**Appendix No. 3 to the Contract No. dd.**

**Requirements to Securities**

1. Security must be provided in one of the following forms:
   1. in the form of an irrevocable bank guarantee;
   2. in the form of funds by transfer to the Customer;
   3. in the form of a guarantee or an independent guarantee (excluding bank ones).
2. The security shall be compliant with the legal requirements of the Russian Federation and the requirements to banks and guarantors established in Appendix No. 11 to Unified Industry Procurement Standard (Procurement Regulations) of Rosatom State Corporation (hereinafter referred to as the UIPS) published on the official website of Rosatom State Corporation: <http://rosatom.ru/vendors>.
3. Validity period of the security shall be:

Equal to the period of contractual obligations performance (excluding warranty obligations) plus 60 calendar days for advance payment bonds.

Equal to the period of contractual obligations performance (excluding warranty obligations) plus 60 calendar days for Contract performance bonds.

Equal to the period of warranty obligations performance plus 60 calendar days for securities of warranty obligations performance under the Contract.

Equal to the term of obligations performance plus 60 calendar days if the security is provided in the form of funds transfer, those funds shall be respectively returned to the Supplier.

1. The amount of a security shall be:

equal to the advance payment for advance payment bond;

equal to 10% of the cost of the specification/Contract for Contract performance bond;

equal to 5% of the cost of the specification/Contract for securities of warranty obligations performance.

1. Securities may be provided in the form of the following:
2. Guarantee on a letterhead of the guarantor bank signed by the authorised person of the guarantor bank with a seal of the guarantor bank. The guarantee shall be accompanied by a SWIFT instruction from the guarantor bank to the Buyer’s bank to advise the Buyer that the bank guarantee has been issued, which shall contain its main details (the guarantor bank, number, date of issue, amount, validity period, beneficiary, principal, reference to the Contract which the security of obligations performance is provided in) and confirmation of powers of the person who signed the bank guarantee.
3. Guarantee sent to the Buyer’s bank via SWIFT with an instruction to advise it to the Buyer. If the bank guarantee is provided in this manner, the powers of the person who signed this guarantee shall be deemed confirmed.
4. Guarantee on a letterhead of the guarantor bank signed by the authorised person of the guarantor bank with a seal of the guarantor bank.
5. Suretyship contract with a signature of the authorised person of the Surety and a seal of the Surety (excluding bank guarantee).
6. If the security is provided in the form of a non-resident bank guarantee, this bank guarantee shall be granted in accordance with Clause 1) and/or 2) of this Appendix.
7. If the contract performance bond is submitted as per Clauses 3) and 4) hereof, the following documents certifying the authority of the person signing the security shall be attached obligatorily:
   1. copies of currently applicable constituent documents of the Surety or the guarantor bank certified by the Surety’s or the guarantor bank’s authorised person or notarised;
   2. copy of the decision (extract from the record) of competent authority of the Surety or the guarantor bank’s management certified by the Surety’s or the guarantor bank’s authorised person on election of the sole executive body (if the suretyship or the bank guarantee is signed by the sole executive body of the Surety or the guarantor bank);
   3. original or copy of the power of attorney certified by the person who issued it or notarised for a person acting on behalf of the Surety or the guarantor bank, or certified by the HR department or the person who signed it, order of appointment of the person performing functions of the sole executive body of this company. If there are any restrictions to authority to sign the security in the Power of Attorney, namely: signing is performed within the decisions of credit committees, structural subdivisions of the guarantor, it is necessary to submit all the decisions named in the Power of Attorney or, in case of refusal to provide these documents, the letter from the authorised person on the fact that submission of this security is carried out in accordance with decisions listed in the Power of Attorney.

If case of absence of the documents specified in this Clause, the security shall not be accepted.

1. If an irrevocable bank guarantee issued by a bank is submitted as the Contract security, a bank compliant with the requirements listed below shall be considered a potential guarantor, within the available limits established for the guarantor banks by Rosatom State Corporation and valid as of the date of the bank guarantee:
   1. the bank shall be licensed by the Central Bank of the Russian Federation (if the guarantee is provided by a resident bank of the Russian Federation) or by another competent authority (if the guarantee is provided by a bank created based on the legislation of a foreign state). The license shall allow for issue of bank guarantees;
   2. the bank shall be a member of the deposit insurance system (if the guarantee is provided by a resident bank of the Russian Federation) (does not apply if the bank complies with the following requirements: Being under direct or indirect control of the Bank of Russia or the Russian Federation (the credit institution is included in the list of credit institutions published by the Bank of Russia on its official website in the Internet information and telecommunications network, in accordance with Article 2, Part 3 of the Federal Law *On Opening of Bank Accounts and Letters of Credit, on Conclusion of Bank Deposit Agreements, Contract for Keeping of the Register of Security Owners by the Business Entities of Strategic Importance for the Defence Industrial Sector and Security of the Russian Federation, and on Amendments to Certain Legislative Acts of the Russian Federation*, based on the requirement provided in Article 2, Part 1, Clause 2 of the aforementioned Federal Law)).
   3. the amount of the bank’s equity capital as of the last reporting date for the published reports shall be more than or equal to 5 billion Russian roubles or their equivalent in foreign currency; and such reports shall be published at [www.cbr.ru](http://www.cbr.ru) (form 123, for resident banks of the Russian Federation).

If the Customer is a resident of the Russian Federation, the bidders and counterparties that are non-residents of the Russian Federation shall provide bank guarantees only from non-resident banks as security of procurement participation and contractual obligations.

1. Within the framework of obligations to the organisations of Rosatom State Corporation performed by counterparties which are non-residents of the Russian Federation, such obligations may be secured by resident banks of the country where the counterparty is located. In addition to the requirements listed in Clause 5, non-resident banks comply with the following requirements:

presence of an existing long-term credit rating in foreign currency assigned by one of the following international rating agencies: Standard&Poor’s, Moody’s Investors Service, Fitch Ratings, at the level not lower than “B” on the scale of Standard & Poor’s and Fitch Ratings, at least “B3” on the scale of Moody’s Investors Service. The said ratings shall be in effect and shall not have “revoked” or “suspended” status;

alternatively, the bank shall be in the top three of the banks of the country, the resident of which it is (with respect to the asset value).

Bank guarantees issued by non-commercial credit institutions and insurance companies, as well as by banks that do not comply with the requirements specified in this clause, or by those that do not publish the bank’s reports in public access (forms 101, 102, 123, 135) on [www.cbr.ru](http://www.cbr.ru) website (for resident banks of the Russian Federation), shall not be accepted as security.

1. Grounds for refusal to accept a bank guarantee that meets the criteria specified in Cl. 17.4 and 17.4.1 are: rapid deterioration in numerical parameters of the bank activity, losses, information on breach by the bank of statutory requirements of the Bank of Russia (if the bank guarantee is provided by a resident bank of the Russian Federation) or another competent authority (if the bank guarantee is provided by the bank that is non-resident of the Russian Federation), and lack of bank’s reports published in public access on www.cbr.ru website (for resident banks of the Russian Federation).

If during the quarterly or any additional inspection it is found out that the bank does not any longer comply with the criteria, based on which it has been previously approved, the Buyer shall be entitled to request a change of guarantor bank.

1. if a suretyship is issued for a Contract, the surety organisation shall meet the following requirements:

Surety agreements may be accepted from the persons (legal entities, states represented by the governmental bodies, sub-sovereign entities, municipal institutions, etc.) with the existing long-term credit rating in foreign or domestic currency assigned by one of the following international rating agencies: Standard & Poor’s ([www.standardandpoors.com](http://www.standartandpoors.com/)), Moody’s Investors Service ([www.moodys.com](http://www.moodys.com/)) or Fitch Ratings ([www.fitchratings.com](http://www.fitchratings.com/)) at the level of sovereign credit rating of the Russian Federation assigned according to the international scale of the corresponding agency (Standard & Poor’s, Fitch Ratings, Moody’s Investors Service). The said ratings shall be in effect and shall not have “revoked” or “suspended” status.

If one surety has ratings from two or more rating agencies, the higher of the ratings assigned by the specified rating agency shall be accepted for calculation.

If one surety has different level of credit rating in national or foreign currency the higher of the ratings assigned by the this rating agency shall be accepted for calculation.

If during the quarterly or any additional inspection it is found out that the surety does not any longer comply with the criteria, based on which it has been previously approved, the Buyer shall be entitled to request a change of surety.

1. If an independent guarantee is issued for a Contract, the surety organisation shall meet the following requirements:
   1. the independent guarantee shall be issued by the person meeting the requirements established for the guarantor as per this Contract;
   2. conditions related with using SWIFT system provided by the Contract, shall not apply to independent guarantees;
   3. The condition pointing that the guarantor shall be a bank or a credit institution and must provide a copy of a license issued by the Central Bank of Russian Federation shall not apply to independent guarantees;
   4. Contract terms regulating provision of bank guarantees shall be followed in all the matters related with independent guarantees.
2. The types of security (the type of security which the Supplier is obliged to provide shall be established in the Contract): contract performance security, advance payment security, warranty obligations performance security.

Contract performance security shall ensure performance of main obligations under a Contract (supply of goods, performance of works, provision of services).

Advance payment security ensures refund of the advance payment transferred by the Buyer to the Supplier in case of the Supplier’s failure to perform the obligation for advance payment refund as per the Contract.

Warranty obligations performance security shall ensure performance of the Supplier’s warranty obligations established in the Contract.

1. The bank guarantee/suretyship Contract shall contain a reference to the guarantor’s/Surety’s consent that any amendments and additions introduced into the contract shall not release it from its obligations under the bank guarantee/the given suretyship.
2. Requirements for the bank guarantees/suretyship Contracts provided:
3. the guarantee/suretyship shall include obligations of penalties, forfeits, losses, obligations to return funds (including those invoked in case of termination of a Contract);
4. payment of money under a guarantee/suretyship contract upon the first written request of the Buyer;
5. payment of the guarantee amount under bank guarantees/the sum of money under suretyship contracts shall be made without any need for claims or notifications on contract termination submitted to the Supplier, or one for an arbitration court ruling declaring collection of money from the Supplier made in favour of Buyer;
6. payment of the guarantee amount under bank guarantees/the amounts under suretyship contracts shall be made without need for provision of the Supplier’s acceptance of the Buyer’s claims (complaints);
7. Guarantee amounts under bank guarantees/the amounts under suretyship contracts shall be transferred by the Guarantor/the Surety to the bank account specified by the Buyer within ten (10) business days after a written demand for a payment is submitted by the Buyer (the Beneficiary/the Creditor) to the Guarantor/Surety.
8. the right for demand belonging to the Beneficiary as per the bank guarantee, may be transferred to a third party without the Guarantor’s approval;
9. if the last day of the bank guarantee/suretyship contract validity period in accordance with requirements of the Contract falls on a non-business day, the bank guarantee/suretyship contract shall be issued with the date of expiry corresponding to the date of the first business day after non-business ones.
10. The bank guarantee/suretyship contract shall contain a reference to the contract which is secured by this guarantee, including the parties, the contract subject and the contract price.
11. The amount of security provided for by the bank guarantee/suretyship contract may be claimed by the Customer, just as the amount of security received in the form of funds may be withheld by Buyer in case of violation of terms and conditions of the Contract made by the Supplier, including violation of period for performance of obligations (rendering services) stipulated by the Contract.

To claim the security amount under a bank guarantee/suretyship contract, the Buyer shall send a written demand to the bank/the Surety detailing the violation of the contract for which the obligation fulfilment is secured by the bank guarantee/suretyship contract.

The bank which has issued the bank guarantee/suretyship contract shall pay the security amount to the Buyer within 10 business days from the date of receiving the respective demand.

In order to withhold the security amount received in the form of funds, the Buyer shall send the notification on withholding the security amount (or a part of such amount) to the Supplier by mail, detailing the violation of the contract under fulfilment of obligation of which the funds have been received.

1. The funds shall be returned to the Supplier in case of complete fulfilment of obligations under the contract under fulfilment of obligation of which they have been received and upon provision of documents provided by the contract.
2. The text of the bank guarantee and the guarantor bank/ or the text of the suretyship contract and the Surety shall be previously agreed with the Buyer.

## The Supplier’s failure to fulfil the obligations related to security provision, or improper fulfilment thereof shall form the basis for suspension of payment obligations under the Contract (in case of delayed security provision, the payment obligations shall be extended for a similar period).

1. The Supplier shall be entitled to return of void irrevocable bank guarantees of fulfilment of obligations under the Contract or suretyship contracts upon request only, if the Supplier fulfils the contractual obligations completely and submits the documents provided by the contract.

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