



OPEN JOINT-STOCK COMPANY
JOINT-STOCK FINANCIAL CORPORATION
SISTEMA

Annual General Meeting of the Sistema JSFC shareholders, 27 June 2015,
Moscow, 13.1 Mokhovaya str., Room 101.

**Explanatory note
to the materials of the Annual General Meeting of Sistema JSFC shareholders
on agenda item 7:
“Approval of the new version of the
Terms of Reference of the General Meeting of Shareholders of Sistema JSFC”**

It is proposed that the General Meeting of Shareholders approve the new version of the Terms of Reference of the General Meeting of Shareholders of Sistema JSFC (“the Document”).

The new version takes account of the latest amendments to the convocation and conducting of general meetings made in the Federal Law “On Joint-Stock Companies”, as well as the principles of the Corporate Governance Code recommended by the Bank of Russia and the requirements of the new version of the Listing Rules of Moscow Exchange approved by the Board of Directors of Moscow Stock Exchange. Compliance with the Listing Rules is required of Sistema JSFC due to the inclusion of its common shares in the top quotation list of Moscow Exchange.

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

1. Paragraph 3.9. requiring that all schedules to a shareholder proposal should be received no later than the deadline for submitting the proposal is to be inserted.
2. Paragraph 3.11. (currently 3.10.) specifying the date when a shareholder proposal is deemed to be received is to be restated so as to comply with the requirements of Paragraph 3.9.
3. Paragraph 3.13. requiring that any shareholders who nominate a candidate for election to the Board must also comply with the Terms of Reference of the Board of Directors is to be inserted.
4. A clause stating that a shareholder’s depositary account statement is an integral part of a request to convene an extraordinary general meeting of shareholders is to be added to Paragraph 4.8.
5. Paragraph 4.14. specifying the date when a shareholder request to convene an extraordinary general meeting of shareholders is deemed to be received is to be restated so as to make it uniform with Paragraph 3.11.
6. The deadlines for conducting an extraordinary general meeting of shareholders in Paragraph 4.17. are to be amended in compliance with the applicable laws to 50 days in case of a shareholder’s request and to 40 days in case of a statutory requirement.
7. The earliest record date for a general meeting of shareholders in Paragraph 5.3. is to be amended to no less than 10 days after the date of a resolution to convene a general meeting of shareholders.

8. The time interval in Paragraph 5.4. for the record date for an extraordinary general meeting of shareholders whose agenda includes the election of the Board is to be amended to between no less than 10 days after the date of a resolution to convene an extraordinary general meeting of shareholders and no more than 80 days before the date of such general meeting.
9. Paragraph 5.16. requiring that the record date for a general meeting of shareholders must be disclosed no less than 7 days before such record date is to be inserted.
10. A clause stating that all materials in preparation for a general meeting of shareholders are to be mailed electronically to nominee holders is to be added to Paragraph 6.4.
11. A provision in Paragraph 6.10. under which the Audit, Finance and Risks Committee of the Board of Directors of Sistema JSFC must prepare an assessment of the auditor's report for the annual general meeting is to be eliminated.
12. Paragraph 9.13. stating that all participants in a general meeting of shareholders may receive a copy of their voting ballot authenticated by the Counting Board is to be inserted.
13. Paragraph 10.19. stating that the information on the results of voting at a general meeting of shareholders must be disclosed at the corporate website no more than 1 day after the minutes of such meeting are drawn is to be inserted.