

CENTRAL SECURITIES DEPOSITORY SYSTEM DEALING AGREEMENT

BETWEEN

BANK OF UGANDA

AND

CENTRAL SECURITIES DEPOSITORY SYSTEM MEMBERSHIP FOR CSD DEALING SERVICE

AN AGREEMENT made on the
BETWEEN

- (1) THE BANK OF UGANDA OF P.O. BOX 7120 KAMPALA (hereinafter referred to as "the Bank")
- (2) _____ (hereinafter referred to as "CSD Member")

WHEREAS

- (A) The Bank has developed a system known as the Central Securities Depository system Dealing Service ("the CSD Dealing Service") providing for, among other things, a Central Securities Depository for the safe custody and immobilization of certain money market bearer instruments a system for the transfer of such instruments by book entry between members of the Service.
- (B) It is a condition of membership of the CSD Dealing Service that each CSD member shall have procured that a commercial bank ratified for that purpose by the Bank shall have been appointed as the CSD member's settlement bank to perform such functions as shall from time to time be required of such settlement bank by the CSD Dealing Manual.
- (C) The CSD Member (as defined in Article 1) has appointed the settlement bank named in the Schedule to act as its settlement bank with the approval of the Bank and is otherwise eligible for membership of the CSD Dealing Service.
- (D) _____ is entering into this Agreement on behalf of itself and as agent for any other companies in whose names CSD Accounts are to be maintained, as specified in paragraph 3 of the Schedule.

IT IS AGREED as follows:

ARTICLE 1

1. (a) Interpretation

In this Agreement, except in so far as the context otherwise requires:-

- (i) "Business day" means a day on which the CSD Dealing Service is operational other than a Saturday, a Sunday, or a day which is a public holiday in Uganda.

- Office of
- (ii) "The CSD" means the Central Securities Depository System the Bank;
 - (iii) "CSD Instrument" means a negotiable instrument of a description for the time being specified in the CSD Dealing Manual as capable of being held within the CSD Dealing Service;
 - (iv) "CSD Instrument Accounts" means an account within the CSD Dealing Service in the name of a CSD Member recording the identity, amount, denomination and description of CSD Instruments for the time being held by the Bank as bailee for that CSD member;
 - (v) "CSD Manager" means the person for the time being appointed by the Bank to hold the office of Manager CSD and any person or persons to whom he may have delegated authority to perform on his behalf any one or more of the acts or functions which he is authorized or required to perform by this Agreement or the CSD Dealing Rules, to the intent that performance by any such person of any such act or function shall be taken as performance thereof by the CSD Manager;
 - (vi) "CSD Dealing Manual" means the Reference Manual relating to the operation of the CSD Dealing Service issued by the Bank to the members of the CSD Dealing Service, as amended from time to time in accordance with Article 12 paragraph (a);
 - (vii) "CSD Member" means a person who has entered into this CSD Membership Agreement with the Bank or the Bank in each case whether in its own right or as a nominee for any other person for the purpose of the CSD Dealing Service;
 - (viii) "The parent entity" means the person so described in the Schedule;
 - (ix) "CSD Dealing Rules" means all requirements of the CSD Dealing Service issued by the Bank for the time being applicable to the CSD Member and includes,

without limiting the generality of the foregoing:-

- all the obligations for the time being applicable to the CSD Member under or by virtue of this Agreement and the CSD Dealing Manual;
 - all the operating procedures as set out in the CSD Dealing Manual for the time being in force in so far as such procedures are applicable to the CSD Member; and
 - any directions for the time being in force and applicable to the CSD Member given by the CSD Manager through any Operational Circulars or pursuant to any provision of this Agreement or the CSD Dealing Manual;
- (x) "CSD Dealing Service" means the service referred to in Recital (A);
- (xi) "proprietary or equitable interest" means any proprietary or equitable interest or right whatsoever including without limitation any such interest or right arising under or by virtue of any disposition made or purporting to be made by way of security or by way of loan and any other lien, encumbrance or equity of any kind;
- (xii) "Settlement bank" means, in relation to any CSD Member, a bank licensed under the Financial Institutions Statute 1993 and ratified by the Bank as required in Recital (B) or in respect to certain specified investors a currency centre of the Bank which makes and receives payments on behalf of that CSD member in respect of CSD Instruments transferred from or to any other CSD Member through the CSD Dealing Service, being either:-
- a bank which has entered into an agreement with the Bank to act as settlement bank in respect of that CSD Member and continues so to act; or
 - a currency centre of the Bank where it has agreed to act as settlement bank in respect of that CSD Member and continues so to act.

- (b) In this Agreement references to the Bank are to be given the widest possible interpretation and are not to be taken as referring only to the Bank when acting through the CSD office for any other particular office or department.
- (c) Terms relating to the CSD Dealing Service which are used in this Agreement but not defined in this Article have the meanings respectively given to them in the Glossary of the CSD Dealing Manual, except in so far as the context otherwise requires.
- (d) The CSD Dealing Rules shall in all cases be construed consistently with the provisions of this Agreement and in the case of any conflict the provisions of this Agreement shall prevail.
- (e) The clause headings in this Agreement are for ease of reference only and shall not affect its interpretation.
- (f) Reference in this Agreement to numbered Articles; clauses and paragraphs or the Schedule are to Articles, clauses and paragraphs of or the Schedule of this Agreement.

Article 2

Admission to membership

With effect from _____ the CSD Member shall be admitted to membership of the CSD Dealing Service on and subject to the terms and conditions contained in this Agreement.

Article 3

CSD Instrument Accounts

- (a) CSD Instruments Accounts may be maintained under this Agreement in the names of the CSD Member whose name is set out on page one (in this paragraph called "the Principal CSD Member") and any one or more of the companies whose names are set out in paragraph 3 of the Schedule.
- (b) In so far as any provision of this Agreement applies to an act, event, obligation or other thing relating to a CSD Account, a reference in that provision to "the CSD Member" is to be taken as a reference to the company in whose name the relevant CSD Account stands. Subject to this, the expression "the CSD Member" in this Agreement includes each of the companies whose names are set out in paragraph 3 of the Schedule except where it is expressly provided otherwise.

Article 4

Liability of the CSD Member

- (a) The Principal CSD Member shall be liable to the Bank jointly and severally with each of

the companies whose names are set out in paragraph 3 of the Schedule for all the

obligations and liabilities of that company arising under this Agreement.

- (b) The Principal CSD Member and each of the companies whose names are set out in paragraph 3 of the Schedule agree that the liability of each of them hereunder shall not be discharged or impaired in any way by the Bank releasing, discharging or compounding with, or making any other arrangements with, any one or more of their number.

Article 5

Operation of the CSD Dealing Service

- (a) Subject to the provisions of this Agreement, the Bank agrees with the CSD Member that it will operate the CSD Dealing Service in accordance with the CSD Dealing Rules, and in particular will keep in safe custody all CSD Instruments for the time being credited to the CSD Instruments Account of the CSD Member. The Bank further agrees to provide the CSD Member or its authorised agent with all such information relating to the CSD Member's holdings on the CSD as requested from time to time.
- (b) The CSD Member acknowledges and agrees that the Bank does not owe the CSD Member any duty (whether contractual or otherwise and whether for itself or on behalf of any other person or persons) to monitor or enforce the compliance of any other CSD member or of any settlement bank with the CSD Dealing Rules.
- (c) The Bank reserves the right:-
 - (i) to suspend the CSD Dealing Service, wholly or partially, or to vary the operational timetable, by reason of any circumstances whatsoever beyond the Bank's reasonable control, including without limitation partial or total failure, malfunction or overload of the CSD Dealing Service or other emergency;
 - (ii) if and whenever the CSD Manager in his absolute discretion considers it appropriate to do so, or vary the operational timetable either in a particular case or on an ongoing basis, or to suspend for so long as the CSD Manager shall in any particular case consider necessary or appropriate the operation of the CSD Dealing Service as a whole or of one or more processes or transactions;
 - (iii) and the CSD Member acknowledges and agrees that its obligations under this Agreement shall continue in full force and effect notwithstanding any such suspension or variation (save in so far as any such obligation cannot be performed while the suspension or variation continues in effect).

Article 6

Effect of CSD Dealing Transactions

- (a) The CSD Member acknowledges to and agrees with the Bank:-

- (i) that any CSD Instrument for the time being credited to the CSD Instruments Account of a CSD Member is held by the Bank as bailee for that CSD Member to the exclusion of any other CSD Member;
- (ii) that where the Bank indicates through the CSD Dealing Service that a CSD Instrument is held for the account of a CSD Member, such an indication shall constitute a representation by the Bank that CSD Instrument is held by the Bank as bailee for that CSD Member but shall not be taken as a representation by the Bank that CSD member has any title to that CSD Instrument;
- (iii) that except as required by any written law the Bank shall not be bound by or be compelled in any way to recognize any proprietary or equitable interest in or any other right in respect of any CSD Instrument other than an absolute right to the entirety of that CSD Instrument in the CSD Member to whose CSD Instruments Account that CSD Instrument is for the time being credited or for whose account that CSD Instrument is otherwise held for the time being (and so that this paragraph applies notwithstanding that the name or title of the relevant CSD Instruments Account is such as to indicate the existence of such a proprietary or equitable interest or other right or the Bank has actual notice of such a proprietary or equitable interest or other right) and that the CSD Member will not assert or permit any person claiming under or through it to assert any such proprietary or equitable interest or other right against the Bank;
- (iv) that any facility or process of the CSD Dealing Service which enables a CSD Member to designate CSD Instruments held in its CSD Instruments Account as being so held by it for a particular purpose, in a particular capacity or in connection with a particular transaction shall operate solely for the benefit of that CSD Member and shall not constitute notice to the Bank or any other CSD Member of, or put the Bank or any other CSD Member on enquiry as to the existence of, any limitation on the ability of that CSD Member to deal with that CSD Instrument in all respects as the absolute beneficial owner of it;
- (v) without limiting the generality of Article 6 paragraph (a) clause (iv) above, that where a CSD Instrument is for the time being held on the CSD Instruments Account of a CSD Member and is designated in accordance with the CSD Dealing Rules as being so held by way of collateral, the Bank shall in taking any action under the CSD Dealing Rules (including without limitation the removal of any restrictions or limitations relating to the disposition of that CSD Instrument) be entitled and, subject to the CSD Dealing Rules, bound to rely solely on instructions given or information provided by that CSD Member;
- (vi) that where a CSD Instrument is debited to the CSD Instruments Account of a CSD Member ("the transferor") the effecting of the relevant debit and credit shall constitute an attornment by the Bank in favour of the transferee and that on and following that attornment the Bank shall hold the CSD Instrument concerned as bailee for the transferee to the exclusion of the transferor;

- (vii) that where the CSD Member is liable to pay on a CSD Instrument in circumstances where demand or presentment for payment is required, the offer of the relevant instrument for credit to the CSD Member's CSD Instruments Account in accordance with the CSD dealing Rules shall constitute a sufficient demand or presentment for payment and the CSD Member hereby waives any further or other demand or presentment for payment.

(b) Indemnity by CSD Member

- (i) The CSD Member agrees to indemnify the Bank and its servants and agents against all expenses, claims, damages and liabilities whatsoever arising directly or indirectly from the existence or assertion of any proprietary or equitable interest or other right in respect of any CSD Instrument held in the CSD Instruments Account of the CSD Member or otherwise held by the Bank for the account of the CSD Member, other than an absolute right of the CSD Member to the entirety of that CSD Instrument, save to the extent that such expenses, claims, damages and liabilities result from the negligence or willful default of the Bank or its servants or agents, and the CSD Member agrees that this indemnity shall survive any termination of the CSD Member's membership of the CSD Dealing Service.
 - (ii) If the Bank receives notice of any claim in respect of which it is entitled to be indemnified by the CSD Member under Article 6 paragraph (b) clause (i) above it will inform the CSD Member of the claim as soon as reasonably practicable. The Bank will endeavor to comply with the reasonable requests of the CSD Member regarding its response to the claim and the conduct of any proceedings relating to it, but subject to this the Bank may respond to the claim and conduct any such proceedings as it thinks fit.
- (c) Notwithstanding the provision of Article 6 paragraph (b) clauses (i) and (ii) above and the preceding provisions of this Article:
- (i) if the Bank receives notice or otherwise becomes aware that a proprietary or equitable interest or other right in a CSD Instrument which is in the possession of the Bank and is credited to the CSD Instruments Account of, or otherwise held by the Bank for the account of, the CSD Member is or may be held or asserted by any other person, the CSD Manager may at any time thereafter require the CSD Member:-

- not to make any further transfer or disposition of the relevant CSD Instrument through the CSD Dealing Service without the express prior consent of the CSD Manager (but without affecting the right of the CSD Member to withdraw the relevant CSD Instrument from the CSD Service); or

- forthwith to withdraw the relevant CSD Instrument from the CSD Dealing Service;
- (ii) if the CSD Member receives notice or otherwise becomes aware that a proprietary or equitable interest or other right in any such CSD Instrument is or may be held or asserted by any other person in a manner which may prevent or impede the CSD Member from transferring and dealing with that CSD Instrument through the CSD Dealing Service free from that proprietary or equitable interest or otherwise in accordance with the CSD Rules, the CSD Member shall forthwith inform the CSD Manager of the circumstances to the extent that they are within the CSD Member's knowledge and comply with any requirements imposed by the CSD Manager under Article 6 paragraph (c) clause (i).

Article 7

Warranties by the CSD Member

The CSD Member hereby warrants to the Bank as follows:-

- (a) that all information provided to the Bank by the CSD Member or on its behalf is, and that all information so provided hereafter will be, correct and authorized in accordance with the CSD Member's established internal procedures;
- (b) that every CSD Instrument in respect of which the CSD Member acts as the lodging member (as defined in the CSD Dealing Rules) will be a genuine instrument validly executed by every party who has purported to execute it or whose execution is necessary for its validity, that every signature appearing on such an instrument at the time when it is lodged with the CSD service will be the genuine signature of that person whose signature it purports to be and that where such an instrument is lodged for credit to the CSD Instruments Account of a CSD Member other than the CSD Member, that instrument will have been purchased whether by that other CSD Member or a principal (as that term is defined in relation to the CSD Member by Article 3 paragraph (a) for value in good faith and without notice of any defect in the transferor's title: provided that, except in relation to a CSD Instrument lodged with the CSD Dealing Service under any procedure for lodgment under which CSD Instruments are endorsed in favour of the Bank for purposes of lodgment, this warranty shall not extend to any signature made after issue (or, in the case of a CSD Instrument which is accepted, after whichever is the later of the issue and the acceptance) of a CSD Instrument;
- (c) that the documents which contain or establish the CSD Member's constitution include provisions which give power, and all necessary corporate and other authority has been obtained and action taken, for the CSD Member to execute this Agreement (whether by itself or by an agent on its behalf) and perform its obligations thereunder and those obligations constitute binding and enforceable obligations of the CSD Member, and

- (d) that every CSD Instrument lodged by the CSD Member with the CSD Dealing Service will have been issued and will be lodged in accordance with all applicable laws, regulations, orders, directives, requests or requirements (including regulations, orders, directives, requests or requirements which do not have the force of law but which are generally complied with by the persons to whom they are addressed or form the custom and practice of the trade).

Article 8

CSD Member's authority to the Bank

- (a) The CSD Member authorizes the Bank:-
- (i) to pass to the CSD Member's settlement bank all such information relating to the CSD Member's debit cash position, credit cash position, overall net cash position and the delivery details of each transfer through the CSD Dealing Service including (without limitation) the names of any relevant transferors or transferees and their settlement banks and such other information as may be specified by or pursuant to the CSD Dealing Rules.
 - (ii) to do on behalf of the CSD Member all or any of the acts and things which the CSD Dealing Rules provide may be done by the Bank on behalf of the CSD Member.
 - (iii) without limiting the generality of Article 8 paragraph (a) clause (ii) above, where the CSD Member transfers a CSD Instrument through the CSD Dealing Service and indicates in accordance with the CSD Dealing Rules that the transfer is to be deemed to be accompanied by the endorsement of the CSD Instruments by the CSD Member, to execute upon the withdrawal of that CSD Instrument from the CSD Dealing Service all such endorsements and other documents on behalf and in the name of the CSD Member or of the CSD Manager as the duly authorized agent of the CSD Member to be affixed to the relevant instrument (including an allonge thereto) or other document by facsimile, printing or other mechanical means);
 - (iv) to use any information relating to the CSD Member which it may possess by virtue of the operation of the CSD Dealing Service in such manner as the Bank may think fit for the purpose of enabling or assisting the Bank to discharge any of its regulatory or supervisory functions. The CSD Member shall make available to the Bank such information and/or records as the Bank may from time to time request for the purposes of its regulatory or supervisory functions.
- (b) The authorities conferred on the Bank by Article 8 paragraph (a) above are given as security for the performance of the CSD Member's obligations under this Agreement and the CSD Dealing Rules and shall be irrevocable during its membership of the CSD Dealing Service and for so long thereafter as may be necessary to ensure the full and

proper discharge of such obligations.

Article 9

Obligations of the CSD Member

The CSD Member undertakes to the Bank as follows:-

- (a) to comply in all respects and at all time with the CSD Dealing Rules in so far as the Rules are applicable to the CSD Member;
- (b) to comply in all respects and at all times with all statutory and regulatory obligations of the CSD Member for the time being applicable to the maintenance and operation of the CSD Member's CSD Instruments Accounts;
- (c) to pay the Bank within 14 days of demand such charges for the use of the CSD Dealing Service as the Bank may notify as being due to it in accordance with the tariff of charges issued by the CSD Manager and for the time being in force;
- (d) to purchase and be responsible for the maintenance of security over the terminals and other Integrated Data Network equipment acquired or used by the CSD Member for the purposes of communicating through the CSD Dealing Service (other than terminals and equipment located in premises of the Bank and for the discharge of all expenses in respect of those terminals and equipment and, in the case of any such equipment used or available for use by the CSD Member and any other CSD member or members (other than equipment located in premises of the Bank), to be jointly and severally responsible with such other CSD Member or members for the maintenance of security over and the discharge of all expenses in respect of all such equipment;
- (e) to enter into and/or continue in force a contract for the supply, installation, maintenance and rental of communications facilities capable of receiving the CSD Dealing Service including standby dial-up facilities;
- (f) to notify the CSD Manager immediately of any changes in the membership information set out in the Schedule and to notify the CSD Manager as soon as practicable of any such changes which are expected or likely to occur;
- (g) to arrange for, authorize and instruct the CSD Member's settlement bank to pay and receive payment in respect of CSD Instruments transferred between the CSD Member and any other CSD Member through the CSD Dealing Service in whatever manner is for the time being prescribed in the CSD Dealing Manual as the manner for payment therefor;

- (h) not to stop, countermand, restrain or seek to restrain or otherwise interfere with any arrangements, instructions or authority under which the CSD Member's settlement bank, either generally or in respect of one or more specific transaction or transactions, is entitled to receive or authorize or instructed to make payment or CSD Instruments in the circumstances and manner referred to in Article 9 paragraph (g) above.
- (i) not without prior approval of the Bank to revoke or terminate the appointment of the CSD Member's settlement bank. Upon approval the CSD Member shall appoint another settlement bank which shall be ratified by the Bank to act for the CSD Member.
- (j) to notify the CSD Manager immediately upon the CSD Member becoming aware of the occurrence of any of the following events:-
 - (i) the presentation of any petition for the bankruptcy or winding up of the CSD Member or for the appointment of an administrator in relation to the CSD Member;
 - (ii) the convening of any meeting to consider a resolution for the voluntary winding up of the CSD Member;
 - (iii) the appointment or purported appointment of a receiver in respect of any property of the CSD Member;
 - (iv) the insolvency of the CSD Member (within the meaning of the Companies Act or the Financial Institutions Statute 1993);
 - (v) the making of any proposals or arrangements by the CSD Member (within the meaning of Companies Act);
 - (vi) entering into a voluntary liquidation under section 30 of the Financial Institutions Statute 1993.
 - (vii) Seizure of the CSD Member under section 31 of the Financial Institutions Statute 1993;
 - (viii) the occurrence in any relevant jurisdiction of any event in relation to the CSD Member analogous to those described in clauses (i) to (vii) above; or
 - (ix) the occurrence in relation to the parent entity of any of the events described in clauses (i) to (vii) above (and so that for this purpose any reference in those clauses to "the CSD Member" shall be construed as a reference to the parent entity);

- (k) not to use the CSD Dealing Service upon and after becoming aware of the occurrence of any of the events referred to in Article 9 paragraph (j) clauses (i) - (ix) hereof unless and until the CSD Manager has expressly consented to the CSD Member so doing;
- (l) if and whenever the CSD Member acts or proposes to act as nominee or agent for another person (a "Principal") in relation to CSD Instruments held or to be held on, or transactions over, CSD Instruments Accounts of the CSD Member, to obtain from that principal before beginning to act as nominee or agent for that principal:
- (i) an acknowledgement (expressed to be in favor of the Bank and its servants and agents) that the holding of CSD Instruments for the account of that Principal on a CSD Instruments Account of the CSD Member and all transactions over such a CSD Instruments Account or otherwise in relation to facilities relating to the CSD Member's membership of the CSD Service will be subject to all of the provisions of this Agreement and to the CSD Rules and in particular (but without limiting the generality of the foregoing):-
- that instruments are to be lodged with the CSD Service only if they have been purchased or are held on terms authorizing the holder to deal with them free from any proprietary or equitable interest of any other person;
 - that except as required by law the Bank is not bound by or compelled to recognize any proprietary or equitable interest in or any other right in respect of any CSD Instrument other than an absolute right to the entirety of that CSD Instrument in the CSD Member to whose CSD Instruments Account that CSD Instrument is for the time being credited or for whose account that CSD Instrument is otherwise held for the time being, and that the Principal will not assert or permit any person claiming under or through him to assert any such proprietary or equitable interest or other right against the Bank;
 - that the Bank and its servants and agents, with the limited exceptions expressly provided in this Agreement, are exempt from liability caused directly by or indirectly by the operation of the CSD Dealing Service and entitling the Bank without liability to act without further enquiry on instructions or information or purported instructions or information received through the CSD Dealing Service or otherwise in accordance with the CSD Dealing Manual; and

- (ii) an authority for the CSD Member on behalf of that Principal to do all such acts and things and execute all such documents as may be required to enable the CSD Member fully to observe and perform its obligations under this Agreement and the CSD Rule, and enter into any arrangement which the CSD Member considers proper for the purpose of facilitating clearance of or settlement of transactions effected on behalf of the Principal through the CSD Service.
- (m) without limiting the generality of (j) above, to comply with such requirements as may for the time being be specified in the CSD Dealing Rules for the purpose of enabling or assisting the Bank to give effect to the arrangements for the maintenance of such equipment, and of software and other systems used in connection with it, and to comply with any obligations undertaken by the Bank under or in connection with such arrangements.
- (n) To notify the Bank of any change in the ownership of the Principle CSD Member or the parent entity which may result in a change in the legal status of the CSD Member or of the parent entity.

Article 10

Liability of the Bank

The CSD Member agrees and acknowledges that:-

- (a) the Bank and its servants and agents shall not be liable for any liability, claim, loss, damage or expense of any kind or nature caused directly or indirectly by the operation by the Bank of the CSD Dealing Service or any part thereof (including the safe custody of CSD Instruments) or any inadequacy thereof for any purposes or any deficiency or defect therein or any delay in providing or failure to provide the CSD Dealing Service or any interruption or loss of the CSD Dealing Service or loss of business, loss of profit or other consequential damage or any damage whatsoever and howsoever caused (including but without prejudice to the foregoing by reason of machine or computer malfunction or error and also any suspension or variation pursuant to clause 5(3) save to the extent that such liability, claim, loss, damage or expense and results from the willful default, bad faith or negligence of or breach of its obligations under this Agreement by the Bank;
- (b) the CSD Member shall indemnify the Bank and its servants and agents against all expenses, claims, damages and liabilities whatsoever arising directly or indirectly from the actions and/or omissions in connection with the CSD Dealing Service of the CSD Member, every person for whom the CSD Member acts as agent or nominee, the CSD Member's settlement bank or the CSD Member's servants or agents (whether or not authorized by the CSD Member) and/or any failure of the CSD Member to comply with this Agreement or the CSD Dealing Rules in so far as such actions and/or omissions affect the Bank in its capacity as operator of the CSD Dealing Service, save to the extent

that the Bank is liable under Article 10 paragraph (a) above. The CSD Member agrees that the indemnity referred to herein shall survive any termination of the CSD Member's membership of the CSD Dealing Service;

- (c) the Bank shall execute or otherwise act upon valid instructions or information received through the CSD Dealing Service and instructions or information received in accordance with the CSD Dealing Rules. Provided that if it is subsequently discovered that such instructions or information was not correct or authorized in accordance with the CSD Dealing Rules then such execution or action shall, save in the case of willful default, gross negligence or reckless disregard of its obligations constitute a good discharge to the Bank, which shall not be liable for any liability, damage, expense, claim or loss (including loss of business, loss of profit and consequential damage of any kind) whatsoever arising in whatever manner directly or indirectly from and/or as a result of such execution or action;
- (d) notwithstanding any checks or other investigations which the Bank may carry out with respect to the genuineness, validity or completeness of any CSD Instrument being held in the CSD Dealing Service, or of any signature appearing on any such CSD Instrument, or as the validity of any disposition of any such CSD Instrument with the details specified in respect of that CSD Instrument in the CSD Dealing Service, the Bank shall not be under any liability to the CSD Member or any other person as a result of any actual or alleged defect or irregularity with respect to any such CSD Instrument, the CSD Member shall indemnify the Bank and its servants and agents against all expenses, damages and liabilities whatsoever arising from any claim on the part of any person in favor of whom the CSD Member disposes of any CSD Instrument withdrawn from the CSD Dealing Service based on any actual or alleged defect or irregularity with respect to any such CSD Instrument, or any inconsistency of any such CSD Instrument when compared with the details specified in respect of that CSD Instrument in the CSD Dealing Service;
- (e) the Bank gives no representation as to the credit worthiness of any CSD Member or any other person who may be or become liable upon a CSD Instrument and in particular the Bank shall not incur any liability to a CSD Member or any other person as a result of any failure by any such CSD Member or other person to pay for a CSD Instrument.

Article 11

Suspension and termination of membership

Suspension

- (a) Except in so far as the CSD Manager may in his discretion otherwise permit (and such permission may be given on terms that it may be withdrawn with or without notice at any time), the CSD Member's membership shall be suspended forthwith upon:

- (i) the happening in relation to the Principal CSD Member (as defined in Article 3 paragraph (b), any of the companies whose names are set out in paragraph 3 of the Schedule or the parent entity of any event of which notice is required by Article 9 paragraph (j) to be given to the CSD Manager (whether or not notice is in fact given).
- (ii) termination of the settlement bank status of the settlement bank in relation to the Principal CSD Member or any of the companies whose names are set out in paragraph 3 of the Schedule, becoming effective, save in conjunction with the circumstances referred to in Article 9 paragraph (i).

Termination

- (b) The CSD Member's membership will be terminated with immediate effect upon:-
 - (i) the making of a bankruptcy or winding up order, or the passing of a resolution for voluntary winding up, in relation to the Principal CSD Member or any of the companies whose names are set out in paragraph 3 of the Schedule, other than for the purposes of a reconstruction previously approved in writing by the Bank or the occurrence in any jurisdiction or any event in relation to the Principal CSD Member or any such company analogous to any of the foregoing.

Reservation of Right

- (c) Notwithstanding the provisions of Article 11 paragraphs (a) and (b) above, the Bank reserves the right, exercisable at the discretion of the CSD Manager, to suspend or terminate the CSD Member's membership forthwith and without notice at any time if the Principal CSD Member or any of the companies whose names are set out in paragraph 3 of the Schedule, (i) fails to comply with the provisions of this Agreement, (ii) if there is any substantial change in the ownership of the Principal CSD Member or the parent entity which results in a change in the legal status of the Principal CSD Member or the parent entity, (iii) in any other circumstances where in the opinion of the Bank the continued membership of the Principal CSD Member may be detrimental to the present or future operation of the CSD Dealing Service.
- (d) Any CSD Member wishing to terminate its membership of the CSD Dealing Service shall serve the CSD Manager with one month's written notice of their intention to terminate their membership giving sufficient reasons provided that such termination shall not come into effect without the written consent of the CSD Manager first had and obtained.

- (e) Upon termination or suspension of membership the manner of withdrawing instruments from the CSD Dealing Service and of settling any other matters concerning the CSD Member's membership of the CSD Dealing Service or the termination or suspension of that membership shall be as for the time being be dealt with as prescribed in the CSD Dealing Manual and, subject to this, termination or suspension of membership shall not affect any obligations accrued at or continuing after the date of the termination or suspension or arising as a consequence of it.
- (f) Without prejudice to the right of the CSD Manager to exercise his discretion under this Article so as to suspend or terminate the membership of each and every one of the Principal CSD Member and the companies whose names are set out in paragraph 3 of the Schedule, the CSD Manager shall also be entitled (if he shall see fit to do so in any particular case) to suspend or terminate the membership of all or some only of the companies whose names are set out in paragraph 3 of the Schedule.
- (g) The Bank undertakes to notify the CSD Member and its settlement bank as soon as reasonably practicable of the suspension or termination of the CSD membership of any other CSD Member.

Article 12

Variation and Waiver

- (a) The CSD Member acknowledges that the CSD Dealing Rules may be varied at any time by the Bank upon written notice to the CSD Member to that effect from the CSD Manager without the concurrence of the CSD Member or any of the CSD members or their settlement banks.
- (b) No waiver or variation of any right under this Agreement in any one instance shall operate as a waiver or variation in any other instance or of any other rights. Any failure by any party to exercise any right under this Agreement, or any delay in exercising any such right, shall not operate as a waiver or variation of that or any other such right; any defective or partial exercise of any such right shall not preclude any other or further exercise of that or any other such right; and no act or course of conduct or negotiation on the part of any party shall preclude that party from exercising any such right or constitute a suspension or variation of any such right.

Article 13

Assignment

Neither the Bank nor the CSD Member may assign the benefit or transfer the burden of this Agreement.

Article 14

Notice

Any notice required to be given hereunder shall be deemed to be duly served if sent by registered or recorded delivery to the Bank of Uganda, P.O. Box 7120 Kampala marked for the attention of the CSD Manager or to such other address as the Bank may notify the CSD Member in writing and in the case of notice to the CSD Member at the address specified in the Schedule or to such other address as the CSD Member may notify the Bank in writing. Any such notice shall be deemed to be served:-

- (a) if left at or delivered to the address of the party to be served, at the time when it is so left or delivered (or, if it is left on a day that is not a business day, at 8.00 a.m. on the next following business day);
- (b) if sent by post, on the second business day following the day of posting;
- (c) if faxed before 4.30 p.m. on a business day, on the same day the same is sent by fax transmission or on the next business day if faxed after 4.30 p.m. of any working day, on Sunday, Saturday or any public holiday.

In proving the giving of a notice it shall be sufficient to prove that the notice was delivered at the address for service or that the envelope containing such notice was properly addressed and delivered or posted (as the case may be).

Article 15

Law and Jurisdiction

- (a) This Agreement shall be governed by and construed in accordance with the Laws of Uganda.
- (b) The parties hereby submits to the Jurisdiction of the Courts of Uganda.
- (c) The CSD Member hereby appoints the agent/address specified in the Schedule as its agent/address for service of any process in Uganda.

Article 16

Arbitration

All disputes, differences or questions between the parties hereto with respect to any matter or thing arising out of the Agreement or relating to these presents which cannot be settled amicably between the parties shall be referred to an arbitrator appointed with the consent of both parties. The arbitration proceedings shall be conducted in accordance with the provisions of the Arbitration Act (Chapter 55, Laws of Uganda) the Award rendered by the Arbitrator shall

be binding and final.

IN WITNESS whereof this Agreement has been entered into the day and year first above written.

SIGNED by)
on behalf of)
THE BANK OF UGANDA)
in the presence of:) _____

SIGNED by)
on behalf of)
in the presence of:) _____

THE SCHEDULE

1. The name, address, telex and fax number of the CSD Member (to be used for the receipt of any notice for the purposes of Article 13).

2. Name of the parent entity:

3. Name(s) in which CSD Accounts are to be maintained including (if appropriate) the Principal CSD Member as defined in Article 3 paragraph (a).

4. Name of settlement bank acting for the CSD Member:

5. The name and address of the agent for service of any process in Uganda for the purposes of Article 15 paragraph (c).