



European Bank
for Reconstruction and Development

CORPORATE GOVERNANCE LEGISLATION ASSESSMENT PROJECT

2007 ASSESSMENT

based on legislation in force on 1 November 2007

RUSSIA

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Overall Country Information

No.	Checklist	Brief description
1.	What is the level of dialogue (e.g. conferences, working groups) between the Government (including governmental bodies or other authorities such as Securities Commissions) and the private sector in respect to the need to improve corporate governance in your country?	<p>Government officials regularly participate in conferences and seminars on corporate governance. Ministry of Economic Development and Trade (MEDT) has released Concept on Development of Corporate Governance Standards in Russia during the Period until 2008.</p> <p>The concept recognized the importance of OECD principles. National Council on Corporate Governance has been established in 2003. Among members of the Council are representatives of the relevant parliamentary committees, members of the MEDT, Federal Service on Financial Markets etc.</p> <p>More info available at: http://www.corp-gov-russia.com/en and http://www.corp-gov.org</p>
2.	Please describe any ongoing process(es) to improve the level of corporate governance in your country?	<p>There are a number of bills currently considered by the Parliament in order to improve corporate governance standards, including amendments to the current legislation: for Open Joint Stock Companies (OJSCs) - on mandatory buy-outs and for LLC - on transactions with interested parties. Commercial banks have to use IFRS since 2004. In addition, a bill, intended to generally implement IFRS has been prepared in 2004. It has not been enacted as of yet.</p>
3.	Which bodies in the public and private sectors (both domestic and foreign) have initiated, supported and been active in promoting corporate governance reform? (For example, institutes of directors, centers/institutes of corporate governance, associations of shareholders, chambers of commerce, or IFIs).	<p>Public sector: MEDT, Parliament.</p> <p>Public-Private: National Council on Corporate Governance</p> <p>Private sector: Investor Protection Association</p>
4.	Does a voluntary national code of corporate governance good practice exist? <i>[If yes, please specify the date of enactment, the latest amendments and if it is available on the web and include the link.]</i>	<p>Yes. The Code was developed by Federal Commission on Securities Markets (FCSM, currently Federal Service on Financial Markets (FSFM)) and approved by the Government by Resolution dated as of 28 Nov 2001.</p> <p>The Commission in its Resolution dated as of 04 Apr 2002 recommended Russian Joint Stock Companies (JSCs) to comply with provisions of the Code and disclose in their annual reports whether such compliance took place and for exchanges to require abidance by the Code for purposes of listing.</p> <p>The English version of the Code is available at: http://www.ffms.ru/eng/catalog.asp?ob_no=9073 The Russian version is available at: http://www.ffms.ru/attach.asp?a_no=360</p>
5.	If the code exists:	
	a.) was the voluntary code of corporate governance developed by the Government or the private sector?	The Code was developed by the FCSM in co-operation with the private sector and finally approved by the Government. (EBRD project)
b.) to what extent is the code based on the OECD Principles?	The Code is based on the OECD Principles.	

No.	Checklist	Brief description
	c.) is it endorsed by the stock exchange or securities commission?	The Code was adopted by the FCFM. Leasing rules of stock exchanges contain several provisions which are based on the Code and require listed companies to disclose as to whether they comply with provisions of the Code.
	d.) must companies/listed companies disclose their degree of compliance with the code (“comply or explain”)?	FCSM Order On Methodical Recommendations on Content and Form of Submission of Information on Compliance with Code of Corporate Governance in Annual Reports of JSCs dated as of 30 Apr 2003 No. 03-849/r requires JSCs to disclose in their annual reports information on compliance with the Code.
	e.) are compliance statements published and easily accessible by investors? <i>[If yes, please describe. Include, if available, the website where the compliance statements can be found.]</i>	Compliance statement forms a part of annual report. Annual reports are published by open JSCs and are available at the HQ of closed JSCs and can be accessed in cases as prescribed by law. Annual reports are often available at the issuers' and stock exchanges' websites.
6.	To what extent has the Government announced plans for updating and strengthening of:	
	a.) the legal and court system	The legal and court reform is an ongoing process in Russia. The most recent federal programme "Development of Judicial System in 2007-2011" was adopted on 21 Sep 2006 by Resolution No. 583 of the Russian Government. This programme contains a number of measures for improvement of the functioning of the legal and court system.
	b.) the corporate tax system	The mentioned Concept on Development of Corporate Governance Standards in Russia during the Period until 2008 has a section related to changes in taxation of connected corporate entities. The relevant bill has been prepared by the Government.
	c.) the educational system for business and legal professions	The Governmental regularly announces plans for updating and strengthening of the educational system, including that for business and legal professions. In 2004-06, in connection with the TACIS framework, a number of seminars on corporate governance took place in several cities of the RF.
	d.) the application of international accounting and auditing standards?	Transition to IFRS for JSCs was initially planned to take place in 2004, however currently IFRS are mandatory only for banks.
7.	Which are the main laws and regulations addressing corporate governance in your country? <i>[Please list titles and dates when they came into force.]</i>	<ul style="list-style-type: none"> a) Civil Code (part I) in force as of 1 January 1995 and last amended 25 October 2007. b) Joint Stock Companies Act No 208-FZ dated 26 December 1995, in force as of 1 January 1996 ("JSC Act"), last amended on 24 July 2007. c) Securities Market Act No 39-FZ dated 22 April 1996 ("Securities Markets Act"), in force as of 22 April 1996 and last amended 2 Oct 2007. d) Protection of Rights of Investors in the Securities Market Act No 46-FZ dated 5 March 1999, in force as of 8 March 1999 and last amended 26 Apr 2007. e) Protection of Competition Act No 135-FZ dated 26 July 2006. f) Insolvency (Bankruptcy) Act No 127-FZ dated 26 October 2002 (the "Insolvency Act") last amended on 2 Oct 2007.

No.	Checklist	Brief description
		g) FSFM Regulation on Disclosure of Information by the Issuers of Emissive Securities dated 10 Oct 2006 No 06-117/pz-n last amended on 30 Aug 2007. h) FSFM Regulation on Procedures for Maintaining of Register of Emissive Securities No 06-21/pz-n dated 28 Feb 2006.
8.	Summarize recent significant legal developments affecting corporate governance. <i>[Please indicate whether reviews are planned (and if so, where they stand in the legislative process). If reforms are pending, please provide a schedule of the main proposals which are relevant to corporate governance.]</i>	JSC Act has been amended in 2006 to include Chapter XI.1 on tender/mandatory offers, shareholder squeeze out and sell out rights; reorganization provisions have been also amended. Securities Markets Act was amended in 2006 to include provisions on depositary receipts (DRs). New provisions related to disclosure were introduced by FSFM Regulation on Disclosure of Information by the Issuers of Securities. The review as per MEDT's Concept on Development of Corporate Governance Standards in Russia in the Period until 2008 will focus on prevention of corporate disputes, state registration of entities, improvement of securities registers, liability of management bodies, conflicts of interest, taxation, affiliated entities, etc.
9.	Please list the different corporate forms which are allowed under the law (e.g. partnerships, limited liability, joint stock, public limited) and briefly explain the main differences.	The following are major commercial private corporate forms in Russia: <ol style="list-style-type: none"> a. Open Joint Stock Company (Открытое Акционерное Общество, ОАО). This corporate form is similar to public limited companies; b. Closed Joint Stock Company (Закрытое Акционерное Общество, ЗАО). This corporate form is similar to limited liability companies; c. Limited Liability Company (Общество с Ограниченной Ответственностью, ООО); d. General Partnership (Полное Товарищество); e. Limited Partnership (Товарищество с Дополнительной Ответственностью); f. Company Limited by Guarantee (Общество с Дополнительной Ответственностью).
10.	Are joint stock companies managed under a(n) <i>[please briefly explain]</i> :	
	a.) Compulsory one-tier system (no supervisory board)	No
	b.) Compulsory two tier-system (management board and supervisory board)	JSCs with 50 or more shareholders must have a supervisory board within their management structure. Art. 64 JSC Act
c.) Option to choose one-tier/two-tier system	The relevant legislation allows JSCs to have either: Chief Executive Officer (CEO) (единоличный исполнительный орган) only; supervisory board (SB) (совет директоров) and CEO; SB, CEO and management board (MB) (коллегиальный исполнительный орган). JSCs with 50 or more shareholders must have a supervisory board within their management structure. By default, the shareholder meeting has the right to appoint members of the SB and MB and the CEO; where articles provide so, the SB has the right to appoint members of the MB and the CEO. Art. 48 JSC Act.	

Principle I: Ensuring the basis for an effective corporate governance framework

The corporate governance framework should promote transparent and efficient markets, be consistent with the rule of law and clearly articulate the division of responsibilities among different supervisory, regulatory and enforcement authorities.

I.A. *Corporate governance framework should be developed with a view to its impact on overall economic performance, market integrity, and the incentives it creates for market participants and promotion of transparent and effective markets.*

No.	Checklist	Yes	No	Reference to the relevant law
11.	a.) Does your country have a functioning stock exchange? <i>[Please include the stock exchange website, if available.]</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Yes, several. http://www.rts.ru/en/ http://www.micex.com/ and others
	b.) Are there different listing segments on the stock exchange? <i>[If yes, please describe, focusing on corporate governance.]</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>There are several stock exchanges in Russia. As a general rule, criteria to list a company under certain segment relate to the financial characteristics of the issuer and its securities. <i>Exempli gratia</i>, relevant RTS (one of the stock exchanges in Russia) requirements are described below. The top segment is A (where A1 and A2 levels exist). B and I segments also exist.</p> <p>A segment (A1 and A2 levels):</p> <p>Both A1 and A2 issuers must have:</p> <p>supervisory board with not less than 3 independent members; auditor appointing committee chaired by an independent member of the SB; committee on remuneration (it should determine principles for remuneration of SB members and management board members); management board; a document establishing internal control procedures and a relevant department.</p> <p>A1 and A2 issuer shall file quarterly reports on compliance with corporate governance (CG) requirements and the requirements listed above, however, A2 issuer may commence compliance with the requirements listed above a year after the listing.</p> <p>Both A1 and A2 issuers must report under IFRS or GAAP and provide and regularly update list of affiliated entities.</p>

No.	Checklist	Yes	No	Reference to the relevant law
				<p>B segment: Issuers must have: supervisory board with at least 1 independent member; auditor appointing committee which members are not CEO or members of MB; a document establishing internal control procedures and a relevant department. B issuer shall file quarterly reports on compliance with CG requirements and requirements listed above: however, the issuer may commence compliance with the norms listed above a year after the listing.</p> <p>I Segment: The segment is for issuers undergoing an IPO. The issuer must accept an obligation towards the exchange to submit relevant CG data to the exchange. The issuer must have: supervisory board with at least 1 independent member. The issuer shall file quarterly reports on compliance with CG requirements and requirements listed above</p>
12.	Are corporate bonds common in your country?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
13.	Are Depositary Receipts (DRs) common in your country?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Relevant legislation was adopted only recently and DRs are not very common.
14.	Does the country have a legislative or regulatory body in charge of assessing the implementation, reviewing and developing corporate governance laws?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	MEDT has a department focusing exclusively on corporate governance.
15.	Are there effective, ongoing consultations between regulatory authorities, the public and corporations regarding the development of corporate governance laws? Is the decision-making process used in the development of those laws made publicly available?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Yes, such consultations take place. Yes, the decision making process is made publicly available through mass media.
16.	How transparent is the legal reform process? Does it allow all affected parties to fully understand the new laws and regulations?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	In general legal reform process is transparent. It allows the affected parties to understand new laws and regulations.
17.	Can the securities market regulator intervene on behalf of shareholders in corporate disputes?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Yes, in certain cases. According to Art. 14 of Protection of Rights of Investors in the Securities Market Act, FSFM may in the interests of investors, <i>inter alia</i> , initiate actions on avoidance of securities markets' transactions. The list of possible actions is not exhaustive and FSFM may take other actions as necessary.

No.	Checklist	Yes	No	Reference to the relevant law
18.	Does commercial, corporate or securities arbitration exist? If yes, are arbitration decisions binding and final?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	It exists. Yes, if so stipulated by the arbitration clause Art. 40 of the Arbitration Tribunals Act No 102-FZ dated 24 Jul 2002).
19.	Are state-owned companies subject to exactly the same corporate governance rules as other privately owned companies?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	State-owned companies may be incorporated either (i) as a commercial entity (state enterprise) or (ii) a non-profit entity (state corporation or state establishment). State enterprises, state corporations and state establishments are subject to special governance rules. In addition, the State may own shares or interest in such commercial entities as joint-stock companies and limited liability companies, which are generally subject to the same corporate governance rules as entirely privately owned companies. However, certain exceptions exist. For example, the State, as a shareholder, may be entitled to exercise certain additional rights in open joint-stock companies in which it owns more than 25% of shares (the so-called "golden share" right)

I.B The legal and regulatory requirements that affect corporate governance practices in a jurisdiction should be consistent with the rule of law, transparent and enforceable.

No.	Checklist	Yes	No	Reference to the relevant law
20.	Are the legal and regulatory requirements on corporate governance:			
	a.) generally clear and well understood by economic participants?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Generally legal and regulatory requirements are clear and well understood. However, certain inconsistencies in the legislation exist.
	b.) sufficiently enforced in an efficient, consistent manner so as to constitute a transparent system?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Legal and regulatory requirements on corporate governance may be enforced in Russian courts. In an effort to implement application of corporate governance rules in the RF Higher Arbitration Court and the RF Supreme Court issue precedents reviews and information letters to streamline the law enforcement practice of lower courts. However, it appears that the court practice sometimes lacks consistency in resolving disputes involving corporate governance matters.
21.	a.) Do special court/sections exist in the judiciary for corporate cases?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	There are special courts that deal with commercial disputes between business entities (<i>Arbitrazh courts</i>)..
	b.) Is there a significant percentage of corporate governance law that has never been tested in court?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Because corporate governance disputes are common, significant percentage of corporate governance law has been tested in court.

No.	Checklist	Yes	No	Reference to the relevant law
	c.) Does a comprehensive case law collection exist so that interpretation of corporate governance legislation by courts is reasonably foreseeable?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	There is no precedent system of law in Russia. However, lower courts often follow decisions issued by higher courts and their own previous decisions. A body of case law on corporate governance exists. As a rule, interpretation of corporate governance legislation is reasonably foreseeable and follows a trend.
22.	Do the laws usually specify sanctions and liabilities for breach of corporate governance laws and regulations?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Yes, the laws usually set forth sanctions and liabilities for such breaches, however, there are occurrences when a rule of law lacks legal sanction.
23.	If yes, are the responsibilities and sanctions for breach of the law with reference to the following subjects, clearly defined:			
	a.) management board	<input checked="" type="checkbox"/>	<input type="checkbox"/>	A general criminal liability provision of Art. 201 Criminal Code No 63-FZ dated 13 Jun 1996 (as amended) may be applicable to CG breaches. Non-disclosure in the financial markets is covered by Art. 185.1 Criminal Code. MB and CEO's liability is generally outlined in Art. 71 JSC Act and covers cases where MB or its member or CEO may be liable towards the company. In addition to the above, (quasi)tortious liability under general Civil Code provisions may apply.
	b.) supervisory board (if applicable)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	A general criminal liability provision of Art. 201 Criminal Code may be applicable to CG breaches. Non-disclosure in the financial markets is covered by Art. 185.1 Criminal Code. SB liability is generally outlined in Art. 71 JSC Act and covers cases where SB or its member may be liable towards the company. In addition to the above, (quasi)tortious liability under general Civil Code provisions may apply.
	c.) corporate registry	<input checked="" type="checkbox"/>	<input type="checkbox"/>	A general criminal liability provision of Art. 201 Criminal Code may be applicable to CG breaches. A special provision related to securities owners' registrars exists (Art. 8.1 of the Securities Markets Act). The registrar could be held liable for damages, caused by registrar's failure to properly carry out its functions in cases where such failure resulted in impossibility for shareholders to exercise their rights embodied in the securities in question. In addition to the above, (quasi)tortious liability under general Civil Code provisions may apply.

No.	Checklist	Yes	No	Reference to the relevant law
	d.) corporate auditors	<input checked="" type="checkbox"/>	<input type="checkbox"/>	A specific criminal liability provision of Art. 202 Criminal Code addressed to auditors may be applicable to CG breaches. Art. 21 of the Audit Activities Act 2001 provides that auditors could be held liable under (general) provisions of civil legislation. Therefore, general rules of tortious and contractual liability apply to corporate auditors.
	e.) corporate evaluators/assessors (e.g., in case of contribution in kind)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	A general criminal liability provision of Art. 201 Criminal Code may be applicable to CG breaches. In cases prescribed by Art. 24.6 of the Evaluation Activities Act 1998, evaluators are liable (including liability to 3 rd parties) for damages caused by. In addition to the above, (quasi)tortious liability under general Civil Code provisions may apply.

I.C. The division of responsibilities among different authorities in a jurisdiction should be clearly articulated and ensure that public interest is served.

No.	Checklist	Yes	No	Reference to the relevant law
24.	Does the law designate a clear division of responsibilities between different authorities (e.g., banking regulator, securities market regulator, competition authority)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Although certain overlap of responsibilities of different authorities exists, the law fairly clear divides responsibilities among different authorities.
25.	Is there an effective system of cooperation in place between regulators?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	There are regulations on cooperation and coordination of activities between a ministry and federal services and agencies which are within jurisdiction of the respective ministry. In addition, two or more authorities may issue joint regulations on the procedure for cooperation among themselves. The developed system proves to be effective.
26.	Does the law address the issue of potential overlapping responsibilities or gaps in oversight between regulators?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
27.	Are the key laws perfectly harmonised without major inconsistencies, conflicts and discrepancies?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Although certain inconsistencies exist, the key laws are harmonized, and there are no major inconsistencies, conflicts and discrepancies.

I.D. Supervisory, regulatory, and enforcement authorities should have the authority, integrity and resources to fulfil their duties in a professional and objective manner. Moreover, their ruling should be timely, transparent, and fully explained.

No.	Checklist	Yes	No	Reference to the relevant law
28.	Is the market regulator in charge of corporate governance?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	No direct focus on corporate governance exists, though indirectly the regulator would monitor compliance with CG standards.
29.	Does the law assure the operational independence of the regulator from external political, commercial, or other interest interference when exercising its respective functions and powers?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The legislation includes the relevant provisions and the market regulator enjoys certain degree of operational independence at the same time. However, the Head of the FSFM is appointed and removed by the RF Government. Deputy Heads are appointed and removed by the RF Government as advised by the Head of the FSFM (Item 8 of the Regulations on the FSFM). These persons are state civil servants and their employment is regulated by Federal Law No. 79-FZ "On State Civil Service", dated July 27, 2004.
30.	Is the regulator accountable to the Parliament or any other government body on an ongoing basis?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	FSFM is accountable to the Government of the RF.
31.	Is the budget of the regulator published and expenses transparently described?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Activity of the FSFM is financed from the federal budget (Section 11 of Regulations on the Federal Service on Financial Markets approved by Government Decision No. 317 on June 30, 2004 as amended). Federal Budget for 2007 Act No. 238-FZ dated 19 Dec 2006 set forth total budgeted expenses of the FSFM and break down of the expenses for the operation federal body and territorial departments, experts' fees, international organizations membership fees, benefits to FSFM officers, payments under State contracts for research services.
32.	Does the law require that when developing new legislation, regulatory agencies should:			
	a.) understand in advance the effects, costs and consequences of such new legislation (e.g., by implementing a Regulatory Impact Analysis - RIA)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	A draft law should be supported by a feasibility study and its financial impact (if the law entails expenses). Art. 105 of State Duma Regulations No.2134-II GD dated 22 January 1998 (as amended through the date hereof)
	b.) take into account the availability of resources for the implementation and enforcement of those laws?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	A draft law should be supported by a feasibility study and its financial impact (if the law entails expenses). Art. 105 of State Duma Regulations No.2134-II GD dated 22 January 1998 (as amended through the date hereof)
33.	a.) Are the rulings of regulatory agencies documented and publicly available?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	The rulings in individual cases should be documented, but are not publicly available. Certain rulings of importance to a public (such as clarifications, information letters, etc.) are made available through websites, legal databases or mass media.
	b.) If so, is that information easily accessible?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	

No.	Checklist	Yes	No	Reference to the relevant law
34.	After regulatory agencies render their decisions, must they also provide explanations for those decisions?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<p>Article 44.1(4) of Securities Market Act states that any person may lodge a request on issues within FSFM's competence and FSFM shall provide a substantiated answer within 30 days. Hence, an interested person can lodge a request on reasons for FSFM's decision.</p> <p>FSFM shall reasonably substantiate the necessity of obtaining information from issuers or professional market makers when it demands provision of such information (Article 44.1 of the Securities Market Act).</p> <p>In the event of imposition of administrative liability on issuers or professional participants of the securities market, the FSFM should provide grounds for holding a person liable. (Art. 28.2, Art. 29.8 and Art. 29.9 of the Code of Administrative Violations).</p>

Principle II: The rights of shareholders

The corporate governance framework should protect shareholders' rights

II.A. Basic shareholder rights include the right to: 1) secure methods of ownership registration; 2) convey or transfer shares; 3) obtain relevant information on the corporation on a timely and regular basis; 4) participate and vote in general shareholder meetings; 5) elect members of the board; and 6) share in the profits of the corporation.

No.	Checklist	Yes	No	Reference to the relevant law
35.	Does the law require maintenance of a central or company share register where the shareholding of investors is recorded?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	JSC Act, Art. 44 The law requires maintenance of a shareholders register and, in the event of nominal holders registered in the depositary, maintenance of relevant records by the depositary.
36.	Does the law require that the relevant share register be maintained by an external and independent organisation?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	JSC Act, Art. 44 The law requires that the shareholders register be maintained by an independent registrar. The only exception from this rule is that a JSC with 50 or less shareholders may maintain the register itself.
37.	Under the law, does registration of shareholding in the central or company share register constitute proof of ownership? <i>[If not, please explain what is the legal evidence of share ownership.]</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Civil Code, Art. 142 JSC Act, Art. 46
38.	Under the law, can the parties (purchaser, seller or third parties) of shares require amendment of the register to record the change in shares' ownership? <i>[Please explain.]</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	JSC Act, Art. 45. The purchaser, the seller, their authorised representatives, the nominal holder, the court bailiffs can require amendment of the register.
39.	a.) Does the law require that all the shares be fully paid before they can be transferred?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	The requirement that all the shares are fully paid before they can be transferred applies upon initial offering only. JSC Act, Art. 34, Protection of Rights in the Securities Market Act, Art. 5(2)

No.	Checklist	Yes	No	Reference to the relevant law
	b.) Are shares of listed/public companies freely transferable?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Ordinarily shares of public companies are freely transferable. However, Art. 11 of JSC Act allows articles of association to set limits on the number of shares that belong to a shareholder and thus indirectly limits free transferability. In addition, pledged shares may be transferred upon consent of the pledgee. "The law requires that the shares be paid in full before they can be traded only upon initial offering".
	c.) Can the free transferability of shares be restricted by specific provisions in company articles or by private contractual agreements?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Art. 11 JSC Act allows articles of association to set limits on the number of shares that belong to a shareholder, and thus indirectly limits free transferability. Generally, there is no prohibition in law to have private contractual arrangements on transferability of assets (e.g., in cases of a share pledge). Shareholders of <i>closed</i> JSCs have the right of first refusal with respect to shares offered for sale to the third parties by other shareholder.
40.	a.) Is the law providing shareholders the right to obtain information about the company at no costs and without undue delay? <i>[If applicable, please state the time limit for providing information.]</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Art. 89 JSC Act enumerates the documents that a company is obliged to keep. Art. 91 stipulates that shareholders should have access to such documents. Accounting records can be accessed by shareholders holding 25% or more of voting shares. The time limit is 7 days. According to Regulation on Accounting 'Accounting Reports of Entity' PBU 4/99 dated as of 6 Jul 1999 N 43n (as amended), financial reports shall be accessible to all 'users' (пользователи) (which broadly includes all interested parties - investors, creditors, etc.). Information can be accessed at no cost; however, copies may be charged for at cost.
	b.) Does the law provide for sanctions in case such information is not provided by the company in due time?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	There is no specific sanction. However, a person whose rights are breached could seek general civil law remedies available under civil law.
41.	Under the law, is the shareholders' meeting the only body authorised to:			
	a.) elect/appoint members of the board? <i>[Please distinguish in case a two-tier system is in place.]</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	By default, shareholder meeting has the right to appoint members of the SB and MB and the CEO; where articles provide so, the SB has the right to appoint members of the MB and the CEO. Art. 48 JSC Act.
	b.) dismiss members of the board? <i>[Please distinguish in case there is a two-tier system in place.]</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	By default - yes, unless articles provide that MB and CEO are appointed (and dismissed) by SB. Art. 48 and Art. 65 of JSC Act.
	c.) approve the company's audited annual report?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Art. 48, Art. 88 JSC Act.

No.	Checklist	Yes	No	Reference to the relevant law
	d.) approve dividends?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Art. 42, Art. 48 JSC Act.
	e.) decide on the time frame within which approved dividends are paid out?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Art. 42, Art. 48 JSC Act.
42.	Are minority shareholders able to pool their votes for certain board candidates (for example, through cumulative voting)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Art. 66.4 JSC Act.
	Does the law give the shareholders' meeting the exclusive power to <i>[Please specify if the power can be delegated to the board by the charter]</i> :			
	a.) appoint auditors;	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Art. 86 JSC Act.
43.	b.) approve the auditors' remuneration;	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Art. 86 JSC Act - this is in competence of SB. It is not necessary to form SB, if there are less than 50 shareholders; in the latter case such decision is taken by GM.
	c.) request additional information regarding the auditors' report?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	d.) approve remuneration of (supervisory/management) board members	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Yes-with respect to SB remuneration only , Art. 64 JSC Act. MB can be elected by shareholders or SB, depending on the charter of the company; in the latter case the remuneration of the MB members is determined by the SB. Art 48(8) JSC Act.
44.	Does the law impose any conditions on a company to declare dividends?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Civil Code, Art. 102 JSC Act, Art. 42, 43. The main conditions are: 1) The company's charter capital has been paid up. 2) The company has purchased shares from its shareholders where so required by JSC Act. 3) The net assets of the company are not less than its charter capital. 4) The company is solvent.
45.	Does the law require the distribution of dividends among holders of shares in proportion to their shareholding?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	JSC Act, Art. 31, 32
46.	Does the law require the distribution of liquidated proceeds among holders of shares in proportion to their shareholding?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	

II.B Shareholders have the right to participate in, and to be sufficiently informed on, decisions concerning fundamental corporate changes such as: 1) amendments to the statutes, or articles of incorporation or similar governing documents of the company; 2) the authorisation of additional shares; and 3) extraordinary transactions that in effect result in the sale of the company.

No.	Checklist	Yes	No	Reference to the relevant law
	Does the law provide that shareholders should be notified of, and have the exclusive power to vote with respect to: [<i>Please specify if the power can be delegated to the board by the charter.</i>]:			
47.	a.) amendments to the company charter?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	JSC Act, Art. 48, 52. (this is an exclusive power)
	b.) issuance of additional shares?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	JSC Act, Art. 28, 48, 52 . This power may be delegated by the shareholders to the SB.
	c.) merger, take-over or reorganisation of the company?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	JSC Act, Art. 48, 52 (this is an exclusive power)
	d.) winding up or voluntary liquidation of the company?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	JSC Act, Art. 48, 52 (this is an exclusive power)
	e.) waiver of pre-emptive rights (in the event of capital increase)?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Statutory pre-emption rights cannot be waived.
	f.) the amendment of the specific rights attached to any class of shares?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	JSC Act, Art. 32, 52 (this is an exclusive power)
48.	Does the law provide that existing shareholders have pre-emption rights to subscribe to newly issued shares in proportion to their relevant shareholding?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	JSC Act, Art. 40
49.	a.) Does the law allow exceptions/restrictions to these pre-emption rights described in Question 48 above?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	b.) If yes, are these restrictions required to be approved on a case by case basis <i>and</i> by a super-majority vote of the shareholders (e.g. 75%)?	<input type="checkbox"/>	<input type="checkbox"/>	
50.	Can shareholders delegate to boards the issuance of capital up to an authorized limit and within a specified time-frame?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Art. 20 JSC Act. Yes, if so provided by the articles of association (articles).
51.	Does the law enable a shareholder who voted against any of the corporate changes in the company as referred to in Question 47 above to sell its shares to the company for not less than a price determined by an independent valuation entity (or the market)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	JSC Act, Art. 75

II.C Shareholders should have the opportunity to participate effectively and vote in general shareholder meetings and should be informed of the rules, including voting procedures that govern general shareholder meetings.

No.	Checklist	Yes	No	Reference to the relevant law
52.	Does the law require a shareholder meeting to be held annually, and within a specified time frame (e.g., 6 months) of the end of the company's fiscal year?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	JSC Act, Art. 47
53.	Does the law empower the following people to request extraordinary shareholders' meetings:			
	a.) the chairman of the board of directors; or	<input type="checkbox"/>	<input checked="" type="checkbox"/>	JSC Act, Art. 65 The SB, not its chairman, is authorised to call the annual shareholders' meeting
	b.) any member of the board of directors/supervisory board [<i>Please specify</i>]; or	<input type="checkbox"/>	<input checked="" type="checkbox"/>	JSC Act, Art. 65 The SB as a body is authorised to call the annual shareholders' meeting
	c.) one or more shareholders whose aggregate shareholding represents at least 10% of the Company's issued shares? [<i>Please specify the required shareholding.</i>]	<input checked="" type="checkbox"/>	<input type="checkbox"/>	JSC Act, Art. 55. The required threshold is 10% or more in aggregate
54.	Does the law enable shareholders to participate in the shareholders' meeting not only in person, but also:			
	a.) by post	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Art. 60 JSC Act.
	b.) by voting instructions in writing or by substitutes other than directors on the basis of a power of attorney? If yes, should the power of attorney be notarised?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Art. 57 JSC Act, Art. 185 Civil Code. Substitution at the shareholders' meeting could be made using the power of attorney. As a general rule, power of attorney issued by individuals should be notarised or certified by, <i>inter alia</i> , employer of such individual and power of attorney issued by legal entities should be signed by the CEO of the relevant company and sealed.
55.	Does the law require that a shareholders' meeting be attended by a quorum of shareholders (presence quorum) representing an aggregate of at least 50% + 1 of the company's issued and outstanding common and preferred shares at the first call? [<i>Please specify the quorum for the first, second and third call.</i>]	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Quorum is present if shareholders holding more than 50% of votes are present at the shareholders' meeting. Note, however, that shareholders holding preferred shares are entitled to vote only in cases specified by law. Art. 58 JSC Act. Second call - 30%, second call quorum could be less for a company with more than 500,000 shareholders, if such lesser quorum is specified in the company's articles of association.

No.	Checklist	Yes	No	Reference to the relevant law
56.	Does the law require the adoption of ordinary resolutions by an affirmative vote of a majority (of 50% + 1) of all of the company's issued and outstanding voting shares (decision quorum)? <i>[Please specify the quorum for the first, second and third call.]</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Art. 49 JSC Act.
57.	Does the law require a super-majority vote of at least 75% of all the company's issued and outstanding voting shares regarding resolutions for the following matters:			
	a.) any amendment to the company's charter <i>[Please specify the quorum required at the second and third call.]</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	JSC Act, Art. 49. 75% of the shareholders who own voting shares and participate in the meeting
	b.) any merger or reorganisation of the company <i>[Please specify the quorum required at the second and third call.]</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	JSC Act, Art. 49. 75% of the shareholders who own voting shares and participate in the meeting
	c.) the winding up or voluntary liquidation of the company <i>[Please specify the quorum required at the second and third call.]</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	JSC Act, Art. 49. 75% of the shareholders who own voting shares and participate in the meeting
	d.) a waiver of shareholders' tender rights in case of voluntary redemption <i>[Please specify the quorum required at the second and third call.]; and</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Each and every shareholder of the relevant category has the right to tender his shares and the company is obliged to buy them in accordance with the procedure prescribed by law (Art.72.4 JSC Act). Decisions on voluntary redemption are taken by GM or by SB, in cases where the latter is prescribe the company's articles. Such GM decisions require a majority of 50% of participating shareholders' votes (Art. 49 JCS Act); SB decisions require majority of votes of the SB members present at the meeting or a majority as prescribed by company's articles or by-laws (Art. 68.3 JSC Act).
e.) any single transaction or series of transactions involving at least 25% of the company's assets? <i>[Please specify the quorum required at the second and third call.]</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	JSC Act, Art. 49, 79.3. A majority of 50% of participating shareholders' votes is required for major transactions, unless the transaction involves more than 50% of company's assets. In the latter case, a majority of 75% of participating shareholders' votes is required.	
58.	In the case of any proposed restriction(s) on, or any amendment of, the specific rights attached to any class of shares, does the law require:			
	a.) the 50 % + 1 presence quorum and	<input checked="" type="checkbox"/>	<input type="checkbox"/>	No special rules on presence quorum apply. The initial shareholders' meeting quorum is 50%+1. Second call quorum is 30%+1. JSC Act Art.58.

No.	Checklist	Yes	No	Reference to the relevant law
	b.) a super-majority vote of at least 75% of the company's issued and outstanding voting shares within each such class of shares which may be affected by the proposed restriction or amendment?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	JSC Act Art. 49.4 requires 75% of votes of participating shareholders to amend the articles of the company (which is necessary to change rights attached to shares). In addition, under Art. 32(4) JSC Act, a decision to limit rights accruing to preferred shares requires a vote of 75% of all shareholders present at the meeting, excluding the votes of preferred shares so affected, and 75% vote of all preferred shares so affected, unless a greater majority vote is stipulated by the articles of the company.
59.	Is there a certain amount of time that must elapse between a first and second call?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	JSC Act, Art. 58. The rules for notification apply: 20 days needed for ordinary notification on a GM and 30 days in case of reorganizations.
60.	In cases where the rules relating to the holding of shareholders' meetings have been violated, does the law provide for the right of shareholders to bring an action in order to set aside a shareholder's resolution? <i>[If yes, please specify what is the percentage required for such action.]</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	JSC Act, Art. 49. Any shareholder.

II.C.1 Shareholders should be furnished with sufficient and timely information concerning the date, location and agenda of general meetings, as well as full and timely information regarding the issues to be decided at the meeting.

No.	Checklist	Yes	No	Reference to the relevant law
61.	a.) Does the law require that the company notify the shareholders of the agenda for a shareholders' meeting at least 20 calendar days in advance of the scheduled shareholders' meeting?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	JSC Act Art. 49.
	b.) Does the law allow that the notification of the general meeting be published in a newspaper or official gazette, without the need for individual notification to each shareholder? <i>[If yes, please specify if it is required that the newspaper must have national distribution.]</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	JSC Act Art. 52. Yes, if it is stipulated in the articles, including the title of the media. There is no general requirement that the newspaper or gazette has national distribution.
62.	Does the law require a power of attorney proxy form to be sent out at the same time when the notice convening the meeting is sent out?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	

No.	Checklist	Yes	No	Reference to the relevant law
63.	In case of a proposed shareholders' meeting where any of the proposed resolutions require super-majority approval, does the law require that the company send a copy of the agenda, including any valuation reports and proposed resolutions and charter amendments to the shareholders?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	There are no special rules for super majority approval. However, the law requires that certain materials are made available to shareholders, prior to the Shareholder's meeting.

II.C.2. Opportunity should be provided for shareholders to ask questions to the board and to place items on the agenda at general meetings, subject to reasonable limitations.

No.	Checklist	Yes	No	Reference to the relevant law
64.	Does the law require the agenda for a shareholders' meeting to be adopted by the board of directors?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	JSC Act Art. 65.
65.	Does the law provide for additional items to be added to the agenda at the request of:			
	a.) the chairman of the board of directors;	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	b.) any 2 directors; or	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	c.) any one or more shareholders whose aggregate shareholding represents at least 10% of the company's issued and outstanding shares?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	JSC Act Art. 53. Shareholder holding in aggregate at least 2% of voting shares are entitled to offer questions to the agenda.
66.	a.) Does the law allow shareholders to submit questions in advance of a shareholders' meeting to which management and board members are required to reply at such shareholders' meeting?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	b.) Does the law impose any penalties for not replying to such a shareholder request?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	c.) Does the law allow shareholders to ask questions at the shareholder meeting?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	There are no special rules set forth in law in this respect. However, the law does not prohibit a shareholder from asking a question.

II.D Capital structures and arrangements that enable certain shareholders to obtain a degree of control disproportionate to their equity ownership should be disclosed.

No.	Checklist	Yes	No	Reference to the relevant law
67.	a.) Does the law regulate cross-shareholdings ¹ ?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Yes, mainly with reference to disclosure, conflicts of interest and protection of competition. JSC Act Art. 81, 93 and Art. 27 Protection of Competition Act No 135-FZ dated 26 Jul 2006.
	b.) Is there a voting cap limiting the number of votes that a shareholder, who holds a cross-shareholding in another company, may exercise in dealings with that company (for example a voting cap of 10%)? <i>[If so, please specify the voting cap.]</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
68.	a.) Are there rules that govern the disclosure by shareholders of ultimate beneficial ownership? If yes, please specify the thresholds for disclosure of ownership.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	There is no articulate concept in Russia of 'ultimate beneficial ownership'. Ownership disclosure is governed by the rules of Securities Markets Act, Art. 30. The mentioned rules apply in cases where a prospectus was required by law (in order to issue securities). The following changes should be disclosed: changes in the shareholder registry that result in a shareholder obtaining right to 5% of the issued and outstanding common shares, and all changes that result in a shareholder stake becoming more or less of any of the 5, 10, 15, 20, 25, 30, 50 or 75% of issued and outstanding common shares. According to FSFM Order dated 10 Oct 2006 N 06-117/pz-n, names of shareholders so involved are disclosed for all open JSCs and closed JSCs that have publicly offered securities.
	b.) Do ownership disclosure rules enable shareholders to obtain a clear picture of a company's ultimate ownership and the identity of intermediaries?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
69.	Does the law impose restrictions on transactions involving shareholders with a conflict of interest regarding the transaction in order to avoid disadvantageous transaction terms for the company?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Art. 81-84 JSC Act.
70.	Are shareholders required to disclose shareholder agreements to the company, the authorities and/or to other shareholders?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	

¹ A cross-shareholding is where the company owns shares in another company which is also one of its own shareholders.

II.E Changes of corporate control should be allowed to function in an efficient and transparent manner.

II.E.1. The rules and procedures governing the acquisition of corporate control in the capital markets, and extraordinary transactions such as mergers and sales of substantial portions of corporate assets, should be clearly articulated and disclosed so that investors understand their rights and recourse. Transactions should occur at transparent prices and under fair conditions that protect the rights of all shareholders according to their class.

No.	Checklist	Yes	No	Reference to the relevant law
71.	Does the law require notification to the company, the other shareholders, the securities commission, the stock exchange or anti-monopoly office if a shareholder builds up a significant shareholding in the company? <i>[Please briefly describe how the law define significant shareholding.]</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>Disclosure by shareholders of their stakes is governed by the rules of Securities Markets Act, Art. 30. The mentioned rules apply in cases where a prospectus was required by law (in order to issue securities). The following changes should be disclosed by the respective shareholder: changes in the shareholder registry that result in such a shareholder obtaining right to 5% of the issued and outstanding common shares, and all changes that result in such a shareholder stake becoming more or less of any of the 5, 10, 15, 20, 25, 30, 50 or 75% of issued and outstanding common shares.</p> <p>According to FSFM Order dated 10 Oct 2006 N 06-117/pz-n, names of shareholders so involved are disclosed for all open JSCs and closed JSCs that have publicly offered securities.</p> <p>In addition to the above, disclosure by shareholders of their stakes is governed by the rules of ChXI.1 of the JSC Act. The provisions relate to mandatory offers and cover cases where a shareholder builds stakes of 30, 50 and 75% of the total number of shares of an open JSC. In such cases, mandatory offers should be sent to other shareholders (as prescribed by law) and include the number of shares that the offering shareholder holds.</p> <p>Art. 28 of the Protection of Competition Act 2006, Art. 28, prescribes that under certain circumstances, Russian competition authority should be asked for approval of transactions as the result of which a person (or a group of persons) acquires the right to more than 25% of voting shares of a company.</p>
72.	Does the law impose any penalties for non-notification (e.g. a shareholder not being allowed to exercise the voting rights attached to the shares)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Art. 84.2.6 JSC Act
73.	Are shareholders of the same class treated equally during changes of control? Is there a provision that minorities receive the same price as the controlling owner?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Art. 84.2 JSC Act
74.	Does the law include a provision allowing an offeror to require the holders of the remaining securities to sell their securities at a fair price (the so-called minority squeezed	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Art. 84.8 JSC Act. The shareholding threshold is 95%

No.	Checklist	Yes	No	Reference to the relevant law
	out)? If yes, please specify the shareholding threshold.			
75.	Does the law include a provision allowing the holders of remaining securities to require the offeror to buy their securities at a fair price (the so-called minority buy-out)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Art. 84.7 JSC Act.

II.E.2. Anti-takeover devices should not be used to shield management from accountability.

No.	Checklist	Yes	No	Reference to the relevant law
76.	Does the law require an authorisation by a shareholders' resolution with a majority of 75% of the company's issued shares, before the board of directors is entitled to enter into any transaction other than for full and valid consideration as a measure to prevent a change of control in the company?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	However, Art. 84.6 JSC Act sets forth a list of issues that could be related only by the Shareholder's meeting in connection with potential change of control in the company.

Principle III: The equitable treatment of shareholders

The corporate governance framework should ensure the equitable treatment of all shareholders, including minority and foreign shareholders. All shareholders should have the opportunity to obtain effective redress for violation of their rights.

III.A. All shareholders of the same class should be treated equally.

III.A.1 Within any class, all shareholders should have the same voting rights. All investors should be able to obtain information about the voting rights attached to all classes of shares before they purchase. Any changes in voting rights should be subject to shareholder vote.

No.	Checklist	Yes	No	Reference to the relevant law
77.	Does the law require that within any class of shareholders all shareholders have the same voting rights? If yes, does the law implement the principle “one share-one vote”?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Each common share provides the same rights to the shareholders. Each type of preferred shares provides the same rights to the shareholders. Art. 31, 32 JSC Act. Generally, voting is one share-one vote (1S1V) (Art. 59 JSC Act); however, there are exceptions, e.g., the articles of the company may limit the maximum amount of votes enjoyed by a shareholder (Art. 11 JSC Act), and the law provides for more than one vote per each share during cumulative voting in case of SB election (Art. 66.4 JSC Act).
78.	Does the law allow investors to have access to information about the voting rights attached to all classes of shares before they purchase? If yes, where is this information available?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Sources of information may differ depending on whether the purchase is to take place during an IPO, on the secondary market, etc. Company's articles should list all shares and rights attached thereto. Articles can be requested from the state registrar Art. 6 State Registration of Legal Entities Act 2001. In addition, for all open JSCs and closed JSCs that publicly offered securities, articles shall be published on the Internet. s 8.4.1 FSFM Regulation on Disclosure by Issuer of the Securities of 10 Oct 2006 N 06-117/pz-n.

III.A.2 Minority shareholders should be protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly, and should have effective means of redress

No.	Checklist	Yes	No	Reference to the relevant law
79.	Does the law provide for specific sanctions and/or liabilities in case of:			
	a.) violation of the rules on notification of shareholder meetings	<input checked="" type="checkbox"/>	<input type="checkbox"/>	In cases where a shareholder did not participate in the meeting, such a shareholder may challenge the decisions taken by such meeting (Art. 49.7 JSC Act).
	b.) violation of rules allowing shareholders to place items on the agenda for the annual meeting	<input type="checkbox"/>	<input checked="" type="checkbox"/>	There is no specific sanction provided for; however, under Art. 53.6 JSC Act expressly provides that such violation may be adjudicated upon in a court.
	c.) delays or failure to pay dividends authorized by shareholder meetings	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	d.) failure to allow inspection of books and records	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Shareholders do not automatically acquire rights to inspect books and records , this right accrues to shareholders with 25% or more of shares. According to Art. 91 of JSC Act, shareholders have right of access to financial statements/reports. There are criminal sanctions for failure to disclose information to investors Art. 185.1 Criminal Code.

III.A.3 Votes should be cast by custodians or nominees in a manner agreed upon with the beneficial owner of the shares

No.	Checklist	Yes	No	Reference to the relevant law
80.	Are financial institutions, holding shares in custody for investors, required by law to provide shareholders with information concerning their options in the use of their voting rights?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Art. 52.4 JSC Act.

III.A.4 Processes and procedures for general shareholder meetings should allow for equitable treatment of all shareholders. Company procedures should not make it unduly difficult or expensive to cast votes.

No.	Checklist	Yes	No	Reference to the relevant law
81.	Can the general meeting be held abroad or in a place other than the company headquarters?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	It can be held in places other than HQ, whereas it is so stipulated by the company articles or by-laws. Section 2.9 FCSM Regulation on Additional Requirements to the Procedures of Preparation, Calling of, and Conduct of General Shareholder Meetings of 31 May 2002 N 17/ps.

III.B. Insider trading and abusive self-dealing should be prohibited.

No.	Checklist	Yes	No	Reference to the relevant law
82.	Does the law require company disclosure of information likely to affect stock exchange prices (in order to prevent insider dealing of shares), without undue delay?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Art. 30 Securities Markets Act.
83.	Are there any laws in place which prevent or punish insider trading?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Art. 33 Securities Markets Act, Art. 15.21 Code of Administrative Violations
84.	Are board members, senior managers or controlling shareholders required to disclose transactions involving their company's shares?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The requirement on such disclosure cover open JSCs and closed JSCs that have publicly offered securities. Annual reports of these entities should disclose transactions of CEO and each member of SB and MB involving the company's shares (s8.2.3 FSFM Regulation on Disclosure by Issuer of Emissive Securities of 10 Oct 2006 N 06-117/pz-n). Prospectuses disclose changes in ownership of shares of any person (including those listed in the question) who hold more than 5% of shares for the period of the last 5 years to the date of relevant GM (s3.11 FSFM Regulation on Disclosure by Issuer of Emissive Securities of 10 Oct 2006 N 06-117/pz-n). Such transactions may also be required to be disclosed under general rules on disclosure depending on the amount of shares involved.

III.C. Members of the board and managers should be required to disclose any material interests in transactions or matters affecting the corporation.

No.	Checklist	Yes	No	Reference to the relevant law
85.	Under the law, is a shareholder, director, officer or employee of the company who has conflicting interests in a deal between the company and another party, required to disclose such interests to the company?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The relevant provisions on disclosure cover members of SB, CEO, members of MB, shareholders (including its affiliated entities) with stakes of 20% or other persons who may issue orders mandatory for the company (JSC Act, Art. 82).
86.	Under the law, must the Board of Directors / Supervisory Board [<i>please specify</i>] ensure that the company pay a fair price for assets or services purchased from or sold to any shareholder, director, officer, employee, agent or representative or related entities of the company?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	JSC Act, Art. 78, 79: If the company acquires or sells assets valued at 25% or more of the value of book its assets, the board and, in some cases, the general shareholders' meeting approve is required. In these cases the board shall determine the price of the assets in the question. As a general rule, in order to prevent conflicts of interest, the law, <i>inter alia</i> , requires that SB approves interested party transactions (as defined) (Art. 83 JSC Act). In addition, major transactions require approval of SB or GM, as the case may be (Art. 79 JSC Act). Rules related to approval of the interested party transactions may apply to the transaction described in this question. For example, as a general rule, the general meeting of shareholders must approve interested party transaction which involve assets with value of 2% or more of the company balance sheet assets. There is no generally applicable "fair price" rule.
87.	Can directors, officers or shareholders of a company who have conflicts of interests with the company, be legally prevented from voting at the meetings where those interest-related issues are discussed?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	JSC Act, Art. 83
88.	a.) Does the law allow the company to give people including the company's directors, officers and employees the right to buy shares?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	JSC Act, Art. 7, 35
	b.) Are there any restrictions imposed on such acts?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	JSC Act, Art. 39 Decision on a private placement must be made by a general shareholders' meeting by a 75% vote.

No.	Checklist	Yes	No	Reference to the relevant law
89.	Does the law require that all related party transactions be:			
	a.) specifically approved by the board (supervisory/management please specify)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	SB or GM, as the case may be. JSC Act Art. 81, 83.
	b.) disclosed to shareholders?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	If the loan agreement is an interested party transaction as defined in the JSC law it should be approved by the board of directors or the Shareholders' meeting (as the case may be). In addition, interested party transactions should be disclosed in annual reports for all JSCs. Section 3.6 FCFM Order on Regulation on Additional Requirements to Procedures of Preparation to, Calling of and Conduct of General Meetings of Shareholders dated as of 31 May 2002 N 17/ps (as amended) For all open JSCs and closed JSCs that have publicly offered securities, such transactions are disclosed in annual reports and prospectuses (Section 8.2.3 and Section 7.6 of Annex 8 to FSFM Regulation on Disclosure by Issuer of Securities of 10 Oct 2006, No. 06-117/pz-n).
	c.) registered in the company financial statement?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	For all open JSCs and closed JSCs that have publicly offered securities, such transactions should be disclosed in annual reports and prospectuses (Section 8.2.3 and Section 7.6 of Annex 8 to FSFM Regulation on Disclosure by Issuer of Emissive Securities of 10 Oct 2006 No. 06-117/pz-n).
90.	Does the law require disclosure of loans made by the company to related parties (e.g. parent companies, subsidiaries, directors, employees, their spouses, children or relatives of the company or related companies)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	If the loan agreement is an interested party transaction as defined in the JSC law it should be approved by the board of directors or the Shareholders' meeting (as the case may be). In addition, interested party transactions should be disclosed in annual reports for all JSCs - Section 3.6 FCFM Order on Regulation on Additional Requirements to Procedures of Preparation to, Calling of and Conduct of General Meetings of Shareholders dated as of 31 May 2002 N 17/ps (as amended). For all open JSCs and closed JSCs that have publicly offered securities - also in accordance with Section 8.2.3 and Section 7.6 of Annex 8 to FSFM Regulation on Disclosure by Issuer of Emissive Securities of 10 Oct 2006 N 06-117/pz-n.
91.	Under the law, can transactions made by companies, which are not based on fair market values, be invalidated and action be taken against the relevant parties?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	JSC Act, Art. 71, 79 However, under certain circumstances director could be held liable for losses incurred by the company. Also, although there is no such specific ground for invalidation of the transaction as specified in the question, interested party and major transaction could be challenged if such a transaction was effectuated in

No.	Checklist	Yes	No	Reference to the relevant law
				violation of the requirements of the JSC law. Such requirement includes rules applicable to the determination of the price of assets which are subject to transaction in question.

Principle IV: The role of stakeholders in corporate governance

The corporate governance framework should recognise the rights of the stakeholders as established by law and encourage active co-operation between corporations and stakeholders in creating wealth, jobs, and the sustainability of financially sound enterprises.

IV.A. The corporate governance framework should assure that the rights of stakeholders (i.e. employees, suppliers, creditors) protected by law are respected.

No.	Checklist	Yes	No	Reference to the relevant law
92.	Does the law contain clear provisions on:			
	a.) safety at work for employees?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Labour Code 2001
	b.) protection of suppliers as stakeholders?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Civil Code Part I 1994 and II 1996
	c.) protection of creditors as stakeholders?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Insolvency (Bankruptcy) Act 2002
	d.) environmental protection (e.g., implementation of the “polluter must pay” principle)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Environment Protection Act 2002 No 7-FZ dated 10 Jan 2002

IV.B. Where stakeholder interests are protected by law, stakeholders should have the opportunity to obtain effective redress for violation of their rights.

No.	Checklist	Yes	No	Reference to the relevant law
93.	Does the law incorporate effective and easily workable remedies for violations of:			
	a.) employees rights?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Labour Code 2001
	b.) suppliers rights?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Civil Code, Arbitrazh Procedure Code and Civil Procedure Code
	c.) creditors rights?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Insolvency (Bankruptcy) Act 2002, Civil Code, Arbitrazh Procedure Code and Civil Procedure Code
	d.) environmental regulations?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Environment Protection Act 2002 and relevant Codes

IV.C. The corporate governance framework should permit performance-enhancing mechanisms for stakeholder participation.

No.	Checklist	Yes	No	Reference to the relevant law
94.	Does the law require employee representation on boards (supervisory/management- please specify)?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	No such requirement exists. However, certain employer's decisions require consultations with trade unions, e.g., Art. 372 Labour Code
95.	Does the law permit employee stock ownership plans or other profit sharing mechanisms?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Art. 7, 35 JSC Act
96.	Does the law permit creditor involvement during insolvency proceedings?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Insolvency (Bankruptcy) Act 2002

IV.D. Where stakeholders participate in the corporate governance process, they should have access to relevant, sufficient and reliable information on a timely and regular basis.

No.	Checklist	Yes	No	Reference to the relevant law
97.	Do stakeholders have special access to corporate information?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	There are general provisions that provide stakeholders with the right of access to corporate information. Such provisions can be found in the Labour Code, Civil Code, Insolvency (Bankruptcy) Act 2002, State Registration of Legal Entities Act 2001.

IV.E. Stakeholders, including individual employees and their representative bodies, should be able to freely communicate their concerns about illegal or unethical practices to the board and their rights should not be compromised for doing this.

No.	Checklist	Yes	No	Reference to the relevant law
98.	Are there any provisions protecting “whistleblowers” (employees and other stakeholders that file complaints/voice concerns regarding unethical or illegal practices by corporate officers)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	There are no specific provisions that apply to whistleblowers only. However, a number of generally applicable provisions would provide protection Art. 81, 82, 132, 137, 352, 374-377 Labour Code 2001

Principle V: Disclosure and Transparency

The corporate governance framework should ensure that timely and accurate disclosure is made on all material matters regarding the corporation, including the financial situation, performance, ownership, and governance of the company.

Timely and accurate disclosure allows all potential investors and market participants to review publicly available information based on which investment decisions are made.

V.A. Disclosure should include but not be limited to, material information on:

V.A.1 The financial and operating results of the company.

No.	Checklist	Yes	No	Reference to the relevant law
99.	Does the law require all joint stock companies to prepare annual audited financial statements?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Art. 88, 92 JSC Act
100.	Does the law require all joint stock companies to prepare quarterly financial reports?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Closed joint stock companies that have never issued securities, for which a prospectus is required (no public offers), are not obliged to prepare quarterly reports. In all other cases - quarterly reports are required. Art. 30 JSC Act
101.	Does the law require joint stock companies to prepare group accounts on consolidated basis?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Not all JSC are required to prepare group accounts on consolidated basis (e.g. if the relevant JSC is a subsidiary). This requirement applies to the 'holding' companies where they satisfy tests as <i>per</i> relevant legislation (JSCs included) (Ministry of Finance Order On Methodical Recommendations on Preparation and Submission of Consolidated Accounts dated as of 30 Dec 1996 (as amended)).

No.	Checklist	Yes	No	Reference to the relevant law
102.	Do laws or regulations to include in their annual reports to shareholders that:			
	a.) The financial statements are their (board's) responsibility.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Reports are CEO's responsibility. Art. 88.2 JSC Act CEO is expressly designated as responsible and SB may be recognised responsible in certain cases as it has to 'preliminary' approve such reports Art. 88.4 JSC Act. Annual reports must be signed by CEO and have the relevant SB's 'preliminary' approval legend. FCSM Regulation on Additional Requirements to the Procedures of Preparation, Calling of, and Conduct of General Shareholder Meetings of 31 May 2002 N 17/ps
	b.) The auditor is responsible for reporting on the financial statements.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	According to the Resolution of the RF Government On Approval of Federal Rules (Standards) of Audit dated as of 23 Sep 2002 N 696 (as amended), Standard 6, auditor's certificate must include a statement that responsibility for financial reporting, bookkeeping rests with the company and the auditor is responsible solely for its opinion that on the basis of the audit performed the financial reports in all material respects are true and that the accounts are kept in accordance with the legislation of the RF
c.) The financial statements fairly present the state of company affairs.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	In explanations to the accounts a statement must be made that accounts are produced in accordance with rules of accounting in the RF (Regulation on accounting 'Accounting Reports of Entity' PBU 4/99 dated as of 6 Jul 1999 N 43n (as amended)). According to Art. 1 Accounting Act 1996 the purpose of accounting is to provide full and correct information on activities and financial position of a company to, <i>inter alia</i> , investors, creditors etc. Therefore, legislation does provide that statements should fairly represent the state of company affairs. Art. 6 of the stated law provides that CEOs are responsible for organization of accounting. Hence, it is seems it is not necessary to include such an express statement in the reports. A similar statement, however, will be included by auditors in the certificate in connection with their opinion on the accounts.	

V.A.2 *Members of the board and key executives, and their remuneration.*

No.	Checklist	Yes	No	Reference to the relevant law
103.	Is the company required by law to disclose board positions in other companies of individual board members and key executives?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Art. 68 JSC Act: CEO and members of the managing board can only be CEOs or members of boards in other companies if so permitted by SB. For CEO, members of SB and MB, information on their job positions in other companies must be disclosed in prospectuses. Section 6.2 FSFM Regulation on Disclosure by Issuer of Emissive Securities of 10 Oct 2006 N 06-117/pz-n.
104.	Does the law require the company to disclose the compensation of board members and key executives? [Please specify if the disclosure is on individual or aggregate basis.]	<input checked="" type="checkbox"/>	<input type="checkbox"/>	For SB compensation is set by the GM Art. 64.2 JSC Act. In prospectuses - yes, aggregate, but not for CEO, when this is an individual (physical person). Section 6.3 FSFM Regulation on Disclosure by Issuer of Emissive Securities of 10 Oct 2006 N 06-117/pz-n.
105.	Under the law, do shareholders determine the remuneration of the board?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	SB - yes GM Art. 64.2.

V.A.3 *Material foreseeable risk factors*

No.	Checklist	Yes	No	Reference to the relevant law
106.	Is the company required by law to disclose to users of financial information and market participants information on reasonably foreseeable material risk such as the following:			
	a.) risks specific to the industry or geographic area;	<input checked="" type="checkbox"/>	<input type="checkbox"/>	It is covered by general provision: annual reports for all JSCs shall include description of risk factors related to activities of the company. Section 3.6 FCFM Order on Regulation on Additional Requirements to Procedures of Preparation to, Calling of and Conduct of General Meetings of Shareholders dated as of 31 May 2002 N 17/ps (as amended). For all open JSCs and closed JSCs that publicly offered securities, it is covered by specific provisions: Sections 3.5.1 and 3.5.2 of Addendum 8 to the FSFM Regulation on Disclosure by Issuer of Emissive Securities of 10 Oct 2006 N 06-117/pz-n.

No.	Checklist	Yes	No	Reference to the relevant law
	b.) dependence on commodities;	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>It is covered by general provision: annual reports for all JSCs shall include description of risk factors related to activities of the company. s3.6 FCFM Order on Regulation on Additional Requirements to Procedures of Preparation to, Calling of and Conduct of General Meetings of Shareholders dated as of 31 May 2002 N 17/ps (as amended).</p> <p>For all open JSCs and closed JSCs that publicly offered securities, it is covered by specific provisions: Sections 2.5.1 and 2.5.2 of Addendum 8 to the FSFM Regulation on Disclosure by Issuer of Emissive Securities of 10 Oct 2006 N 06-117/pz-n.</p>
	c.) financial market risk, including interest rate or currency risk;	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>It is covered by general provision: annual reports for all JSCs shall include description of risk factors related to activities of the company. Section 3.6 FCFM Order on Regulation on Additional Requirements to Procedures of Preparation to, Calling of and Conduct of General Meetings of Shareholders dated as of 31 May 2002 N 17/ps (as amended).</p> <p>For all open JSCs and closed JSCs that publicly offered securities, it is covered by specific provision: Section 2.5.3 of Addendum 8 to the FSFM Regulation on Disclosure by Issuer of Emissive Securities of 10 Oct 2006 N 06-117/pz-n.</p>
	d.) risk related to derivatives and off-shore;	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>It is covered by general provision: annual reports for all JSCs shall include description of risk factors related to activities of the company. Section 3.6 FCFM Order on Regulation on Additional Requirements to Procedures of Preparation to, Calling of and Conduct of General Meetings of Shareholders dated as of 31 May 2002 N 17/ps (as amended).</p> <p>For all open JSCs and closed JSCs that publicly offered securities, it is covered by specific provision, related to hedging of risks (but not to off-balance sheet transactions): Section 2.5.3 of Addendum 8 to the FSFM Regulation on Disclosure by Issuer of Emissive Securities of 10 Oct 2006 N 06-117/pz-n.</p>
	e.) environmental liabilities?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>It is covered by general provision: annual reports for all JSCs shall include description of risk factors related to activities of the company. Section 3.6 FCFM Order on Regulation on Additional Requirements to Procedures of Preparation to, Calling of and Conduct of General Meetings of Shareholders dated as of 31 May 2002 N 17/ps (as amended).</p> <p>For all open JSCs and closed JSCs that publicly offered securities, it is covered by specific provision, related to legal risks: Section 2.5.4 of Addendum 8 to the FSFM Regulation on Disclosure by Issuer of Emissive Securities of 10 Oct 2006 N 06-117/pz-n.</p>

V.A.4. Material issues regarding employees and other stakeholders

No.	Checklist	Yes	No	Reference to the relevant law
107.	Does the law require the company to disclose key issues relevant to employees and stakeholders that may materially affect the performance of the company (such as management/employee relations and relations with creditors suppliers and local communities)?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	However, for all open JSCs and closed JSCs that publicly offered securities have a general requirement to disclose significant facts. Art. 30 Securities Markets Act and s6.2 FSFM Regulation on Disclosure by Issuer of Emissive Securities of 10 Oct 2006 N 06-117/pz-n.

V.A.5. Governance structures and policies.

No.	Checklist	Yes	No	Reference to the relevant law
108.	Does the law require the company to appoint a responsible body/officer in charge of corporate governance issues (e.g., company secretary)?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
109.	Does the law require the company to disclose (e.g. in its annual report or a similar document) its corporate governance structures and policies, (for example, by providing information on the division of authority between shareholders, management and board members)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Such division is provided for by the legislation and the articles which are available to shareholders. Annual reports shall reflect whether the company complies with the Code of Corporate Governance. Prospectuses shall have a section that discloses the governance structure and indicate where relevant documents could be obtained Section 6.1 of Addendum 8 to the FSFM Regulation on Disclosure by Issuer of Emissive Securities of 10 Oct 2006 N 06-117/pz-n.

V.B. Information should be prepared, audited, and disclosed in accordance with high quality standards of accounting, financial and non-financial disclosure, and audit.

No.	Checklist	Yes	No	Reference to the relevant law
110.	Does the law require the company to prepare and disclose financial and operating data in accordance with internationally recognised accounting standards?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Only banks and companies listed in the relevant segments of the market on the stock exchange.

V.C. An annual audit should be conducted by an independent auditor in order to provide an external and objective assurance on the way in which financial statements have been prepared and presented.

No.	Checklist	Yes	No	Reference to the relevant law
111.	Does the law require financial results to be annually audited by an independent auditor? Is the independence of the external auditor defined?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Qualified companies are required that their financial reports be audited by independent auditor, Civil Code, Art. 103 JSC Act, Art. 88 Art. 12 of Audit Activity Act No. 119-FZ dated 7 August 2001 (as amended)
112.	Does the law provide a test to ensure that the auditor is truly independent from the influence of management?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Art. 12 of Audit Activity Act 2001

V.D. Channels for disseminating information should provide for fair, timely and cost-efficient access to relevant information by users.

No.	Checklist	Yes	No	Reference to the relevant law
113.	How often is the company required by law to disseminate information to shareholders?			
	a.) annually?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Civil Code, Art. 97
	b.) quarterly?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	In cases where a company has registered a prospectus (Art. 30 Securities Markets Act).
	c.) monthly?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
114.	d.) upon certain events (e.g. before the general meeting)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	JSC Act, Art. 52, 53, 55, 91, etc. Additional disclosure requirements apply, if company has registered a prospectus - Securities Markets Act Art. 30.
	How often is the company required by law to disseminate information to the securities commission and the stock exchange?			
	a.) annually?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	This is published generally, but not specifically disseminated to stock exchange or securities commission.
	b.) quarterly??	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The relevant disclosure provision covers certain categories of companies, as prescribed by law (a major category is companies which have registered a prospectus) - Section 5.6 of the FSFM Regulation on Disclosure by Issuer of Emissive Securities of 10 Oct 2006 N 06-117/pz-n.
	c.) monthly?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	

No.	Checklist	Yes	No	Reference to the relevant law
	d.) upon certain events (e.g. before the general meeting)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Section 6.3.2 of the FSFM Regulation on Disclosure by Issuer of Emissive Securities of 10 Oct 2006 N 06-117/pz-n.
115.	Does the law require the company to make publicly available [<i>Please describe how the law requires these documents to be made available/disclosed</i>]			
	a.) minutes of the shareholders meetings;	<input type="checkbox"/>	<input checked="" type="checkbox"/>	There is no general obligation to make minutes of a shareholder meeting publicly available (Art. 92 JSC Act). However, a JSC must provide a shareholder with access (and, if requested, to provide copies at cost) to minutes of shareholder meetings in the premises of the chief executive body of the company (Art. 91 JSC Act)..
	b.) audited financial statements of the company, as approved by the shareholders' meeting;	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Open JSCs - JSC Act, Art. 92. This must be published in mass media. The criteria of a mass media accessible to all shareholder is considered satisfied if the information has been published in at least one periodical which is specified in the articles of the company or in a decision of general shareholder meeting. Ministry of Finance Order On Publishing of Financial Report by Open JSCs No.101 of 28 Nov 1996 N 101
	c.) any amendments to the company charter or other constitutional documents of similar nature (e.g., articles of association);	<input checked="" type="checkbox"/>	<input type="checkbox"/>	For all JSCs - these documents are registered by state registrar and may be obtained by any interested person from the registrar Art. 6 State Registration of Legal Entities Act 2001. May also be requested from the JSC - JSC Act, Art. 1. Also, all open JSCs and closed JSCs that publicly offered securities must publish these documents the Internet. Section 8.4 of the FSFM Regulation on Disclosure by Issuer of Emissive Securities of 10 Oct 2006 N 06-117/pz-n.
	d.) the names of any resigning or removed directors and of newly elected directors;	<input checked="" type="checkbox"/>	<input type="checkbox"/>	All open JSCs and closed JSCs that publicly offered securities must publish these documents on the Internet and via newfeed. Section 8.6 of the FSFM Regulation on Disclosure by Issuer of Emissive Securities of 10 Oct 2006 N 06-117/pz-n.
	e.) the name of the statutory auditor;	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Must be disclosed in prospectuses Art. 22 Securities Markets Act. For all open JSCs and closed JSCs that publicly offered securities - must be published on the Internet and via newfeed. Section 8.6 of the FSFM Regulation on Disclosure by Issuer of Emissive Securities of 10 Oct 2006 N 06-117/pz-n
	f.) information on bankruptcy proceedings?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	For all open JSCs and closed JSCs that publicly offered securities - must be published on the Internet and via newfeed. Section 8.6 of the FSFM Regulation on Disclosure by Issuer of Emissive Securities of 10 Oct 2006 N 06-117/pz-n.

No.	Checklist	Yes	No	Reference to the relevant law
116.	Does the law require that the following documentation be made available for shareholder inspection at the offices of the company:			
	a.) the company's charter or other constitutional documents of similar nature including all amendments;	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Art. 89, 91 JCS Act.
	b.) financial statements and statutory auditor reports;	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Art. 89, 91 JCS Act.
	c.) any report of an independent evaluation expert prepared in connection with a shareholders' meeting;	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Art. 89, 91 JCS Act.
	d.) minutes of each shareholder meeting and of each board meeting and any sub-committee;	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Art. 89, 91 JCS Act. However, as an exception to the general rule that minutes are accessible by shareholders, minutes of MB meetings are only accessible to shareholders holding 25% or more of shares.
	e.) a list of shareholders owning 1% or more of the company's issued shares;	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Art. 89, 91 JCS Act.
	f.) a list of shareholders who have not fully paid for their shares and the amounts due?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
117.	Is the company required by law to provide an annual report and/or monthly/quarterly reports to third parties upon request?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Open JSCs and closed JSCs that publicly offered securities should publish annual reports online (Section 8.2 of the FSFM Regulation on Disclosure by Issuer of Emissive Securities of 10 Oct 2006 N 06-117/pz-n). Hence, such reports are accessible by third parties.

Principle VI: The Responsibilities of the Board

The corporate governance framework should ensure the strategic guidance of the company, the effective monitoring of management by the board, and the board's accountability to the company and the shareholders.

VI.A Board members should act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company and the shareholders.

No.	Checklist	Yes	No	Reference to the relevant law
118.	Does the law require the management/supervisory board [<i>please specify</i>] to act in the best interest of the company and its shareholders?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Both boards and CEO required to act in the best interest of the company (<u>there is no specific requirement to act in the best interest of shareholders</u>). JSC Act, Art. 71
119.	Does the law provide for shareholders to bring actions on behalf of the company against the board? (i.e., derivative suit) [<i>If yes, please specify the shareholding necessary to start such action.</i>]	<input checked="" type="checkbox"/>	<input type="checkbox"/>	1%, JSC Act, Art. 71
120.	a.) In discharging their duties, are board members personally liable for breaches of the law while they are in office?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	JSC Act, Art. 71
	b.) Are executives who sign the annual report and prospectus personally liable for the accuracy of information included therein?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Executive who signed the prospectus are jointly and severally liable and their liability is subsidiary to liability of the issuer (Art. 22.1.3 Securities Markets Act).

VI.B. The board should fulfil certain key functions, including:

VI.B.1. Reviewing and guiding corporate strategy, major plans of action, risk policy, annual budgets and business plans; setting performance objectives; monitoring implementation and corporate performance; and overseeing major capital expenditures, acquisitions and divestitures.

No.	Checklist	Yes	No	Reference to the relevant law
121.	Under the law, do the responsibilities of the board [in case of a two tier system, please specify if it is the responsibility of the management or supervisory board]include:			
	a.) reviewing and guiding corporate strategy, major plans of action, risk policy, annual budgets and business plans;	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The legislation does not use provided language. Similar responsibilities are vested with the SB Art. 65 JSC Act
	b.) setting performance objectives;	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
	c.) monitoring implementation and corporate performance; and	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
d.) overseeing major capital expenditures, acquisitions and divestitures?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The legislation does not use provided language. Similar responsibilities are vested with the SB Art. 65 JSC Act. This may also be GM's responsibility to approve such transactions.	

VI.B.2. Selecting, compensating, monitoring and, when necessary, replacing key executives and overseeing succession planning.

No.	Checklist	Yes	No	Reference to the relevant law
122.	Under the law, do the responsibilities of the board [in case of a two tier system, please specify if it is the responsibility of the management or supervisory board]include:			
	a.) selecting, compensating, monitoring key executives	<input type="checkbox"/>	<input checked="" type="checkbox"/>	There is no express provision in the law covering responsibility of a board to select, compensate and monitor key executives. Employment contracts, including those with key executives are signed by the CEO or MB, as the case may be (Art. 69 JSC Act).
	b.) replacing key executives, and	<input type="checkbox"/>	<input checked="" type="checkbox"/>	There is no express provision in the law covering responsibility of a board to replace key executives.

No.	Checklist	Yes	No	Reference to the relevant law
	c.) overseeing succession planning?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	There is no express provision in the law covering responsibility of a board to oversees succession planning. However, for listed companies in top segments, listing rules often stipulate that SB must have a committee on remuneration and succession planning (e.g. RTS listing rules).

VI.B.3. Reviewing key executive and board remuneration, and ensuring a formal and transparent board nomination process.

No.	Checklist	Yes	No	Reference to the relevant law
	Under the law, do the responsibilities of the board [<i>in case of a two tier system, please specify if it is the responsibility of the management or supervisory board</i>] include:			
123.	a.) reviewing key executive and board remuneration, and	<input type="checkbox"/>	<input checked="" type="checkbox"/>	The law has no express provision on reviewing key executive and board remuneration. However, for listed companies in top segments, listing rules often stipulate that SB must have a committee on remuneration and succession planning (e.g. RTS listing rules).
	b.) ensuring a formal and transparent nomination process for board members?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	There is no express provision in the law that prescribes responsibility to a board to ensure a formal and transparent nomination process for board members.

VI.B.4. *Monitoring and managing potential conflicts of interest of management, board members and shareholders, including misuse of corporate assets and abuse in related party transactions.*

No.	Checklist	Yes	No	Reference to the relevant law
124.	Under the law, do the responsibilities of the board (<i>in the case of a two tier system, please specify if it is the responsibility of the management or supervisory board</i>) include functions such as monitoring and managing potential conflicts of interest involving management, board members and shareholders, including misuse of corporate assets and abuse in related party transactions?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	In order to prevent conflicts of interest, the law, <i>inter alia</i> , requires that SB approves interested party transactions (as defined) (Art. 83 JSC Act). In addition, major transactions require approval of SB or GM, as the case may be (Art. 79 JSC Act). Exchanges' listing rules often require the companies to adopt additional measures to prevent conflicts of interest, <i>e.g.</i> to have independent (as defined) SB board members.

VI.B.5. *Ensuring the integrity of the corporation's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for monitoring risk, financial control, and compliance with the law.*

No.	Checklist	Yes	No	Reference to the relevant law
125.	Under the law, do the responsibilities of the board [<i>in case of a two tier system, please specify if it is the responsibility of the management or supervisory board</i>] include:			
	a.) ensuring the integrity of the corporation's accounting and financial reporting systems, including the independent audit, and	<input type="checkbox"/>	<input checked="" type="checkbox"/>	CEO is responsible for accounting Art. 6 Accounting Act 1996.
	b.) ensuring that appropriate systems of control are in place, in particular, systems for monitoring risk, financial control, and compliance with the law?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Exchanges' listing rules for top segments of the market often stipulate such requirements.

VI.B.6. Monitoring the effectiveness of the governance practices under which it operates and making changes as needed.

No.	Checklist	Yes	No	Reference to the relevant law
126.	Does the law require that the responsibilities of the board include functions such as monitoring the effectiveness of the governance practices under which it operates and making changes as needed?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	

VI.B.7. Overseeing the process of disclosure and communications.

No.	Checklist	Yes	No	Reference to the relevant law
127.	Does the law require that the responsibilities of the board include functions such as overseeing the process of disclosure and communications?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
128.	Does the law require the board to review the annual report prior to submission to the shareholders' meeting for final approval?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	SB has to provide its preliminary approval of the annual report. JSC Act, Art. 88
129.	Does the law require the board to make recommendations regarding issues to be voted on at the shareholders' meetings?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	The board is required to give recommendation only on limited number of issues (e.g. amount of dividends, remuneration of auditing commission) JSC Act, Art. 65

VI.C. The board should be able to exercise objective judgement on corporate affairs independent, in particular, from management.

VI.C.1. Boards should consider assigning a sufficient number of non-executive board members capable of exercising independent judgement to tasks where there is a potential for conflict of interest. Examples of such key responsibilities are financial reporting, nomination of executive, board and auditors' remuneration.

No.	Checklist	Yes	No	Reference to the relevant law
130.	Does the law require that the board include a sufficient number of non-executive and independent directors?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	This is required by listing rules for SBs.
131.	Does the law determine board independence? [If yes, please include the definition.]	<input type="checkbox"/>	<input checked="" type="checkbox"/>	For purposes of approval of interested parties transaction definition of independent directors is provided in JSC Act, Art. 83. For other purposes definition is provided in listing rules.
132.	Does the law require the board (<i>management/supervisory – please specify</i>) to have separate committees for dealing with:			
	a.) Auditing and financial reporting?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Such requirements can be found in listing rules and apply to SBs.
	b.) Executive and board remuneration?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Such requirements can be found in listing rules and apply to SBs.
	c.) Board nominations?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Such requirements can be found in listing rules and apply to SBs.
	d.) Corporate governance (i.e., to oversee compliance with company governance standards)?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
133.	Are the board committees required to have a minimum number of non-executive board members or independent board members?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Such requirements can be found in listing rules and apply to SBs.

VI.C.2. Board members should devote sufficient time to their responsibilities.

No.	Checklist	Yes	No	Reference to the relevant law
134.	Are there limitations imposed by law as to the number of board directorships that a director can hold? [Please specify.]	<input type="checkbox"/>	<input checked="" type="checkbox"/>	CEO and members of MB may only occupy positions in management bodies of other organizations only with the SB consent, Art. 69 JSC Act.

This Assessment does not constitute legal advice. Readers are advised to seek appropriate legal advice before entering into any transaction, making any determination or taking any action related to matters discussed herein.

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