

APPROVED
by the General Meeting of
Shareholders of Sistema JSFC

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REGULATIONS
ON THE AUDIT COMMISSION
Of Joint Stock Company
“Joint Stock Financial Corporation “Sistema”

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INTRODUCTION

1. The present Regulations on the Audit Commission of Joint Stock Company "Joint Stock Financial Corporation "Sistema" (hereinafter referred to as the Company) is developed on the basis of the current legislation and the Company's Charter.
2. The Regulations are an internal document of the Company and defines: the legal status, the scope of work, the competence (in addition to the Company's Charter), the rules of formation, the rights and obligations of the members, main tasks and duties, the regulations on the activities (the organization of work, the order of inspections, the interrelation with the managing bodies of the Company and its shareholders, etc.) of the Audit Commission.

1. SCOPE OF WORK AND LEGAL STATUS OF THE AUDIT COMMISSION

- 1.1. The Audit Commission of the Company, being a permanent and elected body, shall regularly control the financial and economic activities of the Company, the activities of its departments and officers (including its separate offices, services, branches and representative offices) by carrying out inspections, on the basis of documents or actual circumstances, of:
 - legitimacy, economic reasonability and effectiveness (practicability) of financial and economic operations carried out by the Company within the inspected period;
 - completeness and correctness of recording economic and financial operations carried out by the Company;
 - legitimacy, economic reasonability and effectiveness of acts made by the officers of the Company's managing bodies and by heads of its structural divisions (departments, branches and representative offices) to make sure that those comply with the Russian legislation, the Company's Charter, pre-approved plans, programs, and other internal documents of the Company.
- 1.2. The Audit Commission shall operate on the basis of the current legislation, the Company's Charter, the present Regulations, and other documents adopted by the General Meeting of Shareholders and governing the activities of the Audit Commission.
- 1.3. The Audit Commission shall be independent from the officers of the Company's managing bodies and account only to the General Meeting of Shareholders to which it shall deliver an annual report. The Audit Commission shall be responsible towards the General Meeting of Shareholders for accuracy and impartiality of the results of carried out inspections.
- 1.4. The officers of the Company's managing bodies, heads of structural and separate divisions (departments, branches and representative offices) must assist the Audit Commission in carrying out inspections.
The Company's officers shall bear responsibility for preventing the Audit Commission from carrying out inspections.

2. RULES ON FORMATION OF THE AUDIT COMMISSION

- 2.1. The number of the Audit Commission's members shall be determined by the General Meeting of Shareholders and may not be less than 3.
- 2.2. The Audit Commission's members shall be elected by the annual General Meeting of Shareholders in accordance with the order set forth by the Charter for one year terms (until the next annual General Meeting of Shareholders) by a simple majority of votes from among candidates duly nominated by the shareholders who hold 2 or more percent of voting shares. In case the shareholders fail to nominate candidates to the Audit Commission or the number of nominated candidates is fewer than the needed to fill all the vacancies the Board of Directors of the Company may include candidates in the list of candidates to the Audit Commission at its discretion. The nominees to the Audit Commission must confirm their agreement to be nominated.

- 2.3. Election of the candidates to the Audit Commission shall be made by majority of votes cast by the shareholders – holders of voting shares present at the meeting. The person elected member of the Audit Commission may be re-elected an indefinite number of times.
- 2.4. The member of the Audit Commission may not simultaneously serve on the current (newly chosen) Board of Directors of the Company, or as members of the counting commission, hold the position of the sole executive body of the Company (hereinafter referred to as the President), or the Chief Accountant.
- 2.5. The information on the candidates nominated to the Audit Commission of the Company and their agreement to be elected shall be obligatory to provide to the shareholders when a General Meeting of Shareholders is called.
- 2.6. Shares owned by the members of the Board of Directors, elected to the board at the annual General Meeting of Shareholders do not participate in the voting on election of the Audit Commission members. Such shares shall be also disregarded when quorum is established for voting on this issue.
The extraordinary General Meeting of Shareholders whose agenda includes the issue of electing Audit Commission members may not be informal (via polling).
- 2.7. An extraordinary General Meeting of Shareholders may decide to terminate the authorities of any (or all) member of the Audit Commission.
An extraordinary General Meeting of Shareholders may consider the issue of terminating the authorities of all the Audit Commission members simultaneously with the issue of electing a new Audit Commission.
In the event any of the Audit Commission member's authorities are terminated or such member steps down the authorities of other members shall remain in force.
- 2.8. When an extraordinary General Meeting of Shareholders elects the Audit Commission or any of its members, the Audit Commission (its separate members) shall be considered elected until the next annual General Meeting of Shareholders of the Company.
- 2.9. Upon decision of the General Meeting of Shareholders the Audit Commission members will receive a remuneration and/or compensation of their expenses incurred in connection with discharging their duties. The amount of such remunerations and compensations shall be determined by the General Meeting of Shareholders upon proposal made by the Board of Directors.
- 2.10. The Audit Commission's activities shall be organized and administered by the Chairman.
The Chairman of the Audit Commission shall be elected from among its members at its first meeting and may be re-elected at any time by a majority of votes of all the elected members of the Company's Audit Commission.
The Chairman shall be personally responsible for the Audit Commission's activities.
- 2.11. The documents of the Audit Commission shall be prepared by the Secretary of the Commission.
The Audit Commission Secretary shall be elected by the members of the Audit Commission from among its members at its first meeting and may be re-elected at any time by a majority of votes of all the elected members of the Company's Audit Commission.

3. DUTIES AND TASKS OF THE AUDIT COMMISSION

- 3.1. Within the scope of its competence, determined pursuant to the current legislation and the Company's Charter, the Audit Commission shall:
 - a) carry out a scheduled documentary inspection of the Company's financial and economic operations effected during the inspected year and also unscheduled documentary inspections upon its own initiative or upon the relevant decision taken by the General Meeting of Shareholders, by the Company's Board of Directors or upon request of the shareholder (shareholders) holding in total not less than 10 percent of the Company's voting shares;

б) prepare, based on the results of the inspection, a conclusion which (depending on the scope of inspection) contains:
the information whether the Company committed violations of: the Russian Federation legislative prescriptions, the rules of bookkeeping or accounting envisaged by the normative acts of the Russian Federation, pre-approved internal documents of the Company, budgets, calculations, plans or other financial documents of the Company;
a confirmation of accuracy of the data contained in the Company's annual report, its annual statements, financial reports or other financial documents of the Company;
evaluation of the reasonability and effectiveness of the financial and economic operations carried out by the Company;
proposals as to enhancing the management of financial and economic activities and internal control procedure;
proposed measures needed to improve the Company's financial and economic condition;
в) request a meeting of the Board of Directors;
г) requests an extraordinary General Meeting of Shareholders;
д) convoke an extraordinary General Meeting of Shareholders in cases envisaged by article 55(8) of the Federal law "On Joint Stock Companies";
е) elects the Chairman and the secretary of the Company Audit Commission;
ж) develop and adopts a schedule of its activities for the period until the next annual General Meeting of Shareholders;
з) independently determines the order and format of scheduled and unscheduled inspections (revisions) and preparing of conclusions on the results of such inspections;
и) exercise control over remedying the defaults and violations identified during the inspections, compliance with the Audit Commission's recommendations and the proposed measures to be taken to remove the defaults and violations;
к) decide upon holding unscheduled inspections at the requests of the Company's managing bodies.

3.2. The Audit Commission shall inspect the issues of:

а) the Company's compliance with the requirements of the legislative acts of the Russian Federation in the carrying out of its financial and economic activities, maintenance of its books and provision of financial statements, the accuracy of the data included in the statements and in other financial documents of the Company, attendance by the officers to the Company's interests, and other matters, including:

- completeness and accuracy of recording the Company's capital, assets and transactions' provisions in the Company's documents;
- compliance by the Company's officers of legislative rules and the Company's economic interests while concluding contracts and transactions on the Company's behalf, in particular, the transactions subject to prior approval by the Board of Directors, the General Meeting of Shareholders (i.e. transactions defined as "large-amount" or "interested-party"), and also other transactions, requiring prior approval of the Board of Directors, including the transactions not envisaged by the financial and economic plan (budget) of the Company;
- implementation of the pre-approved plans, budgets, calculations, limits;
- preservation of the monies and property, property and non-property rights, the efficiency of using the Company's assets and other resources, identification of non-productive losses and expenses;
- comparability of the costs of the assets acquired by the Company and of the market prices;
- justification of the Company's accounts payable, timely performance by the Company of its obligations (payments to the creditors and the budget, etc);
- justification of the Company's accounts receivable and their timely settlement;

the results of inventorying the assets, availability of the assets in accordance with the accounting records;

- justification of ascribing the expenditures (expenses) to the costs of production (works, services);
- justification of penalties imposed on the Company;
- correct determination of the Company's financial results and their correct recording in the profits and loss statement;
- document circulation and storage of documents;

б) assessing the current financial standing of the Company, financial standing indicators, presence of signs of insolvency (bankruptcy);

в) implementation of the decisions adopted by the General Meeting of Shareholders, the Board of Directors;

г) legitimacy of the Board of Directors decisions and their conformity with the General Meeting of Shareholders decisions and the Charter;

д) correspondence of the decisions on economic and financial activities to the decisions adopted by the Company's managing bodies, decisions of the Board of Directors, of the General Meeting of Shareholders and to the Company's charter;

е) removal by the Company's managing bodies of defaults identified in the conclusions of previously held inspections;

ж) other issues predetermined pursuant to the specific peculiarities of the Company's financial and economic activities, inspections on which are likely to contribute to minimizing the risks of the Company's financial and economic activities and improvement of its financial performance.

4. RIGHTS, OBLIGATIONS AND RESPONSIBILITY OF THE AUDIT COMMISSION

4.1. In discharging its duties the Audit Commission of the Company shall be authorized:

- 1) to have access to all premises of the Company, to inspect the storages and actual availability and completeness of the property, monies and documents of the Company, to receive all documents of the Company (bookkeeping, financial documents, plans, reports, memoranda, calculations, etc);
- 2) to receive written and oral explanations and comments from the heads of the Company's managing bodies, from the heads of the Company's structural divisions (departments, branches and representative offices), from the persons who are personally liable for preserving of property, from the Company's employees regarding any matter arising during the inspection;
- 3) to collate, if and as authorized by the power of attorney issued by the Company's President, the settlements with the Company's creditors and debtors, to obtain the Company's banking documents at the place of their storage at the respective bank (if necessary and possible);
- 4) to verify the existence, transfers, completeness of and accuracy of records on assets and monies, expenses and profits, the volumes of products, works and services;
- 5) to issue instructions to the officers of the Company's managing bodies, heads of structural divisions (departments, branches and representative offices) and to the persons who are personally liable for preserving of property regarding urgent measures on the identified violations if non-performance of such measures may result in loss of valuables, documents or may entail other violations;
- 6) to be present during inventorying and also to demand from the executive bodies of the Company's management that an unscheduled general or partial inventorying of the Company's assets and operations (fixed assets, inventory stocks, settlements with customers and suppliers, securities and monies, etc);
- 7) to receive from the Company's officers, the heads of its structural departments and the persons who are personally liable for preserving of property the documents, necessary for the Audit Commission within the scope of inspection (made in the process of the Company's and its managing bodies' operations or related to its operations (having relations to the operations)), and in particular the following documents:
 - formation, registration documents, documents of title, plans, reports, bookkeeping, financial managerial and other documents;

- minutes of meetings (sessions) of the Company's managing bodies (the General Meeting of Shareholders, the Board of Directors, business correspondence, the enterprise's auditors' reports, documents on inspections of the Company by state and municipal bodies, the bodies of financial and tax control.

The requested documents must be provided to the Audit Commission within two working days after the request;

8) to appeal to the officers of the Company's managing bodies requesting to impose disciplinary and property responsibility measures on the Company's employees (including the officers of the Company's managing bodies) in case such persons have committed violations of the Company's Charter, of their official duties instructions or other internal documents of the Company;

9) to obtain the schedule and the agenda of planned Board of Directors meetings and General Meetings of Shareholders, request the Company's Board of Directors that the Audit Commission's member be allowed to attend the meetings of the Board of Directors and, upon invitation of the chairman of the Board of Directors, to participate in the meetings of the Board of Directors of the Company; to participate in the meetings of the Board of Directors having a consultative voice when reports of the Audit Commission are considered;

10) to provide recommendations as to improving the internal control system, enhancing the efficiency of the Company's activities, and reducing the risks of financial and economic activities;

11) to introduce suggestions regarding the schedules of work of the Company's managing bodies, to make requests in accordance with a prescribed procedure that a meeting of the Board of Directors or the General Meeting of Shareholders be convoked (in the order prescribed by the Russian Federation legislation and the Company's Charter) in the event that the violations identified during the inspection have caused or may cause a substantial harm to the economic interests of the Company's shareholders and the authority to take the necessary measures is vested in the said managing bodies of the Company;

12) to engage in the inspections, if necessary and upon consent of the Company's President (provided that the Audit Commission's budget so allows and the requirements of confidentiality and preservation of commercial secrets are met) experts and specialists in the relevant fields (law, economy, finance, accounting, management, economic security, construction and other fields), who do not hold positions with the Company, including specialized organizations.

4.2. The Company's Audit Commission shall be obligated:

1) to carry out annual inspections on the Company's financial and economic activities, and at any other time on the initiative of the persons listed in the Federal law "On Joint Stock Companies", the Company's Charter and the present Regulations;

2) to prepare a conclusion based on the results of inspections;

3) to reflect impartially the defaults, violations and abuses in the conclusion on an inspection with as indication of their reasons, of the wrongdoers and of the damage sustained;

4) to ensure in the process of their activities that documents are properly handled, and there occurs no disclosure of commercial secrets or confidential information that becomes known to the Audit Commission members while performing inspections;

5) to document the instances of commission by Company's officers or heads of structural divisions of abuses of authorities, embezzlements, larcenies, shortages of assets or illegitimate expenditures, identified by the Audit Commission and inform the Company's President thereof;

6) to bring to the meetings of the Audit Commission the matters of identified financial or official abuses that pose a substantial threat to the Company's economic interests and require that a meeting of the Board of Directors be held or an extraordinary General Meeting of Shareholders be

- convoked, if the decisions on such matters are prerogatives of the said Company's managing bodies;
- 7) to promptly inform the Board of Directors and provide reports to the General Meeting of Shareholders on the results of scheduled and unscheduled inspections of the Companies financial and economic activities, on identified cases of inefficient and/or ungrounded financial and economic operations, of the cases when the Company's officers or by the heads of the structural divisions (departments, branches and representative offices committed violations of the Russian Federation legislation, of the Company's Charter and other internal documents of the Company or other financial or official wrongdoings;
- 8) to inform the respective shareholder of the inspection results in case an inspection is initiated pursuant to the requirement of a shareholder (shareholders) holding in total 10 or more percent of the Company's voting shares;
- 9) to exercise control as to whether the defaults and violations identified during previous inspections have been cured and that measures have been taken to remove them.
- 4.3. The members of the Audit Commission shall be responsible for undue performance of their duties. Upon request of a shareholder (shareholders), who hold(s) in total 10 or more percent of the Company's voting shares and who has voted for election of an Audit Commission member, such Audit Commission member must provide a report on his activities to the shareholder.

5. REGULATION ON ACTIVITIES OF THE AUDIT COMMISSION

- 5.1. The chairman of the Company's Audit Commission shall:
- 1) plan the work of the Company's Audit Commission;
 - 2) convoke and hold meetings, resolve issues related to the preparation and holding of the meetings of the Company's Audit Commission, approve the agenda of the Company Audit Commission's meetings;
 - 3) organize the current work of the Company's Audit Commission, including sets the schedule of inspections, the issues to be inspected and distribution thereof among the Commission's members;
 - 4) represent the Audit Commission at the General Meetings of Shareholders and at the meetings of the Board of Directors;
 - 5) sign the minutes of the meetings of the Audit Commission and other documents emanating from the Audit Commission of the Company;
 - 6) discharge other functions, necessary for the Audit Commission to exercise control over the Company's financial and economic activities and the managing bodies' practices, and to report to the shareholders.
- 5.2. The secretary of the Audit Commission of the Company shall:
- 1) keep the minutes of the meetings of the Audit Commission;
 - 2) arrange for timely notification of inspection results and provision of the copies of conclusions made by the Audit Commission to the Company's managing bodies;
 - 3) execute and signs, jointly with the chairman of the Audit Commission, the minutes of the meetings held by the Audit Commission and excerpts from such minutes;
 - 4) arrange proper paperwork and circulation of the Audit Commission's documents;
 - 5) provide for prior (not later than 5 days in advance) notification of the Audit Commission members that the Audit Commission will hold a meeting or perform a scheduled or an unscheduled inspection;
 - 6) perform other functions to ensure a proper organization of the Audit Commission's activities and paperwork of the Audit Commission.
- 5.3. Schedule of the Audit Commission's work.
- 5.3.1. Scheduled inspections shall be performed and meetings of the Audit Commission shall be held in accordance with the annual Program of the Audit Commission Activities.
- 5.3.2. The first organizational meeting of the Audit Commission shall adopt the Program of the Audit Commission Activities.

- 5.3.3. The Program of the Audit Commission Activities shall include:
- 1) the objects of inspections (types of financial and economic activities of the Company, certain fields of the Company's activities);
 - 2) certain formats of inspections in respect of each object;
 - 3) schedule of conducting the inspections of the Company's activities, approximate periods when the inspections will be held (annual or quarterly inspection);
 - 4) schedule of the Audit Commission's meetings dedicated to consideration of the issues of preparing for and carrying out an inspection of the Company's activities and adoption of conclusions of such inspections;
 - 5) an approximate list of financial and/or economic documents which will be needed to inspect the objects listed in the plan of inspections;
 - 6) distribution of responsibilities among the Audit Commission members while performing an inspection;
 - 7) other issues related to the organization of Audit Commission meetings and inspections.
- 5.4. Audit Commission meetings and decision-making.
- 5.4.1. The Audit Commission shall follow the principle of collegiality in its work – all decisions of the Audit Commission shall be made by a majority of votes of the members present.
- 5.4.2. Quorum shall be established at meetings of the Audit Commission, then the agenda is announced, members' reports are heard and decisions (conclusions) are formulated, voting follows and results are determined.
- 5.4.3. The meetings of the Audit Commission shall be legitimate (quorum shall be present) if more than 50% of its elected members of the Audit Commission of the Company attend the meeting. In case quorum is not present and the members have good reasons not to attend the meeting will be shifted to a later date, but not later than ten days later.
- 5.4.4. Decisions on the agenda issues shall be taken by a majority of votes of the members of the Audit Commission present at the meeting. A member's vote may not be assigned to any other person, including an Audit Commission member.
Each member of the Audit Commission shall have one vote. The chairman shall have the casting vote in case of a tie.
- 5.4.5. The Audit Commission shall hold either formal meetings (joint attendance of the Commission's members of discussion and decision of the issues put to vote) or informal meetings (without joint attendance but by poll by correspondence). The format of the meeting and the dates of holding unscheduled meetings shall be determined by the Commission's Chairman. A member of the Audit Commission who is not present at the meeting may provide his written opinion on a considered issue, which will be counted while the quorum is established and the voting results are counted.
- 5.4.6. The first (organizational) meeting of the Audit Commission, elected by the General Meeting of Shareholders, shall be held within 15 days after the General Meeting of Shareholders that elected the new Audit Commission.
- 5.4.7. The Audit Commission of the Company shall hold its meetings on the dates fixed in the Plan of Audit Commission Activities and once before an inspection and once after its completion.
- 5.4.8. The meetings of the Audit Commission of the Company held before the inspections shall consider the following issues of preparing and carrying out of the proposed inspection:
- 1) defining the object of the inspection;
 - 2) the order, timing and extent of the inspection;
 - 3) enlisting of information and materials necessary within the inspection and the sources from which they may be obtained;
 - 4) enlisting the persons to be involved with the inspection (for provision of explanations and clarifying certain matters);

- 5) fixing the date on which the Audit Commission shall hold the meeting after the inspection is completed;
 - 6) appointing the inspectors, distribution among them of the issues under inspection;
 - 7) other issues.
- The meeting of the Audit Commission on the issues of preparation and performing the next inspection may be held without formal attendance of the Audit Commission members (by polling).
- 5.4.9. The following issues shall be considered at the meeting held after each inspection is completed:
- 1) the information obtained during the inspection and its sources;
 - 2) summary results of the inspection;
 - 3) conclusions and suggestions based in the inspection results;
 - 4) approval and signature of the Audit Commission inspection conclusion;
 - 5) ascertaining and analysis of the causes of identified violations and the possible options of removing such causes;
 - 6) decisions on the issues of appealing to the Company managing bodies, to their officers and to the heads of the Company's structural divisions regarding the necessity to remove identified violations and imposition of sanctions on the wrongdoers;
 - 7) other issues related to the inspection results.
- 5.4.10. The demand of an extraordinary General Meeting of Shareholders shall be taken by a majority of votes present at the meeting of the Audit Commission.
- The demand shall be signed by the chairman of the Audit Commission.
- The demand of the Audit Commission to hold an extraordinary General Meeting of Shareholders shall be submitted to the Chairman of the Board of Directors or to the Corporate Secretary of the Company receipt acknowledged by signature.
- The demand of the Audit Commission to hold an extraordinary General Meeting of Shareholders shall specify:
- the issues of the agenda and of proposed decisions;
 - the grounds for including certain issues in the agenda;
 - proposals on the format of the meeting.
- 5.4.11. The meeting of the Audit Commission on approval of the Commission's opinion on the annual report of the Company, its balance, the profit and loss statement (the annual meeting) shall be held not later than 150 days after completion of the Company's financial year.
- 5.4.12. When the Audit Commission is preparing to hold a meeting the chairman of the Audit Commission of the Company shall:
- 1) set the date, time and place of the meeting and its format;
 - 2) approve the agenda of the meeting;
 - 3) define the list of materials and documents required to consider the issues included in the agenda of the Audit Commission meeting;
 - 4) define the list of persons to be invited to attend the meeting of the Audit Commission (if a formal meeting is held);
 - 5) decide other issues connected with preparing the meeting of the Audit Commission.
- 5.4.13. In cases the Audit Commission receives information about violations of the legislation of the Russian Federation, of the Company's Charter, or of other internal documents of the Company, or regarding financial or official wrongdoings which put Company's shareholder's economic interests to substantial danger the chairman of the Audit Commission must call a meeting of the Audit Commission to decide on an unscheduled inspection.
- 5.4.14. A member of the Audit Commission who comes to know of the above-mentioned violations must submit to the Audit Commission's Chairman, within 3 working days after the violations are identified, a written notice describing the nature of the violation and the persons who committed them.

- 5.4.15. The secretary of the Audit Commission shall keep the minutes of the meeting.
If a member of the Audit Commission disagrees with the Commission's decisions, their written dissenting opinions will be appended to the minutes of the meeting and are notified to the Board of Directors and the General Meeting of Shareholders.
The minutes of the Audit Commission meeting shall be issued in two originals within 3 working days after the meeting (after calculation of the results of an informal meeting) and are signed by the Chairman and the Secretary of the Audit Commission. The Company shall store the minutes of the meetings of the Audit Commission and provide them upon requests of shareholders.
- 5.5. The order of inspections.
- 5.5.1. A scheduled inspection of the Company's financial and economic activities shall be based on the pre-approved Plan of the Audit Commission Activities.
- 5.5.2. An unscheduled inspection of the Company's financial and economic activities will be organized on the grounds, specified in Article 3.1. hereof. An unscheduled inspection carried out pursuant to the request of the Board of Directors, or the decision of the General Meeting of Shareholders shall commence within 30 days after the receipt of such written request or decision. The period of inspection may not exceed 90 working days.
- 5.5.3. The shareholders requesting an inspection shall file a written submission with the Audit Commission, specifying:
- the name (designation) of the shareholder;
 - the information on the shares held by them (amount, category, type);
 - grounded reasons for filing the request.
- The request shall be signed by the shareholder or on his behalf by his authorized representative. If the request is signed by a representative the respective power of attorney shall accompany the request.
- In the event such request is initiated by a corporate shareholder the signature of the person who may, pursuant to the entity's charter, represent such legal entity without a power of authority shall be certified by such legal entity's seal. Of the request is signed by the representative of the legal entity, acting pursuant to a power of authority, the request shall be accompanied by the power of authority.
- The shareholders whose shares are lodged with a depository shall attach an excerpt from the Depo account to the request.
- 5.5.4. The request shall be mailed to the address of the Company for attention of the chairman of the Audit Commission or handed to the Company.
The request shall be deemed filed on the date of actual receipt by, or handing to, the Company.
- 5.5.5. Within 5 (five) working days after the request is filed the Audit Commission shall decide on conducting an inspection of the Company's financial and economic activities or provide a grounded refusal. Upon affirmative decision of the Audit Commission on having an inspection the Chairman shall organize and commence the inspection.
- 5.5.6. The Audit Commission may refuse to hold an inspection in the following instances:
- the shareholders requesting the inspection are not the holders of the prerequisite amount of the Company's voting shares;
 - the request does not provide grounds for conducting the inspection;
 - the issues to which the request relates, have been subject to a previous inspection and the Audit Commission's conclusions on the subject issues have been drawn;
 - the request is not in conformity with the Russian Federation legislation or the Company's Charter.
- 5.5.7. The party requesting an inspection may withdraw the request at any time by written notice to the Audit Commission prior to the Audit Commission's decision on conducting the inspection.
- 5.5.8. The chairman of the Audit Commission shall inform the Company President before the inspection is started.

- 5.5.9. Based on the results of the inspection the Audit Commission shall execute a statement and issue its Conclusion.
- 5.5.10. The Audit Commission's Conclusion shall be made in three originals. A member of the Audit Commission who disagrees with the Conclusion may submit a dissenting opinion which shall be appended to the Conclusion and form an integral part thereof. One original shall be retained for the Audit Commission's records and another one shall be sent to the Company's President and the third one shall be given to the Board of Directors.
- 5.5.11. The Company's President shall, within 10 working days after receipt of the Audit Commission's Conclusion, read the inspection materials and in case he has grounded arguments against the Conclusion submit them in writing to the Chairman of the Audit Commission, in set with substantiating documents.
- 5.5.12. The Chairman of the Audit Commission shall review (and in case of necessity conduct an additional inspection of the disputed issues) the arguments (comments or additions) and, if he finds them acceptable, amend the Conclusion accordingly. In the event of a disagreement the Presidents arguments (or the Protocol of disagreements) shall be appended to the Conclusion.
- 5.5.13. If the inspection was held on request of a shareholder (shareholders) who holds in total 10 or more percent of the Company's voting shares, an additional original of the Conclusion on the inspection shall be made and directed to such shareholder (shareholders) within 3 days after its adoption. The shareholder (shareholders) who requested that an inspection of the Company's financial and economic activities be carried out shall be entitled to make his (their) next request of an inspection only ninety days after his (their) initial request to the Audit Commission.
- 5.5.14. The Company shall store the statements and Conclusions issued by the Audit Commission and shall make them available upon request of the Company's shareholder.
- 5.5.15. The Company's President shall prepare a Plan of Measures to remedy the identified violations (defaults) specifying the deadlines and the persons responsible for remedying the violations. The Audit Commission shall render methodological assistance in preparing such Plan of Measures and monitors its implementation.

6. THE DOCUMENTS OF THE AUDIT COMMISSION

- 6.1. The Audit Commission shall execute the following documents:
- Minutes of the Audit Commission's meetings;
 - Statements made by the Audit Commission based on the inspections;
 - The Conclusions of the Audit Commission;
 - Copies of requests on holding extraordinary General Meetings of Shareholders.
- 6.2. The minutes of the meeting shall specify:
- 1) the date, place and format of the meeting (the way of counting the results of voting);
 - 2) the list of the Audit Commission's members and other persons present at the meeting (taking part in the polls);
 - 3) whether the meeting had quorum;
 - 4) the meeting's agenda;
 - 5) the essence of the speeches, reports and accounts on the agenda issues (formal meeting only);
 - 6) the results of voting, and names of the Audit Commission members who declared their dissenting opinions;
 - 7) decisions adopted by the Audit Commission.
- 6.3. The Audit Commission statements made with regard to the results of an inspection shall specify:
- the place and time of the inspection;
 - the members of the Audit Commission taking part in the inspection;
 - the grounds for conducting the inspection;
 - the information on the Audit Commission's demands of information (documents and materials), made during the inspection to the Company's bodies, the heads of divisions and departments, branches and representative offices and officers of the Company;

- whether any of the demanded information(documents or materials) was refused;
 - description of the violations of legislation, rules or the provisions of the Charter, or internal documents of the Company;
 - data on the written explanations obtained from the President of the Company, the members of the Board of Directors, officers and employees of the Company;
 - names of persons, who committed the violations of the legislation, rules or the provisions of the Charter, or internal documents of the Company;
 - references to the legal provisions and rules, provisions of the Charter and internal documents of the Company, whose violations were identified during the inspection.
- 6.4. The Conclusion of the Audit Commission will, as a rule, consist of three parts: introduction, analysis and conclusions.
- The introduction will include:
- 1) the whole name of the document “The Conclusion of the Audit Commission of Joint Stock Company “Joint Stock Financial Corporation “Sistema”;
 - 2) the date and place where the conclusion was executed;
 - 3) the date (period) when the inspection was carried out;
 - 4) the grounds for carrying out the inspections (decisions of the Audit Commission, of the General Meeting of Shareholders, of the Board of Directors, requests of shareholders (shareholder) other grounds);
 - 5) the goal of the inspection;
 - 6) the object of the inspection;
 - 7) the list of regulatory, internal or other documents and materials which were used in the inspection.
- The analysis shall contain an objective evaluation of the condition of the objects from the point of view of the inspected issue in accordance with the Plan of inspection.
- The final part of the Conclusion shall contain grounded opinion made by the Audit Commission on the inspected issue (issues) (confirmation of accuracy of the data included in the statements and other financial documents of the Company, information on violations of the legal acts of the Russian Federation and the Company’s internal documents committed while carrying out financial and economic activities, defaults and wrongs, etc.), and recommendations and proposals on removing the causes and consequences of the defaults and correcting the defaults and wrongs from the Company’s activities.
- The Audit Commission’s Conclusions shall specify, in particular:
- conclusions on compliance with or violations of legislation, regulations, the Company’s Charter and internal documents;
 - evaluation of the accuracy of the data included in the Company’s annual report and included in the Company’s annual accounts;
 - data on the Audit Commission’s requests to hold meetings of the Board of Directors and/or extraordinary General Meeting of Shareholders;
 - description of the violations of laws, regulations, the Company’s Charter, rules and bylaws by the Company’s employees and officers;
 - data on engaging by the Audit Commission of specialists on various issues of financial and economic activities who do not hold any positions in the Company.
- 6.5. The documents executed by the Audit Commission shall be signed by its chairman and do not require affixing of the Company’s seal.
- 6.6. The chairman of the Audit Commission shall deliver the original documents executed by the Audit Commission to the Company’s archives which event shall be formalized by a corresponding delivery receipt.
- 6.7. The Chairman of the Audit Commission shall retain the following documents:
- requests to carry out an inspection;
 - refusals of the Audit Commission to carry out an inspection;
 - written refusals of the Company’s officers to provide information.
- 6.8. The Company, represented by the President, shall make the documents of the Audit Commission available to the shareholders.

Upon request of a shareholder the Company shall provide copies of the documents issued by the Audit Commission. The fee shall be determined by the Company and may not exceed the costs of making the copies and mailing expenses.

7. THE CONCLUDING PROVISIONS

- 7.1. The present Regulations shall be approved by the General Meeting of Shareholders by a majority of votes of the shareholders-holders of voting shares, present at the meeting.
- 7.2. Decisions on amendments and alterations in the Regulations shall be made by decision of the General Meeting of Shareholders by a majority of votes of the shareholders-holders of voting shares, present at the meeting.
- 7.3. Proposals of making amendments and alterations in the Regulations or of adopting a newer version of the Regulations shall be brought by the Company's shareholders in accordance with the order of proposing issues on the agenda of the General Meeting of Shareholders prescribed by the legislation and the Charter.
- 7.4. In case any changes in the legislation of the Russian Federation or in the Company's Charter, cause any provisions of these Regulations to be in conflict therewith, such provisions hereof shall become null and void and the present Regulations shall remain applicable until amended to the extent not conflicting with the laws of the Russian Federation and the Company's Charter.