APPROVED by the General Meeting of Members of the Horse Breeding Development Association, Minutes No. 4 dated 10 February 2019.

REGULATIONS ON THE DISCIPLINARY COMMITTEE OF THE HORSE BREEDING DEVELOPMENT ASSOCIATION

[The Russian original bears the Association's emblem, a round seal and a handwritten signature.]

Moscow, 2019

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Russian original

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1. General Provisions

1.1. These Regulations on the Disciplinary Committee of the Horse Breeding Development Association (hereinafter, respectively, the Regulations and the Disciplinary Committee) have been developed in accordance with Federal Law No. 315-ФЗ of 1 December 2007, 'On Self-Regulatory Organizations', and the Charter of the Horse Breeding Development Association (hereinafter, ARK).

1.2. These Regulations may be approved by the Association's General Meeting of Members or by its Supervisory Council.

1.3. The Regulations prescribe the procedure for establishing the Disciplinary Committee, the rights and duties of the Disciplinary Committee and its members, and the Committee's operating procedure.

1.4. The Disciplinary Committee is a specialized body for considering cases concerning the application of disciplinary measures to ARK members.

1.5. The Disciplinary Committee considers complaints against the actions of ARK members (hereinafter, a complaint) and cases concerning violations by ARK members of ARK standards and rules or ARK membership conditions, on the basis of inspection materials submitted to the Disciplinary Committee by ARK's Control Commission.

1.6. The Disciplinary Committee shall perform its functions independently.

2. Establishment and Composition of the Disciplinary Committee

2.1. The Disciplinary Committee shall be established in accordance with Federal Law No. 315-ФЗ of 1 December 2007, 'On Self-Regulatory Organizations', and ARK's Charter.

2.2. The decision to establish the Disciplinary Committee and appoint its membership may be taken by the Association's General Meeting of Members or ARK's Supervisory Council. The Disciplinary Committee is subject to the supervision of ARK's Supervisory Council.

2.3. The Disciplinary Committee shall be formed from among ARK members; members of ARK's Supervisory Council may not be elected to it. The number of members and the individual membership of the Disciplinary Committee shall be determined by the body deciding to establish it, provided that its membership is an odd number and consists of no fewer than 5 (five) members.

2.4. ARK members with at least 5 (five) years of work experience in horse breeding, against whom no ARK disciplinary measures have been applied, may be elected to the Disciplinary Committee.

2.5. Each organization that is an ARK member may nominate its representative to the Disciplinary Committee and recall that representative on the basis of a reasoned petition.

2.6. The Disciplinary Committee shall be headed by its Chair. The Chair and Deputy Chair shall be elected by a simple majority of the Disciplinary Committee members' votes for the term of office of that Committee membership. The Deputy Chair shall perform the Chair's duties during the Chair's absence.

2.7. The term of office of Disciplinary Committee members shall be 2 (two) years.

2.8. Disciplinary Committee members may be re-elected an unlimited number of times. Representation of Disciplinary Committee members at its meetings by proxy is prohibited.

2.9. The powers of a Disciplinary Committee member or members may be terminated early by a decision of the Association's General Meeting of Members or ARK's Supervisory Council, including on the basis of an application by the Committee member or members concerned.

2.10. If the number of Disciplinary Committee members falls below 5 (five), a new member or members shall be elected at an ARK Supervisory Council meeting, in accordance with the prescribed procedure, to replace those whose Committee membership ended early. They shall serve until the current Committee membership's term of office expires.

2.11. Information on the individual membership of the Disciplinary Committee and changes to it shall be communicated to all ARK members by posting it on ARK's official website on the Internet information and telecommunications network in accordance with ARK's Regulations on Information Disclosure.

3. Rights and Duties of the Disciplinary Committee and Its Members

3.1. The Disciplinary Committee has the right to:
- request from ARK's governing bodies and organizational units, ARK members and third parties the information and documents necessary to perform its functions;
- use ARK databases exclusively for the purposes of the activities of the Disciplinary Committee and ARK;
- use ARK's means of communication, office equipment and premises;
- send applications, petitions and other submissions, and decisions taken by the Disciplinary Committee, to ARK's governing bodies and organizational units within its competence;
- exercise other rights in accordance with the legislation of the Russian Federation, ARK's Charter, these Regulations and ARK's other internal documents.

3.2. Disciplinary Committee members have the right to:
- request additional information and documents necessary to consider, and take an objective decision on, matters included in the agenda of a Disciplinary Committee meeting;
- challenge, in accordance with the prescribed procedure, the actions of a person violating the rights of a Disciplinary Committee member;
- exercise other rights in accordance with the legislation of the Russian Federation, ARK's Charter, these Regulations and ARK's other internal documents.

3.3. The Disciplinary Committee shall:
- invite to its meetings persons who have submitted complaints, and ARK members whose cases concerning the application of disciplinary measures are being considered;
- take a decision on the complaint;
- perform other duties in accordance with the legislation of the Russian Federation, ARK's Charter, these Regulations and ARK's other internal documents.

3.4. Disciplinary Committee members shall:

- conduct a comprehensive examination of documents and information submitted by ARK's governing bodies and organizational units, ARK members and third parties, and assess them objectively and with substantiated reasoning;
- ensure the safekeeping and confidentiality of documents and information provided to them;
- participate in Disciplinary Committee meetings;
- participate in the taking of Disciplinary Committee decisions;
- perform other duties in accordance with the legislation of the Russian Federation, ARK's Charter, these Regulations and ARK's other internal documents.

3.5. The Chair of the Disciplinary Committee shall:
- organize the work of the Disciplinary Committee;
- represent the Disciplinary Committee at ARK Supervisory Council meetings and in relations with other ARK bodies, legal entities and individuals;
- convene and conduct Disciplinary Committee meetings;
- provide information on the Disciplinary Committee's activities in accordance with ARK's internal documents;
- exercise other rights and perform other duties in accordance with the legislation of the Russian Federation, ARK's Charter and internal documents.

3.6. The principles governing the work of Disciplinary Committee members are competence, independence, objectivity and comprehensive examination, and compliance of decisions taken with the legislation of the Russian Federation and ARK standards and rules.

4. Operating Procedure of the Disciplinary Committee

4.1. The Disciplinary Committee shall conduct its activities in accordance with Federal Law No. 315-ФЗ of 1 December 2007, 'On Self-Regulatory Organizations', ARK's Charter, these Regulations, ARK's Regulations on Disciplinary Measures, the Procedure and Grounds for Their Application, and the Procedure for Considering Cases, and ARK's other internal documents. It shall cooperate with ARK's governing bodies and organizational units and coordinate their activities within its competence.

4.2. The Disciplinary Committee shall hold meetings as necessary. Its Chair shall appoint the date, time and place and approve the agenda of a Disciplinary Committee meeting.

4.3. Experts may be invited to participate in Disciplinary Committee meetings.

4.4. The Disciplinary Committee shall take decisions collectively on matters within its competence.

4.5. A Disciplinary Committee meeting shall be valid if more than half of its members are present. Decisions shall be taken by a majority of the votes of Disciplinary Committee members participating in the meeting, except as provided in subparagraph 'r' of clause 4.6 of these Regulations. In the event of a tie, the Chair of the Disciplinary Committee shall have the casting vote.

The decision specified in subparagraph 'г' of clause 4.6 of these Regulations may be taken by no fewer than 75% of the votes of Disciplinary Committee members.

4.6. The Disciplinary Committee may decide to apply the following disciplinary measures:
а) issue an order requiring the ARK member to remedy identified violations within specified periods;
б) issue a warning to the ARK member;
в) impose a fine on the ARK member;
г) recommend expulsion from ARK membership, subject to consideration and approval by ARK's Supervisory Council.

4.7. The Disciplinary Committee shall conduct its activities through in-person and absentee meetings. Disciplinary Committee meetings shall be held with the Committee members jointly present (in-person form) or by electronic voting (absentee form).
Disciplinary Committee meetings shall be closed meetings. Persons who are ARK members may attend in-person Disciplinary Committee meetings as observers.
Only invited persons may attend in-person Disciplinary Committee meetings without voting rights.
Immediately after each matter is considered, the decision to apply disciplinary measures to an ARK member shall be taken in a closed deliberation attended only by Disciplinary Committee members.

4.8. The results of a meeting shall be recorded in minutes signed by the Disciplinary Committee members who participated in the meeting.

4.9. A Disciplinary Committee member who disagrees with a decision taken by the Committee may append a written dissenting opinion to that decision.

4.10. The Chair of the Disciplinary Committee is responsible for implementing its decisions to impose disciplinary measures on ARK members.
A disciplinary measure shall be considered fulfilled when the ARK member has complied fully and within the prescribed periods with the Disciplinary Committee's decisions.
Where an ARK member has not complied fully and within the prescribed periods with a Disciplinary Committee decision, the Committee may apply a more stringent disciplinary measure than the one previously imposed, as provided in clause 4.6 of these Regulations, in accordance with ARK's Regulations on Disciplinary Measures, the Procedure and Grounds for Their Application, and the Procedure for Considering Cases.

5. Final Provisions

5.1. These Regulations shall enter into force on the date of their approval, but not before information concerning ARK is entered in the state register of self-regulatory organizations in accordance with the requirements of Federal Law No. 315-ФЗ of 1 December 2007, 'On Self-Regulatory Organizations'.

5.2. Amendments to these Regulations shall be made in accordance with the legislation of the Russian Federation and ARK's Charter by a decision of the Association's General Meeting of Members or ARK's Supervisory Council.
Such amendments shall enter into force on the date of their approval, unless the amendments specify different effective dates, but not before information concerning ARK is entered in the state register of self-regulatory organizations in accordance with the requirements of Federal Law No. 315-ФЗ of 1 December 2007, 'On Self-Regulatory Organizations'.

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