

RUSSIAN FEDERATION

FEDERAL LAW

ON PROTECTING INVESTORS' RIGHTS AND LAWFUL INTERESTS IN THE SECURITIES MARKET

Adopted by
the State Duma
on 12 February 1999

Approved by
the Federation Council
on 18 February 1999

List of amending documents

(as amended by Federal Laws No. 196-FZ, dated 30 December 2001,
No. 162-FZ, dated 9 December 2002, No. 122-FZ, dated 22 August 2004,
No. 61-FZ, dated 18 June 2005, No. 194-FZ, dated 27 December 2005,
No. 138-FZ, dated 27 July 2006, No. 63-FZ, dated 26 April 2007,
No. 334-FZ, dated 6 December 2007, No. 74-FZ, dated 28 April 2009,
No. 205-FZ, dated 19 July 2009, No. 264-FZ, dated 4 October 2010,
No. 327-FZ, dated 21 November 2011, No. 282-FZ, dated 29 December 2012,
No. 251-FZ, dated 23 July 2013, No. 292-FZ, dated 3 July 2016,
as amended by Federal Laws No. 150-FZ, dated 27 December 2000,
No. 194-FZ, dated 30 December 2001, No. 176-FZ, dated 24 December 2002,
No. 186-FZ, dated 23 December 2003, No. 173-FZ, dated 23 December 2004,
No. 189-FZ, dated 26 December 2005, No. 238-FZ, dated 19 December 2006)

Article 1. Objectives of this Federal Law

The objectives of this Federal Law are ensuring the state and public protection of the rights and lawful interests of individuals and legal entities investing in issue-grade securities (the 'investors') and defining the procedure for payment of compensation and providing other forms of payment of damages to individual investors caused by the unlawful actions of issuers and other securities market participants (the 'professional participants') in the securities market.

Article 2. Scope of this Federal Law

1. This Federal Law shall establish the following:

Terms for the provision of services by professional participants to investors who are not professional participants

Additional requirements for professional participants providing services to investors in the securities market

Additional terms for the placement of issue-grade securities among an unlimited number of investors in the securities market

Additional measures to protect investors' rights and lawful interests in the securities market and the responsibility of issuers and other parties for the violation of these rights and interests

2. This Federal Law shall not apply to relations associated with raising funds to deposits by banks and other credit institutions, insurance companies, and non-governmental pension funds, the circulation of deposit and savings certificates of credit institutions, checks, promissory notes, and other securities which, in accordance with the law of the Russian Federation, are not issue-grade securities, as well as the circulation of bonds of the Central Bank of the Russian Federation (the 'Bank of Russia'), government securities of the Russian Federation, government securities of constituent entities of the Russian Federation, and securities of municipalities.

(as amended by Federal Laws No. 61-FZ, dated 18 June 2005, No. 251-FZ, dated 23 July 2013)

Article 3. Legislation of the Russian Federation on Protecting Investors' Rights and Lawful Interests in the Securities Market

Relations associated with the protection of investors' rights and lawful interests in the securities market shall be regulated by this Federal Law, other federal laws, and other regulations of the Russian Federation.

Article 4. Securities Market Restrictions Aimed at Protecting Investors' Rights and Lawful Interests

1. It shall be prohibited to advertise and (or) publicly offer securities of issuers that do not disclose information to the extent and in accordance with the procedure stipulated by the Russian law on securities for issuers publicly placing securities.

2. Terms and conditions of contracts concluded with investors that restrict investors' rights in comparison with the rights stipulated by the legislation of the Russian Federation on the protection of investors' rights and lawful interests in the securities market shall be null and void.

3. The violation of Clauses 1 and 2 hereof by a professional participant shall be grounds for cancelling or suspending its license to carry out professional activities in the securities market and (or) imposing a fine.

Article 5. Restrictions Related to the Issue and Circulation of Securities

1. In the securities market it shall be prohibited to publicly place and publicly circulate, advertise, or publicly offer in any other form securities for qualified investors, securities, the public placement and (or) public circulation of which is prohibited or not stipulated by federal laws and other regulations of the Russian Federation, as well as documents that certify monetary and other obligations but that are not securities in accordance with the Russian law.

(Clause 1 as amended by Federal Law No. 74-FZ, dated 28 April 2009)

2. Invalid since 2 January 2013. – Federal Law No. 282-FZ, dated 29 December 2012.

3. The issue of bonds and other issue-grade securities by non-profit organisations shall be allowed only in cases stipulated by federal laws and other regulations of the Russian Federation, subject to collateral defined in these regulations.

4. Removed. – Federal Law No. 162-FZ, dated 9 December 2002.

4. Parties signing a securities prospectus shall jointly and severally bear subsidiary liability for damage caused by the issuer to the investor as a result of information contained in the said prospectus that is unreliable and (or) misleading for the investor.

The independent appraiser and auditor signing the prospectus for a securities issue shall bear,

jointly and severally with other parties signing the prospectus for the securities issue, subsidiary liability together with the issuer for damage caused to the investor by the issuer as a result of information contained in the said prospectus that is unreliable and (or) misleading for the investor and that they confirmed.

A claim for damages on the grounds specified in paragraphs one and two of this clause may be submitted to the court within one year from the day of discovery of the violation, but no later than three years from the start date of the securities placement.

Article 6. Provision of Information Related to the Circulation of Securities to Investors

1. The issuer shall provide the investor with the information defined by the Russian law.

2. A professional participant offering services in the securities market to investors shall, at the request of an investor, provide the following documents and information:

A copy of its licence to perform professional activities in the securities market;

A copy of the document on the state registration of the professional participant as a legal entity or individual entrepreneur;

Information about the agency that issued the licence for the performance of professional activities in the securities market (its name, address, and telephone numbers);

Information about the authorised capital and equity of the professional participant and its reserve fund.

3. If an investor acquires securities from a professional participant, or the professional participant acquires securities on behalf of an investor, the professional participant shall, at the request of the investor, provide, in addition to the information defined by federal laws and other regulations of the Russian Federation, the following information:

Details of the state registration of the securities issue, the state registration number of that issue, and, for a transaction with securities, the issue of which is not subject to state registration in accordance with the requirements of federal laws, the identification number of the securities issue; (as amended by Federal Law No. 138-FZ, dated 27 July 2006)

Information contained in the resolution on the securities issue and the prospectus;

Information on the prices of these securities in organised trading during the six weeks preceding the date of the request made by the investor to provide information, if these securities are included in the quotation list of the exchange, or information about the absence of these securities in the quotation lists of exchanges;

(as amended by Federal Law No. 327-FZ, dated 21 November 2011)

Information on the prices at which these securities were bought and sold by that professional participant in the six weeks preceding the date of the request made by the investor to provide information or a statement that no such transactions were conducted;

Information on the valuation of these securities by the rating agency recognised in accordance with the procedure established by the Russian law.

4. In the event of the alienation of securities by the investor, the professional participant shall, at the request of the investor and in addition to the information defined by federal laws and other regulations of the Russian Federation, provide information on:

The prices of these securities in organised trading during the six weeks preceding the date of the

request made by the investor to provide information, if these securities are included in the quotation list of the exchange, or information regarding the absence of these securities in the quotation lists of exchanges;

(as amended by Federal Law No. 327-FZ, dated 21 November 2011)

The prices at which these securities were bought and sold by that professional participant in the six weeks preceding the date of the request made by the investor to provide information or a statement that no such transactions were conducted.

5. In all cases, the professional participant shall notify the investor of its right to receive the information specified herein. Moreover, the professional participant providing services to individual investors shall inform the latter on their rights and guarantees provided in accordance herewith.

6. For the provision of the information specified in Clauses 3 and 4 hereof to the investor in writing, the professional participant may require the investor to pay a fee in an amount not exceeding the cost of copying such information.

The Bank of Russia is responsible for supervising the validity of fees collected by professional participants or issuers for providing the information.

(as amended by Federal Law No. 251-FZ, dated 23 July 2013)

ConsultantPlus: note.

Article 15.19 of the Code of Administrative Offences of the Russian Federation establishes the administrative liability for any failure of the issuer or professional securities market participant to provide to the investor, at its request, the information stipulated by law or the provision of inaccurate information.

7. A violation of the requirements established by this article, including the provision of inaccurate or incomplete information and (or) information that is misleading for the investor, shall be grounds for amending or terminating a contract between the investor and professional participant (issuer) at the request of the investor and in accordance with the procedure established by the Russian civil law.

8. In connection with the acquisition or alienation of securities, the investor may request that the professional participant or issuer provide information in accordance with this Federal Law and other federal laws and shall bear the risks of the consequences resulting from any failure to make such a request.

Article 7. Period for Processing Complaints and Applications of Investors by the Bank of Russia

(as amended by Federal Law No. 251-FZ, dated 23 July 2013)

Complaints and applications of investors shall be processed by the Bank of Russia within a period not exceeding two weeks from the submission date of the complaint or application.

Article 8. Provision of Information to Investors by the Bank of Russia

(as amended by Federal Law No. 251-FZ, dated 23 July 2013)

In order to inform investors and warn them about offences and potential offences in the securities market, the Bank of Russia shall post the following information on its official website:

On the cancellation or suspension of licences to conduct professional activities in the securities market;

On self-regulatory organisations in the financial market (the 'self-regulatory organisations');
(as amended by Federal Law No. 292-FZ, dated 3 July 2016)

On administrative penalties imposed by the Bank of Russia;

On court rulings on Bank of Russia claims.

Article 9. Provision of Information on Issue-grade Securities Issues and Licencing the Activities of Professional Securities Market Participants to Investors

(as amended by Federal Law No. 194-FZ, dated 27 December 2005)

The information contained in the register of issuable securities and in the register of professional participants in the securities market shall be accessible and available to any interested party.

Article 10. Public Hearings on Issues Related to Implementing and Amending Russian Securities Laws

(as amended by Federal Law No. 251-FZ, dated 23 July 2013)

1. The Bank of Russia and tax and law enforcement agencies can hold public hearings on implementing and amending Russian laws on securities.

(as amended by Federal Law No. 251-FZ, dated 23 July 2013)

These hearings shall be held at the initiative of the Bank of Russia, tax and law enforcement agencies, and self-regulatory organisations of the financial market.

(as amended by Federal Laws No. 251-FZ, dated 23 July 2013, and No. 292-FZ, dated 3 July 2016)

2. The decision to hold public hearings on issues related to implementing and amending Russian securities laws and on the topics, dates, and participants of these hearings shall be taken by the executives of the Bank of Russia, tax and law enforcement agencies, or their deputies.

(as amended by Federal Law No. 251-FZ, dated 23 July 2013)

These public hearings shall adopt recommendations that may be considered in the activities of the Bank of Russia and tax and law enforcement agencies as well as in the preparation of proposals for improving the Russian law.

(as amended by Federal Law No. 251-FZ, dated 23 July 2013)

The recommendations shall be adopted by the majority of participants in the public hearings. The recommendations and materials of the hearings shall be subject to publication.

If these public hearings reveal offences committed in the securities market, the relevant proposals shall be sent to the Bank of Russia, law enforcement, and other federal executive authorities in accordance with their responsibility to address the issues of liability stipulated by Russian Federation law.

(as amended by Federal Law No. 251-FZ, dated 23 July 2013)

3. The rules for holding public hearings on implementing and amending the Russian law on securities shall be approved by the Bank of Russia or by the federal agency that decided to hold these public hearings.

(as amended by Federal Law No. 251-FZ, dated 23 July 2013)

Article 11. Bank of Russia Instructions

(as amended by Federal Law No. 251-FZ, dated 23 July 2013)

1. Bank of Russia instructions shall be mandatory for commercial and non-profit organisations and their officials, individual entrepreneurs, and individuals within the Russian Federation.

(as amended by Federal Law No. 251-FZ, dated 23 July 2013)

2. Bank of Russia instructions shall be issued on matters stipulated by this Federal Law and other

federal laws for the purposes of stopping and preventing violations of the Russian law on joint-stock companies and the securities market as well as on other matters within the responsibility of the Bank of Russia.

(as amended by Federal Law No. 251-FZ, dated 23 July 2013)

If violations of investors' rights and lawful interests by a professional participant are revealed, or if actions committed by a professional participant create a threat to investors' rights and lawful interests, the Bank of Russia may issue an instruction to prohibit or restrict the performance of certain operations by the professional participant in the securities market for up to six months.

(as amended by Federal Law No. 251-FZ, dated 23 July 2013)

3. Bank of Russia instructions shall be amended or cancelled by the Bank of Russia in connection with a court decision that has entered into legal force or at the initiative of the Bank of Russia.

(Clause 3 as amended by Federal Law No. 251-FZ, dated 23 July 2013)

4. The Bank of Russia may file a petition in court demanding enforcement of its instruction.

(clause 4 introduced by Federal Law No. 251-FZ, dated 23 July 2013)

Article 12. Invalid since 1 January 2008. – Federal Law No. 63-FZ, dated 26 April 2007.

Article 13. Invalid. – Federal Law No. 205-FZ, dated 19 July 2009.

Article 14. Protection of Investors' Rights and Lawful Interests by the Bank of Russia in Judicial Proceeding

(as amended by Federal Law No. 251-FZ, dated 23 July 2013)

1. When disputes over claims or petitions on the protection of rights and lawful interests of investors are reviewed in court, the Bank of Russia may enter the process at its own initiative for the purposes of providing its opinion on the case in order to fulfil its obligations and protecting the rights of individual investors and state interests.

(as amended by Federal Law No. 251-FZ, dated 23 July 2013)

2. For the purposes of protecting investors' rights and lawful interests, the Bank of Russia may file the following claims and petitions to the court:

(as amended by Federal Law No. 251-FZ, dated 23 July 2013)

On protecting state and public interests and the legally protected interests of investors;

On liquidating legal entities or terminating the activities of individual entrepreneurs engaged in unlicensed professional activities in the securities market, declaring securities transactions invalid, and in other cases established by the Russian law on the protection of investors' rights and lawful interests in the securities market

(as amended by Federal Law No. 282-FZ, dated 29 December 2012)

Articles 15–16. Invalid. – Federal Law No. 292-FZ, dated 3 July 2016.

ConsultantPlus: note.

Article 17 shall be valid until the enactment of relevant amendments to the Federal Law 'On the Securities Market' (Clause 4 of Article 20 of that Law).

Article 17. Compensation and Other Funds of Self-Regulatory Organisations

In order to compensate for damage suffered by individual investors as a result of the activities of

professional participants who are members of a self-regulatory organisation, the self-regulatory organisation may establish compensation and other funds.
(as amended by Federal Law No. 292-FZ, dated 3 July 2016)

Article 18. Protection of Individual Investors' Rights and Lawful Interests by Their Public Associations

1. Public associations of individual investors at the federal, interregional, and regional levels have the right to protect the rights and lawful interests of individual investors in the forms and in accordance with the procedure stipulated by the Russian law.

2. Public associations of individual investors may:

file petitions to the court on the protection of the rights and lawful interests of individual investors who sustained damages in the securities market, in accordance with the procedure established by the procedural law of the Russian Federation;

monitor compliance with the terms established for the storage and sale of the property of debtors intended to satisfy the property claims of individual investors in connection with unlawful activities in the securities market, in accordance with the procedure established by the Russian law;

establish their own compensation and other funds for the purposes of ensuring the protection of the rights and lawful interests of individual investors;

unite in associations and alliances.

Article 19. Programme of Compensation Payments to Individual Investors

1. A federal compensation fund shall be established as a non-profit organisation (the 'fund') to implement the State Programme for the Protection of Investors' Rights regarding compensation for individual investors, with the following objectives:

Making compensation payments to individual investors;

Building information databases and maintaining the register of individual investors who are entitled to receive these compensation payments;

Representing and protecting the property interests of individual investors who appealed to the fund, in court, and during enforcement proceedings, submitting claims for the protection of the rights and lawful interests for an unrestricted number of individual investors;

Storing the property intended for satisfying the property rights of individual investors and participating in its sale or ensuring the monitoring of proper storage and sale of this property during the enforcement proceedings;

Monetary funds and other property intended for compensation payments to individual investors as well as the storage of this property shall be managed in accordance with the procedure stipulated by federal laws and other regulations of the Russian Federation.

The charter of the fund shall be approved by the Government of the Russian Federation.

A board of guardians shall be established to oversee the activities of the fund, consisting of representatives of the Federal Assembly of the Russian Federation, the Bank of Russia, federal executive authorities, self-regulatory organisations, and public associations of individual investors.

(as amended by Federal Law No. 251-FZ, dated 23 July 2013)

The fund shall provide annual reports on its activities in accordance with the procedure

established by the Government of the Russian Federation. Reports on the activities of the fund shall be published in the Bank of Russia's official publication.
(as amended by Federal Law No. 251-FZ, dated 23 July 2013)

2. The fund shall make payments to individual investors who are unable to obtain compensation through court rulings and orders because the debtor has no money or other property.

Individual investors shall be entitled to receive compensation in connection with the damage caused to them by a professional participant in the securities market who holds a licence to carry out the relevant professional activity in the securities market as well as in cases stipulated by regulations of the Russian Federation.

The fund shall not make compensation payments to individuals who own securities intended for qualified investors.

The fund shall be formed by sources stipulated in the charter of the fund in accordance with the Russian law.
(Clause 2 as amended by Federal Law No. 334-FZ, dated 6 December 2007)

Article 20. Procedure for Entry into Force of this Federal Law

1. This Federal Law shall enter into force from the day of its official publication.

2. Article 8 of this Federal Law shall enter into force six months after the date this Federal Law enters into force.

3. Removed. – Federal Law No. 162-FZ, dated 9 December 2002.

3. Article 17 of this Federal Law shall be effective until the entry into force of the relevant amendments to the Federal Law 'On the Securities Market.'

4. Propose to the President of the Russian Federation to bring his regulations into accordance with this Federal Law within three months following the date of entry into force hereof.

5. Instruct the Government of the Russian Federation to bring its regulations into accordance with this Federal Law and adopt the necessary regulations in accordance with this Federal Law within three months following the date of entry into force hereof.

President
of the Russian Federation
B. YELTSIN

Moscow, the Kremlin

5 March 1999

No. 46-FZ
