



MOSCOW
EXCHANGE

November 2016

Investor presentation



Recent developments

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Dividend and free float update

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Business overview

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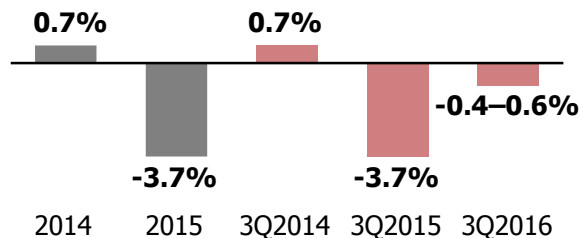
3Q 2016 financial results



This time is different: changes in the macro environment

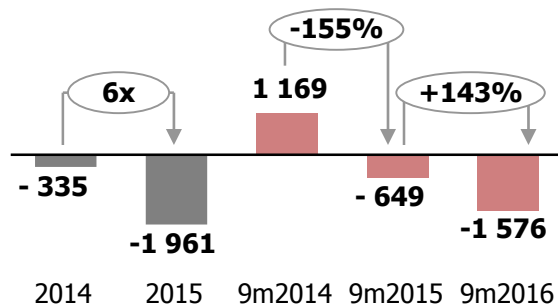
GDP dynamics

%



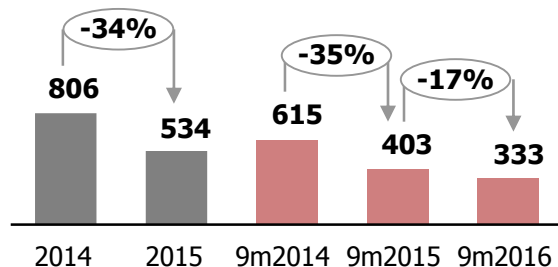
Budget deficit

RUB bln



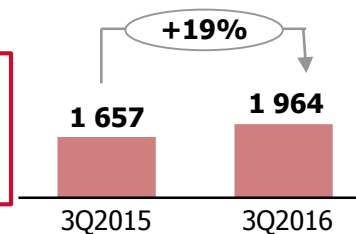
Export+Import

USD bln



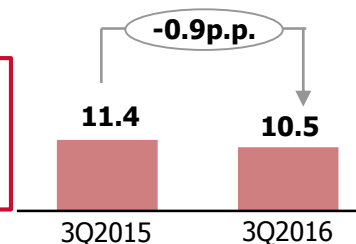
MICEX Index

average for the period



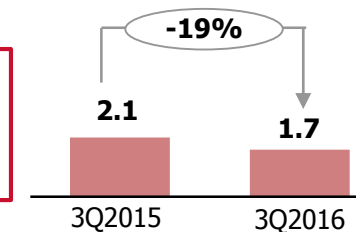
Mosprime rate

average for the period, %



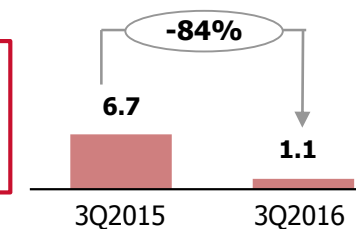
MICEX Index volatility

%



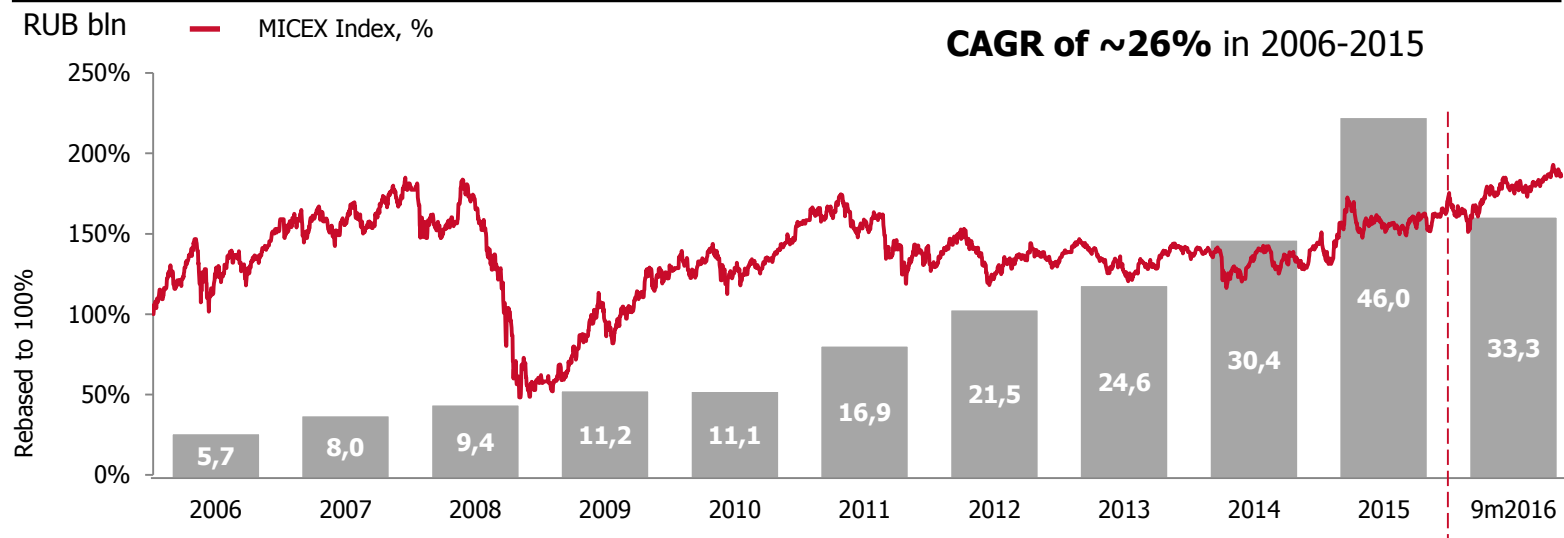
USD/RUB volatility¹

%



MOEX business model continues to deliver

Operating income¹

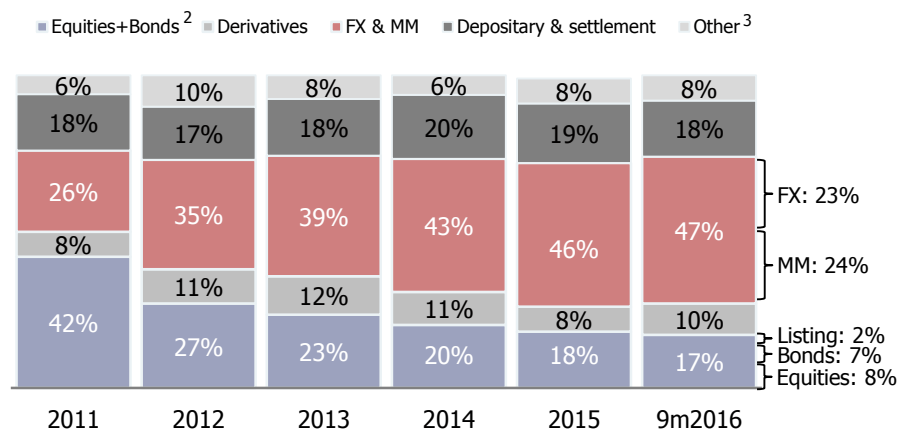


Key highlights

Unique business model allows MOEX to increase operating income regardless of the stage of the economic cycle:

- **Business lines** are diversified, while markets have limited growth correlation
- **Growth drivers differ** across markets and products

Fee & commission income evolution¹



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According to Moscow Exchange Consolidated Financial Statements for the relevant period

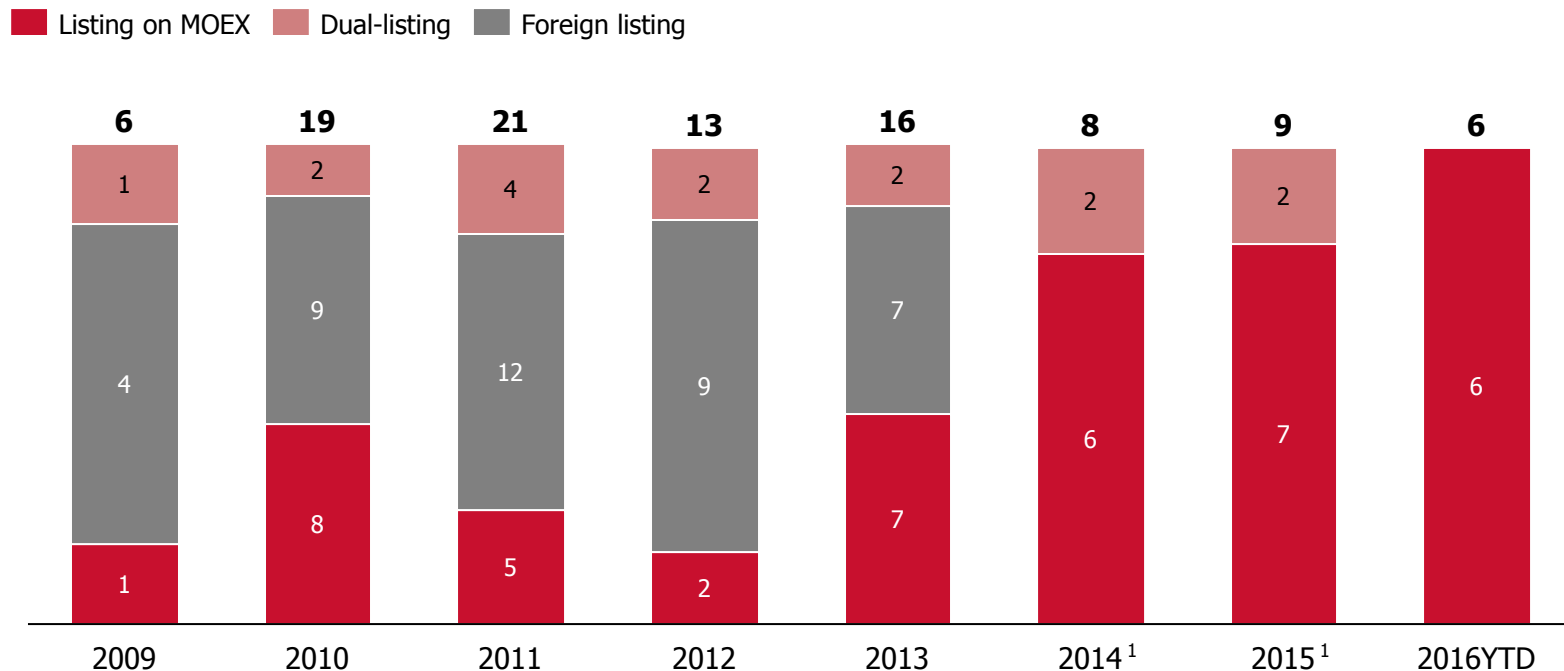
1 RTS data is consolidated from June 29, 2011

2 Includes other income related to securities market

3 Includes income from Information services & sale of software and other fee & commission income

Shift towards local listings continued

Number of IPO/SPOs/listings by Russian issuers



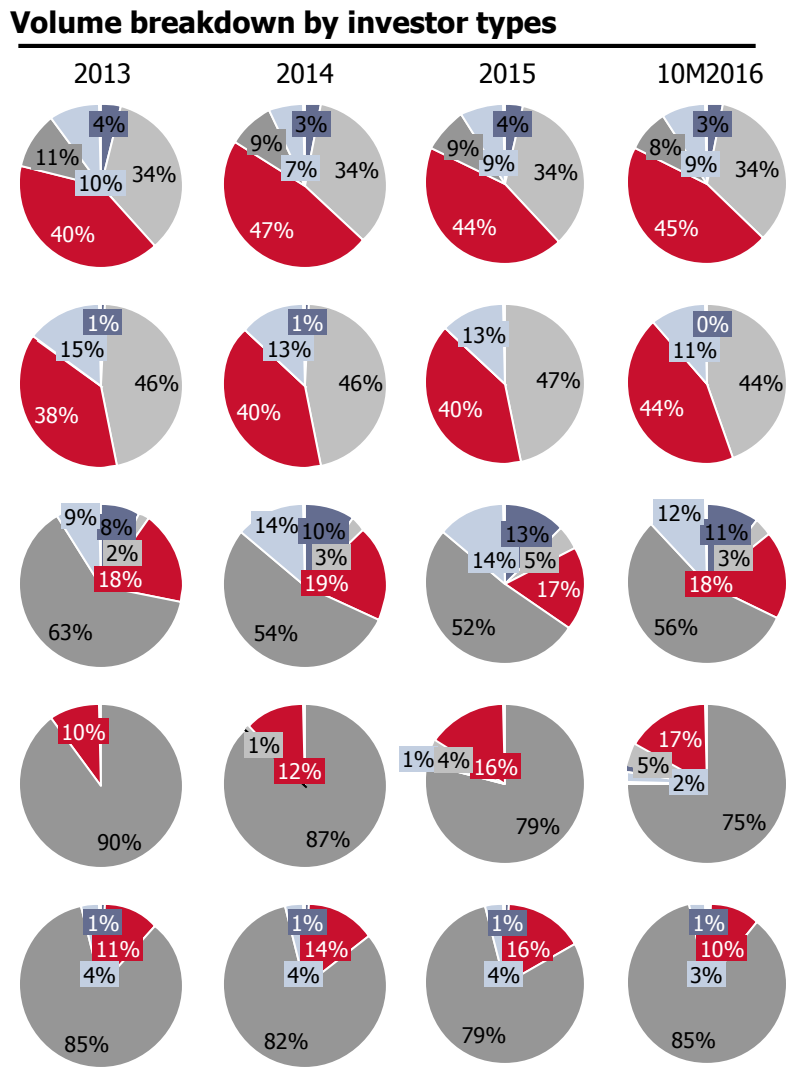
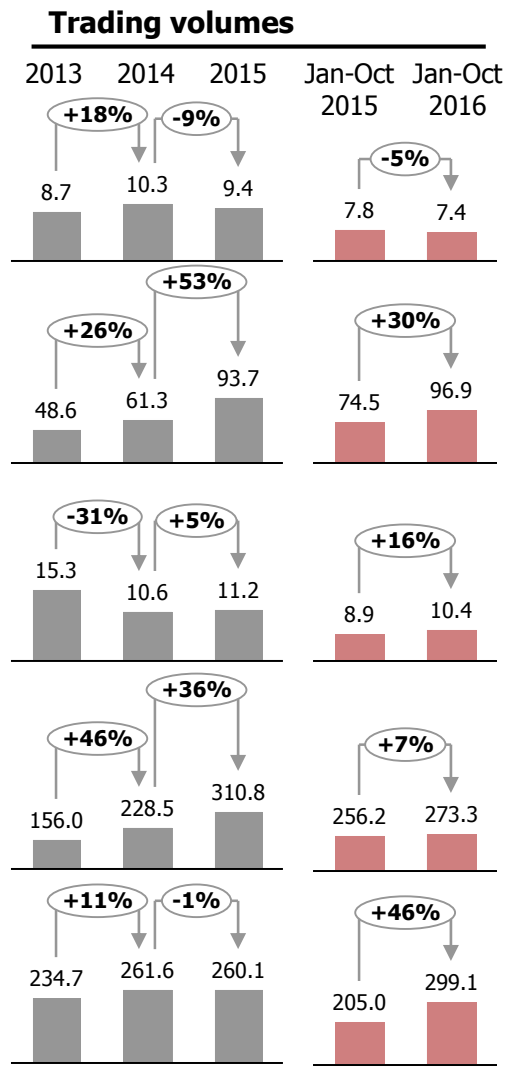
Though macro environment affected Russian equity capital markets...

- Russian issuers successfully completed 9 share placements in 2015 in the form of IPOs or SPOs totalling ~RUB 80 bln
- In 2016YTD, 6 Russian issuers held IPOs/SPOs, including Alrosa's RUB 52.1 bln privatisation deal in July 2016
- Most of the recent transactions 2015-2016 were held on MOEX



Diversified investor base across different markets

- Equities Market
RUB trn
- Derivatives Market
RUB trn
- Fixed Income Market
RUB trn
- FX Market
RUB trn
- Money Market¹
RUB trn

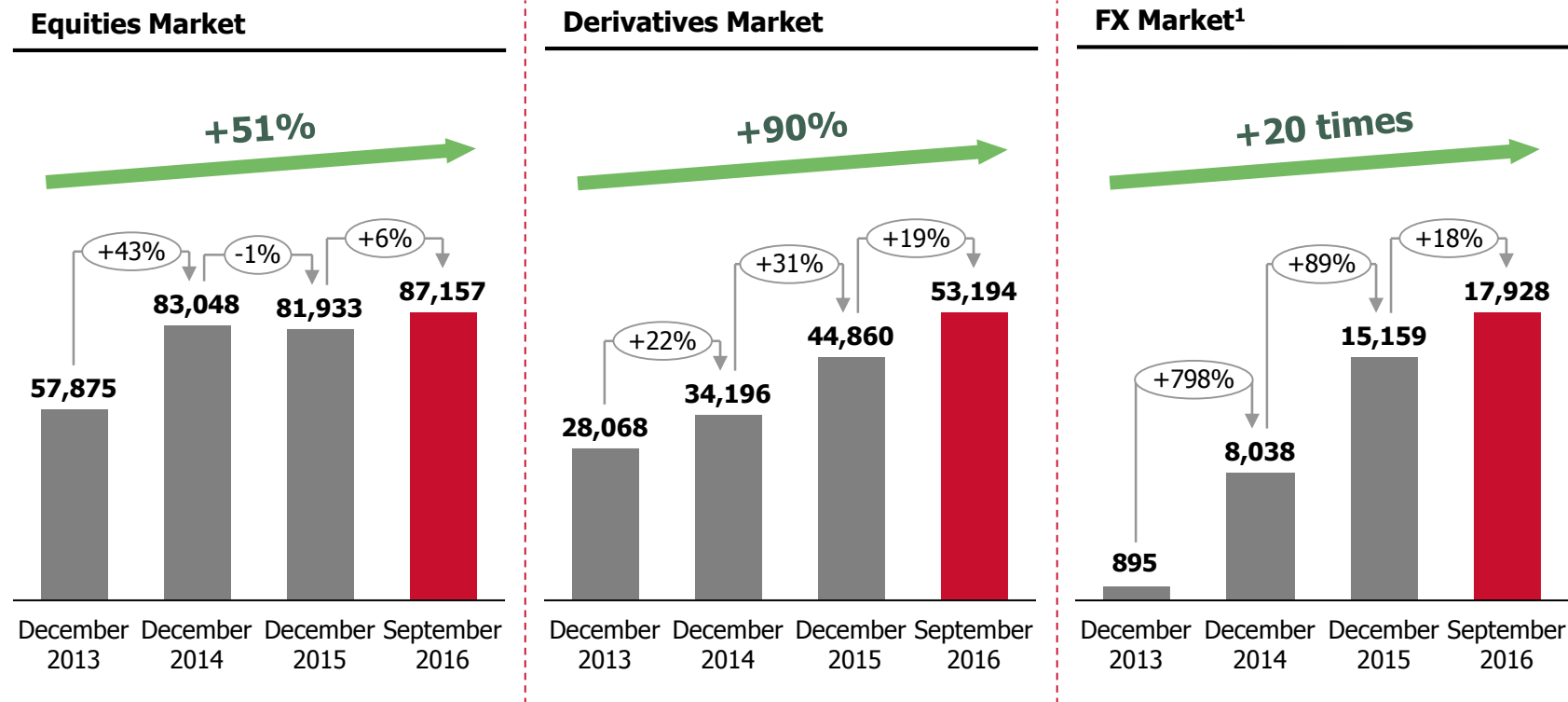


Source: Moscow Exchange data
¹ Trading volumes including REPO with collateral management. Investor structure based on on-exchange REPO trading volumes only

- Local funds
- Local banks and brokers prop trading
- Local retail investors
- Local corporates
- Foreign investors

Retail clients: growing segment of the Russian financial market

Number of active retail client accounts



Recent regulatory changes:

- Introduction of **individual investment accounts** for private investors since 2015 – more than 150,000 accounts opened as of November 2016
- **Tax breaks** on capital gains on securities held for more than 3 years (up to RUB 9 mln for securities purchased after 1 Jan 2014)
- Retail investors allowed to **remotely open a brokerage account**. This simplifies the process for retail investors in Russia's regions



CORPORATE ACTIONS REFORM IN RUSSIA: FROM PAPER TO A LEADING MARKET TECHNOLOGIES FOR CORPORATE ACTIONS

From July 1st 2016

New approach to corporate actions processing

LOWER COSTS

- ✓ No more power of attorney
- ✓ Zero mailing costs, no hard-copies needed for investors to participate in corporate actions
- ✓ CSD's service pricing based on principles of cost-coverage, simplicity and fairness

LOWER RISKS

- ✓ Creation of the single source of reliable and comprehensive information on corporate actions based on the Russian CSD
- ✓ Unified electronic ISO-based standards for corporate actions
- ✓ Control over assets and settlement oversight by the Russian CSD

BETTER CORPORATE GOVERNANCE:

- ✓ Direct electronic access to AGMs for investors
- ✓ Standardized electronic meeting's convocations, directors nomination, participation in corporate actions through custodians
- ✓ No more special requirements for holders' incorporation set by issuers



NSD: crucial component of the financial infrastructure generating steady revenues

- The largest settlement depository **in Central and Eastern Europe**
- The Russian CSD and an operator of **systemically important depository, repository and payment system**
- **Links with** other CSDs and **ICSDs**
- Stable and **recurring revenue source**, which is less depended on the market environment

CSD

- ✓ Safekeeping
- ✓ Settlement (FOP, DVP)
- ✓ Corporate actions
- ✓ Tax agent services

Clearing & Tri-party services

- ✓ Clearing
- ✓ Collateral management (tri-party services)

Payment service provider

- ✓ Cash settlement services
- ✓ FX services

Repository

- ✓ OTC derivatives reporting
- ✓ Clearing, CMS and information services

Corporate Information Center

- ✓ Comprehensive source of corporate information
- ✓ Valuation center
- ✓ Pricing center

Key initiatives

- Completion of the corporate actions reform to further simplify market access and reduce costs for market participants
- Development of the corporate information center and a recognized pricing center, which are set to become a comprehensive and authoritative source of reliable information on securities and corporate actions
- Further trade repository development to make OTC derivatives market more transparent and better understand risks associated with the market



New tariff structure on the Derivatives Market: greater control over effective fees

From October 3rd, the new tariff structure came into force in order to...

- 1 Harmonize fee structure across all MOEX markets
- 2 Bring fees on derivatives in line with asset values as MOEX had not adjusted derivatives pricing for several years
- 3 Simplify the pricing structure

From

- Rub per contract
- Different fees for derivatives on the same class of underlying assets, e.g. different price for futures on RTS (Rub 2.00 per contract) and MICEX (Rub 3.00 per contract)



To

- Rub per value traded (ad valorem)
- A uniform approach to fees within the same asset class of underlying assets, e.g. futures on Sberbank and MTS are priced equally

Transition period and marketing programs set up to maintain liquidity and smooth the transition to the new tariffs

- ✓ Transition period of 12 months with ad valorem fees revision on a quarterly basis will allow professional market participants to adjust their mid- and back-office procedures and IT systems smoothly. After the end of the marketing period the fee will be calculated for each trade.
- ✓ Marketing programs for futures on FX, gold and oil for market participants exceeding minimum liquidity threshold
- ✓ 12-month marketing period for option trading – reduced prices to support liquidity



Key operating developments in 2016

Main corporate events

- ✓ The Supervisory Board held EGM on Sept 2nd. The EGM voted for a corporate restructuring proposal aimed at simplifying the corporate structure, reducing costs and streamlining customer relations

Expansion of the product offering

- ✓ A new product, general collateral certificate (GCCs), was launched on the Money Market. This gives participants greater flexibility to manage their collateral and therefore has the potential to increase liquidity
- ✓ MOEX launched deliverable futures contracts on USD/RUB, EUR/RUB, and CNY/RUB
- ✓ New currency pair CHF/RUB started trading on the spot (with T0 and T+1 settlement) and swap segments of FX market
- ✓ MOEX introduced direct market access to the Money Market for corporate clients through M-deposits, which allow corporate customers to manage their liquidity position through on-exchange auction technology
- ✓ Futures on Rouble Overnight Index Average interest rate started trading on MOEX
- ✓ The first program of overnight bonds was launched on MOEX's Fixed Income Market

Continued international expansion

- ✓ Bank of America, National Association (BANA) joined Moscow Exchange's FX Market as a clearing firm and became the first non-resident global bank with general clearing membership on Moscow Exchange's FX Market
- ✓ MOEX's USD/RUB benchmark was recommended by the Emerging Markets Traders Association (EMTA) as the reference rate for OTC rouble derivatives for its OTC FX members. CME Group also started to use MOEX's USD/RUB benchmark for its rouble-denominated currency futures

Pursuing excellence of IT-infrastructure

- ✓ DataSpace1, the only data center in Russia with Tier-III certification from Uptime Institute, became MOEX's primary data center in November. The previous main data center, M1, is now operating as a disaster recovery site

Driving infrastructural reform in Russia

- ✓ On 1 July 2016, the legal framework for corporate actions reform went into effect
- ✓ Corporate Information Center was launched by NSD, establishing a single source of corporate data with "golden copy" status, which will solve the problem of multiple, inconsistent corporate actions data



Priorities and points of growth 2016

Key initiatives

New products

- ✓ Repo with General Collateral Certificates
- ✓ DMA for corporates to FX Market, Fixed Income Market and Money Market
- ✓ Focus on bonds: substitution of bank lending with public capital markets and securitization development
- ✓ Expanding the market data business: new products and subscription-based services
- ✓ Corporate actions reform

Growing the investor base

- ✓ Attract non-resident flow, including further infrastructure developments, foreign clearing membership on FX & derivatives markets, NCC accreditation by EMIR/CFTC and creation of trading links between Russia and international markets
- ✓ Focus on retail investors, including on-line marketing tools, product and brand development, educational efforts for individuals

Cross-market services

- ✓ Unified collateral pool across all markets
- ✓ Collateral management services
- ✓ Cross-margining

IT excellence

- ✓ New IT architecture of the Exchange – segregation of trading and clearing modules
- ✓ New Tier-3 data center

Organic growth

- ✓ Privatization program
- ✓ Increase in public debt



1

Recent developments



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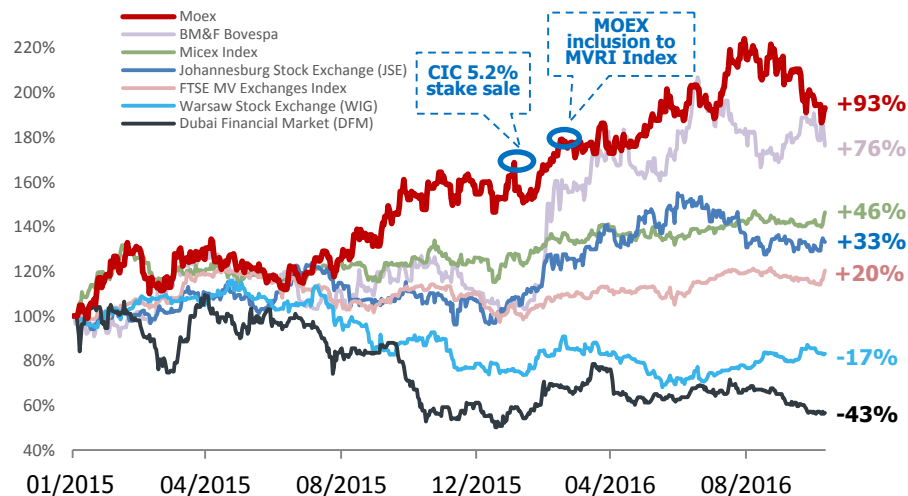
3Q 2016 financial results



Dispersed ownership with **the highest free-float in Russia**

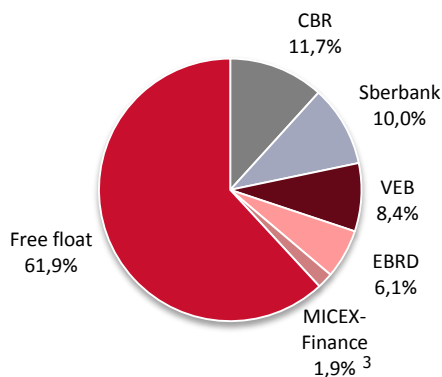
Share performance¹

As of 31 October 2016 MOEX market cap was ~RUB 265 bln



Dispersed ownership with no controlling shareholder...

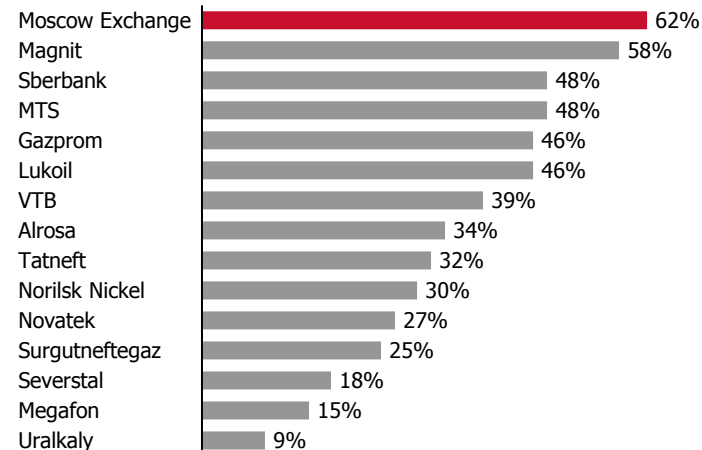
as of May 16, 2016²



Comments

- More than 30 institutional investors from the US, UK, Europe and Russia acquired stakes in MOEX via Chengdong Investment Corp share sale. The transaction was held in form of an accelerated book build worth USD 136 mln
- In March 2016 Market Vectors Index Solutions (MVIS) included MOEX in the MVRSX index, which is tracked by the USD 1.9 bln ETF
- In May 2016 MSCI changed MOEX's FIF (MSCI free-float estimate) to 0.60 from 0.50
- MOEX free float increased to 62% in July 2016, which is the highest among largest Russian listed companies

...and the highest free-float in Russia⁴



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¹ In local currencies for the period 01.01.2015-10.11.2016

² Including changes disclosed in July 2016

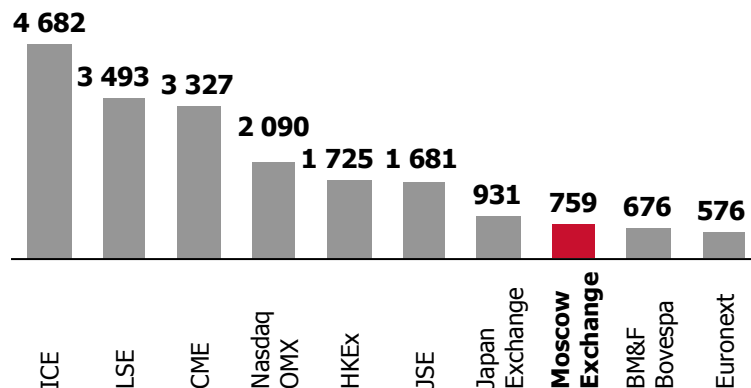
³ 100% owned subsidiary of the Moscow Exchange

⁴ Largest companies by market capitalisation from MICEX Index. Alrosa's free-float increased from 23% to 34% following the privatisation deal on 10 July 2016

New dividend policy: payout floor raised to 55%

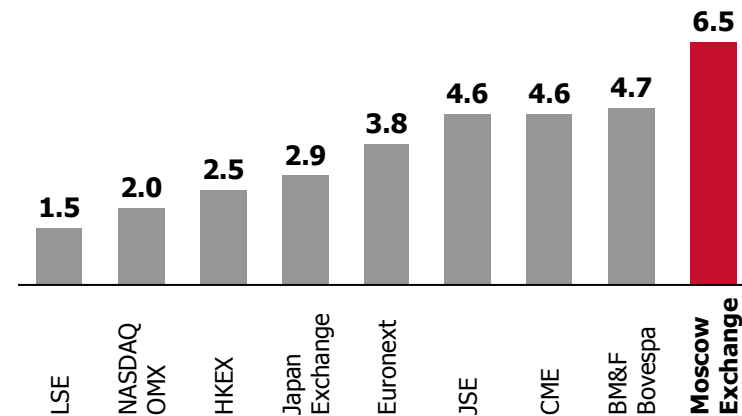
Revenues 2015¹

USD mln



Dividend yield 2017E

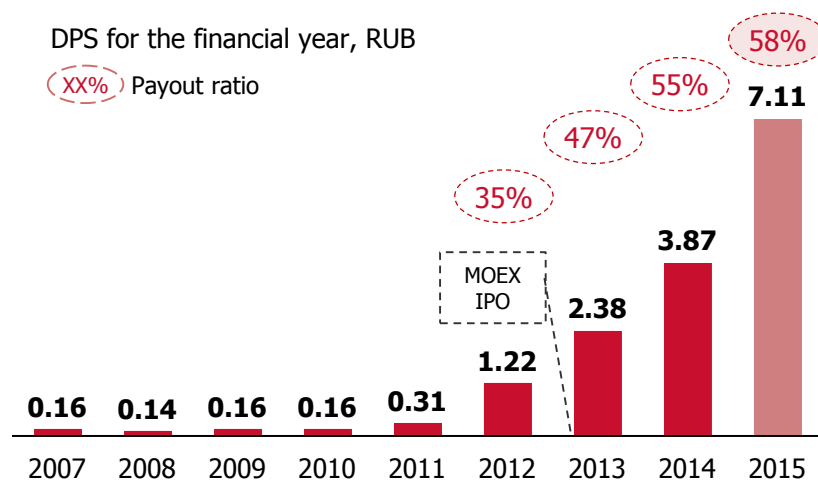
%



History of dividend growth

DPS for the financial year, RUB

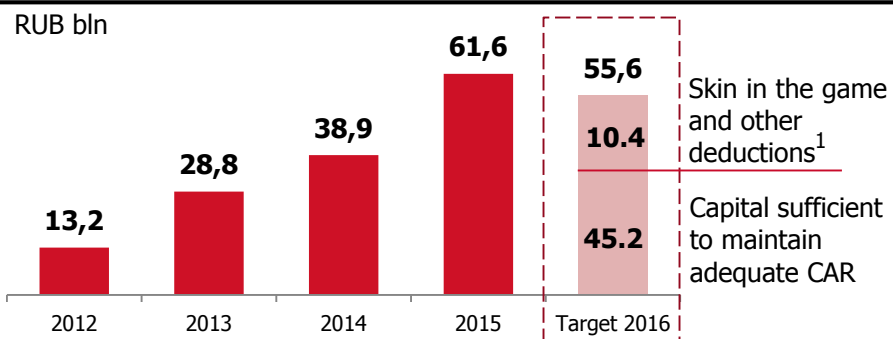
XX% Payout ratio



- A new dividend policy approved in Sept 2015 sets 55% of net profit as the new payout floor
- In April 2016 the AGM approved a dividend for 2015 of RUB 7.11 per share, which is 58.2% of 2015 IFRS net profit
- Since IPO, MOEX has returned **8.2%** (RUB 17.2 bln) of the YE 2015 market cap (RUB 208.3 bln) to shareholders in the form of dividends

NCC capital target: RUB 55.6 bln

NCC capital (end of period)



Key takeaways

Target level of NCC capital is set at **RUB 55.6 bln** based on:

- ✓ **CCP Stress-tests with a new risk-covering mechanism**
Capital should be sufficient to cover potential losses under a stress scenario and keep business operational
- ✓ **New CBR regulation of capital adequacy ratio**
CAR should be sufficient under Basel III rules (**min of 8%** versus 10% previously), and following adjustments of capital (skin in the game) and RWA

New regulation and its impact on NCC capital requirements

1

New regulation of CCPs in Russia

The CBR required all CCPs to be incorporated as entities with (i) clearing and (ii) non-credit banking organization licenses. The law was adopted in Dec 2015 with a transition period of 2 years for NCC. The licenses switch is expected to move regulation of NCC away from a classical banking regulation towards best practices of CCP regulation, which may reduce capital requirements for NCC in the long-run.

2

New financial stability recovery mechanism

Risk-protection system was unified across all markets and aligned with CPSS-IOSCO requirements. New "Skin in the game" size was approved by the NCC's Supervisory Board in line with the CBR's requirements:

- ✓ RUB **6.5 bln since Nov 2015**
- ✓ RUB **9.5 bln since Oct 2016**

'Skin in the game' is deducted from the capital adequacy ratio (CAR) calculation, while NCC's financial assets and obligations, which NCC entered with market participants as CCP, are excluded from risk-weighted assets (RWA).

Net effect is expected to reduce capital requirements of NCC in the mid-run.

3

Introduction of Basel III rules

CAR calculation was aligned with Basel III requirements, with minimum CAR set at 8% level. NCC is expected to maintain a capital buffer to keep CAR at comfortable level exceeding 8%.



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Investment highlights

1

MOEX operates in one of the largest economies globally and encompasses Russia's largest public trading markets

2

Leading market position in a global context

3

Unique business model, offering trading of a wide range of assets together with well-established centralized post-trade infrastructure

4

Strong transparency and corporate governance standards

5

Successful track record of infrastructure reforms and improving regulatory framework

6

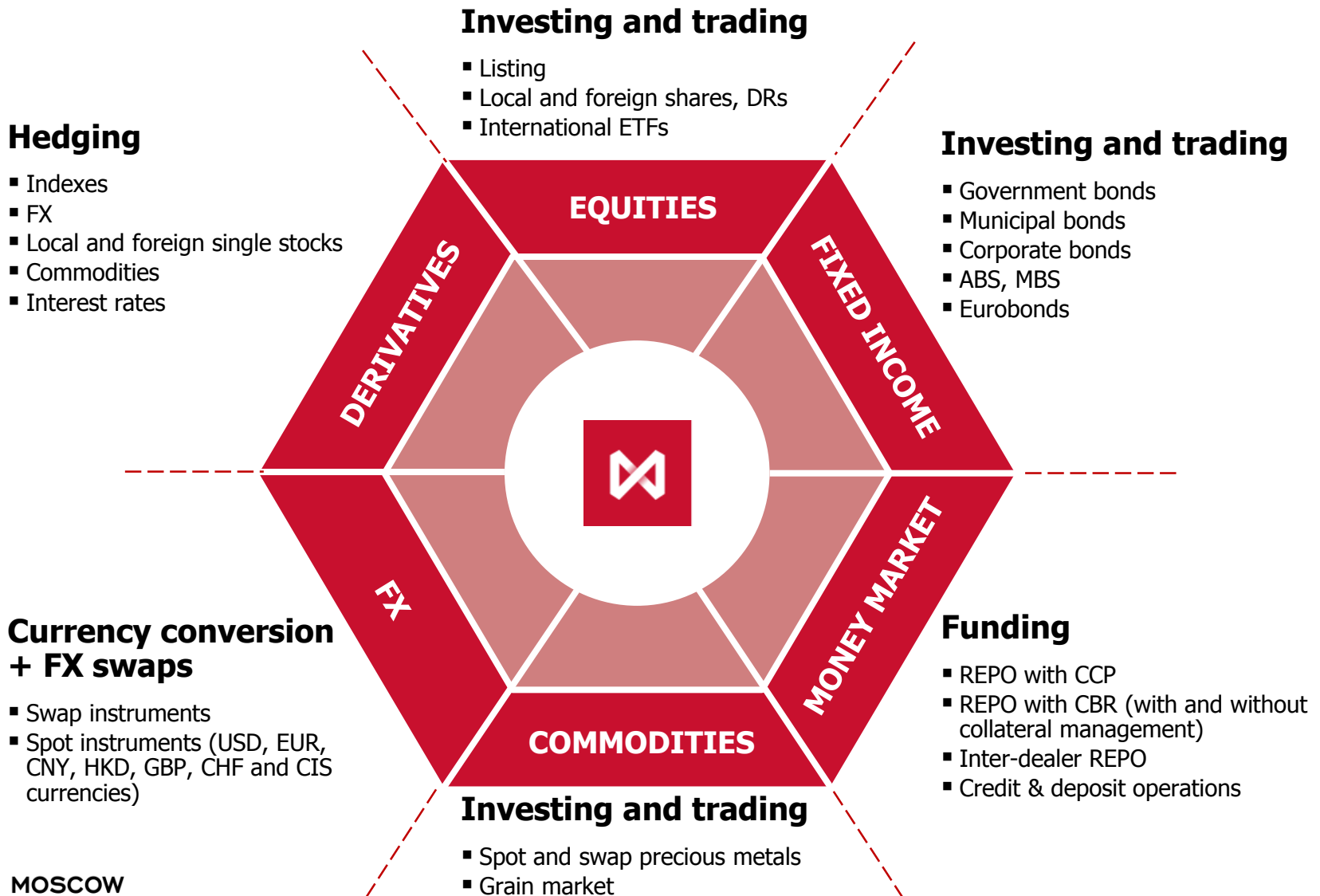
Strong financial performance

7

Attractive dividend policy

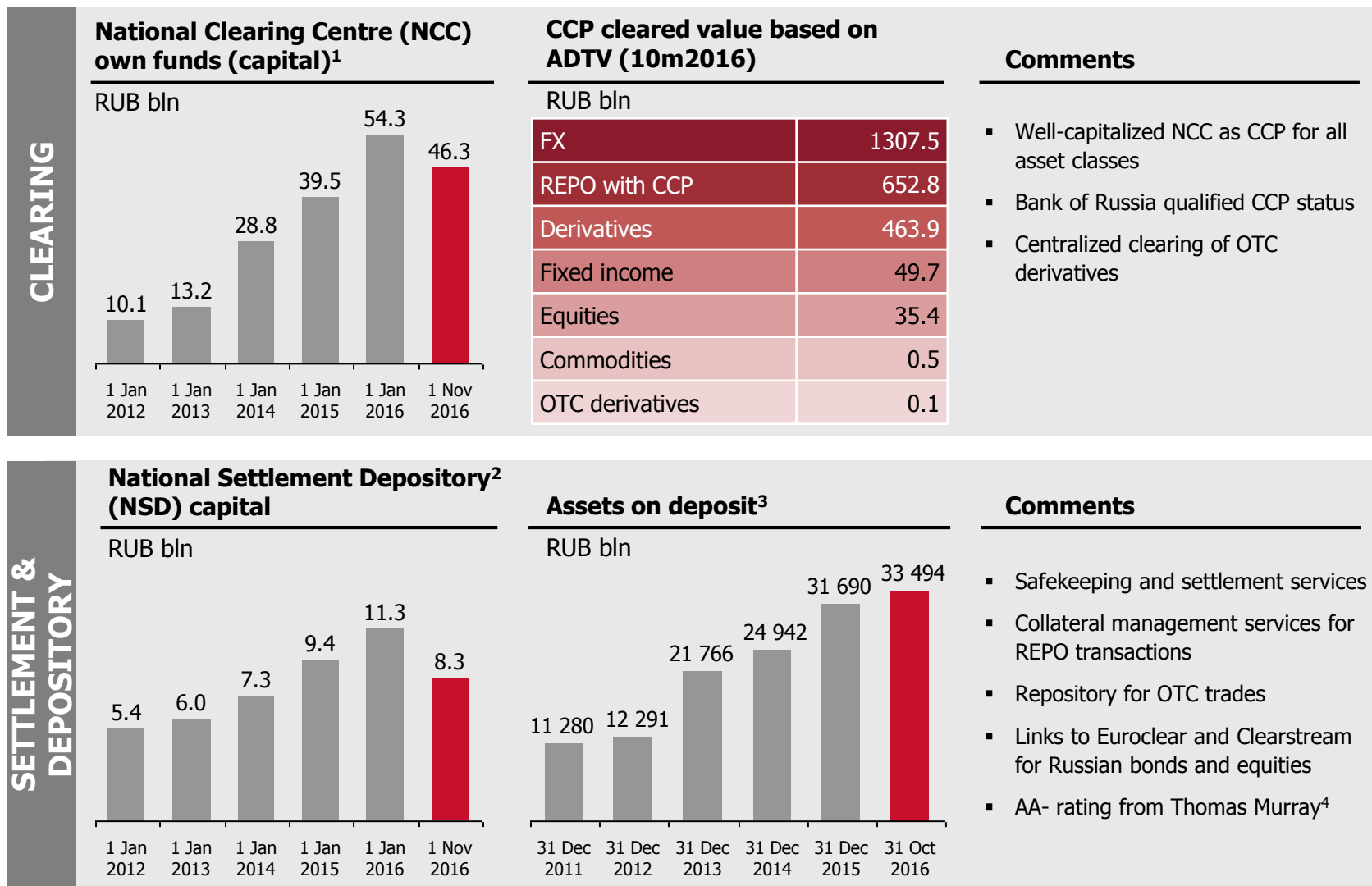


Highly diversified product offering...



...coupled with **strong post-trade infrastructure**

Central Counterparty (CCP) and Central Securities Depository (CSD)



Source: Moscow Exchange operational information

1 Figures in accordance with Russian Accounting Standards as reported to and disclosed by the CBR on a monthly basis

2 Russian Central Securities Depository

3 Assets in deposit based on Company' operational data

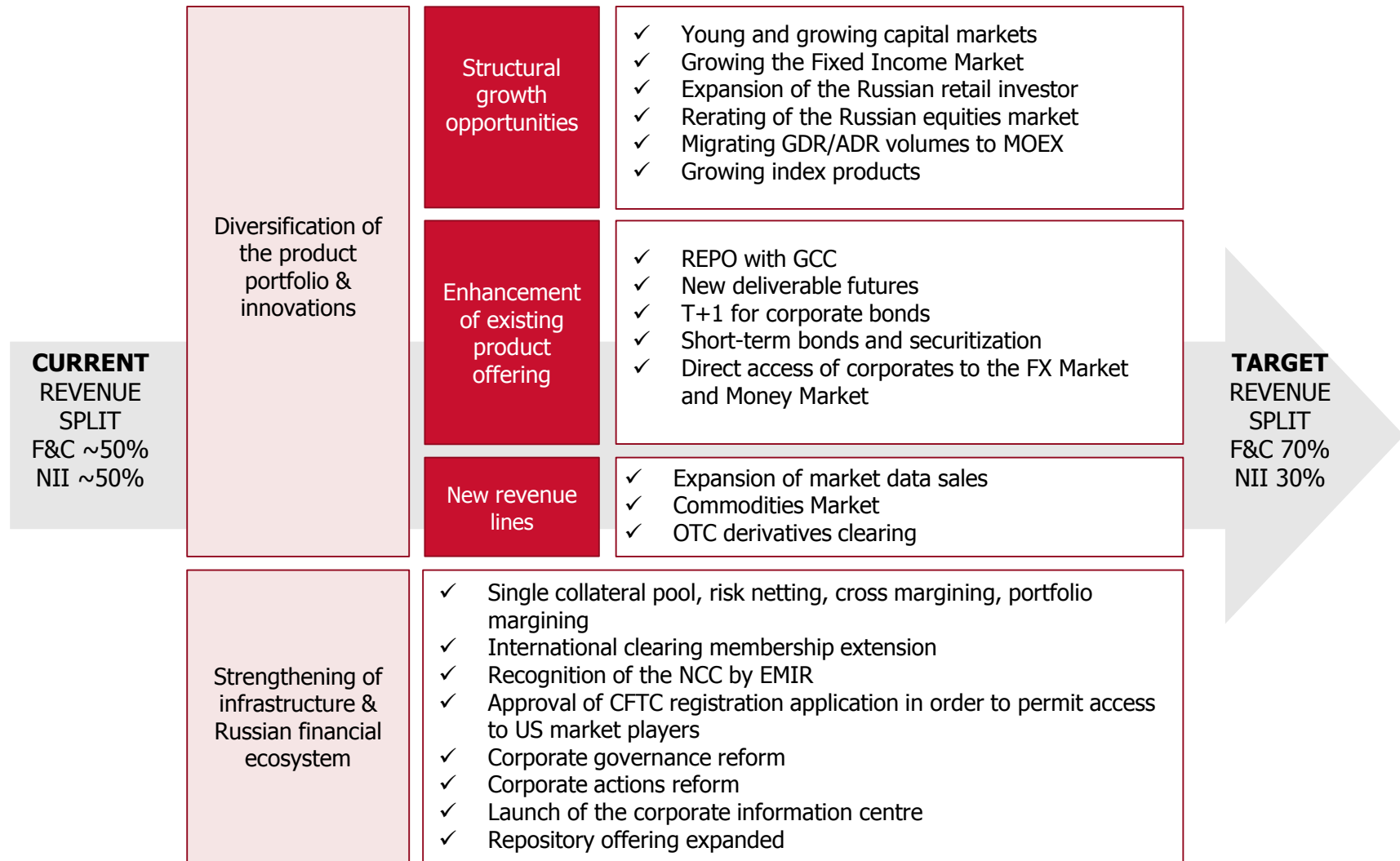
4 Thomas Murray – leading global agency for depository services

Moscow Exchange infrastructure meets international standards

Central Securities Depository (CSD) <i>2012</i>	✓	▪ Launch of the CSD removed the key barrier for trading in Russian local shares for foreign investors
Central Counterparty (CCP) <i>2012</i>	✓	▪ National Clearing Centre (NCC) acts as CCP on all Moscow Exchange markets
Euroclear and Clearstream access <i>2013-2014</i>	✓	▪ Euroclear and Clearstream provide settlement services for Russian sovereign bonds, corporate bonds and equities
Settlement with partial pre-funding (T+) <i>2013</i>	✓	▪ Equities in T+2 settlement cycle meeting international standards
Direct market access (DMA) <i>2013</i>	✓	▪ 6 global banks (Citigroup, Credit Suisse, Merrill Lynch, Morgan Stanley, UBS, Deutsche Bank) provide DMA services on Moscow Exchange securities market
OTC derivatives clearing <i>2013</i>	✓	▪ Moscow Exchange Group created OTC market with a central counterparty in response to G20 resolution
Portability and segregation <i>2014</i>	✓	▪ Opportunity to register segregated customer and to transfer his liabilities and collateral from his clearing member (in case of default) to another clearing member on all market segments
International clearing membership <i>2015</i>	✓	▪ Launched on FX market, planned on other markets
EMIR certification	✓	▪ MOEX applied for CCP recognition in 2015



Strategy 2015-2020



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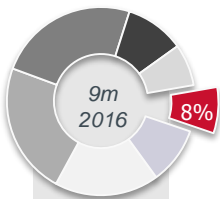


Our trading markets

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3Q 2016 financial results

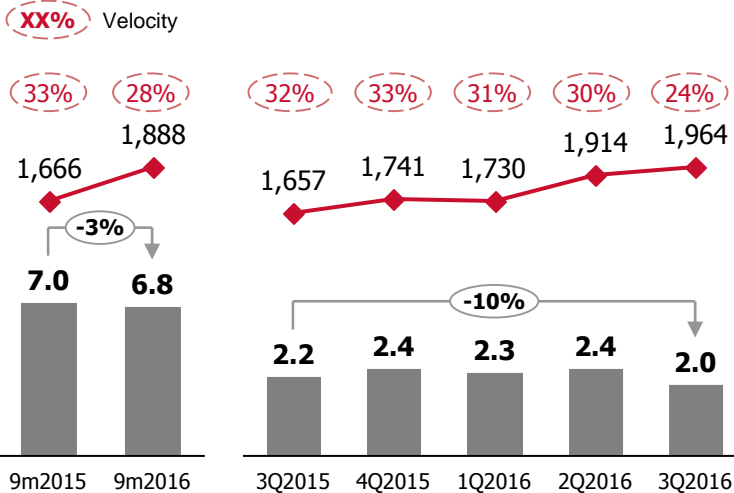




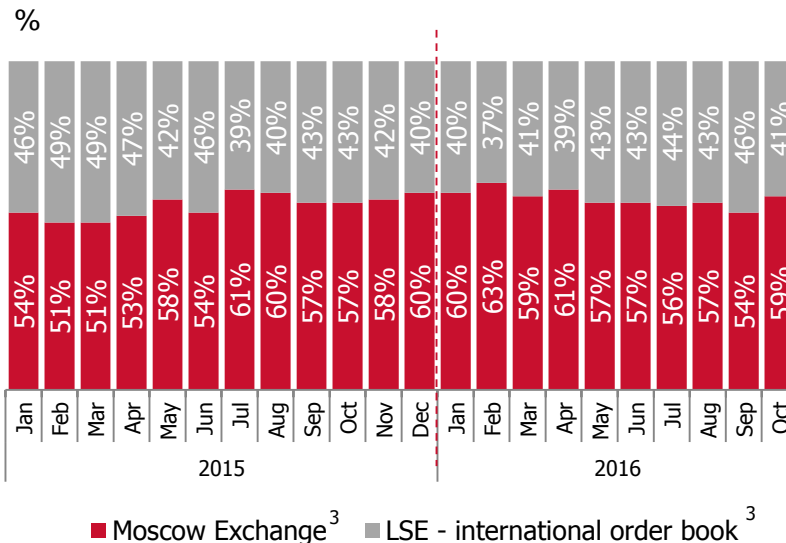
Equities Market: subdued volatility, growing index

Trading volumes¹

RUB trn ◆ MICEX Index (average for the period) ■ Equities

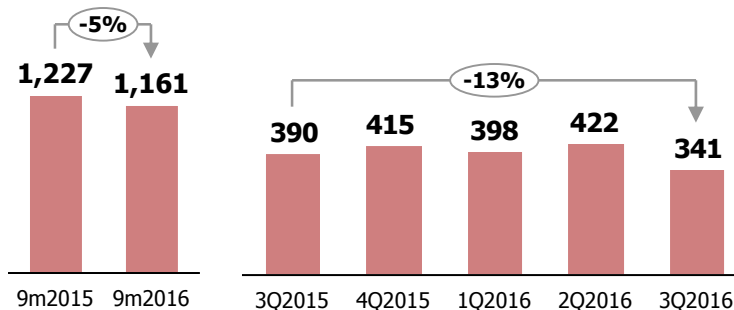


Russian equities trading volumes², MOEX vs LSE



Fee & commission income

RUB mln



Comments

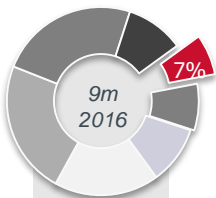
- Velocity of the Equities Market remained subdued on the back of historically low volatility, which affected trading activity of market participants. Trading volumes contracted by 10% YoY in 3Q 2016
- Fees and commissions declined by 13% YoY in line with the contraction in trading volumes
- Average MOEX market share for dual-listed stocks was 56% in 3Q 2016



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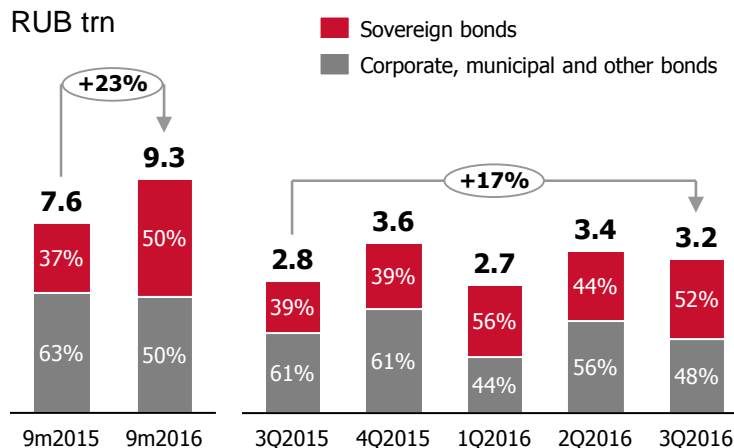
Source: Moscow Exchange operational information and Consolidated Financial Statements, Liquidmetrix

- Volumes on both primary and secondary markets
- Moscow Exchange and London Stock Exchange data for Russian dual-listed companies
- Only electronic order book deals

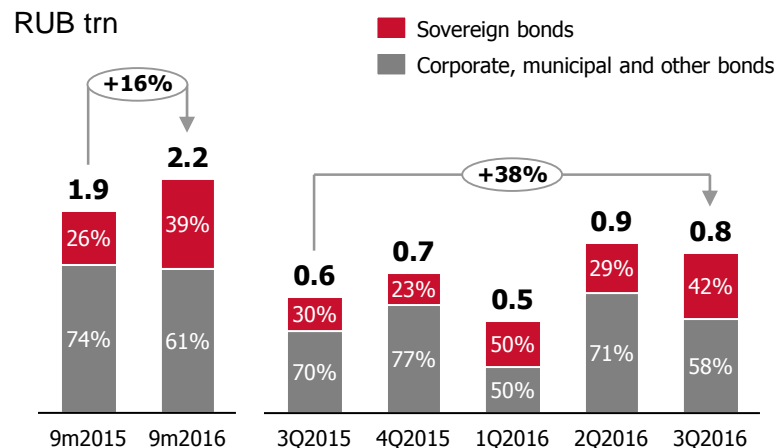


Fixed Income Market: F&C growth driven by new primary placements

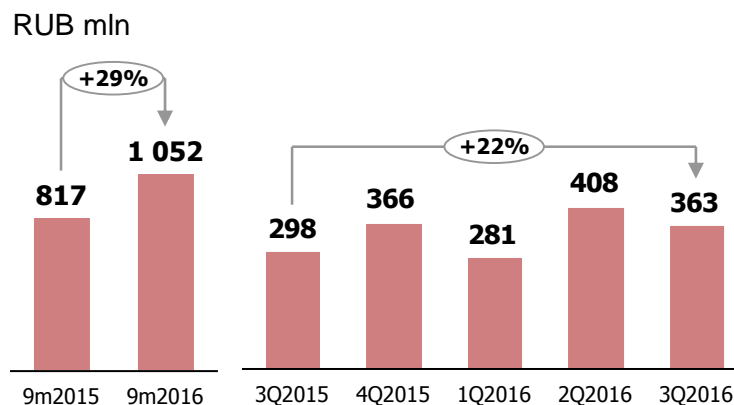
Trading volumes¹



Primary market



Fee & commission income



Comments

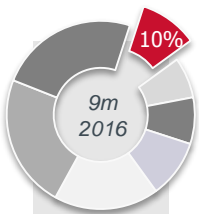
- Fee and commission growth of 22% YoY was driven by both healthy primary placement activity and higher trading volumes in the order book of OFZs in the secondary market
- Primary placements grew by 38% YoY mainly driven by active borrowing from the government to cover state budget needs (+93% YoY). Corporate bond placements grew by 15% YoY amid lower interest rates and a stable ruble.
- In 3Q, a new product, 1-day bonds, was launched. The product aims to expand liquidity management options for Russian banks and corporates.



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Source: Moscow Exchange operational information and Consolidated Financial Statements

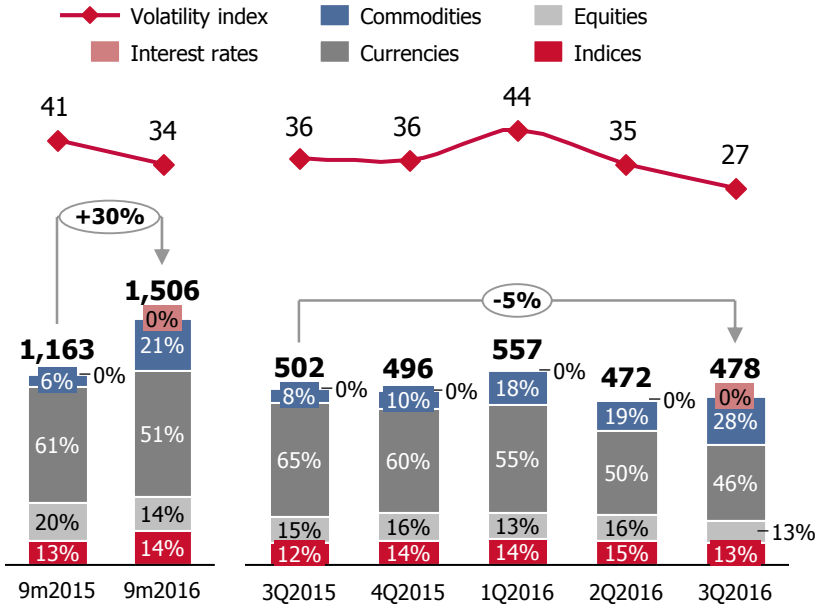
¹ Trading volumes on fixed income market include placements



Derivatives Market: commodity futures are a star

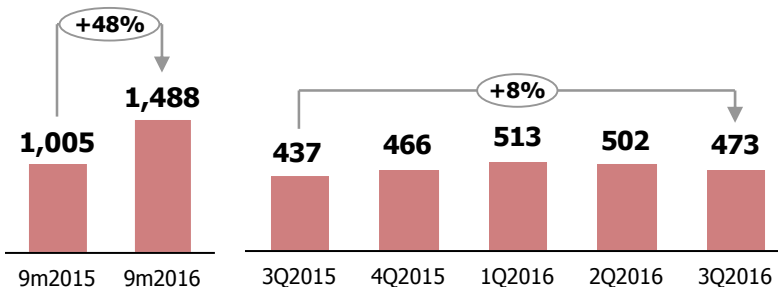
Trading volumes

millions of contracts



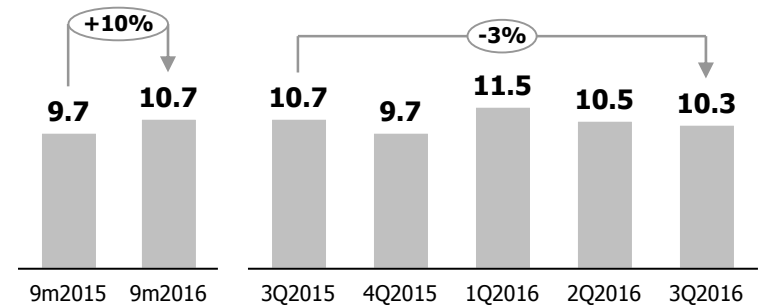
Fee & commission income

RUB mln



Open interest

millions of contracts, daily average

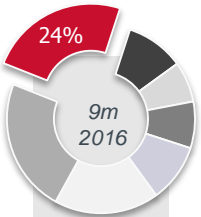


Comments

- Despite a trading volume decrease of 5% YoY, fee and commission income grew by 8% YoY to RUB 473 mln thanks to a continued shift to trading in higher-yielding products.
- Futures and options on FX remained the most traded contracts and accounted for 46% of total derivatives contracts. Derivatives on commodities continued their rapid expansion with a 28% share of total trading volumes versus 8% a year ago
- Options trading volumes increased by 15% YoY in contract terms. The growth was driven by options on commodities (33x YoY) and on indices (+27.4% YoY)
- Open interest declined by 3% (from 10.7 mln to 10.3 mln contracts) in 3Q, but in RUB terms spiked 32% YoY in Oct 2016
- From Oct 3rd a new tariff structure, linking fees to prices of underlying assets, came into effect on the Derivatives Market. The new structure harmonizes tariffs with the rest of the product portfolio and unifies tariffs among derivatives on the same underlying assets

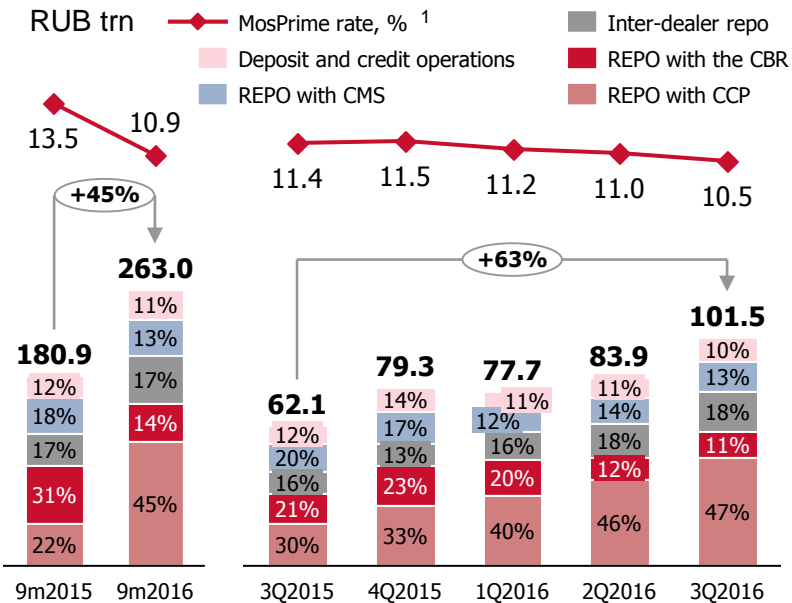


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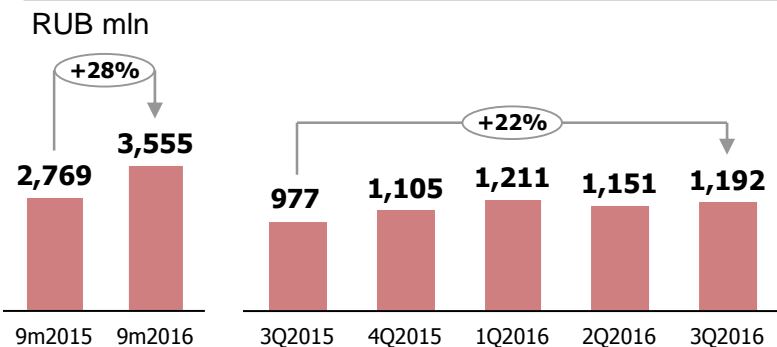


Money Market: demand for on-exchange services continues to grow

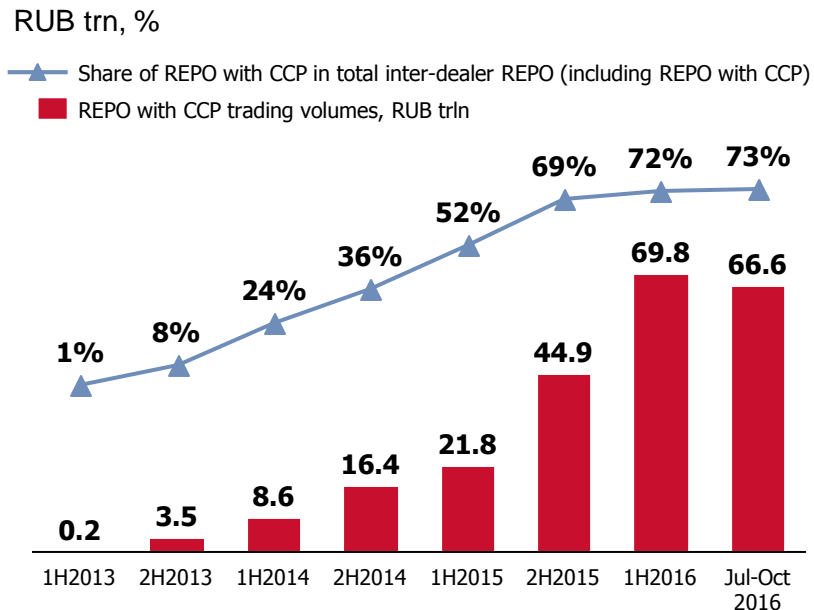
Trading volumes



Fee & commission income



Trading volumes for REPO with CCP



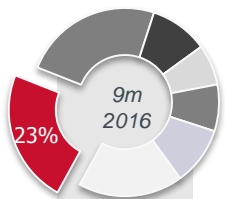
Comments

- Fees of RUB 1.19 bln (+22% YoY) were driven mainly by growth of REPO with CCP (up 2.6x YoY). F&C growth underperformed trading volumes growth due to contraction of average maturity and high-base effect as fees received in 1Q2015 from 1-year repo with the CBR were accrued over the subsequent periods.
- Repo with GCC (general collateral certificate) launched in the end of February continued to gain steam and grew by 33% QoQ
- Average REPO maturity declined from 3.8 days to 3.2 days due to lower demand for longer term repo by the CBR in 3Q 2016. However, average maturity of REPO with the CCP grew from 1.7 to 2.2 days following introduction of 1-week repo in 1Q 2016.



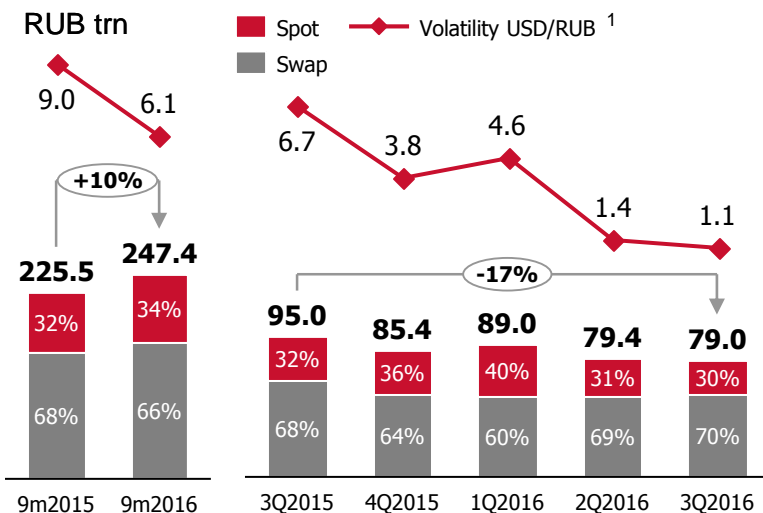
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Source: Moscow Exchange operational information and Consolidated Financial Statements
1 Overnight rate, average for the period

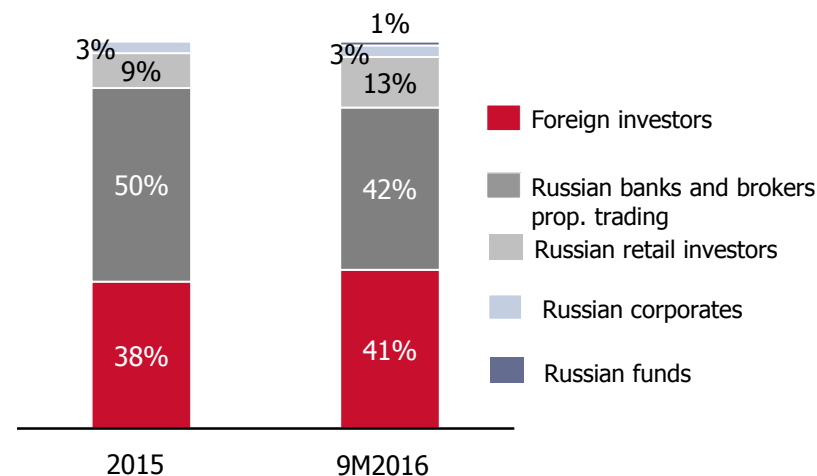


FX Market: normalization of volatility

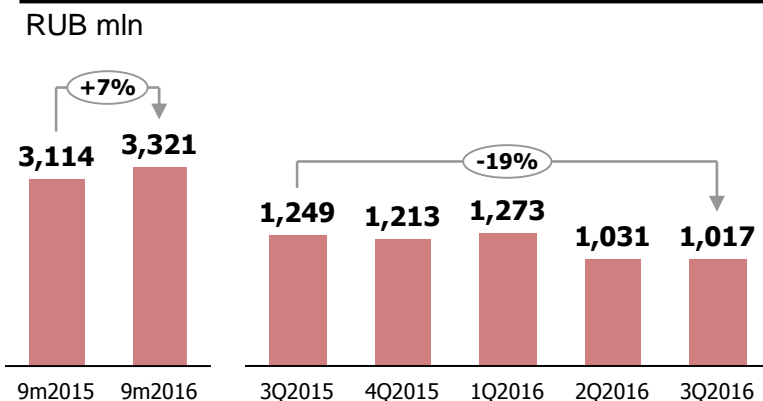
Trading volumes



Foreign investor share in MOEX spot FX market



Fee & commission income



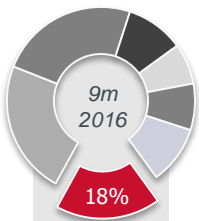
Comments

- Trading volumes declined by 17% YoY on the back of record low volatility, which led to 19% YoY decline of fees and commissions. USD/RUB volatility decreased to the lowest level in the past 2 years
- Marketing efforts and introduction of international clearing membership led to higher share of international investors trading Rub-based currency pairs, up from 38% in 2015 to 41% for the 9M of 2016
- MOEX maintained its market share versus OTC trading, having more than 50% of ruble liquidity concentrated on-exchange



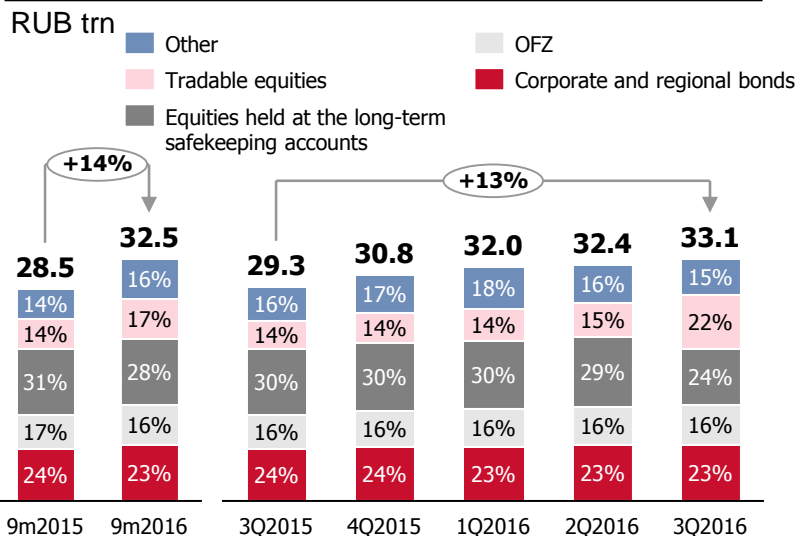
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Source: Moscow Exchange operational information and Consolidated Financial Statements, CBR
¹ Calculated as daily standard deviation for the period divided by the average value for the period

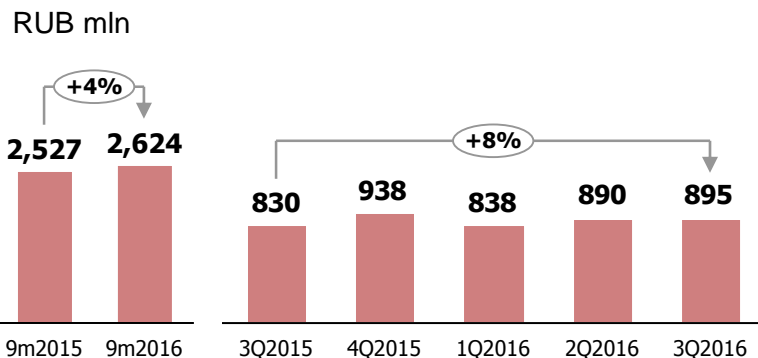


Depository and settlement: continued growth of assets under custody

Assets on deposit (average for the period)

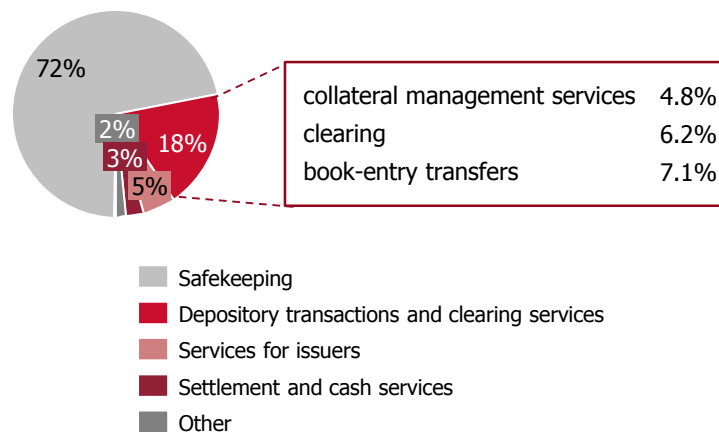


Fee & commission income



Fee & commission income breakdown

3Q 2016

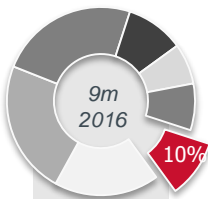


Comments

- The increase in assets under custody was driven by increased market cap of the Equities Market and new local bond placements, both by corporates and the government
- On 1 July 2016, the legal framework for corporate actions reform went into effect. Corporate Information Center was launched by NSD, forming a single source of corporate data with “golden copy” status, which aims to solve the problem of multiple, inconsistent corporate actions data
- NSD played a key role in the Finance Ministry’s eurobond placements in September and May 2016, acting as lead depository as well as fiscal and settlement agent



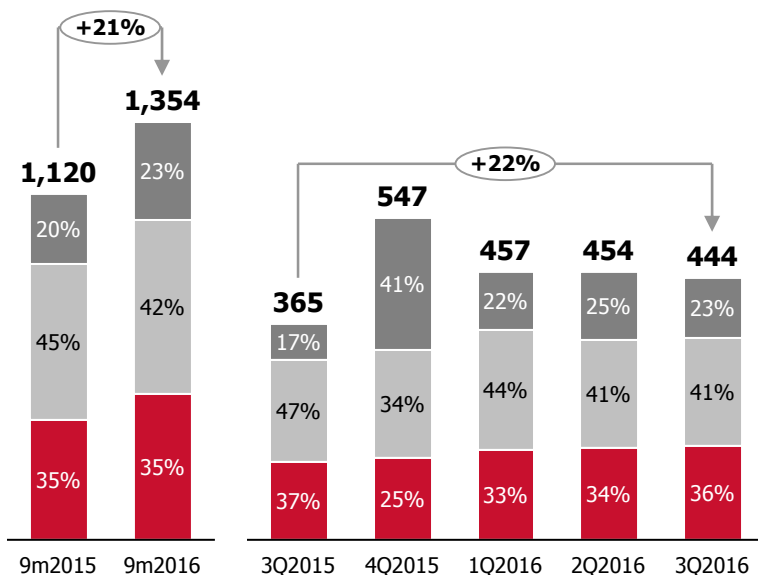
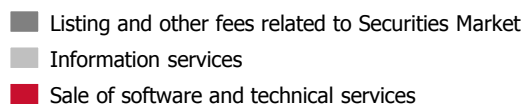
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Growth in information services fees

Other fee & commission income¹

RUB mln



Comments

- Fees and commissions from other services grew across all the lines
- Listing and other fees related to the Securities Market grew by 67% YoY on the back of primary bond placements and higher maintenance fees
- Fees from sale of software and technical services and information services grew by 22% YoY and 6% YoY respectively, driven by expansion of the client base.

1

Recent developments

2

Dividend and free float update

3

Business overview

4

Our trading markets

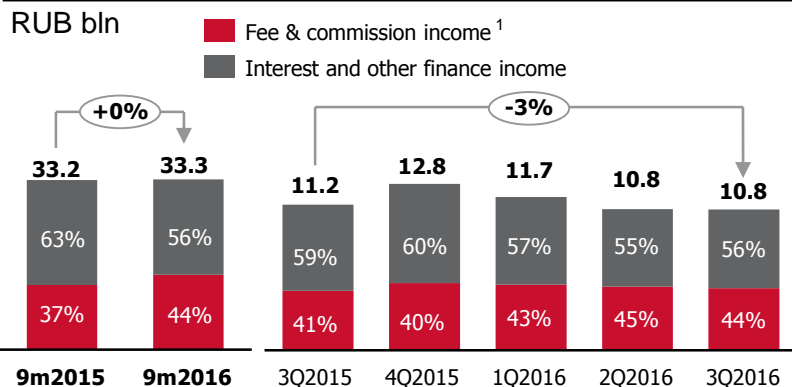


3Q 2016 financial results

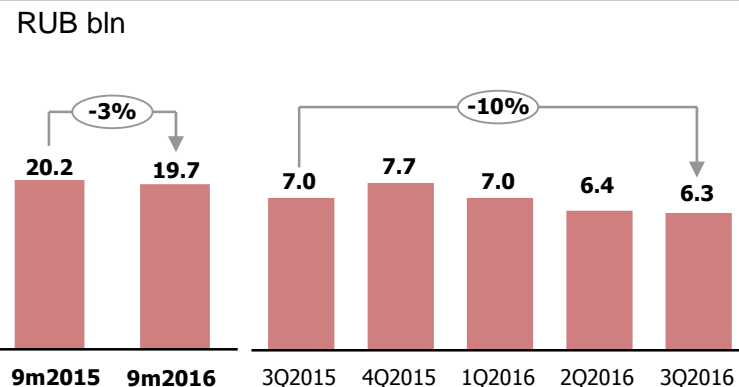


3Q 2016 Key Financial Highlights

Operating income



Net income



**+19.8%
YoY**

Operating Expenses
3.0 bln RUB

- For 9M 2016 cost growth was 11.1%. In 3Q 2016 costs grew 19.8% YoY driven by a 29.3% YoY increase in D&A expenses and a 47.8% YoY increase in equipment and intangible assets maintenance costs as new equipment and hardware was put into operation.

**+5.3p.p.
YoY**

Cost/Income ratio
27.6%

- Cost to income ratio increased to 27.6% from 22.3% in 3Q 2015

**-8.1%
YoY**

EBITDA
8.4 bln RUB

- EBITDA in 3Q 2016 amounted to RUB 8.4 bln, down by 8.1% YoY. The EBITDA margin remained at a strong 77.9%

**-5.7 p.p.
YoY**

ROE
21.8%

- ROE declined by 5.7 percentage points YoY due to average equity growth of 13% combined with lower net income (-9.9% YoY)

**+14.3%
YoY**

Net cash
78.7 bln RUB

- Cash position increased to RUB 78.7 bln thanks to MOEX's highly cash-generative business model

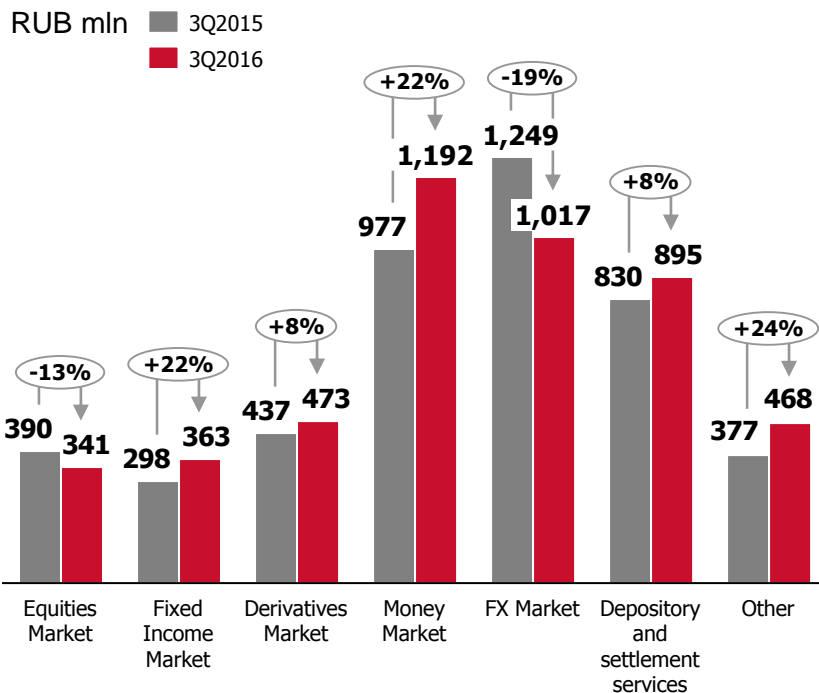


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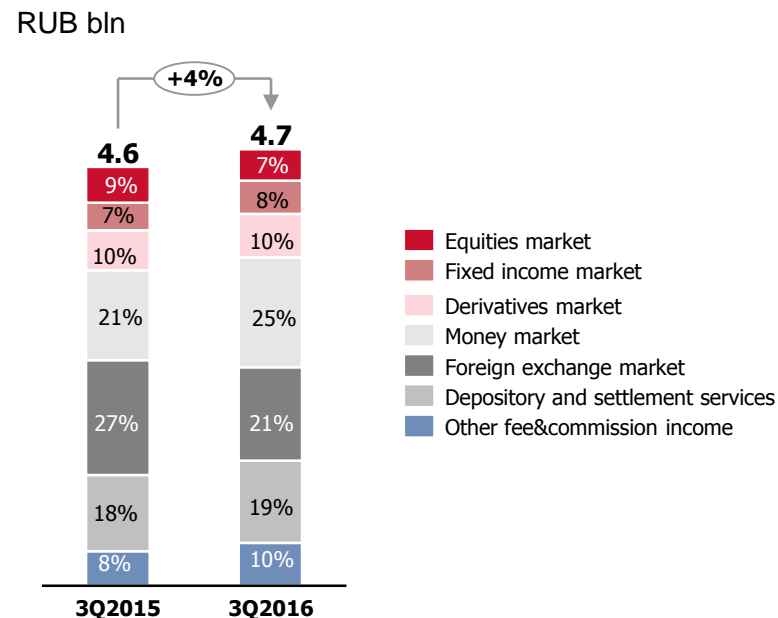
1 - Including other operating income

Diversified fee & commission income

Fee & commission income performance



Fee & commission income breakdown

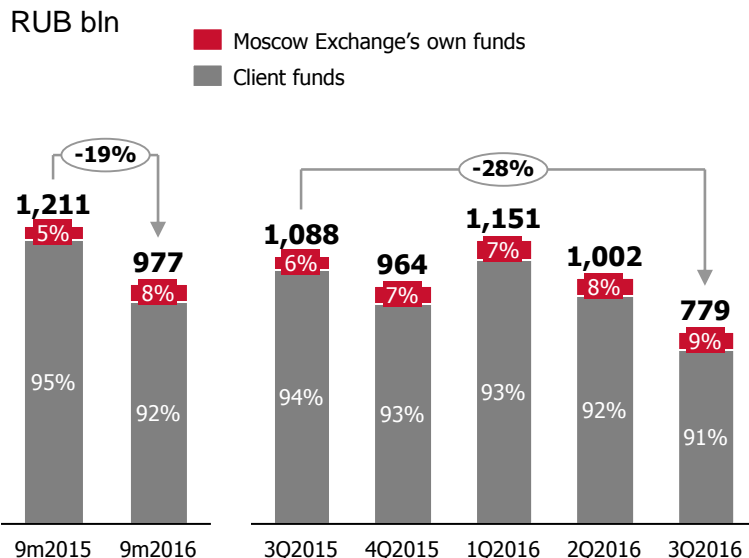


Key takeaways

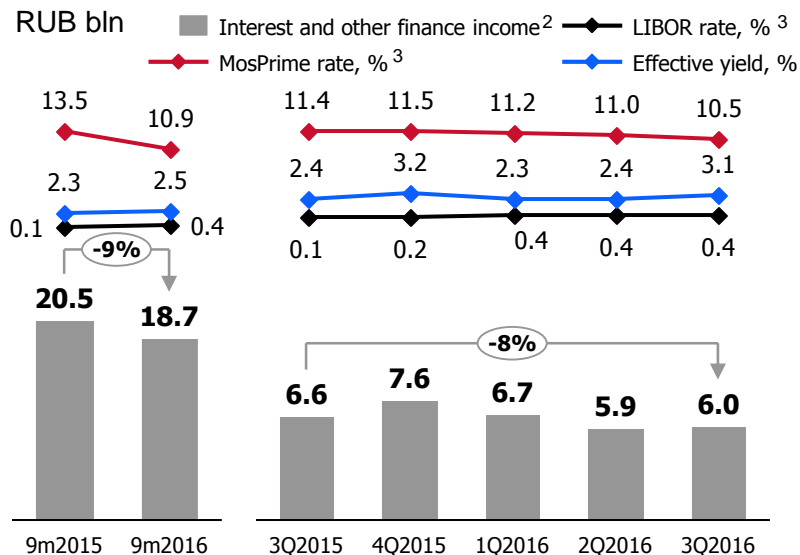
- Fee and commission income increased 4% YoY to RUB 4.7 bln, with the Money Market, Fixed Income Market and non-trading fees, including information and software sales showing the fastest growth rates
- Fee & commission income remained well-diversified, with seven segments contributing, none of which represents more than a quarter of the total

3Q 2016 Interest income

Investment portfolio¹ (average daily volume)

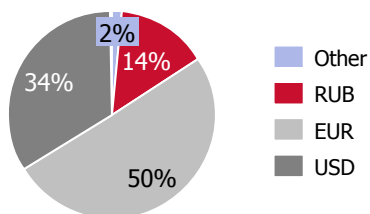


Interest income



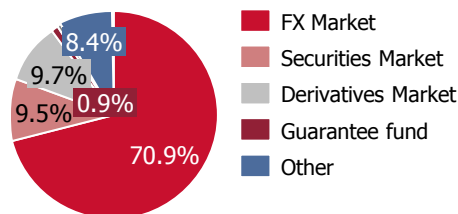
Client funds by currency

3Q2016



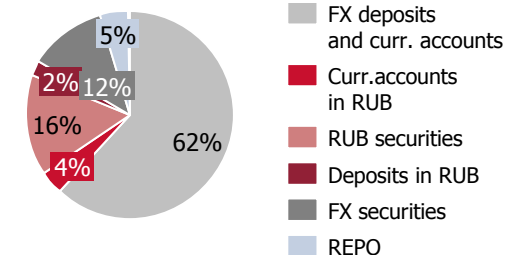
Client funds by source

3Q2016



Investment portfolio by type of asset

3Q2016



Source: NFEA, Bloomberg, Moscow Exchange operational information and Consolidated Financial Statements

1 Based on average daily investment portfolio according to management accounts

2 Interest and other finance income includes interest and other finance income, interest expense, net loss on financial assets available-for-sale, foreign exchange gains less losses

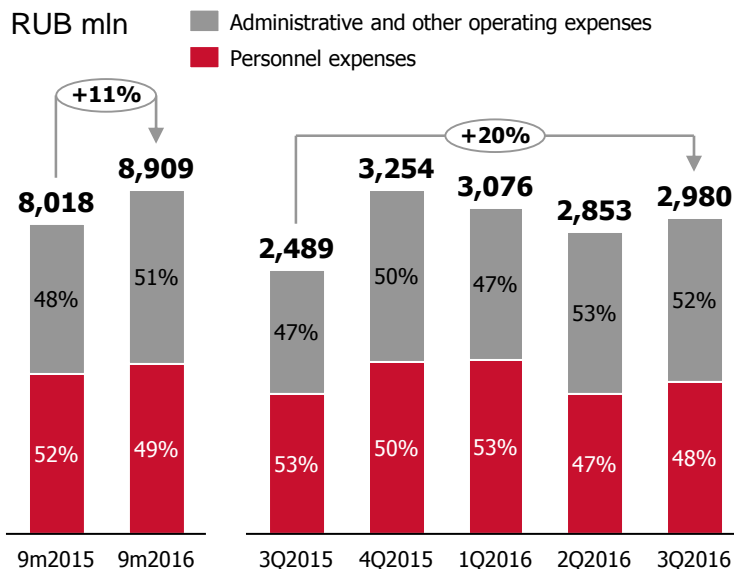
3 Average daily rate for the period



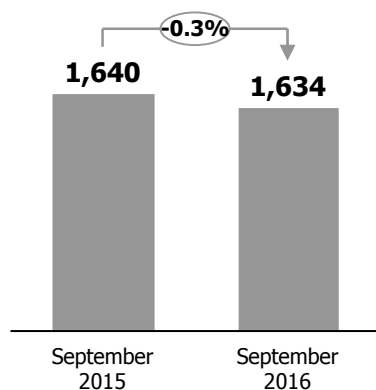
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Operating expenses

Operating expenses



Headcount



Major expense items

RUB mln	3Q2015	3Q2016	Change YoY
Personnel expenses	1,321	1,433	8.4%
Administrative and other operating expenses, including	1,167	1,548	32.6%
Amortisation of intangible assets	294	314	6.8%
Equipment and intangible assets maintenance	166	245	47.8%
Depreciation of property and equipment	167	282	69.0%
Rent and office maintenance	108	122	12.3%
Taxes other than income tax	97	112	15.5%
Professional services	73	91	24.4%
Advertising and marketing costs	38	61	60.2%
Total	2,489	2,980	19.8%
Cost income ratio	22.3%	27.6%	-

Comments

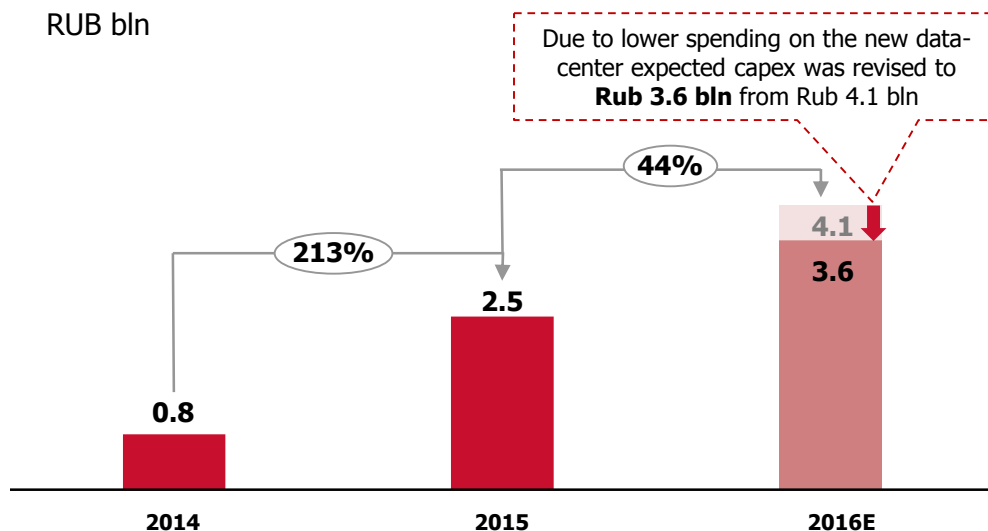
- For 9M 2016 operating expenses grew 11.1% YoY, slightly below FY guidance of 12-14%
- In 3Q 2016 operating expenses grew by 19.8% YoY as a large-scale set of equipment was put into operation under the capex program. As a result, depreciation costs grew by 69.0% YoY, and spending related to maintenance of equipment and intangible assets increased by 47.8% YoY.
- Personnel costs grew by 8.4% YoY, slightly above inflation in 3Q 2016 (6.8%) driven by higher payroll-related taxes and selective salary increases.



CAPEX and OPEX Guidance

CAPEX 2015-2016

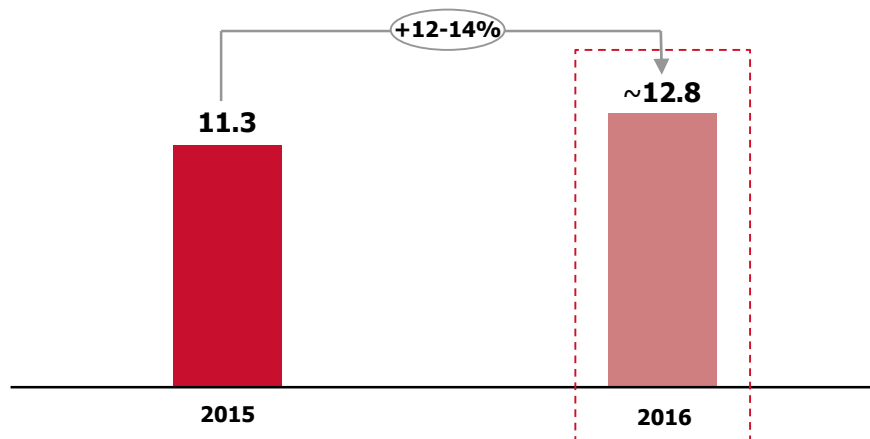
RUB bln



- Capex 2016 is expected to exceed normalized mid-term forecasted level of RUB 2.5-3.0 bln due to the partial shift of expenditures from 2015 to 2016
- **Capex scope remained the same:**
 - New IT architecture
 - New data-center
 - Hardware upgrade and implementation of advanced quality assurance practices
 - Other projects, including grain market and corporate actions reform

Operating expenses 2015-2016

RUB bln



- Personnel expenses are expected to grow **12-14%** in 2016 on the back of employment of new IT specialists and higher spending on social taxes. The guidance was revised from 16% YoY based on lower than expected capital expenditures and more steady hiring process



Appendix

MOEX outperformed other exchanges in terms of FI and derivatives trading volumes growth in 9m2016

Equities market

Fixed income market

Derivatives market

(Sorted by growth rates for 9m2016 in descending order)

Exchange	% chg. 9m2016/9m2015	Exchange	% chg. 9m2016/9m2015	Exchange	% chg. 9m2016/9m2015
	<i>National currencies</i>		<i>National currencies</i>		<i>Contracts</i>
Bolsa Mexicana	8%	Korea Exchange	97%	Shanghai Fut. Exchange	77%
BM&FBOVESPA	4%	Shenzhen SE	33%	Dalian Comm. Exchange	56%
ICE&NYSE	0%	Johannesburg SE	28%	Moscow Exchange	30%
TMX Group	-2%	Moscow Exchange	25%	Johannesburg SE	14%
Moscow Exchange	-2%	Shanghai SE	21%	CME Group	8%
BATS - US	-3%	TMX Group	19%	ICE&NYSE	6%
Bursa Malaysia	-6%	Colombia SE	10%	Deutsche Boerse	1%
Singapore Exchange	-8%	Oslo Borse	3%	BM&FBOVESPA	-1%
BSE India	-11%	Taipei Exchange	0%	CBOE	-3%
Japan Exchange Group	-11%	BME Spanish Exchanges	-5%	NASDAQ OMX	-4%
NASDAQ OMX - US	-12%	BSE India	-8%	Australian SE	-6%
Taiwan SE	-16%	LSE Group	-8%	Euronext	-10%
LSE Group	-17%	Bursa Malaysia	-10%	Korea Exchange	-18%
Deutsche Boerse	-19%	Australian SE	-14%	Zhengzhou Comm. Exchange	-20%
BME Spanish Exchanges	-30%	Euronext	-26%	BSE India	-26%
HKEx	-44%	Japan Exchange Group	-36%	NSE India	-38%
Shanghai SE	-67%				

Electronic order book



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Source: WFE, Moscow Exchange

DR holders pay substantial **EXTRA FEES** to depositary banks

Fees to be paid to depositary bank for some of DR programs of the Russian companies

DR program		Depository Service Fee ¹ (DSF), USD per DR	Dividend Fee ² , USD per DR	Dividend Fee as % of dividend amount ³	DRs cancellations fee, USD per DR
RusHydro	BoNY Mellon	0.02	0.003	12%	0.05
TGK-1	BoNY Mellon	0.02	0.002	12%	0.05
VTB Bank	BoNY Mellon	0.03	0.005	12%	0.05
TMK	BoNY Mellon	0.02	0.003	11%	0.05
MMK	BoNY Mellon	0.02	0.013	11%	0.05
Sberbank	BoNY Mellon	0.02	0.004	12%	0.05
Gazprom	BoNY Mellon	0.02 ⁵	0.02	7%	0.05
Surgutneftgaz	BoNY Mellon	0.02	0,012	12%	0.05
Surgutneftgaz-p	BoNY Mellon	0.02	0.02	2%	0.05
Russian Grids	BoNY Mellon	0.02	0.02	10%	0.05
Lukoil	BoNY Mellon	0.02 ⁵	0.02	1%	0.05
Norilsk Nickel	BoNY Mellon	0.01	0.02	2%	0.05
Uralkali	BoNY Mellon	0.02	0.02	6%	0.05
Acron	Deutsche Bank	0.02	0.02	8%	0.05
MTS	JP Morgan	0.01 ⁶	0.03	5%	0.05
Rosneft	JP Morgan	0.01 ⁶	-	0%	0.05
Magnit	JP Morgan	0.01 ⁶	-	0%	0.05
Phosagro	Citi	0.02	0.01	1%	0.05
Average		0.02	0.01	7%	0.05

Gross DSF and dividend fees calculated for Top-3 international funds holding DRs of Russian companies⁴

Fund A	6 304 777 USD
Fund B	2 089 864 USD
Fund C	4 843 087 USD

Cost of cancellations all DR in portfolios to local shares for Top-3 funds

Fund A	8 963 463 USD
Fund B	3 015 388 USD
Fund C	6 022 079 USD

- Depository service fee and Dividend fee are to be paid by DR holder to the depositary bank while there are no such fees for holders of local shares
- All DRs cancellations operations are also charged 0.05 USD per DR

(1) Service fees are charged annually, in arbitrary date. Calculated based on number of DR on client account on the record date

(2) Dividend fees are charged when dividends are paid

(3) As % of dividend amount after tax

(4) Calculations based on Thomson Reuters data as of June 2015

(5) Data on depository service fees for these companies are not available. Indicative numbers based on average level of depository service fee for DR of Russian companies are used for the purposes of this presentation

(6) Depository service fee which is applicable for 0%, 5%, 10% withholding tax rates

Source: BNY Mellon, Deutsche Bank, JP Morgan, Citi, Thomson Reuters



Foreign investors acquired more than 50% of sizeable ECM transactions on MOEX, 2013-2015

Foreign investors' participation in IPO/SPO's on Moscow Exchange

Company name	Date	Type	Placement size	Share acquired by foreign investors
 United Wagon Company	April 2015	IPO	RUB 9 bln	~55%
 MOSCOW EXCHANGE	July 2014	SPO	RUB 16 bln	~60%
 АЛРОСА ALROSA	October 2013	IPO	RUB 41 bln	~85%
 MOSCOW EXCHANGE	February 2013	IPO	RUB 15 bln	~85%

Consolidated Statement of **Financial Position**

<i>In million rubles</i>	<i>September 30, 2016</i>	<i>December 31, 2015</i>	<i>% chg. September 30, 2016/ December 31, 2015</i>
Assets:			
Cash and cash equivalents	464 551,3	992 696,1	-53%
Central counterparty financial assets	1 339 690,5	518 509,3	158%
Financial assets ¹	269 595,8	211 876,5	27%
Property and equipment and intangible assets	25 819,9	24 825,2	4%
Goodwill	15 971,4	15 971,4	0%
Other assets ²	4 230,8	2 439,1	73%
Total Assets	2 119 859,7	1 766 317,6	20%

<i>In million rubles</i>	<i>September 30, 2016</i>	<i>December 31, 2015</i>	<i>% chg. September 30, 2016/ December 31, 2015</i>
Liabilities:			
Balances of market participants	593 803,3	1 119 097,5	-47%
Central counterparty financial liabilities	1 339 690,5	518 509,3	158%
Distributions payable to holders of securities	61 678,6	6 138,4	905%
Other liabilities ³	6 329,3	8 962,8	-29%
Total Liabilities	2 001 501,7	1 652 708,0	21%
Total Equity	118 358,0	113 609,6	4%
Total Liabilities and Equity	2 119 859,7	1 766 317,6	20%

Source: Moscow Exchange, Consolidated Financial Statements

1 Financial assets at fair value through profit or loss, Due from financial institutions, Investments available-for-sale, Investments in associates

2 Current tax prepayments, Deferred tax asset, Other assets

3 Settlement on reverse repo margins, Deferred tax liability, Current tax payables, Other liabilities

Consolidated Statement of **Comprehensive Income**

<i>In million rubles</i>	<i>Three month period ended September 30, 2016</i>	<i>Three month period ended September 30, 2015</i>	<i>% chg. 3Q2016/3Q2015</i>	<i>Nine month period ended September 30, 2016</i>	<i>Nine month period ended September 30, 2015</i>	<i>% chg. 9m2016/9m2015</i>
Fee and commission income	4 749,4	4 557,7	4%	14 632,5	12 647,6	16%
Interest and other finance income ¹	6 028,9	6 576,2	-8%	18 672,1	20 482,6	-9%
Other operating income	6,1	36,2	-83%	26,4	88,7	-70%
Operating Income	10 784,4	11 170,1	-3%	33 331,0	33 218,9	0%
Administrative and other operating expenses	-1 547,7	-1 167,4	33%	-4 511,1	-3 853,4	17%
Personnel expenses	-1 432,7	-1 321,3	8%	-4 397,7	-4 165,0	6%
Operating Expense	-2 980,4	-2 488,7	20%	-8 908,8	-8 018,4	11%
Operating Profit	7 804,0	8 681,4	-10%	24 422,2	25 200,5	-3%
Share of profit/(loss) of associates	-	-0,9	-	-	1,2	-
Profit before Tax	7 804,0	8 680,5	-10%	24 422,2	25 201,7	-3%
Income tax expense	-1 514,2	-1 702,6	-11%	-4 745,2	-5 017,2	-5%
Net Profit	6 289,8	6 977,9	-10%	19 677,0	20 184,5	-3%
Earnings per share						
Basic earnings per share, rubles	2,80	3,13	-11%	8,78	9,08	-3%
Diluted earnings per share, rubles	2,78	3,12	-11%	8,72	9,04	-4%



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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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