

**Approved
with a resolution of the General
Meeting of the shareholders of
Sistema Joint-Stock Financial Corporation
on 1 September 2004
Minutes No 2-04**

**TERMS OF REFERENCE
of the Auditing Commission

of Open Joint-Stock Company
Sistema Joint-Stock Financial Corporation**

Moscow, 2004

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Introduction

1. These Terms of Reference of the Auditing Commission of Open Joint-Stock Company Sistema Joint-Stock Financial Corporation (hereinafter the "Company") were designed on the basis of the current legislation and the Charter of the Company.

2. The Terms of Reference are an internal document of the Company determining: the legal status, the focus area, the scope of authority (together with the Charter of the Company), the procedures for forming, the rights and obligations of the members, the key objectives and functions, the operating procedures (work arrangements, procedures for holding inspections, interaction with the governance bodies of the Company and its shareholders etc.) of the Auditing Commission.

1. Focus area and legal status of the Auditing Commission

1.1. The Auditing Commission of the Company being a permanent elective body shall effect recurring control over the financial and business activities of the Company, the activities of its governance bodies and officials (including its autonomous units, services, branches and representative offices) by means of desk and field audit of the following:

- legitimacy, economic feasibility and efficiency (expediency) of business and financial transactions performed by the Company in the inspected period;

- completeness and correctness of reflecting business and financial operations in management documents of the Company;

- legitimacy, economic feasibility and efficiency of the actions of the officers of the Company's governance bodies and heads of its structural units (services, branches, representative offices) in terms of compliance with the legislation of the Russian Federation, the Charter of the Company, the approved plans, programs and other internal documents of the Company.

1.2. The Auditing Commission shall be guided in its activities with the current legislation, the Charter of the Company, there Terms of Reference, other internal documents of the Company adopted by the General Meeting of the shareholders and relating to the operation of the Auditing Commission.

1.3. The Auditing Commission shall be independent of the officers of the Company's governance bodies and shall only report to the General Meeting of the shareholders of the Company to which it makes an annual report.

The Auditing Commission shall be responsible to the General Meeting of the shareholders for the reliability and the objectiveness of the results of the audits it conducted.

1.4. The officers of the executive bodies of the Company, the heads of the structural and autonomous units (services, branches and representative offices) must render assistance to the Auditing Commission when the audits are carried out.

The officers of the Company shall be made responsible for impeding with the audits carried out by the Auditing Commission.

2. Procedures for forming the Auditing Commission

2.1. The number of the Auditing Commission members shall be determined with a resolution of the General Meeting of shareholders and cannot be less than 3 members.

2.2. The members of the Auditing Commission shall be elected in the annual General Meeting of shareholders within the procedures set out in the Charter for the term of one year (for the period till the next annual General Meeting) with a simple majority of votes from the candidates nominated within the established procedures by the holders of 2 and more per cent of voting shares. If the shareholders nominate no candidates to be elected to the Auditing Commission or if the number of the nominated candidates is less than the number of vacancies, the Board of Directors of the Company shall be entitled to include candidates in the list of candidates to be elected to the Auditing Commission at its own discretion.

Candidates to the Auditing Commission must confirm their consent to stand for the positions in writing.

2.3. Candidates that got the majority of votes of the shareholders holding voting shares and participating in the meeting shall be deemed elected to the Auditing Commission of the Company. Individuals elected to the Auditing Commission of the Company may be re-elected an unlimited number of times.

2.4. Members of the Auditing Commission of the Company cannot at the same time be members of the active (new) Board of Directors of the Company, members of the Teller Commission of the Company, occupy the position of the sole executive body of the Company (hereinafter the President of the Company), or the Chief Accountant.

2.5. Information on the candidates to the Auditing Commission of the Company and information on the availability or non-availability of their written consent must be furnished to the shareholders when preparing the General Meeting of shareholders.

2.6. Shares held by members of the Board of Directors that have just been elected in the annual General Meeting shall not participate in voting while electing the Auditing Commission members. Such shares shall also not be taken into account when determining the presence of a quorum on the matter.

An extraordinary General Meeting of shareholders whose agenda includes the item on electing members of the Commission cannot be held in the form of a letter ballot (by poll).

2.7. As resolved by an extraordinary General Meeting of shareholders, the powers of any member (all members) of the Auditing Commission may be terminated before term.

An extraordinary General Meeting of shareholders shall be entitled to decide on the matter of early termination of the powers of all members of the Auditing Commission only if the matter of electing new members of the Auditing Commission is decided on at the same time.

In the event of pre-term termination of the powers of an Auditing Commission member or a retirement of a member from the Commission, the powers of other members of the Commission shall not be terminated.

2.8. In the event the Auditing Commission of the Company or its individual members are elected in an extraordinary General Meeting of the shareholders of the Company, the Auditing Commission (its individual members) shall be deemed elected for the period till the date of holding an annual General Meeting of the shareholders of the Company.

2.9. During the period when members of the Auditing Commission discharge their duty, they may, upon a decision of the General Meeting of shareholders, be paid a compensation and (or) reimbursement of their costs related to the discharge of their duty. The amounts of such compensations and reimbursements shall be set with a resolution of the General Meeting of shareholders based on a proposal from the Board of Directors.

2.10. The activities of the Auditing Commission are organized and managed by its Chairperson.

The Chairperson of the Auditing Commission shall be elected from the members of the Auditing Commission during its first meeting and can at any point in time be re-elected with a majority of votes of the total number of the elected members of the Auditing Commission of the Company.

The Chairperson shall bear personal responsibility for organizing the operation of the Auditing Commission of the Company.

2.11. The documents of the Auditing Commission shall be managed by the Secretary of the Commission.

The Secretary of the Auditing Commission shall be elected by the members of the Auditing Commission from among the members of the Auditing Commission in its first meeting and can at any point in time be re-elected with a majority of votes of the total number of the elected members of the Auditing Commission of the Company.

3. Functions and objectives of the Auditing Commission

3.1. The Auditing Commission shall, within its scope as set out in the current legislation and the Charter of the Company:

a) perform scheduled desk audit of the financial and business operations of the Company in a year, as well as non-scheduled desk audits upon its own initiative, as resolved (assigned) by the General Meeting of shareholders, the Board of Directors of the Company, or as requested by a shareholder (shareholders) of the Company holding in total at least 10 per cent of the voting shares of the Company;

b) based on the results of the audits, make its opinion that (dependent on the subject matter of the audit) shall contain the following:

- information on the facts of breaches by the Company: of the acts of law of the Russian Federation, of the procedures for accounting and financial reporting set out in the legal acts of the Russian Federation, of the approved internal documents of the Company, its budgets, cost estimates, plans, programs etc.;

- confirmation of the reliability of data contained in the annual report of the Company, its annual accounts, financial reports and other financial documents of the Company;
 - assessment of the feasibility and efficiency of financial and business operations performed by the Company;
 - proposals on improving the system for managing the financial and business operations of the Company and its internal control;
 - proposals on activities that would facilitate the improvement of the financial and economic status of the Company;
- c) make a request on convening a meeting of the Board of Directors of the Company;
- d) make a request on convening an extraordinary General Meeting of the shareholders of the Company;
- e) organize the convocation of an extraordinary General Meeting of shareholders in the events stipulated in Clause 55 p. 8 of the Federal Law "On Joint-Stock Companies";
- f) elect the Chairperson and the Secretary of the Auditing Commission of the Company;
- g) work out and approve its work plan for the period till the next annual General Meeting of shareholders;
- h) independently determine the procedures and the formats for scheduled and unscheduled audits and preparing opinions based on their results;
- i) effect control over the elimination of deficiencies and breaches discovered during the audits, following the recommendations of the Auditing Commission and the remedial action plan for eliminating deficiencies and breaches;
- j) take decision on holding unscheduled audits initiated by the executive bodies of the Company.

3.2. Audits carried out by the Auditing Commission shall consider the following matters:

- a) the Company's compliance with the legal acts of the Russian Federation when carrying out its financial and business activities, maintaining its accounts and submitting its financial reports, reliability of data contained in the reports and other financial documents of the Company, observance of the economic interests of the Company by its officers, other matters including the following:
- completeness and reliability of reflecting the capital of the Company, its property and parameters of transactions in the documents of the Company;
 - compliance of the Company's officers with the provisions of the legislation and the economic interests of the Company when entering contracts and transactions on behalf of the Company, especially as related to the transactions that should be preliminarily approved by the Board of Directors of the Company, the General Meeting of shareholders (i.e. transactions falling within the category of "major transactions" and "related party transactions"), and other transactions whose procedures require preliminary

- consent from the Board of Directors, including transactions that were not provided for in the financial and business plan (budget) of the Company;
- fulfillment of the approved plans, budgets, cost estimates, limits;
 - safety of the cash funds and the property, of property and non-property rights, efficiency of using assets and other resources of the Company, identification of non-productive losses and costs;
 - whether the prices of the assets acquired (sold) by the Company are in line with the market;
 - relevancy of the Company's accounts payable, timely discharge of its obligations by the Company (settlements with creditors and payments to the public budget etc.);
 - relevancy of the accounts payable to the Company and timeliness of their recovery;
 - results of taking inventory of the property, consistency of the actual availability of assets with the primary accounting data;
 - appropriateness of classifying costs (expenses) as production (works, service) costs;
 - relevancy of penalties imposed on the Company;
 - verification of correctness of forming the financial results of the Company and their reflection in the profit and loss account;
 - inspection of the organization of document management, clerical work and document storage;
- b) assessment of the current financial status of the Company, its financial status indicators, presence of signs of insolvency (bankruptcy);
- c) fulfillment of the resolutions of the General Meeting of shareholders and the Board of Directors;
- d) assessment of the legitimacy of the resolutions of the Board of Directors of the Company, their consistency with the decisions of the General Meeting and the Charter of the Company;
- e) assessment of consistency of decisions on the matters of financial and business activities adopted by the executive bodies of the Company with the decisions of the Board of Directors, the General Meeting and the Charter of the Company;
- f) elimination by the Company's executive bodies of deficiencies reflected in the opinions following the previous audits;
- g) other matters resulting from the specifics of the financial and business operations of the Company, whose inspection could help to reduce the risks of the Company's financial and business operations and improve its financial parameters.

4. Rights, obligations and responsibility of the Auditing Commission

4.1. While fulfilling its functions, the Auditing Commission of the Company shall be entitled to the following:

1) have unimpeded access to all office premises of the Company, examine storage locations and check the actual existence and safety of assets, cash and documents of the Company, get access to all documents of the Company (accounting, financial, plans, reports, reference data, cost estimates and budgets etc.);

2) receive from the heads of the Company's governance bodies, heads of structural units (services, branches, representative offices), accountable officers, employees of the Company oral and written explanations and reference notes on questions arising in the course of audits;

3) pursuant to a power of attorney issued by the President of the Company, perform reconciliation of settlements with debtors and creditors of the Company, get acquainted with the banking documents of the Company at the location of their storage at banks (as necessary and provided that this is possible);

4) effect the procedures of control over the existence, movement, completeness and reliability of reflection in the accounting documents of property and cash, the forming of costs and expenses, the volumes of products, works and services rendered;

5) instruct officers of the Company's executive bodies, heads of structural units (services, branches, representative offices) and accountable officers for them to take immediate measures on the deficiencies detected, if failure to take such measures may result in loss of valuables, documents, or facilitate further abuse;

6) be present while inventory is taken, and request from the Company's executive bodies that unscheduled general and partial inventory of the assets and operations of the Company be taken (fixed assets, material assets, settlements with buyers and suppliers, securities, cash etc.);

7) receive from the officers of the Company's governance bodies, heads of structural units of the Company and accountable officers documents required by the Auditing Commission relating to the subject matter of the audit (documents created in the course of the Company's or its governance bodies' operation or those connected with (relating to) the activities of the Company and its governance bodies), in particular, the following documents:

- constituent, registration, title, planning, reporting, accounting, financial, management and other documents;

- minutes of meetings (sessions) of the governance bodies of the Company (General Meeting, Board of Directors), business correspondence, reports from the enterprise auditors, documents of the Company's inspection by governmental and municipal financial and tax control bodies.

The requested documents must be furnished to the Commission within 2 business days from the date of the request the latest;

8) submit to the review of the officers of the Company's governance bodies the matter of applying disciplinary and material penalty measures to the Company's employees (including officers of the executive bodies of the Company) in the event the facts of them breaching the Company's Charter, job descriptions and other internal documents of the Company are discovered;

9) receive the schedule and the agendas of the planned meetings of the Board of Directors and the General Meetings of the Company, submit requests to the Board of Directors of the Company on the participation of a representative of the Commission

in meetings of the Board of Directors and, following an invitation from the Chairman of the Board of Directors, be present in the meetings of the Board of Directors of the Company; participate in meetings of the Board of Directors of the Company in the consultative capacity while messages from the Auditing Commission are reviewed;

10) make proposals on enhancing the internal control system, improving the performance of the Company, reducing the risks of its financial and business operations;

11) make proposals on the work plans of the Company's governance bodies, request, within the established procedures, the convening of a meeting of the Board of Directors and/or the General Meeting of the shareholders of the Company (procedures set out in the legislation of the Russian Federation and the Charter of the Company) in the event the deficiencies or operations discovered in the course of an audit have caused or may cause material damage to the economic interests of the shareholders of the Company, and taking the necessary decisions is within the scope of authority of the mentioned governance bodies of the Company;

12) as necessary, engage in audits, as agreed with the President of the Company and on a contractual basis (provided that the budget of the commission has the necessary funds and provided that the confidentiality and trade secret maintenance conditions are observed), expert specialists in respective areas (law, economics, finance, accounting, management, economic security, construction etc.) who are no employees of the Company, including specialized organizations;

4.2. The Auditing Commission of the Company must:

1) perform the annual audit of the financial and business operation of the Company, and perform such audits at any time as initiated by persons listed in the Federal Law "On Joint-Stock Companies", the Charter of the Company and these Terms of Reference;

2) draw up an opinion based on the results of auditing the financial and business operations of the Company;

3) objectively reflect in the materials of the audits the deficiencies, breaches and abuses detected, with the reasons, the guilty persons and the amount of material damage specified;

4) provide for the observance of the Company's procedures for working with documents, trade secrets and the received confidential information that becomes known to the members of the commission in the course of their audits, within its operation;

5) if officials and heads of structural units of the Company are discovered to be abusing their powers, embezzling, misappropriating, causing deficit or illegal expenditure of cash funds and tangible assets, - draw up an interim certificate on the matter and inform the President of the Company on such facts;

6) if facts of financial deficiencies or misfeasance in office that result in material threats to the economic interests of the Company are discovered in the course of an audit, - submit the matter to the review in a meeting of the Auditing Commission along with a request to convene a meeting of the Board of Directors and/or an extraordinary General Meeting of the shareholders of the Company, if decisions on

these matters are within the scope of authority of these governance bodies of the Company;

7) promptly inform the Board of Directors and report to the General Meeting of the shareholders of the Company on the results of the scheduled and unscheduled audits of financial and business operations of the Company, the established facts of inefficiency and/or unjustified financial and business transactions, on breaches of the legislation of the Russian Federation, the Charter, the Company's internal documents by the Company's officials and heads of structural units (services, branches, representative offices), other financial irregularities and instances of misfeasance in office.

8) in terms of audits carried out as requested by a shareholder (shareholders) of the Company that hold in total no less than 10% of voting shares of the Company, - inform such shareholders on the results of the audits;

9) effect control over the elimination of deficiencies and breaches detected during previous audits and taking measures to eliminate them;

4.3. Members of the Auditing Commission shall be responsible for undue discharge of responsibilities assigned to them.

As requested by a shareholder (shareholders) holding in total at least 10% of the voting shares of the Company who voted for the election of a member of the Auditing Commission, such a member of the Auditing Commission shall submit a report on his/her performance to such shareholders.

5. Operating procedures of the Auditing Commission

5.1. Chairperson of the Auditing Commission of the Company.

The Chairperson of the Auditing Commission of the Company shall:

1) plan the work of the Auditing Commission of the Company;

2) convene and hold meetings, resolve issues related to preparing and holding a meeting of the Auditing Commission of the Company, approve the agenda of the meetings of the Auditing Commission of the Company;

3) organize the current work of the Auditing Commission of the Company, including the procedures for conducting audits, matters to be audited and their distribution to the Commission members;

4) represent the Auditing Commission in the General Meeting of the shareholders of the Company and meetings of the Board of Directors of the Company;

5) sign the minutes of a meeting of the Auditing Commission and other documents on behalf of the Auditing Commission of the Company;

6) discharge other functions required to arrange for the Auditing Commission's control over the financial and business operations of the Company, the management activities of the governance bodies of the Company, and the Commission's reports to the shareholders.

5.2. Secretary of the Auditing Commission of the Company.

The Secretary of the Auditing Commission of the Company shall:

1) organize taking minutes of the meetings of the Auditing Commission;

2) ensure timely informing of the Company's governance bodies on the results of audits performed, provide copies of the opinion of the Company's Auditing Commission;

3) execute and sign, together with the Chairperson of the Auditing Commission, the minutes of the meetings of the Auditing Commission of the Company and abstracts from them;

4) organize document management, clerical work and storage of documents of the Auditing Commission of the Company;

5) organize preliminary (at least 5 days in advance) notification of the members of the Auditing Commission of the Company on holding meetings of the Auditing Commission, the scheduled and unscheduled audits;

6) perform other functions required for organizational support of the operation and the management of documents of the Auditing Commission.

5.3. Planning the work of the Auditing Commission of the Company.

5.3.1. Scheduled audits of the Company's activities and meetings of the Auditing Commission shall be conducted pursuant to the approved annual Work Plan of the Auditing Commission.

5.3.2. The Work Plan of the Auditing Commission of the Company shall be approved in the first meeting of the Auditing Commission.

5.3.3. The Work Plan of the Auditing Commission shall include:

1) objects of auditing (types of financial and business activities of the Company, specific segments of the Company's activities);

2) determination of the format of auditing for each object;

3) scheduled plan of auditing the Company's activities, provisional timeframes for conducting the audits (annual, quarterly);

4) scheduled plan of meetings of the Auditing Commission to decide on the matters of preparing for and conducting audits of the Company's activities and approval of the opinion following the audit;

5) approximate list of financial and (or) business documentation required to audit the objects specified in the plan;

6) allocation of responsibilities (matters) among members of the Commission during the audits;

7) other matters related to organizing meetings and audits of the Auditing Commission of the Company.

5.4. Meetings of the Auditing Commission and decision-making.

5.4.1. The Auditing Commission shall carry out its activities on the collective basis: the Auditing Commission shall take all of its decisions with a majority of votes of members present in the meeting.

5.4.2. In the meetings of the Auditing Commission, the quorum shall be determined, agenda items announced, reports from the Commission members heard, draft resolution (opinion formed), voting held and results summed up.

5.4.3. A meeting of the Auditing Commission shall be legitimate (the quorum is present) if more than a half of the elected members of the Company's Auditing Commission are attending. In the event there is no quorum and the absent members

have objective reasons not to attend, the meeting of the Auditing Commission shall be postponed by no more than 10 days.

5.4.4. Decisions on the agenda items of an Auditing Commission meeting shall be made with a majority of votes of the Auditing Commission members attending the meeting. No transfer of an Auditing Commission member's right to vote to another person, including a member of the Auditing Commission, shall be allowed.

When deciding on the agenda items in a meeting of the Auditing Commission, each member of the Auditing Commission has one vote. If the votes split even, the Chairperson of the Auditing Commission shall have the decisive vote.

5.4.5. Meetings of the Auditing Commission shall be held as face-to-face meetings (joint presence of the Commission members to discuss and take decisions on the items put to vote) and as letter ballots (with no joint presence, voting done via a poll). The format of holding meetings and the timing of unscheduled meetings shall be determined by the Chairperson of the Commission. A non-attending member of the Auditing Commission shall be entitled to submit his/her written opinion on an item being reviewed, which will be taken into account when determining the quorum of the meeting and summing up the voting results.

5.4.6. The first (general purpose) meeting of the Auditing Commission elected by the General Meeting of the shareholders shall be held within 15 days after holding the General Meeting of shareholders that elected the new members of the Auditing Commission.

5.4.7. Meetings of the Auditing Commission of the Company shall be held as scheduled in the Work Plan of the Auditing Commission and every time before an audit starts and as it is over to sum up the results.

5.4.8. The following matters relating to the preparation and the conduct of the forthcoming audit shall be reviewed in the meeting of the Auditing Commission held before each audit starts:

- 1) determination of the subject matter of the audit;
- 2) procedures, timeframes and volumes of the audit;
- 3) determination of the list of information and materials required to do the audit, methods of gaining them and their sources;
- 4) determination of the list of persons that need to be engaged in carrying out the audit (to provide explanations, clarification of specific matters);
- 5) appointment of the date to hold a meeting of the Auditing Commission to sum up the results of the audit;
- 6) appointment of the participants of the audit, distribution of the subject matters of the audit to them;
- 7) resolving other issues.

A meeting of the Auditing Commission on the preparation and the conduct of an audit can be held without joint presence of the Auditing Commission members via a letter ballot (by poll).

5.4.9. The following matters shall be reviewed in the meeting of the Auditing Commission devoted to the results of each audit:

- 1) discussion of the information received in the course of the audit and its sources;

- 2) summing up the results of the audit;
- 3) summarizing the conclusions and forming proposals based on the results of the audit;
- 4) approval and signing of the opinion of the Auditing Commission on the results of the audit;
- 5) determination and analysis of the reasons for the detected deficiencies and discussion of potential options of eliminating them and preventing such deficiencies in the future;
- 6) taking the decision on contacting the governance bodies of the Company, their officers and heads of structural units of the executive structure regarding the need to eliminate deficiencies detected in the course of the audit; application of penalty measures to persons that allowed for the deficiencies;
- 7) other matters related to summing up the results of the audit.

5.4.10. A request to have an extraordinary General Meeting convened shall be approved with a majority of votes of the Auditing Commission members attending the meeting.

The request shall be signed by the Chairperson of the Auditing Commission.

The request of the Auditing Commission to have an extraordinary General Meeting convened shall be handed over to the Chairman of the Board of Directors or the Corporate Secretary of the Company against their signature.

The request of the Auditing Commission to have an extraordinary General Meeting convened shall contain:

- the agenda items and the draft resolutions on them;
- the motivation to have the items put on the agenda;
- proposals on the format of holding the meeting.

5.4.11. The meeting of the Commission to approve the Commission's opinion on the annual report of the company, its annual accounts, the profit and loss account (the annual meeting) shall be held no later than 150 days after the end of the financial year of the Company.

5.4.12. The Chairperson of the Company's Auditing Commission shall, while preparing for holding a meeting of the Auditing Commission:

- 1) determine the date, the time, the venue and the format of the meeting;
- 2) approve the agenda of the meeting;
- 3) determine the list of materials and documents required to review items on the agenda of the meeting of the Auditing Commission;
- 4) determine the list of persons invited to attend the meeting of the Auditing Commission (in the event of joint presence);
- 5) resolve other issues related to the preparation for conducting a meeting of the Auditing Commission.

5.4.13. If the Auditing Commission of the Company gets information on breaches of the RF laws, the Charter of the Company and other internal documents of the Company, on facts of financial deficiencies or abuse of office that pose material threat to the economic interests of the shareholders of the Company, the Chairperson

of the Auditing Commission must convene a meeting of the Auditing Commission to decide on whether to hold an unscheduled audit.

5.4.14. If the above deficiencies are identified, a member of the Auditing Commission must send to the Chairperson of the Auditing Commission a written notice describing the nature of the deficiency and the persons that allowed for it within the maximum of 3 business days after it is identified.

5.4.15. The Secretary of the Auditing Commission shall take minutes of the meetings of the Auditing Commission.

In the event members of the Auditing Commission disagree with the decision of the Commission, they shall present their dissenting opinion in writing to be attached to the minutes of the meeting and communicated to the Board of Directors and the General Meeting.

The minutes of a meeting of the Auditing Commission of the Company shall be made in two copies within the maximum of 3 days after the meeting is held (the results of the letter ballot are summed up) and signed by the Chairperson and the Secretary of the Auditing Commission of the Company. The Company shall be obliged to keep the minutes of the Auditing Commission meetings and make sure they are furnished to the shareholders of the Company at their request.

5.5. Procedures of the audits

5.5.1. Scheduled audits of the financial and business operations of the Company shall be conducted in line with the approved annual Work Plan of the Auditing Commission.

5.5.2. An unscheduled (extraordinary) audit of the financial and business operations of the Company shall be performed on the grounds specified in p.3.1. of these Terms of Reference.

An unscheduled audit carried out upon a request of a shareholder, an assignment from the Board of Directors, a resolution of the General Meeting of shareholders shall start within the maximum of 30 days from the date of receiving the written request or the resolution. The timeframes of such an audit cannot exceed 90 days.

5.5.3. The shareholders that initiate the audit shall send to the Auditing Commission their written request that should contain the following:

- full name (company name) of the shareholders;
- data on the shares held by them (number, category, type);
- reasoned rationale for the request.

The request shall be signed by the shareholder or their authorized attorney. If the request is signed by an authorized attorney, the power of attorney shall be enclosed.

If the request is initiated by shareholders being legal entities, the signature of the representative of the legal entity acting pursuant to its charter with no power of attorney shall be certified with the official stamp of the legal entity. If the request is signed by a representative of a legal entity authorized to act on its behalf with a power of attorney, the power of attorney shall be enclosed with the request.

Shareholders whose property rights towards the shares are registered at a depositary, shall enclose a statement of their securities account with the request.

5.5.4. The request of the initiators of holding an audit shall be sent to the address of the Company to the attention of the Chairperson of the Auditing Commission or delivered to the Company.

The date of making the request shall be determined as the date when it arrives at the Company or is delivered to the Company.

5.5.5. Within 5 (five) business days of submitting the request the Auditing Commission shall take the decision on conducting an audit of the financial and business operations of the Company or provide a reasoned refusal to conduct an audit.

If the Auditing Commission takes the decision to hold the audit, the Chairperson of the Auditing Commission must organize the audit and commence with it.

5.5.6. The Auditing Commission can refuse to hold an audit in the following cases:

- shareholders that submitted the request do not hold the number of voting shares required to do so;
- the request does not state the motivation for holding the audit;
- the Auditing Commission already audited the facts stated as the motivation for the audit and approved its opinion;
- the request is not in line with the legislation and the legal acts of the Russian Federation or the provisions of the Charter of the Company.

5.5.7. The parties initiating an audit of the financial and business operations of the Company shall be entitled, at any point in time until the Auditing Commission takes the decision to hold the audit, to withdraw their request, having notified the Auditing Commission in writing.

5.5.8. The Chairperson of the Auditing Commission shall notify the President of the Company on holding the audit before it is commenced.

5.5.9. The Auditing Commission shall draw up an audit certificate and approve its Opinion after an audit is completed.

5.5.10. There shall be three copies of the Opinion of the Auditing Commission made.

A member of the Auditing Commission that expresses disagreement with the opinion may prepare a dissenting opinion which shall be enclosed with the opinion of the Auditing Commission and be its integral part.

One copy of the opinion shall be filed with the documents of the Auditing Commission, one copy shall be sent to the President of the Company, and one copy shall be delivered to the Board of Directors.

5.5.11. The President of the Company must, within 10 business days upon receiving the Opinion, get familiarized with the materials of the audit, and should he/she have any reasoned objections, such objections shall be submitted in writing to the Chairperson of the Commission along with supporting documents.

5.5.12. The Chairperson of the Auditing Commission must check (as necessary, with a repeated auditing of disputable matters) whether the stated objections (comments, additions) are reasonable, and if this is confirmed, he/she shall make respective adjustments to the Opinion.

Should there be a disagreement, the objections of the President of the Company (or the Discrepancy Report) shall be enclosed with the Opinion.

5.5.13. If the audit was held following a request of a shareholder (shareholders) of the Company holding in total at least 10% of the voting shares of the Company, one more copy of the Opinion on the results of the audit is made and sent to this shareholder (shareholders) within 3 days upon the date of its approval.

The shareholder(s) that made the request to hold an audit of the financial and business operations of the Company shall be entitled to make their next request to hold an audit after the minimum of ninety days after the first of the mentioned requests is submitted to the Auditing Commission.

5.5.14. The Company shall be obliged to keep the audit certificates and the opinions of the Auditing Commission meetings and provide for access to them at the request of the Company's shareholders.

5.5.15. The President of the Company shall arrange for preparing an Action Plan to eliminate the detected breaches (deficiencies), with the deadline for such elimination and the persons responsible for such elimination specified. The Auditing Commission shall render methodological assistance in preparing the Action Plan, and control its fulfillment.

6. Documents of the Auditing Commission

6.1. Documents of the Auditing Commission include:

- minutes of the Auditing Commission meetings;
- audit certificates of the Auditing Commission on the results of audits;
- opinions of the Auditing Commission;
- copies of requests for convening an extraordinary General Meeting.

6.2. The minutes shall specify:

- 1) the date, the time, the venue and the format of the meeting (counting votes);
- 2) the list of members of the Auditing Commission and other attending persons (persons participating in the poll);
- 3) information on the quorum of the meeting;
- 4) agenda items;
- 5) key points of statements, presentations and reports on agenda items (only for meetings in the format of joint presence);
- 6) voting results indicating members of the commission who expressed their dissenting opinion;
- 7) decisions taken by the Auditing Commission.

6.3. Audit certificates of the Auditing Commission on the results of audits shall specify:

- the venue and the time of the audit;
- the members of the Auditing Commission who took part in the audit;
- the grounds for the audit;
- information on requests of the Auditing Commission made during the audit to heads of units and services, branch offices and representative offices, as well as officers, for providing information (documents and materials);

- information on the instances of refusal to provide information (documents and materials);
- description of the discovered breaches of the legislation, acts of law, requirements of the Charter and internal documents of the Company;
- information on written explanations from the Company's President, members of the Board of Directors, officers and employees of the Company;
- names of persons who allowed for the breaches of the legislation, acts of law, requirements of the Charter and internal documents of the Company;
- references to the provisions of the legislation, acts of law, Charter and internal documents of the Company whose breaches were identified during the audit.

6.4. An opinion of the Auditing Commission shall normally consist of three parts: introduction, analysis and final part.

The Introduction shall include:

- 1) title of the document: "Opinion of the Auditing Commission of Open Joint-Stock Company Sistema Joint-Stock Financial Corporation";
- 2) date and place of drawing up the opinion;
- 3) date (period) and place of the audit;
- 4) grounds for the audit (decision of the Auditing Commission, the General Meeting of the shareholders, the Board of Directors, the shareholders (shareholder) of the Company etc.);
- 5) objective of the audit;
- 6) subject matter of the audit;
- 7) the list of acts of law, internal and other documents and materials used during the audit.

The Analysis should include an objective assessment of the state of audited subjects in accordance with the Audit Plan.

The Final part of the Auditing Commission's opinion shall contain reasoned conclusions of the Auditing Commission on the subject matter(s) of the audit (confirmation of reliability of data in reports and other financial documents of the Company, information on the violation of legal acts of the RF, the Charter and internal documents of the Company in the course of its financial and business operations, irregularities and deficiencies etc.) and recommendations and proposals for eliminating the causes and the consequences of the detected breaches and deficiencies in the Company's operations.

Specifically, opinions of the Auditing Commission shall include:

- conclusions on compliance with the legislation, acts of law, the Charter and internal documents of the Company or breaches thereof;
- assessment of the reliability of data in the annual report of the Company and in the annual accounts of the Company;
- data on the requests of the Auditing Commission for convening meetings of the Board of Directors and/or extraordinary General Meetings;
- description of breaches of legislation, acts of law, the Charter, regulations, rules and guidelines of the Company for the Company's employees and officers;

- information on engaging specialists in specific business areas not employed by the Company in the work of the Auditing Commission.

6.5. Documents of the Auditing Commission shall be signed by its Chairperson and do not require affixing the seal of the Company.

6.6. Originals of the Auditing Commission's documents shall be delivered by the Chairperson of the Auditing Commission to the Company's archive for storage, which shall be confirmed with a relevant Certificate.

6.7. The Chairman of the Auditing Commission shall keep the following documents:

- requests for conducting an audit;
- refusals of the Auditing Commission to perform an audit;
- written refusals of the Company's officers to provide information.

6.8. The Company represented by the President shall provide access for the shareholders to the documents of the Auditing Commission.

As requested by a shareholder, the Company shall be obliged to furnish to them copies of the Auditing Commission's documents, for a fee. The fee shall be set by the Company and cannot exceed the costs of making copies of the documents and sending the documents by mail.

7. Closing provisions.

7.1. These Terms of Reference shall be approved by the General Meeting of shareholders with a majority of votes of the shareholders holding voting shares of the Company and participating in the General Meeting of shareholders.

7.2. The decision on amending these Terms of Reference shall be taken by the General Meeting of shareholders with a majority of votes of the shareholders holding voting shares of the Company and participating in the General Meeting of shareholders.

7.3. Proposals on amending these Terms of Reference or approval of the new version on the Terms of Reference shall be made by the Company's shareholders according to the procedures for making proposals on the agenda of the Company's General Meeting of the shareholders set out in the legislation and the Charter.

7.4. Should amendments to the RF legislation or the Company's Charter result in some clauses of these Terms of Reference coming into conflict with them, such clauses shall cease to be in force, and until the Terms of Reference are amended, only the part of the Terms of Reference that does not contradict the RF legislation and the Company's Charter shall be applied.