

Federal Law No. 224-FZ dated July 27, 2010, on Countering the Illegal Use of Insider Information and Market Manipulation and on Amending Certain Legislative Acts of the Russian Federation (as amended on April 1, 2020)

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Article 7. Consequences of the Illegal Use of Insider Information and/or Market Manipulation

1. Any individual or entity that has illegally used insider information and/or committed market manipulation shall be held accountable in accordance with the legislation of the Russian Federation with due regard to the provisions of this Article.

2. Any individual or entity that has disseminated false information shall not be held accountable for market manipulation if that person did not know and was not supposed to know that the information disseminated was false.

2.1. Any individual or entity that has used insider information shall not be held accountable for the illegal use of insider information if that person did not know and was not supposed to know that such information constituted insider information. The issuers and their officials and employees shall not be held accountable for the lack of information in their lists of insider information if such lacking information is not included in the list of insider information of issuers approved by the regulation of the Bank of Russia in accordance with Part 1 of Article 3 of this Federal Law.

3. The editorial board of the mass media outlet used for deliberately disseminating false information, its editor-in-chief, journalists and other employees cannot be held accountable for market manipulation if at least one of the following conditions exists:

1) if such information is a word-for-word reproduction of speeches, interviews or statements of individuals, and/or announcements or statements of legal entities and such individuals or entities can be identified based on the content of the mass media outlet;

2) if such information is a word-for-word reproduction of the information present in the content of another mass media outlet that has already been distributed, provided that such mass media outlet can be identified based on the content of the information disseminated.

4. The legal entities producing, issuing or distributing mass media content shall be held accountable under the administrative and/or civil law for the acts referred to in Clause 1, Part 1, Article 5 of this Federal Law in any of the following cases:

1) if the legal entities mentioned in paragraph 1 hereof have received an income or avoided losses as a result of transactions with a financial instrument, foreign currency and/or commodity on the basis of such information;

- 2) if the legal entities mentioned in paragraph 1 hereof have deliberately spread false information for money or some other material benefit;
- 3) if the legal entities mentioned in paragraph 1 hereof have refused to provide the Bank of Russia with information about the source of the deliberately disseminated false information.
5. The securities market professionals and other individuals or entities who have conducted transactions illegally using insider information and/or transactions considered market manipulation shall not be held accountable if such transactions have been conducted under the orders (instructions) of another individual or entity. If so, the individual or entity that has given such orders (instructions) shall be held accountable.
6. The suspension or cancellation (revocation) of licenses for broker-dealer operations, securities management, investment fund management, mutual investment fund management, private pension fund management, and banking operations in case of conducting transactions with financial instruments, foreign currencies and/or commodities on behalf of the legal entities holding such licenses or their employees, if such transactions have been conducted with the illegal use of insider information and/or constituted market manipulation, shall apply unless such legal entities manage to prove that they have taken all the necessary measures for preventing the respective wrongdoings.
7. Individuals or entities that have suffered losses as a result of the illegal use of insider information and/or market manipulation have the right to claim compensation from individuals or entities whose actions have caused such losses.
8. The conduct of transactions using insider information and/or transactions considered market manipulation shall not serve as grounds for declaring such transactions invalid.

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