



in raising debt capital in the domestic market. The new procedure for bond registration will enable issuers to reduce the time and administrative costs in the bond placement process.

Tick sizes changes from 1 December

On December 1, 2014 new tick sizes came in to force for 4 of the 10 most liquid stocks (Magnit, Novatek, MTS, Rosneft). The new methodology first came into play on October 1, 2014 when tick size changed for 332 stocks and DRs. The new approach has reduced the number of ticks in a spread by between 4-80 times depending on the liquidity of the stock. Reducing the number of ticks in a spread allows more rational structure to the order book and increases the liquidity at the best bid and offer price.

Marketing campaign for Individual Investment accounts (IIA) has started

To increase the attractiveness of the securities market the Russian government introduced new taxation rules for domestic tax residents, aiming to stimulate local investment demand. Starting as of January 1 2015 Russia has introduced new types of retail accounts. The IIA can be run from a brokerage account or money can be managed by a Licensed Asset Manager.

An individual can choose one of two account types: Individual Investment Account with tax rebate at the rate of 13% of cash contribution (type A account) or Individual Investment Account with zero income tax for capital gains (type B account).

The account must exist for at least 3 years. An individual can post to the account no more than 400,000 RUB annually.

The Moscow Exchange, together with some of its members launched a new website (in Russian) dedicated to the individual investment Accounts www.investaccount.ru.

The new website will be followed by massive information and marketing campaign throughout all major Russian cities.

Trading suspensions for Eurobonds with coupon payments are cancelled

As of December 18, 2014 trading in 13 sovereign Eurobond issues of the Russian Federation will continue without a suspension period in connection with a coupon payment. A complete list of securities, additions and changes can be found at www.moex.com.

Expansion of Eurobonds list

As of December 5, 2014 the Moscow Exchange admitted to trading corporate Eurobonds of CBOM Finance PLC and Eurobonds of the International Investment Bank and as of December 16, 2014 perpetual Eurobonds of VTB have also been added. [A complete list of the 23 issues of Eurobonds admitted to trading is available at www.moex.com](http://www.moex.com).

Lot size reduced for Eurobonds

From December 24, 2014 the Moscow Exchange has reduced the lot size for Eurobonds of Promsvyazbank maturing in 2019 and Eurobonds of Credit Bank of Moscow maturing in 2018. The minimum trading lot was reduced from 200k USD to 1k USD. Reducing the minimum trading lot allows a wider range of investors to look at this instrument, including retail investors.

MOEX will continue to reduce trading lots for other Eurobond issues.

New dividend taxation in 2015

For tax residents of the Russian Federation, the tax rate on dividends on shares of Russian issuers (including depositary receipts on shares of Russian issuers) increased as of January 1, 2015 from 9% to 13% for both companies and individuals. For foreign organizations operating for the benefit of third parties, the tax rate of 30% is not applicable from January 1, 2015 for dividend payments on shares of Russian issuers (including DRs). As of January 1, 2015 for undisclosed owners of securities the tax agent has to levy the standard tax rate of 15%, provided by law for non-residents.

Distant identification

As of January 2015, new legal amendments came in force aiming to simplify the procedure for identification of retail customers of Russian brokers and Asset Management companies.

These rules mean that new retail investors can sign brokerage agreements or buy mutual funds without visiting a company's office if the procedure meets the following conditions:

- all settlements go through the local Russian bank;
- - personal information provided by the individual is cross-checked with that of the



- Pension Fund data center and the Compulsory Medical Insurance Fund; an individual confirms the identification from his/her mobile phone.

The simplification of the identification procedures will greatly facilitate the growth of new retail customers and will make trading more accessible to retail investors from remote regions of the country.

The new edition of the Listing Rules

At the beginning of 2015 the new edition of the Listing Rules has come into force. Amendments are made to allow the Exchange to refuse the issuer of bonds in the inclusion into the quotation lists, including the First listing level.

The decision not to include particular bond issues into the First listing level is taken by the Fixed Income committee of the Moscow Exchange. With the Fixed Income committee's recommendations the Moscow Exchange can issue a moratorium for using the services of particular rating agencies.

Moscow Exchange will maintain all the listing levels for bonds which were included in the listing levels on the day the New Listing Rules came into force.

There are requirements on new Corporate Governance rules partly implemented.

Rules for including Mortgage Participation notes into the First Listing level became more strict.

Cross Trading Controls

On Monday 26th of January 2015 new amendments to the Central Bank of Russia regulation on exchange trading activity N 437-П relating to cross trading (execution of a sell and buy order sent from a single client code) were published. Amendments remove the restriction on accepting cross orders when trading takes place through a Central Counterparty.

Previously all orders sent from a single client code that could be used by several clients were cancelled at the exchange which made trading for international clients inconvenient.

The technical implementation of the cross trading restriction is planned for Q2 2015.

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All data in this Newsletter unless otherwise stated is Moscow Exchange data. Rouble denominated trading volumes have been converted into USD terms based on an average RUB/USD exchange rate for the stated period.

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