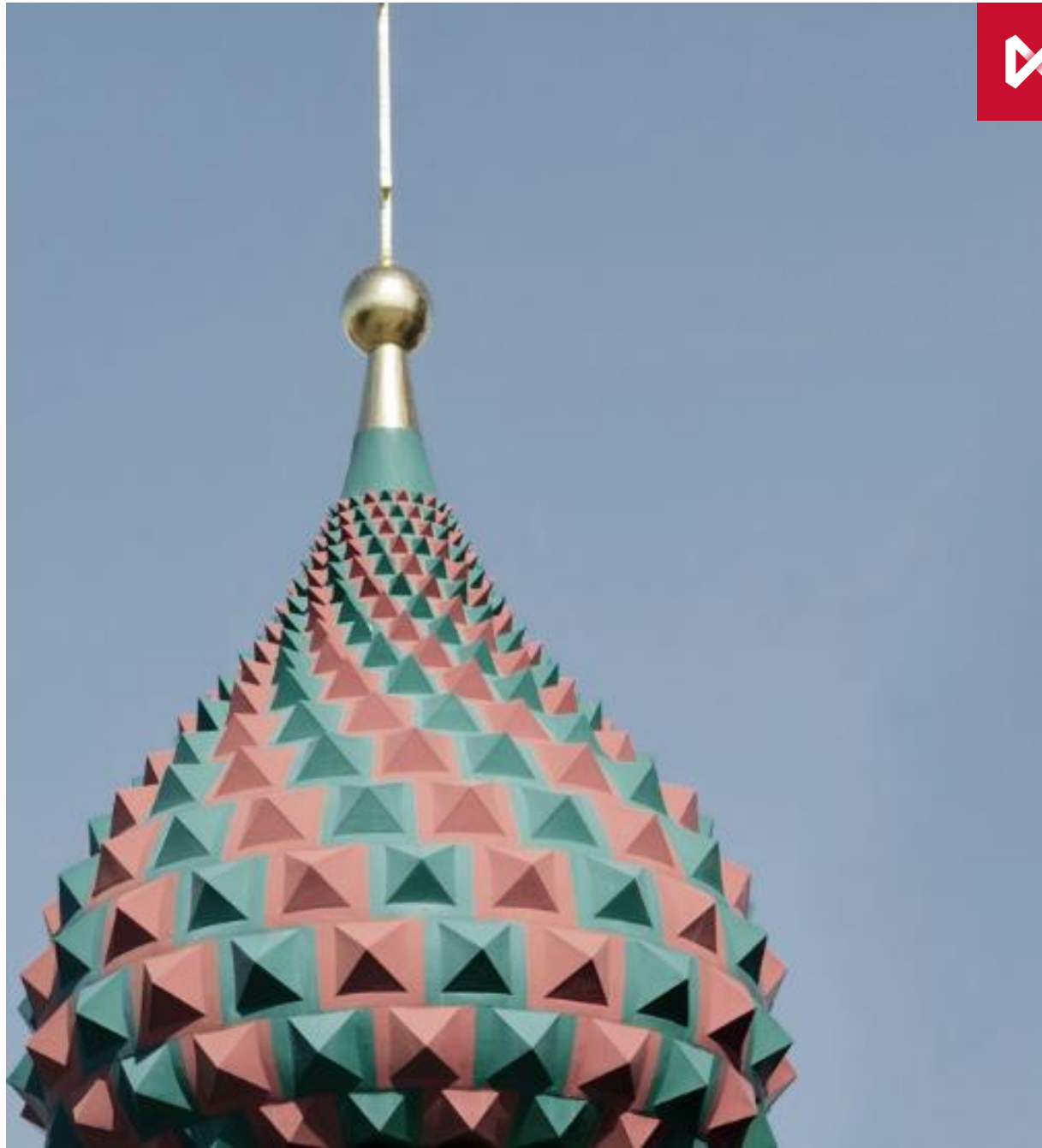




**MOSCOW  
EXCHANGE**



# **Introduction of restriction on aggressive market orders**

**October 2020**

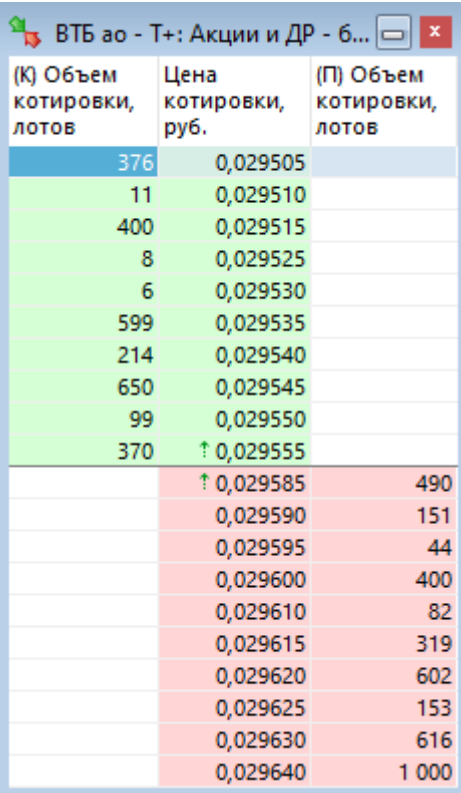
# Trading system algorithm for processing market orders

08.04.2020 the Moscow Exchange Equity Market Committee adopted a new trading system's algorithm for processing market orders.

07.10.2020 the Moscow Exchange Debt Market Committee adopted a new trading system's algorithm for processing market orders.

A market order is executed **at the best price** available on the order book at the time it is placed, for the maximum possible quantity, provided that the execution price **differs from the best bid (sell order)/best ask (buy order) shown on the order book at the time the order was placed, by no more than a specified percentage.**

As a result, liquidity that may be taken off by **an order book order** is limited.



| (К) Объем котировки, лотов | Цена котировки, руб. | (П) Объем котировки, лотов |
|----------------------------|----------------------|----------------------------|
| 376                        | 0,029505             |                            |
| 11                         | 0,029510             |                            |
| 400                        | 0,029515             |                            |
| 8                          | 0,029525             |                            |
| 6                          | 0,029530             |                            |
| 599                        | 0,029535             |                            |
| 214                        | 0,029540             |                            |
| 650                        | 0,029545             |                            |
| 99                         | 0,029550             |                            |
| 370                        | ↑ 0,029555           |                            |
|                            | ↑ 0,029585           | 490                        |
|                            | 0,029590             | 151                        |
|                            | 0,029595             | 44                         |
|                            | 0,029600             | 400                        |
|                            | 0,029610             | 82                         |
|                            | 0,029615             | 319                        |
|                            | 0,029620             | 602                        |
|                            | 0,029625             | 153                        |
|                            | 0,029630             | 616                        |
|                            | 0,029640             | 1 000                      |

The maximum price for a **market sell order** subject to the specified limit will be %-deviation from the best bid. It is 0.029555 or more in this example.

The maximum price for a **market buy order** subject to the specified limit will be %-deviation from the best ask. It is 0.029585 or more in this example.

## Execution price limiting percentage away from the best bid/ask\*

**The limiting percentage applied on the Equity Market:**

**1% for the IMOEX Index stocks**

**3% for all other stocks**



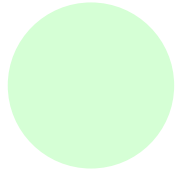
The order execution price cannot exceed the specified percentage away from the best bid/ask available at the time the order was placed

**The limiting percentage applied on the Bond Market:**

**0.4% for OFZs and Bank of Russia coupon bonds**

**1% for all other instruments**

# Features of the market order execution limiting algorithm



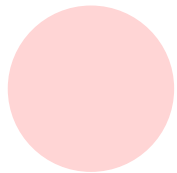
If the order is partially filled, the remaining quantity is cancelled

The system message: "(1211) market order #%ld was accepted. %ld is filled. Filling the remaining quantity will result in exceeding the specified limiting percentage for market orders. The remaining balance was cancelled."



The limiting algorithm is applied only during the regular trading hours (main and evening trading sessions). It is not applied to the opening and closing auctions.

A market order is filled within 1% of the order book depth. If a passive limit order is available on the opposite side, the passive order is cancelled. If the passive order is more than 1% away from the best bid/ask, the active market order is filled within 1% of the book depth and then cancelled, while the passive limit order staying on the order book.



If a limit order with a passive order cancellation function enabled is available on the opposite side, the passive order is cancelled.

# Implementation plan

Production go-live – 02 November 2020

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- volatility (a) of the Russian economy and the securities market and (b) sectors with a high level of competition that 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;
- competition increase from new players on the Russian market;
- the ability to keep pace with rapid changes in science and technology environment, including the ability to use advanced features that are popular with the Company's and its subsidiaries' customers; –the ability to maintain continuity of the process of introduction of new competitive products and services, while keeping the competitiveness;
- the ability to attract new customers on the domestic market and in foreign jurisdictions;
- the ability to increase the offer of products in foreign jurisdictions.

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