



**PRIVATE COMMERCIAL JOINT-STOCK BANK ``TURKISTON``**

**CONFIRMED BY THE DECISION  
OF THE ASSEMBLY OF STOCK-BROKERS  
OF PCJSB ``TURKISTON``  
FROM 17TH JUNE,2016  
PROTOCOL №\_\_\_\_\_**

**PROVISIONS ON OPERATING PROCEDURES IN  
TIMES OF CONFLICT OF INTEREST OF PCJSB ``  
TURKISTON``**

**Tashkent-2016**

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## I. GENERAL PROVISIONS

1. 1. The current dividend policy provisions of PCJSB `` Turkiston`` (later in the passage The provisions) was worked out in accordance with the existing legislative chamber of the republic of Uzbekistan, `` Rules of the inner control against the legalization of incomes, obtained from criminal activity, and from subsidizing terrorism in commercial banks`` ( registered by the Department of Justice of the republic of Uzbekistan 21.11.2013 № 2528) by the law of PCJSB `` Turkiston`` ( later in the passage bank) by Corporate governance principles, confirmed by the protocol of the assembly for the improvement of effectiveness and activity of joint-stock companies as well as modification of the corporate governance from the date 31.12.2016 №9 and other different documentations of the bank and defines operating procedures on resolving in the bank

2. 2. In the course of bank`s activity conflicts of interests may arise due to material and other interests of the bank( its governing and control bodies, authorities and employees) and material and other interests of the creditors, contragents, and other customers( later in the provision clients), when violations of rights and legal interests of shareholders take place as a result of activity or inactivity of the bank.

In addition, the conflict(corporate) of interest may arise between the interests of shareholders of the bank, between of governing bodies and control and shareholders.

3. the current provision will look through the following conditions when conflict of interests arises:

between shareholders with major stocks and minor stocks;

между органами управления Банка и его акционером (акционерами)  
between governing bodies and shareholders;

between governing bodies and control bodies of the bank, authorities, employees and clients;

between bank and authorities, employees in the course of accomplishment their working obligations .

## II. People targeted in the provision on operating procedures

4. The procedures of this provision are targeted at the members of governing bodies and control bodies and all employees of the bank irrespective of their position occupied.

5. All the individuals cooperating with the bank on the basis of civil law contract have to abide by this provision in the cases if their obligations are fixed in the contract with them, in their internal documents or emerging from legislature.

### **III. PRIMARY PRINCIPLES OF GOVERNANCE IN TIMES OF CONFLICT OF INTERESTS IN THE BANK**

6. Management of conflict of interests in the bank is based on the following principles:

responsibility to reveal information about real and potential conflict of interests;

individual approach in looking through and assessing reputational risks for the bank when conflict of interests appear and their regulation;

full confidentiality of the process of revelation of information about conflict of interests and their regulation;

maintaining balance between governing bodies and control bodies and employees while tackling conflict of interests;

Protection of an individual from \_\_\_\_\_ due to notifying about conflict of interests, revealed timely by employee and regulated (prevented) by the bank

### **IV. REASONS (CONDITIONS) OF APPEARANCE OF CONFLICTS OF INTERESTS**

7. conflict of interests which arise between shareholders with major and minor stocks, between governing bodies and shareholders are the result of:

noncompliance with rules of legislature, normative acts and internal documents of the bank;

inability of shareholders with minor stocks to influence the activity of the bank and the decisions taken by the board of Supervisors and shareholders assembly significantly;

заклучения крупных сделок и сделок с аффилированными лицами, без предварительного согласования уполномоченными органами управления with affiliated individuals, without consent from authorities of governance;

decisions of the governing bodies which bring to deterioration of the financial situation of the Bank;

Not revealing information in accordance with the existing legislature or presenting partial information about the positions in other organizations, about the shares of other shareholder communities

8. conflict of interests which arise between governing bodies and control bodies of the bank, authorities, employees and clients is the result of :

несоблюдения законодательства, учредительных и внутренних документов Банка noncompliance with legislature, \_\_\_\_\_ and internal documents of the bank;

non-compliance with the principle of priority of interests of shareholders of the bank;

noncompliance with the norms of business communication and the principle of professional ethics;

non-accomplishment of the responsibilities by both the bank and clients ;

non-accomplishment of the responsibilities fixed by the legislature and internal documents of the bank .

9. the conflict of interests between the bank and authorities and employees may occur as a result of:

violation of the laws of the legislature and internal documents of the bank;

non-compliance with the norms of business cooperation and professional ethics;

running commercial business, private and by the members of the family;

having financial interests on other organizations with whom bank supports partnership;

occupying a position in another organization or participating in another organization`s governing body;

Presenting business opportunities to other companies в ущерб interests of the bank and to the benefit of personal interests.

## **V. PREVENTION OF CONFLICT OF INTERESTS**

10. The charter of the bank and its internal documentations define general mechanisms of prevention of conflict of interests.

Current provisions designate measures for prevention of conflict of interests which have to be followed by control bodies, all the authorities and employees of the bank.

11. В целях предотвращения любых видов конфликтов интересов органы управления, органы контроля, должностные лица и сотрудники Банка обязаны with the aim of preventing conflict of interests, governing bodies, control bodies, authorities and employees of the bank must:

comply with the laws of legislature, normative acts, Chamber and internal documents of the bank;

provide sustainable achievement of profits by the bank in short term and long term periods;

ситуаций avoidance of making decisions or behaving in the way that will provoke conflict of interest;

provide with effective governance of the bank;

excluding even the possibility that the bank may get involved in illegal activity including legalization(отмывание) of profits which are obtained by criminal methods or subsidizing terrorism;

provide with absolute full results in delivering services of the bank;

**ежеквартально** report to the governing bodies according to legislature ;

carry out external and internal control according to the Charter and internal documents of the bank;

give out for review of big deals or a range of interconnected deals, the sum of which is higher than fixed in the legislature to the Board of Supervisors of the bank;

governing bodies carry out research on the terms and conditions on which big deals and deals with affiliated individuals may be agreed ;

invite an independent expert to assess market value of the property if necessary, and if the accomplishment of the deal is approved by the Board of Supervisors;

provide with informational accounts about affiliated individuals;

provide a possibility for working out and complying with the terms of deals accomplishment:

a) with affiliated individuals;

б) with shareholders of the bank and their affiliated individuals;

no not carrying out any big deals and deals with affiliated individuals without beforehand approval of the designated for this work authorities of the bank;

not occupying positions in governing and control bodies of other legal entities, without consent of higher authorities of the bank;

revealing information about activity of the bank in accordance with the demands of the existing legislature and other further information according to `` Provisions on informational policy of PCJSB `` Turkiston``;

being responsible for validity of the accounting and other published information, which are presented to the shareholders of the bank, control and supervising bodies and other interested individuals including advertising agents;

working out and improving measures on avoiding usage of information in the bank with personal motives by individuals who have access to this information;

check validity and objectiveness of negative information about the bank presented in mass media on time. React to the negative and invalid information about the bank on time;

participate in finding out all the drawbacks of the internal control of the bank

guarantee adequacy of the paid remuneration to members of the governing body and control financial condition of the bank, also collate how much the results achieved correspond to the planned outcomes;

comply with principles of professional and cooperative ethics.

12. in order to avoid conflict of interests between shareholders of the bank, also between governing and control bodies, authorities, employees and its shareholders, they all must:

comply with regulations on the rights of major and minor shareholders, fixed in the law `` About shareholder societies and protection of rights of shareholders``, normative acts, charter and internal documents of the bank;

обеспечить своевременное доведение до акционеров информации, подлежащей раскрытию в соответствии с законодательством inform about necessary for revelation data to the shareholders on time ;

своевременно выплачивать начисленные дивиденды pay dividends on time;

give information on the issues that may become contradicting to shareholders;

out about the deals which are carried out by interested members of governing bodies of the bank while obtaining shares of the competitor bank, also when these interested individuals participate in these deals ;

attempt to choose independent members to the board of Supervisors in order to pledge objectiveness, balance and independence of the decisions taken.

13. in order to avoid conflict of interests between shareholders of the bank, also between governing and control bodies, authorities, employees and its shareholders, they all also must:

present information about bank at the set order and time;

strictly abide by the rules while using confidential and other information;

trade or provide services and receive payments from clients in the amount fixed in mutually agreed contracts, or according to tariffs, the information about which is open to public;

not let the deals between the bank and individuals who can negatively affect the reputation of the bank take place;

provide professional and conscientious bank services to permanent clients;

not let employees to use the situation in their own interests when the mistake or errors of the client in construction of the contract is obvious. If there are cases of mistakes, employee must immediately take rational decisions to tackle this problem and inform the client about the mistake ;

вопросу pledge that recommendations given to clients are based on correct, conscientious analysis of the current issue;

Improve the system of storing created, obtained or accumulated in the process of activity of the bank information. Guarantee that this information which is considered working or commercial secret of the bank won't be the subject of selling, copying, exchange and other types of spreading.

14. in order to avoid conflict of interests between authorities, employees while fulfilling their working tasks, they all must:

comply with norms of business communication and principles of professional ethics;

sign contracts in the fixed order;

notify the higher authorities or governing bodies about obtaining shares of the competitor organization;

notify higher authorities about the situations which can contribute their share in arising conflict of interests on time;

notify higher authorities in a written form about organizations in which the higher authority or his/her family members have financial interest and with which bank intends to start commercial cooperation/activity;

avoid any activity which directly influences on the relationship between bank and organizations where higher authority or his/her family members have financial interest or are affiliated individuals;

have a beforehand permission from the higher authorities of the bank to participate in governing bodies of other organizations, the interests of which may contradict to the interests of the bank;

inform the higher authority about the intention to work in cooperation with another organization , and that this work doesn't contradict the interests of the bank .

## **VI. RESOLVING CONFLICTS OF INTERESTS**

15. governing and control bodies, authorities and employees of the bank have to take досудебные measures with the aim to find legal and fully justified solutions serving the interests of the bank in order to resolve conflict of interests.

16. authorities must provide account and timely review of all the letters, applications, demands of shareholders and clients, which are delivered in the name of governing or control bodies, corporate secretary and structural subdivisions

17. Corporate secretary of the bank (if there is an assigned position) or specially designated for this position employee is responsible for accounts of the corporate conflicts. Corporate secretary of the bank (if there is an assigned position or specially designated for this position employee gives first assessment to the corporate conflict, prepares necessary documents on the issue, and with the consent of the Board of Supervisors gives this document to the division which is related to this conflict.

18. Corporate secretary of the bank (if there is an assigned position) or specially designated for this position employee analyses frequently arising issues, makes decisions about presenting necessary information to the participants of the conflict or gives suggestions to the bodies responsible about changes necessary in the inner order and instructions with the aim to resolve the reasons of the conflict.



19. The employee who received information about conflicting situation from the client or other sources of information has to inform about it the higher authorities timely. If the conflict is not solved within the structural subdivision, the head of the subdivision should present information about conflict, its origins and measures been taken to the chairman of executive chamber or his deputy chairman within one working day. The chairman of executive chamber or his deputy chairman define terms of resolving the conflict and one person who will be responsible for this task. The commission for resolving conflict of interests may also be organized if necessary.

20. **Уполномоченное лицо** takes all the measures to resolve conflict of interests. If the conflict isn't solved by them, the chairman of the Governance of the bank puts a question into discussion in the governance body and informs the Chairman of the Board of Supervisors about conflict of interests

21. This information is then looked through by the committee which is created for finding out and solving conflicting situations together with the Board of Supervisors.

22. Information about the conflict on the stage which contradicts the interests and reputation of the chairman of Governance of the bank or his deputies, is handed in to the Board of Supervisors within three working days so that the Board will define terms of resolving the conflict.

23. . The Board of Supervisors or executive chamber of the bank may work out new document, or include relevant changes, if as a result of viewing the conflict, the changes or new amendments will be necessary in existing internal documentation of the bank.

24. In order to resolve any type of conflict, governing bodies of the bank must :

swiftly define emerging conflicts of interests and their reasons;

clearly distinguish between competence and responsibility of governing bodies of the bank;

an authority of the bank responsible for the conflict or create commission on the conflict;

define the positions of the bank in a maximally short period of time, make relevant decisions and inform the opposing side about the resolutions;

give clear and full explanation of the position of the bank in the conflict of the other side, meanwhile the message or request or demands of the participant of the conflict may only be approved on the basis of legislature, normative acts, charter and internal documentation, approved by the assembly of shareholders ;

the authority responsible for the conflict may immediately inform if the conflict is connected with his personal interests or the interests of his/her family members;

create conditions so that the individuals whose interests are violated or may be violated will not participate in making decisions to resolve conflict.

25. in order to resolve conflict between shareholders, between governing bodies of the bank and shareholders:

independent member of the Board of Supervisors may become посредник in order to resolve conflict between shareholders of the bank;

authority defined or other responsible bodies of the bank may participate in negotiations between shareholders, give all the information and documents they possess relevant to the conflict to shareholders, and also see the norms of legislature, charter and internal documents of the bank ;

bodies or individuals responsible for resolving conflict give advice and recommendations to shareholders, prepare documents about resolving conflict so that shareholders will sign, and take responsibility in the name of the bank in the scope of their competence to resolve conflicts of shareholders ;

governing bodies of the bank must help to realize the decisions on resolving corporate conflicts in the scope of their competence and contribute to the fulfillment of contracts signed in the name of the bank with the participants of the conflict. Bank must suggest resolving conflict and propose its terms according to which bank can satisfy the needs of the participant of the conflict if there is no conflict between bank and the participant of the conflict on the issue of their responsibilities, but there are disagreements about terms, ways, deadlines and other conditions of the agreement ;

если согласие Банка удовлетворить требование акционера сопряжено с необходимостью accomplishment of the acts of the side according to the legislature charter and other internal documents of the bank, the bank informs about terms and also information necessary for the fulfillment of these terms( for example the amount of salary for the preparation of the requested by shareholders documents or bank requisitions and etc.).

26. this document is not **исчерпывающим** . each concrete situation may require its own way of regulation and resolution depending on the sector in which the conflict arises.

## VII. FINAL PROVISIONS

27. This summary, together with modifications and amendments to the summary are confirmed by the decision of the assembly of stock-brokers in the vote by the principle simple majority is right

3. 28. Should individual articles of the current summary become contradictory to the legislature of the Republic of Uzbekistan/ Bank`s Charter, these articles will be considered legally invalid and the issues regulated by these articles must be regulated in accordance with the legislature of the Republic of

Uzbekistan/ Bank`s Charter as long as new amendments will be included into the current Summary.