



**MOSCOW
EXCHANGE**

**Sovereign Bonds(OFZ)
Electronic Market Making Program
Program #1**

Basic Terms & Conditions

Available securities

- All fixed rate, floaters and inflation-indexed OFZ bonds
- Minimum collateral requirement value from 4% to 13%

Features and Benefits

- Trading Member can act as Market Maker with his own position or on behalf of his Client
- Online ranking by value traded
- Daily reporting

Market Makers Obligations

- Bid-Ask Spread
- Minimum Acceptable Volume
- Minimum Order Size
- Quoting period
- Minimum Maker trades intraday value



Interaction Model

Trading Member or Trading Member client can be included to program by concluding an agreement between Trading Member and Moscow Exchange.



* Trades from orders that adds liquidity



Participants Ranking



During trading session



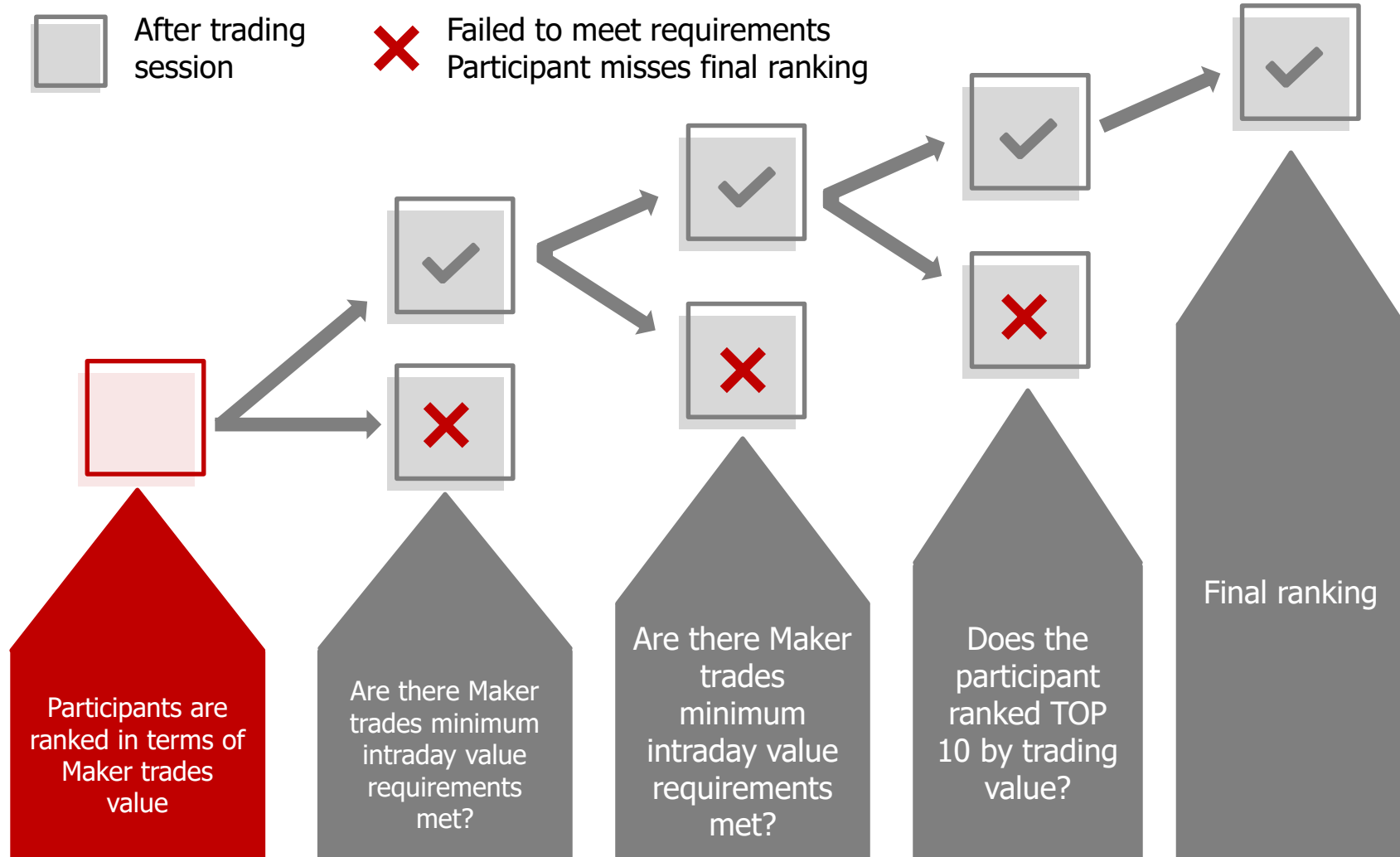
Requirements are met



After trading session



Failed to meet requirements
Participant misses final ranking



Market Maker Fee Policies

- Fee is calculated on a daily basis per each Client and security
- A market maker receives a fee per trading day provided that he fulfills the market maker obligations and is got listed on the final daily ranking of market makers.
- Daily ranking is formed by TOP 10 participants by trading volume.

$$\text{Fee} = \left[\text{Makers trades value}^* \times \left(\begin{array}{l} 0.4 \text{ bps} \\ + \\ \text{Exchange Fee Rate} \\ + \\ 0.6 \text{ bps} \\ \text{If "Average Spread" condition is} \\ \text{fulfilled} \end{array} \right) \right], \text{ but not over } 100\,000 \text{ RUB}$$

Average Spread – daily average spread. Calculated by best (minimum) spreads MM spread values with total quoting period equals to 345 minutes.

* Makers trades value is calculated based on **orders no less than minimum order size**.
Cross trading value is excluded from Makers trades value.



Market Makers Obligations

Parameters:

Mandatory:

- **Minimum Acceptable Volume**– cumulative volume of orders on each side
- **Spread - (Offer – Bid)/ Bid**, where offer and bid prices – max (min) prices of Market-makers orders, under which the total number of securities in these orders. calculated cumulatively equals Minimum Acceptable Volume
- **Quoting period– 345 minutes**

Optional:

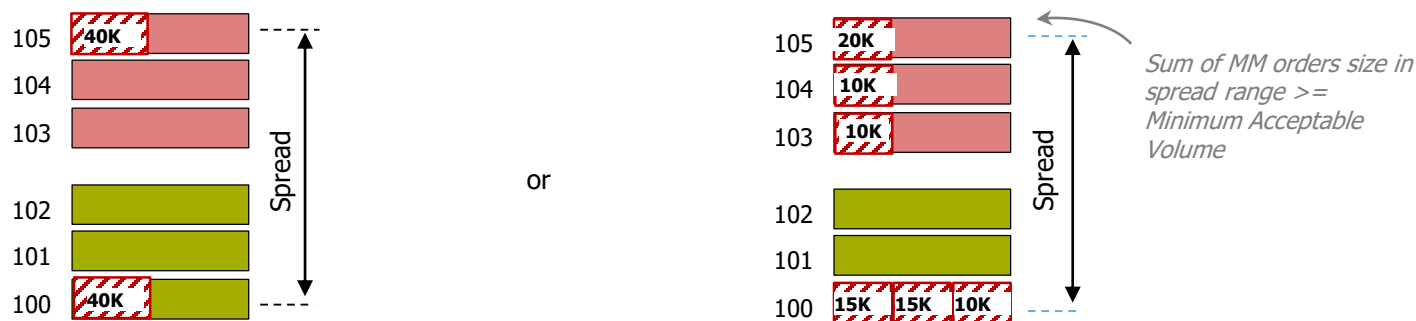
- **Minimum Order Size** - minimum orders size of makers order. which is accepted to market makers fee calculation.
- **Average Spread** – daily average spread. Calculated by best (minimum) spreads MM spread values with total quoting period equals to 345 minutes.
- **Sufficient traded volume** – total volume of Market Maker transactions reaching which a Market Maker is discharged from further obligations at that trading day.

Minimum Order Size :


Example:

Spread= 5%. Minimum Acceptable Volume = 40 K . Minimum Order Size= 10 K

Market maker can place orders like:



- ✓ Quoting period is fulfilled
- ✓ Market makers Fee

 MM orders size is equal or larger than "Minimum Order Size"



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perception of market services offered by the Company and its subsidiaries;

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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