

Approved by  
the Board of Directors of  
IDGC of North-West  
as of September 30, 2005  
Minutes No. 5

**Regulation  
on the Insider Information of  
“Interregional Distribution Grid Company of North-West”,  
Joint Stock Company**

**1. Basic concepts, used in the given Regulation**

Insider information shall be any undisclosed by “Interregional Distribution Grid Company of North-West”, Joint Stock Company (hereinafter referred to as the “Company”) information, referring to the Company’s and its subsidiaries and dependent companies’ securities, operations with them, issuers of the securities and their activity; the disclosure of which may significantly influence the market price of the mentioned securities; which puts persons possessing it into a privileged position in comparison with other persons in regard to making decisions on holding and/or acquisition and/or alienation of securities.

1.1.1 Insider information may include the following information:

- information on the decisions of the Company’s collegial executive body;
- information on commercial intentions (before their realization), disclosing the prospect of expansion (reduction) of industrial production or any other activity with the exception of cases when these intentions are announced by the Company;
- information on the upcoming legal proceedings of the Company and its subsidiaries and dependent companies, as well as of the Company’s and its subsidiaries and dependent companies’ governing body (members of the Board of Directors, the sole executive body, members of the collegial executive body, the chief accountant) under judicial trials with their participation (including applications and petitions, produced evidence);
- information on preparation and the contents of the meetings agenda, conferences, business meetings, negotiations on the Company’s productive work and assurance of its competitive potential;
- information on reorganization (or bankruptcy) of the Company and its subsidiaries and dependent companies, disclosed according to the Regulation established by the federal body of the executive power, responsible for adoption of statutory legal acts, control and supervision in the sphere of financial markets, as well as information not subject for disclosure;
- information on upcoming changes in the governing body or in the structure of the Company’s and its subsidiaries and dependent companies’ management;
- information on individual law-enforcement acts of the state bodies, directly related to the Company and its subsidiaries and dependent companies, not subject for official public action, and prior to the date of the said publication provided that the said information is subject for;
- information, subject for disclosure in accordance with the legislation of the Russian Federation on the securities market, prior to the date of its disclosure.

1.1.2 Information disclosed or released in mass media as well as information on the estimated cost of the disclosure securities and (or) assessment of the Company’s or its subsidiaries

and dependent companies' property status on the basis of the public information shall not be insider information. Information shall not be insider information if it is widely disseminated so it becomes available to any interested person.

Specifically, the information shall be considered public if it is:

- disclosed in accordance with the legislation of the Russian Federation on the securities market;

- placed on the corporate web-site of the Company;
- disclosed by the Company's representatives at the public press-conferences;
- made public in mass media with the Company's consent.

Wrongful use of insider information shall be any action with insider information produced for purposes contradicting the goals presented in paragraph 2.1 of the present Regulation.

Apart from this wrongful use of insider information includes the following:

- acquisition and/or alienation by the insider of the Company's or its subsidiaries and dependent companies' securities on the basis of insider information;

- giving recommendations to the third party on holding and/or acquisition and/or alienation of the Company's or its subsidiaries and dependent companies' securities on the basis of the insider information;

- unauthorized transition of the insider information to the third party for reward or free of charge;

An insider shall be the person who possesses the right of access to the insider information in accordance with the law, other statutory legal act, duty Regulation or the Company's internal document as well as on the basis of the agreement with the Company.

At all events, the following persons shall be recognized as insiders:

- persons performing functions of the Company's and (or) its associate companies' sole executive body, as well as one's deputies and/or the managing company with its employees and persons, providing services of the managing company on the basis of the civil agreement and have the right of access to the insider information due to the functions performed by them;

- Management Board members of the Company and its subsidiaries and dependent companies;

- members of the Company's Board of Directors

- members of the Company's Auditing Commission, as well as persons, attracted by the auditing Commissions for auditing and who have the right of access to the insider information due to the functions they perform;

- members of the Boards under the Company's Board of directors;

- the Company's Chief Accountant;

- the Company's Chief Engineer;

- heads of the Company's branches and representative offices;

- the Company's employees, having access to the insider information due to the functions they perform;

- the Company's registering body, including its employees and persons, providing services to the registering body on the basis of the civil agreement and having an access to the insider information due to the functions they perform;

- the Company's Auditor, including his/her employees and persons, rendering services to the Auditor on the basis of the civil agreement having access to the insider information due to the functions they perform;

- the Company's Appraiser, including his/her employees and persons providing services to the Appraiser on the basis of the civil agreement having access to the insider information due to the functions they perform;

- financial consultant and other persons, working for or rendering services to the Company, having access to the insider information;

The subdivision supervising the use of the insider information shall be the separate organization department, ensuring carrying out procedures of the internal control of the Company's financial and economic activity for the purpose of listing.<sup>1</sup>

## **2. Objectives of the Present Regulation**

The present Regulation shall be worked out for the following purposes:

- protection of rights and legitimate interests of the shareholders and persons, handling transactions with the Company's and its subsidiaries and dependent companies' securities;
- ensuring economic security of the Company;
- control over the insiders' activity by restricting their ability to use and dispose of the insider information;
- establishing general rules on protection of the Company's insider information;
- establishing procedures of an insider's periodical reporting to the Company;
- informing on penalties for violation of the requirements, envisaged by the present Regulation.

The sole executive body shall ensure the achievement of the objectives of the present Regulation in the subsidiaries and dependent companies by working out and adopting corresponding internal documents in the subsidiaries and dependent companies.

## **3. Special requirements, ensuring the achievement of the objectives of the present Regulation**

The sole executive body of the Company, members of the Board of directors, members of the Company's Audit Committee have the right of access to any insider information.

Insiders not mentioned in paragraph 3.1 of the present Regulation shall have the right of access to the insider information, necessary for performing their duties directly provided by the current legislation, other statutory legal acts, labor and civil contracts with the Company, internal documents of the Company.

The Company, as well as members of the managing and controlling bodies, officials and employees of the Company within their powers shall be obliged to take all precautions to protection of the insider information and prevention of its wrongful use and dissemination.

Insiders shall not be allowed to transfer the available insider information to other persons except for the cases explicitly envisaged by the legislation, other statutory legal acts, the Company's internal documents as well as the contracts with the Company.

When making labor and civil contracts, providing for an access of the Company's contractor to insider information, the mentioned contract must include a non-disclosure clause, banning the wrongful use of the insider information, a clause of granting the list of persons, who will have an access to insider information of the Company and/or its subsidiaries and dependent companies by the contract, as well as confirmation of the fact that the indicated persons have undertaken obligations not to disseminate insider information, as well as not to make contracts on the basis of this information (receipts), and to declare transactions carried out by insiders and affiliated persons in accordance with the requirements of the given Regulation.

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<sup>1</sup> Prior to the separate organization department which, ensuring carrying out of the procedures of internal control of the Company's financial and economic activity for the purpose of listing – another subdivision in accordance with the internal documents of the Company.

The Company's employees, authorized to maintain relations with public and shareholders must ensure for all interested persons equal opportunities to have a simultaneous access to the essential information under disclosure, as well as they must refute without delay any inadequate information claimed as insider information.

Insiders shall be recommended not to carry out transactions with the Company's securities while they have access to insider information.

Insiders' obligations provided for by the present Regulation shall be valid within at least 6 months since the removal of the grounds for recognizing a person as an insider unless a longer term is provided for by the contract between an insider and the Company or by the Company's internal documents.

A person becoming aware of the wrongful use of the insider information must inform the Subdivision controlling the use of insider information within 3 (three) working days since the moment he/she has got to know about the wrongful use of the insider information.

The Subdivision controlling the use of the insider information forms the database which includes information on every insider of the Company as well as on persons charged with insiders' duties, specifying the grounds for the insider's status or a person charged with insider's duties, as well as the expiration of this status and information on the wrongful use of the insider information (if any).

Providing that the Subdivision controlling the use of the insider information has the information on wrongful use of the insider information, shall initiate the authorized body within 3 (Three) working days since the moment he/she gets such information disciplinary or civil penalties in respect of the infringer and in case of evidence of crime he/she must initiate prosecution.

#### **4. Information on Insiders' Transactions**

Members of the Company's Board of Directors, members of the collegial executive body of the Company, the sole executive body including the management company and its officials shall be obliged to disclose information about their possession of the Company's securities to the auditing Board under the Company's Board of directors.

Not later than on the third day of the month, following the reporting month<sup>2</sup>, insiders must submit to the Subdivision controlling the use of insider information written declaration on the transactions with the Company's and/or subsidiaries and dependent companies' securities according to appendix № 1 to the present Regulation.

The requirements envisaged in paragraph 4.2 of the present Regulation shall be applied to the insiders in cases when the securities of the Company and/or subsidiaries and dependent companies are transferred by them and/or to them in asset management (with the exception of cases when insiders own investment shares of the investment funds possessing the securities of the Company and/or its subsidiaries and dependent companies).

Prior to the 15<sup>th</sup> day of the month following the reporting month the Subdivision controlling the use of insider information shall analyze the possible use of insider information while carrying out the declared transactions. As well as undeclared transactions and inform Auditing Commission under the Company's Board of directors on all insiders' transactions with the Company's and/or its subsidiaries and dependent companies' securities.

Prior to the 20<sup>th</sup> day of the month following the reporting month, the Auditing Board under the Company's Board of directors shall make a report to the Company's Board of directors on transactions with the securities of the Company and its subsidiaries and dependent companies.

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<sup>2</sup> The reporting month shall be the month of the transaction with the Company's and/or its subsidiaries and dependent companies' securities.

The sole executive body shall report to the Company's Board of directors on the penalties to the insiders violating the requirements of the present Regulation.

The insiders' declarations, as well as the Report, made in accordance with the requirements of the present Regulation, as well as the lists of insiders shall be confidential. The company's officials as well as the members of the Board of directors shall be liable for the unauthorized use and dissemination of the given data under current legislation.

## **5. Liability**

5.1. The Company's insiders can be called to disciplinary and (or) civil account for the wrongful use and dissemination of insider information under the terms of agreement with the Company and under current legislation; they can be called to administrative or criminal account under current legislation.

5.2. The Company shall be entitled to demand from insiders guilty of the wrongful use and dissemination of information to pay the damages caused to the company by the said wrongful actions.

5.3. The Company or its shareholder (shareholders), possessing at least 1% of the Company's placed shares in total shall be entitled to appeal to the court against the member of the Company's Board of the directors, the Company's sole executive body, member of the collegial executive body, as well as against the managing company or the manager for damages caused to the Company by the defendant's wrongful use and dissemination of the insider information.