



**MOSCOW
EXCHANGE**

June 2019
Moscow

MARKET MAKING ON MOSCOW EXCHANGE

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A Market Maker is a Trading Member that agrees to quote price and volume in a range of financial instruments such as securities, derivatives, currencies and commodities, based on an agreement with Moscow Exchange (referred to as the *Market Maker obligations*).

Trading Members may act as a Market Maker on all markets at MOEX

- Equity & Bond Market
- Derivatives Market
- FX Market
- Money Market
- Commodities Market

MARKET MAKING OBLIGATIONS – LEGAL VIEW

BASED ON REGULATORY STANDARDS*

Requirement	Obligation to maintain			
	Price	Volume	Demand	Supply
Two-sided quotes	+	+		
Maximum bid/ask quote spread	+			
Maximum price of an order to buy			+	
Minimum price of an order to sell				+
Minimum quoted size	+	+	+	+
Minimum duration for maintaining two-sided quotes	+	+	+	+

* Market Making obligations are set out in accordance with the Federal Financial Markets Service's Regulation No. 11-2/pz-n on terms and procedure for maintaining price, demand, supply and trading volume of financial instruments, foreign currency and (or) commodities, dated 21 January 2011.



HOW TO BECOME A MARKET MAKER

Who is eligible for Market Making?

- Trading Members of MOEX



How may a Market Maker operate?

- On his own behalf and at his own expense
- On his own behalf and at the client's expense, if instructed so by the client



How to become a Market Maker?

- MOEX Trading Members should enter into the Market Making Agreement with Moscow Exchange



MARKET MAKING AGREEMENT FORMS



All Markets

Bilateral Agreement

- **Moscow Exchange** (monitors Market Makers' performance of the obligations and pays for the Market Making services)
- **MOEX trading member** (provides the Market Making services)



Equity & Bond Market
Money Market

Trilateral Agreement with an issuer (customer)

- **Moscow Exchange** (monitors Market Makers' performance of the obligations)
- **MOEX trading member** (provides the Market Making services)
- **Issuer** (pays for the Market Making services)



Derivatives Market

Trilateral Agreement with a Market Maker's client

- **Moscow Exchange** (monitors Market Makers' performance of the obligations and pays for the services provided by the Market Maker and its client)
- **MOEX trading member** (provides the Market Making services)
- **Market Maker's client** (provides services to maintain quotes, demand, supply and trading volume). Can be:
 - A Russian legal entity, professional market participant (licensed as a broker and/or dealer)
 - A Russian legal entity, non-professional market participant
 - International company without a permanent establishment in Russia



LEGAL PROCEDURE FOR MARKET MAKING: 1/2



MOEX Trading Member

Selecting a program

Understanding the Rules

Entering into the Agreement and Notice

Becoming a Market Maker

Trading Member on:

- FX Market
- Money Market
- Commodities Market

+ Trading Member – candidate for participation in the cross Market Making program

The Program contains:

- Parameters and conditions for the performance of Market Making obligations
- Market Maker incentive schemes

The Programs are available on the Exchange's website.

The Rules set out:

- Market Makers' rights and obligations
- Communication schemes and procedures for service delivery and acceptance
- Settlement procedures
- Procedures for amending the agreement

The Rules are available on the Exchange's website.

The Market Making Agreement is executed through the member's adherence to the Rules

The Notice with the Program selected and the Market Makers' IDs is completed during the signing of the Agreement.

The standard forms are available on the Exchange's website.



LEGAL PROCEDURE FOR MARKET MAKING: 2/2



MOEX Trading Member

Selecting a program

Signing the Agreement

Becoming Market Maker

Trading member on:

- Equity & Bond Market
- Derivatives Market

The Program contains:

- Parameters and conditions for the performance of Market Making obligations
- Market maker incentive schemes

The Programs are available on the Exchange's website.

The Market Making Agreement sets out:

- Market Makers' rights and obligations
- Communication schemes and procedures for service delivery and acceptance
- Settlement procedures
- Procedures for amending the agreement

The standard forms are available on the Exchange's website.



MARKET MAKER IDs

Market Maker ID is an alphanumeric code or a combination of codes, under which information of the Market Makers performance is recorded and incentive payments are calculated.

MOEX market	ID	Documents
Equity & Bond Market	<ul style="list-style-type: none"> Member Firm's ID; and/or; Trading and clearing account (TCA); and/or Client short code (CSC); and/or Combination of the TCA and CSC 	Part II. Clearing rules for the Equity and Bond and Deposit Markets
Money Market	<ul style="list-style-type: none"> Member Firm's ID 	
FX Market	<ul style="list-style-type: none"> Member Firm's ID; and/or Settlement code(-s) 	Part III. Clearing rules for the FX and Precious Metals Markets
Commodities Market	<ul style="list-style-type: none"> Member Firm's ID; and/or Settlement code(-s) 	
Derivatives Market	<ul style="list-style-type: none"> Clearing registers section code(-s) 	Part IV. Clearing Rules for the Derivatives Market



DISPLAYING MARKET MAKING OBLIGATIONS

MOEX market	Displaying via		Document
	Option 1	Option 2	
Equity & Bond Market	Workstations (terminals)	ASTS Bridge, EXT_MMSTATS table	Fields descriptions¹
Money Market			
FX Market	Workstations (terminals)	ASTS Bridge, EXT_MMSTATS table	Fields descriptions²
Commodities Market			
Derivatives Market	Workstations (terminals)	SPECTRA Cgate, FORTS_MM_REPL thread	Fields descriptions³

¹ http://ftp.moex.com/pub/ClientsAPI/ASTS/Bridge_Interfaces/Equities/Equities31_Broker_English.htm#t0_13

² http://ftp.moex.com/pub/ClientsAPI/ASTS/Bridge_Interfaces/Currency/Currency31_Broker_English.htm#t0_8

³ http://ftp.moex.com/pub/ClientsAPI/Spectra/CGate/prod/docs/p2gate_en.pdf



MARKET MAKER PERFORMANCE REPORTS

MOEX market	Report*
Equity & Bond Market	<p>Name: SEM80.xml – Market Maker performance report Frequency: daily</p> <p>Name: SEM81.xml – Market Maker incentives report (regarding bilateral agreements) SEM30.xml – Market Maker performance report (regarding trilateral agreements with issuers) Frequency: monthly</p>
Money Market	<p>Name: SEM31.xml – Market Maker performance report Frequency: monthly</p>
FX Market	<p>Name: CUX30.xml – Market Maker performance report Frequency: monthly</p>
Commodities Market	
Derivatives Market	<p>Name: mmfutXXYY.csv – Market Maker performance report with respect to futures contracts mmopt_strikesXXYY.csv – Market Maker performance report with respect to options (by strikes) mmopt_averageXXYY.csv – Market Maker performance report with respect to options (the average arithmetic per cent of obligations performed) mmLPXXYY.csv – Market Maker performance report with respect to futures and options (with trading volumes) Frequency: daily</p> <p>Name: MM_PAYMENT_XXYY.xls – Market Maker incentives report Frequency: monthly (sent at the end of the second trading day of the month following the reporting month)</p>

* Reports are sent to trading members via the file gateway of the EDI system.



CONTACTS

Equity & Bond Market	Equities Market Telephone: +7 (495) 363-3232, ext. 5319, 5312 Bonds Market Telephone: +7 (495) 363-3232, ext. 5332 Email: mm@moex.com
Derivatives Market	Telephone: +7 (495) 363-3232, ext. 5365, 5366 Email: futoptmm@moex.com
FX Market	Telephone: +7 (495) 363-3232, ext. 5454, 5407 Email: fx@moex.com
Money Market	Telephone: +7 (495) 363-3232, ext. 5399, 5397 Email: MM_Repo@moex.com
Commodities Market	Precious Metals Market Telephone: +7 (495) 363-3232, ext. 5391 Email: Nikita.Knyazev@moex.com
Cross-Market Programs	Telephone: +7 (495) 363-3232, ext. 5412 Email: Zhanna.Alekseeva@moex.com

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- perception of market services offered by the Company and its subsidiaries;
- volatility (a) of the Russian economy and the securities market and (b) sectors with a high level of competition that the Company and its subsidiaries operate;
- changes in (a) domestic and international legislation and tax regulation and (b) state policies related to financial markets and securities markets;
- competition increase from new players on the Russian market;
- the ability to keep pace with rapid changes in science and technology environment, including the ability to use advanced features that are popular with the Company's and its subsidiaries' customers;
- the ability to maintain continuity of the process of introduction of new competitive products and services, while keeping the competitiveness;
- the ability to attract new customers on the domestic market and in foreign jurisdictions;
- the ability to increase the offer of products in foreign jurisdictions.
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