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**Welcome to the Depository-  
Information Gathering Project.**

Before beginning, we suggest that you print the entire document for review on paper and review the Glossary of Terms. Each will assist you with answering the questions. For help, contact: Robin D. Truesdale, Baker & McKenzie LLP (202) 835-1664; e-mail: Robin.Truesdale@bakermckenzie.com.

Note

**\* When reviewing/updating your prior year's responses in the questionnaire, please ensure that the sub-questions are reviewed/updated as well.**

**\* Please deselect/uncheck any responses in the sub-questions where those responses are no longer applicable.**

**\* Please note: Any text in the "other" and/or "please explain/describe" questions should be deleted before deselecting the response. In this regard, note that deselecting a response with written text does not delete the information, it only hides the information from view.**

**\* Any responses that appear in open text boxes should be deleted if the information is no longer applicable.**

**SCOPE, STRUCTURE, OWNERSHIP, CAPITAL, REGULATION AND AUDIT**

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*The purpose of this section is to understand the ownership structure and financial strength of your institution, as well as the level of regulatory and operational supervision to which it is subject.*

**Response Necessary/Eligibility Question**

**1. Rule 17f-7, by reference to Rule 17f-4, requires that, for a depository to be eligible to hold securities of U.S. registered investment companies (such depositories hereinafter referred to as "Eligible Securities Depositories"), the depository must be a "system for the central handling of securities where all securities of any particular class or series of any issuer deposited within the system are treated as fungible and may be transferred or pledged by bookkeeping entry without physical delivery of the securities."**

**Are all securities of a particular class or series of any issuer that are deposited in your institution treated as fungible, and can they be transferred or pledged by bookkeeping entry without physical delivery of the securities?**

Yes

**1a. Please explain:**

**Response Necessary/Eligibility Question**

**2. Rule 17f-7 also requires that an Eligible Securities Depository "acts as or operates a system for the central handling of securities or equivalent book-entries in the country where it is incorporated," or "acts as or operates a transnational system for the central handling of securities or equivalent book-entries."**

**Does your institution: (Choose all that apply.)**

Act as or operate a system for the central handling of securities or equivalent book-entries in the country where it is incorporated? (please answer 2b)

**2a. Please explain:**

**2b. Please specify the types of securities for which you act as or operate a system for the central handling of securities or equivalent book-entries:**

Has capacity to operate such system for dematerialized: a. corporate securities - equity securities - debt securities b. government debt securities. Currently operates the system for only corporate securities

**3. What type of legal entity is the institution? (Choose all that apply.)**

Private Company

**3a. Please explain:**

**4. Is the institution operated as a "for profit" or a "not for profit" organization?**

Not for profit

**4a. If other, please explain:**

**5. Please provide the names of the owners and their ownership interest percentages.**

Georgian Stock Exchange - 98.8% Bank of Georgia - 0.3% TBC Bank - 0.3% Cartu Bank - 0.3% VTB Georgia Bank - 0.3%

**6. Please answer the following:**

**6a. What is the date of establishment of the depository?**

18/Oct/1999

**6b. What is the date that the depository's operations began?**

06/Mar/2000

**7. Under what regulation or statute is the depository established and governed?**

1. Georgian Law on Securities Market; 2. NBG Rule on Licensing, Financial Reporting, Defining of the Minimum Capital and on Services of the Central Securities Depository; 3. The Charter and the Rules of the GSCD.

**7a. Is the regulation or statute electronically available?**

Yes (please answer 7b)

**7b. If regulation or statute is electronically available, please supply web address(es) here or upload document (s) in question 7c.**

<http://www.gcsd.ge/>

**7c. Please supply document (s) here:**

**7d. Please provide details of the structure and composition of your Board together with their industry experience and responsibilities in governing the depository.**

**What are the qualifications to become a board member?**

The Supervisory Board consists of three members: One member representing Georgian Stock Exchange (GSE) - Deputy Chairman of the Supervisory Board of GSE, one from Banks - GSE owners (Qartu Bank), one from Brokerage Companies - GSCD members. There are no formal qualification requirements for the board members.

**7e. What are the election procedures?**

Standard procedures based on Georgian Legislation.

**7f. What is the maximum length of time a board member can serve?**

According GCSB Charter Standard term form for Supervisory Board Members is 4 years. However, there are no restrictions for the second (and further) term elections.

**7g. How are the voting powers distributed amongst the board members (i.e. does each board member have one vote or do certain members have additional voting power)?**

Every SB member has one vote. Decisions of SB are taken by simple majority.

**7h. Who is responsible for regulating the board members?**

The Management is supervised by the Supervisory Board (SB). The SB is accountable to the GM of shareholders.

**Response Necessary/Eligibility Question**

**8. Rule 17f-7 requires that an Eligible Securities Depository “is regulated by a foreign financial regulatory authority as defined under section 2(a)(50) of the Act”, with section 2(a)(50) establishing that “foreign financial regulatory authority’ means any (A) foreign securities authority, (B) other governmental body or foreign equivalent of a self-regulatory organization empowered by a foreign government to administer or enforce its laws relating to the regulation of fiduciaries, trusts, commercial lending, insurance, trading in contracts of sale of a commodity for future delivery, or other instruments traded on or subject to the rules of a contract market, board of trade or foreign equivalent, or other financial activities, or (C) membership organization a function of which is to regulate the participation of its members in activities listed above.”**

**Who regulates the activities of the depository? (Choose all that apply.)**

A governmental body or regulatory organization empowered to administer or enforce laws related to securities matters.

**8a. Please explain:**

**9. Please provide the name of regulatory authority(ies) identified in question 8:**

National Bank of Georgia (NBG) - since 01.12.2009

**Response Necessary/Eligibility Question**

**10. Rule 17f-7 requires that an Eligible Securities Depository “is subject to periodic examination by regulatory authorities or independent accountants.”**

**Is the depository subject to periodic examination by: (Choose all that apply.)**

Regulatory authorities?, Independent accountants?

**10a. Please explain:**

**11. What enforcement actions are available to the regulatory authority(ies) for breach of applicable statute or regulatory requirements? (Choose all that apply.)**

**Name of Authority #1 (please answer 11a):**

NBG

**11a.**

Fines, Restrictions on depository activities., Termination of depository activities., Other (please answer 11b)

**11b. Please explain:**

Give directions/instructions/time to recover any breach of regulatory requirements.

**Name of Authority #2 (please answer 11c):**

**11c.**

**11d. Please explain:**

**12. Has there been any use of such enforcement actions in the last three years?**

No

**12a. If yes or other, please explain:**

**Capital**

**13. Are annual financial statements publicly disclosed?**

Yes (please answer 13a)

**13a. If yes, the AGC requests a copy of the institution's annual report. Is the annual report available electronically?**

Yes (please answer 13b)

**13b. If yes, please upload the document(s) here or insert web link(s) in question 13d:**

**13c. If more than one document for 13b, please upload the additional document here:**

**13d. Please insert web link(s) for 13b here:**

<http://www.gcsd.ge/>

**13e. If no, and annual report and/or financial statements are not disclosed, please state your share capital, reserves, and retained earnings (or equivalents as determined under local accounting standards).**

**Share Capital (then please answer 13f):**

**13f. Reserves (then please answer 13g):**

**13g. Retained Earnings:**

**13h. If other, please explain:**

**Internal Audit**

**14. Is an internal audit undertaken in your depository?**

Yes (please answer 14a)

**14a. If yes, what areas does the audit cover (financials, operations, etc.) and which department in your depository handles it?**

Operations and compliance with rules & regulations. Internal Audit Department.

**14b. Please list the date of your last internal audit:**

01/Dec/2014

**Please list the period that the audit covered:**

01/Jan/2014

**to**

31/Dec/2014

**14c. How frequently does the internal audit occur? (Choose one.)**

Annually (please answer 14e)

**14d. If less than annually, please explain:**

**14e. Are the results of the internal audit publicly available?**

No

**14f. Please select the statement that most accurately characterizes the results of the last internal audit: (Choose one.)**

No material exceptions found.

**14g. If minor or material exceptions were found, what actions were taken? Please describe:**

**15. Is a financial audit performed by an Audit Firm, Regulatory Authority, or other external party?**

Yes (please answer 15a)

**15a. If yes, please state the name(s) of the entity(ies) who perform the financial audit.**

RSM Georgia LLC

**15b. Please list the date of your last financial audit performed by an Audit Firm, Regulatory Authority, or other external party:**

01/Mar/2016

**15c. Please list the period that the audit covered:**

01/Jan/2015

**to**

31/Dec/2015

**15d. How frequently does the financial audit occur? (Choose one.)**

Annually (please answer 15f)

**15e. If less than annually, please explain:**

**15f. Are the results of the financial audit publicly available?**

Yes

**15g. Please select the statement that most accurately characterizes the results of the last financial audit: (Choose one.)**

No material exceptions found.

**15h. If minor or material exceptions were found, what actions were taken? Please describe:**

**16. Is an operational audit performed by an Audit Firm, Regulatory Authority, or other external party?**

No (please proceed to 17)

**16a. If yes, please state the name(s) of the entity(ies) who perform the operational audit.**

NBG

**16b. Please list the date of your last operational audit performed by an Audit Firm, Regulatory Authority, or other external party:**

**16c. Please list the period that the audit covered:**

to

**16d. How frequently does the operational audit occur? (Choose one.)**

**16e. If less than annually, please explain:**

**16f. Are the results of the operational audit publicly available?**

**16g. Please select the statement that most accurately characterizes the results of the last operational audit: (Choose one.)**

**16h. If minor or material exceptions were found, what actions were taken? Please describe:**

#### PARTICIPANTS AND PARTICIPATION

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*The purpose of this section is to understand issues relating to participation in the depository, including eligibility requirements, conditions of participation, and supervision of participants.*

**17. What types of entities are eligible to become participants and how many of each type are there currently? (Choose all that apply.)**

Banks (please answer 17a), Brokers (please answer 17e), Foreign Institutions (please answer 17m)

**17a. How many Bank participants are there currently? (then please answer 17b)**

One

**17b. Please select the features included in the eligibility requirements for Banks. (Choose all that apply.)**

Other (please answer 17d)

**17c. Where can a description of the specific eligibility requirements for Bank participants be found?**

**17d. Please explain:**

To have banking license according Georgian legislation or respective foreign legislation (for foreign banks)

**17e. How many Broker participants are there currently? (then please answer 17f)**

4 (four)

**17f. Please select the features included in the eligibility requirements for Brokers. (Choose all that apply.)**

Other (please answer 17h)

**17g. Where can a description of the specific eligibility requirements for Broker participants be found?**

**17h. If other, please explain:**

To have license for brokerage activities according the Georgian legislation and respective foreign legislation (for foreign brokerage companies/investment firms)

**17i. How many Individual participants are there currently? (then please answer 17j)**

**17j. Please select the features included in the eligibility requirements for Individual participants. (Choose all that apply.)**

**17k. Where can a description of the specific eligibility requirements for Individual participants be found?**

**17l. If other, please explain:**

**17m. How many Foreign Institution participants are there currently?**

None

**17n. Please select the features included in the eligibility requirements for Foreign Institution participants. (Choose all that apply.)**

Other (please answer 17p)

**17o. Where can a description of the specific eligibility requirements for Foreign Institution participants be found?**

**17p. If other, please explain:**

. To be a financial institution duly licensed by the respective Regulatory authority of an eligible country. . 'Eligible countries': countries included by the Georgian Government into the 'List of Developed Countries'.

**17q. If you have selected "Other entities" above, please explain:**

Investors, Issuers and other regulated participants of the securities market.

**17r. Indicate how many "Other entities" are currently participants?**

**17s. Please select the features included in the eligibility requirements for the participants referred to above as "Other entities". (Choose all that apply.)**

Other (please answer 17u)

**17t. Where can a description of the specific eligibility requirements for participants described above as "Other entities" be found?**

**17u. If other, please explain:**

Respective License for the regulated participants.

**18. Are participants required to contribute capital to the depository that would result in ownership of the depository?**

No

**18a. If yes, what fixed amount is required or what formula is used to determine the appropriate contribution level?**

**18b. If other, please explain:**

**19. Are prospective participants subject to an initial review and approval process regarding compliance with eligibility requirements?**

Yes

**19a. If other, please explain:**

**Conditions of Participation**

**20. What governs the relationship between the depository and the participants? (Choose all that apply.)**

Relevant law and regulation, Standard participation contract, Established terms and conditions of participation, Rules of the depository

**20a. Please explain:**

**Response Necessary/Eligibility Question**

**21. Rule 17f-7 requires that an Eligible Securities Depository "holds assets for the custodian that participates in the system on behalf of the Fund under safekeeping conditions no less favorable than the conditions that apply to other participants."**

**Please confirm that assets of foreign investors held by custodians as participants in the depository are held under safekeeping conditions no less favorable than the conditions that apply to other participants.**

Yes (please answer 21b)

**21a. If no, other or not applicable, please explain:**

**21b. Please confirm the basis for the arrangements in place to ensure that the assets you hold for custodians receive the same level of safekeeping protection as the assets held for other categories of participants. (Choose all that apply.)**

Relevant Law and Regulation (please answer 21d), Standard participation contract (please answer 21d), By-laws of the depository (please answer 21d), Rules of the depository (please answer 21d)

**21c. Please explain:**

**21d. For each item in Question 21b that you checked, please briefly supply references or citations to the law (s), regulation(s), or depository rule(s), participation condition(s), or participant contract provision(s), as applicable.**

1. Georgian Law on Securities Market, Article 38, paragraph 3.b: "Rules of the Central depository shall ensure fair and non-discriminatory treatment of all Members and Membership candidates." 2. Rule on Members of the Georgian Securities Central Depository: "Article 3.1.1. A member of the Depository shall have the right to require the Depository to set fair, reasonable and non-discriminatory rules for its members" 3. Membership Agreement: "Article 3.1.2. The Depository shall provide equal service conditions to the Depository's participants in compliance with the Service Agreement." "Article 3.1.4. The Depository shall set fair and non-discriminating rules for its participants and applicants" Article 4.2.1. the participant shall be authorized to require the Depository to establish fair, reasonable and non-discriminating rules for the participants and applicants"

**22. How does the depository notify participants of material changes to the conditions of participation? (Choose all that apply.)**

By e-mail, By public announcement

**22a. Please explain:**

**Governance of Participants**

**23. Who enforces compliance with the depository's conditions of participation? (Choose all that apply.)**



The depository

**23a. Please explain:**

**24. What enforcement actions are available to the enforcement authority? (Choose all that apply.)**

Fines, Restrictions on participation, Suspension of participation, Termination of participation

**24a. Please explain:**

**25. Has there been any such enforcement actions in the last three years?**

No

**25a. If yes, please explain, including information relative to any suspensions of depository participants:**

**25b. If other, please explain:**

#### DEPOSITORY FUNCTIONALITY AND SERVICES; USE OF AGENTS

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*Certain functionalities and services reduce risk to an investor if provided in an efficient manner. The purpose of this section is to identify those functionalities that may potentially be offered by depositories and clearing systems around the world, and ascertain whether they are offered by your institution.*

#### **General**

**26. For which of the following security types do you serve as a depository or clearing system? (Choose all that apply.)**

Government securities, Equities, Corporate bonds, Corporate money market instruments

**26a. Please name the other security types:**

**27. Is the use of the depository in your market compulsory by law or compulsory by market practice for the settlement or safekeeping of all instrument types in your market (e.g. equities, government securities, corporate bonds, money market instruments, warrants, derivatives etc). (Choose all that apply.)**

Neither/other (please answer 27c)

**27a. Please list the instrument types for which it is not compulsory by law to:**

(i) settle in your depository

(ii) safekeep in your depository:

**27b. Please list the instrument types for which it is not compulsory by market practice to:**

(i) settle in your depository

(ii) safekeep in your depository:

**27c. If neither/other, please explain:**

Use of the depository is compulsory according the Georgian Stock Exchange (GSE) rules for safekeeping and settlement of the securities traded at GSE.

**28. Settlement and Safekeeping Percentages**

**28a. Please list by instrument type the percentage of the total market in your jurisdiction (either volume or value) settled within your institution, exclusive of your links with third parties.**

About 5% for equities; 0 for other instruments.

**28b. Please list by instrument type the percentage of the total market in your jurisdiction (either volume or value) held in safekeeping within your institution.**

Not available.

**29. Are there any activities performed by a third party on behalf of the depository for the depository participants (e.g., vaulting of physical securities, registration, entitlement processing, etc.)?**

No

**29a. If third parties are employed, please indicate which services they supply (then please answer 29b):**

**29b. If third parties are employed, does the depository assume liability for losses incurred by participants as a result of the actions/inactions of the third parties?**

**29c. If you acknowledge responsibility, please indicate whether your responsibility is assumed (Choose all that apply.)**

**29d. If you acknowledge responsibility for agents, your responsibility is assumed for losses (Choose all that apply.)**

**29e. If other, please explain:**

**29f. Please specify limit:**

**29g. Please specify limit:**

**29h. If other, please explain:**

**29i. If other, please explain:**

**30. Has any participant suffered any losses in the past three years due to the depository's performance?**

No

**30a. If yes, please select all of the following in which loss has occurred. You will be prompted to enter the number of instances and total loss in USD thereafter. (Choose all that apply.)**

**30b. Corporate Action. Please specify number of instances:**

**30c. Corporate Action. Please specify total loss in USD:**

**30d. Settlement Process - Securities. Please specify number of instances:**

**30e. Settlement Process - Securities. Please specify total loss in USD:**

**30f. Settlement Process - Cash. Please specify number of instances:**

**30g. Settlement Process - Cash. Please specify total loss in USD:**

**30h. System Outage. Please specify number of instances:**

**30i. System Outage. Please specify total loss in USD:**

**30j. If Other, please explain:**

**30k. For Other, please specify number of instances:**

**30l. For Other, please specify total loss in USD:**

**30m. If other, please explain:**

**Other Services**

**31. Who accepts cash deposits (or makes payment credit accommodations) for depository transactions? (Choose all that apply.)**

Banks appointed by depository (please answer 31a)

**31a. Please name banks:**

TBC Bank; Bank of Georgia; Cartu Bank; VTB Georgia.

**31b. If neither/others, please explain:**

**32. Who processes cash clearing (or draws on credit lines, if applicable) for depository transactions? (Choose all that apply.)**

Depository

**32a. Please name banks appointed by depository:**

**32b. If others, please explain:**

**33. Who controls the movement of cash for cash deposits (or draws on credit lines, if applicable)? (Choose all that apply.)**

Depository

**33a. Please name banks appointed by depository:**

**33b. If others, please explain:**

**34. Who controls the movement of cash for cash clearing (or for draws on credit lines, if applicable)? (Choose all that apply.)**

Depository

**34a. Please name banks appointed by depository:**

**34b. If others, please explain:**

**35. Please indicate services you provide. (Choose all that apply.)**

Information in advance on corporate (annual or special) meetings in order that owners can vote., Information on distribution of new issues (IPO, Privatization).

**35a. Automatic securities lending facility is provided for: (Choose all that apply.)**

**35b. If other please explain:**

**35c. Collateral Handling: please provide details:**

**35d. If other services, please explain:**

**36. What procedures are in place for the processing of corporate action entitlements? (Choose all that apply.)**

Credited to the securities account upon actual receipt by the depository.

**36a. Credited to the securities account: (Choose all that apply.)**

**36b. If other please explain:**

**36c. Name of entity:**

**36d. If other, please explain:**

**37. What procedures are in place for the processing of interest and dividends?(Choose all that apply.)**

Credited to the cash account upon actual receipt by the depository.

**37a. Credited to the cash account: (Choose all that apply.)**

**37b. If other please explain:**

**37c. Name of entity:**

**37d. If other please explain:**

**Linkages With Other Central Securities Depositories (CSD) or International Central Securities Depositories (ICSD)**

**38. Please list all depositories or settlement systems to which you have an electronic link.**

None

**39. Are procedures and controls (firewalls) in place to avoid systemic collapse or contamination if one of the linked entities should experience business interruptions for whatever reason?**

Not applicable

**39a. Please explain:**

**40. Has a business interruption recovery plan been developed in the event the linkages should become inoperable for any reason?**

Yes

**40a. If no or other, please explain:**

ACCOUNT STRUCTURES AND RECORDKEEPING

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*The purpose of this section is to identify the nature of accounts; the naming convention is employed, the level of segregation achieved, accessibility in the event of bankruptcy and the frequency of reporting generated from them.*

**41. Are participants permitted to maintain more than one account at the depository?**

Yes (please answer 41a)

**41a. If yes, please indicate number: (Choose one.)**

An unlimited number of accounts.

**41b. If more than one account what is the maximum?**

**41c. If other, please explain:**

**41d. If other, please explain:**

**42. Are participants required/permitted to segregate assets held for their own benefit from those they hold for their clients?**

Yes (please answer 42a)

**42a. If yes, is segregation required or simply permitted?**

Required (please answer 42b)

**42b. How does segregation occur? (Choose all that apply.)**

By separately designated participant accounts., By separately designated beneficial owner accounts.

**42c. If other, please explain:**

**42d. If other, please explain:**

**42e. If other, please explain:**

**43. Does the depository permit its participants to open accounts in the participant's own nominee name(s)?**

Yes (please answer 43a)

**43a. If yes, do laws exist, which define as well as protect the rights of beneficial owners with respect to securities registered in nominee name?**

Yes

**43b. If other, please explain:**

**44. In the event a participant's single or main account is blocked for any reason (e.g., insolvency, penalties, violations, liens), would securities held in any account or accounts on behalf of the participant's clients be accessible:**

**44a. By the participant's clients?**

Yes (please answer 44b)

**44b. If yes, please describe briefly how clients of participants would access their securities and whether there would be any delay in their ability to do so:**

There are following designated (separate) accounts of any participant: • One Proprietary account; and • Unlimited number of Broker-Client accounts. The Broker-Client accounts could not be blocked in case of insolvency, penalties, violations or liens in regard of a participant

**44c. If other, please explain:**

**44d. By the intervening authorities controlling insolvency or other proceedings?**

No

**44e. If yes, please describe briefly under what conditions access would be granted to the intervening authorities:**

**44f. If other, please explain:**

**44g. By the participant's creditors?**

No

**44h. If yes, please describe briefly under what conditions access would be granted to the participant's creditors:**

**44i. If other, please explain:**

**44j. By the depository's creditors?**

No

**44k. If yes, please describe briefly under what conditions access would be granted to the depository's creditors:**

**44l. If other, please explain:**

**45. In what form does the depository maintain records identifying the assets of each participant? (Choose all that apply. Please refer to "Help" for clarification.)**

Computer file (please answer 45b)

**45a. If other, please explain:**

**45b. In which format is the source data maintained?**

MS SQL database.

**Response Necessary/Eligibility Question**

**46. Rule 17f-7 requires that an Eligible Securities Depository "provides periodic reports to its participants with respect to its safekeeping of assets, including notices of transfers to or from any participant's account."**

**Does the depository make available periodic safekeeping reports to participants, including notices of transfers to or from the participant's account?**

Yes (please answer 46b)

**46a. If no or other, please explain:**

**46b. If yes, please indicate the scheduled frequency: (Choose one.)**

Upon request

**46c. If other, please explain:**

**47. What is your document and record retention policy for documents and records described above in this section? (Choose one.)**

Other (please answer 47a)

**47a. If other, please explain:**

GCSD retains copies of all issued documents described in previous question for 6 years.

## SETTLEMENTS

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*The purpose of this section is to identify the model of settlement employed, the relationship between cash and securities, and the basis on which participants meet their obligations.*

**48. The Committee on Payment and Settlement Systems of the Bank for International Settlements (BIS) has identified three common structural approaches or models for linking delivery and payment in a securities settlement system. Please indicate which model your procedures most closely resemble (Please refer to details on the models within the "Help" section located below this question): (Choose all that apply.)**

Model 1 - Gross, Simultaneous Settlements of Securities and Funds Transfers. (please answer 48a)

**48a. Please briefly describe your settlement process, including how your settlement procedures may vary from the model chosen above (and as described below in the Help section)?**

The above model takes place between so called Trading Accounts of participants. Upon such settlement balances left at the Securities and Cash Trading Accounts (net amounts of securities and funds) are simultaneously transferred to respective Safekeeping Accounts of participants.

**48b. If other, please explain:**

### **Question 48 Help:**

*Model 1 - Gross, Simultaneous Settlements of Securities and Funds Transfers. These systems settle transfer instructions for both securities and funds simultaneously on a trade-by-trade (gross) basis, with final (irrevocable and unconditional) transfer of securities from the seller to the buyer (delivery) occurring at the same time as final transfer of funds from the buyer to the seller (payment). The securities settlement system maintains securities accounts and funds accounts for participants. Transfer of securities and cash are made by book-entry.*

*Model 2 - Gross Settlements of Securities Transfers Followed by Net Settlement of Funds Transfers. These systems settle securities transfer instructions on a trade-for-trade (gross) basis, with final transfer of securities from the seller to the buyer (delivery) occurring throughout the processing cycle, but settle funds transfer instruction on a net basis, with final transfer of funds from the buyer to the seller (payment) occurring at the end of the processing cycle.*

*The securities settlement system maintains securities accounts for participants, but funds accounts are usually held by another entity (often a commercial bank or the central bank). Securities are transferred by book-entry, such transfer being final at the instant the entries are made on the securities settlement system's books. The corresponding funds transfers are irrevocable, but not final. During the processing cycle, the system calculates running balances of funds debits and credits, the balance being settled at the end of the processing cycle when the net debit and net credit positions are posted on the books of the commercial bank or central bank that maintains the funds accounts. Settlement of funds accounts may occur once a day or several times a day.*

*Model 3 - Simultaneous Net Settlement of Securities and Funds Transfers. These systems settle transfer instructions for both securities and funds on a net basis, with final transfer of both occurring at the end of the processing cycle. Settlement may occur once a day or several times a day. The securities settlement system maintains securities*

accounts for participants. Funds accounts may be maintained by another entity, either a commercial bank or the central bank.

**49. Are the cash and security movements simultaneous?**

Yes

**49a. If cash and security movements are not simultaneous, please indicate the duration of the timing gap. (Choose one.)**

**49b. If other, please explain:**

**49c. If other, please explain:**

**OWNERSHIP OF SECURITIES**

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*The purpose of this section is to determine how ownership of securities is represented, the ways the depository maintains ownership or control of securities held in the depository, and the extent to which ownership of assets held by the depository is separated from the proprietary assets of the depository.*

**50. How are depository eligible securities held by the depository?**

Securities in the depository are held in dematerialized form.

**50a. If other, please explain and identify amount held in this other form as a percentage of total depository holdings:**

**51. If depository eligible securities are certificated, can depository eligible securities be held outside of the depository?**

Not applicable

**51a. If certain designated securities are held outside the depository, please indicate under which conditions these securities would be held outside the depository:**

**51b. If depository eligible securities are required to be centrally immobilized at the depository, where and with whom are the certificates safekept? (then please answer 51c)**

**51c. Are these certificates:**

**51d. If registered, how are the depository eligible securities registered?**

**51e. If other, please describe:**

**51f. If in the name of a separate nominee, please identify by name the nominee used:**

**51g. If other, please explain:**

**51h. If depository eligible securities may be held either in or out of the depository, are these certificates:**

**51i. What are the control features for receipt of certificates to the depository (e.g., authentication procedures, re-registration)? Please describe:**



51j. If other, please explain:

51k. If other, please explain:

52. If securities are dematerialized:

May dematerialized security positions be re-certificated and held outside the depository?

Not applicable

52a. Are the securities held: (Choose all that apply.)

52b. Please identify which types of entities may act as registrars: (Choose all that apply.)

52c. Please explain:

52d. If the securities held by the depository are recorded by book entry at the registrar, are the securities registered only to the depository, with the depository providing the function of recording ownership on a centralized basis for the market? (Choose all that apply.)

No (please answer 52g)

52e. If yes, how are securities held at the registrar for the account of the depository? (Choose one.)

52f. Please describe:

52g. If the securities held with the depository are recorded by book-entry at the registrar but are not registered exclusively to the depository, may they be registered to:

The beneficial owner, A nominee

52h. Please describe:

52i. If the securities held with the depository are recorded by book-entry at the registrar, what are the control features at the registrar for transfer of registrar positions to and from the depository (e.g., authentication procedures, reconciliation, confirmation of position at registrar)? Please describe:

Authentication procedures, reconciliation and confirmation of position at registrar.

52j. If other, please explain:

52k. If other, please explain:

52l. If other, please explain:

**Response Necessary/Eligibility Question**

53. Rule 17f-7 requires that an Eligible Securities Depository “maintains records that identify the assets of each participant and segregate the system's own assets from the assets of participants.”

Does the depository maintain records that identify the assets of each participant and segregate the system's own assets from the assets of participants?

Yes

53a. If other, please explain:

**54. Does the law protect participant assets from claims and liabilities of the depository?**

Other (please answer 54a)

**54a. If other, please explain:**

The Law on Securities Market requires segregation of the Depository's assets from the assets of its Participants and this is practically ensured by the Depository rules and systems. The Tax Code of Georgia protects participants' assets from liabilities of the Depository to the Government.

**55. Can the depository assess a lien on participant accounts? (A lien would entitle the depository to take and hold or sell the securities of the participant in payment of a debt.)**

Yes (please answer 55a)

**55a. If yes, for what reasons are liens or similar claims imposed? (Choose all that apply.)**

Fees and expenses

**55b. Please describe:**

**55c. Please indicate the limits of this lien as indicated below: (Choose one.)**

**55d. Please explain:**

**55e. If a lien is placed on a participant's account which has been designated for its clients, will the depository select certain securities to be subject to the lien?**

Other (please answer 55n)

**55f. If yes, please indicate whether: (Choose one.)**

**55g. Please explain:**

**55h. If no, please indicate whether the entire account will be subject to the lien.**

**55i. If other, please describe:**

**55j. For accounts designated as client accounts, do procedures exist to restrict the placement of liens only to obligations arising from safe custody and administration of those accounts?**

Yes (please answer 55k)

**55k. If yes, are the restrictions accomplished by:**

Other procedures (please answer 55l)

**55l. Please explain:**

Rules of the GCSD

**55m. If other, please explain:**

**55n. If other, please explain:**

GCSD does not impose liens on participants' accounts designated for clients.

**55o. If other, please explain:**

**56. Transfer of Legal Ownership**

**Does the depository have legal authority to transfer title to securities?**

Yes (please answer 56a)

**56a. When does title or entitlement to depository securities pass between participants? (Choose one.)**

When the transaction is processed on an intra-day basis. (please answer 56c)

**56b. Please describe:**

**56c. Where does title or entitlement to depository securities pass between participants? (Choose one.)**

On the depository books

**56d. Please describe:**

**56e. If other, please explain:**

**HANDLING OF SECURITIES OUTSIDE THE DEPOSITORY ENVIRONMENT**

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*The purpose of this section is to consider the process (and any risk inherent within such a process) that involves the safekeeping of client assets while they are being removed from a depository and being lodged into a depository.*

**57. How are eligible securities lodged (that is, placed) in the depository system? (Choose all that apply.)**

A registrar re-registers the security in the name of the depository.

**57a. Please describe:**

**58. When are securities lodged into the depository reflected in a participant's depository account? (Choose all that apply.)**

Securities are reflected in the participant depository account immediately upon delivery to the depository.

**58a. Please explain:**

**59. How long does it usually take to lodge securities with the depository? (Choose one.)**

1 to 2 days

**59a. Please specify:**

**59b. If other, please explain:**

**60. During the process of lodging securities into the depository, can the securities:**

**Be traded?**

Other (please answer 60c)

**60a. During the process of lodging securities into the depository, can the securities:**

**Be settled?**

No (please answer 60d)

**60b. During the process of lodging securities into the depository, can the securities:**

**Have ownership transferred?**

No (please answer 60e)

**60c. If they cannot be traded, or if you answered other, please explain:**

During the process of lodging of securities into the Depository they cannot be traded at the stock exchange. However, there are no legal/regulatory restrictions for the securities to be traded OTC during the process of lodging of securities into the Depository.

**60d. If they cannot be settled, or if you answered other, please explain:**

In such case they can be settled only after lodging with the GSCD

**60e. If ownership cannot be transferred, or if you answered other, please explain:**

During the process of lodging of securities (until the securities are finally lodged) the securities are not reflected in the records of the Depository. Hence no ownership transfer can take place (from or intra the depository).

**61. Are securities immediately available for delivery upon transfer to the depository?**

Yes

**61a. If no: Securities are unavailable for:**

**61b. If more than 4 weeks, please specify:**

**61c. If other, please explain:**

**61d. If other, please explain:**

**62. Please describe briefly the arrangements/procedures/facilities you maintain to ensure that eligible securities held at the depository are handled at least as efficiently as compared to securities held outside the depository, particularly in relation to income, corporate actions and proxy services.**

According to the laws and Rules governing GSCD, during corporate actions the GSCD provides all needed information about nominee holders and beneficiary owners for the efficient completion of the corporate actions

**63. What transfer process steps are involved when eligible securities are withdrawn from the depository for safekeeping? (Choose one.)**

Securities are re-registered into the name of the beneficial owner or a nominee.

**63a. Please specify:**

**64. How long does it usually take to remove securities from the depository? (Choose one.)**

1 to 2 days

**64a. Please specify:**

**64b. If other, please explain:**

**65. While the securities are being removed from the depository, can they:**

**65a. Be traded? (Choose one)**

Other (please answer 65b)

**65b. Please explain:**

They cannot be traded at the stock exchange. There are no legal/regulatory restrictions in other cases.

**65c. Be settled?**

No (please answer 65d)

**65d. Please explain:**

For settlement of stock-exchange transactions the securities shall be lodged in the Depository. For OTC trades securities can be settled outside the depository, however, only after securities removing process from the GCSD is finalized and securities are registered with the registrar.

**65e. Have ownership transferred?**

No (please answer 65f)

**65f. Please explain:**

From the beginning of the securities removing process the securities are not reflected in the records of the GCSD. Hence no ownership transfer can take place (from or intra the depository). Respectively, until the end of the securities removing process the securities are not reflected in the records of the Registrar and hence no ownership transfer can take place from or intra the Registrar.

STANDARD OF CARE

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*The purpose of this section is to understand the responsibility and liability that the depository has in providing services to its participants/members in the settlement and clearing of securities and/or cash, and to understand what type of protections exist for participants in the event of a participant failure/default.*

**Depository Liability**

**66. Does the depository accept liability (independent of any insurance coverage) for the following:**

**66a. Reconciliation errors with the registrar and/or the issuer that result in direct damages or losses to participants?**

Yes (please answer 66b)

**66b. If yes, please check all of the following that apply:**

The depository assumes liability for direct losses

**66c. If other, please explain:**

**66d. If other, please explain:**

**66e. Theft of securities (either physical certificate or electronically from accounts at the depository) from the depository that result in direct damages or losses to participants?**

Yes (please answer 66f)

**66f. If yes, please check all of the following that apply:**

The depository assumes liability for direct losses

**66g. If other, please explain:**

**66h. If other, please explain:**

**66i. Failure of the depository's systems that result in direct damages or losses to participants because they cannot use either securities or funds?**

Other (please answer 66l)

**66j. If yes, please check all of the following that apply:**

**66k. If other, please explain:**

**66l. If other, please explain:**

Such cases are considered as Force Majeure (FM) situation and the Depository is not liable for such failure of the Depository's systems. After recovery of the FM situation, the participants' securities and funds shall be readily accessible for the participants.

**66m. Any direct damages or losses to participants caused by the depository due to its errors, omissions or fraud?**

Yes (please answer 66n)

**66n. If yes, please check all of the following that apply:**

The depository assumes liability for direct losses

**66o. If other, please explain:**

**66p. If other, please explain:**

**66q. Any direct damages or losses to participants caused by the depository in its capacity as a central counterparty?**

Not applicable

**66r. If yes, please check all of the following that apply:**

**66s. If other, please explain:**

**66t. If other, please explain:**

**66u. Does the depository guaranty settlement?**

Other (please answer 66w)

**66v. Please explain how this is accomplished. What are the procedures and safeguards that permit the depository to guaranty settlement?**

**66w. If other, please explain:**

The Depository guarantees settlement, except cases when participant violates settlement terms. In case of such violation, violating party shall be liable for settlement failure.

**66x. Any direct damages or losses to participants caused by the depository as a result of force majeure events, acts of God, or political events, etc.?**

No

**66y. If yes, please check all of the following that apply:**

**66z. If other, please explain:**

**66~. If other, please explain:**

**66+. In all cases where the depository assumes responsibility for direct or indirect or consequential losses, is the depository's liability limited by a standard of care determination?**

Not applicable

**66\*. Please define the standard of care applied:**

**66!. If other, please explain:**

**67. Do the depository's written contracts, rules, or established practices and procedures provide protection against risk of loss of participant assets by the depository in the form of?**

**67a. Indemnification**

Yes (please answer 67b)

**67b. Please explain (then please answer 67c):**

Indemnification issues are provided in (a) Article XI of the GCSD Rule on Operations and Procedures of the Georgian Securities Central Depository (except paragraph 1.1 of this Article); and (b) Paragraphs 5.3, 5.4, 5.5, 5.6 and 5.7 of the Annex No. 2 (Membership Agreement) of the Rule on Members of the Georgian Securities Central Depository.

**67c. Please provide details of the relevant sections of the contracts, rules or practices where this information is found.**

RULES ON OPERATIONS AND PROCEDURES OF THE GEORGIAN SECURITIES CENTRAL DEPOSITORY  
ARTICLE XI. LIABILITY 1. Restriction on Liability 1.1. (.....) 1.2. Central Depository is liable for all kind of losses incurred as a result of incorrect deposit on securities account, incorrect debit or credit of securities or cash funds or other actions fulfilled by the Central Depository within the limits of its authority. The Central Depository is also liable for all other claims related to the loss inflicted as a result of its or its employee's negligence, fraud or criminal action. 1.3. The Central Depository is not liable for claims related to the securities ownership right and occurred as a result of member's (or account holder's) failure to comply with the securities legislation or SRO rules or inaccurate or incomplete instruction received from the member (or account holder). 1.4. The Central Depository shall provide no guarantee for consistent settlement of transactions, if transaction participant parties violate settlement terms. In case of such violation, violating party shall be liable for settlement failure. 2. Segregation of the Central Depository from Member's Liability 2.1. Each member shall avoid the Central Depository from the liability for the losses, obligations or expenses spent, evaluations or claims of the third parties, also state taxes, fees or other expenses somehow related to any security allocated to the securities accounts and occurred as a result of member's, its high officials', employees' or representatives' negligence, mistake, inaccurate information or fraud, excluding the claims occurred as a result of negligence, fraud or criminal actions of the Central Depository, its high officials, employees or representatives. 3. Force Majeure 3.1. The Central Depository is not liable for the failure or delay of service rendering or instruction fulfillment, if caused as a result of natural calamity, sabotage, strike, as well as mechanical or damage or defect of computer system, power supply system failure, government decree or other rationale, beyond control of the Central Depository. 4. Reliance on Other Sources of Information The Central Depository is authorized to rely on information provided from the Exchange, including report on transactions executed at each trading session; the Central Depository shall not be liable for the loss occurred as a result of reliance on this source of information. 5. Telecommunication Service The Central Depository shall not be liable for distortion or loss of information provided through telecommunication means, in case a member uses them to send or receive information to/from the Central Depository in order to give instruction. In addition, the Central Depository shall make efforts to restore distorted or lost information or instruction. A member is not authorized to require the Central Depository to reimburse losses or expenses or fulfill obligations occurred as a result of claims against telecommunication services. RULE ON MEMBERS OF THE GEORGIAN CENTRAL SECURITIES DEPOSITORY Annex No.2 Membership Agreement 5. Liabilities of the Parties 5.1 (....) 5.2 (....) 5.3 The Depository shall not be liable for any kind of claims related to the securities ownership rights arising as a result of improper utilization of legislation on securities trading or rules of self-regulatory organizations or receipt of inaccurate or incomplete order from a Participant. 5.4 The Depository shall not be liable for the accuracy, timeliness and completeness of settlement between the Participant and its clients. 5.5 The Depository shall not be liable for the failure of a settlement bank to execute an order of the Participant or the Depository or the incomplete (improper) execution of an order. 5.6 The Participant shall be fully liable for the clients it represents and shall meet all obligations and legal claims against these clients, the Depository or any other party in case of offence, negligence or default. 5.7 The Participant shall reimburse the Depository losses incurred and expenses borne relating to the securities on the Participant's trading account or resulting from negligence, mistake, fraud or the submission of

inaccurate information by the Participant's employees. 5.8 In cases contemplated by Articles 6.1 and 6.2 of the Rule on Owner-Members of the Georgian Securities Central Depository, delay of payment or incomplete payment of membership fees or other fees and charges by the Participant shall be subject to penalty in the amount of 1% of total unpaid sum for each day overdue. 5.9 In case the Participant violates this Agreement, Depository's rules and other regulations it shall be subject to sanctions under the Depository's rules and regulatory documents.

**67d. Insurance**

No

**67e. Please explain (then please answer 67f):**

**67f. Please provide details of the relevant sections of the contracts, rules or practices where this information is found.**

**67g. Acknowledgement of liability for losses caused by depository's own actions.**

Yes (please answer 67h)

**67h. Please explain (then please answer 67i):**

Acknowledgement of liability for losses caused by depository's own actions are provided in (a) in paragraph 1.1 of the Article XI of the GCSD Rule on Operations and Procedures of the Georgian Securities Central Depository; and (b) Paragraphs 5.1 and 5.2 of the Annex No.2 (Membership Agreement) of the Rule on Members of the Georgian Securities Central Depository.

**67i. Please provide details of the relevant sections of the contracts, rules or practices where this information is found.**

RULES ON OPERATIONS AND PROCEDURES OF THE GEORGIAN SECURITIES CENTRAL DEPOSITORY  
ARTICLE XI. LIABILITY 1. Restriction on Liability 1.1. The Central Depository is liable for all kind of losses incurred as a result of incorrect deposit on securities account, incorrect debit or credit of securities or cash funds or other actions fulfilled by the Central Depository within the limits of its authority. The Central Depository is also liable for all other claims related to the loss inflicted as a result of its or its employee's negligence, fraud or criminal action. RULE ON MEMBERS OF THE GEORGIAN CENTRAL SECURITIES DEPOSITORY Annex No.2 Membership Agreement 5. Liabilities of the Parties 5.1 The Depository shall be liable for any kind of damage resulting from improper deposit to the securities account, improper credit or debit of securities or funds or other actions conducted by the Depository within the scope of its authority. 5.2 The Depository shall be liable for any kind of claims related to the damages resulting from negligence, fraud or criminal action of its employee or representative.

**67j. Other**

No

**67k. Please explain (then please answer 67l):**

**67l. Please provide details of the relevant sections of the contracts, rules or practices where this information is found.**

**68. Is the depository immune from legal action in its own jurisdiction?**

No

**68a. If other, please explain:**

**Security Control**

**69. How do participants receive information (view actual settlement of trades, movement of securities on their accounts, etc.) and see the status of their accounts? (Choose all that apply.)**

By receipt of physical account holding statements



**69a. Please explain:**

**70. Do participants have access to affect their holdings, including confirming and affirming trades, movement of securities on their accounts, etc.?**

No

**70a. How is access given to participants? (Choose all that apply.)**

**70b. Please select type of electronic link:**

**70c. Please explain:**

**70d. If other, please explain:**

**71. Regarding data security:**

**71a. Are passwords used by participants to access their accounts?**

Not applicable

**71b. If other, please explain:**

**71c. Does each user have a unique user ID?**

Yes

**71d. If other, please explain:**

**71e. Are passwords regularly changed?**

Not applicable

**71f. How often?**

**71g. If other, please explain:**

**71h. Is there a user lock-out after a pre-set number of unsuccessful User ID attempts?**

Not applicable

**71i. How many?**

**71j. If other, please explain:**

**72. Does the depository communicate with other market entities such as stock exchanges, payment systems, clearing houses, etc., by secured linkages?**

Yes (please answer 72a)

**72a. Please explain:**

With the Georgian Stock Exchange (GSE).

**73. How does the depository communicate with other market entities?**

**73a. Stock Exchanges (Choose all that apply.)**

Secured, leased, dedicated telephone line

**73b. Payment Systems (Choose all that apply.)**

Internet, Paper/other

**73c. Clearing Houses (Choose all that apply.)**

Not applicable

**73d. Registrars (Choose all that apply.)**

Internet, Fax, Paper/other

**74. How is access to the physical building controlled? (Choose all that apply.)**

By guards, By alarm system

**74a. Please explain:**

**75. What are the vault security procedures for the safekeeping of physical paper? (Choose all that apply.)**

Not applicable; no vault is maintained

**75a. Please indicate frequency of vault counts:**

**75b. Please explain:**

**Participant Default Protections Resulting from a Participant Failure**

**76. If a participant defaults, how is the loss covered? (Choose all that apply?)**

Other (please answer 76d)

**76a. Please explain the process:**

**76b. Please explain the process of how the loss is shared: (Choose one.)**

**76c. If other, please explain:**

**76d. Please explain:**

The current system of the Depository procedures excludes possibility of losses from defaults (e.g. 100% pre-deposition of funds and securities before trading at the GSE).

**77. During the past three years, has there been a situation where a participant defaulted which resulted in a significant loss?**

No

**77a. How was the situation resolved? Or if you answered "Other," then please explain:**

**78. Does the depository have a guaranty fund independent of stock exchange or other market guarantees?**

No (please proceed to 79)

**78a. If yes, please respond to the following questions:**

**What is the size of the fund (then please answer 78b)?**

**78b. How is the size of the fund determined? (Choose one.)**

**78c. If other, please explain:**

**78d. How is the fund financed? (Choose one.)**

**78e. If so, what is the amount or percentage per owner?**

**78f. If so, what is the amount or percentage per participant?**

**78g. If other, please explain:**

**78h. Who is covered by the fund? (Choose all that apply.)**

**78i. If other, please explain:**

**78j. When is the guaranty fund used? (Choose all that apply.)**

**78k. If other, please explain:**

**78l. If other, please explain:**

**79. Does the depository have forms of oversight management for assessing and monitoring of the following? (Choose all that apply.)**

Participant eligibility requirements, Settlement controls that minimize or eliminate the risk of default by a participant (please answer 79d), Blocking of securities movement before receipt of payment, Blocking payment until securities are moved

**79a. Please explain other loss or default protections:**

**79b. Please explain the requirements:**

**79c. Please explain how these debit caps work:**

**79d. What type or types of settlement controls (Choose all that apply.)**

Blocking or freezing of securities positions (please answer 79e), Controlling DVP settlement (please answer 79f), Simultaneous DVP (please answer 79g)

**79e. Please explain:**

While serving the stock-exchange transactions securities designated for trading are transferred from the Safekeeping account to respective Trading accounts and are blocked there until settlement occurs.

**79f. Please explain:**

The Depository software ensures trade by trade DVP settlement.

**79g. Please explain:**

The Georgian Stock Exchange rules currently require 100% pre-deposition of funds and securities at the Depository. Thus, while serving the stock-exchange transactions, the above is ensured. Respectively, simultaneous DVP takes place.

**79h. Please identify and explain:**

**79i. Please explain briefly how these work:**

**80. Does the stock exchange have default protections that extend to the depository, such as the following? (Choose all that apply.)**

Other (please answer 80a)

**80a. Please explain:**

100% pre-deposition of securities and funds for the stock exchange members before trading at the GSE.

## **BUSINESS RECOVERY PLAN**

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*This section is intended to identify key aspects of the depository's Business Recovery Plan (BRP), including testing requirements and past results, expected recovery time periods, and the independent review and validation (if any) of the BRP.*

**81. Do you have a formal business recovery plan?**

Yes (please answer 81a)

**81a. Does your Business Recovery Plan include: (Choose all that apply.)**

Back-up of all computer files, Off-site data storage, Back-up files stored and locked

**81b. Please identify both the frequency and the last date of testing for the following third party:**

**Depository participants/members**

1a. Once a year; 1b. Upon request of a Member. 2. End of year 2014.

**81c. Please identify both the frequency and the last date of testing for the following third party:**

**Stock exchange**

Stock Exchange: Every Trading Day (5 times a week). 1.09.2015

**81d. Please identify both the frequency and the last date of testing for the following third party:**

**Central bank**

N/A

**81e. Please identify both the frequency and the last date of testing for the following third party:**

**Local brokers**

Local Brokers are Members of the Depository, hence the same as for the Members above in 81b

**81f. Please identify both the frequency and the last date of testing for the following third party:**

**Any other third party**

Any other third Party: Securities Registrars: a) Monthly, b) End of last month.

**81g. If other, please explain:**

**81h. If other, please explain:**

**82. How quickly can the main system be reactivated in the event of an outage? (Choose one.)**

Other (please answer 82a)

**82a. If other, please explain:**

Immediately (UPS, power generator)

**83. If a back-up system exists, how quickly can the back-up system be activated in the event of the main system failing? (Choose one.)**

1 - 4 hours

**83a. If other, please explain:**

**84. Will the depository publicly announce any system interruption?**

Yes (please answer 84a)

**84a. To whom will the depository disclose any system interruptions? (Choose all that apply.)**

To the depository regulators, To all direct participants

**84b. If so, please list webpage address:**

<http://www.gcsd.ge/>

**84c. If so, please list all publications:**

**84d. Please explain:**

**84e. How will the depository disclose any system interruptions? (Choose all that apply.)**

By e-mail, By telephone

**84f. Please explain:**

**84g. If other, please explain:**

**85. In the past three years, has it been necessary to activate the recovery plan in a live situation?**

No

**85a. If yes, how much time was needed to implement the recovery plan? (Choose one.)**

**85b. How much time was needed to recover and restore business to normal operations? (Choose one.)**

**85c. What was the impact to the market? (Choose all that apply.)**

**85d. If other, please explain:**

**85e. If other, please explain:**

*This section is intended to identify the level of insurance maintained by the depository, and the extent to which coverage would extend to financial loss incurred by participants and their clients, including but not limited to losses resulting from operating performance, security breaches, and employee negligence or misconduct.*

**86. Has there been any material loss by the depository during the past three years?**

No

**86a. If there has been a loss, please describe the cause, the final impact and the action taken to prevent a recurrence:**

**86b. If other, please explain:**

**87. Has the depository been subject to any litigation involving a participant during the past three years?**

No

**87a. Please explain the circumstances and resolution:**

**87b. If other, please explain:**

**88. Has the depository realized revenues sufficient to cover expenses during the past three years? (Choose one.)**

Yes for all three years

**88a. If other, please explain:**

**89. Does the depository maintain a reserve for operating losses?**

Yes (please answer 89a)

**89a. Please describe and indicate reserve amount:**

USD 124000

**89b. If other, please explain:**

**90. Has the regulatory body with oversight responsibility for the depository issued public notice that the depository is not in current compliance with any capital, solvency, insurance or similar financial strength requirements imposed by such regulatory body?**

No

**90a. Please describe:**

**90b. In the case of such a notice having been issued, has such notice been withdrawn, or, has the remedy of such noncompliance been publicly announced by the depository?**

**90c. If yes, please describe:**

**90d. If no, why not?**

**90e. If other, please explain:**

**90f. If other, please explain:**

**91. Does the depository have insurance to cover losses in the event of Default on settlement commitments by the depository or a participant?**

No

**91a. What is the amount of the coverage?**

**91b. What is the amount of the deductible?**

**91c. If other, please explain:**

**92. Does the depository have Fidelity insurance (that is, insurance to cover loss of securities or money resulting, for example, from acts such as forgery, theft, fraud and/or employee dishonesty)?**

No

**92a. What is the amount of the coverage?**

**92b. What is the amount of the deductible?**

**92c. If other, please explain:**

**93. Does the depository have insurance for Operational Errors?**

No

**93a. What is the amount of the coverage?**

**93b. What is the amount of the deductible?**

**93c. If other, please explain:**

**94. Does the depository have Errors and Omissions insurance?**

No

**94a. What is the amount of the coverage?**

**94b. What is the amount of the deductible?**

**94c. If other, please explain:**

**95. Does the depository have insurance for the Premises?**

No

**95a. What is the amount of the coverage?**

The value of the Depository property.

**95b. What is the amount of the deductible?**

N/A

**95c. If other, please explain:**

**96. Does the depository have any other insurance?**

No

**96a. If so, what is it for?**

**96b. What is the amount of the coverage?**

**96c. What is the amount of the deductible?**

**96d. If other, please explain:**

**97. Who is the insurance carrier? If more than one insurance carrier, please list each carrier here and provide your responses to questions 97a and 97b in corresponding order.**

N/A

**97a. Who is the insurance carrier's parent company, if applicable? (If inapplicable, simply type n/a.)**

N/A

**97b. What is the term of the policy?**

N/A

**97c. Who does the insurance cover? (Choose all that apply.)**

Not applicable

**97d. If other, please identify:**

**98. If you feel that you would like to provide additional details on any of the given answers, feel free to provide any additional comments here (maximum of 5,000 characters) or prepare an additional document identifying the question(s) you are commenting on and upload the document under 98a:**

N/A

**98a. Upload document here:**

PUBLIC AVAILABILITY

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**99. The AGC encourages respondents/depositories to make their answers to this questionnaire publicly available. Will you be making your response publicly available? (For additional guidance, please review the help feature to this question.)**

Yes (please answer 99a)

Question 99 Help: The AGC suggests that you consider making your completed questionnaire available to the public - either in response to requests or, if possible, by posting it on a web site. The information provided in response to the questionnaire will be used by the member banks of the Association in compiling Rule 17f-7 risk analyses and may also be furnished by members to U.S. investment companies. The information may also be furnished to other types of institutional investors, or to other parties who have an interest in the securities markets of various countries. However, the Association does not intend to release questionnaire responses directly to the general public. (For these reasons, the members of the Association cannot assure that responses will be treated as confidential or that responses will not become public.)

**99a. If yes, how will you be making it publicly available: (Choose all that apply.)**

Web site (please answer 99b)



**99b. Please provide web site address of publicly available questionnaire:**

www.gcsd.ge

**99c. Please provide name of contact at depository who has been designated to receive such requests (then please answer 99d).**

**99d. How would they prefer to be contacted? (Choose all that apply.)**

**99e. Please provide telephone number:**

**99f. Please provide facsimile number:**

**99g. What is the preferred street address for mailing requests?**

**99h. What is the preferred e-mail address for such requests:**

**99i. If other, please describe how you will be making the questionnaire publicly available:**

**100. Association members from time to time receive requests from their direct investor-clients for an informational copy of a depository's completed questionnaire. Such requests typically lead to interactions between personnel at the depository in question and member personnel or client personnel, or both. Those interactions take time and impose costs on both members and depositories.**

**Do you approve of Association members delivering a copy of your completed questionnaire to the member's direct client in response to the client's request?**

Yes

**Please provide any comments you have regarding the questionnaire.**

**You have reached the end of the questionnaire. Please be sure your contact details are updated. Your contact information is located in the first section of Part One within this questionnaire.**

**Please also be sure to print your responses and review them prior to changing Datasheet Progress to "Completed" under Part Two. (To print, select the printer friendly link at the top of the questionnaire.) When you are prepared to submit your answers, please return to Part One and Part Two of the questionnaire and change Datasheet Progress to "Completed". The members of The Association of Global Custodians thank you for your time and for your helpful response.**