

“APPROVED”

by the Order of the
State Committee for Securities
under the President of the
Republic of Azerbaijan
dated 8 August 2004

Regulations on withdrawal from circulation and liquidation of investment securities

1. General provisions

1.1. These Regulations have been developed in accordance with the Civil Code of the Republic of Azerbaijan and the Regulations on the State Committee for Securities under the President of the Republic of Azerbaijan approved by the Decree of the President of the Republic of Azerbaijan No. 161 dated 26 July 1999.

1.2. These Regulations shall determine the procedure for withdrawal from circulation and liquidation of investment securities (further - securities) in the territory of the Republic of Azerbaijan.

1.3. These Regulations shall not apply to the withdrawal and liquidation of government securities.

2. Withdrawal of securities from circulation

2.1. Withdrawal of securities from circulation shall be carried out on the basis of the issuer's decision, if the issue of securities is deemed not to have taken place, the issuer places more securities than the state registered number, the issue of securities is considered invalid by the court, the issuer's activity is terminated and in other cases stipulated by the legislation of the Republic of Azerbaijan.

2.2. Withdrawal of securities from circulation shall be carried out after the issuer fully fulfills its obligations to investors on these securities.

2.3. Withdrawal of securities from circulation at the issuer's decision shall be carried out by the issuer in the following stages:

2.3.1. make a decision on withdrawal and liquidation of securities;

2.3.2. apply to the SCS (with a copy of the decision) to make relevant entries in the state register of securities;

2.3.3. publish information in the media on withdrawal and liquidation of securities within 7 (seven) working days from the date of making relevant entries in the state register of securities by the SCS (those entries shall be made within 10 (ten) working days from the date of receipt of the application specified in paragraph 2.3.2. of these Regulations).¹

2.4. The information on withdrawal and liquidation of securities shall include the following:

2.4.1. full name, organizational-legal form and location of the issuer;
2.4.2. reason of withdrawal and liquidation of securities;
2.4.3. state registration number of securities;
2.4.4. type and form of securities;
2.4.5. nominal value of securities;
2.4.6. number of securities to be withdrawn and liquidated;
2.4.7. date of commencement and completion of repurchase of securities;
2.4.8. terms of repurchase of securities (cost of repurchase of securities, payment procedure, etc.).

2.5. After publication of information on the withdrawal and liquidation of securities, the issuer may not make changes to the decision on the withdrawal and liquidation of securities.

2.6. If the issue of securities is considered failed, the issuer shall be notified by the SCS of the issue considered as failed within 3 (three) business days with appropriate entries in the state register of securities.

2.7. To ensure the withdrawal of securities from circulation, the issuer shall publish the information specified in paragraph 2.4 of these Regulations in the media within 7 (seven) working days from the date of making the relevant entries in the state register of securities.

2.8. To withdraw securities from circulation, the issuer shall repurchase the securities within 2 (two) months from the date of publication of the information specified in paragraph 2.4 of these Regulations.

2.9. In case of placement of securities in excess of the state registered number, the issuer shall ensure the repurchase and liquidation of securities within 2 (two) months from the date of receipt of information on the suspension of the issue of securities. To ensure the repurchase of these securities, the issuer shall disclose the information specified in paragraph 2.4 of these Regulations.

2.10. When issue of securities is deemed invalid by a court, within 6 (six) months, all securities in that issue shall be returned to the issuer, and the funds from the placement of those securities shall be returned to investors.

2.11. Within 7 (seven) working days from the date of making relevant entries in the state register of securities by the SCS, the issuer shall publish in the media information on the court's invalidation of the securities issue and the information specified in paragraph 2.4 of these Regulations.

2.12. When publishing information about the withdrawal and liquidation of securities, the issuer is obliged to provide information to the registrar (if the register is not maintained by the issuer).

2.13. From the date of publication of the information about the withdrawal and liquidation of securities, their circulation shall not be allowed and the contracts concluded on them shall be void.

2.14. Repurchase of securities shall be carried out in accordance with the current legislation of the Republic of Azerbaijan, depending on the type of securities.

2.15. Within 5 (five) business days from the date of completion of repurchase of securities, the issuer shall submit to the SCS a certificate from the registrar on the

movement of repurchased securities and information on the results of repurchase of securities.

2.16. Information on the results of the repurchase of securities shall include the following:

- 2.16.1 full name of the issuer, organizational and legal form and location;
- 2.16.2. state registration number of securities;
- 2.16.3. type and form of securities;
- 2.16.4. nominal value of securities;
- 2.16.5. number of repurchased securities;
- 2.16.6. commencement and completion date of repurchase of securities.

3. Liquidation of securities

3.1. When there are no grounds for refusal by the SCS from the date of submission of information on the results of the repurchase of securities to the SCS, within 7 (seven) working days, an entry is made in the state register of securities about the withdrawal of securities from circulation (except for the case specified in paragraph 2.9 of these Regulations) and the information is provided to the issuer by the SCS and published in mass media.

3.2. The issuer shall ensure the liquidation of securities from the date of receipt of information on the relevant entry in the state register of securities.

3.3. In the event of a merger, splitting (division), conversion and redemption of securities, the previous certificates of shall be revoked.

3.4. Liquidation of uncertificated securities shall be carried out by the depositary by writing-off them from the issuer's account. The relevant act on the write-off of these securities from the issuer's account shall be drawn up by the depositary with the participation of the issuer. The act shall contain information on the issuer's full name, account number, date of liquidation of securities, number and type of liquidated securities, state registration number and par value of one security. The act shall be signed by the officials of the depositary and the issuer and affixed with the seal of the depositary. The write-off operation shall also be performed on the registrar's accounts.²

3.5. Liquidation of registered securities shall be carried out by writing-off the securities from the issuer's account in the register of securities holders and their physical liquidation by the issuer.

3.6. When certificated registered securities are wrote-off from the issuer's account, an act to this effect shall be drawn up by the registrar in the presence of the issuer (if the register is maintained by the issuer). The act shall contain the full name of the issuer, account number, write-off date of securities from the issuer's account, number and type of securities wrote-off from the issuer's account, state registration number and par value of one security. If the register of holders of securities is not maintained by the issuer, the act shall also contain information about the registrar.

The act shall be signed by the officials of the registrar and the issuer and affixed with the seal of the registrar. If the register of security holders is maintained by the issuer, the act shall be signed by at least 3 (three) officials of the issuer and sealed by the issuer.³

3.7. The physical liquidation of certificated securities shall be carried out by the issuer by drawing up a relevant act. The act shall include the full name of the issuer, the date of liquidation of securities, the number and type of liquidated securities, the state registration number and the nominal value of one security. The act shall be signed by at least 3 (three) officials of the issuer and affixed with the seal of the issuer.

4. Liability

Persons violating the provisions of these Regulations shall be liable in accordance with existing legislation of the Republic of Azerbaijan.

5. Effective date

These Regulations shall come into effect from the signing date.

LIST OF USED SOURCE DOCUMENTS

1. Order of the State Committee for Securities under the President of the Republic of Azerbaijan No. 079 of 10 July 2007 (Bulletin of Regulatory Acts of the Republic of Azerbaijan, 2007, № 07-08)

LIST OF AMENDMENTS MADE TO THE BULLETIN

¹ Paragraph 2.3.3 of the Regulations was amended by the Order of the State Committee for Securities under the President of the Republic of Azerbaijan No. 079 dated 10 July 2007 (Bulletin of Regulatory Acts of the Republic of Azerbaijan, 2007, № 07-08).

The previous edition stated:

~~2.3.3. Publication of information on withdrawal and liquidation of securities in mass media within 7 (seven) working days from the date of making relevant entries in the state register of securities by the SCS (those entries shall be made within one working day from the date of receipt of the application specified in paragraph 2.3.2. of these Regulations).~~

² The fourth sentence of the paragraph 3.4 of the Regulations was amended by the Order of the State Committee for Securities under the President of the Republic of Azerbaijan No. 079 dated 10 July 2007 (Bulletin of Regulatory Acts of the Republic of Azerbaijan, 2007, № 07-08).

The previous edition stated:

~~The act shall be signed by at least 3 (three) officials of the depository and the issuer and affixed with the seal of the depository.~~

³ The fourth sentence of the paragraph 3.6 of the Regulations was amended by the Order of the State Committee for Securities under the President of the Republic of Azerbaijan No. 079 dated 10 July 2007 (Bulletin of Regulatory Acts of the Republic of Azerbaijan, 2007, № 07-08).

The previous edition stated:

~~The act shall be signed by at least 3 (three) officials of the registrar and the issuer and affixed with the seal of the registrar.~~