

Approved by Incorporation Meeting of
“ARMENBROK” OJSC on 17.07.2008
Chairman of the Meeting and CEO of
“ARMENBROK” OJSC Aram Kayfajyan

Official Seal



“ARMENBROK”
Open Joint-stock Company

**INTERNAL REGULATION ON DOCUMENT
CIRCULATION AND DATA TRANSFER RELATED TO
INVESTMENT AND NON CORE SERVICES**

Yerevan 2008

The regulation of document circulation and data transfer related to investment and non core services provided by «ARMENBROK» (here in after Company) OJSC is developed according to the legislation regulating securities market of the Republic of Armenia, regulations of the Central Bank of Armenia and Company's Charter.

CHAPTER 1. GENERAL PART

Rule 1. Definitions

“**Law**”: Law of the Republic of Armenia “On securities market”.

“**Central Bank**”: The Central Bank of the Republic of Armenia.

“**Investment services**”: Services stated in clause 1 of Article 25 of the Law of the Republic of Armenia “On securities market”

“**Non core services**”: Services stated in article 26 of Law of Republic of Armenia “On securities market”

“**Customer**”: Person, who uses services provided by the Company.

“**Agreement**”: Document signed between the Customer and the Company in the framework of providing investment and non core services, which includes rights and responsibilities of both sides with regard to execution of transactions with the customer's securities and funds.

“**Order**”: Customer's assignment for conclusion of securities transaction as well as the Company's direction, task, bid or asking.

“**Reliable means of communication**”: Any means of communication which allows the Customer to receive and keep information directed personally to him/her and also to use and reproduce it at a later date. Other concepts used in this regulation have the meaning which are stated in the Law of the Republic of Armenia “On securities market”.

Rule 2. General provisions

- (a) This Regulation regulates keeping of integral system for circulation of the documents and data transfer as well as proper maintaining of document circulation related to discussed questions and execution of Company's CEO assignments in all levels of the Company.
- (b) The Clauses of this Regulation are compulsory for the Company employees.
- (c) The goal of integral system for circulation of the documents and data transfer is to provide proper process of the office files preparation, circulation, accounting, supervision of keeping and their grouping.
- (d) Supervision on maintenance of integral system for circulation of the documents and data transfer stipulated by this Regulation, must be implemented by the CEO of the Company, who is responsible for not proper or non fulfillment of his/her obligations according to “The Labour Code” of the Republic of Armenia.
- (e) This Regulation differentiates the following main types of document movements.
 - Documents submitted by other persons and companies (incoming) (except from orders submitted by Customers in the framework of services provided by the Company);
 - Documents delivered to other persons and companies (outgoing) (except from reports delivered to Customers in the framework of services provided by the Company)
 - Documents prepared, circulated and used by employees in the Company (internal)
- (f) Document circulation in the framework of investment and non core services provided by the Company, is regulated by this Regulation, unless other mentioned in other internal Rules and Regulations of the Company.

Rule 3. Acceptance and movement of incoming documents

- (a) All incoming documents addressed to the Company must be handled to CEO of the Company til the end of current working day.
- (b) All incoming envelopes are opened except from those with “personally” notation. “Personally” closed envelopes are given to an addressee. In case the addressee finds out that the letter relates to the Company's activity, he/she must give it to the CEO of the Company.
- (c) Every employee of the Company opening any envelope must check the presence of documents in it (including appendixes), and compare documents' numbers with those mentioned on the envelope.
- (d) If the documents in the envelope turned out to have been put by mistakenly, they must be sent to the right addressees in new envelopes.
- (e) Cover letters of the documents received from abroad are translated by relevant employee in case of necessity.
- (f) The documents, which aren't compiled according to stipulated procedure (not signed, verified by the official seal, etc.) or addressed by mistake or strongly damaged, shall be returned to delivery person or redelivered to the right addressee.
- (g) Initial insight into the received documents is done by the CEO of the Company for the purpose of their further distribution.
- (h) Any mark, correction or deletion is prohibited in the original text of the documents.
- (i) This rule doesn't cover trade orders accepted from Customers.

Rule 4. Preparation, execution and distribution of outgoing documents

- (a) Before organization of documents' distribution the CEO must check
 - Correctness of counterpartner's address
 - Presence of necessary signatures on the documents and accompanying appendixes
 - Existence of notifications on the documents about appendixes (“Attached...” or “Appendix” should be mentioned in core text).
- (b) While compiling the documents the following requirements and rules should be preserved:
 - A4 paper size should be used when printing documents
 - outgoing documents are printed on Company blanks
 - outgoing documents should be dated and numbered.
 - The second and next pages of documents are numbered
 - The contents of documents must be composed briefly, without any excesses.
- (c) The outgoing number of a document has the following structure: ABuu-xx, where uu shows whether that document is developed by CEO of the Company or internal audit department. If uu has 01 value, the document was developed by CEO of the Company, and in case of 02 value, the document was developed by internal audit department of the Company. xx shows the sequential number of the document.
- (d) Documents containing responses to early submitted documents are prepared and delivered in the time frame, stipulated in original document. (in case of absence of the latter the answer should be prepared as soon as possible)
- (e) This rule does not cover reports provided to Customers.

Clause 5. Verification of documents

- (a) The document has judicial power after verification. The document verification is implemented by signing and sealing, while documents prepared by internal audit department of the Company is verified only by signing.
- (b) As a rule, only the first example of a document is verified. All the examples of the document are verified in case the document is sent to more than one companies at the same time
- (c) As a rule, the document is signed by one person. The document is signed by two or more persons if all of them are responsible for the content of the document.

- (d) Outgoing documents are verified by the CEO of the Company. The document can also be verified by a person who executes CEO's duties, putting a slash before the position name or noting his/her actual position, the initials of his/her name and surname.
- (e) Documents prepared by internal audit department of the Company are verified by the Head internal audit department or the person who executes his/her duties.

Clause 6. Maintaining and archiving of documents

- (a) All documents related to the Company's activities are compiled in relevant folders and kept in special cases. Documents are archived after their preservation period stipulated by the Law. documents are kept in the Company according to the terms stipulated by the Law and other legal Acts for each type of documents.
- (b) After preservation period the Company's documents can be archived according to the relevant legislation of the Republic of Armenia.

CHAPTER 2. SPECIAL PART

Clause 7. Information provided to Customers in the framework of providing investment services.

- (a) Before concluding the contract the Company provides a Customer information about:
 - the Company and its services provided,
 - securities,
 - place (method) of transaction execution (stock exchange, other regulated markets or OTC market),
 - appropriate expenses and fees
- (b) Given information must allow Customer understand the nature of offered of securities and investment service as well as the risks related to them. This information can be presented to a Customer in standard form (particularly via booklets).
- (c) The Company provides Customer with the following information about the Company and its services
 - Full name and contact information of the Company
 - Information about languages in which Customer can contact to the company and receive documents and other information
 - The methods of contacting and transferring data with each other as well as regulation acceptance and delivery of trade orders.
 - Frameworks according to which the Company has right to provide investment services as well as full name and contact information of the authorised entity that has licensed and (or) registered the Company.
 - Information about reports provided to Customer, the frequency, terms as well as order of their provision.
 - Brief description of the steps undertaken to ensure the security of Customer's funds, including participation of the Company in various schemes like investors' reimbursements, funds' guaranty, etc.
 - Brief description of policy on limitation of conflicts of interests (the whole policy should be provided in case of Customer's requirement).
- (d) The Company must also inform the Customer about the following:
 - Customer's funds can be accrued onto securities and bank account, as well as risks related to maintaining funds on the mentioned accounts.
 - Opportunity of putting the Customer funds under collateral or issuing loans by those funds on behalf of the Company
 - The Company's liabilities in case Customers' funds are given as loans or otherwise used in the benefit of the Company or other Customer.

- (e) The Company must provide Customer with the description of securities and risks related to them, presenting characteristics of each kind of securities (stock, bond, etc.) and risks related to them in plain language and in understandable form.
- (f) If the Company provides Customer with information about securities which are subjected to public offering and there is a prospectus in existence, Customer must be informed where the prospectus has been published or from where it can be received.
- (g) If securities risks are guaranteed by a third person, the Company must provide Customer with the information about guarantee and the person who has given it.
- (h) The Company shall provide Customer with the following information about fees and expenses:
 - gross amount payable by Customer for using Company's services, including all the fees, expenses and other payments, including all tax fees charged by the Company, as a fiscal agent. If it's impossible to inform about exact amount of payments, then the order of calculating must be presented,
 - if a part of the gross amount mentioned in subpoint 1 is paid or presented in foreign currency, the relevant exchange rate and expenses related to it should be provided.
 - methods of payments

Information about fees is presented to Customer in a separate line.

- (i) requirements noted in the points (d)-(h) of this clause, except from subpoint 2 of point (d), can be not implemented if the Customer is a professional. The Customer is considered professional with regulation 4/07 of the Central Bank on "The requirements for entities providing investment services".

Clause 8. Information required from the Customers in the framework of providing investment services

- (a) In case of providing consulting services on asset management or investments in securities, the Company demands from Customer to provide necessary information about Customer's knowledges and experience in investment activities, his/her financial condition and investment objectives, which will allow to offer or consult with such investments and securities, which corresponds to Customer's desires at best. The Company has no right to exhort Customer for investments in securities.
- (b) Information about Customer's financial condition involves the following
 - Sources and size of Customer's regular income,
 - Total assets and liquid assets,
 - information about financial investments and real estate
 - Regular financial outflows
- (c) Information about Customer's investment objectives involves the following
 - investment horizons of the investor
 - risk aversion
 - Objective of the investments
- (d) Information on Customer's knowledge and experience in investment industry involves the following:
 - Information about investment services, securities transactions and securities in which the Customer was involved
 - Nature, volume and frequency of transactions, as well as the length of period for transactions executed by the Customer.
 - Customer's education, profession and occupation
- (e) In case of providing investment services which aren't noted in point(a) of this clause, the Company must require information about Customer's knowledges and experience related to investment services and security provided by the Company, which gives the opportunity to consider whether the investment service or security corresponds to Customer's requirements. If the Company on the basis of information provided by Customer, finds out that the investment service and/or security providing by the Company does not correspond to Customer's

requirements, the Company notifies the Customer about it. The notification can be presented to Customer in standart form.

- (f) Information stipulated with (b)-(d) points of this clause, are presented according to appropriate form approved by the CEO of the Company.
- (g) The Customer can refuse to present information required by (b)-(d) points of this clause. In this case this information should be noted in the Contract, otherwise the Customer presents an empty form noted in point (f) of this clause, signed by him/her.
- (h) If Customer doesn't present information noted in point (a) of this clause or presents non satisfactory information, then the Company warns the Customer that his/her such behaviour doesn't allow to offer or consult with such securities which corresponding to the Customer's objectives at best. Such warning can be presented to the Customer in a standart form.
- (i) If Customer doesn't present information noted in point (e) of this clause or presents non satisfactory information, then the Company warns the Customer that his/her such behaviour doesn't allow to assess whether investment service or security, provided by the Company, corresponds to the Customer's objectives. That warning can be presented to the Customer in a standart form.
- (j) The Company considers the information provided by Customer, unless the Company knows or could know that the information was old, misleading or partial.

Clause 9. Regulation of submitting trade orders by Customers

- (a) Customer's orders can be submitted in written or not written forms.
- (b) Customer's orders submitted in written form can be sent by e-mail, internet or fax, though Customer can also choose to submit the hard copy..
- (c) In case of submitting the order in not written form, an interested person who has the right to accept the Order, until the end of the working day on basis of information submitted in not written form compiles and signs an Order, noting time (to the minutes) of submitting the information (but not time of compiling it) and his/her name, surname. In that case Order should contain a note that information was provided in not written form.
- (d) Customers can submit an Order in not written form, if the Company records the fact of submitting the Order and its content (particularly recording a phone talk) with corresponding means of the technique, including submitting time with serially filling the year, month, date, time and even minute. Moreover, the means of the technique must not allow to change the recorded information.
- (e) In case of hard copy, a Customer submits the order in two copies, where the first example remains in the Company, and the other one is returned to the Customer by regular mail, fax, e-mail (Order which is returned by e-mail must be scanned and attached to e-mail) or on hand, containing a note "The Order is received" and also interested person's signature who has a right to receive the Order. In case of e-mail, internet or fax, a Customer submits only one copy which remains in the Company, and the Customer is informed about the Order's receiving with secure means of communication.
- (f) The Customer can recall submitted Order or make changes in it including the quantity, price and time conditions, if the Company hasn't concluded the transaction with the Order yet. Recalling or amending the Order is done according to the points (b) and (d) of this clause.
- (g) If amount of concluding transaction of Order exceeds AMD 20 million, the Order must be received and verified by CEO of the Company.

Clause 10. Registration of Orders submitted by Customers

- (a) The Company keeps records for any Orders submitted by Customer.
- (b) Records must be done as soon as the order is submitted no later than the end of the working day.
- (c) Records for any Order submitted by Customer include but not limited to the following information
 1. Customer's name, surname (full name) and/or identification number of the Customer,
 2. Type of transaction (sell, buy) noted in Customer's Order,
 3. Nature of Customer's Orders, if the type of the transaction noted in the Order isn't just sell or buy (securities subscription Order, option execution Order, etc.),
 4. Type of Customer's Order (market, limited etc.)
 5. Securities identification code (in case of absence Issuer's full name, type of securities, and in case derivatives instrument - it's description)
 6. Securities quantity (the face value in case of volumic securities)
 7. Unit price (only in case of non volumic securities),
 8. Total volume
 9. Specific directions given by Customer (in case any),
 10. Exact time of submitting Customer's Order successively noting year, months, date, time and minute.
 11. Name and surname of the Interested person, who registers the Order.
- (d) Customer's Orders can be registered in electronic form.

CHAPTER 3. CLOSING PART

Clause 11. Closing provisions

- (a) Information provided to Customer, information received from Customer, Customer's Orders and reports provided to Customer according to this Regulation can be in Armenian, and in other languages (English, Russian) at Customer's will.
- (b) This Regulation doesn't cover documents submitted and sent via e-mail. This point doesn't relate to Orders and reports submitted by and to the Customer with regard to providing investment services.
- (c) Amendments to this Regulation are verified by the general meeting of Company's shareholders (unless otherwise is not stipulated by the charter of the Company) and enters into force since the verification.
- (d) This Regulation enters into force since registration of "ARMENBROK" OJSC as an investment company by the Central Bank according to the Law.