

“Approved”
State Committee for Securities
of the Republic of Azerbaijan
Resolution № 28-q
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Chairman

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**Regulations on the requirements for maintaining the mortgage collateral register
and reporting on the results of the audit of mortgage collateral by the manager**

1. General provisions

- 1.1. These Regulations have been prepared in accordance with Articles 1076-10.4, 1076-11.3 and 1076-13.7 of the Civil Code of the Republic of Azerbaijan.
- 1.2. These Regulations shall regulate the procedure of maintaining the mortgage collateral register and the requirements for reporting on the results of the audit of mortgage collateral by the manager.

2. Maintenance of the mortgage collateral register

- 2.1. Assets included in the mortgage collateral of mortgage bonds shall be recorded through the register of mortgage collateral (hereinafter referred to as the “Register”).
- 2.2. The Register shall be maintained by the issuer.
- 2.3. The formation and maintenance of the register shall be carried out under the supervision of the manager.
- 2.4. The register shall be formed, maintained and used through electronic software. The issuer shall ensure that the information available on electronic media is reflected on paper.
- 2.5. Each asset included in the mortgage collateral shall have a separate entry in the Register.

- 2.6. Mortgage collateral register shall include at least the following information:
- 2.6.1. details of the documents certifying issuer's right on assets included in the mortgage collateral;
 - 2.6.2. amount of assets included in the mortgage collateral (principal amount and interest rate), terms of payment, or conditions to determine these amounts;
 - 2.6.3. status of fulfillment of obligations under the assets included in the mortgage collateral;
 - 2.6.4. name of the mortgage related to the rights included in the mortgage collateral, a description sufficient for identification and location;
 - 2.6.5. mortgage subject value assessed by independent appraiser to their rights included in the mortgage collateral.
 - 2.6.6. information about the manager.
- 2.7. Assets shall be considered to be included in the mortgage collateral from the moment of making the appropriate entry in the register.
- 2.8. Manager may authorize the issuer to dispose of the assets included in the mortgage collateral provided that such disposal is not contrary to the Civil Code and issue prospectus.
- 2.9. Assets included in the mortgage collateral can be excluded from the mortgage collateral register and replaced with another asset only with the manager's permission. The manager considers an application of the issuer in this respect within five working days and notifies the issuer of the result in writing.
- 2.10. Mortgage collateral register and amendments thereto shall be submitted to the State Committee for Securities (hereinafter to be referred as the "Committee").
- 2.11. After obtaining the consent of the manager to replace any asset in the Register, the issuer shall include in the Register the following information along with the information contained in sub-items 2.6.1-2.6.5 of these Regulations:
- 2.11.1. the basis for the replacement of the asset;
 - 2.11.2. date of record.
- 2.12. After obtaining the consent of the manager to exclude any asset from the Register, the issuer shall include in the Register the following information along with the information contained in sub-items 2.6.1-2.6.5 of these Regulations:
- 2.12.1. reason of the exclusion of the asset;
 - 2.12.2. date of record.
- 2.13. The issuer shall attach the Register to the documents submitted to the Committee in accordance with Article 6.3. of the Law of the Republic of Azerbaijan "On Securities Market" in connection with the state registration of mortgage bonds.
- 2.14. In the event of an amendment in the register specified in paragraphs 2.11. and 2.12. of these Regulations, the issuer shall submit the Register and the relevant letter of consent of the manager to the Committee within one working day from the date of the amendment.

- 2.15. The Register submitted in accordance with paragraphs 2.13. and 2.14. of these Regulations shall be maintained in paper form. The pages of the Register shall be constructed, numbered, signed by the authorized persons determined by the charter of the issuer and stamped by the issuer.
- 2.16. The issuer shall ensure that a backup of the information stored in the Register is created every day and kept for the next 1 month.

3. Requirements to the report on the results of the audit of the mortgage collateral by the manager

- 3.1. The manager shall submit to the Committee a report on the results of the audit of the mortgage collateral within one month after the completion of the audit of the mortgage collateral for compliance with the requirements of Articles 1076-6 and 1076-9 of the Civil Code of the Republic of Azerbaijan. A copy of the register of mortgage collateral as of the preparation date of the report shall be attached to the report.
- 3.2. The report on the result of the inspection specified in Paragraph 3.1. of these Regulations shall include the following information:
 - 3.2.1. name of the issuer;
 - 3.2.2. registration number and date of mortgage bond issue;
 - 3.2.3. the number of mortgage bonds included in the issue and the nominal value of one bond;
 - 3.2.4. rate of return of mortgage bond;
 - 3.2.5. maturity date of bonds;
 - 3.2.6. period covered by inspection;
 - 3.2.7. audit date;
 - 3.2.8. results of the audit and the information about them:
 - 3.2.8.1. information proved by the relevant calculations on the compliance of the mortgage collateral with the requirements of Articles 1076-6 and 1076-9 of the Civil Code of the Republic of Azerbaijan;
 - 3.2.8.2. information on identified shortcomings, measures taken to eliminate them and results of those measures.
- 3.3. When the manager hires independent lawyers, accountants and other specialists in respect of sale or management of assets included in the mortgage collateral, they shall not be related to the issuer of mortgage bonds, and shall have high education in accounting, finance, economics or law and at least three years of work experience in the specialty.

