

Approved by:

*the decision of shareholder of
The JSC “Georgian Securities Central Depository”
2018 January 18*

Registered by:

LEPL National Agency of Public Registry
Decision No. B18004328/6, 15.02.2018

**Joint Stock Company
“Georgian Securities Central Depository”**

CHARTER

(New edition)

Tbilisi
2018

Approved by:
meeting of the shareholders of
LLC Georgian Securities Central Depository
Minutes N1, October 18, 1999

Amendments and addendums are made by:
General meeting of the shareholders of
LLC Georgian Securities Central Depository:
February 2, 2000.
November 5, 2003
June 17, 2004
August 9, 2004

Registered:
Transformation in Joint Stock Company
By the order #5/5-120 of the Tbilisi Vake-Saburtalo
District court,
December 7, 2004

Amendments and addendums are made by:
General meeting of the shareholders of
JSC Georgian Securities Central Depository:
May 19, 2006
October 3, 2014

Registered:
By the order #7052/006-5/5-12 s/s of the Head of
Financial division tax office under the Ministry of
Finance in Georgia
August 23, 2006

Registered by:
LEPL National Agency of Public Registry
Decision N B17050224/3, 8.05.2017

New edition of the Charter is approved by:
General meeting of the shareholders of
JSC Georgian Securities Central Depository:
December 19, 2016
December 22, 2016
April 21, 2017

Registered by:
LEPL National Agency of Public Registry
Decision № B18004328/6, 15.02.2018

New edition of the Charter is approved by:
General meeting of the shareholders of
JSC Georgian Securities Central Depository:
January 18, 2018

Joint Stock Company
“Georgian Securities Central Depository”

CHARTER
(New edition)
Tbilisi
2018

I. General Provisions

1.1. Georgian Securities Central Depository is a Joint-Stock Company.

Its full name is:

In Georgian – სააქციო საზოგადოება „საქართველოს ფასიანი ქაღალდების ცენტრალური დეპოზიტარი“;

In English – JSC Georgian Securities Central Depository.

Its short name is:

In Georgian – "ცენტრალური დეპოზიტარი";

In English – “Central Depository”

Its abbreviated name is:

In Georgian – "სფქცდ";

In English - GCSD.

1.2. The Joint-Stock Company Georgian Securities Central Depository (hereinafter the Central Depository) is a legal entity. For the purposes to accomplish tasks defined by its Charter it has the right to conclude transactions, acquire property and non-property rights, undertake obligations, act as a plaintiff or defendant at the court. It has an independent balance sheet, cash settlement account and other accounts with the Georgian and foreign banks, seal, letterhead form and a logo.

1.3. The Central Depository conducts its activities in accordance with the effective Legislation of Georgia, this Charter and the regulations of the Self-Regulatory Organization.

1.4. The legal address of JSC Georgian Securities Central Depository is: 74a Chavchavadze Ave, Tbilisi 380062 Georgia.

1.5. Fiscal year coincides with the calendar year.

II. Goals and objectives of the Central Depository

2.1. The main purpose of the central depository activity is the nominal ownership of securities held by its Participants (members) and providing clearing and settlement of the securities, as well as other types of services defined by the Georgian legislation and the National Securities Commission of Georgia (hereinafter – Commission).

2.2. As the self-regulated organization, the goals of the Central Depository are to:

2.2.1. Establish the manuals for its members and monitoring the compliance and fulfillment of these manuals;

2.2.2. Apply sanctions against its members in case of breaching the inner-regulations, manuals and Charter of the Central Depository;

2.3. To achieve its major goal, the main functions of the Central Depository are to:

2.3.1. ensure integrity and safety of the accounting system for securities under its nominee ownership, according to its rules;

2.3.2. open, operate and close securities and cash accounts according to its rules, in order to provide nominee holding, clearing and settlement;

2.3.3. monitor the compliance of the instructions and regulations on securities accounting by the participants (members);

2.3.4. provide other types of services to members and clients to operate their securities accounts;

- 2.3.5. provide a participant with an extract from the clearing and settlement report and securities accounts report, in accordance with its rules;
- 2.3.6. provide technical assistance for reconciliation of data derived from the settlement of securities transaction;
- 2.3.7. provide clearing and settlement of securities, in accordance with the instructions of the participants.
- 2.4. Central Depository shall not be entitled to any activity other than the applicable legislation and other activities defined by the Central Depository, Securities Registrar Rules of Regulatory Authority.

III. Charter Capital

- 3.1. The amount of authorized charter capital of the Central Depository (authorized) is 10,000,000 (ten million) GEL.
- 3.2. Authorized Charter Capital of the Central Depository is divided into 10,000,000 (ten million) common shares with nominal value of GEL 1 (one). Each common share grants one vote to its shareholder on the shareholders' meeting.

IV. Rights and Obligations of the Shareholders

- 4.1. A shareholder has the rights to:
 - 4.1.1. sell shares in the Central Depository only to the persons defined by law and Commission Rules, according to the effective legislation and the regulations adopted by the Central Depository;
 - 4.1.2. obtain the information pertaining to the accounting and control status of the Central Depository, in accordance with the Law of Georgia on Entrepreneurs;
 - 4.1.3. nominate candidates of the Supervisory Board of the Central Depository.
- 4.2. A shareholder is obliged to:
 - 4.2.1. comply with the rules set by the Charter of the Central Depository;
 - 4.2.2. Keep the confidentiality of technical, technological and commercial information, disclosure of which may inflict damage on the Central Depository, its members and clients.
 - 4.2.3. facilitate the implementation of the Charter objectives of the Central Depository, protect its interests and ensure its financial stability, reputation and prestige.

V. General Meeting of Shareholders

- 5.1. The highest governing body of the Central Depository is the General Meeting of Shareholders, which is held at least once a year. Extraordinary meetings may also be called. Meetings are held in accordance with the Law of Georgia on Entrepreneurs and this Charter.
- 5.2. General Meeting is entitled to:
 - 5.2.1. approve the Charter of the Central Depository and the amendments thereto;
 - 5.2.2. take a decision on the reorganization or liquidation of the Central Depository;
 - 5.2.3. take decisions on acquisition, sell or exchange (or such other interrelated transactions) of assets of the Central Depository, except the course of ordinary business, value of which exceeds half of the book value of the Central Depository assets except cases provided in the paragraph 6.8.4 of this Charter;
 - 5.2.4. elect (appoint) or discharge members of the Supervisory Board;
 - 5.2.5. approve the report of the Directors and the Supervisory Board;

- 5.2.6. elect (appoint) jurors to the Disciplinary Committee and determine their scope;
- 5.2.7. elect an auditor;
- 5.2.8. take decisions on other issues provided by the Georgian Law on Entrepreneurs and Georgian Law on Securities Market;
- 5.3. The passage of a resolution of shareholders' meeting shall require more than 50% of the votes of the voting partner(s) present.

VI. Supervisory Board

- 6.1. The Supervisory Board of the Central Depository consists of three members and shall be elected by the Shareholders' meeting for 4-year period.
- 6.2. The member of the Supervisory Board shall conduct the Central Depository's business in good faith. In particular, they shall take care as an ordinary person of sound mind in a similar capacity and under similar circumstances would, acting in the faith that their action is in the best interests of the Central Depository. If they fail to fulfil that obligation, they shall be jointly and severally liable towards the Central Depository for damages incurred.
- 6.3. The Supervisory Board shall elect the Chairperson and the deputy Chairperson from among its members.
- 6.4. Sessions of the Supervisory Board shall be held at least quarterly. The session invitation shall be sent out in writing at least eight days earlier and shall include the intended agenda. The members of the Supervisory Board may be represented by other members provided one member may be presented by only one other member.
- 6.5. The Supervisory Board shall be authorized to make decisions if at least half of the members are present at the session. If the Board is not authorized to make decisions, the Chairperson (the deputy in the absence of Chairperson) may convene a new meeting, in no later than 8 days, that shall be authorized to make decisions if at least 25 % of the members are present. However, if the Supervisory Board is still not authorized to make decisions, the authority of the Board shall be terminated and the Chairman (the deputy in the absence of Chairperson) shall convene a General Meeting.
- 6.6. The Supervisory Board takes resolutions by simple majority of votes of the attended or represented members. In case of equally divided votes, the vote of the Chairman of the Supervisory Board shall prevail. In case of voting of an issue pertaining to a Member of the Supervisory Board, such member shall have no right to vote.
- 6.7. Rights and duties of the Supervisory Board are to:
 - 6.7.1. Adopt, revoke, or alter the rules of Central Depository on operations and procedures, Codes of ethics and disciplinary actions of Central Depository, Rule on dispute settlement, Manual on membership, amount of membership fees, other regulations and manuals.
 - 6.7.2. delegate authority to the General Director and Director of the Central Depository and assign him/her specific tasks in accordance with the Charter and inner-regulations;
 - 6.7.3. Interpret the regulations of the Central Depository;
 - 6.7.4. appoint and remove General Director / Directors of the Central Depository, sign or terminate employment contracts with them;
 - 6.7.5. Approve the Organizational Structure of the Central Depository, Staff list and Amendments to it;
 - 6.7.6. Make a decision on admission or dismissal of new member;
 - 6.7.7. Make a decision on closing the securities and cash accounts of a member in accordance with the rules of the Central Depository;
 - 6.7.8. Monitor the activities of the General Director / Directors;

- 6.7.9. request from the General Director /Directors a performance report of the Central Depository;
- 6.7.10. control and check the accounting books and records of the Central Depository and its assets;
- 6.7.11. present an annual report to the General Meeting of Partners;
- 6.7.12. take a decision on the suspension or restriction of the activities or functions of the Central Depository's members, issuance of a reprimand, fining and the imposition of other related sanctions;
- 6.7.13. take a decision on any other events contemplated within the Law of Georgia on Entrepreneurs and the Law of Georgia on Securities Market.
- 6.8. The following activities may be performed only with consent of the Supervisory Board:
 - 6.8.1. Purchasing and transferring shares to/from other companies if the value of such shares exceed 50% of the total capital of such a company or the value of the transaction exceeds 20% (twenty percent) of the balance sheet of the central depository at the end of the previous calendar month;
 - 6.8.2. Formation and liquidation of branches;
 - 6.8.3. acquisition, transfer, pledge or rental of fixed assets and similar rights;
 - 6.8.4. making investments, the value of certain or total investments exceeds 20% (twenty percent) of the previous fiscal year book value of the “company”;
 - 6.8.5. Taking loans and credits, value of which exceeds the amount fixed by the Supervisory Board;
 - 6.8.6. determination of general principles of the fiscal policy.
- 6.9. For better fulfilment of its rights and obligations, the Supervisory Board of the Central Depository is entitled to create committees from its members.
- 6.10. The Committees of the Supervisory Board develops their regulations and elect a chairman.
- 6.11. The Supervisory Board approves the regulations of the Committees and their chairmen.
- 6.12. A Committee of the Supervisory Board is responsible for carrying out continuous supervision of the issues within the scope of its authority, conducting consultations with the General Director / Directors of the Central Depository and timely presenting to the Supervisory Board draft resolutions on the issues to be adopted at the Supervisory Board.
- 6.13. A Supervisory Board Committee is not authorized to take a decision on behalf of the Supervisory Board or instruct to the General Director / Directors of the Central Depository.
- 6.14. A member of the Supervisory Board may be a member of several Supervisory Board Committees at the same time.
- 6.16. The Supervisory Board may not be delegated the powers of the General Director /Directors

VII. Directors

- 7.1. Management of the Central Depository is carried out by the General Director and Directors.
- 7.2. The General Director of the Central Depository have the following functions:
 - 7.2.1. Formation the staff of board of directors of the Central Depository and determining the scope of them;
 - 7.2.2. Organizing and managing operational activities of the Central Depository;
 - 7.2.3. Making decisions within his scope on behalf of Central Depository, conducting negotiations, signing contracts and other documents without the power of attorney;
 - 7.2.4. Temporary suspension of accounts for the Central Depository members, imposing other sanctions in accordance with the rules of the Central Depository;
 - 7.2.5. To submit reports to the Shareholders meeting and supervisory board regarding operational activities of the Central Depository;

- 7.2.6. To Convene Shareholders Meeting of Central Depository;
- 7.3. The General Director determines the scope of other employees of the Central Depository;
- 7.4. The functions of the Financial Director include:
 - 7.4.1. Developing a financial strategy of the company;
 - 7.4.2. Determining general accounting policies and directions of the company;
 - 7.4.3. Developing the annual budget of the company and monitoring the performance;
 - 7.4.4. Permanent analysis and control of the financial position and process of the company;
 - 7.4.5. Assessment and management of the financial risks;
 - 7.4.5. Justification and evaluation of investment decisions;
 - 7.4.6. Ensuring coordinated work of employees under subordination;
 - 7.4.7. Accomplishing other financial and related business activities.
- 7.5. General Director and Directors conduct the Central Depository's business in good faith. In particular, they shall take care as an ordinary person of sound mind in a similar capacity and under similar circumstances would, acting in the faith that their action is in the best interests of Central Depository. If they fail to fulfil that obligation, they shall be liable towards Central Depository for damages incurred.
- 7.6. General Director and Directors represent the company independently.

VIII. Members (Participants) of the Central Depository

- 8.1. Any person eligible by law, who complies with the requirements of the Central Depository, its Charter, Rules, decisions of the Managing Body and has engaged into membership contract with the Central Depository may become a member of the Central Depository.
- 8.2. The General Meeting of Members of the Central Depository is held once a year.
- 8.3. The General Meeting of Members of the Central Depository is entitled to:
 - 8.3.1. elect the Committee of Members of the Central Depository;
 - 8.3.2. Develop the recommendations on amendments to the Rules of the Central Depository and submit them to the Committee of Members.
- 8.4. The Director of the Central Depository or the Committee of Members informs all the participants in writing regarding the General Meeting of Members two weeks prior to the Meeting.
- 8.5. The General Meeting of Members shall be duly constituted if more than 50% of members are present. The Meeting shall make decisions by the simple majority of the votes present.
- 8.6. Agenda of the General Meeting of Members, the procedure for submitting issues for discussion and decision-making rules are regulated by the Manual of the Central Depository developed by the Committee of Members and approved by the General Meeting of Members.

IX. Committee of Members

- 9.1. The Committee of Members is a body, which develops and submits recommendations to the Supervisory Board of the Central Depository.
- 9.2. The Committee of Members consists of five members.
- 9.3. The Committee of Members is elected by the General Meeting of Members.
- 9.4. The Committee of Members develops the Manual with the approval of the Supervisory Board of the Central Depository.

X. Settlement of Property Disputes arisen in Central Depository

10.1. The property related disputes that arise at the Central Depository are resolved in accordance with the laws on the Settlement of Disputes of the Georgian Central Securities Depository JSC.

XI. Revenues

11.1. Revenues of the Central Depository are composed of:

11.1.1. Membership fees set by the General Meeting of Shareholders and commissions and other charges amount of which are defined by the Supervisory Board;

11.1.2. Other sources allowed by the Georgian legislation.

11.2. Profit after taxes to the state budget and after payments of other liabilities becomes the property of the Central Depository and is not subject to distribution as dividends.

XII. Reorganization and Liquidation

12.1. Decision on reorganization and liquidation of the Central Depository is taken by the General Meeting of shareholders by more than 50% of the votes present.

12.2. The Central Depository shall immediately notify the Commission in writing regarding the decision on termination or suspension of the operations of the Central Depository.

12.3. In case of revocation of its license the Central Depository becomes a subject of a reorganization or liquidation.

12.4. Other matters pertaining to reorganization and liquidation of the Central Depository are regulated by the legislation of Georgia.

Chairman of the Supervisory board of
“Georgian Securities Central Depository”
Giorgi Paresishvili (p/n 01024002732) [signed]

General Director of
“Georgian Securities Central Depository”
Gaioz Sanadze (p/n 01009012199) [signed]

Stamp N783 by
Ministry of Justice of Georgia
LEPL National Agency of Public Registry
Dated: 14.02.2018