



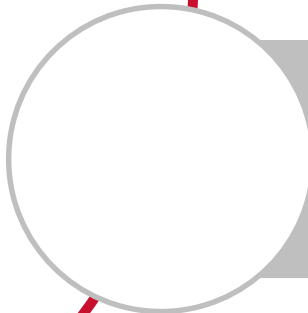
**MOSCOW
EXCHANGE**

Repo with the Central Counterparty (CCP)

Repo with the CCP: objectives



Creation of a mechanism for safe trading in money



Transactions without establishing bilateral credit limits by counterparties



Benefits

- Market participants do not need to establish bilateral credit lines; one limit is imposed on the CCP
- Anonymous trades are available
- Standard discounts are employed
- Execution of trades is quick and convenient
- Real-time market repo rates for cash and securities are backed by orders and trades
- Minimization of cash and securities assigned for settlement as a result of the netting of obligations/claims across all repo trades with CCP and T+ trades.
- The reduction of demands on the market participant's capital (balance sheet netting of all trades)
- The unified and reliable risk management system (membership criteria, margin requirements, sufficient guarantee funds, and the CCP's capital allow to set a high credit limit for transactions with the CCP)
- Boosting repo market liquidity
- One counterparty for all market participants (the CCP guarantees settlement of any repo trades to non-defaulting parties)



Main trading parameters

CCP NCC is the counterparty to all trades

Off order book trades

Order book trades

Eligible securities:

- Shares, ETF, DRs
- Bonds: OFZs, Eurobonds, corporate and other bonds

Settlement codes:

Y0 (T0; Y1)/Yi,

where i – number of settlement days matching with the trade term between 1D-3M

- Y0/Y1
- Y0/Y1W – 7 calendar days

Maximum order size limit:

- RUB 5 bln for transactions settled in RUB
- USD 100 mln for transactions settled in USD
- EUR 100 mln for transactions settled in EUR

Minimum order size limit:

Settlement in RUB:

- **For shares** – RUB 1 mln (RUB 100 thou. for 27 specific shares);
- **For OFZs** – RUB 1 mln or 1 thou. securities (2,000 securities for SU46014RMFS5 –)

Settlement in USD and EUR:

- **For OFZs and Eurobonds** – 50,000 USD/EUR thou. securities for OFZs (2,000 securities for SU46014RMFS5);
- **For shares and bonds** – 10,000 USD/EUR

Trading hours:

9:30 – 19:00

10:00 – 19:00

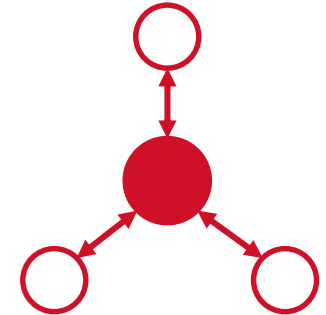
Clearing and settlement:

- 17:00 – 18:00 for the first clearing pool
- 19:00 – 20:00 for the second clearing pool

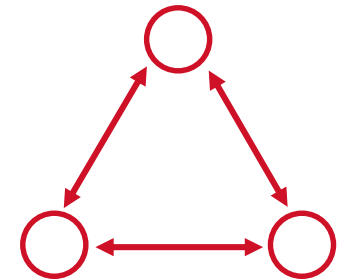
Securities available for withdrawal:

- after 17:00 for the first clearing pool
- from 20:00 to 20:30 for the second clearing pool

Repo with the CCP

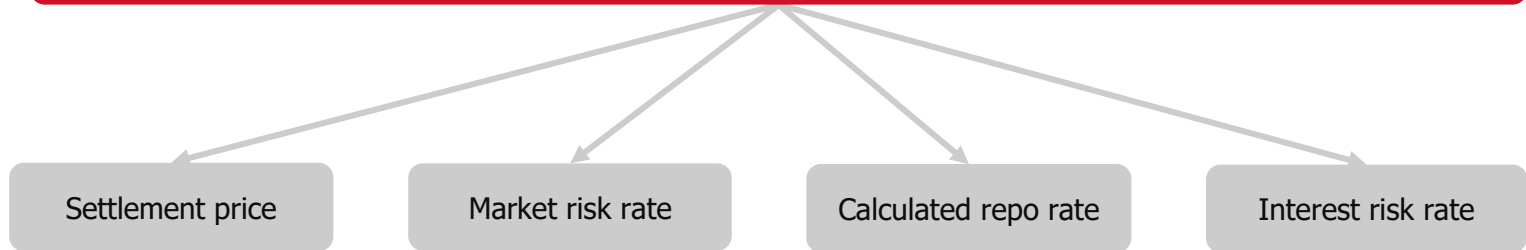


Inter-dealer repo



Risk parameters

Each trading data the Exchange sets the following parameters for each security issue:



Settlement price:

Settlement price for shares is calculated based on T0 and T+ end of day data

Settlement price for shares is calculated based on trading results for all bonds of a particular issuer using the static Z-spread model

Market risk rate:

Market risk rate is determined based on underlying's historical volatility

Calculated repo rate:

Calculated repo rate is determined based on the market rates for inter-dealer repo and repo with the CCP executed on the previous trading day

Interest risk rate:

Interest risk rate is calculated per security based on repo rate's historical volatility and limited by a lowest interest.



Translation of discounts and concentration limits by instruments

Micex Trade SE

“Search” in the main menu / Risk parameters / Risk parameters (or Market risk parameters or Interest rate risk parameters)

MOEX's website (<http://moex.com/s954>)

- Money Market / Repo with the CCP / Instruments

NCC's website (<http://nationalclearingcentre.ru/fondMarketRates.do>)

- Stocks: “Risk Management” section / Stock Market / Risk parameters for stocks
- Bonds: “Risk Management” section / Stock Market / Risk parameters for bonds



Repo with the CCP: order book trades

Ввод заявки РЕПО с ЦК

Купить/Продать | Продать/Купить | Заполнить последней

Режим: РЕПО с ЦК 1 день

Инструмент: ОФЗ 26209

Номинал: 1000 руб.

Первая часть сделки РЕПО

Сумма РЕПО: [input]

Лотов: 1000 [input] [1] [10] [50] [100] [500] [1000]

Размер лота: 1
Бумаг: 1 000
НКД: 36,03
Код расчетов: Y0 | Дата расчетов: 22.07.2013

Вторая часть сделки РЕПО

Ставка, %: 5,4700 [input] [5,4600] [5,4700] [Посл.]

НКД: 36,23
Срок РЕПО, дней: 1 | Дата расчетов: 23.07.2013

Тип: Лимитная Рыночная

Тип исполнения по остатку: Поставить в очередь Снять остаток Полностью или отклонить

Тип исполнения по цене: По разным ценам По одной цене

Заявка маркет-мейкера

Риск-параметры

Расчетная цена, %: 100,01
Дисконт, %: 15,5
Расч.цена с учетом дисконта, руб: 875,53

Торговый счет: 501+000000F00 | Код позиции: 200103AA7192
Клиент: [input] | Поручение: [input]

Вести заявку | Закрывать

- Anonymous orders
- Order book

Trading mode's code:	Settlement code	Settlement currency
EQRP (Intraday CCP repo)	Y0/Y1	RUB
EQWP (7-day CCP repo)	Y0/Y1W	
EQRD (Intraday CCP repo)	Y0/Y1	USD
EQWD (7-day CCP repo)	Y0/Y1W	
EQRE (Intraday CCP repo)	Y0/Y1	EUR
EQWE (7-day CCP repo)	Y0/Y1W	

- Trading hours:
 - **10:00 – 19:00** (trading)
 - Trades executed before 16:00 are cleared within the first clearing pool (with settlement between 17:00 and 18:00), other trades are cleared in the second clearing pool (with settlement between 19:00 and 20:00)
 - Second legs under repo with the CCP matured are cleared within the first clearing pool
- Limit and market orders
- Repo rates are quoted; regular matching
- Any anonymous order may be filled in part with the repo amount and securities balance residing the book
- Minimum order size (RUB settlement)
 - RUB 1 mln for shares (RUB 100,000 for specific 27 shares);
 - RUB 1 mln or 1,000 units for OFZs (2,000 units for OFZ SU46014RMFS5)
- Minimum order size (USD and EUR settlement):
 - USD/EUR 50,000 for OFZs and Eurobonds
 - USD/EUR 10,000 for shares and corporate bonds



Repo with the CCP: off-order book trades

Ввод адресной заявки РЕПО с ЦК

Купить/Продать | Продать/Купить | Заполнить последней

Режим: РЕПО с ЦК адресное | Партнер: | Код расчетов: T0 | Дата расчетов: 25.09.2013

Инструмент: ВЭБ 18 | Номинал: 1000 руб.

Первая часть сделки РЕПО

Сумма РЕПО: | Лотов: 50000 | Размер лота: 1 | Бумаг: 50 000

Вторая часть сделки РЕПО

Срок РЕПО: 1 | Ставка, %: 6,0000 | Дата расчетов: 26.09.2013

Риск-параметры

Расчетная цена: 1 055,78 | Дисконт, %: 0,0000 | По умолчанию: 20,0 | Расч.цена с учетом дисконта, руб: 1 055,78

Торговый счет: 501+00000F00 | Код позиции: 700000000476

Клиент: | Поручение: | Ссылка: | Ввести заявку | Закрыть

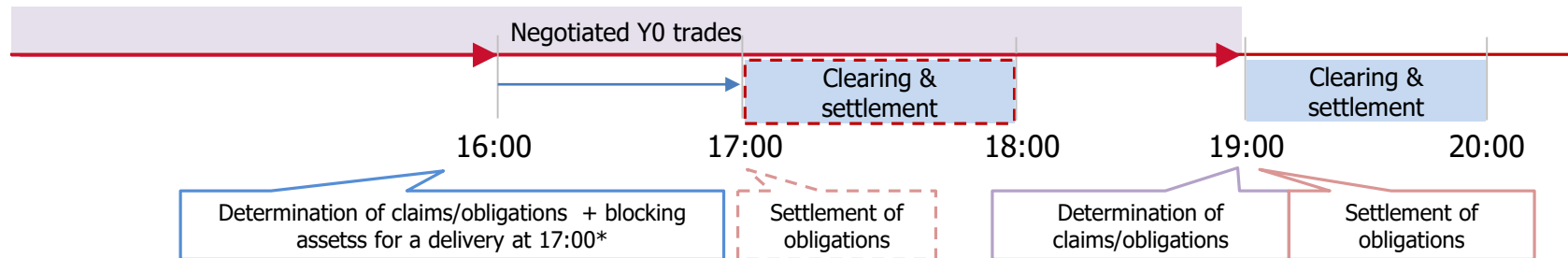
- Non-anonymous orders

Trading mode's code:	Settlement code	Settlement currency
PSRP (negotiated repo with the CCP)	<ul style="list-style-type: none"> Y0 (T0)/Yi, where i is 1-7 days Y1/Yj, where j is 2-7 days 	RUB
PSRD (negotiated repo with the CCP)		USD
PSRE (negotiated repo with the CCP)		EUR

- Trading hours:
 - 9:30 – 19:00 (trading)
 - Trades executed before 17:00 are included in the first clearing pool
 - Other trades are include don the second clearing pool
 - Second legs under repo with the CCP matured are cleared within the first clearing pool
- Regular order filling process
- Ability to choose the discount out of the range given in the trade parameters; market risks of the CCP are covered by the Single Limit.

Early settlement for T+ and repo with the CCP

- If agreed so with the end counterparty, a Clearing Member is allowed to submit an early settlement request for T+ trades executed under negotiated trades with the CCP and repo with the CCP orders.
- Such settlement requests can be:
 1. Regular, resulting in changes in planned cash and securities positions with respect to one T+ trade;
 2. Special, resulting in net changes in planned cash and securities positions with respect to several T+ trades; and
 3. Immediate, resulting in settlement (in interaction with the NSD) and net changes in planned and start-of-day cash and securities positions with respect to one or two T+ trades included in the request.
- T+ and repo with the CCP trades may be included in any Regular, Special or Immediate settlement request along with negotiated trades and interdealer repo trades.



* At 16:00 the first clearing pool for T+ trades and repos with the CCP with the settlement "today", which were executed previously and before 16:00 on the current day, is formed. Also limits equaling to net obligations are set for securities, Single Limit and cash funds.

The first clearing pool also includes T0 trades executed before 17:30, negotiated trades, interdealer repos, negotiated T+ trades with the current settlement date, for which settlement requests having been executed before 17:30.



Clearing and settlement

The first leg of repo with the CCP is settled at 18:00 and 20:00 MSK (according to the clearing pool the trade falls in). The second legs of such transactions are settled only at 18:00 MSK

Clearing Members must deposit assets on Accounts/Subaccounts until:

- 17:00 MSK if the trade is in the first clearing pool;
- 19:00 MSK if the trade is in the second clearing pool

Where assets available on the Accounts/Subaccounts/ are not sufficient, the required assets shall be transferred from Trading Accounts/Subaccounts to Collateral Accounts/Subaccounts (provided that the Member has not submitted an application prohibiting withdrawal of assets from the Trading Accounts/Subaccounts).

Assets due by the end of settlement process are transferred to the Collateral Accounts/Subaccounts. After settlement cash/securities are transferred to the Trading Accounts/Subaccounts (provided that the Member has not submitted a prohibiting application).

Mark-to-market

- Online adjustment of the Single Limit. If the Single Limit is negative, the member is prohibited to enter orders entailing lowered Single Limit.
- Daily checking to ensure collateral sufficiency and issuing margin calls should the collateral is insufficient.
- Clearing Members must execute margin calls by 17:30 MSK.
- If the Member has failed to execute the Margin Call, mandatory closing out is applied.

Settlement days for non-fulfilled obligations roll over

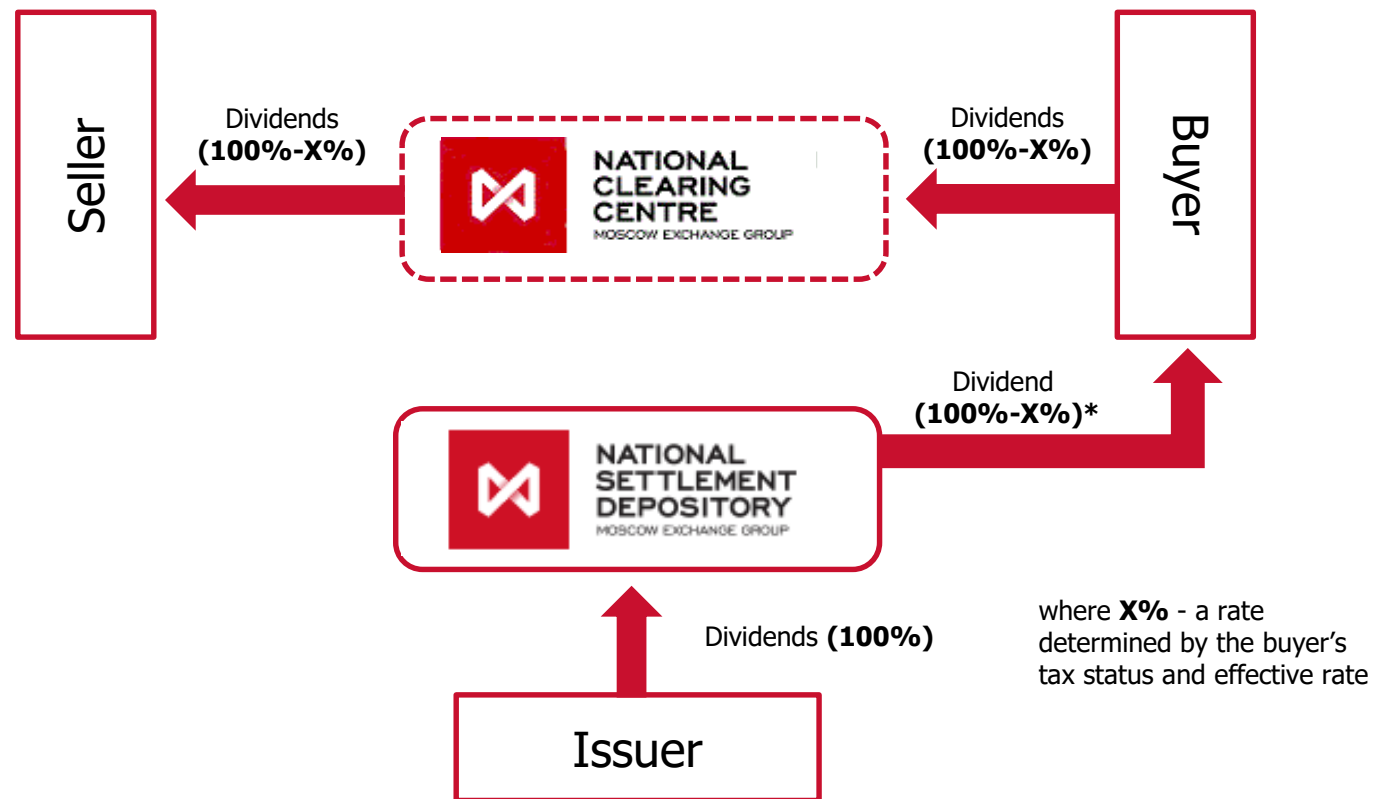
Obligations in cash (for a particular currency)	Obligations in securities (for a particular security)
2 consecutive settlement days	4 consecutive settlement days

Default management procedures are set in the [General Section of the Clearing Rules](#).



Calculation of amount of income to be transferred under repo with the CCP

The new procedures to calculate amount of income to be transferred under repo trades in securities with the CCP, which take account of the issuer's effective rate, are in effect since 1 June 2015



** If a buyer is controlled by a nominee holder, NSD transfers 100% of income to the depository-nominee holder, and the nominee holder transfers 100%-X% to the buyer*

Formulae to calculate amount of income to be transferred under repo with the CCP

For RUB-denominated shares issued by Russian companies, obligations to transfer income in the form of cash shall be calculated according to the following formulae:

$$D = \text{ROUND} (K \times n \times (1 - R_t \times (D_1 - D_2)) / D_1); 2$$

D – amount of obligation/claim to transfer/to receive income from a trade (in the currency of announced payment);

K – absolute value of Clearing Member's obligation / claim in securities under trades (in units);

n – amount due per one share as set by the issuer (in the currency of announced payment);

R_t – tax rate (static parameter), set in respect of income from a participating interest in other company received in the form of dividend by legal entities and individuals being RF residents; $S_n = 0.13$ (from 1 January 2015).

D₁ – total dividend to be distributed by an entity in favour of all recipients, as set by the issuer for the purpose of tax on dividend calculation;

D₂ – total dividend received by an entity in the current accounting (tax) period and prior accounting (tax) periods (except for dividend referred to in Article 284 Clause 3 Sub-clause 1 of the Russian Federation Tax Code) by the time of the dividend distribution in favour of taxpayers/recipients of dividend, provided that such dividend amount was not included in the tax base calculated in respect of income received by a Russian entity in the form of dividend), as set by the issuer for the purpose of tax on dividend calculation.

Repo with the CCP admission principles

1. Contribute **10 million roubles** to the Guarantee Fund



Assets allowed by NCC for the Guarantee Fund:

- **Cash** (in RUB, USD, EUR) 
- **Securities** (OFZs and [Eurobonds of the RF Ministry of Finance](#)) 

2. **Open** a collateral subaccount with NSD (subaccount code – 36)

3. Post a collateral for trades (in RUB and/or USD and/or securities eligible for trades without full collateral required).

[Details for making contributions to the Guarantee Fund](#)

[Procedures for making contributions to the Guarantee Fund](#)

[Account details](#)



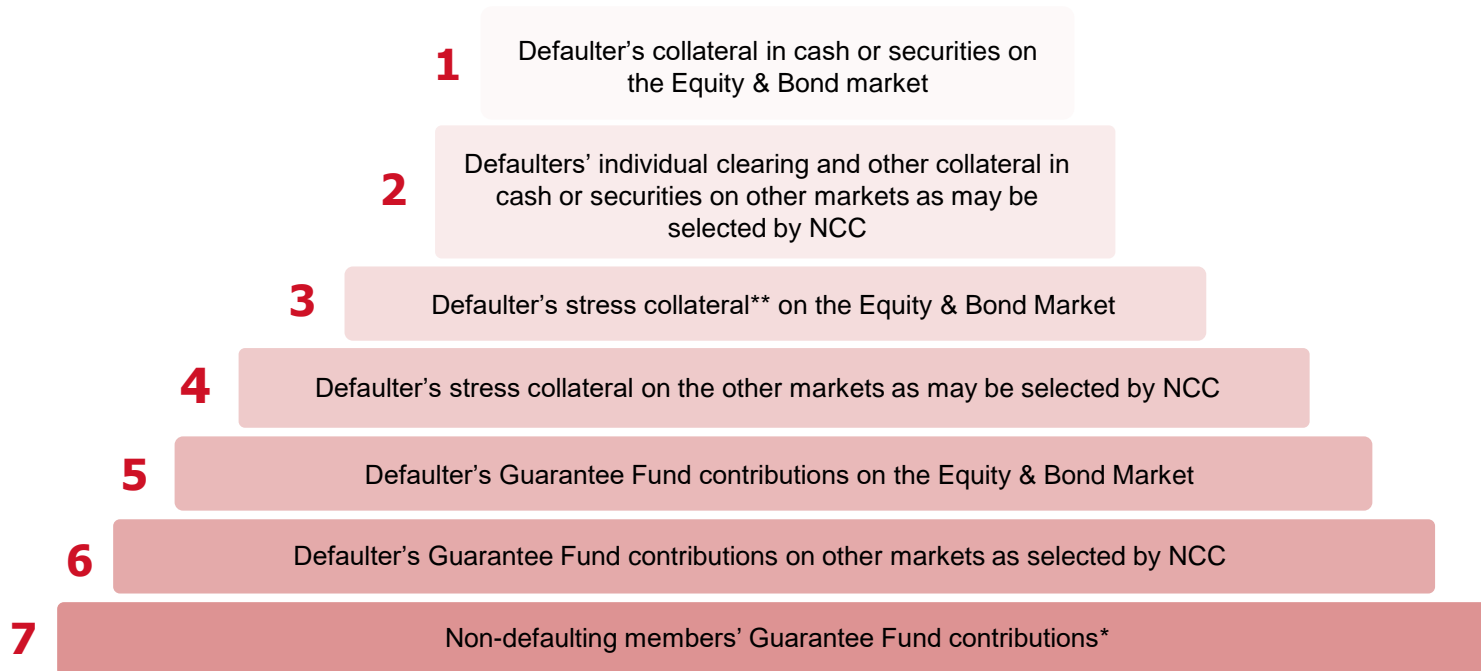
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For more details on changes in the collective risk coverage structure visit the [NCC's website](#).
[Procedures for making contributions to the Guarantee Fund](#)

Default management

If funds available are not sufficient, open positions are closed out mandatory pro rata to claims.

Default waterfall



* Non-defaulters' contributions shall be used if the total amount owed by defaulters to NCC exceeds 1 billion roubles

**Stress collateral is a type of individual clearing collateral calculated additionally based on the size of the risk under trades without collateral require which are executed between Clearing Members and the Central Counterparty on the respective market. Stress collateral requirement will arise for Clearing Members with average daily position greater than other participants' positions on the respective market. The effective date will be announced at a later date.



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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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