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Chairman of the Moscow Exchange Supervisory Board

Alexey L. Kudrin



2015 Annual Report

## Scope of The Report

This Annual Report features the consolidated performance of PJSC Moscow Exchange (hereinafter “Moscow Exchange”, or “the Group”) and its subsidiaries, including CJSC MICEX SE, CJSC National Settlement Depository, and Bank National Clearing Centre.

## Compliance

Information in this report has been consolidated in accordance with Bank of Russia Instruction No 3533-U of 15 January 2015, the MICEX SE Procedure for Providing Information and Reports of 11 August 2015, the Corporate Governance Code of 21 March 2014 and the G4 Sustainability Reporting Guidelines.

## Group Structure

Moscow Exchange Group, Russia’s only multifunctional exchange platform, was established in 2011 with the merger of MICEX (the Moscow Interbank Currency Exchange, founded in 1992) and the RTS (the Russian Trading System, founded in 1995).

The Group comprises:

- PJSC Moscow Exchange, which operates the FX & Money Market, Derivatives Market and Precious Metals Market;
- CJSC MICEX SE, which operates the Equity & Bond Market;
- CJSC National Settlement Depository (NSD), the central securities depository;
- JSC Bank National Clearing Centre (NCC Clearing Bank), Russia’s largest clearing centre; and
- CJSC National Mercantile Exchange (NAMEX), which operates the Commodities Market.

Moscow Exchange holds majority stakes in all key subsidiaries, including 100% stakes in MICEX SE and the NCC Clearing Bank, a 99.997% stake in the NSD, and a 62% stake in the NAMEX.

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## Disclaimer

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This document includes forward-looking statements. All statements other than statements of historical fact included in this document, including, without limitation, those regarding our financial position, business strategy, management plans and objectives for future operations are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors that could cause our actual results, performance, achievements or industry results to be materially different from those expressed or implied by these forward-looking statements. These forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we expect to operate in the future.

Important factors that could cause our actual results, performance, achievements or industry results to differ materially from those in these forward-looking statements include, among others:

- the perception of market services offered by the Company and its subsidiaries;
- the volatility of (a) the Russian economy and the securities market and of (b) the highly competitive sectors in which the Company and its subsidiaries operate;
- changes in (a) domestic and international legislation and tax regulation and (b) state policies related to financial markets and securities markets;
- increased competition from new players in the Russian market;
- the ability to keep pace with rapid changes in science and technology, including the ability to use advanced features that are popular with the Company's customers, as well as with those of its subsidiaries;
- the ability to maintain continuity of the process of introducing new competitive products and services, while maintaining competitiveness;
- the ability to attract new customers in both domestic and international markets; and
- the ability to expand our product offer in international markets.

Forward-looking statements are only valid as of the date of the publication of this document, and we expressly disclaim any obligation or undertaking to release any update of, or revisions to, any forward-looking statements in this document as a result of any change in our expectations or any change in the events, conditions or circumstances on which these forward-looking statements are based.

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### **Key Events in 2015**

1. Individuals were allowed to open investment accounts as of 1 January. By the end of the year, almost 89,000 individual investment accounts had been opened;
2. The settlement cycle for OFZs was switched to the more convenient T+1 without full prefunding from 1 June;
3. Trading in Chinese Renminbi futures was launched on 17 March;
4. Moscow Exchange Forums were convened in Moscow (on 3 April), New York (on 7 October), London (on 8 December) and, for the first time, in Shanghai (on 6 November);
5. IPOs: Credit Bank of Moscow (1 July), Europlan (11 December), United Wagon Company (29 April) and Novorossiysk Grain Plant (15 December). Shares of RUSAL (23 March) and TNS Energo (17 June) were admitted for trading;
6. The Exchange signed cooperation agreements with China Financial Futures Exchange (23 July) and the Shanghai Stock Exchange (6 November);
7. The Supervisory Board adopted a Corporate Governance Code on 31 July
8. The RTS Index celebrated its 20th anniversary on 1 September;
9. The Exchange, Russia's Ministry of Economic Development and the Federal Agency for State Property Management (Rosimuschestvo) launched two new indices of publicly traded companies on 29 September;
10. Private investors have been able to open brokerage accounts remotely since 15 October;
11. The Exchange signed cooperation agreements with the Gift of Life and Vera charitable foundations on 18 November;
12. The National Mercantile Exchange, part of Moscow Exchange Group, launched grain trading on 23 December.



## Financial Highlights

RUB, mln	FY 2015	FY 2014	FY 2013	FY 2012	Change 2015 to 2014, %	Change 2014 to 2013, %	Change 2013 to 2012, %
Operating Income	45,990.0	30,394.0	24,606.0	21,547.0	51	24	14
• <i>Fee and commission income</i>	17,784.0	15,586.0	12,792.1	11,406.8	14	22	12
• <i>Net interest and other finance income</i>	28,084.9	14,279.4	11,754.9	10,033.3	97	21	17
• <i>Other operating income</i>	121.1	528.7	58.9	106.9	-77	797	-45
Operating Profit	34,718.1	20,020.7	14,749.0	12,124.6	73	36	22
Net Profit	27,852.1	15,993.2	11,581.7	8,200.3	74	38	41
Basic Earnings per Share, RUB	12.5	7.2	5.23	3.86	73	38	35
EBITDA	36,519.0	21,616.2	16,398.4	13,719.3	69	32	20
<i>EBITDA margin, %</i>	<i>79.4</i>	<i>71.1</i>	<i>66.6</i>	<i>63.7</i>			

### 2015 Income Breakdown

	<i>RUB, mln</i>	<i>%</i>
Net interest and other finance income	28,084.90	61
Fee and commission and other operating income	17,905.10	39

### 2015 Fee and Commission Income Breakdown

FX Market	24%
Money Market	22%
Depository and Settlement Services	19%
Equity Market	9%
Derivatives Market	8%
Bond Market	7%
Information services, sales of software and technical services	7%
Other fee and commission income	3%

## **Statement by the Supervisory Board Chairman**

Dear shareholders,

The past year was a challenging one for the Russian financial market: we saw negative trends in the economy and a decrease in investor interest across many Russian asset classes. The situation was further complicated by continuing restrictions on new borrowing in the capital markets. Nevertheless, Moscow Exchange achieved impressive results thanks to excellent work by the management team and a best-practice system of corporate governance.

In the summer of 2015, the Supervisory Board approved a Corporate Governance Code for Moscow Exchange which establishes the Company's corporate governance system and practices as well as setting the agenda for their further improvement. One of the Exchange's strategic priorities is to pro-actively participate in strengthening corporate governance across the Russian public company universe. In particular, we do this through the Listing Rules, which set corporate governance standards for all publicly traded Russian companies. As a leader in this field Moscow Exchange itself strictly adheres to these standards to set a good example for other issuers. High-quality corporate governance is an essential prerequisite for the success of any public company.

Currently, our Supervisory Board consists of 15 directors, five of whom are independent. This year, the number of directors will be reduced to 12 with the aim of improving efficiency; we expect the number of independent directors to remain unchanged, underlining our commitment to attracting the best professionals to the Board and ensuring that the Board's work is as effective, professional and transparent as possible for investors.

The attractiveness of any public company depends to a great degree on its dividend policy. In 2015, the Moscow Exchange Supervisory Board adopted a new Dividend Policy stating that the total dividend pay-out shall amount to no less than 55% of net income according to International Financial Reporting Standards (IFRS). And the Supervisory Board recommended a record-high dividend for the year 2015 of RUB 16.2 billion, which is 58.2% of net profit under IFRS.

In early 2015, the Supervisory Board approved the Exchange's new Strategy for 2015-2020. The Strategy sets out the main mission of Moscow Exchange: to promote economic growth and restructuring of the Russian economy by expanding opportunities for capital-raising by companies and to create a convenient, secure and transparent investment environment for Russian and international investors. The purpose of the Supervisory Board is to create favourable conditions for successful implementation of the Strategy and to monitor its implementation by the executive bodies of the Company.

Alexey L. Kudrin

## **Statement by the Executive Board Chairman**

Dear colleagues,

2015 was a very successful year for Moscow Exchange, despite major challenges facing the majority of emerging markets, including Russia. We achieved record-high operating and financial results, demonstrating that the Company's strategy and business model adopted in 2015 are working.

Moscow Exchange's revenue for the year grew by 52%, while profit was up 76%. The main growth drivers included an increase in trading volumes and the expansion of the Group's services to meet growing customer needs. At the end of 2015, the grain market became operational, based on unique trading technology and logistics services that ensure the delivery of goods across Russia. During the year, we worked actively on a major new project – the launch of general collateral certificates, which allow traders to significantly increase the volume of transactions they can carry out in the money market and also to manage collateral more effectively.

Moscow Exchange reaffirmed its status as the main platform used by Russian companies to raise capital. In 2015, we saw eight successful IPOs by domestic issuers and a record-high volume of bond issues totaling RUB 2 trillion.

We have seen an increase in trading from Russian retail investors, an area which we believe represents substantial potential for the long-term development of our business. In addition, despite a difficult external environment, the share of foreign investors increased in the Russian market.

Moscow Exchange will continue to focus on developing the domestic investor base, while also promoting the Russian stock market and local issuers to both local and international investors. We are committed to realizing our mission to enable Russian companies to attract capital, while creating convenient, reliable and transparent conditions for both Russian and international investors.

We are pleased to announce that our market capitalization grew by 55% in 2015. We continue to work against our strategy aimed at the further growth and diversification of our business, while our new dividend policy shows our intention to pay out a higher percentage of earnings, with dividend payments having grown significantly year to year.

To further develop our infrastructure, we will expand our post-trading services, raise the efficiency of collateral management and provide netting services across all Moscow Exchange markets. These improvements will allow investors and traders to cut their costs, thereby increasing the attractiveness of the Russian stock market. In addition, we continue to improve the reliability of our IT systems, which includes transferring them to a new data centre, as well as carrying out upgrades to our overall IT architecture.

Our success would not be possible without the active engagement of market participants, shareholders and the regulator, and I would like to thank all of them for their support of Moscow Exchange and the Russian financial market.

Alexander K. Afanasiev

## **1. Strategy**

### **1.1 Mission and Corporate Values**

Moscow Exchange Group's mission is to promote economic growth in Russia and contribute to the restructuring of the Russian economy by expanding capital-raising opportunities for issuers and facilitating a client-friendly, safe and transparent environment for local and international investors.

The Group's updated strategy is focused on achieving this mission. The goals and tasks set out in the strategy support the company's corporate values. In 2015, the company established four main corporate values, the adherence to which will help achieve the Group's goals.

### **1.2 Our Corporate Values**

#### **We are responsible for the future of the company**

We share a common goal, we are accountable for our results and for the future of the company.

#### **We work in partnership with our customers**

We listen to our clients and stakeholders, we understand their needs and offer them the best solutions.

#### **We strive for excellence and are open to change**

We are ready for changes, continually striving for excellence, innovation and adhering to best practices.

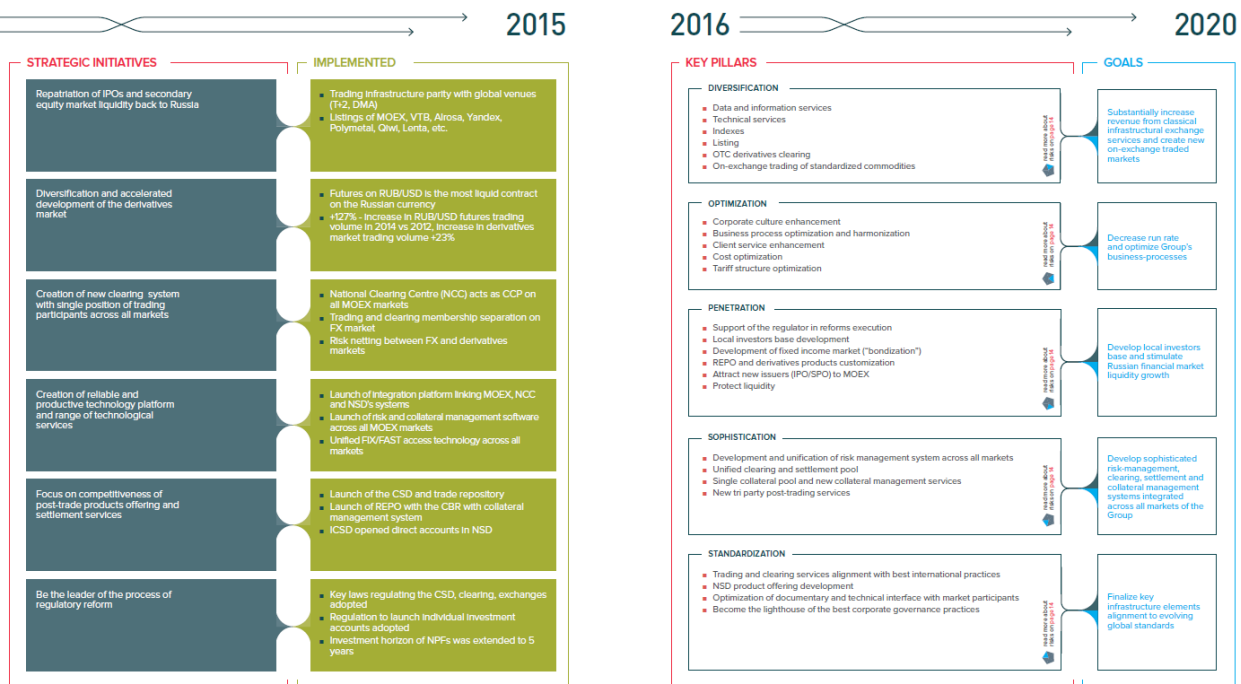
#### **We value transparency and integrity**

We are supportive and have confidence in each in pursuing our common goal.

## 1.3 Business Model



## 1.4 Strategy



## 1.5 Key Risks

### Risks associated with the implementation of strategic priorities

Strategy components	Risks/impact on KPIs
A. Diversification	<p><b>Operational risks</b> - The introduction of new products and services associated with the use of new or modified technologies could create additional operational risks that could lead to both the instability of existing systems and services and the failure of the newly implemented systems.</p> <p><b>Political and economic risks</b> - The projected slowdown in the Russian economy in 2016 and slow growth in 2017 could further reduce the inflow of investments into the Russian economy and dampen interest in Russian financial markets, which could have an adverse impact on the attractiveness of, and market demand for, new products and rates of return for the Exchange.</p> <p><b>Regulatory and legal risks</b> - The introduction of new products may require changes in existing legislation and/or approval from the regulator; there are risks associated with the inability to effect changes in legislation and/or obtain the regulator's approval.</p> <p><b>Sanctions risk</b> - The introduction of new products or the upgrading of existing products may require a technological solution that is not available in the Russian market; however, the availability of such solutions could be hampered or banned in the event of strengthening of the West's sanctions policy.</p> <p><b>Information security risks</b> - The expansion of our product mix could cause criminal elements to take an interest in new products with a view towards asset stripping and stealing, thereby increasing the risk of attacks on the Exchange's infrastructure.</p> <p><b>Reputational risks</b> - The introduction of new products and/or technologies, if proven to be inefficient or in low demand, and given the increasing operational risks, could adversely affect the Company's reputation.</p>
B. Optimisation	<p><b>Operational risks</b> - The transition to new technologies introduced to optimise existing technologies and processes could increase operational risks associated with new products and processes.</p> <p><b>HR risks</b> - The optimisation of existing processes could increase the HR risks associated with the inability of current personnel to fully meet the requirements of new technologies and new business processes.</p> <p><b>Information security risks</b> - A major redesign of operating technologies and/or business processes could render ineffective the current system of controls, disrupting the operation of Moscow Exchange's key systems and processes.</p>
C. Market deepening (growth as a result of further development of financial markets)	<p><b>Political and economic risks</b> - The projected slowdown in the Russian economy in 2016 and slow growth in 2017 could further reduce the inflow of investments into the Russian economy and dampen</p>

	<p>interest in Russian financial markets, including from domestic investors, as well as from Russian and foreign issuers.</p> <p><b>Regulatory and legal risks</b> - The development of financial markets may require changes in existing legislation and/or approval from the regulator, thereby creating risks associated with the inability to effect changes in legislation and/or obtain the regulator's approval.</p>
D. Development of risk management and control products	<p><b>Operational risks</b> - The introduction of new products and services associated with the roll-out of new or modified technology could create additional operational risks that could lead to both the instability of existing systems and services and the failure of the newly implemented systems.</p> <p><b>HR risks</b> – Launching new services could increase the HR risks associated with the inability of current personnel to fully meet the requirements of new technologies and new business processes.</p> <p><b>Information security risks</b> - A major redesign of existing technologies and/or business processes could render ineffective the current system of controls, disrupting the operation of key systems and processes of Moscow Exchange.</p> <p><b>Sanctions risk</b> - The introduction of new products or the upgrading of existing products may require a technological solution that is not available in the Russian market; however, the availability of such solutions could be hampered or banned outright with any toughening of the West's sanctions policy.</p>
E. Standardisation of Russian infrastructure	<p><b>Regulatory and legal risks</b> - The introduction of new services and the optimisation of existing processes may require changes in current legislation and/or approval from the regulator; there are risks associated with the inability to effect changes in legislation and/or obtain the regulator's approval.</p> <p><b>Reputational risk</b> - The absence of visible changes in this area could create an additional reputational risk for the Exchange.</p>

## 2. Performance Review

### 2.1 Markets

#### 2.1.1 EQUITY AND BOND MARKET

##### 2015 Results

	Volumes, RUB billion		Change ,%	Breakdown, %	
	2014	2015		2014	2015
Stocks. DRs and fund units (in total)	10.283	9.398	-8.6		
Secondary market	10,255	9,352	-8.8	99.7	99.5
Primary market	28	46	64.3	0.3	0.5

	Volumes, RUB billion		Change ,%	Breakdown, %	
	2014	2015		2014	2015
Bond market (in total)	10 605	11 159	5.2		
Secondary market	8 602	8 529	-0.8	81.1	76.4
OFZ/OBR	3 877	3 577	-7.7	36.6	32.1
Other bonds	4 725	4 952	4.8	44.6	44.4
Placements	2 003	2 630	31.3	18.9	23.6
OFZ/OBR	144	661	359.0	1.4	5.9
Other bonds	1 859	1 969	5.9	17.5	17.6

### TRADING VOLUME

Total bond trading volumes in 2015 were RUB 11.2 trillion, up 5.2% year-on-year. Issuance of federal government bonds (OFZs) increased by 359.3% year-on-year, while placements of corporate bonds set a new record of RUB 2.0 trillion (up 5.2% year-on-year). Total equity trading volumes in 2015 were RUB 9.40 trillion, down 8.6% year-on-year. The Equity Market's total capitalisation was RUB 28.8 trillion (USD 393.2 billion) as of year end 2015.

### INDIVIDUAL INVESTMENT ACCOUNTS (IIA)

Since 1 January 2015, individuals have been able to open individual investment accounts (IIAs). Such accounts provide them with tax credits while investing in the securities market. Moscow Exchange registered almost 89,000 IIAs in 2015, and the 100,000<sup>th</sup> investment account was opened in mid-February 2016. Seventy-six brokerages and asset management companies opened individual investment accounts for their clients. About 30% of the total number of IIAs opened belong to new clients who had never traded in the securities market before. The number of active clients on Moscow Exchange's Equity & Bond Market grew by 20% in 2015.

### REMOTE ACCOUNT OPENING

Since 15 October 2015, professional participants in the securities market and asset management companies have been able to identify individuals online in order to conclude



remote contracts through the Unified System for Identification and Authentication (USIA) and the Interagency Electronic Interaction System (IEIS). These convenient and simple techniques for the registration of new clients will allow more private investors in Russian securities markets to open accounts, including individual investment accounts. Two brokers launched a full cycle of remote account opening via the USIA; and two other companies offered this service early in 2016. In addition, Moscow Exchange is assisting around 50 other companies in their connection to the USIA. Fully fledged client identification through the use of a data set via the IEIS is to be introduced in 2016.

### **TRANSFER OF TRADING IN OFZs TO SINGLE ORDER BOOK T+1**

Since 1 June 2015, a single T+1 settlement cycle with partial depositing was introduced for trades in federal government bonds (OFZs). This allowed market participants to reduce the cost of funding transactions in the public debt market, increases the volume of transactions using partial collateral and makes the work of market makers more effective by promoting the growth of liquidity in the OFZ market. This resulted in the growth of average monthly OFZ trading volumes by 61% in the second half of 2015 compared to the first six months of the year.

### **INNOVATION AND INVESTMENT MARKET**

In 2015, trading volumes on the Moscow Exchange's Innovation and Investment Market (IIM) increased 82% YoY to RUB 54.5 billion. The MICEX Innovation Index rose 58.7%. Thirty-six securities (17 stocks, nine bonds, eight mutual funds, one depository receipt and one exchange-traded fund) were being traded on the IIM by the end of the year. Total market capitalisation was RUB 213.86 billion.

The IIM was established in 2009 at the initiative of Moscow Exchange together with RUSNANO to facilitate investments primarily in Russian small and medium-sized innovative enterprises.

In January 2015, Moscow Exchange adopted a road map for the development of the market. It was designed mainly to improve the quality of issuers admitted to trading on the IIM.

During the year, Moscow Exchange initiated several amendments to the tax code that resulted in tax incentives for investors in IIM securities. These tax benefits took effect as of 1 January 2016.

A Pre-IPO fund was established by Da Vinci Capital and Russian Venture Company on the basis of the IIM infrastructure.

In September, a market-making programme was launched for promising shares to increase liquidity and incentivise IIM listing agents.

Post-IPO instruments for IIM issuers were also created in partnership with the Foundation for Assistance to Small Innovative Enterprises in Science and Technology.

### **OPENING AND CLOSING AUCTIONS**

The closing auction technology employed by Moscow Exchange is internationally recognised, as it provides representative share prices and prevents artificial over- or underpricing. Since 13 April 2015, FTSE, the UK-based index provider, uses MOEX's closing auction prices for listed Russian securities when calculating end-of-day values for its indexes. This has supported liquidity on the Equity Market. In 2015, the share of daily trading accounted for by the closing auctions increased by 30%, even reaching 11% of the total trading volume on particular days.

Since 1 June 2015, an opening auction has been used for OFZs and equities instead of a pre-trading period. The distinguishing feature of such auctions is that participants are able to make market orders. In addition, a closing auction was introduced for OFZs, with its technology fully in line with closing auctions in the Equity Market.

## **NEW INSTRUMENTS**

In 2015, Moscow Exchange started trading in new types of securities, including inflation-linked OFZs (OFZ-INs), as well as structured bonds from BrokerCreditService Structured Products Plc which are similar to exchange traded notes (ETNs) in the West and pegged to a basket of diverse assets, which enables investors not only to get a yield in various market situations but also to significantly diversify their investments.

Since 1 June, the Equity Market has providing the option of trades in foreign securities with T+ settlement in USD. In addition, it has become possible to trade in bonds denominated in CNY and GBP, as well as to settle accounts in such currencies.

Moscow Exchange permitted the trading of 18 Eurobonds from Russian borrowers with a reduction in the size of the minimum trading lot to USD 1,000, which made them more accessible to individuals and increased their interest in debt market investments.

2015 saw a number of primary bond issues by specialised financial companies (SFCs) in accordance with the so-called securitisation amendment package:

- SFC Europe 14-1A, Classes A and B, total volume of RUB 14.2 billion;
- SFC Uralsib Leasing 01, total volume of RUB 2.2 billion.

In 2015, Moscow Exchange established a new way to register bond issues that significantly simplifies issuers' access to the debt market, which is called an exchange-traded bond programme. Moscow Exchange registered 37 programmes for a total of RUB 4,750.5 bln, USD 10.1 bln and EUR 5 bln. 22 issues of exchange-traded bonds were placed under the programmes.

### **2016 Outlook**

In 2016, the Exchange is planning to expand its bond product line to include structured bonds issued by banks and linked to various indicators; non-mortgage securitisation of loans, which is one of the techniques used to free up Russian banks' capital; as well as interest rate linked products issued by corporates that are similar to OFZ-INs.










In 2015, Moscow Exchange registered four issues of exchange-traded bonds denominated in CNY worth a total of CNY 2.85 billion and two issues of exchange-traded bonds denominated in CHF worth CHF 400 million. These registered bonds may be placed on the market in 2016.

USD-denominated Eurobonds were transferred to the T+2 settlement cycle as of 25 January 2016. This move is aimed at reducing funding costs of participants and increasing trading volumes by removing the full collateral requirement.

New exchange-traded funds (ETFs) are expected to be launched. By early 2016, there were 11 ETFs on Moscow Exchange with underlying assets of Eurobonds of Russian corporates, US Treasury bonds, shares of the MSCI index family and gold bullion. At the beginning of March 2016, the first ETF on the RTS Index was admitted to trading.

## ATTRACTING NEW ISSUERS

### Public Equity Offerings on Moscow Exchange in 2015

	Date	Transaction Type	Proceeds Raised
 CREDIT BANK OF MOSCOW	December 2015	SPO	RUB 16.5 bln
	December 2015	IPO	RUB 3.3 bln
 PJSC "NGP"	December 2015	IPO	RUB 3.7 bln
 LENTA	October 2015	SPO	RUB 9.3 bln
 CREDIT BANK OF MOSCOW	July 2015	IPO	RUB 13.2 bln
 UWC UNITED WAGON COMPANY	April 2015	IPO	RUB 9 bln
 RUSAL	March 2015	Listing of ordinary shares	n/a
 LENTA	March 2015	SPO	RUB 13.5 bln
 MAZ	February 2015	SPO	RUB 9.8 bln

### Bond Placements in 2015

Instrument	Amount, RUB billion
Corporate bonds	1 861,08
OFZ	648,90
Municipal bonds	3,91
MFO bonds	8,00
Subfederal bonds	93,71
Total:	2 615,59

## **EQUITY & BOND LISTING**

### **2015 Results**

In 2015, Moscow Exchange continued to strengthen its listing requirements for all instrument types in order to increase the depth of analysis and the quality of securities admitted to trading.

For inclusion of equities in listing Level 1:

- from 1 April 2016 the median daily volume should be at least RUB 1 million; otherwise two agreements on the provision of market maker services are required.

For inclusion of bonds in listing Level 1:

- collateral is required (though some types of issuers are exempt from this requirement);
- the borrower (guarantor) must be assigned a rating for its bonds;
- the list of rating agencies whose ratings are accepted for listing purposes has been reduced.

To include bonds in the Level 2 and Level 3 Lists:

- as from 1 July 2016 a representative of bondholders is required (not apply to certain categories of issuers).

The functions of Moscow Exchange's user committees were expanded.

- The Exchange has been vested with the right to refuse to include securities in Level 1 on the basis of user committee recommendations.

New on the Innovations and Investment Market:

- a new segment IIM-Prime has been established for securities of innovative companies which meet stronger requirements for market cap and corporate governance,
- market capitalisation and innovation capability criteria have been raised.

Listing of foreign securities

- In 2015, 21 foreign securities were admitted to trading.
- Foreign issuers who have listed on a foreign exchange are not required to translate their material facts into Russian when disclosing information for their Russian listing.
- When foreign securities are listed upon decision of a Russian exchange, the requirements set by the rules of such an exchange may be applied to the foreign issuer's securities prospectus.
- The time frame between the listing and the date of trading in foreign securities included in the list by an exchange decision has been reduced from three days to one day.
- Exchange traded funds have been added to the list of instruments allowed for the investment of pension accruals through private pension funds.

### **2016 Outlook**

In 2016, Moscow Exchange plans to continue improving its listing rules by establishing additional requirements for issuers, securities and market participants.

- To include MPCs in Level 1, it plans to set additional requirements for self-regulatory organisations (SRO), that include an appraiser or for appraisers who set the market value of property to be mortgaged.

- To include and maintain investment units on the list, the Moscow Exchange intends to increase requirements for the minimum amount of net asset value (NAV) of mutual funds.
- Corporate governance requirements are planned to be amended, including those for internal audit, functions of the corporate secretary, and committee functions.

There are plans to expand the list of foreign financial instruments in 2016 to include:

- ETFs;
- structured bonds;
- eurobonds admitted to trading upon the Exchange's initiative.

### **Listing Reform**

In 2016, the two-year grace period for issuers of stock to comply with the listing reforms will come to an end. Russian companies will be expected to bring their securities and activities into line with the new listing rules.

Key changes under the listing reform:

- strengthened corporate governance requirements for Russian issuers in accordance with the Corporate Governance Code;
- reduced the number of levels in the securities list from six to three;
- enabled issuers to include securities in any listing level at the stage of their initial public offering;
- introduced a free-float requirement for inclusion of shares on the list;
- deeper history of IFRS reporting to be submitted to the Exchange;
- increased rating requirements for bonds.

## 2.1.2 DERIVATIVES MARKET AND STANDARDISED DERIVATIVES

### 2015 Results

	Volumes, RUB billion		Change, %	Breakdown, %	
	2014	2015		2014	2015
Derivatives, in total	<b>61,316</b>	<b>93,713</b>	52.8%	,	,
<b>Futures</b>	<b>55,566</b>	<b>90,231</b>	62.4%	90.6%	96.3%
FX	29,404	62,478	112.5%	48.0%	66.7%
Interest	92	25	-72.8%	0.2%	0.0%
Equity & Bonds	3,338	3,054	-8.5%	5.4%	3.3%
Indices	21,804	20,291	-6.9%	35.6%	21.7%
Commodities	928	4,383	372.3%	1.5%	4.7%
<b>Options</b>	<b>5,749</b>	<b>3,482</b>	-39.4%	9.4%	3.7%
FX	2,043	1,412	-30.9%	3.3%	1.5%
Equity & Bonds	50	60	20.0%	0.1%	0.1%
Indices	3,645	2,002	-45.1%	5.9%	2.1%
Commodities	11	7	-36.4%	0.0%	0.0%

### TRADING VOLUMES

In 2015, turnover on Moscow Exchange's Derivatives Market increased 52.8% year-on-year to RUB 93.71 trillion. The largest gain in trading volumes was in the commodity and FX sections of the Derivatives Market. This thus changed the structure of volumes: the share of index and equity derivatives decreased, whereas the share of FX and commodity instruments increased.

### CLIENT ACTIVITY

Strong trading volumes on the Derivatives Market are conditional on, among other things, successfully attraction of clients, which resulted both in significant growth in the number of new clients and in higher overall activity on the Derivatives Market.

Average active monthly clients (active client accounts) increased by 24.8% in 2015 from 31,800 to 39,700. December 2015 saw 47,503 active clients, a record for the Derivatives Market.

### NEW INSTRUMENTS

In March 2015, Moscow Exchange expanded the line of FX instruments traded on the Derivatives Market by launching futures on the currency pairs USD/CAD, USD/TRL and CNY/RUB.

To make futures contracts more attractive to individual investors with smaller accounts (retail segment), a mini-futures contract (one-tenth the size) was launched on the MICEX Index (MXI) in August 2015.

## **TECHNOLOGIES**

In 2015, Moscow Exchange's Derivatives Market introduced delivery of futures on OFZs and Russian Federation Eurobonds by automatically closing trades on bonds in the Equity and Bond Market. It introduced the automatic exercise of options on the date of expiration, and also streamlined the schedule of exercising futures and options on USD/RUB and EUR/RUB. It helped bring the exercise of futures as close as possible to the time they are fixed on the FX Market. In addition, it became possible to close cross trades, which benefits non-resident clients.

For the first time in the history of the Russian derivatives market, it became possible to transfer the open positions and deposited collateral of clients from one clearing member to another.

## **STANDARDISED DERIVATIVES MARKET**

Following legislative changes that removed the Central Counterparty limits in OTC trades, in November 2015 limitations on OTC trades on the standardised derivatives market were removed.

The specifications for existing OTC contracts have been changed, and those of new OTC contracts that may be made in the standardised derivatives market have also been developed and put into effect.

Thus, the following OTC contracts are currently available for exercise: interest rate swaps, FX swaps, FX forwards and FX options.

Plans are under way to launch cross-currency interest rate OTC swaps.

## **2016 Outlook**

### **NEW INSTRUMENTS**

In 2016, there are plans to launch and develop futures contracts on interest rates (Ruonia and MOEX-repo), as well as to extend an option chain for stock futures.

## **MARKET INFRASTRUCTURE DEVELOPMENT**

The main objectives in developing the infrastructure of the Derivatives Market include:

- To create a transparent market for structured products. The structured products market is closely linked to the derivatives market. The development of a legal and regulatory framework, standards and a technological basis will have a positive impact on and open interest on Moscow Exchange's Derivatives Market.
- To develop segregation and portability services for clients. Independent accounting and protection of funds held by clients of professional participants (brokers) will allow the market to attract major Russian and foreign institutional and corporate participants, and will also increase the confidence that retail clients have in the market.
- Among key areas for the technological development of services in the Derivatives Market are:
- Margining by settlement codes. The initiative aims to ensure a unified system of clearing accounting among Moscow Exchange markets and compliance with international requirements for foreign CCPs (EMIR).
- Developing and introducing a new billing module to help ensure flexible development of various tariff plans and marketing programmes for developing new and existing products for the Derivatives Market.

### 2.1.3 FX MARKET

#### 2015 Results

	Volumes, RUB billion		Change, %	Breakdown, %	
	2014	2015		2014	2015
In total	228,546	310,837	36%	100%	100%
Spot	77,798	103,335	33%	34%	33%
Swaps	150,748	207,502	38%	66%	67%
USD/RUB	188,822	257,984	37%	82.6%	83.0%
EUR/RUB	34,711	43,400	25%	15.2%	14.0%
EUR/USD	4,693	8,571	83%	2.1%	2.8%
CNY/RUB	305	858	181%	0.13%	0.28%
Other	14	24	71%	0.006%	0.008%

#### TURNOVER GROWTH

Trading volumes on the FX Market totalled RUB 310.8 trln, up 36.0% year-on-year. Due to elevated FX rate volatility, spot trading volumes rose 32.8% year-on-year, while swap trading volumes increased 37.6% year-on-year on the back of continued demand for liquidity-management products.

In 2015 Moscow Exchange grew its share of the total FX market. The Exchange's share of the interbank market rose from 42% to 49%, while its share of USD/RUB trading increased from 50% to 58%, and of EUR/RUB trading from 64% to 68%.

The CNY/RUB currency pair continued to grow rapidly, with trading volumes tripling in monetary terms to RUB 858 bln in 2015.

At the end of 2015 there were 511 trading members of Moscow Exchange's FX Market: 459 banks and 52 non-credit institutions holding professional securities market participant licences.

#### CLIENT ACCESS

In 2015, Moscow Exchange continued to develop client services and implement projects to expand options for FX Market participants. These included Direct Market Access (DMA), Sponsored Market Access (SMA) and International Clearing Membership (ICM), and helped to foster continued growth of client transactions. In 2015, turnover of client transactions more than doubled to RUB 130 trln, while client turnover of spot transactions had reached 55% by the end of 2015.

The FX market of the Moscow Exchange registered 7.3 thousand non-resident clients from 90 countries in early 2016. The share of non-resident spot turnover increased from 27% to 37%.

High volatility of foreign exchange rates triggered higher interest of individuals in FX transactions on the Exchange. In 2015, the turnovers of individuals on the FX market of the Moscow Exchange grew six fold to RUB 22.4 trln. Individual transactions in the spot turnover reached 12,3% in December 2015 against 8.5% in January 2015.



## **GENERAL CLEARING MEMBER STATUS**

As part of the division of trading member and clearing member status, Rosselkhozbank was granted status of general clearing member in March 2015, while early in 2016 Bank of America National Association (BANA) became the first global bank to acquire this status. General clearing members are entitled to provide clearing services both to trading members and various client groups, including Russian and non-Russian legal entities and individuals making transactions on the FX Market. Non-resident participants who acquire this status may be party to FX Market trades and may clear and settle them, which opens up new business opportunities for servicing clients. This participant category is in line with global practice and reduces the overall risks of centralised settlement systems.

## **INTEGRATED FX MARKET**

2015 saw the continued development of the integrated currency market of the Eurasian Economic Union (ICM EEU). In September, the National Bank of Belarus was admitted to trading on MOEX's FX market, and late in 2015 the first participant from Armenia, ARMBUSINESSBANK, entered the market. Previously, direct admission to currency trading on Moscow Exchange had been granted in 2013-2014 to Interstate Bank, three Belarusian banks (BPS-Sberbank, Belarusbank, Belagroprombank), the National Bank of Tajikistan, Tajikistan's Eskhata Bank and Kazakhstan's AsiaCredit Bank.

In 2015 the total turnover of integrated currency market participants was RUB 267 bln. The volumes of trades in the Belarusian Rouble increased 6.5 times to RUB 264 mln (BYR 69.8 bln) and in the Kazakhstan tenge – 7 times to RUB 98 mln (KZT 331 mln).

## **PRICE TICK**

Effective 2 February 2015 the tick size for USD/RUB, EUR/RUB and GBP/RUB spot instruments was doubled to RUB 0.0010, in response to demand from market participants. Larger tick sizes help reduce FX market volatility, improve liquidity in the on-exchange order book, and introduce uniform parameters across MOEX's FX and Derivatives Markets.

## **2016 Outlook**

In 2016, the FX Market will continue developing tools and client services. Plans include the launch of trading in deliverable futures of three FX pairs – USD/RUB, EUR/RUB and CNY/RUB, as well as to introduce new currency pairs.

Two new instruments, USDRUB\_FIX and EURRUB\_FIX, are expected to be launched in MOEX's fixings. Participants will indicate the price of transactions using these instruments as the difference between MOEX's FX fixing and the final exchange rate of the closed trade.

The Exchange's FX fixing has been recognised compliant with the IOSCO principles. This will help promote it among international investors and participants of the global financial market as well as create a new internationally recognised fixing for the USD/RUB rate to be used in exchange-traded and OTC derivatives.

Client access will continue developing and the client base will further expand as more Russian legal entities and individuals enter the market and owing to improved technologies and services when servicing clients on the FX Market. A project will be realised to treat separately positions of third-level clients serviced by different trading and clearing firms.

As part of the project to attract non-residents to the FX Market, Moscow Exchange is planning measures to increase the number of non-residents who hold general clearing member status, as well as clients using SMA technologies.

As part of the development of clearing services to reduce members' costs, MOEX plans to introduce inter-product spreads, netting-off of risks of members' positions across markets,

integration of collateral, and unification of clearing procedures and the list of assets accepted as collateral.

## 2.1.4 MONEY MARKET

### 2015 Results

	Volumes, RUB billion		Change,%	Breakdown, %	
	2014	2015		2014	2015
Money market	204,375	213,786	4.6		
On-exchange repo on the Exchange	183,176	180,991	-1.2	89.6	84.7
Direct repo with the Bank of Russia	100,988	73,626	-27.1	49.4	34.4
Shares and DRs	3,172	2,369	-25.3	1.6	1.1
OFZ/OBR	38,481	21,385	-44.4	18.8	10.0
Other bonds	59,336	49,872	-15.9	29.0	23.3
Interdealer repo	57,152	40,646	-28.9	28.0	19.0
Shares and DRs	26,686	14,221	-46.7	13.1	6.7
OFZ/OBR	7,845	5,800	-26.1	3.8	2.7
Other bonds	22,622	20,625	-8.8	11.1	9.6
CCP-cleared repo	25,028	66,718	166.6	12.2	31.2
Shares and DRs	14,645	26,561	81.4	7.2	12.4
OFZ/OBR	9,067	17,810	96.4	4.4	8.3
Other bonds	1,316	22,347	1598.1	0.6	10.5
Credit market	21,199	32,795	54.7	10.4	15.3

	Volumes, RUB billion		Change,%	Breakdown, %	
	2014	2015		2014	2015
Repo with collateral management by NSD	57,220	46,361	-19.0		

### TRADING VOLUME

In 2015, the trading volume of the Money Market exceeded RUB 213.8 trln. In December, the average daily trading volume reached RUB 1,255.2 bln, an 11% increase year-on year. The repo market's share in Money Market trading volumes exceeded 85%. In 2015 the volume of depository and credit transactions was RUB 32.8 trln, which is 55% higher than in 2014.

Volumes of repo transactions with Eurobonds are growing fast: repo with the Central Counterparty (CC) and interdealer repos in Eurobonds reached a maximum of RUB 28.3 trln, seven times higher than the figure for 2014.

## **REPO WITH CENTRAL COUNTERPARTY**

Repo with the CCP is a key segment of the Money Market. Its advantage is that repo transactions are guaranteed by the CC, whose functions are performed by NCC Clearing Bank. In 2015, repo with the CC accounted for more than 70% of the total volume of repo transactions, net of repo transactions by the Bank of Russia. Total trading volumes for the year exceeded RUB 66.7 trln, up 167% year-on-year. The number of participants making repo transactions with the CCP exceeded 300, with more than 50 new participants joining during the year.

Expanded services for participants prompted growth in trading volumes of repo transactions with the CCP: since 1 June 2015, participants have had the option of settling trades in USD and EUR as well as RUB, thereby expanding the range of liquidity-management options. In December 2015, repo transactions with the CCP settled in FX accounted for 18% of the total (RUB 1.7 trln).

Trading members were able to settle repo transactions with the CC within a seven-day execution period with settlement in RUB. This innovation helped participants to effectively manage liquidity and interest-rate risk over longer time-frames, and to synchronise the timings of repo transactions with the CCP and repo transactions with the Bank of Russia, thus enabling them to increase the average time of repo transactions: the share of repo transactions of longer than three days reached 13% (RUB 1.2 trln).

## **MOEXREPO**

On 1 December 2015, amendments to the calculating methodology for repo rate with the CCP – the MOEXREPO index – took effect. This Money Market index started being published in December 2014 and is calculated based on repo trades with the CCP. The amendments made this indicator more representative. The new version uses information on trades in all bonds admitted to repo with the CCP, including OFZs, Russian corporate bonds and Eurobonds. The index calculation also includes trades where the repo rate exceeds the fixed interest rate of direct repo transactions with the Bank of Russia, which makes it possible for the indicator to respond rapidly to changes of rates on the repo market.

## **M-DEPOSITS**

One of the innovations of the 2015 money market was the launch of a universal segment of the deposit market – M-Deposits. It is a single platform for fund deposits. Within this project the Moscow Exchange makes it possible to choose various parameters of deposit auctions, including the time frame and volume of placed funds, the currency of the deposit (RUB, USD or EUR), the form of the deposit auction, the lot size and the price tick at the auction.

M-Deposits holds auctions to place spare cash of SME Corporation. 2015 saw more than 80 auctions, with RUB 519.3 bln deposited in lending institutions.

Moscow Exchange also holds deposit auctions for the Federal Treasury, the Pension Fund of the Russian Federation and Vnesheconombank.

## **2016 Outlook**

In 2016, the main project of the Money Market will be repo using general collateral certificates (GCC), which will help to boost transaction volumes on the Securities and Money Markets. This new instrument, announced on 29 February 2016, brings together the advantages of the two most marketable products of the Russian money market: repo with the CCP and repo with a securities basket and collateral management. The GCC is a non-issue grade security with mandatory centralised depositing. It is issued by NCC Clearing Bank in exchange for assets held in the property pool. The project brings together various collaterals into a universal liquidity management instrument, and helps ensure maximum use of the mechanism for asset

replacement in closed trades. During the first stage, participants may contribute to the pool funds (EUR, USD, RUB) and all bonds accepted by NCC Clearing Bank as collateral (OFZs, corporate bonds, Eurobonds). Later the list of assets accepted to the property pool will be expanded by a pool of shares.

The year of 2016 will see further improvement of the key instrument of the Moscow Exchange money market – repos with the CCP, and broadening of interdealer repo tools.

The Moscow Exchange is to continue the technological development of the M-Deposits segment, as well as to attract new auction organisers to provide the option of depositing spare cash in the bank.

## 2.1.5 COMMODITIES MARKET

### ON-EXCHANGE GRAIN TRADING

#### 2015 Results

	Volumes, RUB billion		Change, %	Breakdown, %	
	2014	2015		2014	2015
<b>Commodities market (in total)</b>	<b>18</b>	<b>117</b>	550.0		
<b>Precious metals market</b>	<b>16</b>	<b>94</b>	487.5	88.9	80.3
<b>Grain market</b>	<b>2</b>	<b>22</b>	1000.0	11.1	18.8

On 23 December 2015, the National Mercantile Exchange, which is part of Moscow Exchange Group, launched a grain market to start exchange trading in deliverable forward contracts with wheat as the underlying asset. Trading is carried out as a bilateral anonymous auction. The contract exercise period ranges from three days to six months. National Logistics Company organises transportation, alongside survey companies. The grain is stored in accredited grain elevators.

NCC Clearing Bank performs the functions of the central counterparty to the trades, as well as the operator of commodities deliveries, for which purpose it has obtained the relevant accreditation from the Bank of Russia. NCC Clearing Bank accredits commodity warehouses, maintains trading and commodity accounts to inventorise the property of clearing members and their clients based on a property storage contract, and conducts transactions with trading and commodity accounts related to the execution of property transfer obligations.

Trading members are offered forwarding services unparalleled in Russian and global exchange-based trading. The service allows the buyer to purchase any underlying assets on condition of delivery to a specified point (any railway station in Russia). Forwarding services to trading members were made possible due to partnership between Moscow Exchange Group and Rusagrotans, Russia's largest grain car fleet operator.

The project launch required the accreditation of grain elevators in the Volgograd and Stavropol regions. Once the elevators were accredited, an electronic document management system was set up, followed by inventory control performed for trading and commodity accounts of trading and clearing members.

Implementation of the project required a new trading and clearing system, UROZHAI, which will make it possible in future to launch trading in derivative instruments with any commodity as the underlying asset.

#### Government Interventions

Authorised by the Ministry of Agriculture, National Mercantile Exchange has since 2002 been involved in government commodity and procurement interventions on the grain market. In 2015, the Ministry of Agriculture conducted procurement interventions to purchase grain for the State Intervention Fund.

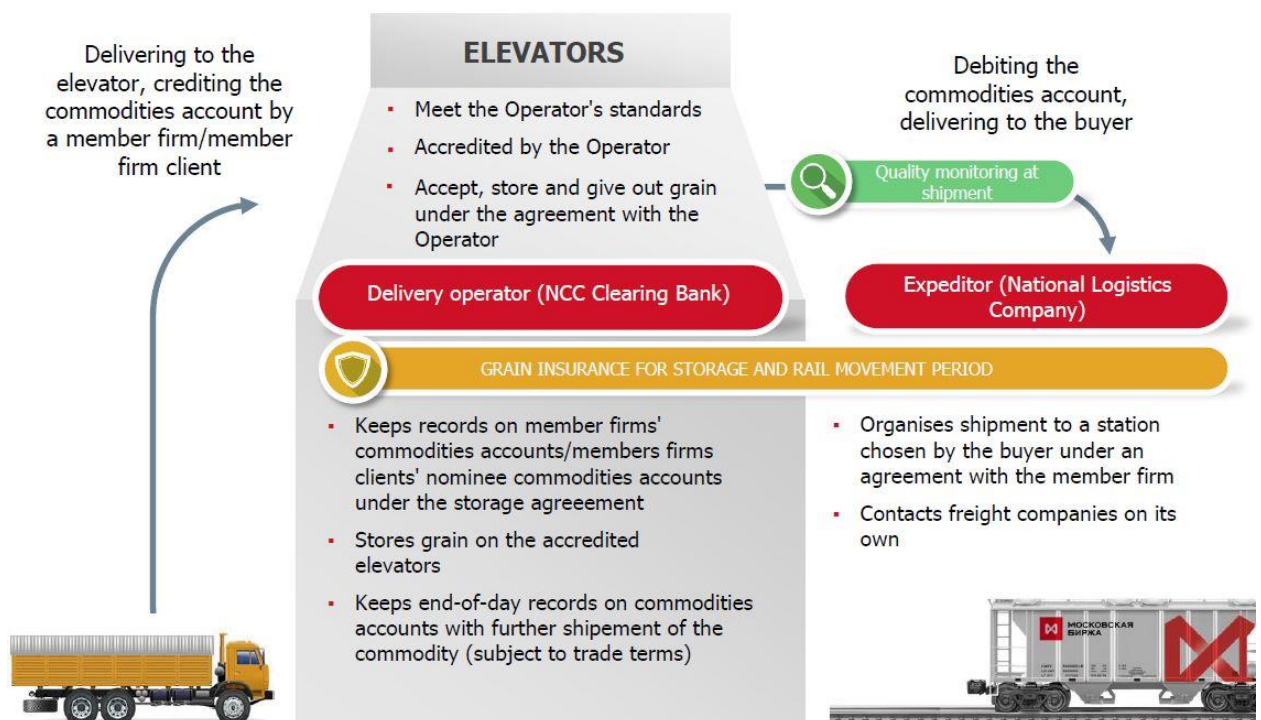
In 2015, more than 600 agricultural production participants were involved in procurement interventions, a four-fold increase on 2014.

Over 2.2 mln tons of grain totalling RUB 22.4 bln were purchased through the Exchange for the intervention fund (RUB 2.1 bln in 2014). Most of this was committed to the Ural and Siberia federal districts, which are traditionally active participants in state interventions.

## MARKET OPERATION SCHEME



## Commodity accounts and delivery scheme





### **2016 Outlook**

In 2016, Moscow Exchange plans to continue expanding opportunities for participants of the Grain Market. To provide liquidity, the Exchange intends to be more active in attracting new participants, increase the number of commodity warehouses by accrediting elevators in various regions of Russia, and improve the inventory control system for commodities in accredited elevators.

As part of extending the product line, it is planned to launch trading in swaps to enable the participants to raise short-term financing against the collateral of left-over inventory on commodity accounts and to optimise payment streams. Besides, given demand by participants, the Moscow Exchange is willing to add new groups of commodities as underlying assets.

Along with bilateral auctions, it is planned to provide an opportunity for trading in the format of a unilateral auction.

## **PRECIOUS METALS TRADING**

### **2015 Results**

The Precious Metals Market launched by Moscow Exchange late in 2013 grew strongly in 2015. Total trading volumes grew six times year-on-year to RUB 94.1 bln, with physical volumes equal to 41.9 tons of gold and 1.4 tons of silver. Some of these volumes was physically disposed by participants, involving the acceptance and transfer of bullions to the vault of NCC Clearing Bank.

Gold and silver are traded on the FX Market platform using a unified system of margining and risk management. Trading collateral is accepted in RUB, USD, EUR and CNY, as well as precious metals.

In 2015, 15 new organisations including the Bank of Russia joined the Precious Metals Market. At the end of 2015, trading involved 61 organisations – 50 banks and 11 investment companies. To provide liquidity for the main market instruments, market-makers continued to operate under agreements concluded with the Exchange. Five non-banking institutions provide direct market access (DMA) for their clients, both individuals and legal entities.

### **2016 Outlook**

In 2016, Moscow Exchange plans to continue improving services and conditions for on-exchange trading of precious metals for all categories of participants. The Exchange is considering expanding its product range with platinum group metals if there is interest from commodities and financial market participants.



## 2.2 Post-trade Services

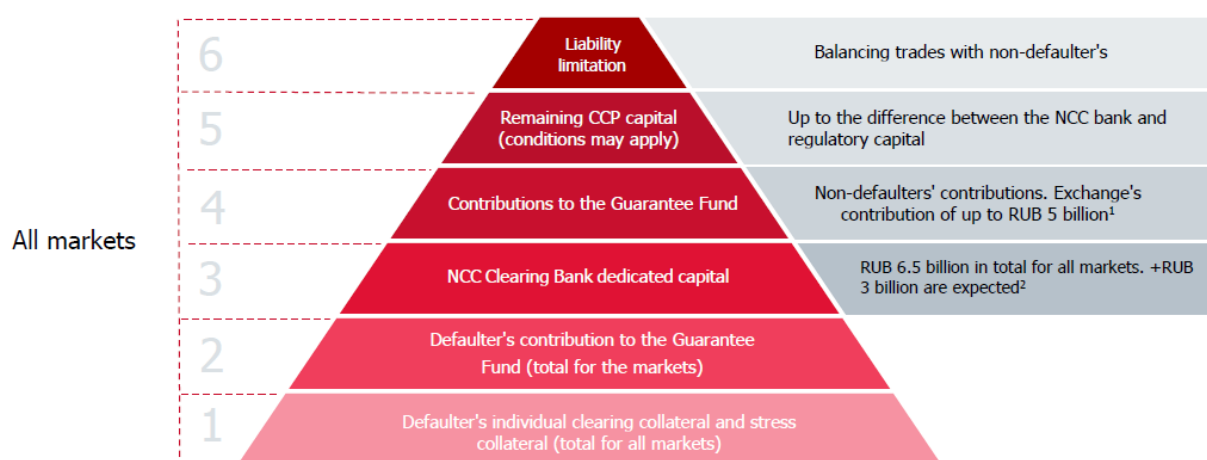
### 2.2.1 CLEARING

#### 2015 Results

#### CENTRAL COUNTERPARTY SAFEGUARD STRUCTURE

As of 1 November 2015, Moscow Exchange introduced a new structure of protection levels for the CCP across all of its markets, with the aim of ensuring the reliability and transparency of interaction with clearing members, as well as guaranteed restoration of NCC Clearing Bank's financial stability in any market circumstances. A CCP liability limit was introduced to include allocated capital (RUB 6.5 bln since 1 November) and additional capital, which is limited by the need to maintain a minimum level of regulatory capital in order for NCC Clearing Bank to be able to continue its activity as the CCP, and also to ensure continuity of trading. The protection structure meets international standards for CCP activity.

#### CCP SAFEGUARD STRUCTURE



<sup>1</sup> subject to the approval from the AGM on 27 April 2016

<sup>2</sup> subject to amendments to the clearing rules

#### RATINGS ABOVE SOVEREIGN

In March 2015 and February 2016, Fitch Ratings confirmed the ratings of NCC Clearing Bank, two of which – the local-currency long-term issuer default rating (BBB) and the viability rating (bbb) – are one notch higher than Russia's sovereign rating (BBB-). The foreign-currency long-term issuer default rating and outlook are both at the same level as those of the sovereign (BBB-, Negative).

#### CAPITAL

NCC Clearing Bank's equity increased 40.5% in 2015 to RUB 54.13 bln as of 1 January 2016. This equity represents a reliability and financial stability factor to enable the bank to counteract external threats in stress conditions, as well as stressed market conditions and other negative factors.

#### DOCUMENTS

A new version of the clearing rules was put in place in 2015. The general section of the rules is the same for the FX and Precious Metals Market, as well as the Securities and Derivatives Markets. The clearing rules brought together general rules and procedures for these

markets, making it possible to implement the objective of shared liquidity netting of liabilities from trades on all of these markets.

NCC Clearing Bank also developed methodological documents to bring its risk management system into compliance with the requirements of the Bank of Russia and international standards, and to improve internal procedures for capital adequacy assessment. The bank's risk management system contains a description of procedures for risk identification, monitoring and control; measures to mitigate risks; and criteria for applying such measures. The risk and capital management strategy is aimed at harmonising the risk management process of banking activity at NCC Clearing Bank and its connection with capital adequacy management. Risk limits (risk appetite) for 2016 have been developed as part of implementation of the Risk and Capital Management Strategy, and set threshold values of quantitative and qualitative indicators for significant risks in the coming year.

### ***2016 Outlook***

In 2016, NCC Clearing Bank will continue working to integrate clearing on the various markets of Moscow Exchange Group, to develop and improve its risk management system and to make clearing servicing more attractive. The Exchange also plans to take actions for the NCC Clearing Bank to acquire the status of a non-banking lending institution following amendments to the Law on Clearing.

## 2.2.2 NATIONAL SETTLEMENT DEPOSITORY ACTIVITIES

### 2015 Results

By late 2015, the National Settlement Depository, part of Moscow Exchange Group, had fully implemented its three-year development strategy for the central securities depository adopted in 2012, when it was assigned the status of central securities depository. All of the main strategic business areas – central securities depository, repository, collateral management system, payment system and the corporate actions and corporate information centre – had been established by the end of 2015 and continue to function well. In addition, the goal set when the strategy was developed was to increase the assets deposited in the NSD to RUB 30 trln. As of the end of 2015, this indicator stood at RUB 31.7 trln.

### REPOSITORY

Since 1 October 2015, market participants have had to report to the repository on all types of trades in derivatives concluded based on master agreements. Before October 1, only OTC repo and FX swap reporting was mandatory. The transition to more extensive reporting was made as convenient as possible for market participants and passed without any technical deficiencies or complaints from clients or the regulator. This was possible due to preparatory measures arranged with clients.

### COLLATERAL MANAGEMENT

In 2015, market participants were offered the option of tri-party repo transactions with the Federal Treasury, enabling them to make full use of the collateral management advantages of the NSD, including selection of optimum collateral, substitution of securities with other securities accepted by the lender, margin calculation and daily revaluation of securities at market price. As of the end of the year, repo transactions with the Federal Treasury amounted to RUB 9 trln.

### SETTLEMENT SERVICES

The NSD launched an FX payment service combining two transactions (currency buying and selling, and wire transfer), thus reducing the number of instructions and payment documents sold to clients. Settlements became possible using the “delivery against payment” scheme in “central bank money”, i.e., using correspondent accounts of counterparties opened by the Bank of Russia in the settlement system. This settlement model is a generally recognised standard on international financial markets which allows mitigates risks.

### RELIABILITY CONFIRMATION

The NSD implements best risk-management practices and makes use of international experts to conduct international peer reviews. Thomas Murray, a specialist rating agency for infrastructure financial institutions, confirmed the NSD’s rating at AA–, implying a very low risk level, with stable outlook. The assessment of risk management and transparency was upgraded from A+ to AA–.

The NSD conducted an operational audit under the ISAE 3402 international standard. 2015 saw the first audit under ISAE 3402 type II, which includes a large body of research: apart from assessing how the design of control procedures meets control goals, the operational performance of such procedures was also inspected.

### INTERNATIONAL COOPERATION

In June 2015, the NSD signed a memorandum of understanding with China Central Depository and Clearing Co. (CCDC), which services government securities. The

memorandum's ultimate goal is to establish a direct and convenient investor channel between the Russian and Chinese markets. In 2015, the NSD also signed memorandums of cooperation with the Serbian and Greek central depositories to exchange information and maintain regular interaction.

## **CORPORATE ACTIONS REFORM**

Legislation adopted in July 2015 contains key provisions for corporate actions reform in Russia. The changes will help increase protection of local securities holders and reduce costs of involvement in corporate actions. Professional market participants and investors will obtain a single NSD-based source of official information regarding corporate actions; information from this source will be regarded as definitive in all cases.

Key features of the corporate actions reform effective as of 1 July 2016 include:

- A new approach to compiling the list of securities holders;
- A new procedure for exercising rights when corporate events are carried out under the direction of institutions responsible for ownership record-keeping;
- A new right for the central securities depository to set electronic communications formats when rights under securities are exercised;
- New ways to participate in general meetings of securities holders, in particular, e-proxy voting and e-voting;
- Establishment of a corporate data center at the central securities depository.

E-proxy voting allows NSD depositories to receive information regarding meetings of shareholders via messages sent in accordance with the ISO 20022 and 15022 international standards, and then to send voting instructions from their clients. The service has been available since 1 April 2015.

In the nine months following the launch of the service, e-proxy voting was available at 283 corporate meetings, including those of Gazprom, Sberbank, Mosenergo and MIPC. NSD deponents submitted 357 ISO instructions thanks to the innovation. The Exchange began also creating its own e-voting platform in 2015. The platform will provide an opportunity for shareholders to take part in meetings both in person and *in absentia*. Users will be authorized via the Unified System for Identification and Authentication (USIA) used on the State Services Portal. This allows avoiding hard-copy paperwork and personal attendance with all formalities observed. It is expected that e-voting at the Exchange will be launched in 2017.

The use of e-technologies and the ISO 20022 format at meetings of shareholders of Russian issuers increases corporate governance quality by making it simpler for holders to exercise their rights, which eventually may make Russian assets more marketable.

## **2016 Outlook**

The NSD also plans to establish a centralised record-keeping system for units of mutual funds to allow brokers to purchase, redeem and change mutual funds of any asset management companies via a single entry using a two-tier nominee holding scheme.

Under a new reporting model to be introduced at the depository, principal reporting agents will be abolished and powers of attorney will be replaced by electronic applications upon the appointment of reporting agents.

Securities are going to be accepted as collateral under trades on the Standardised OTC Derivatives Market. The NSD's services for optimising collateral portfolios and selecting securities for delivery will be made available to clients. The NSD's tripartite facilities will be used in securities lending.

Plans for 2016 include official accreditation of the NSD price center by the Bank of Russia, introduction of fair value measurements for different classes of financial instruments, and development of a global network for distributing the pricing center's data.

## **2.3 Information products**

### **2015 Results**

#### **2.3.1 INDICES**

##### **STATE-OWNED COMPANIES BENCHMARKS**

In 2015, Moscow Exchange launched a number of indicators designed for different categories of securities market participants, including two new benchmarks of state-owned companies listed in the equities segment: the MOEX State-Owned Companies Index and the MOEX Regulated Companies Index.

- The State-Owned Companies Index includes shares of major Russian companies whose state shareholding is held by the Russian Government.
- The MOEX Regulated Companies Index includes shares of companies included in the register of natural monopolies as approved by the Federal Antimonopoly Service.

The capitalisation-weighted indices are calculated by Moscow Exchange using a total return methodology (inclusive of dividends) based on on-exchange trading prices. Index calculation methodologies are revised annually based on the list of equities recommended by the Ministry of Economic Development and the Federal Agency for Management of Federal Property. The development and launch of new indices is one of the actions taken by the Russian Government to improve the quality and transparency of corporate governance at state-owned companies.

##### **BOND INDICES OF QUOTATION LISTS**

In addition to indices segmented by credit ratings assigned to bond issuers by leading rating agencies, Moscow Exchange has launched indices of corporate and municipal bonds segmented by the Exchange's quotation lists.

##### **UPDATES TO INDICATORS**

- The market indicator of repo with the CC - MOEXREPO – has been updated to include Russian corporate bonds and Eurobonds and extend the range of trades used in calculations.
- The methodology for calculating indices of pension accrual assets has been updated to take into account new regulatory requirements.

#### **2.3.2. ANALYTICAL PRODUCTS**

The Exchange has developed a new analytical service that provides regular reports on the markets, trade structure and various analytical indicators. Moscow Exchange is the exclusive source of this data, designed to boost interest in analytics from large international customers. The research also involves academic researchers, and as a result MOEX expects its data to be used in publications in leading academic journals.

#### **2.3.3 SECURITIES AND ISSUERS DATABASE**

2015 saw the launch of RU DATA, the master database for Russian securities and issuers, which brings together all available information on Russian issuers and their financial instruments for the first time. Another important focus in information services was the development of a system for assessing the fair value of financial instruments as part of the price-discovery centre.

## **2016 Outlook**

Goals for 2016 include a revamp of the platform for calculating indices and indicators, which will elevate the distribution of index data to a qualitatively new level and improve the quality of services provided by the Exchange.

Moscow Exchange plans to create new indices and indicators and further develop existing products to take into account changes to the Russian financial market landscape. MOEX also plans to launch:

- equity indices of SMEs;
- an index of bonds included in the Bank of Russia's Lombard List;
- total return indices;
- an updated zero-coupon yield curve of government securities.

Moscow Exchange expects its benchmarks to become more widely used by international investors and financial market participants following their recognition early in 2016 as compliant with the standards of the International Organisation of Securities Commissions (IOSCO). An international audit of the Exchange's benchmarks confirmed that they fully meet not only Russian but also of international regulatory requirements and best practice, including IOSCO standards. The Exchange's new index-management policy enshrines its commitment to employ best global benchmark calculation practices. Broader use of MOEX's benchmarks will lead to greater liquidity on the Exchange's markets and higher returns from the Exchange's indexing business.

MOEX plans to broaden its offering of information products and create high-speed state-of-the-art data feeds for the most demanding algo traders.

## **2.4 Client service**

### **2.4.1 ACCESS TO MARKETS**

During 2015, Moscow Exchange continued to improve its client services. The Exchange's client-oriented approach has a number of benefits including making trading more convenient and lowering costs.

### **CENTRALISED CUSTOMER REGISTRATION SERVICE**

In 2015, Moscow Exchange undertook large-scale preparatory for the transition to shared client registration across all markets early in 2016. New technology provides trading members with a single universal client code for all of MOEX's markets, removing the need for clients to register separately on each market. One of the Exchange's important strategic goals is to attract new retail investors. Single registration will simplify trading members' communication with the Exchange and make communication more convenient.

### **BATCH CUSTOMER REGISTRATION**

In addition, the Equity & Bond Market has continued to roll out batch client registration early in 2016, enabling the clients to start trading on the day they register. This will be introduced across all of MOEX's other markets in due course. In addition to the ability to open remote broker accounts, batch client registration will significantly reduce the time needed for investors to join the Equity & Bond Market. Future plans include online registration to allow clients to trade on MOEX within as little as 30 minutes after opening an account.

### **DOCUMENT FLOW OPTIMIZATION**

In the past year, the Exchange has continued optimising document management. After simplifying Know Your Client procedures, the Exchange implemented new approaches to documenting technical access and electronic interaction that led to an 18% reduction in the number of documents from clients. This was possible first of all by streamlining the number of contracts concluded and documents required to be submitted.

To improve the quality of client servicing and to upgrade its business processes, the Exchange has launched a number of projects to organise straight-through data processing. This will reduce deadlines for processing client requests and in future increase access to and the reliability and quality of MOEX's services.

### **CUSTOMER ONLINE ACCOUNT**

In terms of client interaction, in 2015 Moscow Exchange focused on developing new services to make trading as convenient as possible. The introduction of personal online accounts for trading members provides clients with a single location for finding information about their status, contracts and technical access, and allow them to register clients on all markets, receive reports, track documents and draw up e-documents independently. The development of e-document acceptance from trading members via this ledger significantly reduces the time clients have to spend on creating such documents, as well as the time the Exchange takes to process them. In addition, shared registration of trading members' clients has been implemented to unify procedures across the Exchange's markets, revamp the client registration system and cut costs for trading members.



## **2.4.2 INFORMATION TECHNOLOGY**

In 2015, the Exchange continued the strategic modernization of enterprise information architecture for its technical platforms.

### **REFACTORIZING AND UPGRADES OF TRADING AND CLEARING SYSTEMS**

In 2015, Moscow Exchange launched a new version of the Spectra derivatives trading system that unlike the previous version includes component segregation. Components in this new version communicate via an ultra-fast IBM LLM message bus. Similarly, MOEX also launched the first version of the ASTS+ system used for the equity and FX markets. ASTS+ is a deeply refactored ASTS as a preparatory step towards a fully modular architecture.

The ultimate goal of the refactoring is to extend the life span of MOEX's trading and clearing infrastructure by some 10 years by using a more flexible, adaptable and scalable architecture. Modular systems are also expected to be far more resilient.

Work in this area will continue in 2016 with the introduction of fully modular Spectra and ASTS designs. These new designs will facilitate autonomous operation of the trading module, which will thus not be affected by any failures in the clearing module.

### **NEW INTEGRATION ARCHITECTURE**

In line with MOEX's strategic focus on an integrated approach to creating new application creation, the Exchange developed and introduced the Exchange Information Fabric (EIF) software platform, which is designed to link together several unrelated systems to create new products and services. Three major technological components of the EIF – Data Grid, Calculation Grid, and Enterprise Service Bus – have already been successfully deployed, and a number of applications (Risk Monitor, Waterfall Calculator and the cross-margining algorithm Cantor) using the EIF Platform have already appeared.

The remaining two components of the base platform, Business Process Management Engine and API Gateway, will be completed in 2016. The pipeline of new EIF-based applications includes pivotal projects such as the Unified Collateral Pool service, a production version of Cross Margining, automated processing of user documentation, a new version of inter-market risk netting, and a Sponsored Access Management Portal.

### **BUSINESS PROJECTS**

In 2015, MOEX rolled out into production new trading systems for the Grain Market and a major upgrade of the equity system for trading Pooled Collateral Repos. The Grain Market system is MOEX's first major cloud-hosted system. Cloud hosting allows MOEX to scale up its infrastructure base in line with business growth. The repo-system rollout is the first major software release that has undergone a full development and quality assurance cycle governed by the Exchange's new software production methodology.

### **MARKET ACCESS**

TWIME, a new binary protocol for the Derivatives Market is now available to Derivatives Market participants. The protocol includes improvements in several critical aspects: it significantly reduces access latency, with much tighter latency variance ("dither"), both features highly valued by high-frequency traders. Unlike other MOEX protocols, TWIME has no client footprint at all, which reduces the Exchange's maintenance costs and prevents access abuse.

## **DATA WAREHOUSING**

In the area of data management, Moscow Exchange has deployed Exadata Database Machine, which has significantly improved end-of-day data processing speeds and created the foundation for building an enterprise data warehouse.

In 2016 MOEX will also continue building its enterprise data model and the extract, transfer, load (ETL) processes to populate it. The primary fields of application for the warehouse are financial and regulatory reporting.

## **SYSTEM RELIABILITY AND RESILIENCY**

Moscow Exchange places great emphasis on the reliability of its trading and settlement infrastructure. To ensure system fault-tolerance, the Exchange has completely changed its network to a segmented topology, replacing many key network components in the process.

MOEX has also introduced a more elaborate and formal software manufacturing process that places high emphasis on early discovery of software defects and innovative software testing methods.

To better manage project flows, finances and resource utilization, MOEX completed several initiatives to measure actual worktime expenditures, a new cost allocation method based on the IT Service Model, a resource management and allocation process and related tools.

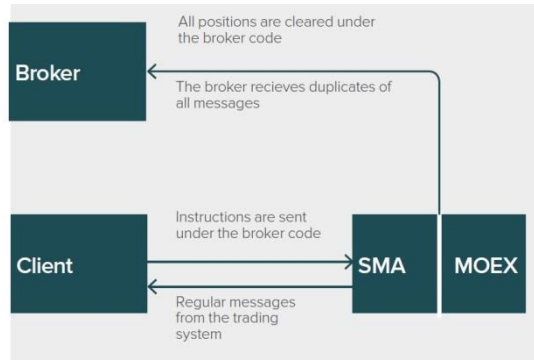
## **INFRASTRUCTURE**

Moscow Exchange has continued the relocation of its primary data center to Dataspace. Servers, data storage and network equipment have been installed and are available for testing, and most participants have already started to deploy their equipment in the co-location zone. The switchover to the new data center is expected in November 2016.

### 2.4.3 DEVELOPMENT OF ACCESS TECHNOLOGIES

The Exchange continues to facilitate services for clients and implement initiatives to improve FX trading opportunities for brokers such as Direct Market Access (DMA), Sponsored Market Access (SMA), and International Clearing Membership (ICM).

#### SPONSORED ACCESS SCHEME

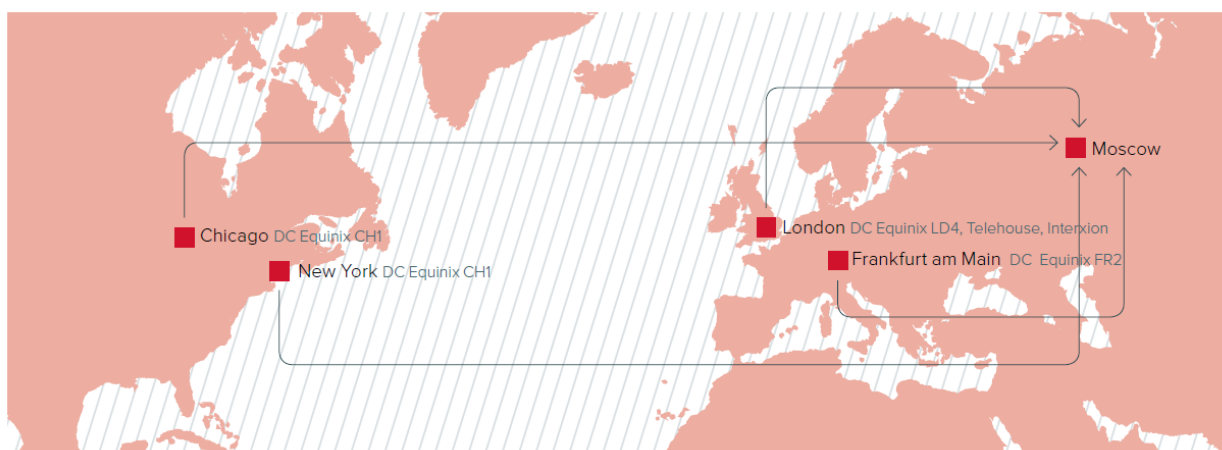


In 2015, the Exchange introduced a new accessibility solution, SMA. In August, SMA was implemented on the ASTS platform, allowing the use of special client logins to access the trading system as part of Sponsored Direct Market Access. With SMA, member firms clients are now able to submit client instructions directly to the trading system, bypassing the broker. Order are made based on the client's instructions while trades are made on behalf of trading members but in the interests of and paid for by clients. SMA is very popular among participants and their clients because it significantly broadens clients' options for building their own high-speed IT infrastructure, increasing their performance on the market. The SMA connection has also increased the client database for information products such as Non-Display licences and derived data licences.

#### 2.4.4 GLOBAL CONNECTION INFRASTRUCTURE TO MOSCOW EXCHANGE

As part of its strategy to expand the geography of its connection points, Moscow Exchange has launched a project to roll out a global infrastructure. For this purpose, the Exchange has partnered with TMX Atrium, an international communications operator providing services in world's major financial centres including Moscow, London, Frankfurt, New York and Chicago.

##### Connectivity to Moscow Exchange



The service is in demand by foreign clients using SMA, as well as by a wide range of telecommunications operators, market data providers and order-management system (OMS) vendors. In future, Moscow Exchange plans to expand the geography of network infrastructure for connections in Europe and Asia.

The point of presence in London (Equinix LD4), in operation since 2012, which had outdated connection settings, was closed in September 2015 after successful completion of customer migration to the new infrastructure.

##### Customer Equipment Deployment

The DataSpace1 data processing centre (DPC) to which Moscow Exchange moved its infrastructure in 2015 has been certified as Tier III Operational Sustainability-Gold by the Uptime Institute, a world-renowned DPC certification entity. A new co-location area has been set up at the DPC, and Moscow Exchange plans to begin deployment of customer equipment in the summer of 2016. The new co-location area provides much more reliable and failsafe infrastructure for Moscow Exchange and significantly higher service quality for high-speed market access.

#### *2.4.5 MOSCOW EXCHANGE COUNCIL AND USER COMMITTEES*

The primary objective of the Moscow Exchange Council is to develop strategic proposals for the development of exchange infrastructure and the Russian financial market.

In 2015, the composition of the Council was modified:

- minimum membership was increased to 15 members, and the maximum to 26 members;
- 15 members are representatives of the top 15 traders based on total trading volume ;
- 11 members are elected on the recommendation of Moscow Exchange from traders, asset management companies, self-regulatory organizations in the financial market, the Bank of Russia, government agencies, depository banks, and subsidiaries of foreign banks.

In December 2015, the Council's new 26-strong membership was approved. Ruben Aganbegyan was elected Chairman, and Sergei Romanchuk as his deputy.

The Council held four meetings in 2015 to discuss:

- actions of the Bank of Russia aimed at maintaining stability and monitoring the Russian financial sector;
- introduction of tools to restore financial stability and CCP loss-sharing in accordance with the new regulatory requirements of the Bank of Russia and international standards;
- approaches to the standardization of clearing services across Moscow Exchange Group markets.

Moscow Exchange continues to serve as a platform for discussing legislative and regulatory requirements and major technological changes with clients.

There are 17 user committees (based on financial market participant groups and issuers) operating under the auspices of Moscow Exchange and the NSD. The committees are advisory bodies of Moscow Exchange. Their main tasks are to prepare proposals for changes to legislation and other regulation, and to review regulatory issues associated with public trading and issue of securities, information disclosure on the securities market, and corporate governance. In addition, they develop proposals for managing trading in securities, improvements in clearing and settlement technology, and expansion of available tools and services.

A number of innovations successfully implemented in 2015 were developed under the aegis of the user committees.

## **2.5 Financial Performance Overview**

### **2.5.1 KEY FINANCIALS**

- Net income increased 74.1% YoY to RUB 27.9 bln;
- Basic earnings per share increased to RUB 12.5 from RUB 7.2;
- Operating income increased 51.3% YoY to RUB 46.0 bln;
- EBITDA increased 68.9% YoY to RUB 36.52 bln;
- The EBITDA margin was 79.4% vs. 71.1% in 2014;
- Operating expenses grew by 8.7% YoY to RUB 11.3 bln, well below Russia's average rate of inflation in 2015.

### **2.5.2 FINANCIAL PERFORMANCE IN 2015**

*Operating revenue* grew by 51.3% YoY (to RUB 46.0 bln) due to the following factors: (1) fee and commission revenue growth (up 14.1% YoY) in the FX, Money and Bonds Markets, (2) interest income growth due to higher interest rates, and (3) increased value of the securities portfolio.

#### **Equity & Bond Market**

Fee and commission income in the Equity Market declined 7.0% YoY to RUB 1.64 bln. Total trading volumes in 2015 were RUB 9.40 trn, down 8.6% YoY. The Equity Market's total capitalisation as of year end 2015 was RUB 28.8 trn (USD 393.2 bln).

Fee and commission income from the Bond Market increased by 14.3% YoY to RUB 1.18 bln, mainly driven by solid primary placements. Issuance of government bonds (OFZs) grew by 359.3% YoY, while placements of corporate bonds set a new record of RUB 2.0 trn (up 5.2% YoY). Total trading volumes in 2015 reached RUB 11.2 trn, up 5.2% YoY. Listing and other services fees increased 28.6% to RUB 451.5 mln.

#### **FX Market**

Fee and commission income from the FX Market increased 27.0% YoY to RUB 4.3 bln. Trading volumes in the FX Market totalled RUB 310.8 trn, up 36.0% YoY. Due to elevated FX rate volatility, spot trading volumes rose 32.8% YoY, while swap trading volumes increased 37.6% YoY on the back of continued demand for liquidity-management products.

#### **Money Market**

Fee and commission income from the Money Market grew by a solid 19.8% YoY to RUB 3.9 bln thanks to an increase in average repo trades maturity from 5.0 to 6.6 days. Total trading volumes, including repo transactions and the deposit and credit market, grew 4.6% YoY to RUB 213.8 trn. Repo with the CCP continued to increase rapidly and grew 2.7 times YoY. Repo with the CCP accounted for 36.9% of total repo transactions (RUB 78.9 trn).

#### **Derivatives Market**

Fee and commission income from the Derivatives Market declined by 10.1% YoY to RUB 1.5 bln. Trading volumes in contract terms increased 17.4% YoY and amounted to 1.7 bln contracts with a total value of RUB 93.7 trn, largely driven by FX derivatives. Open interest reached RUB 590.0 bln as of year-end 2015, a 29.0% YoY increase.

### **Depository and Settlement Services**

Fee and commission income from depository and settlement services increased 8.7% to RUB 3.5 bln. The volume of assets on deposit at the NSD increased to RUB 31.69 trn as of 31 December 2015 from RUB 24.94 trn at the end of 2014, and averaged RUB 29.08 trn for 2015.

### **Other Fee and Commission Income**

Other fees and commissions increased by 41.9% and amounted to RUB 1.37 bln. The biggest contributors to this line were revenue from the sale of market data and information services (RUB 688.4 mln, up 57.8%), and revenue from the sale of software and technical services (RUB 526.7 mln, up 6.2%).

### **Interest and Other Financial Income**

Interest and other finance income increased 96.7% YoY to RUB 28.1 bln due to a significant increase in funds available for investments (daily average of RUB 1.1 trn in 2015 compared to RUB 700 bln in 2014) and higher interest rates in Russia.

### **Expenses**

Operating expenses grew by 8.7% YoY to 11.3 bln in 2015. Strict expenses control allowed the Moscow Exchange to maintain the expenses growth at the level below inflation for the third year running. Operating expenses grew by 8.7% YoY to 11.3 bln in 2015, well below the Russian inflation rate. Administrative and other expenses grew by 10.3% YoY to RUB 5.5 bln, mostly due to growth in amortisation of intangible assets and equipment and maintenance of intangible assets. Personnel expenses grew by 7.2% YoY to RUB 5.8 bln in 2015. CAPEX in 2015 was RUB 2.5 bln, including RUB 2.1 bln for the purchase, development and upgrading of hardware and software.

### **Cash and Cash Equivalents**

Moscow Exchange's cash position<sup>1</sup> at year end 2015 amounted to RUB 79.0 bln. The Exchange had no debt as of 31 December 2015. Higher trading volumes on the FX, Bonds and Money Markets, as well as increased interest income coupled with strict cost control, helped the Exchange to deliver record financial results.

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<sup>1</sup> Cash position is calculated as the sum of cash and cash equivalents due from financial institutions, investments available for sale and financial assets at fair value minus balances of market participants, distributions payable to holders of securities and loans payable.

### 3. Corporate Governance

#### 3.1 Corporate governance system

**Moscow Exchange Group** manages the only multifunctional exchange platform in Russia for equities, bonds, derivative instruments, currencies, money market instruments and commodities. The Group includes the central securities depository (National Settlement Depository), and a clearing centre (NCC Clearing Bank), performing the functions of central counterparty across all markets. Thus, Moscow Exchange renders the full spectrum of trading and post-trading services to its clients.

Moscow Exchange was formed in December 2011 as a result of a merger between Russia's two main exchange groups - MICEX Group (established in 1992) and RTS Group (established in 1995). This combination created a vertically integrated public trading market across most major asset classes that was named Moscow Exchange. Moscow Exchange held the initial public offering of its shares on 15 February 2013 (ticker MOEX).

Since Moscow Exchange's IPO, its senior managers have been continuously perfecting the Company's corporate governance procedures, with the aim of taking its rightful place among global trading venues

Moscow Exchange's corporate governance system was created in accordance with the requirements of the laws regulating Moscow Exchange as an organiser of trading, the listing rules regulating the Moscow Exchange as an issuer whose securities are admitted to trade, and taking into account the model Corporate Governance Code issued by the Bank of Russia, the OECD corporate governance principles and the best international practices in the field of corporate governance.

Moscow Exchange's corporate governance system is an efficient tool that protects the legitimate rights and interests of all Moscow Exchange shareholders and the users of its services. A Risk Management and Internal Control System was also created and is being developed, based on state-of-the-art procedures that cover every aspect of Moscow Exchange's operations.

In 2014, the Bank of Russia recognised the Moscow Exchange, jointly with the National Settlement Depository (NSD) and the NCC Clearing Bank as systematically important financial institutions.



### *3.1.1 THE EXCHANGE'S ROLE IN SHAPING THE REGULATORY FRAMEWORK*

Moscow Exchange aims to be a model company in the effective application of the principles established in the Corporate Governance Code for all issuers whose shares are listed on Moscow Exchange.

Moscow Exchange's management has been actively involved in improving the regulatory framework in the field of corporate governance.

An important step in the development of the Russian stock market was the listing reform carried out by the Exchange, which simplified the system of quotation lists to bring it much closer to international standards, and increased the requirements for Russian issuers in terms of the quality of corporate governance.

The main innovations introduced through the listing reform include heightened requirements for Russian companies in terms of the quality of corporate governance in accordance with the new Corporate Governance Code adopted by the Bank of Russia in the spring of 2014. The first two years following the start of the reform are a transitional period during which issuers are to bring their securities and operations into line with the new requirements; after that period, the securities of any non-compliant issuers may be downgraded in listing level.

Jointly with market participants and the Regulator, Moscow Exchange developed a new system of corporate actions based on current international standards to ensure a clear framework for the participation of both Russian and international investors in corporate actions.

### 3.1.2 MOSCOW EXCHANGE CORPORATE GOVERNANCE MODEL AND PRACTICE IN BRIEF

Moscow Exchange's current corporate governance system reflects its unique position as one of the largest Russian public companies included in the MSCI Russia Index (Bloomberg MXRU). The Bank of Russia is a Moscow Exchange shareholder and the financial markets regulator, while Moscow Exchange, as an infrastructure operator of the market, establishes binding rules for all other issuers.

Accordingly, the Federal Law on Organised Trading (hereinafter, the Law) establishes additional requirements for the management bodies and founders (participants) of the market operator, in particular that:

- 1) members of the Supervisory Board must meet the requirements for professional experience and business reputation;
- 2) members of the executive bodies must meet the requirements for professional experience, reputation and expertise, and they must be approved by the regulator, i.e. the Bank of Russia;
- 3) those founders (participants) who own more than 5 per cent of the authorised capital of Moscow Exchange may not include legal entities whose financial licence has been cancelled (withdrawn) for any violation or who are registered in offshore jurisdictions, or individuals who do not meet the business reputation requirements.

Additional requirements have also been established for the heads of branches, the Chief Accountant, the Head of the Risk Management Department, the Head of the Internal Audit Service, the Head of the Internal Control Service, the Head of the department in charge of trading.

In 2015, the following amendments were introduced in the Law:

- 1) the Chairman of the Executive Board must be elected by the Supervisory Board of the Exchange;
- 2) the competence of the Supervisory Board must additionally include the approval of the head of the Internal Audit Service and the work plan of the Internal Audit Service;
- 3) issues related to the reporting, appointment and dismissal of the Head of the Internal Audit Service are withdrawn from the remit of the Supervisory Board and transferred to the remit of the Chairman of the Executive Board.

Corresponding changes will be duly introduced into Moscow Exchange's Charter and other internal regulations. Note that some of the above provisions of the Law contain stipulations that distinguish the corporate governance system of Moscow Exchange as a market operator from the principles and recommendations of the model Corporate Governance Code issued by the Bank of Russia.

Since the shares in Moscow Exchange are admitted to trading and kept in the quotation list of the first (highest) level, the following actions were taken in 2015 in order to comply with the corporate governance requirements set out in the Listing Rules of ZAO MICEX Stock Exchange (hereinafter, the Listing Rules):

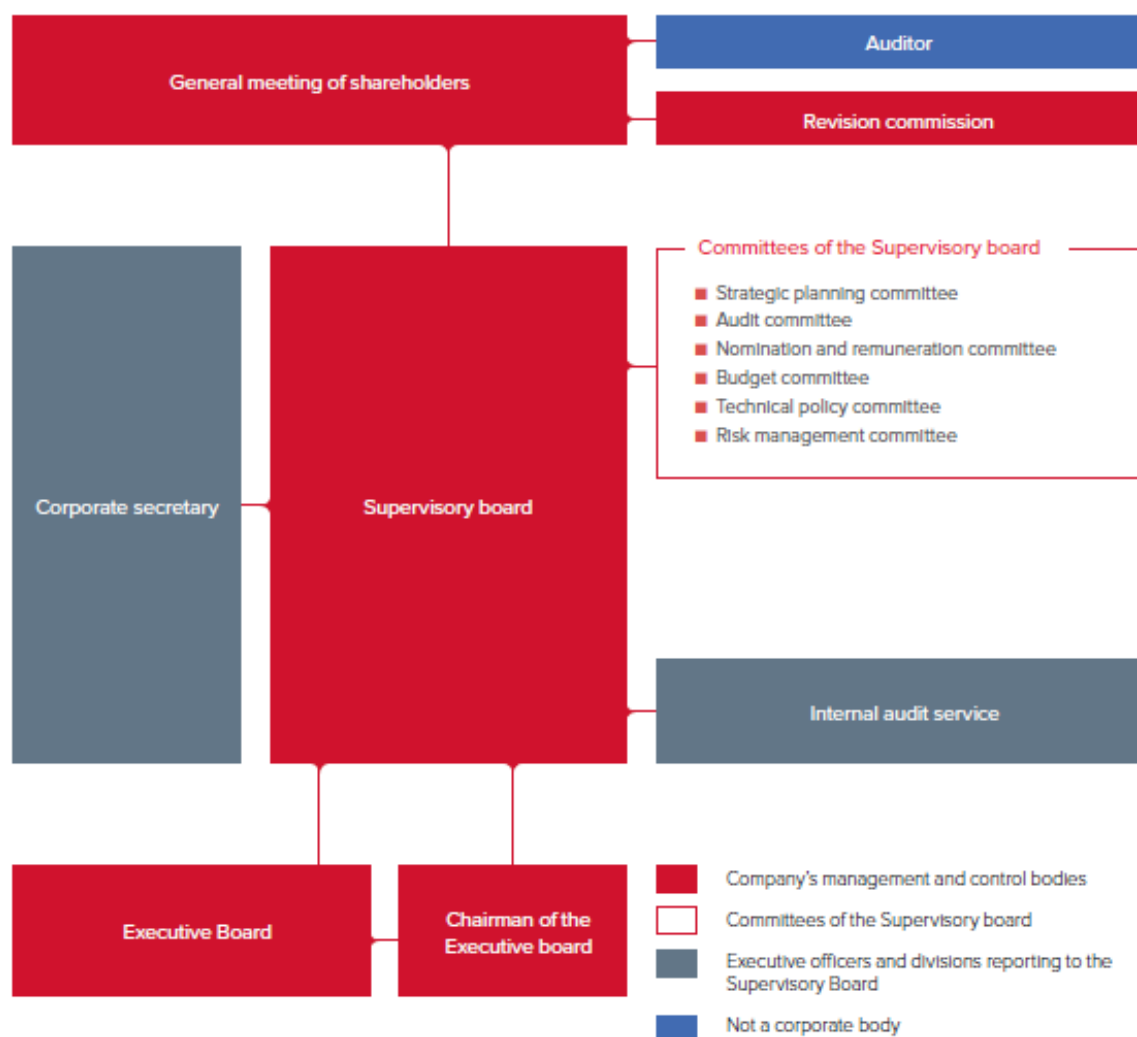
- 1) Five independent directors were elected to the Supervisory Board;
- 2) Independent directors meet the independence criteria established by the Listing Rules;
- 3) The Audit Committee consists only of the independent members of the Supervisory Board;
- 4) Regulations on the Corporate Secretary were adopted in line with the Listing Rules;
- 5) The Director of the Corporate Governance Department of the Exchange was appointed the Corporate Secretary;
- 6) The Exchange's Dividend Policy was approved;
- 7) The Head of the Internal Audit Service was made accountable to the Supervisory Board and will be appointed and dismissed by the Supervisory Board. The purposes,

objectives and powers of the Internal Audit Service are set forth in the regulations approved by the Supervisory Board;

8) A provision was introduced into Moscow Exchange's Charter stating that the notice of the Annual General Meeting of Shareholders must be announced no later than 30 days before the meeting;

9) A provision was introduced into the Regulations on the General Meeting of Shareholders stating that the date for compiling the list of people entitled to participate in the meeting must be disclosed at least seven days prior to said date.

### 3.1.3 CORPORATE GOVERNANCE STRUCTURE



### 3.1.4 GENERAL MEETING OF SHAREHOLDERS

Moscow Exchange's General Meeting of Shareholders is the Company's supreme governing body. General meetings adopt resolutions on strategic issues. The scope of questions related to the terms of reference of General Meetings of Shareholders is determined by the Federal Law on Joint Stock Companies and the Exchange's Charter.

Moscow Exchange's Annual General Meeting of Shareholders was held on 28 April 2015 (two months earlier than the generally accepted practice). This allowed Moscow Exchange to improve the efficiency of its interactions with its shareholders and advisory companies on voting matters, and to adopt the following decisions early:

- approving Moscow Exchange's annual report for 2014;
- approving a new edition of Moscow Exchange Charter subject to amendments in the legislation and in the field of corporate governance;
- adopting new editions of the Company's Provisions on the General Meeting of Shareholders and the Supervisory Board;
- approving the compositions of the Supervisory Board and the Revision Commission;
- approving a new edition of the Regulations on Remuneration and Reimbursement of Members of the Supervisory Board of the Exchange and making decisions on the payment of remuneration to the members of the Supervisory Board and the Revision Commission for 2014;
- approving transactions with Moscow Exchange's subsidiaries and regular business partners that are, in accordance with the current legislation, interested-party transactions;
- approving Ernst & Young Vneshaudit, representing one of the world's largest international accounting firms, as the company's auditor for 2015;
- adopting a resolution on profit distribution and dividend payments for 2015, with the dividend amount standing at RUB 3.87 per ordinary share.

### 3.1.5 ROLE OF THE SUPERVISORY BOARD

The Supervisory Board is a key component of the corporate governance system that generally manages the activities of Moscow Exchange.

The Supervisory Board is accountable to the General Meeting of Shareholders, and the members of the Supervisory Board are elected by the General Meeting, and their powers may be terminated at any time by the General Meeting.

Members of the Supervisory Board take part in the Annual General Meeting of Shareholders. The Chairman of the Supervisory Board presides at Annual General Meetings of Shareholders, where any shareholder may ask questions or address the Chairman. In addition, any Moscow Exchange shareholder may speak on agenda items or address the Chairman of the Supervisory Board, which ensures the necessary degree of objectivity in considering the agenda.

When developing Moscow Exchange's strategy, the Supervisory Board takes into account the shareholders' vision for the development of the Company. The Supervisory Board considers appeals filed by shareholders and investors and, if necessary, gives appropriate instructions to senior managers.

The terms of reference for the Supervisory Board are established in the Charter and are clearly separate from those of the executive bodies of the Exchange responsible for the current management of the Exchange. In particular, the Supervisory Board:

- determines the Exchange's vision, mission and strategy;
- is responsible for the strategic management and long-term sustainable development of the Exchange;
- establishes the Exchange's strategic goals and key performance indicators.

The Supervisory Board's work schedule was approved in December 2014 and confirmed at the first meeting of the newly elected Supervisory Board held after the Annual General Meeting of Shareholders. The work schedule includes Moscow Exchange's main activities, which are correlated with the Company's strategic planning cycle and existing business cycles. In preparing the work schedule, the suggestions of members of the Supervisory Board and of senior managers on priority issues were taken into account.

The agenda of each in person meeting of the Supervisory Board includes three to five substantive matters for decision-making and management reports. Matters related to the implementation of priority projects, operational continuity, budget performance and orders of the Supervisory Board are considered as frequently as required.

In-person meetings of the Supervisory Board are those where all directors are present, and such meetings are generally held in Moscow. The first meeting of the newly elected Supervisory Board takes place in person, generally on the same day that the General Meeting of Shareholders elects the new Supervisory Board.

Information on the activities of the Supervisory Board, including its members, meetings and committees, is disclosed on the official website of the Exchange in the form of press releases and statements of material facts, as well as in Moscow Exchange's annual reports, which ensures that information related to the Supervisory Board is transparent.

### 3.1.6 STRUCTURE AND MEMBERSHIP OF THE SUPERVISORY BOARD

The Supervisory Board consists of 15 members. The 2015 Annual General Meeting of Shareholders decided to reduce the number of members of the Supervisory Board to 12 starting from 2016.

The Supervisory Board is managed and administered by the Chairman the Supervisory Board, who is elected by the members of the Supervisory Board from among themselves, by a majority vote of the members of the Supervisory Board participating in the meeting when the election takes place.

For preliminary consideration and preparation of recommendations on the most important matters, the Supervisory Board set up the following committees:

- The Strategy Planning Committee;
- The Audit Committee;
- The Nomination and Remuneration Committee;
- The Budget Committee;
- The Technical Policy Committee; and
- The Risk Management Committee.

The committees are formed annually from among the members of the Supervisory Board. Additional IT experts are invited to participate in the Technical Policy Committee. Each committee includes independent directors.

Members of the Supervisory Board are experienced professionals who are able to implement Moscow Exchange's strategy. They are experts in financial market infrastructure, the international industry of organised trading, financial information technologies, operational and financial risk management, financial reporting and budgeting processes. They also have competencies in personnel management and current approaches to incentivising top management.

After the 2015 Annual General Meeting of Shareholders, the Supervisory Board included five independent directors who met all the criteria of independence as set forth in the Listing Rules (no relations with the Company, major shareholders, major competitors or counterparties or with the government), nine non-executive directors and the Chairman of the Executive Board of the Exchange.

Moscow Exchange has no information on a conflict of interest (related also to the membership in management bodies of Moscow Exchange's competitors) of members of the Supervisory Board and the Executive Board.

No	Supervisory Board members as of 1 January 2015	Supervisory Board members elected on 28 April 2015	
<i>Independent directors</i>			
1	Bratanov, Mikhail Valeryevich	1	Bratanov, Mikhail Valeryevich
2	Wang Yuan	2	Wang Yuan
3	Karachinsky, Anatoly Mikhailovich	3	Karachinsky, Anatoly Mikhailovich
4	Riess, Rainer	4	Riess, Rainer
		5	Sharonov, Andrey Vladimirovich
<i>Non-executive directors</i>			
5	Beattie, Nicola Jane	6	Beattie, Nicola Jane
6	Glodek, Sean	7	Glodek, Sean

7	Golikov, Andrey Fedorovich	8	Golikov, Andrey Fedorovich
8	Goreglyad, Valeriy Pavlovich	9	Goreglyad, Valeriy Pavlovich
9	Zlatkis, Bella Ilyinichna	10	Zlatkis, Bella Ilyinichna
10	Denisov, Yuriy Olegovich	11	Denisov, Yuriy Olegovich
11	Kozlov, Sergey Alexandrovich	12	Kudrin, Alexey Leonidovich
12	Kudrin, Alexey Leonidovich	13	Lykov, Sergey Petrovich
13	Lykov, Sergey Petrovich	14	Shershun, Kirill Yevgenyevich
14	Shershun, Kirill Yevgenyevich		
<i>Executive Director</i>			
15	Afanasiev, Alexander Konstantinovich	15	Afanasiev, Alexander Konstantinovich

Women comprise 20% of the members of the Supervisory Board.



**MEMBERS OF THE MOSCOW EXCHANGE'S SUPERVISORY BOARD ELECTED BY THE ANNUAL GENERAL MEETING ON 28 APRIL 2015<sup>2</sup>**



**Alexey Leonidovich KUDRIN, Chairman**

Date/place of birth: 12 October 1960, Dobeles, Latvia (USSR).

Alexey Kudrin graduated from Leningrad State University in 1983. Specialisation: Political Economy.

He also received a degree in Economics.

From 2007 until 2011, he served as the Deputy Prime Minister and the Minister of Finance of the Russian Federation.

Since 2011, he has been the Dean of the Faculty of Liberal Arts and Sciences at St. Petersburg State University.

He is the Deputy Chairman of the Supervisory Board at Sberbank of Russia, Chairman of the Civil Initiatives Committee, and a member of the Board of Directors at the New Economic School.

He was first elected to the Exchange's Supervisory Board on 26 June 2014.

He does not own any shares in Moscow Exchange.

He reported no transactions involving shares of Moscow Exchange in 2015.



**Andrey Fedorovich GOLIKOV, Deputy Chairman**

**Chairman of the Nomination and Remuneration Committee, member of the Strategy Planning; Budget and Technical Policy Committees.**

Date/place of birth: 14 March 1969, Volzhskiy, Volgograd Oblast

Andrey Golikov graduated from Lomonosov Moscow State University, Department of Mechanics and Mathematics

He held various positions, from 2009 to 2011, at Sberbank, including the Head of the Treasury and Financial Markets, and as member of the Executive Board.

He is a member of NCC Clearing Bank's Supervisory Board.

He was first elected to the Exchange's Supervisory Board on 24 April.

He does not own any shares in Moscow Exchange.

He reported no transactions involving shares of Moscow Exchange in 2015.

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<sup>2</sup> Information as of 31 December 2015. Professional background information is provided for the last five years.



**Alexander Konstantinovich AFANASIEV**

Date/place of birth: 12 January 1962, Moscow.

Alexander Afanasiev graduated from the Moscow Financial Institute in 1984. Specialisation:: International Economic relations.

He has a degree in Economics

From 1998 to 2011 he served as the Deputy Chairman of the Management Board at Bank WestLB Vostok, a subsidiary of the German banking group WestLB AG.

Since 2012 he has been serving as the CEO of Moscow Exchange.

He is a member of NCC Clearing Bank's Supervisory Board, a member of NSD Supervisory Board, and a member of the Management Board at the Russian Union of Industrialists and

Entrepreneurs.

He was first elected to the Exchange's Supervisory Board on 25 June 2013.

He does not own any shares in Moscow Exchange.

He reported no transactions involving shares of Moscow Exchange in 2015.

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**Nicola Jane BEATTIE**

**Chairwoman of the Strategic Planning Committee.**

Date/place of birth: 23 January 1966, Cobham, Surrey, UK.

She graduated in 1985 from Gilford Technical College, Gilford, Surrey, UK. In 1988, she received a BSc Honours degree from Birkbeck College, University of London.

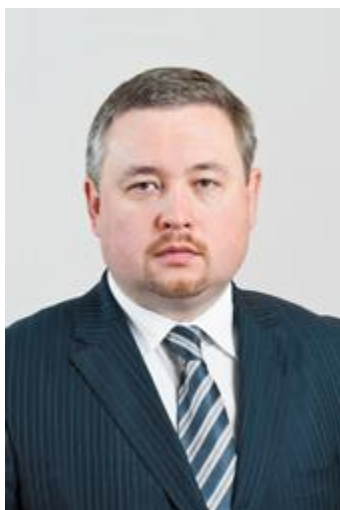
Since 2008, she has been heading Market Structure Partners as the founder of the organisation.

Since 2012, she has been a member of Regulatory Decisions Committee of the Financial Conduct Authority.

She was first elected to the Exchange's Supervisory Board on 20 June 2012.

She does not own any shares in Moscow Exchange.

She reported no transactions involving shares of Moscow Exchange in 2015.



**Mikhail Valeryevich BRATANOV, independent director**

**Chairman of the Budget Committee, member of the Audit Committee, Nomination and Remuneration Committee and the Technical Policy Committee.**

Date/place of birth: 16 May 1973, Dolgoprudny, Moscow Oblast.

In 1996, he graduated from the Moscow State College of Electronic Equipment with a specialisation in Automation and Information Technology in Technical Systems and in Management. In 2011, he received an Executive Master of Business Administration degree from the SKOLKOVO Moscow School of Management. In 2014, he received a Dip IoD Certificate from the Institute of Directors (UK).

He holds a PhD in Economics.

Since 2007 he has been serving at ROSBANK as the Head of Societe Generale Securities Services Russia and CIS, and also as the Director of the Depository Department.

He is a member of the Professional Association of Registrars, Transfer Agents and Depositories (PARTAD).

He was first elected to the Exchange's Supervisory Board on 19 May 2011.

He does not own any shares in Moscow Exchange.

He reported no transactions involving shares of Moscow Exchange in 2015.

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**Yuan WANG, independent director.**

**Member of the Strategic Planning Committee and Audit Committee**

Date/place of birth: 17 February 1951, Beijing, China

She graduated from Shanxi University in 1986 with a Bachelor of Arts degree. In 1987, she received a Master of Science degree from the University of Bradford, with a specialisation in Developing Economies. In 1998, she received an MBA from the China Europe International Business School.

She also holds an Honorary Doctor of Science degree.

From 2006 to 2014, she worked at the China Development Bank Corporation.

She was first elected to the Exchange's Supervisory Board on 26 June 2014.

She does not own any shares in Moscow Exchange.

She reported no transactions involving shares of Moscow Exchange in 2015.



**Sean GLODEK**

**Member of the Strategic Planning and Budget Committees**

Date/place of birth: 17 July 1971, Warsaw, Poland.

He graduated from Stanford University in 1996 with a BA in Economics, and he also received an MBA from Stanford in 2004.

Since 2011, he has been the Deputy General Director and a member of the Management Board at Russian Direct Investment Fund.

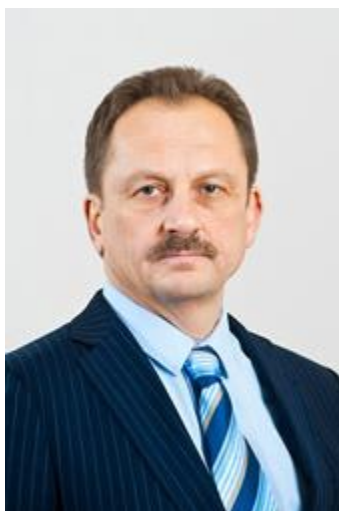
He is a member of the Supervisory Board at NSD.

He was first elected to the Exchange's Supervisory Board on 25 June 2013.

He does not own any shares in Moscow Exchange.

He reported no transactions involving shares of Moscow Exchange in 2015.

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**Valeriy Pavlovich GOREGLYAD**

**Member of the Budget Committee and the Risk Management Committee.**

Date/place of birth: 18 June 1958, Glusk urban settlement, Glusk District, Mogilev Oblast

He graduated from the Moscow Aviation Institute in 1981 with a Mechanical Engineering Qualification (Aircraft Production)

He holds a Doctor of Science degree in Economics.

From 2010 to 2013, he served as the Deputy Chairman of the Account Chamber of the Russian Federation. Since 2013, he has been the Chief Auditor of the Bank of Russia.

He is a Professor at the Higher School of State Audit at Moscow State University.

He was first elected to the Exchange's Supervisory Board on 26 June 2014.

He does not own any shares in Moscow Exchange.

He reported no transactions involving shares of Moscow Exchange in 2015.



**Yuriy Olegovich DENISOV**

**Chairman of the Risk Management Committee and the Strategic Planning Committee.**

Date/place of birth: 31 May 1970, Moscow

He graduated from the Moscow State Institute of International Relations in 1983 with a qualification in International Economic Relations.

From 2010 to 2013, he was the Executive Board Deputy Chairman at Moscow Exchange.

Since 2008, he has been a member of the Supervisory Board at NCC Clearing Bank.

He was first elected to the Exchange's Supervisory Board on 25 June 2013.

He does not own any shares in Moscow Exchange.

He reported no transactions involving shares of Moscow Exchange in 2015.

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**Bella Ilyinichna ZLTKIS**

**Member of the Nomination and Remuneration Committee.**

Date/place of birth: 5 July 1948, Moscow

She graduated from the Moscow Finance Institute in 1970 with a specialisation in Finance and Credit.

She holds a PhD in Economics.

She has been serving as the Deputy Chairwoman of Sberbank's Executive Board for more than 10 years. Earlier, she held a post at the Ministry of Finance for more than 30 years.

Since 2011, she has been a member of NSD's Supervisory Board, and is currently the Chairwoman.

She was first elected to the Exchange's Supervisory Board on 19 May 2011.

She does not own any shares in Moscow Exchange.

She reported no transactions involving shares of Moscow Exchange in 2015.





**Anatoly Mikhailovich KARACHINSKY**

**Chairman of the Technical Policy Committee**

Date/place of birth: 12 July 1959, Moscow

He graduated from the Moscow Institute of Railroad Transport Engineering in 1981 with a specialisation in Computer Science.

He is currently the Chairman of the Governing Board at IBS.

He chaired the Supervisory Board of the IBS Group for more than 10 years. He is the Chairman of the Supervisory Board at Luxoft Holding Inc, the Chairman of the Board of Directors at NewspaperDirect Inc (Canada), the Chairman of the Supervisory Board at Medialogia and a member of the Executive Board at the

Russian Union of Industrialists and Entrepreneurs.

He was first elected to the Exchange's Supervisory Board on 20 June 2012.

He does not own any shares in Moscow Exchange.

He reported no transactions involving shares of Moscow Exchange in 2015.

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**Sergey Petrovich LYKOV**

Date/place of birth: 12 December 1952, Mitishi, Moscow Oblast

He graduated from the Moscow Finance Institute in 1975 with a qualification in International Economic Relations.

He holds a PhD in Economics.

Since 2007, he has been serving as the Deputy Chairman of the Executive Board at Vnesheconombank.

Since 2009, he has been a member of the Supervisory Board at NCC Clearing Bank, and he currently serves as the Chairman.

He was first elected to the Exchange's Supervisory Board on 20 May 2004.

He does not own any shares in Moscow Exchange.

He reported no transactions involving shares of Moscow Exchange in 2015.



**Rainer RIESS, independent director**

**Chairman of the Audit Committee, member of the Risk Management Committee and Strategic Planning Committee.**

Date/place of birth: 20 January 1966, Darmstadt, Germany

He graduated from the University of Miami in 1993 with an MBA, and he received a Master of Economics degree in 1994 from Wolfgang Goethe University (Frankfurt).

From 1995 to 2013, he served as the Managing Director at Deutsche Börse AG.

From 2008 to 2013, he served as the Deputy Chairman of the Frankfurt Stock Exchange Management Board.

He is a managing partner and the owner of Addwis GmbH (Frankfurt), and he is also the Director General at the Federation of European Securities Exchanges AISBL (FASE).

He was first elected to the Exchange's Supervisory Board on 25 June 2013.

He does not own any shares in Moscow Exchange.

He reported no transactions with the shares of the Moscow Exchange in 2015.



**Andrey Vladimirovich SHARONOV, independent director**

**member of the Nomination and Remuneration Committee.**

Date/place of birth: 11 February 1964, Ufa

He graduated from the Ufa Aviation Institute (Engineering) in 1986 and from the Russian Academy of State Service under the President of the Russian Federation (Jurisprudence) in 1996.

Beginning in 2010, he spent three years as the Deputy Mayor for Economic Policy in the Moscow City Government.

Since 2013, he has been the Rector at the SKOLKOVO Moscow School of Management.

He is the Chairman of the Supervisory Board at MC NefteTransService LLC, a member of the Supervisory Board at VTB Bank, a member of the Board of Directors at NOVATEK, a member of the Board of Directors at Sovcomflot.

He was first elected to the Exchange's Supervisory Board on 28 April 2015.

He does not own any shares in Moscow Exchange.

He reported no transactions with the shares of the Moscow Exchange in 2015.



### Kirill Yevgenyevich SHERSHUN

Date/place of birth: 18 May 1962, Moscow

He graduated from the Moscow Institute of Finance in 1984 with a degree in Finance and Credit.

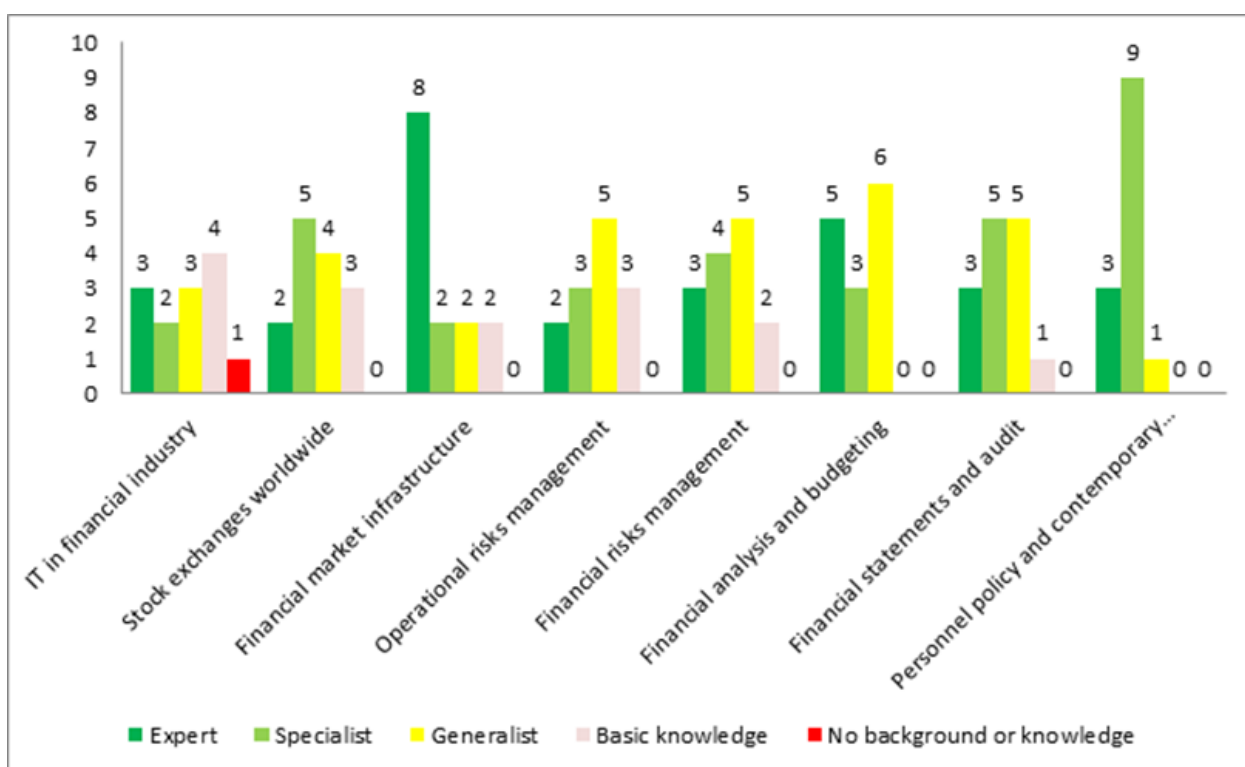
In 1990, he joined Centro Credit Joint Stock Commercial Bank, he has been serving there as the First Deputy Chairman of the Management Board since 2001.

He was first elected to the Exchange's Supervisory Board on 16 May 1995.

He does not own any shares in Moscow Exchange.

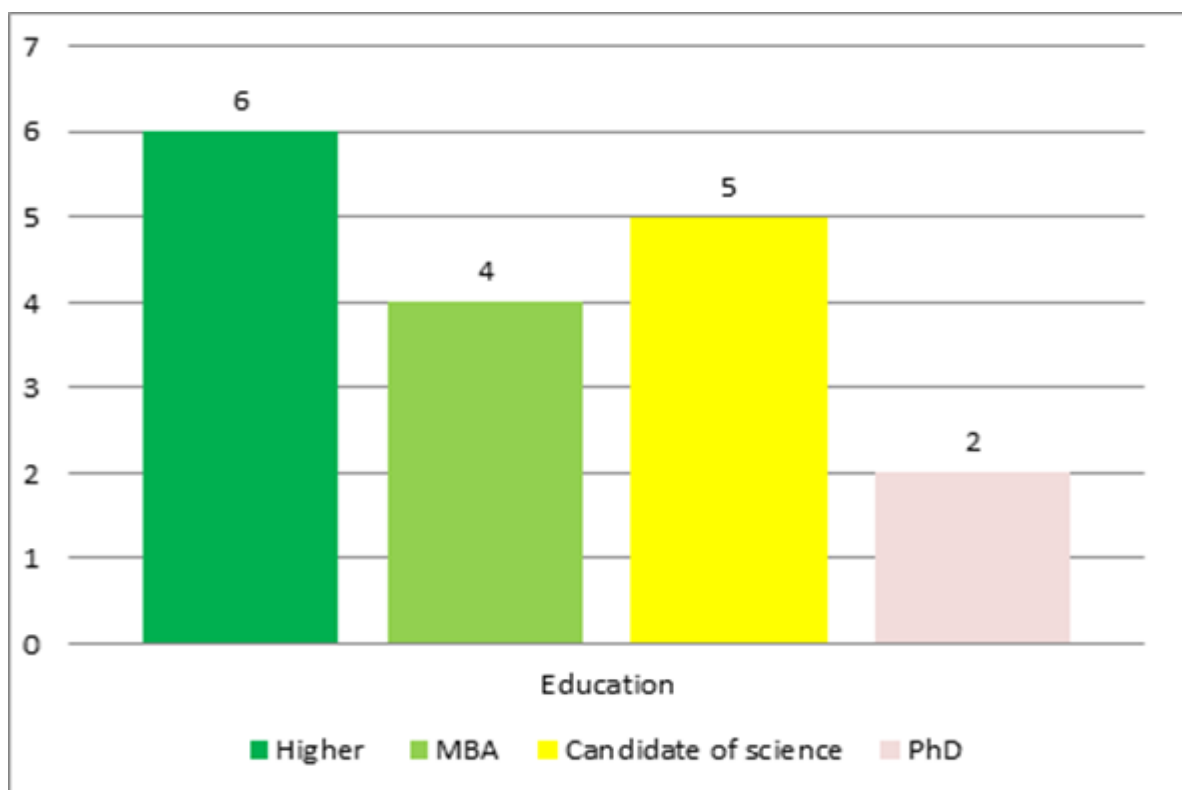
He reported no transactions with the shares of the Moscow Exchange in 2015.

### Supervisory Board members' competencies

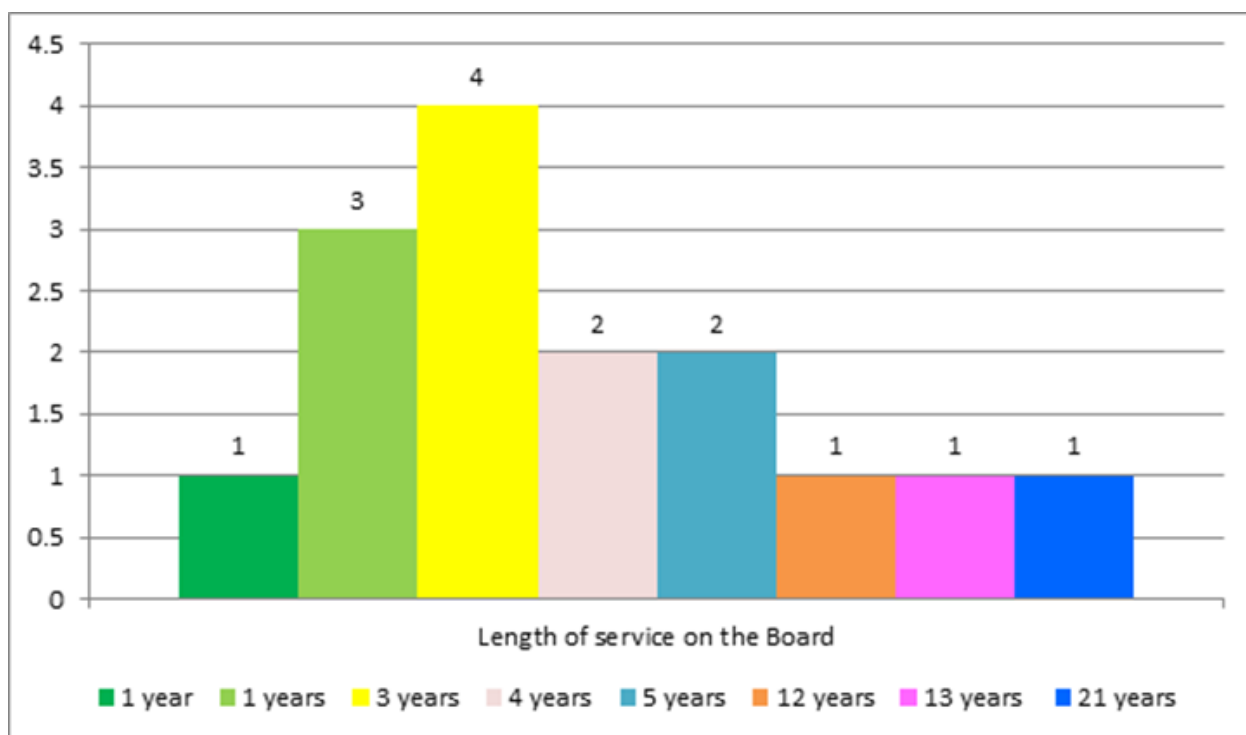




### Supervisory Board members' educational background



### Length of service on the Supervisory Board



The cumulative length of service of all members is 83 years.

### *3.1.7 REVISION COMMISSION*

This Revision Commission is elected at the Annual General Meeting of Shareholders (AGM). According to current legislation, it performs an oversight function with regard to Moscow Exchange's financial and business operations, and it assesses the accuracy of information to be provided in annual reports and included in the company's annual financial statements under Russian accounting standards. The Commission comprises three members.

The Commission members elected by the AGM on 28 April 2015 were:

1. Vladislav Zimin;
2. Olga Romantsova; and
3. Vyacheslav Ulupov.

### 3.1.8 INTERNAL CONTROL FUNCTION

In order to improve the Group's overall efficiency and performance and to further enhance its asset management and risk management frameworks, the Group has established a multilevel internal control function, which is a system of management bodies and internal oversight functions that ensures that business processes are conducted in compliance with Russian laws and the Group's constitutive documents and internal regulations.

Internal control functions are exercised by: the Revision Commission, the external auditor (audit firm), the Internal Control Service, the Supervisory Board's Audit Committee and the supervisory and management bodies, including the Supervisory Board, the Executive Board and the Chairman of the Executive Board.

The Supervisory Board participates in shaping the internal controls through: approval of internal regulations governing internal control processes, including those related to internal audit; identification of internal control and risk management principles and approaches; review and evaluation of the Risk Management System; appointment and dismissal of the head of the Internal Audit Service; regular review of reports from the Internal Audit Service; approval of the Internal Audit Service's action plan; and authorisation of ad hoc audits and inspections.

In order to create an effective system for the internal control, monitoring and improvement of internal audit procedures, the Audit Committee of the Supervisory Board and the Risk Management Committee were created, whose main purpose is to ensure the effective work of the Supervisory Board in governing issues related to monitoring the reliability and efficiency of the risk management, internal control and corporate governance functions, as well as the financial and business activities.

The Internal Audit Service is functionally independent from the executive bodies, and it exercises internal control functions by assessing the reliability and effectiveness of the risk management and internal control system (including financial and economic control), as well as the corporate governance practices of Moscow Exchange and, upon request from the Supervisory Board, of other companies in the Group. Following audits and inspections carried out by internal control bodies, reports are drafted and submitted for approval by Moscow Exchange's Supervisory Board.

In order to organise and exercise internal control over compliance with organised trading laws, as well as with the Company's Articles of Association and other internal regulations, a separate subdivision was established, the Internal Control Service, whose main purpose is to review, at least once every three months, the activities of the risk management officer (subdivision) in terms of compliance with the laws on anti-money laundering and the financing of terrorism, misuse of insider information and market abuse and prevention of conflicts of interest and corruption.

To ensure a systematic and integrated approach to risk management, a separate subdivision was established to identify, assess and mitigate the risks facing Moscow Exchange.

In order to improve the management of non-economic (including operational, legal, regulatory, reputational and strategic) risks and to mitigate losses from a non-economic risk event and to reduce the likelihood of the occurrence of such an event, the Non-economic Risk Committee was established by the Executive Board.

Risks associated with Moscow Exchange's activities are managed in accordance with the requirements of the Bank of Russia and taking into account international risk management standards (BIS, BCBS, CPSS, IOSCO, etc.).

### 3.1.9 CORPORATE SECRETARY OF MOSCOW EXCHANGE

The Director of the Corporate Governance Department acts as Moscow Exchange's Corporate Secretary. Administratively, he is subordinate to the Chairman of the Executive Board and, functionally, to the Chairman of the Supervisory Board. Resolutions on his/her appointment/dismissal and remuneration are taken by the Supervisory Board, which provides the necessary degree of autonomy within the framework of the Company's management bodies.

The main objectives of the Corporate Secretary include:

- Playing a role in improving the corporate governance system and practices of all of the companies that make up Moscow Exchange Group;
- Coordination of the Company's activities for the protection of the rights and the interests of the Company's shareholders and, if necessary, of the shareholders/members of other Moscow Exchange Group companies;
- Effective communications with Company shareholders and, if necessary, with shareholders/members of other Moscow Exchange Group companies;
- Supporting the effective work of the Supervisory Board and of the consultative bodies of the Company's Supervisory Board (hereinafter, the Committees of the Supervisory Board), as well as, where appropriate, the supervisory boards/boards of directors of the companies of the Moscow Exchange Group;
- Participation in the disclosure of information about the Company.

The Corporate Secretary organises annual monitoring of corporate governance practices within Moscow Exchange Group and the internal assessment of the efficiency of the Supervisory Board.

Mr Alexander Kamenskiy has been the Corporate Secretary of the Exchange since December 2013.



**Alexander Mikhailovich KAMENSKIY,**  
**Corporate Secretary of Moscow Exchange**

He was born in Moscow in 1982.

He graduated (*cum laude*) from the Law Faculty of Moscow Lomonosov State University in 2005 with a degree in Jurisprudence. He is also a graduate of the Leadership Programme at the INSEAD Business School. In 2014, he received a Director Certificate from the British Institute of Directors.

He won the *Director of the Year* prize awarded by AID and RSPP in the category *Corporate Secretary* in 2015 and the 12<sup>th</sup> ARISTOS-2014 Award as the *Best Corporate Governance Director*. In 2014 and 2015, he was ranked first in the top 1,000 Russian managers of financial companies in the category

*Corporate Governance Directors.*

#### EXPERIENCE:

- Since 2013: Director of the Corporate Governance Department and the Corporate Secretary of Moscow Exchange.
- 2012-2013: Head of the Corporate Governance Centre and the Corporate Secretary of PJSC MDM Bank.
- 2011-2012: Corporate Governance Manager and the Corporate Secretary of PJSC Enel Russia.

He does not own any shares in Moscow Exchange or in its subsidiaries or affiliates. He has no family relations with any members of the management and/or supervisory bodies of Moscow

Exchange. He made no transactions in the shares of Moscow Exchange in 2015. Over the past five years, he has not been a member of any management bodies in other companies.

### 3.1.10 SUPERVISORY BOARD IN 2015

In 2015, the Supervisory Board held 15 meetings, where 190 agenda issues were considered.

#### **Information on Supervisory Board members' attendance at meetings of the Supervisory Board**

The Board held 15 meetings from 1 January 2015 through 31 December 2015 (including five in-person meetings).

Four meetings were held before, and 11 meetings after the date of the AGM, i.e. 28 April 2015.

Name	Number of meetings attended	Participation rate, %
Kudrin, Alexey Leonidovich	12	80
Afanasiev, Alexander Konstantinovich	12	80
Beattie, Nicola Jane	12	80
Bratanov, Mikhail Valeryevich	15	100
Wang Yuan	13	86.67
Glodek, Sean	15	100
Golikov, Andrey Fedorovich	15	100
Goreglyad, Valeriy Pavlovich	14	93.33
Denisov, Yuriy Olegovich	11	73.33
Zlatkis, Bella Ilyinichna	13	86.67
Karachinsky, Anatoly Mikhailovich	11	73.33
Kozlov, Sergey Alexandrovich ( <i>until 28 April 2015</i> )	4	100
Lykov, Sergey Petrovich	15	100
Riess, Rainer	14	93.33
Sharonov, Andrey Vladimirovich ( <i>from 28 April 2015</i> )	8	72.73
Shershun, Kirill Yevgenyevich	14	93.33

#### **Information on Supervisory Board members attendance at meetings of the committees**

From 1 January 2015 through 31 December 2015:

–The Strategic Planning Committee held seven meetings in total, three meetings were held before, and four meetings after the date of AGM, i.e. 28 April 2015.

Name	Number of meeting attended	Participation rate, %
Beattie, Nicola Jane, <i>Chairwoman</i>	7	100

Wang Yuan	6	85.71
Glodek, Sean	6	85.71
Golikov, Andrey Fedorovich	7	100
Denisov, Yuriy Olegovich	6	85.71
Riess, Rainer	6	85.71
Afanasiev, Alexander Konstantinovich ( <i>a member of the Committee until 28 April 2015</i> )	3	100

– The Audit Committee held seven meetings in total, four meetings were held before, and three meetings after the date of the AGM, i.e. 28 April 2015.

Name	Number of meetings attended	Participation rate, %
Riess, Rainer, <i>the Chairman</i>	7	100
Bratanov, Mikhail Valeryevich	7	100
Wang Yuan	5	71.43
Beattie, Nicola Jane ( <i>a member of the Committee until 28 April 2015</i> )	2	50
Denisov, Yuriy Olegovich ( <i>a member of the Committee until 28 April 2015</i> )	4	100
Shershun, Kirill Yevgenyevich ( <i>a member of the Committee until 28 April 2015</i> )	4	100

– The Nomination and Remuneration Committee held thirteen meetings in total, six meetings were held before, and seven meetings after the date of the AGM, i.e. 28 April 2015.

Name	Number of meetings attended	Participation rate, %
Golikov, Andrey Fedorovich, <i>the Chairman</i>	13	100
Bratanov, Mikhail Valeryevich	12	92.31
Zlatkis, Bella Ilyinichna	10	76.92
Sharonov, Andrey Vladimirovich ( <i>a member of the Committee from 28 April 2015</i> )	7	100
Glodek, Sean ( <i>a member of the Committee until 28 April 2015</i> )	5	83.33
Denisov, Yuriy Olegovich ( <i>a member of the Committee until 28 April 2015</i> )	3	50
Kudrin, Alexey Leonidovich ( <i>a member of the Committee until 28 April 2015</i> )	3	50

– The Budget Committee held eight meetings in total, three meetings were held before, and five meetings after the date of the AGM, i.e. 28 April 2015.

Name	Number of meetings attended	Participation rate, %
Bratanov, Mikhail Valeryevich, <i>Chairman</i>	8	100
Glodek, Sean	4	50
Golikov, Andrey Fedorovich	8	100
Goreglyad, Valeriy Pavlovich ( <i>a member of the Committee from 28 April 2015</i> )	4	80
Kozlov, Sergey Alexandrovich ( <i>a member of the Committee till 28 April 2015</i> )	3	100
Shershun, Kirill Yevgenyevich ( <i>a member of the Committee till 28 April 2015</i> )	2	66.67

–The Technical Policy Committee held four meetings in total, two meetings were held before, and two meetings after the date of the AGM, i.e. 28 April 2015.

Name	Number of meetings attended	Participation rate (%)
Karachinsky, Anatoly Mikhailovich, <i>Chairman</i>	4	100
Bratanov, Mikhail Valeryevich ( <i>a member of the Committee from 8 July 2015</i> )	2	100
Golikov, Andrey Fedorovich ( <i>a member of the Committee from 8 July 2015</i> )	2	100

–The Risk Management Committee held five meetings in total, one meeting was held before, and four meetings after the date of the AGM, i.e. 28 April 2015.

Name	Number of meetings attended	Participation rate (%)
Denisov, Yuriy Olegovich, <i>Chairman</i>	5	100
Goreglyad, Valeriy Pavlovich	4	80
Riess, Rainer	4	80
Bratanov, Mikhail Valeryevich ( <i>a member of the Committee until 28 April 2015</i> )	1	100
Kozlov, Sergey Alexandrovich ( <i>a member of the Committee until 28 April 2015</i> )	1	100

Many issues on the agenda of Supervisory Board meetings were first considered by the appropriate committees for a more detailed discussion and to give the Supervisory Board recommendations regarding the voting.



Key issues that the Supervisory Board discussed in 2015:

1) Strategy:

- Payment of interim dividends;
- Approval of the new Corporate Values of Moscow Exchange Group;
- Approval of Moscow Exchange Group's new strategy for 2015-2020;
- Withdrawal of Moscow Exchange's assets from Ukraine;
- Measures to increase liquidity in the Bonds Market;
- Moscow Exchange's membership in the Financial Markets Association;
- Membership in the Analytical Credit Rating Agency;
- The consolidated budget for 2016;
- Implementation of the New Data Centre project.

2) Fundamental Company documents:

- Approval of the Corporate Governance Code;
- Approval of Moscow Exchange's Information Policy.

3) Corporate governance:

- Senior independent director;
- Succession planning for members of Moscow Exchange's executive bodies and of the sole executive bodies of the key companies of Moscow Exchange Group;
- New principles for the formation of the Moscow Exchange Council and for the election of members of the Moscow Exchange Council in line with such principles;

4) Risk management:

- The expediency of a separate central counterparty for the clearing of OTC derivatives;
- Approval of the Business Continuity Policy;
- Moscow Exchange's membership in the Guarantee Fund established by NCC Clearing Bank.

### 3.1.11 COMMITTEES OF MOSCOW EXCHANGE'S SUPERVISORY BOARD IN 2015

#### **Audit Committee**

The primary purpose of the Audit Committee is to ensure the efficient work of the Supervisory Board in making decisions on issues concerning oversight of financial and economic operations.

The Committee's key objectives are:

- Oversight, analysis and participation in the consideration of issues in the area of bookkeeping (financial statements);
- Oversight, analysis and assessment in the area of risk management and internal control;
- Maintenance of independence and impartiality in the area of internal and external audit;
- Oversight in the area of the prevention of, and response to, mala fide actions taken by the Company's employees and third parties;
- Support for Moscow Exchange Supervisory Board members in supervising Moscow Exchange and Moscow Exchange Group companies' business activities and their personal awareness of such activities;
- Preview, analysis, preparation and provision of opinions and recommendations to Moscow Exchange's Supervisory Board on issues with regard to functions and objectives of the Audit Committee; and
- Preparation and assessment of the Moscow Exchange auditor's opinion and submission of said assessment as materials for Moscow Exchange's AGM.

Committee members:

- Riess Rainer, Chairman;
- Mikhail Bratanov; and
- Wang Yuan.

In 2015, the Audit Committee held seven meetings, where 36 agenda items were discussed.

The main issues considered by the Committee in 2015 were: services rendered by the external auditor of the Moscow Exchange Group; consolidated financial statements; reports of the Internal Audit Service; monitoring of compliance with the recommendations of the Corporate Governance Code and the requirements of the Listing Rules; selection of an external auditor and the auditor's remuneration.

The Committee also reviewed the auditor's report on the 2014 accounting (financial) statements for Moscow Exchange and presented relevant recommendations to the Supervisory Board on bonuses to be paid to the Head and employees of the Internal Audit Service of Moscow Exchange for 2014.

#### **Nomination and Remuneration Committee**

The primary purpose of the Nomination and Remuneration Committee is to foster effective decision-making by the Supervisory Board on matters concerning the operations of Moscow Exchange and of other companies directly or indirectly controlled by Moscow Exchange related to the nomination of, and remuneration paid to, members of supervisory boards and executive management bodies, other key executives and members of revision commissions.

The key objective of the Nomination and Remuneration Committee is preliminary review, development and provision of recommendations and conclusions to the Supervisory Board of Moscow Exchange and to supervisory boards of Moscow Exchange Group companies regarding the following matters:

- staff planning (succession planning), enhancement of the professional composition and performance efficiency of supervisory boards;

- efficient and transparent remuneration for members of supervisory boards and the collegial executive body, as well as for the person performing the functions of the sole executive body (hereinafter, the members of executive management bodies) and for other key executives;
- priorities of Moscow Exchange and Moscow Exchange Group activities in relation to the nomination of, and remuneration paid to, the members of supervisory boards and executive management bodies, other key executives and the members of revision commissions;
- policies and standards on choosing nominees for supervisory boards and executive management bodies that are aimed at attracting qualified specialists;
- identifying and measuring key performance indicators for top managers.

Committee members:

- Andrey Golikov, Chairman;
- Mikhail Bratanov;
- Bella Zlatkis; and
- Andrey Sharonov.

In 2015, the Nomination and Remuneration Committee of the Supervisory Board held 13 meetings, where 61 agenda items were discussed.

The main issues considered by the Committee in 2015 were: planning of the personal composition of the supervisory boards of Moscow Exchange, NSD and NCC Clearing Bank; the remuneration system for members of the supervisory boards of Moscow Exchange, NSD and NCC Clearing Bank; verifying the independence of candidates and members of the Supervisory Board of Moscow Exchange; the goals of the Supervisory Board of Moscow Exchange for the corporate year; assessment and training of members of the Supervisory Board of Moscow Exchange; the nomination of candidates to the Supervisory Board and the induction of new directors; issuing recommendations on the identification and measurement of key corporate performance indicators (targets) for Moscow Exchange Group and the key individual performance indicators for members of executive bodies, the Director of the Corporate Governance Department (performing the functions of the Corporate Secretary) of Moscow Exchange, and other key executives of Moscow Exchange Group companies; the succession planning programme, prolongation of the powers of members of the executive bodies and the stock option programme for top managers.

### **Strategic Planning Committee**

The primary purpose of the Strategic Planning Committee is to improve Moscow Exchange's the efficiency, as well as that of its subsidiaries and affiliates, including companies under its direct or indirect control in both the medium and the long term.

The key objectives of the Strategic Planning Committee are:

- Endorsement of strategic objectives, oversight over strategy implementation and amending the existing strategy;
- Endorsement of priority business areas;
- Issuing recommendations on the dividend policy;
- Performance evaluation in the medium and long term;
- Preliminary review and issuing recommendations on membership in other companies;
- Review of voluntary and mandatory offers to acquire shares in Moscow Exchange;
- Consideration of the financial model and the business and business segments valuation model;
- Consideration of reorganisation and liquidation matters;
- Consideration of changes in the organisational structure;
- Consideration of reorganisation of business processes.

Committee members:

- Nicola Jane Beattie, Chairwoman;
- Wang Yuan;
- Sean Glodek;
- Andrey Golikov;
- Yuriy Denisov; and
- Riess Rainer.

In 2015, the Strategic Planning Committee held seven meetings, where 58 agenda items were discussed.

The main issues considered by the Committee in 2015 were: Moscow Exchange Group's strategy and new Corporate Values; the Group's dividend policy; identifying and monitoring the implementation of Moscow Exchange's priority projects; review of competitors' actions; risk analysis and determination of risk appetite; the Group's strategy in the CIS countries; the Group's marketing strategy; IT strategy implementation; the information policy; formation of the Moscow Exchange Council.

### **Risk Management Committee**

The primary purpose of the Risk Management Committee is to assist in improving management of operating, legal, reputational, strategic and other nonfinancial risks that Moscow Exchange and Moscow Exchange Group entities may face, with a view to enhancing Moscow Exchange's stability and operating efficiency.

Committee members:

- Yuriy Denisov, Chairman;
- Valery Goreglyad; and
- Rainer Riess.

In 2015, the Risk Management Committee held five meetings, where 24 agenda items were discussed.

In 2015, the Committee considered the following main issues and provided recommendations on them to the Supervisory Board: risk management strategy; improving clearing services of NCC Clearing Bank; determining approaches for protecting the CCP's capital; determining Group's risk appetite; reports on economic risks and non-financial risks; Moscow Exchange's business continuity plan and a anti-money laundering programme.

### **Budget Committee**

The Budget Committee's primary purpose is to ensure oversight on the part the Supervisory Board's over the accumulation and spending of funds intended for financial support for Moscow Exchange and companies that are part of Moscow Exchange Group.

The Committee's key objectives are:

- Determining the key principles for Moscow Exchange's and the Group's budgeting and budget spending;
- Preparing a timely and accurate target budget for Moscow Exchange and Moscow Exchange Group;
- Ensuring day-to-day management in budget-related matters for Moscow Exchange and Moscow Exchange Group; and
- Assessing the effectiveness of budgeting at Moscow Exchange and Moscow Exchange Group.

Committee members:

- Mikhail Bratanov, Chairman;

- Sean Glodek;
- Andrey Golikov; and
- Valery Goreglyad.

In 2015, the Budget Committee held eight meetings, where 59 agenda items were discussed.

The main issues considered by the Committee in 2015 were: planning and performance of the consolidated budget; reviewing the dividend policy; setting tariffs for all Moscow Exchange markets; recommendations regarding the property owned by Moscow Exchange; budgetary oversight in relation to Moscow Exchange's priority projects.

### **Technical Policy Committee**

The Committee's primary purpose is to develop and enhance the efficiency of Moscow Exchange and Moscow Exchange Group operations by preparing recommendations and expert opinions for the Supervisory Board of Moscow Exchange and for the Boards of Directors (Supervisory Boards) and their committees of Moscow Exchange Group companies regarding technical policy and the development of IT and software solutions at Moscow Exchange and Moscow Exchange Group companies.

The Committee's key objectives are:

- Fostering efficient collaboration between Moscow Exchange and Moscow Exchange Group companies with Securities and Commodities Markets participants using Moscow Exchange's software and hardware facilities on matters regarding technical policy and the development of IT and software solutions;
- Optimising the processes for conducting a complete and comprehensive assessment of the needs of Securities and Commodities Markets participants in terms of the development of IT and software solutions; and
- Coordinating activities related to technical policy matters within Moscow Exchange Group and ensuring a centralised policy on matters falling within the Committee's competence.

Committee members:

- Anatoly Karachinsky, Chairman;
- Mikhail Bratanov;
- Vladimir Gibenko;
- Andrey Golikov;
- Nikolay Kolodeev;
- Andrey Popov;
- Alexander Chetverukhin;
- Vladimir Kurlyandchik;
- Mikhail Khasin; and
- Yury Yartsev.

In 2015, the Supervisory Board's Technical Policy Committee held four meetings, where nine agenda items were discussed.

The main issues considered by the Committee in 2015 were: planned reconstruction of Moscow Exchange's trading and clearing system; changes in the methods for deploying, configuring and testing software; the Company's IT strategy implementation; the stability and reliability of Moscow Exchange IT systems; and the creation of an integrated IT platform for Moscow Exchange.

### 3.1.12 SUPERVISORY BOARD AND COMMITTEES' PERFORMANCE EVALUATION

In accordance with the current Regulations on the Supervisory Board of Moscow Exchange, the following procedures are aimed at improving the Supervisory Board's activities:

- Supervisory Board performance evaluation;
- Training, advanced training and professional development for members of the Supervisory Board.

Since 2014, annual assessments of the Supervisory Board have been carried out in the following key areas:

- Organisation of the Supervisory Board;
- Activities of the Supervisory Board;
- Strategy and planning;
- Executives and employees;
- Business and risk management;
- Financial and corporate matters;
- Shareholders management and corporate communications;
- Policies and procedures;
- Independent directors;
- Chairman of the Supervisory Board;
- Overall evaluation of the Supervisory Board on a five-point scale;
- Overall evaluation of the Supervisory Board's Committees;
- Evaluation of each Supervisory Board Committee.

The performance of the Supervisory Board is evaluated internally in the form of a questionnaire. Members of the Supervisory Board are invited to answer more than 120 questions (by providing answers rated on a five-point scale) and to make their own suggestions regarding individual areas of activity.

The internal evaluation process is coordinated by Moscow Exchange's Corporate Secretary. The evaluation results are summarised to identify areas for improvement that are then included in a relevant action plan concerning the organisation of the Supervisory Board and its Committees.

The 2014 survey returned an average score of 3.8 points, while, in 2015, the average score was 4.1 points.

In 2015, the following recommendations were made and later implemented:

- When evaluating the management, the Supervisory Board should take into account the deadlines set forth for pre-reads to be submitted for consideration by the Committees and the Supervisory Board; this proposal was taken into account during the evaluation of the management in 2016;
- Members of the Supervisory Board should be more active in suggesting additional agenda items for upcoming meetings of the Supervisory Board; committee chairs should draw up work plans for their Committees and inform all members of the Supervisory Board about these work plans; this was implemented;
- the Corporate Secretary should invite members of the supervisory boards of NCC Clearing Bank and NSD to attend the meetings of the Supervisory Board of Moscow Exchange where issues related to these companies are to be discussed; the meetings of the Committees and the Supervisory Board of Moscow Exchange were attended by members of the supervisory boards of NCC Clearing Bank and NSD to discuss issues related to these companies;
- The HR Director should communicate personally with the members of the Supervisory Board in preparation for consideration of HR issues at upcoming meetings of the

Supervisory Board; this was partially implemented in 2015, and further improvement is planned for 2016;

- The Nomination and Remuneration Committee should propose targets (priorities) for the Supervisory Board; targets (priorities) were identified in 2015;
- Committee chairs should hold meetings of their Committees two to three weeks before an upcoming meeting of the Supervisory Board; most of the committee meetings were held two to three weeks prior to the next meeting of the Supervisory Board;
- The Chairman of the Supervisory Board should put more focus on the agenda and time limits of meetings; the agendas of Supervisory Board meetings have become more focused on important issues, and further improvement is expected in 2016;
- The Corporate Secretary should schedule a meeting with the Supervisory Board in 2016; a meeting to discuss strategic issues is planned to be held in 2016, and it will be combined with the training of directors;
- The Nomination and Remuneration Committee should arrange for the development of regulations on membership of the Supervisory Board; in December 2015, on the recommendation of the Nomination and Remuneration Committee, the Supervisory Board adopted the general principles and process for the nomination of candidates for the Supervisory Board of Moscow Exchange and endorsed the Supervisory Board's succession planning programme;
- The Corporate Secretary should organise an external evaluation of the Supervisory Board in 2016; the external evaluation of the Supervisory Board will be held in May and June 2016.

Based on the self-evaluation carried out in 2014, the Supervisory Board introduced the following changes to the Exchange's corporate governance practices in 2015:

- There is no position of senior independent director: one of the directors, Mikhail Bratanov, was recommended for this role, and he acted as a senior independent director in an informal way in 2015. It is planned that this role will be formalised in 2016 by means of an amendment to the Regulations on the Supervisory Board, and a resolution on the official appointment of a senior independent director will be adopted.
- The procedure for the nomination of directors is not transparent. In December 2015, the Supervisory Board approved the General Principles and Process for the Nomination of Candidates to the Moscow Exchange Supervisory Board, which formalised the nomination of candidates recommended by the Nomination and Remuneration Committee.
- The procedure for forming committees and electing their chairpersons is not transparent. In 2015, a succession planning practice was introduced in respect of directors who are members of committees: chairpersons contact the candidates for the Supervisory Board and discuss with them possible membership in committees, taking into account the eligibility and independence criteria and the competencies of such candidates. Members elected to the Supervisory Board are entitled to nominate themselves to a committee.
- There is a need for more intensive engagement of all committees in preparing pre-reads and reporting to the Supervisory Board. The agenda of every committee meeting is drawn up based on the schedule of meetings of the Supervisory Board. Members of the Supervisory Board propose items to include in the agenda of committee meetings.
- It is necessary to set time limits for speeches and discussions at Supervisory Board meetings. A planning procedure is implemented for Supervisory Board meetings. The Chairman of the Supervisory Board is provided with a timetable at each in person meeting.
- It is necessary to draw up detailed minutes of each meeting of the Supervisory Board and to monitor measures taken in accordance with the decisions made. At each meeting, along with the minutes, the main points concerning each agenda item are summarised and submitted to the directors for comments. The implementation of instructions issued by the Supervisory Board is monitored by the Internal Audit Service, which provides relevant quarterly reports to the Supervisory Board.

- It is necessary to review the KPI reports twice a year. The Supervisory Board's schedule includes relevant matters: the mid-term review is carried out in September, and the final review takes place in March of the following year.
- It is necessary to change the format of pre-reads. The Corporate Governance Department issues guidelines to the drafters regarding the form of pre-reads.
- It is necessary to disseminate to all directors answers to questions asked by any director on the pre-reads submitted to the Supervisory Board. The Corporate Governance Department communicates, as a rule, to all members of the Supervisory Board all explanations prepared in response to directors' questions, except cases related to the interpretation of translated texts.
- Some Supervisory Board members need to undergo training in corporate governance. Four members of the Supervisory Board take part in the Certified Director programme of the British Institute of Directors.



### *3.1.13 DEVELOPMENT OF THE CORPORATE GOVERNANCE SYSTEM*

In 2015, the Supervisory Board identified its objectives for the 2015-2016 corporate year:

- to adopt strategies for each Moscow Exchange Group business line;
- the nomination and election of candidates for the Supervisory Board;
- to formalise the succession programme for the Supervisory Board and top managers; and
- to draw up a Dividend Policy in accordance with the Strategy and the Information Policy in accordance with the Corporate Governance Code.

Most of the above objectives were attained in 2015; others will be attained in 2016.

In line with best international practices, the Supervisory Board paid special attention to training its members in 2015:

- four members completed a course at the British Institute of Directors;
- three members participated in Mini MBA programmes; and
- one member participated in the Booster Mini MBA programme.

At each meeting in 2015, the Audit Committee reviewed the progress in terms of ensuring that Moscow Exchange's activities comply with the Corporate Governance Code and the Listing Rules, and the Committee also gave its recommendations to the Supervisory Board and top managers on relevant corrective measures.

### **3.1.14 PROCEDURES FOR APPOINTMENT, INDUCTION AND TRAINING OF MEMBERS OF THE SUPERVISORY BOARD**

In accordance with the Federal Law on Joint Stock Companies, shareholders holding in aggregate no less than 2% of voting shares in Moscow Exchange have the right to nominate candidates to Moscow Exchange's Supervisory Board, the number of whom cannot exceed the number of members of the Supervisory Board. The Charter of Moscow Exchange provide that such proposals should be submitted to Moscow Exchange no later than 60 days after the end of each fiscal year.

The Supervisory Board of Moscow Exchange was to consider the above nominations and decide whether or not to include them on the list of nominees for election at the General Meeting of Shareholders no later than five days after the date specified for the submission of the proposals, i.e. before 7 March 2015.

At the end of the day on 2 March 2015, Moscow Exchange received proposals on the nomination of 17 candidates to the Supervisory Board to be elected at the Annual General Meeting of Shareholders in 2015, and all of them were included on the list of nominees for the General Meeting of Shareholders.

As part of the induction of directors, there is an Adaptation Programme for members of the Supervisory Board. The programme includes the following:

- familiarisation of Supervisory Board members with Moscow Exchange's key internal documents and the resolutions adopted at meetings of shareholders and of the Supervisory Board;
- an overview of the history of the Russian stock market and basic information about Moscow Exchange's strategy and operations;
- meetings with the Chairman of the Supervisory Board and the Chairman of the Executive Board of Moscow Exchange;
- meeting with the Director of the Corporate Governance Department acting as the Corporate Secretary of Moscow Exchange;
- meeting with the Group's management team during the one-day introductory course held within two months of the date of the election of the Supervisory Board;
- meeting with the chairpersons of any committees whose members are also members of the Supervisory Board.

### *3.1.15 MOSCOW EXCHANGE CORPORATE GOVERNANCE CODE*

On 31 July 2015, Moscow Exchange approved its Corporate Governance Code (hereinafter, the Code). The Code complies with the Russian laws and meets:

- the principles and recommendations of the Corporate Governance Code of the Bank of Russia;
- the OECD Corporate Governance Principles;
- the corporate governance principles recommended by recognised international organisations.

The Code contains general provisions on Moscow Exchange's activities, the management's commitment to the best corporate governance practices, a description of the corporate governance principles and system and a description of how Moscow Exchange implements specific principles of corporate governance (corporate governance practices):

- in interacting with shareholders;
- in the practices of the Supervisory Board, executive bodies and the Corporate Secretary;
- in the risk management and internal control system;
- when disclosing information and implementing major corporate actions related to Moscow Exchange.

The Code also describes the objectives and principles of corporate social responsibility for Moscow Exchange, the principles of interaction with service users and other stakeholders, as well as the principles of corporate governance in Moscow Exchange Group companies.

A specific feature of the Code is that it contains development plans for the implementation of corporate governance principles. This feature means that the Code is not a declarative document but rather a practical tool that will enable Moscow Exchange to further improve its corporate governance framework.

### 3.1.16 INFORMATION POLICY

Moscow Exchange is committed to ensuring that its activities are as transparent as possible for its shareholders, investors and other stakeholders. Following the recommendations of the Corporate Governance Code of the Bank of Russia and the development plans of the Moscow Exchange, and taking into account the requirements of the legislation on information disclosure by issuers whose securities are admitted to trading, Moscow Exchange adopted a new Information Policy in December 2015 (<http://fs.moex.com/files/11122/>) (in Russian).

The Information Policy is a set of information-disclosure rules followed by Moscow Exchange (including members of its management bodies, officials and employees) when providing information to shareholders and stakeholders. In particular, the Information Policy determines:

- key information-disclosure objectives and binding principles for Moscow Exchange as a securities issuer;
- groups of disclosed information, including a list of information that Moscow Exchange may disclose voluntarily, and the disclosure procedure;
- the procedure for Moscow Exchange's interaction with stakeholders, including with individuals who are authorised to communicate on behalf of Moscow Exchange;
- the procedure for granting access to information and documents belonging to Moscow Exchange.

The Information Policy aims to provide stakeholders with additional opportunities to exercise their rights and to improve the efficiency of information exchange between Moscow Exchange and all stakeholders.

## **METHODOLOGY USED BY MOSCOW EXCHANGE TO EVALUATE COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES ESTABLISHED BY THE CORPORATE GOVERNANCE CODE OF THE BANK OF RUSSIA**

As the methodology that Moscow Exchange used to evaluate compliance with the corporate governance principles set forth in the Corporate Governance Code of the Bank of Russia, the recommendations used were those set out in Letter of the Bank of Russia of 17 February 2016 No. IN-06-52/8 on Disclosure, in the Annual Report of a Public Joint-Stock Company, of a Report on Compliance with the Principles and Recommendations of the Corporate Governance Code.

The aim of the evaluation was to verify the conformity of Moscow Exchange's Charter and internal documents, corporate governance practices and internal procedures with the principles and recommendations of the Corporate Governance Code of the Bank of Russia. The results of the verification of compliance with the requirements of the Listing Rules of ZAO MICEX Stock Exchange and the Corporate Governance Code of the Bank of Russia conducted by the Internal Audit Service of the Moscow Exchange in 2015 and reviewed by the Audit Committee of the Supervisory Board were also used.

The findings of the evaluation are contained in the Report on Compliance with the Principles and Recommendations of the Corporate Governance Code (the Report),<sup>3</sup> which is a part of this Annual Report.

The evaluation showed that the Moscow Exchange complies with the majority of principles and recommendations of the Corporate Governance Code.

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<sup>3</sup> The Report is made as per the form recommended and communicated to issuers in notification letter No IN-06-52/8 from the Bank of Russia of 17 February 2016 on Disclosure, in the Annual Report of a Public Joint-Stock Company, of a Report on Compliance with the Principles and Recommendations of the Corporate Governance Code .

### ***3.1.17 DIRECTORS' LIABILITY INSURANCE***

Since 2013, Moscow Exchange's directors and officers (including independent directors), as members of the Company's management bodies, have been insured for liability. The aim of this insurance is to provide compensation for potential damages caused by unintended negligent actions or failures to act on the part of the insured individuals in the exercise of their administrative activities.

Under the insurance contract concluded in 2015, the insurance premium is USD 87,600 and the insured amount is USD 50 mln (the total additional insured amount is USD 5 million for independent directors). The insurer is Ingosstrakh.

The terms of the insurance contract, including the insurance coverage, are consistent with the best international practice.

### **3.1.18 EXTERNAL AUDITOR**

Full company name: Closed Joint Stock Company Ernst & Young Vneshaudit (INN: 7717025097, OGRN: 1027739199333).

Location: 77, Building 1, Sadovnicheskaya naberezhnaya, Moscow, 115035, Russia

Full name of the self-regulatory organisation of auditors of which the auditor is a member: Non-commercial partnership Audit Chamber of Russia

Location of the self-regulatory organisation of auditors of which the auditor is a member: 3/9, 3rd Syromyatnicheskiy pereulok, Moscow, 105120, Russian Federation

Audit team:

- Ms Zaychikova, Yevguenia Vladimirovna, Partner;
- Ms Klementieva, Mariana Valentinovna, Senior Manager; and
- Ms. Ratinskaya, Anna Vadimovna, Manager.

The fee for the audit of the annual accounting (financial) statements of Moscow Exchange and of the consolidated statements of Moscow Exchange Group for 2015 was RUB 3,940,000, excluding VAT.

Ernst & Young Vneshaudit rendered no other services to Moscow Exchange in 2015 beyond audit services.

#### **External Auditor Selection Procedure**

In accordance with the Regulations on the Auditor Selection Commission and the Moscow Exchange Auditor Selection Procedure, the auditor shall be selected every three years. At the same time the number consecutive of years In accordance with the Moscow Exchange Regulations on the Auditor Selection Commission and the Auditor Selection Procedure, the auditor shall be selected every three years. However, the number of consecutive audit years by one organization may not exceed six years, or two auditor selection periods. In 2014, the auditor selection process was held for 2014-2016. Ernst & Young was the winner.

In accordance with the Moscow Exchange Regulations on the Auditor Selection Commission and the Auditor Selection Procedure, the Supervisory Board Audit Commission shall nominate candidates to the Auditor Selection Commission of the Moscow Exchange and Group companies (hereinafter referred to as at "The Auditor Selection Commission"), recommend to the Moscow Exchange Executive Board a candidate for the Deputy Chairman of the Auditor Selection Commission and approve the Technical Requirements for the Auditor to audit the Exchange and Group companies, as well as the Regulations on the Evaluation of Proposals for the Selection of Auditor for the Moscow Exchange and Group companies. The Auditor Selection Commission shall comprise an odd number of members, but no more than seven and not less than three Commission members, with the Chairman of the Supervisory Board Audit Commission acting as the Chairman of the Auditor Selection Commission.

Considering that according with the Regulations and Technical Requirements, the winning organization shall be recommended to the Group companies as an independent auditor, representatives of the Group companies - NSD and NCC Bank - shall be elected to the Auditor Selection Commission.

In accordance with the Technical Requirements for Auditor Selection and Regulations of Evaluating Auditor Selection Proposals, the Moscow Exchange Auditor Selection Commission shall hold a tender to select the auditor and recommend two potential candidates to the Supervisory Board Audit Commission, which shall present the auditor selection recommendation to the Supervisory Board, which, in turn, shall present the relevant recommendations to the Annual General Meeting of Shareholders.

The final decision on the auditor selection shall be adopted by the Annual General Meeting of Shareholders.

### 3.1.19 COMPENSATION OF MEMBERS OF THE MOSCOW EXCHANGE EXECUTIVE BODY

#### **Supervisory Board**

In accordance with the Federal Law on Joint Stock Companies, the General Meeting of Shareholders may decide that the members of the Supervisory Board should be paid remuneration and/or compensation for expenses related to the execution of their duties as members of the Supervisory Board. The amount of such remuneration and compensation shall be determined by the General Meeting of Shareholders.

The amount of remuneration paid in 2015 to the members of the Supervisory Board of Moscow Exchange for the period from the date of their election in 2014 to the date of termination of their authority in 2015 (corporate year) was determined in accordance with the *Regulations on Remuneration and Reimbursement of Expenses for Members of the Supervisory Board of Open Joint Stock Company Moscow Exchange MICEX-RTS*, which were approved on 26 June 2014 by the Annual General Meeting of Shareholders (Minutes No 52) (hereinafter, the Regulations).

According to the Regulations, the remuneration to be paid to each member of the Supervisory Board for the corporate year is to be determined by the General Meeting of Shareholders, taking into account the contribution of each member of the Supervisory Board to the work of the Supervisory Board and the committee established under the Supervisory Board during their term of office.

Directors' compensation consists of two components: (1) fixed base compensation; (2) fixed additional compensation. The first component makes RUB 3,500,000 for the corporate year for a Supervisory Board member who is not an eligible (independent) director; and RUB 5,000,000 for a Supervisory Board member who is an eligible (independent) director. The second (additional) component shall be paid to the following executives:

- Chairman of the Supervisory Board in the amount of RUB 3,500,000,
- Deputy Chairman of the Supervisory Board in the amount of RUB 1,750,000,
- Chairman of the Supervisory Board Commission in the amount of RUB 1,500,000;
- member of the Supervisory Board Commission in the amount of RUB 500,000.

In case a Supervisory Board member performs the Chairman functions in more than one Commission of the Supervisory Board, he shall receive additional component for each Chairman position.

In case a Supervisory Board member performs as the member of more than one Commission of the Supervisory Board, he shall receive an additional component for working in each Commission.

In case the Commission did not call any meetings during the corporate year, neither its Chairman, nor any member shall receive additional component of the compensation.

The base component shall be decreased by 25%, if a Supervisory Board member participates in less than in 75% of the meetings held by way of personal attendance. The base component shall be decreased by 50% and more, if a Supervisory Board member participates in less than in 50% of the meetings held by way of personal attendance.

The additional component shall be decreased by 25%, if a Commission member participates in less than in 75% of the meetings held by way of personal attendance. The additional component shall be decreased by 50% and more, if a Commission member participates in less than in 50% of the meetings held by way of personal attendance.

The General Meeting of Shareholders may resolve not to pay any compensation to the Supervisory Board members having participated in less than 1/3 (or fewer) of the Supervisory Board meetings, or to the ones having participated in less than 1/4 (or fewer) of the Supervisory Board meetings held by way of personal attendance.



The Moscow Exchange believes that the existing compensation rules contribute to its long-term success. To increase the transparency level, the 2016 AGM will review the new version of the Provisions on Compensation and Expenses Reimbursement of the Members of the Supervisory Board of the Moscow Exchange.

In 2015, remuneration was paid to 13 of the 15 members of the Supervisory Board:

Type of remuneration	Amount of remuneration, RUB thousand
Remuneration for serving in a supervisory body	40,127.00
Salary	0
Bonuses	0
Fees	0
Compensation for expenses	1,693.65
Other	4,166.30
<b>TOTAL</b>	<b>45,986.95</b>

Information on resolutions adopted by authorised management bodies and/or existing agreements of Moscow Exchange ("the issuer") on the amount of such remuneration to be paid and/or the amount of such expenses to be compensated:

There are no agreements on remuneration payable to the members of the Supervisory Board.

In accordance with the issuer's Articles of Association, remuneration and/or compensation payable to members of the issuer's Supervisory Board related to the performance of their functions as members of the Supervisory Board fall within the terms of reference of the issuer's General Meeting of Shareholders. The amount of remuneration payable to each member of the Supervisory Board is determined in accordance with the regulations on remuneration and compensation of expenses for members of the issuer's Supervisory Board, taking into account the contribution of each member of the Supervisory Board to the work of the Supervisory Board and the Committees of the Supervisory Board.

The issuer's Annual General Meeting of Shareholders, held on 28 April 2015 (Minutes No 53), resolved to set the amount of remuneration payable to each member of the Supervisory Board elected on 26 June 2014 at the issuer's Annual General Meeting of Shareholders (Minutes No 52), for the period from the date of election until the date of the termination of their authority, i.e. 28 April 2015 (which was the date of the issuer's Annual General Meeting of Shareholders in 2015), in accordance with the Regulations on Remuneration and Compensation of Expenses Payable to the Members of the Supervisory Board of the Issuer adopted on 26 June 2014 at the General Meeting of Shareholders (Minutes No 52), taking into account the individual contribution of each member of the Supervisory Board to the issuer's management activities, and to pay RUB 41,750,000 (forty-one million seven hundred fifty thousand roubles) to the members of the Supervisory Board elected on 26 June 2014 at the Annual General Meeting of Shareholders as remuneration for the fulfilment of their duties during their term of office.

**Collegial Executive Body**

In RUB thousand

Item	2015, 12 months
Remuneration payable for participation in the work of the management body	0
Salaries	152,577.93
Bonuses	133,973.30
Fees	0
Compensation of expenses (expenses related to the execution of the duties of the members of the management body and compensated by the issuer)	4,359.07
Other remuneration	2,169.41
Total	293,079.72

Information on resolutions adopted by the issuer's authorised management bodies and/or existing agreements on the amounts of such remuneration to be paid and/or the amount of such expenses to be compensated:

The salaries of members of the Executive Board (the collegial executive body) are paid on the basis of labour contracts concluded with them. The amounts of bonuses and other remuneration payable to the members of the Executive Board fall within the terms of reference for the issuer's Supervisory Board.

On 5 March 2015, the issuer's Supervisory Board (Minutes No 12) approved the annual bonuses recommended by the Personnel and Remuneration Commission of the issuer's Supervisory Board to be paid to the Chairman of the Executive Board and the members of the issuer's Executive Board for 2014, and resolved to pay to the members of the Executive Board 70% of the approved annual bonus for 2014 and to postpone for one calendar year the payment of 15% of the approved annual bonus for 2014 and to postpone for two calendar years the payment of 15% of the approved annual bonus for 2014. In addition, at its above-mentioned meeting, the issuer's Supervisory Board resolved to pay the postponed portions (if any) of these annual bonuses in full to the members of the issuer's Executive Board for 2012-2013.

### *3.1.20 CHAIRMAN AND MEMBERS OF THE EXECUTIVE BOARD IN 2015*

Moscow Exchange is currently managed by the Chairman of the Executive Board, the sole executive body, and the Executive Board, the collegial executive body of Moscow Exchange. The Chairman of the Executive Board leads and arranges the work of the Executive Board.

**The Chairman of the Executive Board of Moscow Exchange  
Alexander Konstantinovich AFANASIEV, Chairman of the Executive Board**



Date/place of birth: 12 January 1962, Moscow

He graduated from the Moscow Financial Institute in 1985 with a degree in International Economic Relations.

He has a PhD in Economics.

From 1998 to 2011, he served as the Deputy Chairman of the Management Board at Bank WestLB Vostok, a subsidiary of WestLB AG.

Since 2011, he has been a member of the Executive Board of Moscow Exchange.

He was first elected as Chairman of the Executive Board by the Annual General Meeting of Shareholders held on 20 June 2012 (Minutes No 44) for the period from 21 June 2012 until the next Annual General Meeting of Shareholders in 2015.

The Annual General Meeting of Shareholders held on 28 April 2015 (Minutes No 53) elected him as the Chairman of the Executive Board for the period from 29 April 2015 until the next Annual General Meeting of Shareholders in 2018.

He is a member of the Supervisory Board at NCC Clearing Bank, a member of the Supervisory Board at NSD and a member of the Management Board at the Russian Union of Industrialists and Entrepreneurs.

He owns no shares in Moscow Exchange.

He reported no transactions involving shares in Moscow Exchange in 2015.

## Members of the Executive Board of Moscow Exchange



### **Sergei Olegovich POLIAKOFF, Chief Information Officer, member of the Executive Board**

Sergey Poliakoff was born on 6 October 1960 in Moscow.

He graduated in 1991 from New York University with an MSc in Information Technology.

From 2006 to 2011, he was the CDO at Quadriserv Inc, USA.

Since 2013, he has been the Chief Information Officer at Moscow Exchange.

He was first elected as a member of the Executive Board of Moscow Exchange by the Supervisory Board on 23 May 2013 (Minutes No 42) for a period of two years starting from 24 May 2013.

On 22 May 2015, the Supervisory Board resolved (Minutes No 2) to elect him as a member of the Executive Board for the period from 25 May 2015 until 12 November 2015, inclusive.

On 6 November 2015, the Supervisory Board resolved (Minutes No 9) to elect him as a member of the Executive Board for the period from 13

November 2015 until 13 November 2017, inclusive.

He owns 333,341 shares, or 0.0146% equity interest, in Moscow Exchange.

Below are the transactions involving shares in Moscow Exchange that he was involved in 2015:

Date of transaction	Type of transaction	Before transaction		After transaction	
		number of shares	equity interest (%)	number of shares	equity interest (%)
7 October 2015	Share purchase	0	0	685	0.0000301
8 October 2015	Share sale	685	0.0000301	5	0.0000002
13 November 2015	Share purchase	5	0.0000002	183,338	0.00805
17 November 2015	Share sale	183,338	0.00805	168,338	0.00739
19 November 2015	Share sale	168,338	0.00739	8	0.0000004
7 December 2015	Share purchase	8	0.0000004	333,341	0.0146



**Evgeny Evgenyevich FETISOV, Chief Financial Officer, member of the Executive Board**

Evgeny Fetisov was born on 15 January 1975 in Ashkhabad.

In 1996, he graduated from the State Financial Academy under the RF Government with a degree in International Economy.

From 2007 to 2013, he was the Managing Director at Da Vinci Capital Management.

Since 2013, he has been the Chief Financial Officer at Moscow Exchange.

He is a member of the Boards of Directors of MICEX Stock Exchange and Moscow Energy Exchange.

He was first elected as a member of the Executive Board of Moscow Exchange by the Supervisory Board on 31 January 2013-01 February 2013 (Minutes No 25) for a period of three years starting from 4 February 2013.

On 1 February 2016, the Supervisory Board resolved (Minutes No 12) to elect him as a member of the Executive Board for the period from 2 February 2016 until 31 January 2019, inclusive.

He owns no shares in Moscow Exchange.

Below are the transactions involving shares in Moscow Exchange that he was involved in 2015:

Date of transaction	Type of transaction	Before transaction		After transaction	
		number of shares	equity interest (%)	number of shares	equity interest (%)
6 March 2015	Share purchase	96,649	0.00424	296,649	0.013
5 May 2015	Share purchase	296,649	0.013	429,982	0.0189
15 May 2015	Share sale	429,982	0.0189	296,649	0.013
30 June 2015	Share sale	296,649	0.013	31,029	0.00136
30 November 2015	Share sale	31,029	0.00136	0	0



**Andrey Viktorovich SHEMETOV, Deputy Chairman of the Executive Board**

Andrey Shemetov was born on 18 July 1974 in Turosna, Klinty district, Bryansk region

He graduated from the Ordzhonikidze State Academy of Management in 1996 with a degree in Economics and Production Management.

From 2008 to 2012, he was the General Director at ATON.

From 2012 to 9 March 2016, he was the Deputy Chairman of the Executive Board of Moscow Exchange.

He is the Chairman of the Board of Directors of MICEX Stock Exchange and a member of the Supervisory Board of NME. He is also a member of the boards of directors of the self-regulated organisations NAUFOR and NSMA. He was first elected as a member of the Executive Board of Moscow Exchange by the Supervisory Board on 8 November 2012 (Minutes No 16) for a period of three years starting from 12 November 2012.

On 6 November 2015, the Supervisory Board resolved (Minutes No 9) to elect him as a member of the Executive Board for the period from 12 November 2015 until 11 November 2016, inclusive.

He owns 119,630 shares, or 0.00525% equity interest, in Moscow Exchange.

Below are the transactions involving shares in Moscow Exchange that he was involved in 2015:

Date of transaction	Type of transaction	Before transaction		After transaction	
		number of shares	equity interest (%)	number of shares	equity interest (%)
4 February 2015	Share purchase	50,000	0.002	775,000	0.034
5 February 2015	Share sale	775,000	0.034	75,000	0.003
1 June 2015	Share purchase	75,000	0.003	269,630	0.0118
4 June 2015	Share sale	269,630	0.0118	119,630	0.00525
1 December 2015	Share purchase	119,630	0.00525	369,630	0.0162
3 December 2015	Share sale	369,630	0.0162	219,630	0.00964
8 December 2015	Share sale	219,630	0.00964	119,630	0.00525



**Dmitry Viktorovich SHCHEGLOV, Chief Operating Officer, member of the Executive Board**

Dmitry SHCHEGLOV was born on 1 September 1975 in Orekhovo-Zuevo, Moscow region

He graduated from the Stankin Moscow State Technology University in 1998 with a degree in Automation and Control.

He joined Moscow Exchange in 1998, and he is now the Chief Operating Officer.

Since 2013, he has also been the Deputy General Director of MICEX Stock Exchange.

He was first elected as a member of the Executive Board of Moscow Exchange by the Supervisory Board on 29 March 2013 (Minutes No 35) for a period of two years starting from 1 April 2013.

On 5 March 2015, the Supervisory Board resolved (Minutes No 12) to elect him as a member of the Executive Board for the period from 2 April 2015 until 3 April 2017, inclusive.

He owns 65,581 shares, or 0.00288% equity interest, in Moscow Exchange.

Below are the transactions involving shares in Moscow Exchange that he was involved in in 2015:

Date of transaction	Type of transaction	Before transaction		After transaction	
		number of shares	equity interest (%)	number of shares	equity interest (%)
3 February 2015	Share purchase	119,846	0.00526	145,825	0.0064
25 March 2015	Share sale	145,825	0.0064	65,825	0.00289
18 June 2015	Share sale	65,825	0.00289	43,825	0.00192
4 September 2015	Share purchase	43,825	0.00192	126,776	0.00556
6 November 2015	Share sale	126,776	0.00556	16,776	0.00074
4 December 2015	Share purchase	16,776	0.00074	65,581	0.00288

### ***3.1.21 INCENTIVE PRINCIPLES AND APPROACHES USED IN RESPECT OF MEMBERS OF THE EXECUTIVE BOARD***

Moscow Exchange endeavours to provide competitive remuneration, taking into account the contribution of each member of the executive bodies in the achievement of Moscow Exchange's strategic objectives and financial performance.

The Supervisory Board of Moscow Exchange, with the participation of the Nomination and Remuneration Committee, determines the amount of remuneration (both fixed and variable) depending on the performance of Moscow Exchange and the personal contribution of each member of the Executive Board to the final results, as well as taking into account peer surveys (studies) concerning remuneration for similar positions in leading international consulting companies. The dependence of remuneration on performance is also seen in the annual approval of the key performance indicators for each member of the Executive Board and subsequent consideration of their reports on the achievement of such indicators and determination of the amount of remuneration based on annual performance (annual premium, annual bonus), taking into account, among other things, the relevant key performance indicators.

The system of remuneration for members of collegial bodies is based on an optimal balance between the dependence of the remuneration on the performance of Moscow Exchange and the personal contribution of each member to such performance.

The remuneration of members of executive bodies, including the structure of the remuneration, payment types, benefits and privileges, as well as the conditions, procedure and amount of reimbursement (compensation), and the list of eligible expenses, is determined by the Supervisory Board of Moscow Exchange.

The remuneration of each member of the executive bodies, the conditions and procedure for the payment of such remuneration and the conditions for the early termination of contracts, including termination benefits, compensation and/or any other payments in addition to that provided for in legislation and the conditions for payment thereof are reviewed and approved by the Supervisory Board on the recommendation of the Nomination and Remuneration Committee of Moscow Exchange (when approving the employment contract for each member of the executive bodies of Moscow Exchange), and they may be revised depending on the volume and significance of the problems resolved by such member, as well as the quality of their performance. The amount of compensation (severance pay) payable in the event of the early termination of the authority of the executive bodies upon the initiative of employees and in the absence of any bad-faith actions on their part shall not be more than twice the fixed part of their annual remuneration. No compensation is paid in case a member of an executive body is dismissed on grounds related to a disciplinary penalty or his/her employment is terminated as a result of an illegal act (or failure to act) committed by said member. Remuneration is discussed on an annual basis by the Supervisory Board on the recommendation of the Nomination and Remuneration Committee in respect of each member of the executive body. Personal bonuses depend on the achievement by a member of the executive body of the key performance indicators set forth for such member for a particular reporting year. To further increase the personal accountability of each member of the executive bodies, the Supervisory Board of Moscow Exchange regularly postpones the payment of remuneration to those members of executive bodies who are responsible for certain activities or projects in order to wait for the

financial and other results of such activities; bonuses may be reduced or cancelled in the event of negative results. Sixty per cent of the approved bonuses for 2015 will be paid in March 2016, i.e. after summing up the year's results. Forty per cent of bonuses will be deferred and paid in equal instalments after one and two calendar years (20% after one calendar year and the remaining 20% after two calendar years) on the basis of the relevant decisions of the Supervisory Board of Moscow Exchange. This procedure takes into account the risks of the decisions taken by members of the Executive Board.

In order to increase the motivation and accountability among members of the executive bodies and key managers of Moscow Exchange, to get them thinking like they were the owners of the company, and to link their remuneration to the long-term performance of Moscow Exchange, the Supervisory Board approved and periodically revises the principles and parameters for a long-term remuneration programme for the executives of Moscow Exchange.



## **3.2 Risk Management**

### ***3.2.1 SYSTEM FOR MANAGING RISKS TO THE CURRENT STRATEGY***

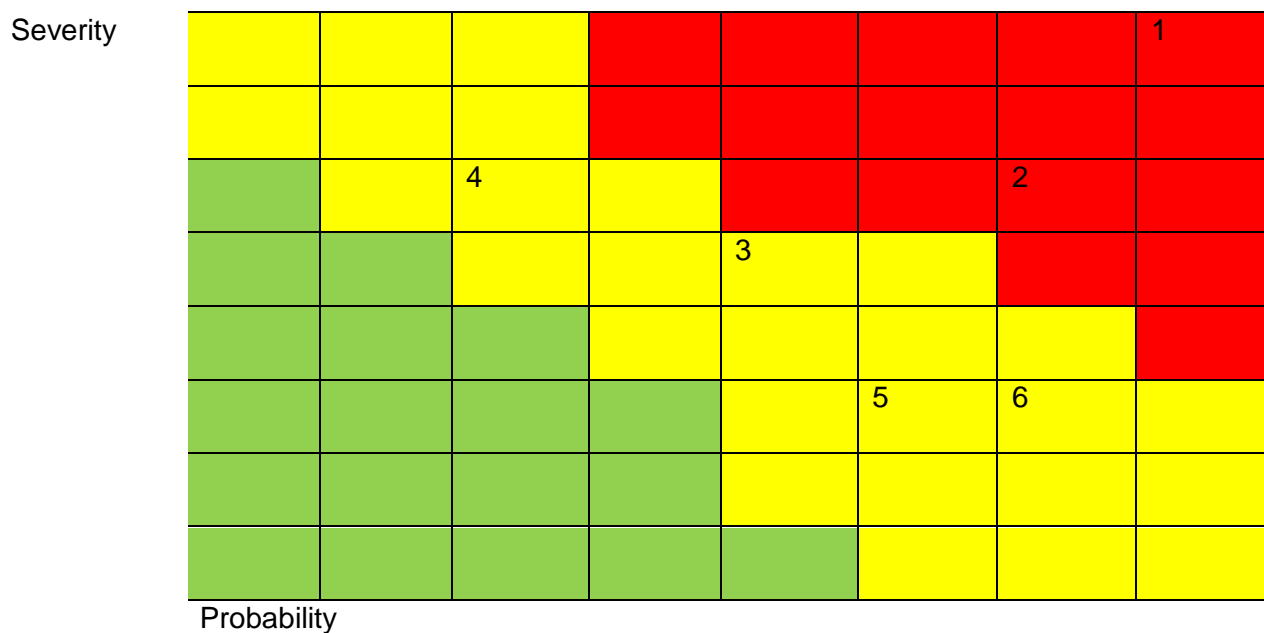
Moscow Exchange has established a risk management system that enables the timely identification and assessment of risks and the development of mitigation measures.

This system incorporates continuous monitoring of emergencies and assessment of their potential impact on the technical processes of the exchange markets and updating the integrated operational and financial risk management system in line with adopted decisions and procedures. Further development of the risk management system is planned to reduce the vulnerability of business processes and their recovery time, to improve system redundancy based on spacing and duplication of resources and to improve the reliability of communication systems between traders, Moscow Exchange and depository and settlement organisations.

Moscow Exchange has also set up a separate structural unit that is responsible for managing its risks as a market operator. This unit aims to identify and assess risks in a timely manner and to develop mitigation measures. Moscow Exchange developed and approved the Regulations on Managing the Risks of a Market Operator, which establish, in particular:

- the principles of the risk management system related to the Company's operations;
- the principles and objectives of risk management related to the Company's activities;
- Regulations on Managing the Risks of a Market Operator;
- the classification of risks inherent to Moscow Exchange;
- the procedure and timeline for an audit of the effectiveness of the risk management system;
- basic guidance and approaches to identifying, assessing and monitoring risks;
- the procedure and timelines for informing Moscow Exchange's governing bodies, executives and structural units about identified risks;
- a list of measures to be taken by Moscow Exchange to ensure the confidentiality of information about risks, including the confidentiality of risk reports;
- the frequency of stress testing, as well as requirements for the scenarios used for such testing.
- Moscow Exchange's Supervisory Board has formed a Risk Management Committee, which is tasked with:
  - developing recommendations on the specification of requirements for a non-business risk management system;
  - reviewing Moscow Exchange's risk management concepts, strategies and policies;
  - reviewing, on a regular basis, reports by Moscow Exchange's management on the operation of the risk management system;
  - making recommendations for the governing bodies on the Company's risk management priority areas in respect of non-business risks.

### 3.2.2 RISK MAP



2 /	Political and economic
4 /	HR
3 /	Regulatory and legal
2 /	Reputational
1/	Operational
6 /	Sanctions
5 /	Information security

### 3.2.3 RISK MANAGEMENT STRATEGY

Top 10 risks  /previous year	Risk type	Risk management strategy
2/1	Political and economic	The political and economic environment is monitored on an ongoing basis, and the most likely changes in the political and economic situation are assessed to reduce the political and economic risks to Moscow Exchange's operations. The findings are factored into Moscow Exchange's development concept, as well as decisions on the implementation of new projects.

4/4	HR	<ul style="list-style-type: none"> <li>- Long-term incentive programme for managers</li> <li>- Recognition programme for Group employees</li> <li>- Management of the performance evaluation system (compensation revision)</li> <li>- Training aimed at increasing customer focus</li> <li>- Skills training programmes</li> </ul>
3/5	Regulatory and legal	<p>As part of its activities as an organiser of trading, Moscow Exchange may be exposed to risks associated with unethical practices on the part of professional participants in the securities market. The following set of measures are used to reduce the risks associated with actions on the part of traders that show signs of market manipulation, the use of insider or proprietary information, commercial secrets, and to protect the legitimate rights and interests of investors:</p> <ul style="list-style-type: none"> <li>– development and approval of internal documents regulating Moscow Exchange's activities in accordance with the laws and regulations of the federal executive body for the securities market;</li> <li>– development of rules to prevent, detect and combat the misuse of insider information and/or market manipulation;</li> <li>– continuous monitoring of traders' stock market activities (applications and transactions) in order to detect unusual events, including events that can lead to market destabilisation. Information obtained from such monitoring is transferred to the federal executive body for the Securities Market;</li> <li>– an annual audit of processes and internal documents by an independent auditor;</li> <li>– interaction with regulatory authorities regarding the development of new regulations and changes to the existing ones.</li> </ul>
2/3	Reputational	<ul style="list-style-type: none"> <li>- continuous monitoring of reputational risks;</li> <li>- working with Moscow Exchange's management to minimise reputational risks;</li> <li>- holding public Moscow Exchange events aimed at enhancing the Company's business reputation.</li> </ul>
1/2	Operational	<ul style="list-style-type: none"> <li>– A programme called Stabilisation and Reliability is being implemented to improve the reliability of Moscow Exchange's key systems and processes</li> </ul>

		<ul style="list-style-type: none"> <li>– a dedicated unit has been formed to deal with operational risks;</li> <li>– assessment of operational risks in individual business units has been completed;</li> <li>– information on operational risk events is being collected;</li> <li>– a database of operational risks has been created;</li> <li>– a procedure has been implemented for assessing each identified operational risk and for making decisions on further action in relation to identified risks. An action plan is developed for each risk with respect to which a mitigation decision is made;</li> <li>– a procedure has been introduced for independent tracking of plans to reduce identified operational risks;</li> <li>– a series of employee training courses on operational risk management are being carried out.</li> </ul> <p>Currently, operational risk issues are reviewed by the Moscow Exchange Executive Board on a monthly basis. The issues of operational risks, along with the issues of legal, reputational and regulatory risks are reviewed on a regular basis by the Risk Committee of the Moscow Exchange Supervisory Board.</p> <p>With regard to information security and business continuity:</p> <ul style="list-style-type: none"> <li>– an independent audit of IT management processes has been conducted;</li> <li>– basic IT management processes are implemented in accordance with international CobIT and ITSM practices;</li> <li>– companies receiving exchange intelligence on a commercial basis are periodically audited;</li> <li>– information security procedures have been significantly upgraded, preparations have been started for certification for compliance with international standard ISO27001 for information security;</li> <li>– Business Continuity and Business Recovery Plans have been developed for units of the Moscow Exchange Group, a business impact analysis has been conducted, and a disaster recovery plan has been developed;</li> <li>– A Moscow Exchange backup office expansion project has been initiated.</li> </ul>
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6/6	Sanctions	<ul style="list-style-type: none"> <li>- Sanctions risks are being monitored;</li> <li>- Moscow Exchange has developed an operation plan in the event that a sanctions risk event should occur.</li> </ul>
5/5	Information security	<ul style="list-style-type: none"> <li>– information security is being monitored;</li> <li>– new information security tools have been introduced;</li> <li>– compliance with requirements for the protection of confidential and proprietary information, commercial secrets and personal information against unauthorised access is being monitored.</li> </ul>

#### *3.2.4 SHORT-TERM OUTLOOK FOR RISK DYNAMICS*

- Political and economic - as uncertainty persists regarding future oil price movements, we expect the political and economic risks to remain high in 2016.
- HR - this type of risk will remain neutral, given that most ongoing activities are long-term; however, staff turnover remains low.
- Regulatory and legal - since Moscow Exchange's strategic objectives include the standardisation of the Company's financial infrastructure and the development of its product line, the regulatory and legal risks will continue to have a high impact on the Exchange's activities; however, taking into account ongoing activities, we do not expect a significant increase in the regulatory and legal risk.
- Reputational - we expect the reputational risk to decrease on the back of several major marketing activities planned for the near future, which will contribute to enhancing Moscow Exchange's image.
- Operational - the Stabilisation and Reliability programme being implemented will reduce the operational risk; however, the full effect of the programme will be visible only in the long term.
- Sanctions - there is currently no basis for any increase in the sanctions risks.
- Information security - plans to upgrade the Exchange's key information systems will keep information security risks elevated.

### **3.3 For Shareholders and Investors**

#### **3.3.1 EQUITY CAPITAL**

Registered ordinary shares	State Registration Number 1-05-08443-H
Par value of one issued share	RUB 1.00
Number of issued shares	2,278,636,493
Amount of issue	RUB 2,278,636,493
International Stock Identification Number (ISIN)	MOEX / RU000A0JR4A1

Moscow Exchange's equity capital is RUB 2,278,636,493 and is equal to the total number of outstanding registered ordinary shares.

Moscow Exchange's outstanding shares have been traded in the Moscow Exchange Securities Market since 4 February 2013, under trading code MOEX. The IPO price was RUB 55 per ordinary share. Since 2 April 2013, MOEX shares have been listed as A First Level.

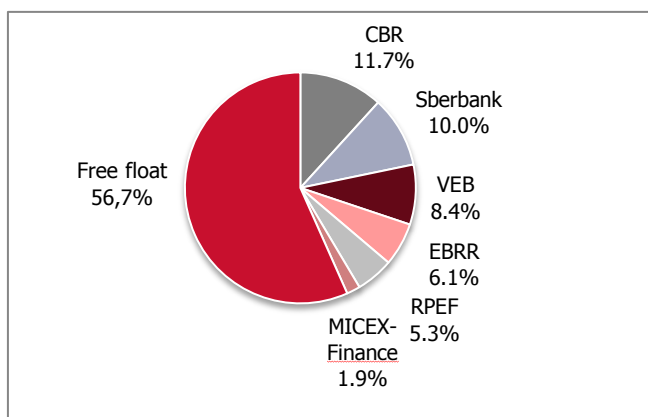
Moscow Exchange shares are included in the calculation of major Russian indices, such as MICEXINDEXCF and RTSI. These indices include shares with the highest liquidity among 50 major Russian issuers representing the main sectors of the economy. MOEX shares are also included in the blue chips index (RTSSTD), which is the market indicator of the Russian shares with the highest liquidity. It is calculated based on deals involving the shares of the 15 issuers with the highest liquidity in the Russian Securities Market. MOEX shares are included in the calculation of the Banking and Finance sector index, which also includes the shares of Russian issuers operating in this sector. MOEX shares are included in the composition of the Retirement Savings Market Index.

Moscow Exchange shares are included in international indices, such as those calculated by MSCI and Market Vectors Index Solutions (MVIS), which is evidence of international recognition of the Company. This contributes to strengthening Moscow Exchange's positive reputation among major institutional investors who base their decisions to buy securities on such indices. MOEX's weight in the MSCI Russia Index is 0.9%. In mid-March 2016, MVIS included MOEX shares in its calculation of the MVRSX Index. MVRSX is a benchmark for Market Vectors Russia ETF (RSX) Fund, which manages approximately USD 1.9 bln.

## Equity Capital Structure

Moscow Exchange's major shareholders (with a share of at least 5%) include six international and Russian institutional investors. As of the end of March 2016, their cumulative share accounted for 43% of all shares in the Company. Thus, the Company's free float is 57%, one of the highest free floats among Russian companies.

### Capital Structure as of 16 March 2016



In 2015, Moscow Exchange did not issue any further shares. The list of persons entitled to dispose above five percent of the Company's voting shares remained unchanged. In February 2016, Chengdong Investment Corporation sold its entire 5.578 percent stake (127,095,506 units) in Moscow Exchange.

As of 16 March 2015, MICEX-Finance, a Moscow Exchange's wholly-owned subsidiary, held 1.89% (or 43 mln shares) of the Exchange's total shares issued.

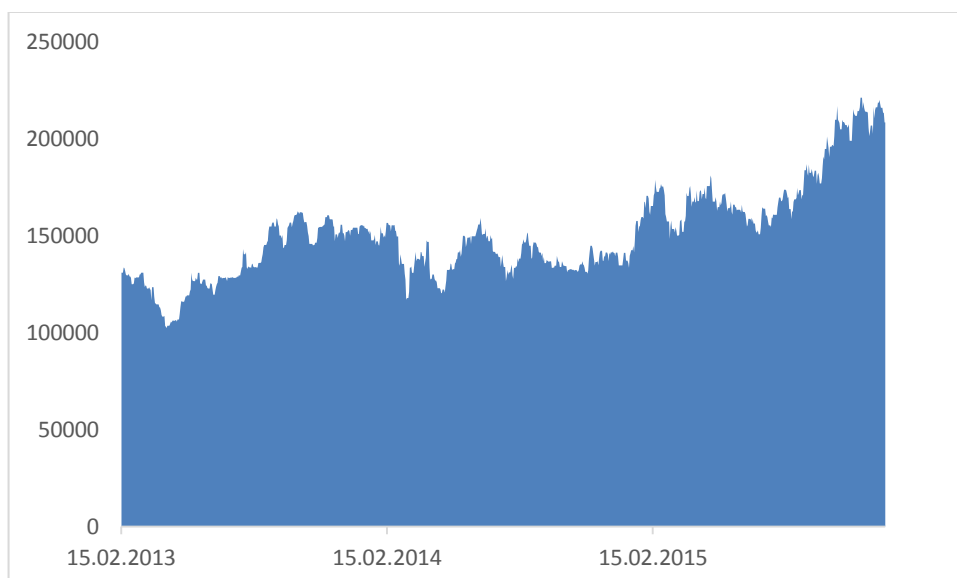
In 2015, Moscow Exchange did not make any special transactions with its shareholders: all transactions with shareholders were market-oriented and had terms similar to transactions with Company's other counterparties.



### 3.1.2 MOEX SHARE DYNAMICS

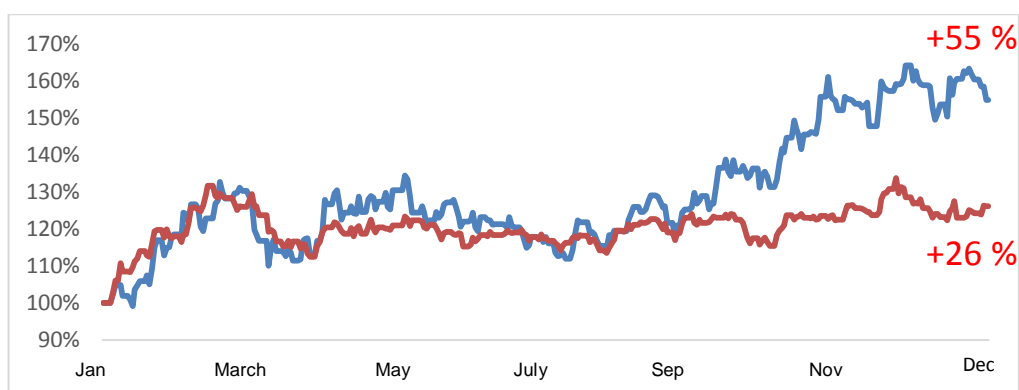
As of the end of 2015, Moscow Exchange's capitalisation was RUB 208.3 bln. The Company's value has increased by more than 65% since its IPO in February 2013 (RUB 125.3 bln).

**Moscow Exchange Capitalisation, RUB mln**

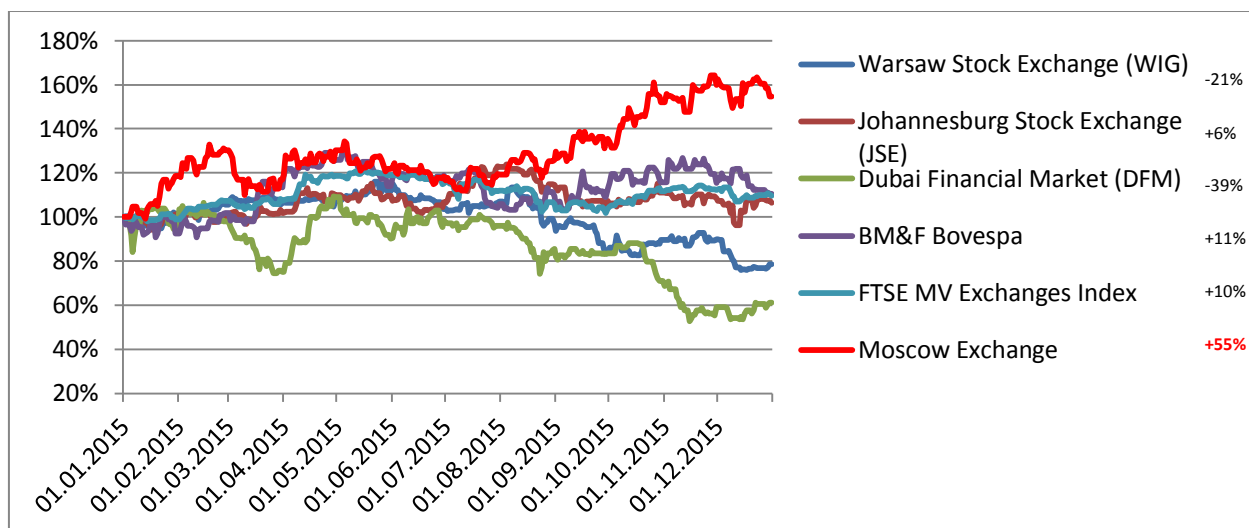


In 2015, the value of a MOEX's shares rose from RUB 59.06 up to RUB 91.40, an increase of 55%, materially ahead of the MICEX Index's performance.

— Ordinary share value,  
— MICEX index



## MOEX Share Dynamics vs. International Peers



\* Values of shares indicated in national currencies

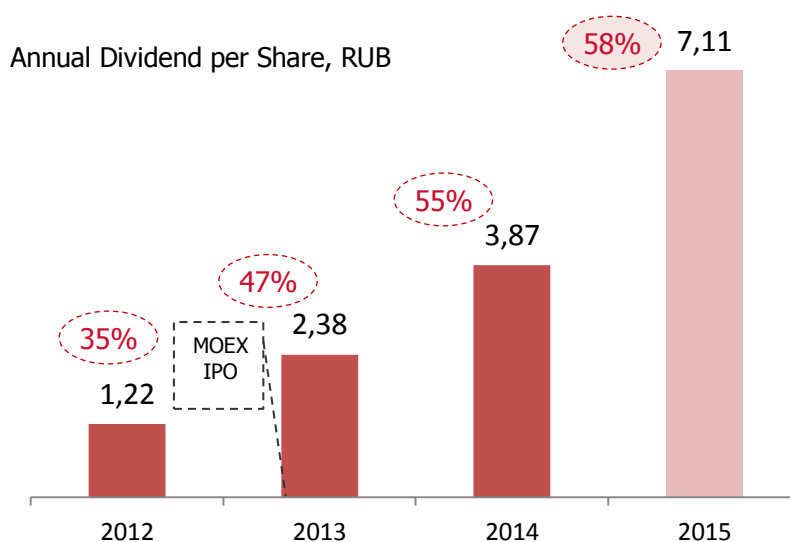
### 3.3.3 DIVIDENDS

#### DIVIDEND POLICY

Moscow Exchange provides shareholders with an equal and fair opportunity to participation in its profit distribution by receiving dividends.

Moscow Exchange's Annual General Meeting of Shareholders in 2015 decided to allocate RUB 8.8 bln for the payment of dividends. This amount constituted 55% of 2014 net income according to IFRS. Therefore, the dividend amount per ordinary share was RUB 3.87. Starting from the moment of its IPO, Moscow Exchange had paid out 8.2% (RUB 17.2 bln) of its capitalisation as of the end of 2015 (RUB 208 bln) to its shareholders in the form of dividends.

In December 2015, the MOEX Supervisory Board approved a new Dividend Policy that takes into account principles and recommendations of the CBR Corporate Governance Code. According to the new policy, the amount of dividends shall be no less than 55% of Moscow Exchange's net income calculated based on IFRS statements for the reporting fiscal year. In March 2016, the Supervisory Board recommended that MOEX shareholders approve 2015 dividends of RUB 7.11 per share at their annual meeting. Thus, RUB 16.2 bln is the recommended amount for 2015 dividends, meaning that 58.2% of Moscow Exchange's net income was paid out in 2015 as per IFRS.



\* The 2015 dividend amount recommended by the Supervisory Board for approval at the Annual General Meeting of Shareholders on 27 April 2016.

#### Dividend payments 2012 – 2015:

Paid in	2012	2013	2014	2015
Paid for	2011	2012	2013	2014
Announced on	20 June 2012 Minutes No 44 of the AGM	25 June 2013 Minutes No 49 of the AGM	26 June 2014 Minutes No 52 of the AGM	28 April 2015 Minutes No 53 of the AGM
Total pre-tax amount of dividends	681,197,400	2,901,756,800,	5,423,154,900	8,818,323,227.91

declared (RUB)				
Payment period established by the AGM	Within 60 days of the decision date	Within 60 days of the decision date	By 25 July 2014 for nominee holders;  By 15 August 2014 for other registered holders	By 25 May 2015 for nominee holders;  By 16 June 2015 for other registered holders
Actual payment date	Registrar: 15 August 2012  Register: 20 August 2012	Registrar: 22 August 2013  Register: 26 August 2013	24 July 2014 for nominee holders;  7 August 2014 for other registered holders	25 May 2015 for nominee holders  16 June 2015 for other registered holders

### 3.3.4 INVESTOR RELATIONS

In 2015, Moscow Exchange's management held over 270 meetings with investors in different formats: at MOEX offices, conferences and roadshows.

	2013	2014	2015
Number of meetings with investors	180	236	270

The MOEX Shareholders Day took place in April 2015 in the form of an Internet conference, a format that allowed for dialogue between MOEX leadership and shareholders or potential investors anywhere in the world. The audience constituted nearly 250 people from 30 regions of Russia and foreign countries.

Moscow Exchange's Annual General Meeting of Shareholders took place on 28 April 2015, with over 100 shareholders participating. The meeting agenda comprised 16 items, including approval of Moscow Exchange's annual report and financial statements, income distribution (including the 2014 dividend pay-out), new members of the Supervisory Board, etc.

In 2015, investors and analysts visited the Dataspace 1 data centre as part of the Reinvest MOEX programme. The aim of the event was to give market participants a deeper understanding of the specifics of the business. Dataspace 1 is the first Russia's data centre with full Tier III certification, which guarantees that it is highly reliable, operationally sustainable and not prone to failures. Moscow Exchange's IT strategy, a major part of the Group's overall strategy, was outlined for the guests.

Moscow Exchange won the Best Russian Company award in the category of Investor Relations (IR) from among 40 companies with medium capitalisation. The award is based on the outcome of the independent Extel Pan-European 2015 survey, which was conducted among more than 18,000 professional investors and analysts from the finance sector in over 80 countries. The following individuals also won personal IR awards on the basis of the survey: Alexander Afanasiev, Chairman of the Moscow Exchange Executive Board, was called the best CEO in terms of investor relations; Evgeny Fetisov, Moscow Exchange CFO, won for the best CFO in terms of investor relations; and Sergei Klinkov, Investor Relations Director, was named the best investor relations professional.

## INVESTORS' OPINION ON INVESTOR RELATIONS AT MOSCOW EXCHANGE

In 2014 and 2015, Moscow Exchange commissioned surveys to learn more about the perceptions of investors and analysts.

Year	Parameters	Response N/A, %	Good, %	Very good, %	Excellent, %
2014	Knowledge of the business	18	14	36	32
	Quality of IR-materials	14	4	32	50
	Trust and transparency	23	9	27	41
	Timeliness	23	0	18	59
	Friendliness / commitment to support	23	0	23	54
	Access to the management	36	9	32	23
2015	Knowledge of business	5	0	23	72
	Quality of IR-materials	5	0	23	72
	Trust and transparency	18	0	18	64
	Timeliness	5	0	27	68
	Friendliness / commitment to support	13	0	23	64
	Access to the management	9	0	14	77

### 3.3.5 REGISTRAR

The joint-stock company STATUS is Moscow Exchange's registrar.

Full Company Name	Joint-Stock Company Registrar Company STATUS
Location	32, bldg.1, Novorogozhskaya St., Moscow 109544, Russia
Registration Details	State Registration Certificate No 066.193 of 20 June 1997; Certificate of Entry into the Unified State Register of Legal Entities of 4 July 2002
Primary State Registration Number	1027700003924
Licence	Licence for performing the functions of a registrar No 10-000-1-00304 issued by the Federal Financial Markets Service on 12 March 2004 for an unlimited period
Contact Information	General: (495) 974-83-50; Shareholders support: (495) 974-83-47 E-mail: <a href="mailto:info@rostatus.ru">info@rostatus.ru</a> Fax: (495) 678-71-10 E-mail: <a href="mailto:Office@rostatus.ru">Office@rostatus.ru</a>

For more details, see [www.rostatus.ru](http://www.rostatus.ru) .

### 3.3.6 ANALYSTS

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## 4. Communications with Related Parties

### 4.1 Staff

Moscow Exchange's HR policy aims to address three main tasks: to attract highly qualified specialists, to facilitate professional development of employees and to create an atmosphere conducive to unlocking the Company's HR potential and achieving excellence.

#### *4.1.1 ATTRACTING YOUNG SPECIALISTS*

The business of Moscow Exchange is in many ways unique and without parallel in many market features. In this regard, the Group actively cooperates with leading universities across the country to attract talented young professionals for subsequent training to meet Company requirements.

In 2015, more than 50 students received on-the-job training at Moscow Exchange. Furthermore, two one-year internship programmes were offered to final year students specialising in finance and IT. More than 1,000 students from more than 70 higher education institutions in 30 Russian cities applied for these programmes. Jointly with the Financial University, the so-called Fincontest Student Olympiad was conducted. More than 2,000 Russian students applied, with 60 reaching the final. The results of the Olympiad will be announced in the first quarter of 2016.

#### *4.1.2 TRAINING AND DEVELOPMENT*

The key priorities of Moscow Exchange's employee training and development are nurturing the management culture, and supporting business in the implementation of the Company's strategy.

In early 2015, the first 77 graduates of MOEX Business University corporate successfully completed the training programme and presentation of business projects, thereby passing the final exam.

The second stage of training was launched – called MOEX Business University 2.0, with a programme entrance competition that involved more than three applicants per place, and a total of 49 employees enrolled in the programme. The programme's focus is the cultivation of change leaders. The programme will last two years, with employees already having completed the following courses: Converting Strategy into Action, Public Speaking, and Project Management. In early 2016, they presented their business projects.

Training in the School of Management modular programme for the development of mid-level managers was launched in September, with the aim of developing leaders' management skills and building a team of professionals.

In addition, more than 95 training courses on effective communication, customer focus, negotiation skills, time management, and persuasion skills were delivered during the year.

To develop management culture at the Company, a Mini MBA Programme was offered to 42 Moscow Exchange managers by a Dublin University professor of management the first part of a comprehensive programme to develop top management.

**Eleven company executives were highly ranked among the top 1,000 Russian managers.**

#### *4.1.3 BUILDING THE BRAND*

Moscow Exchange's Development Strategy for 2015-2020 involves active promotion of the employer brand (HR brand). In 2015, a project to build the HR brand was launched, that

includes a survey of the target group, the development of values and a creative concept, as well as an HR brand communication strategy.

#### 4.1.4 PERFORMANCE MANAGEMENT

Moscow Exchange has a fully operational performance management system, including target setting for all employees, semi-annual interim reviews and an annual final review of key performance indicators, which affects employees' salary revision and annual bonuses.

Corporate and individual targets for key employees are approved by the Exchange Supervisory Board. The more senior an employee's position, the higher the weight of corporate targets in the individual plan. Corporate targets for 2015 included three components: financial (management contribution to the ROE growth), business continuity, and a project component, which included the launch of a repo project with general collateral certificates.

The efficient operation of this system facilitates delivery on long-term goals, ultimately leading to better financial performance.

#### 4.1.5 COMPOSITION OF GOVERNING BODIES AND KEY CATEGORIES OF EMPLOYEES

##### Personnel structure by category, people

Employees excl. those with a second job in the Group	2013		2014		2015	
	31 Dec 2013		31 Dec 2014		31 Dec 2015	
	Male	Female	Male	Female	Male	Female
Senior executives	11	6	10	6	11	5
Department heads	266	203	263	191	247	179
Specialists	485	585	472	595	499	568
Labourers	41	0	37	0	33	0
Total	803	794	782	792	790	752
	1,597		1,574		1,542	
Incl. those on maternity and child care leaves		82		85		81

##### Personnel structure by category, %

Employees excl. those with a second job in the Group	2013		2014		2015	
	31 Dec 2013		31 Dec 2014		31 Dec 2015	
	Male	Female	Male	Male	Female	Male
Top executives	0.7	0.4	0.6	0.4	0.7	0.3
Heads of functional units	16.7	12.7	16.7	12.1	16.0	11.6
Specialists	30.4	36.6	30.0	37.8	32.4	36.8
Employees in worker occupations	2.6	0.0	2.4	0.0	2.1	0.0
Total	803	794	782	792	790	752
	1,597		1,574		1,542	

### Personnel structure by age, %

Employees excl. those with a second job in the Group	2013		2014		2015	
	31 Dec 2013		31 Dec 2014		31 Dec 2015	
	Male	Female	Male	Female	Male	Female
Under 25	2.6%	3.7%	3.2%	3.8%	4.2%	3.0%
26-35	16.9%	18.1%	16.8%	19.4%	17.6%	19.5%
36-55	24.5%	25.5%	23.5%	25.0%	23.8%	24.3%
Over 56	6.3%	2.4%	6.2%	2.1%	5.6%	2.0%
Total	803	794	782	792	790	752
	1,597		1,574		1,542	

### Newly hired employees

Employees excl. those with a second job in the Group	2013				2014				2015			
	Total number of newly hired employees during the reporting period 01 Jan 2013 - 31 Dec 2013		Employees excl. those with a second job in the Group as of 31 Dec 2013		Total number of newly hired employees during the reporting period 01 Jan 2014 - 31 Dec 2014		Employees excl. those with a second job in the Group as of 31 Dec 2014		Total number of newly hired employees during the reporting period 01 Jan 2015 - 31 Dec 2015		Employees excl. those with a second job in the Group as of 31 Dec 2015	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Under 25	0	0	2.6	3.7	0	0	3.2	3.8	0	0	4,2	3,0
26-35	0	0	16.9	18.1	0	0	16.8	19.4	50	0	17,6	19,5
36-55	0	0	24.5	25.5	0	0	23.5	25.0	0	50	23,8	24,3
Over 56	0	0	6.3	2.4	0	0	6.2	2.1	0	0	5,6	2,0
Total	0	0	803	794	0	0	782	792	1	1	790	752
	0		1,597		0		1,574		2		1,542	
Proportion of newly hired employees, %	0	0			0	0			5.1	4,1		
	0				0				4.6			

\* - excl. transfers between Moscow Exchange Group companies

### Staff turnover

	2013				2014				2015			
	Number of employees <b>voluntarily</b> resigning during the period 01 Jan 2013 - 31 Dec 2013, %		Average number of employees during the period 01 Jan 2013 - 31 Dec 2013, %		Number of employees <b>voluntarily</b> resigning during the period 01 Jan 2014 - 31 Dec 2014, %		Average number of employees during the period 01 Jan 2014 - 31 Dec 2014, %		Number of employees <b>voluntarily</b> resigning during the period 01 Jan 2015 - 31 Dec 2015, %		Average number of employees during the period 01 Jan 2015 - 31 Dec 2015, %	
	Male	Fem ale	Male	Fem ale	Male	Fem ale	Male	Fem ale	Male	Fem ale	Male	Fem ale
Under 25	7.8	7.8	2.5	3.5	3.8	10.4	2.4	2.8	9.8	8.9	2.3	1.9
26-35	25.8	19.5	16.5	18.0	23.6	22.6	16.2	18.8	22.3	23.2	16.3	19.0
36-55	19.5	12.5	24.7	25.7	23.6	14.2	24.1	26.1	14.3	16.1	24.4	26.7
Over 56	2.3	4.7	6.6	2.6	1.9	0.0	7.1	2.5	3.6	1.8	7.0	2.5
Total	71	57	802	796	56	50	796	801	56	56	786	789

### Turnover rate, %

	2013		2014		2015	
	Turnover rate		Turnover rate		Turnover rate	
	Male	Female	Male	Female	Male	Female
Under 25	25.1	17.8	10.4	24,9	31,0	33,3
26-35	12.6	8.7	9.6	8,0	9,7	8,7
36-55	6.3	3.9	6.5	3,6	4,2	4,3
Over 56	2.8	14.3	1.8	0,0	3,7	5,1
Total	8.9	7.2	7.0	6,2	7,1	7,1
	8.0		6.6		7.1	

### Average number of training hours

**Professional trainings** (aims to develop skills in line with professional standards, job descriptions, and compulsory regulatory requirements).

Skills training To develop skills in line with professional standards, job descriptions and regulatory requirements (mandatory)	Average annual number of training hours per employee	Number of training hours	Training breakdown by gender, %			Training breakdown by employee category, %		
			Male	Female	Top executives	Heads of functional units	Specialists	Labourers
2013	-	5104	46,1	53,9	–	40,1	59,6	0,3
2014	6.76	7110	40,5	59,5	–	24,5	75,5	–
2015	31.94	25912	49,5	50,5	1,9	35,3	62,8	–

Skills training for KPI achievement and employees' personal development (voluntary)	Average annual number of training hours per employee	Number of training hours	Training breakdown by gender, %			Training breakdown by employee category, %		
			Male	Female	Top executives	Heads of functional units	Specialists	Labourers
2013	9.6	2208	37.3	62.7	–	29.7	70.3	–
2014	27.15	13928	49.6	50.3	–	72.0	27.9	–
2015	11.08	13472	51.5	48.5	1.9	44.7	53.4	–

#### *4.1.6. SOCIAL POLICY*

The Social Policy of the Moscow Exchange is reviewed annually to make sure it is in line with the best practices in the financial and banking sector. The employees' benefits package is established by the Regulations on Corporate Social Assistance and includes different types of financial support, voluntary health insurance, and international critical disease insurance. In 2015, the Moscow Exchange offered a new type of insurance to its employees – the accident and disease insurance. The employees may also buy insurance contracts for family members at preferential prices.

The Company supports employees with children. The Company provides financial support to employees when they have a new baby, or when they adopt a child or become a custodian/guardian to a child. Employees with two or more underage children and with low income per family member are offered additional allowance to buy voluntary health insurance contracts for the children. The Company arranges annual educational and entertainment events and offers presents to employees' children on the occasion of the New Year.

#### *4.1.7. HEALTH AND SAFETY*

Responsible attitude to occupational safety is one of the key principles of the Moscow Exchange operation. The Moscow Exchange delivers high standards in the area of health and safety providing continuous training to personnel and implementing activities aimed at employees' health and safety awareness.

The Moscow Exchange complies with all regulatory requirements in this area, including the requirement on occupational safety briefings (induction briefings for new employees as well as initial, refresher and unscheduled safety briefings). The Moscow Exchange carries out regular inspections to check implementation of sanitary, anti-epidemic and prevention measures. Pre-employment, regular and pre-trip medical examinations are in place for all categories of employees subject to such examinations in accordance with the law.

In 2015, a special working conditions assessment was carried out for 461 workplaces. All the workplaces were confirmed to comply with the state norms; the established working environment class is 2, i.e. acceptable, no harmful or hazardous factors.

In the period from 2013 to 2015, no accidents were recorded.

All safety-related instructions are available on the intranet corporate portal, where the employees may also find health-related articles and safety distance-learning courses.

The Company takes care of the employees' health. It organises vaccination against flu every autumn and provides the employees with antiseptics and medical face masks in the periods of flu and ARVI epidemics.

The Group employees can attend a physician for medical assistance and consultation not only in the clinics available to them under their voluntary health insurance contracts, but also in the offices.

Recreational areas, kitchenettes and a gym are provided in the offices of the Group. The offices are equipped with potable water dispensers, coffee-machines and vending machines.

The Company encourages its employees to keep a healthy lifestyle. The Moscow Exchange has organised and maintains mini-football, triathlon and volleyball teams and a running club.

## **4.2 Suppliers**

Due to the introduction of a new statistical data processing system, the consolidated procurement data are given for the period from 1 May 2015 to 31 December 2015

The procurement process is centralised within the Moscow Exchange Group and is governed by the Regulations on Moscow Exchange Procurement Activities and procedures for procurement interaction between Moscow Exchange and other Moscow Exchange Group companies. Proposals are benchmarked against the cost of service in the previous period, or the best bid is selected from a short list of proposals of similar quality. Costs are benchmarked against the market, and any changes in cost are analysed. Depending on the value, transactions are approved at the level of the procurement unit, Procurement Commission, Executive Board or Supervisory Board. For each transaction, regardless of the value, records of procurement activity are kept and approved, indicating savings achieved and methods used to calculate savings. The Security Department assesses counterparty risks for all suppliers. Audit data are valid for no more than one year. Based on audit results, no contracts are awarded to suppliers with a high level of risk. Assessment covers only economic risks.

The current procurement system allows for the reliable selection of the technologically best offering, provides necessary transparency in the relationship with suppliers, and promotes competition

### **Volume of critical suppliers \* in May-December 2015, by number of bids**

Sole source	338 bids
Competitive	419 bids

### **Volume of critical suppliers \* in May-December 2015 by procurement amount**

Sole source	RUB 610 million
Competitive	RUB 2,000 million

*\* Critical suppliers are single (sole) source providers of services or products, which cannot be replaced by others. The definition is given in Moscow Exchange's Procurement Regulations. The level of criticality within this group may vary. Some sole-source suppliers are recognised as such due to the urgency of procurement or preferential technological solution.*

### **Priorities of Moscow Exchange's overall supply chain management strategy**

- Information transparency of related procurement - any supplier can fill out the supplier form on Moscow Exchange's website (<http://moex.com/s273>), and auctions are held on the B2B-centre electronic trading platform.
- Equality, fairness, no discrimination or unreasonable restrictions on competition among procurement participants: price negotiations are held only with bidders with proposals of similar quality;
- No additional commercial competitive stage is allowed after the announcement of the final request for proposals. An exception is a change in the terms of reference substantiated by the Initiator, or resulting from the consolidation of procurements, which is considered a new procurement. However, additional commercial negotiations can only be held with the winner.
- The consolidation of volumes and the awarding of long-term contracts achieve with the aim of achieving maximum economic effect.
- Aiming to expand the competitive environment by attracting alternative manufacturers.

### **4.3 Society**

Moscow Exchange is actively engaged in educational outreach work to improve the financial literacy of the population, provides support for academic research related to financial markets, sponsors professional publications and provides assistance to charitable organisations.

#### ***4.3.1 SHAPING THE INVESTMENT COMMUNITY***

As part of its ongoing engagement with private investors, Moscow Exchange facilitates the effective use of exchange instruments and services. The Best Private Investor 2015 competition was held in September - December 2015. It attracted 13,447 participants, 8,706 of whom were actively engaged in trading equity, derivatives and currency market instruments. The total turnover of contestants' trading was more than RUB 2.3 trillion.

One of the most important areas of Moscow Exchange's activities is improving corporate governance at Russian companies. In 2015, Moscow Exchange, jointly with RCB Media Group, organised the annual report competition for the 18<sup>th</sup> year in a row, with the aim of maintaining a high level of corporate disclosure transparency and efficiency. Every year brings more participants to the competition. 149 companies, including 19 newcomers, submitted applications for the 2015 competition.

In 2015, Moscow Exchange provided support to the Independent Directors Association (IDA) and the Russian Union of Industrialists and Entrepreneurs (RSPP) in holding the Director of the Year National Award. The award promotes the introduction and dissemination of the highest standards and best practices in corporate governance and boards of directors' activities in Russia.

In 2015, Moscow Exchange continued its cooperation with self-regulatory organisations in financial markets. Moscow Exchange was an official partner of the National Association of Securities Market Participants (NAUFOR) in organising two conferences: the Russian Stock Market in 2015: In the Fog of Uncertainty (May, Moscow), and the eighth annual conference of Ural NAUFOR (October, Ekaterinburg). Conference participants included, as is usually the case, exchange experts and leaders.

#### ***4.3.2 IMPROVING FINANCIAL LITERACY***

Moscow Exchange professionals, jointly with the Bank of Russia Expert Council on Financial Literacy across Non-Credit Financial Institutions, are involved in the project *Financial Literacy Days in Russia's Regions*. In 2015, events were held in the Stavropol region and the Khanty-Mansiysk Autonomous District. Moscow Exchange experts held more than 30 meetings with local residents, government officials, entrepreneurs, journalists and students, describing Moscow Exchange's activities and its new projects. In each region, such events were attended by about 2,500 people. As part of the project, Moscow Exchange supported the publication of a secondary school textbook on financial literacy.

In 2015, Moscow Exchange continued its cooperation with leading Russian financial, technical and economic universities. In 2015, this cooperation involved the Higher School of Economics, the Plekhanov Russian University of Economics, the Russian Academy of National Economy and Public Administration under the President of the Russian Federation, the Financial University under the Government of the Russian Federation, the Lomonosov Moscow State University, the MIFI National Nuclear Research University and MIS&A Technical University. The following events were held in cooperation with these universities: Business Dialogue with MGIMO, the international student teleconference "Career Paths in Finance" involving students from financial and economic universities, and MARGINAME Exchange Sparring. These events were attended by several dozen to several hundred people.



In 2015, Moscow Exchange employees held the *I Am an Investor* competition, which facilitated the participants' understanding of exchange instruments and introduced them to exchange trading using a demo account. The competition was attended by about 14,000 people from different regions of the country.

In financial education outreach, Moscow Exchange works closely with the Youth Centre for the Study of Financial Transactions (MTsFO). Moscow Exchange employees participated as experts in the All-Russia Competition of Graduation Papers on financial subjects and in the fourth Financial Literacy Forum. Last year, the distance learning Moscow Exchange School was launched, with MTsFO acting as an educational partner.

In St. Petersburg, the Moscow Exchange organised the interuniversity competition *Financial Triathlon - Treasure Exchange*. More than 100 students performed tasks on the streets and in the offices of the largest brokerage firms. The route passed through historically significant sites for the exchange sector in St. Petersburg. The event was held in collaboration with St. Petersburg State University's of Economics (SPbGEU), St. Petersburg State University Department of Economics and the International Institute of Banking. The event's partners included four leading brokerages: ALOR-SPb, BCS, Otkritie Brokerage House and Energocapital Investment Company.

For those looking to learn more about exchange technologies, more than 80 training workshops were held in Moscow and major regional centres on the following subjects: Investment Vehicles: *Where to Invest to Make Money, How to Put Money to Work, Devaluation of the Rouble: How to Protect and Increase your Savings, What's New in 2015: Taxation for Individuals Operating in the Stock Market, Foreign Exchange Market of the Moscow Exchange and its Instruments, Management of Personal Finances and the Basics of Investing*, and others. Analysts of major investment and brokerage companies: Otkrytie, BKS, Finam, Zerich, Aton, KIT Finance, IT-Invest took part in the workshops

In 2015, about 4,000 pupils and students visited the Moscow Exchange's Exchange History Museum. More than 200 guided tours were conducted. Work continued on the Foreign Exchanges exhibition: more than 100 exhibits were added to the museum's collection.

#### 4.3.3 CHARITABLE ASSISTANCE

Charity decisions at the Moscow Exchange are made collectively by members of the Charity Policy Committee, which approves the annual budget and expenditure plan. In 2015, the Moscow Exchange Group allocated a total of about RUB 25.5 mln to social initiatives.

The Company organises charity events providing each employee with the opportunity to act as a volunteer, as well as offering a variety of options for making donations. Announcements of socially significant activities are included in the *Company News* morning newsletter, and reports and photo essays about the events are posted on the Corporate Philanthropy intranet page, where employees can also register to participate in volunteer events and make a donation, as well as advertise alternative charitable projects.

Moscow Exchange Group's charitable activities prioritise long-term financing of social projects through specialist foundations. Provision of assistance mediated by non-profit organisations reaches a large number of people in need while also ensuring the transparency of expenditures. Partnership programmes are developed with the following foundations: Gift of Life, Vera and ORBI. Moscow Exchange also provides direct, targeted assistance to socially vulnerable and physically challenged categories, people of retirement age and children.

#### **Gift of Life Charity Foundation**

The Foundation is engaged in the treatment and rehabilitation of children suffering from blood-related illnesses. Funds in the amount of RUB 6 mln allocated by Moscow Exchange in 2015 were used to support the most important programme of the foundation - *Voluntary Donation*, which provides donor blood to sponsored hospitals, as well as to all those who appeal

directly for help: children and adults, patients undergoing long-term treatment, and accident victims. In 2015, 30 Moscow Exchange employees donated blood during an outreach donor event held by Gift of Life Foundation. Moscow Exchange employees also collected about RUB 40,000 to help children in the care of the Foundation.

### **Vera Charity Foundation**

This Foundation is engaged in the development of palliative care in Russia and supports more than 50 hospices in Moscow and other regions of the country. In 2015, Moscow Exchange funded the Foundation's programme to support regional hospices to the tune of RUB 6 mln. In particular, half of the allocated funds were used for an inpatient facility and mobile unit at one of the first hospices in Russia, the Pskov St Martha and Mary Hospice. The rest of the funds were used for the immediate needs of hospices: acquisition of care supplies, supplemental nutrition for patients, special beds and chairs, vehicles for mobile units, and financial aid for staff. In 2015, the Group conducted another campaign to collect basic goods, sending about 30 boxes with more than 1,000 essential items to patients of the Second Moscow Hospice.

### **ORBI Foundation**

This Foundation focuses on stroke prevention and assists patients and families in post-stroke rehabilitation. In 2015, Moscow Exchange allocated RUB 500,000 to support the ORBI Healthy Schools programme, which trains families in the proper care of stroke patients and the creation of a barrier-free environment around the patient. In 2015, more than 200 classes held by the Healthy School in a number of regions of Russia were attended by over 2,000 people. The programme also offers skills training for employees of hospitals, polyclinics and care homes.

### **Targeted charitable activity**

In honour of the 70<sup>th</sup> anniversary of the victory in World War II, Moscow Exchange provided financial assistance to war veterans: one-off payments were received by more than 120 World War II veterans and disabled soldiers, home front workers, siege survivors, and prisoners of concentration camps. The total amount of payments exceeded RUB 7 mln.

The Company continued to finance the Udelnaya orphanage, and to contribute to the social adaptation of orphans. In particular, the Company participated in the organisation of summer camps for orphans. As in the previous year, the Group supported a project to publish full-colour illustrated and embossed books for children with visual impairments, as well as a special edition on palliative care for children. In addition, funds were allocated for the Duet wheelchair dance club to support student participation in competitions.

The Company allocated funds for the purchase of children's wheelchairs and a standing frame for children with cerebral palsy, as well as for the treatment of children in rehabilitation centre. In 2015, collaboration was initiated with the Danilovtsy volunteer movement. With support from the Group, movement volunteers organise regular events for oncology patients at the Rogachev Children's Haematology Centre.

#### 4.3.4 ENVIRONMENTAL EFFICIENCY

##### Energy consumption by types of energy\*

Total Energy Consumption	2014, MJ	2015, MJ	Variance, MJ	Variance, %
Gasoline, l	2,995,409.45	2,904,746.45	-90,663.00	-3.0
Diesel fuel, l	1,856,773.00	1,822,124.73	-34,648.27	-1.9
Electricity, kW/h	40,583,750.90	42,048,975.30	1,465,224.40	3.6
Heat, Gcal/h	20,547,658.70	19,797,666.10	-749,992.60	-3.7
TOTAL	65,983,592.05	66,573,512.58	589,920.53	0.9

\*Data presented for the following MOEX Group companies: Moscow Exchange, NSD, NCC Clearing Bank, MICEX Stock Exchange.

MICEX Stock Exchange and NCC Clearing Bank do not have separate accounting for energy resources, as these companies do not own real estate (premises/buildings), and non-residential lease agreements do not provide for this.

Engineering equipment operations scheduled at Moscow Exchange property sites create energy savings by switching off 50% of the general ventilation and cold supply systems in office premises at night and on weekends. During the winter season, air-conditioning systems in server rooms are switched to free-cooling mode. The forced shutdown of lights in the corridors of four buildings takes place outside of office hours.

Increased energy consumption in 2015 versus 2014 was the result of an almost 1.5-fold increase in headcount at NSD and the resulting increase in the amount of equipment (PCs, servers, etc.)

Engineering equipment operations scheduled at NSD property sites provide energy savings by switching off 90% of the general ventilation and cold supply systems in office premises at night and on weekends. During the winter season, air-conditioning systems in server rooms are switched to free-cooling mode.

Maintenance and renovation projects scheduled for 2016 provide for the use of energy-efficient LED lights.

#### **Water**

##### **Total Water Offtake**

Total Water Offtake, l	2014	2015	Variance, %
Municipal and other water supply systems	41,188,806.00	46,159,590.00	12.1

##### **Total Water Discharge\***

Total Water Discharge, l	2014	2015	Variance, %
Planned	43,971,526.00	49,230,850.00	12.0

Discharge location: Mosvodostok (Moscow municipal discharge facilities), no pre-treatment required.

\*Total discharge includes canalisation and rainwater from the territory of MOEX property sites (Kislovsky Lane and Spartakovskaya Street).

Discharge to canalisation equals offtake from the water main. Total discharge = canalisation + wastewater effluents.

## **Waste**

### **G4-EN23 Total Waste Mass**

Total Solid Waste Mass, t	2014	2015	Variance, %
Category 1	215.1878	380.1752	76.7
Category 2	0	2,312	100
Category 3	4.388	2.369	-46.0
Category 4	165.228	228.782	38.5
Category 5	48.333	93.521	93.5
<b>TOTAL</b>	<b>433.1368</b>	<b>707.1592</b>	<b>63.3</b>

### **Disposal, Dumping and Recycling Methods**

In tonnes	2014	2015	Variance, %
Re-use	7.215	3.435	-52.4
Release of valuable components including energy	4.774	2.794	-41.5
Placing in landfills	202.45	314.6	55.4
Other methods (deactivation and recycling)	218.698	386.33	76.6
<b>TOTAL</b>	<b>433.137</b>	<b>707.159</b>	<b>63.3</b>

## **Environmental Safety Costs**

Costs of waste and discharge treatment and environmental remediation costs (thousands of RUB excluding VAT)

2014	2015	Variance, %
1,165.138	1.238.88	6,3

Environmental impact prevention costs and environmental management system costs (thousands of RUB excluding VAT)

2014	2015	Variance, %
<b>664.409</b>	<b>544.21398</b>	-18.1

### **Ecosystem Load Decreasing Measures**

1. 2015: air humidifiers, purifiers, and air anti-bacterial re-circulators were installed to improve the microclimate in office premises, and to remove hazardous substances, allergens, bacteria, etc.
2. Starting from January 2016: collection and disposal of batteries in office premises.

## **5. Financial statements**

Financial statements (IFRS) - <http://moex.com/s1355>

## 6. Appendices

### 6.1 Large transactions

In 2015 PJSC Moscow Exchange concluded no transactions that qualify as large transactions under the Federal Law on Joint Stock Companies dated 26 December 1995.

PJSC Moscow Exchange's Charter does not set out any other transactions to be approved as large transactions.

### 6.2 Related-party transactions

During the 2015 reporting year, PJSC Moscow Exchange entered into transactions that qualify under the Federal Law on Joint Stock Companies as related-party transactions pursuant to Chapter 11 of the Federal Law on Joint Stock Companies with the following parties:

- Central Bank of Russia (CBR)
- National Settlement Depository (NSD)
- MICEX SE
- NCC Clearing Bank (NCC)
- Sberbank
- VEB
- Svyaz Bank
- Eximbank of Russia
- DenizBank Moscow
- BPS Sberbank
- Sberbank CIB
- Status Registrar Society (Status)
- CentroCredit
- National Foreign Exchange Association (NFEA)
- VTB Bank
- National Mercantile Exchange (NAMEX)
- Ingosstrakh
- AlfaStrakhovanie
- Blagosostoyanie
- Academy of the Corporate Director (ACD)
- Institute of Directors (UK)
- Members of the Supervisory Board of Moscow Exchange: Andrey Sharonov and Yuan Wang.
- Members of the Executive Board of Moscow Exchange: Alexander Afanasiev, Dmitry Shcheglov, Sergey Poliakov and Andrey Shemetov.

#### **1. Related parties in transactions between Moscow Exchange and the CBR were<sup>4</sup>:**

- The CBR as a shareholder of Moscow Exchange with a holding of more than 20% held jointly with Sberbank, its affiliate, and being a party to the transaction.
- Sberbank as a shareholder of Moscow Exchange with a holding of more than 20% held jointly with CBR, its affiliate, and being a party to the transaction.

#### **2. Related parties in transactions between Moscow Exchange and the National Settlement Depository were:**

- Moscow Exchange Supervisory Board members, who were simultaneously NSD Supervisory Board members: Bella Zlatkis, Sean Glodek (for transactions concluded from 26 May 2015 – 31 December 2015);

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<sup>4</sup> As a related party was defined when the relevant transaction was approved.

- Dmitry Shcheglov, member of the Moscow Exchange Executive Board, who was simultaneously an NSD Supervisory Board member (for transactions concluded from 1 January 2015 – 26 May 2015);
  - Moscow Exchange Executive Board Chairman Alexander Afanasiev, who was simultaneously an NSD Supervisory Board member (for transactions concluded from 26 May 2015 – 31 December 2015).
- 3. Related parties in transactions between Moscow Exchange and MICEX SE were:**
- Moscow Exchange Executive Board member Dmitry Scheglov, who was simultaneously a member of MICEX SE's management;
  - Moscow Exchange Executive Board members, who were simultaneously members of the MICEX SE Board of Directors: Evgeny Fetisov, Andrey Shemetov.
- 4. Related parties in transactions between Moscow Exchange and the NCC Clearing Bank were:**
- Moscow Exchange Executive Board Chairman Alexander Afanasiev, who was simultaneously an NCC Clearing Bank Supervisory Board member;
  - Moscow Exchange Supervisory Board members, who were simultaneously NCC Clearing Bank Supervisory Board Members: Sergei Lykov, Andrey Golikov, Yuri Denisov.
- 5. Related parties in transactions between Moscow Exchange and Sberbank were:**
- Sberbank as a Moscow Exchange shareholder holding more than 20% of voting shares together with affiliated CBR and as a party to the transaction;
  - The CBR as a Moscow Exchange shareholder holding more than 20% of voting shares together with affiliated Sberbank and holding at the same time more than 20% of voting shares in Sberbank acting as a party to the transaction;
  - Moscow Exchange Supervisory Board Members who were simultaneously Sberbank Supervisory Board members: Alexey Kudrin, Valery Goreglyad (in transactions from 1 January 2015 – 29 May 2015).
- 6. A related party in transactions between Moscow Exchange and VEB was:**
- Sergei Lykov, a Moscow Exchange Supervisory Board member who was simultaneously a VEB Executive Board member.
- 7. A related party in transactions between Moscow Exchange and Svyaz Bank was:**
- Sergei Lykov, a Moscow Exchange Supervisory Board member who was simultaneously a member of Svyaz Bank Board of Directors.
- 8. A related party in transactions between Moscow Exchange and Eximbank was:**
- Sergei Lykov, a Moscow Exchange Supervisory Board member who was simultaneously a member of the Eximbank Board of Directors.
- 9. Related parties in transactions between Moscow Exchange and DenizBank Moscow were:**
- Sberbank as a Moscow Exchange shareholder holding more than 20% of voting shares together with affiliated CBR and as a DenizBank Moscow shareholder holding more than 20% of the bank's voting shares with the bank as a party to the transaction;
  - The CBR as a Moscow Exchange shareholder holding more than 20% of voting shares together with affiliated Sberbank which holds at the same time more than 20% of voting shares of DenizBank Moscow acting as a party to the transaction.
- 10. Related parties in transactions between Moscow Exchange and BPS Sberbank were:**
- Sberbank as a Moscow Exchange shareholder holding more than 20% of voting shares together with affiliated CBR and as a BPS Sberbank shareholder holding more than 20% of the bank's voting shares with the bank as a party to the transaction;
  - The CBR as a Moscow Exchange shareholder holding more than 20% of voting shares together with affiliated Sberbank which holds at the same time more than 20% of voting shares of BPS Sberbank acting as a party to the transaction.
- 11. A related party in transactions between Moscow Exchange and Sberbank CIB was:**



- Sberbank as a Moscow Exchange shareholder holding more than 20% of voting shares together with affiliated CBR and as a Sberbank CIB shareholder holding more than 20% of the bank's voting shares with the bank as a party to the transaction;
  - The CBR as a Moscow Exchange shareholder holding more than 20% of voting shares together with affiliated Sberbank which holds at the same time more than 20% of voting shares of Sberbank CIB acting as a party to the transaction.
- 12. Related parties in transactions between Moscow Exchange and Status Registrar Society were:**
- Sberbank as a Moscow Exchange shareholder holding more than 20% of voting shares together with affiliated CBR and as a Status Registrar Society shareholder holding more than 20% of Status Registrar Society's voting shares with the Status Registrar Society as a party to the transaction;
  - The CBR as a Moscow Exchange shareholder holding more than 20% of voting shares together with affiliated Sberbank which holds at the same time more than 20% of voting shares of Status Registrar Society acting as a party to the transaction.
- 13. A related party in transactions between Moscow Exchange and Centroc credit was:**  
Kirill Shershun, a member of the Moscow Exchange Supervisory Board who was simultaneously a member of the Centroc credit Executive Board.
- 14. A related party in transactions between Moscow Exchange and the National Foreign Exchange Association was:**  
Yuri Denisov, a member of the Moscow Exchange Supervisory Board who was simultaneously NFEA Council Co-Chairman.
- 15. A related party in transactions between Moscow Exchange and VTB Bank was:**  
Andrey Sharonov, a member of the Moscow Exchange Supervisory Board who was simultaneously a member of the VTB Bank Supervisory Board.
- 16. A related party in transactions between Moscow Exchange and NAMEX was:**  
Andrey Shemetov, a member of the Moscow Exchange Executive Board who was simultaneously a member of the NAMEX Supervisory Board.
- 17. Related parties in transactions between Moscow Exchange and Ingosstrakh Insurance Company were:**  
Sberbank as a Moscow Exchange shareholder holding more than 20% of voting shares together with affiliated CBR and as the affiliate of beneficiaries under the transaction;
- 18. Related parties in transactions between Moscow Exchange and AlfaStrakhovanie Insurance Company were:**
- Moscow Exchange Executive Board Chairman Alexander Afanasiev, who was a beneficiary under the transaction;
  - Members of the Moscow Exchange Executive Board who were beneficiaries under the transaction:  
Sergey Poliakov  
Evgeny Fetisov  
Andrey Shemetov  
Dmitry Shcheglov
- 19. Related parties in transactions between Moscow Exchange and Blagosostoyanie Insurance Company were:**
- Moscow Exchange Executive Board Chairman Alexander Afanasiev, who was a beneficiary under the transaction;
  - Members of the Moscow Exchange Executive Board who were beneficiaries under the transaction:  
Sergey Poliakov  
Evgeny Fetisov  
Andrey Shemetov  
Dmitry Shcheglov
- 20. Related parties in transactions between Moscow Exchange and Academy of Corporate Director (ACD) were:**
- Members of the Moscow Exchange Supervisory Board who were beneficiaries under the transaction:

Yuri Denisov  
Andrey Golikov

**21. Related parties in transactions between Moscow Exchange and Institute of Directors were:**

Members of the Moscow Exchange Supervisory Board who were beneficiaries under the transaction:

Nicola Jane Beattie  
Rainer Riess

**22. Related parties in transactions between Moscow Exchange and members of the Moscow Exchange Supervisory Board were:**

Members of the Moscow Exchange Supervisory Board who were a party to transactions concluded with each of them:

Andrey Sharonov  
Wang Yuan

**23. Related parties in transactions between Moscow Exchange and members of the Moscow Exchange Executive Board were:**

Moscow Exchange Executive Board Chairman Alexander Afanasiev who was a party to the transaction concluded with him;

Members of the Moscow Exchange Supervisory Board who were a party to transactions concluded with each of them:

Sergey Poliakov  
Andrey Shemetov  
Dmitry Shcheglov.

In the 2015 reporting year, PJSC Moscow Exchange's Supervisory Board and the General Meeting of Shareholders approved the following related party transactions<sup>5</sup>.

**By resolution of the Supervisory Board dated 26 February 2015 (Minutes No. 11)**

**1. Bank Account Agreement to be executed between Moscow Exchange and NSD on the following terms and conditions:**

Parties to the transaction: Moscow Exchange (Client) and National Settlement Depository (NSD).

Subject of the transaction: This Agreement establishes procedures for NSD and the Client in opening, maintaining and closing bank accounts as well as cash movement operations.

Transaction price: Determined based on NSD fees for cash transfer and supporting services. Transaction prices will not exceed 2% of the assets' book value.

Other essential terms and conditions: This Open Bank Agreement replaces Open Bank Agreement № 405 dated 14 March 2002 and Open Bank Agreement 843 dated 4 April 2008 (including amendments and additional agreements thereof) regulating procedures for opening and maintaining RUB bank accounts and account movement.

This Agreement becomes effective on the date of its execution and applies to the relationship between the parties initiated 1 November 2014. The Agreement will be valid for an indefinite period of time.

There are no beneficiaries of the transaction.

**2. Additional agreement for cash services to be executed between Moscow Exchange and NSD on the following terms and conditions:**

Parties to the transaction: Moscow Exchange (Client) and the National Settlement Depository (NSD).

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<sup>5</sup> In this section, any names of companies are given as of the date the relevant related-party transaction was approved.

Subject of the transaction: NSD provides cash services (cash movement) to the Client account.

Transaction price: Determined based on NSD fees for cash services. Transaction prices will not exceed 2% of the assets' book value.

Other essential terms and conditions: The Additional Agreement becomes effective on the date of its execution and applies to the relationship between the parties initiated 1 November 2014. This Additional Agreement will remain in force within the period of the Bank Account Agreement.

There are no beneficiaries of the transaction.

### **3. Service Contract No.2 to be executed between Moscow Exchange and NSD under the following conditions:**

Parties to the transaction: Moscow Exchange and the National Settlement Depository – NSD.

Subject of the transaction: Aiming to ensure the performance of obligations for providing access to and maintenance of software and hardware tools under the Contract for services (works) delivery executed between Moscow Exchange and the Federal Treasury, NSD undertakes to provide Moscow Exchange access to its software and hardware tools, as well as software and hardware tools maintenance and technical support services. NSD will also perform other actions, in NSD's electronic document management system in particular.

Transaction price: Determined based on the costs of services delivered under the Contract and equal to RUB 481,922 (four hundred and eighty one thousand nine hundred and twenty two), free of VAT. The transaction price will not exceed 2% of the book value of the Exchange's assets based on financial accounts for the most recent reporting date.

Other essential terms and conditions: The Contract will remain in force until 30 November 2016. The Contract will be renewed for the following year, should neither party notify the other party of its termination no later than 30 days prior to the Contract's termination date.

There are no beneficiaries of the transaction.

### **4. Contract for information services No. 177/INFO/NDS/CUR to be executed between Moscow Exchange and Sberbank of Russia on the following terms and conditions:**

Parties to the transaction: Moscow Exchange and the National Settlement Depository – NSD.

Subject of the transaction: Aiming to ensure the performance of obligations for providing access to and maintenance of software and hardware tools under the Contract for services (works) delivery executed between Moscow Exchange and the Federal Treasury, NSD undertakes to provide Moscow Exchange access to its software and hardware tools, as well as software and hardware tools maintenance and technical support services. NSD will also perform other actions, in NSD's electronic document management system in particular.

Transaction price: Determined based on the costs of services delivered under the Contract and equal to RUB 481,922 (four hundred and eighty one thousand nine hundred and twenty two), free of VAT. The transaction price will not exceed 2% of the book value of the Exchange's assets based on financial accounts for the most recent reporting date.

Other essential terms and conditions: The Contract will remain in force until 30 November 2016. The Contract will be renewed for the following year, should neither party notify the other party of its termination no later than 30 days prior to the Contract's termination date.

There are no beneficiaries of the transaction.

**5. Voluntary insurance executed between Moscow Exchange and AlfaStrakhovanie on the following terms and conditions:**

Parties to the transaction: AlfaStrakhovanie, the Insurer and Moscow Exchange, the Policyholder.

Subject of the transaction: The Insure undertakes for a fee (insurance premium) agreed in the contract to arrange and pay for medical and other services delivered to insured persons upon the occurrence of insured events (urgent or scheduled), meaning that the insured person applied to a medical institution for medical treatment or other services in the territory of the Russian Federation and/or for emergency medical treatment within T-II territory (worldwide except for country of residence).

Transaction price: The cost of services under the contract is based on the size of the insurance premium payable per insurance contract. The insurance premium charged for insured members of the Exchange's executive management and their family members equals RUB 1,495,310. The size of the premium may be adjusted if there are modifications in the number of insured persons and/or the insurance plan.

Other essential terms and conditions: The sum insured under the insurance contract (for insured executive management members and their family members) will be RUB 788,671,354.

Beneficiaries of the transaction: Executive management members of the Policyholder (CEO A.K. Afanasiev and members of the Executive Board S. Poliakoff, E.E. Fetisov., A.V. Shemetov and D.V. Shcheglov and their family members).

**6. Voluntary group health insurance executed between Moscow Exchange and Blagosostoyanie Insurance Company on the following terms and conditions:**

Parties to the transaction: Blagosostoyanie Insurance Company, the Insurer and Moscow Exchange, the Policyholder.

Subject matter of the transaction: The contract confirms the conclusion of a voluntary group insurance policy in accordance with the insurance rules of Blagosostoyanie Insurance Company to cover serious illnesses or major surgery with the possibility to undergo treatment/surgery abroad.

Transaction price: The cost of services under the contract is based on the size of the insurance premium payable per insurance contract. The insurance premium charged for insured members of the Exchange's executive management and their family members equals EUR 2,474.74. The size of the premium may be adjusted if there are modifications in the number of insured persons and/or the insurance plan.

Other essential terms: The sum insured is determined per each insured person based on the insurance plan. The sum insured shall not exceed EUR 2,000,000 (two million euro) per year or EUR 4,000,000 (four million euro) per the entire period of insurance should the insurance contract be renewed for a year or a longer period.

Payment under the contract shall be executed in Russian roubles using the exchange rate of the CBR effective on the day of payment.

Period of the Contract: from 1 December 2014 until 30 November 2015.

Beneficiaries of the transaction: Executive management members of the Policyholder (CEO A.K. Afanasiev and members of the Executive Board S. Poliakoff, E.E. Fetisov., A.V. Shemetov, D.V. Shcheglov and their family members).

**7. Service Contract executed with the NATIONAL FOREIGN EXCHANGE ASSOCIATION (NFEA) on the following terms and conditions:**

Parties to the transaction: Open Joint Stock Company "Moscow Exchange MICEX-RTS" – the Customer, and the NATIONAL FOREIGN EXCHANGE ASSOCIATION (NFEA) – the

Contractor.

Subject matter of the transaction: The Customer authorises the Contractor and agrees to accept and pay for, and the Contractor undertakes to deliver advertising services to the Customer during the 9<sup>th</sup> Annual International Conference DERIVATIVES IN RUSSIA 2014: NEW REGULATION – A NEW STAGE OF MARKET DEVELOPMENT on 20 November 2014 in Moscow (hereafter the Event).

Transaction price: The price of the transaction is determined based on the costs of services delivered under the Contract and will be equal to RUB 350,000 (three hundred and fifty thousand), free of VAT (Chapter 26.2 Russian Federation Tax Code).

Other essential terms and conditions: none.

There are no beneficiaries of the transaction.

**- By the resolution of the Supervisory Board dated 5 March 2015 (Minutes No. 12):**

**8. Employment agreement to be concluded between Moscow Exchange and Dmitry Shcheglov, the member of the Executive Board of Moscow Exchange, on the following terms and conditions:**

Parties to the transaction: Moscow Exchange (the Company, the Employer) and Dmitry Shcheglov (the Employee).

Subject of the transaction: Moscow Exchange employs the Employee as a Managing Director of Operations (Chief Operating Officer) from 2 April 2015.

The Employee is elected as a member of Moscow Exchange's Executive Board for a term of office from 2 April 2015 until 3 April 2017.

The Place of employment shall be the Employer's offices.

Transaction price: Determined as the following set of rewards and benefits under the employment agreement to the extent recommended by the Nomination and Remuneration Committee and as set in the employment agreement:

- the size of the Employee's fixed salary;
- the size of the premium (annual bonus, annual premium) payable subject to KPI and strategic target achievement;
- Compensation payable when the employment terminates in accordance with item 2 article 278 of the Labour Code of the Russian Federation, in the absence of culpable activity (omission of activity) on the part of the Employee.

Other essential terms and conditions: The Employee shall be entitled to benefits and compensation set forth in the internal documents of the Employer and the employment agreement.

There are no beneficiaries of the transaction.

**- By the resolution of the Supervisory Board dated 26 March 2015 (Minutes No. 13):**

**9. A Supplementary Agreement to Interaction Agreement No. BR-D-19/19 dated 23 January 2015 to be executed between Moscow Exchange and the Bank of Russia on the following terms and conditions:**

Parties to the transaction: Moscow Exchange and Bank of Russia.

Subject of the transaction: The Supplementary Agreement changes the interaction process between Moscow Exchange and the Bank of Russia in the course of credit auctions, while the Bank of Russia provides unsecured loans to credit institutions with the use of Moscow Exchange's electronic trading system. These changes shall be introduced on the back of

alterations made to credit auction procedures.

Transaction price: The Agreement does not describe the financial obligations of the Parties.

Other essential terms and conditions: none

There are no beneficiaries of the transaction.

**10. Residential Premises Sub-Undertenancy Agreement No. 87-16/13-70 to be executed between Moscow Exchange and NCC Clearing Bank on the following terms and conditions:**

Parties to the transaction: Moscow Exchange, the Undertenant, and NCC Clearing Bank, the Sub-undertenant.

Subject of the transaction: The Undertenant undertakes to grant a sub-undertenancy to the Sub-undertenant, and the Sub-undertenant to accept under sub-undertenancy the Sub-underlet premises 4.23 (part), 4.27, 4.28, 4.30 located on the 4th floor, 4/7 bld 1 Vozdvizhenka street, Moscow. The total area of Sub-underlet premises shall be 229.6 m<sup>2</sup>.

The Parties agree that the rent and other payments under the Agreement shall be charged per agreed leasable area of premises (determined as the aggregate of the area of premises and the part of common areas used by the Sub-undertenant) of 310.6 m<sup>2</sup>.

Transaction price: Total monthly rental amount: USD 27,207.27 plus VAT 18% USD 4,897.31 (at the base rental rate USD 978.85 per 1 m<sup>2</sup>, net of VAT and operating service cost USD 72.3 per 1 m<sup>2</sup> net of VAT).

The Sub-undertenant shall pay rental amounts on a monthly basis via bank transfer within 5 (five) working days following the relevant reporting period expiration against the invoice received from the Sub-undertenant. FX-denominated payments shall be executed in Russian roubles at the exchange rate of the CBR effective on the last day of the payment month.

Other essential terms and conditions: The contract becomes effective on 1 April 2015 and will remain in force until 29 February 2016.

There are no beneficiaries of the transaction.

**11. Non-residential premises sub-undertenancy agreement No. 87-16/13-71 to be executed between Moscow Exchange and MICEX SE on the following terms and conditions:**

Parties to the transaction: Moscow Exchange, the Undertenant, and MICEX SE, the Sub-undertenant.

Subject of the transaction: The Undertenant undertakes to grant a sub-undertenancy to the Sub-undertenant, and the Sub-undertenant to accept under sub-undertenancy the Sub-underlet premises 5.01, 5.04 located on the 5th floor, 4/7 bld 1 Vozdvizhenka street, Moscow. The total area of Sub-underlet premises shall be 158.65 m<sup>2</sup>.

The Parties agree that the rent and other payments under the Agreement shall be charged per agreed leasable area (determined as the aggregate of the area of premises and the part of common areas used by the Sub-undertenant) of 214.14 m<sup>2</sup>.

Transaction price: The total monthly rental amount will be USD 18,756.89 plus VAT 18% USD 3,376.24 (at the base rental rate USD 978.85 per 1 m<sup>2</sup>, net of VAT and operating service cost USD 72.3 per 1 m<sup>2</sup> net of VAT). The total rental amount for the entire agreement period will be USD 206,325.79, plus VAT 18% USD 37,138.64.

The Sub-undertenant shall pay rental amounts and operating service fees on a monthly basis via bank transfer within 5 (five) working days following the relevant reporting period expiration against the invoice received from the Sub-undertenant. FX-denominated payments shall be executed in Russian roubles at the exchange rate of the CBR effective on the last day of the payment month.

Other essential terms and conditions: The contract becomes effective on 1 March 2015 and will remain in force until 31 January 2016.

There are no beneficiaries of the transaction.

**- By the resolution of the Supervisory Board dated 10 April 2015 (Minutes No. 14):**

**12. Termination of Cooperation Agreement No. 1 dated October 20, 2008 planned for execution between Moscow Exchange and the National Settlement Depository on the following terms and conditions:**

Parties to the transaction: Moscow Exchange and the National Settlement Depository.

Subject of the transaction: Termination of Agreement No. 1 dated 20 October 2008 between MICEX CJSC and MICEX Settlement House for cooperation related to the provision of unsecured loans by the Bank of Russia to credit institutions.

Transaction price: The Agreement does not contain the financial obligations of the Parties.

Other essential terms and conditions: none.

There are no beneficiaries of the transaction.

**- By the resolution of the Supervisory Board dated 28 April 2015 (Minutes No. 1):**

**13. Employment agreement to be executed between Moscow Exchange and the Chairman of the Executive Board of Moscow Exchange Alexander Afanasiev, on the following terms and conditions:**

Parties to the transaction: Moscow Exchange (the Company, the Employer) and Alexander Afanasiev (the Employee).

Subject of the transaction: Moscow Exchange employs the Employee as the Chairman of the Executive Board (the CEO) of Moscow Exchange with a term of office from 29 April 2015 until the date of the AGM of Moscow Exchange in 2018 (this date inclusive).

This employment represents the Employee's primary employment.

The Place of employment shall be the Employer's offices.

Transaction price: Determined as the following set of rewards and benefits under the employment agreement to the extent recommended by the Nomination and Remuneration Committee and as set in the employment agreement:

- the size of the Employee's fixed salary;
- the size of the premium (annual bonus, annual premium) payable subject to KPI and strategic target achievement;
- Compensation payable when the employment terminates in accordance with item 2 article 278, Article 78 or item 1 Article 81 of the Labour Code of the Russian Federation, in the absence of culpable activity (omission of activity) on the part of the Employee.

Other essential terms and conditions: The Employee shall be entitled to benefits and compensation set forth in the internal documents of the Employer and employment agreement.

There are no beneficiaries of the transaction.

**14. Contract № 12/2015-CD for consulting services on participation in "Certified Director" seminars, to be concluded between Moscow Exchange and the "Academy of corporate director AID" LLC on the following terms and conditions:**

Parties to the transaction: Moscow Exchange - Customer, "Academy of corporate director AID" LLC – Executor.

Subject of the transaction: The Executor undertakes to provide the Customer, and the Customer undertakes to pay the Executor for the participation of Yuri Denisov (the representative of the Customer) in "Certified Director" seminars.

Price of the transaction: GBP 10,130.30 (Ten thousand one hundred and thirty 30/100), including 18% VAT in the amount of GBP 1,545.30 (One thousand five hundred and forty-five 30/100).

The price includes an examination fee. The payment shall be executed in roubles at the Central Bank's rate on the date of payment.

Other essential terms and conditions: none.

Beneficiaries of the transaction: Y.O. Denisov.

**15. Contract № 11/2015-CD for consulting services on participation in "Certified Director" seminars, to be concluded between Moscow Exchange and the "Academy of corporate director AID" LLC on the following terms and conditions:**

Parties to the transaction: Moscow Exchange - Customer, "Academy of corporate director AID" LLC – Executor.

Subject of the transaction: The Executor undertakes to provide the Customer, and the Customer undertakes to pay the Executor for the participation of Andrey Golikov (the representative of the Customer) in "Certified Director" seminars.

Price of the transaction: GBP 10,130.30 (Ten thousand one hundred and thirty 30/100), including 18% VAT in the amount of GBP 1,545.30 (One thousand five hundred and forty-five 30/100).

The price includes an examination fee. The payment shall be executed in roubles at the Central Bank's rate on the date of payment.

Other essential terms and conditions: none.

Beneficiaries of the transaction: A.F. Golikov.

**16. Supplementary Agreement No.1 dated 1 June 2015 to the Contract for Car Parking Space Lease 87-16/13-59 dated 1 December 2014 to be executed by and between NCC Clearing Bank and Moscow Exchange on the following terms and conditions:**

Parties to the transition: Moscow Exchange, the Lessor, and NCC Clearing Bank, the Lessee.

Subject of the transaction: The lessor leases to the Lessee for a lease payment 7 (seven) car parking spaces numbered 4, 5, 6, 8, 9, 10, 11 and located in the basement of the building 11, Bolshoy Kislovsky pereulok for the Lessee's use.

Transaction price: The monthly payment for 7 (seven) parking spaces per month will be RUB 119,770.00 including VAT (18%) of RUB 21,558.60.

The price under the Supplementary Agreement over the period of its validity will total RUB 479,080.00, including VAT (18%) of RUB 86,234.40.

Other essential terms and conditions: The Supplementary Agreement becomes effective upon signature and will remain in effect throughout 30 September 2015.

There are no beneficiaries of the transaction.

**17. Printing Works Performance Agreement No. 16/116 to be executed between NCC Clearing Bank and Moscow Exchange on the following terms and conditions:**

Parties to the transaction: Bank National Clearing Centre (Joint-stock company) (Customer), Public Joint-Stock Company "Moscow Exchange MICEX-RTS" (Contractor).

Subject of the transaction: Performance by the Contractor of printing works according to specific orders of the Customer.



Transaction price: The total cost of the works under the Agreement during the total period of its validity shall not exceed RUB 300,000 (three hundred thousand), including 18% VAT. If that amount is exceeded, the Agreement shall be deemed terminated.

Other essential terms and conditions: The Agreement will remain in force for twelve (12) months and shall be automatically extended for the next twelve (12) months, if neither Party declares its intention to terminate it no less than fourteen (14) calendar days prior to a date of expiration of the validity period of the Agreement.

There are no beneficiaries of the transaction.

**18. Non-disclosure agreement to be concluded between Moscow Exchange and Andrey Sharonov, the Exchange's Supervisory Board member, on the following terms and conditions:**

Parties to the transaction: Moscow Exchange – Disclosing party, and Andrey Sharonov – Receiving party.

Subject of the transaction: The Receiving party undertakes to protect and not to disclose confidential information, prevent unauthorised access to such confidential information, its loss or damage and shall be held liable for any default, subject to the terms and conditions of the NDA.

Transaction price: This NDA does not contain the financial obligations of the parties.

Other essential terms and conditions: If the Receiving party fails to perform or improperly performs (also unintentionally) its obligations under the NDA, the Receiving party shall compensate the Disclosing party for any losses (real damages) in connection with such failure.

The non-disclosure obligation remains effective during (five) years starting from the receipt of the confidential information or until such information becomes available to the public.

The NDA will come into effect on the date of its signing and covers the relations of the parties starting 28 April 2015.

Beneficiaries of the transaction: None.

**19. Agreement on termination of Car Lease Agreement No. 50/24 dated 10 December 2010 to be concluded between Moscow Exchange and NSD on the following terms and conditions:**

Parties to the transaction: Lessee: NSD; Lessor: Moscow Exchange.

Subject of the transaction: The parties agree to terminate Car Lease Agreement No. 50/24 dated 10 December 2010 starting 1 May 2015 and end their obligations thereunder.

Transaction price: The Agreement does not describe the financial obligations of the Parties.

Other essential terms and conditions: The Parties will have no liabilities under Car Lease Agreement No. 50/24 dated 10 December 2010 since the leased car will be returned against the Car Acceptance (Return) Statement.

There are no beneficiaries of the transaction.

**20. The Agreement to employment contract No. 1017 dated 26 September 2012 concluded between Moscow Exchange and Member of the Moscow Exchange Executive Board Sergey Poliakoff, on the following terms and conditions:**

Parties to the transaction: Moscow Exchange (the Company, the Employer) and Sergey Poliakoff (the Employee).

Subject of the transaction: Renewal of employment agreement No.1017 dated 26 September 2012 until 12 November 2015 inclusive.

Transaction price: The price of the transaction shall be determined by the total benefits and compensations as set out in employment agreement No. 1017 dated 26 September 2012 between the Company and the Employee.

Other essential terms and conditions: Other terms and conditions of Sergey Poliakov's employment agreement will remain unaltered in full force and effect.

There are no beneficiaries of the transaction.

**- By the resolution of the Supervisory Board dated 22 June 2015 (Minutes No. 3):**

**21. Supplementary Agreement No. 1 to Services Agreement No. 2 dated 1 December 2014 to be executed between Moscow Exchange and NSD on the following terms and conditions:**

Parties to the transaction: Public Joint-Stock Company "Moscow Exchange MICEX – RTS" - Moscow Exchange, and National Settlement Depository - NSD.

Subject of the transaction: Change in interaction between Moscow Exchange and NSD in the course of depositary operations of the Federal Treasury providing for the exclusion of additional control of the powers of employees of lending organisations for signing extracts from deposit accounts while sending them to the Federal Treasury in transit through the Electronic Document Flow System of the NSD.

Transaction price: The Supplementary Agreement does not contain any terms related to financial obligations of the Parties.

There are no other essential terms and conditions.

There are no beneficiaries of the transaction.

**- By the resolution of the Supervisory Board dated 8 July 2015 (Minutes No. 5):**

**22. The transaction related to the organisation of a set of seminars as part of the Certified Director Programme between Moscow Exchange and the Institute of Directors on the following terms and conditions:**

Parties to the transaction: Moscow Exchange – the Customer, Institute of Directors – the Contractor.

Transaction subject: The Contractor undertakes to provide and the Customer undertakes to pay for Services related to the organisation of a set of seminars as part of the *Certified Director Programme* and participation therein of the Customer representative – N. Beattie, Member of the Supervisory Board.

Transaction price: GBP 10,286.96 (18% VAT included).

The cost of Services provided to the Customer includes both training costs and the exam-related commission fee.

The payment is effected in pounds.

Other essential conditions of the transaction: none.

Beneficiary: N. Beattie, Member of the Supervisory Board.

**23. The transaction related to the organisation of a set of seminars as part of the Certified Director Programme between Moscow Exchange and the Institute of Directors on the following terms and conditions:**

Parties to the transaction: Moscow Exchange – the Customer, Institute of Directors – the Contractor.

Transaction subject: The Contractor undertakes to provide and the Customer undertakes to pay for Services related to the organisation of a set of seminars as part of the *Certified Director Programme* and participation therein of the Customer representative – R. Riess, Member of the Supervisory Board.

Transaction price: GBP 10,286.96 (18% VAT included). The cost of Services provided to the Customer includes both training costs and the exam-related commission fee. The payment is effected in pounds.

Other essential terms and conditions: none.

Beneficiary: R. Riess, Member of the Supervisory Board.

**- By the resolution of the Supervisory Board dated 31 July 2015 (Minutes No. 6):**

**24. Additional Agreement No. 10 to Agreement No. BR-D-19/495 on interaction in the course of trading in securities on MICEX Stock Exchange to be executed between Moscow Exchange, Bank of Russia, NCC Clearing Bank and MICEX Stock Exchange on the following terms and conditions:**

Parties to the transaction: Moscow Exchange, MICEX Stock Exchange, NCC Clearing Bank, Bank of Russia.

Subject of the transaction: Making changes to Agreement No. BR-D-19/495 dated 1 November 2011 on interaction in the course of trading in securities on MICEX Stock Exchange for the purpose of communicating the information on bond par value by MICEX Stock Exchange to the Bank of Russia.

Transaction price: This Additional Agreement does not contain the financial obligations of the Parties.

Other essential terms and conditions: none.

There are no beneficiaries of the transaction.

**25. The Integrated Technological Service Agreement between Moscow Exchange and Vnesheconombank on the following terms and conditions:**

Parties to the transaction: Technical Centre: Moscow Exchange; User: Vnesheconombank

Subject of transaction: The subject of transaction shall be the provision of integrated technological services by the Technical Centre to the User according to the Terms of provision of integrated technological services published on the website of the Technical Centre at <http://moex.com/a1819>, to which the User will accede. Whereby under the new Integrated Service Agreement, the User may be granted access to one or more software and hardware sub-systems of the Technical Centre:

- FX and Precious Metals Market trading system;
- FX and Precious Metals Market clearing system;
- MICEX SE trading system and securities market clearing system;
- NSD settlement system;
- Agricultural products trading system.

Transaction price:

The size of the Technical Centre's remuneration (fee) for the provision of integrated technological services shall be calculated based on fee packages that are published at <http://moex.com/a1819> on the relevant market section page.

Other essential terms and conditions:

Since the conclusion of the Integrated Technological Service Agreement, the earlier concluded Agreement on the provision of the integrated technological service on Equity & Bond Market dated 31 December 2004 No. 406/MMB5 and the Agreement on provision of the integrated technological service on FX Market dated 10 December 2007 No. 24 shall be deemed terminated.

There are no beneficiaries of the transaction.

**26. The Integrated Technological Service Agreement between Moscow Exchange and Sviaz-Bank on the following terms and conditions:**

Parties to the transaction: Technical Centre: Moscow Exchange; User: Sviaz-Bank

Subject of the transaction: The subject of transaction shall be the provision of integrated technological services by the Technical Centre to the User according to the Terms of provision of integrated technological services published on the website of the Technical Centre at <http://moex.com/a1819>, to which the User will accede. Whereby under the new Integrated Service Agreement, the User may be granted access to one or more software and hardware sub-systems of the Technical Centre:

- FX and Precious Metals Market trading system;
- FX and Precious Metals Market clearing system;
- MICEX SE trading system and securities market clearing system;
- NSD settlement system;
- Agricultural products trading system.

Transaction price: The size of the Technical Centre's remuneration (fee) for the provision of integrated technological services shall be calculated based on fee packages that are published at <http://moex.com/a1819> on the relevant market section page.

Other essential terms and conditions: Since the conclusion of the Integrated Technological Service Agreement, the earlier concluded Agreement on provision of the integrated technological service on Equity & Bond Market dated 20 June 2005 No. 522/MMB5 and the Agreement on the provision of the integrated technological service on FX Market dated 10 December 2007 No. 234 shall be deemed terminated.

There are no beneficiaries of the transaction.

## **27. The Integrated Technological Service Agreement between Moscow Exchange and CentroCredit Bank on the following terms and conditions:**

Parties to the transaction: Technical Centre: Moscow Exchange; User: CentroCredit Bank

Subject of the transaction: The subject of the transaction shall be the provision of integrated technological services by the Technical Centre to the User according to the Terms of provision of integrated technological services published on the website of the Technical Centre at <http://moex.com/a1819>, to which the User will accede. Whereby under the new Integrated Service Agreement, the User may be granted access to one or more software and hardware sub-systems of the Technical Centre:

- FX and Precious Metals Market trading system;
- FX and Precious Metals Market clearing system;
- MICEX SE trading system and securities market clearing system;
- NSD settlement system;
- Agricultural products trading system.

Transaction price: The size of the Technical Centre's remuneration (fee) for provision of integrated technological services shall be calculated based on fee packages that are published at <http://moex.com/a1819> on the relevant market section page.

Other essential terms and conditions: Since the conclusion of the Integrated Technological Service Agreement, the earlier concluded Agreement on the provision of the integrated technological service on Equity & Bond Market dated 31 December 2004 No. 112/MMB5 and the Agreement on the provision of the integrated technological service on FX Market dated 10 December 2007 No. 22 shall be deemed terminated.

There are no beneficiaries of the transaction.

## **28. The Integrated Technological Service Agreement between Moscow Exchange and Denizbank Moscow on the following terms and conditions:**

Parties to the transaction: Technical Centre: Moscow Exchange; User: Denizbank Moscow.

Subject of the transaction: The subject of transaction shall be the provision of integrated technological services by the Technical Centre to the User according to the Terms of provision of integrated technological services published on the website of the Technical Centre at <http://moex.com/a1819>, to which the User will accede. Whereby under the new Integrated Service Agreement, the User may be granted access to one or more software and hardware sub-systems of the Technical Centre:

- FX and Precious Metals Market trading system;
- FX and Precious Metals Market clearing system;
- MICEX SE trading system and securities market clearing system;
- NSD settlement system;
- Agricultural products trading system.

Transaction price:

The size of the Technical Centre's remuneration (fee) for the provision of integrated technological services shall be calculated based on fee packages that are published at <http://moex.com/a1819> on the relevant market section page.

Other essential terms and conditions:

Since the conclusion of the Integrated Technological Service Agreement, the earlier concluded Agreement on provision of the integrated technological service on Equity & Bond Market dated 31 May 2005 № 523/MMBE and the Agreement on provision of the integrated technological service on FX Market dated 10 December 2007 No. 712 shall be deemed terminated.

There are no beneficiaries of the transaction.

## **29. The Integrated Technological Service Agreement between Moscow Exchange and the National Settlement Depository on the following terms and conditions:**

Parties to the transaction: Technical Centre: Moscow Exchange; User: National Settlement Depository.

Subject of the transaction: The subject of the transaction shall be the provision of integrated technological services by the Technical Centre to the User according to the Terms of provision of integrated technological services published on the website of the Technical Centre at <http://moex.com/a1819>, to which the User will accede. Whereby under the new Integrated Service Agreement, the User may be granted access to one or more software and hardware sub-systems of the Technical Centre:

- FX and Precious Metals Market trading system;
- FX and Precious Metals Market clearing system;
- MICEX SE trading system and securities market clearing system;
- NSD settlement system;
- Agricultural products trading system.

Transaction price: The size of the Technical Centre's remuneration (fee) for provision of integrated technological services shall be calculated based on fee packages that are published at <http://moex.com/a1819> on the relevant market section page.

Other essential terms and conditions: Since the conclusion of the Integrated Technological Service Agreement, the earlier concluded Agreement on provision of the integrated technological service on FX Market dated 10 December 2007 No. 625 shall be deemed terminated.

There are no beneficiaries of the transaction.

## **30. The Integrated Technological Service Agreement between Moscow Exchange and Eximbank of Russia on the following terms and conditions:**

Parties to the transaction: Technical Centre: Moscow Exchange; User: Eximbank of Russia.

Subject of the transaction: The subject of the transaction shall be the provision of integrated technological services by the Technical Centre to the User according to the Terms of provision of integrated technological services published on the website of the Technical Centre at <http://moex.com/a1819>, to which the User will accede. Whereby under the new Integrated Service Agreement, the User may be granted access to one or more software and hardware sub-systems of the Technical Centre:

- FX and Precious Metals Market trading system;
- FX and Precious Metals Market clearing system;
- MICEX SE trading system and securities market clearing system;
- NSD settlement system;
- Agricultural products trading system.

Transaction price: The size of the Technical Centre's remuneration (fee) for provision of integrated technological services shall be calculated based on fee packages that are published at <http://moex.com/a1819> on the relevant market section page.

Other essential terms and conditions: Since the conclusion of the Integrated Technological Service Agreement, the earlier concluded Agreement on provision of the integrated technological service on Equity & Bond Market dated 7 December 2005 r. No. 536/MMBE and the Agreement on provision of the integrated technological service on FX Market dated 10 December 2007 No. 175 shall be deemed terminated.

There are no beneficiaries of the transaction.

### **31. The Integrated Technological Service Agreement between Moscow Exchange and Sberbank of Russia on the following terms and conditions:**

Parties to the transaction: Technical Centre: Moscow Exchange; User: Sberbank of Russia

Subject of the transaction: The subject of the transaction shall be the provision of integrated technological services by the Technical Centre to the User according to the Terms of provision of integrated technological services published on the website of the Technical Centre at <http://moex.com/a1819>, to which the User will accede. Whereby under the new Integrated Service Agreement, the User may be granted access to one or more software and hardware sub-systems of the Technical Centre:

- FX and Precious Metals Market trading system;
- FX and Precious Metals Market clearing system;
- MICEX SE trading system and securities market clearing system;
- NSD settlement system;
- Agricultural products trading system.

Transaction price:

The size of the Technical Centre's remuneration (fee) for provision of integrated technological services shall be calculated based on fee packages that are published at <http://moex.com/a1819> on the relevant market section page.

Other essential terms and conditions: Since the conclusion of the Integrated Technological Service Agreement, the earlier concluded Agreement on provision of the integrated technological service on Equity & Bond Market dated 31 December 2004 No. 484/MMBE and the Agreement on provision of the integrated technological service on FX Market dated 10 December 2007 No. 23 shall be deemed terminated.

There are no beneficiaries of the transaction.

### **32. The Integrated Technological Service Agreement between Moscow Exchange and BPS-Sberbank on the following terms and conditions:**

Parties to the transaction: Technical Centre: Moscow Exchange; User: BPS-Sberbank

Subject of the transaction: The subject of the transaction shall be provision of integrated technological services by the Technical Centre to the User according to the Terms of provision of integrated technological services published on the website of the Technical Centre at <http://moex.com/a1819>, to which the User will accede. Whereby under the new Integrated Service Agreement, the User may be granted access to one or more software and hardware sub-systems of the Technical Centre:

- FX and Precious Metals Market trading system;
- FX and Precious Metals Market clearing system;
- MICEX SE trading system and securities market clearing system;
- NSD settlement system;
- Agricultural products trading system.

Transaction price: The size of the Technical Centre's remuneration (fee) for provision of integrated technological services shall be calculated based on fee packages that are published at <http://moex.com/a1819> on the relevant market section page.

Other essential terms and conditions: Since the conclusion of the Integrated Technological Service Agreement, the earlier concluded Agreement on provision of the integrated technological service on FX Market dated 30 November 2012 No. 243 shall be deemed terminated.

There are no beneficiaries of the transaction.

### **33. The Integrated Technological Service Agreement between Moscow Exchange and Sberbank CIB on the following terms and conditions:**

Parties to the transaction: Technical Centre: Moscow Exchange; User: Sberbank CIB.

Subject of the transaction: The subject of the transaction shall be provision of integrated technological services by the Technical Centre to the User according to the Terms of provision of integrated technological services published on the website of the Technical Centre at <http://moex.com/a1819>, to which the User will accede. Whereby under the new Integrated Service Agreement, the User may be granted access to one or more software and hardware sub-systems of the Technical Centre:

- FX and Precious Metals Market trading system;
- FX and Precious Metals Market clearing system;
- MICEX SE trading system and securities market clearing system;
- NSD settlement system;
- Agricultural products trading system.

Transaction price: The size of the Technical Centre's remuneration (fee) for provision of integrated technological services shall be calculated based on fee packages that are published at <http://moex.com/a1819> on the relevant market section page.

Other essential terms and conditions: Since the conclusion of the Integrated Technological Service Agreement, the earlier concluded Agreement on provision of the integrated technological service on Equity & Bond Market dated 31 December 2004 No. 33-2704/04 shall be deemed terminated.

There are no beneficiaries of the transaction.

### **34. Additional Agreement No. 9 to Agreement for cooperation during trading and clearing on the FX and Precious Metals Markets (earlier Cooperation Agreement during main trading and additional sessions in UTS) of 10 December 2007 to be executed between Moscow Exchange, NCC Clearing Bank and the Bank of Russia on the following terms and conditions:**

Parties to the transaction: Public Joint-Stock Company "Moscow Exchange MICEX-RTS" ("the Exchange"), Bank National Clearing Centre (Joint-stock company) ("the Clearing Centre") and the Central Bank of the Russian Federation ("the Bank of Russia").

Subject of the transaction: Additional Agreement No. 9 to the Agreement for cooperation during trading and clearing on the FX and Precious Metals Markets (earlier Cooperation Agreement during main trading and additional sessions in UTS) (hereinafter “the Tri-party Agreement”) introduces the following amendments to the Tri-party Agreement:

– The term “additional session” has been replaced with “Clearing Centre’s swap trades”,

Moscow Exchange and NCC Clearing Centre have been renamed throughout the text as Public Joint-Stock Company “Moscow Exchange MICEX-RTS” (short name “Moscow Exchange”) and Bank National Clearing Centre (Joint-stock company) (short name “NCC Clearing Bank”) respectively.

Transaction price: Additional Agreement No. 9 to the Tri-party Agreement does not describe the financial commitments of the Parties.

Other essentials terms and conditions: Additional Agreement No. 9 to the Tri-party Agreement becomes effective on the date on which it is signed by the Parties.

There are no beneficiaries of the transaction.

### **35. The Technical Service Agreement to be executed between Moscow Exchange and Sberbank on the following terms and conditions:**

Parties to the transaction: Moscow Exchange – “the Technical Centre”, Sberbank – “the User”.

Subject of the transaction: Under the transaction, the User assigns and the Technical Centre undertakes to render to the User services for maintenance of device configuration intended for secure internet operation solely between the Technical Centre’s network segment and the User’s local network segment.

Transaction price: The transaction price is determined in accordance with the Technical Centre’s fees for rendered services and will be RUB 144,000 net of VAT per full calendar year.

The Technical Centre’s fee for services rendered during a fraction of a calendar year will be calculated as follows:

$S = T / 12 \times N + S_n$ , where

T – fee per year, RUB

N – Full calendar months of service rendered by the Technical Centre

$S_n$  – Cost of the Technical Centre’s services rendered for less than a full months calculated using the following formula:

$S_n = T / 12 / D_k \times D_f$ , where

T – fee per year, RUB

$D_k$  – total calendar days in a month

$D_f$  – calendar days in the portion of the month during which the Technical Centre rendered services to the User.

Other essential terms and conditions: The Technical Centre shall have the right to make changes in service fees unilaterally subject to sending to the User a written notification thereof at least 45 (forty five) calendar days before the date the new fees for the Technical Centre’s services rendered under the Agreement become effective.

There are no beneficiaries of the transaction.

### **36. Additional Agreement No. 1 to Agreement No. SW/71-05/967 dated 1 December 2014 on provision of the right to use the software programme “Software interface for link-up of external systems to the trading complexes of MICEX SE” (a simple (non-exclusive) license) to be executed between Moscow Exchange and Sberbank on the following terms and conditions:**

Parties to the transaction: Moscow Exchange – the Licensor, and Sberbank – the Licensee.



Subject of the transaction: This Additional Agreement introduces changes into Annex 2 to Agreement No. SW/71-05/967 dated 1 December 2014 on provision of the right to use the software programme "Software interface for link-up of external systems to the trading complexes of MICEX SE" (a simple (non-exclusive) license) (hereinafter "the Agreement") with the intent of increasing the number of licenses to 2 (two) licenses as a "Base" fee package and 5 (five) licenses as a "Standard" fee package.

Transaction price: The price of the transaction is determined based on the requested number of software (simple (non-exclusive) licenses) to be granted to the Licensee and fees for granting such licenses in accordance with Annex 1 to the Agreement. The monthly license fee payable by the Licensee to the Licensor will be RUB 13,000 net of VAT.

Other essential terms and conditions: This Additional Agreement does not alter other essential terms and conditions of the Agreement.

There are no beneficiaries of the transaction.

**37. The Analytical Credit Rating Agency (Joint-Stock company) (ACRA) Founders Agreement to be executed by and between the ACRA founders, including Moscow Exchange, on the following terms and conditions:**

Parties to the transaction: Moscow Exchange, Rosgosstrakh, RUVER LLC, Industrial Investors, Bank GPB, Asset Management Company Leader, Otkritie Holding, ONEXIM Group, TMK, FGC UES, Russian Agricultural Bank, Credit Bank of Moscow, Renova Group, UniCredit Bank, Bank Saint Petersburg, SAFMAR Pensii, Sberbank, Promsvyazbank, Rosbank, Bank VTB, JSFC Sistema, Severstal, Raiffeisenbank, Kommersant, Alfa-Bank, Sovcombank, Non-state pension fund "BLAGOSOSTOYANIE", referred to as the Founders as consistent with the Founders Agreement.

The composition, company names and number of Founders may be adjusted as of the ACRA founders meeting date.

Subject matter: The ACRA Founders Agreement establishes procedures for the Founder's joint activities as related to ACRA foundation, the size of ACRA's share capital, class and type of shares to be offered among the Founders, shares price and payment procedures and rights and obligations of ACRA Founders.

Transaction price: Determined based on the share price payable by Moscow Exchange as a Founder and will range between RUB 111,112,000 up to RUB 120,000,000 depending on the number of Founders having signed the Founders Agreement.

Other essential terms and conditions:

ACRA is a non-public joint-stock company.

ACRA shares are equally placed with the Founders.

The Founders may not directly or indirectly obtain the right to use 5% (five percent) or more of votes attached to voting shares constituting ACRA's share capital.

ACRA's share capital will be within RUB 3,000,000,000-RUB 3,000,024,000 and will be divided into registered ordinary shares with a par value of RUB 1,000 each depending on the number of the Founders having signed the Founders Agreement.

The shares acquired by the Founders upon founding ACRA will be paid for only in cash. ACRA shares allocated upon its founding should be paid for within 2 (two) months from the date of ACRA state registration.

Moscow Exchange pays state registration duties.

There are no beneficiaries of the transaction.

**38. The Shareholders Agreement in respect of the Analytical Credit Rating Agency (Joint-Stock company) (ACRA) to be executed by and between the shareholders of ACRA, including Moscow Exchange, on the following terms and conditions:**

Parties to the transactions: Moscow Exchange, Rosgosstrakh, RUVER LLC, Industrial Investors, Bank GPB (AO), Asset Management Company Leader, Otkritie Holding, ONEXIM

Group, TMK, FGC UES, Russian Agricultural Bank, Credit Bank of Moscow, Renova Group, UniCredit Bank, Bank Saint Petersburg, SAFMAR Pensii, Sberbank, Promsvyazbank, Rosbank, Bank VTB, JSFC Sistema, Severstal, Raiffeisenbank, Kommersant, Alfa-Bank, Sovcombank, Non-state pension fund "BLAGOSOSTOYANIE", referred to as the Founders as consistent with the Shareholders Agreement. The composition, company names and number of Founders may be adjusted as of ACRA founders meeting date.

Subject matter: ACRA Shareholders Agreement (hereinafter, the Shareholders Agreement) describes the specifics of exercising the rights attached to ACRA shares.

The Shareholders agree not to exercise their individual rights attached to ACRA shares for a period of 3 (three) years from the date of the Shareholders Agreement date, those including the right to sell the shares and pre-emptive rights, (and take any other actions) to ensure compliance with the terms of the Shareholders Agreement.

Transaction price: The Shareholders Agreement does not describe the financial obligations of Shareholders.

Other essential terms and conditions:

**1) Limitation on the sale of shares (lock-up):**

The Shareholders undertake not to sell or otherwise alienate the shares they hold to any other Shareholders or third parties during three years from the Shareholders Agreement date; with the exception of legal entities controlling the Shareholders or under control of the Shareholder.

**2) The sale of shares after the lock-up period expiration:**

After the three-year lock-up period expires, the Shareholder is allowed to sell the shares to any other Shareholder subject to the limit on disposal of shares of 5% or more of voting shares as set in the Charter of ACRA.

The shares exceeding the limit are not voting shares and are not taken into account when determining the ACRA GSM meeting quorum.

**3) The Board of Directors composition:**

ACRA Board of Directors shall consist of at least 5 members. On the date ACRA is founded the

Board of Directors will consist of 5 members.

Except for the General Director/CEO, other members shall be independent.

**4) Special procedure for the Board of Directors election:**

The list of candidates for the Board of Directors election at the Annual General Shareholders Meeting is formed in stages:

- the acting Board of Directors is entitled to form the list of candidates for the Board of Directors election in the amount determined by the previous GSM, 1 (one) of those candidates shall be General Director/CEO and other candidates shall comply with the requirements for independent directors, and after preliminary discussion with the Shareholders, will nominate 1 (one) candidate on the list;

- having received the abovementioned proposal of the Board of Directors on the candidate's nomination, the Shareholders shall undertake to nominate this candidate and will also have the right to nominate other candidates complying with the requirements for independent directors, in a total amount not exceeding the total number of the Board of Directors seats defined by the previous General Shareholders Meeting.

**5) No Revision Committee is founded in ACRA.**

**6) Limitation on obtaining public status:**

Within 5 years of the Shareholders Agreement date, the Shareholders should not perform any actions or adopt any resolutions which may result in:

- an increase of ACRA share capital by additional share offering to the public (public offering);
- amendment of the ACRA Charter giving ACRA the status of a public company.

There are no beneficiaries of the transaction.

**39. Additional Agreement No. 1 to be executed between Moscow Exchange and NSD to Service Agreement D-11-02-003 dated 01.01.2011 on the following terms and conditions:**

Parties to the transaction: National Settlement Depository, NSD (the Customer), and Public Joint-Stock Company "Moscow Exchange MICEX-RTS", Moscow Exchange (Contractor).

Subject of the transaction: The Additional Agreement sets the liaison procedure for rendering consulting and analytical services by the Contractor to the Customer regarding financial management, in particular budgeting, budget control, management/financial accounting and reporting services.

Transaction price: The Additional Agreement does not alter the cost of services rendered under the Service Agreement that remains RUB 350,000 (Three hundred fifty thousand) plus VAT (18%) of RUB 63,000 (Sixty three thousand) per month.

Other essential terms and conditions: The Additional Agreement shall be valid throughout the period of the Contract.

There are no beneficiaries of the transaction.

**40. Agreement on car parking lease No. 87-16/13-90 dated 1 October 2015 between Moscow Exchange and NCC Clearing Bank on the following terms and conditions:**

Parties to the transaction: Moscow Exchange, the Lessor; NCC Clearing Bank, the Lessee.

Subject of the transaction: the Lessor leases to the Lessee for a fee 7 (seven) car parking spaces numbered 4, 5, 6, 8, 9, 10, and 24 located at 11, Bolshoy Kislovsky pereulok for the Lessee's use.

Transaction price: The monthly lease payment will be RUB 101,077.62 (one hundred and one thousand seventy seven and 62/100) with VAT (18%).

Other essential terms conditions of the transaction: This Agreement becomes effective on the date it is signed and will remain in effect throughout 31 August 2016.

There are no beneficiaries of the transaction.

41. Supplementary Agreement No. 1 to the Agreement on car parking lease No. 87-16/13-90 dated 1 October 2015 (hereinafter, Supplementary Agreement) to be executed between Moscow Exchange and NCC Clearing Bank on the following terms and conditions:

Parties to the transaction:

Moscow Exchange, the Lessor

NCC Clearing Bank, the Lessee

Subject of the transaction: Agreement on car parking lease No 87-16/13-90 dated 1 October 2015 is amended with the number of car parking spaces, increased up to 8 (Eight) spaces numbered 4, 5, 6, 8, 9, 10, 24 and 25 located at 11, Bolshoy Kislovsky pereulok for the Lessee's use.

Transaction price: The payment per 8 (eight) parking spaces per month is increased by RUB 14 439,66 (Fourteen thousand four hundred and thirty nine 66/100), including VAT, and will amount to RUB 115,517.28 (One hundred and fifteen thousand five hundred and seventeen 28/100) including VAT (18%).

Other essential terms and conditions: None.

There are no beneficiaries of the transaction.

**42. The Agreement for payment (compensation) of expenses to be executed between Moscow Exchange and Yuan Wang, a member of the Moscow Exchange Supervisory Board on the following terms and conditions:**

Parties to the transaction: Moscow Exchange and Yuan Wang.

Subject of the transaction: Compensation of Yuan Wang's expenses related to participation in business meetings with China Financial Futures Exchange and Shanghai Stock Exchange arranged by Moscow Exchange in Shanghai on 16 October 2015. The plan of meetings is summarised in Annex 1.

The Exchange shall compensate for air tickets from Beijing – Shanghai (flight date 15 October 2015) and Shanghai – Beijing (flight date 17 October 2015), as well as for hotel accommodation in Shanghai from 15 October 2015 till 17 October 2015 (2 nights).

Transaction price: RUB 204,215.50 (including personal income tax).

Other essential terms and conditions: none.

There are no beneficiaries of the transaction.

**43. Supplementary agreement to Employment Agreement No. 1030 of 9 November 2012 that Moscow Exchange plans to execute with Andrey Shemetov on the following terms and conditions:**

Parties to the transaction: Public Joint-Stock Company “Moscow Exchange MICEX-RTS” (Moscow Exchange) (hereinafter the Employer, the Company) and Andrey Shemetov (hereinafter the Employee).

Subject of the transaction: Amendments and supplements to Employment Agreement No. 1030 dated 9 November 2012 executed between the Company and the Employee in view of:

- electing the Employee a member of Executive Board of the Company for a term of office from 12 November 2015 until 11 November 2016 inclusive;
- setting terms and conditions for an annual bonus payable to the Employee, as well as other benefits and guarantees, including those in the event of temporary disability.

Transaction price: The price of the transaction shall be determined by the size of the official salary set in Employment Agreement No. 1030 dated 9 November 2012 and benefits and compensations, paid during employment, listed below:

- A performance-based bonus approved by the Supervisory Board for the relevant year (annual bonus, premium);

Compensation equal to triple the Employee's average monthly earnings payable if the employment terminates in accordance with item 2 article 278 of the Labour Code of the Russian Federation, in the absence of wrongful acts (omissions) on the part of the Employee.

The price of the transaction will not exceed 2% of the Company's assets balance sheet value as of the last reporting date preceding the date of the transaction.

Other essential terms and conditions:

- Employment agreement No. 1030 of 9 November 2012 executed with the Employee shall be renewed for a period from 12 November 2015 until 11 November 2016 inclusive.

- The Company provides the following benefits:

–The employee and his family members (his spouse and children) are to be repaid for voluntary medical insurance in the amount of \_\_\_\_\_ roubles per year;

–The employee is to be repaid for accident and illness insurance and international medical insurance subject to the terms and conditions set out in the local regulations of the Employer;

–The employee is to be repaid for a 1-2 month programme at the Yale School of Management for further professional education. The cost of the programme should not exceed \_\_\_\_\_ USD.

There are no beneficiaries of the transaction.

**44. Supplementary agreement to Employment Agreement No. 1017 of 26 September 2012 that Moscow Exchange plans to execute with Sergei Poliakoff on the following terms and conditions:**

Parties to the transaction: Public Joint-Stock Company "Moscow Exchange MICEX-RTS" (Moscow Exchange) (hereinafter the Employer, the Company) and Sergei Poliakov (hereinafter the Employee).

Subject of the transaction: Amendments and supplements to Employment Agreement No. 1017 dated 26 September 2012 executed between the Company and the Employee in view of electing the Employee as a member of Executive Board of the Company for a term of office from 13 November 2015 until 13 November 2017 inclusive. Other terms and conditions will not be altered.

Transaction price: The price shall be determined by the total of remunerations and compensations set in Employment Agreement No. 1017 dated 26 September 2012 executed between the Company and the Employee.

There are no beneficiaries of the transaction.

**45. Supplementary Agreement No. 2 to Service Agreement No. 2 dated 1 December 2014 to be executed between Moscow Exchange and NSD on the following terms and conditions:**

Parties to the transaction: Public Joint-Stock Company "Moscow Exchange MICEX-RTS" – Moscow Exchange; National Settlement Depository - NSD.

Subject of the transaction: Increase of the value of Service Agreement No. 2 dated 1 December 2014.

Transaction price: The transaction price is determined based on the cost of the services under the Agreement which amounts to RUB 531,560 per month, exclusive of VAT, and will not exceed 2% of the book value of the assets of Moscow Exchange determined at the latest reporting date, pursuant to its accounting reporting.

Other essential terms and conditions: none.

There are no beneficiaries of the transaction.

**46. Supplementary Agreement No. 5 to Agreement No. 40-26 dated 27 April 2011 on performing NSD representative functions (the Supplementary Agreement and Agreement, accordingly) to be executed between Moscow Exchange and the National Settlement Depository (NSD) on the following terms and conditions:**

Parties to the transaction: Moscow Exchange (the Company) and the National Settlement Depository (NSD)

Subject of the transaction: The Supplementary Agreement reduces the monthly fee size from RUB 828,650 to RUB 696,304.

Transaction price: The price of the transaction is set based on the company's monthly fee of RUB 696,304 (six hundred and ninety six thousand three hundred and four) with VAT 106,215.86 (one hundred and six thousand two hundred and fifteen and 86/100). The fee size may be reduced by 10%, provided that the Company fails to reach the performance indicators.

The transaction price per year will be RUB 8,355,648 (eight million three hundred and fifty thousand six hundred and forty-eight and 00/100) with VAT RUB 1,274,590.32).

Other essential terms and conditions: The new fee will be applicable to services rendered from 1 January 2016.

There are no beneficiaries of the transaction.

**47. Supplementary Agreement No. 1 to the Agreement on rendering technical services No. FIX/54 dated 1 December 2014 to be executed between Moscow Exchange and Sberbank on the following terms and conditions:**

Parties to the transaction: Moscow Exchange – Technical Centre, Sberbank - User.

Subject of the transaction: The Supplementary Agreement makes amendments to Annex No. 4 to Agreement on rendering technical services No. FIX/54 dated 1 December 2014

(hereinafter, the Agreement) to increase the number of connections of the User to the FIX server of the Technical Centre from one to two connections.

Transaction price: The transaction price is determined in accordance with Remuneration amounts (Fees) for services related to technical support for connecting to FIX and the number of connections of the User to the FIX server of the Technical Centre.

After conclusion of the Supplementary Agreement, the monthly fee to be paid by the User to the Technical Centre will amount RUB 23,600.00 per month (inclusive of VAT).

Other essential terms and conditions: The Supplementary Agreement does not change other essential terms and conditions of the Agreement.

There are no beneficiaries of the transaction.

**- By the resolution of the Annual general shareholders meeting dated 28 April 2015 (Minutes No. 53):**

**48. Transactions on calling and conducting General Shareholders Meetings, which may be made between Moscow Exchange and STATUS in the future in the course of ordinary business on the following terms and conditions:**

Parties to the transaction: Moscow Exchange and STATUS.

Transaction price: The maximum value of all transactions to be made in the term preceding the next Annual General Meeting of Shareholders of Moscow Exchange is RUB 2,500,000 (Two million five hundred thousand).

Other essential terms and conditions: Before the next Moscow Exchange Annual General Meeting of Shareholders, the said transactions may be made, amended and terminated in accordance with the procedure set by the parties to the transaction.

There are no beneficiaries of the transactions.

**49. Transactions on depositing temporarily available funds, which may be made by Moscow Exchange with Sberbank of Russia in the future in the course of ordinary business on the following terms and conditions:**

Parties to the transaction: Moscow Exchange and Sberbank of Russia.

Transaction price: The maximum amount (value) of each transaction on depositing temporarily available funds with Sberbank of Russia is RUB 3,000,000,000 (three billion); the maximum amount (value) of all transactions made in the term preceding the next Annual General Meeting of Shareholders on depositing temporarily available funds is RUB 36,000,000,000 (thirty-six billion); the total amount of cash on several deposits at the same time does not exceed RUB 3,000,000,000 (three billion). In the event of placing cash in a foreign currency, the amount of the transaction is set at the exchange rate of the Bank of Russia on the date of making the depositary transaction.

Other essential terms and conditions: Before the next Moscow Exchange Annual General Meeting of Shareholders, the said transactions may be made, amended and terminated in accordance with the procedure set by the parties to the transaction.

There are no beneficiaries of the transactions.

**50. Transactions on depositing temporarily available funds, which may be made by Moscow Exchange with the Bank NCC in the future in the course of ordinary business on the following terms and conditions:**

Parties to the transaction: Moscow Exchange and Bank NCC.

Transaction price: The maximum amount (price) of each transaction depositing temporarily available funds with the Bank NCC will be RUB 7,000,000,000 (seven billion), including the date of the deposit and interest estimated based on the interest rate set by the Bank NCC; the maximum amount (value) of all transactions to be made in the term preceding the next Annual General Meeting of Shareholders on the placement of temporarily spare cash on deposits is RUB 84,000,000,000 (eighty-four billion); the total amount of cash placed on

several deposits at the same time should not exceed RUB 7,000,000,000 (seven billion); in the event of cash being placed in a foreign currency, the transaction amount is set at the exchange rate of the Bank of Russia on the date of the depositary transaction.

Other essential terms and conditions: Before the next Moscow Exchange Annual General Meeting of Shareholders, the said transactions may be made, amended and terminated in accordance with the procedure set by the parties to the transaction.

There are no beneficiaries of the transactions.

**51. Conversion transactions (buying and selling one currency for another), which may be made by Moscow Exchange with the Bank NCC in the future in the course of ordinary business on the following terms and conditions:**

Parties to the transaction: Moscow Exchange and Bank NCC.

Transaction price: The maximum amount (price) of each conversion transaction (buying and selling one currency for another) will be the rouble equivalent of USD 100,000,000 (one hundred million) at the exchange rate of the Bank NCC on the date of the transaction; with the maximum amount (value) of total conversion transactions to be made in the term preceding the next Annual General Meeting of Shareholders not exceeding the rouble equivalent of USD 1,200,000,000 (one billion two hundred million).

Other essential terms and conditions: Before the next Moscow Exchange Annual General Meeting of Shareholders, the said transactions may be made, amended and terminated in accordance with the procedure set by the parties to the transaction.

There are no beneficiaries of the transactions.

**52. Transactions which may be made by Moscow Exchange in the future in the course of ordinary business with the MICEX Stock Exchange on the following terms and conditions:**

Parties to the transaction: Moscow Exchange and MICEX Stock Exchange.

Subject of the transaction: Commercial lease.

Transaction price: The maximum amount (value) of each transaction is RUB 35,000,000.00 (thirty-five million) per year. The maximum amount of lease payments on all transactions per year is RUB 54,500,000.00 (fifty-four million five hundred thousand).

Other essential terms and conditions: During the year before the next Moscow Exchange Annual General Meeting of Shareholders, the said transactions may be made, amended and terminated in accordance with the procedure set by the parties to the transaction.

There are no beneficiaries of the transactions.

**53. Transactions which may be made by Moscow Exchange in the future in the course of ordinary business with NSD on the following terms and conditions:**

Parties to the transaction: Moscow Exchange and NSD.

**- commercial lease**

Transaction price: The maximum amount (value) of each transaction is RUB 20,300,000.00 (twenty million three hundred thousand) per year. The maximum amount of lease payments on all transactions per year is RUB 40,500,000.00 (forty million five hundred thousand).

Other essential terms and conditions: During the year before the next Moscow Exchange Annual General Meeting of Shareholders, the said transactions may be made, amended and terminated in accordance with the procedure set by the parties to the transaction.

There are no beneficiaries of the transactions.

**- lease of parking spaces**

Transaction price: The maximum amount (value) of each transaction is RUB 206,000.00 (two hundred and six thousand) per year. The maximum amount of lease payments on all

transactions per year is RUB 206,000.00 (two hundred and six thousand).

Other essential terms and conditions: During the year before the next Moscow Exchange Annual General Meeting of Shareholders, the said transactions may be made, amended and terminated in accordance with the procedure set by the parties to the transaction.

There are no beneficiaries of the transactions.

**54. Transactions which may be made by Moscow Exchange in the future in the course of ordinary business with Bank NCC on the following terms and conditions:**

Parties to the transaction: Moscow Exchange and Bank NCC.

**- commercial lease**

Transaction price: The maximum amount (value) of each transaction is RUB 83,000,000.00 (eighty-three million) per year. The maximum amount of lease payments on all transactions per year is RUB 114,00,000.00 (one hundred and thirteen million).

Other essential terms and conditions: During the year before the next Moscow Exchange Annual General Meeting of Shareholders, the said transactions may be made, amended and terminated in accordance with the procedure set by the parties to the transaction.

There are no beneficiaries of the transactions.

**- lease of parking spaces**

Transaction price: The maximum amount (value) of each transaction is RUB 1,250,000.00 (one million two hundred and fifty thousand) per year. The maximum amount of lease payments on all transactions per year is RUB 1,250,000.00 (one million two hundred and fifty thousand).

Other essential terms and conditions: During the year before the next Moscow Exchange Annual General Meeting of Shareholders, the said transactions may be made, amended and terminated in accordance with the procedure set by the parties to the transaction.

There are no beneficiaries of the transactions.

**55. Transactions which may be made by Moscow Exchange in the future in the course of ordinary business with the National Mercantile Exchange on the following terms and conditions:**

Parties to the transaction: Moscow Exchange and the National Mercantile Exchange.

Subject of the transaction: on commercial lease.

Transaction price: The maximum amount (value) of each transaction is RUB 1,200,000.00 (one million two hundred thousand) per year. The maximum amount of lease payments on all transactions per year is 1,200,000.00 (one million two hundred thousand) per year.

Other essential terms and conditions: During the year before the next Moscow Exchange Annual General Meeting of Shareholders, the said transactions may be made, amended and terminated in accordance with the procedure set by the parties to the transaction.

There are no beneficiaries of the transactions.

**56. Contract for liability insurance of members of the Boards of Directors (Supervisory Boards) and officers of “Moscow Exchange MICEX-RTS” and its subsidiaries between “Moscow Exchange MICEX-RTS” and Ingosstrakh OJSC on the following terms and conditions:**

Parties to the transaction: “Moscow Exchange MICEX-RTS” (the Policyholder) and Ingosstrakh (the Insurer).

Subject of the transaction: Insurance of liability of the insured persons related to indemnity for damages caused as a result of insured event A, B or C. In case of any of the insured events, the Insurer shall pay the insurance indemnity to the relevant insured and/or any other person entitled to such indemnity (the party who suffered damages).

Insured events:



A: Liability of the insured person to indemnify for the losses incurred by other persons, which arise from a claim filed against the insured person in relation to such losses.

B: Expenses made by the Policyholder or a subsidiary of the Policyholder in relation to indemnification to the insured person and/or any other person for the benefit of the insured person in relation to a claim filed against the insured person and/or liability of any insured person for losses incurred by other persons.

C: Liability of the Policyholder or a subsidiary of the Policyholder to indemnify for the losses incurred by other persons in relation to an incorrect action, which arises from a securities claim brought against the insured person in relation to such losses.

Transaction price: The price of services procured shall be defined by the sum of the insurance premium paid in accordance with the Insurance Contract. The insurance premium is \$87,600 (eighty-seven thousand six hundred USD).

Other essential terms and conditions:

Insurance period: from 1 July 2015 to 30 June 2016.

Insurance Contract term: From the date of signing until the date of fulfilment of the obligations by the parties.

Insured sum: USD 50,000,000 (fifty million USD). Total additional insured sum for independent directors: USD 5,000,000 (five million USD).

Unconditional franchise deduction depending on the insured event type:

A – not applicable,

B, C – USD 150,000 (USA or Canada),

B, C – USD 100,000 (worldwide).

Insured persons: the Policyholder, the subsidiaries of the Policyholder, members of the Boards of Directors (Supervisory Boards) and officers of the Policyholder and subsidiaries of the Policyholder.

Beneficiaries: the Policyholder, the subsidiaries of the Policyholder, members of the Boards of Directors (Supervisory Boards) and officers of the Policyholder and subsidiaries of the Policyholder, as well as any persons who may suffer damages.

### 6.3 Table of risks

Type	Causes of risks and their effects	Actions taken to reduce risks	Departments involved in risk management, assessment and control
Political and economic	Political and economic instability in Russia could have an adverse impact on businesses across the country. The Russian economy is largely dependent on the price and level of exports of oil and other natural resources, as well as the situation in world markets. Thus, the global financial crisis of 2008-2009 significantly altered Russia's business environment, triggering capital outflows and a decline in industrial production, trade and investment. The current uncertainty about future economic growth and the cost of capital may adversely affect the Exchange's financial position, performance and business prospects.	Monitoring of the economic and political situation  Development of a strategy focused on the diversification of the product line	Operational Risk Department  Strategy Department
HR	Moscow Exchange's operations are based on unique proprietary information technologies that the Company itself developed. In addition, Moscow Exchange also has unique operating processes that require skills that are not widely available in the labour market. This situation creates HR risks associated with the Exchange's dependence on certain personnel.	Long-term incentive programme  Employee compensation programme  Employee training programmes  Documentation of processes	Human Resources Department  IT  Operational Risk Department
Regulatory and legal	Legal and regulatory risks arising from Moscow Exchange's operations include risks associated with changes in applicable laws and regulations, of both a general and specific regulatory nature, or related to Moscow Exchange's operations that could impose restrictions or requirements resulting in the Exchange's reduced	Annual audit of processes and internal documents by an independent auditor  Interaction with regulatory authorities regarding the development of new regulations	Legal Department  Internal Control  Operational Risk Department

	competitiveness, loss of income or other adverse effects.	and changes to existing ones	
Reputational	Reputational risk is the risk that the Exchange could experience losses resulting from a reduced number of traders or decreased trading volume due to a negative public perception of the Exchange's operational (technical) stability, quality of service or the general nature of the business.	Working with traders  Holding public events with the participation of the Exchange's top management  Monitoring of reputational risk	Communications Department  Operational Risk Department
Operational	The risk that the Exchange could experience losses as a result of activities stipulated by the Law on Organised Trading caused by disruptions in the regular operation of the Exchange's structural units, normal operation of its software and hardware, rules and regulations on the Exchange's operations, including due to error, fraud or wilful misconduct of its employees, technical failures, as well as through external factors.	Regular review of the occurrence of operational risk events, with corrective action plans developed for each such occurrence  Employee training programme organised to address operational risk management  A programme called Stabilisation and Reliability is being implemented to improve the reliability of the Exchange's key systems and processes	Operational Risk Department
Sanctions	Following the imposition of international economic sanctions against Russia, there is a possibility that the US and Europe could levy economic and technical sanctions against the Moscow Exchange or its subsidiaries or place restrictions on the transfer of the technology used by the Moscow Exchange, which could indirectly affect the Exchange's operating model, as well as its cooperation with foreign	The Moscow Exchange is developing plans to mitigate this risk to ensure business continuity under potential sanctions and to diversify the geography of its international operations	Operational Risk Department  IT

	partners.		
Information security	Moscow Exchange's operations are largely dependent on information technologies. Information technologies are vulnerable to information security risks that could disrupt the Company's normal operations and undermine confidence in Moscow Exchange, leading to breaches of the confidentiality, integrity and accessibility of market data.	<p>An information security strategy was developed to reduce information security risks</p> <p>New information security tools are being rolled out</p> <p>Measures are being taken to increase the level of employees' IT knowledge</p>	Operational Risk Department

#### **6.4 Report on Compliance with the Principles and Recommendations of the Corporate Governance Code**

This Report on Compliance with the Principles and Recommendations of the Corporate Governance Code was reviewed by the Supervisory Board of PJSC Moscow Exchange at the meeting held on [the supervisory board meeting date – 25 March 2016, minutes number 16].

The Supervisory Board confirms that the material presented herein contains comprehensive and reliable information on the Company's compliance with the principles and recommendations of the Corporate Governance Code for the 2015 reporting year.

The Annual Report "Corporate governance" section describes the most significant dimensions of the corporate governance model and practice at Moscow Exchange as well as the technique for the assessment of compliance with the corporate governance principles legitimised in the Corporate Conduct Code.

#	Corporate governance principles	Corporate governance principle compliance criteria	Status <1> of conformity with the corporate governance principle	Explanations <2> of deviation from the assessment criteria of compliance with the corporate governance principle
1.1	<b>The Company shall ensure equal and fair treatment of all shareholders when they exercise their right to participate in the Company's governance.</b>			
1.1.1	The Company should create the most favourable conditions for its shareholders to enable them to participate in the general meeting and to develop informed positions on issues on its agenda, as well as to provide them with the opportunity to coordinate their actions and express their opinions on issues	<p>1. The Company's internal document approved by the General Meeting of Shareholders and governing the procedures for holding the General Meeting is in the public domain.</p> <p>2. The Company provides an easy-to-access way to communicate with the community, such as a hotline, email or Internet forum that enables shareholders to express</p>	<p><input checked="" type="checkbox"/> complied</p> <p><input type="checkbox"/> partially complied</p> <p><input type="checkbox"/> did not</p>	

	being discussed.	their opinion and to put forward issues for the agenda pending preparation for the General Meeting. These actions were taken by the Company the day before each general meeting held in the reporting period.	comply	
1.1.2	Procedures for notification of the General Meeting and the provision of materials for it should enable shareholders to properly prepare for participation therein.	<p>1. The notice of the General Meeting of Shareholders was posted (published) on the website at least 30 days prior to the date of the General Meeting.</p> <p>2. The meeting notice specifies the venue of the meeting and the documents required to get access to the premises.</p> <p>3. Access to the information on the individuals who proposed the agenda items and those who nominated candidates to the Board of Directors and the Internal Audit Commission of the Company was provided to shareholders.</p>	<input checked="" type="checkbox"/> complied  <input type="checkbox"/> partially complied  <input type="checkbox"/> did not comply	
1.1.3	During the preparation for, and holding of, the General Meeting, shareholders should be able to freely receive information on a timely	1. The shareholders were enabled to ask members of the executive bodies and members of the Company's Board of Directors before and during the Annual General Meeting in the	<input checked="" type="checkbox"/> complied	

	<p>basis about the meeting and its materials, to pose questions to members of the Company's executive bodies and Board of Directors, and to communicate with each other.</p>	<p>reporting period.</p> <p>2. The standpoint of the Board of Directors (including any special opinions included in the minutes) on each agenda item of the General Meetings conducted during the reporting period was included in the materials of the General Meeting of Shareholders.</p> <p>3. The Company provided shareholders with the appropriate entitlement with access to the list of individuals eligible to attend the General Meeting, starting from the date of its receipt by the Company, in all cases of holding General Meetings in the reporting period.</p>	<p><input type="checkbox"/> partially complied</p> <p><input type="checkbox"/> did not comply</p>	
1.1.4	<p>There should be no unjustified difficulties preventing shareholders from exercising their right to request that a General Meeting be convened, to nominate candidates to the company's governing bodies and to place proposals on its agenda.</p>	<p>1. In the reporting period, shareholders were entitled, within not less than 60 days from the end of the respective calendar year, to put forward proposals to be included on the agenda of the Annual General Meeting.</p> <p>2. In the reporting period, the Company did not refuse to</p>	<p><input checked="" type="checkbox"/> complied</p> <p><input type="checkbox"/> partially complied</p>	

		accept proposals for the agenda or candidates to the Company's bodies due to misprints or other insignificant defects in a shareholder's proposal.	<input type="checkbox"/> did not comply	
1.1.5	Each shareholder should be able to freely exercise his/her right to vote in a straightforward and convenient way.	1. The Company's internal document (internal policy) contains provisions whereby each participant in the General Meeting may, before completion of the respective meeting, require a copy of the ballot completed by the shareholder and certified by the counting board.	<input type="checkbox"/> complied  <input type="checkbox"/> partially	<p>The functions of the Moscow Exchange counting board shall be performed by the Registrar, relations with which are governed by the contract made with said Registrar. A separate contract is entered into for holding each particular General Meeting of Shareholders with the Registrar, the conditions of which do not prevent any shareholder of the Exchange, before completion of the meeting, to request that the Registrar's representatives provide him/her with a copy of a completed ballot. No such requests were received when holding the AGM in 2015.</p> <p>The Registrar's additional duty to certify a copy of the completed ballot at the request of any participant in the meeting was incorporated into the contract with the Registrar for holding the AGM in 2016.</p> <p>Based on the AGM in 2015, the possibility of incorporating the respective provisions into the Regulations on General Shareholders' Meetings will be submitted to the Supervisory Board for review.</p>



			<p>complied</p> <p><input checked="" type="checkbox"/> did not</p> <p>comply</p>	
1.1.6	<p>Procedures for holding a General Meeting set by the Company should provide equal opportunity to all persons present at the General Meeting to express their opinions and ask questions that might be of interest to them.</p>	<p>1. When General Meetings of Shareholders are held in the reporting period in the form of a meeting (joint presence of shareholders), sufficient time is envisaged for reports on agenda items and the time to discuss these issues.</p>		<p>1. Complied with. 2. Complied with. 3. Not complied with.</p> <p>The Exchange's Supervisory Board did not consider the use of telecommunications devices to provide shareholders with remote access for attendance at the meeting, as there is no technical option to complete the voting ballot electronically in the client area of the website.</p> <p>In addition, changes to the Federal Law on Joint Stock Companies that envisage such a voting method will take effect on 1 July 2016.</p> <p>At present, the NSD is developing an electronic voting platform for shareholders' meetings, i.e. e-voting. It will enable securities holders to remotely attend both attendee and absentee shareholders' meetings. Identification is planned to be carried out using the Single Authorisation and Authentication System (SAAS) available in the public services portal.</p> <p>Later on, if there is a technical option to do so, the use of telecommunications devices to provide remote access to shareholders to attend General Meetings will be put before the Supervisory Board for review, as part of preparation for, and holding of, General Meetings of Shareholders.</p> <p>In addition, besides the conventional methods to participate in the meeting personally or by</p>

		<p>2. Nominees to the Company's management and supervisory bodies were available to answer shareholders' questions at the meeting where they were voted upon.</p> <p>3. The Board of Directors reviewed the use of telecommunications tools to provide shareholders with remote access to participate in the General Meetings in the reporting period when making decisions related to the preparation and holding of General Meetings Shareholders.</p>	<p><input type="checkbox"/> complied</p> <p><input checked="" type="checkbox"/> partially complied</p> <p><input type="checkbox"/> did not comply</p>	<p>sending completed voting ballots in hard copy, beginning in 2015 shareholders have been able to use an e-voting procedure by sending electronic documents (e-proxy voting).</p>
<b>1.2</b>	<b>Shareholders are provided with an equitable and fair opportunity to participate in the Company's profits through the payment of dividends.</b>			
1.2.1	The Company should	1. The Company's dividend		

	develop and put in place a transparent and clear mechanism for determining the amount of dividends and payment thereof.	<p>policy was developed, approved by the Board of Directors and disclosed.</p> <p>2. If the Company's dividend policy uses criteria from the Company's financial accounts to determine the amount of dividends, the dividend policy shall employ the consolidated financial accounts.</p>	<input checked="" type="checkbox"/> complied  <input type="checkbox"/> partially complied  <input type="checkbox"/> did not comply	
1.2.2	The Company should not make a decision on the payment of dividends if such decision, without formally violating the limits set by the law, is unjustified from an economic perspective or might lead to the formation of false assumptions about the Company's activity.	1. The Company's dividend policy comprises clear-cut indications in relation to the financial/economic circumstances under which no dividends are due to the Company.	<input checked="" type="checkbox"/> complied  <input type="checkbox"/> partially complied  <input type="checkbox"/> did not comply	
1.2.3	The Company should not allow any deterioration of the dividend rights of its	1. In the reporting period, the Company did not take any steps that impaired existing	<input checked="" type="checkbox"/> complied	

	existing shareholders.	shareholders' dividend rights.	<input type="checkbox"/> partially complied <input type="checkbox"/> did not comply	
1.2.4	The Company should strive to rule out any ways through which its shareholders can obtain any profit or gain at the Company's expense other than dividends and the payment of the liquidation value thereof.	1. To eliminate other methods for shareholders to generate profit (income) at the Company's expense, other than dividends and the payment of the liquidation value thereof, the Company's internal documents establish controls that ensure the timely identification and procedure for the approval of transactions with individuals affiliated (related) with substantial shareholders (individuals entitled to the votes attached to voting shares), where the law does not formally recognise such transactions as related-party transactions.	<input checked="" type="checkbox"/> complied <input type="checkbox"/> partially complied <input type="checkbox"/> did not comply	
1.3	<b>The system and practices of corporate governance should ensure equal terms and conditions for all shareholders owning shares of the same class (category) within a company, including minority and foreign shareholders, as well as their equal treatment by the Company.</b>			
1.3.1	The Company should	1. During the reporting period,		

	create conditions that enable its governing bodies and controlling parties to treat each shareholder fairly and, in particular, that rule out the possibility of any abuse of minority shareholders by majority shareholders.	the procedures for management of potential conflicts of interest among existing shareholders were efficient, and the Board of Directors paid enough attention to conflicts among shareholders, where such existed.	<input checked="" type="checkbox"/> complied  <input type="checkbox"/> partially complied  <input type="checkbox"/> did not comply	
1.3.2	The Company should not perform any acts that will or might result in the artificial reallocation of corporate control therein.	1. Quasi-treasury shares are not available or were not used in the voting during the reporting period.	<input checked="" type="checkbox"/> complied  <input type="checkbox"/> partially complied  <input type="checkbox"/> did not comply	
1.4	<b>Shareholders should be provided with reliable and efficient means of recording their rights in shares as well as with the opportunity to freely dispose of such shares in a non-onerous manner.</b>			
1.4	Shareholders should be provided with reliable and	1. The Registrar's quality and reliability in keeping the register	<input checked="" type="checkbox"/> complied	

	efficient means of recording their rights in shares as well as with the opportunity to freely dispose of such shares in a non-onerous manner.	of securities holders meet the Company's and its shareholders' needs.	<input type="checkbox"/> partially <input type="checkbox"/> complied  <input type="checkbox"/> did not <input type="checkbox"/> comply	
<b>2.1</b>	<b>The Board of Directors shall be in charge of the strategic management of the company, determine the major principles of and approaches to the creation of a risk management and internal control system within the Company, supervise the activity of the Company's executive bodies and carry out other key functions.</b>			
2.1.1	The Board of Directors should be responsible for decisions to appoint and remove (members) of executive bodies, including in connection with their failure to properly perform their duties. The Board of Directors should also ensure that the Company's executive bodies act in accordance with an approved development strategy and the Company's main business goals.	1. The Board of Directors has the powers stipulated in the Articles of Association to appoint and dismiss members of executive bodies, as well as determine the conditions of their contracts. 2. The Board of Directors reviewed the report(s) of the sole executive body and members of the collegial executive body on the fulfilment of the Company's strategy.		1. Partially complied with. The Articles of Association of the Exchange stipulate the powers of the Supervisory Board to elect and terminate early the powers of members of the Management Board (except for the Chairman of the Management Board) as well as the powers to determine the terms and conditions of the contracts with the members of the Management Board and the Chairman of the Management Board. Even though the Articles of Association of the Exchange assign the powers to elect and terminate early the powers of the Chairman of the Management Board to the competence of the General Meeting of Shareholders, the Supervisory Board has been in charge of the appointment and early termination of the powers of the Chairman of the Management Board since Federal Law No. 210-FZ took effect

			<input type="checkbox"/> complied  <input checked="" type="checkbox"/> partially complied  <input type="checkbox"/> did not comply	<p>(since 1 July 2015).  So far, the new draft version of the Articles of Association has been prepared for review and approval at the AGM in 2016, whereby the appointment, dismissal and determination of the terms and conditions of the contracts with the members of the executive bodies fall within the competence of the Supervisory Board.</p> <p>2. Complied with.</p>
2.1.2	The Board of Directors should establish the basic long-term objectives of the Company's activity, evaluate and approve its key performance indicators and principal business goals, as well as evaluate and approve	1. During the reporting period, meetings of the Board of Directors reviewed the progress made in the execution and updating of the Company's strategy, the approval of its financial and business plan (budget), and the review of the criteria and measures (including	<input checked="" type="checkbox"/> complied  <input type="checkbox"/> partially complied	

	its strategy and business plans in respect of its principal areas of operation.	intermediate) to implement the Company's strategy and business plan.	<input type="checkbox"/> did not comply	
2.1.3	The Board of Directors should determine the principles of, and approaches to, the creation of the risk management and internal control system within the Company.	<p>1. The Board of Directors determines the principles and approaches to the risk management and internal control system within the Company.</p> <p>2. The Board of Directors assessed the Company's risk management and internal control system during the reporting period.</p>	<input checked="" type="checkbox"/> complied  <input type="checkbox"/> partially complied  <input type="checkbox"/> did not comply	
2.1.4	The Board of Directors should determine the Company's policy on remuneration due to, and/or reimbursement of costs incurred by, its board members, members of its executive bodies and other key managers.	1. The Company has developed and implemented the policy(-ies) approved by the Board of Directors on the remuneration and reimbursement of costs incurred by the members of the Board of Directors, the Company's executive bodies and other key Company managers.		<p>1. The Exchange does not have a policy approved by the Supervisory Board on the remuneration and reimbursement of costs incurred by the Company's executive bodies and other key Company managers. This policy is to be first reviewed by the Nomination and Remuneration Committee in July 2016, and is to be approved by the Supervisory Board by October 2016. The General Meeting of Shareholders approved the Regulations on the Remuneration and Reimbursement of Costs Incurred by the Members of the Supervisory Board, which contain certain elements of the policy on the</p>



				<p>remuneration of the members of the Supervisory Board. The plan is to develop the Remuneration Policy for the Members of the Supervisory Board in 2016.</p> <p>2. During the reporting period, the Supervisory Board meetings did not review any issues related to said policy in relation to the Company's executive bodies or any other key Company managers, as there is no such policy. In addition, the Supervisory Board meetings reviewed the approaches to determine the remuneration of the above individuals, in particular when considering approval of the material conditions of the employment contracts with the members of executive bodies, including the amount of their remuneration and determining the procedure for the reimbursement of costs (compensation).</p> <p>In November and December of 2015, the Nomination and Remuneration Committee and the Supervisory Board of the Exchange reviewed the approaches to calculating the remuneration and compensation of members of the supervisory boards of Moscow Exchange Group and also gave recommendations regarding the development of the relevant changes to the internal documents governing the payments.</p> <p>The above recommendations underlay the development of the draft of the new version of the relevant Regulations, which was preliminarily reviewed by the Nomination and</p>
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		2. The meetings of the Board of Directors reviewed issues related to the above policy(-ies) during the reporting period.	<input type="checkbox"/> complied  <input type="checkbox"/> partially complied  <input checked="" type="checkbox"/> did not comply	Remuneration Committee and recommended for approval at the AGM in 2016.
2.1.5	The Board of Directors should play a key role in the prevention, detection and resolution of internal conflicts between the Company's bodies, shareholders and employees.	1. The Board of Directors plays a key part in the prevention, detection and settlement of internal conflicts.		<p>1. Complied with.</p> <p>2. Partially complied with.</p> <p>The Supervisory Board approved an internal document aimed at the prevention, detection and settlement of conflicts of interest that arise out of the Exchange's operations with respect to employees and members of the executive bodies, which, in particular, establishes the rules of their entering into transactions that may lead to a conflict. This document shall not be applied to the members of the Supervisory Board or shareholders.</p> <p>As concerns members of the Supervisory Board, the internal documents of the Exchange stipulate the duty of members of the Supervisory Board to refrain from actions that trigger or may trigger a conflict between their</p>

		<p>2. The Company has established a system to identify the transactions related to conflicts of interest and a system of</p>	<div> <input type="checkbox"/> complied         </div> <div> <input checked="" type="checkbox"/> partially complied         </div>	<p>interests and those of the Exchange, and if such a conflict arises, they are obliged to disclose the same to the Supervisory Board. Relations between the Exchange and its shareholders are secured by the Corporate Secretary, who acts according to the regulations approved by the Supervisory Board and governing its business. The Corporate Secretary shall take part in the prevention and settlement of corporate conflicts and is also obliged to promptly notify the Chairman of the Supervisory Board on the occurrence of corporate conflicts.</p> <p>The Exchange will regularly (quarterly) collect and update information that helps identify stakeholders. The list of such individuals must be published in the internal portal accessible to all Exchange employees.</p> <p>The appropriateness of including the recommendations of the Code in internal documents will be put forward to the Supervisory Board for review when elaborating a new version of the Exchange's internal documents.</p>
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		efforts aimed at the settlement of such conflicts	<input type="checkbox"/> did not comply	
2.1.6	The Board of Directors should play a key role in ensuring that the Company is transparent, discloses information in full and in due time, and provides its shareholders with unhindered access to its documents.	<p>1. The Board of Directors approved the regulations on the information policy.</p> <p>2. The Company determined the individuals in charge of the implementation of the information policy.</p>	<input checked="" type="checkbox"/> complied  <input type="checkbox"/> partially complied  <input type="checkbox"/> did not comply	
2.1.7	The Board of Directors should monitor the Company's corporate governance practices and play a key role in its material corporate events.	1. During the reporting period, the Board of Directors reviewed the corporate governance practice within the Company.		In the reporting period, the Supervisory Board did not separately consider the practice of corporate governance within the Exchange. However, in 2015, the Supervisory Board considered at its personal meetings the action plan to improve corporate governance based on a self-assessment of the Supervisory Board and also regularly reviewed issues related to corporate governance development. In particular, in 2015 the Supervisory Board approved the Corporate Conduct Code of the Exchange. When drafting the Code, the corporate governance system was reviewed and resulted in the incorporation of development plans, aimed at perfecting the corporate governance practice, into the Code.

			<input type="checkbox"/> complied  <input checked="" type="checkbox"/> partially complied  <input type="checkbox"/> did not comply	<p>The corporate governance system is reviewed at each meeting of the Audit Committee, in particular as part of a review of regular reports from the Internal Audit Service on audits performed.</p> <p>The plan is to submit the issue of improving corporate governance practice to the Supervisory Board meeting in 2016.</p>
<b>2.2</b>	<b>The Board of Directors should be accountable to the Company's shareholders.</b>			
2.2.1	Information about the Board of Directors' work should be disclosed and provided to the shareholders.	<p>1. The Company's annual report for the reporting period includes information on the attendance rate of meetings of the Board of Directors and its committees by individual directors.</p> <p>2. The annual report contains</p>	<input checked="" type="checkbox"/> complied  <input type="checkbox"/> partially complied	

		information on the principal findings of the Board of Directors' performance assessment for the reporting period.	<input type="checkbox"/> did not comply	
2.2.2	The Chairman of the Board of Directors must be available to communicate with the Company's shareholders.	1. The Company has a transparent procedure that enables shareholders to submit their questions and their standpoint thereon to the Chairman of the Board of Directors.	<input checked="" type="checkbox"/> complied  <input type="checkbox"/> partially complied  <input type="checkbox"/> did not comply	
2.3	The Board of Directors should be an efficient and professional governing body of the Company that is able to make objective and independent decisions and adopt resolutions in the best interests of the Company and its shareholders.			
2.3.1	Only individuals with an impeccable business and personal reputation should be elected to the Board of Directors; such individuals should also have the knowledge, skills and experience necessary to make decisions that fall within	1. The procedure for assessing the efficiency of operations of the Board of Directors adopted in the Company comprises, in particular, an assessment of professional qualifications of members of the Board of Directors.	<input checked="" type="checkbox"/> complied  <input type="checkbox"/> partially complied	

	the jurisdiction of the Board of Directors and to perform its functions efficiently.	2. In the reporting period, the Board of Directors (or its Nominations Committee) assessed the nominees to the Board of Directors in terms of their required experience, expertise, goodwill, the absence of conflicts of interest, etc.	<input type="checkbox"/> did not comply	
2.3.2	Board members should be elected pursuant to a transparent procedure enabling shareholders to obtain information about the respective candidates that is sufficient for them to get an idea of the candidates' personal and professional qualities.	1. In all instances when a General Meeting of Shareholders was held during the reporting period the agenda of which includes the election of the Board of Directors, the Company provided shareholders with biographical information about all the nominees to the Board of Directors, assessments assigned to the nominees by the Board of Directors (or its Nominations Committee) and information on the conformity of the nominees with the independence criteria, according to the recommendations in paragraphs 102 to 107 of the Code and the nominees' written consent to be elected to the Board of Directors.	<input checked="" type="checkbox"/> complied  <input type="checkbox"/> partially complied  <input type="checkbox"/> did not comply	
2.3.3	The composition of the Board of Directors should	1. As part of the assessment of the Board of Directors in the	<input checked="" type="checkbox"/> complied	

	be balanced, in particular, in terms of the qualifications, expertise and business skills of its members. The Board of Directors should enjoy the confidence of the shareholders.	reporting period, the Board of Directors reviewed its own needs in professional qualifications, experience and business skills.	<input type="checkbox"/> partially complied  <input type="checkbox"/> did not comply	
2.3.4	The membership of the Company's Board of Directors must enable the Board to organise its activities in the most efficient way possible, in particular, to create Board committees, as well as to enable the Company's substantial minority shareholders to elect a candidate to the Board of Directors for whom they would vote.	1. As part of the assessment of the Board of Directors held in the reporting period, the Board of Directors reviewed the conformity of the number of members of the Board of Directors with the Company's needs and the shareholders' interests.	<input checked="" type="checkbox"/> complied  <input type="checkbox"/> partially complied  <input type="checkbox"/> did not comply	
<b>2.4</b>	<b>The Board of Directors should include a sufficient number of independent directors.</b>			
2.4.1	An independent director means any person who has the required professional skills and expertise and is able to have his/her own position	1. During the reporting period, all independent members of the Board of Directors met the independence criteria specified in recommendations 102 to 107 of the Code or were recognised	<input checked="" type="checkbox"/> complied  <input type="checkbox"/> partially	



	and make objective and bona fide judgments, free from the influence of the Company's executive bodies, any individual group of shareholders or other stakeholders. It should be noted that, under normal circumstances, a candidate (or an elected director) may not be deemed to be independent if he/she is associated with the Company, any of its substantial shareholders, material trading partners competitors or the government.	as such by resolution of the Board of Directors.	<p>complied</p> <p><input type="checkbox"/> did not comply</p>	
2.4.2	It is recommended to evaluate whether or not candidates nominated to the Board of Directors meet the independence criteria as well as to review, on a regular basis, whether or not independent Board members meet the independence criteria. When carrying out such	<p>1. In the reporting period, the Board of Directors (or the Nominations Committee of the Board of Directors) evaluated the independence of each nominee to the Board of Directors and submitted the relevant opinion to shareholders.</p> <p>2. In the reporting period, the Board of Directors (or the</p>	<p><input checked="" type="checkbox"/> complied</p> <p><input type="checkbox"/> partially complied</p> <p><input type="checkbox"/> did not</p>	

	evaluations, substance should take precedence over form.	<p>Nominations Committee of the Board of Directors) reviewed the independence of the existing members of the Board of Directors, as indicated by the Company in the annual report as independent directors, at least once.</p> <p>3. The Company has drafted procedures that determine the necessary actions to be taken by a member of the Board of Directors if he/she loses his/her independence, including the obligation to notify the Board of Directors accordingly and in a timely manner.</p>	comply	
2.4.3	Independent directors should account for at least one-third of all directors elected to the Board of Directors.	1. Independent directors must account for at least one-third of the Board of Directors.		<p>From 1 January 2015 until 28 April 2015 (date of the AGM), 4 independent directors out of 15 elected directors, or less than one-third, were on the Supervisory Board. This circumstance was due to the fact that, in preparation for the AGM in 2014, the Supervisory Board recognised nominees subsequently elected to the Supervisory Board as independent directors. However, one of the nominees elected as an independent director ceased to meet the independence criteria after the AGM. Five independent directors out of 15 directors, or one-third of the composition, were elected to the Supervisory Board at the AGM in 2015.</p>

			<input type="checkbox"/> complied  <input checked="" type="checkbox"/> partially complied  <input type="checkbox"/> did not comply	
2.4.4	Independent directors should play a key role in the prevention of internal conflicts in the Company and the performance by the latter of material corporate actions.	1. Independent directors (who do not have any conflicts of interest) provide a preliminary assessment of substantial corporate actions related to a potential conflict of interest, and the findings of such an assessment are submitted to the Board of Directors.		<p>The Exchange does not fully comply with the recommendation to have independent directors provide preliminary assessments of certain essential corporate actions related to a potential conflict of interest because the Exchange's Articles of Association and other internal documents do not govern the procedure for such an assessment.</p> <p>The key reason is the relatively short period of time that has elapsed since the Corporate Governance Code recommended by the Bank of Russia was approved.</p> <p>It is noteworthy that most of the issues that constitute significant corporate actions are reviewed on a preliminary basis by one or more dedicated committees of the Exchange's Supervisory Board provided that the independent directors comprising each committee take an active part in the development of recommendations on such</p>

			<input type="checkbox"/> complied  <input checked="" type="checkbox"/> partially complied  <input type="checkbox"/> did not comply	<p>issues.</p> <p>To implement this recommendation of the Code, the Exchange prepared new Regulations on the Supervisory Board to be reviewed and approved at the AGM in 2016, which envisages the position of a senior independent director and the possibility of holding meetings of independent directors. The plan is that, as soon as the new Regulations on the Supervisory Board are approved, the issues recommended by the Code, in particular, the preliminary assessment of material corporate actions, will be reviewed at the meetings of independent directors.</p>
<b>2.5</b>	<b>The Chairman of the Board of Directors should help it carry out the functions imposed thereon in the most efficient manner possible.</b>			
2.5.1	It is recommended to	1. The Chairman of the Board of		1. Not complied with.

	<p>either elect an independent director to the position of the Chairman of the Board of Directors or to identify the a senior independent director from among the Company's independent directors who would coordinate the work of the independent directors and liaise with the Chairman of the Board of Directors.</p>	<p>Directors is an independent director or a senior independent director identified from among the independent directors &lt;3&gt;.</p> <p>2. The role, rights and duties of the Chairman of the Board of Directors (and, if applicable, the senior independent director) are duly determined in the Company's internal documents.</p>	<div data-bbox="1102 933 1178 999"><input type="checkbox"/></div> <div data-bbox="1182 951 1303 979">complied</div> <div data-bbox="1102 1059 1178 1125"><input checked="" type="checkbox"/></div> <div data-bbox="1182 1077 1290 1106">partially</div> <div data-bbox="1102 1139 1178 1204"><input type="checkbox"/></div> <div data-bbox="1182 1139 1227 1168">complied</div> <div data-bbox="1102 1246 1178 1311"><input type="checkbox"/></div> <div data-bbox="1182 1264 1281 1292">Did not</div> <div data-bbox="1102 1326 1178 1391"><input type="checkbox"/></div> <div data-bbox="1182 1326 1205 1355">comply</div>	<p>The Chairman of the Supervisory Board does not meet the independence criteria.</p> <p>In 2015, the Supervisory Board reviewed its identification of the senior independent director to coordinate the operations of the independent directors and to liaise with the Chairman of the Board and, based on the discussions held, the proposal to perform these functions informally was made to a director. This experience was recognised as successful, as a result of which the plan is to elect a senior independent director in 2016.</p> <p>A new version of the Regulations on the Supervisory Board and the Articles of Association was drafted for review and approval at the AGM in 2016. They introduce the position of senior independent director and determine his/her functions, rights and duties.</p> <p>2. Complied with.</p>
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2.5.2	The Board Chairman should ensure that Board meetings are held in a constructive atmosphere and that any items on the meeting agenda are discussed freely. The Chairman should also monitor fulfilment of decisions made by the Board of Directors.	1. The performance of the Chairman of the Board of Directors was assessed as part of the Board of Directors' efficiency assessment procedure in the reporting period.	<input checked="" type="checkbox"/> complied  <input type="checkbox"/> partially complied  <input type="checkbox"/> did not comply	
2.5.3	The Chairman of the Board of Directors should take any and all measures as may be required to provide Board members, in a timely fashion, with information required to make decisions on issues on the agenda.	1. The duty of the Chairman of the Board of Directors to make an effort to ensure the timely filing of documents for members of the Board of Directors on agenda items of meetings of the Board of Directors is established in the Company's internal documents.	<input checked="" type="checkbox"/> complied  <input type="checkbox"/> partially complied  <input type="checkbox"/> did not comply	
2.6	<b>Board members must act reasonably and in good faith in the best interests of the Company and its shareholders, who should be properly informed, with due care and diligence.</b>			
2.6.1	Acting reasonably and in good faith means that	1. The Company's internal documents establish that a		1. Partially complied with. The internal documents do not provide that

	<p>Board members should make decisions by considering all available information, in the absence of a conflict of interest, treating the Company's shareholders equally, and assuming normal business risks.</p>	<p>member of the Board of Directors is obliged to notify the Board of Directors if he/she has a conflict of interest with respect to any item on the agenda for a meeting of the Board of Directors or a committee of the Board of Directors, before the start of the discussion of the relevant agenda item.</p> <p>2. The Company's internal documents envisage that a member of the Board of Directors should refrain from voting on any item where he/she has a conflict of interest.</p> <p>3. The Company establishes a</p>	<div> <input type="checkbox"/> complied         </div> <div> <input checked="" type="checkbox"/> partially complied         </div> <div> <input type="checkbox"/> did not comply         </div>	<p>members of the Supervisory Board have a duty to notify the Supervisory Board if they have a conflict of interest with respect to any item on the agenda item for a meeting of the Supervisory Board or a dedicated committee, before the discussion of the relevant agenda item begins.</p> <p>However, according to the Regulations on the Supervisory Board, a member of the Supervisory Board is obliged to promptly disclose his/her interest and reasons for it to the Supervisory Board.</p> <p>The plan is to take note of this recommendation when elaborating a draft of a new version of the Regulations on the Supervisory Board.</p> <p>2. Complied with.</p> <p>3. Complied with.</p>
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		procedure that enables the Board of Directors to obtain professional advice on issues falling within its competence, at the Company's expense.		
2.6.2	The rights and duties of Board members should be clearly stated and documented in the Company's internal documents.	1. The Company adopted and published an internal document that clearly specifies the rights and duties of members of the Board of Directors.	<input checked="" type="checkbox"/> complied  <input type="checkbox"/> partially complied  <input type="checkbox"/> did not comply	
2.6.3	Board members should have sufficient time to perform their duties.	1. Individual attendance at meetings of the Board and committees as well as the time spent on preparation for participation in meetings was taken into account as part of the assessment procedure of the Board of Directors in the reporting period.		1. Complied with. 2. Partially complied with. The internal documents do not envisage the duty of members of the Supervisory Board to notify the Board of Directors of their intention to join management bodies of other companies (except for the Company's affiliates and dependent companies). However, this duty is fulfilled by members of the Supervisory Board by means of quarterly interviews by the Exchange with members of the Supervisory Board. According to the Regulations on the



		<p>2. According to the Company's internal documents, members of the Board of Directors are obliged to notify the Board of Directors of their intention to join the management bodies of other companies (except for the Company's affiliates and dependent companies) and about such actual appointments.</p>	<p><input type="checkbox"/> complied</p> <p><input checked="" type="checkbox"/> partially complied</p> <p><input type="checkbox"/> did not comply</p>	<p>Supervisory Board, a member of the Supervisory Board is obliged to provide in writing comprehensive and reliable information on legal entities where he/she holds positions in management bodies and/or where he/she is a member of the Board of Directors (Supervisory Board).</p> <p>The plan is to take note of this recommendation when elaborating a draft of a new version of the Regulations on the Supervisory Board.</p>
2.6.4	<p>All Board members should have an equal opportunity to access the Company's documents and information. Newly elected Board members should be provided with sufficient information</p>	<p>1. According to the Company's internal documents, members of the Board of Directors are free to gain access to documents and to make requests pertaining to the Company and its affiliates, and the Company's executive bodies are obliged to provide the</p>	<p><input checked="" type="checkbox"/> complied</p> <p><input type="checkbox"/> partially complied</p>	

	about the Company and the work of its Board of Directors as soon as practicable.	relevant information and documents.  2. The Company has a formalised programme of introductory events for newly elected members of the Board of Directors.	<input type="checkbox"/> did not comply	
<b>2.7</b>	<b>Meetings of the Board of Directors, preparation for them and participation of Board members therein should ensure efficient work of the Board.</b>			
2.7.1	It is recommended that meetings of the Board of Directors be held as needed, with due account of the Company's scope of activities and its current goals.	1. The Board of Directors held at least six meetings in the reporting year.	<input checked="" type="checkbox"/> complied  <input type="checkbox"/> partially complied  <input type="checkbox"/> did not comply	
2.7.2	It is recommended that a procedure for preparing for and holding meetings of the Board of Directors be developed and set out in the Company's internal	1. The Company approved an internal document that governs the procedure for preparing for and holding meetings of the Board of Directors, which stipulates, in particular, that the	<input checked="" type="checkbox"/> complied  <input type="checkbox"/> partially	

	documents. The above procedure should enable the shareholders to prepare properly for such meetings.	notice of the meeting should normally be published at least five days prior to the meeting.	<p>complied</p> <p><input type="checkbox"/> did not comply</p>	
2.7.3	The form of a meeting of the Board of Directors should be determined with due account of the importance of the issues on the agenda of the meeting. The most important issues should be decided at meetings held in person.	1. The Company's Articles of Association or internal document envisage that the most significant issues (according to the list in Recommendation 168 of the Code) should be considered at personal meetings of the Board.		<p>Most of items listed in Section 168 of the Code are normally reviewed at personal meetings of the Board, as envisaged in the Exchange's Articles of Association.</p> <p>The following issues are not included on this list:</p> <p>(1) on approval of related-party transactions as major transactions,</p> <p>(2) on review of material aspects of dependent companies' business,</p> <p>(3) issues related to the receipt of voluntary and mandatory proposals.</p> <p>(1) Due to the specific nature of its business as the organizer of trading the Exchange enters into a great number of transactions that are related-party transactions with trade participants. The terms and conditions of such transactions are similar for all participants whether or not there are formal reasons for their interest, and they are not actually major transactions for the Exchange. For the same reason, the Exchange's Corporate Conduct Code does not classify related-party transactions as major transactions for the Exchange.</p>

				<p>(2) A number of issues related to material aspects of dependent companies' operations need to be promptly settled. Personal meetings of the Supervisory Board are held at least once every two months, which leads to difficulties in making such decisions, if necessary. However, all of the above issues are first reviewed by dedicated committees of the Supervisory Board of the Exchange as well as by the supervisory boards of dependent companies, normally in personal meetings. Resolutions on issues related to material dimensions of the business of 100% subsidiaries are made by the Management Board of the Exchange, taking into account recommendations of the dedicated committees.</p> <p>(3) The Articles of Association of the Exchange do not distinguish issues related to voluntary and mandatory proposals into a separate competence of the Supervisory Board. (These issues fall within the competence of the Supervisory Board by virtue of peremptory legal regulations.)</p> <p>The Exchange has never received any voluntary or mandatory proposal according to the Federal Law on Joint Stock Companies.</p> <p>Moreover, items (1) and (2) (if they are material for the Exchange) can be submitted to a personal meeting of the Supervisory Board. Resolutions as to the need to submit the same are adopted by the Chairman of the Supervisory Board, on a case-by-case basis,</p>
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			<input type="checkbox"/> complied  <input checked="" type="checkbox"/> partially complied  <input type="checkbox"/> did not comply	depending on the materiality of the issue/transaction.
2.7.4	Decisions on the most important issues relating to the Company's business should be made at a meeting of the Board of Directors by a qualified majority vote or by a majority vote of all elected Board members.	1. The Company's Articles of Association envisage that resolutions on the most critical issues set forth in Recommendation 170 of the Code shall be adopted at a meeting of the Board of Directors by a qualified, at least three-fourths, majority of votes or by a majority of votes of all elected members of the Board of Directors.		<p>The applicable version of the Exchange's Articles of Association determines one issue (disposal of quasi-treasury shares), a resolution on which should be adopted by a three-fourths majority of votes of members of the Supervisory Board attending the meeting.</p> <p>The Exchange submitted the draft Articles of Association, which, according to Article 170 of the Code, expand the list of issues to be resolved by a three-fourths majority of votes to the AGM for review in 2016.</p> <p>The appropriateness of incorporating other issues specified in Section 170 of the Code into the Articles of Association should be submitted for a separate discussion by the Supervisory Board in 2016 as part of a review of the improvement of corporate governance at the Exchange.</p>

			<input type="checkbox"/> complied  <input type="checkbox"/> partially complied  <input checked="" type="checkbox"/> did not comply	
<b>2.8</b>	<b>The Board of Directors should form committees for preliminary consideration of the most important issues of the company's business.</b>			
2.8.1	For the purpose of preliminary consideration of any matters of supervision of the company's financial and business activities, it is recommended that an audit committee comprising independent directors be formed.	<p>1. The Board of Directors established an Audit Committee comprising independent directors only.</p> <p>2. The Company's internal documents determine the objectives for the Audit Committee, including, in particular, any objectives contained in Recommendation 172 of the Code.</p> <p>3. At least one member of the Audit Committee, who is an independent director, has experience and expertise in drafting, reviewing, assessment</p>	<input checked="" type="checkbox"/> complied  <input type="checkbox"/> partially complied  <input type="checkbox"/> did not comply	

		and audit of financial statements (accounts).		
		4. Meetings of the Audit Committee were held at least quarterly during the reporting period.		
2.8.2	For the purpose of preliminary consideration of any matters of development of efficient and transparent remuneration practices, it is recommended that a remuneration committee comprising independent directors be formed and that it be chaired by an independent director who should not concurrently be the Board chairman.	1. The Board of Directors set up a Remuneration Committee consisting of independent directors only.	<input type="checkbox"/>	<p>1. Not complied with.</p> <p>2. Not complied with.</p> <p>In 2014-2015, the Nomination and Remuneration Committee evolved: its membership was reduced, and the percentage of independent directors was increased. A non-executive director remained Chairman in order to ensure succession.</p> <p>The Nomination and Remuneration Committee comprises four members, two of whom do not meet the independence criteria. The Chairman of the Committee is not an independent director.</p> <p>This discrepancy is due to the insufficient number of independent directors with the necessary experience and competencies in appointments and remunerations.</p> <p>As shareholders nominated enough independent directors with the necessary experience and competencies to be elected at the AGM in 2016, the plan is to set up a new Committee comprising independent directors only.</p> <p>3. Complied with.</p>
			<input type="checkbox"/>	<p>complied</p>

		<p>2. The Chairman of the Remunerations Committee is an independent director who is not also the Chairman of the Board of Directors.</p> <p>3. The Company's internal documents determine the objectives of the Remunerations Committee, including those contained in Recommendation 180 of the Code.</p>	<input checked="" type="checkbox"/> partially complied  <input type="checkbox"/> did not comply	
2.8.3	<p>For the purpose of preliminary consideration of any matters relating to human resources planning (making plans regarding successor directors), professional composition and efficiency of the Board of Directors, it is recommended that a nominating committee (a committee on nominations, appointments and human resources) be formed with the majority of its members being independent directors.</p>	<p>1. The Board of Directors established a Nominations Committee (or its objectives specified in Recommendation 186 of the Code are implemented as part of another committee &lt;4&gt;), the majority of whom are independent directors.</p> <p>2. The Company's internal documents determine the objectives of the Nominations Committee (or the relevant committee with a combined functionality), including those</p>	<input type="checkbox"/> complied  <input checked="" type="checkbox"/> partially complied  <input type="checkbox"/> did not comply	<p>1. Partially complied with. The objectives specified in Section 186 of the Code are addressed by the Nomination and Remuneration Committee. The majority of the Committee members are not independent directors (see the explanations regarding Section 2.8.2.).</p> <p>2. Complied with.</p>



		contained in Recommendation 186 of the Code.		
2.8.4	Taking account of its scope of activities and levels of related risks, the Company should form other committees of its Board of Directors, particularly a strategy committee, a corporate governance committee, an ethics committee, a risk management committee, a budget committee or a committee on health, security and the environment, etc.	1. In the reporting period, the Company's Board of Directors reviewed the conformity of the membership in its committees to the objectives assigned to the Board of Directors and to the Company's operating goals. Additional committees were either established or were not recognised as necessary.	<input checked="" type="checkbox"/> complied  <input type="checkbox"/> partially complied  <input type="checkbox"/> did not comply	
2.8.5	The composition of the committees should be determined in such a way that it would allow a comprehensive discussion of issues being considered on a preliminary basis with due account of differing opinions.	1. Committees of the Board of Directors are headed by independent directors.		<p>1. Partially complied with.</p> <p>There are six committees of the Supervisory Board at the Exchange, three of which are headed by independent directors.</p> <p>As involvement in a committee requires deep immersion on the part of members of the Supervisory Board into the items under review and is time-consuming, the Exchange aims to appoint a director to head one dedicated committee only.</p> <p>If the number of elected independent directors is sufficient and if they have the necessary experience and competencies, the Exchange will be committed to having its committees</p>

		<p>2. The Company's internal documents (policies) contain provisions whereby individuals not included on the Audit Committee, the Nominations Committee and the Remunerations Committee may attend meetings of these committees only upon the invitation of the Chairman of the respective committee.</p>	<p><input type="checkbox"/> complied</p> <p><input checked="" type="checkbox"/> partially complied</p> <p><input type="checkbox"/> did not comply</p>	<p>headed by independent directors in 2016. 2. Complied with.</p>
2.8.6	<p>The Chairmen of the committees should inform the Board of Directors and its Chairman of the work of their committees on a regular basis.</p>	<p>1. During the reporting period, the Chairmen of the committees reported on the committees' operations to the Board of Directors on a regular basis.</p>	<p><input checked="" type="checkbox"/> complied</p> <p><input type="checkbox"/> partially complied</p> <p><input type="checkbox"/> did not comply</p>	
2.9	<p><b>The Board of Directors should ensure that the quality of its work and that of its committees and Board members is evaluated.</b></p>			

2.9.1	<p>The evaluation of the quality of the work of the Board of Directors should be aimed at determining how efficiently the Board of Directors, its committees and Board members work and whether their work meets the Company's needs, as well as at making their work more intensive and identifying areas for improvement.</p>	<p>1. The self-assessment or external assessment of the Board of Directors' performance conducted in the reporting period included an assessment of operations of the committees, individual members of the Board of Directors and the entire Board of Directors.</p> <p>2. The findings of the self-assessment or external assessment of the Board of Directors in the reporting period were reviewed at the personal meeting of the Board of Directors.</p>	<div> <input checked="" type="checkbox"/> complied         </div> <div> <input type="checkbox"/> partially         </div> <div> <input type="checkbox"/> complied         </div> <div> <input type="checkbox"/> did not comply         </div>	
2.9.2	<p>The quality of the work of the Board of Directors, its committees and Board members should be evaluated on a regular basis, at least once a year. To carry out an independent evaluation of the quality of the work of the Board of Directors, it is recommended that a third-party entity (consultant) be retained on a regular basis, at least once every three years.</p>	<p>1. For an independent quality assessment of the Board of Directors' performance, an external company (advisor) was engaged by the Company at least once in three recent reporting periods.</p>	<div> <input checked="" type="checkbox"/> complied         </div> <div> <input type="checkbox"/> partially         </div> <div> <input type="checkbox"/> complied         </div> <div> <input type="checkbox"/> did not comply         </div>	

3.1	<b>The Company's Corporate Secretary shall be responsible for efficient interaction with its shareholders, coordination of the Company's actions designed to protect the rights and interests of its shareholders and support for the efficient work of its Board of Directors.</b>			
3.1.1	The Corporate Secretary should have sufficient knowledge, experience and qualifications for the performance of his/her duties, as well as an impeccable reputation and should enjoy the trust of the shareholders.	<p>1. The Company adopted and published an internal document called Regulations on the Corporate Secretary.</p> <p>2. The Company's website and annual report provide background information on the Corporate Secretary with the same level of detail as for members of the Board of</p>	<div data-bbox="1102 997 1178 1061"><input type="checkbox"/></div> complied <div data-bbox="1102 1125 1178 1189"><input checked="" type="checkbox"/></div> partially complied <div data-bbox="1102 1316 1178 1380"><input type="checkbox"/></div> did not comply	<p>1. Partially complied with. The current version of the Regulations on the Corporate Secretary was approved in 2014; the Regulations were made available on the website of the Exchange in 2016.</p> <p>2. Partially complied with.  Information on the Corporate Secretary, with the same level of detail as for members of the Supervisory Board and for members of the Management Board, was made available on the website of the Exchange in 2016. The annual report for 2015 provides background information on the Corporate Secretary with the same level of detail as for members of the Supervisory Board and members of the Management Board.</p>

		Directors and the executive management of the Company.		
3.1.2	The Corporate Secretary should be sufficiently independent of the Company's executive bodies and be vested with powers and resources required to perform his/her tasks.	1. The Board of Directors approved the appointment, dismissal and additional remuneration of the Corporate Secretary.	<input checked="" type="checkbox"/> complied  <input type="checkbox"/> partially complied  <input type="checkbox"/> did not comply	
4.1	<b>The level of remuneration paid by the Company should be sufficient to enable it to attract, motivate and retain individuals with the required skills and qualifications. Remuneration due to Board members, executive bodies and other key Company managers should be paid in accordance with a remuneration policy approved by the Company.</b>			
4.1.1	It is recommended that the level of remuneration paid by the Company to its Board members, executive bodies and other key managers should be sufficient to motivate them to work efficiently and enable the Company to attract and retain knowledgeable, skilled and duly qualified individuals. The	1. The Company has adopted internal remuneration policies for members of the Board of Directors, executive bodies and other key managers that clearly describe the approaches to the remuneration of these individuals.		The policy on remuneration of members of the Supervisory Board, the Chairman of the Management Board and other key managers, which clearly describes the approaches to the remuneration of these individuals, is not available at the Exchange. However, the General Meeting of Shareholders approved the Regulations on Remuneration and Reimbursement of Costs Incurred by Members of the Supervisory Board, which contains individual elements of the policy on the remuneration of members of the Supervisory Board.

	<p>Company should avoid setting the level of remuneration any higher than necessary, and should also avoid excessively large gaps between the level of remuneration of any of the above individuals and that of the Company's employees.</p>			<p>In January 2013, the Exchange adopted, and currently applies, an internal Administration Procedure for the Grade System and Employees' Base Salary, with respect to all employees, including any other key managers. This Procedure is intended to streamline the salary system, ensure efficient management of the processes related to the administration of base salaries, revision of the parameters base salary system, revision of employees' fixed official salary, recognition of the value and cost of certain particular work areas (positions) for the Exchange, securing a competitive salary based on employees' performance in order to engage, incentivise and retain qualified staff at the Exchange.</p> <p>Also, to determine the approaches to remuneration, the Exchange monitors market data (the findings of overviews or research) on remuneration, as purchased by the Exchange from the top global consulting agencies, on an annual basis, and compares them with the current remuneration of all employees. The findings of this comparison are used when remuneration is established or when it changes: by the Supervisory Board, at the recommendation of the Nomination and Remuneration Committee, with respect to members of executive bodies and other key managers; by the Exchange's management, with respect to other employees.</p> <p>There are also statistics on the reasons for</p>
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	<p>implementation of, and compliance with, the remuneration policy by the Company and, should this be necessary, review and amend the same.</p>		<div data-bbox="1102 1070 1178 1134"><input type="checkbox"/></div> <div data-bbox="1178 1086 1305 1118">complied</div> <div data-bbox="1102 1193 1178 1257"><input checked="" type="checkbox"/></div> <div data-bbox="1178 1209 1292 1241">partially</div> <div data-bbox="1070 1273 1193 1305">complied</div>	<p>remuneration policy. These resolutions were adopted taking into account the recommendations of the Corporate Conduct Code:</p> <ul style="list-style-type: none"> <li>- all significant benefits, in particular, benefits and advantages provided to these individuals, were considered;</li> <li>- the list of costs to be reimbursed and the service level these individuals can count on was discussed.</li> </ul> <p>The system of remuneration for executive bodies and other key employees implies the dependence of the remuneration on the Exchange's performance and their personal contribution to such performance.</p> <p>Based on a review of these issues, a Remuneration Policy for Members of the Management Bodies and Other Key Managers is being drafted and is to be preliminarily reviewed by the Nomination and Remuneration Committee in July 2016, with submission of the relevant recommendations to be approved by the Supervisory Board by October 2016.</p>
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			<input type="checkbox"/> did not comply	
4.1.3	<p>The Company's remuneration policy should provide for transparent mechanisms to be used to determine the amount of remuneration due to members of the Board of Directors, the executive bodies and other key Company managers, as well as to regulate any and all types of payments, benefits, and privileges provided to any of the above individuals.</p>	<p>1. The Company's remuneration policy(-ies) contain(s) transparent arrangements on determining the amount of remuneration paid to members of the Board of Directors, executive bodies and other key Company managers and govern(s) all types of fees, benefits and advantages provided to these individuals.</p>		<p>All of the Exchange's internal documents (policies) that govern all types of payments, fees, benefits and advantages for employees, with differentiation by position level (the Regulations on Social Support, the Rules on Use of Business Cars, etc.) apply to the members of executive bodies and other key managers.</p> <p>Provided that the establishment of the amount of remuneration for the members of executive bodies, including: the remuneration structure, types of payments, fees, benefits and advantages, as well as the conditions and procedure for reimbursement for costs (compensations), falls within the competence of the Supervisory Board of the Exchange.</p> <p>Some particular examples of remuneration payable to the members of executive bodies, conditions and procedure for the payment of remuneration as well as the conditions for the early termination of contracts, including the assignment of severance payments, reimbursements and/or other benefits in any form whatsoever in excess of those established in the law and the conditions of their provision are reviewed and approved by the Supervisory Board based on the Exchange's Nomination and Remuneration Committee (as part of the approval of the terms and conditions of employment contracts with members of</p>

			<div data-bbox="1099 1273 1178 1337" data-label="Image"> <input type="checkbox"/> </div> <div data-bbox="1178 1289 1305 1321" data-label="Text"> <p>complied</p> </div>	<p>executive bodies of the Exchange). The determination of the amount of remuneration for key employees (just like other employees) is in line with the Procedure for Administration of the Grade System and Basic Salary [Referred to above as the Administration Procedure for the Grade System and Employees' Base Salary.] at the Moscow Exchange, which contains transparent arrangements for determining the amount of remuneration.</p> <p>In July 2016, the plan is for the Nomination and Remuneration Committee to preliminarily review a separate policy on remuneration and compensation for the members of the Management Board and other key employees, with subsequent approval by the Supervisory Board by October 2016.</p> <p>The Regulations on Remuneration for the Members of the Supervisory Board prescribe fixed basic and additional parts of their salary as well as premiums for involvement in committees.</p> <p>When drafting the Remuneration Policy, the Exchange aims to determine the remuneration amount to provide sufficient incentives for high performance, by making it possible to recruit and retain competent and qualified professionals.</p>
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			<input checked="" type="checkbox"/> partially complied  <input type="checkbox"/> did not comply	
4.1.4	It is recommended that the Company develop a policy on the reimbursement of expenses that would contain a list of reimbursable expenses and specify service levels provided for members of the Board of Directors, the executive bodies and other key Company managers. Such a policy could form part of the Company's policy on compensation.	1. The remuneration policy(-ies) or other internal documents of the Company establish(-es) the rules on the reimbursement of costs to the members of the Board of Directors, executive bodies and other key Company employees.	<input checked="" type="checkbox"/> complied  <input type="checkbox"/> partially complied  <input type="checkbox"/> did not comply	
<b>4.2</b>	<b>The system of remuneration for Board members should ensure harmonisation of the financial interests of the directors with the long-term financial interests of shareholders.</b>			
4.2.1	A fixed annual fee will be the preferred form of monetary remuneration for Board members. It is	1. Fixed annual remuneration was the only monetary form of remuneration for the members of the Board of Directors for work		Fixed annual remuneration was the main remuneration for the members of the Supervisory Board. In 2015, three members of the Supervisory

	<p>not advisable to pay a fee for participation in individual meetings of the Board of Directors or its committees. It is not advisable to use any form of short-term incentives or additional financial incentives in respect of Board members.</p>	<p>within the Board of Directors during the reporting period.</p>	<div> <input type="checkbox"/> complied         </div> <div> <input checked="" type="checkbox"/> partially complied         </div> <div> <input type="checkbox"/> did not comply         </div>	<p>Board provided services to the Exchange related to participation in (speaking at) foreign business forums and meetings held with the participation of the Exchange.</p> <p>Since the participation of a member of the Supervisory Board in conferences, forums and all sorts of meetings takes a lot of time and effort to prepare for and speak at such events, the Exchange paid the relevant remuneration.</p> <p>The experience of the participation of members of the Supervisory Board in conferences suggests that the Exchange is interested in the participation of the members of the Supervisory Board in the above events on a regular basis. Thus, changes to the Regulations on Remuneration and Compensation for Members of the Supervisory Board were drafted for approval at the AGM in 2016. They envisage additional remuneration for involvement in events at the Exchange's initiative.</p>
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4.2.2	Long-term ownership of shares in the Company contributes to aligning the financial interests of Board members with the long-term interests of the Company's shareholders. However, it is not recommended that the right to dispose of shares be made dependent on the Company's achievement of certain performance results; nor should Board members take part in the Company's option plans.	1. If the Company's internal remuneration policy(-ies) envisage(s) the granting of shares to members of the Board of Directors, clear rules for holding shares by members of the Board of Directors, intended to encourage long-term ownership of such shares, should be available and disclosed.	<input checked="" type="checkbox"/> complied  <input type="checkbox"/> partially complied  <input type="checkbox"/> did not comply	
4.2.3	It is not recommended that any additional allowance or compensation be provided in the event of the early dismissal of Board members in connection with a change in control over the Company or other circumstances.	1. The Company does not envisage any additional benefits or compensation in case of the early termination of authority of the members of the Board of Directors in connection with a change in control over the Company or other circumstances.	<input checked="" type="checkbox"/> complied  <input type="checkbox"/> partially complied  <input type="checkbox"/> did not comply	
4.3	<b>The system of remuneration due to the executive bodies and other key Company managers should provide that their</b>			

	<b>remuneration is dependent on the Company's performance results and their personal contributions to the achievement thereof.</b>			
4.3.1	<p>Remuneration due to the executive bodies and other key Company managers should be set in such a way as to ensure a reasonable and justified ratio between its fixed portion and its variable portion that is dependent on the Company's performance results and employees' personal (individual) contributions to the achievement thereof.</p>	<p>1. During the reporting period, the annual performance indicators approved by the Board of Directors were used to determine the amount of variable remuneration of members of executive bodies and other key Company managers.</p>		<p>1. Complied with. 2. Partially complied with. The Exchange did not conduct any additional assessment of the system of remuneration payable to the members of executive bodies and other key managers. Nonetheless, the Nomination and Remuneration Committee always reviews the findings of market monitoring, the findings of surveys (research) related to remuneration, as acquired by the Exchange from global consulting agencies, and benchmarks them against the current remuneration of these individuals, in particular, as concerns the ratio of the fixed portion of their remuneration to the variable portion of their remuneration, on an annual basis (in particular, in 2015) when reviewing the amount of bonuses and when establishing/changing the salary of members of the Management Board and other key managers. An assessment of the remuneration system by the Nomination and Remuneration Committee is to be conducted before consideration of the draft Remuneration Policy (by July 2016) 3. The Exchange does not envisage a procedure for refunding to the Company bonuses unlawfully obtained by other key Company managers. Such refunds are carried out according to the applicable Russian law.</p>

		<p>2. During the most recent assessment of the remuneration system for the members of executive bodies and other key Company managers, the Board of Directors (the Remunerations Committee) made sure the Company applied an efficient ratio of the fixed portion of remuneration to the variable portion.</p> <p>3. The Company has a procedure for refunding to the Company bonuses unlawfully obtained by the members of executive bodies and other key Company managers.</p>	<input type="checkbox"/> complied  <input checked="" type="checkbox"/> partially complied   <input type="checkbox"/> did not comply	
4.3.2	Companies whose shares are admitted to trading at organised markets are recommended to put in place a long-term incentive programme for	1. The Company introduced a long-term incentive programme for members of executive bodies and other key Company managers using shares in the Company (financial instruments based on shares in the		<p>1. Complied with.</p> <p>2. Partially complied with.</p> <p>As part of the long-term incentive programme for management, managers will gradually gain the right to dispose of the shares earned through the programme in differing amounts after one year, two years and three years,</p>





		other financial instruments used in this programme will not arise until three years from their provision provided that the right to sell the same is conditional upon the Company's achievement of certain performance indicators.		
4.3.3	The amount of severance pay (a so-called golden parachute) payable by the Company in the event of the early dismissal of an executive body or other key manager at the initiative of the Company, provided that there have been no bad-faith actions on the part of the individual in question, should not exceed two times the fixed portion of his/her annual remuneration.	1. The amount of compensation (golden parachute) paid by the Company in case of the early termination of the authority of members of the executive bodies or key managers at the Company's initiative and in the absence of unfair actions on their part did not exceed the amount of twice the fixed portion of their annual remuneration in the reporting period.	<input checked="" type="checkbox"/> complied  <input type="checkbox"/> partially complied  <input type="checkbox"/> did not comply	
5.1	<b>The Company should have in place an efficient risk management and internal control system designed to provide reasonable confidence that the Company's goals will be achieved.</b>			
5.1.1	The Board of Directors should determine the principles of, and approaches to, the	1. The functions of various management bodies and business units at the Company in the risk management and	<input checked="" type="checkbox"/> complied	

	creation of the risk management and internal control system at the Company.	internal control system are clearly determined in the Company's relevant internal policy approved by the Board of Directors.	<input type="checkbox"/> partially <input checked="" type="checkbox"/> complied <input type="checkbox"/> did not comply	
5.1.2	The Company's executive bodies should ensure the establishment and continuing operation of an efficient risk management and internal control system at the Company.	1. The Company's executive bodies ensured the allocation of the functions and powers related to risk management and internal control among their subordinate managers (heads) of business units and divisions.	<input checked="" type="checkbox"/> complied <input type="checkbox"/> partially <input type="checkbox"/> complied <input type="checkbox"/> did not comply	
5.1.3	The Company's risk management and internal control system should enable one to obtain an objective, fair and clear view of the Company's current condition and prospects, the integrity	1. The Company approved an anti-bribery policy.  2. The Company established an affordable method to notify the Board of Directors or the Board	<input checked="" type="checkbox"/> complied <input type="checkbox"/>	

	and transparency of its accounts and reports, and the reasonableness and acceptability of the risks being assumed by the Company.	of Directors Audit Committee on violations of laws, internal procedures or the Company's ethics code.	<input type="checkbox"/> partially <input checked="" type="checkbox"/> complied <input type="checkbox"/> did not comply	
5.1.4	It is recommended that the Board of Directors take the required and sufficient measures to ensure that the Company's existing risk management and internal control system is consistent with the principles of, and approaches to, its creation as set forth by the Board of Directors and that it operates efficiently.	1. In the reporting year, the Board of Directors and the Board of Directors Audit Committee assessed the efficiency of the Company's risk management and internal control system. Information on the key findings of this assessment is included in the Company's annual report.	<input checked="" type="checkbox"/> complied <input type="checkbox"/> partially <input checked="" type="checkbox"/> complied <input type="checkbox"/> did not comply	
<b>5.2</b>	<b>To independently evaluate, on a regular basis, the reliability and efficiency of the risk management and internal control system and corporate governance practices, the Company should arrange for internal audits.</b>			
5.2.1	It is recommended that internal audits be carried out by a separate structural division (internal audit department) to be	1. For the purposes of internal audit, the Company established a separate business unit for internal audit, which reports, functionally, to the Board of Directors or the Audit	<input checked="" type="checkbox"/> complied <input type="checkbox"/> partially	

	created by the Company or by retaining an independent third-party entity. To ensure the independence of the internal audit department, it should have separate lines of functional and administrative reporting. Functionally, the internal audit department should report to the Board of Directors, while from the administrative standpoint, it should report directly to the company's one-person executive body.	Committee, or it engaged an independent external company that followed the same reporting procedure.	<div>complied</div> <div><input type="checkbox"/> did not comply</div>	
5.2.2	When carrying out an internal audit, it is recommended that the efficiency of the internal control system and the risk management system be evaluated, that the corporate governance system also be evaluated and that generally accepted standards of internal auditing be applied.	<p>1. In the reporting period, as part of an internal audit, the efficiency of the internal control and risk management system was assessed.</p> <p>2. The Company uses common approaches to internal control and risk management.</p>	<div><input checked="" type="checkbox"/> complied</div> <div><input type="checkbox"/> partially</div> <div><input type="checkbox"/> complied</div> <div><input type="checkbox"/> did not comply</div>	

<b>6.1</b>	<b>The Company and its activities should be transparent to its shareholders, investors and other stakeholders.</b>			
6.1.1	The Company should develop and implement an information policy enabling the Company to efficiently exchange information with its shareholders, investors and other stakeholders.	<p>1. The Company's Board of Directors approved the Company's information policy developed with the aim of implementing the Code's recommendations.</p> <p>2. The Board of Directors (or one of its committees) reviewed the issues related to the Company's compliance with its information policy at least once in the reporting period.</p>	<input checked="" type="checkbox"/> complied  <input type="checkbox"/> partially complied  <input type="checkbox"/> did not comply	
6.1.2	The Company should disclose information on its corporate governance system and practices, including detailed information on compliance with the principles and recommendations of this Code.	<p>1. Information about the corporate governance system used by the Company and the general corporate governance principles applied at the Company, in particular, is available on the Company's website.</p> <p>2. The Company discloses the</p>	<input checked="" type="checkbox"/> complied  <input type="checkbox"/> partially complied	

		<p>composition of executive bodies and the Board of Directors, the independence of members of the Board and their membership in committees of the Board of Directors (as defined in the Code).</p> <p>3. If there is a person who controls the Company, the Company publishes a memorandum from the controlling person concerning that person's plans for corporate governance at the Company.</p>	<input type="checkbox"/> did not comply	
<b>6.2</b>	<b>The Company should disclose, on a timely basis, full, updated and reliable information about itself so as to enable its shareholders and investors to make informed decisions.</b>			
6.2.1	<p>The Company should disclose information in accordance with the principles of regularity, consistency and timeliness, as well as accessibility, reliability, completeness and comparability of the disclosed information.</p>	<p>1. The Company's information policy determines the approaches to, and criteria for, determining information that could materially influence the Company's value, the value of its securities and the procedures that ensure the timely disclosure of such information.</p>		<p>1. Not complied with.</p> <p>The Exchange's information policy does not determine the approaches to, and criteria for, determining information that could materially influence the Company's value, the value of its securities and the procedures that ensure the timely disclosure of such information.</p> <p>The information policy was developed according to the Bank of Russia's Corporate Governance Code, which does not contain recommendations on the inclusion of such approaches and criteria in the information policy.</p> <p>Besides, the Federal Securities Market Law lists the disclosed information that could</p>

		<p>2. If the Company's securities are traded in foreign markets, material information is disclosed in the Russian Federation and in such markets simultaneously and equivalently in the reporting year.</p> <p>3. If foreign shareholders hold a significant number of shares in the Company, then, in the reporting period, disclosures were carried out not only in Russian but also in one of the most common foreign languages.</p>	<p><input type="checkbox"/> complied</p> <p><input checked="" type="checkbox"/> partially complied</p> <p><input type="checkbox"/> did not comply</p>	<p>materially influence the value of quotations of an issuer's issued securities. The Exchange carries out mandatory disclosures according to the applicable law.</p> <p>2. Not applicable, as the Exchange's securities are not traded in foreign markets.</p> <p>3. Complied with.</p>
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6.2.2	<p>The Company is advised against using a formalistic approach to information disclosure; it should disclose material information on its activities even if the disclosure of such information is not required by law.</p>	<p>1. In the reporting period, the Company disclosed annual and semi-annual IFRS financial statements. The Company's annual report for the reporting period includes annual IFRS financial statements with the auditor's opinion.</p> <p>2. The Company discloses comprehensive information on the Company's capital structure, according to Recommendation 290 of the Code in the annual report and on the Company's website.</p>	<div data-bbox="1104 288 1178 352"><input checked="" type="checkbox"/></div> complied  <div data-bbox="1104 416 1178 480"><input type="checkbox"/></div> partially complied  <div data-bbox="1104 608 1178 671"><input type="checkbox"/></div> did not comply	
6.2.3	<p>The Company's annual report, as one of the most important tools for information exchange with its shareholders and other stakeholders, should contain information enabling one to evaluate the Company's performance results for the year.</p>	<p>1. The Company's annual report contains information on the key dimensions of the Company's operations and its financial performance</p> <p>2. The Company's annual report contains information on environmental and social dimensions of the Company's business.</p>	<div data-bbox="1104 927 1178 991"><input checked="" type="checkbox"/></div> complied  <div data-bbox="1104 1054 1178 1246"><input type="checkbox"/></div> partially  <div data-bbox="1104 1246 1178 1310"><input type="checkbox"/></div> complied	



			<input type="checkbox"/> did not comply	
<b>6.3</b>	<b>The Company should provide information and documents requested by its shareholders in accordance with the principle of equal and unhindered accessibility.</b>			
6.3.1	The exercise by the shareholders of their right to access the Company's documents and information should not be unreasonably burdensome.	1. The Company's information policy specifies an easy procedure for providing access to shareholders to information, in particular, information on the legal entities dependent on the Company, upon the request of a shareholder.	<input checked="" type="checkbox"/> complied  <input type="checkbox"/> partially complied  <input type="checkbox"/> not complied	
6.3.2	When providing information to its shareholders, the Company should maintain a reasonable balance between the interests of individual shareholders and its own interests related to the fact that the Company is interested in maintaining the confidentiality of sensitive business	1. In the reporting period, the Company did not deny any shareholders' requests for information, or such denials were reasonable.		1. Complied with. 2. Partially complied with. The information policy did not determine the instances whereby shareholders were warned of the confidential nature of information and undertook not to disclose the same. These instances are described in the Exchange's internal documents that establish the lists of, and the procedure for, protecting information that constitutes a business secret or is classified as other confidential information. The confidentiality measures established by the Exchange include comprehensive actions and

	information that might have a material impact on its competitiveness.		<input type="checkbox"/> complied  <input checked="" type="checkbox"/> partially complied  <input type="checkbox"/> did not comply  <input type="checkbox"/> not	efforts envisaged in the Federal Business Secret Law, in particular, a warning about the confidential nature of the requested information and undertaking of an obligation on the part of the party requesting said information to maintain the confidentiality of the information.	
7.1	<b>Any actions that will or may materially affect the company's share capital structure and its financial position and, accordingly, the position of its shareholders (material corporate actions) should be taken on fair terms and conditions, ensuring that the rights and interests of the shareholders as well as other stakeholders are observed.</b>				
7.1.1	Material corporate actions shall include the reorganisation of the Company, the acquisition of 30 per cent or more of	1. The Company's Articles of Association specify a list of actions and other efforts that constitute material corporate actions, and their determination		1. Partially complied with. The Exchange's Articles of Association do not list material transactions or efforts or their determination criteria. The list of material corporate actions, which	

	<p>its voting shares (takeover), the Company's entering into any material transactions, increasing or decreasing its share capital, listing and delisting of its shares, as well as other actions that might result in material changes in the rights of its shareholders or violation of their interests. It is recommended that a list of (criteria for identifying) transactions or other actions falling within the category of material corporate actions be included in the Company's Articles of Association and provide therein that decisions on any such actions should fall within the jurisdiction of the Company's Board of Directors.</p>	<p>criteria. Decision-making on material corporate actions falls within the competence of the Board of Directors. Where the taking of these corporate actions is directly referred by law to the competence of General Meeting of Shareholders, the Board of Directors makes the relevant recommendations to the shareholders.</p>	<div data-bbox="1099 1002 1178 1066"><input type="checkbox"/></div> <div data-bbox="1178 1018 1305 1050">complied</div> <div data-bbox="1099 1129 1178 1193"><input checked="" type="checkbox"/></div> <div data-bbox="1178 1145 1290 1177">partially</div> <div data-bbox="1070 1209 1193 1241">complied</div> <div data-bbox="1099 1321 1178 1385"><input type="checkbox"/></div> <div data-bbox="1178 1337 1379 1369">did not comply</div>	<p>also includes entering into certain material transactions, is specified in the Exchange's Corporate Governance Code. Decision-making on material actions is referred, in the applicable law and the Exchange's Articles of Association, to the competence of the Supervisory Board or the General Meeting of Shareholders. When putting forward issues to the General Meeting of Shareholders, particularly those related to significant corporate actions, the Supervisory Board gives the relevant recommendations to shareholders.</p> <p>2. Partially complied with.</p> <p>Material corporate actions are listed in the Exchange's Corporate Governance Code and include, in particular, reorganisation of the Exchange, purchase of 30 per cent or more of the voting shares in the Exchange (takeover), entering into major transactions, increasing or decreasing the share capital, listing and delisting of shares.</p>
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		2. The Company's Articles of Association classify as material corporate actions, at least, the reorganisation of the Company, the purchase of 30 per cent or more of the voting shares in the Company (takeover), the Company's entering into material transactions, increasing or decreasing the Company's share capital, listing and delisting of shares in the Company,.		
7.1.2	The Board of Directors should play a key role in passing resolutions or making recommendations related to material corporate actions; for this purpose, it should rely on the opinions of the company's independent directors.	1. The Company envisages a procedure whereby independent directors announce their standpoint on material corporate actions before their approval.	<input type="checkbox"/>	<p>The procedure has not been formalised. Nonetheless, independent directors are able to express their standpoint before taking a decision to approve material corporate actions both at personal meetings and in case of absentee voting, to email their standpoint to all members of the Supervisory Board (members of the Supervisory Board make regular use of such opportunities).</p> <p>A new version of the Regulations on the Supervisory Board as submitted to the AGM for review in 2016 envisages the possibility of meetings among independent directors and the duty of the senior independent director to communicate the independent directors' opinion to the Supervisory Board.</p>

complied

			<input checked="" type="checkbox"/> partially complied  <input type="checkbox"/> did not comply	
7.1.3	<p>When taking any material corporate actions that would affect the rights or legitimate interests of the Company's shareholders, equal terms and conditions should be ensured for all shareholders; if statutory mechanisms designed to protect shareholder rights prove to be insufficient for that purpose, additional measures should be taken with a view to protecting the rights and legitimate interests of the Company's shareholders. In such instances, the Company should not only</p>	<p>1. The Company's Articles of Association, taking into account the particular features of its operations, established lower minimum criteria for classifying the Company's transactions as major corporate actions than envisaged by law.</p> <p>2. During the reporting period, all material corporate actions were approved before their implementation.</p>	<input checked="" type="checkbox"/> complied  <input type="checkbox"/> partially  complied   <input type="checkbox"/> did not comply	

	aim to comply with the formal requirements of the law but should also be guided by the principles of corporate governance set out in this Code.				
<b>7.2</b>	<b>The Company should have in place such a procedure for taking any material corporate actions that would enable its shareholders to receive complete information about such actions in due time and to influence them, and this would also guarantee that shareholder rights are observed and duly protected in the course of taking such actions.</b>				
7.2.1	When disclosing information about material corporate actions, it is recommended that explanations concerning reasons for, conditions and consequences of, such actions be provided.	1. In the reporting period, the Company disclosed information on the Company's material corporate actions in a timely manner and in detail, including the reasons for, and timing of, the taking of such actions.		Explanations of the reasons for, and conditions of, the material corporate actions planned to be taken and a description of the possible consequences of their taking for the Exchange and its shareholders are specified in detail in the materials provided to shareholders when issues related to the approval of entering into material corporate actions are submitted to General Meeting of Shareholders for review. Explanations prepared for shareholders on the issues discussed by the General Meeting of Shareholders are not mandatory according to the applicable regulations, but are regularly used in the Exchange's corporate practice to provide shareholders with reliable information and to enable them to influence the taking of material corporate actions and, if necessary, to obtain adequate protection. Similar explanations are prepared for members of the Supervisory Board when they take decisions to take material corporate actions not referred by the Exchange's Articles of Association to the	

	Rules and procedures in	1. The Company's internal

☐

complied

☒

partially

complied

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did not comply

competence of the General Meeting of Shareholders and when they submit issues to General Meeting of Shareholders for review. Information on issues submitted to the Supervisory Board for review, in particular, on taking material corporate actions, is publicly disclosed by the Exchange by publishing an announcement of the meeting of the Supervisory Board and its agenda. In addition, any shareholder may request that the Exchange provide documents evidencing decision-making by the Supervisory Board

1. Partially complied with.

7.2.2	relation to material corporate actions taken by the Company should be set out in its internal documents.	documents envisage the procedure for engaging an independent appraiser in evaluating the assets disposed of or purchased under a major transaction or a related-party transaction.
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When approving these transactions, the Supervisory Board focuses on calculating the transaction price and makes a separate decision on the value of assets (sold or purchased) under the transaction by making a calculation based on market value. A reputable independent appraiser experienced in assessment in the relevant field may be engaged to evaluate the assets. The resolution as to whether or not it is appropriate to engage an independent appraiser is made based on the nature of the transaction and sold or purchased assets.

The Exchange realises that major transactions may have significant implications for its financial standing, and it has not entered into such transactions in the last few years.

2. Partially complied with.

The share redemption price is calculated by an independent appraiser.

If the Exchange purchases its treasury shares, the resolution as to whether or not it is appropriate to engage an independent appraiser shall be made in each particular case.

When selecting an independent appraiser, the procedure established in the Regulations on Procurement at Moscow Exchange are applied.

3. Not complied with.

The internal documents do not envisage an extended list of reasons for the members of the Supervisory Board and other individuals



		<p>2. The Company's internal documents envisage a procedure for engaging an independent appraiser in evaluating the purchase and redemption price for shares in the Company.</p> <p>3. The Company's internal documents envisage an expanded list of reasons for the members of the Company's Board of Directors and other individuals envisaged in the law to be recognised as interested in the Company's transactions.</p>	<div> <input type="checkbox"/> complied         </div> <div> <input checked="" type="checkbox"/> partially         </div> <div> complied </div> <div> <input type="checkbox"/> did not comply         </div>	<p>envisaged in the law to be recognised as interested in transactions.  Related-party transactions are approved according to the Federal Law on Joint Stock Companies. The Exchange does not plan to expand this list of reasons.</p>
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<1> The 'complied with' status is only indicated if the Company meets all the criteria of the corporate governance principle compliance assessment. Otherwise, the 'partially complied with' or 'not complied with' status is displayed.

<2> They are shown for each criterion of the corporate governance principle compliance if the Company meets only part of the criteria or fails to meet any of the principle compliance assessment criteria. If the Company indicated the 'complied with' status, no explanations are required.

<3> Please specify which of the two alternative approaches admitted by the principle is implemented in the Company and explain the reasons for the selection made.

<4> If the objectives of the Nomination Committee are only implemented as part of another committee, indicate its name.

<5> List the established additional committees.

## **6.5 History**

### **1992 Establishment of MICEX**

The Central Bank and Russia's largest commercial banks established the Moscow Interbank Currency Exchange (MICEX) on 9 January 1992.

### **1993 Birth of the GKO (short-term government bond) market**

In May, the exchange began running auctions and trading on the secondary GKO (short-term government bond) market.

### **1995 Establishment of RTS**

In July, trading was launched on the Russian Trading System's (RTS) Classica market. On 1 September, the USD-denominated RTS Index began being calculated.

### **1996 Launch of futures trading**

In September, MICEX launched trading in USD and GKO futures. The contracts immediately became very popular in the Russian market.

### **1997 Establishment of National Depository Centre**

In January, MICEX and the Central Bank established the National Depository Center (NDC) to ensure settlement in securities in the exchange-based stock market.

### **1997 Launch of MICEX Index**

In September, the aggregated MICEX equity index, the main RUB-denominated Russian market benchmark, was launched. It initially included the five most liquid stocks.

### **1999 Launch of corporate bond market**

Debut corporate bond placements were made on MICEX, with Gazprom and Tyumen Oil Company being the first issuers.

### **2006 Launch of trading Gazprom stock on MICEX**

In January 2006, MICEX launched trading in shares of Gazprom, Russia's largest company. Since then, Gazprom shares have been one of the most liquid securities in Russia's stock market.

### **2009 Gaining full WFE membership**

MICEX became the first Russian exchange to receive full member status of the World Federation of Exchanges.

### **2011 MICEX-RTS merger**

MICEX and RTS, Russia's two largest stock exchanges, merged. The unified exchange was named MICEX RTS, then Moscow Exchange MICEX RTS.

### **2012 Establishment of Russia's central securities depository**

The Federal Financial Markets Service gave the central securities depository status to NSD, which triggered centralised recording of securities ownership.

### **2013 Moscow Exchange IPO**

Moscow Exchange carried out an IPO on 15 February at its own trading venue. The total value raised was RUB 15 billion.

### **2014 Enhancement of cooperation with China**

The Exchange signed a cooperation agreement with the Bank of China to facilitate mutual settlement in national currencies. The euro and yuan started trading as instrument underlying on the Standardised OTC Derivatives Markets.

#### 2014 Launch of new indices

In December, the Exchange offered a new money market benchmark MOEXREPO tracking the CCP repo market.

The MOEX Board system of indicative quotations was launched.