



MOSCOW  
EXCHANGE



Sovereign Bonds(OFZ)  
Electronic Market Making Program  
Program #2

# Basic Terms & Conditions

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## Available securities

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- All fixed rate, floaters and inflation-indexed OFZ bonds
- Minimum collateral requirement value from 4% to 13%

## Features and Benefits

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- Trading Member can act as Market Maker with his own position or on behalf of his Client
- Reduced minimum order size requirement
- Online ranking by value traded
- Daily reporting

## Market Makers Obligations

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- Bid-Ask Spread
- Minimum Acceptable Volume
- Minimum Order Size
- Quoting period



# Interaction Model

Trading Member or Trading Member client can be included to program by concluding an agreement between Trading Member and Moscow Exchange.



\* Trades from orders that adds liquidity

# Participants Ranking



During trading session



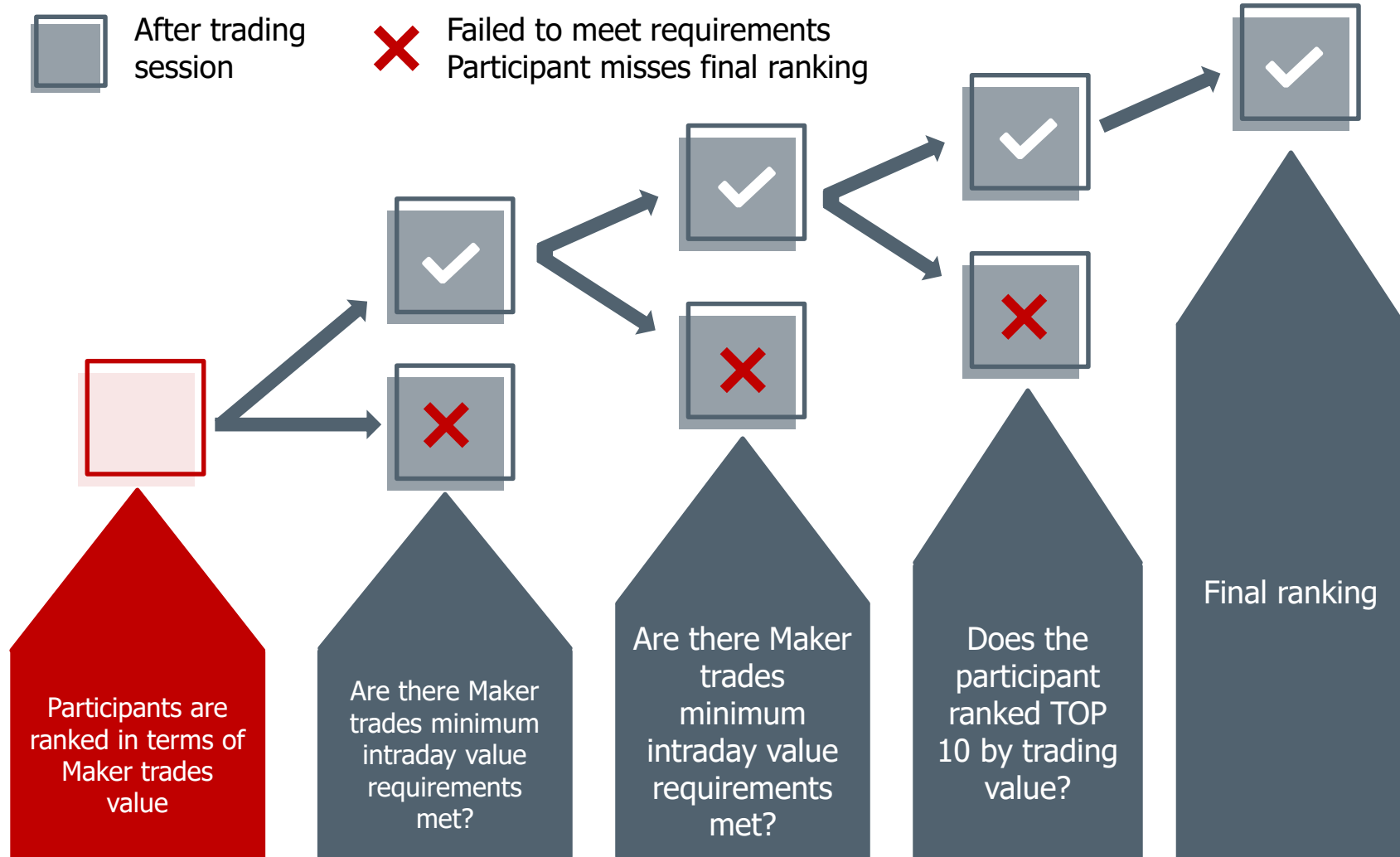
Requirements are met



After trading session

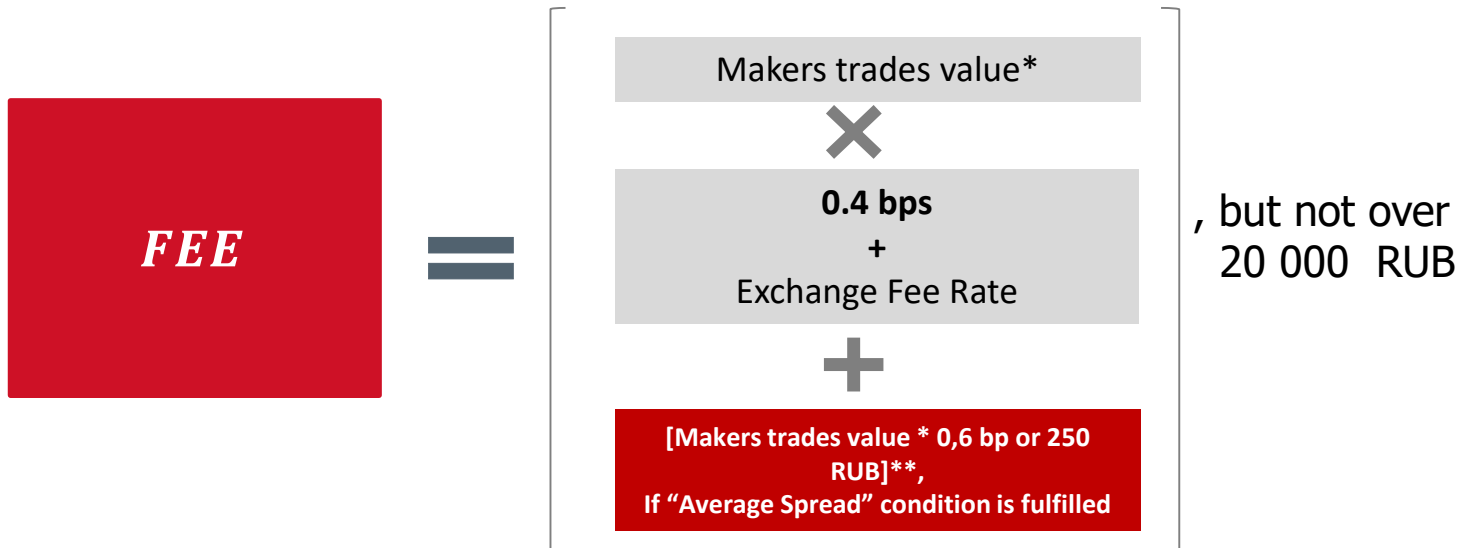


Failed to meet requirements  
Participant misses final ranking



# Market Maker Fee Policies

- Fee is calculated on a daily basis per each Client and security
- A market maker receives a fee per trading day provided that he fulfills the market maker obligations and is got listed on the final daily ranking of market makers.
- Daily ranking is formed by TOP 10 participants by Maker trading volume.



\* Makers trades value is calculated based on orders **no less than minimum order size**.  
Cross trading value is excluded from Makers trades value.

\*\* Market-makers are free to choose either a flat fee 250 RUB, either 0,6bp premium



# Market Makers Obligations

Parameters:

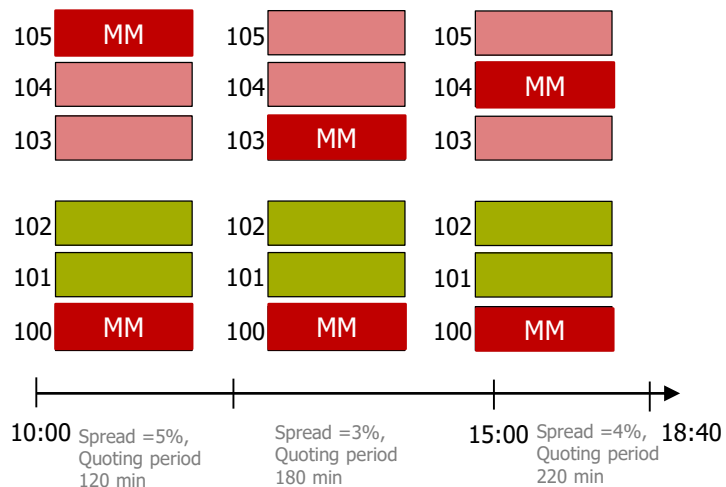
## Mandatory:

- **Minimum Acceptable Volume**– cumulative volume of orders on each side
- **Spread - (Offer – Bid )/ Bid**, where offer and bid prices – max (min) prices of Market-makers orders, under which the total number of securities in these orders, calculated cumulatively equals Minimum Acceptable Volume
- **Quoting period– 345 minutes**

## Optional:

- **Minimum Order Size** - minimum orders size of makers order, which is accepted to market makers fee calculation.
- **Average Spread** – daily average spread. Calculated by best (minimum) spreads MM spread values with total quoting period equals to 345 minutes.
- **Sufficient traded volume** – total volume of Market Maker transactions reaching which a Market Maker is discharged from further obligations at that trading day.

## Average Spread Calculation:



$$\text{Avg Spread} = \frac{180 \text{ min} * 3\% + 165 \text{ min} * 4\%}{345 \text{ min}} = 3.48\%$$

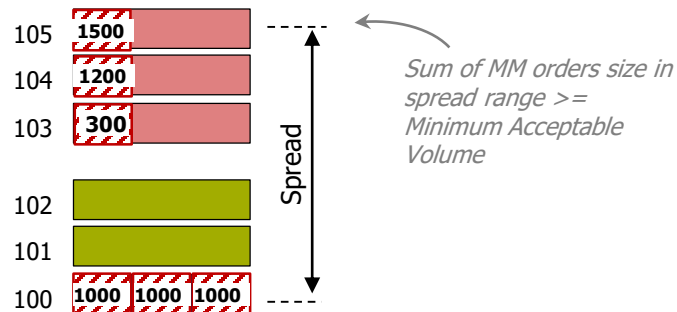
## Minimum Order Size :

Example:

Spread= 5%, Minimum Acceptable Volume = 3 K , Minimum Order Size= 300

Average Spread = 3%

Market maker can place orders like:



- ✓ Quoting period is fulfilled
- ✓ Market makers Fee
- ✗ Average Spread condition failed (average spread = 5%)
- ▨ MM orders size is equal or larger than "Minimum Order Size"



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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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