

**Public Joint-Stock Company  
“Moscow Exchange MICEX-RTS”**

Statement of Compliance  
In respect of the Principles for Financial Benchmarks  
by the International Organization of  
Securities Commissions (IOSCO)  
published in July 2013

*February 2017*



Совершенствуя бизнес,  
улучшаем мир

## Contents

1.	Introduction .....	1
2.	Overview of the Company .....	2
3.	Key Index Families .....	3
4.	MOEX's Approach to Implementation of the IOSCO Principles for Financial Benchmarks.....	4
5.	Governance over the Benchmarking Process and Control Framework.....	6
6.	Executives' Statement.....	8
7.	Independent assurance report.....	9
8.	IOSCO Principles and Responses.....	12

## 1. Introduction

The “Principles for Financial Benchmarks” published by the International Organization of Securities Commissions (“**IOSCO**”) on 17 July 2013 (hereinafter referred to as “**Principles**” or “**IOSCO Principles**”) represent an overarching framework of Principles for use in financial markets. These Principles set out standards that should be complied by organisations that administer financial benchmarks (“**Benchmark Administrators**”).

In accordance with the requirements of the IOSCO Principles, Benchmark Administrators should publicly disclose the extent of their compliance with the Principles annually. This Statement of Compliance (hereinafter referred to as “**Statement of Compliance**”) relates to the declaration of compliance by Public Joint-Stock Company “Moscow Exchange MICEX-RTS” (hereinafter referred to as “**MOEX**” or “**Company**”) with the IOSCO Principles for its index families.

The Statement of Compliance describes MOEX’s control procedures that have been designed to achieve the related control objectives identified by MOEX to comply with the provisions of the IOSCO Principles as at 25 February 2017.

LLC Ernst & Young Vneshaudit (hereinafter referred to as “**EY**”) was appointed by the Company to provide an opinion as at 25 February 2017 whether, in all material respects, the Statement of Compliance fairly describes the control procedures as designed and that the control objectives aimed at complying with the IOSCO Principles will have been achieved if the described control procedures were complied with satisfactorily.

### ***Changes since the 2015 Statement***

The primary differences since 2015 Statement are:

- In February 2016 MOEX launched two new benchmark indices for tradable mid- and small-cap stocks, the MICEX SMID Index (MCXSM) and the RTS SMID Index (RTSSM), denominated in Russian rubles and US dollars, respectively.
- In June 2016 MOEX launched new REPO Rates with Central Counterparty (National Clearing Centre) indicators, the USD overnight MOEXREPO and RUB 1 week MOEXREPO.
- On 2 September 2016 MOEX Extraordinary General Meeting of Shareholders approved a corporate restructuring whereby its 100%-owned subsidiary CJSC MICEX Stock Exchange (which performed the range of functions as a Benchmark Administrator) was taken over by MOEX and as a result of the restructure CJSC MICEX Stock Exchange ceased as a legal entity. Corporate restructuring procedures were completed by the end of 2016 and Benchmark Administration functions of CJSC MICEX Stock Exchange were transferred to MOEX.
- On November 2016 total return values were calculated for the MICEX Index, the RTS Index and the Blue-Chip Index in order to measure the performance of constituent stocks with dividends reinvested. MOEX offers gross total return indices which are calculated before the deduction of withholding taxes, and net total return indices which are calculated after the deduction of withholding taxes using the rates applicable for Russian and international legal entities.

## 2. Overview of the Company

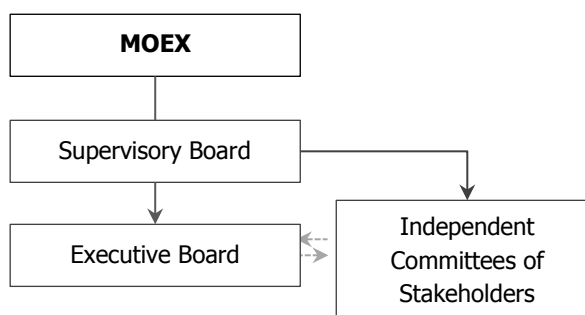
MOEX together with its subsidiaries (hereinafter referred to as “**MOEX Group**”) is the exchange group, which was created as a result of merger of two exchanges: CJSC MICEX (established in 1992) and OJSC RTS (established in 1995).

MOEX Group provides infrastructure for trading in shares, bonds, currencies, investment units, including units of exchange traded funds (ETF), money market instruments, commodities and derivatives (including OTC derivatives).

At the same time MOEX acts as a Benchmark Administrator for the indices and other financial indicators (hereinafter referred to as “**Index**” and together “**Indices**” or “**Benchmark**” and together “**Benchmarks**”), calculated on the basis of the data generated at MOEX Group trading venues.

MOEX has an exchange licence to carry out organised trading for the range of instruments (such as currencies, derivatives, securities as well as repo operations, commodities) and is responsible for the overall administration of the benchmarking process in relation to indices which are based on market data generated at their trading venues.

MOEX’ governance structure with respect to the benchmarking process:



MOEX maintains its business based on market demand and needs of market participants and other interested and/or potentially interested third parties (hereinafter referred to as “**Stakeholder**” and together “**Stakeholders**”). In order to increase transparency of the further market development and its infrastructure Supervisory Board of MOEX is responsible for the appointment of members of Independent Committees of Stakeholders (hereinafter referred to as “**Committee**” and together “**Committees**” or “**Independent Committees of Stakeholders**”) which perform the independent oversight function related to the benchmarking process:

- (i) FX Market Committee;
- (ii) Securities Lending and REPO Committee;
- (iii) Collective Investment Market Committee;
- (iv) Index Committee.

Based on consultation with the respective Committee Executive Board of MOEX (hereinafter referred to as “**Executive Board**” or “**Executive Board of MOEX**”) manages the process of benchmarking.

The Executive Board of MOEX consists of six members and it is accountable to the Supervisory Board of MOEX (hereinafter referred to as “**Supervisory Board**” or “**Supervisory Board of MOEX**”).

The Supervisory Board of MOEX consists of twelve members including six independent directors. Members of the Supervisory Board are appointed at the respective General Meeting of Shareholders of MOEX.

The MOEX’s official web-site is <http://moex.com/en/> (hereinafter referred to as “**MOEX’s web-site**”).

### 3. Key Index Families

The MOEX Index Family (hereinafter referred to as “**MOEX Index Family**” or “**Index Family**”) is represented by the major indices of the Russian financial market which are widely used by asset managers, traders and analysts all over the world to develop investment strategies and perform benchmarking of investment strategies. MOEX is constantly working to expand its range of indices, improve product support, and refine the rules regulating market data usage for all types of clients. The MOEX Index Family includes a wide range of different indices for equities, bonds, repo market, currency and other indices. Indices are based on predefined transparent rules and formulas, which were stated in the separate documents for Stakeholders in order to be able to determine the level of the Index at any time (hereinafter referred to as “**Methodology**” and together “**Methodologies**” or “**Benchmark Methodologies**”). MOEX’s Indices are unique and have a competitive advantage, and as a result, they are relied upon by Stakeholders.

The most famous equity indices are the MICEX Index and the RTS Index, which are well-known as the key indicators of the Russian stock market which represent the dynamics of the 50 most liquid stocks of the Russian largest issuers. The constituents of the Second Tier Index include medium and small capitalized Russian equities. And finally, the Broad Market Index is a unified index top list of the broad Russian equity market. All Equity Indices follow a unified index design approach based on global best practices and local market expertise.

MOEX’s Bond Indices have been designed to measure the performance of various segments of the Russian bond market by duration and credit grade.

MOEX’s Multi-asset Indices are composite indices which were developed for the needs of Russian pension system and comprised of stocks and bonds admitted to trading on MOEX and being eligible for using as investment vehicles by Russian Pension Funds according to the Russian legislation (*hereinafter referred as “Pension Indices”*). These indices are designed to reflect three possible investment strategies by key asset classes: conservative, moderate and aggressive.

Repo Rate Indicators reflect money and credit market conditions, FX Fixings – different currencies rates to the Russian rouble.

The list and the description of MOEX’s indices are publicly available on MOEX’s web-site <http://moex.com/en/indices>, <http://moex.com/en/fixing/>, [http://moex.com/en/markets/currency/swaps.aspx?code=SRATE\\_USD\\_1W](http://moex.com/en/markets/currency/swaps.aspx?code=SRATE_USD_1W). The Statement of Compliance relates to the list of indices as presented below as of the date of this report:

#### MAIN EQUITY INDICES

MICEX Index\*\*  
RTS Index\*\*  
Blue Chip Index\*\*  
Second-Tier Indices\*  
Broad Market Indices\*

#### SECTORAL EQUITY INDICES\*

Oil & Gas  
Electric Utilities  
Telecommunications  
Metals and mining  
Industrials  
Finance  
Consumer goods and services  
Chemicals  
Transport

## THEMATIC EQUITY INDICES

SMID Index\*

MICEX Innovation Index

MICEX Siberia Index

## MAIN BOND INDICES\*\*

MOEX Government Bond Indices

MOEX Corporate Bond Indices

MOEX Municipal Bond Indices

MOEX Aggregate Bond Indices

## OTHER BOND INDICES\*\*, \*\*\*

Corporate Bond Index Series

Government Bond Index Series

Municipal Bond Index Series

## MULTI-ASSETS INDICES (PENSION INDICES)

Conservative index

Moderate index

Aggressive index

## REPO RATE INDICATORS

Stock repo market indicators

Stock repo with CCP market indicators

Bond repo market indicators

Bond repo with CCP market indicators

## FX FIXINGS

MOEX USD/RUB FX FIXING

MOEX EUR/RUB FX FIXING

MOEX EUR/USD FX FIXING

MOEX CNY/RUB FX FIXING

## INDICATIVE RATES FOR SWAPS

Indicative rates for swaps (ON)

Indicative rates for swaps USD/RUB (TERM)

\* *Indices are RUB and USD denominated.*

\*\* *Indices are calculated by "total return" method and "clean price" method.*

\*\*\* *Indices series are segregated by term and credit quality of the issuer.*

## 4. MOEX's Approach to Implementation of the IOSCO Principles for Financial Benchmarks

MOEX has developed the processes and controls required to comply with the IOSCO Principles.

### **Governance structure and control framework (Principles 1-5, 14-15)**

MOEX has established governance structure and control framework to address the requirements of the IOSCO Principles (Sections 2 and 5).

MOEX maintains a comprehensive set of risk policies, processes, and procedures designed to ensure the business is consistently managed within an agreed framework. MOEX has a Business Continuity Plan in place to cover disruptions both to technical and office infrastructure, thus ensuring the continuity of the business. On a periodic basis the Chairman of the Executive Board of MOEX reviews internal control reports and operational risk reports. All the functions involved in the Benchmarking process report (hereinafter referred to as "**Benchmarking process report**") to the Executive Board of MOEX so the Board is aware of issues and risks related to Benchmarks' determination and dissemination process. The Executive Board of MOEX ensures that business, commercial and risk management decisions are taken in the best interests of MOEX.

MOEX's internal processes are aimed at ensuring quality and integrity of Benchmarks. MOEX implemented a conflicts of interest framework which consists of internal documents regarding conflicts of interests and confidentiality of information and related internal controls over identification and prevention of conflicts of interests. MOEX has developed procedures for day-to-day identification, prevention and management of conflicts of interest which can result in operational risks. MOEX's policies include the Conflicts of Interests Policy designed to ensure that the Benchmarks determinations are not influenced by the existing or potential conflict of interest.

Principles 2 and 14 are not applicable to MOEX since MOEX's Benchmarks are not based on Submissions and MOEX operates Benchmark determination process without the involvement of third parties. Benchmarks are based on market data generated on MOEX trading venues, automatically calculated and published by MOEX.

### ***Benchmark Methodologies (Principles 6-13)***

MOEX's indices are calculated based on Benchmark Methodologies (hereinafter referred to as "**Benchmark Methodologies**" or "**Methodologies**"). MOEX's Benchmark Methodologies are designed in a way to produce Benchmarks that are representative of economic realities of the interest they seek to measure, and eliminate factors that might result in the distortion of the value of Benchmarks.

MOEX's Benchmark Methodologies are aimed to make the Benchmarks determination transparent to Stakeholders and contain detailed descriptions and explanations of how the Benchmarks are determined. All Benchmark Methodologies are publicly available on MOEX's web-site.

MOEX introduced a clearly defined process for the development and approval of Benchmark Methodologies. Benchmark Methodologies are developed based on the consultation with MOEX's Committees and approved by the Executive Board of MOEX.

Benchmark Methodologies are reviewed by the Executive Board of MOEX at least annually to assess the necessity of changes to reflect the current market conditions. Constituents Lists for Benchmarks (hereinafter referred to as "**Constituents Lists**") are reviewed on a quarterly basis or in case of corporate events. Respective MOEX's Committee participates in the process of Benchmarks' review. All the changes to Benchmark Methodologies and Constituents Lists are publicly available on MOEX's web-site.

MOEX developed information systems and processes for the automated determination and dissemination of Benchmarks based on Benchmark Methodologies. The calculation of Benchmarks is performed in a predetermined way based on the developed calculation algorithm and the process is structured in a way to prevent unauthorized access to the calculation of Benchmarks.

### ***Complaints process (Principle 16)***

MOEX established and documented in the Index Management Policy the complaints procedure which gives the opportunities to all interested parties to address questions and suggestions to MOEX. Index Management Policy is publicly available on MOEX's web-site.

Complaints, queries or questions can be sent directly to MOEX by e-mail, telephone or using a special Client Request Form (user-friendly format) on MOEX's web-site. The Form contents are forwarded to index@moex.com and delivered to the Index Management Division. All complaints, queries and questions are reviewed by MOEX staff within a reasonable period of time.



MOEX Index Management Division provides two level of client support; the 1st level support provides general comments and answers on incoming requests, while the 2nd level support provides detailed comments and references adapted to each incoming request. The procedures developed ensures that the complaint is either addressed by MOEX or, in the case of a calculation or composition issue regarding indices, if MOEX disagrees with the complainant, the reasons why MOEX believes the index calculation or composition is correct and is in accordance with Benchmark Methodologies.

In case the complaint proves to be substantiated, MOEX together with Independent Committees of Stakeholders develops and implements all necessary changes to Benchmark Methodologies and disclosure procedures.

#### ***Audit, audit trail and co-operation with Regulatory Authorities (Principles 17-19)***

MOEX appointed an independent external auditor to report on the fair presentation of the Statement of Compliance and the suitability of design of the control procedures aimed at adherence with the IOSCO Principles. Starting from 2017 the external audit of compliance with the IOSCO Principles will be held annually.

MOEX stores the records related to Benchmarks calculation for the period not less than five years, including, but not limited to, market data used for calculations, Constituents Lists, free-float calculations, coefficients calculations, methodology changes, complaints from users.

MOEX maintains the Register of documents (hereinafter referred to as “**Register of documents**”) related to compliance with the IOSCO Principles in order to make them readily available in case of any requests from Regulatory Authorities (hereinafter referred to as “**Regulatory Authorities**”).

## **5. Governance over the Benchmarking Process and Control Framework**

The governance framework of MOEX is represented by the following bodies:

- The Supervisory Board of MOEX;
- The Executive Board of MOEX;
- Independent Committees of Stakeholders.

The main Divisions/Departments involved in the benchmarking process are:

- The Index Management Division of MOEX;
- The IT Department of MOEX;
- The Compliance (Internal Control) Department of MOEX;
- The Operational Risks Department of MOEX;
- The Legal Department of MOEX.

The Index Management Division of MOEX is responsible for the execution of administrative functions of the Benchmark determination process and accountable to the Executive Board of MOEX. The Executive Board of MOEX reviews and approves policies and procedures related to the benchmarking process. The Chairman of the Executive Board of MOEX is responsible for the review and approval of internal control reports prepared by the Compliance (Internal Control) Department and operational risk reports prepared by the Operational Risk Department.



The Index Management Division's role in the Benchmarking processes includes: periodic update of parameters and constituents lists (both hereinafter referred as "**Constituents Lists**") of the Benchmarks in case it is necessary, review and update of the existing Benchmark Methodologies, consultation with the respective Committee. The Executive Board of MOEX performs the final review and approves updates of Benchmark parameters and Benchmark Methodologies, whereas the Chairman of the Executive Board reviews the Constituents Lists of the Benchmarks and makes the final approval of them.

MOEX's Committees consist of representatives of external Stakeholders and are responsible for the independent oversight function, including periodic review of Benchmark Methodologies, parameters and constituents lists of the Benchmarks in case it is applicable acting as a Stakeholder consultation function. Each Committee operates within the scope of its functionality and expertise: FX Market Committee deals with the issues concerning FX Fixings and Indicative Rates for Swaps, Securities Lending and REPO Committee is responsible for Repo Rate Indicators, Collective Investment Market Committee reviews issues concerning Pension Indices and Index Committee is responsible for Equity and Bond indices.

The Index Management Division of MOEX is also responsible for the development of new indices. Upon approval of the Methodologies, the Index Management Division develops the statement of work for the IT Department for the calculation of indices. The IT department develops the calculation algorithm and performs its testing in the test environment. Then the calculation algorithm is transferred to the working environment and the calculation of indices is performed automatically. The publication of indices on the web-site is automatically linked to the system which calculates indices.

The Compliance (Internal Control) Department and the Operational Risk Department are responsible for control over the benchmarking process, including conflicts of interest issues, whistleblowing process, compliance review, business continuity issues, dealing with error reports and information security, where Executive Board of MOEX is responsible for review of such reports and Supervisory Board of MOEX is responsible for approval of changes in compliance (internal control) and risk management procedures and policies.

The Legal Department of MOEX is responsible for Benchmark Methodologies compliance review with the Russian legislation in case of introducing changes to existing Methodologies or in case of development of new Methodologies for prospective Benchmarks. The Legal Department of MOEX also reviews the Terms of Reference for the Independent Committees of Stakeholders, Executive Board and Supervisory Board of MOEX for compliance with the Russian legislation. All the agreements between MOEX and third parties, including agreements with data vendors on dissemination of Benchmark data, are reviewed and approved by the Legal Department of MOEX.

## 6. Executives' Statement

We are responsible for the identification of the control objectives and the design of MOEX's control procedures to effectively address the provisions of the IOSCO Principles. We are also responsible for the fair description of the control procedures in the Statement of Compliance.

We assert that MOEX has suitably designed control procedures to comply with the IOSCO Principles for the Benchmarks listed in Section 3.

We have prepared the detailed description of the relevant control procedures together with the related control objectives aimed at compliance with the IOSCO Principles as at 25 February 2017 in Section 8 and confirm that:

- a) the accompanying descriptions in Section 8 fairly present the Company's control procedures which were in place; and
- b) the control procedures are suitably designed such that the specified control objectives aimed at complying with the IOSCO Principles will have been achieved if the control procedures were complied with satisfactorily.

Signed on behalf of Public Joint-Stock Company "Moscow Exchange MICEX-RTS"



Afanasiev A.K.  
Chairman of the Executive Board and CEO of  
Public Joint-Stock Company "Moscow Exchange MICEX-RTS"

## 7. Independent assurance report

Independent Practitioner's Assurance Report to the Supervisory Board and Executive Board of Public Joint-Stock Company "Moscow Exchange MICEX-RTS" ("Company") in respect of the Company's Statement of Compliance with the IOSCO Principles for Financial Benchmarks as at 25 February 2017.

### **Use of report**

We have carried out a reasonable assurance engagement in respect of:

- a) The Statement of Compliance of the Company describing the control procedures designed to address the IOSCO Principles;
- b) The suitability of design of the control procedures to address the IOSCO Principles in accordance with the terms of our engagement letter dated 9 December 2016.

This report is made solely to the Company and its Directors. Our work has been undertaken so that we might state to the Company those matters we are required to state in an independent assurance report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Directors of the Company for our work, for this report, or for the conclusions we have formed, save where expressly agreed in writing.

### **Respective responsibilities**

The Directors of the Company are responsible for the identification of the control objectives and the design of MOEX's control procedures to effectively address the provisions of the Principles for Financial Benchmarks published by the International Organization of Securities Commissions dated July 2013 ("IOSCO Principles"). They are also responsible for the fair description of the control procedures in the Statement of Compliance (Section 8).

Our responsibilities for this engagement are to obtain reasonable assurance and report in accordance with our engagement letter. We report to you whether in our opinion, in all material respects, adherence to the IOSCO Principles have been described fairly and will have been achieved if the described control procedures set out in Section 8 are complied with satisfactorily as at 25 February 2017.

### **Our approach**

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements other than Audits and Reviews of Historical Financial Information* ("ISAE 3000"), issued by the International Auditing and Assurance Standards Board. ISAE 3000 requires that we obtain sufficient, appropriate evidence on which to base our conclusion.

The objective of a reasonable assurance engagement is to perform procedures to obtain information and explanations which we consider necessary in order to provide us with sufficient appropriate evidence to give reasonable assurance over the Statement of Compliance. The extent of procedures performed is wider than for a limited assurance engagement, and therefore more assurance is obtained. Our procedures were not sufficient to enable us to conclude on the design effectiveness or operation of policies or controls in place to address the IOSCO Principles and, accordingly, we do not express an opinion thereon.

The procedures performed were based on our professional judgment and included, but were not limited to, inquiries of personnel, inspection of documents, evaluating the appropriateness of policies and procedures for the compliance with the IOSCO Principles. Details of the procedures performed are included in Section 8.

We believe that the procedures we have performed and the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

We apply International Standard on Quality Control 1 and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

### ***Inherent limitations***

Control procedures designed to address specified control objectives are subject to inherent limitations and, accordingly, errors or irregularities may occur and not be detected. Such control procedures cannot guarantee protection against (among other things) fraudulent collusion especially on the part of those holding positions of authority or trust. Furthermore, our conclusion is based on historical information and the projection of any information or conclusions in the attached report to any future periods would be inappropriate.

### ***Conclusion***

Based on the results of our procedures in our opinion, in all material respects:

- a) The Company's Statement of Compliance set out in Section 8 describes fairly the control procedures that relate to the specified control objectives aimed at complying with the IOSCO Principles which were in place as at 25 February 2017; and
- b) The control procedures described in Section 8 are suitably designed such that there is reasonable, but not absolute, assurance that the specified control objectives aimed at complying with the IOSCO Principles will have been achieved if the described control procedures were complied with satisfactorily.

The partner in charge of the reasonable assurance engagement resulting in this independent practitioner's assurance report is - Zaichikova Eugenia Vladimirovna.



E.V. Zaichikova  
Partner  
Ernst & Young Vneshaudit LLC

3 March 2017

***Details of the audited entity***

Name: Public Joint-Stock Company "Moscow Exchange MICEX-RTS"  
Record made in the State Register of Legal Entities on 19 December 2016, State Registration Number 7167750550686.  
Address: 125009, Russia, Moscow, Bolshoy Kislovsky per, 13.

***Details of the auditor***

Name: Ernst & Young Vneshaudit LLC  
Record made in the State Register of Legal Entities on 4 February 2016, State Registration Number 1167746123478.  
Address: Russia 115035, Moscow, Sadovnicheskaya naberezhnaya, 77, building 1.  
Ernst & Young Vneshaudit LLC is a member of Self-regulated organization of auditors "Russian Union of auditors" (Association) ("SRO RUA"). Ernst & Young Vneshaudit LLC is included in the control copy of the register of auditors and audit organizations, main registration number 11603050953.

## 8. IOSCO Principles and Responses

IOSCO Principle	MOEX's response	Work performed by EY
<b>1. Overall responsibility of Administrator</b>		
The Administrator should retain primary responsibility for all aspects of the Benchmark determination process. For example, this includes:	The Index Management Division of MOEX is responsible for the key administrative aspects of the Benchmark determination process and it is supervised by the Executive Board of MOEX. The Index Management Division is supplemented by Committees of Stakeholders which are the part of the governance structure as described in Section 2 and Section 5 of this Statement.	<p>We obtained and reviewed:</p> <ul style="list-style-type: none"> <li>• MOEX's organogram and hierarchy structure;</li> <li>• the Index Management Policy describing the roles and responsibilities of all the functions involved in the benchmarking process;</li> <li>• the Charter of MOEX;</li> <li>• the Terms of Reference for the Index Committee, FX Market Committee, Securities Lending and REPO Committee, Collective Investment Market Committee, Executive Board of MOEX.</li> </ul> <p>We inspected for evidence that the above mentioned MOEX's bodies are accountable for the Benchmark determination process.</p>



IOSCO Principle	MOEX's response	Work performed by EY
<p>a) Development: The definition of the Benchmark and Benchmark Methodology.</p>	<p>The Index Management Division is responsible for the development of Benchmarks as well as Benchmark Methodologies.</p> <p>Benchmark development process is supervised by the relevant Committee (Index Committee, FX Market Committee, Securities Lending and REPO Committee and Collective Investment Market Committee), depending on the type of the Benchmark. Benchmark Methodologies are also reviewed for compliance with legislation and internal documents by the Compliance (Internal Control) Department. Afterwards they are reviewed and approved by the Executive Board of MOEX.</p> <p>On a periodic basis (once per quarter) the Compliance (Internal Control) Department reviews compliance of the Benchmark determination and dissemination procedures with the requirements stated in the Benchmark Methodologies and legislation.</p> <p>All Benchmark Methodologies are officially disclosed on MOEX's web-site.</p> <p>The Bond, Equity and Pension Benchmarks are calculated based on the Constituent List, which is periodically reviewed (once per quarter) with the participation of the relevant Committee. The contents and structure of all Methodologies are also reviewed periodically by the Executive Board of MOEX subject to consultation with relevant Committees.</p>	<p>We obtained the Index Management Policy describing the roles and responsibilities of all the functions involved in the benchmarking process and ensured that the roles are stated as described in MOEX's response.</p> <p>We obtained the Terms of Reference for Index Committee, FX Market Committee, Securities Lending and REPO Committee, and Collective Investment Market Committee and inspected for evidence that they are responsible for periodic review, consultation and recommending for approval of Benchmark's Methodologies and Constituent Lists.</p> <p>We obtained the reports of the Compliance (Internal Control) Department and inspected for evidence that the Compliance (Internal Control) Department on a periodic basis reviews compliance of the Benchmark determination and dissemination procedures as described in MOEX's response.</p> <p>We obtained a selection of meeting minutes of the Index Committee, FX Market Committee, Securities Lending and REPO Committee and Collective Investment Market Committee and inspected for evidence that the Benchmark Methodologies together with the Constituent List for each MOEX's index are reviewed on a periodic basis.</p> <p>We obtained a selection of meeting minutes of the Executive Board of MOEX and inspected for evidence that changes to the Benchmark Methodologies have been approved by them.</p> <p>For each MOEX's Index, we obtained Benchmark Methodologies and inspected for evidence that:</p> <ul style="list-style-type: none"> <li>• they include the Benchmark definition and Benchmark determination procedure;</li> <li>• they are publicly available on MOEX's web-site.</li> </ul>



IOSCO Principle	MOEX's response	Work performed by EY
<p>b) Determination and Dissemination: Accurate and timely compilation and publication and distribution of the Benchmark.</p>	<p>The Benchmark determination and dissemination process is automated at MOEX. The process of Benchmarks publishing follows the process of their calculation. The IT Department is responsible for the timely compilation and publication of Benchmarks. The Index Management Division is responsible for developing the statement of work for the Benchmark calculation. Based on this statement of work the IT Department develops technical specifications, upon which the calculation algorithm is developed. Afterwards the calculation algorithm is tested and reviewed for accuracy and compliance with the statement of work by the IT Department, the Compliance (Internal Control) Department and the Index Management Division. Then the calculation algorithm is transmitted from the test environment to the working environment. The working environment is designed in a way that the changes to the algorithm are not possible. The calculation of benchmarks is then performed automatically based on the calculation algorithm. The calculated benchmarks then flow from the calculating system and are automatically published on MOEX's web-site and Benchmarks are transferred to the data repository to provide data vendors with the real-time Benchmarks data. The process is reviewed both by the Operational Risk Department and the Index Management Division on a daily basis. All the agreements between MOEX and third parties, including agreements with data vendors on dissemination of Benchmark data, are reviewed and approved by the Legal Department of MOEX.</p>	<p>We obtained the Index Management Policy describing the roles and responsibilities of all the functions involved in the benchmarking process and ensured that the roles of the IT Department, the Index Management Division, the Compliance (Internal Control) Department, the Operational Risk Department and the Legal Department are stated as described in MOEX's response.</p> <p>We obtained an example of statement of work for the IT Department and all the relevant correspondence and inspected for evidence that:</p> <ul style="list-style-type: none"> <li>the IT Department develops algorithm for automatic determination and dissemination process in accordance with the statement of work;</li> <li>internal correspondence includes finalization, review, testing and final approval stages for the algorithm developed.</li> </ul> <p>We reviewed the work flow procedure on the development on the development of the new algorithm or making changes to the existing algorithm for automatic Benchmark determination and dissemination process and inspected for evidence that:</p> <ul style="list-style-type: none"> <li>Only employees involved in the workflow procedure have access rights to the MOEX's IT system;</li> <li>After finalization of the algorithm nobody can make changes to the algorithm (in order to make changes the new statement of work shall be made in the system and signed by a number of employees).</li> </ul> <p>Based on the above we ensured that the process is designed in a way that the changes to the calculation algorithm are possible only after the approval of the new statement of work for the algorithm development.</p>

IOSCO Principle	MOEX's response	Work performed by EY
<p>c) Operation: Ensuring appropriate transparency over significant decisions affecting the compilation of the Benchmark and any related determination process, including contingency measures in the event of absence of or insufficient inputs, market stress or disruption, failure of critical infrastructure, or other relevant factors.</p>	<p>Significant decisions affecting the determination of the Benchmark are relayed via press-releases on the official MOEX's web-site (for example changes to Constituent List and changes to Methodologies in order to reflect current market conditions).</p> <p>The Index Management Policy contains provisions concerning Benchmark determination procedure in case of absence or insufficient inputs and technical deficiency. In this case, MOEX is responsible for undertaking measures to ensure the accuracy of the Benchmark.</p> <p>MOEX has a Business Continuity Plan in place to cover disruptions both to technical and office infrastructure, thus ensuring the continuity of the business. All MOEX's employees attend mandatory trainings concerning internal policies aimed at business continuity and prevention of infrastructure disruptions. In case of any changes to internal policies aimed at business continuity and prevention of infrastructure disruptions, all MOEX's employees attend updated trainings concerning these changes to internal policies.</p>	<p>We reviewed a selection of MOEX's press-releases and inspected for evidence that:</p> <ul style="list-style-type: none"> <li>they include statements concerning changes to Benchmark Methodologies and the Constituent Lists and effective date of changes coming in force;</li> <li>they include MOEX's explanations concerning these changes;</li> <li>they are publicly available on MOEX's web-site (<a href="http://www.moex.com/en/news/?ncat=206">http://www.moex.com/en/news/?ncat=206</a>).</li> </ul> <p>We obtained the Index Management Policy and inspected for evidence that it includes provisions concerning Benchmark determination procedure in evidence of absence or insufficient inputs and technical deficiency.</p> <p>We obtained the Business Continuity Plan and inspected for evidence that:</p> <ul style="list-style-type: none"> <li>it is in place to cover disruptions to infrastructure;</li> <li>it contains provision concerning activities required to allow MOEX to continue to operate if there is an issue of technical deficiency.</li> </ul> <p>We obtained e-mail confirmation from the HR Department that all employees attend mandatory training concerning internal policies on business continuity and prevention of infrastructure disruptions.</p> <p>We also obtained the confirmation from electronic system confirming the attendance of trainings concerning internal policies on business continuity and prevention of infrastructure disruptions by the employees of the Index Management Division.</p>

IOSCO Principle	MOEX's response	Work performed by EY
<p>d) Governance: Establishing credible and transparent governance, oversight and accountability procedures for the Benchmark determination process, including an identifiable oversight function accountable for the development, issuance and operation of the Benchmark.</p>	<p>The Index Management Division of MOEX is responsible for the administrative functions of the Benchmark determination process and accountable to the Executive Board of MOEX. The Executive Board of MOEX reviews and approves policies and procedures related to the benchmarking process and Benchmark Methodologies and oversight the functions involved in the benchmarking process (all departments involved are accountable to the Executive Board of MOEX). The Chairman of the Executive Board of MOEX is responsible for the review and approval of internal control reports prepared by the Compliance (Internal Control) Department and operational risk reports prepared by the Operational Risk Department.</p> <p>MOEX's Committees consist of representatives of external Stakeholders and are responsible for the independent oversight function, including periodic review of Benchmark Methodologies, parameters and constituents lists of the Benchmarks in case it is applicable acting as a Stakeholder consultation function. Each Committee operates within the scope of its functionality and expertise: FX Market Committee deals with the issues concerning FX Fixings and Indicative Rates for Swaps, Securities Lending and REPO Committee is responsible for Repo Rate Indicators, Collective Investment Market Committee reviews issues concerning Pension Indices and Index Committee is responsible for Equity and Bond indices.</p> <p>The Compliance (Internal Control) Department and the Operational Risk Department are responsible for performing control function over the benchmarking process, including conflicts of interest issues, whistleblowing process, compliance review, business continuity issues, dealing with error reports and information security.</p>	<p>We obtained and reviewed:</p> <ul style="list-style-type: none"> <li>• MOEX's organogram and hierarchy structure;</li> <li>• the Index Management Policy describing the roles and responsibilities of all the functions involved in the benchmarking process;</li> <li>• the Charter of MOEX;</li> <li>• the Terms of Reference for Index Committee, FX Market Committee, Securities Lending and REPO Committee, Collective Investment Market Committee, the Executive Board of MOEX;</li> <li>• A selection of meeting minutes of the Executive Board of MOEX.</li> </ul> <p>We inspected for evidence that the above mentioned MOEX's bodies are accountable for the respective Benchmark governance and oversight process as described by MOEX.</p> <p>We obtained the reports of the Compliance (Internal Control) Department and inspected for evidence that the Compliance (Internal Control) Department on a periodic basis reviews compliance of the Benchmark determination and dissemination procedures as described in MOEX's response. We also inspected for evidence that the Chairman of the Executive Board of MOEX reviews and signs these reports.</p> <p>We obtained the Index Management Policy describing the roles and responsibilities of all the functions involved in the benchmarking process and ensured that the roles of the Compliance (Internal Control) Department, the Operational Risk Department and the Legal Department are stated as described in MOEX's response.</p>

IOSCO Principle	MOEX's response	Work performed by EY
	<p>On a periodic basis (once per quarter) the Compliance (Internal Control) Department reviews compliance of the Benchmark determination and dissemination procedures with the requirements stated in the Benchmark Methodologies and legislation.</p> <p>The Legal Department of MOEX is responsible for Benchmark Methodologies compliance review with the Russian legislation in case of introducing changes to existing Methodologies or in case of development of new Methodologies for prospective Benchmarks. The Legal Department of MOEX also reviews the Terms of Reference for the Independent Committees of Stakeholders, Executive Board and Supervisory Board of MOEX for compliance with the Russian legislation. All the agreements between MOEX and third parties, including agreements with data vendors on dissemination of Benchmark data, are reviewed and approved by the Legal Department of MOEX.</p>	
<b>2. Oversight of third parties</b>		
<p>Where activities relating to the Benchmark determination process are undertaken by third parties – for example collection of inputs, publication or where a third party acts as Calculation Agent – the Administrator should maintain appropriate oversight of such third parties. The Administrator (and its oversight function) should consider adopting policies and procedures that:</p> <p>a) Clearly define and substantiate through appropriate written arrangements the roles and obligations of third parties who participate in the Benchmark determination process, as well as the standards the Administrator expects these third parties to comply with.</p>	<p>This principle is not applicable for MOEX since it operates Benchmark determination process without the involvement of third parties. Benchmarks are based on market data generated on MOEX trading venues, automatically calculated and published by MOEX.</p>	<p>We obtained the Index Management Policy describing the roles and responsibilities of all the functions involved in the benchmarking process and ensured that Benchmark determination process is performed without the involvement of third parties.</p>

IOSCO Principle	MOEX's response	Work performed by EY
<p>b) Monitor third parties' compliance with the standards set out by the Administrator.</p> <p>c) Make Available to Stakeholders and any relevant Regulatory Authority the identity and roles of third parties who participate in the Benchmark determination process.</p> <p>d) Take reasonable steps, including contingency plans, to avoid undue operational risk related to the participation of third parties in the Benchmark determination process.</p> <p>This Principle does not apply in relation to a third party from whom an Administrator sources data if that third party is a Regulated Market or Exchange.</p>		
<b>3. Conflicts of Interests for Administrators</b>		
<p>To protect the integrity and independence of Benchmark determinations, Administrators should document, implement and enforce policies and procedures for the identification, disclosure, management, mitigation or avoidance of conflicts of interest. Administrators should review and update their policies and procedures as appropriate.</p>	<p>MOEX' employees are restricted from participating in trading activities with securities and financial instruments as stated in MOEX Conflicts of Interests Policy so no significant conflict of interests may arise. In case MOEX's employees participate in trading activities on stock exchange, the Compliance (Internal Control) Department reviews their brokerage account statements on a periodic basis. In case of identification of any potential or actual conflicts of interest the Compliance (Internal Control) Department takes measures to eliminate identified conflicts of interest.</p> <p>MOEX's business connections do not give rise to the conflict of interest in relation to Benchmarks since MOEX is a regulated exchange and it does not have business relationships which can compromise the performance of its functions as an Administrator.</p>	<p>We obtained MOEX's Conflicts of Interests Policy and inspected for evidence that it is reviewed and approved by the Supervisory Board of MOEX.</p> <p>We obtained meeting minutes of the Supervisory Board and inspected for evidence that MOEX's Conflicts of Interests Policy is reviewed and approved by the Supervisory Board of MOEX.</p> <p>We obtained MOEX List of Insider Information, MOEX Information Security Policy, MOEX Insider Information Access Policy, MOEX Insider Information Illegitimate Usage Prevention Policy and inspected for evidence that these documents are reviewed and approved by the Executive Board of MOEX.</p> <p>We received oral representation from the Head of the Compliance (Internal Control) Department that the Compliance (Internal Control) Department reviews brokerage account statements of MOEX's employees involved in trading activities on stock exchange.</p>

IOSCO Principle	MOEX's response	Work performed by EY
	<p>MOEX implemented a conflicts of interest framework which consists of internal documents regarding conflicts of interests and confidentiality of information and related internal controls over identification and prevention of conflicts of interests. The policies and procedures are described in the following documents:</p> <ul style="list-style-type: none"> <li>• MOEX Conflicts of Interests Policy;</li> <li>• MOEX List of Insider Information;</li> <li>• MOEX Information Security Policy;</li> <li>• MOEX Insider Information Access Policy;</li> <li>• MOEX Insider Information Illegitimate Usage Prevention Policy.</li> </ul> <p>Details related to these documents are presented in point E of Principle 3.</p> <p>The Conflicts of Interests Policy is subject to periodic review by the Supervisory Board and other documents are subject to review by the Executive Board of MOEX.</p> <p>The Compliance (Internal Control) Department is responsible for the implementation of controls over conflicts of interest and review of compliance with the Conflicts of Interests Policy. The Operational Risk Department is responsible for day-to-day identification, prevention and management of conflicts of interest which can result in operational risks.</p> <p>Members of the MOEX's Committees are obliged to follow all MOEX internal policies and documents, including the Conflicts of Interests Policy.</p> <p>The Conflicts of Interests Policy requires employees to declare the potential or actual conflict of interest when it arises and any subsequent changes in relation to it. Employees are required to report on potential and actual conflicts of interest to their Heads and to the Compliance (Internal Control) Department.</p>	<p>We obtained the Index Management Policy describing the roles and responsibilities of all the functions involved in the benchmarking process and ensured that the Compliance Department is responsible for implementation of controls over conflicts of interest and its periodic review; the Operational Risk Department is responsible for day-to-day identification, prevention and management of conflicts of interest.</p> <p>We obtained the Terms of Reference of MOEX's Committees (the Index Committee, FX Market Committee, Securities Lending and REPO Committee and Collective Investment Market Committee) and inspected for evidence that all Committee members are obliged to follow all MOEX internal policies and documents, including the Conflicts of Interests Policy.</p> <p>We obtained a selection of acceptance letters and appointment agreements of MOEX's Committees' members and inspected for evidence that they are signed by respective Committees' members.</p> <p>We obtained examples of MOEX's employee's declarations concerning potential and actual conflicts of interest and inspected for evidence that:</p> <ul style="list-style-type: none"> <li>• they are in accordance with the Conflicts of Interests Policy;</li> <li>• they are appropriately signed by employees.</li> </ul>



IOSCO Principle	MOEX's response	Work performed by EY
Administrators should disclose any material conflicts of interest to their users and any relevant Regulatory Authority, if any.	The Index Management Policy requires the disclosure of high risk potential conflict of interest to Benchmark users and relevant Regulatory Authorities. So far no high risk potential conflict of interests has arisen.	We obtained the Index Management Policy and inspected for evidence that it contains requirements on the disclosure of high risk potential conflict of interest.
<p>The framework should be appropriately tailored to the level of existing or potential conflicts of interest identified and the risks that the Benchmark poses and should seek to ensure:</p> <p>a) Existing or potential conflicts of interest do not inappropriately influence Benchmark determinations.</p>	<p>MOEX Conflicts of Interests Policy covers the following issues:</p> <ul style="list-style-type: none"> <li>• key terms and definitions essential for understanding the nature of conflicts of interest;</li> <li>• the list of most common conflicts of interests, which enables employees to identify such conflicts;</li> <li>• the procedure (including declaration of potential conflict of interest) of informing the administration concerning conflicts of interest identified (both potential and actual);</li> <li>• the restrictions for MOEX's employees to the activities which may result in the potential conflicts of interest: trading in securities, non-disclosure of confidential information, part-time employment with the clients.</li> </ul> <p>MOEX employees participate in mandatory trainings regarding conflict of interest and are aware of the circumstances that may lead to the conflict of interest. In case of any changes to the Conflicts of Interests Policy, all MOEX's employees attend updated trainings concerning these changes. In accordance with the Conflicts of Interests Policy they should report on the origination of a potential or actual conflict of interest within three working days.</p>	<p>We obtained the Conflicts of Interests Policy and inspected for evidence that it covers the issues as described in MOEX's response.</p> <p>We obtained e-mail confirmation from the HR Department that all MOEX's employees attend mandatory training on conflict of interests. We also obtained the confirmation from electronic system confirming the attendance of trainings related to conflicts of interest by the employees of the Index Management Division.</p> <p>We obtained examples of MOEX's employee's declarations concerning potential and actual conflicts of interest and inspected for evidence that:</p> <ul style="list-style-type: none"> <li>• they are in accordance with the Conflicts of Interests Policy;</li> <li>• they are appropriately signed by employees.</li> </ul>



IOSCO Principle	MOEX's response	Work performed by EY
<p>b) Personal interests and connections or business connections do not compromise the Administrator's performance of its functions.</p>	<p>The Conflicts of Interests Policy requires employees to declare the potential or actual conflict of interest when it arises and any subsequent changes in relation to it. Employees are required to report on potential and actual conflicts of interest to their Heads and to the Compliance (Internal Control) Department.</p> <p>In case MOEX's employees participate in trading activities on stock exchange, the Compliance (Internal Control) Department reviews their brokerage account statements on a periodic basis. In case of identification of any potential or actual conflicts of interest the Compliance (Internal Control) Department takes measures to eliminate identified conflicts of interest.</p> <p>The Conflicts of Interests Policy contains provisions concerning restrictions on MOEX's employees participating in trading in securities, derivatives and other exchange instruments.</p>	<p>We obtained the Conflicts of Interests Policy and inspected for evidence that:</p> <ul style="list-style-type: none"> <li>it requires employees to report immediately on conflicts of interest to their Heads and to the Compliance Department;</li> <li>it contains restrictions on all trading activity for MOEX's employees.</li> </ul> <p>We received oral representation from the Head of the Compliance (Internal Control) Department that Compliance (Internal Control) Department reviews on a periodic basis brokerage account statements of MOEX's employees involved in trading activities on stock exchange.</p> <p>We obtained examples of MOEX's employee's declarations concerning potential and actual conflicts of interest and inspected for evidence that:</p> <ul style="list-style-type: none"> <li>they are in accordance with the Conflicts of Interests Policy;</li> <li>they are appropriately signed by employees.</li> </ul>
<p>c) Segregation of reporting lines within the Administrator, where appropriate, to clearly define responsibilities and prevent unnecessary or undisclosed conflicts of interest or the perception of such conflicts.</p>	<p>As part of the control framework, MOEX has identified and documented roles and responsibilities of the key departments involved in the Benchmark determination process as described earlier in the response to Principle 1. The control framework is structured in a way to prevent potential conflict of interest.</p> <p>The Compliance (Internal Control) Department is responsible for the implementation of controls over conflicts of interest and review of compliance with the Conflicts of interests Policy. The Operational Risk Department is responsible for day-to-day identification, prevention and management of conflicts of interest which can result in operational risks.</p>	<p>We obtained the Index Management Policy describing the roles and responsibilities of all the functions involved in the benchmarking process and ensured that the roles of the Compliance (Internal Control) Department and the Operational Risk Department are described in this document in accordance with MOEX's response.</p>

IOSCO Principle	MOEX's response	Work performed by EY
<p>d) Adequate supervision and sign-off by authorised or qualified employees prior to releasing Benchmark determinations.</p>	<p>Benchmark determination and dissemination process is automated in MOEX. The calculation of Benchmarks is performed in a predetermined way based on the developed calculation algorithm and the process is structured in a way to prevent unauthorized access to the calculation of Benchmarks.</p> <p>MOEX's Index Management Division is responsible for a day-to-day review of the Benchmark determination accuracy. On a periodic basis (at the end of each month) the representative of the Index Management Division reviews the accuracy of the Benchmarks determination, checks the completeness and accuracy of the Constituent List for each Benchmark and prepares special checklist, which is reviewed and signed-off by the Head of the Index Management Division, or by a designated delegate.</p>	<p>We obtained the Index Management Policy describing the roles and responsibilities of all the functions involved in the benchmarking process and ensured that the process is described in accordance with MOEX's response.</p> <p>We obtained an example of statement of work for the IT Department and all the relevant correspondence and inspected for evidence that:</p> <ul style="list-style-type: none"> <li>the IT Departments develops algorithm for automatic determination and dissemination process in accordance with the statement of work;</li> <li>internal correspondence includes finalization, review, testing and final approval stages for the algorithm developed.</li> </ul> <p>We obtained a checklist for January 2017 and inspected for evidence that:</p> <ul style="list-style-type: none"> <li>it is signed-off by the Head of the Index Management Division;</li> <li>it contains all the review procedures as described in MOEX's response.</li> </ul>
<p>e) The confidentiality of data, information and other inputs submitted to, received by or produced by the Administrator, subject to the disclosure obligations of the Administrator.</p>	<p>MOEX's internal documents in relation to the confidentiality of information include:</p> <ul style="list-style-type: none"> <li>the Information Security Policy – major document stipulating general provisions concerning user access, confidentiality of the data, controls over data usage, illegitimate usage prevention;</li> <li>the List of insider information – document stating the list of confidential information;</li> <li>the Insider Information Access Policy – document regulating the procedure of MOEX's employees access to confidential information;</li> <li>the Insider Information Illegitimate Usage Prevention Policy – document stating procedures and controls aimed at prevention of illegitimate usage of confidential information.</li> </ul>	<p>We obtained from MOEX:</p> <ul style="list-style-type: none"> <li>the Information Security Policy;</li> <li>the List of insider information;</li> <li>the Insider Information Access Policy;</li> <li>the Insider Information Illegitimate Usage Prevention Policy.</li> </ul> <p>and inspected for evidence that these policies cover the rules and procedures for user access, protection of information confidentiality, controls over data usage and illegitimate usage prevention.</p>

IOSCO Principle	MOEX's response	Work performed by EY
	<p>MOEX employees participate in mandatory trainings regarding confidentiality and are aware of it. In case of any changes to the internal documents in relation to the confidentiality of information, all MOEX's employees attend updated trainings concerning these changes.</p> <p>In accordance with the Information Security Policy, the employees should sign the declarations regarding non-disclosure of the confidential information.</p>	<p>We obtained the Index Management Policy describing the roles and responsibilities of all the functions involved in the benchmarking process and ensured that the Compliance Department and the Operational Risk Department are responsible for prevention of insider and confidential information illegitimate usage and market manipulation.</p> <p>We obtained e-mail confirmation from the HR Department that all MOEX's employees attend mandatory training on confidentiality. We also obtained the confirmation from electronic system confirming the attendance of trainings on confidentiality by the employees of the Index Management Division.</p> <p>We obtained a selection of declarations regarding the confidentiality and ensured that they are signed by the employees.</p>
<p>f) Effective procedures to control the exchange of information between staff engaged in activities involving a risk of conflicts of interest or between staff and third parties, where that information may reasonably affect any Benchmark determinations.</p>	<p>All individuals are subject to the internal documents including the Conflicts of Interests Policy in relation to the confidentiality of information which are listed above. In accordance with these documents, individuals have an access to confidential information only within their terms of reference.</p> <p>In accordance with the Information Security Policy the employees should sign the declarations regarding non-disclosure of the confidential information.</p>	<p>We obtained examples of MOEX's employee's declarations concerning potential and actual conflicts of interest and inspected for evidence that:</p> <ul style="list-style-type: none"> <li>they are in accordance with MOEX's Conflicts of interests Policy;</li> <li>they are appropriately signed by employees.</li> </ul> <p>We obtained a selection of acceptance letters and appointment agreements of MOEX's Committees' members and inspected for evidence that they are signed by respective Committees' members.</p> <p>We obtained a selection of declarations regarding the confidentiality and ensured that they are signed by the employees.</p>

IOSCO Principle	MOEX's response	Work performed by EY
<p>g) Adequate remuneration policies that ensure all staff who participate in the Benchmark determination are not directly or indirectly rewarded or incentivised by the levels of the Benchmark.</p>	<p>MOEX's employees who participate in the Benchmark determination are not rewarded based upon the level of any Benchmarks.</p>	<p>We obtained e-mail confirmation from the HR Department that the employees of Index Management Division are not rewarded based on the level of Benchmarks. We also received oral representation from the HR Department concerning individual KPIs of the Head of the Index Management division for 2016 and ensured that there are no KPIs based on the level of Benchmarks.</p> <p>We obtained the Terms of Reference for MOEX's Committees' (Index Committee, FX Market Committee, Securities Lending and REPO Committee and Collective Investment Market Committee) and inspected for evidence that:</p> <ul style="list-style-type: none"> <li>• Committees consist of non-MOEX employees;</li> <li>• members of Committees are not directly or indirectly rewarded or incentivized based on the levels of Benchmarks.</li> </ul>
<p>An Administrator's conflict of interest framework should seek to mitigate existing or potential conflicts created by its ownership structure or control, or due to other interests the Administrator's staff or wider group may have in relation to Benchmark determinations. To this end, the framework should:</p> <p>a) Include measures to avoid, mitigate or disclose conflicts of interest that may exist between its Benchmark determination business (including all staff who perform or otherwise participate in Benchmark production responsibilities), and any other business of the Administrator or any of its affiliates.</p> <p>b) Provide that an Administrator discloses conflicts of interest arising from the ownership structure or the control of the Administrator to its Stakeholders and any relevant Regulatory Authority in a timely manner.</p>	<p>The Central Bank of Russia (CBR) and OJSC Sberbank, owning 12% and 10% of MOEX respectively, do not control and influence the Benchmarks since the majority of shares are in free-float. The representatives of OJSC Sberbank and CBR participate in the Supervisory Board of MOEX and in the Committees of Stakeholders, but the structure of the Board and the Committees is such that they cannot alone influence the decisions (there are other members in the Committees and the decisions are taken based on the majority of votes) – no conflict of interest arises.</p> <p>MOEX does not have conflict of interest due to the fact that MOEX's securities are included in equity indices. This fact is associated with the large volume of trades, and as a result, MOEX's shares are constituents of the respective Benchmarks since the Constituents Lists are determined based on the volume of trades in securities. Also the decision for including MOEX's shares in the indices is approved by the Index Committee.</p>	<p>We reviewed the shareholding structure disclosed on MOEX's web-site and inspected for evidence that there are no majority shareholders.</p> <p>We reviewed the structure and Terms of Reference for the Supervisory Board of MOEX and the Committees of Stakeholders and ensured that the structure of the Board and the Committees and the decision-making procedure is the same as in MOEX's response.</p> <p>We reviewed the trade turnover of MOEX shares and inspected for evidence that:</p> <ul style="list-style-type: none"> <li>• the majority of MOEX's shares are in free-float;</li> <li>• the turnover is sufficient enough to satisfy constituents criteria.</li> </ul> <p>For more details concerning conflict of interest, please, refer to our responses stated above in Principle 3.</p>

IOSCO Principle	MOEX's response	Work performed by EY
<b>4. Control Framework for Administrators</b>		
<p>An Administrator should implement an appropriate control framework for the process of determining and distributing the Benchmark. The control framework should be appropriately tailored to the materiality of the potential or existing conflicts of interest identified, the extent of the use of discretion in the Benchmark setting process and to the nature of Benchmark inputs and outputs. The control framework should be documented and available to relevant Regulatory Authorities, if any. A summary of its main features should be Published or Made Available to Stakeholders.</p>	<p>As part of the internal policies and procedures on the Benchmarking process MOEX has implemented its control framework related to Benchmark determination.</p> <p>MOEX's control framework considers potential and existing risks related to the Benchmark determination and dissemination process and it supports the management over the Benchmark process. The control framework is appropriately tailored to potential and existing risks and to the nature of the Benchmark inputs and outputs. The control framework considers potential risks related to the provision of Benchmarks and the controls in place to support the management of them.</p> <p>The process is described earlier in this section in the response to Principle 1. The summary of the main features is published on MOEX's web-site.</p>	<p>We obtained the Index Management Policy describing the roles and responsibilities of all the functions involved in the benchmarking process and ensured that the control framework is described in this document. Please also see our response to Principle 1.</p> <p>We ensured that the summary of the control framework is published on MOEX's web-site.</p>
<p>This control framework should be reviewed periodically and updated as appropriate. The framework should address the following areas:</p>	<p>Control framework is reviewed periodically and signed by the Executive Board of MOEX.</p>	<p>We obtained the Index Management Policy describing the roles and responsibilities of all the functions involved in the benchmarking process and the control framework and ensured that this document is signed by the Executive Board of MOEX and that the procedure of the periodic review is stated in this policy.</p>
<p>a) Conflicts of interest in line with Principle 3 on conflicts of interests.</p>	<p>The control framework is structured in a way to prevent potential conflict of interest as described in the response to Principle 3.</p>	<p>Please see our procedures for Principle 3.</p>
<p>b) Integrity and quality of Benchmark determination:</p> <p>i. Arrangements to ensure that the quality and integrity of Benchmarks is maintained, in line with principles 6 to 15 on the quality of the Benchmark and Methodology.</p>	<p>i. The Executive Board of MOEX acts as an oversight function, performing the review and approval of the Benchmark Methodologies and oversight over the functions involved in the benchmarking process (all functions involved, except for Independent Committees of Stakeholders, are accountable to the Executive Board of MOEX).</p>	<p>We obtained the Index Management Policy describing the roles and responsibilities of all the functions involved in the benchmarking process and ensured that the process is stated as described in MOEX's response.</p> <p>Please see our procedures for Principles 6-16.</p>

IOSCO Principle	MOEX's response	Work performed by EY
<p>ii. Arrangements to promote the integrity of Benchmark inputs, including adequate due diligence on input sources.</p>	<p>MOEX's Committees consist of representatives of external Stakeholders and are responsible for the independent oversight function, including periodic review of Benchmark Methodologies, parameters and constituents lists of the Benchmarks in case it is applicable acting as a Stakeholder consultation function. Each Committee operates within the scope of its functionality and expertise: FX Market Committee deals with the issues concerning FX Fixings and Indicative Rates for Swaps, Securities Lending and REPO Committee is responsible for Repo Rate Indicators, Collective Investment Market Committee reviews issues concerning Pension Indices and Index Committee is responsible for Equity and Bond indices.</p> <p>The Compliance (Internal Control) Department and the Operational Risk Department are responsible for performing control function over the Benchmark process, including conflicts of interest issues, whistleblowing process, compliance review, business continuity issues, error reports and information security.</p> <p>ii. The process of Benchmark determination is automated with data flowing automatically from the trading system.</p> <p>Trading data is reviewed by the Index Management Division on a selective periodic basis and in case significant volatility of the index is identified or alert reports from the Operational Risk Department are received.</p>	

IOSCO Principle	MOEX's response	Work performed by EY
<p>iii. Arrangements to ensure accountability and complaints mechanisms are effective, in line with principles 16 to 19.</p> <p>iv. Providing robust infrastructure, policies and procedures for the management of risk, including operational risk.</p>	<p>Constituents Lists for Benchmarks are reviewed and recommended for the approval by the respective MOEX's Committee (Index Committee, FX Market Committee, Securities Lending and REPO Committee, Collective Investment Market Committee), which meet on a periodic basis. The Chairman of MOEX's Executive Board reviews the recommended Constituent Lists of the Benchmarks and makes the final approval of them. Constituent Lists are then updated manually in the system by the Index Management Division employees. Afterwards the market data on constituents is used by the system for the automatic indices calculation procedure.</p> <p>iii. The Index Management Division is responsible for the complaints procedure. The details are in the response to Principle 16.</p> <p>iv. The Operational Risk Department is responsible for the management of operational risk. The Operational Risk Department is responsible for identification, alerting and management of errors, technical disruptions and other problems in Benchmark determination process on a day-to-day basis. This Department covers 4 major areas of risks: IT risks, Business risks, External risks and Human Factor. The most significant control is performed over IT risks in Benchmarking process: the Operational Risk Department performs tests over the software at all its stages of functioning (development, introduction and afterwards daily monitoring). Please also refer to the response to the Principle 1.</p>	



IOSCO Principle	MOEX's response	Work performed by EY
<p>c) Whistleblowing mechanism: Administrators should establish an effective whistleblowing mechanism to facilitate early awareness of any potential misconduct or irregularities that may arise. This mechanism should allow for external reporting of such cases where appropriate.</p>	<p>The Compliance (Internal Control) Department is responsible for whistleblowing procedures. Whistleblowing mechanism is described in the Code of Ethics.</p> <p>MOEX's Code of Ethics provides a summary of major misconduct issues (e.g. non-compliance with internal procedures, corruption, unethical behavior) and what MOEX employees should do in such cases (including reporting internally – whistleblowing).</p> <p>MOEX also has a mandatory training program for employees, which covers issues concerning whistleblowing procedures and reporting, importance of early awareness of any potential misconduct or irregularities.</p>	<p>We obtained MOEX's Code of Ethics and inspected for evidence that it contains a summary of major issues of misconduct and the requirement for MOEX's employees to report on such issues.</p> <p>We obtained the Index Management Policy describing the roles and responsibilities of all the functions involved in the benchmarking process and ensured that this document states the roles of the Compliance department for whistleblowing mechanism.</p> <p>We obtained e-mail confirmation from the HR Department that all MOEX's employees attend mandatory training on MOEX's Code of Ethics (including reporting internally – whistleblowing). We also obtained the confirmation from electronic system confirming the attendance of trainings on Code of Ethics by the employees of the Index Management Division.</p>
<p>d) Expertise:</p> <p>i. Ensuring Benchmark determinations are made by personnel who possess the relevant levels of expertise, with a process for periodic review of their competence; and</p> <p>ii. Staff training, including ethics and conflicts of interest training, and continuity and succession planning for personnel.</p>	<p>The HR Department ensures that employees involved in Benchmark determination process have relevant level of expertise and knowledge based on the job description received from relevant business lines. Each employee has its individuals performance goals stated for each year which are subject to appraisal and discussion with the Head of division. MOEX's Committees (Index Committee, FX Market Committee, Securities Lending and REPO Committee and Collective Investment Market Committee) are formed from market professionals with exceptional knowledge, reputation and expertise.</p> <p>All personnel are obliged to attend FFMS 2.0 examination (Federal Financial Markets Service professional certificate). Each employee may attend MOEX Business University (program of staff development) and has its personal training schedule.</p>	<p>We obtained the Terms of Reference of MOEX's Committees (Index Committee, FX Market Committee, Securities Lending and REPO Committee and Collective Investment Market Committee) and inspected for evidence that these documents state strict criteria for Committee applicants, ensuring their level of knowledge and expertise. We also reviewed the Committees' Membership List, which is publicly available on MOEX's web-site and ensured that Committees are formed by market professionals with relevant experience.</p> <p>We obtained e-mail confirmation from the HR Department and verified that there is a formal performance appraisal for the employees and this process takes into account the progress in relation to trainings.</p>

IOSCO Principle	MOEX's response	Work performed by EY
	Succession and continuity plans are in place for executives and management within MOEX.	<p>We obtained e-mail confirmation from the HR Department that all MOEX's employees attend mandatory trainings including such issues as ethics and conflicts of interest and it is aimed at professional development and growth of employees. We also obtained the confirmation from electronic system confirming the attendance of obligatory trainings by the employees of the Index Management Division.</p> <p>We received oral representation from the HR Department that succession and continuity plans are in place for MOEX's executives and management.</p>
<p>Where a Benchmark is based on Submissions: Admin-istrators should promote the integrity of inputs by:</p> <ul style="list-style-type: none"> <li>a) Ensuring as far as possible that the Submitters comprise an appropriately representative group of participants taking into consideration the underlying Interest measured by the Benchmark.</li> <li>b) Employing a system of appropriate measures so that, to the extent possible, Submitters comply with the Submission guidelines, as defined in the Submitter Code of Conduct and the Administrators' applicable quality and integrity standards for Submission.</li> <li>c) Specifying how frequently Submissions should be made and specifying that inputs or Submissions should be made for every Benchmark determination.</li> <li>d) Establishing and employing measures to effectively monitor and scrutinise inputs or Submissions. This should include pre-compilation or pre-publication monitoring to identify and avoid errors in inputs or Submissions, as well as ex-post analysis of trends and outliers.</li> </ul>	MOEX's Benchmarks are not based on Submissions so this part is not applicable to MOEX.	We obtained the Index Management Policy describing the roles and responsibilities of all the functions involved in the benchmarking process and ensured that Benchmark determination is not based on Submissions.

IOSCO Principle	MOEX's response	Work performed by EY
<b>5. Internal Oversight</b>		
<p>Administrators should establish an oversight function to review and provide challenge on all aspects of the Benchmark determination process. This should include consideration of the features and intended, expected or known usage of the Benchmark and the materiality of existing or potential conflicts of interest identified.</p> <p>The oversight function should be carried out either by a separate committee, or other appropriate governance arrangements. The oversight function and its composition should be appropriate to provide effective scrutiny of the Administrator. Such oversight function could consider groups of Benchmarks by type or asset class, provided that it otherwise complies with this Principle.</p>	<p>The Index Management Division of MOEX is responsible for the administrative functions of the Benchmark determination process and accountable to the Executive Board of MOEX. The Executive Board of MOEX oversees and approves policies and procedures related to the benchmarking process. The Chairman of the Executive Board of MOEX is responsible for the review and approval of internal control reports prepared by the Compliance (Internal Control) Department and operational risk reports prepared by the Operational Risk Department.</p> <p>Supervisory Board of MOEX is responsible for the appointment of members of Independent Committees of Stakeholders for the key market segments: FX Market Committee, Securities Lending and REPO Committee, Collective Investment Market Committee, Index Committee.</p> <p>MOEX's Committees consist of representatives of external Stakeholders and are responsible for the independent oversight function, including periodic review of Benchmark Methodologies, parameters and constituents lists of the Benchmarks in case it is applicable acting as a Stakeholder consultation function. Each Committee operates within the scope of its functionality and expertise: FX Market Committee deals with the issues concerning FX Fixings and Indicative Rates for Swaps, Securities Lending and REPO Committee is responsible for Repo Rate Indicators, Collective Investment Market Committee reviews issues concerning Pension Indices and Index Committee is responsible for Equity and Bond indices.</p>	<p>We obtained and reviewed:</p> <ul style="list-style-type: none"> <li>• The Index Management Policy describing the roles and responsibilities of all the functions involved in the benchmarking process;</li> <li>• the Charter of MOEX;</li> <li>• the Terms of Reference for Index Committee, FX Market Committee, Securities Lending and REPO Committee, Collective Investment Market Committee, the Executive Board of MOEX and the Supervisory Board of MOEX;</li> <li>• A selection of meeting minutes of the Executive Board and the Supervisory Board.</li> </ul> <p>We inspected for evidence that roles and responsibilities of the above mentioned bodies are the same as described in MOEX's response.</p>

IOSCO Principle	MOEX's response	Work performed by EY
<p>An Administrator should develop and maintain robust procedures regarding its oversight function, which should be documented and available to relevant Regulatory Authorities, if any. The main features of the procedures should be Made Available to Stakeholders. These procedures should include:</p> <ul style="list-style-type: none"> <li>a) The Terms of Reference of the oversight function.</li> <li>b) Criteria to select members of the oversight function.</li> <li>c) The summary details of membership of any committee or arrangement charged with the oversight function, along with any declarations of conflicts of interest and processes for election, nomination or removal and replacement of committee members.</li> </ul>	<p>Terms of References for the Executive Board of MOEX and Committees are publicly available on MOEX's web-site.</p> <p>Criteria to select members and the processes for election, nomination or removal and replacement of members are stated in the Terms of References.</p> <p>In accordance with the Conflicts of Interests Policy the members of the Executive Board are subject to this policy and should provide declarations when necessary.</p> <p>In accordance with the Terms of References for the Committees of Stakeholders they are subject to internal policies and procedures of MOEX and also should provide declarations when necessary.</p>	<p>We examined the Terms of Reference for Index Committee, FX Market Committee, Securities Lending and REPO Committee, Collective Investment Market Committee and the Executive Board and inspected for evidence that:</p> <ul style="list-style-type: none"> <li>a) they are publicly available on MOEX's web-site;</li> <li>b) they state clear criteria for membership and an application procedure;</li> <li>c) they contain provisions concerning election, nomination or removal and replacement of members. For conflict of interest procedures, please, see Principle 3, stated above.</li> </ul>
<p>The responsibilities of the oversight function include:</p> <ul style="list-style-type: none"> <li>a) Oversight of the Benchmark design: <ul style="list-style-type: none"> <li>i. Periodic review of the definition of the Benchmark and its Methodology.</li> <li>ii. Taking measures to remain informed about issues and risks to the Benchmark, as well as commissioning external reviews of the Benchmark (as appropriate).</li> <li>iii. Overseeing any changes to the Benchmark Methodology, including assessing whether the Methodology continues to appropriately measure the underlying Interest, reviewing proposed and implemented changes to the Methodology, and authorising or requesting the Administrator to undertake a consultation with Stakeholders where known or its Subscribers on such changes as per Principle 12.</li> </ul> </li> </ul>	<p>The Executive Board of MOEX and Committees of Stakeholders are responsible for the oversight of Benchmark design.</p> <p>The Executive Board of MOEX performs periodic review and approval of the Benchmark Methodologies, assessing the appropriateness of the Methodologies and the necessity of termination of the Benchmarks.</p> <p>MOEX's Committees (Index Committee, FX Market Committee, Securities Lending and REPO Committee and Collective Investment Market Committee) perform independent periodical review of Benchmark Methodologies acting as a Stakeholder consultation function.</p> <p>All the functions involved in the Benchmarking process report to the Executive Board of MOEX so the Board is aware of issues and risks related to Benchmarks' determination.</p>	<p>We obtained the Index Management Policy describing the roles and responsibilities of all the functions involved in the benchmarking process and Benchmark Methodologies and inspected for evidence that:</p> <ul style="list-style-type: none"> <li>e. MOEX's Committees and the Executive Board are responsible for periodical review of the Benchmarks definition and their Methodologies. MOEX's Committees reviews and recommend for approval the Constituents Lists, whereas the Chairman of MOEX's Executive Board reviews and makes the final approval of them.</li> <li>ii.-iii. Committees and the Executive Board are responsible for periodic assessment of Benchmark being up-to-date with market conditions;</li> <li>iv. Committees and the Executive Board are responsible for the Benchmark decommissioning procedure.</li> </ul>

IOSCO Principle	MOEX's response	Work performed by EY
iv. Reviewing and approving procedures for termination of the Benchmark, including guidelines that set out how the Administrator should consult with Stakeholders about such cessation.		<p>We obtained meeting minutes of the Executive Board of MOEX and inspected for evidence that changes to the Benchmark Methodologies have been approved by them.</p> <p>We obtained meeting minutes of the Supervisory Board of MOEX and inspected for evidence that the reports of the Compliance Department are reviewed by the Board.</p> <p>We obtained meeting minutes of the Executive Board of MOEX and inspected for evidence that the reports of the Operational Risk Department are reviewed by the Board.</p>
b) Oversight of the integrity of Benchmark determination and control framework: i. Overseeing the management and operation of the Benchmark, including activities related to Benchmark determination undertaken by a third party. ii. Considering the results of internal and external audits, and following up on the implementation of remedial actions highlighted in the results of these audits. iii. Overseeing any exercise of Expert Judgment by the Administrator and ensuring Published Methodologies have been followed.	<p>The Executive Board of MOEX reviews periodic reports provided by Operational Risk Department and reports provided by Compliance (Internal Control) Department. The reports include issues related to the benchmarking process.</p> <p>All the functions involved in the Benchmarking process (including the Compliance Department) report to the Executive Board of MOEX.</p> <p>The Executive Board of MOEX reviews the reports of the functions involved in Benchmarks determination and approves the Methodologies.</p> <p>The Chairman of the Executive Board reviews and considers the results of external audits and follows up on implementation of remedial actions highlighted in the results of the audit.</p>	<p>We obtained meeting minutes of the Executive Board of MOEX and inspected for evidence that the reports of the Operational Risk Department and Compliance Department are reviewed by the Executive Board of MOEX.</p> <p>We obtained:</p> <ul style="list-style-type: none"> <li>the Terms of Reference for the Executive Board of MOEX;</li> <li>Meeting minutes of the Executive Board of MOEX and Official Orders of the Chairman of the Executive Board.</li> </ul> <p>And inspected for evidence that the Chairman of MOEX's Executive Board reviews and makes final approval of the Constituents Lists and free-float which relates to the area of Expert Judgment exercise.</p> <p>MOEX's Statement of Compliance with the IOSCO Principles for Financial Benchmarks as at 29 May 2015 which is a part of the Independent Assurance Report is signed by the Chairman of the Executive Board.</p>

<b>IOSCO Principle</b>	<b>MOEX's response</b>	<b>Work performed by EY</b>
Where conflicts of interests may arise in the Administrator due to its ownership structures or controlling interests, or due to other activities conducted by any entity owning or controlling the Administrator or by the Administrator or any of its affiliates: the Administrator should establish an independent oversight function which includes a balanced representation of a range of Stakeholders where known, Subscribers and Submitters, which is chosen to counterbalance the relevant conflict of interest.	Committees of Stakeholders act as an independent Stakeholder consultation function and report to the Executive Board of MOEX.	Please, refer to our responses stated above in Principle 3.
Where a Benchmark is based on Submissions: the oversight function should provide suitable oversight and challenge of the Submissions by: a) Overseeing and challenging the scrutiny and monitoring of inputs or Submissions by the Administrator. This could include regular discussions of inputs or Submission patterns, defining parameters against which inputs or Submissions can be analysed, or querying the role of the Administrator in challenging or sampling unusual inputs or Submissions. b) Overseeing the Code of Conduct for Submitters. c) Establishing effective arrangements to address breaches of the Code of Conduct for Submitters. d) Establishing measures to detect potential anomalous or suspicious Submissions and in case of suspicious activities, to report them, as well as any misconduct by Submitters of which it becomes aware to the relevant Regulatory Authorities, if any.	MOEX's Benchmarks are not based on Submissions so this part is not applicable to MOEX.	We obtained the Index Management Policy describing the roles and responsibilities of all the functions involved in the benchmarking process and ensured that Benchmark determination is not based on Submissions.



IOSCO Principle	MOEX's response	Work performed by EY
<b>6. Benchmark Design</b>		
<p>The design of the Benchmark should seek to achieve, and result in an accurate and reliable representation of the economic realities of the Interest it seeks to measure, and eliminate factors that might result in a distortion of the price, rate, index or value of the Benchmark.</p>	<p>The Benchmark design and what the Benchmark is intended to measure are detailed in respective Benchmark Methodologies. The principles of Benchmarks determination are aimed to eliminate factors that may distort Benchmarks and described in these methodologies.</p> <p>For Equity, Bond and Pension Indices there is a criteria for the determination of the Constituent's Lists.</p> <p>For Repo Rate Indicators and Indicative Rates for Swaps the criteria for including deals and securities and deals with currencies respectively in the calculation is stated in the methodology.</p> <p>For FX Fixings the base for the calculation is stated in the methodology.</p>	<p>For each MOEX's Index, we obtained Benchmark Methodologies and inspected for evidence that the design and the purpose of Benchmarks are described in the respective methodologies.</p> <p>We ensured that the criteria for Constituent Lists' determination are included in Equity, Bond and Pension Indices Methodologies.</p> <p>We ensured that Repo Rate Indicators and Indicative Rates for Swaps methodologies describe criteria for deals and securities to be included in the Methodologies.</p> <p>We ensured the base for FX Fixings is described in the methodologies.</p>
<p>Benchmark design should take into account the following generic non-exclusive features, and other factors should be considered, as appropriate to the particular Interest:</p> <ul style="list-style-type: none"> <li>a) Adequacy of the sample used to represent the Interest.</li> <li>b) Size and liquidity of the relevant market (for example whether there is sufficient trading to provide observable, transparent pricing).</li> <li>c) Relative size of the underlying market in relation to the volume of trading in the market that references the Benchmark.</li> <li>d) The distribution of trading among Market Participants (market concentration).</li> <li>e) Market dynamics (e.g., to ensure that the Benchmark reflects changes to the assets underpinning a Benchmark).</li> </ul>	<p>Benchmarks are based on the data obtained from MOEX trading venues. In accordance with Benchmark Methodologies the following is taken into account in Benchmarks calculations:</p> <p><u>Equity Indices:</u> the determination of the Constituent List is based on the variety of eligibility criteria in order to eliminate illiquid or non-representative stocks.</p> <p><u>Bond Indices:</u> the determination of the Constituent List is based on the criteria such as issue size, liquidity and issuer's rating.</p> <p><u>Pension Indices:</u> Constituent List is determined based on issue size, trading volume (liquidity), maturity, issuer's rating and others depending on the type of the Pension Index (equity or bond).</p>	<p>We obtained Benchmark Methodologies and ensured that they describe the Benchmarks determination as in MOEX's response.</p> <p>We obtained a selection of meeting minutes of Index Committee and Collective Investment Market Committee and inspected for evidence that the Constituents Lists are reviewed on a periodic basis in order to measure appropriately the underlying interest.</p> <p>We obtained the Index Management Policy and ensured that it contains procedure for dealing with insufficient inputs and the absence of inputs as described in MOEX's response.</p>



IOSCO Principle	MOEX's response	Work performed by EY
	<p><u>Repo Rate Indicators and Indicative Rates for Swaps:</u> the criteria for the selection of deals and securities and deals with currencies respectively used in the calculation are determined in a way to take into account the expectations of market participants.</p> <p><u>FX Fixings:</u> calculated based on ask, bid and matched deals levels obtained from MOEX FX Market.</p> <p>The Index Management Policy contains provisions concerning procedures that should be performed in order to calculate reliable Benchmarks in case of absence or insufficient inputs. Such procedures include using of last trade data or previous day prices, changes to Constituents Lists and parameters for calculation.</p>	
<b>7. Data sufficiency</b>		
<p>The data used to construct a Benchmark determination should be sufficient to accurately and reliably represent the Interest measured by the Benchmark and should:</p> <p>a) Be based on prices, rates, indices or values that have been formed by the competitive forces of supply and demand in order to provide confidence that the price discovery system is reliable.</p> <p>b) Be anchored by observable transactions entered into at arm's length between buyers and sellers in the market for the Interest the Benchmark measures in order for it to function as a credible indicator of prices, rates, indices or values.</p>	<p>The data is obtained directly from MOEX's trading venues – the Regulated Market of the Russian Federation. No Submissions are used in determining Benchmarks.</p> <p><u>FX Fixings:</u> MOEX computes currency rates based on the following data on FX trading: orders directed to all trading participants (indirect orders) and trades executed based on the indirect orders. FX Fixings are determined based on the average values of trades and orders prices.</p> <p><u>Equity, Bonds, Pension indices:</u> Calculated based on the information on trades in equities, bonds and Russian depository receipts representing stocks, as well as other securities that may be used to calculate the indices in accordance with requirements stated in the regulatory acts for financial markets.</p>	<p>We obtained Benchmark Methodologies and ensured that the base for Benchmarks calculations and data used for these calculations is stated as in MOEX's response.</p> <p>We obtained the Index Management Policy and ensured that it states that the methodologies should be reviewed not less than once a year to assess whether they still represent accurately the underlying interest.</p>

IOSCO Principle	MOEX's response	Work performed by EY
<p>This Principle requires that a Benchmark be based upon (i.e., anchored in) an active market having observable Bona Fide, Arms-Length Transactions. This does not mean that every individual Benchmark determination must be constructed solely of transaction data. Provided that an active market exists, conditions in the market on any given day might require the Administrator to rely on different forms of data tied to observable market data as an adjunct or supplement to transactions. Depending upon the Administrator's Methodology, this could result in an individual Benchmark determination being based predominantly, or exclusively, on bids and offers or extrapolations from prior transactions. This is further clarified in Principle 8.</p> <p>Provided that subparagraphs (a) and (b) above are met, Principle 7 does not preclude Benchmark Administrators from using executable bids or offers as a means to construct Benchmarks where anchored in an observable market consisting of Bona Fide, Arms-Length transactions.</p> <p>This Principle also recognizes that various indices may be designed to measure or reflect the performance of a rule-based investment strategy, the volatility or behavior of an index or market or other aspects of an active market. Principle 7 does not preclude the use of non-transactional data for such indices that are not designed to represent transactions and where the nature of the index is such that non-transactional data is used to reflect what the index is designed to measure. For example, certain volatility indices, which are designed to measure the expected volatility of an index of securities transactions, rely on non-transactional data, but the data is derived from and thus "anchored" in an actual functioning securities or options market.</p>	<p><u>Repo Rate Indicators</u>: The indices are calculated based on the repo deals with securities, which are traded on MOEX trading venues.</p> <p><u>Indicative Rates for Swaps</u>: The indices are calculated based on the swap deals with currencies, which are traded on MOEX trading venues.</p>	

IOSCO Principle	MOEX's response	Work performed by EY
<b>8. Hierarchy of data inputs</b>		
<p>An Administrator should establish and Publish or Make Available clear guidelines regarding the hierarchy of data inputs and exercise of Expert Judgment used for the determination of Benchmarks. In general, the hierarchy of data inputs should include:</p> <ol style="list-style-type: none"> <li>Where a Benchmark is dependent upon Submissions, the Submitters' own concluded arms-length transactions in the underlying interest or related markets.</li> <li>Reported or observed concluded Arm's-length Transactions in the underlying interest.</li> <li>Reported or observed concluded Arm's-length Transactions in related markets.</li> <li>Firm (executable) bids and offers.</li> <li>Other market information or Expert Judgments.</li> </ol> <p>Provided that the Data Sufficiency Principle is met (i.e., an active market exists), this Principle is not intended to restrict an Administrator's flexibility to use inputs consistent with the Administrator's approach to ensuring the quality, integrity, continuity and reliability of its Benchmark determinations, as set out in the Administrator's Methodology. The Administrator should retain flexibility to use the inputs it believes are appropriate under its Methodology to ensure the quality and integrity of its Benchmark. For example, certain Administrators may decide to rely upon Expert Judgment in an active albeit low liquidity market, when transactions may not be consistently available each day. IOSCO also recognizes that there might be circumstances (e.g., a low liquidity market) when a confirmed bid or offer might carry more meaning than an outlier transaction. Under these circumstances, non-transactional data such as bids and offers and extrapolations from prior transactions might predominate in a given Benchmark determination.</p>	<p>For each Benchmark the description of data inputs is stated in respective Benchmark Methodologies, which are publicly available on MOEX's web-site. For detailed description for each family of Benchmarks please see our response to Principle 6.</p> <p>MOEX's Benchmarks are based on data sourced from MOEX's trading platform as described above. No Submissions are used in determining Benchmarks.</p> <p>Expert Judgment is used in determination of the Constituent Lists and free-float factor (for the equity, bond and pension indices).</p> <p>The criteria for Constituent Lists determination is stated in respective Benchmark Methodologies. MOEX's Index Committee reviews and recommends for approval Constituent Lists quarterly and also in case of specific corporate events stated in Methodologies. Index Committee may recommend inclusion and exclusion of constituents based on criteria specified in Methodologies.</p> <p>Free-float is determined in accordance with Free-Float Methodology which is publicly available on MOEX's web-site. Expert Judgment over free-float is exercised through Index Committee recommendations on decreasing the number of floating securities based on criteria stated in the Free-Float Methodology.</p>	<p>We obtained Benchmark Methodologies and ensured that:</p> <ul style="list-style-type: none"> <li>they describe inputs for each Benchmark;</li> <li>they are publicly available on MOEX's web-site;</li> <li>the criteria for Constituents Lists determination is stated in respective methodologies.</li> </ul> <p>We obtained Free-float Methodology and inspected for evidence that:</p> <ul style="list-style-type: none"> <li>it is stated that Index Committee may provide recommendation to limit the free-float for a stock included in an index in order to avoid inconsistency between the stock's weight in the index and its liquidity;</li> <li>the methodology is publicly available on MOEX's web-site.</li> </ul> <p>We obtained a selection of meeting minutes of Index Committee and Collective Investment Market Committee and inspected for evidence that the Constituents Lists are reviewed on a periodic basis in order to measure appropriately the underlying interest.</p>

IOSCO Principle	MOEX's response	Work performed by EY
<b>9. Transparency of Benchmark determinations</b>		
<p>The Administrator should describe and publish with each Benchmark determination, to the extent reasonable without delaying an Administrator publication deadline:</p> <p>a) A concise explanation, sufficient to facilitate a Stakeholder's or Market Authority's ability to understand how the determination was developed, including, at a minimum, the size and liquidity of the market being assessed (meaning the number and volume of transactions submitted), the range and average volume and range and average of price, and indicative percentages of each type of market data that have been considered in a Benchmark determination; terms referring to the pricing Methodology should be included (i.e., transaction-based, spread-based or interpolated/extrapolated).</p>	<p>Since MOEX is a regulated market, the trading data used for Benchmark determination is publicly available on MOEX's web-site. Benchmark determination procedure for each Index Family is publicly available on MOEX's web-site.</p> <p>a) The procedure for each Index Family is standardized and no additional information is published on a daily basis. MOEX's trading data used for Benchmarks calculations is publicly available on MOEX's web-site. In each respective methodology the formulas for Benchmarks calculation and the basis for Constituents Lists determination are described. Any changes to methodologies or Constituents lists are published on MOEX's web-site together with detailed explanations and statistical data. The list of securities included in Constituents Lists is also publicly available on MOEX's web-site.</p>	<p>We ensured that trading data is publicly available on MOEX's web-site.</p> <p>We obtained Benchmark Methodologies and ensured that:</p> <ul style="list-style-type: none"> <li>they describe Benchmarks determinations as stated in MOEX's response;</li> <li>they are publicly available on MOEX's web-site.</li> </ul> <p>We ensured that Constituents Lists are published on MOEX's web-site.</p> <p>We reviewed a selection of MOEX's press-releases and inspected for evidence that:</p> <ul style="list-style-type: none"> <li>they include statements concerning changes to Benchmark Methodologies and the Constituent List and effective date of changes coming into force;</li> <li>they include MOEX's explanations concerning the changes;</li> <li>they are publicly available on MOEX's web-site (<a href="http://www.moex.com/en/news/?ncat=206">http://www.moex.com/en/news/?ncat=206</a>).</li> </ul>
<p>b) A concise explanation of the extent to which and the basis upon which Expert Judgment if any, was used in establishing a Benchmark determination.</p>	<p>b) The extent of the exercise of Expert Judgment is described in the response to Principle 8.</p>	<p>Please see our response to Principle 8.</p>

IOSCO Principle	MOEX's response	Work performed by EY
<b>10. Periodic review</b>		
<p>The Administrator should periodically review the conditions in the underlying Interest that the Benchmark measures to determine whether the Interest has undergone structural changes that might require changes to the design of the Methodology. The Administrator also should periodically review whether the Interest has diminished or is non-functioning such that it can no longer function as the basis for a credible Benchmark.</p>	<p>The Executive Board of MOEX and MOEX's Committees perform periodic reviews of the Benchmark Methodologies in order to determine whether the changes to the design of the Methodology are required or whether the Benchmark is no longer a credible Benchmark.</p> <p>MOEX's Equity, Bond and Pension indices are based on the Constituent Lists which are reviewed once per quarter by MOEX's Index Committee and Collective Investment Market Committee. These reviews are conducted in accordance with Benchmark Methodologies, ensuring that constituents, which do not satisfy criteria, are not included in the list.</p> <p>In addition to periodic scheduled reviews, MOEX's Committees can perform unplanned reviews of the constituents. In this case, only elimination of non-representative constituents can take place (for example, in case of specific corporate events like bankruptcy or reorganization).</p> <p>It works similar for the FX Fixings, Repo Rate Indicators and Indicative Rates for Swaps and the respective Methodology reviewed by the respective MOEX's Independent Committee.</p>	<p>We obtained the Index Management Policy and ensured that it is stated in the policy that the methodologies are reviewed not less than once a year and the decommissioning procedure is described.</p> <p>We obtained Benchmark Methodologies and ensured that:</p> <ul style="list-style-type: none"> <li>they contain the procedure of the Constituent List quarterly review by MOEX's Committees;</li> <li>they contain provisions concerning unplanned review of the constituents by MOEX's Committees.</li> </ul> <p>We reviewed a selection of official orders of the Chairman of MOEX's Executive Board and a selection of meeting minutes of the MOEX's Committees and inspected for evidence that they include items concerning changes to Benchmark Methodologies and the Constituent Lists.</p>
<p>The Administrator should Publish or Make Available a summary of such reviews where material revisions have been made to a Benchmark, including the rationale for the revisions.</p>	<p>All changes to Benchmark Methodologies and Constituent Lists are published on MOEX's web-site via press-releases, which are accompanied by explanations and rationale for the revision. The history of Methodologies changes is also available on MOEX's web-site.</p>	<p>We reviewed a selection of MOEX's press-releases and inspected for evidence that they include items concerning changes to Benchmark Methodologies and the Constituent Lists and rationale for change.</p>

IOSCO Principle	MOEX's response	Work performed by EY
<b>11. Content of the Methodology</b>		
<p>The Administrator should document and Publish or Make Available the Methodology used to make Benchmark determinations. The Administrator should provide the rationale for adopting a particular Methodology. The Published Methodology should provide sufficient detail to allow Stakeholders to understand how the Benchmark is derived and to assess its representativeness, its relevance to particular Stakeholders, and its appropriateness as a reference for financial instruments.</p>	<p>MOEX documents and publishes Methodologies for Benchmark determination on its official web-site. When publishing new or revised methodology, MOEX provides rationale for adopting these changes via press-releases. The Methodologies include the description of how the Benchmark is calculated and the base for the calculation.</p> <p>There is a description on MOEX's web-site for each Benchmark in relation to the rationale for Methodologies, relevance of Benchmarks for Stakeholders' needs and how it was derived.</p>	<p>We ensured that there is a description on MOEX's web-site for each Benchmark stating the rationale for Methodologies, the relevance of Benchmark and how it was derived.</p> <p>For each MOEX's index, we obtained Benchmark Methodologies and inspected for evidence that:</p> <ul style="list-style-type: none"> <li>• they include the Benchmark determination procedure;</li> <li>• they are publicly available on MOEX's web-site.</li> </ul> <p>We reviewed a selection of MOEX's press-releases and inspected for evidence that:</p> <ul style="list-style-type: none"> <li>• they include statements concerning changes to Benchmark Methodologies and the Constituent List and effective date of changes coming into force;</li> <li>• they include MOEX's rationale for adopting these changes;</li> <li>• they are publicly available on MOEX's web-site (<a href="http://www.moex.com/en/news/?ncat=206">http://www.moex.com/en/news/?ncat=206</a>).</li> </ul>
<p>At a minimum, the Methodology should contain:</p> <p>a) Definitions of key terms.</p>	<p>Key terms are described in all Methodologies. The examples of key terms are: Constituents Lists, Free-float coefficient, Divisor, Weighting coefficient.</p>	<p>For each MOEX's Index, we obtained Benchmark Methodologies and inspected for evidence that they contain definition of the Benchmark and respective key terms as described in MOEX's response.</p>
<p>b) All criteria and procedures used to develop the Benchmark, including input selection, the mix of inputs used to derive the Benchmark, the guidelines that control the exercise of Expert Judgment by the Administrator, priority given to certain data types, minimum data needed to determine a Benchmark, and any models or extrapolation methods.</p>	<p>For each Benchmark the description of data inputs and calculation techniques are stated in respective Benchmark Methodologies. Methodologies include the calculation of rates, free-float, the Divisor value, the weighting coefficient values calculation and other basic parameters. Methodologies also state the principles of determination of the Constituent Lists, their review by the Index Committee and changes to be made in case of corporate events.</p>	<p>For each MOEX's index, we obtained Benchmark Methodologies and inspected for evidence that:</p> <ul style="list-style-type: none"> <li>• they describe the criteria for the data input;</li> <li>• they describe the calculation details (including the calculation of prices, the free-float, the Divisor value, the weighting coefficient values);</li> <li>• they describe the principles of the Constituent List determination and the review process (including changes due to corporate events).</li> </ul>



IOSCO Principle	MOEX's response	Work performed by EY
c) Procedures and practices designed to promote consistency in the exercise of Expert Judgment between Benchmark determinations.	The procedures in relation to the exercise of Expert Judgment are stated in Methodologies and described in response to Principle 8.	Please see response to Principle 8.
d) The procedures which govern Benchmark determination in periods of market stress or disruption, or periods where data sources may be absent (e.g., theoretical estimation models).	The Index Management Policy contains provisions concerning procedures that should be performed in order to calculate reliable Benchmarks in case of absence or insufficient inputs. It is stated that if circumstances or events occur that can have an adverse impact on the accuracy and fair representation of the Russian market by the indices. MOEX is responsible to undertake actions necessary to ensure the accuracy of the Index (using last trade data or previous day data, changes to Constituents Lists and to parameters used for calculation).	We obtained the Index Management Policy and ensured that it contains procedure for dealing with insufficient inputs and the absence of inputs as described in MOEX's response.
e) The procedures for dealing with error reports, including when a revision of a Benchmark would be applicable.	The Index Management Policy contains provisions concerning procedures related to errors in calculations due to a technical disruption. It is stated that MOEX should perform the recalculation as soon as possible after the technical disruption was reported. In case of recalculation of the Index values a relevant notice is published on MOEX's web-site.	We obtained the Index Management Policy and ensured that it contains procedure for dealing with error reports as described in MOEX's response.
f) Information regarding the frequency for internal reviews and approvals of the Methodology. Where applicable, the Published Methodologies should also include information regarding the procedures and frequency for external review of the Methodology.	<p>The Index Management Policy states that Methodologies are reviewed not less than once a year by the respective Committees which are formed by external representatives in order to take into account the current Russian market conditions and to meet the requirements of Stakeholders.</p> <p>In Equity, Bond and Pension indices Methodologies it is stated that the Constituent List is reviewed once per quarter by the Index Committee and Collective Investment Market Committee.</p>	<p>For each Equity, Bond and Pension Indices, we obtained Benchmark Methodologies and inspected for evidence that the internal review of constituents procedure is clearly stated, including periodic and unplanned reviews (in case of specific events).</p> <p>We obtained the Index Management Policy and ensured that it is stated in the policy that the Methodologies are reviewed not less than once a year.</p>



IOSCO Principle	MOEX's response	Work performed by EY
	<p>Constituent Lists can be reviewed when needed in case there are specific evidences as stated in Methodologies (for example, specific issuer's corporate events take place or the stocks are excluded from the list of securities admitted to trading on MOEX).</p>	<p>We obtained a selection of meeting minutes of the Executive Board of MOEX and Index Committee, FX Market Committee, Securities Lending and REPO Committee and Collective Investment Market Committee and inspected for evidence that respective Committees conduct periodic reviews of Methodologies and Constituent Lists.</p> <p>We reviewed a selection of MOEX's press-releases and inspected for evidence that:</p> <ul style="list-style-type: none"> <li>• they include statements concerning changes to Benchmark Methodologies and the Constituent Lists and effective date of changes coming into force;</li> <li>• they include MOEX's explanations concerning the required changes;</li> <li>• they are publicly available on MOEX's web-site at <a href="http://www.moex.com/en/news/?ncat=206">http://www.moex.com/en/news/?ncat=206</a>.</li> </ul>
<p>g) The circumstances and procedures under which the Administrator will consult with Stakeholders, as appropriate.</p>	<p>The Consultation with Stakeholders is performed in case of adoption of new Methodologies or changes to the existing Methodologies (including changes to Constituents Lists).</p> <p>Consultation with Stakeholders is performed through the MOEX's Committees. These Committees represent the major Stakeholders with relevant expertise and knowledge, who are not the employees of MOEX. The application procedure to these Committees is open and publicly available on MOEX's web-site. The decision on inclusion in the Committee's membership is made by the Supervisory Board of MOEX. The Committees can give their comments and opinion concerning Benchmark Methodologies.</p>	<p>We obtained:</p> <ul style="list-style-type: none"> <li>• the Terms of Reference for Index Committee, FX Market Committee, Securities Lending and REPO Committee and Collective Investment Market Committee;</li> <li>• a selection of meeting minutes of Index Committee, FX Market Committee, Securities Lending and REPO Committee and Collective Investment Market Committee;</li> </ul> <p>and inspected for evidence that:</p> <ul style="list-style-type: none"> <li>• Committees include only non-MOEX employees with industry expertise and knowledge;</li> <li>• Committees perform Stakeholder consultation functions and provide a quorum of Stakeholder representatives.</li> </ul>

IOSCO Principle	MOEX's response	Work performed by EY
<p>h) The identification of potential limitations of a Benchmark, including its operation in illiquid or fragmented markets and the possible concentration of inputs.</p>	<p>The Index Management Policy contains provisions concerning potential limitations of Benchmarks. If circumstances or events occur that can have an adverse impact on the Benchmark and accuracy of its indication of the actual state of the Russian security and FX market, MOEX must undertake actions necessary to ensure accuracy of the Index, including removal of securities from the Constituents Lists, setting values of parameters used for calculation of the indicators specified in the Methodology.</p>	<p>We obtained the Index Management Policy and ensured that it contains procedure for dealing with insufficient inputs and the absence of inputs.</p>
<p>Where a Benchmark is based on Submissions, the additional Principle also applies:</p> <p>The Administrator should clearly establish criteria for including and excluding Submitters. The criteria should consider any issues arising from the location of the Submitter, if in a different jurisdiction to the Administrator. These criteria should be available to any relevant Regulatory Authorities, if any, and Published or Made Available to Stakeholders. Any provisions related to changes in composition, including notice periods should be made clear.</p>	<p>This part is not applicable to MOEX since Benchmarks are not based on Submissions.</p>	<p>We obtained the Index Management Policy describing the roles and responsibilities of all the functions involved in the benchmarking process and ensured that Benchmark determination is not based on Submissions.</p>
<b>12. Changes to the Methodology</b>		
<p>An Administrator should Publish or Make Available the rationale of any proposed material change in its Methodology, and procedures for making such changes. These procedures should clearly define what constitutes a material change, and the method and timing for consulting or notifying Subscribers (and other Stakeholders where appropriate, taking into account the breadth and depth of the Benchmark's use) of changes.</p>	<p>As stated in the Index Management Policy changes to calculation algorithms, changes to the process of Constituents Lists' update, input data, periods of calculation are considered to be material changes.</p> <p>All changes to Benchmark Methodologies are reviewed by MOEX's Committees and then approved by the Executive Board of MOEX. Approved Methodology changes are published on MOEX's web-site via official press-releases together with the rationale underlying the changes and the timetable for their implementation.</p>	<p>For each Equity, Bond and Pension Indices, we obtained Benchmark Methodologies and inspected for evidence that the internal review of Constituents Lists procedure is clearly stated, including periodic unplanned reviews (in case of specific events).</p> <p>We obtained a selection of meeting minutes of Index Committee, FX Market Committee, Securities Lending and REPO Committee and Collective Investment Market Committee and inspected for evidence that respective Committees conduct periodic reviews of Methodologies and Constituent Lists.</p>

IOSCO Principle	MOEX's response	Work performed by EY
<p>Those procedures should be consistent with the overriding objective that an Administrator must ensure the continued integrity of its Benchmark determinations. When changes are proposed, the Administrator should specify exactly what these changes entail and when they are intended to apply.</p> <p>The Administrator should specify how changes to the Methodology will be scrutinised, by the oversight function.</p>	<p>All changes to the Benchmark Methodologies including quarterly changes to Constituents Lists are disclosed on MOEX's web-site at least two weeks prior to the day when changes come into force to allow users time to prepare. The notices on the unplanned review of Constituent Lists are disclosed on MOEX's web-site not later than one day before the day when changes come into force.</p> <p>The Executive Board of MOEX reviews Benchmark Methodologies not less than once a year as stated in the Index Management Policy.</p>	<p>We obtained a selection of meeting minutes of the Executive Board and inspected for evidence that Benchmark Methodologies are approved by the Executive Board.</p> <p>We reviewed a selection of MOEX's press-releases and inspected for evidence that:</p> <ul style="list-style-type: none"> <li>• they include statements concerning changes to Benchmark Methodologies and the Constituent List and effective date of changes coming in force;</li> <li>• they include MOEX's explanations concerning the required changes and rationale for these changes take place;</li> <li>• they are published on MOEX's web-site (<a href="http://www.moex.com/en/news/?ncat=206">http://www.moex.com/en/news/?ncat=206</a>) at least two weeks prior to the day when changes in Methodologies come into force or not later than one day before in case the review of Constituents Lists was undertaken out of the schedule.</li> </ul>
		<p>We obtained the Index Management Policy and ensured that it is stated in the policy that the Methodologies are reviewed not less than once a year.</p> <p>We obtained a selection of meeting minutes and inspected for evidence that:</p> <ul style="list-style-type: none"> <li>• the Executive Board of MOEX is responsible for review and approval of Benchmark Methodologies;</li> <li>• meeting minutes contains evidence of the review and approval of Benchmark Methodologies by the Executive Board of MOEX.</li> </ul>

IOSCO Principle	MOEX's response	Work performed by EY
<p>The Administrator should develop Stakeholder consultation procedures in relation to changes to the Methodology that are deemed material by the oversight function, and that are appropriate and proportionate to the breadth and depth of the Benchmark's use and the nature of the Stakeholders. Procedures should:</p> <p>a) Provide advance notice and a clear timeframe that gives Stakeholders sufficient opportunity to analyse and comment on the impact of such proposed material changes, having regard to the Administrator's assessment of the overall circumstances.</p> <p>b) Provide for Stakeholders' summary comments, and the Administrator's summary response to those comments, to be made accessible to all Stakeholders after any given consultation period, except where the commenter has requested confidentiality.</p>	<p>MOEX developed Stakeholder consultation procedures in relation to changes to the Methodology. The MOEX's Committees perform review of respective Methodologies. Committees are formed from Stakeholders and their representatives with relevant expertise and knowledge, who are not engaged in employment relations with MOEX. Application to Committee's membership is open and clearly defined on MOEX's web-site.</p> <p>a) Committee's members are given an advance notice on prospective changes and timeframe for discussions and consultation, together with a detailed project of changes, so that they have sufficient time to make a review, hold meetings and prepare their comments.</p> <p>b) Summaries of MOEX's Committees' discussions are available on MOEX's web-site so allowing other interested parties to contribute their views.</p>	<p>We obtained:</p> <ul style="list-style-type: none"> <li>the Terms of Reference for Index Committee, FX Market Committee, Securities Lending and REPO Committee and Collective Investment Market Committee;</li> <li>a selection of meeting minutes of Index Committee, FX Market Committee, Securities Lending and REPO Committee and Collective Investment Market Committee;</li> </ul> <p>and inspected for evidence that:</p> <ul style="list-style-type: none"> <li>Committees perform Stakeholder consultation functions and provide a quorum of Stakeholder representatives;</li> <li>Committees include only non-MOEX employees with relevant expertise and knowledge;</li> <li>Committees are entitled to give their comments concerning each Benchmark Methodology;</li> <li>meeting minutes of Committees are publicly available on MOEX's web-site.</li> </ul>
<b>13. Transition</b>		
<p>Administrators should have clear written policies and procedures, to address the need for possible cessation of a Benchmark, due to market structure change, product definition change, or any other condition which makes the Benchmark no longer representative of its intended Interest. These policies and procedures should be proportionate to the estimated breadth and depth of contracts and financial instruments that reference a Benchmark and the economic and financial stability impact that might result from the cessation of the Benchmark. The Administrator should take into account the views of Stakeholders and any relevant Regulatory and National Authorities in determining what policies and procedures are appropriate for a particular Benchmark.</p>	<p>The Index Management Policy describes the procedure for the Benchmark decommissioning and cessation. It is stated that cessation and decommissioning may be necessary due to market structure change, product definition change, or any other condition, which makes the Benchmark no longer representative thus making Stakeholders aware of the possibility of Benchmarks cessation.</p> <p>The description of the cessation and decommissioning procedures is publicly available on MOEX's web-site.</p> <p>The Executive Board of MOEX is responsible for the consideration and approval of the cessation and decommissioning of the Benchmark.</p>	<p>We obtained the Index Management Policy and ensured that the procedure for Benchmark decommissioning is stated in this policy.</p> <p>We ensured that the description of the cessation and decommissioning procedure is publicly available on MOEX's web-site.</p> <p>We obtained a selection of meeting minutes of the Executive Board of MOEX and inspected for evidence that the Executive Board of MOEX considers and approves the cessation and decommissioning of the Benchmark.</p>

IOSCO Principle	MOEX's response	Work performed by EY
<p>These written policies and procedures should be Published or Made Available to all Stakeholders.</p> <p>Administrators should encourage Subscribers and other Stakeholders who have financial instruments that reference a Benchmark to take steps to make sure that:</p> <p>a) Contracts or other financial instruments that reference a Benchmark, have robust fall-back provisions in the event of material changes to, or cessation of, the referenced Benchmark.</p> <p>b) Stakeholders are aware of the possibility that various factors, including external factors beyond the control of the Administrator, might necessitate material changes to a Benchmark.</p>		
<p>Administrators' written policies and procedures to address the possibility of Benchmark cessation could include the following factors, if determined to be reasonable and appropriate by the Administrator:</p> <p>a) Criteria to guide the selection of a credible, alternative Benchmark such as, but not limited to, criteria that seek to match to the extent practicable the existing Benchmark's characteristics (e.g., credit quality, maturities and liquidity of the alternative market), differentials between Benchmarks, the extent to which an alternative Benchmark meets the asset/liability needs of Stakeholders, whether the revised Benchmark is investable, the availability of transparent transaction data, the impact on Stakeholders and impact of existing legislation.</p>	<p>The cessation and decommissioning policies and procedures described in the Index Management Policy include the following:</p> <ul style="list-style-type: none"> <li>the description of the roles and responsibilities;</li> <li>the procedure of consulting with Stakeholders;</li> <li>the decommissioning period.</li> </ul> <p>MOEX's Benchmarks are discontinued in cases when they are no longer representative for the users and new Benchmarks are developed in the normal course of business and not as a substitute for the discontinued Benchmarks. If required so by market conditions or by Stakeholders, discontinued Benchmarks are substituted by alternative Benchmarks and parallel Benchmarks are maintained by MOEX for a reasonable period of time to permit existing contracts and financial instruments to mature. All decisions on decommissioning and cessation of existing Benchmarks are made by MOEX based on consultations with Stakeholders and Committees of Stakeholders.</p>	<p>We obtained the Index Management Policy and ensured that the procedure for benchmark decommissioning is stated in this policy as described in MOEX's response.</p> <p>We obtained a selection of press releases from MOEX's web-site and identified that since 20 May 2013 capitalization indices MICEX LC and MICEX MC have been ceased. The reason for the cessation was the merge of CJSC MICEX and OJSC RTS and harmonization of the new MOEX's Indices product line so there was no need in them. MOEX did not develop any substitutes for these Benchmarks since there was no market need and demand from Stakeholders, thus MOEX did not apply parallel run in this case.</p>

IOSCO Principle	MOEX's response	Work performed by EY
<p>b) The practicality of maintaining parallel Benchmarks (e.g., where feasible, maintain the existing Benchmark for a defined period of time to permit existing contracts and financial instruments to mature and publish a new Benchmark) in order to accommodate an orderly transition to a new Benchmark.</p> <p>c) The procedures that the Administrator would follow in the event that a suitable alternative cannot be identified.</p> <p>d) In the case of a Benchmark or a tenor of a Benchmark that will be discontinued completely, the policy defining the period of time in which the Benchmark will continue to be produced in order to permit existing contracts to migrate to an alternative Benchmark if necessary.</p> <p>e) The process by which the Administrator will engage Stakeholders and relevant Market and National Authorities, as appropriate, in the process for selecting and moving towards an alternative Benchmark, including the timeframe for any such action commensurate with the tenors of the financial instruments referencing the Benchmarks and the adequacy of notice that will be provided to Stakeholders.</p>		<p>In February 2016 MOEX launched two new benchmark indices for mid- and small-cap stocks, the MICEX SMID Index (MCXSM) and the RTS SMID Index (RTSSM), denominated in Russian rubles and US dollars, respectively. The indices have been developed in response to demand from equity funds investing in Russian mid-cap and small-cap stocks.</p> <p>In June 2016 MOEX launched new REPO Rates with Central Counterparty indicators, the USD overnight MOEXREPO and RUB 1 week MOEXREPO. The indicators have been developed in response to the fast-developing segments of REPO deals with the Central Counterparty.</p> <p>We reviewed MOEX's press-releases related to new benchmarks and indicators and inspected for evidence that:</p> <ul style="list-style-type: none"> <li>• they include statements concerning launch of new benchmarks and indicators together with the disclosure of the Benchmark Methodologies and the Constituent List and effective date of Methodologies coming in force;</li> <li>• they include MOEX's explanations concerning the new benchmarks and indicators and rationale for their launch;</li> <li>• they are published on MOEX's web-site (<a href="http://www.moex.com/en/news/?ncat=206">http://www.moex.com/en/news/?ncat=206</a>) timely before Methodologies come in force.</li> </ul>

IOSCO Principle	MOEX's response	Work performed by EY
<p><b>14. Submitter Code of Conduct</b></p> <p>Where a Benchmark is based on Submissions, the following additional Principle also applies:</p> <p>The Administrator should develop guidelines for Submitters ("Submitter Code of Conduct"), which should be available to any relevant Regulatory Authorities, if any and Published or Made Available to Stakeholders.</p> <p>The Administrator should only use inputs or Submissions from entities which adhere to the Submitter Code of Conduct and the Administrator should appropriately monitor and record adherence from Submitters. The Administrator should require Submitters to confirm adherence to the Submitter Code of Conduct annually and whenever a change to the Submitter Code of Conduct has occurred.</p> <p>The Administrator's oversight function should be responsible for the continuing review and oversight of the Submitter Code of Conduct.</p> <p>The Submitter Code of Conduct should address:</p> <ul style="list-style-type: none"> <li>a) The selection of inputs.</li> <li>b) Who may submit data and information to the Administrator.</li> <li>c) Quality control procedures to verify the identity of a Submitter and any employee(s) of a Submitter who report(s) data or information and the authorization of such person(s) to report market data on behalf of a Submitter.</li> <li>d) Criteria applied to employees of a Submitter who are permitted to submit data or information to an Administrator on behalf of a Submitter.</li> </ul>	<p>Benchmarks are not based on Submissions so this Principle is not applicable to MOEX.</p>	<p>We obtained the Index Management Policy describing the roles and responsibilities of all the functions involved in the benchmarking process and ensured that Benchmarks determination is not based on Submissions.</p>



<b>IOSCO Principle</b>	<b>MOEX's response</b>	<b>Work performed by EY</b>
e) Policies to discourage the interim withdrawal of Submitters from surveys or Panels.		
<p>Policies to encourage Submitters to submit all relevant data.</p> <p>g) The Submitters' internal systems and controls, which should include:</p> <p>i. Procedures for submitting inputs, including Methodologies to determine the type of eligible inputs, in line with the Administrator's Methodologies.</p> <p>ii. Procedures to detect and evaluate suspicious inputs or transactions, including inter-group transactions, and to ensure the Bona Fide nature of such inputs, where appropriate.</p> <p>iii. Policies guiding and detailing the use of Expert Judgment, including documentation requirements.</p> <p>iv. Record keeping policies.</p> <p>v. Pre-Submission validation of inputs, and procedures for multiple reviews by senior staff to check inputs.</p> <p>vi. Training, including training with respect to any relevant regulation (covering Benchmark regulation or any market abuse regime).</p> <p>vii. Suspicious Submission reporting.</p> <p>viii. Roles and responsibilities of key personnel and accountability lines.</p> <p>ix. Internal sign off procedures by management for submitting inputs.</p> <p>x. Whistle blowing policies (in line with Principle 4).</p>		

IOSCO Principle	MOEX's response	Work performed by EY
<p>xi. Conflicts of interest procedures and policies, including prohibitions on the Submission of data from Front Office Functions unless the Administrator is satisfied that there are adequate internal oversight and verification procedures for Front Office Function Submissions of data to an Administrator (including safeguards and supervision to address possible conflicts of interests as per paragraphs (v) and (ix) above), the physical separation of employees and reporting lines where appropriate, the consideration of how to identify, disclose, manage, mitigate and avoid existing or potential incentives to manipulate or otherwise influence data inputs (whether or not in order to influence the Benchmark levels), including, without limitation, through appropriate remuneration policies and by effectively addressing conflicts of interest which may exist between the Submitter's Submission activities (including all staff who perform or otherwise participate in Benchmark Submission responsibilities), and any other business of the Submitter or of any of its affiliates or any of their respective clients or customers.</p>		
<b>15. Internal controls over data collection</b>		
<p>When an Administrator collects data from any external source the Administrator should ensure that there are appropriate internal controls over its data collection and transmission processes. These controls should address the process for selecting the source, collecting the data and protecting the integrity and confidentiality of the data. Where Administrators receive data from employees of the Front Office Function, the Administrator should seek corroborating data from other sources.</p>	<p>No data from external sources is used in the Benchmarks determination. The only exception is the Pension indices.</p> <p>Constituent List used for the Pension Indices calculation is based on net assets of pension funds which are under control of private asset management companies and non-state pension funds. Data on net assets is sourced by MOEX from the Pension Fund of the Russian Federation (PF of RF), which is a regulated body of the Russian Federation.</p>	<p>For each MOEX's index, we obtained Benchmark Methodologies and inspected for evidence that no data from external sources is used for the calculation of MOEX's indices.</p> <p>We obtained Methodology of the Pension Indices Calculation and inspected for evidence that:</p> <ul style="list-style-type: none"> <li>the data used for the determination of the Constituent List is obtained from and corresponds with data from the Pension Fund of the Russian Federation (<a href="http://www.pfrf.ru/grazdanam/pensions/pens_nak/osnov_sved_invest/~625">http://www.pfrf.ru/grazdanam/pensions/pens_nak/osnov_sved_invest/~625</a>) as at 30/09/2016.</li> </ul>

IOSCO Principle	MOEX's response	Work performed by EY
<b>16. Complaints process</b>		
<p>The Administrator should establish and Publish or Make Available a written complaints procedures policy, by which Stakeholders may submit complaints including concerning whether a specific Benchmark determination is representative of the underlying Interest it seeks to measure, applications of the Methodology in relation to a specific Benchmark determination(s) and other Administrator decisions in relation to a Benchmark determination.</p>	<p>MOEX has a documented complaints procedure in the Index Management Policy and its summary is publicly available.</p>	<p>We obtained the Index Management Policy and ensured that complaints procedure is documented in this policy.</p> <p>We ensured that the description of complaints procedure is publicly available on MOEX's web-site.</p>
<p>The complaints procedures policy should:</p> <ul style="list-style-type: none"> <li>a) Permit complaints to be submitted through a user-friendly complaints process such as an electronic Submission process.</li> <li>b) Contain procedures for receiving and investigating a complaint made about the Administrator's Benchmark determination process on a timely and fair basis by personnel who are independent of any personnel who may be or may have been involved in the subject of the complaint, advising the complainant and other relevant parties of the outcome of its investigation within a reasonable period and retaining all records concerning complaints.</li> <li>c) Contain a process for escalating complaints, as appropriate, to the Administrator's governance body.</li> <li>d) Require all documents relating to a complaint, including those submitted by the complainant as well as the Administrator's own record, to be retained for a minimum of five years, subject to applicable national legal or regulatory requirements.</li> </ul>	<p>Complaints, queries or questions can be sent directly to MOEX by e-mail, telephone or using a special Client Request Form (user-friendly format) on MOEX's web-site. The Form contents are forwarded to <a href="mailto:index@moex.com">index@moex.com</a> and delivered to the Index Management Division. All complaints and queries are reviewed by MOEX staff within a reasonable period of time. MOEX Index Management Division provides two level of client support; the 1<sup>st</sup> level support provides general comments and answers on incoming requests, while the 2<sup>nd</sup> level support provides detailed comments and references adapted to each incoming request. Starting from the year 2016 MOEX keeps an annual register of complaints with response provided. In relation to the storage of complaints history, please see Principle 18.</p>	<p>We obtained the Index Management Policy and ensured that the complaints process is described as stated in MOEX's response.</p> <p>We obtained MOEX's register of complaints for the year 2016, performed a random selection of complaints and ensured that they were correctly reflected in register and were responded timely and properly.</p> <p>We visited MOEX's web-site and ensured that request form exists: <a href="http://moex.com/ru/feedback.aspx">http://moex.com/ru/feedback.aspx</a>.</p>

<b>IOSCO Principle</b>	<b>MOEX's response</b>	<b>Work performed by EY</b>
Disputes about a Benchmarking determination, which are not formal complaints, should be resolved by the Administrator by reference to its standard appropriate procedures. If a complaint results in a change in a Benchmark determination, that should be Published or Made Available to Subscribers and Published or Made Available to Stakeholders as soon as possible as set out in the Methodology.	All changes to Methodologies and revisions of Benchmarks are published via official press-releases with the reason and explanation for these changes.	We reviewed a selection of MOEX's press-releases and inspected for evidence that: <ul style="list-style-type: none"> <li>they include statements concerning changes to Benchmark Methodologies;</li> <li>they include MOEX's explanations concerning these changes;</li> <li>they are publicly available on MOEX's web-site (<a href="http://www.moex.com/en/news/?ncat=206">http://www.moex.com/en/news/?ncat=206</a>).</li> </ul>
<b>17. Audits</b>		
The Administrator should appoint an independent internal or external auditor with appropriate experience and capability to periodically review and report on the Administrator's adherence to its stated criteria and with the Principles. The frequency of audits should be proportionate to the size and complexity of the Administrator's operations.	Currently Internal Audit department of MOEX does not perform any procedures to review and report on the compliance with the IOSCO Principles. MOEX appointed an independent external auditor to report on the fair presentation of the Statement of Compliance and the suitability of design of the control procedures aimed at adherence with the IOSCO Principles as at 29 May 2015 for the first time. Starting from 2017 the external audit of compliance with the IOSCO Principles is planned to be held annually.	We obtained the Index Management Policy and ensured that the frequency of audits is stated as described in MOEX's response.
Where appropriate to the level of existing or potential conflicts of interest identified by the Administrator (except for Benchmarks that are otherwise regulated or supervised by a National Authority other than a relevant Regulatory Authority), an Administrator should appoint an independent external auditor with appropriate experience and capability to periodically review and report on the Administrator's adherence to its stated Methodology. The frequency of audits should be proportionate to the size and complexity of the Administrator's Benchmark operations and the breadth and depth of Benchmark use by Stakeholders.	MOEX appointed EY as an external auditor to report on the compliance with the IOSCO Principles. Starting from 2017 the external audit of compliance with the IOSCO Principles will be held annually.	We obtained the Index Management Policy and ensured that the frequency of audits is stated as described in MOEX's response.

<b>IOSCO Principle</b>	<b>MOEX's response</b>	<b>Work performed by EY</b>
<b>18. Audit trail</b>		
<p>Written records should be retained by the Administrator for five years, subject to applicable national legal or regulatory requirements on:</p> <ol style="list-style-type: none"> <li>All market data, Submissions and any other data and information sources relied upon for Benchmark determination.</li> <li>The exercise of Expert Judgment made by the Administrator in reaching a Benchmark determination.</li> <li>Other changes in or deviations from standard procedures and Methodologies, including those made during periods of market stress or disruption.</li> <li>The identity of each person involved in producing a Benchmark determination.</li> <li>Any queries and responses relating to data inputs.</li> </ol> <p>If these records are held by a Regulated Market or Exchange the Administrator may rely on these records for compliance with this Principle, subject to appropriate written record sharing agreements.</p>	<p>In accordance with the Index Management Policy of MOEX the records related to Benchmarks calculation are stored for the period not less than five years. These records include market data used for calculations, Constituents Lists, free-float calculations, coefficients calculations, methodology changes, complaints from users.</p> <p>Roles and responsibilities in the benchmarking process are defined in the Index Management Policy and the identity of persons involved in the benchmarking process can be verified. Taking into account that the process of Benchmarks' determination and dissemination is highly automated the identity of persons involved can be traced from the systems.</p>	<p>We received the Index Management Policy and ensured that it is stated in the policy that the records related to Benchmark determination are stored for not less than 5 years.</p> <p>We also ensured that the roles and responsibilities are clearly stated in this policy.</p> <p>We ensured that the history of benchmarks values and market data, methodologies and changes in methodologies, Constituents Lists and changes to them, minutes of meetings of Stakeholders Committees and roles and responsibilities of these Committees are available on the official web-site of MOEX.</p> <p>We obtained the journal of MOEX personnel logged into the IT system of the Benchmark process and inspected for evidence that:</p> <ul style="list-style-type: none"> <li>access to the IT system was granted only to the MOEX's employee responsible for the input of changes to the constituent lists, which is the normal course of business;</li> <li>there were no issues of unauthorized access by other MOEX's employees to the IT system.</li> </ul>
<p>When a Benchmark is based on Submissions, the following additional Principle also applies:</p> <p>Submitters should retain records for five years subject to applicable national legal or regulatory requirements on:</p> <ol style="list-style-type: none"> <li>The procedures and Methodologies governing the Submission of inputs.</li> <li>The identity of any other person who submitted or otherwise generated any of the data or information provided to the Administrator.</li> </ol>	<p>Benchmarks are not based on Submissions so this Principle is not applicable to MOEX.</p>	<p>We obtained the Index Management Policy describing the roles and responsibilities of all the functions involved in the benchmarking process and ensured that Benchmark determination is not based on Submissions.</p>

<b>IOSCO Principle</b>	<b>MOEX's response</b>	<b>Work performed by EY</b>
<ul style="list-style-type: none"> <li>c) Names and roles of individuals responsible for Submission and Submission oversight.</li> <li>d) Relevant communications between submitting parties.</li> <li>e) Any interaction with the Administrator.</li> <li>f) Any queries received regarding data or information provided to the Administrator.</li> <li>g) Declaration of any conflicts of interests and aggregate exposures to Benchmark related instruments.</li> <li>h) Exposures of individual traders/desks to Benchmark related instruments in order to facilitate audits and investigations.</li> <li>i) Findings of external/internal audits, when available, related to Benchmark Submission remedial actions and progress in implementing them.</li> </ul>		

IOSCO Principle	MOEX's response	Work performed by EY
<b>19. Co-operation with Regulatory Authorities</b>		
<p>Relevant documents, Audit Trails and other documents subject to these Principles shall be made readily available by the relevant parties to the relevant Regulatory Authorities in carrying out their regulatory or supervisory duties and handed over promptly upon request.</p>	<p>MOEX is a Regulated Market of the Russian Federation and is subject to regulation by the Central Bank of Russia. Currently there is no requirement from Regulatory Authorities to adhere to the IOSCO Principles.</p> <p>MOEX maintains the Register of documents related to compliance with the IOSCO Principles in order to make them readily available in case of any requests.</p>	<p>We obtained the Register of documents related to compliance with the IOSCO Principles and ensured that the documents described in above in this Section are included in this Register.</p> <p>We ensured that the history of benchmarks values and market data, methodologies and changes in methodologies, Constituents Lists and changes to them, minutes of meetings of Stakeholders Committees and roles and responsibilities of these Committees are available on the official web-site of MOEX.</p> <p>In 2016 the Central Bank of Russia held quality assessment over MOEX's USD/RUB FX FIXING. The Central Bank of Russia officially recognized MOEX's USD/RUB FX FIXING determination process and MOEX's operational performance as fixing administrator as being of a satisfactory quality and compliant with the requirements of the Central Bank of Russia, which are based on the IOSCO Principles for financial benchmarks.</p> <p>We obtained all the relevant correspondence concerning quality assessment over MOEX's USD/RUB FX FIXING held by the Central Bank of Russia and inspected for evidence that MOEX provided all the relevant documents, Audit Trails and other documents subject to Principles to the Central Bank of Russia in accordance with the Register of documents related to compliance with the IOSCO Principles.</p>



About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

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