officer accepting the Customer's Order on Bond Auction participation shall take measures to freeze the amount transferred to the Customer's account for Auction participation or the bond volume/quantity in case of Bond buyback until the Exchange informs the Broker about the auction results.
68. The Broker shall enter the information contained in the Order submitted by the Customer into the relevant system facilitating the organization of Auctions at the Exchange.
69. Immediately upon receipt of a notice on the Auction results from the Exchange, the Broker, on the basis of the notice received, shall fill in the notification of the results of the Customer's Order on Bond Auction participation (Annex 4), which shall be sent to the Customer's e-mail address or provided thereto in person.
70. The notification of the results of the Customer's Order on Bond Auction participation shall be the basis for entering transactions and making accounting entries into the Bank's "Operating Day" program.


	Procedure for provision of brokerage services	Code: Procedure 25-02 Edition: 04 Category: Public Date: March 12, 2021
---	---	--

CHAPTER 8. REGISTRATION OF ORDERS SUBMITTED BY THE CUSTOMER

71. The Broker shall keep a register of Orders submitted by the Customer.
72. Registrations shall be made not later than close of business on the day of receipt of the Order, or immediately upon receipt of the Order in case of the Auction.
73. Registration of each Order submitted by the Customer shall include information on at least the following issues:
 - 1) Customer name, surname (official name) and (or) Customer identification number;
 - 2) Type of transaction (purchase, sale) specified in the Order submitted by the Customer;
 - 3) Nature of Order submitted by the Customer where the type of transaction specified therein is not a purchase or sale (securities subscription order, Derivative execution Order, etc.);
 - 4) Type of Order issued by the Customer (market, limit, etc.);
 - 5) Distinctive code of securities (or, in the absence of the code, name of issuer/securities, type of securities, or, in case of derivative instrument, the description thereof);
 - 6) Number of securities (or nominal volume in case of volume securities);
 - 7) Price per unit (not to be completed in case of volume securities);
 - 8) Total volume;
 - 9) Special instructions given by the Customer (if any);
 - 10) Exact time of Order submission, with the year, month, day, hour and minute completed sequentially;
 - 11) Name and surname of the Responsible Officer registering the Order.
74. The Order submitted by the Customer may be registered electronically.


CHAPTER 9. SPECIFICITIES OF MARGIN TRADING AND DERIVATIVES TRANSACTIONS

75. Terms and specificities of Brokerage services with Margin trading shall be defined by a complimentary contract concluded between the Broker and the Customer, forming (if concluded) an integral part of the Agreement, and the Terms of the Procedure shall apply to the contract insofar as they are not contrary to the provisions thereof.
76. Brokerage Services with Derivatives shall be provided according to the terms and restrictions defined by TPs and Agents organizing trade in such derivatives.
77. Where the Customer's position in transactions with certain Derivatives is open, and the Funds on the Customer's Account are not sufficient to fulfill the obligations arising from Derivative execution at the Fund Availability Time in the given TP, the Broker shall be hereby entitled to close the Customer's open position in relation to the Derivative by selling/buying the Derivative. Likewise, even if at the Funds Availability Time there are sufficient Funds on the account, the Broker shall be entitled to reject and not transfer for execution any Order of the Customer in the period between the Funds Availability Time and closing of the open position by the Broker or the actual execution of the Derivative, if the trade value of the Transaction exceeds the difference between the total balance of Funds on the Customer's Account and the amount necessary to execute the Transaction.

	Procedure for provision of brokerage services	Code: Procedure 25-02 Edition: 04 Category: Public Date: March 12, 2021
---	---	--

CHAPTER 10. FUNDS ACCOUNTING, CUSTODY AND FINAL SETTLEMENT OPERATIONS

78. Based on the Application to be completed by the Customer (Annex 7), the Broker shall open Brokerage and/or Bank accounts for the Customer to perform brokerage transactions. The Customer's securities intended for provision of services by the Broker or received as a result of such services shall be transferred to Securities accounts opened and serviced in accordance with the Custody Agreement between the Broker and the Customer.
79. The Customer's funds intended for provision of services by the Broker or received as a result of such services shall be transferred by the Broker to the Brokerage or Bank accounts of the Customer after final settlement or based on written Order of the Customer (Annex 1).
80. The difference between the balance on the Brokerage or Bank Accounts (to the extent that it is not encumbered by the accepted or executed Order, the Bank's or third party rights) and amounts payable to the Broker under the Agreement shall be the open-ended liability of the Broker to the Customer.
81. No interest shall be paid or charged by the Broker for the balance on the Brokerage accounts. Any transaction by the Brokerage account of the Customer shall be limited to the following:
- 1) Transfer of amounts from the Brokerage account to the Bank account of the Customer with the Broker or other banks;
 - 2) Crediting of amounts from the Customer's Bank account,
 - 3) Operations required to perform Final Settlement in accordance with the Agreement and the Procedure.
82. Transactions shall be executed based on respective Orders (Annex 2) of the Customer. The Order shall be considered an instruction to execute a transaction through the Brokerage account to appropriate extent. The operations specified in sub-paragraphs 1 and 2 of paragraph 81 of the Procedure shall be executed in accordance with the Bank's internal regulations within 3 operational days upon submission of the respective Order.
83. The Brokerage and Securities accounts can be debited without the Customer's Order subject to the existence of a valid and effective court judgement, as well as in other cases defined by law and the agreements signed between the Customer and the Broker.
84. Transactions on the Brokerage account may be executed by the same persons authorized to submit Orders under the Agreement.
85. The Customer hereby gives its consent to the Broker to use, including to pledge, the funds transferred to and received by the Broker under the Agreement for its own (the Broker's) benefit, without prejudice to the latter's fiduciary obligations to the Customer. The Broker can keep the Funds of the Customer on bank (correspondent) and/or other cash accounts opened in the name of the nominee and/or the Broker with other (including foreign) financial institutions, pursuant to the RA legislation or the transaction jurisdiction and agreements concluded in accordance with such legislation. While executing operations, the Broker shall be authorized to combine the Customer's funds with other Customers' funds and the Broker's own funds, however, at all times subject to separate book-keeping of the funds of the Customer, other customers and the Broker's own funds by proper maintenance of internal accounting system.
86. Custody services, payment and settlement operations related to provision of brokerage services under the Agreement, as well as transactions by Securities accounts shall be regulated by the respective Custody Service Agreement, the Procedure for Securities Custody, approved by the Bank Executive Board Resolution No. 168/02L from April 17, 2019, the present Procedure and other internal regulations of the Broker. The


	Procedure for provision of brokerage services	Code: Procedure 25-02 Edition: 04 Category: Public Date: March 12, 2021
---	---	--

Customer's securities for sale acquired during the provision of brokerage services shall be recorded in Securities accounts opened by the Broker for the Customer under the Custody Service Agreement.

87. An Order to execute a transaction, given in line with the Procedure, shall be also an instruction to perform a relevant operation by the Customer's accounts, including operation in terms of the Custody Service Agreement, in particular:
- 1) acceptance/crediting of securities and funds to the account,
 - 2) transfer/debiting of securities and funds from the account,
 - 3) blocking/pledging of securities and funds in favor of third parties and/or the Broker.
88. The Customer can also submit an Order to the Broker to execute a transaction (crediting, debiting, transfer, blocking, etc.) by its Securities accounts not related to any brokerage operation Order. In such cases the Order on custodial operation shall be submitted in the manner and terms prescribed by the Custody Service Agreement.
89. For the purposes of the Procedure, Final Settlement shall mean performance of the Customer's liabilities as a result of transactions executed by the Broker based on the Order and acceptance of performance by the counterparty, in particular:
- 1) acceptance, registration and transfer of securities;
 - 2) transfer, acceptance and registration of funds, replenishment of floating balance with Derivatives;
 - 3) currency conversions required to complete the transactions specified in sub-paragraphs 1 and 2 of paragraph 81 of the Procedure.
90. If the currency of Brokerage Accounts differs from the currency required to ensure final settlement for transactions executed based on Orders, or if the Customer's balance on the account in transaction currency is not sufficient, the Broker shall convert the amounts into the currency required for final settlement of the transaction at the currency exchange rate established by the Bank or the Customer as at the date of the final settlement.
91. If the CBA does not define exchange rates for the currencies required to complete final settlement of the transaction, the Broker may refuse to execute/route the Order for execution.
92. The Broker shall perform final settlement without further instructions received from the Customer. The Customer shall ensure that at all times there are sufficient Funds on the accounts opened in the name of the Customer as defined by the Procedure. The obligation referred to in this paragraph of the Procedure shall not refer to Margin Trading in which case the Customer shall nonetheless ensure the availability of Funds on its accounts to secure the Customer's liabilities before the Broker in accordance with the complimentary contract on Margin Trading.

CHAPTER 11. BROKER'S COMPENSATION

93. The Broker shall charge fees for provision of services in accordance with the brokerage service tariffs defined by the Broker.
94. The fees may be unilaterally altered by the Broker, in which case they shall become effective on the date of notification of the Customer of such alterations or publication thereof at the official website of the Broker.
95. The Customer shall be bound to reimburse all operational expenses of the Broker related to execution or routing for execution of the Customer's Orders, which may arise due to the need to involve third parties to ensure execution of transactions and final settlement, in particular, fees charged by TPs and/or other


	Procedure for provision of brokerage services	Code: Procedure 25-02 Edition: 04 Category: Public Date: March 12, 2021
---	---	--

intermediaries from Agents (except for regular commission fees charged in accordance with agreements concluded between the Broker and the Agents), which vary by TP, type and value of transaction, etc. Such expenses shall be bound to be included among the charges for provision of brokerage services. The reports submitted to the Customer shall reflect both the specified expenses and charges and deductions made by the Broker for reimbursement of such expenses.

96. Where the Broker acts also as the Customer's tax Agent in accordance with the legislation, the Broker shall charge and transfer the applicable taxes payable by the Customer.
97. The Broker shall charge the fees, expenses, interests, fines and penalties and any other amounts payable by the Customer to the Broker under the Procedure and the Agreement out of the Customer's Funds and/or write off the required amounts from the Customer's accounts on an acceptance-free basis, and the Customer shall ensure the availability of sufficient funds on the accounts. Immediately upon execution or routing for execution of the brokerage transaction Order, the Broker shall debit the funds from the Brokerage account. Where the funds on the Brokerage account in the respective currency are not sufficient, the amounts shall be debited from Brokerage accounts or the Customer's Bank accounts in other currencies. Fees set for brokerage operations in the RA securities market shall be collected from the Customer's Bank accounts.
98. The brokerage operations executed by the Broker in international markets do not include fees (except for clearing fees) charged by parties other than the Agents of the Broker (TPs, stock exchanges, custodians, etc.). All such fees, if payable, shall be debited from the Customer's Funds.
99. In response to the request of the Customer, the Broker shall provide sources of information related to the fees referred to in paragraph 98 of the Procedure.

CHAPTER 12. REPORTING

100. The Broker shall submit to the Customer status reports (per transaction) and regular monthly reports (in case of transactions in international markets) by e-mail and/or, upon the Customer's written request, on paper, relating to the opening balance (position), turnover and closing balance (position) of the Customer's account, as well as transactions with the assets (cash and securities) of the Customer and turnover of Funds, except for reports on transactions executed through TP, which shall be submitted to the Customer via the System subject to the Customer's consent.
101. In case of any change in the Customer's Securities account opened in the Depend system within the frames of provision of securities transaction services at the Exchange, the reports shall be provided to the Customer in the manner prescribed by the Rules on Operating Unified System of Securities Registration and Settlement of the Central Depository of Armenia OJSC.
102. The Broker shall submit to the Customer the reports on transactions concluded in international markets referred to in paragraph 100 of the Procedure according to the following timelines:
 - 1) Monthly reports: by the 15th day of the month following the reporting month;
 - 2) Status (per transaction) reports: by the end of the Operational Day following the day of transaction. In the event of failure of TP system or change of TP terms, reports generated by TPs may be submitted at a later date (but at the earliest opportunity).
103. The Broker shall provide the Customer with a report as defined in paragraph 102 of the Procedure upon the Customer's request for any particular period specified therein within 3 days following the date of submission of such request. One monthly report on request shall be provided to the Customer free of charge.

	Procedure for provision of brokerage services	Code: Procedure 25-02 Edition: 04 Category: Public Date: March 12, 2021
---	---	--


104. The monthly report as defined by paragraph 102 of the Procedure shall be deemed accepted if no objection thereto is submitted in writing within 5 days of its receipt.
105. The status report as defined by paragraph 102 of the Procedure shall be deemed accepted if no objection thereto is submitted in writing within 2 days of its receipt.

CHAPTER 13. TERMS FOR EXCHANGE OF INFORMATION AND COMMUNICATION

106. The Broker and the Customer shall exchange information by phone, e-mail, Bank-Customer system, MobileBank application, personal delivery of original documents with acknowledgement of receipt by signature. The Customer acknowledges that any of the above mentioned means shall be a reliable communication channel, however, the exchange of information shall be maintained primarily via e-mail, Bank-Customer system, and MobileBank application.
107. The paper flow and exchange of information shall be maintained in Armenian, however, upon the Customer's request, the paper flow and exchange of information relating to the provision of brokerage services may be performed in English and/or Russian languages in accordance with the Agreement.

CHAPTER 14. LIABILITY

108. The Broker and/or the Customer shall be liable for proper performance of their obligations under the Agreement and shall be bound to compensate the damage caused to the other party in case of breach of those obligations.
109. The Broker and/or the Customer shall be liable for the credibility of representations and warranties stated by them and undertake to indemnify any and all losses the other Party or a third party may incur if the stated representations and warranties are found to be untruthful or inaccurate. Neither Party shall be liable for failure or default in performance under the Procedure (Agreement), if such failure or default has been caused by untruthfulness or inaccuracy of the representations or warranties of the other Party under the Agreement.
110. In any case, the liability of the Broker to the Customer shall be limited to the amount of actual loss incurred by the Customer, caused deliberately or by negligence as a result of transactions executed by the Broker in violation of the Customer's Orders or non-execution of Orders in the absence of a legal basis specified under the Procedure.
111. The Broker shall not be liable for losses caused to the Customer by insolvency or bankruptcy of third parties, including Agents (sub-commissioners) and entities engaged as custodians to maintain the Customer's Funds as well as by non-fulfillment or improper fulfillment of the obligations to execute transactions, if the Broker did not know and could not have known of the existence or imminence of such circumstances.
112. The Customer shall indemnify any and all losses incurred by the Broker as a result of claims raised by third parties in connection with provision of services under the Agreement and the Procedure. The Customer shall be released from liability only in case such claims of third parties are based on unlawful actions of the Broker not induced by the Customer's actions, including Orders.
113. The Customer shall bear the risk of non-fulfillment or improper fulfillment of liabilities by the counterparty under the transactions executed upon the Customer's Orders. The Broker shall make every effort to require proper performance from such parties, however, the Broker shall give no guarantees and shall bear no liability in this respect.

	Procedure for provision of brokerage services	Code: Procedure 25-02 Edition: 04 Category: Public Date: March 12, 2021
---	---	--

114. The Customer hereby acknowledges that, considering that execution of transactions outside the Republic of Armenia takes place on regulated markets through and by a chain of Agents, the Broker shall only route the Orders for execution to the Agents who, in turn, may transfer them to other intermediaries. The Customer acknowledges that the Broker cannot exercise reasonable caution in the choice of such intermediaries, and the Broker shall therefore not be held liable for non-fulfillment of liabilities by third parties under the transactions executed based on the Orders. The Broker shall be deemed to have failed to exercise reasonable caution only if, having the possibility to select Agents to execute or route Orders for execution, the Broker has selected a person whose bankruptcy or insolvency or the imminence thereof was known to the Broker at the time of such choice.
115. The Broker shall also bear no liability in cases when the Order or other Notice is delivered to the Broker on behalf of the Customer, but by an unauthorized third party, if the Broker has taken all reasonable actions to try to identify such third party, following which it has not become clear or evident that the Order has been submitted by a person with no such authority.
116. Where the Customer has lost its identity document, including the code card, or the code has become known to third parties, including the Customer's employees not authorized to submit Orders, the Customer shall give immediate notice thereof to the Broker by reliable means of communication specified in the Procedure, in which case the Customer, upon its request, shall be provided with a new identity document and a code card. Any Order submitted on behalf of the Customer prior to the notice shall be deemed by the Broker to have been submitted by the authorized person of the Customer if the details provided by the person submitting the Order match with the Customer identification data. The Broker shall bear no responsibility to the Customer for losses suffered by the latter as a result of Orders submitted by unauthorized persons and executed by using the Customer's identification data.
117. The Broker shall bear no liability for non-performance or improper performance of final settlement by Customer Funds due to actions or inaction of TPs or counterparties of the Transaction regardless of the reasons, as well as for any loss incurred by the Customer as a result of technical failure or breakdown (including when the service was provided to the Customer via the TP, and the loss was caused by failure of the System), unless it is proved that such failure/breakdown or loss was caused by deliberate actions and/or inaction of the Broker.


PART III. RESPONSIBILITY FOR INFRINGING THE REQUIREMENTS OF THE PROCEDURE. FINAL PROVISIONS

CHAPTER 1. RESPONSIBILITY FOR INFRINGING THE REQUIREMENTS OF THE PROCEDURE

118. Employees of the Broker involved in the processes stipulated by the Procedure shall be held responsible for inaccurate and improper implementation of job responsibilities assigned to them under the Procedure, internal regulations of the Bank, labor contracts and agreements of financial liability.

CHAPTER 2. FINAL PROVISIONS

119. Customers may submit complaints and suggestions to the Broker regarding the results of brokerage

	Procedure for provision of brokerage services	Code: Procedure 25-02 Edition: 04 Category: Public Date: March 12, 2021
---	---	--

operations in written or oral form, by registered mail, e-mail, in person or by information phone line. Responses to complaints and suggestions submitted, supervision and responsibility therefor, forms and deadlines for submission of reports to the Executive Board and the Board of Directors of the Broker are defined by the Procedure for examination of complaints/proposals submitted by Customers, approved by the Bank Board Resolution No. 13/01-01L from May 15, 2020.

120. The Deputy CEO of the Bank, coordinating performance of functions, shall control, and the Internal Audit Department shall supervise the implementation of the provisions stipulated by the Procedure.