



OPEN JOINT-STOCK COMPANY
JOINT-STOCK FINANCIAL CORPORATION
SISTEMA

Annual General Meeting of the Sistema JSFC shareholders, 25 June 2016,
Moscow, 13.1 Mokhovaya str.

**Explanatory note
to the materials of the Annual General Meeting of Sistema JSFC shareholders
on agenda item 7:
“Approval of the revised Charter of the Company”**

It is proposed that the General Meeting of Shareholders approve the revised Charter of Sistema JSFC (“the Charter”).

The revised Charter takes account of the amendments to the Russian Civil Code, Russian Joint-Stock Companies Law, and Russian Securities Markets Law introduced since the current version of the Charter was approved.

Compared to the version in effect, the Charter is to be amended as follows:

1. The name of the Company in Russian will indicate that it is a “public joint stock company” instead of an “open joint stock company,” as envisaged by the Russian Civil Code (clauses 1.1., 1.3., 1.4.).
2. The location of the Company will be restated as “Russian Federation, Moscow”; a reference to Russian Uniform State Registry of Companies will be made for the Company’s address (clause 1.7.).
3. A reference to the Company’s website will be included (clause 1.8.).
4. It will be stated that the Company is a corporate entity, as envisaged by the Russian Civil Code (clause 3.1.).
5. Pursuant to amendments to the Russian Civil Code, a reference to Russian Uniform State Registry of Companies will be made for information on the Company’s branches and representative offices, instead of enumerating them in the Charter itself (clauses 5.1., 5.2.).
6. The procedures and deadlines for paying out dividends and closing the registry for that purpose will be restated in compliance with the amendments to the Russian Civil Code and the Joint Stock Companies Law (clauses 6.3., 6.4., 6.8., 27.1.18, 27.1.19).
7. Pursuant to amendments to the Russian Civil Code, the possibility of combining various forms of corporate reorganization will be provided for (clause 10.2.).

8. Pursuant to amendments to the Russian Civil Code, an interim liquidating balance will be required to include the list of creditors' claims against the Company satisfied by effective judicial decisions (clause 10.9.).
9. Pursuant to amendments to the Russian Civil Code and the Joint Stock Companies Law, amendments to the Charter will become effective for third parties on the date when such amendments are registered by the relevant state authority, while in cases envisaged by law they will become effective for third parties on the date when the registering authority is notified (clause 11.2.).
10. Pursuant to amendments to the Russian Civil Code and the Joint Stock Companies Law, the charter capital of the Company will be defined as the sum of the par values of the Company's shares purchased by shareholders (clause 12.1.).
11. Pursuant to amendments to the Joint Stock Companies Law, the Company's shareholders will be entitled to demand the redemption of their shares if the Company's general meeting of shareholders resolves to make a filing for delisting and if they vote against such resolution at the general meeting (clause 20.1.).
12. The Company's registrar will be required to be a licensed professional participant in the securities markets as defined by the Russian Securities Markets Law (clause 22.5.).
13. Pursuant to amendments to the Russian Civil Code, additional duties of the Company's shareholders expressly stated in the Russian Civil Code will be included in the Charter, i.e. the duties to (i) refrain from disclosing the Company's confidential information, (ii) participate in making corporate resolutions required by law for continuing the Company's activities, (iii) refrain from knowingly harming the Company, (iv) refrain from materially hindering the Company in achieving the goals for which it was incorporated; (v) notify other shareholders and the Company if intending to sue the Company for damages or to invalidate a transaction, (vi) bear other duties provided by law and the duties of the Company's shareholders in the Charter will be brought to compliance with the Russian Civil Code (clause 24.1.).
14. The procedures and deadlines for convening, preparing for and conducting general meetings of shareholders will be restated in compliance with amendments to the Russian Civil Code and the Joint Stock Companies Law, including various possible means of delivering general meeting notices (ordinary mail, registered mail, publication on the Company's website) and voting ballots (ordinary mail, registered mail, email, serving in person) to shareholders (clauses 28.5., 28.8.-28.10., 28.12., 29.6., 29.10 and 30.2.). E-voting at general meeting of shareholders will be possible if the Company's Board of Directors makes an appropriate resolution (clause 29.4.).
15. Pursuant to amendments to the Joint Stock Companies Law, the Company's registrar will solely act as the Teller Committee at general meetings of shareholders (clause 29.5.).
16. An additional duty of the Company's Directors will be included, i.e. to notify the Company of the number of Company shares in the respective Director's possession (clause 31.10.)
17. A reference to the Company's Corporate Governance Code will replace the reference to an outdated internal document (clause 32.2.17).

