



**MOSCOW  
EXCHANGE**

February 2017

Investor presentation

# MOEX Investment highlights

**1992**  
MICEX (Moscow Interbank Currency Exchange) established

**1997**  
National Settlement Depository (NSD) established

**2006**  
National Clearing Centre (NCC) established

**2011**  
Merger of MICEX and RTS

**2011-2016**  
Financial infrastructure reform put MOEX on par with global peers

Currency → Government securities → REPO → Corporate securities → Derivatives



→ Commodities

**1995**  
Foundation of **RTS** (Russian Trading Systems)

**1997**  
**MICEX index** – the first Russian equities index launched

- ✓ Financial markets mega-regulator: the Central Bank of Russia
- ✓ New set of market regulation
- ✓ Fully operational CSD launched
- ✓ Unification of clearing across tradable assets
- ✓ Equities Market migrated to T+2
- ✓ Euroclear and Clearstream access to all asset classes
- ✓ New corporate governance code and listing reform



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



Strong transparency and corporate governance standards



Unique diversified and vertically-integrated business model, offering trading of a wide range of assets together with well-established post-trade infrastructure



Attractive dividend policy



Leading market position in a global context and successful track record of infrastructure reforms and improving regulatory framework



Strong financial performance





Business overview

2

Corporate governance and dividends

3

Market position and competitive strategy

4

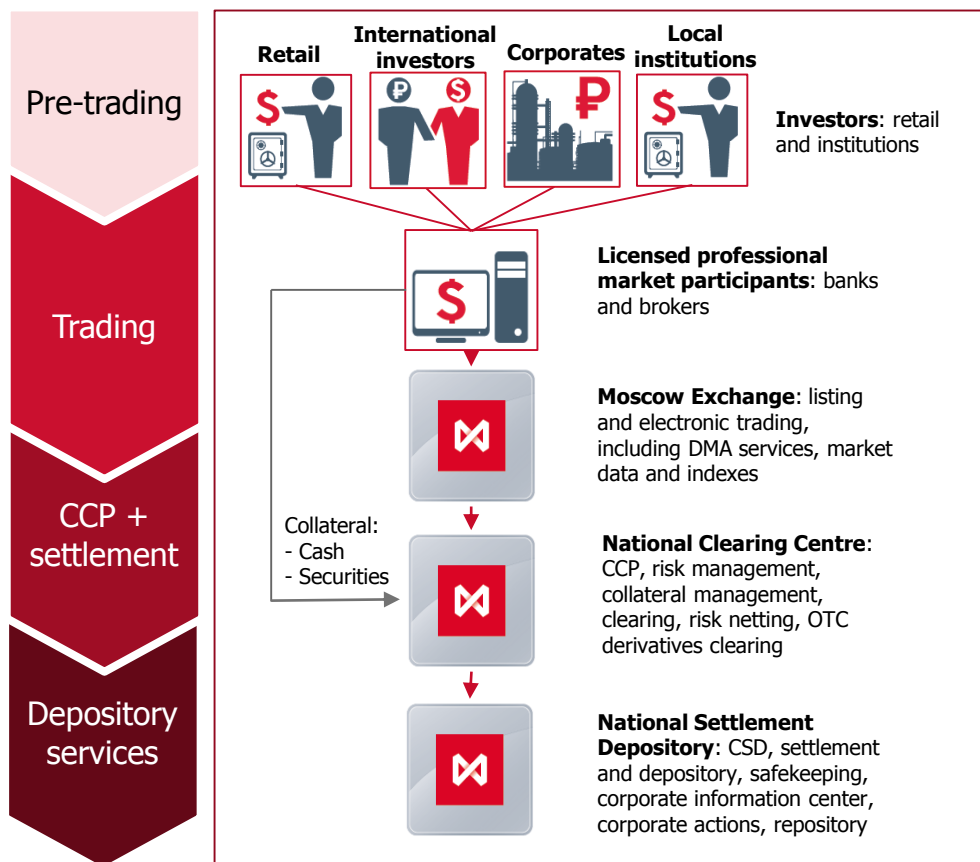
Financial track record

5

Q3 2016 update



# On-exchange market: capturing the whole value chain

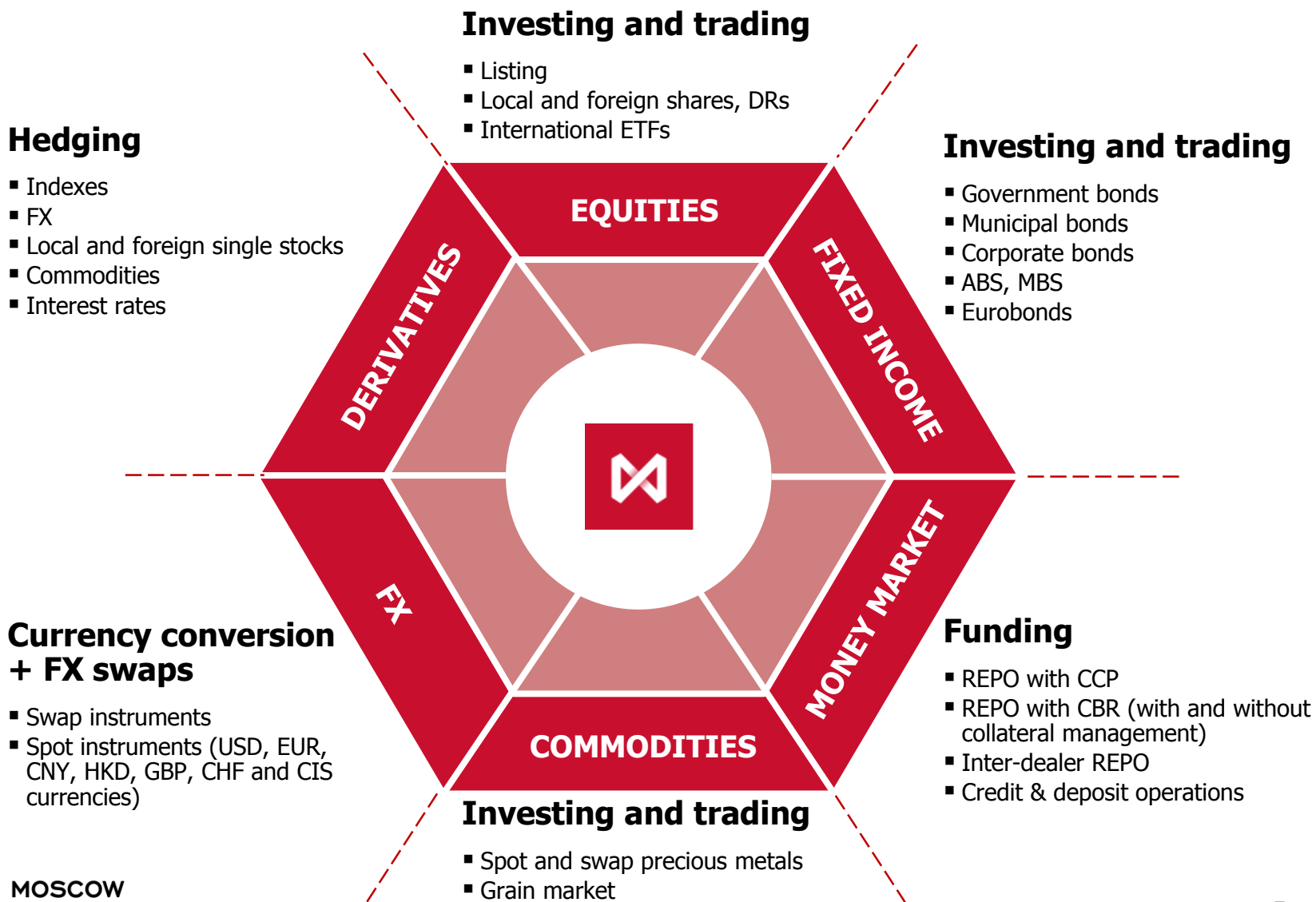


- ✓ MOEX captures the whole value chain for end-customers, offering a one-stop shop for listing, risk management, market data, multi-asset trading, clearing, settlement and custody.
- ✓ MOEX is strategically positioned to benefit from the development of Russia's capital markets in the coming years

- ✓ Fully vertically integrated infrastructure with regulation and oversight by the Bank of Russia (CBR)
- ✓ Investors trade through brokers and banks, which are licensed locally and have access to MOEX markets
- ✓ Single-tier clearing system requires all participants to provide eligible collateral to trade any asset class, while pre-trade risk checks prevent "fat fingers"/"flash crash" problems
- ✓ The market is open for competition (except the CSD) since its inception, but barriers to entry are very high due to MOEX's post-trade infrastructure and on-exchange market efficiency. However, the environment is competitive, with OTC being a key source of competition



# One of the most **diversified product offerings**



# Diversified investor base across different markets

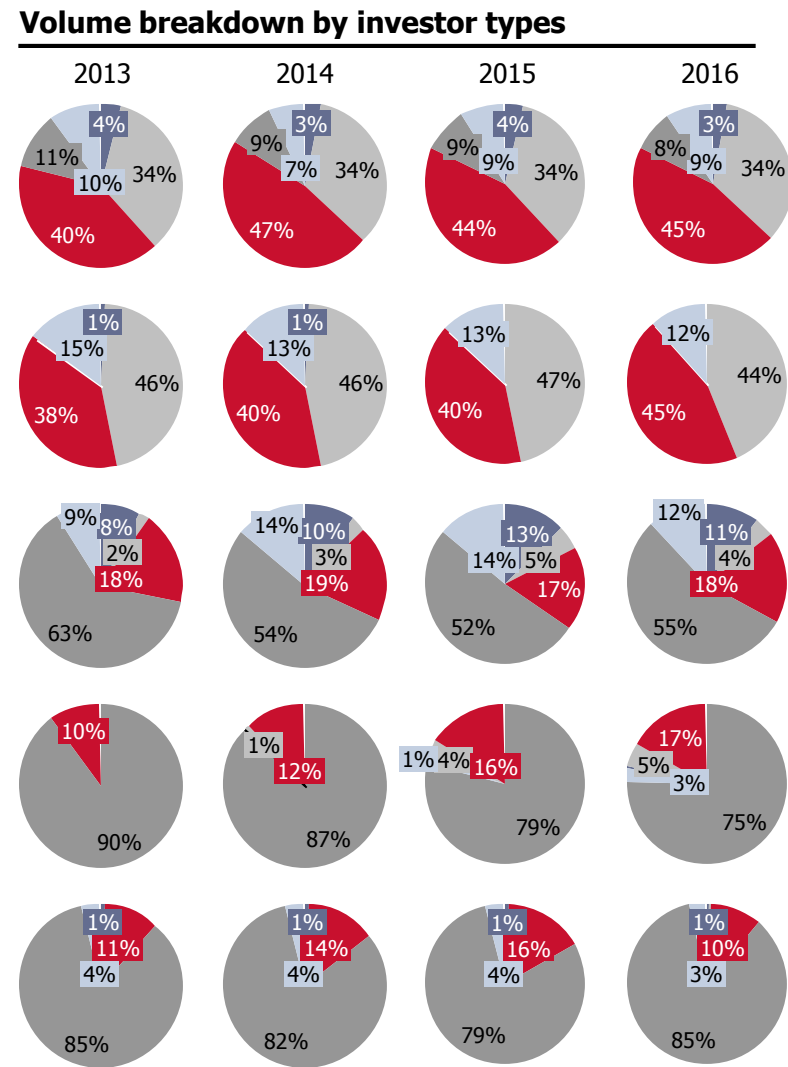
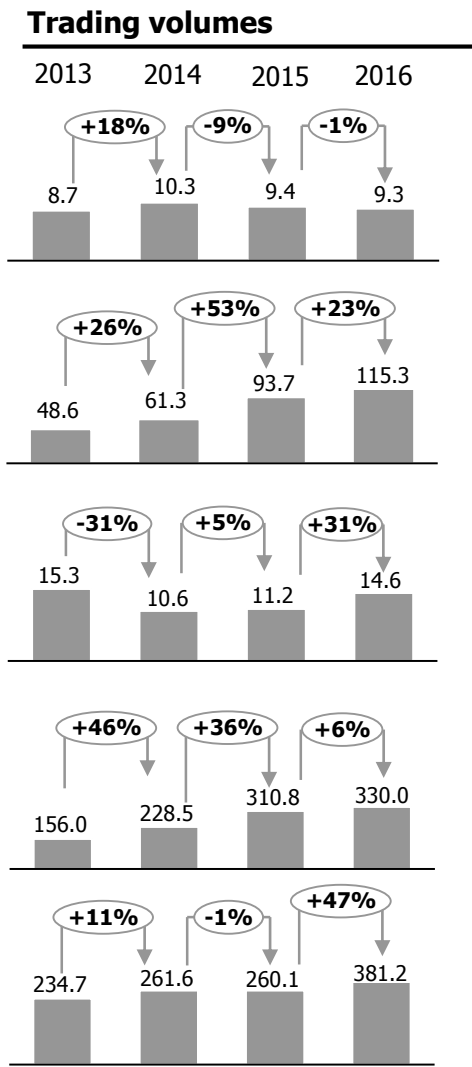
Equities Market  
RUB trn

Derivatives Market  
RUB trn

Fixed Income Market  
RUB trn

FX Market  
RUB trn

Money Market<sup>1</sup>  
RUB trn



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

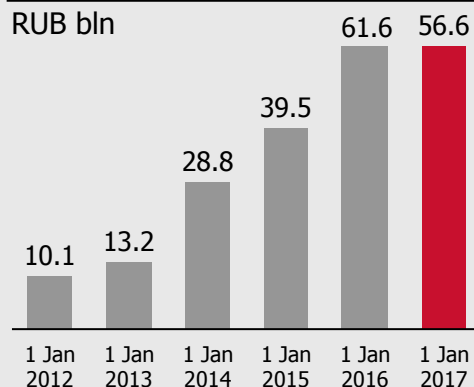
- Local funds
- Local banks and brokers prop trading
- Local retail investors
- Local corporates
- Foreign investors

# Robust post-trade infrastructure

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

## CLEARING

### National Clearing Centre (NCC) proprietary funds (capital)<sup>1</sup>



### CCP cleared value based on ADTV (12m2016)

RUB bln

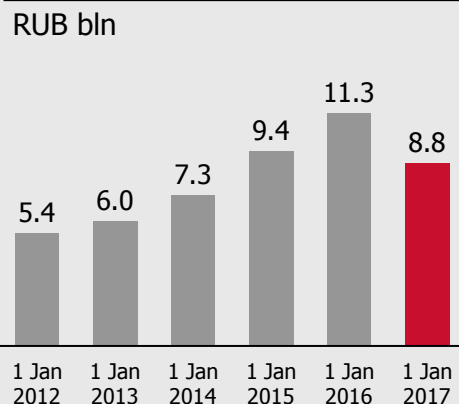
FX	1309
REPO with CCP	699
Derivatives	457
Fixed income	58
Equities	37
Commodities	1

### Comments

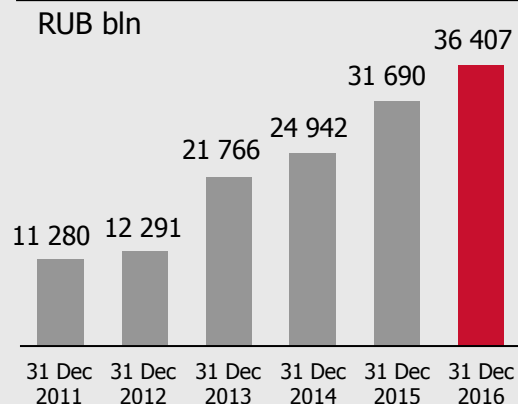
- Well-capitalized NCC acts as CCP for all asset classes.
- Solid risk management has ensured smooth operations amid high volatility
- The only qualified CCP in Russia. The status was granted by the CBR in 2013
- BBB local currency rating from Fitch – one notch higher than Russia's sovereign rating

## SETTLEMENT & DEPOSITORY

### National Settlement Depository (NSD) proprietary capital



### Assets on deposit<sup>2</sup>



### Comments

- NSD is the Central Securities Depository in Russia
- Safekeeping and settlement services
- Collateral management services for REPO transactions
- Repository for OTC trades
- Links to Euroclear and Clearstream for Russian bonds and equities
- AA- rating from Thomas Murray<sup>3</sup>

Source: Moscow Exchange

<sup>1</sup> Figures in accordance with Russian Accounting Standards as reported to and disclosed by the CBR on a monthly basis. Figures from the end of 2015 onwards include skin in the game and other deductions in accordance with the regulation of CCPs by the CBR

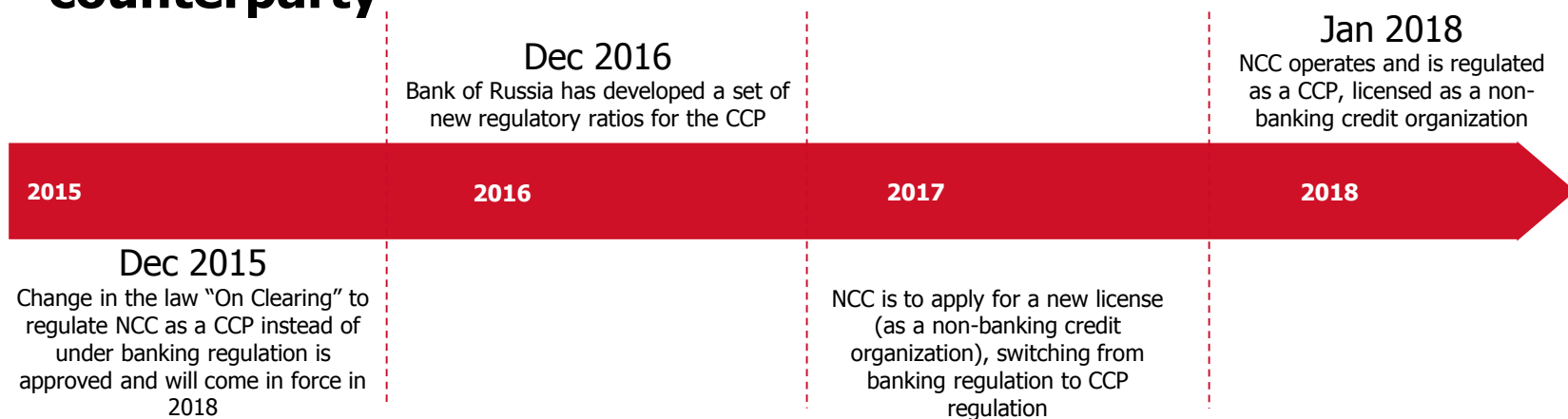
<sup>2</sup> Assets in deposit based on Company operational data

<sup>3</sup> Thomas Murray is the leading global agency for depository services



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# New regulation on clearing recognizes NCC as a central counterparty




<b>Capital adequacy</b>	NCC's own capital at any time shall exceed the sum of "skin in the game", minimum capital to maintain 11% of RWA and a reserve of 75% of annual operating expenses
<b>Adequacy of total resources</b>	The sum of "skin in the game" and the guarantee fund at any time shall exceed potential losses in the event of default of the two largest counterparties
<b>Adequacy of initial margin</b>	Price fluctuations of each asset shall not exceed the initial margin amount in more than 99% of cases of price changes
<b>Liquidity ratio</b>	The amount of liquid assets of the CCP at any time shall exceed the amount of potential losses in the event of default of two largest counterparties
<b>Collateral concentration</b>	A certain type of asset is eligible as collateral if its addition does not make its share in total assets placed as collateral by market participants exceed 25%



# Sparking innovation and disruptive technologies

GENERATION 

 FINOPOLIS 2016

**MOEX** is an industry partner of the **Finance & Banking Technologies** track of the largest accelerator for technology start-ups in Russia and Eastern Europe. The track is organized by the Bank of Russia and combines projects in the area of financial technologies, services and e-commerce. The best projects selected via a multi-stage assessment will receive intensive development as well as opportunities to attract major new investment.

**MOEX** is the general partner of the **Forum of Innovative Financial Technologies** (Finopolis), the largest fintech forum in Russia organized by the Bank of Russia to spur the introduction of innovation technologies in the financial sector. At a MOEX roundtable five start-ups presented services in robo-advising, financial marketplaces, access interfaces and crypto-security.

**MOEX** launched the first annual **“Innovations in Investing”** contest among professional market participants and independent developers to support and develop products and services complimentary to MOEX technologies:

Selected contest participants:

  
**RIGHT**

- ✓ Automated stock and bond trading app
- ✓ Robo-advising with online recommendations driven by fundamental analysis
- ✓ Personal approach based on the client's risk profile

 **yango** ДОХОДЧИВЫЕ  
ВЛОЖЕНИЯ

- ✓ Mobile App for buying bonds 24/7
- ✓ One-click investment without threshold limit
- ✓ Blockchain to decrease operating risk and to protect against fraud
- ✓ Robo-advising to help create a fixed-income portfolio

 **SIMPLE INVEST**

- ✓ An easy way to start investing
- ✓ Personalization of the investment process
- ✓ Gamification to learn and strengthen investment skills
- ✓ Link to the client's bank card



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# E-voting via Blockchain successfully tested at NSD

## Blockchain: E-voting for bondholders

### E-voting for bondholders

Prototype version successfully tested in 2016

**Open source code**

**80**  
transactions per second

**Pilot version**  
to be launched in 2017

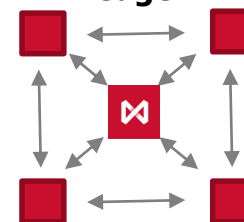
**Bondholder**



Set of voting instructions and digital signature →

← Verification

**Distributed Ledger**



### Changing the environment of the financial market...

- ✓ Participation in the development of unified standards for e-voting based on distributed ledger technology in BRICS
- ✓ Membership in **Hyperledger**, a leading consortium aimed at developing and promoting blockchain technology, as well as the working group of the Bank of Russia, and the **Post-Trade Distributed Ledger (PTDL) Group**, an initiative of 37 member financial institutions aiming to determine how distributed ledger technology can best benefit the post-trade industry.
- ✓ Support of hackathons and sponsorship of **FinTech Pilotbed**, a blockchain start-up accelerator

### ...while studying areas of potential implementation

1. Issuance and trading of commercial bonds
2. Trading repository
3. Mutual investment funds
4. KYC, AML



**1** Business overview



Corporate governance and dividends

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Market position and competitive strategy

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Financial track record













**5**

Q3 2016 update



# Best-in-class corporate governance standards

- ✓ Independent directors represent 50% of the Board vs. a minimum threshold of 20%<sup>1</sup>. Five of the six Supervisory Board Commissions are chaired by independent directors
- ✓ MOEX was a pioneer to adopt the new criteria of Director Independence aligned with the new Corporate Governance Code
- ✓ Alexei Kudrin, a well-known and respected financial expert globally who was acknowledged as the best Minister of Finance in 2004 (“The Banker”) and 2010 (“Euromoney”), serves as Board Chairman
- ✓ 11 out of 12 Board members are non-executive, with CEO Alexander Afanasiev the only executive Director

	Board members	Strategy Planning	Audit	Nomination and Remuneration	Budget	Technical Policy <sup>2</sup>	Risk Management
	<b>Alexey Kudrin - Chairman</b> Chairman of the Board at the Centre for Strategic Research						
	<b>Andrey Golikov - Deputy Chairman</b> Deputy Chairman of the Supervisory Board at Moscow Exchange	✓			Chair		
	<b>Alexander Afanasiev</b> CEO, Chairman of the Executive Board at Moscow Exchange						
	<b>Sean Glodek</b> Senior Advisor at MC RDIF, LLC	✓			✓		✓
	<b>Valery Goreglyad</b> Chief Auditor at Bank of Russia				✓		✓
	<b>Bella Zlatkis</b> Deputy Chairman of the Executive Board at Sberbank of Russia						
	<b>Yuan Wang</b> Head of Training and Education Department at China Development Bank	✓					
	<b>Maria Gordon</b> Independent Director at Alrosa		✓	✓			
	<b>Yuriy Denisov</b> Chairman of the Supervisory Board at NCC Clearing Bank	✓		✓			Chair
	<b>Anatoly Karachinsky</b> President, IBS Group					Chair	
	<b>Duncan Paterson</b> Independent Consultant	✓	Chair				
	<b>Rainer Riess</b> Director General at Federation of European Securities Exchanges (FESE)	Chair	✓	Chair			

\* Independent directors



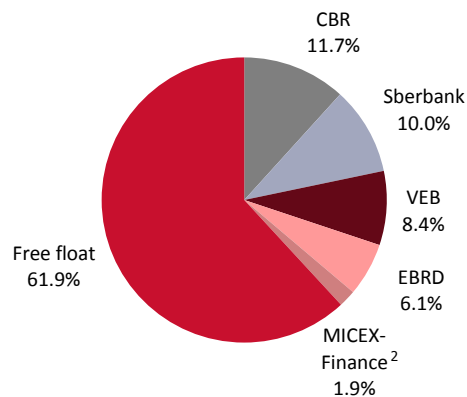
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1 According to the Listing rules of Moscow Exchange for stocks listed in the First level of the Quotation list  
 2 Technical Policy Commission includes key industry IT professionals

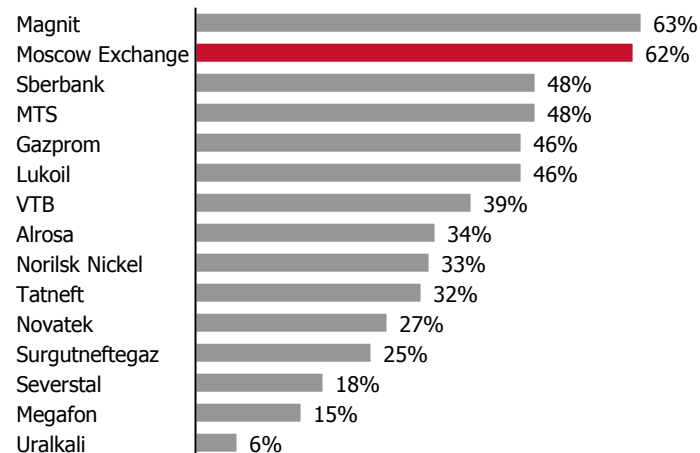
# Dispersed ownership with one of the **highest free-floats** in Russia

## Dispersed ownership with no controlling shareholder...

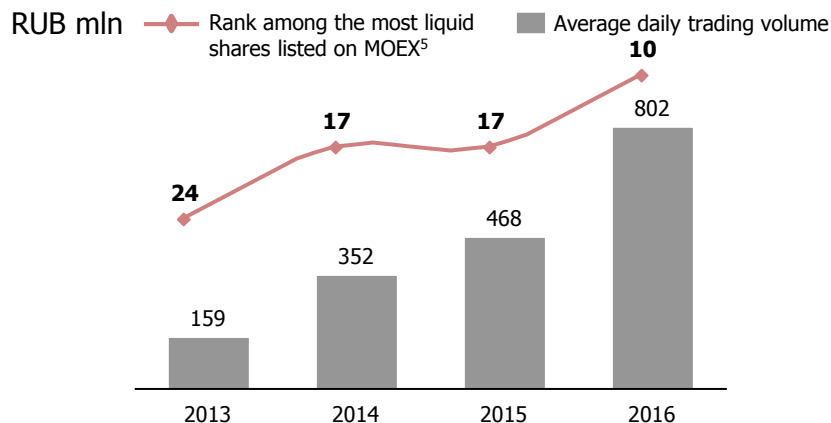
as of May 16, 2016<sup>1</sup>



## ...and one of the highest free-floats in Russia<sup>3</sup>



## Growing liquidity of MOEX shares<sup>4</sup>



## Striving for transparency

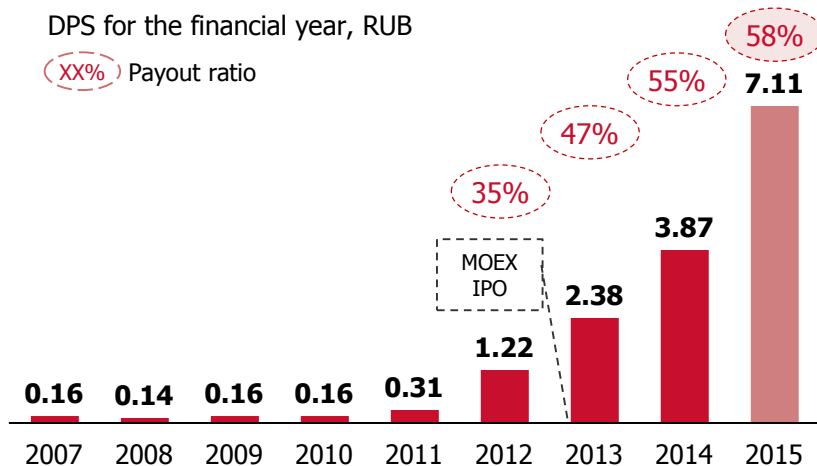
- **Voluntary disclosures** and regular updates of investor materials, including monthly trading results
- Annual **MOEX Forums** in Moscow, New York, London and Shanghai have become a well-know venue to maintain a dialogue with international market participants
- **Robust investor relations program:**
  - ✓ 349 investor meetings in 2016
  - ✓ IR activities in Russia, the UK, Europe and the US to maintain dialogue with overseas investors
  - ✓ IR awards in Russia in 2014, 2015 and 2016

# Dividend policy: payout floor of 55%

## History of dividend growth

DPS for the financial year, RUB

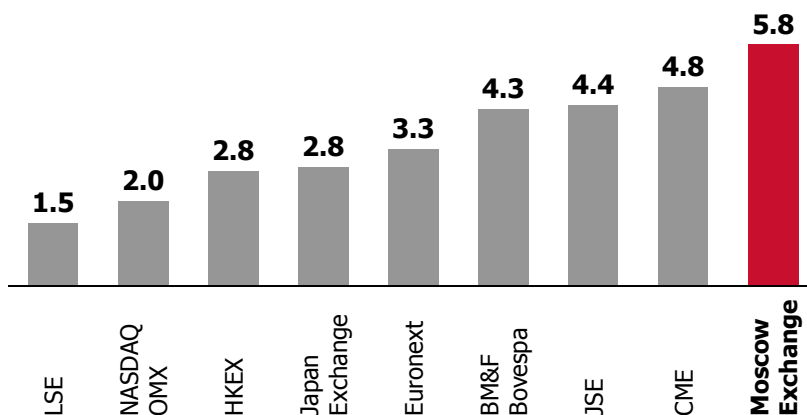
(XX%) Payout ratio



- A new dividend policy approved in Sept 2015 sets 55% of net profit as the new minimum payout
- In April 2016 the AGM approved a dividend for 2015 of RUB 7.11 per share, or 58.2% of 2015 IFRS net profit

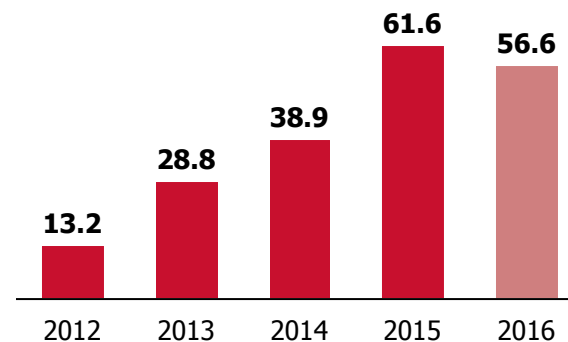
## Dividend yields of MOEX and exchange peers, 2017E<sup>1</sup>

%



## NCC has been well capitalized in recent years

RUB bln



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Sources: Bloomberg, Moscow Exchange  
1 As of 11 January 2017

**1** Business overview

**2** Corporate governance and dividends



Market position and competitive strategy

**4** Financial track record

**5** Q3 2016 update



# Leading positions in a global context

## 2<sup>nd</sup> largest exchange in fixed income<sup>1</sup>

Rank	Exchange	Country	Trading vol. (USD bln)	Incl. REPOs
1	BME	Spain	6 875	✓
<b>2</b>	<b>Moscow Exchange</b>	<b>Russia</b>	<b>3 764</b>	<b>✓</b>
3	Korea Exchange	Korea	2 843	×
4	LSE Group	UK	1 976	×
5	Johannesburg SE	South Africa	1 850	✓
6	Nasdaq OMX	USA	1 712	✓
7	Oslo Borse	Norway	713	✓
8	Bolsa de Valores de Colombia	Colombia	417	×
9	Shanghai SE	China	398	×
10	Taipei Exchange	Taiwan	268	×

## 3<sup>rd</sup> largest exchange in derivatives<sup>2</sup>

Rank	Exchange	Country	Contracts traded (mln)
1	CME Group	USA	3 942
2	NSE India	India	2 135
<b>3</b>	<b>Moscow Exchange</b>	<b>Russia</b>	<b>1 963</b>
4	Shanghai Futures Exchange	China	1 681
5	Deutsche Boerse	Germany	1 592
6	Dalian Commodity Exchange	China	1 537
7	BM&FBOVESPA	Brazil	1 358
8	CBOE	USA	1 124
9	Nasdaq OMX	USA	998
10	Zhengzhou Commodity Exchange	China	901

## Among top 25 exchanges by equity trading volumes globally<sup>3</sup>

Rank	Exchange	Country	Mkt Cap (USD bln)	Securities listed	Trading vol. (USD bln)
1	ICE&NYSE	USA	19 573	2 307	17 318
2	Nasdaq OMX	USA	8 965	3 835	11 781
3	Shenzhen SE	China	3 217	1 870	11 606
4	Shanghai SE	China	4 104	1 182	7 492
5	Japan Exchange	Japan	5 061	3 541	5 618
6	LSE Group	UK	3 496	2 590	2 286
7	Euronext	EU	3 493	1 051	1 766
8	Korea Exchange	Korea	1 282	2 059	1 673
9	HKEx	Hong Kong	3 193	1 973	1 350
10	Deutsche Boerse	Germany	1 732	592	1 306
...	...	...	...	...	...
<b>24</b>	<b>Moscow Exchange</b>	<b>Russia</b>	<b>636</b>	<b>245</b>	<b>129</b>

## 12<sup>th</sup> publically listed exchange by Mkt Cap<sup>4</sup>

Rank	Exchange	Country	Mkt Cap (USD bln)
1	CME	USA	39.9
2	ICE&NYSE	USA	34.2
3	HKEx	Hong Kong	29.2
4	Deutsche Boerse	Germany	16.7
5	LSE Group	UK	13.5
6	Nasdaq OMX	USA	11.2
7	BM&FBovespa	Brazil	10.4
8	Japan Exchange	Japan	7.6
9	ASX	Australia	7.2
10	CBOE	USA	6.2
11	SGX	Singapore	5.7
<b>12</b>	<b>Moscow Exchange</b>	<b>Russia</b>	<b>5.1</b>

Source: Moscow Exchange, WFE, Bloomberg, LSE Group (for LSE Group data)

1 Due to different methodologies applied, data on fixed income trading may not be directly comparable among exchanges. Data for 2016

2 Data for 2016

3 Top equity trading exchanges are ranked by trading volume. Ranking without BATS (excluded due to absence of data for market capitalization and number of listed companies). Data for 2016

4 Market capitalization of public exchanges based on Bloomberg data as of 24 January 2017



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# Building on the success of Strategy 2012-2015

## Key initiatives of Strategy 2012-2015 successfully implemented

- ✓ Central Securities Depository (CSD)
- ✓ CCP across all markets
- ✓ T+ settlement cycle
- ✓ DMA across all markets
- ✓ ICSDs access to local infrastructure
- ✓ USD/RUB futures emergence as a flagship derivative contract
- ✓ Crucial regulatory reforms (individual investment accounts, “non-loss” rule elimination for NPFs, revival of pension savings)

- Total trading volume CAGR of ~**18%** in 2012-2014
- Operating profit CAGR of ~**29%** in 2012-2014
- EPS for 2014 up **2.3 times** versus 2011 to RUB 7.2
- Dividend per share up **12.5 times** versus 2011 to RUB 3.87 with a payout ratio of 55% for 2014



# Competitive strategy 2015-2020: key pillars - 1



	Strategy	Drivers and initiatives
<b>Equities</b>	Aggressive growth: development of the equity capital markets	<ul style="list-style-type: none"> <li>✓ Benefits from completed infrastructure, tax and regulatory reforms (T+2, CSD and access of ICSDs, IIA)</li> <li>✓ Growing the retail investor base</li> <li>✓ New listings and IPOs, repatriation of capital</li> <li>✓ Further simplification of access for international investors</li> </ul>
<b>Fixed income</b>	Aggressive growth: bonds to substitute bank loans as a funding tool	<ul style="list-style-type: none"> <li>✓ Development of short-term and ultra short-term bonds, securitization</li> <li>✓ Simplification of access to the bond market for corporates</li> <li>✓ Growth through expansion of the retail investor base</li> <li>✓ Benefits from completed reforms (shift to T+1 for OFZs, improved tariffs, large block auctions, ICSDs)</li> </ul>
<b>Derivatives</b>	Aggressive growth through new asset classes and tariff reform	<ul style="list-style-type: none"> <li>✓ Tariff reform to increase effective fees</li> <li>✓ Development of commodities derivatives</li> <li>✓ Approval of CFTC registration application in order to permit access for US market participants</li> <li>✓ Options market development</li> <li>✓ Synergies with spot markets via a unified collateral pool</li> <li>✓ OTC derivatives clearing</li> </ul>
<b>Market data</b>	Aggressive growth through enhancement of the product offering	<ul style="list-style-type: none"> <li>✓ Expansion of market data sales</li> <li>✓ Improvement of data dissemination: development of a real-time and non-real time data platform</li> <li>✓ Development of the corporate information center</li> <li>✓ Development of the pricing center</li> <li>✓ Expansion of the repository offering</li> </ul>

# Competitive strategy 2015-2020: key pillars - 2

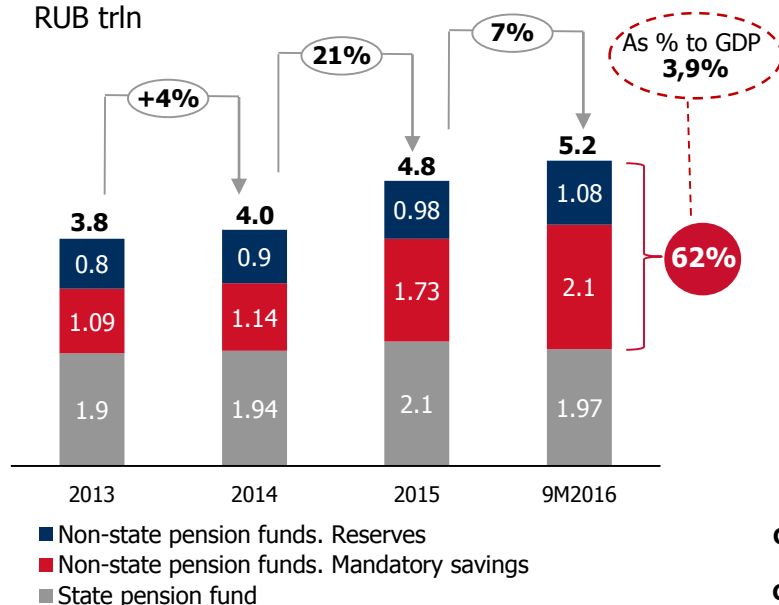


	Strategy	Drivers and initiatives
<b>FX Market</b>	Market share protection through further market expansion	<ul style="list-style-type: none"> <li>✓ Development of international clearing membership</li> <li>✓ Direct access of corporates to the market</li> <li>✓ Development of SMA services</li> </ul>
<b>Money Market</b>	Market share protection through further product development	<ul style="list-style-type: none"> <li>✓ Further enhancement of the existing product portfolio – collateral management services, REPO with General collateral pool</li> <li>✓ Direct access of corporates to REPO with CCP in “net creditor” mode</li> </ul>
<b>Depository services</b>	Steady growth via development of new services	<ul style="list-style-type: none"> <li>✓ Corporate actions reform</li> <li>✓ Launch of the corporate information center</li> <li>✓ Expansion of the repository offering</li> </ul>
<b>Treasury business</b>	Gradual substitution of NII with F&C income	<ul style="list-style-type: none"> <li>✓ Reduction of NII contribution to revenue through implementation of the single collateral pool as a fee-based service, including risk netting, cross-margining and portfolio margining</li> </ul>
<b>IT</b>	Ongoing enhancement of IT systems	<ul style="list-style-type: none"> <li>✓ Focus on reliability of hardware</li> <li>✓ Improved processes of software development and installation</li> <li>✓ Corporate accelerator to foster fintech startups that develop technologies complementary to MOEX’s product offering</li> </ul>

# Local institutional investors: the potential of pension funds

## Pension assets in Russia

RUB trln

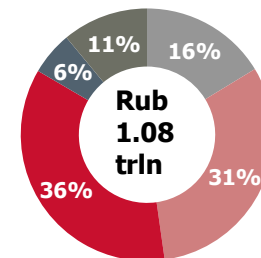
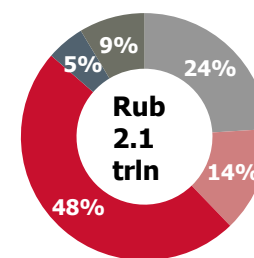
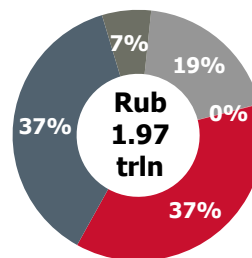


## Pension system asset allocation<sup>1</sup>

State pension fund

NPFs. Mandatory savings

NPFs. Reserves



■ Cash ■ Shares ■ Corporate bonds ■ Government bonds ■ Other

YTD 2016

Shares 40%

Corp. bonds 6%

Govt. bonds -5.5%

YTD 2016

48%

48%

2.5%

YTD 2016

14%

25%

96%

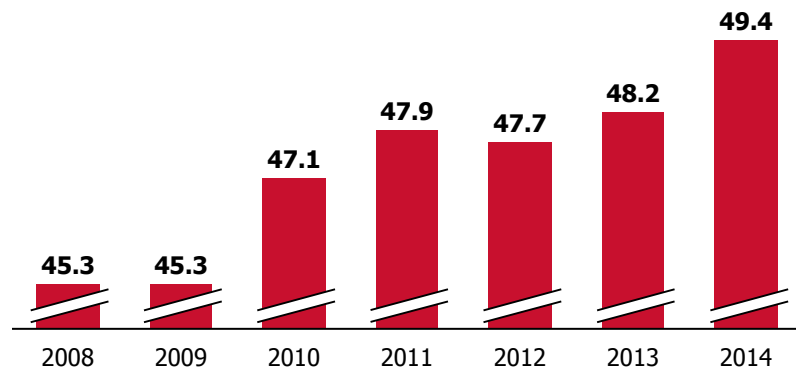
## Key highlights of the pension reform

- Bank of Russia became a regulator of the pension system in 2013
- Adopted changes in non-state pension fund regulation:
  - "One year non-loss" rule was abolished
  - Investment horizon of NPFs was extended to 5 years
  - Customers are now incentivized to stay with the fund for not less than 5 years
  - Guarantee fund mechanism (similar to the Deposit Insurance Agency in the banking system)
  - New allocations to NPFs remained under moratorium until 2019, which reduced growth potential and left room for organic growth only

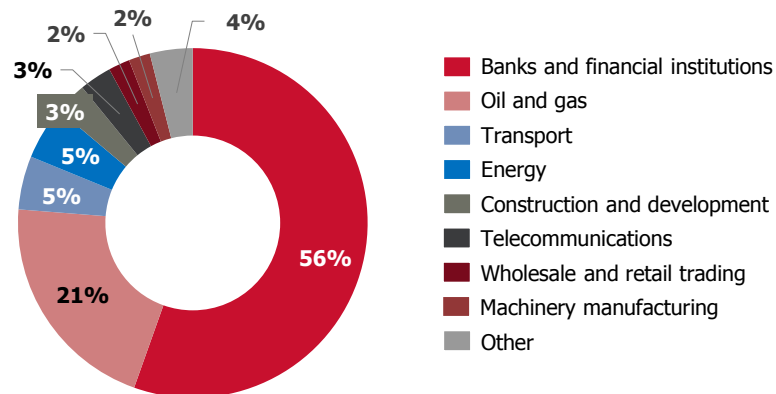
# Bond market – why we are strong believers

## Ageing fixed assets require long-term investments

Accumulated depreciation as % of fixed assets



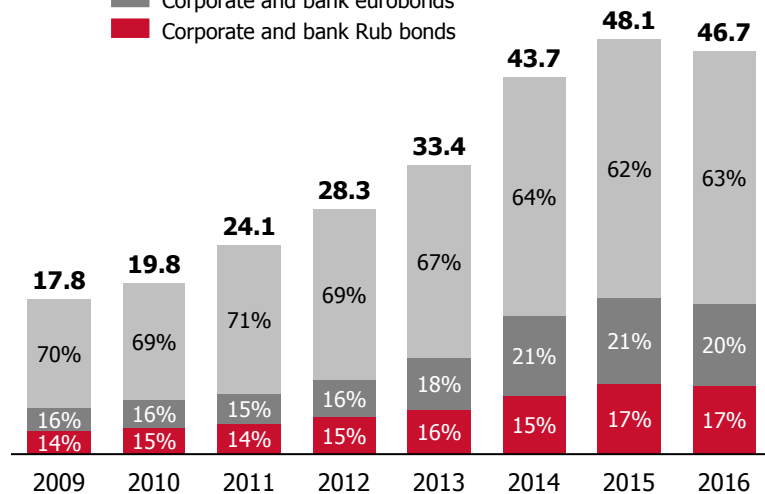
## Breakdown of bond issuers<sup>1</sup> by industry



## Corporate bonds substitute bank loans

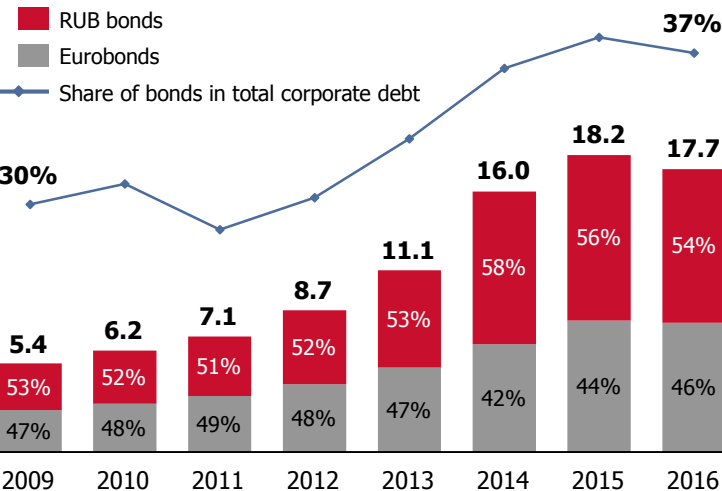
RUB trln

- Bank loans to corporates, excl. interbank
- Corporate and bank eurobonds
- Corporate and bank Rub bonds



## Local bonds vs Eurobonds of Russian corporates<sup>2</sup>

RUB trln



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Source: Bank of Russia, Cbonds, Rosstat, Moscow Exchange  
 1 Bonds issued in 2015-2016 traded on MOEX's Bond Market  
 2 Including banks and financial institutions

# Retail money: aiming to grow the culture of investing

## Retail investor savings

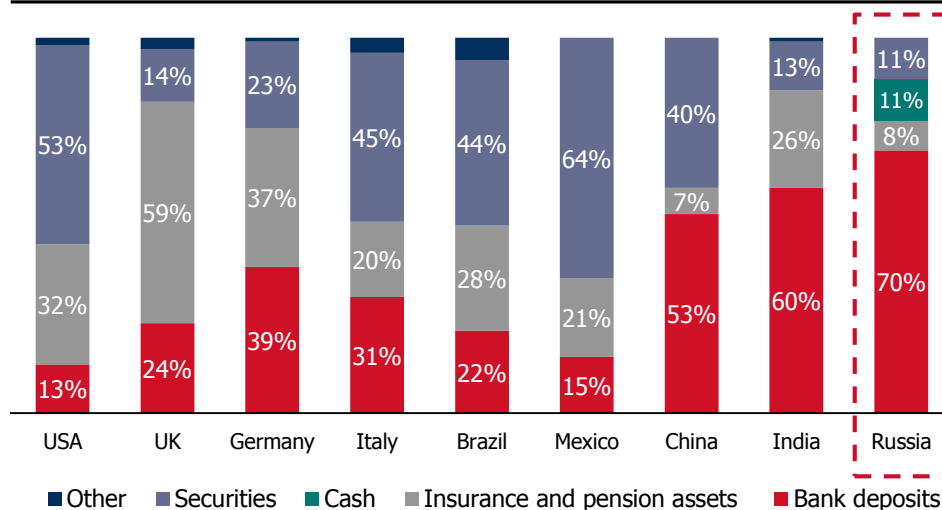
Rub **23**trln

with banks...

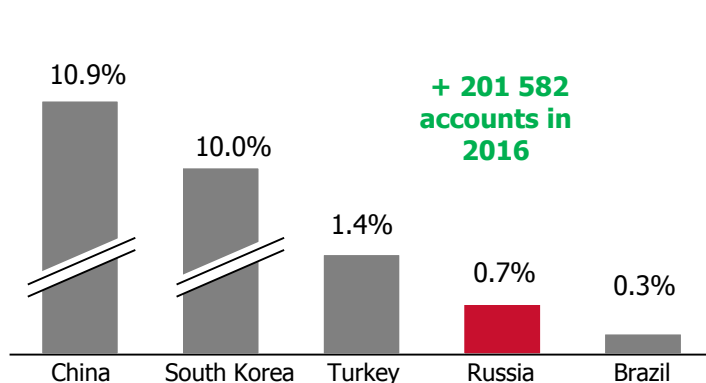
Rub **4**trln

in cash ...vs Rub **33.8** trln of the Russian equity market's market cap

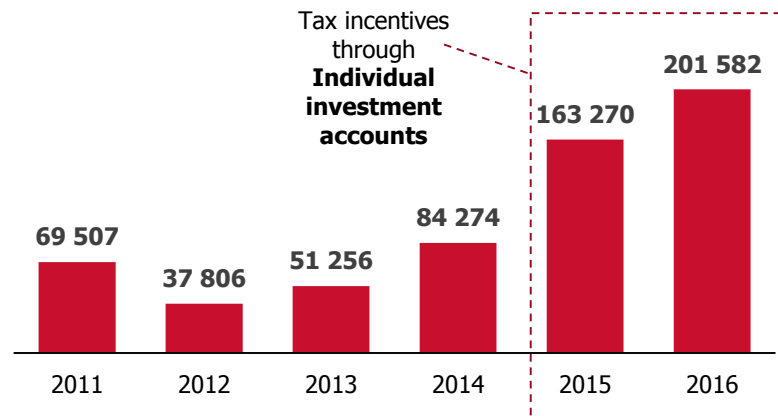
## Russians hold majority of savings in banks and cash<sup>1</sup>



## Population's participation in the securities market<sup>2</sup>, %

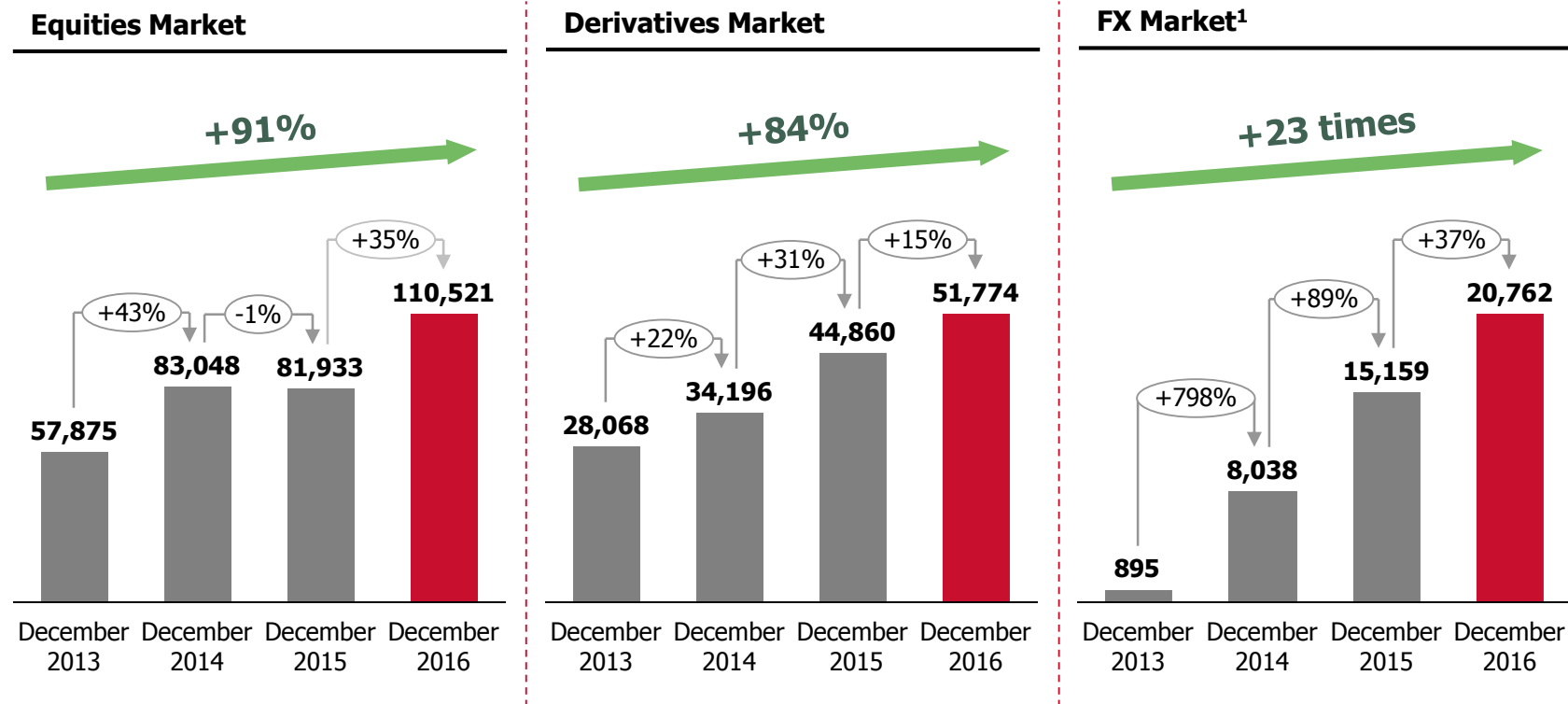


## Newly opened retail accounts



# Retail clients: a growing segment of the Russian financial market

## Number of active retail client accounts



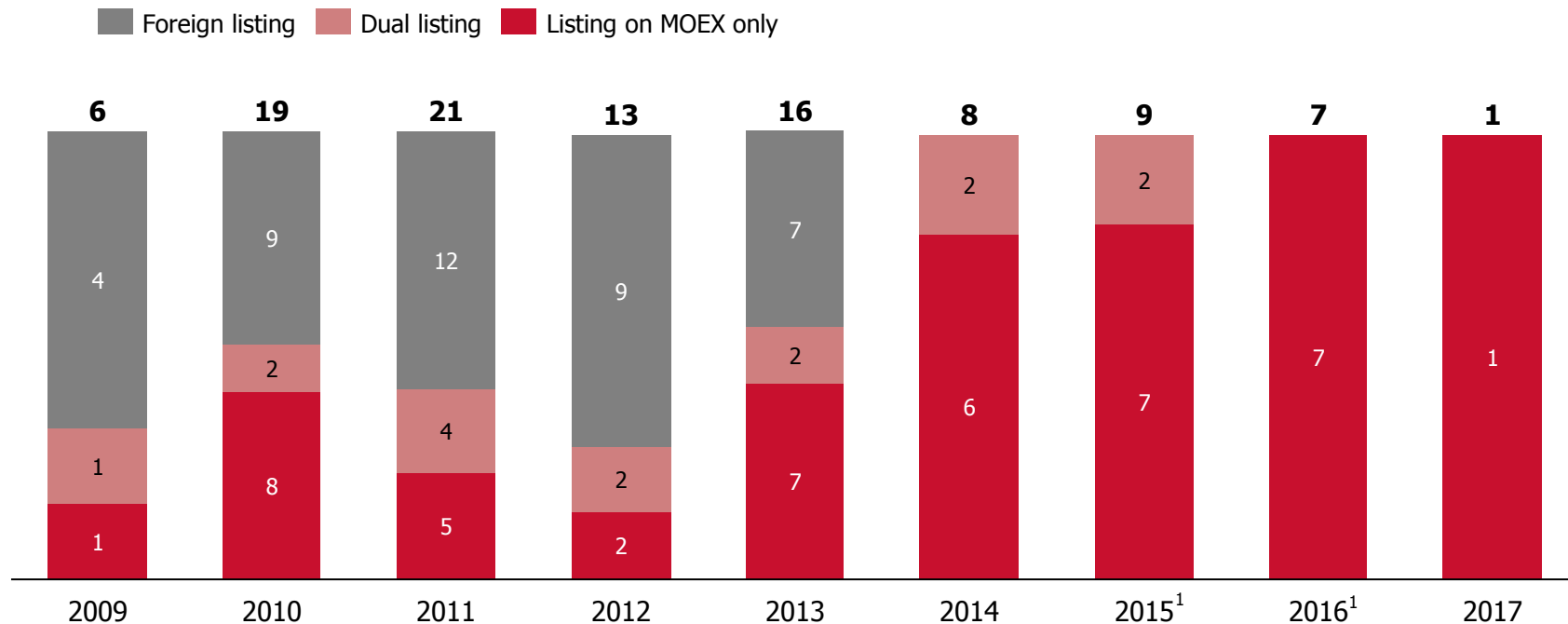
### Recent regulatory changes:

- Introduction of **individual investment accounts** for private investors since 2015: ~200,000 accounts opened as of December 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 far-flung regions



# Shift towards local capital raisings

## IPOs/SPOs/listings by Russian issuers



Despite a challenging macro environment that impacted Russian equity capital markets:

- In 2016, 7 Russian issuers held IPOs/SPOs that raised a total of ~RUB 135 bln, including Alrosa's privatisation transaction in July 2016
- Nearly all ECM transactions in 2015-2016 were held exclusively on MOEX





# DR holders pay substantial **extra fees** to depositary banks

## Fees paid to depositary bank for DR programs of selected Russian companies

DR program		Depository Service Fee <sup>1</sup> (DSF), USD per DR	Dividend Fee <sup>2</sup> , USD per DR	Dividend Fee as % of dividend amount <sup>3</sup>	DRs cancellations fee, USD per DR
Sberbank	BoNY Mellon	0.005	0.015	12%	0.05
VTB Bank	BoNY Mellon	0.03	0.004	12%	0.05
TMK	BoNY Mellon	0.01	0.015	12%	0.05
RusHydro	BoNY Mellon	0.02	0.007	12%	0.05
Surgutneftgaz	BoNY Mellon	0.02	0.011	11%	0.05
MMK	BoNY Mellon	0.02	0.012	8%	0.05
Gazprom	BoNY Mellon	-	0.02	8%	0.05
Norilsk Nickel	BoNY Mellon	-	0.02	6%	0.05
Rostelecom	JP Morgan	0.008	0.03	6%	0.05
Tatneft	BoNY Mellon	0.02	0.02	2%	0.05
Novatek	BoNY Mellon	-	0.02	2%	0.05
Lukoil	BoNY Mellon	-	0.02	1%	0.05
Phosagro	Citi	0.02	-	1%	0.05
AFKS	Deutsche Bank	0.02	-	0%	0.05
NLMK	BoNY Mellon	0.02	-	0%	0.05
Rosneft	JP Morgan	0.004	-	0%	0.05
Lenta	DB	0.03	-	0%	-
Magnit	JP Morgan	0.005	-	0%	-
Megafon	BoNY Mellon	0.03	-	0%	0.05
<b>Average</b>		<b>0.015</b>	<b>0.011</b>	<b>5%</b>	<b>0.05</b>

## Gross DSF and dividend fees calculated for Top-3 international funds holding DRs of Russian companies<sup>4</sup>

Fund A	3 046 782 USD
Fund B	3 776 182 USD
Fund C	3 619 592 USD

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

Fund A	7 130 574 USD
Fund B	7 386 356 USD
Fund C	3 319 803 USD

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



1 Service fees are charged annually, on an arbitrary date. Calculated based on number of DR in a client's 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 December 2016

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

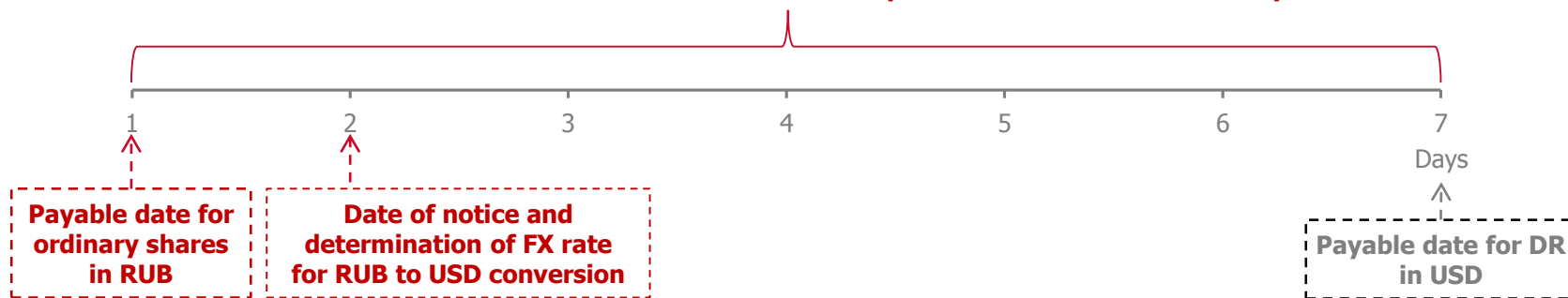
# DR holders incur opportunity costs over a week

## FX rate determination for dividends

- FX rates for conversion of dividends are determined in a nontransparent manner
- According to information from notices for DR holders<sup>3</sup>:
  - Custodian - DR issuer has no obligation to obtain the "best price" for any FX Trade
  - The conversion rate reflects a foreign currency ("FX") transaction ("FX Trade") executed by Custodian - DR issuer as principal counterparty and not as agent, fiduciary or broker

Issuer	Record date	Local Shares		DR		Diff.
		Payable date	FX rate <sup>1</sup>	Payable date	FX rate <sup>2</sup>	
FSK YeES	11-Jul-16	25-Jul-16	65.0	1-Aug-16	66.4	<b>2.2%</b>
Novatek	11-Oct-16	1-Nov-16	63.2	8-Nov-16	63.6	<b>0.8%</b>
Lukoil	12-Jul-16	27-Jul-16	66.0	3-Aug-16	66.5	<b>0.7%</b>
TGK-1	7-Jul-16	26-Jul-16	66.0	2-Aug-16	66.5	<b>0.7%</b>
Tatneft	8-Jul-16	27-Jul-16	66.0	3-Aug-16	66.5	<b>0.7%</b>
TransContainer	20-Sep-16	11-Oct-16	62.4	18-Oct-16	62.8	<b>0.7%</b>
Mosenergo	17-Jun-16	5-Jul-16	64.3	12-Jul-16	64.8	<b>0.6%</b>
Rosneft	27-Jun-16	18-Jul-16	63.1	25-Jul-16	63.5	<b>0.6%</b>

**DR holders received their dividends one week later compared to holders of the ordinary shares**



Source: Moscow Exchange

1 Average weighted USD/RUB FX rate at Moscow Exchange

2 FX rate for dividends conversion

3 Public available information on the Custodian - DR issuer web site



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# Corporate actions reform in Russia: From paper to leading market technology

From July 1<sup>st</sup> 2016

**New approach to corporate actions processing**

## LOWER COSTS

- ✓ Power of attorney no longer necessary for corporate actions
- ✓ Zero mailing costs, no hard copies needed for investors to participate in corporate actions
- ✓ CSD's service pricing based on principles of covering costs, simplicity and fairness

## LOWER RISKS

- ✓ Creation of a single source of reliable and comprehensive information on corporate actions at 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 convocations, nomination of directors, participation in corporate actions through custodians
- ✓ No more special requirements for holders' incorporation set by issuers



**1** Business overview

**2** Corporate governance and dividends

**3** Market position and competitive strategy



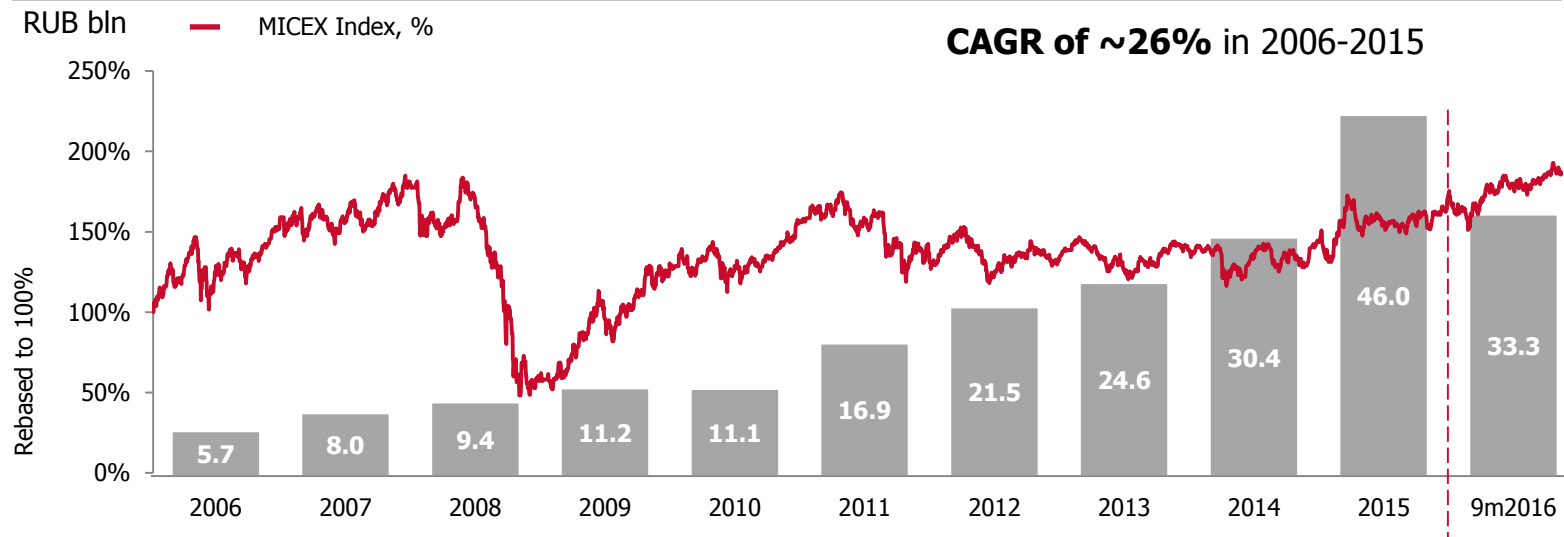
Financial track record

**5** Q3 2016 update



# MOEX business model continues to deliver

## Operating income<sup>1</sup>

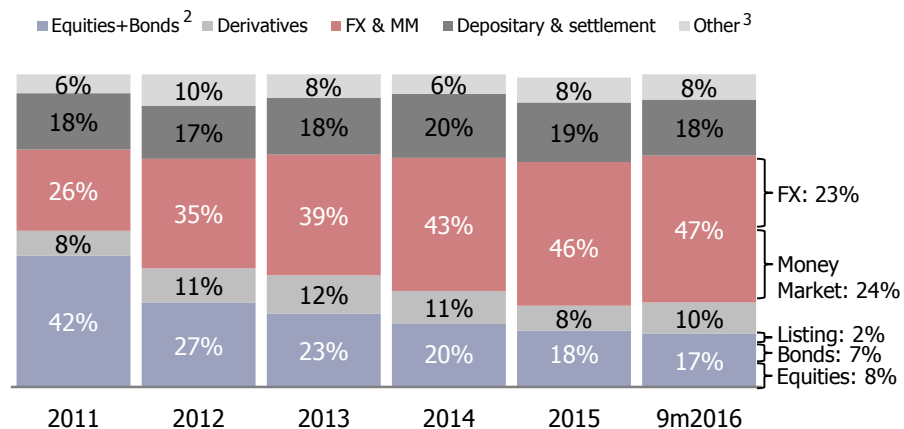


## Key highlights

**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 evolution<sup>1</sup>



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

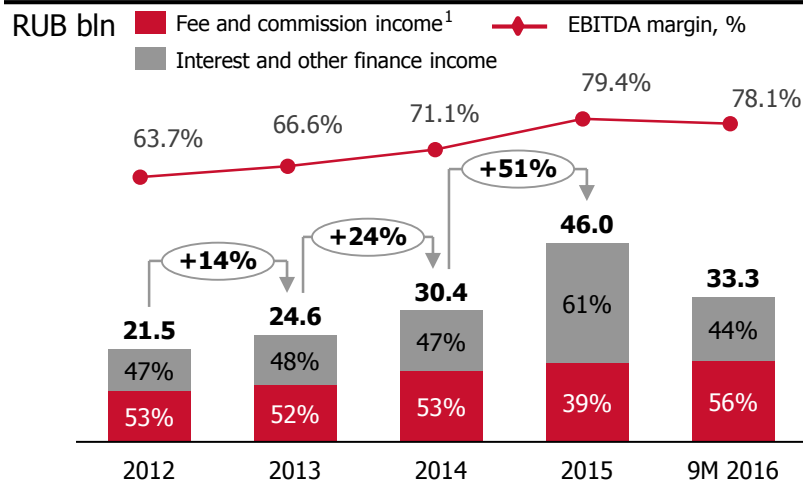
3 Includes income from Information services & sale of software and other fee & commission income



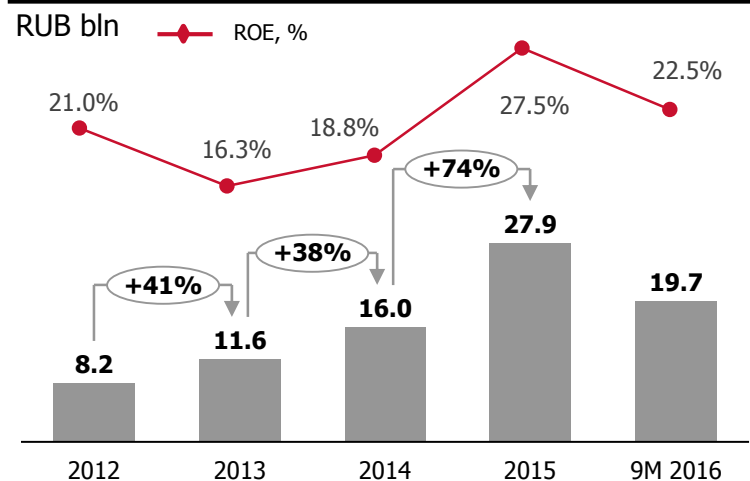
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# Strong financial performance

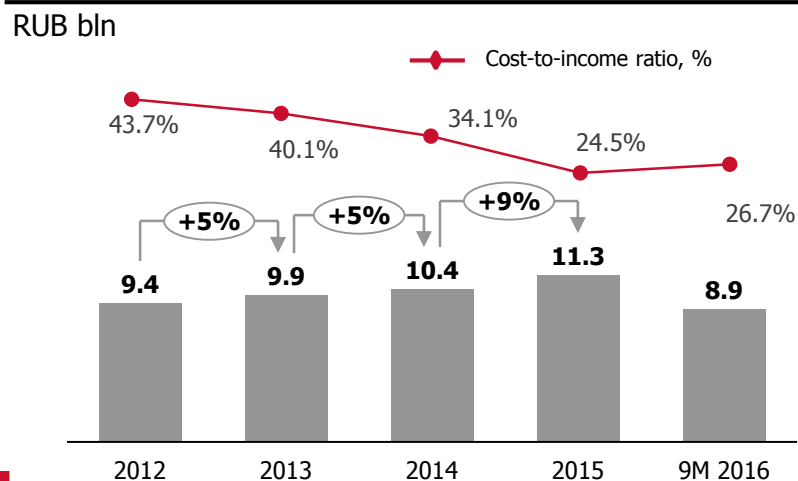
## One of the highest EBITDA margins globally



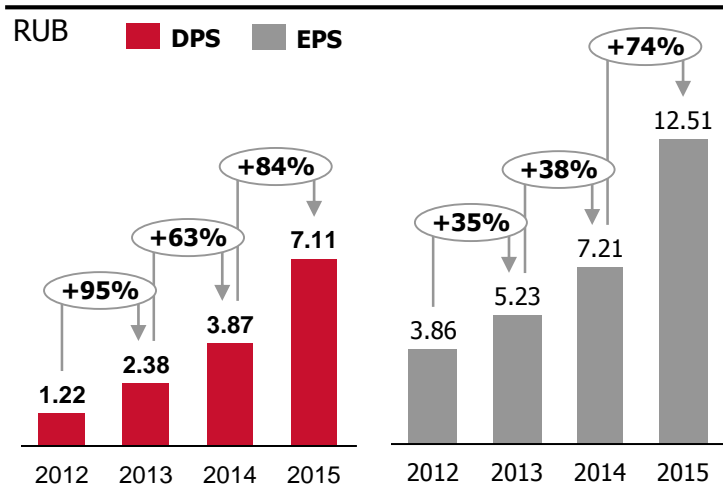
## Strong ROE generation



## Tight control over expenses



## DPS growth outperforming EPS



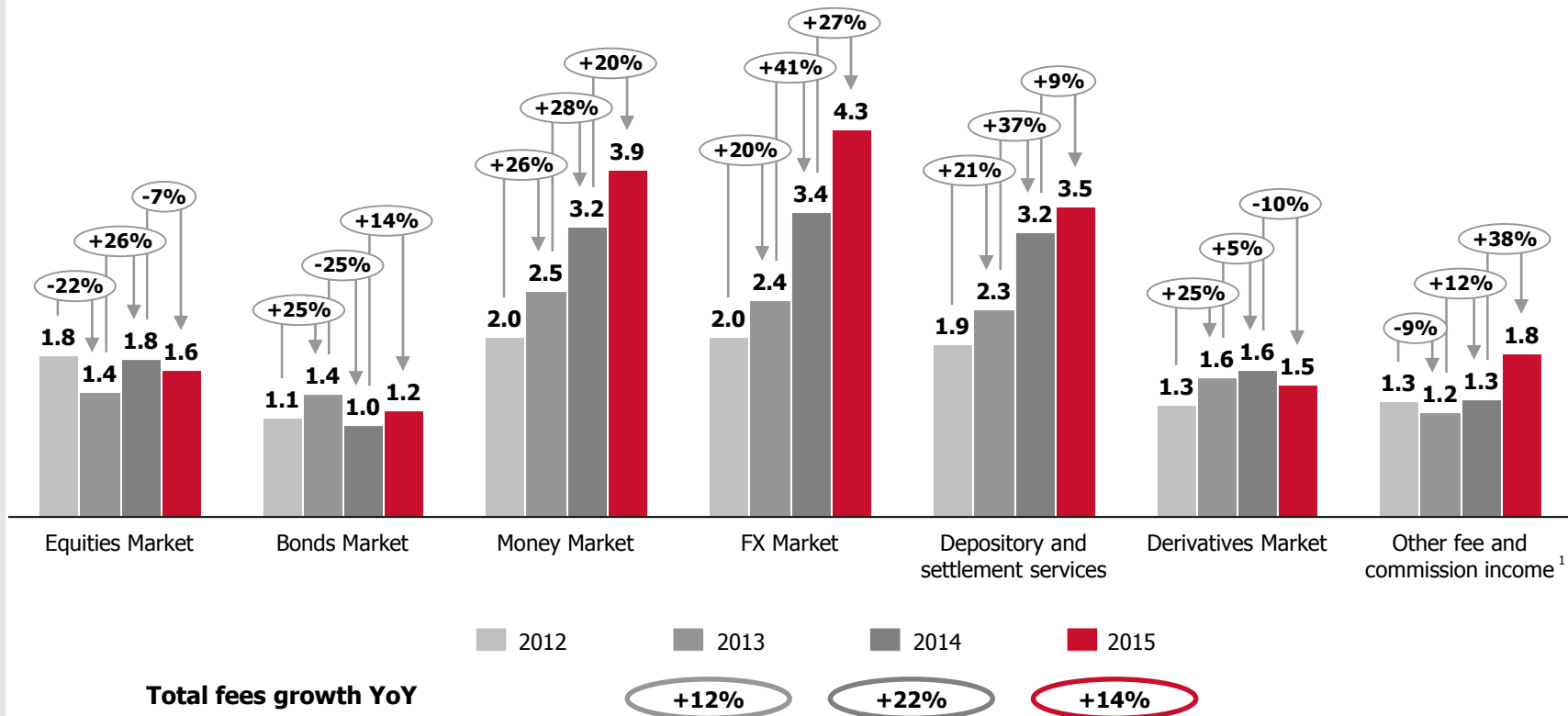
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Source: Moscow Exchange  
1 includes other operating income

# Well-diversified and growing fee income

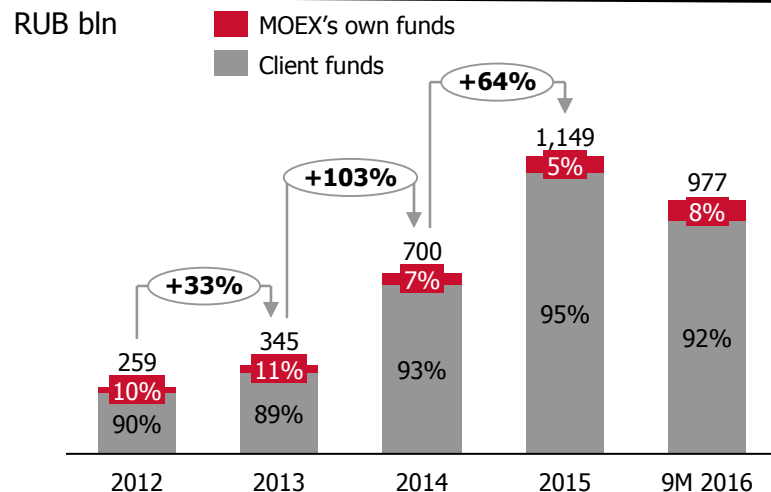
## Fee & commission income

RUB bln

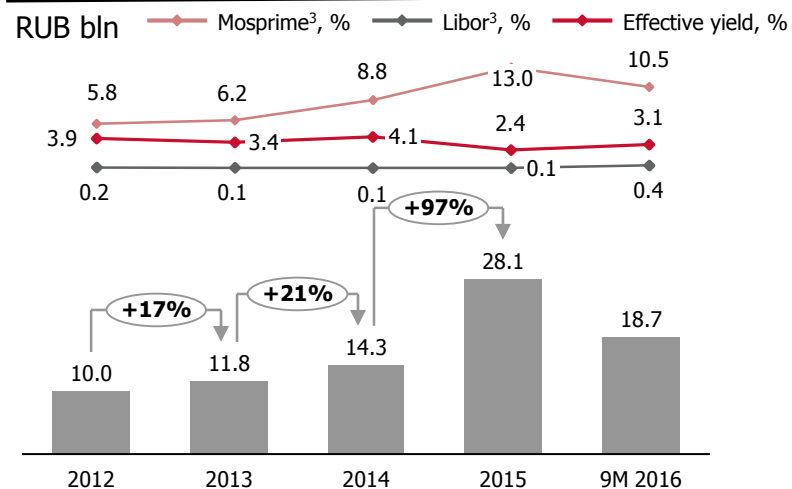


# Interest and finance income

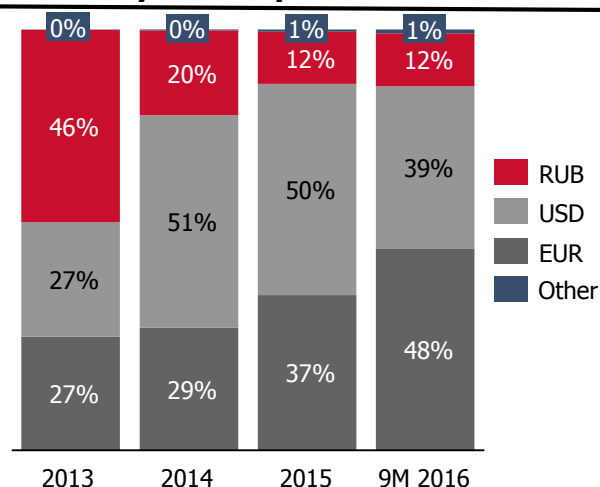
## Investment portfolio<sup>1</sup>



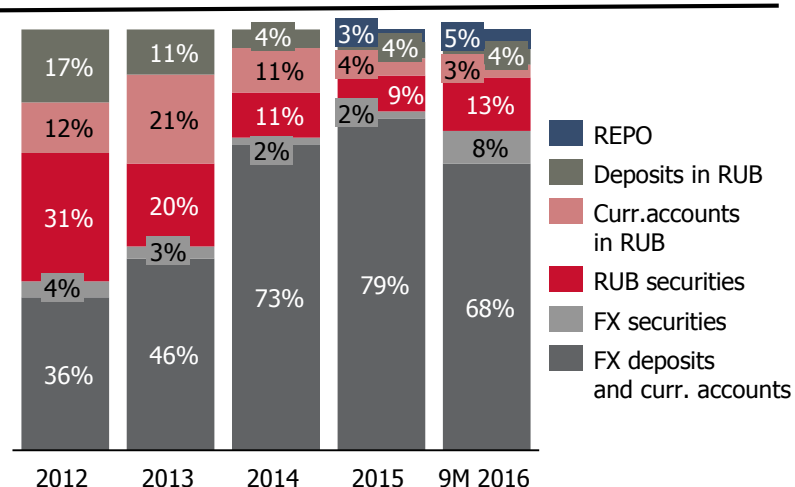
## Interest income<sup>2</sup>



## Client funds by currency



## Investment portfolio by type of assets



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

1 Based on average daily investment portfolio for the period according to management accounts

2 Interest 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

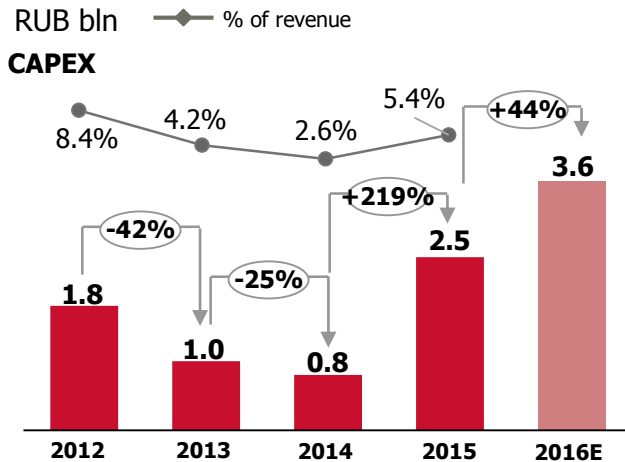


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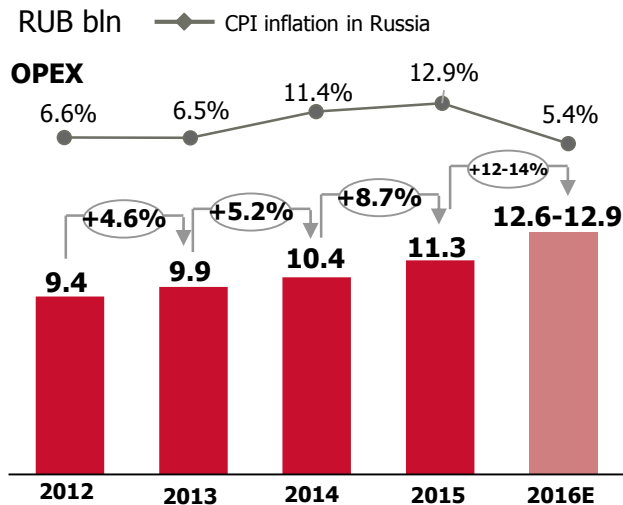
# CAPEX and OPEX

## Moderate capital intensity in spite of operating a technology-based business



- Capex in 2016 is expected to exceed the normalized mid-term forecasted level of RUB 2.5-3.0 bln due to the partial shift of expenditures from 2015 to 2016
- Capex in 2017-2020 is expected to be in the range of RUB 2.5-3 bln
- **Capex scope remains 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

## Effective cost management



- Expense growth was below inflation for 3 recent years in a row
- Personnel expenses are expected to increase **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 a more steady hiring process



**1** Business overview

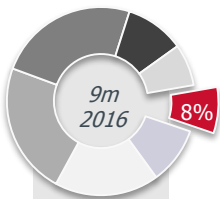
**2** Corporate governance and dividends

**3** Market position and competitive strategy

**4** Financial track record



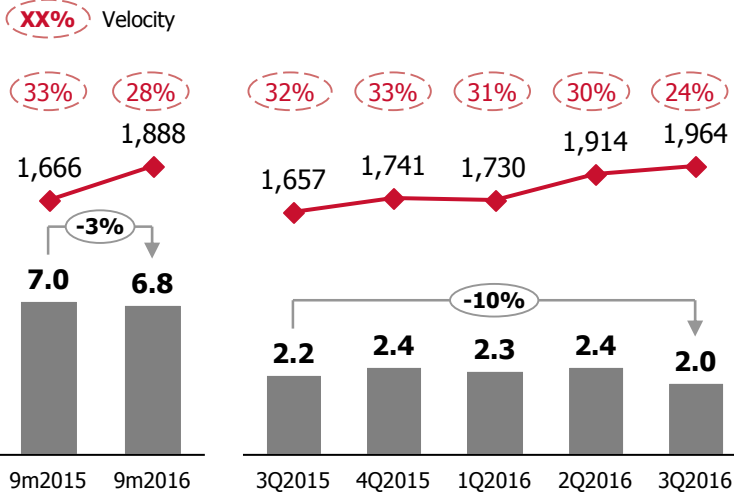
Q3 2016 update



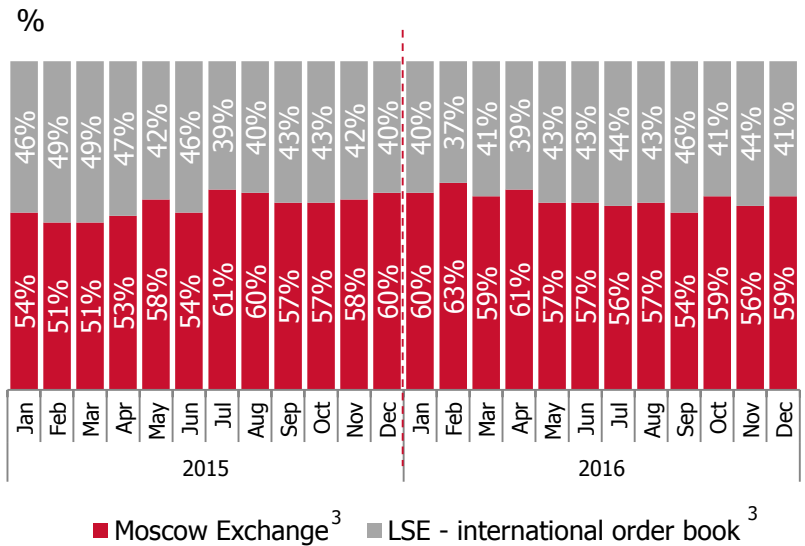
# Equities Market: subdued volatility, growing index

## Trading volumes<sup>1</sup>

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

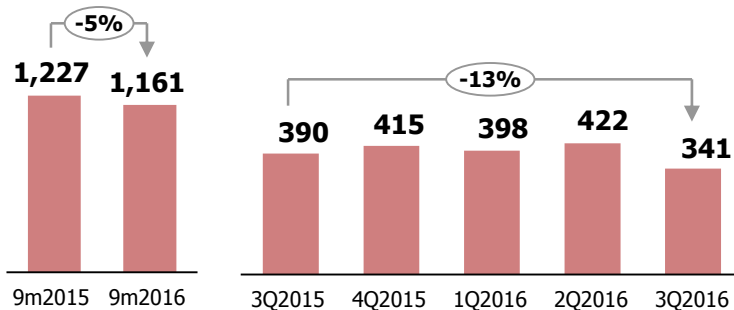


## Russian equities trading volumes<sup>2</sup>, MOEX vs LSE



## Fee & commission income

RUB mln



## Comments

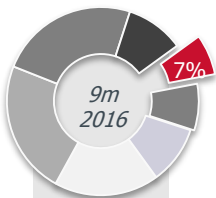
- Velocity of the Equities Market remained subdued on the back of historically low volatility, which affected trading activity of market participants. Trading volumes contracted by 10% YoY in 3Q 2016
- Fees and commissions declined by 13% YoY in line with the contraction in trading volumes
- Average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



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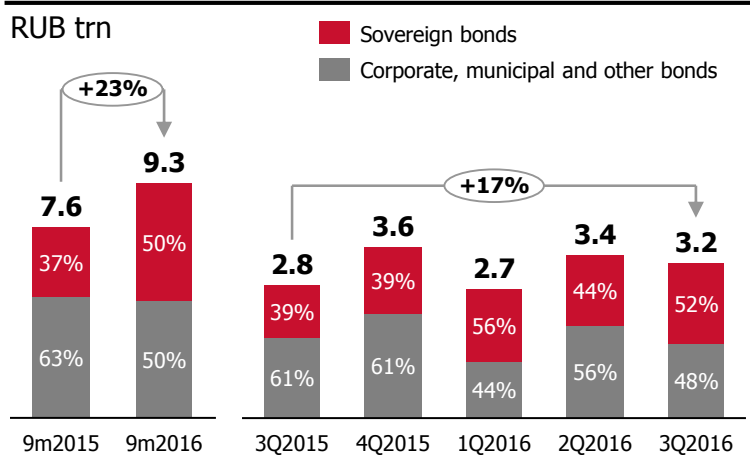
Source: Moscow Exchange operational information and Consolidated Financial Statements, Liquidmetrix

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

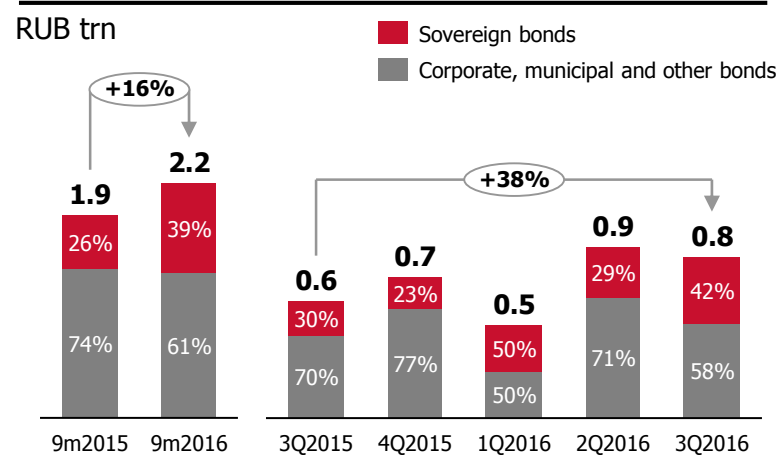


# Fixed Income Market: F&C growth driven by new primary placements

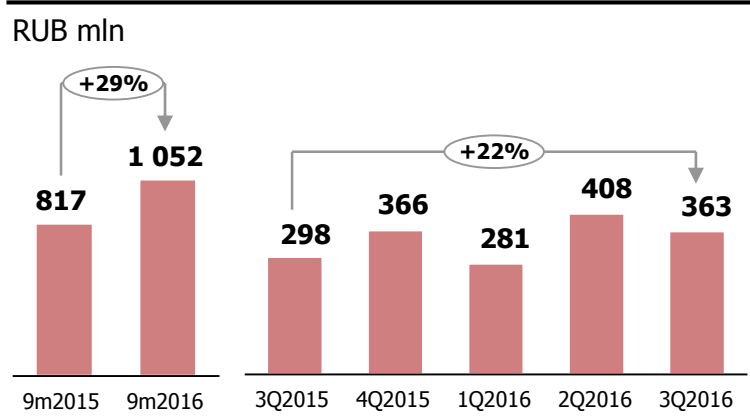
## Trading volumes<sup>1</sup>



## Primary market

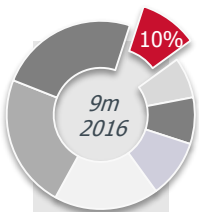


## Fee & commission income



## Comments

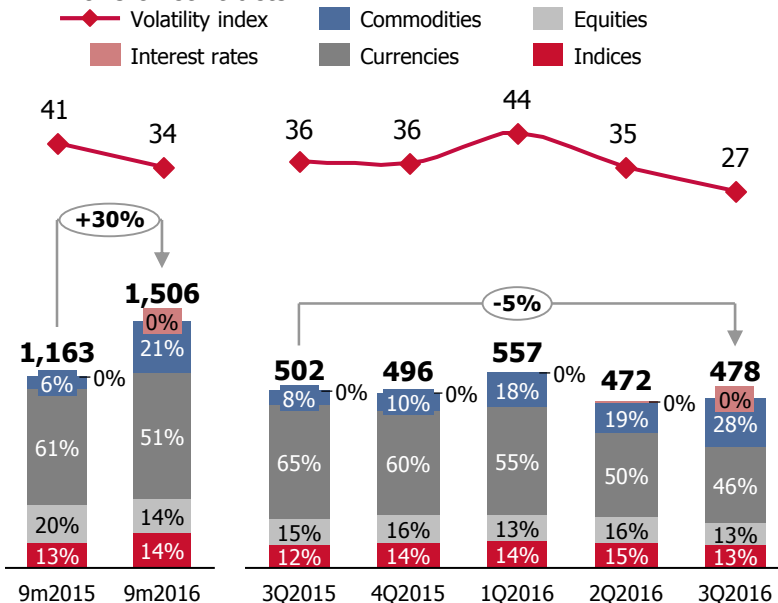
- Fee and commission growth of 22% YoY was driven by both healthy primary placement activity and higher trading volumes in the OFZ order book in the secondary market
- Primary placements grew by 38% YoY mainly driven by active borrowing from the government to cover state budget needs (+93% YoY). Corporate 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.



# Derivatives Market: commodity futures are a star

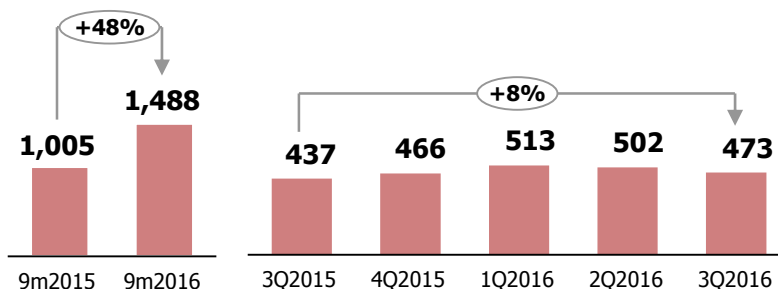
## Trading volumes

millions of contracts



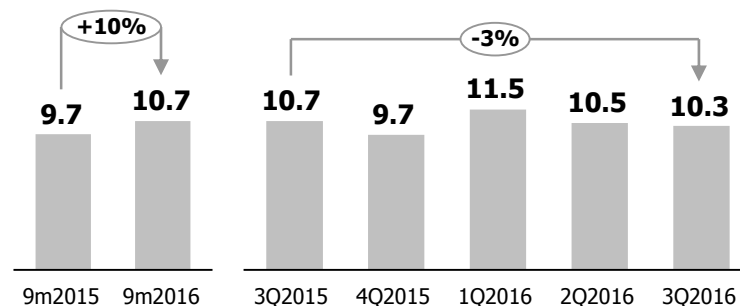
## Fee & commission income

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 3<sup>rd</sup> 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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# New tariff structure on the Derivatives Market: greater control over effective fees

**From October 3<sup>rd</sup> 2016, the new tariff structure came into force in order to...**

---

- 1** Harmonize the 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

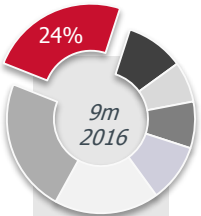
- Rub per value traded (ad valorem)
- A uniform approach to fees within the same asset class of underlying assets, e.g. futures on Sberbank and MTS are priced equally

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

---

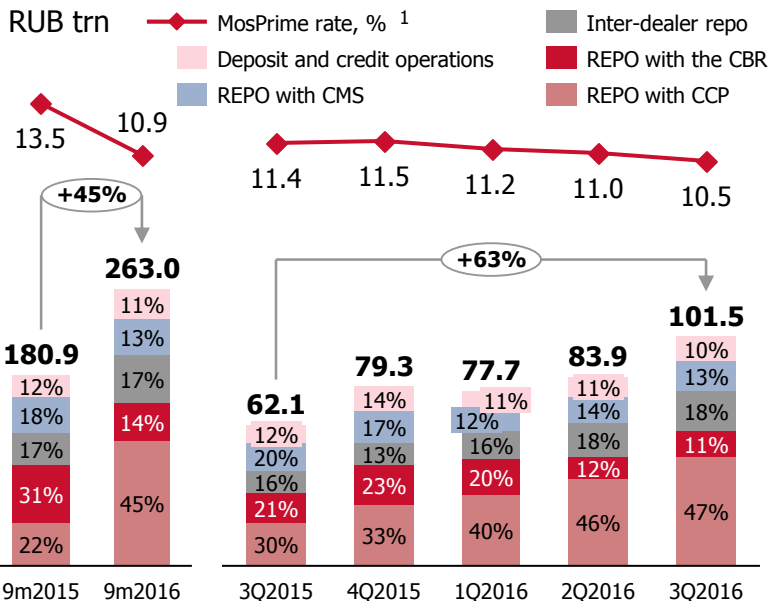
- ✓ Transition period of 12 months with ad valorem fees revision on a quarterly basis, allowing professional market participants to adjust their mid- and back-office procedures and IT systems smoothly. After the end of the marketing period the fee will be calculated for each trade.
- ✓ Marketing programs 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



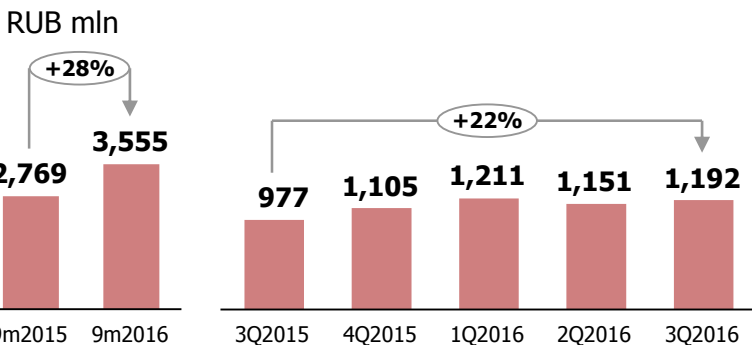


# Money Market: demand for on-exchange services continues to grow

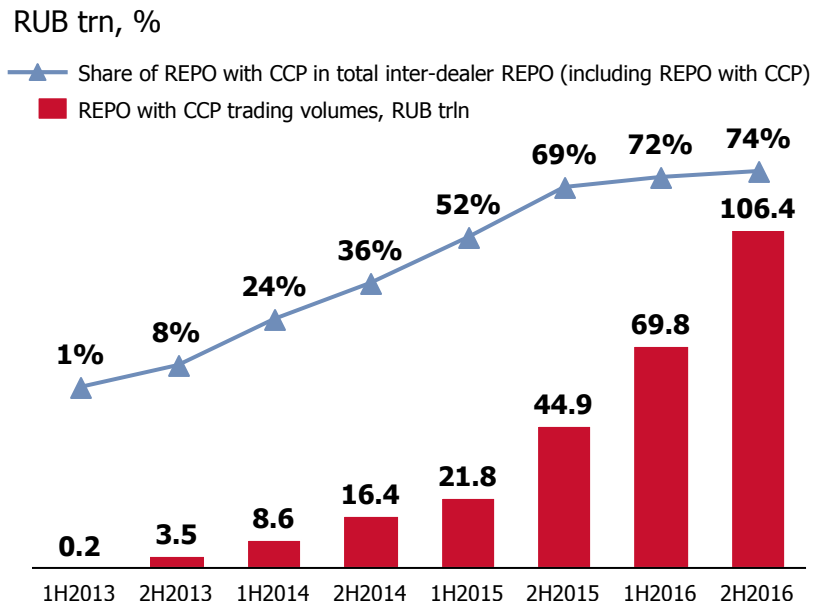
## Trading volumes



## Fee & commission income



## Trading volumes for REPO with CCP

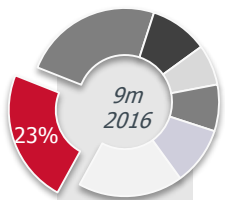


## Comments

- 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.

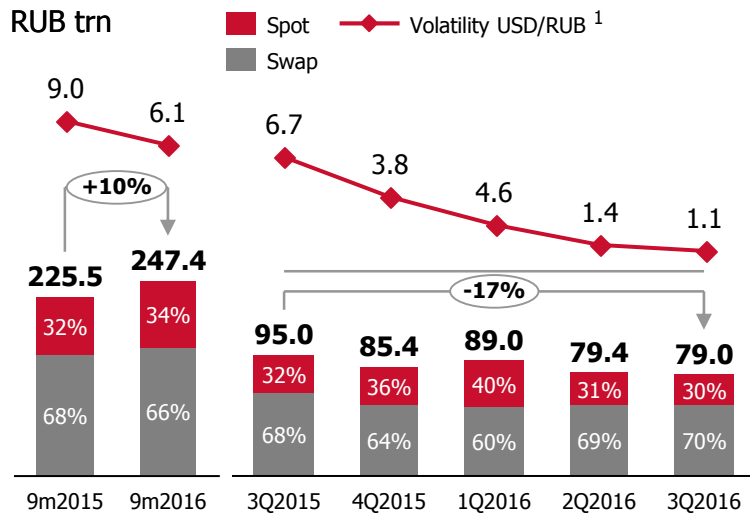


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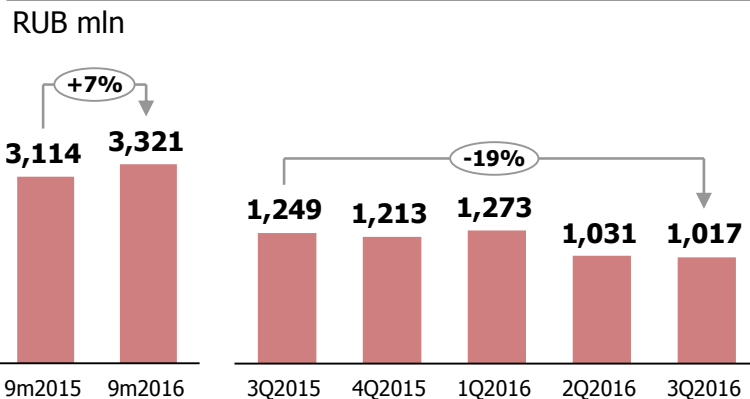


# FX Market: normalization of volatility

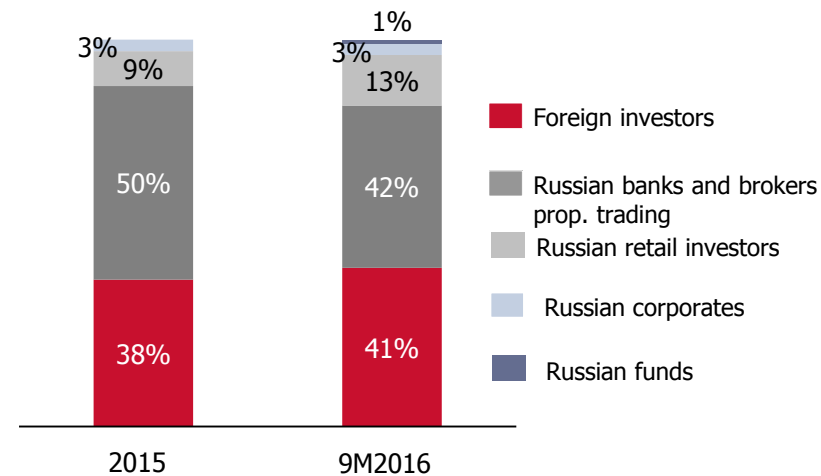
## Trading volumes



## Fee & commission income



## Share of spot FX Market by investor type



## Comments

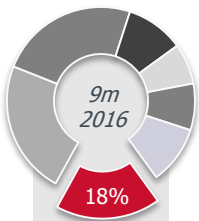
- Trading volumes declined by 17% YoY on the back of record low volatility, which led to 19% YoY decline of fees and commissions. USD/RUB volatility decreased to the lowest level in the past 2 years
- Marketing efforts and introduction of international clearing membership led to a higher share of international 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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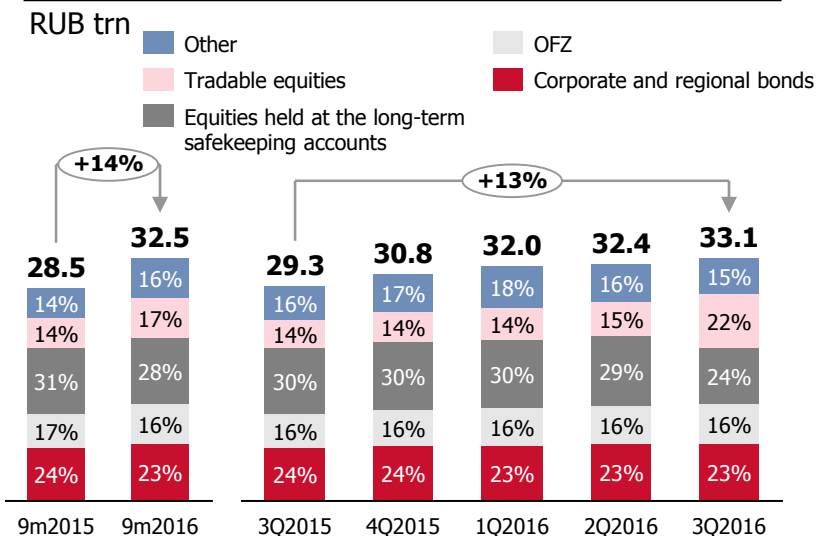
Source: Moscow Exchange operational information and Consolidated Financial Statements, CBR  
<sup>1</sup> Calculated as daily standard deviation for the period divided by the average value for the period



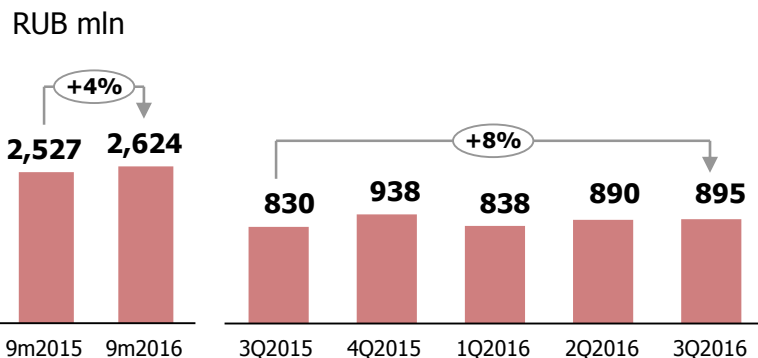


# Depository and settlement: continued growth of assets under custody

## Assets on deposit (average for the period)

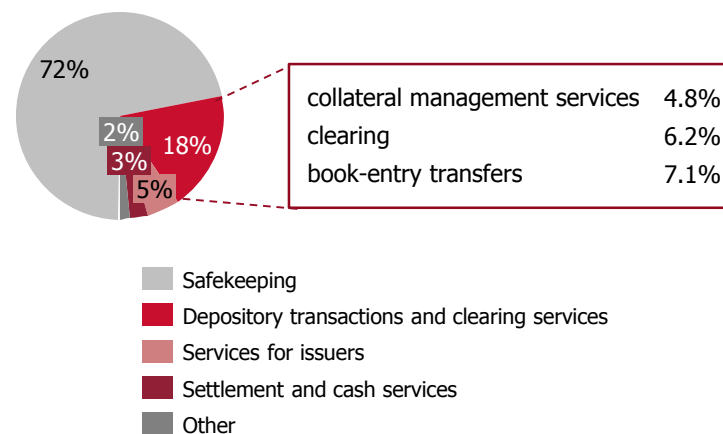


## Fee & commission income



## Fee & commission income breakdown

3Q 2016



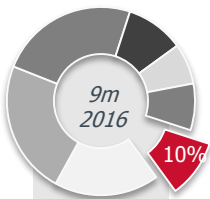
## Comments

- 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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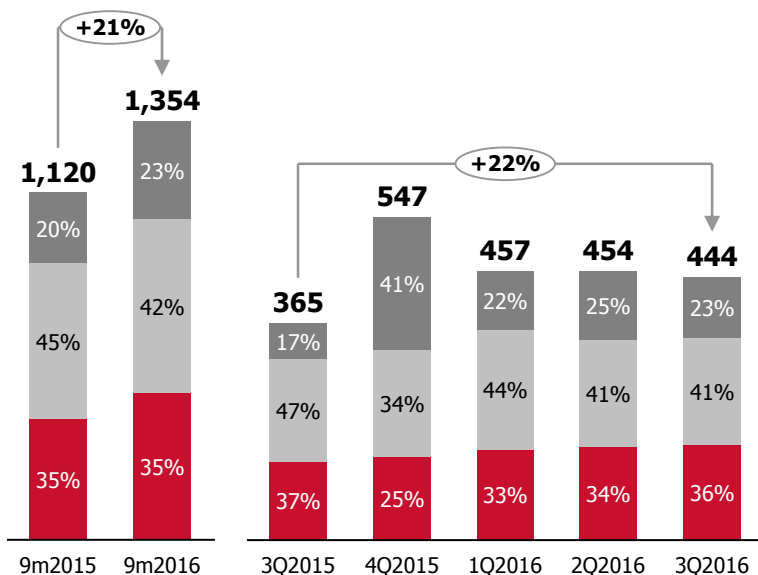
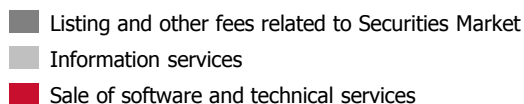
Source: Moscow Exchange operational information and Consolidated Financial Statements



# Growth in information services fees

## Other fee & commission income<sup>1</sup>

RUB mln

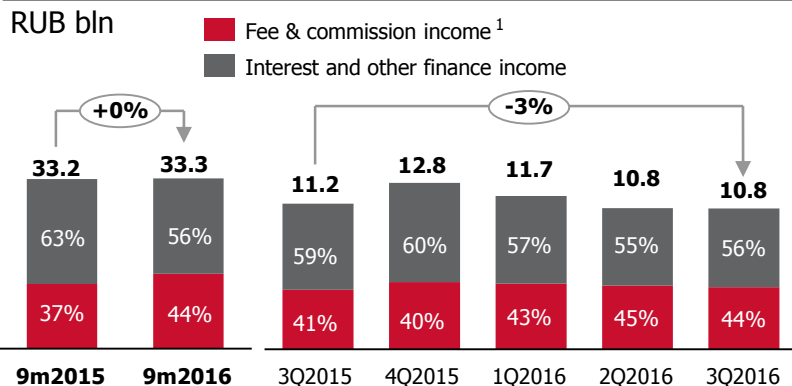


## Comments

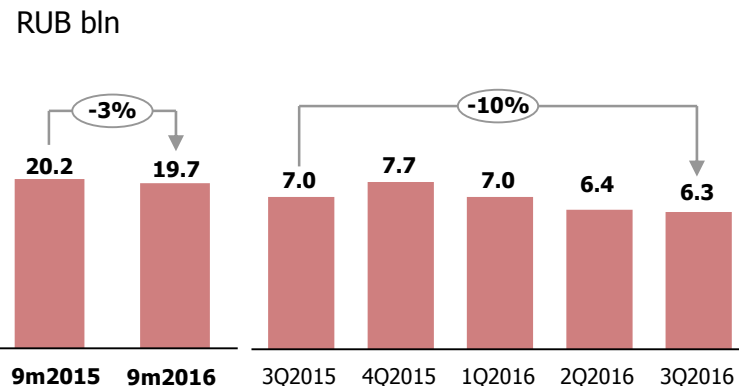
- Fees and commissions from other services grew across all lines
- Listing and other fees related to the Securities Market grew by 67% YoY on the back of primary bond placements and higher maintenance fees
- Fees from sale of software and technical services and information services grew by 22% YoY and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

# 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

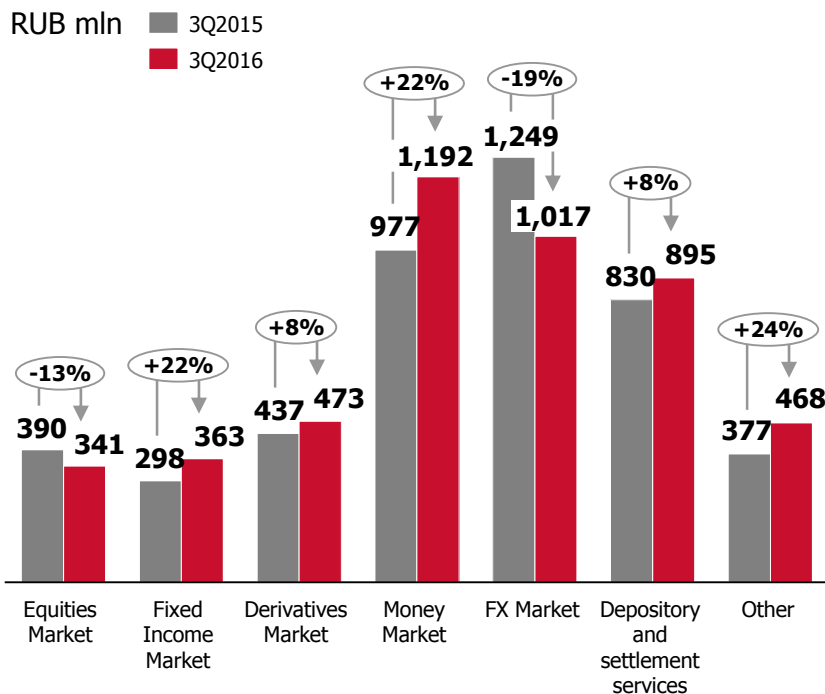


**MOSCOW  
EXCHANGE**

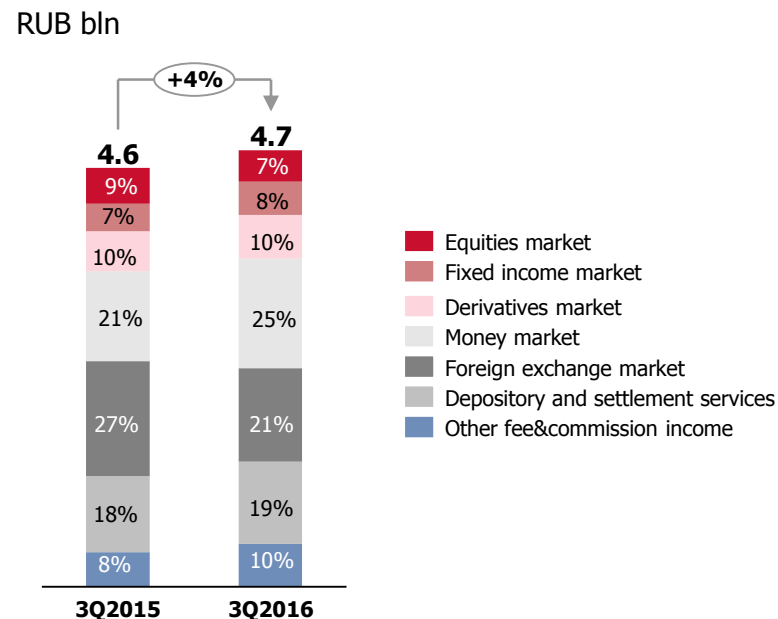
1 - Including other operating income

# Diversified fee & commission income

## Fee & commission income performance



## Fee & commission income breakdown

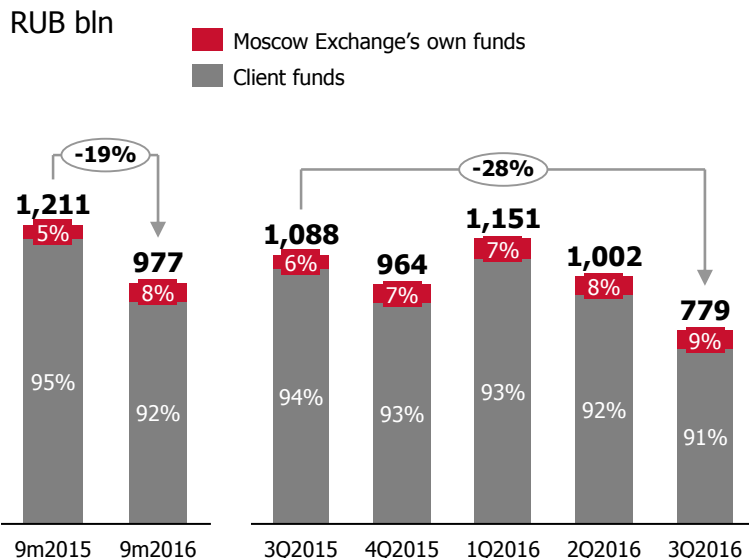


## Key takeaways

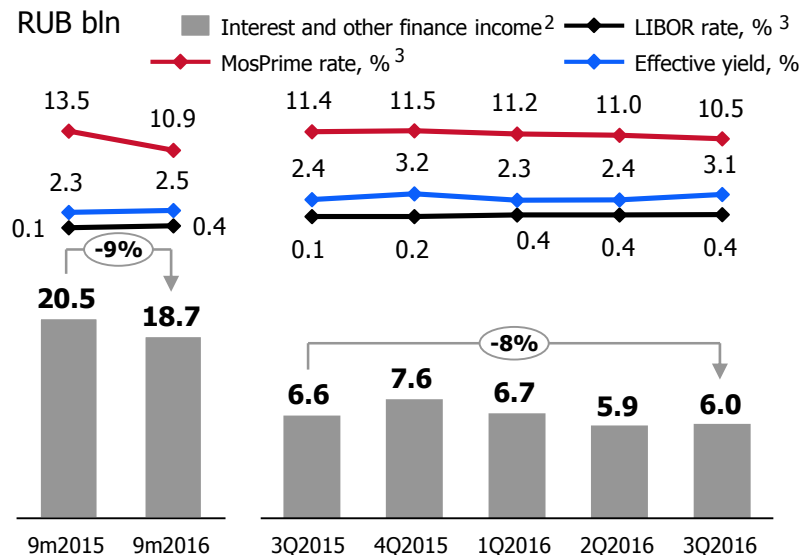
- Fee and commission income increased 4% YoY to RUB 4.7 bln, with the Money Market, Fixed Income Market and non-trading fees, including information and software sales showing the fastest growth rates
- Fee & commission income remained well-diversified, with seven segments contributing, none of which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

# 3Q 2016 Interest income

## Investment portfolio<sup>1</sup> (average daily volume)

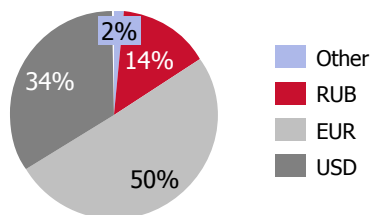


## Interest income



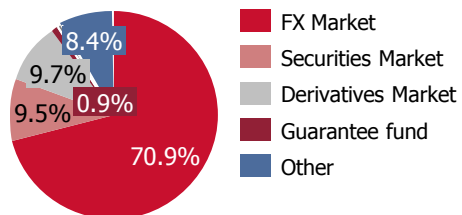
## Client funds by currency

3Q2016



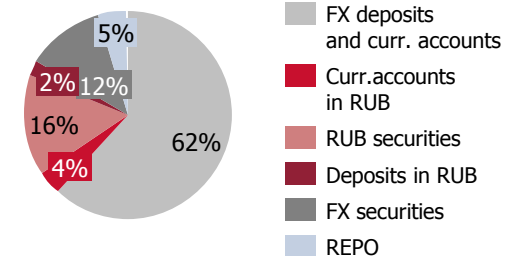
## Client funds by source

3Q2016



## Investment portfolio by type of asset

3Q2016



**MOSCOW EXCHANGE**

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

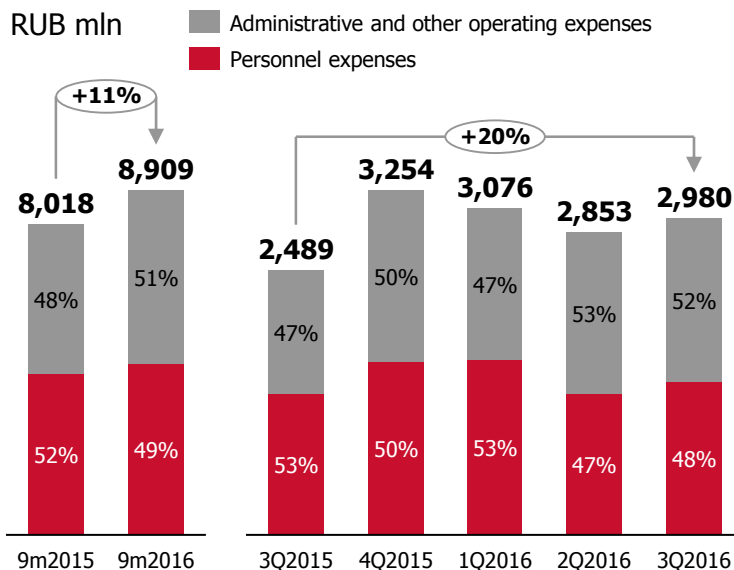
1 Based on average daily investment portfolio according to management accounts

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

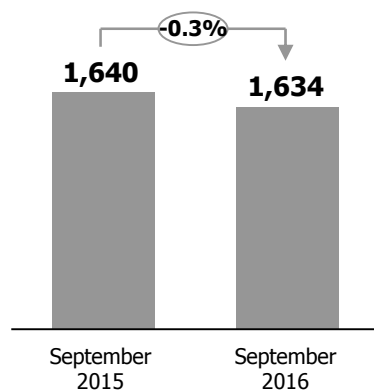
3 Average daily rate for the period

# Operating expenses

## Operating expenses



## Headcount



## Major expense items

RUB mln

	3Q2015	3Q2016	Change YoY
<b>Personnel expenses</b>	<b>1,321</b>	<b>1,433</b>	<b>8.4%</b>
<b>Administrative and other operating expenses, including</b>	<b>1,167</b>	<b>1,548</b>	<b>32.6%</b>
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%
<b>Total</b>	<b>2,489</b>	<b>2,980</b>	<b>19.8%</b>
<b>Cost income ratio</b>	<b>22.3%</b>	<b>27.6%</b>	<b>-</b>

## Comments

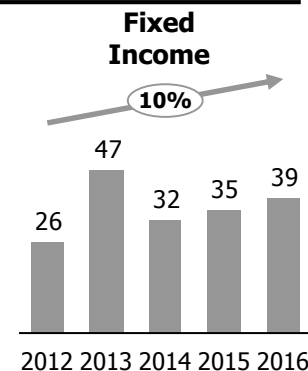
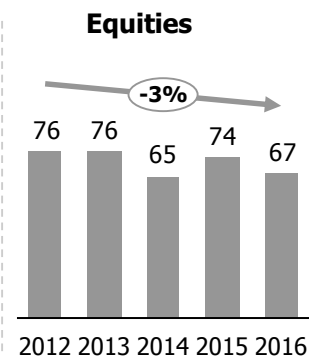
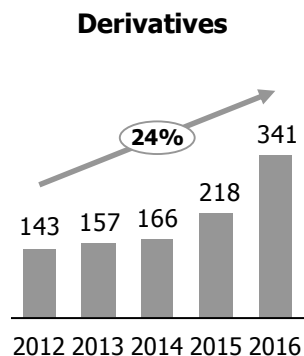
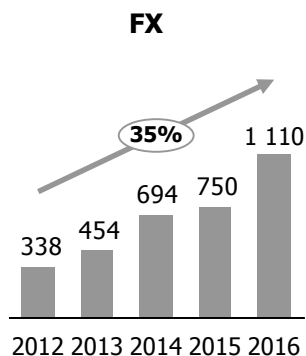
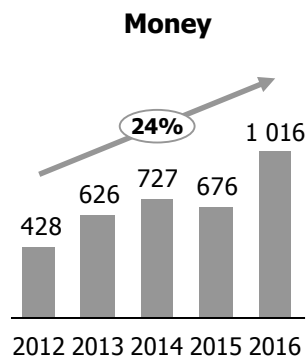
- For 9M 2016 operating expenses grew 11.1% YoY, slightly below FY guidance of 12-14%
- In 3Q 2016 operating expenses grew by 19.8% YoY as a large-scale set of equipment was put into operation under the capex program. As a result, depreciation costs grew by 69.0% YoY, and spending related to maintenance 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.



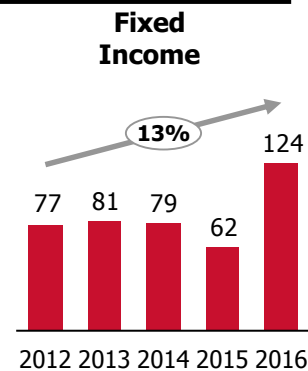
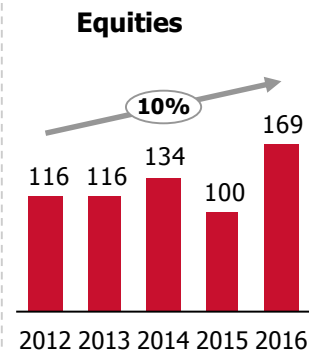
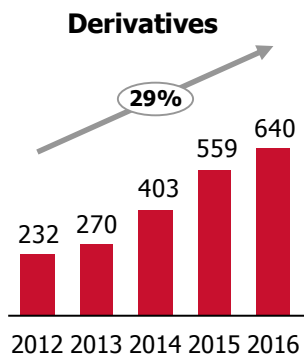
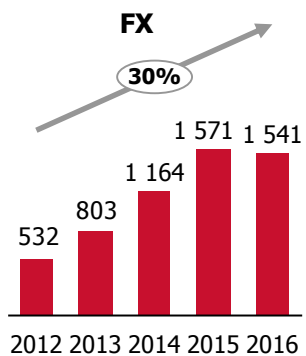
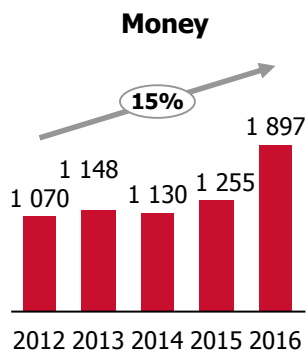
# Appendix

# Trading volumes demonstrate growth in liquid periods as well as illiquid periods

## ADTV in the month of the year with the lowest volumes



## ADTV in the month of the year with the highest volumes





# Local Shares vs Depository Receipts

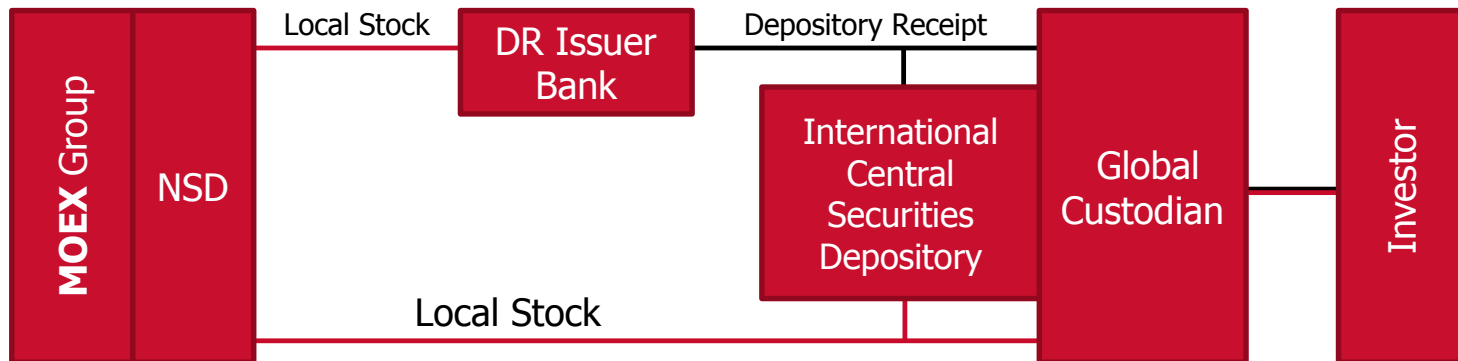
## Safekeeping Structure

**Trading local equities reduces the number of intermediaries involved**

That leads to:

- Removing extra costs to maintain a Depository Receipt program
- Reducing risks of a DR program being suspended or closed

**Investors can use the same infrastructure for settling and safekeeping Local Equities and Depository Receipts while Local Equities remain more transparent**

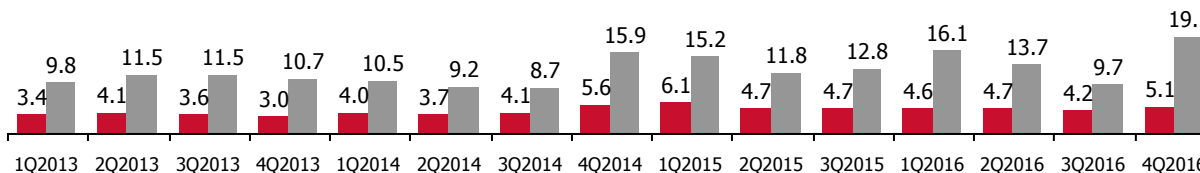


# Dual listed stocks virtual index spread dynamics

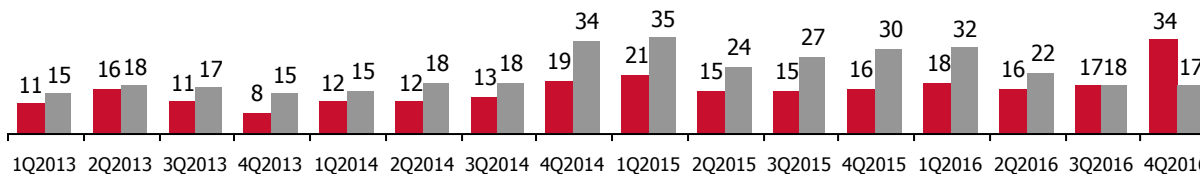
Analysis provided by  
LiquidMetrix

MICEX  
Virtual index<sup>2</sup>

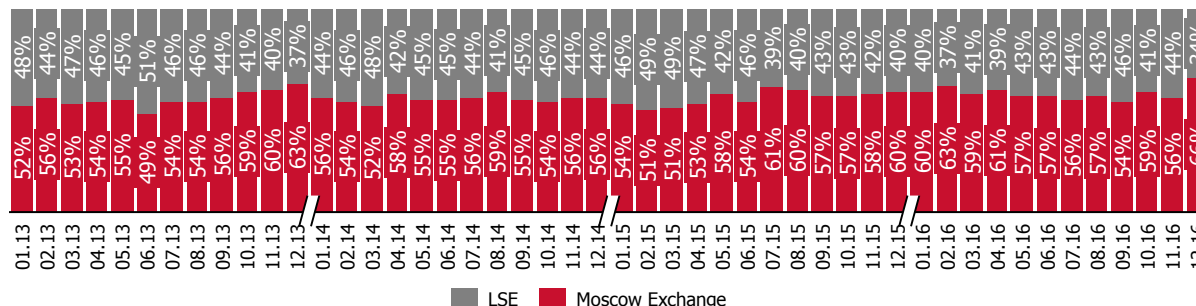
Bid - ask spread 1 Contract (b.p.<sup>1</sup>)



Bid - ask spread 50k EUR deal (b.p.)



Market share<sup>3</sup> (most liquid Russian dual listed stocks)



✓ Moscow Exchange is the liquidity center for Russian equities, **with a 59% market share** in 2016

✓ Aggregated spreads for the most liquid dual listed stocks are substantially lower in Moscow, which implies lower all-in trading costs

Notes:

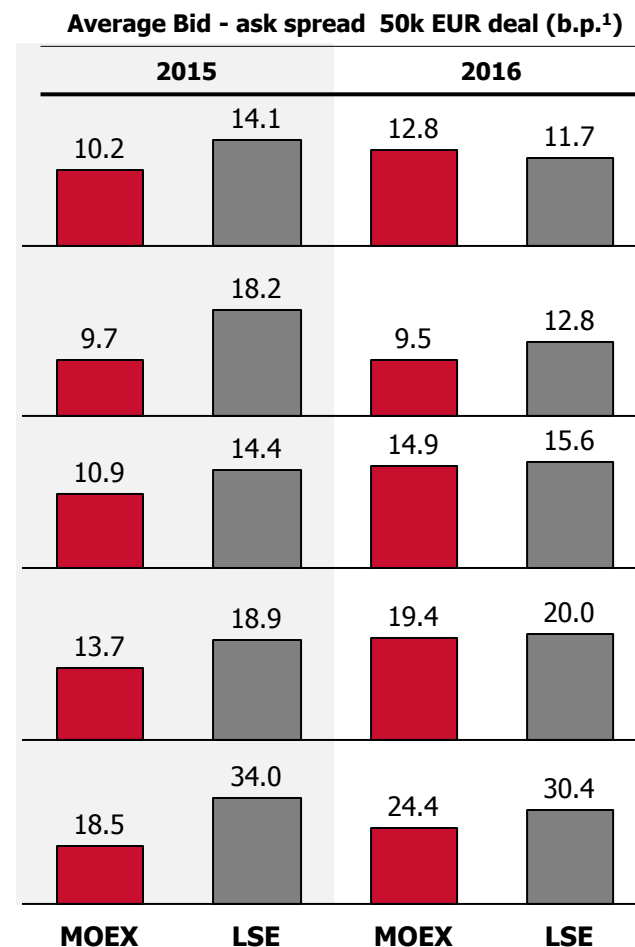
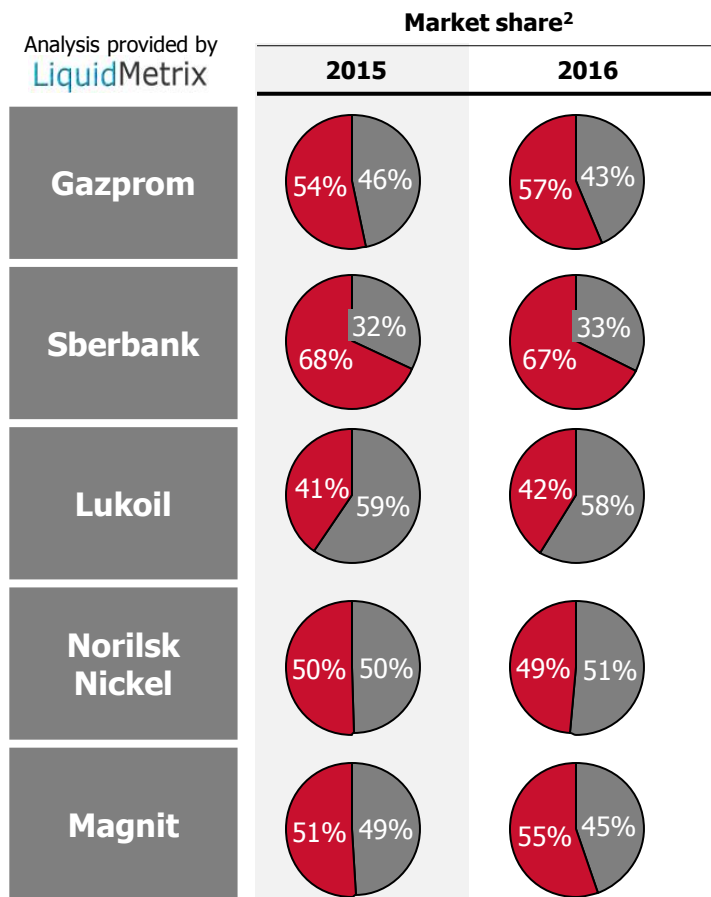
**Spreads** measure the bid to offer spread of the best visible orders in the book, the result based on measurements of the order books every 30 seconds



1 The value for the spread is quoted in basis points (0.01%)  
 2 MICEX Virtual Index – index calculated based on prices and EOB data of the most liquid Russian dual listed stocks  
 3 Data since Dec 2015 includes trading auctions on MOEX  
 Source: LiquidMetrix

# Blue chips bid-ask spread dynamics for 50k EUR deal (1)

Analysis provided by  
LiquidMetrix

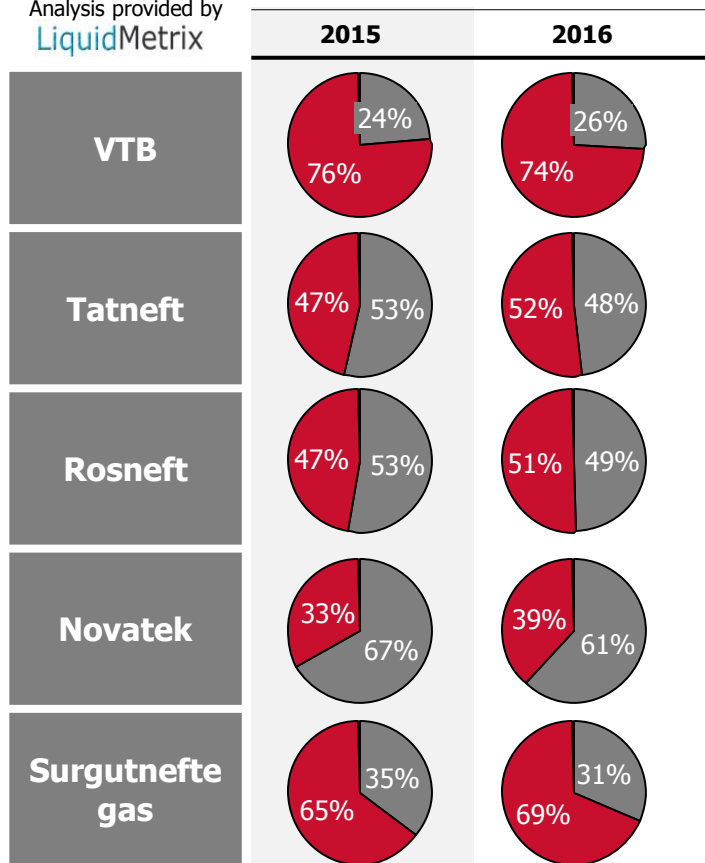


Bid-ask spreads for the vast majority of the Russian “Blue Chips” are also substantially lower on Moscow Exchange than on other trading venues

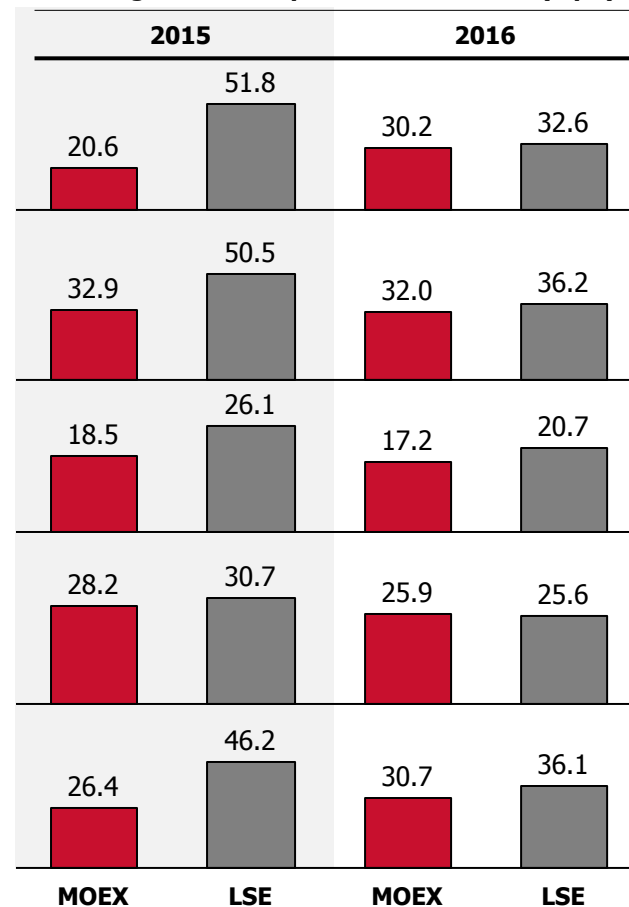
# Blue chips bid-ask spread dynamics for 50k EUR deal (2)

Analysis provided by  
LiquidMetrix

Market share<sup>2</sup>



Average Bid - ask spread 50k EUR deal (b.p.<sup>1</sup>)



Bid-ask spreads for the vast majority of the Russian “Blue Chips” are also substantially lower on Moscow Exchange than on other trading venues

1 The value for the spread is quoted in basis points (0.01%)  
2 Data since Dec 2015 includes trading auctions on MOEX  
Source: LiquidMetrix

# 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>
<b>Assets:</b>			
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 <sup>1</sup>	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 <sup>2</sup>	4 230,8	2 439,1	73%
<b>Total Assets</b>	<b>2 119 859,7</b>	<b>1 766 317,6</b>	<b>20%</b>

<i>In million rubles</i>	<i>September 30, 2016</i>	<i>December 31, 2015</i>	<i>% chg. September 30, 2016/ December 31, 2015</i>
<b>Liabilities:</b>			
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 <sup>3</sup>	6 329,3	8 962,8	-29%
<b>Total Liabilities</b>	<b>2 001 501,7</b>	<b>1 652 708,0</b>	<b>21%</b>
<b>Total Equity</b>	<b>118 358,0</b>	<b>113 609,6</b>	<b>4%</b>
<b>Total Liabilities and Equity</b>	<b>2 119 859,7</b>	<b>1 766 317,6</b>	<b>20%</b>

# 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 <sup>1</sup>	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%
<b>Operating Income</b>	<b>10 784,4</b>	<b>11 170,1</b>	<b>-3%</b>	<b>33 331,0</b>	<b>33 218,9</b>	<b>0%</b>
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%
<b>Operating Expense</b>	<b>-2 980,4</b>	<b>-2 488,7</b>	<b>20%</b>	<b>-8 908,8</b>	<b>-8 018,4</b>	<b>11%</b>
<b>Operating Profit</b>	<b>7 804,0</b>	<b>8 681,4</b>	<b>-10%</b>	<b>24 422,2</b>	<b>25 200,5</b>	<b>-3%</b>
Share of profit/(loss) of associates	-	-0,9	-	-	1,2	-
<b>Profit before Tax</b>	<b>7 804,0</b>	<b>8 680,5</b>	<b>-10%</b>	<b>24 422,2</b>	<b>25 201,7</b>	<b>-3%</b>
Income tax expense	-1 514,2	-1 702,6	-11%	-4 745,2	-5 017,2	-5%
<b>Net Profit</b>	<b>6 289,8</b>	<b>6 977,9</b>	<b>-10%</b>	<b>19 677,0</b>	<b>20 184,5</b>	<b>-3%</b>
<b>Earnings per share</b>						
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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