

“Approved”

State Committee for Securities of the
Republic of Azerbaijan
Resolution № 30-q
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Chairman

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Regulations on issuance, state registration and circulation of depository receipts

1. General provisions

- 1.1. These Regulations have been prepared in accordance with Article 997.4 of the Civil Code of the Republic of Azerbaijan (hereinafter - the Code) and determine the procedure for issuance, state registration and circulation of depository receipts.
- 1.2. The main terms used in these Regulations are as follows:
 - 1.2.1 Depository receipt - a security that certifies an underlying asset right (foreign issuer security) and entitles an owner to claim foreign issuer securities being an underlying asset of the specified receipt and rights confirmed by them from the issuer which issued them;
 - 1.2.2 underlying asset - shares or bonds issued by a foreign issuer;
 - 1.2.3 foreign issuer - a legal entity registered outside the Republic of Azerbaijan that issues underlying assets;
 - 1.2.4 foreign depository - a foreign entity that keeps records of rights to securities, which are the underlying asset of depository receipts.
- 1.3. Issuance of depository receipts shall be carried out by the central depository.
- 1.4. Securities of foreign issuers with a long-term credit rating of at least BBB (according to classification of rating agencies like Standard & Poor's and Fitch), Baa3 (according to Moody's) or credit ratings of other rating agencies equivalent to these ratings can serve as an underlying asset of depository receipts.

2. State registration of depository receipts

- 2.1. The State Committee for Securities of the Republic of Azerbaijan (hereinafter - the "Committee") shall register the issuance of depository receipts and approve their issue prospectus.
- 2.2. The issuer shall submit the following documents to the Committee for the state registration of issue of depository receipts and approval of their issue prospectus:
 - 2.2.1. application for registration of depository receipts;
 - 2.2.2. issue prospectus of depository receipts approved by the central depository and the foreign issuer or the owner of the underlying asset (when the underlying asset is provided by its owner) depending on the type of underlying asset and taking into account the "Regulations on requirements for the issue prospectus and information memorandum" and paragraph 3.3 of these Regulations;

- 2.2.3. decision of the central depository on issue of depository receipts adopted in accordance with paragraph 3.2 of these Regulations;
 - 2.2.4. a document evidencing existence of the underlying asset;
 - 2.2.5. a copy of the inter-depository agreement concluded between the central depository and the foreign depository;
 - 2.2.6. agreement on issuance of depository receipts concluded in accordance with Article 4 of these Regulations.
- 2.3. The Committee shall review the documents submitted to it in connection with state registration of depository receipts and approval of the issue prospectus within 20 (twenty) business days from the date of their submission. Unless there are grounds for the refusal of the registration as specified in paragraph 2.4 of these Regulations, the issue of depository receipts shall be registered with the state and the prospectus shall be approved. In this case the Committee shall issue to the issuer extract from the state register and written notice regarding approval of the issue prospectus.
- 2.4. The Committee shall refuse to register the issue of depository receipts in the following cases:
- 2.4.1. documents submitted do not comply with the requirements set in these Regulations;
 - 2.4.2. decision on issue of depository receipts (any other documents serving as the basis for registration of issue of depository receipts) contains information that is not accurate or is misleading.
- 2.5. In the event of the circumstances specified in paragraph 2.4 of these Regulations, the Committee shall make a reasoned decision to refuse state registration of the issue of depository receipts and send this decision to the central depository within two working days. In case the circumstances listed in paragraph 2.4 of these Regulations are present, the Committee shall issue a decision on refusal of the state registration of the depository receipts and send this decision to the central depository within two business days.
- 2.6. Disclosure of the issue prospectus of depository receipts shall be carried out in accordance with Article 7 of the Law "On Securities Market" (hereinafter - the Law).

3. Decision on issue of depository receipts

- 3.1. The decision on issue of depository receipts shall be made by the supervisory board of the central depository.
- 3.2. The decision on issue of depository receipts shall contain the following information:
- 3.2.1. name, address of the central depository;
 - 3.2.2. date of the decision;
 - 3.2.3. name of depository receipts issued (Azerbaijani depository receipts);
 - 3.2.4. form and number of issued depository receipts;
 - 3.2.5. rights established by depository receipts under that issue;
 - 3.2.6. name and address of the foreign issuer;
 - 3.2.7. type of underlying asset of the depository receipts;
 - 3.2.8. rights established by the underlying asset;

- 3.2.9. the number of underlying assets identified by a depository receipt;
- 3.2.10. procedure for exercising the rights established under depository receipts by the owners of depository receipts;
- 3.2.11. procedure for payment of depository receipts;
- 3.2.12. information on the obligations of the foreign issuer to the owners of depository receipts;
- 3.2.13. underwriters and terms of issue;
- 3.2.14. procedure for the placement of depository receipts;
- 3.2.15. start and close dates of the subscription or the method of calculation such dates;
- 3.2.16. name of the body of the issuer, which adopted the decision;
- 3.2.17. name, surname, sealed signature of the head of the body of the issuer, which adopted the decision.

3.3. The decision on issue of depository receipts shall be attached to the issue prospectus.

4. Agreement on issue of depository receipts

- 4.1. An agreement on issue of depository receipts shall be concluded between the central depository and the foreign issuer or the owner of the underlying asset (if the underlying asset is provided by their owner).
- 4.2. The agreement on issue of depository receipts shall contain the following:
 - 4.2.1. rights established by depository receipts;
 - 4.2.2. obligations of the parties to the owners of depository receipts;
 - 4.2.3. information about the underlying asset;
 - 4.2.4. obligation to submit to the central depository the information disclosed by the foreign issuer (owner of the underlying asset) in connection with the underlying asset in the Azerbaijani language;
 - 4.2.5. obligation of the central depository to disclose the information received in accordance with sub-paragraph 4.2.4 of these Regulations to the owners of depository receipts on the next day;
 - 4.2.6. measures to protect the legitimate interests of owners of depository receipts.

5. Suspension of placement of depository receipts

- 5.1. Suspension of placement of depository receipts is the suspension of actions relating to advertisement, placement or subscription to depository receipts on the decision of the Committee.
- 5.2. In the event it is discovered that after the state registration of the issue of depository receipts, the terms of the issue or provisions of Charter 2 of this Law have been violated, the Committee shall adopt one of the following decisions and such decision must indicate the issuer's name, registration number and date of depository receipts, date and reasons of the decision:
 - 5.2.1. the persons, who have committed the violation must remedy the violation within a specified time;
 - 5.2.2. if it is not possible to remedy the violations without suspending the placement, to suspend the placement of depository receipts and to remedy violations.

- 5.3. Within one business day from issuing any of the decisions provided for in paragraph 5.2 of these Regulations, the Committee shall provide the decision to the central depository, the persons implementing public offering or placement of depository receipts and publish it in the mass media.
- 5.4. The central depository, the persons implementing offering and placement of depository receipts shall, immediately after the receipt of provided for in paragraph 5.2 of these Regulations, provide information about this in information resources specified in paragraph 7.1 of the Law, remedy the violations within the specified period and provide report to the Committee about this.
- 5.5. In case the Committee issues decision in sub-paragraph 5.2.1 of these Regulations and the Committee determines from the report to be provided under paragraph 5.4 of these Regulations that the violations have not been remedied or the Committee does not receive the report within a specified time, the Committee shall, within 5 (five) business days from the date of receiving the report or the date when it must have received the report, issue the decision specified in article 5.2.2 of these Regulations by providing the grounds.
- 5.6. In case the Committee issues the decision specified in paragraph 5.2.2 of these Regulations, within 5 business days from the date the Committee receives the report provided for in article 5.4 or from the date it must have received such report, the Committee shall issue one of the following decisions by indicating the grounds:
 - 5.6.1 if it is determined from the report that the violations have been remedied – decision to continue the issue;
 - 5.6.2 if it is determined from the report that the violations have not been remedied or the report was not provide within a specified time – decision to deem the issue not completed.
- 5.7. In the event the Committee issues the decision provided for in paragraph 5.6.1 of these Regulations, it shall send information about the decision to the central depository, persons implementing offering and placement of depository receipts, and shall also disclose the decision in mass media.
- 5.8. In this case the time limit for the offering and placement of depository receipts shall be prolonged for a period equal to the suspension period.

6. Report on results of placement or issue of depository receipts

- 6.1. Placement of depository receipts shall be carried out on the stock exchange by the method of public offering.
- 6.2. Depository receipts shall be placed in accordance with the "Regulations on subscription to investment securities and their placement", depending on the type of the underlying asset.
- 6.3. Within ten business days from the date the placement of depository receipts, the central depository shall submit to the Committee the report on the results of issue of depository receipts in accordance with Annex 1 to these Regulations.
- 6.4. The Committee shall review the report on the results of the issue of depository receipts within 15 (fifteen) business days.
- 6.5. After the Committee approves the report provided for in paragraph 6.3 of these Regulations, the temporary current account specified in article 8.13 of this Law shall be closed and the funds received from placement shall be transferred to the issuer's account.

- 6.6. If during the review of the report on the results of issue of depository receipts the Committee discovers the violation of terms of issue or public offering of securities, or violation of provisions of Chapter 2 of this Law, it shall issue any of the following decisions:
- 6.6.1. decision on remedying violations by the persons, who have committed the violations within a defined period of time;
 - 6.6.2. in case the violations may not be remedied, the decision to refuse approval of the report on the results of issue of these depository receipts.
- 6.7. In case of decision provided for in sub-paragraph 6.6.1 of these Regulations the person committing the violation shall, within the time specified by the Committee, submit to the Committee the report on remedying the violation together with the supporting documents. If the Committee determines from such report that the violations have been remedied, it shall approve the report on the results of issue of depository receipts, and if the violations are not remedied or the report about such violations is not submitted, the Committee shall issue the decision pursuant to sub-paragraph 6.6.2 hereof.
- 6.8. In the event the Committee issues the decision pursuant to article 6.6.2 of these Regulations, the central depository shall cause the funds received from placement of depository receipts to be returned to investors within ten business days and the central depository shall also submit the report about this to the Committee.
- 6.9. The depository receipts, which were included in the issue covered by the report, but which have not been placed, shall be deemed withdrawn from circulation from the moment the Committee approves the report on the results of issue.

7. Recognition of the issue of depository receipts invalid

- 7.1. The Committee considers the issue to have failed in the following cases:
- 7.1.1. if it is placed in the amount less than the number specified in the issue prospectus of decision on issue of depository receipts;
 - 7.1.2. in case of invalidation of the issue prospectus in accordance with paragraph 5.15 of the Law;
 - 7.1.3. when the decision provided for in sub-paragraph 5.6.2 of these Regulations is made;
 - 7.1.4. when the decision provided for in sub-paragraph 5.6.2 of these Regulations is made;
 - 7.1.5. when the decision provided for in sub-paragraph 5.6.2 of these Regulations is made.
- 7.2. Within 1 (one) business day from the date of the decision to recognize the issue of depository receipts invalid, the Committee shall inform the central depository, persons implementing public offering and placement of depository receipts in writing and disclose the decision in mass media.
- 7.3. The Central Depository shall disclose information on the cancellation of the issue in mass media and in the resources specified in Article 7.1 of the Law, ensure the return of funds paid to investors within 10 (ten) business days from the date of completion of the placement and provide the Committee with relevant information about its results.

8. Circulation and payment of depository receipts

- 8.1. Circulation of depository receipts shall be carried out in accordance with Articles 1078-20 and 1078-21 and 1078-22 of the Code.
- 8.2. Payment of depository receipts and settlements on them shall be made in accordance with the internal rules of the central depository.

Annex 1
to the Regulations
on issue, state registration and
circulation of depository receipts

Report on the results of the issue of depository receipts

Full name, legal address of the issuer:

Full name of the underwriter, licence number and issue date:

Name of the foreign issuer:

State registration number and date of the issue of depository receipts:

Type of the underlying asset of depository receipts:

Nominal value and amount of the underlying asset on each depository receipt:

.....

(in figures and words)

Start and end date of the placement of depository receipts:

Number of placed depository receipts:

(in figures and words)

Price established for securities by the issuer and/or underwriter:
.....
(in figures and words)

Number of depository receipts to be withdrawn due to non-placement:
(in figures and words)

Authorized person /name, surname and signature/ L.S.

