

OFFICIAL TRANSLATION

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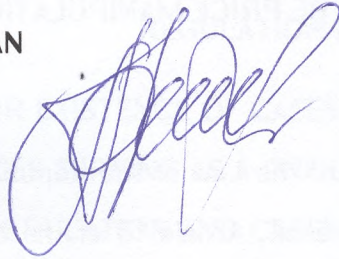
"TRANSLATION CENTRE OF THE MINISTRY OF JUSTICE
OF THE REPUBLIC OF ARMENIA"

STATE NON-COMMERCIAL ORGANISATION

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DIRECTOR

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BOARD OF THE CENTRAL BANK

OF THE REPUBLIC OF ARMENIA

21 October 2014

No 288-N

DECISION

ON APPROVING REGULATION 4/17 "CRITERIA FOR EXISTENCE OF CASES OF PRICE MANIPULATION, CIRCUMSTANCES SERVING AS A GROUND FOR RECORDING CASES OF PRICE MANIPULATION AND CASES AND ACTIONS NOT DEEMED TO BE PRICE MANIPULATION"

Based on sub-point "e" of Article 20 of the Law of the Republic of Armenia "On the Central Bank of the Republic of Armenia", Article 16 of the Law of the Republic of Armenia "On legal acts" and part 3 of Article 171 of the Law of the Republic of Armenia "On securities market", the Board of the Central Bank of the Republic of Armenia hereby ***decides***:

1. To approve Regulation 4/17 "Criteria for existence of cases of price manipulation, circumstances serving as a ground for recording cases of price manipulation and cases and actions not deemed to be price manipulation", pursuant to Annex to this Decision (attached).
2. This Decision shall enter into force on the tenth day following the day of its official promulgation.

**Governor of the Central Bank
of the Republic of Armenia**

A. Javadyan

24 October 2014

Yerevan

Annex
Approved by Decision
of the Board of the Central Bank
of the Republic of Armenia
No 288-N of 21 October 2014

REGULATION No 4/17

**CRITERIA FOR EXISTENCE OF CASES OF PRICE MANIPULATION,
CIRCUMSTANCES SERVING AS A GROUND FOR RECORDING CASES
OF PRICE MANIPULATION AND CASES AND ACTIONS NOT DEEMED
TO BE PRICE MANIPULATION**

CHAPTER 1.

SUBJECT MATTER

1. This Regulation shall define the criteria for existence of cases of price manipulation and more detailed description of the circumstances serving as a ground for recording the cases of price manipulation, prescribed by point 1 of part 3 of Article 171 of the Law of the Republic of Armenia "On securities market", and the cases and actions prescribed by point 2 of part 3 of Article 171 of the Law of the Republic of Armenia "On securities market" that are not deemed to be price manipulation.

CHAPTER 2.

CONCEPTS

2. The concepts used in this Regulation shall have the following meanings:
- (1) **Law** — the Law of the Republic of Armenia "On securities market";
 - (2) **criterion for existence of a case of price manipulation** shall be deemed to be the possible scheme describing the logic and sequence of steps in price manipulation actions prescribed by part 2 of Article 171 of the Law;
 - (3) **order** shall be deemed to be the assignment issued regarding securities transactions prescribed by parts 1 and 2 of Article 159 of the Law, as well as the instruction, assignment, bid or offer of the investment service provider;
 - (4) **trading system** shall be deemed to be a set of technical, software and other facilities used by the regulated market operator to organise and conduct public trading in securities electronically and process and maintain the information related thereto;
 - (5) **long position** shall be deemed to be the situation when a person has acquired securities of the given class (holds securities of the given class) or has concluded such a transaction under which the person has a right or is obliged to acquire securities of the given class at a pre-agreed price and increase in the prices of these securities is economically advantageous to the person;
 - (6) **short position** shall be deemed to be the situation when a person has conducted short sale (sale of borrowed securities) or has concluded such a transaction under which the person has a right or is obliged to sell the securities of the given class at a pre-agreed price and decrease in the prices of these securities is economically advantageous to the person;

- (7) **market maker** shall be deemed to be an investment service provider that, in accordance with the rules of the regulated market operator, gives continuous two-way quotations to ensure the liquidity of the security of any class traded in the regulated market and concludes transactions in the securities of the given class on behalf and at the expense thereof;
- (8) **issuer** shall be the issuer for any class of security of which the investment service provider is market maker;
- (9) **quotation** shall be the announcement of the purchase or sale price for the securities in the trading system of the regulated market for the purpose of concluding transactions in securities;
- (10) **two-way quotation** shall be the simultaneous announcement of at least one purchase price or one sale price for the securities in the trading system of the regulated market for the purpose of concluding transactions in securities;
- (11) **trading session** shall be the period of the day during which the trading in securities is carried out in the trading system of the regulated market in accordance with the rules of the regulated market operator;
- (12) **spread** shall be the difference between the prices indicated in the purchase and sale bids submitted by the market maker in the trading system or their equivalent returns calculated as prescribed by the regulated market operator.

(point 2 supplemented by No 149-N of 11 September 2020)

- 3. Other concepts used in this Regulation shall have the same meanings applied in the Law.

CHAPTER 3.

CRITERIA FOR EXISTENCE OF CASES OF PRICE MANIUPLATION, CIRCUMSTANCES SERVING AS A GROUND FOR RECORDING CASES OF PRICE MANIPULATION AND CASES AND ACTIONS NOT DEEMED TO BE PRICE MANIPULATION

4. Criteria for existence of cases of price manipulation, circumstances serving as a ground for recording cases of price manipulation and cases not deemed to be price manipulation shall be defined by Annexes 1-3 to this Regulation.
5. Criteria for existence of price manipulation and circumstances serving as a ground for recording cases of price manipulation may be a combination of the criteria and circumstances for recording defined in Annexes 1-3 to this Regulation, or other criteria not defined in Annexes 1-3 to this Regulation.
6. In assessing the lawfulness of criteria for existence of cases of price manipulation and circumstances serving as a ground for recoding cases of price manipulation, as well as cases and actions not deemed to be price manipulation, prescribed in Annexes 1-3 to this Regulation, the Central Bank shall, *inter alia*, take into consideration the occurrence of the following circumstances:
 - (1) the transaction or the order to conclude the transaction was carried out taking into consideration the criteria of fair and efficient operation of the market;
 - (2) the actions of the person concluding the transaction or having placed an order to conclude the transaction have not reduced the possibility for other persons to conclude transactions or have not caused any damage or have not changed to the advantage thereto or have maintained the price of the securities, in which the person has a long or short position;

- (3) the person concluding the transaction is the market maker that acts in accordance with the requirements of Annex 4 to this Regulation and in accordance with the rule on the activities of market maker prescribed by the regulated market operator that includes at least the following:
- a. the grounds and procedure for granting, suspending and terminating the status of the market maker, including the procedure for notifying the market operator in the event of early termination;
 - b. the procedure and conditions for providing two-way quotations by the market maker, the size of and the procedure for calculating the spread of the market maker;

S/N	Criteria for existence of a case of price manipulation	Circumstances serving as a ground for recording the case of price manipulation	Cases and actions not deemed to be price manipulation
1	2	3	4
1.	Conclusion of one or more mutually agreed transactions in a certain security without change of the beneficial owner of the security, which results or may result in a false or misleading impression or impulses with respect to the price of the security, demand for or supply of the security in the market or results in irregular deviations of the price of the security or defining the price of the security at an artificial level	As a result of one or more subsequent transactions, the security is returned again to the former holder or the transfer of securities is carried out between the affiliated persons	Transactions which will be considered legitimate as prescribed by point 6 of this Regulation, including also: (1) repo or reverse-repo transactions; (2) securities lending transactions; (3) transactions where the transfer of securities depends on the exercise of the right of pledge or the court decision
2.	Conclusion of transactions in a certain security or placing an order to conclude such transactions, which is executed among affiliated persons by placing coinciding purchase and sale orders and results in or may result in a false or misleading impression or impulses with respect to the price of, demand for or supply	Offsetting orders to purchase and sell a certain security are placed for substantially the same time of the trading period of the given trading day, for substantially the same amount of the same security, for substantially the same price, and there is a suspicion of concluding an agreed transaction or distorting fair	Transactions or orders to conclude a transaction which will be considered legitimate as prescribed by point 6 of this Regulation

S/N	Criteria for existence of a case of price manipulation	Circumstances serving as a ground for recording the case of price manipulation	Cases and actions not deemed to be price manipulation
1	2	3	4
	of the security in the market or results in irregular deviations of the price of the security or securing the price of the security at an artificial level	pricing on the market	
3.	Placing an order to conclude a transaction in a certain security with no aim to fulfil it, which results or may result in a false or misleading impression or impulses with respect to the price of, demand for or supply of a security in the market or results in irregular deviations of the price of the security or securing the price of the security at an artificial level	Placing an order to purchase (sell) a certain security the price of which is higher (lower) than the price of the previous purchase (sale) order, and then withdrawing the order from the trading system before the order is fulfilled. Moreover, such orders may be placed in small amounts to fulfil them in small quantities in case of failure to withdraw them from the trading system	Transactions or orders to conclude a transaction which will be considered legitimate as prescribed by point 6 of this Regulation
4.	Conclusion of transactions in certain securities or placing orders to conclude such transactions which are concentrated within a particular period of the trading session (when closing or other settlement prices are calculated) only for the reason that the conclusion of that transaction or placing the order to conclude the transaction results in a false or misleading impression or impulses with respect to the price of, demand for or supply of the security in the market or results in irregular deviations of the price of the security or securing the price of the security at an artificial level	Conclusion of transactions of substantial quantity or amount or with a substantial change in the price of a certain security or placing orders to conclude such transactions at the closure of the trading day	Transactions or orders to conclude a transaction which will be considered legitimate as prescribed by point 6 of this Regulation
5.	Defining irregular deviations of the price of a certain security or the price of a certain security at an artificial level for the purpose of securing the irregular deviation	(1) Conclusion of one or more transactions in a certain security or placing orders to conclude such transactions for the purpose of influencing the price of other related security	Transactions or orders to conclude transactions which will be considered legitimate as prescribed by point 6 of this Regulation, including also

S/N	Criteria for existence of a case of price manipulation	Circumstances serving as a ground for recording the case of price manipulation	Cases and actions not deemed to be price manipulation
1	2	3	4
	of the price of another related security or securing the price thereof at an artificial level	or a related derivative instrument; (2) Conclusion of one or more transactions in a certain security or placing orders to conclude such transactions in one regulated market to artificially influence the price of the given security or a related derivative instrument in another regulated market.	the transactions concluded with an aim to obtain lawful benefits from price differences of the same or related securities in different regulated markets
6.	Conclusion of transactions in a certain security by sequentially affiliated persons, pursuing an aim to each time define a higher (lower) price for the given security than the price defined by the previous transaction, which ultimately results or may result in a false or misleading impression or impulses with respect to the price of, demand for or supply of the security in the market or results in irregular deviations of the price of the security or securing the price of the security at an artificial level	During one or more consecutive trading days transactions are concluded in a certain security, and as a result of every subsequent transaction the purchase (sale) prices become higher (lower) than the previous transaction concluded in a certain security.	Transactions that will be considered legitimate as prescribed by point 6 of this Regulation

- c. requirements for, restrictions on and privileges for the activities of the market maker;
- d. procedure for compliance with and supervision over the requirements and restrictions prescribed for the market makers and the activities thereof;
- e. liability of activities of market maker for violation of the requirements prescribed for the activities thereof.

(point 6 supplemented by No 149-N of 11 September 2020)

7. Within the meaning of this Regulation, quantity or volume of 20 % or more of the average daily market quantity or volume of transactions in the given security concluded within one trading day shall serve as reference for determining the essential quantity or volume of the transaction concluded in securities.
8. Within the meaning of this Regulation, 10% deviation from the average market price of the security shall serve as reference for determining the substantial change in the price of the security, unlawful deviation from the price of the security.

(Annex supplemented by No 149-N of 11 September 2020)

Annex 1

**to Regulation 4/17 defining
"Criteria for existence of cases of price
manipulation, circumstances serving as
a ground for recording cases of price
manipulation and cases and actions not
deemed to be price manipulation"**

**CRITERIA FOR EXISTENCE OF CASES OF PRICE MANIPULATION,
CIRCUMSTANCES SERVING AS A GROUND FOR RECORDING CASES
OF PRICE MANIPULATION AND CASES AND ACTIONS NOT DEEMED
TO BE PRICE MANIPULATION, PRESCRIBED BY POINTS 1 AND 2 OF PART 2
OF ARTICLE 171 OF THE LAW**

Annex 2

to Regulation 4/17 defining "Criteria for existence of cases of price manipulation, circumstances serving as a ground for recording cases of price manipulation and cases and actions not deemed to be price manipulation"

CRITERIA FOR EXISTENCE OF CASES OF PRICE MANIPULATION, CIRCUMSTANCES SERVING AS A GROUND FOR RECORDING CASES OF PRICE MANIPULATION AND CASES AND ACTIONS NOT DEEMED TO BE PRICE MANIPULATION, PRESCRIBED BY POINT 3 OF PART 2 OF ARTICLE 171 OF THE LAW

S/N	Criteria for existence of a case of price manipulation	Circumstances serving as a ground for recording the case of price manipulation	Cases and actions not deemed to be price manipulation
1	2	3	4
1.	Concealing the right of ownership over the security by concluding one or more transactions	Disclosure of information on prior arrangement by evading the requirements for disclosure of the information on the ownership of the security	Transactions which will be considered legitimate as prescribed by point 6 of this Regulation, including also: (1) where the authority to hold the security in the name of another person following the conclusion of the transaction is defined by law or other legal act; (2) where the information on the ownership of the security has not been disclosed or has been disclosed with a delay
2.	Conclusion of transactions in securities by disseminating false or misleading information	(1) Taking a long (short) position on a certain security, then concluding purchase and sale transactions for the given particular security and/or disseminating false or misleading information in order to increase (decrease) the price of the security, then selling (purchasing) the	Transactions which will be considered legitimate as prescribed by point 6 of this Regulation, including also where the information on the positions taken by major market participants are disclosed as prescribed by law

S/N	Criteria for existence of a case of price manipulation	Circumstances serving as a ground for recording the case of price manipulation	Cases and actions not deemed to be price manipulation
1	2	3	4
		security and/or closing long (short) position at an increased (decreased) price; (2) Taking a short position on a certain security, then concluding sale transactions for the given security and/or disseminating false or misleading information in order to decrease the price of the security, then purchasing the given security and/or closing the short position at a decreased price	and other regulatory legal acts

Annex 3

**to Regulation 4/17 defining
"Criteria for existence of cases of price
manipulation, circumstances serving as
a ground for recording cases of price
manipulation and cases and actions not
deemed to be price manipulation"**

**CRITERIA FOR EXISTENCE OF CASES OF PRICE MANIPULATION,
CIRCUMSTANCES SERVING AS A GROUND FOR RECORDING CASES
OF PRICE MANIPULATION AND CASES AND ACTIONS NOT DEEMED
TO BE PRICE MANIPULATION, PRESCRIBED BY POINT 4 OF PART 2
OF ARTICLE 171 OF THE LAW**

S/N	Criteria for existence of a case of price manipulation	Circumstances serving as a ground for recording the case of price manipulation	Cases and actions not deemed to be price manipulation
1	2	3	4
1.	Dissemination of false, misleading or distorted	(1) Dissemination of false, misleading or distorted information	

S/N	Criteria for existence of a case of price manipulation	Circumstances serving as a ground for recording the case of price manipulation	Cases and actions not deemed to be price manipulation
1	2	3	4
	information on the issuer or the securities thereof, which gives a false or misleading impression about the price of the security of the given issuer	for securities valuation on television, radio, the Internet or other mass media outlets, as well as by any other means; (2) Non-disclosure of information considered essential for securities valuation	
2.	Dissemination of any information that gives a false or misleading impression about the price of the security of the given issuer	Dissemination of such information that is not directly related to the security but gives a false or misleading impression about the price of the given security	

Annex 4

to Regulation 4/17 defining "Criteria for existence of cases of price manipulation, circumstances serving as a ground for recording cases of price manipulation and cases and actions not deemed to be price manipulation"

MINIMUM REQUIREMENTS FOR ACTIVITIES OF THE MARKET MAKER

1. The market maker shall, within the scope of the functions thereof as market maker, be obliged to:
 - (1) ensure — during the trading session — the continuity of two-way quotations at competitive prices;
 - (2) submit bids for two-way quotations on the condition of partial granting;

- (3) submit bids for two-way quotations on behalf and at the expense thereof;
 - (4) disclose to the regulated market operator information on any type of agreement or arrangement between the market maker and the issuer that relates to the fulfillment of the obligations of the market maker, except for the secret protected by law.
2. Within the meaning of point 1 of this Annex, two-way quotation shall be deemed to be:
 - (1) at competitive prices, when the purchase and sale quotations have been made within the ranges of the spread prescribed by the rule of the regulated market operator;
 - (2) with guaranteed continuity, when two-way quotation has been available in the trading system within the time period prescribed by the rule of the regulated market operator.
3. In case of early termination of the status thereof, the market maker shall be obliged to notify the regulated market operator thereof at least 30 days prior to the termination.
4. The market maker shall have the right to change the two-way quotation within the ranges of the spread prescribed by the rule of the regulated market operator.
5. The regulated market operator may establish — by the rules thereof — exceptions to the requirements prescribed by point 1 of this Annex by the rules thereof, where the total volume of transactions concluded on behalf and at the expense thereof exceeds the amount prescribed by the rule of the regulated market operator.
6. The regulated market operator may establish — by the rules thereof — exceptions for the market maker to the fulfillment of the obligations provided for

by point 1 of this Annex, in exceptional cases prescribed by part 3 of Article 80 of the Law, as well as in emergency situations prescribed by the legislation of the Republic of Armenia.

7. The information on the market maker for each class of securities must be available on the website of the regulated market operator, including the information prescribed by sub-point 4 of point 1 and point 3 of this Annex.

(Annex supplemented by No 149-N of 11 September 2020)

Կազմված է ութ թերթից:

Comprises eight sheets.

