

**APPROVED**  
by the Supervisory Board  
of the Moscow Exchange  
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Chairman of the Supervisory Board

\_\_\_\_\_ A. L. Kudrin

**PROVISIONS  
ON THE RISK MANAGEMENT COMMISSION OF  
THE SUPERVISORY BOARD OF  
THE MOSCOW EXCHANGE**

**Moscow,  
2015**

## **1. General Provisions**

1.1. The Provisions on the Risk Management Commission of the Supervisory Board of Public Joint-Stock Company “Moscow Exchange MICEX-RTS” (hereinafter referred to as the “Provisions”) have been prepared in accordance with the laws of the Russian Federation and the Charter of Public Joint-Stock Company “Moscow Exchange MICEX-RTS” (hereinafter referred to as the “Moscow Exchange” or the “Exchange”).

1.2. The Provisions determine the procedure for setting up and the status of the Risk Management Commission of the Supervisory Board of the Moscow Exchange (hereinafter referred to as the “Risk Management Commission” or the “Commission”), define its tasks and functions, as well as its powers, proceedings and decision making procedures.

1.3. The Risk Management Commission is a standing advisory body of the Supervisory Board of the Moscow Exchange set up for making recommendations to the Supervisory Board on the matters within the its competence.

1.4. The Risk Management Commission shall operate in accordance with the laws of the Russian Federation, the Exchange’s Charter, the Provisions on the Exchange Supervisory Board, strategy of the Moscow Exchange, resolutions of the Exchange Supervisory Board, these Provisions, and other documents adopted by the General Shareholders Meeting and the Exchange Supervisory Board.

1.5. Unless provided otherwise in these Provisions, the undefined terms used herein shall have the meaning given to them in the Charter of the Moscow Exchange and the Provisions on the Supervisory Board of the Moscow Exchange.

1.6. The Risk Management Commission shall act within the scope of its powers granted to it by the Supervisory Board of the Moscow Exchange, to which it shall report.

1.7. The Risk Management Commission may not act on behalf of, or bind the Moscow Exchange, its executive bodies or its Supervisory Board.

1.8. These Provisions and any supplements and amendments hereto are subject to the approval of the Supervisory Board of the Moscow Exchange.

1.9. These Provisions shall be applied to the extent not contradictory with the Charter of the Moscow Exchange.

## **2. Tasks and Functions of the Risk Management Commission**

2.1. The primary task of the Risk Management Commission is participation in the improvement of the existing system for management of operating, legal, reputational, strategic and other business risks having a non-financial nature (hereinafter referred to as the “non-financial risks”) that the Moscow Exchange and the Moscow Exchange Group companies may face, with the view to enhance stability and operating efficiency of the Moscow Exchange.

2.2. In order to achieve this objective, the Commission shall perform the following duties:

- 2.2.1. preparing recommendations that the Exchange Supervisory Board should follow in defining the priority areas for the development of the system for management of non-economic risks that the Exchange and the Moscow Exchange Group entities may face;
- 2.2.2. reviewing the internal procedures of the Exchange and the Moscow Exchange Group entities for the management of operating, legal, reputational, strategic and other business non-financial risks, and preparing recommendations for their improvement, as instructed by the Exchange Supervisory Board;
- 2.2.3. reviewing separate elements and / or parameters of the risk management system, and preparing reports on their adequacy and efficient use, as may be required;
- 2.2.4. reviewing reports on the risk management system performance prepared by the management of the Exchange and the Moscow Exchange Group, as may be required;
- 2.2.5. preparing reports on the matters that the Exchange Management Board referred to its review;
- 2.2.6. reviewing preliminary the following documents referred to it by the Supervisory Board:
- documents defining the principles of non-economic risks management (concepts, strategies, policies);
  - documents setting key non-economic risk indicators, including risk appetite and risk tolerance indicators;
  - reports on the performance of the risk management system.
- 2.2.7. resolving other issues as instructed by the Supervisory Board.

### **3. Commission's Composition and Formation Procedure**

- 3.1. Members of the Commission shall be elected by a simple majority of votes of all elected members of the Supervisory Board of the Moscow Exchange, at one of the first meetings after the election of the new Supervisory Board of the Exchange.
- 3.2. The tenure of the Commission shall correspond to the tenure of the Supervisory Board of the Moscow Exchange, up to the election of the new Supervisory Board at the General Shareholders Meeting, or an Extraordinary General Shareholders Meeting, should the tenure of the Supervisory Board be early terminated.
- 3.3. The size of the Commission shall be determined by the Supervisory Board of the Moscow Exchange. The number of its members may not be less than three (3). The Commission may comprise the members of the Supervisory Board of the Moscow Exchange, NCC Clearing Bank, the National Settlement Depository, as well as representatives of the shareholders of the Moscow Exchange.
- 3.4. Where necessary, the Commission may invite heads of departments and employees of the Exchange and Moscow Exchange Group entities, as well as other persons having the required professional skills and competencies to its meetings, to resolve the matters reviewed by the Commission.

3.5. Any member of the Commission may file its resignation by not less than one month notice in form of a written letter sent to the Chairman of the Exchange Supervisory Board, and the Chairman of the Commission.

3.6. The Supervisory Board may dismiss any or all members of the Commission. In this case the Supervisory Board at the same meeting where it has made the decision to dismiss, elects a new Commission, or a new member thereof, or passes a resolution to reduce the size of the Commission.

3.7. If the size of the Commission becomes less than the quorum required by the Provisions for its meetings, the Chairman of the Supervisory Board of the Moscow Exchange shall convene an extraordinary meeting of the Supervisory Board of the Moscow Exchange, as advised by the Chairman of the Commission, in order to elect new members to the Commission, or include the matter of such election into the agenda of the nearest scheduled meeting of the Supervisory Board of the Moscow Exchange.

3.8. The Chairman of the Commission who shall be elected by a simple majority of votes of all members of the Supervisory Board of the Moscow Exchange present at the meeting shall manage and supervise the Commission's proceedings.

It is recommended to elect the Chairman of the Commission among the number of independent directors of the Supervisory Board of the Moscow Exchange.

3.9. Where necessary in the absence of the Chairman, the members of the Commission may elect the Chairman by the majority of votes of all members of the Commission present at its meeting.

#### **4. Commission's Proceedings**

4.1. The Chairman of the Commission shall organize the Commission's proceedings as follows:

- secures objectivity in the course of elaboration of recommendations to the Supervisory Board of the Moscow Exchange by the Commission;
- convenes the meetings of the Commission and chairs the same;
- determines the format of a meeting and approves its agenda;
- determines the list of persons invited to take part in the Commission's meeting held in praesentia;
- arranges the discussion at the Commission's meetings, and hearing of the opinions offered by the persons invited to attend the meeting;
- arranges taking of the minutes of the Commission's meeting, and signs the same;
- where required, develops a schedule of meetings for the current year, taking into account the schedule of meetings of the Supervisory Board;
- distributes responsibilities among the Commission members;

- represents the Commission in its interaction with the executive bodies of the Exchange and the Moscow Exchange Group entities, other bodies, and persons;
- maintains the Commission's official correspondence, signs requests, letters, and other documents on its behalf;
- ensures the compliance of the Commission's proceedings with the requirements of the laws of the Russian Federation, the Exchange's Charter, other internal documents of the Exchange, and this Provisions;
- informs the Supervisory Board and the Chairman of the Supervisory Board of the Moscow Exchange of the Commission's work on a regular basis;
- performs other functions provided for by the applicable laws, the Charter of the Moscow Exchange, its other bylaws and these Provisions.

4.2. The functions of the Secretary of the Commission shall be performed by an employee of the Moscow Exchange appointed by the Supervisory Board, and in case of his/her absence at a meeting – an employee of the Moscow Exchange elected by the majority vote of the total number of the members of the Commission attending a meeting of the Commission which secures preparation for and holding of meetings of the Commission, collection and arrangement of materials for meetings, timely dispatch of notifications on holding the meetings of the Commission, an agenda of the meetings, materials on items on the agenda to the members of the Commission and invited persons, keeping records of the meetings, keeping minutes of the meetings, storage of all respective materials, and other functions upon instructions of the Chairman of the Commission.

4.3. Meetings of the Commission are generally held in praesentia (joint attendance). Any Commission meeting held in praesentia may review matters not included in the agenda, upon the consent of all the members present thereat.

4.4. The Chairman of the Commission may decide to hold any Commission meeting in absentia.

4.5. Various technical communications means (conference calls, etc.) may be used during the Commission's meetings. Persons invited to take part in a meeting held in praesentia, including members who are unable to take part thereat, may file their written opinions on the items of the agenda. Such written opinions shall be announced at the meeting by the Chairman of the Commission. If the Commission makes its decision taking into account a written opinion of an absent member, such written opinion shall be attached to the minutes of the meeting.

When deciding on the meeting's quorum and on voting results written opinions of members not present at the meeting shall be taken into consideration provided that the following requirements are observed:

- A written opinion on the issue concerned is received prior to the opening of the meeting;
- A member of a Commission expressly states his/her opinion on issue put to the vote in writing by choosing either "for", "against" or "abstained" voting option.

An opinion submitted in writing containing amendments and alteration to the proposed draft decision shall not be taken into consideration when deciding on quorum of the meeting and

voting results. Should amendments to the draft decision are made during the meeting of the Commission, opinions submitted in writing also shall not be taken into account in deciding on quorum and voting results.

Opinions submitted in writing shall be taken into account when deciding on quorum and voting results per each issue of Agenda separately and must be recorded in the Minutes of the meeting.

Written opinions of the members not present at the meeting of the Commission shall be signed and include the full name of Commission's member, and shall be delivered not later than the opening time of the meeting of the Commission either as original copy or via fax with subsequent delivery of the original

4.6. The Chairman of the Commission shall prepare a plan of the Commission's proceedings taking into account the similar plan of the Supervisory Board, as well as the proposals of the Chairman of the Supervisory Board, the members of the Supervisory Board of the Moscow Exchange, the Chairman of the Executive Board, the Executive Board, the Corporate Secretary and any business units of the Moscow Exchange concerned.

4.7. On convening a Commission's meeting, its Chairman shall determine the date, the time, and the agenda, the place and the format of the meeting, as well as the list of persons invited to take part therein.

On convening an extraordinary meeting of the Commission its Chairman makes the relevant decision relying on the requests and proposals to convene the same, submitted by the persons specified in Clause 4.6. hereof.

A decision to convene an extraordinary meeting, or to include any item of the agenda into the plan of the Commission's proceedings, shall be made by the Chairman of the Commission within five (5) business days from the receipt of any demand or proposal, subject to the importance and urgency of the matter proposed for consideration.

4.8. The Chairman of the Commission may dismiss the request for convocation of a meeting, if the matters proposed to be included into the agenda are not referred to its jurisdiction by these Provisions. The substantiated dismissal shall be communicated to the initiating person within five (5) business days after the receipt of the request, or the proposal.

4.9. Should any circumstances arise preventing the meeting of the Commission and the members have been notified thereof, the Chairman makes a decision to adjourn the meeting to the other date with the same agenda.

Upon instruction of the Chairman, the Secretary of the Commission shall notify all the members on any changes in the date and (or) the time of the meeting.

4.10. Any meeting of the Commission shall be attended by its Chairman or his/her Deputy. If they are absent, members of the Commission shall elect the chairman of the meeting from among those members who are present, by a simple majority of votes.

4.11. A meeting of the Commission shall be quorate if not less than half of its members having the right to vote are present thereat. The Chairman of the Commission shall determine if the meeting is quorate upon its opening. Should the meeting have no quorum, the Chairman shall make a decision to reconvene the meeting with the same agenda, or to include the matters that should have been considered at the failed meeting, into the agenda of the next scheduled meeting of the Commission.

4.12. Each member of the Commission, including its Chairman shall have one vote. No transfer of votes from one member of the Commission to another shall be possible.

4.13. A member of the Commission must disclose and inform other members of his/her interest in reviewing certain matters at the relevant meeting.

4.14. The Commission shall make its decisions by a simple majority of votes of the members taking part in the meeting. In case of a tie, the Chairman of the meeting shall have the decisive vote.

4.15. In case of a meeting in absentia members of the Commission shall receive voting ballots simultaneously with the materials (information) on the items of the agenda for such meeting in absentia.

4.16. Members of the Commission on completing a voting ballot (or members unable to take part in a meeting in praesentia on submitting a written opinion), shall leave only one option ("for", "against", or "abstained") for each issue put to voting, by striking out the others. A completed voting ballot shall be signed by each member who shall also indicate his/her last name and initials, and shall be submitted either as the original, or by fax with subsequent dispatch of the original to the address specified in the questionnaire, by the deadline established for their submission.

4.15. Decisions made by the Commission shall be reflected in the minutes of its meeting prepared by the Commission Secretary within ten (10) business days after the meeting takes place. The minutes shall be signed by the Chairman of the meeting who shall be responsible for its accuracy, and by the Secretary of the Commission.

4.16. The minutes of the meeting shall state the format, the place, the date and the time of the meeting (the deadline for submission of the completed ballots in case of a meeting in absentia), the persons attending the meeting, its agenda, the items put to voting, the proposed wording of the decisions, the voting results, the highlights of the addresses made on the items of the agenda, the decisions made, the written opinions of the absent members of the Commission, as well as the opinions and recommendations of the invitees.

A personal opinion of any member of the Commission who has voted against a decision, or abstained from voting on any of the items of the agenda, may be entered into the minutes of the meeting, should such member wish to do so.

4.17. A recommended decision for the meeting of the Exchange Supervisory Board that the Commission should prepare when reviewing any item of its own agenda shall have a form of an extract from the minutes of such meeting to be attached to the materials that the meeting of the Exchange Supervisory Board is to review when making a decision on the relevant matter.

4.18. The storage of the minutes of the meetings of the Commission shall be secured by the Corporate Secretary of the Moscow Exchange. The minutes of the meetings of the Commission shall have a continuous numbering starting from a date of approval of the effective composition of the Commission till a date of approval of a new composition of the Commission by the Supervisory Board of the Moscow Exchange.

4.19. The Secretary of the Commission shall send copies of the minutes of the Commission's meetings, or extracts therefrom, to members of the Commission and members of the Exchange Supervisory Board upon their request. The Exchange departments may receive the same only subject to the consent of the Chairman of the Management Board, or his/her authorised representative.

4.20. Members of the Commission shall refrain from any actions that may lead, or potentially lead to conflicts between their interests and the interests of the Exchange, and shall not disclose or use to their or any third party benefit confidential information on the Exchange or any insider information. Thus, members of the Commission shall sign a written confidentiality undertaking.

## **5. Concluding Provisions**

5.1. Any issues that are not regulated by these Provisions shall be regulated by the Charter of the Moscow Exchange, the Provisions on the Supervisory Board of the Moscow Exchange, other bylaws of the Moscow Exchange and the applicable laws.

5.2. Should certain provisions of these Provisions come into conflict with the laws, the Charter of the Moscow Exchange, the Provisions on the Supervisory Board, or any bylaws of the Moscow Exchange approved by its General Shareholders Meeting due to any amendments introduced therein, such Provisions shall become ineffective, and the Commission shall be governed by the provisions of the abovementioned statutes and bylaws up to the time these Provisions are amended accordingly.