



## ESCROW ACCOUNT AGREEMENT FOR INDIVIDUAL'S SECURITIES TRADING

### ONE. AGREEMENT CONTENT

- 1.1 This agreement has been entered into by and between Khan Bank (hereinafter to be referred as Khan Bank), "BDSEC stock company" JSC (hereinafter to be referred as stock company) and customers of stock company.
- 1.2 This agreement is to regulate relations arisen due to depositing the customer's funds in a specific account during uncertain period of time that opened for the customer of the BDC by Khan Bank for settlement of securities trading, making non-cash withdrawal transaction upon written request of authorized organizations for settlement of securities trading, payment of service fees and commissions stated in the bank's general conditions on interest payment, fees and commissions and identifications of rights and obligations of the parties.
- 1.3 The agreement is concluded between the parties upon Mongolian Civil Code, Banking Law, Law on Money deposit, Payment settlement and Lending activities of Banks and Authorized Legal Bodies, relevant procedures and agreements of SCHDC for regulation of settlements of securities trading, Khan bank's relevant procedures, the agreement concluded between the bank and the BDC, Khan Bank's conditions on escrow account service to the customer of BDC and Khan bank's general conditions on commissions and fees of products and services.

### TWO. GENERAL CONDITIONS OF THE AGREEMENT

2.1 Khan bank's branch/sub-branch name:	
2.2 Account holder name (full name):	
2.3 Registration number:	
2.4 Address:	
2.5 Co-holder's name	
2.6 Escrow account number:	
2.7 Currency:	
2.8 Minimum required balance of the account:	
2.9 Effective date of the agreement:	

- 2.10 The account holder shall review conditions of escrow account service provided by Khan bank to the customer of the BDC and the bank's general conditions on fees and commissions of products and services. The parties hereby confirm that they agree with all conditions.
- 2.11 The customer shall receive settlement of securities trading through its current or demand deposit account at Khan Bank in case the customer traded securities.
- 2.12 The customer shall deliver its request to BDC for withdraw transaction from its escrow account. BDC shall verify and confirmation the settlement if there is no outstanding payment obligation of previous transactions. BDC shall send its confirmation to Khan Bank including customer's withdraw transaction request.
- 2.13 Requirements of the customer for opening account shall be according to Khan Bank's Deposit Product Policy and Procedure, and Temporary Procedure of Securities Trading and Settlement.
- 2.14 The account holder shall deposit funds with full amount as 100% for settlement of purchasing securities and other fees for transactions to the escrow account prior to the trade transaction.
- 2.15 SCHCD shall cease the account transaction temporarily or deactivate the account upon a request of the customer, decision of court, FRC and other authorized organizations and the bank's request with content of failure of the contractual obligations.

### THREE. THE RIGHTS AND OBLIGATIONS OF THE ACCOUNT HOLDER

- 3.1. The account holder shall review and check account transactions and balances against account statements. The customer shall deposit funds for settlement of securities purchase;
- 3.2. The account holder shall have the right to demand the bank to write-off losses arisen due to the bank failed to satisfy contractual obligations under the agreement through suing and submitting a claim to authorized legal bodies including a court, against the bank;
- 3.3. The customer shall not make any withdrawal transaction from its account at the bank since trade day until the bank withdraws full payment of securities trading and its commissions;
- 3.4. The customer shall not use the account stated in 2.6 of the agreement for other purposes than settlement of securities trading;
- 3.5. The customer shall be responsible for delivering official proxy that appointed legal representative of the customer and shall inform to the bank in case any changes are made;
- 3.6. The account holder shall be responsible for obeying and complying with Mongolian law on Anti-Money Laundering and Counter Terrorism Financing;
- 3.7. The account holder shall have other rights and obligations stated in laws, regulations and "Temporary Procedure for T+1 system for Securities Trading and Settlement" of SCHCD.

### FOUR. THE RIGHTS AND OBLIGATIONS OF THE BDC

- 4.1. The BDC shall execute the transaction once escrow account is opened and fund is deposited for settlement of securities purchase on the trade date.
- 4.2. The BDC shall verify and confirmation the trade settlement if there is no outstanding payment obligation of previous transactions. BDC will send its confirmation to Khan Bank including customer's withdraw transaction request
- 4.3. The BDC shall have the right to monitor previous settlements and file of current balance and to access the system for review.
- 4.4. The account holder shall be responsible for obeying and complying with Mongolian law on Anti-Money Laundering and Counter Terrorism Financing;
- 4.5. The account holder shall have other rights and obligations stated in laws, regulations and "Temporary Procedure for T+1 system for Securities Trading and Settlement" of SCHCD.

### THE RIGHTS AND OBLIGATIONS OF THE BANK

- 5.1. The bank shall receive information regarding the customer's account through sending a request to SCHCD;
- 5.2. The bank shall submit a request to SCHCD in order to resolve any issues arisen due to failure of payment obligations;
- 5.3. The bank shall provide accurate and true information on its financial services when the agreement is concluded;
- 5.4. The bank shall meet requirements for clearing bank and requirements on solvency and minimum reserve requirement;
- 5.5. The bank shall compensate all losses to the customer caused by its misconducts;
- 5.6. The bank shall centralize the payment of securities trading in settlement account of the BDC from the customer's account upon payment order delivered by the BDC;
- 5.7. The bank shall not disclose or disseminate any information regarding account holder and his/her account unless otherwise specified in the law;
- 5.8. The bank shall have the right to demand the account holder to write-off losses arisen due to account holder failed to satisfy contractual obligations under the agreement;
- 5.9. The bank shall have other rights and obligations stated in laws, regulations and "Temporary Procedure for T+1 systems for Securities Trading and Settlement" of SCHCD.

**FIVE. MISCELLANEOUS**

- 6.1. This agreement shall be come into effective when signed and stamped by the parties. It shall be considered as the parties agreed and accepted all conditions under the agreement.
- 6.2. The agreement shall be terminated when “Temporary Agreement on Securities Trading and Settlement” between Khan Bank and BDC terminated or expired.
- 6.3. The agreement shall be executed in 3 copies in Mongolian and each of them shall be treated as original. If there are any discrepancies in officially translated version of the agreement compared to the Mongolian agreement or if there are any disputes are arisen due to its translation, Mongolian version of agreement shall prevail.
- 6.4. Any amendments to the agreement shall be come into force when executed in writing, signed and stamped by authorities of the parties. Amendments shall be integral part of the main agreement.
- 6.5. The agreement shall be terminated upon one or both parties’ request, or one of the parties breaches or fails to fulfill contractual obligations under the agreement that causes actual losses to another party and/or other basis specified in laws. All payment obligations shall be fulfilled before termination of the agreement.
- 6.6. Any other relations not stated in the agreement shall be settled according to relevant procedures and agreement of SCHCD for settlement of securities trading.
- 6.7. The parties shall seek to resolve any disputes arisen due to the performance of the agreement amicably. Surviving disputes of negotiations shall be settled by the court according to Mongolian laws and regulations.
- 6.8. If the payment is delayed or late due to reasons including the account holder failed to have sufficient account balance and documentary evidences for the settlement were incomplete, the bank shall not bear any responsibilities for it.

**Account holder (s) concluded the agreement:**

*I/We have reviewed conditions of the agreement and agreed to open current/demand deposit account.*

**Stamp**                    **Name/ Authorized signature** \_\_\_\_\_ / \_\_\_\_\_ / **Date** \_\_\_\_\_  
**Name/ Authorized signature** \_\_\_\_\_ / \_\_\_\_\_ / **Date** \_\_\_\_\_  
**Address:** \_\_\_\_\_  
**Phone:** \_\_\_\_\_

**BDC officer concluded the agreement:**

*I/We have reviewed conditions of the agreement and agreed to open current/demand deposit account.*

**Stamp**                    **Name/ Authorized signature** \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_ /  
**Title** \_\_\_\_\_ / \_\_\_\_\_ / **Date** \_\_\_\_\_  
**Address:** \_\_\_\_\_  
**Phone:** \_\_\_\_\_

**Bank officer concluded account opening agreement:**

**Name/Signature** \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_ /  
**Title** \_\_\_\_\_ **Date** \_\_\_\_\_  
**Address:** \_\_\_\_\_  
**Phone:** \_\_\_\_\_