



CUSTODY AGREEMENT

Concluded on:

Between the **Contracting Parties:**

1. **Sparkasse Bank Makedonija AD Skopje** having its seat at str. Macedonia 9-11, 1000, represented by the _____
2. _____ having its seat at _____ represented by the _____ (hereinafter referred to as: The Client).

Subject of the Agreement

Article 1

Subject of this Agreement is the regulation of the contracting parties' mutual rights, obligations and responsibilities of the contracting parties, arising from their relations when carrying out custody services and in relation to the opening and keeping of securities and cash custody accounts of the Client at the Bank.

With this Agreement, the Client shall authorize the Bank to perform custodian services, in accordance with the instructions given by the Client.

The client submits a request to open a custody account for securities in the name of the Bank and for its own account, along with the documentation necessary for the client identification in accordance with the internal regulations of the Bank.

The Bank will open Denar and foreign currency custody account for the special purpose funds of the Client.

Article 2

The performance of custodian services includes the following services that the Bank offers to the clients:

- Opening and maintaining securities accounts on its own name and on behalf of clients;
- Opening and maintaining securities accounts for its clients who are not owners of those securities, and on behalf of their clients;
- Disbursement of past due receivables from issuers based on due securities, interests and Dividends for the owners of those securities;
- Reporting on shareholders meetings and representation on those meetings;
- Payment of tax liabilities based on securities that are in client's possession;
- Other services agreed with clients.

Opening and maintaining securities accounts

Article 3



The Bank opens and maintains custody account with the Depository on its own name and on behalf of the legal account holder - the Client.

The Bank will not be responsible for the damage made to the Client or a third party due to the work of the Depository.

Article 4

With this Agreement, the Client authorizes the Bank from its custody cash accounts to pay the required amount for settlement of each transaction executed securities purchase, which will be confirmed with the report of trading on behalf of clients obtained by the authorized participant.

Collections on sales of securities will be made according to the individual instructions given by the Client. The Client can also issue permanent written instructions to the Bank.

Based on this Agreement, the Bank is authorized without a special order from the Client, to perform collection of all income (dividends, interest, coupons, principals etc.) arising from financial instruments on the Bank account and to record them on the Client's custody cash accounts.

The Bank is authorized for the available funds kept on the custody cash account to pay or to ensure that costs, taxes, and other fees will be paid, as well as costs associated with the performance of services under this Agreement.

The Client authorizes the bank in his name and on his behalf to fill, sign and seal all the forms required for maintenance of transactions with securities that will be settled through his custodial accounts.

Obligations of the Client

Article 5

The Client is obligated when performing operations with the Bank to act upon the laws, bylaws and legal acts, rules of Securities Commission, the Central Securities Depository, the National Bank of Republic of Macedonia and other laws as well as the General custody rules of the Bank and this Agreement.

The client is obliged consciously and in accordance with good working practices and business ethics, to perform obligations on the basis of activities which on his behalf are concluded by the Bank.

By performing this Agreement, the Client shall be responsible:

- To provide the Bank with all information and all documents required for opening the accounts, entering into this Agreement and activities implementation under this Agreement;
- Before the conclusion of the transaction to provide sufficient funds on the custody cash account and custody account for securities in order to perform the instructions of the Bank, as well as to cover the fees and transaction costs;
- To provide authorization for market intermediaries (brokers, banks) through which the transactions for buying/selling securities will be performed;
- To inform the Bank of the events or conditions that may affect the rights and obligations under this Agreement;
- To inform the Bank in case of change in the powers granted to persons who are working with accounts and to the authorized market intermediaries (brokers, banks).

Fees and commissions

Article 6

In consideration with the services provided for storage of securities on behalf of clients, as well as the other services that the Bank performs, the Client is obliged to pay to the Bank a commission or other fee determined by the Bank Tariff.

To perform services for storage of securities, the Client commits to pay to the Bank monthly fee in accordance with the Tariff or specially agreed conditions.

The fee is calculated on the basis of daily net amount of cash and securities of the Client and realized number of days in the accounting period compared to the number of days in the current year.

Costs associated with hiring a sub-depositary bank or Central Securities Depository and the services and activities performed by them according to their tariffs are not included in the fees referred to in paragraphs 2 and 3 of this Article.

Client undertakes to pay the bank fee by the date specified in the calculation and no later than 8 days from the delivery of the invoice. If he is late in paying the fee, the Bank is entitled to calculate statutory default interest.

Client agrees that the Bank is authorized to set limits on the funds on its bank accounts, opened at the Bank at any basis, in the amount of all outstanding and unpaid fees and other outstanding costs that may arise on the basis of this Agreement, if they are not settled in accordance with the agreed deadlines in this Agreement, and until full settlement of them.

Orders receiving

Article 7

The Bank may dispose with financial instruments of the client only on the basis of the order issued by the client.

The Client is responsible for the accuracy and completeness of data in the orders, as well as any consequences that may arise in the case of delivery of incorrect or incomplete data.

Client orders shall be issued in a standardized Bank's form directly by mail, SWIFT, fax or email, from its registered data. Otherwise the bank may examine the authenticity of the order before its execution.

Article 8

The bank will not act upon the order submitted by the client that is incomplete, unclear, and wrong or is submitted beyond the deadline. In this case, the Bank shall warn the client for the fault order and ask him to deliver the order in the correct form.

Order rejection

Article 9

The Bank will refuse the order receipt:

- If it determines that the account of the Client does not have enough resources to settle its obligations arising from the execution of the purchase order;
- If it determines that on the custody account for securities the Client does not have enough amounts of securities to carry out the order.

Also the bank is obliged to refuse execution of the order if there is cause for reasonable suspicion that the performance of that order:

- Will violate legal provisions or the law on prevention of money laundering and terrorist financing;
- Will cause to happen an economic crime or offense.

Notifications from the Bank

Article 10

The Bank shall notify the Client of the realized transactions of financial instruments and cash related to the financial instruments, providing bank statements for the state on the accounts and changes made to the accounts of the Client.

Regular reports are:

- Bank statement from the custody account for securities;
- Bank statement from the custody cash account;
- Invoices;
- Details of payment transactions;
- Reporting on the order execution;
- Calculation of the securities value.

The bank shall at the request of the client, immediately issue a report in regard to his custody account, and no later than three days from the delivered request.

Reports to the clients are sent in the following ways:

- Electronic mail (e-mail), e-mail address that the client will specify in the registration documents;
- SWIFT;
- Mail;
- Personally, on hand.

The report delivered in one of the agreed ways will be considered as proper notification. By e-mail, the Bank will provide the Client with the information about corporate actions of the issuers of securities held by the Client, as well as any other information that may affect the assets of the Client at the moment when the Bank will possess this information, and the information requested by the Client that can be provided by the Bank in its range of possibilities.

Notifications from the Client

Article 11

The Client shall in writing, immediately after the changes occur, but not later than 3 days, to inform the Bank for:

- Statutory changes or amendments;
- Changes in the management and other responsible contact with the Bank;
- Change of address and contact data;
- Obtaining or termination of the client status with the stock broker;
- Increase or decrease of the core capital;
- When the client becomes insolvent;



- When the Client is in the procedure for enforced collection, bankruptcy or liquidation;
- Other information relevant to the operation which the Bank performs on behalf of the client.

The Client takes full responsibility for all the consequences and possible damage that may arise as a result of late reporting of all the changes.

Contact information

Article 12

Notifications and instructions (orders) which are sent by one party to the other are sent to the following addresses:

Bank address:
Authorized persons:
Name:
Phone:
E-mail:

Client address:
Authorized persons:
Name:
Phone:
E-mail:

Any changes of the official or adding new authorized persons must be specified to the other party in writing.

The bank will not be responsible for damages if acting on instructions or notices that have signature authorization, password, code or other recognizable indication of the authenticity of the Client that later will be determined as inauthentic.

Proxy voting

Article 13

Based on an order of representation received from the Client, the Bank authorizes an employee of the Bank or a third party to attend a meeting of shareholders of the issuer of securities held by the Client and make a right aloud in the name and on behalf of the Client in accordance with the given order.

Representations and warranties of the Client

Article 14

Client guarantees and is responsible for complete and accurate information, delivered on time.

The Client guarantees:

- That he has received all the licenses and permits necessary for the conclusion of this Agreement;
- That he is entitled and authorized to conclude transactions related to this Agreement and that the he has received all the necessary approvals and permits to conclude them;

- That the conclusion of the transactions related to this Agreement is not in conflict with the statutory documents of the Client and/or contract documents signed with third countries;
- That now and in the future he will notify the Bank of all facts and information that are known or should be known and may influence the decision of the Bank for the signing of this Agreement and the performance of services under this Agreement, and that all information that are given or will be given to the Bank related to this Agreement are true and complete.
- That he is familiar with the laws, bylaws and legal acts that refers to the subject of this Agreement as well as General rules for custodian operations.

Payments of the Client

Article 15

Unless otherwise regulated by this Agreement, all cash payments under this Agreement are carried out through custody cash accounts:

- Account number _____ domestic account
- Account number _____ foreign account.

Custodian services performance on foreign markets

Article 16

On behalf of the Client the Bank performs custodial services on foreign capital markets in line with its policy, legislation and work activities on foreign markets. Bank performs these activities through sub-depository bank or Central Securities Depository.

When choosing the sub-depository bank or Central Securities Depository, the Bank takes into account the legal obligations, expertise and market reputation, taking into account all regulatory requirements that may negatively affect the rights of the client.

With the sub-depository bank or Central Securities Depository the Bank will store foreign financial instruments in its own name and on behalf of its clients, on separate or aggregate accounts, under the conditions set by the sub-depository bank or CSD, as well as the applicable rules and practices that apply at the present capital market.

The bank will provide settlement of transactions with foreign financial instruments, in case when the clients are entitled to dispose with them, after receiving the confirmation for the transaction settlement from the sub-depository bank or Central Securities Depository.

Liability

Article 17

The Bank's liability arising from the breach of the Bank's duties in connection with activities hereunder is limited up to the market value of the financial instruments at the time of breach of duty. The Bank is not liable for lost profit of the Client, or for damage which does not arise as a direct result of the breach of legal duties of the Bank. Limitation of liability according to this provision does not apply, if the damage is caused by the Bank intentionally or with gross negligence.

The Bank is also not liable for damage caused by unexpected development of financial markets, failure of distant communication media (e.g. failure of internet connection or software) and failure of any technical



means, if it was not caused by the Bank. The Bank is further not liable for a detriment caused to the Client as a consequence of execution of Client's order or Instruction given to the Bank, or in connection with the Bank's activity performed in good faith in any Client's notification.

The Client shall indemnify the Bank against any damage, liability, risen claim or costs (including legal fees), incurred by the Bank in connection with its due performance based on an order or Instruction of the Client. The Bank is responsible neither for correctness nor for lawfulness of orders or Instructions of the Client.

Adequate time periods shall be granted to the Bank for execution of orders or Instructions hereunder. The Bank is not liable for possible damage, which may be incurred by the Client as a consequence of delivery of an order or Instruction to the Bank in insufficient advance.

Term of the Agreement

Article 18

This Agreement is concluded for an unlimited period and may be terminated by mutual consent of both parties or by force of law.

Each of the parties may terminate the Agreement with the cancellation period of 30 days, by sending a written recommended notification or termination request without stating the reason.

This Agreement shall be considered as terminated in case when one party does not fulfill its obligations, even in the additional period of three (3) business days from the date when the other counterparty is notified for disrespect of its obligations, by written recommended notification.

The rights and obligations of the contractual parties remain in force for the duration of the cancellation period, including, without limitation, the right of the Bank to collect all the commissions and fees determined by the Tariff.

Right of Retention

Article 19

The Bank has a right and is entitled to make a retention of the investment instruments of the Client in order to secure all due debts of the Client hereunder. If the Client does not pay any due debt hereunder, the Bank is entitled to convert the retained investment instruments chosen by the Bank at its discretion into cash (without any liability towards the Client for such choice) and use the return from the sale to settle the respective debt. In this regard the Bank is further entitled to perform a conversion of the return from the sale for the exchange rate achievable for the Bank, in order of closing the receivables in the currency in which they incurred.

Article 20

In case of the Agreement termination, on the date of termination, the Bank will:

- Make the transfer of the securities from the custody account of the Client to other custody account specified to the Bank by the Client;
- Will transfer the cash funds, held on the custody cash account in the Bank, according to the written instructions given from the Client.

Prior to the of the end of the cancellation period, and latest on the day of the termination of the contract the Client is obliged to pay to the Bank all amounts due hereunder, to withdraw the certificated investment instruments from custody and to give the Bank an Instruction to transfer the other investment instruments from the Securities Accounts to securities accounts maintained by other persons. If the Client does not withdraw the certified investment instruments from the custody or he/she does not give an Instruction to transfer the other investment instruments from the Securities Accounts, the Bank is entitled to sell the Client's investment instruments and to remit the return from the sale to the Client after deduction of costs reasonable spent in connection with their sale.

General rules and Bank Tariff

Article 21

The Client explicitly declares that he has received the General rules before signing this Agreement thoroughly examined fully agrees and accepts them.

The client explicitly declares that he is familiar with the Tariff of the Bank.

General Rules and the Bank Tariff become part of this Agreement when this Agreement will be signed by the both parties.

General provisions

Article 22

Any amendment to this Agreement should be aligned between the parties in writing, with annexes, which become form part from this Agreement.

Article 23

The contracting parties agree that if this Agreement and the General rules does not specify otherwise, the Bank accepts no responsibility associated with counseling, supervision or other indirect commitments, which are related with the securities.

Confidentiality and data protection

Article 24

The Client and the Bank accept to consider all the data and information obtained in connection with the Agreement or related to its execution as confidential, unless otherwise specified or if otherwise regulated by applicable legislation.

These data must not be communicated to third parties or to be allowed to others to use them.

With the exception, data that can be communicated and submitted for inspection to third parties include:

- If the Client gave written consent for disclosure;
- At the request or order of a competent court;
- At the request of the Securities Commission for supervision;
- At a written request of the National Bank for supervision;
- At a request of the Directorate for Prevention of Money Laundering and Terrorist Financing;
- At the written request of any other body authorized by law.



By signing the Agreement, the Client agrees and allows to the Bank to forward its personal data to the Central Depository of Securities or sub-depositary if necessary, in order to perform the duties and obligations on behalf of the Client, if required with that capital market legislation.

Article 25

By signing this Agreement, the Client declares that allows processing of personal data, through the period of validity of the Agreement and in accordance with relevant legislation.

Article 26

The Bank undertakes an obligation to ensure the protection of personal data of the Client, in accordance with the legislation and rules of the Bank for the personal data protection.

Dispute resolution and application of law

Article 27

If part of this Agreement by a court or other competent authority is considered invalid, such invalidity will not affect the other provisions of this Agreement and the other provisions shall remain fully effective and valid.

Article 28

This Agreement is governed by the laws of the Republic of Macedonia.
The contracting parties agree to try to resolve by peaceful means all possible disputes arising from this Agreement, otherwise the court in Skopje will be responsible for them.

Article 29

The Agreement is considered valid at the moment it is signed by the authorized persons of both parties.

Article 30

This Agreement is made and signed in two (2) identical copies in Macedonian language and two (2) identical copies in English, of which one copy for each contracting party. Macedonian version will prevail in case of inconsistency.

Sparkasse Bank Macedonia AD Skopje

Client
