PROCUREMENT POLICY

Moscow Exchange

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# INTRODUCTION

## The system for procurement of goods, works and services applied at Moscow Exchange (hereinafter, the Exchange) is aimed at ensuring the functioning of the Exchange itself, and the Moscow Exchange Group as a whole.

## Being a high-tech infrastructure company in itself, the Exchange primarily performs IT procurements: software and hardware, licenses, IT platforms, services for the development and maintenance of information systems.

## When procuring, the Exchange ensures the implementation of such basic principles as transparency of the procurement process, information transparency, provision of equal conditions for all market players.

## The Exchange's procurement activities are carried out in accordance with the "Regulations for procurement activities at Moscow Exchange" approved by the authorized body of the Exchange (hereinafter, the Regulations).

## The Regulations determine:

1. procedure for creating and submitting Purchase Orders;
2. methods for conducting Procurement Procedures;
3. procedure for conducting Procurement Procedures;
4. methods for submitting proposals by suppliers;
5. procedure for making decisions based on the results of Procurement procedures;
6. procedure for interacting with Suppliers;
7. procedure for disqualifying Suppliers;
8. time limits and responsible persons for each stage of Procurement procedures.
9. **GENERAL PRINCIPLES**
   1. Procurements shall be made taking into account the following principles:
10. Information transparency of procurements;
11. Equality, fairness, no discrimination or unreasonable restrictions on competition with respect to tenderers;
12. It is **not allowed** to hold an **additional** competitive commercial stage **after the announcement of the final request** for commercial proposals. An exception is a change in the Requirement Specifications justified by the Initiator, or occurred as a result of consolidation of procurements, which is considered as a new procurement. At the same time, it is allowed to conduct additional commercial negotiations only with the Winning Tenderer;
13. **Consolidation of volumes** and conclusion of **long-term** agreements in order to obtain the maximum economic effect;
14. Striving to expand the competitive environment by attracting **alternative** Product manufacturers;
15. A reduction in the Procurement price, either due to an additional discount or by reducing the number of purchased Products on the part of the Initiator (in accordance with the cost detalization) concerning a previously approved decision, does not require additional approval regardless of the Procurement amount.

# PROCUREMENT PROCEDURES

## When conducting procurement procedures, the Exchange uses a two-stage model for selecting a supplier: at first, a short list of tenderers, with whom the Exchange is ready to work, is determined using balanced qualification criteria, and then the winning tenderer is determined by competitive procedures based on the best price criterion.

## Qualification criteria are based on the Company's business requirements and cannot be changed just to show the advantage of one supplier over another. To ensure transparency and impartiality, Qualification Criteria are approved only BEFORE receiving technical and commercial proposals from tenderers. Qualification criteria can be either fundamentally important ("blocking") or non-critical, while allowing the possibility of ranking with the use of a certain system of points.

## Based on the cost criterion, Procurement procedures are divided into the following types:

1. Low-cost procurement (not exceeding the amount equivalent to 300 thousand rubles (excluding VAT)). Functional divisions conduct low-cost procurements independently.
2. An average cost procurement (in the amount of 300 thousand rubles (without VAT) up to 3 million rubles (excluding VAT) or the equivalent of the specified amount). The decision on average cost procurements is approved by the Procurement Director of Moscow Exchange.
3. A high-cost procurement (over the amount equivalent to 3 million rubles (excluding VAT)). A decision on high-cost procurements is made collectively by the Procurement Commission, based on regulatory documents approved by the Exchange Executive Board.

## When conducting procurement procedures, the Exchange uses a competitive and non-competitive method of selecting a supplier (Counterparty):

1. Competitive selection is a method of selecting a Counterparty, the purpose of which is to attract a maximum possible **number of Tenderers** for the period of a procurement event in order to obtain the most favorable conditions for the Exchange.
2. Non-competitive selection is the approval of the Counterparty without conducting bidding procedures. A non-competitive method for selecting a Counterparty includes choosing a **non-alternative supplier**.

## The following procurement methods are allowed:

1. Making a public Request for quote or Request for proposals on ETP;
2. Making a sealed Request for quote or Request for proposals on ETP;
3. Making a sealed Request for quote or Request for proposals by obtaining password-protected electronic archives;
4. Making a sealed Request for quote or Request for proposals via email without additional encryption measures (applicable only for low-cost and medium-cost procurements, and for obtaining preliminary proposals and for non-competitive selection types, regardless of the amount).

## A **request for quote** may be applied when a product range is clear and unambiguous and Tenderers are not required to qualify them. The Request for quote may be made in one stage, where the final cost of Products is requested, or in several stages, indicating which of the stages is the final one.

## A **request for proposals** may be applied when a comprehensive assessment of a technical and commercial proposal for compliance with the Requirements Specifications and the qualification of tenderers in accordance with the criteria are required. The request for proposals involves the next stage of requesting suppliers included in the Short list for price.

# PROCUREMENT METHODS

## Making an open Request for quote or Request for proposals on ETP.

## These requests are is made in accordance with the rules of ETP without restricting the access of tenderers based on the package of tender documentation.

## Making a selective Request for quote or Request for proposal on ETP.

## These requests are made in accordance with the rules of ETP only under lists of tenderers provided by the Contractor to the ETP operator based on the package of tender documentation.

## Making a sealed Request for quote or request for proposals **via email** without additional encryption measures.

## The holding of a closed tendering by obtaining prices or proposals **in password-protected electronic archives**. The Contractor makes a request for commercial proposals in password-protected archives.

## For low and medium-cost procurements, all stages are performed in the form of receiving proposals by email without additional encryption measures.

## For high-cost competitive type procurements,

## the initial request for technical and commercial proposals in case of mandatory availability of the next commercial stage is made in the form of receiving proposals by email without additional encryption measures. The **final** commercial stage for high-cost procurements is performed by receiving prices or proposals in password-protected electronic archives.

# GENERAL PRINCIPLES OF INTERACTION WITH SUPPLIERS

## When procuring, all employees of the Exchange are required to rely upon and follow the principles and provisions set out in the “Code of business ethics” of Moscow Exchange and the "Policy aimed at preventing corruption offenses at Moscow Exchange".

## For medium and high-cost procurements, all commercial negotiations are conducted exclusively by a representative of Moscow Exchange’s purchasing division.

## The commercial negotiation stage begins only after the completing technical evaluation and agreeing on all the technical parameters of a procurement item with the supplier.

## For medium and high-cost procurements, when contacting with suppliers on the subject of a procurement item at the stage of active tender or negotiations on a technical subject, a representative of the function notifies a representative of the purchasing division of any such contacts.

## When performing preliminary technical consultations with suppliers, a Representative of the function directly informs the supplier about the internal procedure for negotiations with a request to address all commercial issues exclusively to representatives of the purchasing division.

## For high-cost procurements, the Exchange sends a confidentiality Statement to all tenderes at the stage of invitation to participate in a tender (with the exception of procuring on ETP).

## For medium and high-cost procurements, if it is necessary to provide information constituting a trade secret within the project (in accordance with [The list of information constituting a commercial secret of Moscow Exchange](http://portal.moex.com/departments/dep_guard/norm_docs/Перечень%20сведений,%20составляющих%20коммерческую%20тайну%20ОАО%20Московская%20Биржа.pdf), the Exchange ensures the organization of the process of signing a non-disclosure agreement (NDA) with counterparties before concluding a contract.

# DISQUALIFICATION OF THE SUPPLIER

## Grounds for disqualification:

## provision by the supplier of a distorted (**knowingly false**, inaccurate or incomplete in fact) information during supplier selection procedures or subsequent work with the supplier under a contract that affected the technical and / or commercial evaluation of the supplier's proposals or the terms and conditions of a contract;

## **refusal to fulfill obligations** arisen from the selection of a supplier: refusal to confirm a previously made bid/proposal in accordance with the terms of the documentation on request, or refusal to conclude a contract;

## **failure to comply with the terms and conditions of a contract** or purchase order by time limits, scopes of supply, and other essential terms of a contract (failure to meet delivery deadlines, short-delivery, etc.);

## fraud/attempted bribery, attempt to put pressure on members of the Procurement Commission;

## disclosure of material information (breach of the NDA terms);

## introduction of observation/bankruptcy procedures against the Supplier.

## occurrence of unacceptable commercial, reputational or operational risk for the Company, its management and / or shareholders in the event of a further interaction with the supplier.

## Disqualification parameters:

## **list of types** of relationships with the supplier that are prohibited (invitation to participate in supplier selection events, conclusion of new / prolongation of existing contracts with the supplier, placing orders with the supplier, etc.);

## procurement categories associated with a disqualification of the supplier;

## disqualification **term**.

## After the end of a disqualification term, the supplier may participate in supplier selection events on a general basis, and may supply under existing contracts.