

Code

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No. 288 N of October 21, 2014

**On Approving Regulation 4/17 On Criteria For The Existence Of Cases Of Price Manipulation, Circumstances Serving As A Basis for Recording Cases Of Price Manipulation, Cases And Actions Not Amounting To Price Manipulation**

By virtue of Article 20(e) of the Republic of Armenia Law on the Central Bank of Armenia, Article 16 of the Republic of Armenia Law on Legal Acts and Article 171 (3) the Republic of Armenia Law on Securities Market, the Board of the Central Bank of Armenia decides:

1. To approve Regulation 4/17 on Criteria for the Existence of Cases of Price Manipulation, Circumstances Serving as a Basis for Recording Cases of Price Manipulation, Cases and Actions not Amounting to Price Manipulation, pursuant to the Appendix to this Regulation (attached).
2. This Decision shall enter into force on the tenth day following its official publication.

**Chairman of the Central Bank of Armenia**

**Artur Javadyan**

October 24, 2014

Yerevan

*Regulation 4/17 supplemented by the Central Bank of Armenia Board Decision No. 149 -N of September 11, 2020*

REGULATION 4/17

CRITERIA FOR THE EXISTENCE OF CASES OF PRICE MANIPULATION,  
CIRCUMSTANCES SERVING AS A BASIS FOR RECORDING CASES OF PRICE  
MANIPULATION, CASES AND ACTIONS NOT AMOUNTING TO PRICE  
MANIPULATION

CHAPTER I SUBJECT OF REGULATION

1. The Regulation defines criteria for the existence of cases of price manipulation and the most detailed description of circumstances serving as a basis for recording cases of price manipulation, pursuant to clause 1, paragraph 3, article 171 and cases or actions not amounting to price manipulation, pursuant to clause 2, paragraph 3, article 171.

CHAPTER II CONCEPTS

2. Concepts used in the Regulation shall have the following meanings:
  - 1) **Law** shall mean the Republic of Armenia Law on Securities Market,
  - 2) **Criterion for the existence of a case of price manipulation** shall be considered the possible scheme describing the sequence and logic of action steps of price manipulation pursuant to paragraph 2, Article 171 of the Law.
  - 3) **Order** shall mean the instruction presented for the purpose of concluding transactions with securities pursuant to paragraphs 1 and 2, article 159 of the Law, as well as the command, assignment, bid or offer of the investment services provider.
  - 4) **Trading system** shall mean the set of technical, software and other resources used by the regulated market operator for the purpose of organizing and functioning of the public trade of securities electronically and processing and maintaining of the information related to it.
  - 5) **Long position** shall mean the situation when a person has acquired securities of the given class (possesses given class of securities) or has concluded such a transaction by which a person has the right or obligation to acquire the securities of that class at a pre-agreed price and an increase in the price of those securities is economically beneficial for the person,
  - 6) **Short position** shall mean the situation when a person has sold short (sold the securities borrowed) or has concluded such a transaction by which a person has the right or obligation to sell the securities of that class at a pre-agreed price and a decrease in the price of those securities is economically beneficial for the person.

- 7) **Market maker** shall mean a provider of investment services that in accordance with the rules of the regulated market operator provides continuous bilateral quotations to ensure the liquidity of any class of securities traded in the regulated market and concludes transactions in their name and on their account with the securities of the given class.
  - 8) **Issuer** shall mean the issuer of any class of securities for whose securities the provider of the investment services is the market maker.
  - 9) **Quotation** shall mean the announcement of the bid or ask price of the securities in the trading system of the regulated market for the purpose of concluding transactions with the securities.
  - 10) **Bilateral quotation** shall mean simultaneous announcement of at least one bid and one ask price of the securities in the trading system of the regulated market for the purpose of concluding transactions with the securities.
  - 11) **Trading session** shall mean the period of the day during which the trading of securities is carried out in the trading system of the regulated market in accordance with the rules of the regulated market operator.
  - 12) **Spread** shall mean the difference between the prices indicated in the buy and sell bids submitted by the market maker into the trading system or their respective returns calculated in accordance with the manner prescribed by the regulated market operator.
3. Other concepts used in the Regulation shall have the meanings as applied in the Republic of Armenia Law on Securities Market.

### CHAPTER III CRITERIA FOR THE EXISTENCE OF CASES OF PRICE MANIPULATION, CIRCUMSTANCES SERVING AS A BASIS FOR RECORDING CASES OF PRICE MANIPULATION, CASES AND ACTIONS NOT AMOUNTING TO PRICE MANIPULATION

4. Criteria for the existence of cases of price manipulation, circumstances serving as a basis for recording cases of price manipulation and cases not amounting to price manipulation are defined in the Annexes 1-3 to this Regulation.
5. Criteria for the existence of cases of price manipulation and circumstances serving as a basis for recording cases of price manipulation can be either combinations of criteria and circumstances for recording such cases as defined in the Annexes 1-3 to the Regulation or other criteria not defined in the Annexes 1-3 to the Regulation.
6. When assessing the legitimacy of criteria for the existence of cases of price manipulation and circumstances serving as a basis for recording cases of price manipulation as well as cases and actions not amounting to price manipulation, Central Bank, inter alia, shall consider the presence of the following circumstances:
  - 1) the transaction or the order for concluding the transaction was carried out taking into consideration the criteria of fair and efficient functioning of the market,
  - 2) the possibility for concluding transactions by other persons has not been reduced or other persons have not been caused harm due to the actions of the person concluding the transaction or giving the order to conclude a transaction or the price of the security has not changed in the favorable direction or maintained for the person having a long or short position in the security.

- 3) The person concluding the transaction is a market maker who acts in accordance with the requirements of Annex 4 to this regulation and in accordance with the rule of the regulated market operator on the activities of market makers that includes at least the following:
- a) the procedure and grounds for granting, suspending and terminating the status of the market maker, including the procedure for notifying the market operator in the event of an early termination,
  - b) the procedure and terms for providing bilateral quotations by the market maker, the size of the spread of the market maker and the calculation procedure thereof,
  - c) requirements for the activity of the market maker, limitations and privileges,
  - d) the procedure for ensuring compliance with and control over the requirements and limitations for the market maker and their activity,
  - e) the liability of the market maker for violating the requirements with regard to their activity.
7. For the purpose of the Regulation, 20% and more of the quantity or volume of the daily average market transactions with a particular security concluded during a single trading day shall serve as a guide to assessing the significant quantity or volume of the securities transactions.
8. For the purpose of the Regulation, 10% deviation from the average market price of the security shall serve as a guide to assessing the significant change in the price of the security, and the abnormal deviation from the price of the security.

**Unofficial translation**

Annex 1  
To Regulation 4/17 defining the  
Criteria for the Existence of Cases of  
Price Manipulation, Circumstances  
Serving as a Basis for Recording Cases of  
Price Manipulation, Cases and  
Actions not Amounting to  
Price Manipulation

**CRITERIA FOR THE EXISTENCE OF CASES OF PRICE MANIPULATION,  
CIRCUMSTANCES SERVING AS A BASIS FOR RECORDING CASES OF PRICE  
MANIPULATION, CASES AND ACTIONS NOT AMOUNTING TO PRICE  
MANIPULATION PURSUANT TO CLAUSES 1 AND 2, PARAGRAPH 2, ARTICLE 171 OF  
THE LAW**

<b>No.</b>	<b>Criteria for the existence of cases of price manipulation</b>	<b>Circumstances serving as a basis for recording cases of price manipulation</b>	<b>Cases and actions not amounting to price manipulation</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
<b>1.</b>	Conclusion of one or a series of mutually agreed transactions with a particular security without a change in the beneficial ownership of the security which gives or can give a false or misleading impression or transmit signals as to the price of, supply of or demand for a security in the market or leads to abnormal deviations of the price of the security or secures the price of the security at an artificial level.	As a result of one or more consecutive transactions, the security returns again to the former owner or the transfer of securities is carried out between the affiliated persons.	Transactions which shall be considered as legitimate pursuant to clause 6 of the Regulation, including also:  1) repurchase or reverse repurchase transactions, 2) securities lending transactions, 3) transactions where the transfer of securities is conditioned by the exercise of the right of the collateral (provision of collateral) or court decision.
<b>2.</b>	Conclusion of transactions with a particular security or giving orders to conclude such transactions which are carried out among affiliated persons by entering matching sell and buy orders which gives or can give a false or misleading impression or transmit signals as to the price	Matching orders to buy and sell a particular security are entered for substantially the same time of the trading period of the given trading day, for substantially the same amount of the same security for substantially the same price and there is a suspicion of concluding an agreed transaction or distorting fair pricing on the market.	Transactions or orders to conclude transactions which shall be considered as legitimate pursuant to clause 6 of the Regulation.

	<p>of, supply of or demand for a security in the market or leads to abnormal deviations of the price of the security or secures the price of the security at an artificial level.</p>		
3.	<p>Giving orders to conclude transactions with a particular security without pursuing a goal to match it which gives or can give a false or misleading impression or transmit signals as to the price of, supply of or demand for a security in the market or leads to abnormal deviations of the price of the security or secures the price of the security at an artificial level.</p>	<p>Giving orders to buy (sell) a particular security, at prices higher than the previous bid or lower than the previous offer, and then withdrawing the order from the trading system before the order is matched. At that, such orders may be entered in small amounts to match a small amount in case of a failure to withdraw them from the trading system.</p>	<p>Transactions or orders to conclude transactions which shall be considered as legitimate pursuant to clause 6 of the Regulation</p>
4.	<p>Conclusion of transactions with a particular security or giving orders to conclude such transactions, which are concentrated within a particular period of the trading session (when closing or other settlement prices are being calculated) only for the reason that the conclusion of the transaction or giving the order to conclude the transaction gives a false or misleading impression or transmits signals as to the price of, supply of or demand for a security in the market or</p>	<p>Conclusion of transactions or giving orders to conclude such transactions with a substantial quantity or amount of a particular security or with a substantial change in price of a particular security at the close of the trading day.</p>	<p>Transactions or orders to conclude transactions which shall be considered as legitimate pursuant to clause 6 of the Regulation.</p>

	<p>leads to abnormal deviations of the price of the security or secures the price of the security at an artificial level.</p>		
<p>5.</p>	<p>Securing of the price of a particular security at an artificial level or abnormal deviations from the price of the security for the purpose of securing the price of another security at an artificial level or abnormal deviations from the price of the security.</p>	<p>1) Conclusion of one or more transactions with a particular security or giving orders to conclude such transactions for the purpose of influencing the price of another related security or a related derivative instrument. 2) Conclusion of one or more transactions with a particular security or giving orders to conclude such transactions in one regulated market to artificially influence the price of a particular security or a related derivative instrument in another regulated market.</p>	<p>Transactions or orders to conclude transactions which shall be considered as legitimate pursuant to clause 6 of the Regulation, including also transactions concluded with the purpose of obtaining legal benefits from price differences of the same or related securities in different regulated markets.</p>
<p>6.</p>	<p>Conclusion of transactions consecutively with a particular security by related persons pursuing the goal to each time secure a higher (lower) price of a particular security than the price secured by the previous transaction which can lead or leads ultimately to a false or misleading impression or transmit signals as to the price of, supply of or demand for a security in the market or leads to abnormal deviations of the price of the security or secures the</p>	<p>Transactions are concluded with a particular security during one or more consecutive trading days; as a result the buy (sell) prices are higher (lower) for each subsequent transaction than for previous transactions concluded with a particular security.</p>	<p>Transactions or orders to conclude transactions which shall be considered as legitimate pursuant to clause 6 of the Regulation.</p>

	price of the security at an artificial level.		
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**Unofficial translation**

Annex 2  
To Regulation 4/17 defining the  
Criteria for the Existence of Cases of  
Price Manipulation, Circumstances  
Serving as a Basis for Recording Cases of  
Price Manipulation, Cases and  
Actions not Amounting to  
Price Manipulation

CRITERIA FOR THE EXISTENCE OF CASES OF PRICE MANIPULATION,  
CIRCUMSTANCES SERVING AS A BASIS FOR RECORDING CASES OF PRICE  
MANIPULATION, CASES AND ACTIONS NOT AMOUNTING TO PRICE  
MANIPULATION PURSUANT TO CLAUSE 3, PARAGRAPH 2, ARTICLE 171 OF THE  
LAW

<b>No.</b>	<b>Criteria for the existence of cases of price manipulation</b>	<b>Circumstances serving as a basis for recording cases of price manipulation</b>	<b>Cases and actions not amounting to price manipulation</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
<b>1.</b>	Concealing the ownership right of a security by concluding a transaction or a series of transactions.	Disclosure of information on collusion for circumventing disclosure requirements on the ownership of the security.	Transactions which shall be considered as legitimate pursuant to clause 6 of the Regulation, including also: 1) in case the authority to hold a security in the name of another person as a result of the transaction is defined by the law or other legal act. 2) in case information on the ownership of the security has not been disclosed or has been disclosed with a delay.
<b>2.</b>	Conclusion of transactions by disseminating false or misleading information.	1) Taking a long (short) position on a particular security, then concluding buy (sell) transactions with a particular security and (or) disseminating false or misleading information for increasing (decreasing) the price of the security then selling (buying) the security and (or) closing long (short) position at an increased (decreased) price 2) Taking a short position on a particular security then concluding sell transactions with	Transactions which shall be considered as legitimate pursuant to clause 6 of the Regulation, including also cases when the information on the positions taken by major market participants are disclosed pursuant to the law and other normative

		<p>a particular security and (or) disseminating false or misleading information for decreasing the price of the security, then buying the the security and (or) closing the short position at a decreased price.</p>	<p>legal acts.</p>
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Annex 3  
To Regulation 4/17 defining the  
Criteria for the Existence of Cases of  
Price Manipulation, Circumstances  
Serving as a Basis for Recording Cases of  
Price Manipulation, Cases and  
Actions not Amounting to  
Price Manipulation

CRITERIA FOR THE EXISTENCE OF CASES OF PRICE MANIPULATION,  
CIRCUMSTANCES SERVING AS A BASIS FOR RECORDING CASES OF PRICE  
MANIPULATION, CASES AND ACTIONS NOT AMOUNTING TO PRICE  
MANIPULATION PURSUANT TO CLAUSE 4, PARAGRAPH 2, ARTICLE 171 OF THE  
LAW

<b>No.</b>	<b>Criteria for the existence of cases of price manipulation</b>	<b>Circumstances serving as a basis for recording cases of price manipulation</b>	<b>Cases and actions not amounting to price manipulation</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>3</b>
<b>1.</b>	Dissemination of false, misleading or distorted information on the issuer or its securities which leads to a false or misleading impression about the price of the issuer's securities.	1) Dissemination of false, misleading or distorted information on television, the radio, the Internet, by other media or other information channels for securities valuation. 2) Not disclosing information considered essential for securities valuation.	
<b>2.</b>	Dissemination of any information that leads to a false or misleading impression about the price of the securities of a particular issuer.	Dissemination of information which is not directly related to the security but which leads to a false or misleading impression about the price of a particular security.	

Annex 4  
To Regulation 4/17 defining the  
Criteria for the Existence of Cases of  
Price Manipulation, Circumstances  
Serving as a Basis for Recording Cases of  
Price Manipulation, Cases and  
Actions not Amounting to  
Price Manipulation

**MINIMUM REQUIREMENTS FOR THE ACTIVITIES OF MARKET MAKERS**

1. Market makers within the scope of their functions as market makers are required to:
  - 1) Ensure the continuity of bilateral quotations during the trading session at competitive prices;
  - 2) Submit bids for bilateral quotations with the condition of partial matching;
  - 3) Submit bids for bilateral quotations in their name and on their account;
  - 4) Disclose information on any kind of agreement or arrangement between the issuer and the market maker to the regulated market operator related to the fulfillment of the obligations of the market maker, except for the secrecy protected by law;
2. For the purposes of clause 1 of this Annex, bilateral quotation shall be considered to be:
  - 1) at competitive prices, when the bid and offer quotations are made within the ranges of the spread in accordance with the rule of the regulated market operator;
  - 2) with ensured continuity, when the bilateral quotation was present in the trading system during the period in accordance with the rule of the regulated market operator.
3. In case of early termination of their status, the market maker shall notify the regulated market operator thereon at least 30 days prior to termination.
4. The market maker has the right to change the bilateral quotation within the ranges of the spread in accordance with the rule of the regulated market operator.
5. The regulated market operator may, in accordance with their rules, establish exceptions to the requirements provided for in clause 1 of this Annex in case the total amount of transactions concluded in the name and on the account of the market maker exceeds the amount in accordance with the rule of the regulated market operator.
6. The regulated market operator may, in accordance with their rules, establish exceptions for the market maker from fulfilling the obligations provided for in clause 1 of this Annex, in exceptional cases in accordance with clause 3, article 80 of the Law, as well as in emergency situations in accordance with the legislation of the Republic of Armenia.
7. Information on the market maker for each class of securities shall be available on the website of the regulated market operator, including the information in accordance with sub-clause 4, clause 1 and clause 3 of this Annex.