

Approved
by the shareholders' extraordinary general meeting
of the “APRICOT CAPITAL” Closed joint stock Company
Executive Director Vachik Gevorgyan



20 September 2022

APRICOT CAPITAL
CLOSED JOINT STOCK COMPANY

RULES

FOR SAFEKEEPING AND PROTECTION OF CUSTOMERS FUNDS

YEREVAN 2022



1. SECURITIES AND FUND PROTECTION FOR CUSTOMERS

1.1. "APRICOT CAPITAL" CJSC (hereinafter referred to as the Company) with the aim of protecting the interests of Customers in relation to their securities and funds is required to:

- 1.1.1. Keep the information, uphold records, and manage accounts to ensure the immediate and distinct separation of each Customer's funds from those of other Customers, as well as from the Company's own funds,
- 1.1.2. Keep the information and manage records and accounts in a manner that guarantees accuracy and adherence to the funds and securities entrusted to its possession and/or management by Customers,
- 1.1.3. To systematically conduct comparisons and make necessary adjustments between the accounts, information, and records related to the Customer's funds under its custody and the entities holding the Customer's funds.
- 1.1.4. To guarantee that the securities of any Customer held by a third party can be distinctly separated from the securities owned by the Company and from the securities of the third party. This separation should be achieved through different securities account names or through other methods that offer an equivalent level of protection. The requirement specified in this clause in the event of the Company transferring government bonds owned by its Customer to a sub-custodian of government bonds, provided that establishing separate (differently named) accounts for the Company's securities and its Customers' securities with the sub-custodian of government bonds is impractical.
- 1.1.5. Take the necessary organizational measures to manage the risk of loss of customer funds or rights related to customer funds as a result of fraudulent or unauthorized use of customer funds, fraud, incomplete accounting or negligence.

2. SAFEKEEPING OF CUSTOMER SECURITIES

2.1. The Company is authorized to hold the Customer's securities in the account(s) opened for the Customer with a third party. The Company is committed to acting in good faith, exercising best efforts, due diligence, and care in the selection, appointment, and

regular assessment of third-party and securities custody procedures. During the selection and appointment of third parties, the Company is required to consider the experience and reputation of the third party, as well as comply with legal requirements regarding the custody of Customer securities and business practices. This is done to mitigate any potential negative impact on the rights of the Customers.

- 2.2. If the Company intends to keep the Customer's securities with a third party in a country where there are specific requirements and controls for the custody of securities belonging to other individuals, the Company is not authorized to hold the Customer's securities with a person operating in that country who is not subjected to such requirements or controls.
- 2.3. The Company is prohibited from keeping the Customer's securities with a third party located in another country where the custody of securities belonging to other individuals is not regulated, unless at least one of the following conditions is satisfied:
 - 2.3.1. The nature of the securities or the investment services related to them necessitates that these securities be held by a person located in that country,
 - 2.3.2. The securities are owned by a Customer classified as a professional, who has provided the Company with written instruction or consent to hold their securities with a person in that country.

3. SAFEKEEPING AND MANAGEMENT OF CUSTOMER FUNDS

- 3.1. The Company is required to keep the Customer's funds in one or more accounts opened with any commercial bank.
- 3.2. The Company is obligated to keep its own funds and the Customer's funds in distinct bank accounts. The contract for the bank account established for Customers' funds explicitly specifies that this account is designated for the accounting of funds belonging to the Company's Customers.
- 3.3. When selecting a commercial bank to keep the Customer's funds, the Company must act in good faith, exercising due diligence and care, with a primary focus on the best interests of the Customer. The Company should consider the experience and reputation of such a commercial bank, its rating, as well as legal requirements and market practices related to the protection of customer funds. This is done to ensure the

necessary protection of customer rights and to prevent any potential adverse impact on the customer's rights. Moreover, if the Company chooses a foreign bank to keep the Customer's funds, written consent from the Customer is required unless the rating of the chosen foreign bank is not lower than "BBB-" in Standard & Poor's "BBB" group, "Baa3" in Moody's "Baa" group, "B+" in A.M. Best's "B" group, "BBB-" in Duff & Phelps' "BBB" group, "B-" in Weiss "B" group, or "BBB-" in Fitch's "BBB" group.

4. POSSESSION AND MANAGEMENT OF CUSTOMER SECURITIES

- 4.1. The Company is prohibited from conducting securities financing transactions involving securities owned by the Customer or manage these securities for its own benefit or the benefit of its other Customers, except as specified in clauses 4.2 and 4.3.
- 4.2. The Company is permitted to utilize the Customer's securities only under the following conditions:
 - 4.2.1. The Customer has previously provided written consent, specifying the terms of use. This consent may be incorporated into the investment services contract concluded with the Customer.
 - 4.2.2. The use of the Customer's securities shall be limited only to the terms specified by the Customer.
- 4.3. The Company is permitted to conduct securities financing transactions with the Customer's securities held in a consolidated account or a similar account with a third party. Additionally, it may use or possess the Customer's securities held in such an account for the benefit of itself or its other Customers. This is contingent upon the fulfillment of conditions outlined in Clause 4.2 and the Company having a suitable control system. The control system ensures that only the securities of customers who have given their consent in accordance with Sub-Clause 4.2.1 of Clause 4.2 are used in the manner specified in Sections 4.2 and 4.3.
- 4.4. The Company is required to keep accurate accounting records for customers whose securities have been utilized with their consent and in accordance with the terms specified by them. Additionally, it must document the quantity of securities used for each customer.

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5. FINAL PROVISIONS

5.1. These rules, amendments, and additions are approved by the meeting of the Company's shareholders (unless otherwise specified by the Company's Charter) and become effective upon approval by the meeting.