

**PUBLIC JOINT-STOCK COMPANY
MOSCOW EXCHANGE
MICEX-RTS**

**Consolidated Interim Condensed Financial Statements
For the Nine - Month Period Ended September 30,
2017**

MOSCOW EXCHANGE GROUP

Table of Contents

	Page
Consolidated Interim Condensed Statement of Profit or Loss.....	3
Consolidated Interim Condensed Statement of Comprehensive Income.....	4
Consolidated Interim Condensed Statement of Financial Position.....	5
Consolidated Interim Condensed Statement of Cash Flows.....	6
Consolidated Interim Condensed Statement of Changes in Equity.....	8
Notes to the Consolidated Interim Condensed Financial Statements	
1. Organization.....	9
2. Basis of Presentation.....	10
3. Significant Accounting Policies.....	11
4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty	11
5. Fee and Commission Income	12
6. Interest and Other Finance Income	13
7. Interest expense.....	13
8. Foreign Exchange Gains Less Losses.....	14
9. Administrative and Other Operating Expenses	14
10. Personnel Expenses	15
11. Income Tax.....	16
12. Cash and Cash Equivalents	17
13. Due from Financial Institutions and Margin Account under Reverse Repo.....	18
14. Central Counterparty Financial Assets and Liabilities.....	18
15. Investments Available-for-Sale	18
16. Property and Equipment	19
17. Intangible Assets	20
18. Other Assets.....	21
19. Balances of Market Participants.....	21
20. Other Liabilities.....	22
21. Share Capital and Share Premium	23
22. Retained Earnings.....	23
23. Earnings per Share.....	24
24. Transactions with Related Parties.....	24
25. Fair Value Measurements.....	25
26. Events after the Reporting Date	27

MOSCOW EXCHANGE GROUP

Consolidated Interim Condensed Statement of Profit or Loss for the Nine - Month Period Ended September 30, 2017

(in millions of Russian rubles)

	Notes	Three-month period ended September 30, 2017 (unaudited)	September 30, 2016 (unaudited)	Nine - month period ended September 30, 2017 (unaudited)	September 30, 2016 (unaudited)
Fee and commission income	5	5 458,5	4 749,4	15 416,8	14 632,5
Interest and other finance income	6	3 850,6	5 011,1	12 075,3	17 790,1
Interest expense	7	(133,1)	(11,1)	(666,6)	(20,7)
Net gain on financial assets available-for-sale		16,0	940,5	665,4	1 144,7
Foreign exchange gains less losses	8	451,6	88,4	1 425,8	(242,0)
Other operating income		13,6	6,1	30,8	26,4
Operating Income		9 657,2	10 784,4	28 947,5	33 331,0
Administrative and other operating expenses	9	(1 830,7)	(1 547,7)	(5 246,1)	(4 511,1)
Personnel expenses	10	(1 475,5)	(1 432,7)	(4 555,6)	(4 397,7)
Operating Profit before Tax		6 351,0	7 804,0	19 145,8	24 422,2
Income tax expense	11	(1 207,9)	(1 514,2)	(3 705,1)	(4 745,2)
Net Profit		5 143,1	6 289,8	15 440,7	19 677,0
Attributable to:					
Equity holders of the parent		5 147,0	6 290,2	15 445,3	19 677,6
Non-controlling interest		(3,9)	(0,4)	(4,6)	(0,6)
Earnings per share					
Basic earnings per share, rubles	23	2,29	2,80	6,87	8,78
Diluted earnings per share, rubles	23	2,28	2,78	6,84	8,72


Chairman of the Executive Board

Afanasiev A.K.

November 9, 2017
Moscow


Chief Financial Officer,
Executive Board Member
Lapin M.V.

November 9, 2017
Moscow

The notes 1-26 form an integral part of these Consolidated Interim Condensed Financial Statements.

MOSCOW EXCHANGE GROUP

Consolidated Interim Condensed Statement of Comprehensive Income for the Nine - Month Period Ended September 30, 2017

(in millions of Russian rubles)

	Notes	Three-month period ended September 30, 2017 (unaudited)	September 30, 2016 (unaudited)	Nine - month period ended September 30, 2017 (unaudited)	September 30, 2016 (unaudited)
Net profit		5 143,1	6 289,8	15 440,7	19 677,0
Other comprehensive income that may be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations		(2,6)	0,4	(1,8)	(24,7)
Net income resulting from revaluation of investments available-for-sale		486,7	28,7	597,1	1 780,9
Net gain on investments available-for sale reclassified to profit or loss		(16,0)	(940,5)	(665,4)	(1 144,7)
Income tax relating to items that may be reclassified		(94,2)	182,3	13,6	(127,3)
Other comprehensive (loss) / income that may be reclassified subsequently to profit or loss		373,9	(729,1)	(56,5)	484,2
Total comprehensive income		5 517,0	5 560,7	15 384,2	20 161,2
Attributable to:					
Equity holders of the parent		5 527,6	5 561,3	15 394,4	20 175,7
Non-controlling interest		(10,6)	(0,6)	(10,2)	(14,5)
Total comprehensive income		5 517,0	5 560,7	15 384,2	20 161,2

The notes 1-26 form an integral part of these Consolidated Interim Condensed Financial Statements.

MOSCOW EXCHANGE GROUP

Consolidated Interim Condensed Statement of Financial Position as at September 30, 2017

(in millions of Russian rubles)

	Notes	September 30, 2017 (unaudited)	December 31, 2016
ASSETS			
Cash and cash equivalents	12	302 618,3	380 516,6
Financial assets at fair value through profit or loss		2,7	0,4
Due from financial institutions	13	71 088,7	63 842,7
Central counterparty financial assets	14	2 385 658,3	1 733 263,8
Investments available-for-sale	15	206 693,6	218 496,2
Property and equipment	16	6 920,2	7 706,4
Intangible assets	17	18 235,8	18 357,9
Goodwill		15 971,4	15 971,4
Current tax prepayments		217,5	51,9
Deferred tax asset	11	348,6	1 776,5
Other assets	18	2 079,0	1 954,1
TOTAL ASSETS		3 009 834,1	2 441 937,9
LIABILITIES			
Balances of market participants	19	491 054,3	574 590,1
Central counterparty financial liabilities	14	2 385 658,3	1 733 263,8
Distributions payable to holders of securities		4 713,1	2 952,3
Derivative financial liabilities		3,4	-
Current tax payables		-	990,5
Deferred tax liability	11	3 027,7	3 165,6
Other liabilities	20	9 285,6	3 592,0
TOTAL LIABILITIES		2 893 742,4	2 318 554,3
EQUITY			
Share capital	21	2 495,9	2 498,1
Share premium	21	32 098,1	32 286,2
Treasury shares	21	(1 908,1)	(2 271,9)
Foreign currency translation reserve		(17,6)	(21,4)
Investments revaluation reserve		1 055,8	1 110,5
Share-based payments		460,6	413,1
Retained earnings		81 726,0	89 177,8
Total equity attributable to owners of the parent		115 910,7	123 192,4
Non-controlling interest		181,0	191,2
TOTAL EQUITY		116 091,7	123 383,6
TOTAL LIABILITIES AND EQUITY		3 009 834,1	2 441 937,9

The notes 1-26 form an integral part of these Consolidated Interim Condensed Financial Statements.

MOSCOW EXCHANGE GROUP

Consolidated Interim Condensed Statement of Cash Flows for the Nine - Month Period Ended September 30, 2017

(in millions of Russian rubles)

	Notes	Nine - month period ended September 30, 2017 (unaudited)	Nine - month period ended September 30, 2016 (unaudited)
CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES:			
Profit before tax		19 145,8	24 422,2
Adjustments for:			
Depreciation and amortisation charge	9	2 184,8	1 613,9
Net change in deferred commission income		329,7	(206,2)
Revaluation of derivatives		1,1	4,0
Share-based payment expense	10	191,7	203,0
Unrealized loss on foreign exchange operations		1,9	131,2
Gain on disposal of investments available-for-sale		(665,4)	(1 144,7)
Net change in interest accruals		(1 519,4)	(79,5)
Net loss / (gain) on disposal of property and equipment and intangible assets		59,0	(0,5)
Impairment /(reversal of impairment) of other assets	18	13,1	(1,0)
Loss on disposal of assets held for sale	9	-	52,4
Changes in operating assets and liabilities:			
Due from financial institutions		(9 277,5)	(17 204,7)
Central counterparty financial assets		(669 242,1)	(821 181,2)
Other assets		(106,9)	(44,7)
Balances of market participants		(105 148,0)	(451 382,6)
Central counterparty financial liabilities		669 242,1	821 181,2
Distributions payable to holders of securities		1 760,8	55 540,2
Margin account under reverse repo		-	(417,7)
Other liabilities		(90,2)	(435,3)
Cash flows used in operating activities before taxation		(93 119,5)	(388 950,0)
Income tax paid		(3 557,9)	(8 710,7)
Cash flows used in operating activities		(96 677,4)	(397 660,7)

The notes 1-26 form an integral part of these Consolidated Interim Condensed Financial Statements.

MOSCOW EXCHANGE GROUP

Consolidated Interim Condensed Statement of Cash Flows for the Nine - Month Period Ended September 30, 2017 (Continued)

(in millions of Russian rubles)

	Notes	Nine - month period ended September 30, 2017 (unaudited)	Nine - month period ended September 30, 2016 (unaudited)
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES:			
Purchase of investments available-for-sale		(134 128,5)	(149 851,6)
Proceeds from disposal of investments available-for-sale		145 510,2	90 868,8
Purchase of property and equipment and intangible assets		(1 427,2)	(2 584,6)
Proceeds from disposal of property and equipment and intangible assets		29,8	1,7
Proceeds from sale of investments in associates		-	34,2
Disposal of subsidiaries, net of cash disposed		-	46,5
Cash flows from / (used in) investing activities		9 984,3	(61 485,0)
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES:			
Dividends paid		(17 289,7)	(15 994,8)
Uncalled dividends (paid) / returned		(162,1)	162,3
Sale of treasury shares		49,5	348,8
Acquisition of non-controlling interest in subsidiaries		-	(5,5)
Cash flows used in financing activities		(17 402,3)	(15 489,2)
Effect of changes in foreign exchange rates on cash and cash equivalents		26 197,1	(52 610,9)
Net decrease in cash and cash equivalents		(77 898,3)	(527 245,8)
Cash and cash equivalents, beginning of period	12	380 516,6	991 797,1
Cash and cash equivalents, end of period	12	302 618,3	464 551,3

Interest received by the Group during the nine - month period ended September 30, 2017, amounted to RUB 10 562,7 million (September 30, 2016: RUB 17 714,3 million).

Interest paid by the Group during the nine - month period ended September 30, 2017, amounted to RUB 669,0 million (September 30, 2016: RUB 9,6 million).

MOSCOW EXCHANGE GROUP

Consolidated Interim Condensed Statement of Changes in Equity for the Nine - Month Period Ended September 30, 2017

(in millions of Russian rubles)

	Share capital	Share premium	Treasury shares	Investments revaluation reserve	Share-based payments	Foreign currency translation reserve	Reserves relating to assets held for sale	Retained earnings	Total equity attributable to owners of the parent	Non-controlling interest	Total equity
December 31, 2015	2 498,1	32 471,1	(2 921,8)	901,4	504,6	(16,5)	(72,1)	79 991,0	113 355,8	253,8	113 609,6
Net profit (unaudited)	-	-	-	-	-	-	-	19 677,6	19 677,6	(0,6)	19 677,0
Other comprehensive income (unaudited)	-	-	-	508,9	-	(6,6)	(4,2)	-	498,1	(13,9)	484,2
Total comprehensive income for the period	-	-	-	508,9	-	(6,6)	(4,2)	19 677,6	20 175,7	(14,5)	20 161,2
Transactions with owners											
Dividends declared (Note 22) (unaudited)	-	-	-	-	-	-	-	(15 994,7)	(15 994,7)	(0,1)	(15 994,8)
Share-based payments (unaudited)	-	(173,6)	854,3	-	(128,9)	-	-	-	551,8	-	551,8
Sale of business in Ukraine (unaudited)	-	-	-	-	-	-	76,3	-	76,3	(40,6)	35,7
Acquisition of non-controlling interest (unaudited)	-	-	-	-	-	-	-	3,4	3,4	(8,9)	(5,5)
Total transactions with owners	-	(173,6)	854,3	-	(128,9)	-	76,3	(15 991,3)	(15 363,2)	(49,6)	(15 412,8)
September 30, 2016	2 498,1	32 297,5	(2 067,5)	1 410,3	375,7	(23,1)	-	83 677,3	118 168,3	189,7	118 358,0
December 31, 2016	2 498,1	32 286,2	(2 271,9)	1 110,5	413,1	(21,4)	-	89 177,8	123 192,4	191,2	123 383,6
Net profit (unaudited)	-	-	-	-	-	-	-	15 445,3	15 445,3	(4,6)	15 440,7
Other comprehensive income (unaudited)	-	-	-	(54,7)	-	3,8	-	-	(50,9)	(5,6)	(56,5)
Total comprehensive income for the period	-	-	-	(54,7)	-	3,8	-	15 445,3	15 394,4	(10,2)	15 384,2
Transactions with owners											
Dividends declared (Note 22) (unaudited)	-	-	-	-	-	-	-	(22 897,1)	(22 897,1)	-	(22 897,1)
Share-based payments (unaudited)	-	(38,4)	211,9	-	47,5	-	-	-	221,0	-	221,0
Cancellation of treasury shares (unaudited)	(2,2)	(149,7)	151,9	-	-	-	-	-	-	-	-
Total transactions with owners	(2,2)	(188,1)	363,8	-	47,5	-	-	(22 897,1)	(22 676,1)	-	(22 676,1)
September 30, 2017	2 495,9	32 098,1	(1 908,1)	1 055,8	460,6	(17,6)	-	81 726,0	115 910,7	181,0	116 091,7

The notes 1-26 form an integral part of these Consolidated Interim Condensed Financial Statements.

MOSCOW EXCHANGE GROUP

Notes to the Consolidated Interim Condensed Financial Statements for the Nine - Month Period Ended September 30, 2017

(in millions of Russian rubles, unless otherwise indicated)

1. Organization

Public Joint-Stock Company Moscow Exchange MICEX-RTS (Moscow Exchange) is a stock exchange based in Moscow, Russian Federation. It was established as closed joint-stock company "Moscow Interbank Currency Exchange" (MICEX) in 1992. In December 2011 the company was reorganized into the form of open joint-stock company and renamed to Open Joint-Stock Company MICEX-RTS. In July 2012 the name of the company was changed to Open Joint-Stock Company Moscow Exchange MICEX-RTS. On April 28, 2015 at Annual General Meeting of Shareholders of Moscow Exchange (AGM) the company's new business name as Public Joint Stock Company Moscow Exchange MICEX-RTS was approved to meet revised standards of the Russian Civil Code. The new business name and respective changes to the Charter of Moscow Exchange took effect from May 13, 2015, the day the registration authority recorded new version of the Charter.

The legal address of Moscow Exchange: 13 Bolshoy Kislovsky per., Moscow, the Russian Federation.

Moscow Exchange Group ("the Group") is an integrated exchange structure that provides financial market participants with a full set of competitive trading, clearing, settlement, depository and information services. The Group operates on the following markets: foreign currencies exchange market, government securities and money market, market of derivative financial instruments, equities market, corporate and regional bonds market, commodities market.

Moscow Exchange is the parent company of the Group, which includes the following entities:

Name	Principal activities	September 30, 2017	December 31, 2016
		Voting rights, %	Voting rights, %
NCO JSC National Settlement Depository (former NCO CJSC National Settlement Depository) (NSD)	Depository, clearing, repository and settlement services	99,997%	99,997%
Bank National Clearing Centre (JSC) (NCC)	Banking and clearing operations	100%	100%
OJSC Evraziyskaia Trading System Commodity Exchange (ETS)	Commodities exchange operations	60,82%	60,82%
LLC MICEX Finance (MICEX Finance)	Financial activities	100%	100%
MICEX (CYPRUS) LIMITED (MICEX Cyprus)	Financial activities	100%	100%
MOEX Innovations LLC	Fintech start-ups, financial activities	100%	-
JSC National Mercantile Exchange (former CJSC National Mercantile Exchange) (NAMEX)	Commodities exchange operations	65,08%	65,08%

NSD is the central securities depository of the Russian Federation. NSD is the Russian national numbering agency and the substitute numbering agency for the Commonwealth of Independent States (CIS), authorized to assign the international ISIN, CFI and pre-LEI codes. NSD holds licenses for depository, repository, clearing and settlement operations issued by the Central Bank of Russia (CBR).

MOSCOW EXCHANGE GROUP

Notes to the Consolidated Interim Condensed Financial Statements for the Nine - Month Period Ended September 30, 2017 (continued)

(in millions of Russian rubles, unless otherwise indicated)

1. Organization (continued)

NCC performs functions of a clearing organization and central counterparty (CCP) on the financial market. NCC has a license for clearing activities.

MICEX Finance and MICEX Cyprus are established for facilitating financial activities of the Group.

ETS is a commodity exchange, which has a license for organisation of trading in commodities in Kazakhstan.

NAMEX is a commodity exchange operating in Russia.

ME Innovation established in September 2017 concentrates on start-ups development in the fintech sphere.

Moscow Exchange and all subsidiaries are located in Russia, except for ETS and MICEX Cyprus. ETS is located in Kazakhstan and MICEX Cyprus is registered in Cyprus.

The Group has 1 649 employees as at September 30, 2017 (December 31, 2016: 1 635 employees).

2. Basis of Presentation

Statement of compliance

These Consolidated Interim Condensed Financial Statements of the Group have been prepared in accordance with the International Financial Reporting Standard IAS 34 "Interim Financial Statements".

Basis of presentation

These Consolidated Interim Condensed Financial Statements are presented in millions of Russian rubles, unless otherwise indicated. These Consolidated Interim Condensed Financial Statements have been prepared on the historical cost basis except for certain financial assets and liabilities that are measured at fair value.

Moscow Exchange and its subsidiaries registered in the Russian Federation maintain their accounting records in accordance with Russian Accounting Standards ("RAS"). Foreign subsidiaries of the Group maintain their accounting records in accordance with the accounting standards of the countries in which they operate. These Consolidated Interim Condensed Financial Statements have been prepared on basis of the statutory accounting records and have been adjusted to conform to IFRS.

Inflation accounting

The Russian economy was considered hyperinflationary until December 31, 2002. As such, the Group applied IAS 29 *Financial Reporting in Hyperinflationary Economies*. The effect of applying IAS 29 is that non-monetary items, including components of equity, were restated to the measuring units current at December 31, 2002 by applying the relevant inflation indices to the historical cost, and that these restated values were used as a basis for accounting in subsequent periods.

MOSCOW EXCHANGE GROUP

Notes to the Consolidated Interim Condensed Financial Statements for the Nine - Month Period Ended September 30, 2017 (continued)

(in millions of Russian rubles, unless otherwise indicated)

3. Significant Accounting Policies

Basis for consolidation

The accounting policies adopted by the Group in the preparation of these Consolidated Interim Condensed Financial Statements are consistent with those followed in the preparation of the Group's Consolidated Financial Statements for the year ended December 31, 2016.

In the current period, the Group has adopted all of the new and revised Standards and Interpretations issued by the IASB and IFRIC of the IASB that are relevant to its operations and effective for reporting periods ending on September 30, 2017.

The adoption of these new and revised Standards and Interpretations has not resulted in significant changes to the Group's accounting policies that have affected the amounts reported for the current or prior years.

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies the Management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

Impairment of receivables

The Group regularly reviews its receivables to assess for impairment. The Group's receivables impairment provisions are established to recognize incurred impairment losses in its portfolio of receivables.

The Group uses Management's judgment to estimate the amount of any impairment loss in cases where the debtor has financial difficulties and there are few available sources of historical data relating to similar debtors. Similarly, the Group estimates changes in future cash flows based on past performance, past counterparty behavior, observable data indicating an adverse change in the payment status, and national or local economic conditions that correlate with defaults on assets in the group.

As at September 30, 2017, the gross receivables totalled RUB 996,8 million (December 31, 2016: RUB 861,3 million) and allowance for impairment losses amounted to RUB 51,1 million (December 31, 2016: RUB 41,7 million) recognised within other assets in the statement of financial position.

MOSCOW EXCHANGE GROUP

Notes to the Consolidated Interim Condensed Financial Statements for the Nine - Month Period Ended September 30, 2017 (continued)

(in millions of Russian rubles, unless otherwise indicated)

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (continued)

Key sources of estimation uncertainty (continued)

Valuation of financial instruments

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- Using recent arm's length market transactions;
- Reference to the current fair value of another instrument that is substantially the same;
- A discounted cash flow analysis or other valuation models.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 25.

Impairment of goodwill

Goodwill is tested for impairment annually (as at December 31) and when there is an indication that the carrying value may be impaired.

Impairment is determined by assessing the recoverable amount of each cash-generating unit (CGU) or group of CGUs to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised.

Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option and volatility and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 10.

5. Fee and Commission Income

	Nine - month period ended September 30, 2017	Nine - month period ended September 30, 2016
Money market	4 094,9	3 554,6
Depository and settlement services	3 075,3	2 623,8
Foreign exchange	2 881,6	3 320,8
Securities market	2 786,4	2 530,5
Derivatives	1 472,6	1 488,2
Information services	547,1	567,7
Sale of software and technical services	479,8	469,9
Other	79,1	77,0
Total fee and commission income	15 416,8	14 632,5

MOSCOW EXCHANGE GROUP

Notes to the Consolidated Interim Condensed Financial Statements for the Nine - Month Period Ended September 30, 2017 (continued)

(in millions of Russian rubles, unless otherwise indicated)

5. Fee and Commission Income (continued)

Income from securities market comprises fees and commissions from equities trading, bonds trading, listing and service fees:

	Nine - month period ended September 30, 2017	Nine - month period ended September 30, 2016
Bonds	1 313,8	1 052,3
Equities	1 190,4	1 161,4
Listing and other service fees	282,2	316,8
Total fee and commission income from securities market	2 786,4	2 530,5

6. Interest and Other Finance Income

	Nine - month period ended September 30, 2017	Nine - month period ended September 30, 2016
Income on securities at fair value through profit or loss		
Net loss on securities at fair value through profit or loss	(4,4)	(3,7)
Total loss on securities at fair value through profit or loss	(4,4)	(3,7)
Interest income on financial assets other than at fair value through profit or loss		
Interest income on investments available-for-sale	9 564,1	11 790,6
Interest on cash and cash equivalents and due from financial institutions	2 515,6	6 003,2
Total interest income on financial assets other than at fair value through profit or loss	12 079,7	17 793,8
Total interest and other finance income	12 075,3	17 790,1

7. Interest expense

	Nine - month period ended September 30, 2017	Nine - month period ended September 30, 2016
Interest expense on interbank loans and deposits	466,8	1,0
Interest expense on stress collateral	161,3	8,8
Interest expense on reverse repo agreements and other	38,5	10,9
Total interest expense	666,6	20,7

MOSCOW EXCHANGE GROUP

Notes to the Consolidated Interim Condensed Financial Statements for the Nine - Month Period Ended September 30, 2017 (continued)

(in millions of Russian rubles, unless otherwise indicated)

8. Foreign Exchange Gains Less Losses

	Nine - month period ended September 30, 2017	Nine - month period ended September 30, 2016
Foreign exchange swaps	1 429,2	(85,3)
Net other foreign exchange losses	(3,4)	(156,7)
Total foreign exchange gains less losses	1 425,8	(242,0)

The Group enters into foreign exchange swaps for the purposes of short-term investments and liquidity management.

9. Administrative and Other Operating Expenses

	Nine - month period ended September 30, 2017	Nine - month period ended September 30, 2016
Amortisation of intangible assets (Note 17)	1 093,6	925,1
Depreciation of property and equipment (Note 16)	1 091,2	688,8
Equipment and intangible assets maintenance	812,0	697,5
Taxes, other than income tax	374,5	331,8
Market makers fees	368,0	344,5
Rent and office maintenance	339,7	355,7
Professional services	324,3	236,4
Registrar and foreign depository services	210,9	198,3
Advertising and marketing costs	184,5	275,2
Information services	140,2	155,9
Communication services	92,1	99,7
Loss on disposal of property, equipment and intangible assets	59,0	-
Business trip expenses	43,9	55,9
Security expenses	21,9	23,2
Charity	16,7	23,4
Impairment of other assets (Note 18)	13,1	-
Transport expenses	12,5	14,8
Loss on disposal of assets held for sale	-	52,4
Other	48,0	32,5
Total administrative and other operating expenses	5 246,1	4 511,1

During the nine - month period ended September 30, 2016 the Group recognised a loss of RUB 52,4 million on sale of the disposal group held for sale under IFRS 5 "Non-current assets held for sale and discontinued operations". It consists of the loss on sale of the investment in associate Joint-Stock Company "Ukrainian Exchange" (UEX) in the amount of RUB 13,0 million and subsidiary PJSC PFTS Stock Exchange in the amount of RUB 39,4 million.

Professional services comprise consulting, audit, insurance, legal services and other.

MOSCOW EXCHANGE GROUP

Notes to the Consolidated Interim Condensed Financial Statements for the Nine - Month Period Ended September 30, 2017 (continued)

(in millions of Russian rubles, unless otherwise indicated)

10. Personnel Expenses

	Nine - month period ended September 30, 2017	Nine - month period ended September 30, 2016
Employees benefits except for share-based payments	3 615,5	3 502,1
Payroll related taxes	748,4	692,6
Share-based payment expense on equity settled instruments	171,5	203,0
Share-based payment expense on cash settled instruments	20,2	-
Total personnel expenses	4 555,6	4 397,7

Rights to purchase equity instruments granted to some employees give to holders a choice either to only purchase the full number of shares at exercise price or also to sell back shares at the market price for the same ruble value. A majority of the rights vest when the employee continues to be employed by the Group at the vesting date. The maximum contractual term of the contracts is four years. The fair value of the rights is measured at the grant date using a binomial model taking into account the terms and conditions upon which the instruments were granted.

In 2017 the new program of cash settled instruments was introduced. The amount of cash consideration to be received by the employees is linked to the future market price of the Group's shares. A majority of the rights vest when the employee continues to be employed by the Group at the vesting date. The maximum contractual term of the contracts is three and a half years. The fair value of the rights is remeasured at each reporting date using a binomial model.

The following table illustrates the number and weighted average exercise prices (WAEP), and movements in rights to purchase equity settled instruments:

	Number	WAEP
Outstanding at 1 January 2016	48 399 029	61,49
Exercised	(13 090 596)	50,06
Forfeited	(250 001)	46,90
Expired	(6 184 756)	50,06
Outstanding at September 30, 2016	28 873 676	69,24
Outstanding at 1 January 2017	31 133 342	74,60
Granted	12 741 180	111,82
Exercised	(3 117 055)	64,25
Forfeited	(1 150 001)	83,27
Expired	(2 649 615)	64,25
Outstanding at September 30, 2017	36 957 851	88,77

WAEP for exercised rights in the table above is calculated based on the contractual exercise price.

507 530 cash settled instruments were granted during the nine - month period ended September 30, 2017. The weighted average remaining contractual life is 1,57 years.

MOSCOW EXCHANGE GROUP

Notes to the Consolidated Interim Condensed Financial Statements for the Nine - Month Period Ended September 30, 2017 (continued)

(in millions of Russian rubles, unless otherwise indicated)

10. Personnel Expenses (continued)

The number of equity rights exercisable as at September 30, 2017 is 10 966 664 with WAEP of RUB 69,54 (December 31, 2016: 9 000 000 with WAEP of RUB 67,25).

The weighted average fair value of equity rights granted during the nine - month period ended September 30, 2017 was RUB 22,43 (September 30, 2016: no new rights). The weighted average fair value of cash settled rights granted during the nine - month period ended September 30, 2017 was RUB 104,82.

The range of exercise prices and weighted average remaining contractual life of equity rights are as follows:

Exercise price	September 30, 2017		December 31, 2016	
	Number outstanding	Weighted average remaining contractual life	Number outstanding	Weighted average remaining contractual life
46,9 - 62,0	500 001	0,08	2 416 673	0,07
62,0 - 77,0	17 066 668	0,23	20 466 669	0,60
77,0 - 92,0	4 000 002	0,58	5 250 000	0,96
107,0-122,0	15 391 180	1,84	3 000 000	2,26
	36 957 851	0,94	31 133 342	0,78

The following table lists the inputs to the models used:

Assumption	Equity settled		Cash settled	
	Nine - month period ended September 30, 2017	Nine - month period ended September 30, 2016	Nine - month period ended September 30, 2017	Nine - month period ended September 30, 2016
Expected volatility	22,5%	-	21,3%	-
Risk-free interest rate	8,1%	-	7,6%	-
Weighted average share price, RUB	112,84	-	115,35	-
Dividend yield	4,7%	-	4,2%	-

The volatility assumption is based on implied volatilities of quoted shares of similar stock exchanges. Equity settled instruments are measured at grant date and cash settled instruments are remeasured at each reporting date.

11. Income Tax

The Group provides for taxes based on the tax accounts maintained and prepared in accordance with the tax regulations of countries where the Group and its subsidiaries operate and which may differ from IFRS.

Deferred taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Temporary differences relate mostly to different methods of income and expense recognition, as well as to recorded values of certain assets.

MOSCOW EXCHANGE GROUP

Notes to the Consolidated Interim Condensed Financial Statements for the Nine - Month Period Ended September 30, 2017 (continued)

(in millions of Russian rubles, unless otherwise indicated)

11. Income Tax (continued)

The tax rate used for the reconciliations between tax expense and accounting profit is the corporate tax rate of 20% payable by corporate entities in the Russian Federation on taxable profits under the tax law in that jurisdiction.

Reconciliation of income tax expense and accounting profit for the nine - month period ended September 30, 2017 and 2016, are explained below:

	Nine - month period ended September 30, 2017	Nine - month period ended September 30, 2016
Profit before income tax	19 145,8	24 422,2
Tax at the statutory tax rate (20%)	3 829,2	4 884,4
Tax effect of income taxed at rates different from the prime rate	(245,8)	(282,5)
Non-deductible expenses for tax purposes	121,7	140,3
Write-off of deferred tax asset	-	3,9
Adjustments in respect of current income tax of previous years	-	(0,9)
Income tax expense	3 705,1	4 745,2
Current income tax expense	2 320,5	7 217,9
Deferred taxation movement due to origination and reversal of temporary differences	1 388,0	(2 477,7)
Deferred taxation movement due to tax losses carried forward	(3,4)	5,0
Income tax expense	3 705,1	4 745,2

	Nine - month period ended September 30, 2017	Nine - month period ended September 30, 2016
Beginning of the period – deferred tax assets	1 776,5	114,7
Beginning of the period – deferred tax liabilities	(3 165,6)	(5 017,3)
Changes in deferred income tax balances recognised in other comprehensive income	95,0	(64,2)
Change in deferred income tax balances recognised in profit or loss	(1 384,6)	2 472,7
Disposal of assets held for sale	-	(3,5)
Effect of movements in exchange rates	(0,4)	(0,5)
End of the period - deferred tax assets	348,6	673,0
End of the period - deferred tax liabilities	(3 027,7)	(3 171,1)

12. Cash and Cash Equivalents

	September 30, 2017	December 31, 2016
Correspondent accounts and overnight deposits with banks	293 210,6	356 741,6
Balances with the CBR	9 380,0	23 693,7
Receivables on broker and clearing operations	22,1	77,3
Cash on hand	5,6	4,0
Total cash and cash equivalents	302 618,3	380 516,6

MOSCOW EXCHANGE GROUP

Notes to the Consolidated Interim Condensed Financial Statements for the Nine - Month Period Ended September 30, 2017 (continued)

(in millions of Russian rubles, unless otherwise indicated)

13. Due from Financial Institutions and Margin Account under Reverse Repo

Due from financial institutions are presented as follows:

	September 30, 2017	December 31, 2016
Reverse repo receivables from financial institutions	46 280,4	47 887,7
Term deposits with the CBR	10 006,9	5 004,1
Interbank loans and term deposits	6 494,8	4 633,8
Mandatory cash balances with the CBR (restricted)	4 775,1	3 240,8
Correspondent accounts and deposits in precious metals	3 529,0	3 076,3
Receivables on broker and clearing operations	2,5	-
Total due from financial institutions	71 088,7	63 842,7

Margin account under reverse repo represents cash collateral received by the Group under reverse repo operations. There were no such balances as at September 30, 2017 and December 31, 2016.

14. Central Counterparty Financial Assets and Liabilities

	September 30, 2017	December 31, 2016
Repo transactions	2 384 205,6	1 730 377,0
Currency transactions	1 452,7	2 886,8
Total central counterparty financial assets and liabilities	2 385 658,3	1 733 263,8

CCP financial assets are receivables under currency and repo transactions and CCP financial liabilities are payables under offsetting transactions, which the Group entered with market participants as a CCP.

As at September 30, 2017 and December 31, 2016, none of these assets were past due.

CCP financial assets and liabilities under currency transactions represent fair values of overnight currency deals. Gross claims and liabilities with individual counterparties are offset in accordance with IAS 32.

15. Investments Available-for-Sale

	September 30, 2017	December 31, 2016
Bonds issued by Russian Federation	122 716,0	135 133,6
Bonds issued by foreign companies	41 855,9	39 809,3
Bonds issued by Russian companies	23 423,6	21 977,3
Bonds issued by Russian banks	18 560,4	21 438,0
Shares issued by Russian companies	119,2	119,4
Shares issued by foreign companies	18,5	18,6
Total investments available-for-sale	206 693,6	218 496,2

MOSCOW EXCHANGE GROUP

Notes to the Consolidated Interim Condensed Financial Statements for the Nine - Month Period Ended September 30, 2017 (continued)

(in millions of Russian rubles, unless otherwise indicated)

16. Property and Equipment

	Land	Buildings and other real estate	Furniture and equipment	Construction in progress	Total
Cost					
December 31, 2015	222,0	5 983,2	4 403,6	197,1	10 805,9
Additions	-	1,5	1 657,7	-	1 659,2
Reclassification	-	-	53,4	(53,4)	-
Disposals	-	-	(36,9)	-	(36,9)
Effect of movements in exchange rates	(1,7)	(9,8)	(1,8)	-	(13,3)
September 30, 2016	220,3	5 974,9	6 076,0	143,7	12 414,9
December 31, 2016	219,9	5 972,2	6 295,0	51,5	12 538,6
Additions	-	-	398,0	-	398,0
Reclassification	-	(8,8)	53,2	(44,4)	-
Disposals	-	(97,2)	(27,7)	-	(124,9)
Effect of movements in exchange rates	(0,7)	(4,3)	(0,8)	-	(5,8)
September 30, 2017	219,2	5 861,9	6 717,7	7,1	12 805,9
Accumulated depreciation					
December 31, 2015	-	1 234,6	2 775,5	-	4 010,1
Charge for the period	-	90,1	598,7	-	688,8
Disposals	-	-	(35,7)	-	(35,7)
Effect of movements in exchange rates	-	(1,4)	(1,6)	-	(3,0)
September 30, 2016	-	1 323,3	3 336,9	-	4 660,2
December 31, 2016	-	1 353,1	3 479,1	-	4 832,2
Charge for the period	-	89,4	1 001,8	-	1 091,2
Disposals	-	(14,4)	(21,7)	-	(36,1)
Reclassification	-	(4,3)	4,3	-	-
Effect of movements in exchange rates	-	(0,8)	(0,8)	-	(1,6)
September 30, 2017	-	1 423,0	4 462,7	-	5 885,7
Net book value					
December 31, 2016	219,9	4 619,1	2 815,9	51,5	7 706,4
September 30, 2017	219,2	4 438,9	2 255,0	7,1	6 920,2

As at September 30, 2017, historical cost of fully depreciated property and equipment amounts to RUB 2 138,7 million (December 31, 2016: RUB 1 797,6 million).

MOSCOW EXCHANGE GROUP

Notes to the Consolidated Interim Condensed Financial Statements for the Nine - Month Period Ended September 30, 2017 (continued)

(in millions of Russian rubles, unless otherwise indicated)

17. Intangible Assets

	Software and licenses	Client base	Intangible assets development	Total
Cost				
December 31, 2015	2 786,2	19 606,7	229,0	22 621,9
Additions	526,6	-	435,3	961,9
Transfer to other assets	-	-	(1,0)	(1,0)
Disposals	(147,4)	-	-	(147,4)
Effect of movements in exchange rates	(0,1)	-	-	(0,1)
September 30, 2016	3 165,3	19 606,7	663,3	23 435,3
December 31, 2016	3 752,1	19 606,7	549,6	23 908,4
Additions	754,0	-	217,5	971,5
Reclassification	114,3	-	(114,3)	-
Disposals	(0,4)	-	-	(0,4)
Effect of movements in exchange rates	(0,1)	-	-	(0,1)
September 30, 2017	4 619,9	19 606,7	652,8	24 879,4
Accumulated amortisation				
December 31, 2015	1 051,4	3 541,1	-	4 592,5
Charge for the period	336,9	588,2	-	925,1
Disposals	(147,4)	-	-	(147,4)
Effect of movements in exchange rates	(0,1)	-	-	(0,1)
September 30, 2016	1 240,8	4 129,3	-	5 370,1
December 31, 2016	1 225,1	4 325,4	-	5 550,5
Charge for the period	506,3	587,3	-	1 093,6
Disposals	(0,4)	-	-	(0,4)
Effect of movements in exchange rates	(0,1)	-	-	(0,1)
September 30, 2017	1 730,9	4 912,7	-	6 643,6
Net book value				
December 31, 2016	2 527,0	15 281,3	549,6	18 357,9
September 30, 2017	2 889,0	14 694,0	652,8	18 235,8

MOSCOW EXCHANGE GROUP

Notes to the Consolidated Interim Condensed Financial Statements for the Nine - Month Period Ended September 30, 2017 (continued)

(in millions of Russian rubles, unless otherwise indicated)

18. Other Assets

	September 30, 2017	December 31, 2016
Other financial assets:		
Receivables on services rendered and other operations	996,8	861,3
Less allowance for impairment	(51,1)	(41,7)
Total other financial assets	945,7	819,6
Other non-financial assets:		
Precious metals	547,8	561,1
Prepaid expenses	431,8	469,1
Non-current assets prepaid	79,0	25,6
Taxes receivable other than income tax	59,1	53,7
Other	15,6	25,0
Total other assets	2 079,0	1 954,1

The movements in allowance for impairment of receivables on services rendered and other operations were as follows:

	Nine - month period ended September 30, 2017	Nine - month period ended September 30, 2016
Beginning of the period	41,7	46,6
Net charge for the period (Note 9)	13,1	(1,0)
Write-offs	(3,7)	(3,0)
End of the period	51,1	42,6

19. Balances of Market Participants

	September 30, 2017	December 31, 2016
Accounts of clearing participants	410 049,8	497 323,4
Other current and settlement accounts	54 956,2	50 639,8
Stress collateral	17 704,9	19 016,2
Risk-covering funds	4 266,8	3 973,4
Accounts in precious metals	4 076,6	3 637,3
Total balances of market participants	491 054,3	574 590,1

MOSCOW EXCHANGE GROUP

Notes to the Consolidated Interim Condensed Financial Statements for the Nine - Month Period Ended September 30, 2017 (continued)

(in millions of Russian rubles, unless otherwise indicated)

19. Balances of Market Participants (continued)

Accounts of clearing participants include margins deposited by clearing participants. The purpose of margins is to support clearing settlements on the market and to cover risks arising from open positions of market participants, including operations of market participants, where the Group acts as a central counterparty. If an initial margin requirement exceeds the collateral posted by a market participant in the guarantee fund, the participant is required to cover the deficit by posting additional margin for the unsettled trades or to reduce the open position to an appropriate level. The margins is payable to a market participant when it closes its positions. The Group places guarantee fund amounts on current accounts and deposits with reputable banks or repo receivables (Notes 12, 13).

Market participants also pledge traded securities to the guarantee fund as collateral for their obligations. These securities are blocked at the participants' custody accounts in NSD. These securities are not assets of the Group and are not recognised in the Consolidated Interim Condensed Statement of the Financial Position.

Stress collateral is an additional individual clearing collateral used on foreign exchange, securities and derivative markets. Stress collateral is calculated based on the volume of risk on transactions with partial collateral concluded by the clearing participants with the Central Counterparty. Requirements for depositing stress collateral arise for clearing participants who have average daily positions in excess of positions of other participants in the relevant market. NCC is obliged to pay an interest to the clearing participants for the right to use funds deposited as stress collateral.

The risk-covering funds comprise contributions deposited by market participants. The purpose of these funds is to provide additional insurance to the market participants in respect of the ability of the Group to guarantee proper settlements of open positions in case of a market participant default. The minimum contribution amount per one participant is determined by the NCC Supervisory Board and it is approved by the Derivatives Market Committee, the Currency Market Committee, the Securities Market Committee and the Securities Lending & REPO Committee. Risk-covering funds amounts are only used to cover the deficit if a margin posted by a trading participant is not sufficient to cover its losses. The Group places cash received from the market participants in the risk-covering funds with top-rated banks (Notes 12, 13).

20. Other Liabilities

	September 30, 2017	December 31, 2016
Other financial liabilities		
Dividends payable	5 607,6	162,3
Payables to employees	1 795,8	2 073,7
Trade and other payables	566,2	592,7
Tax agent liabilities regarding distributions payable to holders of securities	152,8	-
Total other financial liabilities	8 122,4	2 828,7
Other non-financial liabilities		
Deferred commission income	713,0	383,3
Advances received	298,3	254,0
Taxes payable, other than income tax	146,1	120,2
Other	5,8	5,8
Total other liabilities	9 285,6	3 592,0

MOSCOW EXCHANGE GROUP

Notes to the Consolidated Interim Condensed Financial Statements for the Nine - Month Period Ended September 30, 2017 (continued)

(in millions of Russian rubles, unless otherwise indicated)

21. Share Capital and Share Premium

The share capital of Moscow exchange comprises ordinary shares with a par value of RUB 1 each:

	Ordinary shares issued and fully paid (number of shares)	Treasury shares (number of shares)
December 31, 2015	2 278 636 493	(44 771 962)
Exercised options (Note 10)	-	13 090 596
September 30, 2016	2 278 636 493	(31 681 366)
December 31, 2016	2 278 636 493	(33 424 960)
Cancellation of shares	(2 235 035)	2 235 035
Exercised options (Note 10)	-	3 117 055
September 30, 2017	2 276 401 458	(28 072 870)

Share premium represents an excess of contributions received over the nominal value of shares issued.

As at July 7, 2017 changes to the Charter of Moscow Exchange came into force. Changes included share reduction through the redemption of 2 235 035 treasury shares with nominal value of 1 RUB each. Share capital reduction was approved by the Annual General Shareholders Meeting on April 27, 2017. The treasury shares were acquired as a result of obligatory buy-out during the merge of CJSC MICEX Stock Exchange and LLC ME Technology with the parent company.

22. Retained Earnings

During the nine - month period ended September 30, 2017 the Group declared and paid dividends for the year ended December 31, 2016, to the owners of the parent of RUB 17 289,7 million (September 30, 2016: RUB 15 994,7 million for the year 2015). The amount of dividends per share is RUB 7,68 per ordinary share (September 30, 2016: 7,11 per ordinary share). The Group also declared interim dividends for the period ended June 30, 2017, to the owners of the parent of RUB 5 607,4 million. The amount of interim dividends per share is RUB 2,49 per ordinary share.

The Group's distributable reserves are limited to the amount of reserves reported in the statutory financial statements of the Group members. Non-distributable reserves comprise a reserve fund, which is created according to the statutory regulations, to cover risks, including future losses and other unforeseen risks and contingencies, as well as funds of NCC required to comply with regulations of CBR relating to CCP activities.

MOSCOW EXCHANGE GROUP

Notes to the Consolidated Interim Condensed Financial Statements for the Nine - Month Period Ended September 30, 2017 (continued)

(in millions of Russian rubles, unless otherwise indicated)

23. Earnings per Share

The calculation of earnings per share is based on the profit for the year attributable to shareholders of the Group and the weighted average number of ordinary outstanding during the year, calculated as shown below.

	Nine - month period ended September 30, 2017	Nine - month period ended September 30, 2016
Net profit attributable to ordinary equity holders of the parent	15 445,3	19 677,6
Weighted average number of shares	2 247 864 005	2 242 061 613
Effect of dilutive share options	9 529 950	13 837 283
Weighted average number of shares adjusted for the effect of dilution	2 257 393 955	2 255 898 896
Basic earnings per share, RUB	6,87	8,78
Diluted earnings per share, RUB	6,84	8,72

24. Transactions with Related Parties

Intragroup transactions have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

(a) Transactions with key management

Key management personnel comprises members of the Executive Board and the Supervisory Board. The total remuneration paid to key management personnel includes short-term benefits (salary, bonuses, payroll related taxes, insurance, health care, etc.), long-term benefits and share-based payment expense.

Included in the Consolidated Interim Condensed Statement of Financial Position are the following amounts that arose on transactions with key management personnel:

	September 30, 2017	December 31, 2016
Other liabilities	556,5	476,8
Share-based payments	211,4	255,0

Included in the Consolidated Interim Condensed Statement of Profit or Loss are the following amounts that arose due to transactions with key management personnel:

	Nine - month period ended September 30, 2017	Nine - month period ended September 30, 2016
Short-term employee benefits	347,3	307,7
Share-based payment expense on equity settled instruments	80,6	111,2
Long-term employee benefits	68,8	63,1
Total remuneration of key management personnel	496,7	482,0

MOSCOW EXCHANGE GROUP

Notes to the Consolidated Interim Condensed Financial Statements for the Nine - Month Period Ended September 30, 2017 (continued)

(in millions of Russian rubles, unless otherwise indicated)

24. Transactions with Related Parties (continued)

(b) Transactions with government-related entities

As at September 30, 2017 the Russian Federation exercises significant influence over Moscow Exchange.

The Group considers government-related entities as related parties if Russian Federation has control, joint control or significant influence over the entity. In the ordinary course of business the Group provides stock exchange, clearing and depository services to government-related entities, places funds with government-related banks and bonds issued by the Russian Federation and government-related entities.

(c) Transactions with associates

During the nine - month period ended September 30, 2017 there were no transactions with associates.

During the nine - month period ended September 30, 2016 administrative and other operating expenses with associates in the amount of RUB 13,7 million were included in the Consolidated Interim Condensed Statement of Profit or Loss.

As at December 31, 2015 the Group presented the investment in UEX as disposal group held for sale under IFRS 5 "Non-current assets held for sale and discontinued operations". In February and March 2016 the Group sold its stake in UEX (Note 9).

25. Fair Value Measurements

The Group performs a fair value assessment of its financial assets and liabilities, as required by IFRS 13 Fair Value Measurement. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability.

The Group measures fair values for financial assets recorded on the statement of financial position at fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities.
- Level 2: Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable).
- Level 3: Valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable).

The foreign currency forward contracts are measured based on observable spot exchange rates and the yield curves of the respective currencies.

The fair value of the unquoted debt securities has been determined using a discounted cash flow model, by reference to quoted market prices for similar instruments.

The fair value of unquoted equity instruments has been determined based on market approach using price/net assets ratio for similar companies.

MOSCOW EXCHANGE GROUP

Notes to the Consolidated Interim Condensed Financial Statements for the Nine - Month Period Ended September 30, 2017 (continued)

(in millions of Russian rubles, unless otherwise indicated)

25. Fair Value Measurements (continued)

The table below analyses financial assets and liabilities measured at fair value at September 30, 2017, by the level in the fair value hierarchy into which the fair value measurement is categorised:

	September 30, 2017			Total
	Level 1	Level 2	Level 3	
Financial assets at fair value though profit or loss	0,4	2,3	-	2,7
Central counterparty financial assets and liabilities (currency transactions)	1 452,7	-	-	1 452,7
Investments available-for-sale	184 508,1	22 047,8	137,7	206 693,6
Derivative financial liabilities	-	3,4	-	3,4

Financial assets and liabilities measured at fair value at December 31, 2016, by the level in the fair value hierarchy into which the fair value measurement is categorised:

	December 31, 2016			Total
	Level 1	Level 2	Level 3	
Financial assets at fair value though profit or loss	0,4	-	-	0,4
Central counterparty financial assets and liabilities (currency transactions)	2 886,8	-	-	2 886,8
Investments available-for-sale	205 222,4	13 135,8	138,0	218 496,2

The following table shows a reconciliation for nine-month periods ended September 30, 2017 and 2016, for fair value measurements in Level 3 of the fair value hierarchy:

	FVTPL	AFS
Balance at December 31, 2015	-	145,6
Level 3 securities sold	-	(0,1)
Foreign exchange loss	-	(0,6)
Balance at September 30, 2016	-	144,9
Balance at December 31, 2016	-	138,0
Foreign exchange loss	-	(0,3)
Balance at September 30, 2017	-	137,7

Management of the Group considers that the fair value of financial assets and liabilities not carried at fair value in Consolidated Interim Condensed Statement of Financial Position approximates their carrying value.

MOSCOW EXCHANGE GROUP

Notes to the Consolidated Interim Condensed Financial Statements for the Nine - Month Period Ended September 30, 2017 (continued)

(in millions of Russian rubles, unless otherwise indicated)

25. Fair Value Measurements (continued)

Transfers between level 1 and 2

For assets and liabilities that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The following table shows total amount of transfers of financial assets between level 1 and level 2. Transfers from level 2 to level 1 (from level 1 to level 2) occurred due to fact that markets for certain financial assets became (ceased to be) active during the period.

	Transfers between Level 1 and Level 2	
	Nine - month period ended September 30, 2017	Nine - month period ended September 30, 2016
<i>From Level 1 to Level 2</i>		
Investments available-for-sale	7 992,6	4 700,7
<i>From Level 2 to Level 1</i>		
Investments available-for-sale	1 830,3	1 288,1

26. Events after the Reporting Date

As at October 31, 2017 MICEX (CYPRUS) LIMITED was liquidated. The Registrar of Companies issued the dissolution certificate.

As at October 18, 2017 the bankruptcy trustee sued one of the Group's entities as part of a bankruptcy procedure undergone by a former Group's trading participant. According to the claim, the bankruptcy trustee demands to void deals on transfer of securities amounted to RUB 844,7 million. The deals were concluded by the member of the Group acting as a central counterparty in order to settle debt of the said participant.

In addition to the claim by the bankruptcy trustee, other creditors of the said participant also filed two claims as of October 25, 2017. These two claims address the same deals. One of these claims was adjusted for the lost profit amount and totaled RUB 1 263,0 million, the other totaled RUB 892,7 million. Amounts specified in all the three claims cannot be summarized as they refer to the same deals. Management assesses the risk of economic resources outflow as a result of these claims as below average. The amount and timing of any outflow related to these claims cannot be estimated reliably.