

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 July 3, 2016)

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Article 7. Consequences of the 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 illegally used insider information or disseminated false information shall not be held accountable for the illegal use of insider information and/or market manipulation if that person did not know or was not supposed to know that such information was insider information and the information disseminated was false.

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

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

2) if the said information is a word-for-word reproduction of the information contained in the content of another mass medium that has already been distributed, provided that such mass medium 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 of Article 5, Part 1, Clause 1 of this Federal Law in any of the following cases:

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

2) if the legal entities mentioned in the first paragraph hereof have deliberately spread false information for money or some other material benefit;

3) if the legal entities mentioned in the first paragraph 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 the said 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 fund management, private pension fund management, and banking operations in case of conducting transactions in financial instruments, foreign currencies and/or commodities on behalf of the legal entities holding the said licenses or their employees, if such transactions have been conducted with the illegal use of insider information and/or considered market manipulation, shall apply unless the said legal entities manage to prove that they have taken all the necessary measures for preventing 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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