

## **Dividend Policy of Public Joint-Stock Company Moscow Exchange MICEX-RTS**

### **Section 1. General Provisions**

- 1.1. This Dividend Policy of Public Joint-Stock Company Moscow Exchange MICEX-RTS (hereinafter referred to as the Dividend Policy) was developed in accordance with the Federal Law *On Joint-Stock Companies*, other laws and regulations of the Russian Federation, the Charter of Public Joint-Stock Company Moscow Exchange MICEX-RTS (hereinafter referred to as MOEX) and the Corporate Governance Code of MOEX.
- 1.2. The objective of the Dividend Policy is to establish a transparent and straightforward mechanism for decision-making on dividend disbursement and defining the amount, the procedure and time periods for such payment.
- 1.3. The Dividend Policy sets the dividend payment principles and terms as well as the procedure for defining a dividend payout ratio, the procedure for calculating dividends per share, as well as the target level of dividend payment.
- 1.4. MOEX strives for boosting its investment attractiveness and increasing its shareholders' income.
- 1.5. The terms used in the Dividend Policy:

**Dividends** – a part of MOEX's net profit (determined based on MOEX's accounting (financial) reporting data) distributed between its shareholders in proportion to the number of shares in ownership.

**Free Cash Flow** – the Moscow Exchange Group's net profit with the amortization expenses recovered minus CAPEX and working capital investments, taking into account, inter alia, the regulatory requirements imposed on the Key Companies of the Group.

**Key Companies of the Group** – MOEX, CCP NCC and NSD.

**MOEX** – Public Joint-Stock Company Moscow Exchange MICEX-RTS, Moscow Exchange.

**Moscow Exchange Group** – Public Joint-Stock Company Moscow Exchange MICEX-RTS and legal entities under its direct or indirect control.

**Net Profit of MOEX** – MOEX’s profit after taxes determined based on the accounting (financial) statements compiled under the Russian Federation legislation and the Industry Accounting Standards (IAS).

**Net Profit of the Group** – net profit determined based on MOEX’s consolidated financial statements compiled under the International Financial Reporting Standards (IFRS) requirements for a given reporting period, except for the cases provided for herein.

The terms and definitions not specially defined herein shall be used as established in the laws and regulations of the Russian Federation and MOEX’s internal documents.

- 1.6. This Dividend Policy shall be effective within 5 years since the date of its approval by the Supervisory Board.

## **Section 2. Dividend Policy Principles**

2.1. This Dividend Policy is based on the following principles:

- 1) serving the interests of MOEX’s shareholders by letting them exercise their rights to dividends;
- 2) ensuring the transparent procedure for determining the dividend amount;
- 3) boosting MOEX’s investment attractiveness;
- 4) the dividend amount paid out by MOEX shall be compared with the peer group and meet the benchmark;
- 5) decisions on dividend payments shall be carefully considered from the economic point of view, taking into account the strategic tasks, the balance of short-term and long-term interests of the shareholders and MOEX’s investment needs;
- 6) generating long-lasting motivation in the management for increasing the total shareholder return.

## **Section 3. Main Criteria for Dividend Payment**

3.1. The criteria for dividend payment to the shareholders shall be:

- no restrictions for dividend payment in the legislation of the Russian Federation;
- availability of MOEX’s net profit (under the Russian Accounting Standards) in the reporting period for which dividends are announced and (or) undistributed profit of past years;
- compliance with the criterion of the MOEX capital adequacy ratio<sup>1</sup>;
- availability of the MOEX Supervisory Board’s recommendations for dividend payment (announcement), and on the amount of dividends;
- availability of a resolution of the MOEX General Shareholders Meeting on dividend payment (announcement).

If one or more of the criteria above are not met, dividends are not paid out.

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<sup>1</sup> Since 20 July 2019, the value of the trading organiser’s capital adequacy ratio is 100% (the Bank of Russia’s Ordinance dated 18 June 2018 No 4824-U).

#### **Section 4. Procedure for Calculating a Dividend Payout Ratio. Basic Criteria Influencing the Profit Distribution**

- 4.1. The total dividend amount shall be calculated as a portion of the Moscow Exchange Group's net profit for the period corresponding to the reporting period for which the MOEX consolidated financial statements were compiled under IFRS.
- 4.2. Dividends shall be paid to MOEX's shareholders out of MOEX's net profit.
- 4.3. If there is IAS profit, MOEX shall allocate some of it for dividend payment and use the remaining profit mainly for reinvestment, in order to increase MOEX's capitalisation.
- 4.4. The target level of the profit portion allocated for dividend payment shall be determined as the size of the free cash flow to equity (FCFE).
- 4.5. When calculating FCFE, one takes into account:
  - capital adequacy (considering the CCP NCC capital adequacy as the central counterparty (N1ccp) at the level not less than 120%) for the current year and forecast of the Moscow Exchange Group's need for capital;
  - provision of the capitalisation level of the Key Companies of the Group in line with the Moscow Exchange Group's business scope, their liabilities as the qualified central counterparty, clearing organisation, central depository and the trading organiser, respectively, and the regulatory requirements and changes in the market environment, as well as provide financial stability considering the applicable stress testing;
  - financing of the Moscow Exchange Group CAPEX program;
  - financing of the investment program for non-organic growth;
  - creation of the operational reserve for the Moscow Exchange Group's ongoing operations taking into account the regulatory restrictions as to the attraction and use of borrowed funds.
- 4.6. When the amount of dividends is determined, the following factors are considered:
  - balancing short-term and long-term interests of the shareholders and MOEX's investment needs;
  - the state of the economic environment, internal and external changes that have or may have a serious negative impact on MOEX's operations in the future, force majeure circumstances, including natural disasters.
- 4.7. A minimum size of the profit portion allocated for dividend payment shall be 60% of the Moscow Exchange Group's net profit for the reporting year.
- 4.8. If MOEX deviates from the target dividend payout ratio as set herein, it shall disclose the reasons for such deviation.
- 4.9. In case the base for dividend calculation and benchmarking allow for dividend payment in the size that exceeds the IAS profit, the MOEX Supervisory Board can recommend that the MOEX General Shareholders Meeting decides on dividend payment from the undistributed IAS profit.

#### **Section 5. Decision-Making Procedure on Paying Dividends per Share and Payment Procedure**

- 5.1. The target frequency of dividend payment is payment of dividends by MOEX once a year.

- 5.2. The MOEX Executive Board shall prepare proposals on the possible amount of dividends, the payment procedure and the impact of payment on MOEX's financial standing.
- 5.3. The Budget Committee of the MOEX Supervisory Board shall submit recommendations to the Supervisory Board based on the analysis of the MOEX Executive Board's proposal on as to the expediency of dividend payment, as well as determination of the amount of dividends paid and the payment procedure.
- 5.4. A special role in decision-making on dividend payment is played by the Supervisory Board. The MOEX Supervisory Board takes into account the Budget Committee's recommendations and works out (approves) recommendations to the General Shareholders Meeting of MOEX on the amount of dividends per share and the payment procedure as well as on setting the dividend record date. These recommendations, given their importance, are approved by the Supervisory Board mainly at its in-present meetings, and where the amount of dividends per share is concerned, by majority voting of the total number of the Supervisory Board members.
- 5.5. In addition to the MOEX Supervisory Board's recommendations pointed out in Clause 5.4 hereof, handouts for the General Shareholders Meeting shall include information on targets/conditions influencing calculation of the dividend payout ratio.
- 5.6. A decision on dividend payment (announcement) shall be adopted by the General Shareholders Meeting of MOEX based on the recommendations presented by the MOEX Supervisory Board.
- 5.7. The decision on dividend payment (announcement) shall specify the amount of dividends per share, the form of payment and the dividend record date. The dividend amount shall not exceed the amount recommended by the Supervisory Board.

## **Section 6. Procedure and Dates for Dividend Payment**

- 6.1. In compliance with the appropriate corporate governance practice, MOEX shall strive for cash dividend payout. The General Shareholders Meeting may decide on non-cash dividend payment in extraordinary cases:
  - if dividend payment in shares or other securities is among the conditions for the MOEX reorganisation;
  - if non-cash dividend payment is required for MOEX to comply with the effective legislation.
- 6.2. The amount of dividend per MOEX share shall be defined based on the total dividend amount for the reporting period in RUB calculated under the procedure established in Section 4 hereof divided by the number of MOEX outstanding shares and rounded up to two decimal places (kopecks) in accordance with mathematical rounding rules.
- 6.3. Dividends shall not be paid out for unplaced shares, shares held on the MOEX balance sheet, or shares, the report on issue (additional issue) of which has not been duly registered under the procedure established by the effective legislation.
- 6.4. The dividend record date shall be set by a resolution of the MOEX General Shareholders Meeting upon proposal of the MOEX Supervisory Board. The dividend record date shall

not be earlier than 10 days after the General Shareholders Meeting decides on dividend payment (announcement) and later than 20 days since the decision-making date.

- 6.5. The term within which dividends are paid out to a nominee shareholder and a trustee being a professional securities market participant registered in the shareholder register shall not be longer than 10 business days since the dividend record date.
- 6.6. Dividends shall be paid out to the persons entitled to receive dividends registered in the shareholder register no later than 25 business days since the dividend record date.
- 6.7. Dividends shall be paid to holders of shares (or to persons exercising the rights attached to such shares under the federal laws). The list of such persons shall be defined as of the end of the business day on the dividend record date set under the resolution on dividend payment.
- 6.8. The MOEX shareholders shall timely inform the registrar and (or) nominee shareholder of changes in their details needed for dividend payment. The shareholder that did not receive the announced dividends as MOEX or the registrar did not have exact and necessary address or banking details or because of another delay shall have the right to request payment of such dividends (outstanding dividends) from MOEX within three years since the date of decision-making on the payment. Upon expiry of this term, the announced and outstanding dividends shall be recovered as MOEX's undistributed profit, and the obligation to pay them shall be terminated.

## **Section 7. Dividend Policy Disclosure**

- 7.1. MOEX shall disclose the following information on the MOEX website (Russian and English versions, [www.moex.com](http://www.moex.com)) in the Investor Relations section as well as in the newsfeed of the accredited information agency LLC Interfax – Centre for Corporate Information Disclosure ([www.e-disclosure.ru/portal/company.aspx?id=43](http://www.e-disclosure.ru/portal/company.aspx?id=43)):
  - Dividend Policy and any amendments and supplements to it;
  - information on discrepancies between provisions of the Dividend Policy and requirements of the Russian Federation laws in case the amendments to laws or regulations of the Russian Federation made after the approval of the Dividend Policy make these provisions contradict to these laws or regulations. The renewed procedures to be applied and the planned terms of amending the Dividend Policy shall be specified;
  - information on decision-making on dividend payment, the amount, terms and forms of the payment;
  - information on dividend payments over the last years including the total sum of dividends paid, the amount of dividends per share and the actual dividend payout ratio.

## **Section 8. Procedure for the Dividend Policy Approval and Amendment**

- 8.1. MOEX is authorised to approve, amend and supplement the Dividend Policy taking into account the results of its preliminary consideration by the Strategy Planning Committee of the MOEX Supervisory Board and its recommendations.  
Considering the importance of the Dividend Policy for MOEX, its shareholders and investors, the specified decisions of the Supervisory Board shall be taken by majority voting of the total number of the Supervisory Board members.
- 8.2. If the Dividend Policy is amended and supplemented, MOEX shall disclose detailed information on the reasons for and factors of changing the Dividend Policy.
- 8.3. In case certain provisions of the Dividend Policy contradict the changes to the legislation or regulations of the Russian Federation, these provisions shall be out of effect until the Dividend Policy is amended respectively, and MOEX and the Supervisory Board shall be governed by the effective legislation. Meanwhile, MOEX shall strive towards updating the Dividend Policy for it to comply with the changed requirements as soon as it is deemed reasonable.
- 8.4. The Supervisory Board shall strive for updating the key provisions of the Dividend Policy at least once every five years.