ARTICLE 38(6) CSDR PARTICIPANT DISCLOSURE

1. Introduction

The purpose of this document is to disclose the levels of protection associated with the different levels of segregation that Cititrust Colombia S.A. Sociedad Fiduciaria, a Colombian trust company ("**Cititrust Colombia**"), provides in respect of securities that Cititrust Colombia holds directly for clients with Central Securities Depositories within the EEA (***CSDs***), including a description of the main legal implications of the respective levels of segregation offered and information on the insolvency law applicable. This disclosure is required under Article 38(6) of the Central Securities Depositories Regulation (***CSDR***) in relation to CSDs in the EEA.

Under CSDR, the CSDs of which we are a direct participant (see glossary) have their own disclosure obligations and we include links to those disclosures in this document.

This document is not intended to constitute legal or other advice and should not be relied upon as such. Clients should seek their own legal advice if they require any guidance on the matters discussed in this document.

2. Background

We record each client's individual entitlement to securities that we hold for that client in one or more client securities accounts established and maintained for such client in our own books and records pursuant to the terms of the custodial services agreement between the client and us. We also open accounts with the CSDs in which we hold clients' securities. We currently make two types of accounts with the CSDs available to clients: Individual Client Segregated Accounts (***ISAs***) and Omnibus Client Segregated Accounts (***OSAs***).

An ISA is used by us to hold the securities of a single client and therefore the client's securities are held by us in a CSD account which is separate from accounts used to hold the securities of other clients and our own proprietary securities.

An OSA is used by us to hold the securities of a number of clients on a collective basis. However, we do not hold our own proprietary securities in OSAs.

3. Main legal implications of levels of segregation

Insolvency

Clients' legal entitlement to the securities that we hold for them directly with the CSDs would not be affected by our insolvency, whether those securities were held in ISAs or OSAs.

The distribution of the securities in practice on an insolvency would depend on a number of factors, the most relevant of which are discussed below.

Application of Colombian insolvency law

Were we to become insolvent, our insolvency proceedings would take place in Colombia and be governed by Colombia insolvency law applicable to trust companies in Colombia. In Colombia, trust companies (*sociedades fiduciarias*, "**Colombian Trust Companies**") are subject to the supervision

and oversight of the Colombian financial authority (*Superintendencia Financiera de Colombia*, "**SFC**"), which has legal power to take over a regulated entity undergoing situations of distress o breaching the law for either (i) administration (*toma de posesión para administar*),[1] or (ii) liquidation (*toma de posesión para liquidar*, "**Liquidation Scenario**").

The law requires Colombian Trust Companies to keep assets delivered by their clients in trust or custody segregated from their own and from those of its other clients.[2]

(i) Recovery of client securities in a Liquidation Scenario

Article 299(2) of the Colombian Financial System Statute ("**EOSF**", after its Spanish acronym) excludes from the liquidation of the estate of any entity subject to the supervision of the SFC, such as Colombian Trust Companies, the following assets:

(a) Securities (A) delivered to the trust company for collection, in furtherance of a trust or mandate agreement or (B) those which the Colombian Trust Companies received on behalf of a third party, provided such securities are endorsed or drawn directly for the benefit of such third party (even if there is no formal trust or mandate agreement).

(b) Funds received by the Colombian Trust Company in furtherance of a trust, mandate, or a custodian agreement, provided that there is evidence of the respective agreement predating the authorities' intervention of the trust company for liquidation purposes.

(c) Accounts receivable delivered to the Colombian Trust Company for collection on behalf of a third party in furtherance of a trust, mandate or custodian agreement, provided there is evidence of the respective agreement predating the authorities' intervention of the trust company.

(d) Assets in general (including securities) held by the Colombian Trust Company as custodian or trustee, or as a result of the collection of discounted receivables.

(e) Generally, all assets belonging to third parties

The EOSF expressly excludes from the bankruptcy estate, and orders the authorities to deliver to their owners, any securities and cash held by the insolvent Colombian Trust Company (whether directly or indirectly through other sub-custodians) in furtherance of custody or custodian agreements. Consequently, such securities would not be regarded as part of the assets of the Colombian Trust Company, and are unavailable for distribution among or realization for the benefit of creditors of the Colombian Trust Company.

(ii) Recovery of client cash in a Liquidation Scenario

(a) Title to clients' cash will not pass to the property of the Colombian Trust Company (provided a custodian agreement exists with such company). However, note that in practice the Colombian Trust Company must deposit the cash with a cash-deposit entity

[1] With the aim of solving the adverse conditions of the entity, in order to allow the entity to carry out its corporate purpose, or to manage the entity in order to improve the conditions for depositors, savers and investors to obtain the payments of their credits.

[2] Code of Commerce, articles 1227 and 1233; Decree 2555/2010, Article 2.37.1.1.5(b)

("**Deposit Institution**"),[3] and upon making such deposit, title to cash will pass to the Deposit Institution.

(b) In Colombia, the law does not authorize Deposit Institutions to provide custody services. Any cash deposited in a Deposit Institution will be held by such entity as a cash deposit and not in custody.

(c) In the event of liquidation of the Colombian Trust Company, clients may recover their cash from the Colombian Trust Company if client provides evidence of such cash deposit predating the liquidation of the trust company. Appropriate evidence would be the corresponding custodian agreement. However, in the event of bankruptcy of the Deposit Institution holding cash delivered by the client, such clients will only be able to recover such cash held by the Deposit Institution as an unsecured creditor if there are sufficient funds in the Deposit Institution and, in that case, by following the procedures provided by Colombian applicable insolvency regulations.

Nature of clients' interests

Our clients' securities are recorded in our clients' name at the relevant CSD, who are considered as a matter of law to have the legal and beneficial proprietary interest in those securities. This is in addition to any contractual right a client may have against us to have the securities delivered to them.

This applies both in the case of ISAs and OSAs. However, the nature of clients' interests in ISAs and OSAs is different. In relation to an ISA, each client is beneficially entitled to all of the securities held in the ISA attributable to that client. In the case of an OSA, as the securities are held collectively in a single account, each client is normally considered to have a beneficial interest in all securities in the account proportionate to its holding of securities as recorded in our books and records.

Our books and records constitute evidence of our clients' interests in the securities. The ability to rely on such evidence would be particularly important on our insolvency and in the case of an OSA should no records of individual clients' entitlements be held by the relevant CSD.

We are subject to the client segregation and asset rules in Colombia (***Client Asset Rules***), which contain requirements as to the maintenance of accurate books and records and the reconciliation of our records against those of third parties that hold client assets on our behalf (which include CSDs with which accounts are held). We are also subject to audits in respect of our compliance with those rules. Subject to the maintenance of books and records in accordance with the Client Asset Rules, clients should receive the same level of regulatory protection from both ISAs and OSAs.

Shortfalls

If there were a shortfall between the number of securities that we are obliged to deliver to clients and the number of securities that we hold on their behalf in either an ISA or an OSA, this could result in fewer securities than clients are entitled to being returned to them on our insolvency. The way in which a shortfall could arise would be different as between ISAs and OSAs (see further below).

[3] These consist of (a) banks (*establecimientos bancarios*), (b) finance corporations (*corporaciones financieras*), (c) financing companies (*compañías de financiamiento*), (d) *Fondo Nacional del Ahorro*, and (e) any other entity which the law may expressly require.

How a shortfall may arise

We do not permit clients to make use of or borrow securities belonging to other clients for intra-day settlement purposes, even where the securities are held in an OSA, in order to reduce the chances of a shortfall arising as a result of the relevant client failing to meet its obligation to reimburse the OSA for the securities used or borrowed.

Where we have been requested to settle a transaction for a client and that client has insufficient securities held with us to carry out that settlement, in the case of both an ISA and an OSA, we only carry out the settlement once the client has delivered to us the securities needed to meet the settlement obligation.

However, a shortfall could arise as a result of inadvertent administrative error or operational issues.

Nothing in this paragraph should be construed to override any obligation that the client owes us in respect of any irrevocable payment or delivery obligations (as these terms are defined in the custodial services agreement which we have in place with the client as amended or supplemented from time to time) which we incur in settling that client's trades.

Treatment of a shortfall

In the case of an ISA, the whole of any shortfall on the relevant account would be attributable to the client for whom the account is held and would not be shared with other clients for whom we hold securities. Similarly, the client would not be exposed to a shortfall on an account held for another client or clients.

In the case of an OSA, the shortfall would be shared among the clients with an interest in the OSA. **Therefore, a client may be exposed to a shortfall even where securities have been lost in circumstances which are completely unrelated to that client.**

Shortfall mitigation rules

If a shortfall arose for which we are liable to the client, the client may have a claim against us for any loss suffered. If we were to become insolvent and subject to a Liquidation Scenario prior to covering a shortfall as required by the Client Asset Rules, clients would rank as general unsecured creditors for any amounts owing to them in connection with such a claim. Clients would therefore be exposed to the risks of our liquidation, including the risk that they may not be able to recover all or part of any amounts claimed.

In these circumstances, clients could be exposed to the risk of loss on our liquidation. If securities were held in an ISA, the entire loss (equal to the shortfall) would be borne by the client for whom the relevant account was held. If securities were held in an OSA, each of the clients with an interest in that account would bear a loss equal to the amount of the shortfall allocated to it.

In order to calculate clients' shares of any shortfall in respect of an OSA, each client's entitlement to securities held within that account would need to be established as a matter of law and fact based on our books and records. Any shortfall in a particular security held in an OSA would then be allocated among all clients with an interest in that security in the account. It is likely that this allocation would be made rateably between clients with an interest in that security in the OSA, although arguments could be made that a shortfall in a particular security in an OSA should be attributed to a particular

client or clients if such client were found responsible for failing to deliver securities in an Omnibus Account, . It may therefore be a time consuming process to confirm each client's entitlement.

This could give rise to delays in returning securities and initial uncertainty for a client as to its actual entitlement on an insolvency. Ascertaining clients' entitlements could also give rise to the expense of litigation, which could be paid out of clients' securities in the event of our insolvency.

Security interests

Security interest granted to a third party other than a CSD

Security interests granted over clients' securities (which for the avoidance of doubt must always be granted in accordance with the terms of the custodial services agreement and/or additional contractual agreements that we have in place with them) could have a different impact in the case of ISAs and OSAs.

Where the client purports to grant a security interest over its interest in securities held by us which we hold in an OSA and the security interest was asserted against the CSD with which the account was held, there could be a delay in the return of securities from that account to all clients holding securities in the relevant account. However, in practice, we would expect that the beneficiary of a security interest over a client's securities would perfect its security by notifying us rather than the relevant CSD and would seek to enforce the security against us rather than against such CSD, with which it had no relationship. We would also expect the CSDs to refuse to recognise a claim asserted by anyone other than ourselves as account holder.

Security interest granted to CSD

Whether or not the CSD may benefit from a security interest will be regulated by the CSD's own rules. Such rules may also regulate the CSD's approach to enforcement to such security interest. Should the CSD benefit from a security interest over securities held for a client, there could be a delay in the return of securities to a client (and a possible shortfall) in the event that we failed to satisfy our obligations to the CSD and the security interest was enforced. This applies whether the securities are held in an ISA or an OSA. However, in practice, we would expect that a CSD would first seek recourse to any securities held in our own proprietary accounts to satisfy our obligations and only then make use of securities in client accounts. We would also expect a CSD to enforce its security rateably across client accounts held with it.

Furthermore, the Client Asset Rules restrict the situations in which we may grant a security interest over securities held in a client account.

Our insolvency may also have an impact on our ability to collect any entitlements, such as dividends, due on clients' securities held in an ISA or OSA or exercise any voting rights in respect of those securities.

4. CSD disclosures

Set out below is the link to the CSD website in which we are a participant. The below link will contain the CSD disclosure once published by the CSD:

www.clearstream.com

These disclosures have been provided by the relevant CSDs. We have not investigated or performed due diligence on the disclosures and clients rely on the CSD disclosures at their own risk.

GLOSSARY

Central Securities Depository or ***CSD*** means an entity which records legal entitlements to dematerialised securities and operates a system for the settlement of transactions in those securities.

Central Securities Depositories Regulation or ***CSDR*** refers to EU Regulation 909/2014 which sets out rules applicable to CSDs and their participants.

direct participant means an entity that holds securities in an account with a CSD and is responsible for settling transactions in securities that take place within a CSD. A direct participant should be distinguished from an indirect participant, which is an entity, such as a global custodian, which appoints a direct participant to hold securities for it with a CSD.

EEA means the European Economic Area.

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