



MOSCOW
EXCHANGE



NCC risk management

August 2018

National clearing centre is a resilient central counterparty...



NCC holds the status of a qualified CCP since 2013 (Russian banks apply reduced risk weights for claims to NCC)

CBR assesses NCC's management quality on a regular basis

NCC's CPMI-IOSCO self-assessment* established that it complies with the majority of principles

NCC filed an application for ESMA recognition in 2015*

NCC is an active member of European Association of CCP Clearing Houses (EACH)

*<http://www.nkcbank.com/viewCatalog.do?menuKey=461>

**http://www.esma.europa.eu/system/files/list_of_applicants_tc-ccps.pdf



...that holds sufficient capital and has investment grade ratings.



Capital

NCC's capital is 57,43 bln RUB as of July 1st, 2018

Ratings

In February, 2018 Fitch affirmed:

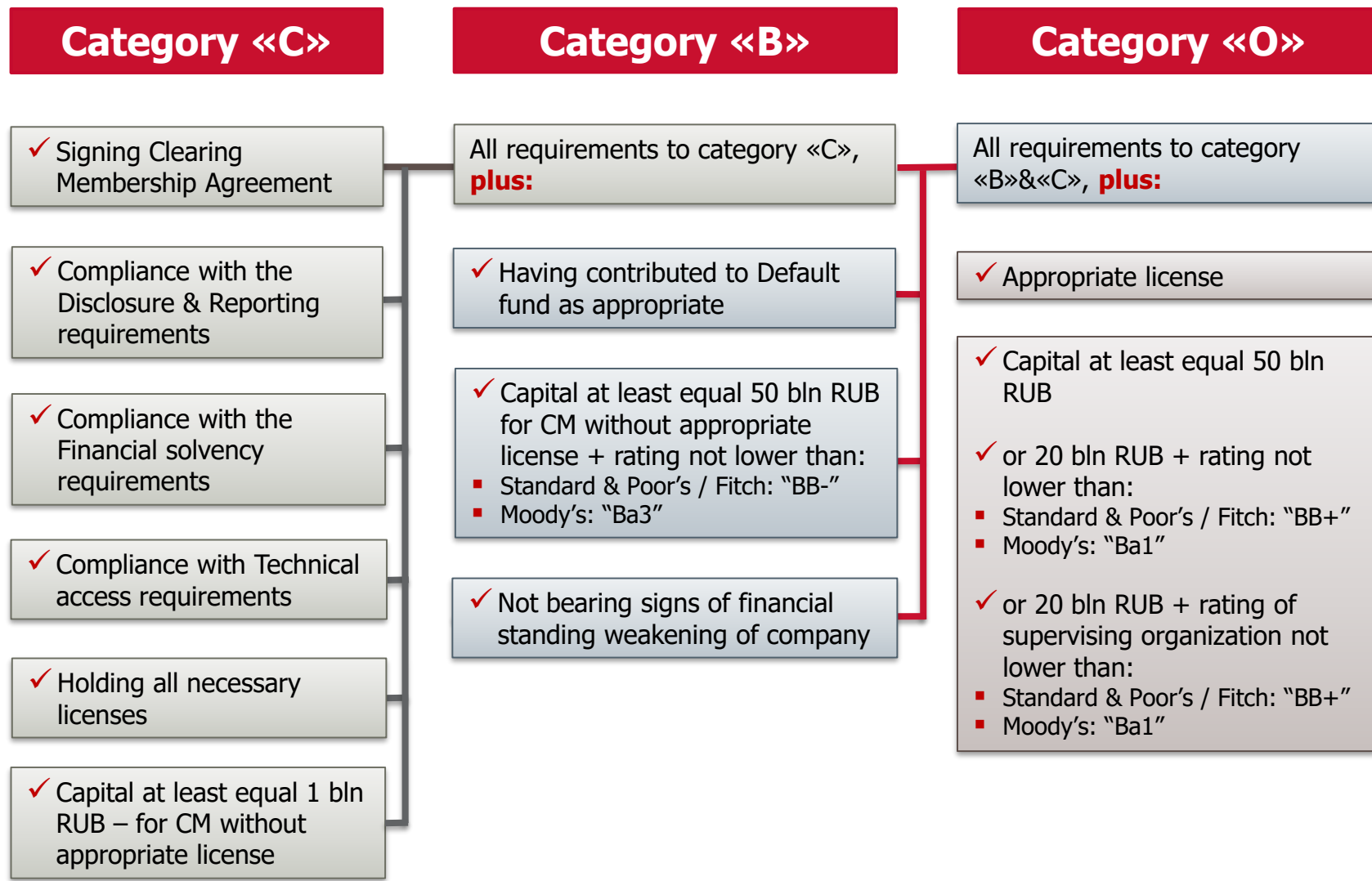
- Long-term foreign-currency (FC) Issuer Default Rating (IDR) at 'BBB-'
- Long-term local-currency (LC) IDR
- Viability Rating (VR) at 'bbb'

In October, 2017 the Analytical Credit Rating Agency (ACRA) affirmed the credit rating of NCC at AAA(RU), outlook Stable.

<http://www.nkcbank.com/viewCatalog.do?menuKey=454>



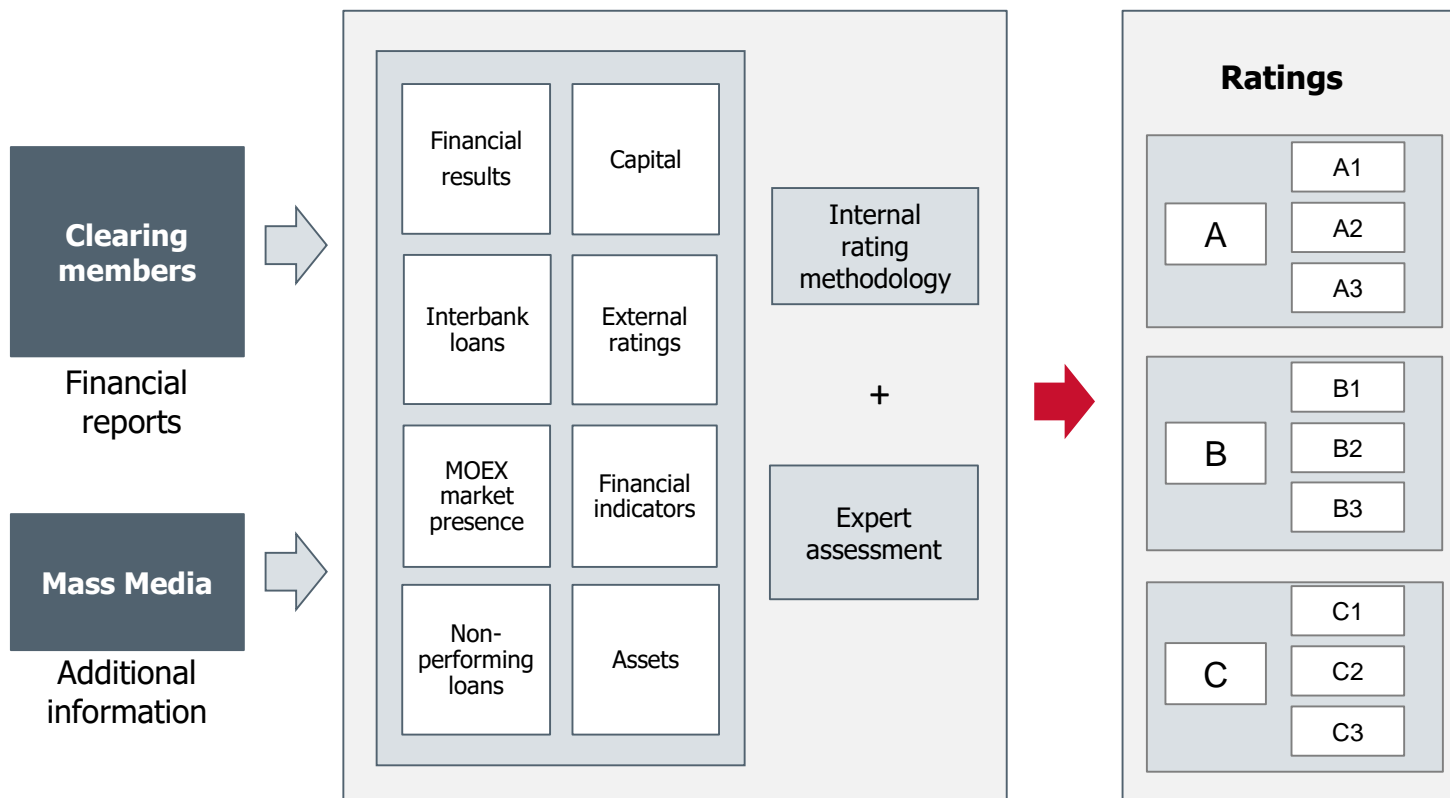
NCC applies strict admission criteria to Clearing Members



National clearing centre is a resilient central counterparty...

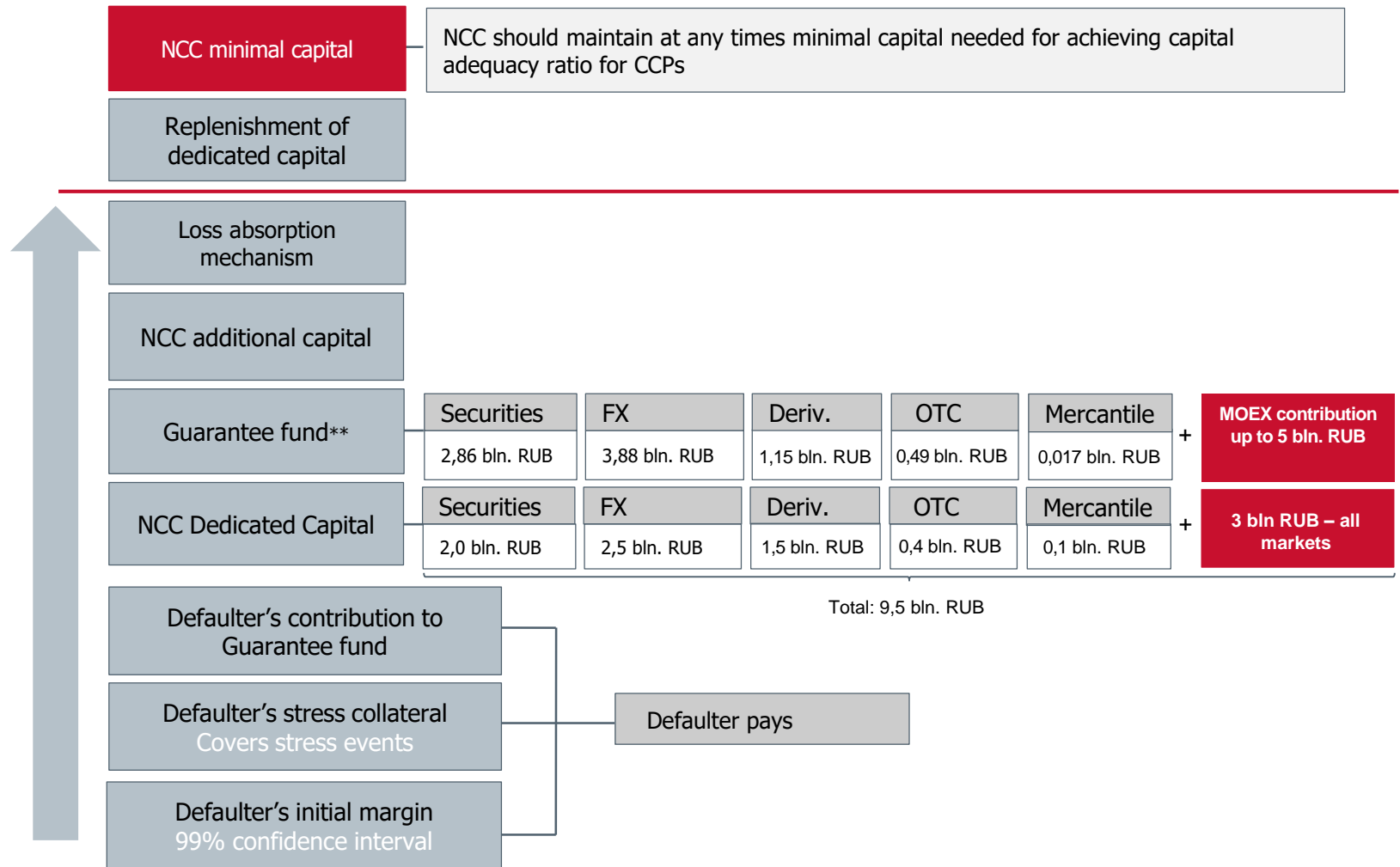
Categories:		Markets
«A»	Central Bank of Russia & other legal entities to which a requirement on posting assets as collateral is not applicable, in accordance with the Law on Clearing	FX & PM, Securities
«O»	General Clearing Members , having an access to clearing <u>with partial prefunding</u> and acting as a clearing broker for more than 2 Trading Members	FX & PM
«B»	Individual Clearing Members , having an access to clearing <u>with partial prefunding</u> and having an opportunity to be a part for trades executed by not more than 2 Trading Members (either acting as a clearing broker or on the basis of agency contract*)	FX & PM, Securities, Derivatives, Commodities, Standardised Derivatives
«C»	Individual Clearing Members , having an access to clearing <u>with full prefunding</u> and having an opportunity to be a part for trades executed by not more than 2 Trading Members (acting on the basis of agency contract only*)	FX & PM, Securities, Commodities

On-going monitoring of Clearing Members' financial standing by means of internal rating system and Mass Media scanning allows...



Default – “Waterfall”

In 2016 NCC increased dedicated capital by 3 bln. RUB and also concluded an agreement with MOEX about MOEX contribution to Guarantee fund of 5 bln. RUB



** as of 01.07.2018

Stress collateral: general information

Stress collateral calculation for Derivatives market

Stress collateral is a type of individual clearing collateral that is aimed at covering clearing member's positions' risks if a stress event occurs.

Stress collateral volume is determined:

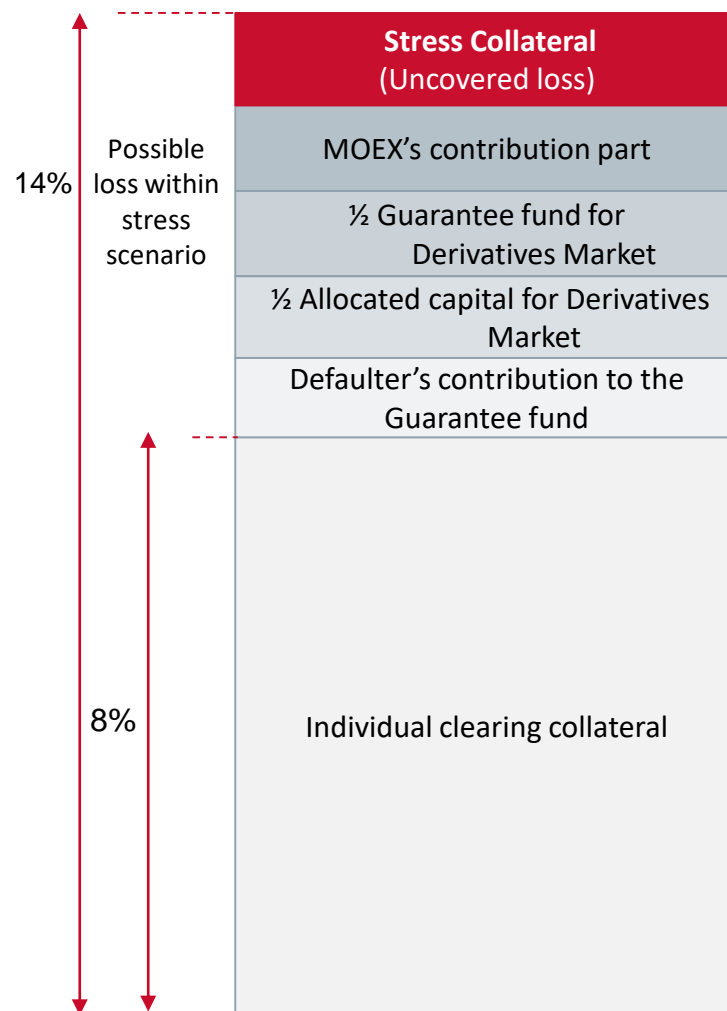
- by a clearing member (incl. own and clients' codes),
- in RUB,
- for each market separately

Assets accepted as stress collateral are:

- RUB,
- USD, EUR (haircuts applied),
- Securities - OFZ (haircuts applied)

Stress collateral requirement is reviewed once a week

Stress collateral is used to cover losses caused by the default of the clearing member that posted it



Disclaimer

This presentation has been prepared and issued by Open Joint Stock Company MOSCOW EXCHANGE (the “**Company**”). Unless otherwise stated, the Company is the source for all data contained in this document. Such data is provided as at the date of this document and is subject to change without notice.

This document does not constitute or form part of, and should not be construed as, an offer or invitation for the sale or subscription of, or a solicitation of any offer to buy or subscribe for, any securities, nor shall it or any part of it or the fact of its distribution form the basis of, or be relied on in connection with, any offer, contract, commitment or investment decision relating thereto, nor does it constitute a recommendation regarding the securities of the Company.

The information in this document has not been independently verified. No representation or warranty, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy or completeness of the information or opinions contained herein. None of the Company, or any of its subsidiaries or affiliates or any of such person's directors, officers or employees, advisers or other representatives, accepts any liability whatsoever (whether in negligence or otherwise) arising, directly or indirectly, from the use of this document or otherwise arising in connection therewith.

This presentation includes forward-looking statements. All statements other than statements of historical fact included in this presentation, including, without limitation, those regarding our financial position, business strategy, management plans and objectives for future operations are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause our actual results, performance, achievements or industry results to be materially different from those expressed or implied by these forward-looking statements. These forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we expect to operate in the future. Important factors that could cause our actual results, performance, achievements or industry results to differ materially from those in the forward-looking statements include, among other factors:

perception of market services offered by the Company and its subsidiaries;

volatility (a) of the Russian economy and the securities market and (b) sectors with a high level of competition that the Company and its subsidiaries operate;

changes in (a) domestic and international legislation and tax regulation and (b) state policies related to financial markets and securities markets;

competition increase from new players on the Russian market;

the ability to keep pace with rapid changes in science and technology environment, including the ability to use advanced features that are popular with the Company's and its subsidiaries' customers;

the ability to maintain continuity of the process of introduction of new competitive products and services, while keeping the competitiveness;

the ability to attract new customers on the domestic market and in foreign jurisdictions;

the ability to increase the offer of products in foreign jurisdictions.

Forward-looking statements speak only as of the date of this presentation and we expressly disclaim any obligation or undertaking to release any update of, or revisions to, any forward-looking statements in this presentation as a result of any change in our expectations or any change in events, conditions or circumstances on which these forward-looking statements are based.

