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“Approved”

“Baku Stock BSE” CJSC

Board of Directors

Protocol № 08

December 30, 2015

Chairman _____ F. Azizov

**Ethical conduct of the Management Board and employees of “Baku Stock Exchange”
CJSC and Rules for their use of official information**

1. General provisions

1.1. These Rules are applied to Article 46.1.11 of the Law of the Azerbaijan Republic on Securities Market (hereinafter - the Law) and normative legal acts adopted by the State Committee for Securities of the Azerbaijan Republic (hereinafter - the Committee), “Baku Stock Exchange” was prepared in accordance with the charter of the CJSC.

1.2. The purpose of these Rules is to ensure discipline, increase professionalism and honesty in the "Baku Stock Exchange" CJSC (hereinafter - BSE) and protect the reputation of the BSE.

1.3. These Rules determine the ethical and behavioral norms of employees of the Baku Stock Exchange, as well as describe the important instructions for the employees of the BSE in order to behave correctly and honestly, to provide high quality service.

1.4. These Rules apply to the Management Board and employees of the Exchange (hereinafter - the employee of the Exchange).

2. Basic concepts

2.1. The main concepts used in these Rules are as follows:

2.1.1. **Member of the Baku Stock Exchange** - receiving and executing customer orders related to transactions with securities or derivative financial instruments, which have the right to participate directly in BSE trading in accordance with the BSE's internal rules, placement and underwriting of securities without obligation, placement of securities with obligation and an investment company established in the form of a joint-stock company licensed to operate underwriting, which includes investment services for securities or derivative financial instruments transactions at its own expense as a member of the central depository and stock exchange;

2.1.2. **Securities transactions** - purchase and sale of securities, donations and other transactions;

2.1.3. **Issuer** - a person who issues securities in the manner prescribed by law, the relevant executive authority and a duly authorized state body or municipality;

2.1.4. **Conflict of interest** - a direct and indirect conflict of personal interests of an BSE's employee with the interests of the BSE;

2.1.5. **Close relatives** - husband (wife), parents of the BSE's employee, including parents, grandparents, children, adoptive parents (brothers), brothers and sisters of the husband (wife);

2.1.6. **Rules for prevention of abuses in the securities market** - Rules adopted by the relevant executive authority, which determine the cases of abuse in the securities market and the rules of prevention of such cases;

2.1.7. Insider - includes the following persons:

2.1.7.1. members of the issuer's bodies and audit committee;

2.1.7.2. beneficiaries;

2.1.7.3. a person who has access to insider information in accordance with his / her position, contract or as a result of granting the relevant right by the issuer or other insider;

2.1.7.4. a person exercising the powers of the issuer's executive body in accordance with the contract;

2.1.7.5. a person who directly or indirectly owns a share of 10 or more percent of the issuer's authorized capital;

2.1.7.6. a person who obtained insider information illegally;

2.1.7.7. a person who has access to insider information on a contractual basis or as a result of the issuance of the relevant right by the issuer or another insider;

2.1.7.8. if the persons specified in sub-items 2.1.7.4 and 2.1.7.5 of these Rules are legal entities, the person participating in the decision to conclude the transaction at its expense;

2.1.9. **Service information** - information on securities market entities, securities, transactions with them, prices and other issues, which is not generally available, obtained in connection with the position the BSE employee or under an agreement with the issuer, and when used, provides information to the owner of securities transactions information that provides a superior position in the conduct of other participants;

2.1.10. **Dispute Settlement Commission** - a commission that has the function of appealing against the decisions of the Baku Stock Exchange's committees and commissions, interpreting BSE's rules, as well as resolving disputes arising at the BSE;

2.1.11. **Dispute Resolution Rules** - Rules that define the activities, composition and procedures to be followed by the Dispute Settlement Commission.

3. Principles of ethical conduct of the Baku Stock Exchange employee

3.1. The rules of ethical conduct of an exchange employee are based on the following principles:

3.1.1. Honest behavior:

3.1.1.1. An employee of the BSE is obliged to perform his duties effectively in the interests of society and the state, and in all cases, he must be an example of honesty for everyone.

3.1.2. Professionalism:

3.1.2.1. An employee of the BSE is obliged to perform his / her activity within the powers and professional level determined by the job description, as well as the legislation of the Republic of Azerbaijan, normative legal acts of the SSC;

3.1.2.2. An employee of the BSE must be familiar with the rules and internal procedures of the Baku Stock Exchange.

3.1.3. Loyalty:

3.1.3.1. In cases when the BSE's employee is not related to his / her position, he / she shall not make critical public comments, speeches, spread rumors, mediate rumors and refrain from public evaluation of the BSE's activity;

3.1.3.2. If an employee of the Baku Stock Exchange discovers violations of the legislation in connection with the activities of the BSE, he / she must inform the immediate supervisor of the BSE about this violation;

3.1.3.3. An employee of the Baku Stock Exchange must behave honestly and fairly, and not engage in activities that could damage the formation and credibility of the public image of the capital market, as well as the reputation of the BSE.

3.1.4. Respect for human rights, freedoms and legitimate interests, honor and dignity, business reputation of legal entities and individuals:

3.1.4.1. In its activities, the Baku Stock Exchange employee must serve to ensure, protect and defend the rights, freedoms and legitimate interests of people, respect their honor, dignity and business reputation, as well as the business reputation of legal entities, and prevent actions (or inactions) that could tarnish this reputation.

3.1.5. Cultural behavior:

3.1.5.1. An exchange employee must be polite, kind and attentive to all people;

3.1.5.2. BSE's employee must dress in a business (official) style during his / her official activity;

3.1.5.3. Must follow and respect the rules, instructions and norms adopted by the Baku Stock Exchange;

3.1.5.4. An employee of the BSE must respect the traditions of statehood of the Republic of Azerbaijan and its symbols during his / her official activity;

3.1.5.5. Employees of the BSE should resolve their disputes through negotiations.

3.1.6. Execution of orders, directives and tasks:

3.1.6.1. An employee of the BSE shall be obliged to execute written orders, directives or oral instructions given by the Chairman of the Baku Stock Exchange, heads of relevant structural units of the BSE in accordance with the law and within the scope of their authority;

3.1.6.2. Failure of an BSE employee to comply with legal instructions shall result in disciplinary action.

3.1.7. Impartiality and Honesty:

3.1.7.1. An employee of the Baku Stock Exchange shall be impartial in the performance of his duties or in making decisions, and in this case shall not discriminate against any person on the basis of race, nationality, language, religion, sex, social origin, property and service status, beliefs, public or any other association. either the dominance of a group of persons or the creation of conditions for the attainment of such an advantage;

3.1.7.2. An employee of the BSE shall not knowingly use false and distorted information in the performance of his / her duties, as well as inform the head of the structural unit in case of such cases or in case of reasonable doubts;

3.1.7.3. While performing his / her duties, an employee of the Baku Stock Exchange shall not knowingly distort the results of his / her and other employees' activities, as well as directly or indirectly mediate the spread of slander and false information (rumors) about them.

3.1.8. Prevention of corruption, inadmissibility of material and intangible benefits, privileges and gifts:

3.1.8.1. It is prohibited to BSE employee to use his / her official powers or opportunities to take actions (or inaction) or make decisions aimed at illegally obtaining material or intangible benefits, privileges or concessions;

3.1.8.2. An employee of the BSE may not demand or accept gifts for himself or others, which may affect the impartial performance of his duties and powers, or which give the impression of such influence, or which are given as a reward in return for the performance of his duties.

3.1.9. Prevention of conflicts of interest:

3.1.9.1. An employee of the Baku Stock Exchange shall not allow conflicts of interest while performing his / her duties at the BSE, shall not illegally use his / her official powers for personal interests, and in case of conflict between his / her duties and personal interests, he / she shall must inform the head;

3.1.9.2. If the BSE employee is aware that another BSE employee is using his / her official powers for personal gain, he / she shall inform his / her immediate superior and, in special cases, his / her superior;

3.1.9.3. An employee of the Exchange who has direct or indirect access to trading, as well as his close relatives may not participate in trading on the Exchange;

3.1.9.4. If the BSE employee concludes a transaction with shares of related issuers or derivative financial instruments in which the underlying asset is held, the information about this shall, within 1 (one) business day from the date of conclusion of the transaction in accordance with the legislation, submitted to the State Committee on Securities of the Republic of Azerbaijan and that issuer;

3.1.9.5. If the BSE employee concludes a transaction with shares of related issuers or derivative financial instruments in which the underlying asset is traded, the securities shall not be traded in the regulated market within 1 (one) month.

3.1.10. Use of property:

3.1.10.1. An employee of the Baku Stock Exchange shall use the BSE's property, financial resources, communications, computers, communications, vehicles and other material and technical equipment sparingly and efficiently, not use them for personal gain, as well as for other purposes not related to the performance of duties.

3.1.11. Use of information:

3.1.11.1. An employee of the Baku Stock Exchange shall ensure the acquisition and dissemination of information at the disposal of the BSE in accordance with the legislation of the Republic of Azerbaijan, the rules of the BSE and shall not use the information obtained during its activities for personal gain;

3.1.11.2. An employee of the BSE shall not disclose, disclose or abuse information that is considered confidential or trade secret by law to the public.

3.1.11.3. Except for the disclosure of official information related to the performance of official duties, BSE employee is not allowed to provide official information to other persons.

3.1.12. Social or political activity:

3.1.12.1. Public or political activity of the Baku Stock Exchange employee, or belonging to a public or political association shall not cause public suspicion that he / she shall perform his / her duties impartially and objectively;

3.1.12.2. An employee of the BSE is prohibited to establish and assist in the establishment of structural units of public and political associations (except trade unions), religious organizations on the BSE.

4. Principles of ethical conduct of the Baku Stock Exchange

4.1. The rules of ethical conduct of the Baku Stock Exchange are based on the following principles:

4.1.1. Honest business activity:

4.1.1.1. BSE must adhere to honest business practices and not seek a competitive advantage through unethical, illegal business activities;

4.1.1.2. The activities and strategies of the BSE shall not be based on the distortion or misuse of information, manipulation of information, personal interests or bias, or any similar unfair behavior or activity.

4.1.2. Lack of discrimination

4.1.2.1. BSE must be honest in its dealings with employees, organize its work fairly and not discriminate. The Baku Stock Exchange should make decisions based on personal qualities, skills, competencies and professional experience;

4.1.2.2. BSE shall not allow any bias or discrimination in its activities related to sex, race, age, political position and religion.

4.1.5. Transparency of public relations:

4.1.5.1. BSE must provide other market participants with the necessary transparency in its services;

4.1.5.2. The BSE must disclose the following:

4.1.5.2.1. financial statements in accordance with the legislation;

4.1.5.2.2. BSE rules defining the rights and obligations of the issuer, member or any other business and market participant;

4.1.5.2.3. information that is available to the public and third parties in accordance with the provisions of the legislation.

4.1.5.3. Public speeches are made by employees of the BSE or authorized representatives of the Baku Stock Exchange with the consent of the Chairman of the Management Board of the BSE.

5. Liability for violation of the rules of ethical conduct

5.1. Violation of these Rules is the basis for disciplinary action against an BSE employee.

5.2. If the BSE's employee violates the rules of ethical conduct, the following disciplinary measures may be imposed on him:

5.2.1. to reprimand;

5.2.2. to reprimand severely with a final warning;

5.2.3. to impose a fine not exceeding 1/4 of the monthly salary, if provided for in collective agreements;

5.2.4. to terminate the employment contract.

5.3. When applying disciplinary measures to the BSE employee, his / her personality, reputation in the team, level of professionalism, and the nature of the ethical behavior he / she violates must be taken into account. BSE's employee may be warned in writing or orally without the application of any of the disciplinary measure.

6. Rules for imposing a disciplinary sanction

6.1. A written explanation is required from the BSE employee before a disciplinary sanction is imposed. The refusal of the BSE's employee to give a written explanation does not preclude disciplinary action against him.

6.2. A disciplinary sanction may be imposed within one month from the date of discovery of a violation of the rules of ethical conduct by an employee of the BSE. This period is not included when the employee of the exchange is ill or on leave or business trip.

6.3. An employee of the Baku Stock Exchange may not be subject to disciplinary action after six months from the date of violation of the rules of ethical conduct.

7. An official authorized to impose a disciplinary sanction

7.1. A disciplinary sanction shall be imposed on an BSE's employee for violation of the rules of ethical conduct by the Chairman of the Board of the Baku Stock Exchange.

7.2. The Chairman of the Management Board of the Baku Stock Exchange may delegate the power to impose disciplinary sanctions on the BSE employee to his deputy by his order.

8. Early removal of a disciplinary sanction

8.1. If an employee of the BSE performs his / her job function with high professionalism and follows disciplinary rules during the term of the disciplinary sanction, the Chairman of the Management Board of the Baku Stock Exchange may receive a disciplinary sanction ahead of time.

9. Initiation of disciplinary proceedings

9.1. Disciplinary proceedings may be instituted in the following cases:

9.1.1. In case of complaint or information by legal entities and individuals on violation of the provisions of these Rules by the Baku Stock Exchange's employee.