

**POLICY ON CONFLICT OF INTEREST**

**Article 1.** (1) Conflict of interest is a situation arising upon the provision of investments and/or additional services by the investment intermediary and may affect the client's interests.

(2) The Company employees shall comply with the general requirements of the general provisions relating to the procedure for disclosing conflict of interest regulated in Section III, of Chapter Four of the Internal Regulations of Elana Group, as well as those set out herein.

**Article 2** (1) When carrying out services and activities as per its scope of business, the Company shall take all necessary actions to identify potential conflicts of interest between:

1. the investment intermediary, all other persons working on a contract basis with it and the persons linked to it by control on the one hand, and its clients, on the other hand;
2. its individual clients.

(2) If despite the application of provisions on conflicts of interest there is still a risk for the client, the investment intermediary cannot operate at the expense of the latter, unless it has been notified about the general nature and/or sources of potential conflicts of interest.

**Article 3.** In carrying out the activities and services as per the scope of business of the investment intermediary, the latter shall take into account whether the company, a person working on a contract basis with it or a person who is directly or indirectly linked to it by control, falls within any of the following assumptions, the presence of which may affect the client's interest:

1. has a possibility to generate financial gain or avoid financial loss on the client's account;
2. has an interest in the outcome of the service provided to the client or the transaction carried out at the client's expense, which is other than the interest of the client from this outcome;
3. has a financial or other incentive to favor the interest of the client or group of clients over the interest of another client;
4. carries out the same business as the client;
5. receives or will receive from a person other than the client benefits in connection with the service provided to the client in the form of cash, goods or services in violation of restrictions on the activities of the company or other than the standard fee or commission for this service.

**Article 4** (1) The investment intermediary shall monitor the following actions that may cause potential conflict of interest, performed by a person working on a contract basis with the investment intermediary or who, due to the activities it carries out for the investment intermediary, has an access to inside information within the meaning of the Law against Market Abuse with Financial Instruments (LMAFI) or to another confidential information about clients or transactions with or for clients:

1. entering into a personal transaction which meets any of the following conditions:
  - a) its execution by that person is prohibited by the LMAFI;
  - b) is connected with abuse or unauthorized disclosure of confidential information;
  - c) its execution is contrary to or may result in conflict with an investment intermediary's obligation under the LMAFI or any bylaws governing its implementation;
2. providing advice or assistance, beyond its usual activities for the investment intermediary, to another person for the conclusion of transaction in financial instruments that, if it were a personal transaction of the person working on a contract basis with the investment

intermediary, would have been prohibited pursuant to Article 36, para. 3 and Article 42, para. 3, item 1 and 2 of Ordinance №38;

3. disclosure, beyond its usual activities for the investment intermediary, of information or opinion to another person, provided that the person working on a contract basis with the investment intermediary knows, or it might be reasonably assumed that he/she knows, that as a result of such disclosure the person will commit, or is probable to commit, any of the following actions:

a) enter into a transaction in financial instruments which, if it were a personal transaction of the person working on a contract basis for the investment intermediary, would have been prohibited pursuant to Article 36, para. 3 and Article 42, para. 3, item 1 and 2 of Ordinance №38;

b) provide advice or assistance to another person to conclude a transaction as per item "a" above.

(2) In order to prevent any conflict of interest, the employees who are directly entering into and processing transactions in financial instruments, shall:

1. submit to the Head of Internal Control Department information about transactions carried out or actions meeting any of the criteria under para. 1 or falling within the assumption of Article 3 of these rules;

2. submit to the Head of Internal Control Department information about any possible future transactions or actions with conflict potential;

3. notify the Head of the Internal Control Department if due to the nature of their job they were granted access to insider or confidential information;

**Article 4a.** (1) Within the meaning of the Additional Provisions of Ordinance 38, personal transaction is any transaction in financial instruments carried out by or on behalf of a person who is working on a contract basis with the investment intermediary, if one of the following conditions is met:

a) the person who is working on a contract basis for the investment intermediary is acting beyond the scope of the activities that he/she is performing in that capacity;

b) the transaction is carried out at the expense of any of the following persons:

aa) the person working on a contract basis for the investment intermediary;

bb) a person with whom the person referred to in item "aa" has a family relationship or is a related party;

cc) a person who has a relationship with the person referred to in item "aa", as a result of which the person referred to in item "aa" has a direct or indirect material interest of the outcome of transaction, other than fees or commissions for execution of transaction."

(2) In order to monitor the transactions under para.1, the employees who are directly serving customers shall request the customers to provide information about their relationship and connections with investment intermediary Elana Trading JSC.

(3) Investment intermediary Elana Trading JSC allows all employees having an employment contract with the investment intermediary to conclude personal transactions in financial instruments only through investment intermediary Elana Trading JSC.

**Article 5.** (1) The Head of Internal Control Department of the company is entitled to decide whether the transaction for which he has received the information as per Article 4, para. 2, would result in conflict of interest.

(2) In cases where the transaction is assessed as leading to conflict of interest, the Head of the Internal Control Department shall promptly notify the person concerned and order the transaction to be postponed.

(3) In cases under the foregoing paragraph the Head of the Internal Control Department shall request all transaction-related documents and notify the Executive Director who shall promptly call a meeting of the Board of Directors.

(4) The Board of Directors, based on the documents so provided, shall make a decision to approve the transaction or prohibit its performance with proper justification.

(5) The decision of the Board of Directors under the foregoing sentence shall be taken unanimously by the voting members.

(6) When considering a personal transaction of a member of the Board of Directors or a party related to him/her, the latter shall not take part in the discussing and voting of decision.

(7) For the Board meeting minutes shall be drawn up to include factors considered and the weight attributed to each of these factors in the decision making. These Minutes shall be signed by all members of the Board of Directors taking part in voting.

(8) Copies of documents based on which the decision of the Board of Directors was made, shall be attached to the Minutes.

(9) The Board of Directors shall notify the person concerned about the decision made by the end of the working day following the day of the meeting.

(10) If the Board of Directors of the Company allows the personal transaction, the person concerned shall notify the Head of the Internal Control Department within 3 (three) working days after its execution.

**Article 6.** (1) Employees directly concluding and processing transactions in financial instruments shall:

1. disclose to clients any potential conflicts of interest which may arise in connection with transaction execution, if this is not violating the confidentiality obligation or jeopardizing the interests of other clients;

2. request from clients /or their proxies/ to represent to the company:

a/ whether they possess any inside information about financial instruments under their submitted Order and their issuer, if these financial instruments are traded on a regulated market;

b/ whether the financial instruments subject of the order for sale or exchange are blocked with the Central Depository;

c/ whether the transaction subject of the order represents a concealed purchase or sale of financial instruments;

d/ whether they are executing transactions in financial instruments professionally.

(2) The Company shall not execute client orders if the client or his/her proxy refuses to make the required representations as specified above or if it was found that the securities subject of sale are blocked with the Central Depository and a pledge or attachment have been imposed thereon.

**Article 7** (1) In cases where the investment intermediary draws up or organizes the drawing up of investment researches intended for dissemination or likely to be disseminated later on publicly or to the investment intermediary's clients, it is the responsibility of the financial intermediary or a member of the group it belongs to, to apply all measures provided for in these Rules on Conflict of Interest with regard to the financial analyst taking part in the research and other persons working on a contract basis for the investment intermediary whose responsibilities or business interests may conflict with the interests of the persons receiving the investment research.

(2) When carrying out the activities under para. 1 the investment intermediary shall comply with all additional requirements set forth in Article 42, para. 3 - 7 of Ordinance №38.

#### **TRANSITIONAL AND FINAL PROVISIONS**

**§1.** This Policy was adopted at the meeting of the Board of Directors of Elana Trading JSC with Minutes of October 29, 2007 and approved with Minutes of the Board of Directors of Elana Holding of October 31, 2007, amended by Minutes №15 of 03.07.2008 and effective from 04.07.2008.