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of the Open Joint-Stock Company
"LSR GROUP" on _____, 2011.**

Minutes No. ____ of _____, 2011

REGULATIONS

ON INSIDERS

of the Open Joint-Stock Company "LSR Group"

(a new version)

Saint Petersburg

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1. DEFINITIONS, GENERAL PROVISIONS

- 1.1. The present Regulations on Insiders of the Open Joint-Stock Company "LSR Group" (hereinafter, the **Regulations**) shall regulate the utilization of information about the activities of the Open Joint-Stock Company "LSR Group" and about the securities of the Open Joint-Stock Company "LSR Group" and transactions involving them that is not open to public and the disclosure whereof can influence the market value of the Open Joint-Stock Company "LSR Group" securities, the rights and duties of the Open Joint-Stock Company "LSR Group" and insiders pursuant to the Federal Law "On Counteracting Illegitimate Utilization of Insider Information and Manipulation of Market and on Amending Some Legislative Acts of the Russian Federation" No. 224-FZ of 07.27.2010 (hereinafter, the Law) and other applicable legislation and regulatory acts.
- 1.2. The following terms and definition shall be used for the purposes of the present Regulations:
- 1.3. **The Company** – the OJSC "LSR Group".
- 1.4. **Insider information** - precise and specific information that was not distributed or provided (including data being commercial, official, bank secrets, communication secrets (so far as it relates to information about postal money transfers) or other secrets protected by law) distribution or provision whereof can exert substantial influence on the prices of financial instruments, foreign currency and/or commodities (including information concerning on or several equity securities issuers (hereinafter, the issuer), one or several companies managing investment funds, mutual funds and non-government pension funds (hereinafter, a managing company), one or several business entities specified in Clause 2, Article 4 of the Law, or one or several financial instruments, foreign currencies and/or commodities) and related to the information included into the respective insider information lists approved by the Regulator and the Company. **The following things shall not be considered as insider information:**
 - 1.4.1. information that became available to the general public, inter alia as a result of its distribution;
 - 1.4.2. research, forecasts and assessments in concerning financial instruments, foreign currencies and/or commodities, as well as recommendations and/or proposals concerning the performance of operations with financial instruments, foreign currencies and/or commodities that were carried out on the basis of nonexclusive information.
- 1.5. **Insiders** - legal and natural persons having the right to access the Insider Information on the ground of law, other regulatory acts, job descriptions or other inhouse documents of the Company, as well as under agreements concluded with the Company. The following persons shall be considered as those having a right to access the Company's Insider Information:
 - 1.5.1. the members of the Company Board of Directors;
 - 1.5.2. the members of the Company's collective executive body, as well as a person carrying out the functions of the Company's one-man executive body, including a managing organization and its executives;
 - 1.5.3. the members of the Company's Auditing Committee;
 - 1.5.4. persons owning at least 25 percent of votes in the Company's supreme management body, as well as the persons who have access to the Insider Information by virtue of their owning

- shares in the Company authorized capital on the ground of Federal laws or constituent instruments;
- 1.5.5. the managers of the business units being structural associations of the Company's affiliates and subsidiary organizations;
 - 1.5.6. the Company employees (top managers and specialists - in accordance with the Company's organizational and administrative documents) having the right to access Insider Information by virtue of their functions;
 - 1.5.7. the persons having access to the Company Insider Information on the ground of agreements concluded with the Company, inter alia, the Company registrar, auditors (auditing organizations), appraisers (legal persons with which the appraisers concluded labor agreements), professional market makers, credit and insurance organizations;
 - 1.5.8. persons having access to the information about the dispatch of a voluntary, compulsory or competing proposal to purchase share pursuant to the legislation of the Russian Federation concerning joint-stock companies, including the persons who dispatched voluntary or competing proposals to the company, a credit organization that provided a bank guarantee or an appraiser (legal persons with which appraisers concluded labor agreements);
 - 1.5.9. information agency disclosing or providing the Company's information.
 - 1.5.10. persons rating the Company, as well as the Company Securities (rating agencies);
 - 1.5.11. other natural persons having access to the Company Insider Information on the ground of labor and/or civil law agreements concluded with the Company;
 - 1.5.12. other persons to the extent permitted by applicable law.
- 1.6. **Securities** - stocks, bonds, options of an issuer, depositary receipts, including those issued by a foreign issuer, representing the issuer's stock, as well as other securities and financial instruments and their derivative financial instruments the price whereof depends on such securities.
 - 1.7. **Manipulation of market** (unless otherwise provided by Cl. 1.8 of the Regulations):
 - 1.7.1. intentional distribution of patently false information through mass media, including electronic ones, public data telecommunication networks (including the Internet) or in any other way resulting in the price, demand, offer or volume of trading a financial instrument, a foreign currency and/or a commodity deflecting from the level or being maintained at a level being substantially different from the one that would be formed without such information having been distributed;
 - 1.7.2. carrying out operations with a financial instrument, a foreign currency and/or a commodity by previous concert between traders and/or their employees and/or the persons at the expense or in the interests whereof the above operations are being carried out, resulting in the price, demand, offer or volume of trading a financial instrument, a foreign currency and/or a commodity deflecting from the level or being maintained at a level being substantially different from the one that would be formed without such operations. The present Clause shall be applicable to organized trading where operations are carried out on the ground of the bids addressed to all the traders in case information about the bidders as well as that about the persons in whose interests the bids were submitted is not disclosed to other traders;
 - 1.7.3. carrying out transactions wherein the parties' obligations are fulfilled at the expense of in the interest of a single person, resulting in the price, demand, offer or volume of trading a

financial instrument, a foreign currency and/or a commodity deflecting from the level or being maintained at a level being substantially different from the one that would be formed without such operations. The present Clause shall be applicable to organized trading where transactions are carried out on the ground of the bids addressed to all the traders in case information about the bidders as well as that about the persons in whose interests the bids were submitted is not disclosed to other traders;

- 1.7.4. submitting bids for account or in the interests of a single person, resulting in a simultaneous emergence of two or more oppositely directed bids at organized trading where the purchase price of a financial instrument, a foreign currency and/or a commodity is higher or equal to the selling price of the same financial instrument, a foreign currency and/or a commodity, in case operations were carried out on the ground of the above bids, resulting in the price, demand, offer or volume of trading a financial instrument, a foreign currency and/or a commodity deflecting from the level or being maintained at a level being substantially different from the one that would be formed without such operations. The present Clause shall be applied to organized trading where operations are carried out on the ground of the bids addressed to all the traders in case information about the bidders as well as that about the persons in whose interests the bids were submitted is not disclosed to other traders;
 - 1.7.5. multiple transactions carried out during a trading day of organized trading at the expense or in the interests of a single person on the ground of bids having the highest purchase price or the lowest selling price of a financial instrument, a foreign currency and/or a commodity as of the moment of their submission resulting in the price, demand, offer or volume of trading a financial instrument, a foreign currency and/or a commodity deflecting from the level or being maintained at a level being substantially different from the one that would be formed without such operations.
 - 1.7.6. multiple transactions carried out during a trading day of organized trading at the expense or in the interests of a single person with the purpose of misleading in respect of the price of a financial instrument, a foreign currency and/or a commodity resulting in the price, demand, offer or volume of trading a financial instrument, a foreign currency and/or a commodity deflecting from the level or being maintained at a level being substantially different from the one that would be formed without such operations.;
 - 1.7.7. multiple non-fulfilment of the obligations stipulated by the transactions carried out during organized trading without the intent to fulfil them, involving one and the same financial instrument, a foreign currency and/or a commodity resulting in the price, demand, offer or volume of trading a financial instrument, a foreign currency and/or a commodity deflecting from the level or being maintained at a level being substantially different from the one that would be formed without such operations. The above actions shall not be considered as manipulation of market if obligations stipulated by the above operations were terminated on the grounds provided by the trading organizer's and/or the clearing organization's rules.
- 1.8. **The actions** determined by Clauses 1.7.2–1.7.6 of the Regulations that are aimed at:
- 1.8.1. maintaining prices of equity security in connection with securities placement and circulation if their are carried out by traders under an agreement with an issuer;
 - 1.8.2. maintaining prices in connection with a redemption or acquisition of stocks or retirement of investment units of closed mutual investment funds to the extent permitted by Federal laws:

- 1.8.3. maintaining prices, demand, offer of volume of trading in a financial instrument, a foreign currency and/or a commodity that are carried out by traders under an agreement to which the trade organizer is a party.
- 1.9. **Regulator** - a body or organization regulating the activities at the respective Securities or commodities market, in particular, the FSFM and the FSA.
- 1.10. **The FSFM**– the Federal Service for Financial Markets of the Russian Federation.
- 1.11. **The FSA** – The Financial Services Authority of the United Kingdom.
- 1.12. **The IFRS** – The International Accounting Standards.
- 1.13. **Closed Period:**
- 1.13.1. the shorter of the following two periods: a two week long period directly preceding the Company's preliminary declaration of their results of its annual activities or a period from the moment of the respective financial year expiry till the moment of the declaration inclusive; or
- 1.13.2. the shorter of the following two periods: a two week long period directly preceding the publication of the Company's IFRS annual account or the period from the moment of the respective financial year expiry till the moment of such publication inclusive; and
- 1.13.3. should the Company publish its accounts on a bi-annual basis, the shorter of the following two periods: a two week long period directly preceding the publication of the respective IFRS accounts or the period from the moment of the respective financial period expiry till the moment of such publication inclusive; and
- 1.13.4. should the Company publish its IFRS accounts on a quarterly basis, the shorter of the following two periods: a two week long period directly preceding the declaration of the results of quarterly activities or a period from the moment of the respective financial year expiry to the moment of the declaration inclusive.
- 1.14. **Prohibited Period:**
- 1.14.1. any closed period; or
- 1.14.2. any period during which any information being Insider Information in respect of the Company or its Securities are in existence.

2. THE PROCEDURE OF ACCESS TO THE INSIDER INFORMATION, THE RULES OF ITS CONFIDENTIALITY PROTECTION

- 2.1. The list of the Company's Insider Information shall be approved by the Company Director General. The list of the Company's Insider Information shall be disclosed in the Internet at the Company's official website.
- 2.2. The Company shall take measures to prevent illegitimate disclosure and/or utilization of the Company's Insider Information, inter alia by adopting special inhouse normative acts, incorporating special terms in the labor contracts and civil law contracts regulating relationships with persons not being Company employees, taking technical and organizational measures aimed at protecting such information.
- 2.3. Insiders shall be entitled to use the Insider Information exclusively for the purpose of fulfilling their official and/or contractual obligations with due regard for the prohibitions and restrictions established by applicable law, the Company local normative acts and the agreements concluded with the Insiders.

- 2.4. With a view to ensuring the Insiders' compliance with the procedure of the Insider Information utilization, the Company shall be entitled to perform the following actions:
- to familiarize the Insiders with the list of the Insider Information;
 - to familiarize the Insiders with the established procedure of the Insider Information utilization and the sanctions imposed for violation thereof;
 - to create necessary conditions for the Insiders to comply with the established procedure of the Insider Information utilization;
 - to impose established sanctions on the persons who violated the procedure of the Insider Information utilization, as well as to demand compensation for the losses inflicted to the Company as a result of the Insider's violation of the procedure of the Insider Information utilization (inter alia, by judicial procedure);
 - to perform other actions aimed at enforcing the procedure of the Insider Information utilization.
- 2.5. The Company shall be entitled to introduce special procedures aimed at protecting the Insider Information from illegitimate tampering.
- The above procedures shall be introduced for the purpose of:
- 2.5.1. enforcing the procedure of the Insider Information utilization, inter alia through excluding illegitimate access to the Insider Information and its utilization by the members of the Board of Directors, the members of the Auditing Committee, the auditor, the Company's executives and employees (and in case the functions of the Company's one-man executive body were transferred to a managing organization/a manager, also the members of the Board of Directors, the one-man executive body, the members of the Auditing Committee, the auditor, the Company's executives and employees or the manager) and third persons not in the Company's interests;
 - 2.5.2. improving the Company's credibility for its investors and partners.
- 2.6. For the purpose of attaining the aims specified in Cl. 2.5 of the present Regulations, the Company shall be entitled to introduce the following procedures:
- 2.6.1. to establish pass control for the persons (including the Company employees) wishing to get access to some premises occupied by the Company (inter alia on nonbusiness days);
 - 2.6.2. delimitate the Company employees' rights to access the Insider Information;
 - 2.6.3. to get written obligations concerning non-disclosure of the Insider Information from the Company employees;
 - 2.6.4. to permit access to some data being Insider Information only at certain places;
 - 2.6.5. to destroy in a timely manner all non-retainable documents that may contain Insider Information;
 - 2.6.6. to introduce the procedures of protection of workplaces and documents storage places from unobstructed access and observation;
 - 2.6.7. to use system of protection of IT systems preventing loss of information and unsanctioned access to information through communication channels.
- 2.7. Until the moment of the Insider Information official disclosure, a commercial secret mode shall be established in respect thereof, in particular, the organizational and technical measures and norms of utilization stipulated by the Regulations "On Commercial Secrets" and the Regulations "On the Protection of Information in the LSR Group's Automated Information System".
- 2.8. The Company shall duly disclose the Insider Information in a timely manner pursuant to the applicable legislation, the Regulators' normative acts and the Company's inhouse normative acts.

2.9. To the extent not regulated by the present Regulations and other acts approved by the Company Board of Directors, the procedure of access to the Insider Information, the procedure of protection of its confidentiality and the procedure of monitoring compliance with the Law shall be regulated by the normative acts adopted by the Company Director General.

3. LIST OF THE INSIDERS. MONITORING OF COMPLIANCE WITH THE LEGISLATION

- 3.1. The Company shall keep a list of insiders. The Company Director General shall define the structural subdivision/executive officer in charge of keeping and retaining the list of insiders and responsible for its actuality. The Company Director General shall also determine the form of keeping the list. Should the requirements concerning keeping the list of insiders vary depending on the applicable legislation, the Company shall keep a necessary number of lists of insiders.
- 3.2. The list of insiders shall include the persons having access to the Insider Information on the grounds stipulated by the applicable legislation.
- 3.3. In the instances stipulated by applicable legislation the Company shall be obliged to notify the insiders about their having been included in the list of insiders or removed from it, as well as to inform them about the applicable legislation requirements. The insiders shall be notified in accordance with the procedure established by the Regulators.
- 3.4. The Company shall hand over the list of insiders to the Regulators, securities trade organizers and other persons as in the instances and in accordance with the procedure stipulated by applicable legislation.
- 3.5. The monitoring of the compliance with the requirements of the Law and the normative acts adopted in accordance therewith shall be effected by a specially authorized executive officer: an inspector for the monitoring of insider information (hereinafter, the **Inspector**).
- 3.6. The Inspector shall be accountable for the Company Board of Directors and the Company's supreme management body.
- 3.7. The conditions for the Inspector's unobstructed and efficient exercise of his/her functions shall be created by the Company Director General.
- 3.8. The Inspector shall, inter alia, monitor:
 - 3.8.1. the relevance of the Company list of insiders;
 - 3.8.2. meeting the deadlines and compliance with the procedure of notification of the Company's insiders about their having been included into and excluded from the list of insiders;
 - 3.8.3. meeting the deadlines and compliance with the procedure of the Company's handing over the list of insiders to the Regulators and other persons;
 - 3.8.4. compliance with the rule of access to the Company Insider Information and protection of its confidentiality;
 - 3.8.5. fulfilment by the Company's insiders of the obligations established by the applicable legislation and the present Regulation, including the duty to notify the Company about the operations carried out by the respective insiders, inter alia by comparing the data from the Company shareholders registry and other available data with the data communicated by the insiders;
 - 3.8.6. the Company's and its employee's compliance with the prohibitions of market manipulation;

- 3.8.7. compliance with other requirements of the applicable legislation concerning counteraction to illegitimate utilization of the Insider Information and manipulation of market.
- 3.9. Within the framework of his/her competence, the Inspector shall constantly monitor compliance with legislation and perform annual scheduled inspections, as well as extraordinary inspections at his/her own initiative or upon request of a member of the Company Board of Directors.
- 3.10. The inspection performance period shall be defined by the Inspector; however, it cannot exceed 15 business days. Both compliance with the legislation on counteraction to illegitimate utilization of Insider Information and market manipulation in the Company as a whole during a certain period and whether individual insiders complied with the legislation or whether it was complied with in the process of carrying out individual operations can be the subject of inspections.
- 3.11. Insiders, including the Company executive bodies and the members of the Company Board of Directors, as well as other Company employees shall be obliged to immediately provide documents and information upon request of the Inspector made within the framework of his/her competence.
- 3.12. The Inspector shall be entitled to make submissions to the Company executive bodies, the Committee for Audit of the Company Board of Directors and the Company Board of Directors concerning the rectification of detected violation and holding guilty persons accountable, as well as proposals concerning regulation of access to the Insider Information, the measures aimed at protecting its confidentiality and other matters within the framework of his/her competence.
- 3.13. The Inspector shall render a written report of every inspection carried out by him/her to the Company Board of Directors and the Company Director General not later than 5 business days after the completion of such an inspection.

4. THE INSIDERS' NOTIFICATION OF OPERATIONS THEY HAVE CARRIED OUT

- 4.1. In the instances stipulated by applicable legislation, the insiders included in the Company list of insiders and their affiliated persons shall be obliged to notify the Company and the FSFN about operations involving the Company Securities they have carried out and about their conclusion of agreements being derivative financial instruments price whereof depends on such Securities. The members of the Company Board of Directors, the members of the collective executive management bodies, the person exercising the functions of a one-man executive body, including the managing organization and its executive officers, shall be obliged to disclose information about their owning the Company Securities, as well as about their sales and/or purchases of the Company Securities. The above persons shall be also obliged to disclose information about their owning the Company Securities and those of other organizations where the Company is a member, according to the procedure established by the Committee for Audit of the Company Board of Directors.
- 4.2. The notifications received by the Company from insiders and their affiliated persons shall be made known to the Committee for Audit of the Company Board of Directors.
- 4.3. Insiders shall be obliged to submit the notifications mentioned in Cl. 4.1 of the Regulations within 10 business days of the respective operation performance date, unless a shorter deadline is established by applicable legislation or the Regulators' acts, in accordance with the following procedure:

- 4.3.1. The notifications must be dispatched or handed over to the Company or the FSFM by a methods ensuring confirmation of the notification receipt. Should hardcopy notifications consist, of more than one page, their pages must be numbered and bound. A notification must contain:
 - 4.3.1.1. The insider's name (or first name, patronymic and surname) and taxpayer ID, as well as the name (or first name, patronymic and surname) and taxpayer ID of the insider's affiliated person who/that has carried out the transaction in question (if applicable);
 - 4.3.1.2. The grounds for inclusion in the list of insiders, the date of inclusion into the list of insiders;
 - 4.3.1.3. The name of the issuer (the Company);
 - 4.3.1.4. The description of the Securities;
 - 4.3.1.5. The substance of the operation (sale, purchase, pledge, etc.)
 - 4.3.1.6. The date of the operation and the place where it was carried out (including a specification of the trading floor);
 - 4.3.1.7. The price and number of the Securities;
 - 4.3.1.8. Other substantial conditions of the operations, as well as other data stipulated by the Regulators or the Company.
- 4.4. The list of additional data that must be specified in the notification may be approved by the Committee for Audit of the Company Board of Directors.
- 4.5. The above requirements shall also apply to insiders in those instances when the Company Securities have been placed into trust (unless the insiders own investment units of mutual funds owning the Company Securities).
- 4.6. The notification must be also dispatched or handed over to the Company by insiders in case transactions are carried out by a legal person should such information become known to them or if it must be known to them by virtue of the functions exercised by them, where the above person is the one-man executive body or belongs to the collective executive body or the board of directors and owns more than 20 percent of stocks/shares of the legal person (unless the insiders own investment units of mutual funds owning the Company Securities).
- 4.7. The notification shall be submitted to the Company Director General and the Chief of Staff of the Company Board of Directors in written form indorsed by signature of the person who submitted the notification, as well as a seal in case such a person is a legal person, or in another form established by a decision of the Company Director General in accordance with applicable legislation.
- 4.8. The Committee for Audit shall submit an analysis of operations involving the Company Securities carried out by the insiders (without information about the substantial conditions of these transactions).
- 4.9. The Company shall be obliged to disclose information about changes of the sizes of equity shares in the Company authorized capital belonging to the persons being the Company Board of

Directors, the members of the Company Management Board, as well as the person holding the post (exercising the functions) of the Company Director General, including a managing organization or a manager, and/or about changes of the sizes of the blocks of ordinary shares belonging to the above persons. In the instances and in accordance with the procedure stipulated by applicable legislation, the Company shall be also obliged to disclose information about such a transaction as soon as it is reasonably practicable upon receipt of the notification concerning it, in case it considers such information as the one able to exert substantial influence on the value of the Securities.

5. PROHIBITIONS, RULES AND RESTRICTIONS IN RESPECT OF THE PERSONS HAVING ACCESS TO INSIDER INFORMATION

5.1. It shall be prohibited to use Insider Information

5.1.1. for the purpose of carrying out operations involving financial instruments, foreign currency and/or commodity encompassed by the insider information at one's own cost or at the cost of a third person, unless operations are being carried out within the framework of a mature obligation to purchase or sell financial instruments, foreign currency and/or goods if such an obligation arose as a result of an operation that had been carried out before the Insider Information became known to the person in question;

5.1.2. by transferring it to another person, unless such an information is transferred to a person included into the Company list of insiders in connection with the fulfilment of duties established by Federal laws, or in connection with the fulfilment of labor duties or a contract;

5.1.3. by giving recommendations to third persons, obliging or otherwise urging them to acquire or sell financial instruments, foreign currency and/or commodities.

5.2. It shall be prohibited to perform actions classified as market manipulation under the applicable legislation.

5.3. Any person that illegitimately used the Insider Information and/or manipulated market shall be liable under applicable legislation.

5.4. The persons that suffered losses as a result of illegitimate utilization of the Insider Information and/or manipulation of market shall be entitled to demand their compensation from the persons whose actions resulted in such losses infliction.

5.5. Insiders shall be obliged to comply with the norms prohibiting the utilization of the Insider Information for the purpose of getting personal gain, for the gain of third persons (both affiliated and not affiliated with the Insiders), as well as for the purposes of manipulating market as determined by applicable legislation.

5.6. It shall be inadvisable for the insiders to carry out transactions involving the Company securities during Prohibited Periods lest they come under suspicion of illegitimate utilization of insider information.