

New edition registered  
with the Central Bank of the Republic of Armenia

Arthur Javadyan, Chairman

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23 December, 2013.

**NASDAQ OMX ARMENIA**  
**OPEN JOINT STOCK COMPANY**

**RULES ON QUOTATIONS BY**  
**GOVERNMENT BONDS AGENTS**

## Article 1. Concepts

- 1) The concepts used in the Rules shall have the meanings as specified below:
- 2) **"Trading System"** shall mean complex of technical, software and other resources used by the Operator for organizing and implementing electronic public trading, as well as processing and storage of the information related to it.
- 3) **"Trading session"** shall mean a period in the working day, during which public trading of Government bonds is organized in order defined by the Operator's Rules.
- 4) **"Government bonds market participant"** shall mean an organization eligible for participating in the Government bonds trading, in order defined by the Operator's Rules.
- 5) **"Operator"** shall mean "NASDAQ OMX Armenia" Open Joint Stock Company.
- 6) **"Agent"** shall mean a Government bonds market participant, which has taken over the commitment of doing quotations of benchmark government bonds in his own name and on his own account, according to the contract concluded between the Issuer and the RA Central Bank.
- 7) **"Status of a quotation agent"** shall mean a status given by the Operator to the agent, from which arise the rights, privileges and responsibilities of the agent, as defined in these Rules.
- 8) **"Order"** shall mean a purchase/sale offer for government bond of the given issue (tranche), registered in the trading system during the trading session, where all material conditions for matching the order defined by the Operator's Rules shall be specified.
- 9) **"Quotation"** shall mean the purchase and/or sale price of the government bond announced in the trading system with the purpose of concluding transactions with government bonds.
- 10) **"Two-sided quotation"** shall mean the simultaneous announcement of at least one purchase and one sale price of the government bonds of the given issue made by the Agent in the trading system.
- 11) **"Quotation volume"** shall mean the nominal volume of the government bond offered for sale by order.
- 12) **"Agent spread"** shall mean the maximum allowable margin of government bonds profitability difference, corresponding to the lowest price indicated in the sale order and the highest price indicated in the purchase order of government bonds of the corresponding issue, registered in the trading system by the Agent.
- 13) **"Issuer"** shall mean the Ministry of Finance of the Republic of Armenia.
- 14) **"Government bond"** shall mean the government (treasury) bonds issued by the Ministry of Finance of the Republic of Armenia on behalf of the Republic of Armenia.
- 15) **"Benchmark Government Bond"** shall mean government bonds, which, according to legal acts is considered benchmark by the Issuer.
- 16) Other concepts use in these Rules shall have the meanings defined by the Operator's Rules.

## Article 2. General Provisions

17) The Operator can grant a quotation agent status only to the Agent.

18) Granting of a quotation agent status to an Agent shall not arise additional benefits and/or restrictions for the given Agent towards other government bonds, not considered benchmark.

19) The Operator shall receive from the Issuer data regarding the benchmark government bonds through the CBANet computer network.

## Article 3. Requirements to the activities of an Agent with a quotation agent status.

20) The Agent, to whom quotation agent status was granted, shall:

a) maximum 10 (ten) minutes after the moment of opening of the government bonds trading session, till the moment of closing of the government bonds trading session, provide continuous two-sided quotation for all issues of government bonds, except in cases defined in sub point b) of this paragraph and sub point b) of point 25 of these Rules;

b) ensure a new two-sided quotation in three minutes in case of matching of purchase and/or sale order during a two-sided quotation;

c) during the two-sided quotation, provide the minimum quotation volume defined for the benchmark government bonds of the given issue, with a condition of partial matching;

d) during the government bonds trading session, make the two-sided quotation of benchmark government bonds within the spread margin defined by these Rules.

21) If, during the trading session the sizes of spread margins and/or the sizes of minimum quotation, defined in sub point c) and/or d) of point 20 of these Rules were violated in the result of a transaction concluded in the trading system, then the Agent must, during three minutes, and in all other cases – immediately, restore the sizes of the minimum quotation volume and/or the spread, defined by these Rules.

22) During the trading session, the spread of the Agent as of the current moment shall be calculated using the following formula:

$$ACS = \frac{(AP_{purchase} - AP_{sale})}{AP_{sale}} \times 100\%$$

where:

- ACS shall mean the Agent's size of the spread at the current moment;

-  $AP_{purchase}$  purchase shall mean the annual profitability corresponding to the highest price of purchase orders of benchmark government bonds of the given issue, registered by the Agent in the trading system as of the current moment on his behalf or on his account.

-  $AP_{sale}$  sale shall mean the annual profitability corresponding to the lowest price of purchase orders of benchmark government bonds of the given issue, registered by the Agent in the trading system as of the current moment on his behalf or on his account.

23) The Agent's spread as of the current moment shall not exceed five (5) percent.

24) The minimum quotation volume specified in the purchase or sale order for each issue of standard government bonds shall be set in the size of 0.1 (zero point one) percent from the nominal volume, being in circulation, of benchmark government bonds of the given issue.

#### **Article 4. The Agent's rights**

25) The Agent shall be entitled to:

a) change the two-sided quotation in the Agent spread margins defined in these Rules;

b) not to perform his obligations of two-sided quotation for benchmark government bonds of the given issue, if, during the given trading session, the general nominal volume of transactions concluded with standard government bonds of the given issue on his behalf or on his account exceeds the size of 0.2 (zero point two) percent of the nominal volume, being in circulation, of benchmark government bonds of the given issue.

26) The Agent shall be entitled to conclude transactions on his behalf and on the clients' accounts in the Operator's trading system, over which the requirements, privileges and restrictions for the Agent, defined in these Rules, shall not apply.

#### **Article 5. Procedure of granting a quotation agent status**

27) The decision of granting a quotation agent status to an Agent shall be made by the head of the Operator's executive body, in order defined by these Rules.

28) For receiving a quotation agent status, the Agent, in accordance with Annex 1 of these Rules, shall submit to the Operator an appeal application (hereinafter also referred to as Application) for receiving a quotation agent status.

29) The application shall be considered submitted to the Operator from the moment of its receipt. The head of the Operator's executive body shall make a decision on rejection or matching of the application within 1 (one) working day from the moment of its receipt.

30) The quotation agent status shall be considered granted to the Agent on the day the Operator's executive body makes a corresponding decision.

#### **Article 6. Rejection of the appeal application for a quotation agent status**

31) The appeal application for a quotation agent status shall be rejected if:

a) the right of the given Agent for concluding transactions with the Operator was suspended in the period of considering the application;

b) there is conformity with the Law or other decisions made in accordance with it (normative legal acts) and any non-compliance with the Operator's Rules.

32) The reasons and legal grounds for rejection shall be indicted in the decision of the head of the Operator's executive body on rejecting the application.

33) The head of the Operator's executive body cannot make a decision on rejecting an application on grounds not provided by this Article.

34) In case of application rejection the Agent shall be entitled to submit a new application on quotation agent status appeal, in general order defined in these Rules.

#### **Article 7. Termination of a quotation agent status**

35) The quotation agent status of a government bonds market participant shall be automatically terminated with the Operator if:

a) the permission of the given organization for participating in the trading organized in the Market has terminated;

b) the quotation agent status of the given government bonds market participant has terminated;

c) Such changes have occurred in the RA legislation, RA other legal acts and/or in the Operator's Rules, which make the further activities of the given organization in a quotation agent status impossible.

#### **Article 8. Privilege of the Agent acting in a quotation agent status**

36) If the party of a transaction of traded benchmark government bonds is the Agent having a quotation agent status, then for him, as a privilege, a reduced intermediary fee shall be set and charged by the Operator, than it is set for other government bonds market participants having no status of quotation agent of benchmark government bonds of the given issue.

37) The sizes of intermediary fee defined by point 36) of these Rules shall be set in accordance with the Operator's "Rules on tariffs".

#### **Article 9. Control over observance of the Rules**

38) Control over observance of provisions of these Rules shall be implemented by the Operator and the Issuer.

39) The Operator shall submit to the Issuer corresponding references related to the violations of the requirements of these Rules, indicating the nature of the violations found and their description. The form of the reference and the frequency of submission shall be determined in accordance with the decision of the head of the Operator's executive body, coordinating with the Issuer.

40) Disputes arising in the frames of control over observance of these Rules shall be decided in order defined by the RA Legislation.

#### **Article 10. Transitional Provisions**

41) Amendments and addenda to these Rules shall be its integral part and shall enter into force in order defined by Law, unless otherwise is specified by these Rules.

42) The Annex shall be an integral part of these Rules and, together with the Rules, shall form a single document.

Approved by

"NASDAQ OMX ARMENIA" OJSC

Supervisory Board decision

Konstantin Saroyan \_\_\_\_\_

June "10", 2013

Yerevan

NOA -01/026L

To the head of the Executive body of  
NASDAQ OMX ARMENIA

Application for Quotation agent status appeal

With this I request to grant \_\_\_\_\_ a Gnanshoghi  
status.

(Applicant's full name in Armenian)

At the same time, we take the obligation to observe all requirements defined in the NASDAQ OMX ARMENIA Open Joint Stock Company's "Rules on Quotations by Government Bonds Agents" and other requirements set for the activities of a Quotation agent, as well as fulfill in good faith all the obligations taken by us in the result of our activities performed with the Operator and arising from the status of a Quotation agent.

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(Full name of the head of The Executive Body) (Position name of the head of The Executive Body)

\_\_\_\_\_

(Signature)

\_\_\_\_\_

(Date)

S.P.