

APPROVED

By the Moscow Exchange Executive Board

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CEO of Moscow Exchange

_____ Yury Denisov

Moscow Exchange Index Management Policy

Moscow 2024

1. DOCUMENT SCOPE

- 1.1. This Moscow Exchange Index Management Policy (the "Policy") defines key priorities, requirements and guidelines with respect to the development, calculation and distribution of indices and other indicators of the securities, FX, money, derivatives and commodities markets. Such priorities, requirements and guidelines are to be applied at the Moscow Exchange.
- 1.2. This Policy has been designed with features of the Moscow Exchange's organizational structures and IT base considered. This Policy must be construed in terms of other internal documents of the Moscow Exchange covering principles of interaction between business units, confidential (including insider) information security, mechanisms of enforcement against illegal use of insider information and market manipulation, operational risk management, business continuity, prevention of conflicts of interest, as well as other processes and transactions of the Moscow Exchange.
- 1.3. In developing this Policy, the IOSCO Principles for Financial Benchmarks developed by the International Organisation of Securities Commissions and published in July 2013 have been taken into account.
- 1.4. This Policy as amended and supplemented is subject to approval by the Moscow Exchange's Executive Board.

2. TERMS AND DEFINITIONS

2.1 The following terms and definitions are used in this Policy:

Exchange – Moscow Exchange;

Moscow Exchange Group – the Moscow Exchange and its subsidiary, the National Settlement Depository (NSD);

Management of the Exchange – the Executive Board and the Chairman of the Executive Board of Moscow Exchange;

Indices – indices and other benchmarks of the Equity & Bond, FX, Money, Derivatives and Commodity markets;

Index Management – certain activities undertaken in the development, calculation, dissemination and termination of Indices;

Stakeholders – representatives of the following categories of institutions: professional market participants, self-regulatory organisations, various categories of investors, financial consultants, information and rating agencies, infrastructure institutions, mass media, regulatory authorities, and other entities;

Expert Councils of Moscow Exchange Group – Moscow Exchange Index Committee, Moscow Exchange Repo and Securities Lending Committee, Moscow Exchange FX Market Committee, Moscow Exchange Debt Market Benchmarks Committee, Moscow Exchange Expert Council for Precious Metals Price Indices, Expert Council of the Valuation Centre of National Settlement Depository (NSD), and other user committees established by the Exchange and NSD with the participation of the relevant categories of Stakeholders, subject to the requirements of the legislation and internal documents governing these committees;

IOSCO – the International Organization of Securities Commissions;

Methodologies – documents defining the procedure and specifics of the Indices calculation approved by the Executive Board of Moscow Exchange;

IOSCO Principles – IOSCO's Principles for Financial Benchmarks;

Regulations – internal documents of the Exchange that are not publicly disclosed, including regulations on the company units, procedures for protection of confidential information (including insider information), documents describing the control system for prevention of illegal use of insider information and market manipulation, procedures for operational risk management, business continuity, prevention of conflict of interest, as well as other documents defining processes and activities of the Exchange;

Market Data – information publicly disclosed within the requirements of laws and associated regulations, which consists of real-time and end-of-day market data, including prices, interest rates, aggregate volumes of orders and trades executed by trading members on MOEX's Equity & Bond, FX, Money, Derivatives and Commodities Markets;

Index Management SHS – the software and hardware suite of the Exchange which is used to calculate, review and disseminate the Indices.

Terms not specifically defined herein have the meanings assigned to them in law, associated regulatory acts for financial markets, internal documents of the Exchange and IOSCO's documents.

3. POLICY OBJECTIVES

3.1. The policy aims to highlight the Exchange's adherence to high professional standards and the principles of open business conduct, as well as the Exchange's commitment to improving the indices calculated.

3.2. The Exchange has the following objectives:

- To deliver accurate and fully covered market environment and trends through the Indices;
- To maintain the Indices highly representative and clear by using Market Data in their calculation;
- To keep the Indices highly reliable for Stakeholders and the public;
- To make the Indices available to the public;
- To ensure application of high technologies in the Index Management;
- To follow the best international index management practices and to cooperate with different categories of Stakeholders and foreign (international) institutions and organizations, to share expertise and jointly develop the Indices.

4. INDICES STANDARDS

4.1. This Policy defines the following key standards for the Indices:

- The Indices must comply with the Russian legislation, IOSCO principles and other international regulatory acts that deal with the calculation procedure of relevant market indicators;
- The Indices are calculated in a clear, prescribed and continuous manner;
- The Indices' constituents are highly liquid instruments;
- The Indices' constituents are balanced, replicable and available as investment vehicles;
- The Indices are suitable for index tracking funds and structured products.

4.2. The formulae used for calculating the Indices, procedure for selecting/reviewing constituents, number of constituents, markets sectors, trading modes, the time frame of calculation, prices of trades considered to calculate the Indices, values at inception, weight bounds for constituents and other calculation issues are set forth in the Methodologies that are available on the Exchange website.

4.3. If circumstances occur that may have adverse effect on the Indices' consistency against the actual

market situation (also in the event of absence of data necessary to calculate the Indices), the Exchange is entitled to take any measures to ensure the Indices' consistency, i.e. removing instruments from an Index, changing calculation parameters, applying the previous trading day's or the latest available market data, etc.

- 4.4. If any errors or technical failures of the Index Management SHS take place that result in corrupted Indices' values, the Indices may be recalculated for the period of such errors or technical failures. Notices of the Indices recalculation are to be published on the Exchange website.

5. STAKEHOLDER ENGAGEMENT

- 5.1. Any changes of the Index formula, the Index review procedure, the list of markets sectors, trading modes, the time frame of calculation and prices of trades considered to calculate the Index are material changes of the Index calculation method that require pertinent amendments being made to the Methodology.
- 5.2. The Methodologies as amended and supplemented, the Index constituents and their parameters are approved, and the Indices are cancelled upon the decision of the Exchange's Management as recommended by the Expert Councils of the Moscow Exchange Group.
- 5.3. The Exchange notifies in advance relevant categories of Stakeholders and all concerned parties about all expected changes of the Index calculation method, the Index constituents and their parameters.
- 5.4. The Exchange considers enquiries, complaints and claims (the "Claims") of Stakeholders with respect to the Indices. The Claims Handling Procedure is clear and accessible as much as possible for Stakeholders:
- 5.4.1. The Exchange shall consider written Claims sent by regular mail and/or e-mail (using the form on the Exchange website). Where possible, the Exchange shall acknowledge receipt of Claims and provide Claimants with reports on the progress and results of the Claims.
- 5.4.2. The Index Product Development team of the Market Data and Technology Services Department keeps a register of Claims, which is reviewed on a periodic basis. In the follow-up, if the Claim has been recognized reasonable, the Exchange in cooperation with the Expert Councils of the Moscow Exchange Group will prepare and implement appropriate changes to the method of the Indices calculation and transmission.
- 5.5. The Exchange is entitled to cancel an Index if market data necessary for its calculation is not available, the Index is not in demand from interested Stakeholders or other circumstances occur.
- 5.5.1. The decision to cancel the Index is made by the Management.
- 5.5.2. Any decisions with respect to the cancellation of the Indices are made as advised by certain Stakeholders and discussed with the Expert Councils of the Moscow Exchange Group.

5.5.3. The Index cancellation is announced not later than two weeks before the cancellation date.

6. DIVISION OF AUTHORITIES

6.1. While carrying out the Index Management, the business units of the Exchange interact in accordance with their tasks and functions. Principles of interaction of the Exchange's units are determined by the Regulations.

6.2. The Index Product Development unit within the Market Data and Technology Services Department (the "Index Office") established as the Exchange's business unit is responsible for the provision of the Index Management processes. The Department has the following functions:

- Implementation of projects aiming to improve the representativeness, transparency and diversity of the Indices;
- Analysis of expected changes in the Exchange's market technologies, instruments and services, the organization and procedures of the Russian and international financial and commodities markets and instruments traded thereon, in order to facilitate the Index Management;
- drafting amendments and supplements to the Methodologies for endorsement by the Management; getting approvals for such amendments and supplements from the Expert Councils of Moscow Exchange Group;
- preparing, in accordance with the Methodologies, modifications to the Index and parameters of instruments in the Indices, getting approvals for such modifications by the Expert Councils of Moscow Exchange Group if the relevant requirements of the Methodologies are met, and organising approval of such modifications by the Exchange's Management;
- developing functional specifications for making relevant changes to the Index Management SHS;
- ensuring that complaints and claims of Index users are considered by the Management and Expert Councils of Moscow Exchange Group;
- ensuring timely disclosure of information on the Indices;
- consulting the relevant categories of Stakeholders and other users on issues related to the calculation of the Indices;
- control over correctness of disclosure of information on the Indices.

6.3. The Index Office reports to the Director of the Market Data and Technology Services Department.

6.4. The following corporate units of the Exchange are also involved in Index Management tasks:

6.4.1. Direct Sales and Promotion and Development of Partner Projects units of the Market Data and Technology Services Department, as far as the sale of index products is concerned.

6.4.2. *Development of Trading and Clearing Systems unit* - in terms of making changes to the Index

Management SHS, defined by the functional specifications of the Index Office, necessary for the start of new Indices or promotion of existing ones, and testing together with the Index Office of changes to the Index Management SHS.

- 6.4.3. *IT unit* – in terms of making changes to the Index Management SHS, operation of the Index Management SHS, as well as calculation and distribution of Indices.
 - 6.4.4. *Legal Department* – in terms of legal due diligence for the development and/or amendments and additions to the Methodologies, documents governing the Expert Councils of the Moscow Exchange Group, as well as contracts under which services are provided for the transfer of the right to use the Indices to third parties.
 - 6.4.5. *Operational Risks, Information Security and Business Continuity Department* - in terms of operational risk management, business continuity, information security, fraud prevention, etc.
 - 6.4.6. *Internal Control Service* – in terms of control over compliance of the Exchange with the legislation on organised trading and the Exchange's internal documents, including control over compliance of the Moscow Exchange Indices calculation with the Methodologies, as well as control over compliance with the requirements for disclosure of the current values of the Indices.
 - 6.4.7. *Operations Department* – in terms of control over compliance of the calculation timing and disclosure of Index values with the requirements of the Methodologies.
 - 6.4.8. *Internal Control and Compliance Department* – in terms of assessment and approval of initiatives, products, processes in the field of index management for their compliance with regulatory requirements in the field of compliance and internal control, including conflict of interest management, compliance with economic restrictions, combating corruption, use of insider information and market manipulation, money laundering and terrorist financing, as well as compliance with internal policies and best practices in the field of compliance
- 6.5. The Exchange's HR policy with regard to the employees of the Index Office, as well as other corporate units of the Exchange involved in the implementation of Index Management tasks, is aimed at providing the units with highly qualified experienced personnel, ensuring the continuity of all Index Management processes, improving performance and ensuring continuity in work, transferring professional knowledge and experience, creating favourable conditions for employees, creating an effective incentive system, training and development of employees, including regular trainings aimed at professional development, compliance with the Code of Ethics, prevention of conflicts of interest and use of confidential information, including insider information. The Exchange's HR policy does not link the employee incentive system to the values of the Index.

7. CONTROL

- 7.1. Management bodies exercising general management and control over the Exchange's activities, including Index Management, are:

- Moscow Exchange's Supervisory Board, including the function of approving the composition of the relevant Expert Councils of Moscow Exchange in accordance with the Regulations, except for Moscow Exchange Index Committee, Moscow Exchange Debt Market Benchmarks Committee, and Moscow Exchange Expert Council for Precious Metals Price Indices;
- Moscow Exchange's executive bodies, including those responsible for reviewing and amending Index calculation methods and Index constituents, and those responsible for approving members of the Moscow Exchange Index Committee, the Moscow Exchange Debt Market Benchmarks Committee, and the Moscow Exchange Expert Council for Precious Metals Price Indices;
- The NSD Executive Board with respect to approving the members of the Expert Council of the NSD Valuation Centre.

These bodies carry out their activities with contributions from the Expert Councils of Moscow Exchange Group, taking into account the requirements of legislation and the Exchange's internal documents on matters within the competence of these bodies.

- 7.2. The Exchange periodically carries out comprehensive internal control of Index Management processes for compliance with the requirements of federal laws and associated regulatory acts in the field of financial markets, as well as the Regulations and other internal documents of the Exchange. The Moscow Exchange Internal Control Service checks on a quarterly basis whether the calculation of Moscow Exchange Indices complies with the requirements specified in the Methodologies, and also checks compliance with the requirements for disclosure of current values of the Indices.
- 7.3. Internal control procedures are aimed at preventing conflicts of interest and protecting confidential information (including prevention of misuse of insider information). Implementation of control is assigned to the relevant internal divisions of the Exchange within the authority defined by the Regulations.
- 7.4. In case of a conflict of interest that may have a significant impact on Index Management processes and Index adequacy, the Exchange must disclose information on the conflicts of interest that have arisen. The procedure for managing conflicts of interest is defined in the Regulations. Where there is a conflict of interest, a register of conflicts of interest is maintained and employees submit declarations.
- 7.5. The process of making changes to the Index constituents is carried out with application of complex control measures on the part of all Exchange corporate units involved in making these changes.
- 7.6. The Policy provides for an annual (starting from 2017) audit of Indices, quality of Methodologies and Index Management processes for compliance with the IOSCO Principles. The audit may be conducted by third-party organisations and/or relevant internal units of the Exchange. The audit report is published on the Exchange website.

8. INFORMATION STORAGE

- 8.1. The Exchange ensures storage, integrity of and access to the Indices values, as well as all information used for calculation of the Indices, for at least the last five years of calculation of the Indices or for the whole lifetime of the Indices, if the Indices are calculated for less than five years. This information includes market data, constituents of the Indices, values of free-float factors used in Index calculation, changes in Methodologies, decisions of Expert Councils of Moscow Exchange Group, etc.
- 8.2. The Exchange also keeps all requests of Stakeholders and users of Index data for at least five years.
- 8.3. Calculation of the Indices, as well as the entire information used to calculate the Indices, is subject to backup copying in accordance with the Exchange's internal documents for at least the last five years of calculation of the Indices or for the entire lifetime of the Index, if it is calculated for less than five years.

9. REVIEW OF POLICY AND METHODOLOGY

- 9.1. In case of modifications in the requirements of the current legislation of the Russian Federation, IOSCO regulations, material changes in the Exchange's business, such as: appearance of new types of business lines, changes in the corporate structure and others, the Exchange shall be obliged to amend this Policy.
- 9.2. The Exchange annually draws up a schedule for checking the Methodologies for compliance of the Indices with the requirements specified in Section 3 of the Policy and at least once a year checks the Methodologies for compliance of the Indices with the specified requirements. The advisability of amending the Methodologies is assessed in consultation with the relevant Expert Councils of the Moscow Exchange Group.