



MOSCOW
EXCHANGE

Commodities Department

MOSCOW EXCHANGE **PRECIOUS METALS MARKET**

PRECIOUS METALS MARKET PRINCIPLES OF TRADING

- Precious metals trading is implemented within the existing MOEX FX Market framework and trading platform.
- National Clearing Centre (NCC, subsidiary of MOEX Group) performs as the central counterparty (CCP) to each on-exchange trade is responsible for settlement and centralized clearing.
- Official name of MOEX unified market is now **FX and Precious Metals Market**.



PRECIOUS METALS MARKET INSTRUMENTS' SPECIFICATIONS

- Newly added PM instruments: buy/sell of gold and silver in grams against Russian rubles — **GLDRUB & SLVRUB**.
- Standard amounts (one lot) for on-exchange trades are **10 grams** for GLDRUB & **100 grams** for SLVRUB.
- Standard value date — **TOM**.
- Minimal amount (one lot) for off book trades is 1 gram of precious metal with value dates TOD or LTV (T+3 to 184 days).



PRECIOUS METALS MARKET SWAP DEALS SPECIFICATIONS

- Two-way on-exchange swap deals with **GLDRUB** & **SLVRUB** instruments are also available for MOEX precious metals market participants.
- Precious metals instruments and swap deals specifications are published in Commodities Market section of the Moscow Exchange website at: <http://www.moex.com/en>

Standard amounts (one lot)

Gold (GLD) **1 000 g**

Silver (SLV) **50 000 g**

Swaps maturity

**TOD/TOM, TOM/SPT,
TOM/1W, TOM/1M, TOM/6M**



PRECIOUS METALS MARKET TRADING AND CLEARING

- Precious metals market trading hours are equal to those of USDRUB — from 10:00 to 23:50 (Moscow time).
- Trading members post partial unified collateral to execute their trades and enjoy the high-efficiency and reliable risk management system of FX Market.
- Both existing and new trading members' registration codes can be used for unified clearing of FX and Precious Metals Market.



PRECIOUS METALS MARKET **RISK PARAMETERS**

- Existing models and current risk parameters of FX Market are used to manage and control risks for Precious Metals Market.
- Price corridor limits are set as half of instrument's deposit rate.
- Risk Covering Fund participants are able to utilize unified limit for trades in precious metals.

- **EWMA** – model used to estimate volatility
- Risk parameters' minimum deposit rate restrictive levels: **GLD – 6%, SLV – 12%.**



PRECIOUS METALS MARKET COMMISSION FEES

- Current commission fees are set adjusted to Russian precious metals market liquidity.
- One tariff is used for all market participants. Introduction of different tariff plans is possible in the future.
- Additional information is provided in the Appendices.

SPOT MARKET

TOD, TOM trades **0,015%**

SWAP DEALS

TOD/TOM, TOM/SPT,
TOM/1W **0,0005%**

TOM/1M **0,002%**

TOM/6M **0,005%**



PRECIOUS METALS MARKET

EXAMPLE OF TRADING VIA "MICEX TRADE"

The screenshot displays the MICEX Trade trading platform interface. At the top, a table lists market data for various instruments, including BKRUB_TOM, BYRRUB_TOD, and CNY_T. Below the table is a candlestick chart showing price movements. Two order entry windows are overlaid on the interface. The first window, titled "Ввод заявки" (Order Entry), is for buying (Купит) GLDRUB_TOM (Gold) with a lot size of 1000 and a price of 1330,0000. The second window, titled "заявки SWAP" (SWAP Order Entry), is for buying (Купит) SLV_TOM6M (Silver) with a lot size of 10 and a price of 0,8065. Both windows include fields for account numbers, client information, and order type (Limit or Market).

Время обновления	Инструмент	Размер лота	Дата расчетов	Котировки за	Лучший спрос	Срвзв. курс 11:30	Оценка	Объем за сегодня	Лотов на покупку по лучшей	Лучшее предложение	Лотов на продажу по лучшей	Спред	Максимум
16:42:07	BKRUB_TOM	100 000	24.09.2013	1,0000	37,0460		36,9445	77 582 964	20	36,8565	10	0,0185	
11:00:01	BYRRUB_TOD	1 000 000	23.09.2013	10 000,0000	35,1700					35,3400		0,0000	
11:00:01	CNYR									5,210000		0,000000	
11:00:01	CNY_T									0,000709		0,000000	
9:35:24	CNYR											0,000000	
16:31:35	CNYR									1 000	5,210500	1 000	0,010500
10:25:43	CNY_T												
15:15:00	EUR_T												
9:35:24	EURR												
10:00:00	EUR_T												
15:00:01	EURU												
16:42:03	EURU												
15:15:00	EURU												
15:00:01	EURR												
16:42:09	EURR												
11:00:01	KZTRU												

Ввод заявки

Купит | Продать | Заполнить последней

Режим: Торговая сессия ETC

Инструмент: GLDRUB_TOM

Код расчетов: T1, дата расчетов: 20.09.2013

Курс: 1330,0000

Лотов: 1000

Размер лота: 10

Всего: 10 000 Золото

Скрыто лотов:

Всего лотов: 1 000, сумма: 10 000 Золото

Сумма: 13300000,00

Валюта: Российский рубль

Тип: Лимитная

Тип исполнения по остатку: Поставить в очередь

Тип исполнения по курсу: По разным курсам

Время жизни: 0:00:00

Торговый счет: MB0002500023

Расчетный код: MB0002500023

Клиент:

Поручение:

Ввести заявку

Заккрыть

заявки SWAP

Продать/Купит | Купит/Продать | Заполнить последней

Режим: Торговая сессия ETC

Инструмент: SLV_TOM6M

Код расчетов: F6M, дата расчетов: 20.03.2014

Курс: 0,8065

Лотов: 10

Размер лота: 50 000

Всего: 500 000 Серебро

Тип: Лимитная

Тип исполнения по остатку: Снять остаток

Тип исполнения по курсу: По одному курсу

Время жизни: 0:00:00

Торговый счет: MB0002500023

Расчетный код: MB0002500023

Клиент:

Поручение:

Изменение позиций

Базовый

Серебро: -500 000,00

Российский рубль: 11 230 000,00

Итоговый

Серебро: 500 000,00

Российский рубль: 11 633 250,00

МONEY

31,8200

31,8000

8 млрд.

31,8450

31,8450

31,8460

31,8475

50

5 000

200

2 000

Курс:

Курс:



PRECIOUS METALS MARKET DOCUMENTS AND RULES

The following documents are available in Commodities Market section of MOEX website:

- Rules of admission to trading
- Trading schedule
- Specifications for instruments and swap trades
- Trading rules

NCC website provide the following documents:

- Rules of clearing
- Unallocated precious metals account agreements (for market participants — banks and brokers)



PRECIOUS METALS MARKET TRADING MEMBERS

- **Credit organizations** (banks) — residents of Russian Federation, holders of precious metals license issued by Bank of Russia
- **Non-credit organizations** (brokers) — professional participants of securities market
- **Bank of Russia**
- **Vnesheconombank**
- **Credit organizations — residents of EAEC**

Credit organizations (banks)

**Precious metals license issued by
Bank of Russia**
(for residents)
or
**License to conduct operations with precious
metals issued by local issuing body**
(for EAEC residents)

Non-credit organizations (brokers)

**Special licenses issued by Financial
Markets Service of the Bank of Russia
(former Federal Financial Markets Service)**
+
180 mln. Russian rubles of own capital

Official sector

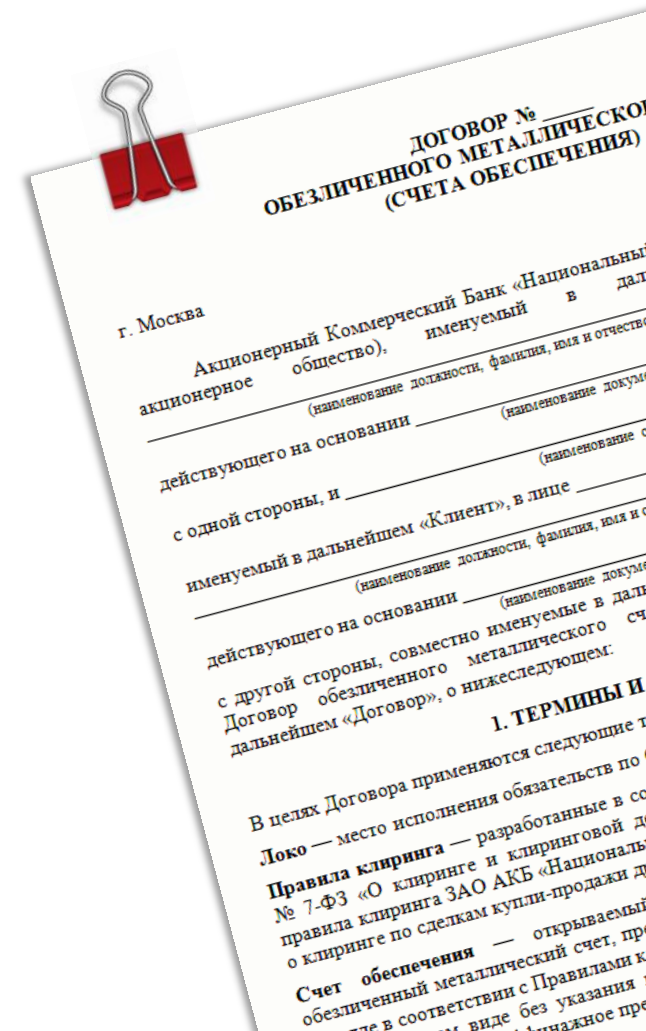
**Companies with special rights to buy or sell
precious metals according to Russian law**



PRECIOUS METALS MARKET

COLLATERAL IN PRECIOUS METALS

- Specially designated unallocated precious metals accounts (type "O") are used for trading, settling and holding precious metals as collateral.
- Transactions subsequent to on-exchange trades and clearing are settled by credits or debits to these unallocated accounts.
- Type "O" unallocated accounts are opened with NCC for all FX Market members willing to trade with precious metals.
- Precious metals as collateral are transferred to these accounts by trading members.



PRECIOUS METALS MARKET

PRECIOUS METALS RETURN

- Return of precious metals form type "O" unallocated accounts is possible to **Refund Account** previously registered by National Clearing Centre.

Refund Account can be either:

- unallocated correspondent precious metal account ("Loro" unallocated account) opened for credit organization (bank) with NCC (acting as facilitator bank); or
- unallocated account opened for non-credit organization (broker) with other credit organization (holder of "Loro" unallocated account with NCC).

* – Term "loro account" is equal to term "vostro account" in this case.

National Clearing Centre (NCC)

**Type "O"
unallocated
account**

**"Loro"
unallocated
account**

Unallocated
account
opened with
trading
member (bank)



PRECIOUS METALS MARKET

TYPES OF UNALLOCATED ACCOUNTS

Unallocated account used for holding precious metals as collateral.

Opened with NCC for all trading members (banks and brokers).

**Type "O"
unallocated
account**

- Credit/debit of precious metals subsequent to on-exchange trades and clearing
- Credit/debit of precious metals in correspondence with "Loro" unallocated account

"Conventional" unallocated correspondent precious metal account.

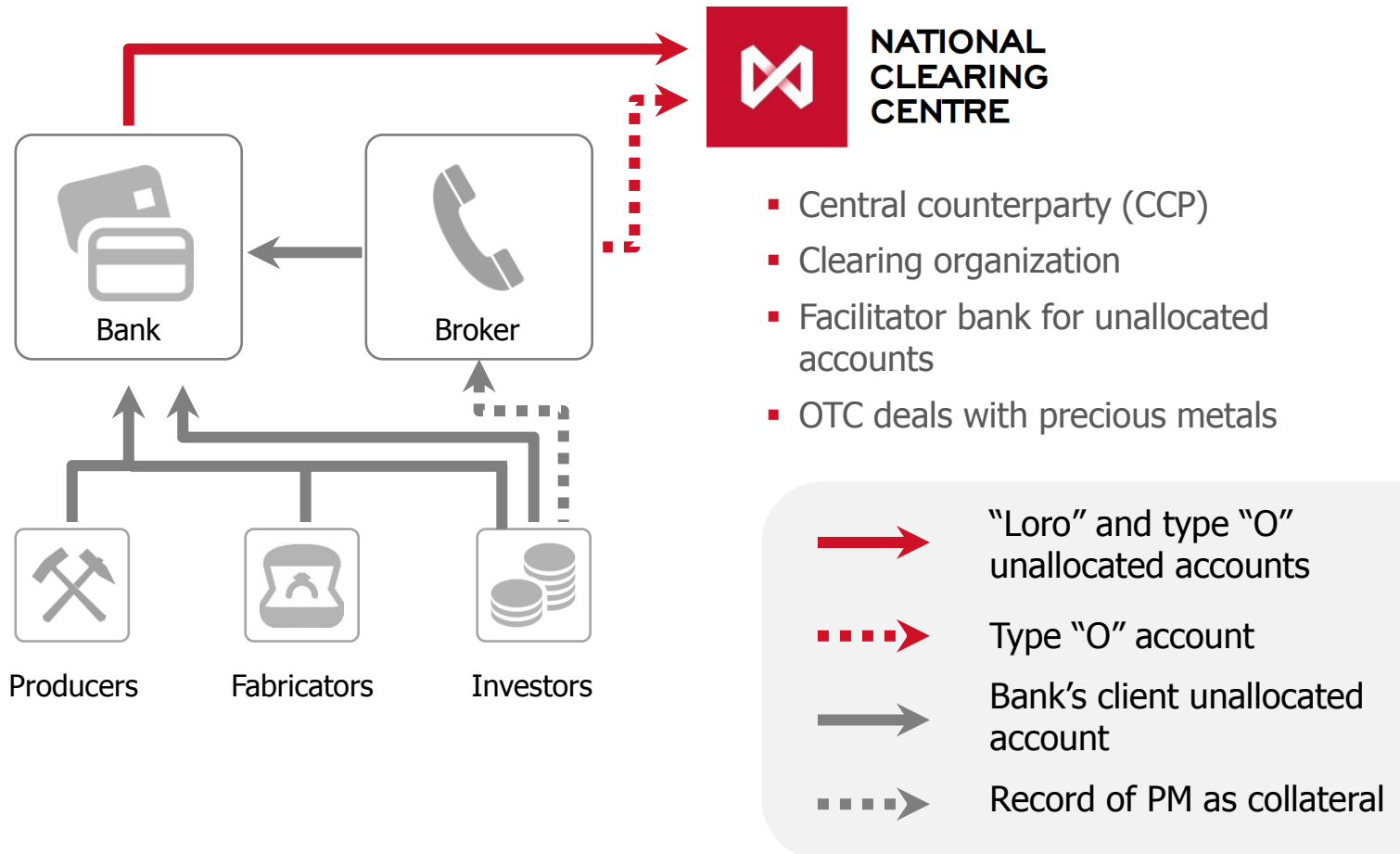
Opened with NCC for credit organizations only.

**"Loro"
unallocated
account**

- Deposit of precious metals by delivery of bullion bars to NCC at nominated vault premises
- Withdrawal of precious metals by collection of bullion bars from NCC at nominated vault premises
- Credit/debit of precious metals in correspondence with type "O" unallocated account
- Settlement of over the counter (OTC) deals such as Location Swaps (loco London/loco Zurich — loco Moscow)
- Precious metals transfers between holders' "Loro" unallocated accounts



PRECIOUS METALS MARKET GENERAL LAYOUT



PRECIOUS METALS MARKET

“LOCATION” EXPLAINED

- **Loco** (short for Location) means specific place, where physical precious metals (bullion bars) are delivered.
- London represents historical basis for international trading and settlement in gold and silver. Thus world’s market “spot price” is shorthand for “the price of precious metal located in London”.
- Each location can trade precious metals at a premium or discount to London price depending upon local supply and demand at that time. As a result, loco discounts/premiums are not fixed and change over time as local supply/demand changes.



PRECIOUS METALS MARKET

LOCO MOSCOW

- The price for precious metals quoted by market participants at the Moscow Exchange is **loco Moscow** price.
- Unallocated precious metals accounts opened with NCC are loco Moscow accounts meaning that physical bullion bars are located in Moscow and can be either deposited to or withdrawn from Moscow vault premises.
- Currently location discounts/premiums for loco Moscow gold are $\pm 0,05\%$ to London depending on type of bars.

A vibrant, stylized illustration of St. Basil's Cathedral in Moscow, featuring its iconic multi-colored onion domes and intricate architectural details. The cathedral is set against a clear sky, with green trees in the foreground.

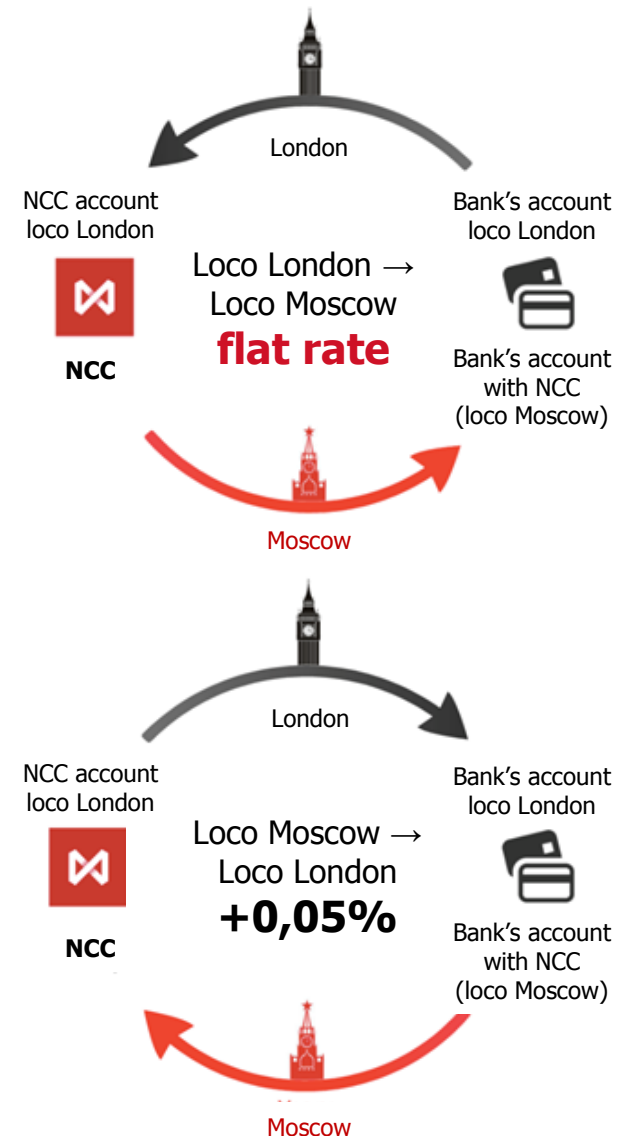
MOSCOW



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PRECIOUS METALS MARKET LOCATION SWAP

- **Location Swap** is an over the counter (OTC) deal between NCC and credit organization (Bank) where two parties agree to exchange precious metals they have in different locations (locos) with each other.
- Settlement of deal occurs by withdrawal of precious metal from Bank's loco London unallocated account opened with one of London bullion clearing banks and deposit of same amount of precious metal to Bank's loco Moscow "Loro" unallocated account opened with NCC.



PRECIOUS METALS MARKET BULLION BARS OPERATIONS

- **Bullion bars deposit/withdrawal** operations are available for credit organizations, holders of “Loro” unallocated precious metals account opened with NCC under Unallocated Precious Metals Account Agreement.
- Actual bars delivery/collection operation is subject to prior negotiation and agreement between parties.
- Delivery and collection is possible at one of two NCC–nominated vault, or at any other vaulting facility specified during negotiations.



PRECIOUS METALS MARKET

BULLION BARS OPERATIONS FEES

Deposit of gold/silver bars

(compliant with "Good Delivery" specification)

flat rate

Withdrawal of gold bars

(compliant with "Good Delivery" specification)

0,05%*

Withdrawal of silver bars

(compliant with "Good Delivery" specification)

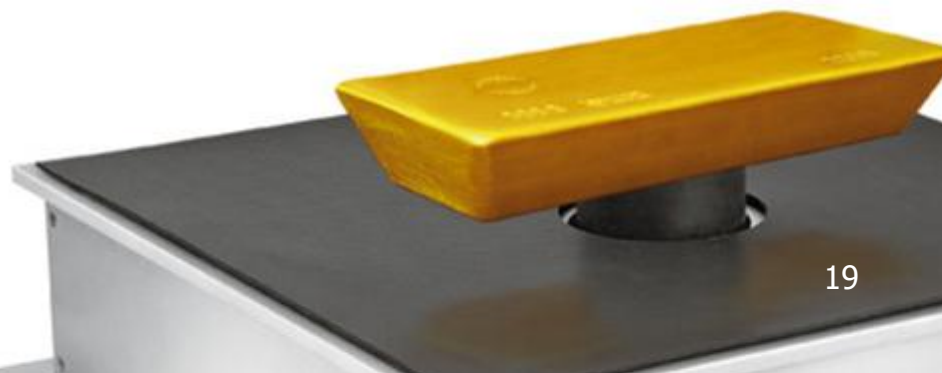
0,25%*

Deposit/withdrawal of gold/silver bars

(noncompliant with "Good Delivery" specification,
incl. cast bars and minted ingots weighting one kilo and less)

subject to negotiations

* – Total value of precious metals is calculated as product of total weight of precious metal deposited to/withdrawn from unallocated account and Bank of Russia effective reference price for refined precious metal.



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