

RUSSIA

LAW ON THE SECURITIES MARKET

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FEDERAL LAW
NO. 39-FZ OF APRIL 22, 1996
ON THE SECURITIES MARKET

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Table of Contents

Section I. General Provisions	3
Chapter 1. Relations Determined by the Present Federal Law	3
Article 1. The Subject Regulated by the Present Federal Law	3
Article 2. The Basic Terms Used in This Federal Law	4
Section II. Professional Securities Market-Makers	6
Chapter 2. Types of Professional Securities Market Making	6
Article 3. Brokerage	6
Article 4. Dealer's Activity	7
Article 5. The Management of Securities	8
Article 6. The Determination of Mutual Obligations (Clearing)	9
Article 7. Depository Activity	9
Article 8. The Keeping of the Register of Securities Owners	11
Article 9. The Organisation of Trading on the Securities Market	14
Article 10. The Combination of Professional Types of Securities Market-making	15
Article 10.1. Requirements to Officials of Professional Securities Market-Makers	15
Chapter 3. The Stock Exchange	16
Article 11. A Stock Exchange	16
Article 12. Participants of Auction Sales Held at a Stock Exchange	17
Article 13. Requirements with Regard to the Activity of a Stock Exchange	17
Article 14. Admittance of Securities to Auction Sales Held at a Stock Exchange	18
Article 15. Settlement of Disputes Arising in Connection with the Trading of Securities on the Stock Market	18
Section III. On Issued Securities	18
Chapter 4. Basic Provisions on Issued Securities	18
Article 16. General Provisions	19
Article 17. A Decision on the issue (Additional Issue) of Emissive Securities	20
Article 18. The Form of the Certification of the Rights Comprising the Issued Security	21
Chapter 5. The Issue of Securities	22
Article 19. Procedure for the Issue of Securities and Stages Thereof	22
Article 20. The State Registration of Issues (Additional Issues) of Emissive Securities	23
Article 21. Grounds for Refusal to Register the Issue of Securities	24
Article 22. General Requirements of a Securities Issue Prospectus	24
Article 22.1. Endorsing and Signing a Securities Issue Prospectus. Liability of the Persons that Have Signed a Securities Issue Prospectus	29
Article 23. Information on an Issue (Additional Issue) of Emissive Securities to Be Disclosed by the Issuer	30
Article 24. The Conditions for the Placement of Issued Securities	30
Article 25. A Report on (Notice of) the Results of an Issue (Supplementary Issue) of Serial Securities	31
Article 26. Unscrupulous Issue	32
Article 27. The Specific Features of the Issue of Shares by Credit Organisations	33

Article 27.1. Specifics of Issuing the Issuer's Options	33
Article 27.2. Specifics of the Issue and Circulation of Secured Bonds	34
Article 27.3. Bonds Secured by Pledge	34
Article 27.4. Bonds Secured by a Guarantee	36
Article 27.5. Bonds Secured by a Bank Guarantee, by the State or Municipal Guarantee	36
Article 27.5-1. The Details of Issuance of, and Trading in, Bonds of the Bank of Russia	36
Article 27.5-2. Specifics of Issuance and Circulation of Stock Exchange Bonds	37
Article 27.5-3. Specifics of Issuance and Circulation of Russian Depository Notes	41
Chapter 6. The Circulation of Issued Securities	45
Article 27.6. Limitations on Turnover of Securities	45
Article 29. The Transfer of Rights to Securities and the Realisation of Rights Fixed by Securities	46
Section IV. The Information Support of the Securities Market	47
Chapter 7. On the Disclosure of Information about Securities	47
Article 30. Disclosure of Information	47
Chapter 8. On the Use of Official Information in the Securities Market	49
Article 31. Official Information	49
Article 32. About Persons Possessing Official Information	49
Article 33. Transactions Carried out with the Use of Official Information	49
Chapter 9. On Advertisements in the Security Market	50
Section V. The Regulation of the Securities Market	50
Chapter 10. The Principles of the Regulation of the Securities Market	50
Article 38. The Principles of the Regulation of the Securities Market	50
Chapter 11. The Regulation of the Activity of Professional Securities Market-Makers	50
Article 39. Licensing of the Activity of Professional Securities Market-Makers	50
Chapter 12. The Federal Executive Body for the Securities Market	51
Article 40. The Organisation of the Federal Executive Body for the Securities Market	51
Article 41. The Collegium of the Federal Executive Body Dealing with the Securities Market	51
Article 42. The Functions of the federal executive body	51
Article 43. Decisions by the Federal Executive Body Dealing with the Securities Market	53
Article 44. The Rights of the federal executive body	53
Article 44.1. Duties of the Federal Executive Body for the Securities Market	54
Article 45. Abolished	54
Article 46. The Provision of the federal executive body's Activity	54
Article 47. Abolished	54
Chapter 13. The Self-regulated Organisations of the Professional Securities Market-makers	54
Article 48. The Concept of the Self-regulated Organisation of the Professional Stock Market-Makers	54
Article 49. The Rights of the Self-regulated Organisations in the Regulation of the Securities Market	55
Article 50. Requirements Made for Self-regulated Organisations	55
Section VI. Concluding Provisions	57
Article 51. Responsibility for Breaches of the Legislation of the Russian Federation on Securities	57
Article 51.1. Specifics of Placement and Circulation of Foreign Issuers' Securities	59
Article 51.2. Classified Investors	60
Article 52. The Transitional Provisions in Connection with the Entry of this Federal Law into Force	62
Article 53. The Procedure for the Enforcement of the Present Federal Law	62

Section I. General Provisions

Chapter 1. Relations Determined by the Present Federal Law

Article 1. The Subject Regulated by the Present Federal Law

The present Federal Law shall regulate relations arising during the issue and circulation of securities, regardless of the type of the issuer, during the circulation of other securities in the

instances provided for by federal laws and also the specific features of the creation and functioning of the securities market-makers.

Article 2. The Basic Terms Used in This Federal Law

The issued security is any paper security, including a non-documentary security, marked by the following features:

- it records the totality of property and non-property rights subject to certification, assignment, and unconditional exercise with the observance of the form and order established by this Federal Law;
- it is placed by issues;
- it grants rights equal in time and extent within any one inside issue, regardless of the time of acquiring a security.

The share is an issued security that fixes the rights of its owner (shareholder) to receive part of the profit of a corporation in the form of dividends, to participate in the management of the corporation, and to receive part of the property that remains after its liquidation. The share is an inscribed security.

The bond is an issued security that fixes the right of its holder to receive a bond from the issuer at its nominal value, in the period of time provided for by it, or other property equivalent. The bond may likewise provide for the right of its holder to receive the interest, fixed in it, on the nominal value thereof or for other property rights. The income on a bond is interest or discount.

The issuer's option is an emissive security fixing the right of the owner thereof to the purchase of a certain number of shares of such option's issuer at the price determined in the issuer's option within the time period specified therein and/or in the event of the on-set of the circumstances indicated therein. The issuer's option is an inscribed security. A decision on placement of the issuer's options shall be rendered and their placement shall be effected in compliance with the rules of placing securities convertible into shares established by federal laws. With this, the price of placing shares in pursuance of the requirements with regard to the issuer's options shall be determined in compliance with the price determined in such option.

The issue of emissive securities means the totality of all securities of one issuer which provide to owners thereof an equal measure of rights and have an equal value in the instances where the presence of the nominal value is provided for by laws of the Russian Federation. A single state registration number extending to all securities of a given issue shall be assigned to the issue of emissive securities and an identification number shall be assigned if, in accordance with the present Federal Law, the issue of serial securities is not subject to state registration.

An additional issue of emissive securities means the totality of the securities placed in addition to previously placed securities of the same issue of emissive securities. The securities of an additional issue shall be placed on equal terms.

The issuer is a legal entity or an executive or local self-government body that incurs obligations on its own behalf to the owners of securities in the exercise of the rights recorded by them.

Registered issued securities are securities, the information about the owners of which shall be accessible to the issuer in the form of a register of the owners of securities; the transfer of the rights to the securities and the exercise of the rights recorded by them require the identification of the owner.

Issued securities to bearer are securities, the transfer of rights to which, and the exercise of the rights recorded by which, do not require the identification of the owner.

The documentary form of issued securities is the form of issued securities under which their owner is identified on the basis of a produced and property completed certificate of a security and in case such security is deposited, on the basis of the entry in a special custody account.

The non-documentary form of issued securities is the form of issued securities under which their owner is identified on the basis of an entry into a system of keeping a register of the owners of securities, or if they are deposited, then on the basis of an entry in a special custody account.

Decision on the issued securities is a document containing the date sufficient for the ascertainment of the volume of the rights recorded by a security.

The certificate of the issued security is a document issued by the issuer and certifying the totality of rights to the number of securities indicated in the certificate. The owner of the securities has the right to demand that the issuer perform its obligations on the basis of such certificate.

The owner is a person to whom securities belong by right of ownership or any other proprietary interest.

The circulation of securities means the conclusion of civil-law transactions which involve the transfer of the rights of ownership of securities.

The placement of issued securities means the transfer of issued securities by the issuer to the first owners, by means of concluding civil-law transactions.

The issue of securities means the sequence of the issuer's actions in placing the issued securities established by this Federal Law.

Professional securities market-makers are legal entities who are engaged in the activities referred to in Chapter 2 of this Federal Law.

The financial consultant on the securities market is a legal entity that has a licence for the exercise of broker's and/or dealer's activities and renders services to the issuer regarding the preparation of the securities issue prospectus.

The acquirer in good faith is a person who has bought securities and paid for them, who at the time of acquisition did not and could not have known about the rights of third persons to these securities, unless the contrary is proved.

The state registration number is a digital (alphabetical or symbolical) code that identifies a specific issue of securities subject to state registration.

The public placement of securities means placement of securities by way of open subscription, including placement of securities through stock exchange auction sales and/ or through other trade promoters on the securities market.

The public circulation of securities means the circulation of securities at auction sales of stock exchanges and/or of other trade promoters on the securities market, circulation of securities by way of offering securities to an unlimited group of persons, and also with the use of advertising.

The listing of securities means the inclusion by the stock market of securities in the quotation list.

The delisting of securities means the exclusion by the stock market of securities from the quotation list.

Identification number is a digital (letter, sign) code used to identify a specific issue (supplementary issue) of serial securities not subject to state registration.

Russian depository note is a registered emissive security without a nominal value certifying the ownership of a certain number of stocks or bonds of a foreign issuer (of represented securities) and consolidating the right of the owner thereof to demand of the issuer of Russian depository notes, instead a Russian depository note, the appropriate number of represented securities and rendering of the services connected with the exercise by the owner of a Russian depository note of the rights fixed by the represented securities. If the issuer of represented securities assumes the obligation towards owners of Russian depository notes, the said security shall likewise certify the right of the owner thereof to demand proper discharge of the said obligations.

Section II. Professional Securities Market-Makers

Chapter 2. Types of Professional Securities Market Making

Article 3. Brokerage

1. Brokerage means the activity aimed at making civil law transactions in securities on behalf and at the expense of a client (including the issuer of emissive securities) or in one's own name and at the expense of a client on the basis of repayable contracts made with the client.

A professional securities market-maker engaged in broker's activity shall be called a broker.

In the event of rendering by a broker of the services related to placement of emissive securities, the broker shall be entitled to acquire at his own expense the securities which are not placed within the term provided for by a contract.

2. A broker shall follow his clients' instructions in good faith and in the order of their receipt. Transactions carried out on behalf of clients shall be subject in all cases to priority execution as compared with the dealer's operations of the broker, when he combines broker's and dealer's activities.

If a conflict of interests between a broker and his client of which the client had not been notified before the broker received the relevant order, has caused damage to the client, the broker shall be obliged to compensate for the losses in the order prescribed by the civil legislation of the Russian Federation.

3. The clients' monetary assets transferred by them to the broker for investing into securities, as well as the monetary assets derived from the transactions made by a broker on the basis of contracts with clients, have to be kept on a separate banking account (accounts) to be opened by the broker with a credit organisation (a special broker's account). A broker shall be obliged to keep records of monetary assets of each client thereof kept on a special broker's account (accounts) and to report to his client therefor. There may not be levied execution related to a broker's liabilities against the monetary assets of his clients kept at a special broker's account (accounts). A broker shall not be entitled to enter his own monetary assets on a special broker's account, except for cases of their return to his client and/or granting a loan to his client in the procedure established by this Article.

A broker shall be entitled to use in his interests the monetary assets kept on a special broker's account (accounts), where it is provided for by a broker's service contract, guaranteeing the client that he will follow his instructions at the expense of the said monetary assets or will return them upon the request of the client. The monetary assets of the clients that have entitled a broker to use them in their interests have to be kept on a special broker's account (accounts) separate from the special broker's account (accounts) where monetary assets of the clients that have not entitled the broker to do this are kept. The monetary assets of the clients that have entitled a broker to use them may be entered by the broker to his own bank account.

The requirements of this Item shall not extend to credit organisations.

4. A broker shall be entitled to lend monetary assets and/or securities to his client for making purchase and sale transactions in securities on condition of the client's providing security in the way stipulated by this Item. Transactions made with the use of the monetary assets and/or securities lent by a broker shall be called marginal transactions.

The terms and conditions of a loan agreement, including the amount of the loan or a procedure for determining it, may be specified by a broker's service contract. With this, as a document to certify lending a certain amount of money or a certain number of securities shall be recognised a broker's report on marginal transactions made, or other document determined by a contract's terms and conditions.

A broker shall be entitled to recover interest on the loans granted to a client. As security for a client's liabilities related to granted loans, a broker shall only be entitled to accept the

securities owned by the client and/ or acquired by the broker for the client within the framework of marginal transactions.

The amount of security provided by a client shall be determined by a broker on the basis of the market value of the securities serving as security that has been formed by auction sales held by a stock exchange or by other trade promoters, less the reduction established by the contract. The securities serving as security of a client's liabilities related to the loans granted by a broker shall be subject to revaluation.

In the event of failure to return in due time a loan and/or borrowed securities or failure to pay in due time interest on a granted loan, as well as if the amount of security gets less than the amount of a loan granted to a client (less than the market value of borrowed securities formed at auction sales held by a stock exchange and/or by other trade promoters on the securities market), the broker shall levy execution against the monetary assets and/or securities serving as security for the client's liabilities related to the loans granted by the broker, in an extra-judicial procedure by way of selling such securities at auction sales held by a stock exchange and/or by other trade promoters on the securities market.

As security for a client's liabilities related to loans granted by a broker, there may be only accepted the liquid securities included in the quotation list of the stock market. The liquidity criteria of the said securities, the minimum amount of the reduction, the procedure for determining the market value of the securities accepted by a broker as security, the procedure and terms for revaluation thereof, as well as the requirements to the time, procedure and conditions of selling the securities that serve as security for a client's liabilities related to the loans granted by the broker shall be established by normative legal acts of the federal executive body for the securities market.

5. A broker is only entitled to acquire the securities and property rights provided for by Item 6 of Article 51.2 of this Federal Law (hereinafter referred to as other financial instruments) which are intended for classified investors, if the client at whose expense a transaction is made is a classified investor in compliance with Item 2 of Article 51.2 of this Federal Law (hereinafter referred to as classified investors by virtue of federal law) or is recognized by this broker as a qualified investor in compliance with this Federal Law. Classified investors by virtue of federal laws and persons recognized as classified investors in compliance with this Federal Law shall be named classified investors.

6. The effects of making transactions by a broker in defiance of the requirements of Item 5 of this Article, in particular as a result of wrongful recognition of a client as a classified investor, shall be as follows:

1) imposition upon the broker of the duty to acquire at its own expense securities from a client on the client's demand and to reimburse to the client all the expenses incurred by it while making the said transactions, including the outlays to pay for the services of the broker, custodian and trade promoter in the securities market;

2) imposition upon the broker of the duty to compensate to a client for the losses caused in connection with execution of transactions with other financial instruments, in particular to reimburse all the outlays of the client while making the said transactions, including outlays on payment for the services of the broker and trade promoter in the securities market.

7. Where it is provided for by Subitem 1 of Item 6 of this Article, securities shall be purchased at the highest of the following prices: the acquisition price of this security or market price thereof as of the date when a client made the claim provided for by Subitem 1 of Item 6 of this Article.

8. A claim for application of the effects provided for by Item 6 of this Article may be made by a client within one year as of the date when it received the appropriate broker's report on made transactions.

Article 4. Dealer's Activity

By dealer's activity is meant the completion of contracts of sale of securities on one's own behalf and at one's expense by declaring in public the prices of purchases and/or sale of securities with the obligation to buy and/or sell these securities at the prices announced by the person engaged in such activity.

A professional securities market-maker engaged in dealings is called a dealer. Only a legal entity that is a commercial organisation may be a dealer, as well as a state corporation, if for such corporation the possibility of exercising dealer's activity is established by the Federal Law serving as a basis for establishment thereof.

A dealer shall have the right to announce, in addition to prices, other essential terms and conditions of the contract of sale of securities, the minimum and maximum number of securities being bought and/or sold, and also the period of time during which the declared prices are valid. In the absence in the announcement of a reference to other essential terms and conditions, the dealer shall be obliged to conclude a contract on the essential terms offered by his client. If the dealer eludes the contract, then an action may be brought against him for the compulsory conclusion of such contract and/or for the compensation of the losses caused to the client.

Article 5. The Management of Securities

For purposes of the present Federal Law, the management of securities means the management of securities and money in a trust account by the legal entity on his behalf for remuneration over a particular period of time. Trust management shall be exercised over the securities, monetary resources intended for investment in securities, and also assets and securities received in the process of managing securities. Those securities and monetary means belonging to other persons shall be placed in the possession of the individual businessman for the benefit of this other person or the third persons indicated by him.

A professional securities market-maker engaged in the management of securities is called a manager.

The presence of the licence for the exercise of activity of securities' management shall not be required, where the trust management is only connected with the manager's exercising the rights to the securities.

The procedure for the management of securities and the rights and duties of a manager shall be determined by the laws of the Russian Federation and by contracts.

In his activities the manager shall be obliged to indicate that he acts as a manager.

If the conflict of interests of the manager and his client of different clients of one manager, about which the parties have not been notified in advance, has led to the manager's actions detrimental to the interests of the client, the manager shall be obliged to compensate for the losses in the procedure established by civil legislation.

The manager is only entitled while exercising the activity of securities' management to acquire for a client (for the management founder) securities and other financial instruments intended for classified investors on condition that the client is a classified investor.

The following shall be deemed effects of making by the manager transactions in defiance of the requirements provided for Part Seven of this Article:

- imposition upon the manager of the duty to sell securities and other financial instruments by a client's request or by order of the federal executive body in charge of the securities market;
- reimbursement by the manager to a client of the losses caused as a result of selling securities and other financial instruments;
- payment by the manager of interest on the amount to which securities and other financial instruments have been acquired. The interest rate shall be fixed subject to the rules of Article 395 of the Civil Code of the Russian Federation. Where the selling price of securities and other financial instruments exceeds the price at which they

have been acquired, the interest shall be paid in the amount that was not covered by earnings from the sale of the securities and other financial instruments.

A claim for application of the effects of making by the manager of a transaction in defiance of the requirements of Part Seven of this Article may be made by a client within one year as of the date when it received the appropriate report of the manager.

Article 6. The Determination of Mutual Obligations (Clearing)

Clearing means the determination of mutual obligations (the collection, checking and correction of information about deals with securities and the preparation of accounting records on them) and the offset of the deliveries of securities and payments for them.

In connection with the payments for dealing in securities the organisations that carry out the clearing of securities shall accept for execution the accounting records prepared during the definition of mutual obligations, on the basis of their contracts with the securities market-makers for whom payments are made.

The clearing organisation which makes payments for deals with securities shall be obliged to form special funds for reducing the risk of the non-fulfilment of deals with securities. A minimum size of special funds of clearing organisations shall be established by the Federal Commission for the Securities Market by agreement with the Central Bank of the Russian Federation.

A clearing organisation shall be obliged to endorse the rules of exercising clearing activity.

A clearing organisation shall be obliged to register the rules of exercising clearing activity, as well as amendments and additions to be introduced thereto, with the federal executive body for the securities market.

Article 7. Depositary Activity

Depositary activity means the rendering of services in the custody of certificates of securities, and/or the record-keeping of securities and the transfer of rights to them.

A professional securities market-maker engaged in depositary activity is called a depositary. Only a legal entity may be a depositary.

A person who makes use of a depositary's services in the custody of securities and/or the record-keeping of the rights to securities is called a depositor.

A contract concluded between a depositary and a depositor which regulates their relations in the process of the depositary activity is called a depositary contract (a contract for a special custody account). A depositary contract shall be concluded in written. The depositary shall be obliged to endorse the terms of the depositary activity, which are an integral part of the concluded depositary contract.

The conclusion of a depositary contract shall not involve the transfer to the depositary of the right of ownership of the depositor's securities. The depositary shall have no right to dispose of the depositor's securities, to manage them, or to perform any actions with securities on behalf of the depositor, except for those performed on the depositor's order in the cases provided for by the depositary contract. The depositary shall have no right to condition the conclusion of a depositary contract with the depositor on the abandonment by the latter of any of the rights recorded by the securities. The depositary shall bear civil liability for the safety of the certificates of securities deposited with it.

No execution may be levied on depositors' securities based on the depositary's obligations.

On the basis of agreements with other depositaries, a depositary shall have the right to use them to discharge its duties for keeping in custody the certificates of securities and/or for keeping records of the rights to the depositors' securities (that is, to become a depositor of another depositary, or to accept another depositary as a depositor), unless this is prohibited by the depositary contract concerned.

If one depository is a depositor of another depository, then the depository contract between them shall provide for the procedure of receipt of information about the owners of securities registered in the depository-depositor, and also in the depository-depositors in cases provided for by the laws of the Russian Federation.

The depository contract shall contain the following essential terms and conditions:

- a) an unambiguous definition of the subject of the contract: the rendering of services in the custody of certificates of securities and/or in the record-keeping of the rights to securities;
- b) the procedure for the transfer by the depositor of information about the disposal of the depositors' securities deposited in the depository;
- c) a validity term for the contract;
- d) the scope and procedure of payment for the depository's services envisaged by the contract;
- e) the form and periodicity of the depository's reporting to the depositor concerned;
- f) the obligations of the depository.

The obligations of the depository shall include:

- the registration encumbrances on the depositor's securities;
- the keeping of the depositor's special custody account separate from other accounts, with an indication of the date and grounds for each operation in the account;
- the transfer to the depositor of all information about securities which has been received by the depository from the issuer or the keeper of the register of the owners of securities.

The depository shall have the right to be registered in the system of keeping registers of the owners of securities, or in another depository, as a nominal holder in keeping with the depository contract.

The depository shall bear responsibility for the non-fulfilment or improper fulfilment of its obligations in the record-keeping of rights to securities, including for the fullness and correctness of entries in special custody accounts.

A depository may render to a depositor the services connected with receiving incomes on securities and other payments due to the securities' owners.

In the event of rendering to a depositor the services connected with receiving income on securities and other payments due to owners of the securities, depositors' monetary funds have to be kept on a separate banking account (accounts) opened by a depository with a credit organisation (special depository account (accounts)). The depository shall be obliged to maintain record of monetary funds of each depositor kept on special depository account (accounts) and to render account thereto. Execution may not be levied under a depository's obligations against the monetary funds kept on a special depository account (accounts). A depository shall not be entitled to enter its own monetary funds to a special depository account (accounts), except for the cases of their payment to a depositor, as well as to use in its own interests the monetary funds kept on a special depository account (accounts).

The requirements of this Article as to keeping a special banking account (accounts) shall not extend to credit organisations.

Depositories set up in the form of a non-commercial partnership may be transformed into joint-stock companies. A decision on such transformation shall contain:

- a) the procedure and conditions for such transformation, including the procedure for the distribution of the shares of the joint-stock company being set up among the members of the depository;
- b) the indication of the approval of the charter of the joint-stock company being established with the addendum of its charter;
- c) the indication of the approval of the turning-over act with the attachment of this act;
- d) the list of the members of the council of directors or the supervisory board and the list of the members of the collegiate executive body of the joint-stock being set up in case, if in

accordance with its charter there is a collegiate executive body and its election comes within the jurisdiction of the general meeting of shareholders of the new joint-stock company;

e) the indication of the person who discharges the functions or the sole executive body of the new joint-stock company;

f) the indication of the person who discharges the functions or the sole executive body of the new joint-stock company.

Custodians engaged in registration of rights to securities which are intended for classified investors is entitled to enter the said securities to depo accounts of the owners thereof, if only the latter is a classified investor or is not a classified investor but has acquired the said securities as a result of universal legal succession, conversion, in particular in the course of re-organisation, distribution of property of a legal entity to be liquidated and in other cases established by the federal executive body in charge of the securities market.

Article 8. The Keeping of the Register of Securities Owners

1. The keeping of the register of securities owners shall include the collection, fixation, treatment, storage and submission of data comprising the system of keeping the register of securities owners.

Only legal entities shall have the right to keep the register of securities owners.

Persons engaged in the keeping of registers of securities owners are termed registrars of securities.

A legal entity that keeps a register of securities owners registered in the system of keeping the registers of issuers shall have no right to make deals with securities.

The system of keeping a register of securities owners shall be understood to mean the totality of data fixed by paper carriers and/or with the use of electronic data-bases, which provides for the identification of nominal holders and owners of securities registered in the system of keeping the registers of securities owners, and the record-keeping of their rights to securities registered in their name, and which makes it possible to receive and send information to the said persons and to draw up a register of securities owners.

The system of keeping the register of securities owners shall provide for the collection and storage of information during the time-limits fixed by the laws of the Russian Federation. This information shall cover all the facts and documents which necessitate the introduction of changes in the system of keeping the register of securities owners, and all the actions by the registrar for the introduction of these changes.

No system of keeping a register of securities owners shall be kept for securities to bearers.

The register of securities owners (hereinafter referred to as the register) shall be a part of the system of keeping the register that represents the list of registered owners with an indication of the number, nominal value, and category of registered securities which belong to these owners. This list may be drawn up on any fixed date, and shall make it possible to identify these owners, and the number and category of the securities that belong to them.

The owners and nominal holders of securities shall be obliged to observe the rules for the submission of information to the system of keeping the register.

The register may be kept by an issuer or a professional securities market-maker engaged in keeping the register on the order of the issuer. If the number of owners exceeds 500, then the register has to be kept by a professional securities market-maker, engaged in keeping the register concerned, except for the instances provided for by this Federal Law. The registrar shall have the right to delegate some of its functions in collecting information, which is part of the system of keeping the register to other registrars. The delegation of these functions shall not absolve the registrar from its own responsibility towards the issuer.

A contract for keeping the register shall only be concluded with one legal entity. The registrar may keep the registers of securities owners for an unlimited number of issuers.

The holder of the register of owners of securities intended for classified investors is entitled to enter the said securities to the owner's personal account, only if it is a classified investor by virtue of federal law or is not a classified investor but has acquired the said securities as a result of universal legal succession, in particular in the course or re-organisation, distribution of property of a legal entity to be liquidated and in other cases established by the federal executive body in charge of the securities market.

2. A nominal holder of securities is a person registered in the system of keeping the register, and is also a depositor of the depositary concerned, but not the owner of these securities.

Professional securities market-makers may act as nominal holders of securities. A depositary may be registered as a nominal holder of securities in accordance with the relevant depositary contract. A broker may be registered as a nominal holder of securities in conformity with the contract on the basis of which he services clients.

A nominal holder of securities may exercise the rights fixed by a paper security only if he has received the corresponding power from the holder.

Data on the nominal holder of securities shall be subject to entry in the system of keeping the register by the registrar on behalf of the owner or the nominal holder of securities if the latter persons have been registered in this system of keeping the register.

The entry of the name of the nominal holder of securities in the system of keeping the register, and also the re-registration of securities in the name of the nominal holder, shall not involve the transfer of the property and/or other proprietary rights securities to the latter nominal holder. The securities of clients of the nominal holder of securities shall not be recovered for the benefit of the latter's creditors.

Securities trading between the owners of securities of one nominal holder of securities shall not be reflected in the register of the holder of the depositary of which it is a client.

The nominal holder of registered securities which he holds in the interest of other persons shall be obliged:

- to perform all the necessary actions for the guaranteed receipt by this person of all the payments due to him according to these securities;
- to make deals and operations with securities exclusively on the order of the person in whose interests he acts as a nominal holder of securities and in keeping with the contract concluded with this person, if not otherwise established by a federal law;
- to keep record of the securities which he holds in the interests of other persons in separate below-line accounts and to have constantly in separate below-line accounts a sufficient number of securities for the purpose of satisfying the requirements of the persons in the interest of which he holds these securities.

On the owner's demand the nominal holder of securities shall be obliged to make an entry on the transfer of securities to the owner in the system of keeping the register.

To realise the rights of owners fixed by the securities, the registrar shall have the right to demand that the nominal holder of securities should submit the list of the owners, the nominal holder of which he is as a particular date. The nominal holder of securities shall be obliged to make the required list and forward it to the registrar within seven days of the receipt of the demand. If the required list is necessary for making a register, the nominal holder of securities shall not receive remuneration for drawing up this list.

The nominal holder of securities shall bear responsibility for the refusal to submit the said lists to the registrar to his clients, the registrar and the issuer in keeping with the legislation of the Russian Federation.

3. An issuer who has charged the registrar with the conduct of the system of keeping the register may demand that the latter should annually submit the register, for a fee that does not exceed the costs of its compilation, while the registrar shall be obliged to submit the register for this fee. In other cases, the amount of the fee shall be determined by the contract of the issuer and the registrar.

The registrar shall have the right to collect from the parties a fee which corresponds to the number of orders on the transfer of securities and which is equal for all legal entities and natural persons. The registrar shall have no right to collect from the parties to the transaction a charge in the form of a percentage of the value of the transaction.

The procedure for estimating the maximum amount of the payment for the registrar's services in entering data to the register and issuing extracts from the register shall be determined by the federal executive body for the Security Market.

A person who improperly carries out the procedure for supporting the system of keeping and compiling the register, and who has breached the forms of reporting (to the issuer, registrar, depository, and owner) may face a claim for the indemnity of any losses (including the loss of profit) that have arisen due to the impossibility of exercising the rights recorded by the securities.

On the demand of the owner of securities, or of the person who acts on his behalf, and also of the nominal holder of securities, the registrar shall be obliged to present an extract from the system of keeping the register regarding his personal account within five working days. The owner of securities shall not have the right to demand that irrelevant information, including information about other owners of securities and the number of their securities, should be included in the extract from the system of keeping the register.

The document issued by the registrar shall be an extract from the system of keeping the register. The extract shall indicate the owner of a personal account, the number of securities of each issue held in this account at the time of the issue of the extract, the facts of their encumbrance by liabilities, and also other information on these securities.

The extract from the system of keeping the register shall contain a note about all limitations or the facts of encumbrance of securities to which the extract is given by the liabilities fixed on the date of its compilation in the system of keeping the register.

Extracts from the system of keeping the register drawn up in the course of the placement of securities shall be issued to their owners free of charge.

The person who has given the said extract shall bear responsibility for the fullness and authenticity of information contained therein.

The rights and obligations of the registrar and the procedure for keeping the register shall be determined by the applicable legislation and the contract concluded between the registrar and the issuer.

The registrar shall discharge the following obligations:

- it shall open a personal account in the system of keeping the register to each owner who has expressed his will to be registered by the registrar, and also to the nominal holder or securities on the basis of its notification about the assignment of a claim or of the order to transfer securities; when issued securities are placed, it shall open a personal account on the basis of its notification of the seller of securities;
- it shall introduce to the system of keeping the register all the requisite changes and additions;
- it shall carry out operations in the personal accounts of owners and nominal holders of securities only on their commission, unless otherwise established by a federal law;
- it shall bring to the notice of the registered persons the information submitted by the issuer;
- it shall submit to the owners and nominal holders of securities registered in the system of keeping the register and possessing over one per cent of the issuer's voting shares, the data from the register on the names of the registered owners and on the number, category and nominal value of the security that belong to them;
- it shall inform the owners and nominal holders of securities registered in the register-keeping system about the rights recorded by securities and about the methods and procedure for the exercise these rights;

- it shall strictly observe the procedure for the transfer of the register keeping system in case of the dissolution of the contract concluded with the issuer.

The form of the order on the transfer of securities and information therein shall be established by the federal executive body for the Securities Market.

The registrar shall have no right to make additional demands, while introducing changes to the given systems of keeping the register in addition to those established in the order provided for by the present Federal Law.

As soon as the validity term of a contract for sustaining the register keeping system concluded between the issuer and the registrar is over, the latter shall transfer to another registrar indicated by the issuer the information received from the issuer, all the data and documents comprising the register keeping system, and also the register compiled on the date of the termination of the contract. The transfer shall take place on the day of the dissolution of the contract.

In case of the replacement of the registrar the issuer shall announce this in the mass media or notify in writing all the owners of securities at his expense.

All the extracts issued by the registrar after the date of the termination of the contract with the issuer shall be null and void.

The registrar shall introduce changes to the register keeping system on the following grounds:

1) the order of the owner on the transfer of securities or of the person acting on his behalf, or if the nominal holder of securities who has been registered in the register keeping system in accordance with the rules for keeping the register established by the legislation of the Russian Federation and also in case of the placement of securities - in compliance with the order prescribed by this Article;

2) other documents confirming the transfer of the right of ownership of securities in accordance with the civil legislation of the Russian Federation.

In case of the documentary form of issued securities that provides for the possession of these securities by their owners, the certificate of a security shall be submitted in addition to the said documents. The name of the person indicated in the certificate as the owner of the registered security shall correspond to the name of the registered person referred to in the order on the transfer of securities.

No refusal to make an entry in the register keeping system and no evasion from such entry, including in respect of the acquirer in good faith, shall be allowed, except for the cases envisaged by federal laws.

4. If the registrar is engaged in keeping the register of owners of securities which are not serial securities, in particular investment shares of a unit investment trust or mortgage participation certificates, it is obliged to satisfy the requirements for keeping the said register which are established by federal laws and other regulatory legal acts of the Russian Federation.

Article 9. The Organisation of Trading on the Securities Market

The organisation of trading on the securities market refers to the rendering of services which directly promote the conclusion of civil-law transactions with securities among the securities market-makers.

The professional securities market-makers engaged in the organisation of trading on the securities market are called organisers of trading on the securities market.

A trading organiser shall be obliged to disclose the following information to any interested person:

- the rules for the admission of securities market-makers to bidding;
- the rules for the admission of securities for bidding upon;
- the rules for the conclusion and checking of transactions;

- the rules for the registration of transactions;
- the order of the execution of transactions;
- the rules restricting the manipulation of prices;
- the time-table for rendering services by the trading organizer on the securities market;
- the regulations for the introduction of changes and additions to the above-listed items;
- the list of securities admitted to bidding.

The following information shall be submitted to any interested person about each transaction concluded in keeping with the rules established by the trading organiser:

- the date and time of the conclusion of a transaction;
- the name of securities as the subject of a transaction;
- the state registration number of an issue (supplementary issue) of securities and when in accordance with the present Federal Law an issue (supplementary issue) serial securities is not subject to state registration: the identification number of the issue (supplementary issue) of serial securities;
- the price of one security;
- the quantity of securities.

A trade promoter on the securities market shall be obliged to register with the federal executive body for the securities market the documents containing the information indicated in Part Three of this Article, except for a list of securities cleared for trading, as well as amendments and additions introduced to them. A trade organiser on the securities market shall notify the federal executive governmental body charged with the securities market, in the procedure established by this body, on the inclusion (exclusion) of securities to the list (from the list) of securities cleared for trading, not later than on the day following the date of the decision.

Article 10. The Combination of Professional Types of Securities Market-making

The register keeping shall not allow the combination of this activity with other types of professional activity on the securities market.

Restrictions on the combination of the types of activity and operations with securities shall be introduced by the federal executive body for the Securities Market.

Article 10.1. Requirements to Officials of Professional Securities Market-Makers

1. The functions of the individual executive body of a professional securities market-maker may not be exercised by:

- the persons that exercised the functions of the individual executive body or were members of the collective executive body of a management company of joint-stock investment funds, unit investment funds and non-governmental pension funds, of the specialised depository of joint-stock investment funds, unit investment funds and non-governmental funds, of a joint-stock investment fund, a professional securities market-maker, a credit organisation, insurance organisation and a non-governmental pension fund at the moment of cancelling (withdrawing) the licences of these organisations for the exercise of appropriate types of activities for failure to meet the license requirements or at the moment of rendering a decision on the introduction of bankruptcy proceedings, if from the moment of such cancellation or from the moment of completing the bankruptcy proceedings less than three years have passed;
- the persons having a previous conviction for economic crimes or for crimes against the state.

The said persons likewise may not be members of the board of directors (supervisory board) or the collective executive body of a professional securities market-maker, and may not

exercise the functions of the head of a control sub-division (of an inspector) of a professional securities market-maker.

2. The federal executive body for the securities market must be notified of the person elected for the office of the individual executive body and of the person appointed as the head of the control subdivision (as an inspector) of a stock exchange, of a professional participant of the securities market engaged in clearing activity and of a depository making settlements with regard to the results of the transactions made at the auction sales held by stock exchanges and/or by other trade promoters on the securities market, by agreement with such exchanges and/or trade promoters (of a clearance depository).

Chapter 3. The Stock Exchange

Article 11. A Stock Exchange

1. A securities market trade promoter meeting the requirements, that are established by this Article shall be recognised as a stock exchange.

2. A legal entity may exercise the activity of a stock exchange, if it is a non-profit partnership or a joint-stock company.

3. One shareholder of a stock exchange and the affiliated persons thereof may not possess 20 or more per cent of shares of each category (type), while one member of the stock exchange of a non-profit partnership may not possess 20 or more per cent of votes at a general meeting of members of such exchange.

The restrictions indicated in Paragraph One of this Item shall not apply to the shareholders (members) of a stock exchange which are stock exchanges.

Only professional securities market-makers may be members of a stock exchange being a non-profit partnership.

With this, the procedure for joining such stock exchange and leaving it, as well as for exclusion from members of a stock exchange shall be determined by such stock exchange independently on the basis of the internal documents thereof.

4. A legal entity exercising the activity of a stock exchange shall not be entitled to combine the said activity with other types of activities, except for the activity of a currency exchange, commodity exchange (the activity of organising exchange trade), clearing activity connected with making conducting transactions in securities and investment shares of unit investment funds, the activity of disseminating information, publishing activity, as well as with the exercise of the activity of letting property on lease.

Where a legal entity combines the activity of a currency exchange and/or of a commodity exchange (of the activity of organising exchange trade), and/or clearing activity with the activity of a stock exchange, a separate structural sub-division has to be established for exercising each of the said types of activity.

5. The person exercising the functions of the individual executive body or of the head of the control sub-division (of the inspector) of a stock exchange, and other workers of a stock exchange may not be workers and/or professional securities market-makers participating in auction sales at a given and/or other stock exchanges.

6. The stock exchanges which are non-commercial partnerships may be transformed into joint-stock companies. The decision on such transformation shall contain the following elements:

- the procedure and conditions for the transformation, including the procedure for the allocation of shares of the joint-stock company being set up among the members of the stock exchange;
- the indication of the approval of the turning-over act with its addendum;

- the list of the members of the council of directors or the supervisory board and the list of the members of the collegiate executive body of the new joint-stock company in case, if in accordance with its charter there is the collegiate executive body and its election comes within the jurisdiction of the general meeting of shareholders of the joint-stock company being set up;
- the list of the members of the auditing commission or the indication of an auditor of the new joint-stock company;
- the indication of the person who performs the function of the sole executive body of the new joint-stock company.

Article 12. Participants of Auction Sales Held at a Stock Exchange

Only brokers, dealers and managers may participate in auction sales at a stock exchange. Other persons may make transactions solely through brokers participating in the auction sales. Only members of a stock exchange established in the form of a non-profit partnership may participate in auction sales held at such exchanges.

The procedure for admittance to participation in auction sales and for exclusion from the number of auction sales participants shall be determined by the rules established by the stock exchange.

A disparity of participants of auction sales held at a stock exchange, as well as the assignment of the right to participation in auction sales held at a stock exchange to third persons, shall not be allowed.

Article 13. Requirements with Regard to the Activity of a Stock Exchange

1. A stock exchange shall be obliged to endorse the following:

- the rules of admittance to participation in auction sales held at the stock exchange;
- the rules of holding auction sales at the stock exchange that have to contain the rules of making and registering transactions and the measures in order to prevent tampering with prices and the use of official information.

A stock exchange rendering services which directly promote conducting transactions in securities, including investment shares of unit investment funds, shall be likewise obliged to endorse the rules of listing/delisting of securities and/or the rules of securities admittance to auction sales without following the listing procedure, while a stock exchange rendering the services which directly promote making the transactions whose commitments' fulfillment depends on the alteration of securities' prices or on the alteration of values of the indices calculable on the basis of the aggregate of securities' prices (of stock indices), including the transactions providing for the exclusive duty of parties thereto to pay amounts of money depending on the alteration of securities' prices or on the alteration of the values of the stock indices, shall be likewise obliged to endorse the specifications of such transactions meeting the appropriate requirements of normative legal acts of the federal executive body for the securities market.

A stock exchange shall be obliged to register with the federal executive body for the securities market the documents indicated in this Item, as well as the amendments and additions introduced to them.

2. A stock exchange has to exercise the permanent control over transactions made at the stock exchange for the purpose of detecting the instances of using official information and of tampering with prices, as well as over meeting by auction sales participants and the issuers whose securities are included in quotation lists, the requirements of the laws of the Russian Federation on securities and of normative legal acts of the federal executive body for the securities market.

Auction sales participants shall be obliged to present to the stock exchange at the request thereof the information necessary for exercising control by it in compliance with the rules of holding auction sales on the stock exchange.

3. A stock exchange shall be obliged to ensure the publicity and openness of auction sales held by way of notifying the auction sales participants on the time and place of holding the auction sales, on the list and quotation of the securities admitted to the auction sales at the stock exchange, on the results of trading sessions, as well as to provide the other information indicated in Article 9 of this Federal Law.

4. A stock exchange shall be entitled to establish the amount of, and the procedure for, recovering duties, fees and other payments from auction sales participants for the services rendered by it, as well as the amount of, and procedure for, imposing fines for violations of the rules established by it.

A stock exchange shall not be entitled to establish the amount of remuneration recoverable by auction sales participants for making stock-exchange transactions.

Article 14. Admittance of Securities to Auction Sales Held at a Stock Exchange

There may be admitted to auction sales held at a stock exchange the emissive securities which meet the requirements of the laws of the Russian Federation, in the course of placement and circulation thereof, as well as other securities, including investment shares of unit investment funds in the course of their issuing and circulation. Investment shares of unit investment funds shall be admitted to issuing and circulation at a stock exchange in the instances and in the procedure which are established by normative legal acts of the federal executive body for the securities market.

The rules of securities listing/delisting, including those of investment shares of unit investment funds, have to comply with the requirements of normative legal acts of the federal executive body for the securities market. The listing of emissive securities shall be effected by a stock exchange on the basis of a contract made with the issuer of the securities, while the listing of investment shares of a unit investment fund shall be effected on the basis of a contract made with a management company of this unit investment fund. There may only be included into quotation lists the securities which comply with the requirements of laws of the Russian Federation and normative legal acts of the federal executive body for the securities market. With this, a stock exchange shall be entitled to advance additional requirements in respect of the securities to be included into quotation lists.

Securities may be admitted to auction sales held at a stock exchange without following the listing procedure in compliance with the rules of admitting securities to auction sales without following the listing procedure.

Article 15. Settlement of Disputes Arising in Connection with the Trading of Securities on the Stock Market

Disputes between auction sales participants held on a stock exchange between the exchange members and their clients shall be examined by a court of law, a court of arbitration or an arbitration tribunal.

Section III. On Issued Securities

Chapter 4. Basic Provisions on Issued Securities

Article 16. General Provisions

Emissive securities may be registered or payable to bearer. Registered emissive securities may be only issued in the non-documentary form, except for the instances provided for by federal laws. Emissive bearer securities may only be issued in the documentary form.

The owner of emissive bearer securities shall be given a certificate for each such security. By request of the owner thereof, he may be given one certificate for two or more emissive bearer securities belonging to one issue that he is going to acquire. This provision shall not apply to emissive bearer securities with the mandatory centralised keeping thereof.

A certificate of emissive bearer securities has to contain the requisite elements provided for by this Federal Law. The requirements to the forms of certificates of emissive bearer securities, except for the forms of certificates of emissive bearer securities with mandatory centralised keeping shall be established by normative legal acts of the Russian Federation.

The total number of emissive bearer securities which is indicated in all the certificates given out by the issuer thereof does not have to exceed the number of emissive bearer securities that belong to a given issue.

It has to be determined by a decision on the issue of emissive bearer securities, or by a decision on the issue of registered emissive securities in the instances provided for by federal laws that such securities are subject to mandatory keeping at the depository specified by the issuer thereof (emissive securities with mandatory centralised keeping). The certificate of emissive bearer securities with mandatory centralised keeping may not be handed in to the owner (owners) of such securities.

Any property and non-property rights fixed in documentary or non-documentary form shall issue securities regardless of their name, if the conditions of their emergence and circulation correspond to the totality of the signs of the issue security indicated in Article 2 of this Federal Law.

Russian issuers shall be entitled to place securities outside the Russian Federation, and likewise through placement under foreign law securities of foreign issuers certifying the rights in respect of emissive securities of Russian issuers, solely by authority of the federal executive body for the securities market.

Organising the circulation of emissive securities of a Russian issuer outside the Russian Federation, and likewise through the placement under foreign law of foreign issuers' securities certifying the rights in respect of emissive securities of Russian issuers, shall be only allowed by authority of the federal executive body for the securities market.

Said authorisations shall be issued by the federal executive body for the securities market in the event of observing the following terms:

- if the state registration of the issue (additional issue) of securities of the Russian issuer has been effected;
- if the securities of the Russian issuer are included into the quotation list of at least one stock market;
- if the number of the Russian issuer's securities which are supposed to be placed or put into circulation outside the Russian Federation, and likewise through the placement under foreign law of securities of foreign issuers certifying the rights in respect of such securities, does not exceed the standard established by normative legal acts of the federal executive body for the securities market;
- if the contract that serves as a basis for placement under foreign law of foreign issuers' securities certifying the rights in respect of shares of Russian issuers stipulates that the right of vote in respect of the said shares shall be exercised just in compliance with the instructions of the owners of the said securities of foreign issuers;
- if other requirements established by federal laws are met.

A permission to place and/or to put into circulation securities of Russian issuers outside the Russian Federation shall be issued by the federal executive body for the securities market on

the basis of an application and the documents attached thereto that confirm the observance by the issuer of this Article's requirements. The exhaustive list of such documents shall be determined by the normative legal acts of the federal executive body for the securities market.

Permission to place securities of a Russian issuer outside the Russian Federation may be issued simultaneously with the state registration of an issue (additional issue) of such securities.

The federal executive body for the securities market shall be obliged to issue the said permit or to render a reasoned decision on the refusal to issue it within 30 days as of the date of receiving all necessary documents.

The federal executive body for the securities market shall be entitled to verify the reliability of the data contained in the documents which are submitted for the receipt of the permission. In this case, the running of the time period provided for by Part Twelve of this Article may be suspended for the time of the verification, but for 30 days at most.

Article 17. A Decision on the issue (Additional Issue) of Emissive Securities

1. A decision on the issue (additional issue) of emissive securities has to contain the following:

- the full denomination of the issuer, location and postal address thereof;
- the date of rendering a decision on placement of the emissive securities;
- the denomination of the issuer's authorised body that has rendered the decision on placing the emissive securities;
- the date of endorsing the decision on the issue (additional issue) of the emissive securities;
- the denomination of the issuer's authorised body that has endorsed the decision on the issue (additional issue) of the emissive securities;
- the kind, category (type) of the emissive securities;
- the rights of the owner thereof fixed by the emissive security;
- the terms of placing the emissive securities;
- an indication of the number of emissive securities in the given issue (additional issue) of emissive securities;
- an indication of the total number of emissive securities in the given issue that have been previously placed (in the event of placing an additional issue of the securities);
- an indication whether the emissive securities are registered or payable to bearer;
- the nominal value of the emissive securities where the presence of the nominal value is provided for by laws of the Russian Federation;
- the signature of the person exercising the functions of the issuer's executive body and the issuer's seal;
- other data provided for by this federal law and other federal laws on securities.

The description or model of the certificate shall be attached to a decision on the issue (additional issue) of emissive securities in documentary form.

2. A decision on the issue (additional issue) of emissive securities of a business company shall be endorsed by the board of directors (supervisory board) or by the body exercising in compliance with federal laws the functions of the board of directors (supervisory board) of this business company. A decision on the issue (additional issue) of emissive securities of legal entities which have other organizational and legal forms shall be endorsed by the supreme governing body thereof, if not otherwise established by federal laws.

A decision on the issue of bonds whose issuer's fulfilment of commitments in respect of the bonds is secured by a pledge, a bank guarantee or in other ways provided for by this Federal Law must likewise contain data on the person that has provided security and on the terms of

the security. The composition of data on the person that provides security shall be determined by the federal executive body for the securities market. In this case, a decision on the issue of bonds must likewise be signed by the person providing such security. The bond in respect of which the fulfilment of commitments is secured in one of the said ways shall likewise grant the owner thereof the right of claim with regard to the person that has provided such security.

A decision on the issue of registered bonds or documented bonds with mandatory centralised keeping thereof must likewise contain an indication of the date when the list of bonds' owners is composed for fulfilment by their issuer of the commitments with regard to the bonds.

Such date may be fixed at the earliest 14 days before the maturity of bonds. With this, the fulfilment of commitments in respect of an owner thereof included in the list of bonds' owners shall be recognised as proper, and likewise in the event of alienation of bonds after the date of composing the list of bonds' owners.

3. The issuer shall not be entitled to alter a decision on the issue (additional issue) of emissive securities insofar as it relates to the measure of rights related to the emissive security established by this decision, after the state registration of the issue (additional issue) of the emissive securities.

4. A decision on the issue (additional issue) of emissive securities shall be drawn up in three copies. After the state registration of an issue (additional issue) of emissive securities, one copy of the decision on the issue of the securities shall be kept by the registering body, while the other two copies shall be given out to the issuer thereof. Where the register of registered emissive securities' owners is kept by a registrar, as well as where emissive bearer securities to be placed by the issuer thereof are emissive securities with mandatory centralised keeping, one copy of the decision on the issue of the emissive securities shall be transferred by the issuer for keeping to the registrar or to the depository that effect the mandatory centralised keeping. If there are differences in the texts of the copies of a decision on the issue (additional issue) of emissive securities, the text of the document kept by the registering body shall prevail.

5. When effecting the state registration of an issue (additional issue) of emissive securities, on each copy of a decision on the issue (additional issue) of emissive securities shall be made a note on the state registration of the issue (additional issue) of the emissive securities and indicated the state registration number assigned to the issue (additional issue) of the emissive securities.

6. The issuer and/or the registrar shall be obliged at the request of a person concerned to present to him a copy of a decision on the issue (additional issue) of emissive securities payable in an amount that shall not exceed the expenses on the production thereof.

7. The decision to issue serial securities, where it is established by federal laws or regulatory legal acts of the federal executive body in charge of the securities market, must stipulate that the serial securities are intended for classified investors.

Serial securities intended for classified investors may be only possessed by classified investors, except as provided for by Item 4 of Article 27.6 of this Federal Law.

Article 18. The Form of the Certification of the Rights Comprising the Issued Security

In the documentary form of issued securities the certificate and the decision on the issue of securities are the documents which certify the rights fixed by the security.

In the non-documentary form of issued securities the decision on the issue of securities is a document which certifies the rights fixed by the security.

The issued security shall fix the property rights in the scope in which they have established in the decision on the issue of securities and in conformity with the legislation of the Russian Federation.

The certificate of an emissive security has to contain the following mandatory requisite elements:

- the full denomination of the issuer thereof, its location and postal address;
- the kind, category (type) of the emissive securities;
- the state registration number of the issue of the emissive securities and the date of the state registration thereof or, if under this Federal Law the issue (additional issue) of emissive securities is not subject to the state registration, - the identification number and the date of its assigning;
- the rights of the owner thereof fixed by the emissive security;
- the terms of fulfilling the commitments by the person that has provided security, and data on this person in the event of issuing secured bonds;
- an indication of the number of the emissive securities attested by this certificate;
- an indication of the total number of emissive securities in the given issue of emissive securities;
- an indication of whether emissive securities are subject to mandatory centralised keeping and, if so, the denomination of the depository effecting centralised keeping thereof;
- an indication that the emissive securities are bearer emissive securities;
- the signature of the person exercising the functions of the issuer's executive body and the issuer's seal;
- other requisite elements provided for by laws of the Russian Federation for a specific type of emissive securities.

If there is a divergence between the text of the decision on the issue of securities and the date cited in the certificate of the issued security, its owner shall have the right to demand the exercise of the rights recorded by this security in the scope established by the certificate. The issuer shall bear responsibility, if the data contained in the certificate of the issued security do not coincide with the data contained in the decision on the issue of securities in keeping with the legislation of the Russian Federation.

Chapter 5. The Issue of Securities

Article 19. Procedure for the Issue of Securities and Stages Thereof

1. The procedure for the issue of emissive securities, if not otherwise provided for the present Federal Law and other federal laws, shall include the following stages:

- deciding on placement of emissive securities;
- endorsing the decision on the issue (additional issue) of emissive securities;
- the state registration of the issue (additional issue) of emissive securities;
- the placement of emissive securities;
- the state registration of the report on the results of the issue (additional issue) of emissive securities or the submittal to the registration body of a notice of the results of the issue (supplementary issue) of serial securities.

Emissive securities whose issue (additional issue) has not been registered by the state in compliance with the requirements of this Federal Law shall not be subject to placement except as otherwise envisaged by the present Federal Law.

When establishing a joint-stock company or re-organising legal entities in the form of merger, division, detachment and transformation, the placement of emissive securities shall be effected prior to the state registration of their issue, while the state registration of the report on

the results of emissive securities' issue shall be effected simultaneously with the state registration of the emissive securities' issue.

2. The state registration of the issue (additional issue) of emissive securities shall be accompanied by registration of the issue prospectus thereof in the event of placing emissive securities by way of open subscription or by closed subscription among a group of persons whose number exceeds 500.

Where the state registration of an issue (additional issue) of emissive securities is accompanied by the registration of the issue prospectus thereof, each stage of the procedure for issuing securities shall be accompanied by disclosure of information.

3. Where the state registration of an issue (additional issue) of securities has not been accompanied by the registration of the issue prospectus thereof, it may be registered afterwards. With this, the registration of the securities issue prospectus shall be effected by the registering body within 30 days as of the date of receiving the securities issue prospectus and other documents necessary for registration thereof.

4. Abolished.

5. The procedure for issuing state and municipal securities as well as the terms for placement thereof shall be regulated by federal laws or in the procedure established by federal laws.

Article 20. The State Registration of Issues (Additional Issues) of Emissive Securities

1. The state registration of issues (additional issues) of emissive securities shall be effected by the state executive body for the securities market or by other registering body determined by federal laws (hereinafter referred to as the registering body).

A registration body defines the procedure for keeping a register of, and shall keep the register of, serial securities containing information on the issues (supplementary issues) of serial securities it has registered, and on annulled individual numbers (codes) of issues (supplementary issues) of serial securities, and the registration body being the federal executive governmental body charged with securities market matters, shall do so concerning the issues (supplementary issues) of serial securities not subject to state registration according to the present Federal Law and other federal laws. A registration body shall amend the register of serial securities within three days after the pertinent decision or after the receipt of a document deemed a ground for making such an amendment. The provisions of the present item do not extend to state or municipal securities or bonds of the Bank of Russia.

2. The state registration of an issue (additional issue) of emissive securities shall be effected on the basis of the issuer's application.

To an application for the state registration of an issue (additional issue) of emissive securities there shall be attached a decision on the issue (additional issue) of the securities, the documents confirming the issuer's compliance with the requirements of the laws of the Russian Federation that determine the procedure for, and terms of, rendering a decision on placement of the securities, endorsing the decision on the securities' issue and other requirements whose observance is necessary for issuing the securities, and, if the registration of an issue (additional issue) of securities under this Federal Law has to be accompanied by registration of the issue prospectus thereof, the securities issue prospectus. The exhaustive list of such documents shall be determined by normative legal acts of the federal executive body for the securities market.

3. The registering body shall be obliged to effect the state registration of an issue (additional issue) of emissive securities or to render a reasoned decision on the refusal of the state registration of an issue (additional issue) of emissive securities within 30 days as of the date of receiving the documents presented for the state registration thereof.

The registering body shall be entitled to verify the reliability of the data contained in the documents presented for the state registration of an issue (additional issue) of emissive securities. In this case, the running of the time period provided for by Paragraph One of this Item may be suspended for the time period of carrying out the verification, but for 30 days at most.

4. When effecting the state registration of an emissive securities issue, an individual state registration number shall be assigned thereto.

When effecting the state registration of each additional issue of emissive securities, there shall be assigned thereto the individual state registration number, which consists of the individual state registration number assigned to the issue of the emissive securities and the individual number (code) of this additional issue of the emissive securities.

Upon the expiry of three months as of the moment of the state registration of the report on the results of an additional issue of emissive securities or from the time of submittal to the registration body of notice of the results of a supplementary issue of serial securities, the individual number (code) of the additional issue shall be cancelled.

The procedure for assigning state registration numbers of emissive securities' issues and for cancellation of individual numbers (codes) of additional issues of emissive securities shall be established by the federal executive body for the securities market.

5. The registering body shall only be held responsible for the completeness of the information contained in the documents submitted for the state registration of an issue (additional issue) of emissive securities.

Article 21. Grounds for Refusal to Register the Issue of Securities

The reasons for the refusal to effect the state registration of an issue (additional issue) of emissive securities and registration a securities issue prospectus shall be as follows:

- the violation by the issuer of the requirements of the legislation of the Russian Federation on securities, including the presence in the submitted documents of information that makes it possible to make a conclusion on the inconsistency of the terms of the issue and circulation of securities with the legislation of the Russian Federation and the disparity between the terms of the issue of securities and the legislation of the Russian Federation on securities;
- non-compliance of the documents submitted for the state registration of the issue (additional issue) of emissive securities or for registration a securities issue prospectus and the composition of data contained therein with the requirements of this Federal Law and normative legal acts of the federal executive body for the securities market;
- non-submission within 30 days by request of the registering body of all the documents required for the state registration of the issue (additional issue) of emissive securities or for registration of the securities issue prospectus;
- non-compliance of the financial consultant that has signed the securities issue prospectus with the established requirements;
- the introduction of false information or information inconsistent with reality (unreliable information) in the issue prospectus or the decision on the issue of securities (other documents which are the grounds for registration of the issue of securities).

A decision on the refusal to register the issue of securities and the issue prospectus may be appealed against with a court of law or a court of arbitration.

Article 22. General Requirements of a Securities Issue Prospectus

1. A securities issue prospectus has to contain the following:

brief data on the persons included in the composition of the issuer's governing bodies, data on bank accounts, on the auditor, appraiser and financial consultant of the issuer, as well as on other persons that have signed the prospectus;

- brief data on the volume, time, procedure for, and terms of, placing emissive securities;
- basic data on the issuer's financial and economic condition and on risk factors;
- detailed information on the issuer;
- data on the issuer's financial and business activity;
- detailed data on the persons included in the composition of the issuer's governing bodies, of the issuer's bodies controlling the financial and business activities thereof, and the brief data on the issuer's workers (employees);
- the data on the issuer's participants (shareholders) and on the transactions of interest made by the issuer;
- the issuer's accounting reports and other financial information;
- the detailed data of the procedure for, and on the terms of, emissive securities' placement;
- additional data on the issuer and on the emissive securities placed by it.

The requirements to the information that has to be indicated in the title-page of a securities issue prospectus shall be established by the standards of the issue thereof and of the securities issue prospectus. A securities issue prospectus has likewise to contain the introduction where the basic information which is given further on in the securities issue prospectus shall be briefly stated.

2. To the brief data on the persons included in the composition of the issuer's governing body, to the data on bank accounts, on the auditor, appraiser and the financial consultant of the issuer, as well as on other persons that have signed the prospectus, shall pertain the following:

- an indication of the persons included in the composition of the issuer's governing bodies;
- the data on the issuer's bank accounts, data on the issuer's auditor (auditors) that has (have) drawn up an opinion in respect of the annual accounting reports of the issuer for the last three complete financial years or for each complete financial year, if the issuer exercises its activity within less than three years;

Data on the issuer's appraiser and consultants.

3. To the brief data on the volume, time, procedure for, and terms of, placement for each kind, category (type) of the emissive securities to be placed shall pertain the following:

- the kind, category (type) and form of emissive securities to be placed;
- the nominal value of each kind, category (type), series of the emissive securities to be placed, where the presence of the nominal value thereof is provided for by laws of the Russian Federation;
- the supposed volume of the issue in cash and the number the emissive securities that are supposed to be placed;
- the price (the procedure for determining the price) of placing emissive securities;
- the procedure for, and terms of, placing emissive securities;
- the procedure for, and terms of, paying for emissive securities;
- the procedure for, and terms of, making contracts in the course of placing emissive securities;
- the group of potential acquirers of emissive securities to be placed;
- the procedure for disclosing information on placement and on the results of placing emissive securities.

4. To the basic information on the financial and business state of the issuer shall pertain information for the last five complete financial years or for each complete financial year, if the issuer has carried out its activity for less than five years, as well as for the last complete report year, including the information on the following:

- on the indicators of the issuer's financial and business activities;
- on the issuer's market capitalisation and the liabilities thereof;
- on the purposes of issuing securities and on the directions of using the assets gained as a result of placing emissive securities;
- on the risks arising in connection with the acquisition of emissive securities to be placed.

5. To the detailed information on the issuer shall pertain the information on the following:

- on the history of the issuer's establishment and development;
- on the basic business activity of the issuer;
- on the plans of the issuer's future activity;
- on the issuer's participation in industrial, banking and financial groups, holdings, concerns and associations, as well as on the issuer's branch and dependent business companies;
- on the composition, structure and value of the issuer's basic assets, and likewise on the plans of acquisition, replacement and retirement of basic assets, as well as data on all cases of charging the issuer's basic assets.

6. To data on the issuer's financial and business activities shall pertain the data on the issuer's financial position and the time history of its changing for the last five complete financial years or for each complete financial year, if the issuer has exercised its activity for less than five years, as well as an indication of the reasons and factors that, according to the opinion of the issuer's governing bodies, have caused such changes, including data on the following:

- on the results of the issuer's financial and business activities, on the factors which have had an impact on the alteration of the amount of the proceeds from the issuer's sale of goods, products, works, services and of the issuer's profits (losses) derived from basic activities thereof, including the influence of inflation, alteration of foreign currency exchange rates, state bodies' decisions, of other economic, financial, political and other factors;
- on the issuer's liquidity, on the amount, structure and sufficiency of the issuer's capital and circulating assets;
- on the issuer's policy and expenditure in the area of scientific and technical development in respect of licenses and patents, on new development and research work;
- the analysis of development tendencies in the issuer's basic activity.

7. To the detailed data on the persons included in the composition of the issuer's governing bodies, the issuer's bodies controlling the financial and business activities thereof and to the brief data on the issuer's employees (workers) shall pertain the following:

- the information on the persons included in the composition of the issuer's governing bodies, including those being members of the issuer's board of directors (supervisory board), members of the issuer's collective executive governing body, the information on the person exercising the functions of the issuer's individual executive body (including information on the management organisation thereof), the information on the persons exercising the functions of the issuer's inspector and/or members of the issuer's inspection commission, as well as data on the nature of any related links between any of the said persons;
- the data on the amount of remuneration, on privileges and/or refunding of charges for each the issuer's governing body (except for the natural person exercising the

functions of the individual executive body thereof) and for each body controlling the financial and business activities thereof, that have been paid out by the issuer within the last complete financial year, as well as data on the present agreements regarding such payment in the current financial year;

- the data on the structure and authority of the issuer's governing body and of the bodies controlling the financial and business activities thereof;
- the data on the number and the summary data on the education and composition of the issuer's employees (workers), as well as on alteration of the number of the issuer's employees (workers), if such alteration is essential for the issuer;
- the data on any commitments of the issuer in respect of employees (workers) thereof concerning the possibility of their participation in the issuer's authorised (pooled) capital (unit fund) (of acquiring the issuer's shares) including any agreements that stipulate the issue or provision of the issuer's options to employees (workers) thereof;
- the amount of contribution of the persons indicated in Paragraph One of this Item in the authorised (pooled) capital (unit fund) of the issuer and of branch and dependent companies thereof, the shares of equities of the issuer and of branch and dependent companies thereof owned by the said persons, as well as data on the options of the issuer and of branch and dependent companies thereof granted to such persons for the issuer's shares.

8. To the data on the issuer's participants (shareholders) and on the transactions of interest made by the issuer, shall pertain the following:

- the data on the total number of the issuer's participants (shareholders);
- the data on the issuer's participants (shareholders) possessing at least 5 per cent of the authorised (pooled) capital (unit fund) thereof or at least 5 per cent of equities thereof, including the data on the amount of the share of the issuer's participant (shareholder) in the authorised (pooled) capital thereof, as well as of the share of the issuer's equities owned by him
- for the issuer's participants (shareholders) possessing at least 5 per cent of the authorised (pooled) capital (unit fund) thereof or at least 5 per cent of equities thereof, the data on the participants (shareholders) thereof possessing at least 20 per cent of the authorised (pooled) capital (unit fund) or at least 20 per cent of equities thereof, and likewise with the indication of their share in the issuer's authorised (pooled) capital (unit fund), as well as of the share of the issuer's equities owned by them;
- the data on the contribution of the state or of a municipal formation in the issuer's authorised (pooled) capital (unit fund), the presence of a special right ("golden share");
- the data on the restrictions to participation in the issuer's authorised (pooled) capital (unit fund);
- the data on changes of the composition and of the contributions of the issuer's participants (shareholders) possessing at least 5 per cent of the authorised (pooled) capital (unit fund) thereof or at least 5 per cent of equities thereof, for the last five complete financial years or for each complete financial year, if the issuer has exercised its activity for less than five years;
- the data on the transactions of interest made by the issuer within the last five complete financial years or for each complete financial year, if the issuer has exercised its activity for less than five years, as well as for the period prior to the date of endorsing the securities issue prospectus;
- the data on the amount of accounts receivable for the last five complete financial years or for each complete financial year, if the issuer has exercised its activity for less than five years, and likewise with the breaking down for the debtors whose debt's amount constitutes at least 10 per cent of the total amount of accounts receivable, as well as the data on accounts receivable with regard to affiliated persons.

9. The issuer's accounting reports and other financial information shall constitute the following:

- the issuer's accounting reports for the last three complete financial years or for each complete financial year, if the issuer has exercised its activity for less than three years, with an opinion of the auditor (auditors) in respect of the said accounting reports attached thereto;
- the issuer's quarterly accounting reports for the last complete report quarter;
- the issuer's summary accounting reports for the last three complete financial years or for each complete financial year;
- the data on the total amount of export, as well as on the share of export in the total sales volume;
- the data on essential changes in the composition of the issuer's property, as of the date of termination of the last complete financial year;
- the data on the issuer's participation in court trials, if such participation could have a serious impact on the issuer's financial and business activities.

10. To detailed data on the procedure for, and terms of, placing emissive securities shall pertain the following data:

- on emissive securities to be placed, on the price of placing (on the procedure for determining it), the procedure and term for payment for floated serial securities, on the presence of preferred or other rights to acquisition of emissive securities to be placed, on any limitations to acquisition and circulation of emissive securities to be placed;
- on the time history of alteration of prices of the issuer's securities, where such securities have been admitted to circulation by a trade promoter at the securities market, including a stock exchange;
- on the persons that provide the services of arranging for the flotation of, and/or of floating, serial securities, on remuneration payable thereto, and on the availability of the duty to acquire securities not floated when due;
- on the group of potential acquirers of emissive securities;
- on trade promoters at the securities market, including stock exchanges where it is planned to place or to put into circulation the emissive securities to be placed;
- on a possible alteration of stockholders' contributions to the issuer's authorised capital as a result of placing emissive securities;
- on the expenses connected with issuing securities;
- on the ways of, and the procedure for, returning the assets gained as payment for the emissive securities to be placed in the event of declaring an issue (additional issue) as frustrated or invalid, as well as in other cases provided for by laws of the Russian Federation.

11. To additional data on the issuer and emissive securities to be placed shall pertain the following:

- the data on the amount and structure of the authorised (pooled) capital (unit fund) of the issuer and alteration thereof for the last five complete financial years or for each complete financial year, if the issuer has exercised its activity for less than five years with the indication of the decisions of the issuer's authorised governing bodies who have served as the basis for such alteration;
- the data on each category (type) of the issuer's shares with the indication of the rights granted by the shares to owners thereof, of the nominal value of each share, of the number of shares in circulation, of the number of additional shares being placed, of the number of declared shares, of the number of shares included in the issuer's balance sheet, of the number of additional stocks which may be placed as a result of

converting placed emissive securities convertible into shares or as a result of fulfilling commitments with regard to the issuer's options;

- the data on the previous issues of the issuer's emissive securities, except for the issuer's shares;
- the data on the structure of the issuer's governing bodies and on the authority thereof, as well as on the structure of the issuer's bodies controlling its financial and business activities and on the authority thereof;
- the data on the procedure for calling and holding a meeting (session) of the issuer's supreme governing body;
- the data on essential transactions made by the issuer within the last five complete financial years or for each complete financial year, if the issuer has exercised its activity for less than five years, in respect of which the amount of commitments constitutes at least 10 per cent of the balance sheet value of the issuer's assets according to its accounting reports for the last complete report period;
- the data on the legislative acts regulating the issues related to capital import and export which could have an impact on paying out dividends, interest and on making other payments to non-residents;
- the description of the procedure for taxing incomes derived from the issuer's emissive securities that are placed and being placed;
- the data on declared (accrued) dividends on the issuer's shares, as well as on incomes derived from the issuer's bonds for the last five complete financial years or for the last complete financial year, if the issuer has exercised its activity for less than five years, including the procedure for paying out dividends and other incomes;
- the data on the persons that have provided security, if the issuer issues secured bonds, as well as on the terms of securing the fulfillment of commitments in respect of the issuer's bonds;
- the data on the issuer's credit ratings, as well as on alteration thereof for the last five complete financial years or for each complete financial year, if the issuer has exercised its activity for less than five years;
- the data on the commercial organisations where the issuer owns at least 5 per cent of the authorised (pooled) capital (unit fund) or at least 5 per cent of equities;
- the data on forming and using the reserve fund, as well as other issuer's funds for the last five complete financial years or for each complete financial year, if the issuer has exercised its activity for less than five years;
- the data on the organisations registering the rights to the issuer's emissive securities;
- other data provided for by this Federal Law and other federal laws.

12. The composition of the data indicated in Items from 2 to 11 of this Article shall be determined by the federal executive body for the securities market.

13. If not otherwise provided for by this Federal Law or other federal laws, the information contained in the securities issue prospectus shall be indicated as on the date of its endorsement by the issuer's authorised governing body.

14. Where a securities issue prospectus is registered after the state registration of the emissive securities, the requirements of Item 3 and Item 10 (save for Paragraph Seven) of this Article shall not apply.

Article 22.1. Endorsing and Signing a Securities Issue Prospectus. Liability of the Persons that Have Signed a Securities Issue Prospectus

1. The securities issue prospectus of a business company shall be endorsed by the board of directors (supervisory board) or by the body exercising in compliance with federal laws the functions of the board of directors (supervisory board) of this business company. The

securities issue prospectus of legal entities that have other organisational and legal forms shall be endorsed by the person exercising the functions of the issuer's executive body, if not otherwise established by federal laws.

2. The securities issue prospectus has to be signed by the person exercising the functions of the issuer's individual executive body, the chief accountant thereof (other person exercising his functions), confirming thereby the reliability and completeness of all information contained in the securities issue prospectus. The securities issue prospectus has likewise to be signed by the auditor and in the instances provided for by normative legal acts of the federal executive body for the securities market, by an independent appraiser who confirm the reliability of information in the part of the securities issue prospectus indicated by them. If the issuer so wishes, the securities prospectus may be signed by a financial consultant in the securities market to acknowledge the reliability and completeness of all information contained therein, except for the part confirmed by an auditor and/or surveyor.

In the event of issuing secured bonds, the person that has provided security shall be obliged to sign the securities issue prospectus, confirming thereby the reliability of the information on the security.

3. The persons that have signed the securities issue prospectus, when guilty, shall jointly and severally carry vicarious liability for damage inflicted by the issuer to an owner of the securities as a result of unreliable, incomplete and/or misleading character of the information contained in the said securities issue and confirmed by them. With this, the limitation period for reparation of damages for the reasons indicated in this Article, shall be three years as of the starting date of the securities placement or, where the state registration of an issue (additional issue) of emissive securities has not been accompanied by registration of the securities issue prospectus, as of the starting date of the emissive securities' public circulation.

Article 23. Information on an Issue (Additional Issue) of Emissive Securities to Be Disclosed by the Issuer

When registering a securities issue prospectus, the issuer shall be obliged to provide an access to the information contained in the issue securities prospectus to any persons concerned, regardless of the purpose of obtaining this information.

In the event of open subscription, the issuer shall be obliged to publish a report on the state registration of the issue (additional issue) of emissive securities and, in so doing, to indicate the procedure for the access of all persons concerned to the information contained in the securities issue prospectus, in printed matter with a circulation of at least 10 thousand copies. In the event of closed subscription accompanied by registration of the securities issue prospectus, the issuer thereof shall be obliged to publish a report on the state registration of the issue (additional issue) of emissive securities and, in so doing, to indicate the procedure for the access of potential owners of the emissive securities to the information contained in the securities issue prospectus in printed matter having a circulation of at least one thousand copies.

Article 24. The Conditions for the Placement of Issued Securities

The issuer shall be only entitled to place emissive securities after the state registration of the issue thereof, if not otherwise established by this Federal Law.

The quantity of placed securities shall not exceed the quantity indicated in the decision on the issue (additional issue) of emissive securities.

The issuer may place the lesser quantity of issued securities than those indicated in the issue prospectus. The actual quantity of the placed securities shall be indicated in the report on the results of the issue submitted for registration and if under the present Federal Law and other federal laws the issuance of securities takes place without the state registration of a report on the result of the issue (supplementary issue) thereof - in the notice on the results of the issue (supplementary issue) of serial securities. The share of non-placed securities from among the

number indicated in the decision on the issue (additional issue) of emissive securities according to which the issue is deemed not to have taken place shall be established by the federal executive body for the Securities Market.

If the issue has not taken place, the monetary means of investors shall be returned in the procedure determined by the federal executive body for the Securities Market.

The issuer shall be obliged to complete the placement of the issued emissive securities at the latest in one year as of the date of the state registration of the issue (additional issue) of such securities.

It shall be prohibited to place by way of subscription emissive securities of an issue whose state registration has been accompanied by registration of the securities issue prospectus, earlier than two weeks after publishing a report on the state registration of the emissive securities issue in compliance with Article 23 of this Federal Law. Information on the price of placing emissive securities shall be disclosed on the starting date of the emissive securities' placement.

It shall be prohibited to give an advantage for the acquisition of securities to potential owners relative to others during the public placement or circulation of the issue of securities. The present Regulations shall not be applied in the following cases:

- 1) during the issue of government securities;
- 2) when the shareholders of joint-stock companies are provided with the priority right to redeem the new issue of securities in the quantity in proportion to the number of shares belonging to them at the time of the adoption of a decision on the issue;
- 3) when the issuer introduces restrictions on the acquisition of securities.

Article 25. A Report on (Notice of) the Results of an Issue (Supplementary Issue) of Serial Securities

1. Within 30 days after the completion of floatation of serial securities, the issuer shall submit a report to the registration body on the results of the issue (supplementary issue) of the serial securities or - in the case envisaged by Item 2 of the present article - a notice of the results of the issue (supplementary issue) of the serial securities.

2. The issuer is entitled to submit to the registration body a notice of the results of the issue (supplementary issue) of serial securities if a broker provides the services of floating the serial securities by public subscription and if a stock exchange provides the listing thereof, in particular, in the event of floatation of a supplementary securities issue, if the listing of the securities of the issue in question had taken place earlier. If a stock exchange has not included the floated serial securities in the quotation list the issuer shall submit a report to the registration body within the term specified in Item 1 of the present article on the results of the issue (supplementary issue) of serial securities.

The present item does not extend to the issuance of shares and securities convertible into shares that is carried out by issuers being credit organisations.

3. A report on the results of the issue (supplementary issue) of serial securities shall contain the following information:

- 1) the dates of commencement and of termination of floatation of the securities;
- 2) the actual floatation price(s) of the securities;
- 3) the number of securities floated;
- 4) the shares of floated securities and unfloatated securities of the issue;
- 5) the total amount of proceeds for the securities floated, including the following:
 - the amount of money in roubles contributed as payment for the securities floated;
 - the amount of money in foreign currency contributed as payment for the securities floated and translated into Russian currency at the exchange rate of the Bank of Russia as of the time of contribution;

- the amount of tangible and intangible assets contributed as payment for the securities floated translated into the Russian currency;

6) on transactions deemed under federal laws as large-scale transactions, and as transactions in the accomplishment of which somebody is interested - accomplished in the course of securities floatation.

4. Apart from the information envisaged by Item 3 of the present article for shares an additional indication of the following shall be made in the report on the results of the issue (supplementary issue) of serial securities: a list of the holders of parcels of serial securities of which the amount is defined by the federal executive governmental body charged with securities market matters.

5. Apart from the information specified in Item 3 of the present article a notice of the results of an issue (supplementary issue) of serial securities shall contain the following information:

1) the name and location of the stock exchange where the listing of the floated serial securities took place;

2) the date of listing of the floated serial securities.

6. A report on (notice of) the results of an issue (supplementary issue) of serial securities shall be signed by the person performing the functions of the issuer's sole executive body, by the issuer's chief accountant (other person charged with the functions thereof), and a notice of the results of an issue (supplementary issue) shall also be signed by the broker that has been providing the services of floating the serial securities to confirm the authenticity and completeness of the entire information contained in the report on (notice of) the results of the issue (supplementary issue) of serial securities.

The persons who have signed the report on (notice of) the results of the issue (supplementary issue) of serial securities, if they are at fault, shall bear jointly and severally the vicarious liability for damage inflicted by the issuer to a holder of securities resulting from the information contained in the said report (notice) - and confirmed by them - that is unreliable, incomplete and/or misleading for an investor.

7. Simultaneously with the report on the results of the issue (supplementary issue) of serial securities, the following shall be submitted to the registration body: an application for its registration and documents confirming that the issuer has observed the provisions of the legislation of the Russian Federation defining the procedure and terms for securities floatation, for approving a report on the results of a securities issue, for information disclosure as well as other provisions that have to be observed when securities are floated. An exhaustive list of such documents is defined by the regulatory legal acts of the federal executive governmental body charged with securities market matters.

The registration body shall consider the report on the results of the issue (supplementary issue) of serial securities within two weeks, and shall register it if there are no irregularities relating to the issuance of the securities. The registration body is responsible for the completeness of the report it has registered.

8. In the instances provided for by this Federal Law the issuer's submission to the registration body of the report on the results of an issue (additional issue) of emissive securities, as well as the state registration of the report on the results of the issue (additional issue) of emissive securities, shall not be effected.

Article 26. Unscrupulous Issue

The issue shall be recognised as unscrupulous if the actions involved are expressed in the breach of the procedure of an issue established in this Section, and are the grounds for the refusal of the registration body to register the issue of securities, for the recognition of the issue of securities as void, and for the stoppage of the issue of securities.

If the registration body discovers signs of an unscrupulous issue, it shall be obliged to inform the Federal Commission for the Securities Market (the respective Regional branch of the Federal Commission for the Securities Market) within seven days.

The registration of the issue of securities may be rejected in the presence of the grounds provided for by Article 21 of this Federal Law.

The issue of securities may be held up or recognised as void if the registration body discovers the following breaches:

- the contravention by the issuer of the requirements of the legislation of the Russian Federation in the course of the issue;
- the detection of unreliable information in the documents on the basis of which the issue of securities has been registered.

In disclosing breaches of the established procedure the registration body may also suspend the issue until the removal of breaches within the period of the placement of securities. The issue shall be resumed by special decision of the registration body.

If an issue (additional issue) of emissive securities is recognised as frustrated or void, all securities of this issue (additional issue) shall be subject to the withdrawal from circulation, while the funds received by the issuer thereof from floating the issue (additional issue) of securities recognised as frustrated or void must be returned to the owners. The federal executive body for the Securities Market shall have the right a recourse to a court of law for the return of the money to its owners.

All the costs involved in the recognition of the issue of securities as void and in the return of money to their owners shall be charged to the issuer's account.

In case of a breach exposed in the issue of securities over and above the amount announced in the issue prospectus, the issuer shall be obliged to redeem and cancel the outstanding securities issued over and above the quantity declared for issue.

If within two months the issuer does not redeem and cancel the securities issued over and above the quantity declared for issue, the federal executive body for the Securities Market shall have the right to apply to a court of law for the recovery of money received groundlessly by the issuer.

The time limits of statute of limitations for the purposes of deeming invalid the decisions adopted by the issuer and by the registration body in connection with the issuance of securities deeming as invalid an issue (supplementary issue) of serial securities, transactions accomplished in the course of flotation of securities or a report on the results of the issue thereof is equal to three months after the registration of the report on the results of the issue (supplementary issue) of serial securities or from the submittal of a notice to the registration body concerning the results of the issue (supplementary issue) of serial securities, and in the instances when under this Federal Law the state registration of the report (filing with a registration body of a notice) in respect of the results of an issue (additional issue) of emissive securities is not effected - from the time of the state registration of the emissive securities' issue.

Article 27. The Specific Features of the Issue of Shares by Credit Organisations

The monetary means shall be accumulated by credit organisations in the process of the issue of shares through the opening of an accumulation account by the issuing bank.

The conditions of the accumulation account shall be established by the Central Bank of Russia.

Article 27.1. Specifics of Issuing the Issuer's Options

The issuer shall not be entitled to place the issuer's options if the number of the issuer's declared shares is less than the number of the shares whose acquisition is allowed by such options.

The number of shares of a certain category (type) whose acquisition is allowed by the issuer's options may not exceed 5 per cent of the shares of this category (type) placed as on the date of submitting documents for the state registration of the issuer's options' issue.

A decision on the issue of options may provide for restrictions to the circulation thereof.

Placement of the issuer's options shall only be possible after the complete payment of the joint-stock company's authorised capital.

Article 27.2. Specifics of the Issue and Circulation of Secured Bonds

1. Bonds in respect of which the fulfilment of commitments is secured by a pledge (hereinafter referred to as bonds secured by pledge), guarantee, banker's guarantee, the state or municipal guarantee shall be recognised as secured bonds.

The provisions of the Civil Code of the Russian Federation and other federal laws shall apply to the relations connected with securing the fulfilment of commitments in respect of bonds secured by the pledge of property of the issuer or of a third person, subject to the specifics established by this Federal Law.

A secured bond shall grant to the owner thereof all the rights arising from such security. If the rights to a secured bond are transferred to a new owner (acquirer), he shall acquire all the rights arising from such security. The transfer of the rights arising from a provided security without transferring the rights to the bond shall be invalid.

2. When issuing secured bonds, the conditions of the securing the obligation have to be contained in the decision on the issue of the bonds and, if under this Federal Law the state registration of an issue of bonds has been accompanied by the registration of the bond prospectus, in the bonds issue, as well as in the bonds certificates in the event of issuing bonds in the documentary form.

3. Where security with regard to bonds is provided for by a third person, a decision on the bond issue and/or the bond prospectus, and the certificate thereof in the event of the documentary form of their issue, have to be likewise signed by the person that has provided such security.

4. Where security with regard to bonds is provided to foreign persons, the norms of the Russian Federation law shall apply. All the disputes arising as a result of failure to discharge or of the improper discharge by the person that has provided the security, of its duties shall be within the jurisdiction of the Russian Federation courts.

Article 27.3. Bonds Secured by Pledge

1. Solely securities and immovable property may be taken in pledge of bonds secured by a pledge.

The property which is taken in pledge of bonds secured by a pledge shall be subject to evaluation by the appraiser.

2. Each owner of a bond secured by pledge of a given issue shall enjoy equal rights with all other owners of bonds of the same issue in respect of the property taken in pledge, as well as in respect of the insurance, the amount of insurance money due to the depositor in the event of confiscation (redemption) of property in pledge for the state or municipal needs, of requisition or nationalisation thereof.

3. A pledge agreement under which the fulfilment of commitments in respect of bonds is secured shall be deemed made as of the moment of the origin of their first owner's (acquirer's) rights to such bonds. With this, the written form of a pledge contract shall be deemed as observed. Where the fulfilment of commitments in respect of bonds is secured by an immovable property pledge (mortgage), the requirements in respect of the notarial form of the mortgage contract and of the state registration thereof shall be deemed as complied with on condition of the notarial attestation and the state registration by the body carrying out the state

registration of the rights to real estate of a decision on the issue of the bonds secured by pledge.

4. The notarial certificate and the state registration of a decision on the issue of mortgage-secured bonds shall be carried out by the body that fulfils the state registration of the rights to real estate after the state registration of the issue of such bonds. The state registration of the mortgage shall be carried out simultaneously with the state registration of the decision on the mortgage-secured bonds.

Placement of bonds secured by pledge prior to the state registration of the mortgage shall be prohibited.

5. Where the fulfilment of commitments in respect of bonds is secured by an immovable property pledge (mortgage), for the state registration of the mortgage, instead of the mortgage contract and a copy thereof attested by a notary, as well as instead of the document confirming the origin of the commitment secured by the mortgage, there shall be submitted a decision on the issue of bonds secured by a mortgage and a copy of such decision attested and certified by a notary. When effecting the state registration of a mortgage, a registration entry on the mortgage to the uniform state register of rights to immovable property shall contain data on the initial pledgee, the state registration number of the bond issue and the date of the state registration thereof, as well as an indication that the owners of bonds of the issue that bears the said state registration number shall be the depositors.

In the event of declaring an issue of bonds secured by a mortgage as frustrated, the registration entry on the mortgage shall be cancelled on the basis of the depositor's application with the attached the document confirming the adoption by the registering body of the decision on recognising the appropriate bond issue as frustrated.

6. If securities are not registered, they may only be provided as security for bonds on condition of registering the rights to them with a depository.

7. Where bonds are secured by a pledge of the securities the rights to which are registered in the system of keeping the register (in the register) or with a depository, the depositor, after the state registration of an issue of such bonds and prior to the start of the placement thereof, shall register the charging of the appropriate securities by a pledge with the person engaged in recording the rights to these securities, and to present the proof of such registration to the body effecting the state registration of the appropriate issue of the bonds, when the state registration of the report on the results of the issue is effected.

8. In the event of failure to fulfil, or of an improper fulfilment of, commitments with regard to bonds secured by a pledge, the property in pledge shall be subject to sale by a request in writing of any owner of such securities directed to the depositor, to the person indicated in the decision on the issue thereof as the person that will sell the property in pledge, as well as to the issuer of such securities, if the depositor is a third person.

Owners of bonds secured by a pledge shall be entitled to advance such claims within two months as of the date of maturity thereof (of the expiry of the last day of the time period, if it is stipulated to fulfil the commitments within a certain period of time).

The sale of the property in pledge that secures the commitments in respect of bonds may not be effected prior to the expiry of the time period established for advancing claims by the said bond owners.

The monetary assets gained as a result of selling property in pledge shall be directed to the persons owning bonds secured by a pledge who are entitled to enjoy the rights certified by the said securities and who have put in their claims within the time period established by this Article for directing claims to sell the property in pledge or on the expiry of this time period, but at the latest on the last day of the time period established by the decision on the issue of these securities for selling the property in pledge. Where the amount of money gained as a result of selling property in pledge exceeds the amount of claims secured by the pledge, the difference, after deducting therefrom the amount of money which is necessary for covering

the expenses connected with recovery against this property and sale thereof, shall be returnable to the depositor.

The amount gained from selling property in pledge and left after allowing in the established procedure the claims of owners of bonds secured by a pledge, which does not exceed the amount of claims in respect of the bonds secured by a pledge, shall be subject to paying in a notary's deposit. The owners that have not directed the said written claims for the sale of property in pledge and have not gained funds from the sale thereof shall be entitled to get them through the notary's deposit in the established procedure.

If for the reasons provided for by laws of the Russian Federation property in pledge has to be transferred to the ownership of persons owning bonds which are secured by a pledge, the property that has been put in pledge of the bonds shall be transferred to the ownership in common of all owners of the bonds secured by a pledge.

Article 27.4. Bonds Secured by a Guarantee

A contract of guarantee that secures the fulfilment of commitments in respect of bonds shall be deemed made as of the moment of the origin of their first owner's rights to such bonds. With this, the written form of a contract of guarantee shall be deemed as observed.

A contract of guarantee that secures the fulfilment of commitments in respect of bonds may only provide for the joint responsibility of the guarantor and the issuer for failure to fulfil, or an improper fulfilment of, the commitments in respect of the bonds by the issuer thereof.

Article 27.5. Bonds Secured by a Bank Guarantee, by the State or Municipal Guarantee

The bank guarantee granted to secure the fulfilment of commitments in respect of bonds may not be withdrawn.

The time period of a bank guarantee has to exceed by at least six months the date (the finishing time) of the retirement of the bonds secured by such guarantee.

The terms of a bank guarantee have to stipulate that the rights of claim in respect of the guarantor shall be transferred to the person to whom the rights to a bond are transferred.

A bank guarantee that secures the fulfilment of commitments in respect of bonds has solely to provide for the joint responsibility of the guarantor and the issuer thereof for the issuer's failure to fulfil, or an improper fulfilment of, the commitments in respect of the bonds.

The state and municipal guarantee of bonds shall be granted in compliance with the budget laws of the Russian Federation and the laws of the Russian Federation on state (municipal) securities."

Article 27.5-1. The Details of Issuance of, and Trading in, Bonds of the Bank of Russia

1. Bonds of the Bank of Russia are issued in a documentary bearer form with compulsory centralised storage.

2. The issuance of bonds of the Bank of Russia is effected without the state registration of the issue (supplementary issue) of such bonds without a bond prospectus and without the state registration of a report on the results of the issue (supplementary issue) of the bonds.

A decision on the flotation of bonds of the Bank of Russia and also a decision on approval of a decision on an issue (supplementary issue) of bonds of the Russian Federation shall be taken by an authorised managerial body of the Bank of Russia in keeping with the Federal Law on the Central Bank of the Russian Federation (Bank of Russia).

An identification number is assigned to an (supplementary issue) of bonds of the Bank of Russia by the Bank of Russia in accordance with the procedure established by the federal executive governmental body charged with security market matters.

3. The flotation of, and trading in, bonds of the Bank of Russia shall be effected only among Russian credit organisations.

It is hereby prohibited to float bonds of the Bank of Russia earlier than three days prior to the date when information contained in the decision on the issue (supplementary issue) of the bonds of the Bank of Russia is publicised on the Bank of Russia's Internet website.

4. The Bank of Russia has the duty to disclose information on the decision on flotation of bonds of the Bank of Russia, on endorsement of a decision on an issue (supplementary issue) of bonds of the Bank of Russia, on termination of the flotation of bonds of the Bank of Russia and on the discharge of obligations on bonds of the Bank of Russia.

The disclosing of the information specified in Paragraph 1 of the present item shall be effected by the Bank of Russia within five days of the onset of the pertinent event, in the official publication of the Bank of Russia and/or on the Bank of Russia's Internet website.

Article 27.5-2. Specifics of Issuance and Circulation of Stock Exchange Bonds

1. Bonds may be issued without the state registration of an issue (additional issue) thereof, registration of the securities prospectus and the state registration of the report on the results of their issue (additional issue), concurrently meeting following conditions:

- 1) the bonds are placed by way of open subscription through an auction held by a stock exchange;
- 2) the issuer of the bonds is a public joint-stock company whose stocks are included in the quotation list of the stock exchange engaged in the admittance of such stocks to an auction;
- 3) the issuer of the bonds has been existing for at least three years and has annual accounting report documents for the last complete financial years approved in the proper way;
- 4) the bonds do not grant to owners thereof any rights other than the right to receiving the nominal value, or the nominal value and fixed interest on the nominal value, thereof;
- 5) the bonds' maturity date may not be later than one year from the starting day of placing them;
- 6) the bonds are issued as documented bearer bonds with obligatory centralised custody of their certificates by a depository engaged in depository operations subject to the results of transactions in securities made through the stock exchange which is involved in the admittance of such bonds to an auction in the course of their placement on the basis of a contract under which the bonds are admitted to an auction and which is made with this stock exchange and (or) a clearing organisation;
- 7) payment for the bonds, when placed, as well as payment of their nominal value and interest on them shall be only effected by monetary funds.

2. Bonds complying with the conditions specified by Item 1 of this Article shall be referred to as stock exchange bonds.

3. Stock exchange bonds shall be issued without the state registration of their issue (additional issue), registration of the prospectus of stock exchange bonds and the state registration of the report on the results of their issue (additional issue) by decision of the issuer thereof.

4. The provisions of this Federal Law regulating the issuance and circulation of emissive securities shall apply to the relations connected with the issuance and circulation of stock exchange bonds, subject to the specifics established by this Article.

5. The restrictions connected with the issuance of bonds which are established by the federal laws shall not extend to stock exchange bonds, except for the limitation of the bonds' issuance pending full payment for the authorised capital of a company.

The nominal value of all stock exchange bonds shall not be accounted when determining the ratio of the nominal value of all bonds issued by a company to the amount of the company's authorised capital and (or) the amount of security. If at the issuer's discretion an issue (additional issue) of stock exchange bonds is secured, the security shall be provided subject to

the specifics established by Articles 27.2, 27.4 and 27.5 of this Federal Law. Stock exchange bonds may not be secured by pledge.

6. Stock exchange bonds shall only be admitted to an auction held by the stock exchange which has affected the listing of stocks of the issuer of such stock exchange bonds.

Stock exchange bonds in the course of their placement and circulation shall be admitted to an auction held by a stock exchange.

Stock exchange bonds in the course of their placement shall only be admitted to an auction held by a single stock exchange. In this case, stock exchange bonds in the course of their circulation shall be admitted to an auction held by this stock exchange on the basis of the procedure for admittance to an auction in the course of their placement.

Stock exchange bonds in the course of their circulation may also be admitted to an auction held by other stock exchanges on condition of following the procedure for admittance of stock exchange bonds to an action established by Item 7 of this Article.

When admitting stock exchange bonds to an auction held by a stock exchange in the course of their circulation by a stock exchange that has not placed them, the depository engaged in operations on the basis of the results of the transactions with securities made through this stock exchange must register, for the purpose of accounting the rights to the stock exchange bonds, as the nominal holder thereof with the depository engaged in the obligatory centralised custody of certificates of the stock exchange bonds.

7. Stock exchange bonds shall be admitted to an auction held by a stock exchange on the basis of the issuer's application.

To the said application shall be attached the decision on the issue (additional issue) of the stock exchange bonds, the prospectus of the stock exchange bonds, the documents proving the issuer's compliance with the requirements of the legislation of the Russian Federation which determine the procedure for, and terms of, making the decision on bonds' placement, endorsement of the decision on an issue (additional issue) of bonds and the bonds' prospectus, as well as with the other requirements whose observance is necessary for issuing bonds. An exhaustive list of such documents shall be determined by the rules for admittance of stock exchange bonds to an auction held by a stock exchange endorsed by the stock exchange. The said rules must comply with the requirements of normative legal acts of the federal executive body in charge of the securities market. The requirements as to the composition of the data to be included in the prospectus of stock exchange bonds shall apply subject to the withdrawals determined by normative legal acts of the federal executive body in charge of the securities market.

The stock exchange engaged in the admittance of stock exchange bonds to an action shall be obliged to check the documents submitted for admittance of stock exchange bonds to an auction held by the stock exchange, as to the compliance of the data contained therein with the requirements towards the completeness thereof established by the legislation of the Russian Federation and normative legal acts of the federal executive body in charge of the securities market.

As the date of admittance of stock exchange bonds to an auction held by a stock exchange shall be deemed the date of rendering the appropriate decision by the authorised body of the stock exchange.

When admitting stock exchange bonds to an auction held by a stock exchange in the course of their placement, an individual identification number shall be assigned to their issue and, when admitting to an auction an additional issue of stock exchange bonds in the course of their placement, an individual identification number consisting of the individual identification number assigned to the issue of the stock exchange bonds and the individual number (code) of this additional issue.

Upon the expiry of three months as of the date of disclosing information about the results of an additional issue of stock exchange bonds the individual number (code) of the additional issue shall be cancelled.

A procedure for assigning identification numbers to issues of stock exchange bonds and for cancellation of individual numbers (codes) of issues of stock exchange bonds shall be established by the federal executive in charge of the securities market.

In the event of rendering the decision on admittance of stock exchange bonds to an auction held in the course of their placement, on each copy of the decision on an issue (additional issue) of stock exchange bonds and of the securities prospectus the stock exchange shall show its denomination, make a note as to the admittance of the stock exchange bonds to an auction held by the stock exchange and as to the date of such admittance, and shall indicate the identification number assigned to the issue (additional issue) of the stock exchange bonds of the stock exchange.

In the event of rendering a decision on the admittance of stock exchange bonds to an auction held by a stock exchange in the course of their circulation, on each copy of the decision on the issue (additional issue) of the stock exchange bonds and the prospectus thereof the stock exchange shall show its denomination, make a note as to the admittance of the stock exchange bonds to the auction and as to the date of such admittance, and shall indicate the identification number assigned to the issue (additional issue) of stock exchange bonds of the stock exchange that has admitted the stock exchange bonds to an auction in the course of their placement, and the denomination of this stock exchange.

After admitting stock exchange bonds to an auction held by a stock exchange in the course of their placement, one copy of the decision on the issue (additional issue) of the stock exchange bonds shall be passed over by the issuer thereof for custody to the depository engaged in the obligatory centralised custody of stock exchange bonds.

As obligatory requisite elements of the certificate of stock exchange bonds, instead of the state registration number of an issue of the stock exchange bonds and the date of the state registration thereof shall be deemed the identification number assigned to the issue (additional issue) of the stock exchange bonds by a stock exchange and the date of admittance of the stock exchange bonds to an auction held by the stock exchange in the course of their placement.

8. A notice of including stock exchange bonds to the list of securities admitted to an action held by a stock exchange in the course of their placement provided for by Part Five of Article 9 of this Federal Law must specify the full firm's name of the issuer of the stock exchange bonds, the date of their admittance to an auction held by the stock exchange, identification number assigned to the issue (additional issue) of the stock exchange bonds, nominal value and number of the stock exchange bonds, as well as the price (procedure for determining the price) of the stock exchange bonds' placement.

9. In the event of admitting stock exchange bonds to an auction held by a stock exchange, the issuer thereof, as well as the stock exchange which has admitted the stock exchange bonds to the auction, shall be obliged to provide access to the information contained in the prospectus of the stock exchange bonds for all persons concerned, regardless of the aims of obtaining this information, as well as to disclose at the latest seven days before the starting date of placing (circulating) the stock exchange bonds information about the admittance of the stock exchange bonds to the auction held by the stock exchange in the procedure established by the rules for admittance of stock exchange bonds to an auction endorsed by the stock exchange.

10. The issuer of stock exchange bonds shall not be entitled to make amendments to the decision on an issue (additional issue) of the stock exchange bonds and (or) to the prospectus of the stock exchange bonds after starting their placement.

In the event of amending the decision on an issue (additional issue) of stock exchange bonds and (or) the prospectus of stock exchange bonds prior to the starting date of their placement, the issuer shall be obliged to disclose information about it in the procedure and within the time period specified for disclosing information on admittance of stock exchange bonds to an auction held by a stock exchange.

11. Placement of stock exchange bonds admitted to an auction held by a stock exchange may be suspended by decision of the federal executive body in charge of the securities market or

by decision of the stock exchange, pending the elimination of violations within the limits of the time period for placement of the securities, in the event of detecting the following violations:

1) the issuer's failure to comply with the requirements of the legislation of the Russian Federation in the course of issuing the stock exchange bonds;

2) detecting unreliable information in the documents serving as a basis for admittance of the stock exchange bonds in the course of their placement to an auction held by a stock exchange.

12. Placement of stock exchange bonds shall be recommenced by decision of the federal executive body in charge of the securities market that has suspended their placement or, in the event of suspending placement of stock exchange bonds by a stock exchange, by decision of this stock exchange.

After recommencing placement of stock exchange bonds, the time period for placing the stock exchange bonds may be extended by the time period of suspending their placement by decision of the federal executive body in charge of the securities market which has suspended their placement or, in the event of suspending placement of stock exchange bonds by a stock exchange, by decision of this stock exchange.

In the event of suspending and recommencing placement of stock exchange bonds by a stock exchange, as well as in the event of declaring an issue (additional issue) of stock exchange bonds by a stock exchange as frustrated, the stock exchange at the latest on the day following the date of rendering the appropriate decision shall notify of it the federal executive body in charge of the securities market in the procedure established by it.

13. The issuer shall be obliged to complete placement of stock exchange bonds at the time established by the decision on their issue (additional issue) but at the latest in one month as of the starting date of the stock exchange bonds' placement. It shall not be required to submit the report on the results of an issue (additional issue) of stock exchange bonds.

At the latest on the following day after termination of the time period for placement of stock exchange bonds or at the latest on the day after placement of the last stock exchange bond, if all stock exchange bonds of an issue (additional issue) have been placed prior to the expiry of the said time period, the stock exchange shall be obliged to disclose information about the results of the issue (additional issue) of the stock exchange bonds and notify the federal executive body thereof in the procedure established by it. The disclosed information and the notice on the results of an issue (additional issue) of stock exchange bonds must contain the starting and finishing dates of the stock exchange bonds' placement, actual price (prices) of placing the stock exchange bonds, nominal value, volume on the basis of the nominal value and number of the stock exchange bonds placed.

14. Upon the expiry of the time period for placing stock exchange bonds, their issue (additional issue) shall be declared frustrated on the basis of a decision of the federal executive body in charge of the securities market or by decision of a stock exchange in the event of the following:

1) delisting of all categories and types of stocks of the issuer of the stock exchange bonds;

2) the issuer's failure to eliminate the violations that have served as a basis for suspending placement of the stock exchange bonds within the time period specified by the decision on suspending placement of the stock exchange bonds.

15. Circulation of stock exchange bonds before paying for them in full and completing placement thereof shall be forbidden.

Stock exchange bonds may be circulated solely through an auction held by a stock exchange.

Owners of stock exchange bonds shall be entitled to produce them for early retirement if all categories and types of stocks of the issuer of the stock exchange bonds are excluded from the list of the securities admitted to an auction, at all stock exchanges that have admitted the stock exchange bonds to an auction.

16. In the event of detecting incomplete information in the documents serving as a basis for admitting stock exchange bonds by a stock exchange to an auction, the federal executive body in charge of the securities market shall be entitled to suspend for a term of up to one year the admittance of stock exchange bonds to an auction by such stock exchange.

Article 27.5-3. Specifics of Issuance and Circulation of Russian Depository Notes

1. As the issuer of Russian depository notes shall be deemed a depository established in compliance with the legislation of the Russian Federation complying with the requirements, established by normative legal acts of the federal executive body in charge of the securities market, for the amount of internal capital (own funds) and exercising depository activity within at least three years.

2. The provisions of this Federal Law regulating the procedure for issuance and circulation of securities shall apply to the relations connected with the issuance of Russian depository notes subject to the specifics established by this Article.

3. The issuance of Russian depository notes shall be allowable on condition that the rights of a depository to presented securities shall be registered on the account opened thereto as to a person acting in the interests of other persons. With this, the said rights have to be registered by the organisation engaged in the registration of rights to securities and included into the list endorsed by the federal executive body responsible for the securities market.

4. The issuance of Russian depository notes in respect of which the issuer of represented securities does not assume obligations towards owners of the Russian depository notes shall be only allowable on condition of including represented securities into the quotation lists of foreign stock exchanges whose list is endorsed by the federal executive body responsible for the securities market.

5. The procedure for issuance of Russian depository notes shall include the following stages:

- 1) endorsement of the decision on the issue of the Russian depository notes by the authorized body of the depository which is their issuer;
- 2) state registration of the issue of the Russian depository notes;
- 3) placement of the Russian depository notes.

6. An additional issue of Russian depository notes shall not be subject to the state registration and shall be effected by way of making amendments to a decision on the issue of the Russian depository notes, as regards the increase of the maximum number of Russian depository notes of the issue which may be concurrently circulated.

7. The requirements of this Federal Law establishing an issuer's duty to complete placement of securities at latest in one year as of the date of the state registration of their issue shall not extend to placement of Russian depository notes.

8. Russian depository notes may be circulated after the state registration of their issue, while Russian depository notes pertaining to an additional issue may be placed and circulated after registration of amendments made to the decision on the issue of the Russian depository notes.

9. The following has to be cited in a decision on an issue of Russian depository notes:

- 1) full name of the issuer's of the Russian depository notes, its location and postal address;
- 2) date of endorsement of a decision on the issue of the Russian depository notes and name of the authorized body of the issuer of the Russian depository notes that endorsed the said decision;
- 3) name and location of the issuer of represented securities, as well as other data making possible to identify it as a legal entity in compliance with the issuer's personal law;
- 4) kind, category (type) of represented securities;
- 5) rights consolidated by represented securities;
- 6) number of represented securities whose ownership is certified by one Russian depository note of a given issue;

- 7) terms of placing the Russian depository notes;
- 8) maximum number of the Russian depository notes of the issue that may be concurrently circulated;
- 9) rights of owners of the Russian depository notes, as well as procedure for exercising (implementing) by owners of the Russian depository notes the rights consolidated by represented securities;
- 10) depository's obligation to present by request of the owner of a Russian depository note the appropriate number of represented securities;
- 11) if represented securities are stocks, procedure for issuing (sending) by owners of the Russian depository notes instructions to a depository in respect of the procedure for voting on such stocks and obligation of the depository to ensure the exercise of the right of vote on stocks of a foreign issuer solely in compliance with the instructions of owners of the Russian depository notes, as well as obligation to present voting results to owners of the Russian depository notes;
- 12) depository's obligation of disclose information to the extent, in the procedure and within the time period which are provided for by this Federal Law and normative legal acts of the federal executive body responsible for the securities market;
- 13) depository's obligation to ensure the compliance of the number of represented securities, the rights to which are registered on the account opened thereto as to a person acting in the interests of other persons, with the number of circulated Russian depository notes;
- 14) depository's obligatory to render services related to the exercise by owners of Russian depository notes of rights concerning represented securities, in particular acquisition of income derived from represented securities and other payments due to the securities owners;
- 15) time period for making payment due to owners of the Russian depository notes in respect of represented securities;
- 16) maximum amount of the monetary funds deducted by the issuer of the Russian depository notes in connection with making the payments provided for by Subitem 14 of this item, as well as grounds for such deductions;
- 17) information as to whether the issuer of represented securities assumes obligations towards owners of Russian depository notes;
- 18) procedure for storage and registration of, as well as for lapse of rights to, the Russian depository notes;
- 19) procedure for, and time of, drawing up a list of owners of Russian depository notes for the discharge of obligations in respect of the Russian depository notes;
- 20) possibility of, and procedure for, splitting Russian depository notes;
- 21) other data provided for by this article.

10. A decision on the issue of Russian depository notes has to be signed by the person exercising the functions of the executive body of the issuer of the Russian depository notes and certified by the stamp of the issuer of the Russian depository notes.

11. Where the issuer of represented securities assumes obligations towards owners of Russian depository notes, the said obligations have to be provided for by an agreement made by the issuer of the represented securities and the issuer of the Russian depository notes. The consent of owners of Russian depository notes is not required for modification of the said agreement.

12. The prospectus of Russian depository notes, in addition to the data provided for by Article 22 of this Federal Law has to contain data on represented securities, as well as on the issuer of represented securities.

Requirements for the composition of the said data included into the prospectus of Russian depository notes shall be defined by normative legal acts of the federal executive body responsible for the securities market.

13. The state registration of an issue of Russian depository notes, registration of the prospectus of Russian depository notes, including the instances when the issuer of Russian depository notes are depositories - credit organizations, shall be effected by the federal executive body responsible for the securities market.

14. Where the issuer of represented securities assumes obligations towards owners of Russian depository notes, for the state registration of an issue of Russian depository notes shall be presented an agreement made by the issuer of the represented securities and the issuer of the Russian depository notes forming an integral part of a decision on the issue of such securities.

15. Where the issuer of represented securities assumes obligations towards owners of Russian depository notes, as a ground for the refusal to effect the state registration of an issue of Russian depository notes, apart from the grounds provided for by Article 21 of this Federal Law, shall be deemed the absence in the agreement made with the issuer of the represented securities of one of the following terms:

- 1) statement of the rights consolidated by the represented securities;
- 2) depository's obligation to ensure the compliance of the number of the Russian depository notes in circulation to the number of the represented securities the rights to which are registered on the account opened thereto as to a person acting in the interests of other persons;
- 3) indication to the effect that the represented securities are issued for placement of the Russian depository notes and (or) are circulated;
- 4) if the represented securities are stocks, procedure for issuance (sending) to owners of the Russian depository notes of instructions to a depository in respect of the procedure for voting on such stocks and a depository's obligation to ensure the exercise of the right of vote on stocks of a foreign issuer solely in compliance with instructions of owners of the Russian depository notes, as well as obligation to present voting results to owners of the Russian depository notes;
- 5) obligation of the issuer of the represented securities to present information in Russian in the volume and within the time period which make possible for the depository to disclose it to the extent, in the procedure and within the time period which are provided for by this Federal Law and normative legal acts of the federal executive responsible for the securities market;
- 6) depository's obligation to disclose the information provided for by Subitem 5 of this item which is received from the issuer of the represented securities at latest on the day following the date when it is received;
- 7) agreement on application of the law of the Russian Federation to the relations resulting from this agreement;
- 8) arrangement to consider the disputes resulting from failure to discharge, or improper discharge of, obligations under this agreement in the territory of the Russian Federation by arbitration courts or arbitral tribunals whose decisions may be recognized in the territory of the country issuing the represented securities in compliance with an international treaty made by the Russian Federation;
- 9) provision on the liability of a depository and the issuer of the represented securities for failure to discharge, or improper discharge of, their obligations under the agreement towards owners of the Russian depository notes;
- 10) provision that the agreement may not be dissolved without sanction of owners of the Russian depository notes.

16. A depository shall be only entitled to amend a decision on the issue of Russian depository notes in respect of the following:

- 1) changing the number of the securities represented by one Russian depository note on condition that such changes are caused by reduction of the number of the securities represented by one Russian depository note (splitting of the Russian depository notes) or either splitting or consolidation of the represented securities;

2) modification of the procedure for the exercise (implementation) by owners of the Russian depository notes of the rights consolidated by the represented securities on condition that such modification is caused by changes in the volume and (or) procedure for the exercise of the rights consolidated by the represented securities in compliance with foreign law;

3) changes in the maximum number of the Russian depository notes pertaining to the issue that may be concurrently circulated;

4) changes in the terms of the agreement made by the issuer of the represented securities and the issuer of the Russian depository notes.

17. The changes specified in Item 16 of this Article shall be subject to the state registration by the federal executive body responsible for the securities market on the basis of a depository's application where to the documents, whose exhaustive list is determined by normative legal acts of the federal executive body responsible for the securities market, are attached.

18. The federal executive body responsible for the securities market shall be obliged to effect the state registration of amendments to be made to a decision on the issue of Russian depository notes or to take a reasoned decision on the refusal to effect the state registration of such amendments within 10 days as of the date of receiving the documents submitted for registration. The federal executive body responsible for the securities market shall be entitled to verify the reliability of the data contained in the documents submitted for the state registration. In this case, the running of the time period provided for by this item may be suspended for the time of such verification but for 30 days at most.

19. A report on the state registration of amendments to be made to a decision on the issue of Russian depository notes, including the full text of the amendments, has to be sent (handed in) by the issuer of the Russian depository notes to owners of the Russian depository notes in the procedure and within the time period which are established by a decision on the issue of the Russian depository notes, while in the event of the state registration of the prospectus of Russian depository notes the report has to be disclosed in the procedure and within the time period which are provided for by this Federal Law for disclosure of information on significant facts.

20. Amendments to be made to a decision on the issue of Russian depository notes shall enter into force upon the expiry of 30 days as of the date of disclosure or sending (handing in) a report on such changes and, in respect of amendments of the terms of the agreement made by the issuer of represented securities and the issuer of Russian depository notes which are not specified in Item 15 of this Article, within the time period provided for by the said agreement.

21. A depository shall be obliged to submit on a quarterly basis to the federal executive body responsible for the securities market reference data on the number of circulated Russian depository notes and on the number of represented securities kept on the account of the issuer of the Russian depository notes. The said data shall be submitted by the issuer of Russian depository notes as of the last day of the reporting period.

22. The register of Russian depository notes may be kept by the depository issuing them, regardless of the number of owners of the Russian depository notes.

23. Russian depository notes pertaining to the same issue may certify the ownership of represented securities of solely one foreign issuer and of solely one kind (category, type) of the securities.

24. The rights consolidated by represented securities, including those connected with deriving income from them, shall be exercised to the benefit of owners of Russian depository notes which are such on the date of drawing up the list of owners of the represented securities and are entitled to exercise the appropriate rights, in particular to deriving appropriate incomes.

25. Payments to owners of Russian depository notes shall be made by the issuer of the Russian depository notes in the currency of the Russian Federation, if not otherwise established by a decision on the issue of the Russian depository notes. The time period for discharging obligations connected with making the said payments may not exceed five days

as of the date of receiving appropriate payments by a depository from the issuer of represented securities.

26. The splitting of Russian depository notes shall be effected in compliance with the list of owners thereof drawn up as of the date specified in the report on the state registration of amendments to be made to the decision on the issue of the Russian depository notes. With this, the said list may not be drawn up earlier than in three days as of the date of sending (handing in) to owners of Russian depository notes the report on the state registration of amendments to be made to a decision on the issue of the Russian depository notes or of disclosing the report on it. The splitting of Russian depository notes shall be allowed on condition that as a result of such splitting one Russian depository note certifies the ownership of at least one represented security.

27. If the issuer of a Russian depository note has received from a depository the number of represented securities corresponding to it, such Russian depository note possessed by the said owner shall be cancelled. With this, the maximum number of Russian depository notes which may be concurrently circulated in compliance with a decision on issuance of such securities shall not be changed.

28. In the event of registration of the prospectus of Russian depository notes the depository issuing the Russian depository notes shall disclose information about itself, as well as about the issuer of represented securities in the form of a quarterly report of the issuer of securities (a quarterly report) and communications on significant facts (events, actions) concerning financial and economic activities of the issuer of emissive securities (communications on significant facts), subject to the subtractions determined by normative legal acts of the federal executive body responsible for the securities market.

Chapter 6. The Circulation of Issued Securities

Article 27.6. Limitations on Turnover of Securities

1. The turnover of securities whose issue (supplementary issue) is subject to state registration shall be prohibited until they are completely paid up and until the state registration of a report (provision of a notice to the registration body) on the results of the issue (supplementary issue) of the said securities, except as established by federal laws.

2. The public turnover of securities, whose issue (supplementary issue) is subject to state registration, shall be only allowed, if the following terms are concurrently observed:

1) the securities prospectus (the prospectus of the securities' issuance, the privatization plan registered as the prospectus of the securities issuance) is registered;

2) the issuer has disclosed information in compliance with the requirements of this Federal Law.

3. Securities intended for classified investors, as well as the provision (acceptance) of the said securities as a security for discharging obligations may be only acquired and alienated through brokers. The present rule shall not extend to classified investors by virtue of federal law when they make the said transactions, as well as to the cases when a person has acquired the said securities as a result of universal legal succession, conversion, in particular in the course of re-organisation, distribution of property of a legal entity being liquidated, as well as to other cases established by the federal executive body in charge of the securities market.

4. If a person which is not a classified investor or has lost the status of a classified investor becomes the owner of securities intended for classified investors, this person is only entitled to alienate such securities through a broker.

Article 28. The Form of the Certification of the Right of Ownership of Issued Securities

The rights of the owners to the issued securities of the documentary form of issue shall be certified by certificates (if certificates are held by the owners) or by certificates and records in the special custody accounts in depositories (if certificates have been put in custody in the depository).

The rights of the owners to the issued securities of the non-documentary form of issue shall be certified in the system of register keeping by records in the personal accounts of the registrar or in the event of accounting the rights to securities in the depository - by records in the specially custody accounts in depositories.

Article 29. The Transfer of Rights to Securities and the Realisation of Rights Fixed by Securities

The right to a bear documentary security shall pass to the acquirer in the following cases:

- if its certificate is found out at the owner - at the time of the transfer of this certificate to the acquirer;
- if the certificates of bearer documentary securities are kept in the depository and/or the rights to such securities are accounted in the depository - at the time of making a book record in the special custody account of the acquirer.

The right to a registered non-documentary security shall pass to the acquirer:

- in the case of recording the rights to securities with a person conducting a depository activity - from the moment of making a credit entry in the depo account of the acquirer;
- in the case of recording the rights to securities in the system of keeping a register - from the moment of making a credit entry in the personal account of the acquirer.

The rights fixed by the issued security shall pass to their acquirer from the time of the transfer of the rights to this security. The transfer of the rights fixed by the registered issued security shall be accompanied by the notice of the registrar or the depository, or the nominal holder of securities.

Under the bearer securities the rights shall be exercised upon their production by their owner or by his trustee.

If the certificates of issued documentary securities are kept in depositories, the rights fixed by securities shall be exercised on the basis of the certificates produced by these depositories on behalf of the owners under the depository agreements with the appended list of these owners.

In this case the issuer shall ensure the realisation of the rights under the bearer securities of the person indicated in this list.

Under the registered non-documentary securities the rights shall be exercised by the issuer in respect of the person referred to in the register keeping system.

If the data on the new owner of such security has not been communicated to the registrar of the given issue or to the nominal holder of the security by the time of closing the register for the execution of the issuer's obligations comprising the security (voting, receipt of income, etc.), the execution of the obligations in respect of the owner registered in the register at the time of its closing shall be recognised as proper. The responsibility for timely notification lies with the acquirer of securities.

Where laws of the Russian Federation or other normative legal acts of the Russian Federation establish restrictions on the contribution of foreign persons in the capital of Russian issuers, parties to a transaction of acquiring by foreign owners of shares issued by such Russian issuers have to inform of such transactions the federal executive body for the securities market and other bodies in the instances provide for by federal laws.

The authenticity of the securities of natural persons in documents on the transfer of the rights to securities and the rights fixed by securities (except for the cases provided for by the legislation of the Russian Federation) may be certified by a notary or by a professional securities market-maker.

Section IV. The Information Support of the Securities Market

Chapter 7. On the Disclosure of Information about Securities

Article 30. Disclosure of Information

Disclosure of information shall mean making it accessible to all persons concerned, regardless of the purposes of receiving such information, in a procedure that guarantees its discovery and receipt.

Information in respect of which actions have been carried out to disclose it shall be deemed information disclosed in the securities market.

Information that does not require privileges for access to it or is subject to disclosure in keeping with this Federal Law shall be deemed generally accessible information in the securities market.

In the event of registering a securities' issue prospectus, the issuer thereof shall be obliged to disclose information in the following form:

- a quarterly report of the issuer of issuable securities (a quarterly report);
- a report on the essential facts (events, actions) concerning the financial and business activities of the issuer of issuable securities (report on essential facts).

A quarterly report must contain information whose contents and volume comply with the requirements of this Federal Law with respect to a securities' issue prospectus, except for information on the procedure for, and terms of, placing issuable securities.

Annual business accounting report documents for the last complete financial year shall be included in a quarterly report for the first quarter.

In the event of drawing up the summary business accounting report documents, such business accounting report documents for the last complete financial year shall be included in a quarterly report for the second quarter.

An issuer's annual business accounting report documents, as well as an issuer's summary business accounting report documents for the two complete financial years preceding the last complete financial year shall not be included into a quarterly report.

Business accounting report documents shall not be included in a quarterly report for the fourth quarter.

A quarterly report shall be submitted to the registering body at the latest in 45 days as of the finishing date of the reporting quarter.

A quarterly report has to be signed by the person exercising the functions of the issuer's personal executive body, by the chief accountant thereof (by other person exercising his functions) confirming thereby the reliability of all the information contained therein. A quarterly report has to be submitted to owners of the issuer's issuable securities by request thereof at a price which does not exceed the expenses on the booklet's production. The persons signing a quarterly report shall be liable for the completeness and reliability of the data contained therein.

The following information shall be deemed information on essential facts:

- about reorganisation of the issuer, its subsidiary and dependent companies;
- about facts that have involved a one-time increase or decrease in the value of the issuer's assets by more than 10 per cent;
- about facts that have involved a one-time increase in the issuer's net profit or losses by more than 10 per cent;

- about the facts of the issuer's one-time deals, the amount of which or the value of property under which constitutes 10 per cent or more of the issuer's assets as of the date of the deal;
- information about stages of the procedure for issuing emissive securities, about suspension and recommencement of emissive securities' issuance, about declaring an issue (additional issue) of emissive securities frustrated or invalid;
- about the inclusion into the issuer's register of a person possessing at least 5 per cent of the issuer's equities, as well as about any change as a result of which the share of such stocks possessed by this stockholder became more or less than 5, 10, 15, 20, 25, 30, 50 or 75 per cent of placed equities;
- about the dates of closing the register of the issuer's stockholders, about the time-limits for execution of the issuer's obligations with respect to the owners and about the decisions taken by general meetings;
- information about calculated and (or) paid income on the issuer's stock exchange bonds;
- about a voluntary or obligatory offer (and also the competitive offer) received by an issuer being an open joint-stock company in compliance with Chapter XI.1 of Federal Law No. 208-FZ of December 26, 1995 on Joint-Stock Companies (hereinafter referred to as the Federal Law on Joint-Stock Companies), about the notice concerning the right to demand the repurchase of securities or the claim for repurchase of securities sent by a person that has acquired over 95 per cent of the total number of equities and preferred shares of the open joint-stock company granting the right of vote in compliance with Item 5 of Article 32 of the Federal Law on Joint-Stock Companies, counting the stocks possessed by this person and by the affiliated persons thereof.

The procedure for, and time of, disclosing information on essential facts shall be determined by normative legal acts of the federal executive body in charge of the securities market.

The owner of equities shall be obliged at the latest in five days as of the date of making the appropriate receipt entry to disclose information on the acquisition of 5 and more per cent of the total number of placed equities, as well as on any change whereby the share of such stocks possessed by it has become more or less than 5, 10, 15, 20, 25, 30, 50 or 75 per cent of placed equities. Where the acquisition or modification of the said share is a result of placing additional equities, the appropriate information shall be disclosed at the latest in five days as of the date when he learnt or should have learnt about the state registration of a report on the results of the additional issue of equities.

The owner of equities shall disclose the appropriate information indicating the owner's name or denomination, the issuer's denomination, the issue's (additional issue's) state registration number and the number of stocks possessed by the owner thereof by sending a notice to the issuer of the said stocks and to the federal executive body in charge of the securities market.

The person that has acquired a major share holding, under the Federal Law on Joint-Stock Companies, of a joint-stock company, whose securities circulate in auctions arranged by stock exchanges and (or) other trade promoters on the securities market, on the basis of a voluntary or obligatory offer in the procedure provided for by normative acts of the federal executive body in charge of the securities market shall be obliged to disclose the following:

- information on sending the voluntary or obligatory offer to the federal executive body in charge of the securities market. The said information shall be disclosed at the latest on the day following the date of sending the appropriate offer to the federal executive body in charge of the securities market;
- contents of the voluntary or obligatory offer. The appropriate offer shall be disclosed at the latest on the day following the date of expiry of the time period provided for its disclosure by the federal executive body in charge of the securities market, if within the said time period the federal executive body in charge of the securities market does

not issue an order to bring the voluntary or obligatory offer into accord with the requirements of the Federal Law on Joint-Stock Companies.

Professional securities market-makers shall be obliged to disclose information about their operations with securities in the following cases:

- when a professional securities market-maker has carried out operations with one type of securities of one issuer during one quarter and the number of securities in these operations constituted at least 100 per cent of the total number of the said securities;
- when a professional securities market-maker has carried out a single operation with one type of securities of one issuer and the number of securities in this operation constituted at least 15 per cent of the total number of the said securities.

The professional securities market-makers shall disclose the appropriate information, indicating the name of a professional securities market-maker, the type and state registration code of securities, the name of the issuer, the price of one security, the number of securities in relevant deals, at latest in five days after the end of the relevant quarter or from the date of the relevant single operation by way of notifying the federal executive body in charge of the securities market or the body authorised by it.

When issued securities are offered and/or when the prices of the purchase and/or the sale of issuable securities are announced, a professional securities market-maker shall be obliged to disclose the generally accessible information available to it, which is supplied by the issuer of these issuable securities, or to inform of the absence of such information.

The composition, procedure for, and terms of, disclosing information, as well as submitting reports by professional securities market-makers, shall be determined by normative legal acts of the federal executive body in charge of the securities market.";

Chapter 8. On the Use of Official Information in the Securities Market

Article 31. Official Information

For purposes of the present Federal Law, official information shall be represented by any generally accessible information about the issuer and the securities issued by it, which places the persons possessing such information by virtue of their official status, labour duties or the agreement concluded with the issuer in a pre-emptive position as compared with other subjects of the securities market.

Article 32. About Persons Possessing Official Information

The persons possessing official information include:

- members of the management bodies of the issuer or the professional securities market-maker bound up with this issuer by the relevant agreement;
- auditors of the issuer or the professional securities market-maker bound up with this issuer by the agreement;
- employees of state bodies who have access to the said information by virtue of their control, supervision and other powers.

The members of the management bodies of the issuer or the professional securities market-maker shall be understood to mean the persons who occupy permanently or temporarily in suit legal entities the post connected with the discharge of the organisational and regulatory or the administrative and economic duties, and also perform such duties according to a special power.

Article 33. Transactions Carried out with the Use of Official Information

Persons possessing official information shall have no right to make use of this information for making deals, or to transfer official information for making deals to third persons.

Persons who have breached the said requirement shall bear responsibility in accordance with the legislation of the Russian Federation.

Chapter 9. On Advertisements in the Security Market

Abolished from February 1, 2007.

Section V. The Regulation of the Securities Market

Chapter 10. The Principles of the Regulation of the Securities Market

Article 38. The Principles of the Regulation of the Securities Market

The securities market shall be regulated by the State by means of:

- the establishment of compulsory requirements for the activity of professional securities market-makers and its standards;
- the registration of issues of securities and issue prospectuses and the exercise of control over the observance by the issuers of the conditions and obligations envisaged by them;
- the licensing of the activity of the professional securities market-makers;
- the creation of a system of protecting the rights of owners and of controlling their observance by the issuers and the professional securities market-makers;
- the prohibition and thwarting of the activity of the persons engaged in business on the securities market without the relevant license.

Chapter 11. The Regulation of the Activity of Professional Securities Market-Makers

Article 39. Licensing of the Activity of Professional Securities Market-Makers

1. The professional activity of all types in the securities market referred to in Chapter 2 of this Federal Law, shall be performed on the basis of a special permit, that is, the licence issued by the federal executive body responsible for the securities market, except for the case provided for by Part Two of this article.

2. The right to exercise some kinds of professional activities in the securities market may be granted to a state corporation by the federal law serving as a basis for establishment thereof.

3. Credit organizations and state corporations shall carry out professional activities in the securities market in the order prescribed by this Federal Law and other federal laws, as well as by normative legal acts of the Russian Federation adopted in compliance with them in respect of the professional securities market-makers.

4. As an additional ground for the refusal to issue to a credit organisation the licence for exercising professional activities in the securities market, for its suspension or cancellation shall be deemed cancellation or withdrawal of the banking licence issued by the Bank of Russia.

5. The federal executive body responsible for the securities market shall exercise control over the activities of professional securities market-makers.

The bodies which have issued licenses shall control the activity of the professional securities market-makers and take a decision on the recall of the issued license in case of violation of the legislation of the Russian Federation on securities.

6. The activities of professional securities market-makers shall be licensed by licenses of three types: the license of the professional stock market-makers, the license for register keeping and the stock exchange license.

7. The condition for rendering by a broker and/or a dealer services related to the preparation of a securities issue prospectus shall be the compliance thereof with the requirements for the amount of their own capital and with the qualification requirements in respect of employees (workers) established by normative legal acts of the federal executive body responsible for the securities market.

Chapter 12. The Federal Executive Body for the Securities Market

Article 40. The Organisation of the Federal Executive Body for the Securities Market

The Federal Executive Body for the Securities Market (hereinafter referred to as the federal executive body) is a federal executive body which exercises control over the activity of the professional securities market-makers through the definition of the order of their activity, and determines the standards of the issue of securities.

The basic functions and powers of the federal executive body shall be determined by the Government of the Russian Federation.

Article 41. The Collegium of the Federal Executive Body Dealing with the Securities Market

The order of the formation and functioning of the collegium of the federal executive body dealing with the securities market shall be determined by the Government of the Russian Federation.

Article 42. The Functions of the federal executive body

The federal executive body shall:

- 1) elaborate the basic directions of the development of the securities market and coordinate the activity of the federal executive bodies in the regulation of the stock market;
- 2) approve the standards of the issue of securities, issue prospectuses of the issuers, including foreign issuers of securities on the territory of the Russian Federation, and the procedure for the state registration of the issue (additional issue) of emissive securities, the state registration of reports on the results of the issue (additional issue) of emissive securities and registration of a securities issue prospectus;
- 3) elaborate and endorse the uniform requirements for the rules of the professional operations with securities;
- 4) establish compulsory requirements for the operations with securities, the norms of admission of securities to their public placement, circulation, quotation and listing, and also accounting and depositary activity. The rules of record keeping and accounting by issuers and professional stock market-makers shall be established by the federal executive body together with the Ministry of Finance of the Russian Federation;
- 6) establish the order and licence various kinds of professional activity on the securities market, and also suspend or annul the said licences in case of breaking the legislation of the Russian Federation on securities;
- 7) Abolished
- 8) establish the procedure for issuing permits and issue permits for acquisition of the status of a self-regulated organisation of professional securities market-makers, keep the register of the

said organisations, withdraw permits for acquisition of the status of a self-regulated organisation in the event of a failure to meet the requirements of the legislation of the Russian Federation on securities, as well as the standards and requirements endorsed by the federal executive body in charge of the securities market;

9) determine the standards of activity of investment, non-governmental pension and insurance funds and their managing companies, and also insurance companies on the securities market;

10) exercise control over the observance by the issuers, the professional stock market-makers, the self-regulated organisations of the professional stock market-makers of the legislation of the Russian Federation on securities, the standards and requirements endorsed by the federal executive body;

11) for the purposes of countering the legalisation (laundering) of earnings received illegally, it shall control the procedure by which professional participants in the securities market carry out transactions in amounts of money or other property;

12) ensure the disclosure of information about the registered issues of securities that are the professional stock-market-makers;

13) ensure the creation of a generally accessible system of disclosing information in the securities market;

14) establish the qualifying requirements with respect to employees of professional participants of the securities market, the requirements for the professional skills of the persons exercising the functions of the personal executive bodies of professional participants of the securities market, approve the programmes of qualification examinations for attestation of individuals in the field of professional activities in the securities market, determine the terms of, and procedure for, accreditation of organisations engaged in attestation of individuals in the field of professional activities in the securities market in the form of arranging qualification examinations and issuing qualification certificates, accredit such organisations, determine the types and forms of qualification certificates and keep the register of attested individuals;

15) draft legislative and other normative acts relating to the regulation of the securities market, the licensing of the activity of its professional market-makers, the self-regulated organisations of the professional stock-market-makers, to the control over the observance of the legislative and other normative acts on securities and carry on their expert examination;

16) develop recommendations with regard to the enforcement of the Russian Federation laws which regulate the relations connected with functioning of the securities market;

17) exercise the guidance of the regional branches of the Federal Commission;

18) defines the procedure for keeping a register of, and keeps the register of, professional participants in the securities market that contains information on licences for the pursuance of professional activity in the securities market that are issued, suspended and annulled. The federal executive governmental body charged with securities market matters shall amend the register of professional participants in the securities market within three days of the pertinent decision or after the receipt of a document deemed a ground for an amendment;

19) establish and define the order of access of the securities issued by, the issuers, registered in the Russian Federation, to their primary placement and circulation outside the territory of the Russian Federation;

20) apply to a court of arbitration with the claim for the liquidation of the legal entity that has violated the legislation of the Russian Federation on securities and for the application to the violators of the sanctions established by the legislation of the Russian Federation;

21) exercise supervision over the compliance of the amount of the issue of securities with their number in circulation;

23) determine a procedure for keeping the register of emissive securities and keep the said register containing information about issues (additional issues) of the emissive securities registered by the federal executive body in charge of the securities market, as well as on

issues (additional issues) of the emissive securities which are not subject to state registration in compliance with this Federal Law or other federal laws, except for bonds issued by the Bank of Russia.

Article 43. Decisions by the Federal Executive Body Dealing with the Securities Market

The order of the decision-making by the federal executive body dealing with the securities market shall be determined by the Government of the Russian Federation.

Article 44. The Rights of the federal executive body

The federal executive body shall have the right:

- 1) Abolished
- 2) to qualify securities and determine their types in keeping with the legislation of the Russian Federation;
- 3) to establish normative standards of sufficiency of own monetary assets obligatory for professional securities market-makers, except for credit organisations, and other requirements aimed at reducing the risks of professional activities on the securities market, and provisions - bonding on professional participants in the securities market - aimed at precluding a conflict of interests, in particular in the event of provision of the services of preparing a securities prospectus and of floating serial securities;
- 4) if professional participants on the securities market within one year repeatedly violate the securities legislation of the Russian Federation and/or on court enforcement action, it shall take a decision to suspend or annul their licences for the pursuance of professional activity on the securities market. Immediately after the Federal Commission's decision to suspend the licences becomes final, the licensor shall take measures to eliminate the irregularities or annul the licence;
if professional participants on the securities market within one year repeatedly violate the provisions of Articles 6 and 7 (except for Item 3 Article 7) of the Federal Law on Countering the Legalisation of Earnings Received in Illegally (Money Laundering), it shall take a decision to annul the licence for the pursuance of professional activities on the securities market;
- 5) on the grounds stipulated by the legislation of the Russian Federation, to refuse to issue a permit to the self-regulated organisation of the professional stock market-makers and to withdraw the permit issued to it with the obligatory publication of the report about this in mass media;
- 6) to establish the procedure for holding inspections of issuers, professional securities market-makers and self-regulated organisations of professional securities market-makers, as well as of other organisations licensed by it, to inspect independently or jointly with appropriate federal executive bodies the activities of issuers, of professional securities market-makers and self-regulated organisations of professional securities market-makers, as well as of other organisations licensed by it, to appoint and recall inspectors controlling the activities of the said organisations;
- 6.1) gather and store information, including personal data, in connection with the performance of the functions envisaged by the present Federal Law;
- 7) to send orders binding for execution to the issuers and the professional stock market-makers, and also to their self-regulated organisations, and also to demand that they submit documents needed for the settlement of the questions coming under the jurisdiction of the federal executive body;
- 8) to send materials to the law-protective bodies and to lodge claims in courts of law (courts of arbitrations) on the questions relating to the jurisdiction of the federal executive body (including the invalidation of deals with securities);

9) to take decisions on the creation or liquidation of regional branches of the federal executive body;

10) to withdraw qualification certificates of natural persons in the event of repeated or gross violations by them of the laws of the Russian Federation on securities;

11) Abolished

12) to exchange confidential information, including personal data, with the relevant body (organisation) of a foreign state under an agreement with such a body (organisation) that contains a provision for mutual exchange of such information, on the condition that the legislation of the state of the body (organisation) at least has a provision of a level of protection of confidential information furnished that is not lower than the level of protection of confidential information furnished required by the legislation of the Russian Federation, and if information exchange relations are regulated by international treaties of the Russian Federation, in accordance with the terms of these treaties.

Article 44.1. Duties of the Federal Executive Body for the Securities Market

While exercising the authority granted by this Federal Law, the federal executive body for the securities market shall be obliged:

1) to ensure the confidentiality of information provided to it, except for the information disclosed in compliance with the laws of the Russian Federation on securities;

2) when directing to issuers, professional securities market-makers and self-regulated organisations of professional securities market makers requests for presentation of information, to substantiate soundly the necessity of getting the information requested for;

3) to register the documents of professional securities market-makers and self-regulated organisations of professional securities market-makers subject to registration in compliance with this Federal Law, within a maximum of 30 days as of the date of receiving appropriate documents, or to give a reasoned refusal to register them within the established term, if another term for registration thereof is not established by this Federal Law;

4) to give within 30 days reasoned answers to requests of legal entities and citizens in respect of the issues within the scope of jurisdiction of the federal executive body for the securities market.

Article 45. Abolished

Article 46. The Provision of the federal executive body's Activity

Expenses relating to the activity of the Federal Commission be covered from the federal budget resources used on the maintenance of the federal executive bodies.

The Federal Commission shall be a legal entity with its stamp depicting the National Emblem of the Russian Federation and its name.

The federal executive body shall have its settlement and other accounts, including its foreign currency account.

The seat of the federal executive body shall be the city of Moscow.

Article 47. Abolished

Chapter 13. The Self-regulated Organisations of the Professional Securities Market-makers

Article 48. The Concept of the Self-regulated Organisation of the Professional Stock Market-Makers

A voluntary association of professional stock market-makers acting in conformity with this Federal Law and functioning on the principles of a non-profit organisation shall be named the self-regulated organisation of stock market-makers.

A self-regulated organisation shall be set up by the professional stock market-makers for the provision of conditions for the professional activity of stock market-makers, the observance of standards of professional ethics in the securities market, the protection of the interests of the owners of securities and other clients of the professional stock market-makers who are members of the self-regulated organisation, the introduction of rules and standards for the conduct of operations with securities that ensure the effective activity on the securities market.

All the incomes of the self-regulated organisation shall be used by it exclusively for the fulfilment of its statutory tasks and shall not be distributed among its members.

In accordance with the requirements for the professional activity and the conduct of operations with securities endorsed by the Federal Commission, the self-regulated organisation shall introduce to the rules for professional activity on the securities market and the standards of the conduct of operations with securities, and shall exercise control over their observance.

Article 49. The Rights of the Self-regulated Organisations in the Regulation of the Securities Market

The self-regulated organisation shall have the right:

- to receive information about the results of inspections of the activity of its members carried out in the order established by the federal executive body or its regional branch;
- to work out the rules and standards of the professional activity and operations with securities carried out by its members and to exercise control over the observance in conformity with this Federal Law;
- to train individuals in the field of professional activities in the securities market, as well as if a self-regulated organisation is accredited with the federal executive body in charge of the securities market, to arrange qualification examinations and to issue qualification certificates.
- in conformity with the qualifying requirements of the Federal Commission to work out curricula and plans, to train the officials and the personnel of the organisations carrying out their professional activity in the securities market, and to determine the qualification of the said persons and to issue to them with qualifying certificates.

Article 50. Requirements Made for Self-regulated Organisations

An organisation set up by not less than 10 professional stock market-makers, shall have the right to file its application for acquiring the status of a self-regulated organisation with the federal executive body.

An organisation set up by the professional stock market-makers shall acquire the status of a self-regulated organisation on the basis of the permit issued by the federal executive body. The permit issued by the federal executive body to the self-regulated organisation shall include all the rights provided for by this Article.

The following documents shall be submitted to the federal executive body in order to obtain the permit:

- the certified copies of documents on the setting up a self-regulated organisation;
- the rules and regulations of the organisation adopted by its members and compulsory for implementation by all the members of the self-regulated organisation.

The rules and regulations of the self-regulated organisation shall contain the requirements for this organisation and its members in respect of:

- 1) the professional qualification of the personnel (with the exception of technical staff);
- 2) the rules and standards of the professional activity;
- 3) the rules limiting the manipulation of prices;
- 4) documentation and record-keeping and reporting;
- 5) the minimum amount of their own assets;
- 6) the rules for joining the organisation for a professional stock market-maker and the withdrawal or expulsion from it;
- 7) equal rights to the representation in the elections to the organisation's management bodies and the participation in its management;
- 8) the procedure for the distribution of costs, payments, and dues among the organisation members;
- 9) the protection of the client's rights, including the order of considering the claims and complaints of the clients of the organisation members;
- 10) the obligations of its members to the clients and other persons in the compensation of losses due to errors and committing during the professional activity of the organisation's member or of its officials, and also due to the unlawful actions of the member of the organisation or its officials and/or its personnel;
- 11) the observance of the procedure for the consideration of claims and complaints lodged the organisation's members;
- 12) procedures for holding checks of the observance by the organisation's members of the established rules and standards, including the creation of a control body and the order of acquainting with the results of checks of other members of the organisation;
- 13) sanctions and other measures to be applied to the members of the organisation, their officials and/or the personnel and the order of their application;
- 14) the requirements for the supply of open information for checks to be carried out on the initiative of the organisation;
- 15) control over the implementation of sanctions and measures applicable to the organisation's members and the order of their record-keeping.

The entity which organises trade shall be obliged to establish and observe the following rules in addition to the observance of the requirements provided for by Item 3 of this Article and Article 10 of this Federal Law:

- the rules of concluding, registering and conforming deals with securities;
- the rules of operations ensuring trading with securities (clearing and/or payment operations);
- the rules of drawing up and record keeping of documents used by the organisation's members and of carrying out operations with securities;
- the rules of settling disputes arising between the members of the organisation during operations with securities and payments for them, including monetary ones;
- the procedure for submitting information about the prices of demand and supply, about the prices and amount of deals with securities made by the organisation's members;
- the rules of rendering services for persons who are not members of the organisation.

A permit may be refused if the documents submitted by the organisation of professional stock market-makers do not contain the appropriate requirements listed in this Article, and also provide for at least one of the provisions:

- the possibility of discrimination of the rights of customers who use the services of the organisation's members;

- unjustified discrimination of the organisation's members;
- unwarranted restrictions on the joining of the organisation and on withdrawal from it;
- restrictions that prevent the development of competition among professional stock market-makers, including the regulation of the rates of remuneration and incomes from the professional activity of the organisation's members;
- the regulation of questions that do not relate to the jurisdiction of the self-regulated organisation, and also do not correspond to the goals of its activity;
- the provision of unreliable or incomplete information.

It shall be impermissible to refuse to issue permits on other grounds.

The permit for the self-regulated organisation shall be recalled if the federal executive body discovers breaches of the legislation of the Russian Federation on securities, the requirements and standards established by the federal executive body, the rules and regulations of the self-regulated organisation, the provision of unreliable or incomplete information.

The self-regulated organization shall be obliged to submit to the federal executive body data on all the changes to be introduced to the documents on the creation of a self-regulated organisation, its rules and regulations with a brief justification of the reasons and purposes of such changes.

Changes and additions shall be deemed to be adopted, unless within 30 calendar days of their receipt by the federal executive body a written notice on the refusal with its reasons has been sent to it.

Section VI. Concluding Provisions

Article 51. Responsibility for Breaches of the Legislation of the Russian Federation on Securities

1. For breaches of this Federal Law and other legislative acts of the Russian Federation the persons shall bear responsibility in cases and in the order provided for by civil, administrative or criminal legislation of the Russian Federation.

The damage caused as a result of violating the legislation of the Russian Federation on securities shall be compensated in the order established by the civil legislation of the Russian Federation.

2. The participants of the stock market, including professional stock market-makers and securities holders, shall have no right to manipulate prices on the securities market and to compel people to buy or sell securities by submitting deliberately distorted information about securities, the issuers of securities, the prices of securities, including information used in advertising.

Manipulating prices shall mean actions committed for the purpose of making the appearance of rise and/or fall in prices and/or trade activity at the securities market in respect of the current level of prices and/or the current trade activity on the securities market for the purpose of inducing investors to sell or purchase publicly placed securities and/or securities put into public circulation, including:

- dissemination of false or unreliable information;
- making transactions in securities at auction sales held by stock exchanges and other trade promoters at the securities market which do not result in the replacement of these securities' owners;
- giving simultaneous instructions to purchase and sell securities at prices that essentially deviate from the current market prices in similar transactions;

- an agreement of two or several sales participants or representatives thereof to purchase (sell) securities at prices which essentially deviate from the current market prices in similar transactions.

The performance of said actions by professional stock market-makers shall constitute grounds for the suspension or annulment of the permit issued to them, and also for other sanctions provided for the members of self-regulated organizations.

In the event of detecting facts that provide a ground to assume that in some persons' actions there are the signs of manipulating prices determined by this Item, the federal executive body for the securities market shall check said facts in the procedure established by the laws of the Russian Federation and normative legal acts of the federal executive body for the securities market. On the basis of the results of this inspection and subject to the explanations of the said persons the federal executive body for the securities market shall render a decision on recognising the fact of price manipulating on the securities market and on bringing the guilty person (persons) to the responsibility provided for by laws of the Russian Federation and/or on suspending (withdrawing) the licence issued to the professional securities market-maker that is guilty of manipulating prices, or on directing the materials of the inspection to law enforcement bodies.

The said decision of the federal executive body for the securities market on the suspension (withdrawal) of a licence issued to a professional securities market-maker shall enter into force as of the moment of its receipt by the professional securities market-maker, or from the moment of entry of the court decision into legal force in the event of appealing against the said decision with a court. The decision of the federal executive body for the securities market shall be deemed received by the professional securities market-maker as of the moment of delivering a copy of the decision to the representative of the professional securities market-maker against his receipt or on the expiry of six days as of the moment of directing a copy of the decision to the professional securities market-maker by registered mail.

The fact of manipulating prices on the securities market shall be acknowledged by a court of law.

3. In respect of the issuers which carry out the unfair issue of securities the federal executive body shall:

- adopt measures to halt the further placement of securities issued as a result of the unfair issue;
- publish in the mass media information about the facts of the unfair issue and the grounds for the suspended placement of securities issued a result of the unfair issue;
- inform in written form of the need to remove the breaches, to introduce changes to the issue prospectus and other conditions of the issue, and also fix the time for the removal of breaches;
- send the materials of inspection of the facts of the unfair issue to a court of law for the application of measures of administrative responsibility to the issuer's officials in keeping with the legislation of the Russian Federation;
- send the materials of inspection of the facts of the unfair issue to the prosecutor's offices if there are elements of crime in the actions of the issuer's officials;
- give a written order on permitting the further placement of securities in case of the removal by the issuer of breaches connected with the unfair issue of securities;
- file a claim in court for the recognition of the issue of securities as void, if the unscrupulous issue has misled the owners concerned or if the purposes of the issue contradict the principles of law and order and morality.

4. The officials of the issuer who have taken a decision on the issue of securities that have not passed state registration (except for issues (supplementary issues) of serial securities not subject to state registration in accordance with the present Federal Law) shall bear administrative or criminal responsibility in accordance with the legislation of the Russian Federation.

5. The issue of securities may be recognised as invalid on the action filed by the federal executive body, the regional branches of the federal executive body, the state registration body, the state tax service agency, the prosecutor, and also on the actions filed by other state bodies exercising their powers in the securities market in keeping with the legislation of the Russian Federation.

6. Professional activity in the securities market carried out without a licence shall be illegal.

In respect of the persons who carry out their activity without licences the federal executive body shall:

- adopt measures to stop the unlicensed activity;
- publish in the mass media information about the fact of the unlicensed activity of a stock market-maker;
- inform in writing the persons concerned about the need to obtain a licence, and also fix the time for this;
- send the materials of inspection of the facts of the unlicensed activity to a court of law for the enforcement of measures of administrative responsibility against the officials of the stock market-makers in conformity with the legislation of the Russian Federation;
- file a claim with a court of arbitration on the recovery for the benefit of the State of incomes received as a result of unlicensed activity in the stock market;
- file a claim with a court of arbitration on the forcible liquidation of the stock market-makers if it has failed to obtain a licence within the fixed period of time.

7. Abolished from February 1, 2007.

8. The professional stock market-makers and the issuers of securities shall have the right to appeal to an arbitration court the actions of a federal executive body aimed at the stoppage of breaches of the legislation of the Russian Federation on securities and at the application of measures of responsibility in the order prescribed by the legislation of the Russian Federation.

Natural persons whose qualification certificates concerning professional activities in the securities market have been withdrawn shall have the right to appeal against the relevant decision of the federal executive body in charge of the securities market to an arbitration court in the procedure provided for by the legislation of the Russian Federation.

9. In cases provided for by this Federal Law and other legislative acts of the Russian Federation on securities, the stock market-makers shall be obliged to ensure the property interests of the owners with security envisaged by the legislation of the Russian Federation, and also to insure the property and the risks associated with activity in the stock market.

Article 51.1. Specifics of Placement and Circulation of Foreign Issuers' Securities

1. Foreign issuers' securities, except for the securities of international financial organisations, shall be admitted for placement and public circulation in the Russian Federation on the basis of an international treaty of the Russian Federation or any agreement made by the federal executive body for the securities market and an appropriate body (organisation) of the foreign issuer's country and providing for a procedure for their interaction.

A list of international financial organisations whose securities are admitted to placement and public circulation in the Russian Federation shall be endorsed by the Government of the Russian Federation.

2. In the event of public placement and/ or placing into public circulation of foreign issuers' securities, including those of international financial organisations, the rights to such securities shall be registered by depositories which are legal entities under laws of the Russian Federation and which comply with the requirements of normative legal acts of the federal executive body for the securities market with regard to such depositories.

3. The requirements with regard to the documents submitted for the state registration of a securities issue (additional securities issue) of foreign issuers, including those of international financial organisations, for registration of securities issue prospectuses and the state registration of reports on the results of issues (additional issues) of emissive securities of such issuers, to the composition of data to be included into these documents, to their formalisation, as well as to the composition of, and the procedure for disclosing, information by foreign issuers, including international financial organisations, shall apply subject to the exceptions determined by normative legal acts of the federal executive body for the securities market.

Article 51.2. Classified Investors

1. As classified investors shall be deemed the persons cited in Item 2 of this Article, as well as the persons recognized as classified investors in compliance with Item 4 of this Article.

2. Classified investors shall include:

- 1) brokers, dealers and managers;
- 2) credit institutions;
- 3) joint-stock investment funds;
- 4) management companies of investment funds, unit investment trusts and non-governmental pension funds;
- 5) insurance organisations;
- 6) non-governmental pension funds;
- 7) the Bank of Russia;
- 8) the State Corporation CBank of Development and Foreign Trade Activity (Vnesheconombank)';
- 9) the Agency for Deposits' Insurance;
- 10) international organisations, including the World Bank, the International Monetary Fund, the European Central Bank, the European Investment Bank, the European Bank for Reconstruction and Development;
- 11) other persons classified as classified investors by federal laws.

3. Persons may be recognized as classified investors, if they comply with the requirements established by this Federal Law and regulatory legal acts of the federal executive body in charge of the securities market adopted in compliance with it.

4. A natural person may be recognized as a classified investor, if he/she complies with any two requirements from among those given below:

- 1) holds securities and/or other financial instruments whose total value corresponds to the requirements established by regulatory legal acts of the federal executive body in charge of the securities market. With this, the said body shall define the requirements for the securities and other financial instruments which may be taken into account while estimating the said total value, as well as a procedure for estimation thereof;
- 2) has the record of work in a Russian and/or foreign organisation that has made transactions with securities and other financial instruments which is established by regulatory legal acts of the federal executive body in charge of the securities market;
- 3) has made transactions with securities and other financial instruments in the number, volume and at the time which are established by regulatory legal acts of the federal executive body in charge of the securities market.

5. A legal entity may be recognized as a classified investor, if it is a profit-making organisation satisfying any two requirements from among those cited below:

- 1) it has its own capital in the amount established by regulatory legal acts of the federal executive body in charge of the securities market;

- 2) it has made transactions with securities and other financial instruments in the number, volume and at the time which are established by regulatory legal acts of the federal executive body in charge of the securities market;
 - 3) it has the volume of sales (proceeds from the sales) of commodities (works, services) in the amount and for the period which are established by regulatory legal acts of the federal executive body in charge of the securities market;
 - 4) it has the amount of assets proved by bookkeeping data for the last reporting data which is established by regulatory legal acts of the federal executive body in charge of the securities market.
6. For the purposes of this article property rights mean the property rights resulting from transactions which provide for the following:
- 1) the duty of a party or parties to a transaction to pay amounts of money depending on changes in the prices of securities, commodities, rate of currency, interest rates, inflation rate or on values estimated on the basis of the totality of the said indices or on the emergence of other circumstance which is provided for by federal laws and in respect of which its is not known whether it will emerge or not, in particular resulting from transactions also providing for the duty of one of the parties to pass over to the other party securities, commodities or currency;
 - 2) the duty of either party, should the other party raise such claim, to buy or sell securities or currency under the terms and conditions determined when making such transaction.
7. A person shall be recognized as a classified investor on the basis of the application thereof by brokers, managers and other persons where it is provided for by federal laws (hereinafter referred to as the person engaged in recognition of classified investors) in the procedure established by the federal executive body in charge of the securities market.
8. In the event of recognizing a person as a classified investor on the basis of the unreliable information supplied by it, the effects provided for by Item 6 of Article 3 and by Part Eight of Article 5 of this Federal Law shall not apply. The recognition of a person as a classified investor on the basis of the unreliable information supplied by it shall not serve as a ground for invalidity of the transactions made at the expense of this person.
9. A person may be recognized as a classified investor in respect of one or several kinds of securities and other financial instruments, one or several kinds of services intended for classified investors.
10. A person engaged in recognition of classified investors is obliged to notify a classified investor, in respect of what kinds of securities and other financial instruments or services it is recognized as a classified investor.
11. A person engaged in recognition of classified investors is obliged to demand of a legal entity recognized as a classified investor to prove its satisfaction of the requirements whose satisfaction is necessary for recognizing a person as a classified investor and to verify the compliance with the said requirements. Such verification must be carried out at the time established by a contract but at least once a year.
12. A person engaged in recognition of classified investors is obliged to keep the register of persons recognized as classified investors in the procedure established by the federal executive body in charge of the securities market. A classified investor shall be excluded from the said register on the basis of the application thereof or if it fails to satisfy the requirements whose satisfaction is necessary for recognition of a person as a classified investor.
13. The rights of owners of securities intended for classified investors, except for the persons provided for by Item 2 of this article, may be only accounted by custodians in the procedure provided for by Article 7 of this Federal Law.
14. Requirements for the prospectus of securities intended for classified investors, as well as for the composition of data and for the procedure for disclosure of information about the said securities and issuers thereof, shall apply subject to the deletions and specifics determined by regulatory legal acts of the federal executive body in charge of the securities market.

Article 52. The Transitional Provisions in Connection with the Entry of this Federal Law into Force

The credit organisations shall have the right to engage in professional activity in the securities market on the basis of a licence for banking operations for one year from the entry of this Federal Law into force. The federal executive body shall have the right to prolong the said period for up to two years.

The investment institutions engaged in professional activity on the securities market on the basis of a licence issued before the entry of this Federal Law into force, and also the stock exchange, shall bring their constituent and internal documents into conformity with this Law within one year of the time of its official publication. The federal executive body shall have the right to prolong this period for up to two years.

Article 53. The Procedure for the Enforcement of the Present Federal Law

1. The present Federal Law shall enter into force from the day of its official publication.
2. The President of the Russian Federation shall be ordered and the Government of the Russian Federation shall be instructed to bring their normative legal acts into conformity with the present Federal Law.

President of the Russian Federation | Boris Yeltsin
The Kremlin, Moscow