MOSCOW EXCHANGE

Responsibility
Trust
Innovation

Annual Report | 2020

PROVISIONALLY APPROVED
BY MOSCOW EXCHANGE SUPERVISORY BOARD
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MOSCOW EXCHANGE

Annual Report 2020

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Moscow Exchange in brief

Moscow Exchange Group manages Russia's main trading platform for equities, bonds, derivatives, currencies, money market instruments and commodities.

The Group is comprised of:

- PJSC Moscow Exchange MICEX-RTS, which operates the Equity & Bond Market, Money Market, Derivatives Market as well as FX Market and Precious Metals Market;
- NCO CJSC National Settlement Depository (NSD), the central securities depository;
- JSC Non-Banking Credit Institution – Central Counterparty National Clearing Center (CCP NCC, or NCC);
- JSC National Mercantile Exchange (NAMEX), which operates the Commodities Market;
- MOEX Innovations, which develops innovative technologies and works with fintech start-ups.

Moscow Exchange holds majority stakes in all key subsidiaries, including a 100% stake in NCC, a 99.997% stake in the NSD and a 65.08% stake in the NAMEX.

Moscow Exchange was formed in December 2011 from a merger of Russia's two main exchange groups: MICEX Group, the oldest domestic exchange and operator of the leading equity, bond, foreign exchange and money markets in Russia; and RTS Group, which operated Russia's leading derivatives market. This combination created a vertically integrated exchange for trading of all major asset classes. In February 2013, Moscow Exchange completed an initial public offering on its own platform (ticker: MOEX). As of 31 December 2020, the company's market capitalization was RUB 363 billion, and the free float was 63%.

Business model

CLIENTS

44,800
Legal entities

1,460
Professional brokerage companies

8.8 mln
Retail investors

MARKETS

MARKET DATA

CLIENT SERVICES

EQUITY & BOND MARKET

- Russian and foreign shares
- Sovereign bonds (OFZ)
- Bank of Russia bonds
- Regional and corporate bonds
- Sovereign and corporate Eurobonds
- Mutual funds and Russian-law ETFs
- Exchange-traded funds (ETFs)
- Depository receipts
- Mortgage participation certificates

Trading Volumes, RUB trln

2020	54.5
2019	40.7
2018	40.7

DERIVATIVES MARKET

Futures and options on:

- Indices (MOEX Russia Index, RTS Index, RVI)
- Russian and foreign shares
- OFZ and sovereign Eurobonds
- Currency pairs
- Interest rates (RUSFAR, RUONIA)
- Oil and gas
- Precious and industrial metals
- Wheat and sugar

Trading Volumes, RUB trln

2020	129.9
2019	82.4
2018	89.3

FX MARKET

- USD — RUB
- EUR — RUB
- EUR — USD
- CNY — RUB
- USD — CNY
- HKD — RUB
- GBP — RUB
- GBP — USD
- CHF — RUB
- USD — CHF
- JPY — RUB
- USD — JPY
- TRY — RUB
- USD — TRY
- BYN — RUB
- KZT — RUB
- USD — KZT

Trading Volumes, RUB trln

2020	329.0
2019	308.3
2018	348.4

MONEY MARKET

- Repo with the CCP
- GCC repo
- Inter-dealer repo
- Direct repo with the CBR
- Repo with collateral management system
- Deposit operations with the CCP
- Deposit and credit operations

Trading Volumes, RUB trln

2020	426.8
2019	346.3
2018	364.2

COMMODITIES MARKET

- Gold
- Silver
- Wheat

Trading Volumes, RUB bln

2020	78.0
2019	85.8
2018	152.3

Fee & commission income:

	Equity Market	Bond Market
2020	▲86.7%	▲15.3%
2019	▲17.2%	▲17.4%
2018	▲20.0%	▲9.6%

Derivatives Market:

2020	▲38.1%
2019	▲23.0%
2018	▲15.3%

FX Market:

2020	▲20.5%
2019	▼11.1%
2018	▲4.3%

Money Market:

2020	▲23.4%
2019	▲9.2%
2018	▲13.1%

Post-trading Services

- Clearing (NCC)
- Depository and settlement services (NSD)

Depository and settlement services

2020	▲24.8%
2019	▲15.4%
2018	▲8.3%

OPERATING INCOME

34,268.2 RUB mln
Fee & commission income

14,158.7 RUB mln
Interest income

164.1 RUB mln
Other operating income

48,591.0 RUB mln
Total

Statement from the Chairman of the Supervisory Board

Dear shareholders,

I am pleased to present you with the 2020 report of the Supervisory Board of Moscow Exchange.

The past year will be remembered for a pandemic that brought significant changes to the business and social lives of people and companies around the world. Like many companies, Moscow Exchange had to move all of its operations to a remote format and significantly modify internal processes as quickly as possible. This action was taken to protect employees' health and to ensure, as much as feasibly possible, business continuity during the quarantine period when the virus was most prevalent. This most challenging work was accomplished without compromising the interests and business of the Exchange's clients, and the ideas used to redesign internal processes were extended to consider how we can incorporate digital technologies when managing the group's business in the future.

The Annual General Meeting of Shareholders held in April 2020 was convened on the planned date, as expected. Given the restrictive measures related to the pandemic, the meeting was held digitally for the first time and Company shareholders were able to listen to management presentations online and ask questions via a special web conference. On the recommendation of the Supervisory Board, the Annual General Meeting decided not to make use of the dividend deferral granted by the regulator. As a result, dividends were paid to shareholders on the usual pre-pandemic date.

The Annual General Meeting of the Shareholders will also be held digitally in 2021. More than 190,000 individual Exchange shareholders will be able to use the E-voting system developed by the National Settlement Depository, a non-banking credit institution within the Moscow Exchange Group, to vote at the meeting.

Moscow Exchange reported strong operational and financial results for 2020. A massive inflow of private investors, a boosted IPO market, the expansion of trading hours and the launch of new products and services all led to record trading volumes and the highest ever level of fee income.

The successful financial performance allowed the Supervisory Board to recommend that the Annual General Meeting increase dividends by almost 20% compared to the previous year. The share of profits that Moscow Exchange allocates to the payment of dividends is one of the highest among Russian public companies, which indicates the high quality of the Company's corporate governance.

During the reporting year, in addition to the Company's usual business issues, the development of the range of products and services, conducting asset transactions and the improvement of the incentive system for the Company's Executive Board members, the Supervisory Board reviewed and approved a number of important strategic documents designed to develop a modern corporate culture and improve the quality of the Company's risk management. Moscow Exchange Group's Internal Audit Strategy was adopted and a profound change in the Company's compliance culture was supported. Moscow Exchange Group's Information Security Development Strategy for 2021–2024, Moscow Exchange Group's Risk Management System Development Strategy through 2024 and Moscow Exchange's Information Technology Development Strategy were all approved. Under the guidance of the Supervisory Board, a Memorandum of Understanding was developed between the NBCO Central Counterparty National Clearing Centre (JSC) and Moscow Exchange, which aims to improve the quality of operational risk control in interactions between the Group's trading and clearing systems. The Supervisory Board also devoted part of its activity to investigating global innovation trends in exchange technologies and their application in advanced exchange business models.

2020 saw personnel changes at the management level. Andrey Burilov and Alexey Khavin were elected as members of the Executive Board, while Anna Kuznetsova stepped down. Personnel changes needed to develop more modern business strategies also took place amongst departmental heads.

In 2020, composition of the Exchange's Supervisory Board was substantially renewed to handle the adoption of a new development strategy and the need to increase expertise in information technology, financial infrastructure and digital products. The new Board proved its effectiveness and it is, therefore, proposed that its composition for 2021 remain almost unchanged. The only change to be proposed to the Annual General Meeting is the election of Sergey Lykov, who served on the Board for many years, in place of Andrey Golikov, who has been a Board member for 18 years. Andrey Golikov's expertise and in-depth experience remain strongly sought after within the Group, namely in the National Settlement Depository Supervisory Board and the National Clearing Centre Supervisory Board, on which he will continue to serve. I would like to take this opportunity to express my gratitude to Andrey for his enormous contribution to the development of the Company and his active involvement in the work of the Exchange's Supervisory Board.

Environmental, social and governance (ESG) criteria play an increasingly important role in investor decision making in global capital markets. Moscow Exchange is working hard to build a dialogue between investors, issuers and regulators to facilitate responsible investment. The Exchange established the Sustainable Development Sector to support green and social bonds. In cooperation with RSPP, sustainability indices are calculated on a daily basis and exchange-traded mutual funds have been formed based on these indices. In 2020, the Exchange issued its first sustainability development report and, in 2021, plans to publish a Best Practices Guideline for Responsible Finance and Sustainable Development (ESG) aimed at issuers. Every year, in early March, the Exchange holds a ceremony, kicked off by ringing the Exchange's opening bell, dedicated to gender equality. Recognition of gender equality is reflected in the corporate culture of the Exchange, with women accounting for 45% of Exchange employees.

In conclusion, I would like to thank Moscow Exchange's clients and shareholders for their trust, support and effective cooperation in developing the Russian financial market. The Supervisory Board of Moscow Exchange, in close cooperation with the Company's management, will continue to work on developing the financial market infrastructure, increasing its reliability for all participants, and thereby ensuring growth of shareholder value.

Oleg Viyugin
Chairman of the Supervisory Board

Statement from the Chief Executive Officer

Dear shareholders and partners,

Moscow Exchange is pleased to report a successful financial year for both its business and the entire Russian capital market. Trading volume increased across all Moscow Exchange markets, with fee and commission income growing by 31% and Moscow Exchange shares rising by 48%. It is testament to our work that we achieved such strong results in these difficult times. Like many other companies, we endured a very challenging period, having to quickly switch most employees to remote working arrangements, re-engineer many internal processes, and ensure safety for those working in the office. The pandemic also tested the efficiency and reliability of our systems and our business model. I want to thank my colleagues, as one complete team, for their excellent work throughout the year.

Moscow Exchange has implemented projects that have significantly expanded opportunities for retail investors. These projects include launching an evening session for the Equity Market, admitting shares from foreign issuers, increasing the number of Eurobonds with small lots and exchange-traded funds. At the beginning of 2021, Moscow Exchange continued to expand market trading hours by launching a morning session for the Derivatives and FX Markets, as well as for the Precious Metals Market.

2020 was the year of the retail investor, with the number of individuals with brokerage accounts on Moscow Exchange rising by almost five million to reach 8.8 million. The growing interest of individuals in exchange-traded instruments is the result of a united effort by market players to popularize investing, as well as the introduction of advanced digital technologies. Moscow Exchange, together with banks and brokers, organizes training programs for retail investors. The Moscow Exchange School is up and running, and we are also currently preparing a Basic Course in Investments, which will comply with the recommendations of the International Organisation of Securities Commissions (IOSCO). This work is being carried out with the participation of the Bank of Russia and the Association for the Development of Financial Literacy.

Following the success of our InvestTrial competition, we plan to launch a training trading platform that closely resembles real trading conditions. This will allow new investors to gain their first experience of trading without taking any risks. It is important to us that retail investors make informed and responsible decisions.

Moscow Exchange is the main platform for attracting capital to the Russian economy. We host all types of investors on the Exchange, including Russian and international investment funds, algorithmic traders and retail investors. During the year, three primary and four secondary offerings of shares and 688 bond placements took place. Seven Russian companies incorporated outside the country organized listings on Moscow Exchange. Listings of companies from the ‘new economy’ have increased in recent years, resulting in significantly more investment opportunities on the Exchange and a decrease in the weight of companies from the commodities sectors in the MOEX Russia Index. At the same time, the share of technology companies in the Index has increased to 11%. In total, domestic companies placed more than four trillion roubles worth of shares and bonds on the Exchange in 2020.

The Moscow Exchange Group includes NSD, Russia’s central securities depository, and NCC, a qualified central counterparty. As such, the Group provides its clients with a vertically integrated, reliable infrastructure for trading, settlements and the safekeeping of financial assets. The volume of securities on deposit at NSD increased by 21% to RUB 63.6 trillion. The total dedicated capital of NCC, which can be used to cover losses in the event of a clearing participant default, stood at RUB 10.1 billion at year-end 2020. Moscow Exchange’s compliance practices are in line with Russian and international regulations and reduce risks for trading members and their clients.

As part of its strategy to build platform so-called marketplaces for financial market participants, Moscow Exchange introduced the Finuslugi personal finance platform. We are at the beginning of a major journey to build a new brand that should become the main Russian electronic trading platform, where citizens can buy and manage financial products online.

To further engage with customers, Moscow Exchange is actively developing its digital communication offering. More than 130 online events were held throughout the year, including investment forums, seminars and an InvestMarathon for private investors. We launched new Telegram channels for anyone interested in investing and are developing the Moscow Exchange School online platform. Our educational podcast, Money Makes Money, received more than 500,000 listens in its first season and was ranked as one of the most popular Russian podcasts.

This year, which has been difficult for so many people, Moscow Exchange decided to significantly increase its contributions to charity programs: the Company allocated 100 million roubles to purchase medical and personal protective equipment, and to help medical workers, social institutions and the elderly.

I hope that the pandemic will soon come to an end and we will be once again be able to communicate in person, and not just remotely. As CEO, I will remain focused on making the Exchange an even stronger and more sustainable company. I would like to thank all our clients, partners and shareholders for helping to develop the Exchange infrastructure and the entire financial market. I look forward to continuing to work together in the future.

Yury Denisov
Chief Executive Officer

Strategic report

Main trends in the development of the sector

INDUSTRY OVERVIEW

Exchanges are organized platforms for trading financial instruments, including securities, currencies, commodities and derivatives. The bulk of the revenue of exchanges, as a rule, is made up of commissions charged from issuers for listing securities and from financial intermediaries directly involved in trading financial instruments, as well as fees for the sale of exchange information, technological solutions and services.

In many countries, depository, clearing and settlement services are provided by certain independent organizations, but recently there has been a growing trend towards unification of the largest exchange operators with vertical integration of most or all of these activities within a single group of companies. Vertically integrated exchanges receive additional income for settlement, clearing and depository services, as well as net interest income from the placement of client funds on the balance sheet of the exchange.

Oversight of exchange activities is usually carried out by the government body responsible for regulating the financial sector of the economy. In some cases, exchanges have quasi-government powers, acting through self-regulatory organizations (SROs).

Global Trends

The coronavirus pandemic (COVID-19) has made adjustments to the activities of world exchanges.

In the first half of 2020, the main efforts of the exchanges were aimed at ensuring sustainable operation. The measures they take include:

- reducing the likelihood of infection through contact, incl. closing of trading floors replaced with fully electronic trading (Abu Dhabi Stock Exchange, BOX, Cboe, CME, LME, NYSE, Nigerian Stock Exchange, Philippine Stock Exchange), transfer of employees to remote work;
- control of volatility (including using discrete auctions), sliding price limits and increasing requirements for collateral;
- constant communication with users and other stakeholders.

Volatility contributed not only to an increase in turnover, but also to an increase in the attractiveness of the exchange infrastructure as more stable and reliable. For example, the share of “lit” platforms on the European stock market increased, while the share of dark pools decreased.

To facilitate the activities of participants (issuers, trading participants, etc.) during the pandemic, regulators and exchanges introduced temporary concessions in terms of operating hours, communication with customers, reporting, corporate actions, etc. The introduction of some regulatory requirements was delayed, including separate Basel norms and “open access”. At the same time, a number of countries introduced temporary bans on short selling, including Austria, Belgium and Greece, India, Spain, Italy, UAE and France.

A number of exchanges have postponed the implementation of projects, for example, the Australian ASX postponed the launch of a new settlement and clearing system for the stock market at a later date.

Trend analysis shows that the pandemic has accelerated and exacerbated most of the pre-existing trends.

The influx of retail investors into the market has increased in many countries. For example, the share of retail customers in trading in the US market reached 25% on certain days, up from 10% on average in 2019. The increased activity of retail investors caused mixed reviews, including on the part of regulators, the issues of improving financial literacy came to the fore again.

Digital transformation has accelerated: exchanges and market participants are trying to move to the digital plane as quickly as possible. As a result, the topic of cybersecurity has become very relevant: during the pandemic, the financial sector was subjected to cyber attacks more often than other sectors of the economy. While such attacks have not yet led to significant failures or systemic problems, these risks are significant and regulators around the world are developing measures to mitigate them, including cooperating with each other.

The coronavirus pandemic has also boosted investments in sustainable development (ESG) by shifting public attention to non-financial sources of risk. For example, almost half of the investments in European ETFs in 2020 was accounted for ESG funds. The popularity of investments in sustainable development has stimulated the emergence of relevant indicators and, subsequently, futures for them. In addition, marketplaces are actively developing information products that promote sustainable development (ESG).

The exchanges continued to expand the list of instruments traded on the derivatives market: new currency derivatives were launched: for new interest rates, for securities, including volatility, actively managed ETFs with limited transparency, as well as new commodity assets, including non-traditional: air tickets, water, sports contracts.

The development of artificial intelligence technologies continues. These technologies are gradually spreading in robo-consulting, processing information contained in documents on websites, analyzing annual reports in order to verify compliance of issuers with listing rules.

Competitors

MOEX's main competitors of the Exchange are London Stock Exchange (LSE), the New York Stock Exchange (NYSE), NASDAQ, EBS FX Platform (ICAP Group), CME Group, Deutsche Börse and the Hong Kong Stock Exchange (HKEx).

The London Stock Exchange (LSE) is both one of the largest financial global centers and the largest overseas venue for trading in global depositary receipts on shares of Russian companies. The LSE has a main market and a small business market.

The New York Stock Exchange (NYSE, owned by the Intercontinental Exchange – ICE) is one of the largest exchanges in the world, since 1996 it has been trading in global depositary receipts for shares of Russian companies.

NASDAQ is one of the largest global stock exchanges, and has traded in global depositary receipts on shares of Russian corporate issuers since 1999.

The CME is one of the largest global derivative exchanges with a wide offering of derivative instruments based on various asset classes, including equity indices, interest rates, FX, commodities and real estate. The CME is MOEX's primary competitor in USD/RUB futures and options.

Deutsche Börse is one of the largest exchange groups in Europe and worldwide. Deutsche Börse is a vertically integrated holding comprising the Xetra trading system, the Clearstream settlement depository and the EUREX derivatives exchange. EUREX offers a trading venue for RDX futures and an index for depositary receipts on Russian blue chips calculated by Wiener Börse.

HKEx is one of the largest Asian exchanges. At present, the securities of one Russian company are traded on HKEx.

MOSCOW EXCHANGE IN THE GLOBAL CONTEXT

No. 2 exchange for bonds (2020)[1]

No	Exchange	Country	Trading volume (USD bln)	Including repo
1	BME	Spain	5,313	√
2	**Moscow Exchange**	**Russia**	**3,403**	**√**
3	Johannesburg SE	South Africa	2,044	√
4	Korea Exchange	Korea	1,823	×
5	Shanghai SE	China	1,670	×
6	Shenzhen SE	China	1,242	×
7	Tel-Aviv SE	Israel	288	×
8	LSE Group	Great Britain	242	×
9	Bolsa de Valores de Colombia	Colombia	231	×
10	Taipei Exchange	Taiwan	225	√

No. 9 exchange for derivatives (2020)[2]

No	Exchange	Country	Trading volume (contracts, mln)
1	NSE India	India	8,850
2	B3	Brazil	6,598
3	CME Group	USA	4,820
4	Nasdaq	USA	2,667
5	CBOE	USA	2,614
6	ICE & NYSE	USA	2,260
7	Dalian Commodity Exchange	China	2,207
8	Korea Exchange	Korea	2,178
9	**Moscow Exchange**	**Russia**	**2,120**
10	Shanghai Futures Exchange	China	2,103

[1] Bond market data may be incomparable across the marketplaces due to difference in methods. Bolsa de Valores de Colombia data for 11M2020.
[2] Place of Moscow Exchange in the ranking, taking into account the combined indicators for the Nasdaq exchanges (incl. Nasdaq-US and Nasdaq Nordic and Baltics), CBOE (incl. Cboe Global Markets and Cboe Europe), ICE & NYSE (incl. NYSE - data up to October 2020, ICE Futures Europe, ICE Futures US).

No. 27 exchange for equities (2020)[1]

No	Exchange	Country	Market capitalization (USD bln)	Number of issuers	Trading volume (USD bln)
1	ICE & NYSE	USA	26,233	2,873	26,177
2	NASDAQ	USA	21,171	4,004	25,955
3	CBOE	USA	n/a	n/a	20,616
4	Shenzhen SE	China	5,238	2,354	17,783
5	Shanghai SE	China	6,976	1,800	12,178
6	Japan Exchange	Japan	6,718	3,758	6,156
7	Korea Exchange	Korea	2,176	2,340	4,852
8	HKEx	Hong Kong	6,130	2,538	3,144
9	Euronext	The EU	5,444	1,493	2,505
…	…	…	…	…	…
25	**Moscow Exchange**	**Russia**	**695**	**270**	**310**

No 14 publicly traded exchange by market capitalization

No	Exchange	Country	Capitalization (USD bln)
1	HKEx	Hong Kong	69.5
2	CME	USA	65.4
3	ICE & NYSE	USA	64.7
4	LSE Group	Great Britain	43.2
5	Deutsche Boerse	Germany	32.5
6	B3	Brazil	24.7
7	Nasdaq	USA	21.8
8	Japan Exchange	Japan	13.7
9	ASX	Australia	10.7
10	CBOE	USA	10.1
11	Euronext	The EU	7.7
12	SGX	Singapore	7.5
13	TMX Group	Canada	5.6
14	**Moscow Exchange**	**Russia**	**4.9**

[1] The largest equity exchanges by equity trading volume (EOB only). The number of NYSE issuers is as of October 2020. Place of Moscow Exchange in the ranking is given taking into account the combined indicators for the Nasdaq exchanges (incl. Nasdaq-US and Nasdaq Nordic and Baltics) and CBOE (incl. Cboe Global Markets and Cboe Europe), excluding Lusaka SE.

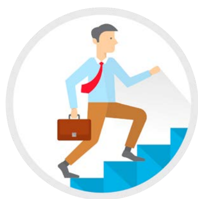
Mission and corporate values

The mission of the Group is to bring trust, efficiency and innovation to the financial markets, to help companies and citizens achieve the goals of tomorrow. The Group's vision is to be the leading platform in the Russian financial market, providing reliable access to all classes of traded assets and meeting a wide range of clients' financial needs.

The goals and objectives of the strategy serve the values of the Group.

We are responsible for the future of the company

We share a common goal, we are accountable for our results and for the future of the company.

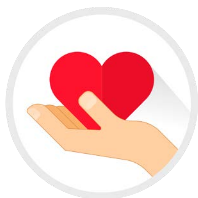


We strive for excellence and are open to change

We are ready for changes, continually striving for excellence, innovation and adhering to best practices.

We work in partnership with our customers

We listen to our clients and stakeholders, we understand their needs and offer them the best solutions.



We value transparency and integrity

We are supportive and have confidence in each other as we pursue our common goal.

Priority areas of Moscow Exchange

GROUP DEVELOPMENT STRATEGY 2024

In October 2019, the Supervisory Board of Moscow Exchange approved a new Group development strategy through 2024.

The new strategy is based on five key priorities, two of which relate to areas of responsibility, and three to areas of development. The priority areas are two areas of responsibility: deepening major markets and engendering a culture of trust and responsibility.

The Exchange remains the leading center for pricing Russian assets and the main capital-raising platform for Russian companies. In this area, the Exchange will continue to expand accessibility, trading hours and its range of products and services, and will maintain its offer at the level of other leading international exchange platforms. MOEX will focus in particular on working with investors and issuers, to encourage companies to access capital markets through share and bond placements, as well as diversifying the range of instruments available in the Derivatives Market, and working with market data.

In developing a culture of trust and responsibility, the Exchange will focus on accelerating business processes, reducing the time to launch new products and increasing the cyber resistance of key systems. To achieve a qualitatively new level in this area, the Group will focus on developing talents and leaders by delegating authority on a wide range of business development issues.

To reach the next level in this area, the Group will focus on developing talents and leaders by delegating authority on a wide range of business development issues.

Further business growth will be supported by initiatives in three areas of development: market access, balance management and financial platform. These are an organic continuation of the previous strategy, based on the strengths of the Group's business model and the key competencies of its employees.

The Exchange will give professional participants and consumers access to a wide range of investment and savings products with the focus on creating services that will provide banks and brokers with new opportunities to promote their services, and individuals with interfaces to access the financial market in a single information field. This will double the base of private investors over the medium term.

In terms of balance management, the Group will provide professional participants and corporations with flexible services for finding liquidity, executing orders and post-trading in a single interface. This will increase the user base and liquidity in the Money, FX and Derivatives Markets, including the Standardized Derivatives Market.

Development of a financial platform means extending the capabilities of the Exchange's accounting infrastructure to a wider range of financial assets. Initiatives in this area will lead to the expansion of the NSD's service offer for savings instruments and information assets.

Consistent implementation of the strategy across these five key priorities will allow the Exchange to achieve a significant increase of its client base, contribute to the further development of the market, maintain a commission revenue growth rate of more than 10% per year over the strategy implementation period, while maintaining high efficiency and profitability of the business model.

Key projects in 2020

FURTHER EXPLORING THE MAIN MARKETS

Evening trading session on Equity Market

From June 2020, the evening trading session from 19:00 to 23:50 became available on Moscow Exchange Equity Market in addition to the main trading session. The total trading time on the market is therefore almost 14 hours a day. The evening trading session increased the availability of the Russian financial market for all groups of investors and provided additional opportunities for the implementation of trading strategies. At the end of 2020, almost 70% of trading volumes of stocks in the evening trading session was accounted for retail investors, while this share in the market as a whole amounted to 41%. Every fifth retail investor used the opportunity of the evening trading session.

Trading in foreign stocks

In August 2020, Moscow Exchange began trading in foreign stocks. These stocks are traded and settled in Russian rubles within the reliable infrastructure of Moscow Exchange: with the participation of a qualified central counterparty and securities record-keeping with the Central Securities Depository.

At the end of 2020, 55 most liquid stocks of the largest international companies were listed.

New instruments

In 2020, Moscow Exchange hold three initial public offerings (IPOs) of Sovcomflot, Samolet and Ozon, four secondary public offerings (SPOs) of three companies - Detsky Mir, Yandex and Aeroflot and secondary listing of seven Russian companies registered abroad, as well as introduced small lots for Eurobonds and launched 20 new BPIFs and three new ETFs.

The Derivatives Market began trading in natural gas futures. Moscow Exchange has also significantly expanded its range of equity derivatives. It launched futures on Yandex, Polymetal and Inter RAO shares and on global depositary receipts of Tinkoff, X5 and Mail.ru. Weekly options on futures contracts on shares of Gazprom and Sberbank were added to trading.

The deliverable wheat futures contract was launched which is designed to be the first Russian wheat price benchmark.

PROMOTING A CULTURE OF TRUST AND RESPONSIBILITY

In 2020, Moscow Exchange launched a program to improve its compliance culture and develop new channels of interaction between employees of the Group companies in relation to risks.

FINANCIAL PLATFORM

“Transit 2.0”

A platform has been introduced for the automatic exchange of financial messages and other documents between corporations and banks. At the end of 2020, 25 corporations were connected to the Transit 2.0 platform.

Financial Transaction Registrar (FTR)

Together with the launch of Finuslugi platform, the FTR began its work to store information on all deposits opened on the platform. The FTR was created on the basis of the National Settlement Depository, which is part of Moscow Exchange Group.

BALANCE MANAGEMENT

MOEX Treasury corporate marketplace

In 2020, MOEX Treasury - a terminal for corporate clients with direct access to trading - was launched. It allows trading and non-trading operations to be carried out on MOEX’s markets through one window with a user-friendly interface:

- conversion and swap transactions on the FX Market, including RFS service, Block Spot Transactions, trades in G10 currencies with liquidity providers, as well as transactions at the MOEX fixing and the official exchange rate of the Bank of Russia;
- spot and swap transactions on the Precious Metals Market;
- deposits with the central counterparty on the Money Market;
- raising funds on the Credit Market;
- hedging on the Derivatives Market;
- deposit auctions on the M-Deposit Market.

Integration with the trader’s personal account and with the “Transit 2.0” system is also available through the terminal.

In 2020, 32 companies connected to the MOEX Treasury terminal; in December 2020, trading volume by corporate clients in the new terminal amounted to 9% of trading volume of the CCP Deposit Market.

Acquisition of a stake on the OTC FX platform NTPro

The partnership between MOEX and NTProgress will expand both companies’ service offering and allow the two parties to offer clients NTPro’s highly flexible advanced FX trading solutions alongside MOEX’s clearing and settlement facilities. The platform offers solutions for liquidity aggregation, matching and algo execution across a wide range of FX instruments.

MARKET ACCESS

Finuslugi (Marketplace of financial products)

On 15 October 2020, Moscow Exchange rolled out the personal finance platform Finuslugi. The platform enables Russian residents to open deposits online with any Russian bank represented on the platform. On 17 November 2020, electronic compulsory car insurance (OSAGO) became available on the platform.

Customers can compare offers from insurance companies and purchase insurance online. Moscow Exchange plans to further develop the platform by connecting new financial service providers and expanding its product offerings.

Performance review

Financial results review

2020 was a very successful year for the Exchange. MOEX delivered record fee and commission income, reporting the highest growth since the company's IPO. Fee and commission (F&C) income exceeded 70% of total operating income in annual terms for the first time since the company went public. The Equities Market, Money Market and Depository and Settlement Services posted the largest increases in F&C income.

Operating income grew by 12.4%, and operating expenses added 8.5%, exactly in line with the top end of the guidance range of 7.5–8.5%. Adjusted EBITDA grew 13.1% YoY, with an adjusted EBITDA margin increasing to 72.4%. CAPEX for the year stood at RUB 3.2 bln, above the FY2020 guidance range of RUB 2.6–2.8 bln. The Exchange's management made a conscious decision to front-load certain capital expenses to capture price savings. Net profit was up by 24.6% to reach RUB 25.2 bln.

Financial highlights *(RUB mln)*

	2014	2015	2016	2017	2018	2019	2020	Change 2020/2019
Operating income	30,394.0	45,990.0	43,567.2	38,538.9	39,901.4	43,229.5	48,591.0	12.4%
Fee and commission income	15,586.0	17,784.0	19,797.6	21,207.6	23,647.1	26,181.4	34,268.2	30.9%
Net interest and other finance income	14,279.4	28,084.9	23,695.0	17,285.3	16,061.0	16,713.0	14,158.7	-15.3%
Other operating income	528.7	121.1	74.6	46.0	193.3	335.1	164.1	-51.0%
Operating expenses (exlc. other operating expenses)	(10,373.3)	(11,271.9)	(12,259.4)	(13,431.8)	(14,453.7)	(15,435.3)	(16,750.0)	8.5%
Operating Profit (before other operating expenses)	20,020.8	34,718.1	31,307.8	25,107.1	25,447.7	27,794.2	31,841.0	14.6%
EBITDA (before other operating expenses)	21,616.1	36,519.0	33,602.1	28,059.6	27,712.0	28,726.7	35,188.9	22.5%
EBITDA margin, %	71.1	79.4	77.1	72.8	69.5	66.5	72.4	5.9 p.p.
Other operating expenses	-	-	-	-	(1,075.2)	(2,396.5)	(0.9)	-
Net profit	15,993.2	27,852.1	25,182.6	20,255.2	19,720.3	20,200.6	25,170.5	24.6%
Basic earnings per share	7.21	12.51	11.22	9.02	8.76	8.96	11.16	24.6%

FEE AND COMMISSION INCOME

In 2020, all major fee and commission income lines increased. Fee and commission income remained well diversified, with MOEX's largest market, the Money Market, accounting for 25% of the total. The fastest growing businesses in 2020 were Equities and Derivatives Markets as well as Depository and Settlement Services.

The largest contributors to the F&C line in absolute terms YoY were Equities Market (+RUB 1,963.4 mln), Money Market (+RUB 1,632.5 mln) and Depositary & Settlement Services (+RUB 1,298.1 mln).

Fee and commission income structure *(RUB mln)*

	2019	2020	Change 2020/2019 (RUB mln)	Change 2020/2019 (%)
Money Market	6,979.5	8,612.0	1,632.5	23.4%
Depository and Settlement Services	5,226.8	6,524.9	1,298.1	24.8%
FX Market	3,547.4	4,276.1	728.7	20.5%
Equities Market	2,264.0	4,227.4	1,963.4	86.7%
Derivatives Market	2,852.6	3,939.8	1,087.2	38.1%
IT services, listing fees and other fees and commissions[1]	2,759.7	3,745.5	985.8	35.7%
Bond Market	2,551.4	2,942.5	391.1	15.3%

Money Market

Money Market fee income increased by 23.4% following a nearly identical expansion in trading volumes of 23.2%. GCC-repo volumes increased 38.9% to RUB 75.1 trln. Non-CCP repo with the Federal Treasury rose to RUB 22.3 trln for 2020 versus RUB 22.6 bln in 2019 following a migration to the on-exchange interface. The resulting effective fee remained virtually flat due to the compensating effects of GCC-repo and non-CCP repo with the Federal Treasury.

Derivatives Market

The Derivatives Market generated a 38.1% growth of F&C income. The trading volume growth of 57.7% was mainly driven by a twofold expansion of FX derivatives volumes (+113.4%) and a sharp rise in index derivatives trading (+69.1%). Together with the contraction of commodity derivatives, these two factors explain the discrepancy between fees and volumes.

FX Market

Fee income from the FX Market was up 20.5%. Trading volumes added 6.7%. Spot volumes expanded by 43.9%, while swap volumes declined by 3.7%. The trading volume mix shifted towards the more profitable spot segment following higher volatility and the demand for CCP-based, on-exchange services rather than OTC in the current economic conditions.

Equities Market

The total market capitalization of the Equities Market at the end of 2020 was RUB 51.43 trln (USD 694.74 bln). Fee and commission income from the Equities Market was up 86.7% on the back of a corresponding increase in trading volumes, underlining the rise of retail investors. A modest divergence between fee and volume dynamics is the result of the tariff structure that incentivizes higher volumes traded.

[1] The amount of fees and commissions for the sale of software and technical services, information services, listing services and other fee income.

Bond Market

Fee income from the Bond Market increased 15.3% with a corresponding increase in trading volumes of 17.0%. Primary market volumes (excluding placements of overnight bonds) increased 28.5%, driven by almost equal growth of OFZ and corporate placements.

IT services, listing fees and other fees and commissions

The Other fee income line includes an additional fee on EUR balances of 0.2% above the ECB rate that was introduced at the beginning of the year. The additional fee explains the 167.8% surge in the Other fee income line. Listing and other services grew 20.2%, while information services added 29.2%.

NET INTEREST AND OTHER FINANCE INCOME

Net interest income (NII) decreased 15.3% YoY on the back of declining interest rates both in Russia and globally. Excluding realized revaluation gains on the investment portfolio, NII was down 13.1% YoY.

Operating expenses *(RUB mln)*

	2019	2020	Change 2020/2019 (RUB mln)	Change 2020/2019 (%)
General and administrative expenses	**8,321.4**	**8,290.7**	**-30.7**	**-0.4%**
Depreciation of property and equipment	1,200.5	876.5	-324.0	-27.0%
Amortization of intangible assets	2,346.8	2,472.3	125.5	5.3%
Equipment and intangible assets maintenance	1,381.4	1,589.7	208.3	15.1%
Professional services	538.4	465.6	-72.8	-13.5%
Taxes (other than income tax)	603.9	647.5	43.6	7.2%
Market maker fees	674.6	572.1	-102.5	-15.2%
Other general and administrative expenses	224.7	213.9	-10.8	-4.8%
Registrar and foreign depository services	312.6	454.4	141.8	45.4%
Rent and office maintenance	318.4	329.3	10.9	3.4%
Communication services	82.8	86.4	3.6	4.3%
Information services	307.3	380.3	73.0	23.8%
Advertising costs	330.0	202.7	-127.3	-38.6%
Personnel expenses	**7,113.9**	**8,459.3**	**1,345.4**	**18.9%**
Employees benefits except for share-based payments	5,890.1	6,865.9	975.8	16.6%
Payroll related taxes	1,128.8	1,381.4	252.6	22.4%
Share-based payment expense on equity settled instruments	71.0	198.2	127.2	179.2%
Share-based payment expense on cash settled instruments	24.0	13.8	-10.2	-42.5%

Operating expenses grew by 8.5% year-on-year. The increase was mainly driven by a rise of personnel expenses following an increase in the number of employees, accounting of increased annual bonuses and the introduction of the long-term incentive programme for employees. At the same time, general and administrative expenses slightly decreased.

CAPITAL EXPENDITURES

Capex for the year was RUB 3.24 bln, all of which was spent on purchases of equipment and software as well as software development.

CASH AND CASH EQUIVALENTS

The cash position[1] at the end of 2020 was RUB 103.90 bln. The company had no debt as of the end of the reporting period.

[1] Cash position is calculated as the sum of Cash and cash equivalents, Financial assets at fair value through profit and loss, Due from financial institutions, Financial assets at fair value though other comprehensive income, Current tax prepayments and Other financial assets less Balances of market participants, Overnight bank loans, Distributions payable to holders of securities, Margin account, Liabilities related to assets held for sale, Current tax payables and Other financial liabilities.

Market performance

EQUITY & BOND MARKET

The Equity and Bond Market is a liquidity center for operations with Russian securities and the main platform for Russian companies to raise capital. MOEX is a leading venue for issuance and trading of shares and depositary receipts of Russian and foreign shares; government, regional and corporate bonds; Bank of Russia bonds; sovereign and corporate Eurobonds; investment units of mutual funds (PIFs) and exchange-traded mutual funds (BPIFs); mortgage participation certificates; and shares of exchange-traded funds (ETFs).

Trading results

In 2020, total trading volumes on the Equity and Bond Market amounted to RUB 54.5 trln, which is 34% higher than in 2019. Trading volumes on the Equity Market increased by 93% to RUB 23.9 trln, reaching an all-time high. Bond Market trading volumes totaled RUB 30.6 trln, an 8.5% increase versus 2019.

In 2020, the volume of bond placements increased by 11.1% to RUB 19.5 trln, despite the volume of placements of overnight bonds declining over the last year (RUB 4.5 trln in 2020 vs RUB 5.9 trln in 2019) and the Bank of Russia bond issue volumes decreasing by 15% to RUB 5.1 trln. At the same time, Russian government bond (OFZ) placements increased by more than 2.5 times and corporate bond Corporate bond placements added 24.1%.

In 2020, 61 first-time bond issuers placed a total of RUB 515 bln, including debut placements of foreign government bonds of the Republic of Kazakhstan in the amount of RUB 39.5 bln.

The increase in trading volumes on the Equity Market was primarily driven by the record inflow of retail investors, the expansion of trading hours due to the introduction of the evening trading session, as well as a significant increase in the number of traded instruments, also thanks to foreign shares.

The massive issuance of bonds with a variable coupon rate (OFZ-PK) by Russian Ministry of Finance in 2020 resulted in a change in the of the government bond market structure: the share of OFZ-PK bonds increased from 18% to 34% (RUB 4.7 trln) of the total volume with constant coupon bonds.

In 2020, volumes of the primary corporate bond market (excluding overnight bonds) increased by 25% to RUB 3.97 trln. A record RUB 265.6 bln was placed in regional bonds, an increase by 2.4 times versus 2019.

In 2020, the MOEX Russia Index grew by 8%, the RTS Index decreased by 10.4%. By the end of 2020, the MOEX Russia Index reached an all-time high of 3,289.

Equities market

	2018	2019	2020	Change 2020/2019 (%)
Equity Market trading volumes, RUB billion	10,830	12,443	23,905	92.1

Bond market

	2018	2019	2020	Change 2020/2019 (%)
Bond Market trading volumes, RUB billion	**29,841**	**28,219**	**30,617**	**8.5**
Secondary trading, RUB billion	**10,219**	**10,631**	**11,085**	**4.3**
Sovereign bonds (OFZ)	6,538	6,781	7,534	11.1
Bank of Russia bonds (OBR)	537	411	138	-66.3
Sub-federal and municipal bonds	274	176	248	40.3
Corporate bonds	2,767	3,109	2,910	-6.4
Other (Eurobonds, bonds of MFOs and foreign countries)	102	155	256	64.9
Primary market and bond redemptions, RUB billion	**19,622**	**17,588**	**19,532**	**11.1**
Sovereign bonds (OFZ)	1,034	2,061	5,310	157.7
Bank of Russia bonds (OBR)	7,017	6,062	5,161	-14.9
Sub-federal and municipal bonds	86	112	266	137.3
Corporate bonds	2,850	3,483	4,322	24.1
One-day bonds	8,625	5,859	4,460	-23.9
Other (Eurobonds, bonds of MFOs and foreign countries)	10	14	15	11.1

Attracting retail investors

The number of individuals with brokerage accounts on Moscow Exchange increased by almost 5 million in 2020 and reached an all-time high of 8.8 million people. The number of opened individual investment accounts also doubled, reaching 3.45 million by the end of the year.

Retail investors accounted for 41% of stock trading volume in 2020, versus 34% in 2019. They are the most active participants of after-hours trading, generating 69% of total trading volume.

In 2020, the share of individuals in corporate bond placements, not including short-term bonds and large non-market issues, was 18.1% versus 12.7% in 2019; they accounted for 12.5% of secondary trading of corporate bonds, versus 10.6% in 2019. The total number of retail investors who traded bonds in 2020 increased to 817,000, which is twice as much as in 2019.

The activity of retail investors is growing at a high rate. In 2020, 2.3 million individuals traded on the Equity Market; more than 200,000 investors traded on a daily basis, which is three times more than in 2019.

In November, Moscow Exchange set price deviation limits for execution of market orders to mitigate risks for retail investors on the Equity & Bond Market. The mechanism curbs the impact of orders with substantial difference in the price from market prices on the overall pricing process.

Evening trading sessions

In June 2020, Moscow Exchange offered trading in shares, depositary receipts, ETFs and Russian-law ETFs from 19:00 to 23:50 (Moscow time). By the end of the year, 45 shares and depositary receipts on shares of Russian companies included in the MOEX Russia Index, 55 shares of foreign companies and 19 ETFs were admitted to after-hours trading.

To support liquidity during the evening trading session, Moscow Exchange introduced a market-making program aimed at maintaining quotes during the session.

In 2020, trading volumes of the evening trading session was RUB 777 bln, reaching 8% of total turnover of the Equity Market in December 2020.

Following the introduction of the evening trading session, the functionality of the online customer registration service was also expanded: trading members can register clients until 23:30 MSK, and clients are able to start trading in a matter of seconds after signing a brokerage service agreement.

International stocks

In August 2020, Moscow Exchange began trading in international stocks; in 2020, a total of 53 stocks of the most well-known and large US companies and two depositary receipts on shares of Chinese companies were admitted to trading.

In 2020, trading volumes in foreign stocks amounted to RUB 86 bln, more than 7,000 investors executed trades in the securities every day.

International stocks are traded both during the main and evening trading sessions.

Exchange-traded funds

In 2020, exchange-traded funds (ETFs) showed the greatest growth versus other instrument groups. Total trading volumes in ETFs increased six times to RUB 295 bln YoY, and the net asset value (NAV) of ETFs exceeded RUB 146 bln, increasing by RUB 107 bln in 2020.

A total of 55 ETFs are available on Moscow Exchange, of which three ETFs and 20 Russian-law ETFs were added in 2020. ETFs are popular among retail investors due to high diversification across investment vehicles: they provide an opportunity to invest in instruments of 50 countries worldwide.

In November 2020, ETFs and Russian-law ETFs were admitted to after-hours trading, which significantly expanded the investment opportunities for retail investors.

In December 2020, Moscow Exchange presented a mechanism for the placement of closed-end mutual funds via the Exchange, that allows to make the instrument more available and reduce costs of assets management companies associated for attracting investors.

Liquidity

On 22 June 2020, all corporate and regional bonds were transferred to the boards without full collateral required and with deferred settlement (settlement cycle T+1; Eurobonds: settlement cycle T+2). In November-December 2020, the average daily trading volume in all corporate and regional bonds increased by 45% to RUB 5.1 mln compared to April-May 2020, and spreads in liquid issues narrowed by 1.8 times over the same period.

To improve liquidity of the Bond Market, the Exchange is working on adjusting risk parameters with an option to post less than 100% collateral and lifting the ban on short selling, as well as adapting the risk assessment methodology for subordinated and mortgage bonds. At the end of 2020, 707 of the 2,227 listed bonds were traded without full collateral required and without the ban on short selling.

The Exchange decided to decrease bond placement fees by 50% for issues of up to RUB 1 bln and by RUB 100,000 for issues of over RUB 1 bln starting from 1 January 2021 to stimulate the development of the market for structured bonds issued under Russian law.

In September 2020, two open bilateral market-making programs were launched for local corporate bonds and Eurobonds to improve liquidity.

Expanding the range of instruments

In 2020, the range of Eurobonds available for trading on order books in small lots (~USD 1,000) was expanded. This product is aimed at increasing the availability of FX instruments for retail investors who seek to diversify their investment portfolios. Since April 2020, 26 issues of corporate, and 5 issues of sovereign Eurobonds (including 3 issues in Belarus) have been admitted to trading. In 2020, trading volumes in all Eurobonds increased by 60% to RUB 213 bln.

As a result of the software update in 2020, the OTC system offers now trading in commercial bonds and automated OTC reporting through the OTC monitor. As of the end of 2020, 97 companies were connected to the OTC system, the number of users reached 170, and 22 companies executed trades in the system.

To deepen the differentiation of customer access to non-government bonds depending on features and credit quality attributed to a bond, the Exchange created the Sector of High Investment Risk Companies for shares and bonds in June 2020.

Attracting SMEs

To encourage SMEs to tap the public markets, the Growth Sector has been functioning on MOEX since 2017. The Growth Sector is intended to attract funds to high-potential companies in the real sector of the economy, to expand the range of traded instruments on the financial market and to diversify investors' allocations.

The Growth Sector is supported by the SME Corporation, MSP Bank, and the Ministry of Economic Development. The main partner of this initiative is the Bank of Russia.

In 2020, securities of 20 issuers were included in the Growth Sector, including 12 bonds of SME issuers. The total Growth Sector bond issuance was RUB 20.8 bln at the end of 2020, including bond issues by SME issuers of RUB 6.8 bln.

As part of the implementation of the SME national project, SME issuers have access to financial support instruments. In 2020, the Ministry of Economic Development of the Russian Federation provided subsidies on bond coupon rates in the amount of RUB 124.2 mln for 18 transactions, and SME Bank provided anchor investments for a total amount of RUB 1,280 bln for 10 transactions.

Innovation and Investment Market

The Innovation and Investment Market (IIM) has successfully operated on MOEX since 2009. The IIM was created to promote investment in the innovation sector of the Russian economy. One of the support measures for the sector is tax incentives for investors: investment income from securities of issuers with a market capitalization of up to RUB 25 bln is not taxable, provided that the investor holds them for at least one year.

In 2020, nine securities were placed on the IIM Sector: seven bonds of five issuers. In 2020, total trading volumes in the IIM Sector grew 385% YoY to RUB 280 bln.

In 2020, MOEX continued working with development institutions and private equity funds to stimulate pre-IPO financing for potential issuers: in particular, the IIM Sector began trading in VTB Capital’s closed-end mutual fund, that covers four companies from high-tech sectors of the economy which are candidates for an IPO in the IIM Sector.

Listing of securities

MOEX is constantly working to increase the quality of securities included in its quotation lists by improving issuing procedures and encouraging issuers to adhere to best practices of corporate governance. This work is aimed at increasing the transparency and attractiveness of the Russian stock market and protecting the interests of retail and institutional investors.

As part of the intensified process of informing investors about the quality of traded securities, 97 securities of 57 issuers were included in the Sector of High Investment Risk Companies in 2020.

The Sustainability Sector, intended for securities placed with the aim of raising funds or refinancing environmental or other social projects, welcomed four issuers s compliant with the green/social financing principles of the International Capital Market Association (ICMA), Climate Bonds Initiative (CBI) or Social Bond Principles (SBP).

The Exchange is actively working with small- and medium-sized enterprises (SMEs), supporting the development of the SME national project. The Exchange will maintain preferential tariffs for the issuance of bonds by SME issuers until the end of 2021.

In 2020, a tariff model was developed for the inclusion and placement of structured bonds and foreign bonds with payments (income and/or the nominal value) depending on whether one or more predetermined events occur.

As of the end of 2020, 2,734 securities of 706 issuers were admitted to trading, including 264 shares of 213 issuers and 1,816 bonds of 350 issuers. The Exchange’s quotation lists include 1,033 securities of 231 issuers; the Level 1 List includes 658 securities of 146 issuers and the Level 2 List includes 375 securities of 107 issuers.

In 2020, Sovcomflot, Samolet and Ozon carried out their initial public offerings (IPO) at Moscow Exchange. Foreign securities of seven new issuers such as Etalon Group, Petropavlovsk PLC, Globaltrans, MD Medical Group Investments PLC, O`KEY Group S.A., Mail.ru Group and HeadHunter Group were also listed.

DERIVATIVES MARKET

Moscow Exchange's Derivatives Market is Russia's largest and one of the world's leading venues for derivatives trading. The market brings together deep liquidity, a broad product offering, performance guarantees from the Central Counterparty and state-of-the-art technologies for the trading of futures and options. Derivatives Market participants can trade derivative financial instruments on indices, Russian and foreign shares, Russian government bonds (OFZ), foreign currencies, interest rates and commodities (oil, precious metals and industrial metals, agricultural products).

2020 was a year of active inflow of new clients to the Derivatives Market, marking an increase in their activity. As of the end of 2020, the number of active clients increased by 42% YoY to more than 93,000. The number of accounts registered on the market increased 2.2 times to 4.3 million.

Trading volumes

In 2020, total trading volumes on the Derivatives Market amounted to RUB 129.9 trln, or 2,067 mln contracts (versus RUB 82.4 trln or 1,455 contracts in 2019), including futures trading volumes of RUB 124.5 trln and options trading volumes of RUB 5.3 trln.

Derivatives Market

	2018	2019	2020	Change 2020/2019
Derivatives Market trading volumes, RUB billion	89,263	82,370	129,864	57.7%
Futures	82,397	77,376	124,516	60.9%
Options	6,866	4,994	5,348	7.1%
Futures, RUB billion	82,397	77,376	124,516	60.9%
FX	37,868	28,996	63,369	118.5%
Interest rates	10	12	5	-57.0%
Single stock	4,439	4,345	3,957	-8.9%
Indices	19,161	16,504	29,810	80.6%
Commodities	20,918	27,519	27,375	-0.5%
Options, RUB billion	6,866	4,994	5,348	7.1%
FX	2,047	1,478	1,654	11.9%
Single stock	25	51	30	-40.4%
Indices	4,438	3,107	3,343	7.6%
Commodities	356	358	321	-10.3%

In 2020, the average trading volume of the Derivatives Market increased by 59% YoY. FX contracts grew most rapidly with the average daily trading volume increasing 115% YoY on the back of high ruble volatility. Index and single stock contracts also showed strong performance (+56% YoY). Trading volumes in the most liquid contracts such as the USD/RUB FX futures and RTS Index futures increased by 124% and 89%, respectively.

Moscow Exchange was one of the exchanges globally by oil futures trading volume, according to the Futures Industry Association (FIA). According to the FIA, the MOEX Brent oil futures contract maintained the first position among energy derivatives worldwide for the third year in a row.

The MOEX USD/RUB FX futures contract was another popular instrument ranked as No.2 in the international rating for FX derivatives.

New product offering

In 2020, the Derivatives Market continued to actively expand the line of derivatives on various types of assets with the aim of providing additional trading and hedging opportunities to professional participants and portfolio managers as well as retail investors. Today, 78 futures and 39 options are available to the Derivatives Market participants.

In February, trading in natural gas futures was successfully launched on the market. In just a year, the contract successfully gained momentum and became one of the most liquid contracts in the commodity section with an average daily turnover of RUB 495 mln. In early 2021, MOEX launched options on the futures.

In 2020, Moscow Exchange significantly expanded its range of equity derivatives. It launched futures on shares of Yandex, Polymetal and Inter RAO and on global depositary receipts of Tinkoff, X5 and Mail.ru. Weekly options on futures on shares of Gazprom and Sberbank were added to trading.

At the end of the year, a large-scale project was implemented jointly with the Commodities Market, which rolled out a deliverable wheat futures contract designed to become the first Russian wheat price benchmark.

Technological development

Among technological projects, the Exchange implemented synthetic matching of calendar spreads, and also made a big step in the development of block trading by launching the RFS service (Request for Stream) at the beginning of the year and providing clients with the opportunity to place iceberg orders from September.

Synthetic matching of calendar spreads allows searching counter interest in futures that form a calendar spread, not only inside its order book, but also in the order books of related instruments. Since the launch, trading volumes in calendar spreads have grown more than 15 times on average; trading volumes amounted to about 588,000 contracts in the first eight months of 2020 and 4,573,000 in the last four months of 2020.

The RFS service allows trading large blocks without affecting the market price and on more favorable terms compared to the order book. The service works through a distinct anonymous auction in which the liquidity taker submits an order indicating its volume and optionally, type (sell/purchase). Liquidity makers provide quotes at which they are ready to make a transaction for that volume, and the best option is transmitted to the taker. As a result, the non-negotiated trade with the central counterparty is executed.

Iceberg orders are also designed to facilitate large block trading. They allow making only part of an order visible to the market in order to mitigate the impact of larger than market orders on the market price. At order entry, clients specified the total amount of the order and its fixed visible portion. When the visible portion is fully filled at the market price, the next portion becomes visible.

In 2020, MOEX offered an option to execute trades in derivatives at negative prices for certain underlying assets.

MOEX plans to roll out even more services and instruments in 2021, including the introduction of an morning trading session in March 2021, which will start at 7 am MSK.

Liquidity

2020 was marked by high volatility, and one of the main objectives of the Exchange was to maintain liquidity during periods of sharp market fluctuations. MOEX automated and implemented the process of changing the terms of market maker obligations during periods of increased volatility for a number of futures contracts.

The market making schemes for options were amended to optimize the formula for calculating the spread to be maintained by market makers. The formula now includes time to expiration, that allows setting spreads closer to the market when market makers start performing their obligations for the instrument.

In addition, in 2020, the Exchange launched programs to maintain liquidity for new instruments of the equity, commodity, and money sections.

FX MARKET

Moscow Exchange is the oldest regulated trading venue in Russia, and has offered FX trading since 1992. It is a liquidity center for operations with the Russian ruble and a crucial element of the Russian financial system. The Bank of Russia relies on the FX Market to implement monetary policy and sets the official USD/RUB rate using results of trading on the FX Market.

In 2020, the share of MOEX's FX Market in the total volume of FX operations made by Russian banks across all currency pairs increased on average from 44% to 47%; MOEX's share increased from 57% to 58% in USD/RUB trading and from 64% to 68% in EUR/RUB trading.

FX Market

	2018	2019	2020	Change 2020/2019
FX Market trading volumes, RUB billion	348,368	308,274	328,946	6.7%
Spot	86,682	67,370	96,942	43.9%
Swap and forwards	261,686	240,904	232,003	-3.7%
Currency pairs, RUB billion				
USD – RUB	277,751	242,627	266,616	9.9%
EUR – RUB	59,243	51,571	50,071	-2.9%
EUR – USD	10,084	13,349	10,880	-18.5%
CNY – RUB	1,081	551	986	79.0%
Other	209	176	393	122.8%

Trading volumes

Trading volumes in the FX Market in 2020 accounted for RUB 329 trln, up 7% versus 2019. Spot trading volumes grew by 44% to RUB 97 trln, while swap trading volumes decreased by 4% to RUB 232 trln.

Problems in the global economy and financial markets associated with the spread of the pandemic, the fall in oil prices and the elections in the U.S. have caused the growth of volatility and fueled the interest of counterparties in conversion operations. On the contrary, there was a decline in swap transactions due to a decrease in ruble interest rates. As a result, the share of spot transactions in the FX market increased over the year from 22% to 29.5%, while the share of swap transactions decreased from 78% to 70.5%.

In 2020, the structure of trading by currency pair changed insignificantly: the share of trading accounted for by the USD/RUB pair increased from 79% to 81%, and the share of trading accounted for by the EUR/RUB pair decreased from 17% to 15%. All other currency pairs remained flat YoY at 4%.

Expansion of the client base

Access for corporations

Since the end of 2020, management companies of investment funds, mutual investment funds (MIF) and non-state pension funds (NPF) have also received the opportunity to operate on the FX Market, along with professional participants, corporations and insurance companies. At the end of 2020, 43 corporations, including insurance companies, connected to the FX Market. Their aggregate trading volume increased in 2020 by 64% to RUB 1.8 trln (RUB 1.1 trln in 2019).

In 2020, the Federal Treasury continued to trade overnight currency swaps (meaning the provision of rubles secured by US dollars) on the FX Market.

Attracting private clients

In 2020, lower interest rates on deposits drove individuals' interest in investing in financial assets, which became an important driver of growth on the FX Market.

The number of active individual clients grew almost five times to 730,000.

In 2020, volume of conversion operations by individuals more than doubled, exceeding RUB 24 trln, while the share of individuals in spot transactions increased on average from 8% to 12%.

Technological development

In the context of competition with numerous OTC electronic platforms, the main emphasis in the development of the exchange market is placed on technological and organizational innovations that provide a comprehensive service offering to all categories of customers: new product solutions, expanded trading hours, differentiated tariffs, international cooperation, links with international platforms and much more.

OTC services development and technology initiatives

One of the main principles of the FX Market's development strategy is to provide various services for order execution across a range of volumes and client types, and for clearing of these transactions.

At the end of March, hours of trading were expanded for such boards as "Links with foreign liquidity providers" and "Request for Stream" (RFS) with the trading now starting at 9:30 am MSK. In 2020, volume of RFS transactions exceeded RUB 45 bln.

The mode of providing large-block liquidity for the 'Euro - US dollar' currency pair has been added to the "Links with foreign liquidity providers" service. In the "OTC market large transactions" mode for the EUR / USD_SPT instrument, it became possible to submit large orders in full amount on fixed bends - 1, 2, 5 and 10 million euros.

The "Links with foreign liquidity providers" service was streamlined to include a mode with large-block liquidity in EUR/USD. The "Large OTC Transactions" mode now offers Full Amount Block Orders for EUR/USD_SPT of fixed sizes of 1, 2, 5 or 10 million euros.

Obtaining a flow of quotations from major Western liquidity providers strengthened MOEX's positions in the currency pairs Euro – US dollar, Pound sterling – US dollar, US dollar – Chinese yuan, US dollar – Turkish lira and US dollar – Japanese yen. In 2020, total trading volumes in G10 currencies doubled YoY and exceeded RUB 1.1 trln.

In 2020, a major step was taken in the development of clearing services with an option for OTC trades executed by MOEX clearing members on OTC platforms to be cleared by the central counterparty. The service allows mitigating credit and settlement risks and performing settlement netting and cross-margining across on-exchange and OTC trades.

In 2020, Moscow Exchange acquired a stake in the leading OTC aggregator NTPro with the aim to participate in the development of the OTC FX market in addition to the on-exchange market and offer customized services to its clients.

Expanding the range of instruments

The last year's launch of the new SpeedBump technology with a random program delay of orders and asymmetrical maker/taker fees, which allows liquidity takers to conclude transactions with zero trading fee, made it possible to gain large-block liquidity from non-banking providers and major Russian banks. In 2020, the "Large Spot Transactions" mode was increasingly popular among participants. Trading volume increased by more than five times YoY to RUB 2 trln.

With the TWAP (Time Weighted Average Price) algorithm rolled out, participants now can sell the amount evenly over the pre-determined time period. In December 2020, the average daily trading volume made using TWAP was USD 100 mln.

The functionality for additional checks of client SMA orders was implemented, which allows more effective management of client risks.

In August 2020, Moscow Exchange authorised the use of its FX fixings by CME Group's EBS eFix Matching Service platform. This promotes the MOEX FX fixings among a wider range of international banks and their clients on the global market and strengthen their status as the main global FX benchmarks for the Russian ruble.

In the context of the pandemic and transition to remote working, the Exchange made efforts to organize a convenient trading schedule for its clients. In late September, trading hours for TOD instruments and overnight swaps in Chinese Yuan, Swiss Franc, Turkish Lira, Belarusian Ruble and Kazakhstan Tenge were extended to 12:00 noon (Moscow time) in response to demand from participants, primarily those from north-east regions and Asia.

Attracting international investors

As of the end of 2020, more than 17,000 non-resident clients from 130 countries of the world were registered on MOEX's FX Market. In December 2020, the number of active non-resident clients doubled YoY and exceeded 1,870.

In 2020, the share of non-residents in spot turnover increased on average from 38% to 43%.

In 2020, turnover of non-residents' transactions under the SMA (Sponsored Market Access) and ICM (International Clearing Membership) schemes almost doubled and totaled RUB 35 trln.

As part of a strategic partnership agreement with Moscow Exchange, Kazakhstan Stock Exchange (KASE) introduced a new trading and clearing platform on its FX market, which was developed based on Moscow Exchange technologies. In the future, the exchanges plan to use the benefits of the unified trading technologies to aggregate liquidity in KZT/RUB.

Moscow Exchange continues developing the integrated FX Market of the Eurasian Economic Union (EAEU). In 2020, within the EAEU Integrated FX Market project, access to the FX Market was provided to Belinvestbank (Belarus). Thus, as at the end of 2020, direct access to MOEX's FX Market was provided to 19 banks from Eurasian Economic Union countries, including two international financial institutions: the Interstate Bank and the Eurasian Development Bank (EDB). In 2020, trading volumes generated by participants of the integrated FX Market doubled to RUB 2.7 trln.

MONEY MARKET

Moscow Exchange's Money Market is one of the most important segments of the Russian financial market through which market participants carry out cash liquidity management. The Bank of Russia implements monetary policy via the Money Market, and the Federal Treasury deposits funds of the federal budget and, from 2021, funds of the Single Treasury Account.

The key segment of the Money Market is repo transactions with the Central Counterparty (CCP), performed by NCC, which guarantees fulfilment of obligations before all participants. Repo with the CCP in general collateral certificates (GCC) is also available and is now the most widely traded segment on the Money Market.

Trading volumes

In 2020, total Money Market trading volumes amounted to RUB 426.8 trln, up 23.2% YoY.

Repo trading volumes for 2020 totalled RUB 379.1 trln, accounting for 89% of total Money Market volumes; trading volumes of deposit and credit transactions for 2020 totalled RUB 47.6 trln.

The year-on-year increase in total market trading volumes was the result of a 20.7% increase (to RUB 243.8 trln) in the volume of repo transactions with the CCP. The average daily open position in repos with the CCP in 2020 increased by 28% - to RUB 3.65 trln.

GCC repo continues to be the most-fastest growing repo product in 2020: trading volumes increased by 38.9% YoY to RUB 75.1 trln, and the average daily open position added 30% to RUB 950 bln.

In April 2020, Federal Treasury funds began to be deposited with the CCP via auctions. The volume of deposited funds in 2020 totalled RUB 6.4 trln.

Money Market

	2018	2019	2020	Change 2020/2019
Money Market trading volumes, RUB billion	**364,216**	**346,347**	**426,781**	**23.2%**
On-exchange repo, RUB billion	**309,913**	**292,813**	**379,135**	**29.5%**
Direct repo with the Bank of Russia	829	274	2,827	933.1%
Interdealer repo	49,663	36,441	35,125	-3.6%
CCP-cleared repo	259,421	256,075	318,876	24.5%
incl. GCC repo	46,888	54,054	75,069	38.9%
Repo with the Federal Treasury		23	22,307	98,604.3%
Credit market, RUB bln	**54,303**	**53,534**	**47,647**	**-11.0%**

In July 2020, the RUSFAR (Russian Secured Funding Average Rate) Money Market rate was recognized by the Bank of Russia as compliant with the requirements for financial indicators based on the Principles for Financial Benchmarks of the International Organization of Securities Commissions ("IOSCO"). The Bank of Russia has accredited RUSFAR rates across all terms: overnight, one week, two weeks, one month and three months for RUB and overnight for USD.

Expanding the range of instruments

Direct repo with floating rates was implemented, which allowed the Bank of Russia to lend banks at a rate tied to the key rate of the Bank of Russia.

In order to provide participants of the Money Market with a more flexible approach to liquidity management, MOEX implemented the following projects in 2020:

- a new order type, an iceberg order, was introduced to allow participants to place/raise large amounts of funds at the best rates via repo with the CCP by making only part of the order amount visible to the market;
- In July, operations of the Federal Treasury were further enhanced by the option to place foreign currency via repo transactions executed in the exchange terminal with collateral management and settlements at NSD. Transaction volumes in 2020 amounted to RUB 30.7 bln.
- In December 2020, the Credit Market, a new segment within MOEX's Money Market, was created. Both repo and CCP deposit markets participants can be admitted to the Credit Market. At the same time, only banks can place funds, and all participants can raise funds without restrictions. Only negotiated transactions without the CCP involved are available; the transactions are executed in RUB or foreign currency (USD or EUR) for any term up to three years.

Attracting new categories of participants

MOEX continued to expand direct access to the Money Market for Russian legal entities that are neither credit institutions nor professional securities market participants.

A number of innovations were implemented that facilitated corporate clients' operations on the Money Market:

- iceberg orders were introduced to allow placing large amounts of funds at the best rates;
- an optional service was launched to allow consolidation of numerous small transactions into one deposit and thus relieve a company's accounting systems;
- an option to post collateral in securities was provided.

In 2020, 22 companies were provided with access to the deposit market with the CCP, including manufacturers, insurance, asset management companies and non-government pension funds. Their total number reached 130 and total trading volume was RUB 20.7 trln.

COMMODITIES MARKETS

MOEX promotes commodities trading through two key commodities markets: precious metals and agricultural. Precious metals are traded on the MOEX FX Market platform, while trading in agricultural products is operated by the National Mercantile Exchange (NAMEX), part of Moscow Exchange Group.

On-exchange trading in agricultural products

Spot trading in sugar was launched in 2020.

The project has implemented a trading model with direct admission of buyers and sellers (without a broker or central counterparty). Sellers on the sugar market are plants or holding companies of producers with or without constant collateral of RUB 1 million. Any companies other than individual entrepreneurs are eligible to act as a buyer. Delivery basis are plants that have started production in the current season. Trading is run in the form of a bilateral anonymous auction. NSD clears and settles the sale and purchase contracts executed on the exchange. The project is supported by the Exchange Committee of the Federal Antimonopoly Service (FAS) of Russia, Soyuzrossakhar, and representatives of the industry community.

Since 2017, NAMEX has also been holding trading in sugar forward contracts.

In 2020, trading volumes on the sugar market was RUB 3.95 bln, of which RUB 3.93 bln were traded on the Derivatives Market (2019: RUB 3.96 bln in 2019) and RUB 20.1 mln on the spot market.

Since 2002, NAMEX has been the authorised exchange of the Russian Ministry of Agriculture for state commodity and procurement interventions on the grain market. In 2020, grain sales from the government intervention fund on NAMEX totaled 1.78 mln tons, or RUB 21.43 bln (2019: 970,200 tons, or RUB 10.3 bln). In total since 2002, 34.48 mln tons of grain have been sold under government interventions for a total amount of RUB 211.83 bln, and the total number of trading participants exceeded 9,500 producers, processors and exporters of grain. In December 2020, MOEX Derivatives Market introduced a deliverable wheat futures contract with delivery performed on the NAMEX spot market. Trades are cleared by National Settlement Depository.

Precious Metals Market

MOEX has offered on-exchange trading in precious metals (gold and silver) since 2013. Gold and silver are traded on the FX Market platform using a unified system of margining and risk management. NCC acts as the Central Counterparty and provides clearing and settlement services on the market. Metals are delivered to clearing members' precious metals accounts opened with CCP NCC. Post-trade services include dealing with bullion at NCC's depository, and an option to use precious metals held on market participants' accounts as collateral.

In 2020, total turnover on MOEX's Precious Metals Market increased by 50% to RUB 52.6 bln.

Since November 2020, Russia's largest brokerage companies have started providing individuals with access to the Precious Metals Market with an option for individuals to trade gold and silver on their own.

In 2020, the number of participants of the Precious Metals Market increased from 56 to 63, of which 47 were credit institutions, 14 brokerage and investment companies and 3 mining companies (of which two entered the market in 2020).

Commodities Market

	2018	2019	2020	Change 2020/2019
Precious Metals Market trading volumes, RUB billion	102	35	53	48.3%
Grain and Sugar Market trading volumes, RUB billion	50	50	25	-49.6%
Grain	46	46	21	-53.8%
Sugar	3.87	3.96	3.97	0.3%

Post-trade services

CLEARING

Since 2007, the National Clearing Centre (NCC; part of Moscow Exchange Group) has acted as a Clearing House and Central Counterparty (CCP) for the Russian financial market. Its primary goal is to provide clearing services to market participants and to maintain stability across the Exchange's markets by operating an advanced risk management system that meets the highest international standards. The NCC enjoys the status of a qualifying Central Counterparty and is recognized as a systemically important CCP by the Bank of Russia. The NCC is a member of the Global Association of Central Counterparties (CCP12) (Global Association of Central Counterparties, or CCP12) and the European Association of Central Counterparty Clearing Houses (EACH).

Ratings

In 2020, Fitch Ratings affirmed the NCC's ratings. The NCC's long-term local currency Issuer Default Rating (IDR) was affirmed at BBB with a Stable outlook, and the long-term foreign currency IDR was remained unchanged at BBB with a Stable outlook. The Analytical Credit Rating Agency (ACRA) affirmed the NCC's national scale rating at AAA(RU) with a Stable outlook. According to the ACRA, the NCC's credit rating and outlook are due to its strong and stable business profile, exceptional liquidity and capital adequacy position. The rating is additionally supported by the systemic importance status that the NCC enjoys in the Russian financial market.

Central Counterparty safeguard structure

The alignment of CCP safeguard structures across MOEX's markets is designed to boost the reliability and viability of the Central Counterparty and ensuring that the NCC remains financially robust regardless of market conditions. The safeguard structure put in place meets the highest international CCP standards and the requirements of the Bank of Russia. As of the end of 2020, the CCP's total dedicated capital was RUB 10.1 bln.

Risk Management

In July 2020, the models for determining settlement prices of futures contracts and calculating initial margin were supplemented with algorithms covering small positive and negative prices of futures.

In addition to the Black-Scholes theoretical option pricing model, the Bachelier model was implemented in September 2020, allowing options prices to be calculated when the underlying asset prices are negative.

Innovative development of the IT platform

The SWIFT GPI Financial Institution Transfer project for credit institutions was implemented, as part of which CSS CSS and Programbank.ABS were upgraded to connect these systems to GPI Tracker SWIFT. This increased the operational reliability of NCC in terms of interaction with international financial messaging systems and enabled the company to have up-to-date information on the process of about the customer payments.

A business process was built to implement MOEX's own improvements to the Neoflex Reporting reporting system, which was adapted to the existing scheme of interaction with the developer.

The Standartised OTC Derivatives Market trading and clearing system was enhanced to finalise the model was finalised to support calibration of new indices and assessment of transaction metrics, which improved the accuracy of calculation of the risk collateral as well as to automate default management in terms of auctions to close out position, hedging and position rollover.

Reporting and audit

In 2020, NCC successfully passed an operational audit carried out by PwC, which covered such elements of NCC's activities as CCP risk management, CCP model validation, stress testing of CCP risks, estimation of the CCP dedicated capital and recovery of its financial stability.

NATIONAL SETTLEMENT DEPOSITORY

Non-bank credit institution Joint Stock Company National Settlement Depository (NCO JSC NSD) is the central depository of the Russian Federation, that offers clients a wide range of services, including depository, repository, clearing services, settlement and cash services, information services, as well as collateral management and technological services.

Central securities depository

The volume of assets held on NSD accounts increased by 20.8% to RUB 63.6 trln in 2020. The total amount of issued securities (ISIN) being serviced by the NSD increased by 13.6% to 26.6 thousand. The number of international securities and Eurobonds of Russian Ministry of Finance increased by 17.4% to 18,200.

In 2020, NSD implemented several new projects to develop its depository services:

- in January, NSD launched the DVP-2 settlement service using correspondent accounts with the Bank of Russia. The DVP-2 model makes it possible to settle trades with cash obligations netted. The use of correspondent accounts with the Bank of Russia facilitates the settlement process for NSD's clients, preserving the reliability of DVP settlements and providing more flexibility in money management. Thus, clients are now able to conduct DVP settlement in Central Bank Money in accordance with international best practices;
- in 2020, the first trade in commercial bonds executed via the Debt Market OTC System was settled. Previously, market participants completed on their own an instruction for DVP clearing with NSD; now, details for the instruction are transmitted automatically to NSD after the agreement is concluded in MOEX's Debt Market OTC System. This scheme facilitates settlement in securities and allow reducing operational risks, improvidng settlement discipline and speeding up data exchange between trading and back-office units.

Corporate Actions Center

During 2020, issuers held 4,022 meetings of holders of their securities using E-voting. There were 412 corporate actions related to securities repurchases totaling RUB 102.2 bln, and 49 corporate actions related to exercising preferential rights.

In 2020, the number of corporate actions totaled 17,286, up 9.3% on 2019. There were 43,610 corporate actions related to foreign securities, up 36.3% on 2019, primarily driven by the NSD's acceptance of newly issued securities. The corporate action categories where the largest increases were recorded were coupon payments and dividends on securities.

In 2020, 17 general meetings of shareholders were held using e-voting.

Collateral management

In 2020, volume of funds placed by the Federal Treasury via repo with collateral management by NSD increased by RUB 5 trln YoY to RUB 24 trln.

The collateral basket for repo with the Federal Treasury was expanded to include Russian Ministry of Finance Eurobonds.

NSD introduced the collateral management system for FX repo transactions made by global creditors. The volume of funds placed totalled USD 401 mln (RUB 30.66 bln).

In 2020, the Single Account service was further facilitated. Insurance and brokerage companies represent the main segment of the clients. Single Account features automated transfers between intraday and out-of-session positions for standing securities orders, which helps accelerate asset movements, reduce funding costs and reduce operational risks for Moscow Exchange Group clients.

Repository

In 2020, the number of transactions recorded in the NSD register increased by 66.6% to 25.3 million. FX instruments and repo agreements remain the key drivers in repository reports.

Jointly with Moscow Exchange, NSD launched a service to provide information from NSD's repository through Moscow Exchange channels. The data contains information on OTC repo and derivatives transactions by type of agreement and type of underlying asset, as well as the category of counterparties that are parties to the transactions.

Settlement and payment system

In 2020, the number of OTC transactions settled using delivery versus payment (DVP) increased by 47.6% to 422.7 thousand. The volume of transactions increased by 60.6% year-on-year to RUB 15 trln.

The volume of cash transfers in Russian rubles and foreign currency increased by 8.1% year-on-year to RUB 328.1 trln. The volume of cash transfers in Russian rubles increased by 8.4% to RUB 287.7 trillion, and the volume of transfers in foreign currency grew by 5.6% to 40.4 million.

The number of transactions in 2020 totalled 1.54 million, up 25.5%. The number of transactions in Russian rubles increased from 0.82 million to 0.89 million, and the number of transactions in foreign currency increased from 0.40 million to 0.65 million.

NSD is one of Russia's largest settlement non-banking credit institutions and a systemically and nationally important payment system in terms of the scale of its settlement operations, capitalisation and the number of financial market participants.

Technological services

In 2020, the NSD successfully completed certification by the SWIFT Service Bureau as part of the Shared Infrastructure Programme (SIP). SIP compliance confirms the high level of security and reliability of operations via the NSD's Service Bureau.

At the end of 2020, the total number of SWIFT service bureau participants was 66. The average monthly message traffic of SWIFT service bureau clients is 580,859 messages, up 37.8% on 2019.

Seven new corporate clients joined the Transit 2.0 platform during the year, bringing the total number at the end of the year to 33, of which 22 were corporations and 11 were banks. A new foreign exchange transfer and exchange control functionality was implemented on the platform.

Financial instruments identification

The NSD is the National Numbering Agency for Russia and the Substitute Numbering Agency for CIS countries, assigning ISIN, CFI and FSIN international codes to financial instruments. In 2020, the NSD assigned ISIN, CFI, and FSIN codes to 1,646 Russian financial instruments and 26 CIS financial instruments. In May 2020, the NSD successfully underwent annual re-accreditation to confirm its Local Operating Unit (LOU) status.

As a LOU, the NSD serves 30 jurisdictions including Russia and other CIS countries, as well as countries across Europe and elsewhere. Market participants in these countries can ask the NSD to assign and service LEI codes. The NSD continues to expand its list of serviced jurisdictions based on client requests. In 2020, the NSD assigned 52 LEI codes and verified 472 LEI codes.

The NSD's activities as a Numbering Agency and LOU support the introduction of international codification standards on Russian and CIS markets, thereby increasing their transparency and integration into global market infrastructure, as well as facilitating and optimizing financial market operations.

Information products

Moscow Exchange's information services focus primarily on providing market data containing value, quantity and cost parameters for bids and transactions made on its markets, as well as aggregated indicators used in its financial and investment activities: indices, market prices and recognized quotations.

INDICES

The MOEX Russia Index and RTS Index are the key benchmarks of the Russian equity market. They are calculated based on the most liquid shares of major Russian issuers.

The MOEX index family includes the Blue-Chip Index, comprising 15 shares of the most liquid and largest issuers by market capitalization; the Mid- and Small-Cap Stock Index, consisting of liquid shares of mid- and small-cap companies; and the Broad Market Stock Index, which includes the top 100 Russian companies based on their liquidity and capitalization. The shares covered by the Broad Market Index are used to form baskets of industry indices by dividing the calculation base of the index by sector profiles.

The MOEX bond index family includes indices of corporate, government and municipal bonds segmented by duration and credit quality.

MOEX also calculates several industry-specific indices for market segments not included in the main line of index products. These include the Public Sector Index, Pension Savings Assets Index, Innovations Index, Volatility Index and the MOEX 10 Index.

In 2020, MOEX continued work on developing a service to calculate the indicative Net Asset Value (iNAV) for asset managers and participants involved in rolling out and supporting structured financial products. This service is especially relevant for exchange-based mutual investment funds (EMIFs). By the end of 2020, MOEX had calculated 44 iNAVs for 39 exchange-based funds.

In 2020, the number of index exchange-based funds having the same structure as MOEX benchmarks reached 20, with volumes of assets under management totally RUB 61.8 bln. Seven new MOEX index EMIFs were created in 2020.

New benchmarks

The Exchange supplemented the sustainability indices with a new version of the Sustainability Vector Index calculated using the total return methodology setting out dividend reinvestment. The new index was the basis for the creation of two exchange-traded funds in which RUB 1.3 bln was invested as of the end of 2020. The sustainability indexes have been calculated by the Exchange since 2019, on the basis analysis of major Russian companies on ESG indicators carried out annually by Russian Union of Industrialists and Entrepreneurs (RSPP). The calculation base for the indices includes securities of issuers who disclose the most complete information on their sustainability and corporate social responsibility activities.

In December 2020, Moscow Exchange launched a new group of indices for corporate bonds, bonds of constituent entities of the Russian Federation and municipalities segmented by national scale credit ratings assigned to issuers by Russian rating agencies. The new indicators complemented the indices of bonds segmented by credit rating levels assigned to issuers by international rating agencies, which are already calculated by Moscow Exchange.

In November 2020, the procedure for calculating pension savings indices was modernised. The changes were mainly focused on modern pension savings management practices and were aimed at improving the liquidity and representativeness of indices and the level of transparency in one of the most capacious segments of the Russian financial sector - the pension savings market - as well as collective investments as a whole.

In November 2020, Moscow Exchange launched the calculation of a new indicator - the Growth Sector Bond Index. It tracks the performance of bonds issued by small- and medium-sized enterprises included in Moscow Exchange's Growth Sector, which aims to carry out the public offering and launch trading in securities of small- and mid-cap companies on the secondary market.

In April 2020, MOEX began calculation a new group of CCP repo indicators of the RUSFAR family, RUSFAR REAL TIME. The new indicators are calculated based on 15-minute trading periods from 10:15 am to 12:30 pm (Moscow time). To calculate the gauges, data on orders and CCP repo transactions settled in RUB is used.

MOEX further facilitated the service offering of index calculation configured to client requirements. Customer indices are widely used around the world as part of individual client strategies. In 2020, MOEX launched five customer indices, bringing the total number of customized indices to 13.

International recognition of indicators

An annual external audit by Ernst & Young confirmed that the Index Management Division complies with the 19 principles of the International Organisation of Securities Commissions (IOSCO).

The audit covered FX fixings, equity indices, government and corporate bonds indices, pension indices and repo and swap rate indicators, as well as the zero-coupon yield curve for government bonds of Russia, which were included in the Statement of Compliance in 2020 based on the results of the audit.

The report confirms the transparency of MOEX's index management procedures; the high quality of the Exchange's index generation, calculation and disclosure process; and the effectiveness of MOEX's internal controls over the development, calculation and publication of financial indices, and interaction with the users.

New IT platform

The new MOEX Index Calculation System (MICS) was put into operation, offering high performance, flexibility and a modern user interface, as well as enhanced capabilities for calculation of stock indices, including multi-currency indices and indices on mixed asset classes. The new calculation system not only increases the reliability of index support, but also reduces the time required to launch new indices and expands the product offering for MOEX clients.

ANALYTICAL PRODUCTS

MOEX continues improving and elaborating analytical products for brokerages, funds, and algorithmic and high-frequency traders.

Derivatives Market participants now have access to additional data on open interest positions. In mid-2020, an option was made available to receive intraday statistics on open positions of individuals and companies at five-minute intervals for the most liquid futures contracts: BR, Si and RI. Access to this information is available both through the Moscow Exchange website and via Web API.

An analytical report on “Analysis of Retail Investor Activity on Moscow Exchange” was further developed. Banks and brokerages regularly receive information on their competitive position on the brokerage market, i.e. their shares in each market and within individual client groups, sources of new clients, and the risk of outflow of current clients.

In 2020, MOEX provided expanded options to analyse order roundtrip times in different parts of the Moscow Exchange infrastructure (Co-location and Trading Engine). Participants can now analyse also Equity & Bonds Market data in addition to FX Market data available previously.

INFORMATION SERVICES

Development of the MOEX's information policy

In 2020, MOEX's information policy was streamlined to expand the methods of using data about quotations. Terms and conditions (including tariffs) of using this data in alternative trading systems (intra-broker and inter-broker) were elaborated and introduced in line with international practice and the experience of leading international trading venues.

Expanding the information services product line

In 2020, two information services were launched jointly with NSD:

- provision of aggregated anonymized data on the volume of OTC transactions by types of contracts and categories of parties (banks/brokers/others), broken down by notional value and number of transactions;
- provision of access to the information services of the depository through Moscow Exchange platform with a simplified document flow (through the acceptance of the Public Offer).

In 2020, a new information product, an analytical report by the market operator for issuers, was launched.

As part of the consolidation of reference trading and clearing information services in the Information and Statistical Server (ISS) of the Exchange, the provision of indicative risk rates for instruments traded on Moscow Exchange, as well as data on the reference book of instruments admitted to trading on Exchange's Equity & Bond Market and broken down by trading modes, with an indication of the main parameters for each instrument in each mode, was started in standard machine-readable formats.

In 2020, MOEX began developing functionality to provide access to financial market news distributed by partner agencies via exchange trading terminals.

The NSD Information Center is becoming more popular. In 2020, its revenues increased by 35%. This business line is mainly driven by products of the NSD Price Center; sales in the products have doubled for the third year in a row. About 70% of active market participants became users of the Price Center products. About 90% of debt securities issued by companies operating primarily in the Russian Federation are evaluated by NSD Price Center on a daily basis.

In November, the Exchange began providing its clients with reference information from NSD on securities, issuers, upcoming and past corporate actions, and fair value.

Client services

MARKET ACCESS

2020 was a test year for our clients in terms of speed of change. Due to the need to organise remote access for employees, our members were forced to change their connection schemes from the established "Office-Exchange" channels to multiple connections via the Internet. This required the Exchange to issue a huge number of logins and certificates. Thanks to the smooth running of the operation, no client was left without the ability to transact. Also, many clients realised the real need for redundant connection channels, which increases the reliability of their connections and strongly recommended by the Exchange.

The slowness, and often impossibility, of the exchange of paper documents has been mitigated by the transition to electronic documents. The "Know Your Customer" procedure, receipt of applications and contracts, internal approvals between divisions have all moved to a remote electronic format. In 2021, the Customer Support Department will continue to expand its electronic services. These steps will not only improve interaction with customers, but will also significantly improve the operational reliability of internal processes.

As part of the implementation of the Financial Product Marketplace project, a Know Your Customer process has been organised in relation to individuals, financial institutions and aggregators that are members of the financial platform to ensure compliance with legal requirements, including anti-money laundering and counter-terrorist financing legislation.

Information Technologies

The Exchange is a company with advanced IT infrastructure across trading, clearing and risk management. The Group has a major focus on upgrading its technological infrastructure and providing reliable, high-quality services.

The Exchange's trading and settlement services are on par with those of leading international trading venues, and are based on state-of-the-art IT platforms.

INFRASTRUCTURE

The Group's computing capacities are located in two advanced data centres (DCs) — DataSpace, the main centre, which holds Tier III certification; and M1, the backup centre.

Failsafe technologies at the network and hardware levels allow for maximum seamless system switching both inside the two data centres and between the main and backup locations.

The same approach is applied to backing up clients' connections: interfaces with communication service providers are switched between data centres automatically.

MOEX uses the most advanced server and network hardware across its platforms, including ultra-low latency network loops and optimised computing capacities for on-line computation in trading systems. In 2020, the Exchange implemented a phased replacement of the network technology stack in both data centres and office buildings, aimed at further developing software-defined networks, introduced a separate type of collocation zone network connection for high-speed FIFO links and completely revised the concept of fibre optic links between points of presence to ensure higher data replication speeds.

RELIABILITY MANAGEMENT AND SWITCH TO REMOTE WORKING

Following the World Health Organisation's (WHO) announcement of a new coronavirus pandemic, 90% of Exchange staff were moved to remote work within three days.

However, all critical operations were carried out from the office, observing all precautionary measures. A robust infrastructure and rapid adaptation to the new mode of operation helped maintain the availability rate at 99.99%.

TRANSITION TO OPEN TECHNOLOGY

In 2020, the Exchange introduced new projects based on open-source products, which is a global trend. Projects using open-source technologies include the Marketplace, Unified Customer Registration and the Processes Management Center.

In addition, an important step is the transition to open technology of Kafka and Artemis. This has reduced the costs of operating the exchange hardware and software system and added flexibility to the new solutions based on corporate data bus.

TECHNOLOGICAL ACCESS TO TRADING

The fastest trading protocol to access the Equity & Bond and FX Markets

In 2020, the banks, brokers, algorithmic and high-frequency traders placing their equipment in the data center of the Exchange became able to connect to trading on the Equity & Bond and FX Markets by using the new FIFO MFIX Trade service. The new interface features the operation of a First In, First Out (FIFO) algorithm strictly applied to process orders at the exchange gateway with the more than 99% probability. This helps substantially improve transparency and predictability of Moscow Exchange's IT infrastructure operations.

Access to the Derivatives Market

A prototype of the new high-speed SBE DirectFlow gateway, which is the next generation of market data distribution services replacing the current FAST protocol, was launched. The service returns market data in less than 100 microseconds, thus respecting the principle of public data first.

Supporting clients in the transition to remote working

In connection with the mass transfer of employees of banks, brokers and other companies to remote work in spring 2020, Moscow Exchange offered preferential terms for the provision of new technical access IDs for MOEX Trade series terminals on the Equity & Bond, FX and Money Markets. All companies involved in trading were able to provide their employees with the necessary workplaces in full and at no extra cost. Preferential terms for the issuing of new identifiers made it easier and cheaper for traders to switch their own infrastructure to remote operation.

Growth outlook for 2021

In accordance with MOEX's new corporate strategy through 2024, the Exchange will introduce new instruments and improve availability of products and services for market participants and customers, as well as introduce new technologies and attract new categories of customers.

Particular attention will be paid to working with investors and issuers, including small and medium-sized enterprises, with the goal of developing the equity and debt capital markets.

ATTRACTING PRIVATE INVESTORS

Retail investors are one of the most important customer groups for Moscow Exchange. It will continue to expand its product range for retail investors, develop new services and promote financial literacy.

The inflow of new private investors to Moscow Exchange once again emphasises the importance of setting the right expectations for non-professional investors, as some of them are entering the market for the first time. Moscow Exchange will continue to make significant efforts to meet these expectations and create the necessary conditions for informed investment decisions and transparent operation of the markets.

In particular, it will continue to implement previously launched financial literacy projects, such as the Moscow Exchange School, create educational podcasts and videos, and develop information resources, including the Exchange website and Telegram channels. Moscow Exchange makes extensive use of modern technology, converting most of its activities to a digital format.

In addition, Moscow Exchange plans to launch a new training course to provide basic knowledge with easy access for investors. The course will cover the main investment instruments and their characteristics, investment risks and costs of investing. There are plans to develop new courses for more experienced investors as well.

In 2021, the Exchange will increase the number of international stocks admitted to trading, improving retail investors' access to a variety of instruments and portfolio diversification opportunities. The list of securities is being expanded to reflect demand from banks, brokerage and asset management companies and their clients.

New USD/RUB and EUR/RUB instruments with a one cent lot will be launched in the first quarter, allowing clients to make conversion transactions of up to 1,000 US dollars or 1,000 euro. The service is needed to expand the opportunities of individuals to make foreign currency transactions, develop conversion within the framework of individual investment accounts and transactions in foreign securities, i.e. receipt of coupon payments and dividends.

The personal finance platform Finuslugi will continue to be developed, which in the long term should become a personal finance management centre for Russian residents. In 2020, basic financial products were launched and new features will gradually be added. In the future, government bonds for households (OFZ-n), loans and other products from banks, asset managers and insurance companies will become available.

EXPANDING TRADING HOURS ON THE FX AND DERIVATIVES MARKETS

Moscow Exchange plans to open the FX, Derivatives and Precious Metals Markets at 7 am (Moscow time) from March 2021. Thus, trading hours on these markets will increase from 14 to 17 hours per day.

The extended trading period will provide all groups of investors with new opportunities for trading on Moscow Exchange markets:

- Clients in the Asia-Pacific region as well as eastern regions of Russia will benefit from expanded access to on-exchange trading;
- Investors will be able to respond more quickly to changes in global markets and take advantage of additional trading and arbitrage opportunities in the morning hours.;
- The extended trading day also opens up additional possibilities for MOEX to cooperate with trading venues and investors across Asia.

DEVELOPMENT OF THE MOEX TREASURY PLATFORM

The Exchange will continue streamlining a platform for corporate customers (MOEX Treasury) that have direct access to the Exchange. It is planned to expand the MOEX Treasury platform's functionality, including the access of corporate clients to the Precious Metals Market, the possibility of using algorithmic mechanisms and Request for Stream (RFS) services in accordance with the wishes and requests of participants. It is also planned to connect new participants to the platform; 32 companies were connected in December 2020.

PROMOTING SUSTAINABLE DEVELOPMENT PRACTICES

The trend towards increasing the relevance of sustainability is reflected in Moscow Exchange's future projects. Moscow Exchange will continue to integrate sustainability into strategic planning, as well as into corporate governance and risk management, and improve reporting on sustainability progress. The pandemic environment has intensified the focus on improving cybersecurity and accelerating digitalisation. Work will continue on the implementation of the UN Sustainable Development Goals (SDGs), with seven SDGs selected by the Exchange in 2020 and targets set within these goals.

The Exchange has an important role and responsibility in supporting companies and issuers in the transition to a sustainable and low-carbon economy. The Exchange will engage financial market participants and raise their awareness of opportunities related to ESG finance and new ESG products. Like other global exchanges, Moscow Exchange will continue to develop a range of ESG products and services, including a special sector for small and medium-sized companies called Growth Sector, Sustainable Development Sector, ESG indices and ETFs on ESG indices as well as ESG derivatives. To engage and educate market participants, Moscow Exchange plans to develop financial literacy in ESG, including through the release of the ESG Best Practices Guide for Russian companies.

EXPANDING THE RANGE OF INSTRUMENTS AND INTERNATIONAL COOPERATION

In 2021, Moscow Exchange will start to calculate two new sectoral indices, for high-tech companies and construction companies, which was made possible after a series of successful offerings in 2020.

Moscow Exchange will also continue to actively expand its derivatives product range. The plans include:

- The launch of the Real Estate Index futures contract. It will allow investment funds and private investors to pursue strategies aimed at gaining profit from changes in real estate prices. Developers will be able to hedge market risk and financial companies will create new products to help retail investors accumulate funds to purchase real estate or a make a down payment;
- The launch of the US Equity Index futures contract;
- development of a range of commodity futures, including the further development of the wheat contract;
- trading in options strategies;
- the launch of a futures contract on the Total Return Index.

Moscow Exchange plans to expand cooperation with CIS infrastructure organisations and to cooperate with exchanges in China and other Asian countries. Among other things, an opportunity to establish trading and clearing links between the markets of our countries as well as share technology and experience is under consideration.

DEVELOPMENT OF OTC SERVICES

The Exchange plans to continue to enhance access for market participants and their customers to global OTC markets and to offer better prices thanks to the exchange infrastructure and to further expand new customized mechanisms for liquidity takers/makers that are recognized globally among OTC FX platforms:

- launching in the Links with Foreign Liquidity Providers: TWAP algorithmic order; swap instruments (TOMSPT swaps with liquidity providers via RFS technology) with synchronised settlement with the OTC market and loco London gold trading, including spot and XAU/USD swap instruments;
- development of clearing with the central counterparty through connection of new platforms;
- implementation of pre-trade checks on OTC trading platforms. FX Market participants will be able to conduct transactions on OTC electronic platforms (which meet the requirements of NCC risk management) with a pre-trade check of the NCC limit. Calculation of NCC limit utilization directly in the trading platform will increase the efficiency of client trading operations, provide additional opportunities for distribution of liquidity to clients and business expansion regardless of counterparty credit quality;
- clearing of OTC transactions with expansion of clearing and settlement services in the OTC market through automation and unification of processes for reporting transactions executed on the OTC FX market;
- interaction with NTPro as a pilot platform in Exchange products.

Setting up a trading and clearing link with Shanghai Gold Exchange will make it possible for Russian market participants to access the largest gold market in the world and execute loco Shanghai gold trades with settlement via NCC.

There are plans to launch spot and swap trades in gold through a trading link with major liquidity providers in London.

DEVELOPMENT OF CLEARING ACTIVITIES

A Single Limit Allocation project is planned for implementation, which aims to create an opportunity for market participants to make OTC trades in foreign currencies on OTC platforms without full collateral required and using the single limit formed on the basis of assets accepted by NCC as collateral.

As part of the project to separate the status of trading and clearing members on Moscow Exchange markets, functionality will be implemented to enable NCC to act as a tax agent.

As part of the implementation of the approved roadmap for the development of NCC's risk management system until 2025:

- transition to process-oriented risk management through the creation of a single map of business processes and risks of NCC and a single cumulative source of information on key processes of NCC, their inherent risks and appropriate control procedures;
- creation of a new risk management platform MEORiMa in order to develop automation on this platform and migrate to online management of NCC's key risks;
- improving and further developing risk management methodologies and approaches, including for the most actively developing markets, such as the Standartised OTC Derivatives Market.

TECHNOLOGY DEVELOPMENT

The Exchange intends to prepare the Equity & Bond Market system for the use of split clearing cores. This will improve the reliability of the system and smooth out the delay curve. Such a project has previously been implemented in the FX Market.

The Exchange's use of advanced technology will make it possible to launch an entirely new Derivatives Market data distribution protocol in 2021. In line with global best practice, the new protocol will ensure that public market data takes precedence over private data, eliminate information arbitrage between the Exchange's existing services and reduce software development costs for clients.

The number of unique information and technology services of Moscow Exchange exceeded 200 in 2020. To simplify the customer experience, package solutions are planned for 2021 that will enable customers to connect to the Exchange's markets without having to immerse themselves in technical specifics.

Plans for 2021 include expanding the product line of non-classical exchange services for risk management, provision of over-the-counter (OTC) information, creating new analytical reports for brokers and their clients and piloting new RegTech products.

Compliance

One of the key areas of work in 2020 in the Group was the development of a corporate compliance culture and the development of unified approaches to compliance risk management. A significant number of changes and innovations were implemented, including

- a unified portal for employees of the Group's companies to report compliance risks, allowing them to submit an application and receive feedback on the application in a completely anonymous mode;
- a portal was created on the official website of Moscow Exchange, describing the key approaches of Moscow Exchange to compliance issues, as well as providing an opportunity for external parties to send an anonymous request to the unified compliance information portal;
- the Group launched the Institute of Compliance Assistants;
- channels for communicating compliance matters to employees have been expanded.

COMPLIANCE ROADMAP 2024

A detailed Compliance Roadmap to 2024 has been developed in conjunction with the expert divisions of Group companies, which takes into account the Group's strategy and is designed to help achieve the Group's mission.

According to the roadmap, among other things, in the next few years the Group's focus in compliance will be on strengthening procedures and automating compliance risk management processes, confirming its high level in compliance risk management by pursuing ISO 19600 certification, and creating unique compliance technology for market participants.

"Compliance for the market" is highlighted by the Group as a separate, important area of compliance responsibility, which was implemented in 2020 through external activities, including:

- organising a working group under the Exchange Council to create a code of good conduct for trading and clearing members, bringing together representatives of trading and clearing companies;
- Participation of the Group's experts in events and working groups of self-regulatory organisations in the financial market (including in creating approaches to unfair practices), the National Research University Higher School of Economics, various associations, including the Association of Business Ethics, Compliance and CSR.

CODE OF ETHICS

We believe that the culture of Moscow Exchange is shaped by every member of MOEX's team. Therefore, when we launched the creation of a new code of professional ethics at Moscow Exchange in 2020, it was crucial for us to give any employee who wished a say in the new code or participate in its drafting. We circulated a draft document to employees, held public discussions, received and processed dozens of comments and concluded the process with a general vote of Exchange staff in favour of the new code.

The Exchange's new code of ethics is expected to be approved in the first quarter of 2021. It will cover all the most current and important topics, including ESG and respect for differences, and will be a guide for current and new Exchange employees to MOEX's ethical principles and help them make day-to-day decisions.

Human resources

HR POLICY

The efficiency and results-orientation of Exchange employees is one of the most important factors in achieving the Group's strategic goals. The Exchange's HR Policy aims to:

- involve, motivate and retain highly qualified staff and managers;
- support employees' continuous professional development;
- create an atmosphere that supports employees' personal development and enables the Exchange to achieve best results and achieve its strategic goals.

An important challenge for Moscow Exchange in 2020 was to safeguard the health of employees in the COVID-19 pandemic, while ensuring the smooth operation of Moscow Exchange's trading and clearing systems and implementation of a number of major projects. The launch of the Finuslugi personal finance platform was the main driver behind the 11% growth in the Exchange's workforce in 2020.

In line with applicable regulation and the MOEX Business Ethics Code, the Exchange practices equality of opportunity. The Business Ethics Code enshrines adherence to principles of equality with regard to the observance of labor rights as well as non-discrimination based on sex; race; skin color; nationality; language; national origin; financial, marital, social, and employment status; age; place of residence; religious orientation; beliefs; or membership or non-membership of any non-governmental association or social group. The Exchange respects the cultures, opinions and lifestyle of all of its employees, and categorically opposes any actions that could contribute to the creation of a threatening, hostile, insulting or humiliating atmosphere.

Total number of employees, *persons*

2017	2018	2019	2020
1,662	1,710	1,791	1,981

Total number of employees in 2020 by gender, persons
Women - 888, men – 1,093.

TRAINING AND DEVELOPMENT

Training and development opportunities for employees include educational programs and tools for self-directed learning and development. The Exchange believes it is important that employees should take responsibility for their own professional development, and to support this provides advanced technologies, resources and additional opportunities. In 2020, 843 employees participated in educational programs and training sessions.

In 2020, a key challenge for the learning system was the limitations of the pandemic. This situation necessitated a rapid restructuring of all activities into an online format.

The "Meet-the-Company Day" for new employees was converted to a webinar format and the programme was expanded. This made it possible to compensate for the lack of a face-to-face introduction due to the immediate remote format admission. The total number of employees who participated in these meetings was 374.

The Internal Trainers project has also undergone changes. Most of the regular topics have been converted to an online format with replacement engagement activities. Online training was provided for internal trainers. New speakers for hard skills (IT) were also introduced. From the second quarter of 2020, the project will be implemented on a standard schedule. Experts shared their knowledge with 245 employees last year.

The work of all faculties was also restructured to the new regime. All planned trainings within the Faculty of Management and the Faculty of Personal Effectiveness were transferred to an online format and conducted as originally planned. A total of 196 employees were trained in the faculties.

Within the framework of attracting and managing talent in 2020, training for trainees was developed and conducted. It consisted of three modules aimed at developing basic skills that resonate with the Exchange's core values. The programme was highly appreciated by participants and helped increase their loyalty to the Exchange.

In the 2020 pandemic, an additional focus was placed on distance learning courses. This led to a doubling of the number of attendees (from 4,000 to 8,000 throughout the year). In addition to compulsory courses, the catalogue was also enlarged in terms of soft skills courses. Work has also started on streamlining a number of previously conducted face-to-face events and converting them into e-courses.

The changed working environment during the pandemic raised new, previously irrelevant issues. The non-standardised situation forced a renewal and rethinking of critical working approaches. To support this, strategic sessions of the Strategic Departments were organised. The lack of face-to-face employee communication has been compensated by "talking" projects ("Simple Things", "Let's talk about IT"), where employees can gather and discuss topical topics in the same way as they did in the corridors before. To facilitate quick communication and meetings, two masterclasses on Teams have been initiated.

SOCIAL SUPPORT

As part of the Group's social policy to provide social security for its employees, Moscow Exchange provides social support and guarantees over and above the basic legal minimum. Corporate social support is provided in accordance with the Regulation on Employees' Corporate Social Support. Priorities for social support include health care of employees and their relatives, maternity and support for children. All Group companies provide voluntary health insurance schemes and international medical insurance for their employees, as well as travel insurance policies including accident and sickness insurance.

In the COVID-19 pandemic, starting in February 2020, the Exchange is compensating for the loss of income of all employees who fall ill, regardless of the cause of the illness. As soon as possible, 90% of staff were switched to remote working. Regular (at least twice a week) COVID-19 tests are organised in the office to support employees who need to visit the office. Employees and family members can be tested at home, if necessary, and are provided with masks, gloves and sanitizers.

The Group has a standing Social Committee which can provide financial assistance to employees in the event of an accident or force majeure not covered by insurance schemes.

OCCUPATIONAL SAFETY AND HEALTH PROTECTION

A responsible attitude to occupational safety is one of Moscow Exchange's core operating principles. High occupational health and safety standards are maintained and employees are continuously trained to raise their awareness of occupational health and safety issues.

Moscow Exchange organises occupational safety briefings, including introductions to newly hired employees, as well as initial, refresher and unscheduled on-the-job briefings, and has all types of occupational safety and fire safety instructions in place. In 2020, 337 new employees competed the occupational safety induction course.

MOEX's internal corporate portal contains instructions and provisions on occupational safety, as well as articles about health, and allows for remote learning on occupational safety topics. Last year, Moscow Exchange rolled out an interactive health and safety video training course in its Kislovsky office. The course is compulsory and covers key health and safety topics that should always be kept in mind.

Annual monitoring of the implementation of sanitary and anti-epidemic and prophylactic measures is carried out.

During the coronavirus pandemic, Group employees working in the offices were provided with antiseptic agents, gloves, personal thermometers and medical masks. Air fumigators were purchased.

Prophylactic disinfection was carried out daily. Twice a week COVID-19 testing of all employees present in the office and once a month for COVID-19 antibodies.

Employees who feel unwell or need urgent medical aid can be treated by in-house corporate doctors at their facilities in the Exchange's offices.

To maintain safe working conditions and prevent industrial injuries and occupational illness, the Group has established failsafe measures including procedures for dealing with injuries and sickness based on existing response and mitigation plans and plans currently under development.

Moscow Exchange and the community

PROFESSIONAL COMMUNITY

The Exchange is working hard to build constructive dialogue with Russian and international investors, market participants, current and potential issuers, regulatory agencies and with the professional community, both by direct communication through advisory bodies and working groups, and also at investment conferences, forums and specialized training events. This work helps to attract new investors to the Exchange's markets, expand the Exchange's client base, increase liquidity on the financial markets and attract investment into the Russian economy.

Due to the pandemic, all communication with the professional community in 2020 was promptly transferred to an online format. Meetings of the Exchange Council, user committees and working groups, as well as public events and forums, were held via online conferences. In parallel, a number of new interactive projects were launched aimed at effective interaction with the professional community and private investors.

EXCHANGE COUNCIL

The Exchange actively interacts with market participants through advisory bodies. This enables to Exchange to receive feedback from customers on planned innovations in products and services, to effectively improve market infrastructure, and to draft proposals to improve the regulation of financial markets.

The main advisory body is the Exchange Council, which is tasked with elaborating strategic proposals for the development of the Russian financial market, and also represents the interests of market participants and the Exchange's clients, to ensure that their needs are fully reflected when addressing issues related to the organization and development of financial market infrastructure. The Exchange Council includes management of major market participants, heads of self-regulatory organizations, management companies, investment banks and the Bank of Russia.

In March 2020, the Moscow Exchange Supervisory Board approved a new composition of the Exchange Council comprised 26 members. Andrey Zvyozdochkin, CEO of ATON Investment Company, was re-elected Chairman of the Exchange Council.

In 2020, seven meetings of the Exchange Council were held to consider the following issues:

- situation with the Light Sweet Crude Oil futures contract;
- management of short-term surplus liquidity;
- results of Moscow Exchange's operations for certain periods;
- Regulations on Moscow Exchange's operations on non-business days;
- Concept for updating the Code of Conduct for Trading and Clearing Members of Moscow Exchange Group companies;
- work of the Expert Council on Listing;
- results of the Exchange Council's work and identifying priorities for the Exchange Council's future work;
- conducting a survey on the level of satisfaction of Moscow Exchange clients.

USER COMMITTEES

The Exchange and NSD convene 20 user committees comprising groups of financial market participants and issuers.

The composition of most user committees is reviewed each calendar year. The members of the committees represent both professional market participants - banks and brokers - as well as issuers, non-financial companies and the regulator, the Bank of Russia.

For many years, the User Committees have been a means of communication between Moscow Exchange and the market. Members of the Committees formulate proposals to improve the regulatory framework and develop Moscow Exchange's products and services. Issues considered at Committee meetings cover all aspects of the Exchange's activities, from regulation of securities issuance and trading, information disclosure and corporate governance to technological solutions for organising on-exchange trading and clearing and settlements.

The effective work of the User Committees in 2020 was maintained at a high level, despite the current epidemiological situation, thanks to the transfer of meetings to a remote format. A total of 9 meetings of the Share Issuers Committee, Bond issuers Committee and Primary Market Committee were held during 2020, at which market participants discussed topical issues such as the Bank of Russia's draft recommendations on disclosure of non-financial information under the Responsible Investment Concept (ESG), bond listing development and optimisation, parallel IPOs with listing on Moscow Exchange and assessment of pandemic impact on issuers.

It has become standard Moscow Exchange corporate governance practice for changes in terms of exchange rules, technologies and tariffs to be subject to mandatory pre-approval at meetings of the relevant User Committees.

EXPERT COUNCIL ON LISTING

The Expert Council on Listing has operated to improve the quality of securities analysis at admission and maintenance of a security in MOEX's list. It is responsible for reviewing, analysing and making recommendations on the listing/ delisting of securities admitted to trading on the Exchange, moving companies between the listing levels, including/excluding securities in/out of the High Investment Risk Companies Sector, suspending/resuming trading in securities and other issues.

At the end of 2020, a new Expert Council on Listing of 44 members was formed, including appraisers, auditors, bankers, lawyers, analysts, investors and methodologists. The number of expert appraisers was increased to 6 to strengthen the expertise on appraiser reports for the listing of mortgage participation certificates, mutual funds and bonds.

Meetings of the Expert Council are held in the format of working groups of subject matter experts of 7–10 people approved by the Chairman of the Expert Council to consider issues on the agenda.

In 2020, eight meetings of the Expert Council on Listing were held and 19 issues were considered, including the development of recommendations on amendments to the Listing Rules.

CORPORATE GOVERNANCE DEVELOPMENT IN RUSSIA

One of the key events in the field of corporate governance and investor relations is the annual report contest organized by the Exchange and RCB media group. The competition helps to increase transparency among public companies and effective information disclosure to investors and customers.

In 2020, 111 companies took part in the 23rd annual reports contest, including 10 debutants. The awards ceremony was held online.

At the competition awards ceremony, the Exchange and Institutional Investor magazine awarded winners based on an independent survey of international investors' views of the IR programs of Russian companies. The study involved more than 385 portfolio managers and analysts from 240 banks and funds around the world.

INTERACTION WITH THE INVESTMENT COMMUNITY

For many years, the Exchange has organized its own events and supported major professional financial markets conferences.

Since 2009, the Exchange has held the Moscow Exchange Forum in leading global financial centers – Moscow, London, New York and Shanghai. They help to improve perceptions of the Russian financial market among the investment community and increase the interest of domestic and international investors in the Russian stock market. In 2020, due to the epidemiological situation in the world, the Exchange Forum was held for the first time in an online format, with over 5,000 foreign and Russian investors watching the broadcast.

In 2020, Moscow Exchange launched new remote formats to communicate with the professional community. As part of the MOEX Home Talks series of online meetings, Moscow Exchange representatives talk to company CEOs and key experts, discussing doing business in a changing environment, as well as development plans and new opportunities for the Russian economy and private investors. In 2020, 11 meetings were held with executives of major issuers, banks, brokerage and management companies.

In addition, in 2020, Moscow Exchange held its annual Structured Products conference and supported events organized by self-regulatory organizations – the National Association of Stock Market Traders (NAUFOR) and the National Financial Association (NFA), as well as ACI Russia, the Association of Corporate Treasurers and Cbonds.

IMPROVING FINANCIAL LITERACY

2020 was the year of the private investor - almost 5 million individuals opened brokerage accounts with Moscow Exchange, which is more than in all previous years. To improve the financial literacy of the population and broaden knowledge of the principles of the exchange and traded instruments, Moscow Exchange holds specialised events, training seminars and competitions.

In 2020, for the first time, an Investment Marathon was held for retail investors, both beginners and those who already have experience of trading on stock exchanges. Leading financial experts, stock exchange representatives, regulators, banks and brokers, and investor practitioners shared their experiences in the world of investment online and answered questions from listeners.

As part of the International Investor Week organised by the International Organisation of Securities Commissions (IOSCO), Moscow Exchange opened the trading day with a ceremony dedicated to financial literacy. The Ring the Bell for Financial Literacy ceremony was initiated by the World Federation of Exchanges (WFE).

In 2020, Moscow Exchange launched a number of new online projects for a wide range of retail investors:

- "Investing Without Panic" is a series of online meetings with financial market experts on the most relevant topics for retail investors. The events are organised in two streams - for novice investors and for experienced traders.
- The "Money makes money" podcast for retail investors is a new educational programme format that combines education with entertainment. The aim of the project is to increase financial literacy of individuals interested in investments. The main topics of the broadcasts include the basics of investing, defining a risk profile, the structure of the securities market, key stock market instruments and how to work with them.
- Telegram channels for anyone interested in investing.

  - The official MOEX-Moscow Exchange channel is dedicated to the main news, market snapshots and relevant data on developments in the stock market and investment industry.
  - The channel of the Moscow Exchange School educational project is intended for novice investors and anyone who wants to understand the nuances of exchange trading, strategies and the specifics of various instruments.

In 2020, about 300 training webinars were held on the Moscow Exchange School online platform which works to improve the financial literacy of the population. The webinars allowed retail investors to gain knowledge and skills in managing their personal finances. More than 80,000 people participated in these events.

The Exchange annually organizes competitions for private investors to demonstrate the opportunities and potential profitability of trading on MOEX. The 'Best Private Investor' contest has been held since 2003 and is the world's largest exchange competition for traders. In 2020, a record 16,600 investors participated in the competition, their total trade turnover amounted to 1.7 trillion rubles. Total prize money awarded was 8.7 million rubles.

Since 2015, the Invest Trial competition for beginners has also been held, allowing participants to gain investment experience using demo mode (without risking their own funds) and get a real cash prize. In 2020, over 12,000 investors took part in the competition, and more than 700 were awarded prizes. Total prize money awarded was 8 million rubles.

Moscow Exchange is working with the Bank of Russia to improve financial literacy. In 2020, Exchange employees participated in the Financial Literacy Days project in Russia's regions, and were active members of the Expert Council on Financial Literacy at the Bank of Russia and in working groups of the Financial Literacy Development Association.

In 2020, the audience that participates in various events to improve financial literacy has grown significantly. In addition to the official Exchange telegram channel, Moscow Exchange specialists participated in some TV projects on the Kultura and Rossiya 24 channels.

COOPERATION WITH UNIVERSITIES

As part of its initiatives to increase financial literacy and partner with Russia's leading universities, Moscow Exchange has established a Moscow Exchange Scholarship for students and a Distinguished Professorship at the New Economic School (NES), to provide an opportunity for talented and hardworking students to concentrate on their education and fulfill their academic potential. Four students currently conducting research at NES's Master Degree Programs have been awarded Moscow Exchange Scholarships and a Distinguished Professorship has been awarded to Anna Obizhaeva, Professor of NES.

The annual Governor's Cup of the Novosibirsk Region on the Exchange Financial Market was held for students of Russian universities. The tournament gave 234 students from 24 universities in 15 Russia's cities the opportunity to familiarize themselves with exchange tools, try out trading strategies, practice building an investment portfolio and gain experience in the exchange markets. The tournament was held in two stages - the first stage as part of the Invest Trial 2020 competition and the second stage as part of the annual Best Private Investor competition. The winners were determined on the basis of the maximum total income from operations on the Equity & Bond, FX and Derivatives Markets. All winners were awarded letters of appreciation from the Governor of the Novosibirsk Region and the Ministry of Education of the Novosibirsk Region, as well as prizes from Moscow Exchange and professional participants.

STOCK EXCHANGE HISTORY

During 2020, ongoing work continued to further explore the history of our country's stock exchanges and financial market. Before the lockdown began, employees of banks and financial companies (Sberbank, Alfa Bank, Otkritie, etc.) visited the historical exhibition of the Stock Exchange Museum. Since March 2020, excursions to the museum have been impossible due to the pandemic; however, information about interesting facts and events on the history of Russia's financial market began to be posted on the official MOEX-Moscow Exchange telegram channel.

Research work continued unabated, with the Exchange History Museum actively collaborating with the Goznak Money Museum (St. Petersburg), the Scientific Council for Economic History of the Russian Academy of Sciences, the Institute of Russian History of the Russian Academy of Sciences, and the Centre for Economic History of Lomonosov Moscow State University. Articles on the history of the Russian Empire's public debt, the financial consequences of the Treaty of Brest-Litovsk, the first Soviet government bonds and the monetary reform of the 1920s were prepared and published.

Environmental impact

Moscow Exchange Group companies are guided in their approach to environmental impact by regulatory requirements and best practices adopted by companies in the financial services sector worldwide. The Group supports the precautionary principle enshrined in the UN's 1992 Rio Declaration.

MOEX's environmental policies are governed by the Exchange's Industrial Control Program, as well as the draft standards on Waste Generation and Disposal Limits approved by the Moscow Department of Environmental Management and Protection for the five years to February 2023.

Key areas for reducing MOEX's environmental impact include:

- increasing energy efficiency (including electricity, heat and automobile fuel);
- improving efficiency of water use;
- reducing the amount of waste generated and increasing the share of recyclable waste;
- increasing awareness of environmental issues and encouraging responsibility among employees.

ENERGY EFFICIENCY AND GREENHOUSE GAS EMISSIONS

Energy consumption by types of energy

	2019		2020		Change 2020/2019 (%)
	Units consumed	MJ	Units consumed	МДж	
Fuel:					
Gasoline (l)	70,670.43	2,314,544.43	46,286.5	1,515,940.41	–34.5
Diesel (l)	7,254.31	255,871.82	5,874.08	207,188.77	-19.03
Electricity (kWh)	11,286,228.48	40,630,422.52	9,955,251.85	35,838,906.64	-11.79
Heat (Gcal)	4,588.42	19,983,049.11	3,997.8	17,410,847.49	–12.87

The Group continuously seeks to reduce energy consumption and greenhouse gas emissions by using more energy-efficient equipment and vehicles. The Group's companies operate a modern vehicle fleet, with most vehicles produced after 2014 and all cars equipped with class IV or V engines.

Electricity consumption

Electricity consumption volumes are recorded at all of the Group's office facilities, both owned and leased. The significant decrease in electricity consumption in 2020 was due to the transfer of the Group's employees to remote working in the context of the restrictions caused by the coronavirus pandemic.

Servers and computing equipment are the Group's largest consumers of electricity. The operation of MOEX's systems involves maintaining large amounts of equipment at two data centers.

The Group is focusing on two main areas to manage computing power and use energy responsibly:

- Consolidation of computing capacity by developing virtualization systems and introducing solutions based on microservice architecture, which means server equipment is operational only as and when needed;
- Ongoing equipment rotation and updating, and deployment of more modern and energy- efficient server solutions.

In addition to control over operation of computing equipment, the Exchange carefully monitors power consumption at office premises. Forced shutdown is applied to all electrical equipment when not in use, and cold atmospheric air is used to air-condition server rooms in winter.

In 2020, the Group continued work on replacement of lamps with energy-saving lamps. For example, in the office on Spartakovskaya Street, all lamps were replaced with LED ones.

Energy costs *(thousand rubles, excluding VAT)*

Resource	2019	2020	Change 2020/2019 (thousand rubles)	Change 2020/2019 (%)
Gasoline	2,848.01	1,920.28	–927.73	–32.6
Diesel	296.72	228.12	-68.6	-23.1
Electricity	58,196.17	49,556.76	-8,639.42	-14.8
Heat	7,073.56	6,371.75	-701.81	–9.9

Greenhouse gases

In its activities, Moscow Exchange directly emits greenhouse gases through the operation of corporate vehicles and its own diesel generators to generate electricity in the event of emergency outages. Indirect emissions occur due to the use of electric and thermal energy purchased from energy suppliers.

In 2020, the Group reduced direct and indirect emissions (Scope 1 and Scope 2) of greenhouse gases and the ratio of emissions intensity to revenue. This was achieved through a reduction in the Group's consumption of heat and diesel fuel through reduced vehicle use in the context of pandemic restrictions and as a result of lower energy consumption for heating purposes due to a warm winter in 2020.

WASTE COLLECTION AND DISPOSAL

At all of the Exchange's premises, waste is collected and disposed of systematically as per the draft standards on Waste Generation and Disposal Limits. Waste is separated by type, hazard class and other characteristics to ensure proper collection, storage, transport and disposal.

In 2020, the total volume and structure of waste destined for disposal, treatment and recycling remained practically the same as in the previous year.

The Exchange subscribes to modern waste recycling principles and is seeking to increase environmental awareness among all staff. Batteries are collected and disposed of at all MOEX Group offices, which are also equipped with waste sorting bins. The Exchange is reducing volumes of waste paper generated by introducing electronic document management.

WATER USAGE

Moscow Exchange PJSC takes measures to effectively use water at the offices of the Group's companies. The quantity of water collected and discharged is recorded at the offices in Bolshoy Kislovsky pereulok, Sredny Kislovsky pereulok, Spartak street and Vozdvizhenka street[1].

Water colllection is carried out through municipal water supply systems. Water is discharged into the city sewer system and stormwater pipes of Mosvodostok, cleaning is not required.

In 2020, there was a significant decrease in the volume of water consumption (by more than 43% compared to 2019), due to the transfer of a significant number of employees to remote work.

[1] The premises located on Bolshoy Kislovsky Pereulok, Sredny Kislovsky Pereulok, Spartakovskaya Street and Vozdvizhenka Street account for more than 95% of the total floor area used by the Exchange, NCC and NSD.

Corporate governance

Corporate governance system

CORPORATE GOVERNANCE MODEL AND PRACTICE

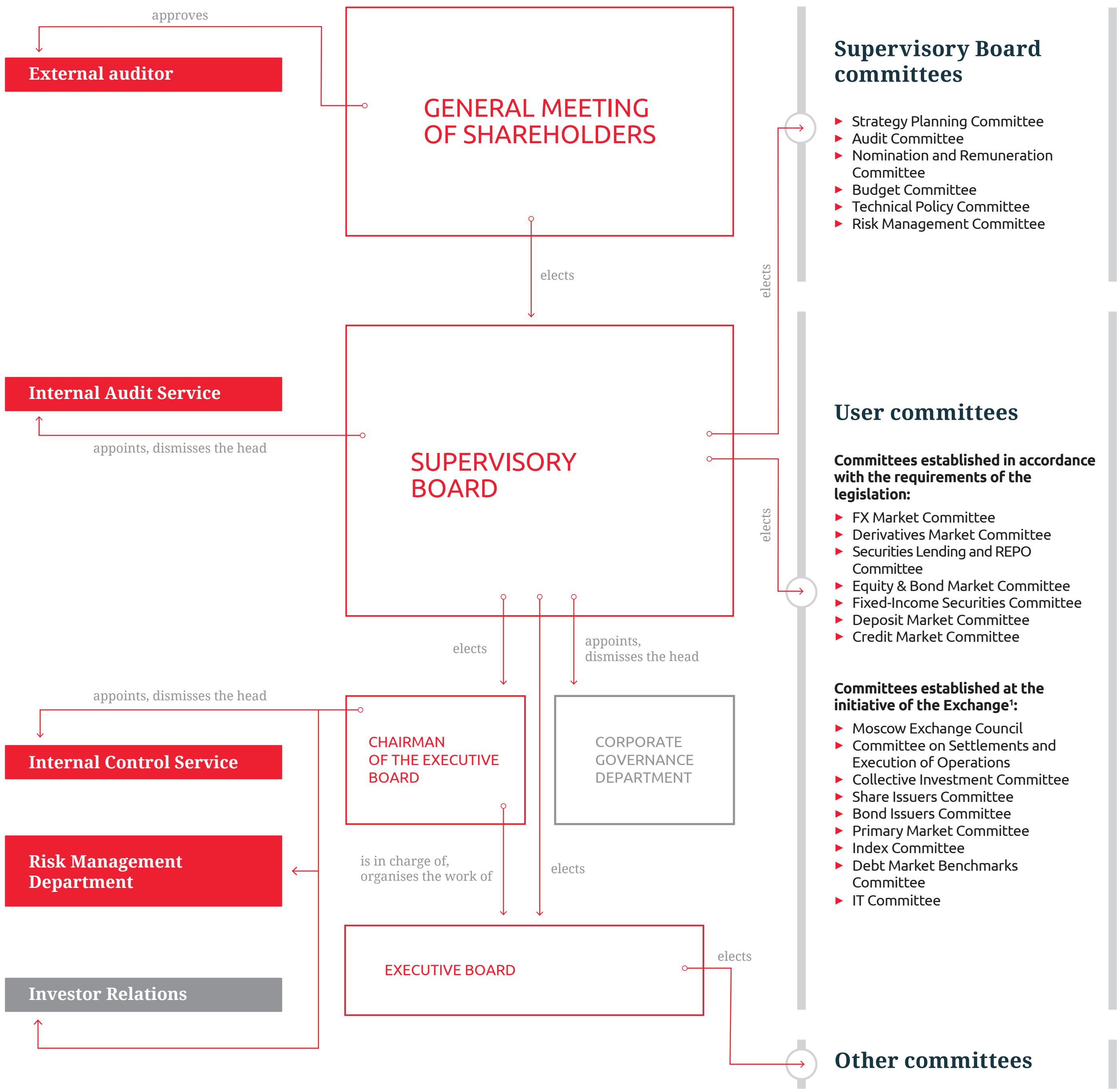
Moscow Exchange is one of Russia's largest public companies. The Bank of Russia, which acts as regulator of the financial market, is one of the Exchange's shareholders. The Exchange is also a market infrastructure operator that establishes rules for other issuers. Because of all these factors, the Exchange must adhere to the highest corporate governance standards. Continued development of the corporate governance system is aimed primarily at improving MOEX's effectiveness and competitiveness, and maintaining a positive perception of the Exchange's corporate governance system among shareholders, investors and the broader business community.

The Exchange continuously evaluates and responds to developments in corporate legislation and corporate governance practices in Russia and internationally. It complies with the Federal Law on Organized Trading (No. 325-FZ dated 21 November 2011), which outlines the corporate governance requirements for the organizer of trading; the principles and recommendations prescribed in the Corporate Governance Code of the Bank of Russia; the requirements of the Listing Rules; the G20/OECD corporate governance principles; international standards and principles relating to corporate social responsibility and sustainable development; as well as the disclosure standards developed by the Global Reporting Initiative (GRI).

Shares of Moscow Exchange are traded on the Exchange's own platform and included in the first level quotation list. To ensure that the Exchange's activities and documents fully comply with the corporate governance requirements set out in the Listing Rules and with the Bank of Russia's Corporate Governance Code, the following measures were taken in 2020:

- eight independent directors were elected to the Supervisory Board, which consists of 12 members;
- all independent directors meet the independence criteria set by the Listing Rules;
- An independent director was elected as Chairman of the Supervisory Board;
- the Audit Committee and the Nomination and Remuneration Committee consist only of independent members of the Supervisory Board.

Corporate governance structure



Control and audit bodies

Investor and Shareholder Relations

Advisory bodies

Governing bodies

Corporate Secretary

[1] Advisory bodies of the Exchange established in accordance with the requirements of Article 10 of the Federal Law No. 325-FZ dated 21 November 2011 “On Organised Trading” and Regulations of the Bank of Russia No. 437-P dated 17 October 2014 “On Organised Trading Activities”

GENERAL MEETING OF SHAREHOLDERS

The General Meeting of Shareholders is the supreme governing body of Moscow Exchange. General Meetings of Shareholders adopt resolutions on strategic issues. The scope of issues within the terms of reference of General Meetings of Shareholders is determined by the Federal Law on Joint-Stock Companies (No. 208-FZ dated 26 December 1995) and Moscow Exchange Charter.

The Annual General Meeting of Shareholders (AGM) of Moscow Exchange was held on 28 April 2020. In addition to reviewing mandatory and routine issues, the AGM voted for resolutions on approval of new versions of the Charter, Provisions on the Procedure of Preparation, Convocation and Holding of the General Shareholders Meeting as well as Provisions on the Supervisory Board.

Under paragraph 1, Article 85 of Federal Law on Joint-Stock Companies, a revision commission is not required to be established in a joint-stock company if the commission is not set out in the company's charter. Therefore, a new version of the Charter of Moscow Exchange without the Revision Commission set out therein was submitted for consideration by the AGM. As the AGM approved the new version of the Charter, the results of voting on the item regarding the election of members of the Revisions Commission were not finalized, the Revision Commission is deemed as having not been established and members of the Commission are deemed as having not been elected.

SUPERVISORY BOARD

Role of the Supervisory Board

The Supervisory Board is a key element of the corporate governance system, with overall responsibility for the activities of Moscow Exchange.

The Supervisory Board is accountable to the General Meeting of Shareholders: members of the Supervisory Board are elected by the General Meeting of Shareholders, and their powers may be terminated at any time by the General Meeting of Shareholders.

The terms of reference of the Supervisory Board are established in the Charter and are clearly separated from those of the executive bodies that manage the day-to-day activities of the Exchange. The Supervisory Board:

- determines the vision, mission and strategy of the Exchange;
- is responsible for strategic oversight of the Exchange and long-term sustainable development;
- establishes strategic goals and key performance indicators.

When developing Moscow Exchange's strategy, the Supervisory Board takes into account shareholders' vision for the development of the Exchange. The Supervisory Board considers queries and requests from shareholders and investors and, if necessary, gives appropriate instructions to senior management.

The work schedule approved by the Supervisory Board includes the main activities of the Exchange, which are correlated with the strategic planning cycle and ongoing business cycles. When preparing the work schedule, proposals of members of the Supervisory Board and senior executives on priority issues are taken into account.

Information on the activities of the Supervisory Board, including its composition, meetings held and work of its committees, is disclosed on the Exchange's website in the form of press releases and corporate action notices, as well as the Annual Report, which ensures transparency of the activities of the Supervisory Board.

Structure of the Supervisory Board

The Supervisory Board is composed of directors who have the experience and professional skills required to oversee implementation of the Exchange's strategy.

In accordance with the Exchange's Charter, the number of members of the Supervisory Board is set by the resolution of the General Meeting of Shareholders.

Currently, the Supervisory Board of Moscow Exchange is comprised of 12 members.

The Supervisory Board is managed and administered by the Chairman of the Supervisory Board.

The Chairman is elected/re-elected by the members of the Supervisory Board from among the Board membership, by a majority vote.

The following committees were formed by the Supervisory Board for preliminary consideration of key issues and preparation of recommendations for the Supervisory Board:

- Strategy Planning Committee;
- Audit Committee;
- Nomination and Remuneration Committee;
- Technical Policy Committee;
- Risk Management Committee.

Members of the committees are selected annually from among the members of the Supervisory Board. Four of the five Supervisory Board Committees are headed by independent directors; the Audit Committee and the Nomination and Remuneration Committee are composed only of independent directors. Non-Board member IT experts are also invited to participate in the Technical Policy Committee.

The Supervisory Board is comprised of members who have the experience and professional skills required to oversee implementation of the Exchange's strategy. Members of the Supervisory Board of the Exchange are experts in financial market infrastructure, international organized trading, IT in the financial sector, operational and financial risk management and financial reporting. They also have skills in personnel policy and modern approaches to incentivizing top managers.

Following the election at the 2020 Annual General Meeting of Shareholders, the Supervisory Board included seven independent directors who met all the independence criteria set forth in the Listing Rules (no relationship with the Exchange, its significant shareholders, significant competitors, or counterparties, as well as no relationship with the government), and five non-executive directors. At the first meeting, one additional director was qualified as independent director, notwithstanding existing formal relationship with counterparties. Oleg Viyugin is also a member of the Board of Directors of the National Association of Securities Market Participants (NAUFOR), for which the Exchange is a significant counterparty. In late September, the Supervisory Board decided to qualify Paul Bodart as an independent director notwithstanding possible formal relationship with a significant counterparty of the Exchange as Paul Bodart is also a member of the Supervisory Board of NSD.

There are no conflicts of interests of Supervisory Board members and Executive Board members (including those relating to the participation of the said persons in the governing bodies of the Exchange's competitors)

Composition of the Supervisory Board

No	Composition of the Supervisory Board as elected from 25 April 2019 (Minutes No. 59 as of 25 April 2019)	No	Composition of the Supervisory Board as elected from 28 April 2020 (Minutes No. 61 as of 28 April 2020)
Independent directors			
1	Rainer RIESS	1	Ramón Adarraga
2	Maria GORDON	2	Maria GORDON
3	Oleg VIYUGIN	3	Oleg VIYUGIN
4	Alexander IZOSIMOV	4	Alexander IZOSIMOV
5	Mikhail BRATANOV	5	Maxim Krasnykh
6	Paul Bodart	6	Paul Bodart
7	Dmitry EREMEEV	7	Dmitry EREMEEV
		8	Oskar Hartmann
Non-executive directors			
8	Andrey GOLIKOV	9	Andrey GOLIKOV
9	Valery GOREGLYAD	10	Valery GOREGLYAD
10	Bella ZLATKIS	11	Bella ZLATKIS
11	Ilya BAKHTURIN	12	Vadim KULIK
Executive director (from 16 May 2019)			
12	Yury Denisov		

Information on the Supervisory Board members elected at the Annual General Meeting of Shareholders held on 28 April 2020

Oleg VIYUGIN

Chairman of the Supervisory Board, Independent Director

Member of the Strategic Planning Committee, member of the Nomination and Remuneration Committee.

Born on 29 July 1952 in Ufa.

- In 1974, he graduated from the Lomonosov Moscow State University with a qualification in Mathematics.
- He holds a PhD in Physics and Mathematics. He is a professor in the Finance Department at the Higher School of Economics.
- Since 2007, he has been a professor of the School of Finance of the Economic Science Department at the HSE University. Since 2019, he has been an Adviser to the Director General of SAFMAR Financial Investment. He is a member of the Council of the Strategic Development Center and AGAT Youth Entrepreneurship Fund. He is Chairman of the Board of Directors of NAUFOR and SAFMAR Financial Investment; a member of the Board of Directors of Rosneft, Unipro and SF Holdings Company Plc; a member of the Presidium of the National Council on Corporate Governance.
- He was first elected to Moscow Exchange's Supervisory Board on 27 April 2017.

He has no interest in the share capital of Moscow Exchange. He reported no transactions involving shares of Moscow Exchange in 2020.

Ramón Adarraga

Member of the Supervisory Board, Independent Director

Member of the Strategic Planning Committee, member of the Audit Committee.

Born on 7 October 1963 in Madrid.

- In 1986, he graduated from the Universidad Pontificia Comillas (ICADE, Madrid, Spain), with a degree in Economic Sciences and Business Administration.
- Currently, an independent consultant.
- From 2003 to 2019, he was a member of the Top Management Committee of BME – Spanish Exchanges:
- Director of the International Affairs Division
- Director of the Market Data & Value-Added Services Business Unit
- From 1995 to 2019, he was Secretary General (1995–2005) and Board member (2005–2019) at European Capital Market Institute.
- From 2004 to 2016, he was CEO at Infobolsa, S.A.
- From 2008 to 2014, he was a member of the Board of the Spanish Institute of Financial Analysts (IEAF).
- From 1994 to 2003, he was Head of International Affairs of Madrid Stock Exchange.
- He was first elected to Moscow Exchange's Supervisory Board on 28 April 2020.

He has no interest in the share capital of Moscow Exchange. He reported no transactions involving shares of Moscow Exchange in 2020.

Paul A. BODART

Member of the Supervisory Board, Independent Director

Member of the Strategy Planning Committee, member of the Audit Committee.

Born on 22 January 1953 in Rotterdam.

- In 1976, he graduated from the Universite Catholique de Louvain (Belgium) with a Master's degree in Applied Engineering Mathematics.
- In 1986, he graduated from INSEAD business school (Fontainebleau, France) with an MBA degree.
- From 2013 to 2019, he was a professor at Solvay Brussels School (post-degree program in financial markets).
- From 2012 to 2015, he was a non-central bank member of the T2S Board (the European Central Bank), and from 2013 to 2016, he was an independent director of Dexia SA.
- Currently, he is a member of the Supervisory Board of NSD, independent director of Belfius Bank S.A. and member of the General Council of Hellenic Financial Stability Fund (HFSF).
- He was elected to Moscow Exchange's Supervisory Board on 25 April 2019.

He has no interest in the share capital of Moscow Exchange. He reported no transactions involving shares of Moscow Exchange in 2020.

Andrey GOLIKOV

Deputy Chairman of the Supervisory Board

Chairman of the Risk Management Committee, and member of the Strategic Planning Committee.

Born on 14 March 1969 in Volzhsky, Volgograd region.

- In 1991, he graduated from the Lomonosov Moscow State University with a degree in Mechanics.
- In 2016, he received a Diploma in Company Direction from the Institute of Directors (IoD).
- He is an independent director of the Supervisory Board of Russian National Reinsurance Company, a member of the Boards of Directors of Otkritie Bank and Absolut Bank, a member of the Supervisory Board of CCP NCC, and co-Chairman of the Board of Directors of NFA.
- He was first elected to Moscow Exchange's Supervisory Board on 24 April 2003.

He has no interest in the share capital of Moscow Exchange. He reported no transactions involving shares of Moscow Exchange in 2020.

Maria GORDON

Member of the Supervisory Board, Independent Director

Chairman of the Audit Committee and member of the Nomination and Remuneration Committee.

Born on 13 February 1974 in Vladikavkaz.

- In 1995, she graduated from the University of Wisconsin (USA) with a Bachelor's degree in Political Science.
- In 1998, she graduated from the Fletcher School of Law and Diplomacy at Tufts University with a Master of Arts degree.
- She is a member of the Supervisory Boards of ALROSA, Polyus and Detsky Mir.
- She was first elected to Moscow Exchange's Supervisory Board on 27 April 2016.

She has no interest in the share capital of Moscow Exchange. She reported no transactions involving shares of Moscow Exchange in 2020.

Valery GOREGLYAD

Member of the Supervisory Board

Member of the Risk Management Committee.

Born on 18 June 1958 in Glusk, Glusk district, Mogilev region.

- In 1981, he graduated from the Ordzhonikidze Moscow Aviation Institute with a Mechanical Engineering qualification (Aircraft Production).
- In 2017, he graduated from the Russian Presidential Academy of National Economy and Public Administration with a degree in Jurisprudence.
- He holds a PhD in Economics. Since 2009, he has been a professor at the Higher School of State Audit at Lomonosov Moscow State University.
- Since 2013, he has been the Chief Auditor of the Bank of Russia.
- He is a member of the Board of Directors of Rosgosstrakh; a member of the Supervisory Board of Russian National Reinsurance Company; a member of the Supervisory Board of the Russian Union for Collection (ROSINKAS); as well as a member of the Council of Institute of Internal Auditors Association.
- He was first elected to Moscow Exchange's Supervisory Board on 26 June 2014.

He has no interest in the share capital of Moscow Exchange. He reported no transactions involving shares of Moscow Exchange in 2020.

Dmitry EREMEEV

Member of the Supervisory Board, Independent Director

Member of the Strategic Planning Committee, member of the Technical Policy Committee.

Born on 26 May 1983 in Kazan.

- In 2005, he graduated from Kazan State University with a qualification in Applied Mathematics and IT.
- From 2013 to 2016, he was a Senior Expert Advisor to the Head of Kazan Municipal Entity Office of the Secretariat of the Kazan City Duma. Currently, he is the Chairman of the Board of Directors of Bank 131.
- He was elected to Moscow Exchange's Supervisory Board on 25 April 2019.

He has no interest in the share capital of Moscow Exchange. He reported no transactions involving shares of Moscow Exchange in 2020.

Bella ZLATKIS

Member of the Supervisory Board

Born on 5 July 1948 in Moscow.

- In 1970, she graduated from the Moscow Finance Institute with a qualification in Finance and Credit.
- She has a PhD in Economics.
- Since 2004, she has been the Deputy Chair of the Executive Board at Sberbank. Earlier, she worked in the Ministry of Finance of the Russian Federation for more than 30 years.
- Since 2011, she has been a member of the Supervisory Board of NSD and is currently its Chairwoman. Ms. Zlatkis is a member of the Supervisory Board of Sberbank.
- She was first elected to Moscow Exchange's Supervisory Board on 19 May 2011.

She has no interest in the share capital of Moscow Exchange. She reported no transactions involving shares of Moscow Exchange in 2020.

Alexander IZOSIMOV

Member of the Supervisory Board, Independent Director

Chairman of the Nomination and Remuneration Committee, Member of the Audit Committee.

Born on 10 January 1964 in Yakutsk.

- In 1987, he graduated from the Moscow Aviation Institute with a qualification in System Engineering.
- From 2003 to 2011, he was the CEO of VimpelCom.
- During the period from 1996 to 2003, he worked in Mars Inc., and from 2001 to 2003 held the position of its President in CIS Countries, Central Europe and Scandinavia.
- Earlier in his career he worked at the international consultancy McKinsey & Company.
- Since 2012, he has been CEO of DRC Advisors AB.
- Since 1 October 2020, he has been the CEO and member of the Executive Board of M.Video. Currently, he is a member of the Boards of Directors of DRCAdvisors AB, EVRAZ plc., Nilar AB and Hövding AB.
- He was first elected to Moscow Exchange's Supervisory Board on 26 April 2018.

He has no interest in the share capital of Moscow Exchange. He reported no transactions involving shares of Moscow Exchange in 2020.

Maxim Krasnykh

Member of the Supervisory Board, Independent Director

Member of the Strategic Planning Committee, member of the Nomination and Remuneration Committee, member of the Technical Policy Committee

Born on 9 September 1982 in Yoshkar-Ola, Mari ASSR.

- In 2004, he graduated from the Financial University under the Government of the Russian Federation, Master in Finance.
- In 2014, he graduated from Columbia University, MBA.
- Since 2015, COO at Gett representing management in the company's Board of Directors.
- Worked in corporate finance (PwC) and the investment sector (Intel Capital, Alfa Capital Partners, Fleming Family and Partners), where he was responsible for investments and development of technological companies, including marketplaces, and companies dealing with the voice recognition, cloud communications and logistics.
- Currently, he is a member of the Board of Directors at GT Gettaxi Systems IL.
- He was first elected to Moscow Exchange's Supervisory Board on 28 April 2020.

He has no interest in the share capital of Moscow Exchange. He reported no transactions involving shares of Moscow Exchange in 2020.

Vadim Kulik

Member of the Supervisory Board

Chairman of the Technical Policy Committee, member of the Risk Management Committee

Born on 14 August 1972 in Nalchik, the Kabardino-Balkarian Republic.

- In 1996, he graduated from the D. Mendeleev University of Chemical Technology of Russia, with degree in Chemical Technology of Modern Energetics Materials.
- In 1998, he graduated from Plekhanov Russian Academy of Economics, with degree in Finance and Credit.
- He worked at Sberbank for 6 years, became the Deputy Chair of the Executive Board. Was in charge of risk management, information and technical services and operations. Was a member of the Executive Board of Sberbank.
- From 2017 to 2020, he worked at Gazprom as the Deputy Chair of the Executive Board.
- Since 2019, he served as Deputy President – Chair of the Executive Board of VTB Bank, and since 2017, Director of the Digital Competence Centre at the Russian Presidential Academy of National Economy and Public Administration.
- Since 2017, he has been a member of the Supervisory Board at Russian National Reinsurance Company, a member of the Supervisory Board of CCP NCC.
- He was first elected to Moscow Exchange’s Supervisory Board on 28 April 2020.

He has no interest in the share capital of Moscow Exchange. He reported no transactions involving shares of Moscow Exchange in 2020.

Oskar Hartmann

Member of the Supervisory Board, Independent Director

Member of the Strategic Planning Committee, member of the Technical Policy Committee

Born on 14 May 1982 in Jambyl, Kazakhstan

- In 2008, he graduated from the WHU - Otto Beisheim School of Management (Germany), international management.
- Since 2010, he has been founder and president at Hartmann Holdings.
- Since 2012, he has been president of the Charitable Foundation to support and develop the Russian economy.
- Since 2015, he has been founder and president at Aktivo.
- Since 2017, he has been founder and CEO at Polyanka OOO.
- Since 2013, he has been co-founder and chairman of the board of directors at CarPrice.
- Since 2017, he has been a member of the board of directors at Alfa Bank.
- He was first elected to Moscow Exchange’s Supervisory Board on 28 April 2020.

He has no interest in the share capital of Moscow Exchange. He reported no transactions involving shares of Moscow Exchange in 2020.

Information on the Supervisory Board members before 28 April 2020

Ilya Bakhturin

Member of the Supervisory Board

Member of the Strategy Planning Committee.

Born on 3 January 1978 in Moscow, Russia.

- In 2000, he graduated from the Lomonosov Moscow State University with a Bachelor's degree in Economics.
- From 2016 to 2017, he was an Executive Director at Goldman Sachs (Russia) and held a post at Baring Vostok Capital Partners Group Limited.
- From 2017 to 2019, he was Special Investment Project Director at the Russian Direct Investment Fund.
- Currently, he holds the position of Investment Director at Complexprom Joint-Stock Company.
- He was elected to Moscow Exchange's Supervisory Board on 25 April 2019.

He has no interest in the share capital of Moscow Exchange. He reported no transactions involving shares of Moscow Exchange in 2020.

Mikhail BRATANOV

Member of the Supervisory Board, Independent Director

Chairman of the Nomination and Remuneration Committee, member of the Budget Committee, member of the Risk Management Committee.

Born on 16 May 1973 in Dolgoprudny, Moscow region.

- In 1996, he graduated from the Moscow State Institute of Electronic Engineering with degrees in Electronic Engineering and Management.
- In 2011, he graduated from the Moscow School of Management SKOLKOVO with an Executive MBA degree.
- In 2017, he received a Chartered Director qualification from the Institute of Directors (IoD).
- In 2019, he graduated from the Centre for Effective Dispute Resolution, UK with Accredited CERD Mediator qualification.
- He holds a PhD in Economics.
- Since 2007, he has been the Director of the Securities Services Department and Head of Societe Generale Securities Services in Russia and CIS at ROSBANK.
- He is a member of the Supervisory Board of NSD; a member of the Boards of Directors of the Professional Association of Transfer-Agents, Registrars and Depositories (PARTAD), RB Specialised Depository, Russian National Reinsurance Company, and National Financial Association. He is also a Chairman of the Executive Board of the Association of Landowners on Assistance in Pestovo Villa Community Improvement.
- He was first elected to Moscow Exchange's Supervisory Board on 19 May 2011.

He has no interest in the share capital of Moscow Exchange. He reported no transactions involving shares of Moscow Exchange in 2020.

Yury Denisov

Member of the Supervisory Board

Born on 31 May 1970 in Moscow.

- In 1993, he graduated from the Moscow State Institute of International Relations with a qualification in International Economic Relations.
- Since 2019, he has been Chairman of Moscow Exchange Executive Board.
- He is a member of the Supervisory Boards of CCP NCC and NSD, as well as a member of the Executive Board of the Russian Union of Industrialists and Entrepreneurs.
- He was first elected to Moscow Exchange's Supervisory Board on 24 April 2008.

He has no interest in the share capital of Moscow Exchange.

He reported the following transactions involving shares of Moscow Exchange in 2020.

Date	Purchase (in shares)	Sale (in shares)	Balance	Equity interest, %
06 November 2020	611,444		611,444	0.0268
13 November 2020		250,000	361,444	0.0159
16 November 2020		361,444	0	0

Rainer RIESS

member of the Supervisory Board, Independent Director

Chairman of the Strategy Planning Committee, member of the Audit Committee.

Born on 20 January 1966 in Darmstadt, Germany.

- In 1993, he graduated from the University of Miami with an MBA degree (Finance, Marketing).
- In 1994, he graduated from the Wolfgang Goethe University (Frankfurt) with a Master of Arts degree in Economics.
- He is the Managing Partner and owner of Addwis GmbH (Frankfurt, Germany) and RR Little Paradise Real Estate LLC, as well as the General Director of the Federation of European Securities Exchanges AISBL (FESE).
- He was first elected to Moscow Exchange's Supervisory Board on 25 June 2013.

He has no interest in the share capital of Moscow Exchange. He reported no transactions involving shares of Moscow Exchange in 2020.

Activities of the Supervisory Board in 2020

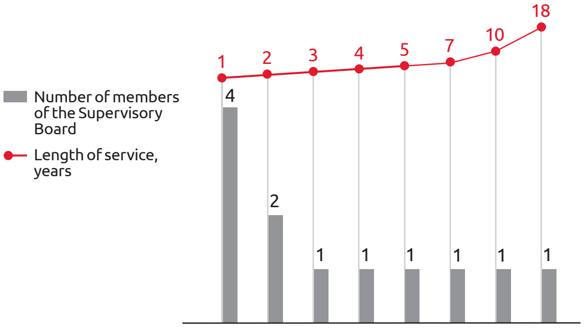
From 1 January 2020 to 31 December 2020, the Supervisory Board held 24 meetings (including five in-person meetings).

Seven meetings of the Supervisory Board were held prior to and 17 meetings after the Annual General Meeting of Shareholders on 28 April 2020.

The cumulative length of service on the Supervisory Board of all its members is

55 years.

Length of service on the Supervisory Board



Board members' attendance at Meetings of the Supervisory Board

Full name	Number of meetings attended	% of meetings attended
Ramón Adarraga (member of the Supervisory Board since 28 April 2020)	17	100
Ilya BAKHTURIN (member of the Supervisory Board until 28 April 2020)	7	100
Paul Bodart	24	100
Mikhail BRATANOV (member of the Supervisory Board until 28 April 2020)	7	100
Oleg VIYUGIN	24	100
Andrey Golikov	24	100
Maria GORDON	24	100
Valery GOREGLYAD	23	95.8
Yury Denisov (member of the Supervisory Board until 28 April 2020)	7	100
Dmitry EREMEEV	24	100
Bella ZLATKIS	24	100
Alexander IZOSIMOV	23	95.8
Maxim Krasnykh (member of the Supervisory Board since 28 April 2020)	17	100
Vadim KULIK (member of the Supervisory Board since 28 April 2020)	17	100
Rainer RIESS (member of the Supervisory Board until 28 April 2020)	7	100
Oskar Hartmann (member of the Supervisory Board since 28 April 2020)	12	70.6

Many issues on the agenda of Supervisory Board meetings are considered ahead of time by the relevant committees to allow for a more detailed discussion and to give voting recommendations to the Supervisory Board.

In 2020, the Supervisory Board considered issues relating to the performance of its main functions, including:

- **strategy issues:**
  - approval of the internal audit strategy of the Moscow Exchange Group;
  - approval of the IT strategy of Moscow Exchange through 2024;
  - approval of the risk management strategy of the Moscow Exchange Group through 2024;
  - approval of the information security strategy of the Moscow Exchange Group through 2024;
- **personnel issues:**
  - approval of the decision to increase the number of members in the Executive Board and elect two new members of the Board;
  - preparation of recommendations to shareholders with regard to the membership of the Exchange's Supervisory Board for election at the Annual General Meeting of Shareholders;
- **business development issues:**
  - review of fees on the Equity and Bond Market, deposit market and Derivatives Market; trading fees on the FX Market, and listing fees; approval of an update to the Regulations on Fees for Participation in Trading on the Equity and Bond Market and Deposit Market;
- **key documents of the Exchange:**
  - Rules of the organized trading on the Exchange's markets, Listing Rules;
  - Rules of admission to organized trading on all markets;
- **risk management issues:**
  - approval of risk-appetite indicators for the Group and their ranges for 2021–2024;
  - approval of an updated method for defining benchmark indices of risk appetite for the Exchange;
  - approval of the rules on management of risks related to financial platform operator activities.

Appointment, induction and training of Supervisory Board members

In accordance with the Federal Law on Joint Stock Companies and the Exchange's Charter, shareholders holding in aggregate at least 2% of the voting shares in Moscow Exchange may nominate candidates to the Supervisory Board of the Exchange (the number of which cannot exceed the number of members of the Supervisory Board of the Exchange) no later than 60 days after the end of each fiscal year.

As of 2 March 2020, the Exchange had received proposals for the nomination of three candidates to the Supervisory Board to be elected at the Annual General Meeting of Shareholders in 2020; all three were included in the list for voting at the General Meeting of Shareholders.

In accordance with the amendments to the Federal Law on Joint Stock Companies, the Supervisory Board is entitled to nominate candidates for the Exchange's Supervisory Board (apart from those nominated by the shareholders) at its own discretion. Succession planning and provision for the required competencies on the Supervisory Board are considered to be best practice. The Nomination and Remuneration Committee, taking into account consultations with the members of the Supervisory Board and significant shareholders, recommended that the Supervisory Board include 12 candidates most suitable for election to the Supervisory Board for the 2020–2021 corporate year (including two candidates of those three nominated by shareholders of the Exchange) in the list of candidates for election to Moscow Exchange Supervisory Board at the 2019 Annual General Meeting of Shareholders. In total, 13 candidates were nominated to the Supervisory Board.

As part of the introduction of newly elected directors, an onboarding program for new Board members is being implemented, which provides for familiarization with the main internal documents of the Exchange, resolutions of the meeting of shareholders and the Supervisory Board, as well as for holding individual meetings with the Chairman of the Supervisory Board, Chairman of the Executive Board, corporate secretary and key managers of the Group.

ACTIVITIES OF THE SUPERVISORY BOARD COMMITTEES

Number of meetings of Supervisory Board committees

	Over the period 01.01.2020–28.04.2020		Over the period 28.04.2020–31.12.2020		Total in 2020
	in-person	remote	in-person	remote	
Strategy Planning Committee	2	2	4	-	8
Audit Committee	2	1	4	3	10
Nomination and Remuneration Committee	6	1	4	2	13
Budget Committee	1	5	-	-	6
Risk Management Committee	3	-	7	2	12
Technical Policy Committee	1	-	4	-	5

Board members’ attendance at committee meetings

Full name	Strategy Planning Committee	Audit Committee	Nomination and Remuneration Committee	Budget Committee	Risk Management Committees	Technical Policy Committees
Ramón Adarraga	100%	100%				
Ilya BAKHTURIN (member of the committee until 28 April 2020)	75%					
Paul Bodart	100%	100%				
Mikhail BRATANOV (member of the committee until 28 April 2020)			100%	100%	100%	
Oleg VIYUGIN	100%		92%			
Andrey Golikov	100%			100%	100%	
Maria GORDON		100%	100%	100%		
Valery GOREGLYAD					100%	
Dmitry EREMEEV	88%					60%
Alexander IZOSIMOV		80%	100%			100%
Maxim Krasnykh	100%		83%			75%
Vadim KULIK					100%	100%
Rainer RIESS (member of the committee until 28 April 2020)	100%	67%				
Oscar Hartmann	100%					75%

Audit Committee

The primary purpose of the Audit Committee is to ensure the Supervisory Board is effective in addressing issues relating to the control of financial and economic activities.

Composition of the Committee:
- Maria Gordon, Chairman of the Committee;
- Members of the Committee: Ramón Adarraga, Paul Bodart, Alexander Izosimov.

71 issues were considered at meetings of the Audit Committee in 2020.

The main issues considered by the Committee in 2020 and on which recommendations were given to the Supervisory Board related to the assessment of the performance of the Group's external auditor, review of the consolidated financial statements and reports of the Internal Audit Service.

The Audit Committee reviewed issues related to abolition of the Revision Committee, results of the assessment of a compliance culture, a roadmap to embed a compliance culture across the Group, the Group's internal audit development strategy, as well as assessment of the maturity of information security in the Group.

The Committee gave an assessment of MOEX's existing risk management system, which resulted in recommendations to refine the material submitted for assessment based on the results of the internal information security audit, remediation plans and to resubmit it to the Audit Committee and the Supervisory Board in 2021.

The Committee recommended that the Supervisory Board approve the Business Ethics Code and Anti-Corruption Policy.

In 2020, the Supervisory Board recommended that the General Meeting of Shareholders select ZAO Deloitte & Touche CIS as external auditor upon the recommendation of the Audit Committee and the corresponding decision was made at the Annual General Meeting.

Additionally, the Committee gave recommendations to the Supervisory Board on increasing the number of full-time employees in the Internal Audit Service and approval the updated Internal Audit Service Provisions, awarding the head and employees of the Internal Audit Service of the Exchange based on their performance in 2019.

Nomination and Remuneration Committee

The primary purpose of the Nomination and Remuneration Committee is to support the effective work of the Supervisory Board in addressing issues relating to the activities of the Exchange as well as other companies directly or indirectly controlled by the Exchange, and the nomination and remuneration of members of supervisory boards, executive bodies and other key executives and members of revision commissions.

Composition of the Committee:
- Alexander Izosimov, Chairman of the Committee;
- Members of the Committee: Oleg Viyugin, Maria Gordon, Maxim Krasnykh.

50 issues were considered by the Nomination and Remuneration Committee of the Supervisory Board in 2020.

The main issues considered by the Committee in 2019 and on which relevant recommendations were given to the Supervisory Board related to planning of compositions of supervisory boards of the Exchange, NSD, and CPP NCC, assessment of the independence of candidates and members of the Supervisory Board of the Exchange, training of members of the Supervisory Board of the Exchange, nomination of candidates for the Supervisory Board, giving recommendations on the determination and assessment of achievement of corporate KPIs of the Group and individual KPIs of members of executive bodies and the Director of the Corporate Governance Department of the Exchange, the option program for management, management succession program and early termination or extension of powers of members of the Executive Board as well as selection of new members of the Executive Board.

Strategy Planning Committee

The primary purpose of the Strategy Planning Committee is to improve the performance of the Exchange and its subsidiaries and affiliates as well as companies directly or indirectly controlled by the Exchange in the long and medium term.

Composition of the Committee:
- Paul Bodart, Chairman of the Committee;
- Members of the Committee: Ramón Adarraga, Oleg Viyugin, Andrey Golikov, Dmitry Eremeev, Maxim Krasnykh, Oscar Hartmann.

27 issues were considered at the meetings of the Strategy Planning Committee of the Supervisory Board in 2020.

The main issues considered by the Committee in 2020 and on which recommendations were given to the Supervisory Board related to further development of the business through the acquisition of a FX platform, approval of the risk management strategy and a plan to correct the 2024 Strategy, the reasonableness of the flexible business planning over the three-year horizon as well as selection of initiatives to be added to 2021 KPIs of Moscow Exchange Group companies.

Risk Management Committee

The main task of the Risk Management Committee is to foster the improvement of the risk management system of the Exchange and Group companies in order to enhance the reliability and efficiency of the activities of the Exchange.

Composition of the Committee:
- Andrey Golikov, Chairman of the Committee;
- Members of the Committee: Valery Goreglyad, Vadim Kulik.

50 issues were considered by the Risk Management Committee of the Supervisory Board in 2020.

The main issues considered by the Committee in 2020 and on which relevant recommendations were given to the Supervisory Board related to the regular analysis of the Group's reports on management of various risks, including business continuity, operational, non-financial, uneconomic and other risks. At the meetings of the Committee, special attention was paid to improvement of operational risk management, improvement of performance criteria of the risk management system and adoption of the risk appetite indicators.

Budget Committee

The primary purpose of the Budget Committee is to support the Supervisory Board of the Exchange in exercising control over the formation and expenditure of funds intended for financial support of the Exchange and the Group companies.

According to the decision made by the Supervisory Board on 29 April 2020, the Budget Committee was abolished.

Composition of the Committee:
- Andrey Golikov, Chairman of the Committee.
- Members of the Committee: Mikhail Bratanov, Maria Gordon.

10 issues had been considered by the Budget Committee in 2020 before it was liquidated.

The main issues considered by the Committee in 2020 and on which relevant recommendations were given to the Supervisory Board related to planning of the consolidated budget and control over its execution, determination of the amount of dividends in accordance with the dividend policy including dividends of Exchange subsidiaries, setting fees for deposit transactions with the central counterparty as well as the marketing program for a new IT service.

Technical Policy Committee

The main objectives of the Technical Policy Committee are the development and strengthening of effectiveness of the Group's activities through preparation of recommendations and expert opinions to the Supervisory Board, boards of directors (supervisory boards) of Group companies and their committees and executive bodies of the Exchange and the Group companies in respect of technical policy and development of IT and software of the Group.

Composition of the Committee:
- Vadim Kulik, Chairman of the Committee;
- Members of the Committee: Dmitry Eremeev, Maxim Krasnykh, Oscar Hartmann, Vladimir Kurlyandchik, Kirill Menshov, Yury Yartsev.

10 issues were considered by the Technical Policy Committee of the Supervisory Board in 2020.

The main issues considered by the Committee in 2020 and on which recommendations were given to the Supervisory Board related to building up the Exchange's IT strategy and information security strategy, data center location configuration as well as establishing the IT Architecture Committee within the Group.

ASSESSMENT OF SUPERVISORY BOARD AND COMMITTEE PERFORMANCE

In accordance with the recommendations of the Corporate Governance Code and best international practices, Moscow Exchange assesses internally the performance of the Supervisory Board on an annual basis; once in three years, the Nomination and Remuneration Committee of the Supervisory Board regularly engages an external consultant for an independent assessment.

In 2020, a self-assessment of the Supervisory Board was performed internally which monitored the dynamics of changes in the activities of the Supervisory Board and the committees as well as determined the priority areas for the Board for the next corporate year. The assessment was performed via an online platform that ensured the anonymity for the Board members thereby improving the credibility of the system and giving the ability to express criticism where necessary. Eight directors participated in the self-assessment that allowed to achieve adequate representativeness of the answers.

Assessment results

Most of the aspects related to the Supervisory Board practices were highly rated by the members of the Board.

All participants of the assessment acknowledged that meetings of the Board are held in a right place with the enough number of directors participating and that meeting materials are provided using modern technologies. The members of the Supervisory Board were unanimously commended for complying with the confidentiality policy with regard to information that becomes available to the members of the Supervisory Board and for applying it appropriately. The Supervisory Board’s practices of monitoring the performance of the Chairman and members of the Executive Board, assessing their performance at least once a year, making decisions regarding senior management, including appointment and termination, remuneration and benefits, were generally recognised.

The assessment confirmed regular meetings with the company’s external independent auditor and receipt of its opinions, taking reasonable steps to ensure timely and regular provision of accurate reporting on the company’s financial results to the regulators in accordance with accepted accounting and financial reporting principles, and the involvement of the Supervisory Board in the selection of the external independent auditor. The participants were unanimous in their appreciation of the Supervisory Board’s practice of monitoring operational and financial performance, as well as of the approval of all relevant corporate policies and procedures, monitoring compliance with them and making material changes to the existing corporate policies. The active involvement of independent directors is confirmed - the independent directors are well informed and prepared for the Board meetings and actively participate in the meetings, while the number of independent directors is sufficient for the Supervisory Board to objectively review issues within its competence. The Chairman of the Supervisory Board also received overall high praise - he is well prepared for the meetings and actively participates in the meetings, as well as devotes time and energy to learning more about the company and its activities, and participates in company events outside the Supervisory Board meetings, but most importantly, adds quality and value to the Supervisory Board meetings.

Furthermore, the self-assessment highlighted the need to pay more attention to risk management issues, to increase the resources available to the company to develop and enhance the knowledge and skills of directors, to raise directors’ awareness of their colleagues’ skills and knowledge of the company on an ongoing basis, to increase their interaction with mid-level managers and to reduce the duration of Supervisory Board meetings.

CORPORATE SECRETARY

In accordance with a resolution of the Supervisory Board, the function of Corporate Secretary is performed by the Corporate Governance Department headed by its Director, administratively reporting to the Chairman of the Executive Board, and functionally reporting to the Chairman of the Supervisory Board.

Resolutions on appointment, dismissal, and remuneration of the Director of the Corporate Governance Department are adopted by the Supervisory Board, which ensures the necessary degree of independence of the work of the governing bodies.

Since October 2013 Alexander Kamensky has served as Director of the Corporate Governance Department.

Alexander KAMENSKY

Corporate Secretary of Moscow Exchange

Born in 1982 in Moscow.

In 2005, he graduated with honors from Lomonosov Moscow State University, Law Faculty, with a degree in Jurisprudence. He is also a graduate of the Leadership Programme at INSEAD Business School. In 2014, he received a Director Certificate from the UK's Institute of Directors.

He was awarded the Director of the Year Prize by AID and RSPP in the Corporate Secretary category in 2015; the twelfth ARISTOS 2014 award in the Best Corporate Governance Director category; the Top 1000 Russian Managers 2017 award in the Best Corporate Governance Director category. In 2014–2020, he was ranked first in the Top 1000 Russian Managers of Financial Companies in the Corporate Governance Directors category.

Work experience:
- 2013 - present: Director of the Corporate Governance Department – Corporate Secretary of PJSC Moscow Exchange;
- 2012–2013: Head of the Corporate Governance Centre – Corporate Secretary of PJSC MDM Bank;
- 2011–2012: Manager for Corporate Governance – Corporate Secretary of PJSC Enel Russia.

Number of shares held / equity interest in the Exchange: 8 shares / 0.00000035%.

Transactions involving shares of Moscow Exchange in 2020

Date	Purchase (in shares)	Sale (in shares)	Balance	Equity interest, %
01 January 2020			5,005	0.00022
05 November 2020	300,000		305,005	0.013
05 November 2020		237,367	67,638	0.003
01 December 2020		67,630	8	0.00000035

He does not own any shares in the Exchange's subsidiaries or affiliates. He has no family relations with any members of the governing bodies and/or supervisory bodies controlling the financial and business activities of the Exchange. He has been a member of the Council of the National Union of Corporate Secretaries since 10 October 2016.

FURTHER DEVELOPMENT OF CORPORATE GOVERNANCE

In 2020, the Supervisory Board defined the following main priorities on the basis of self-assessment:

- approval of Moscow Exchange Group's target and cap risk appetite,
- definition of rules of interaction with CCP NCC,
- approval of metrics to track strategy implementation and a business plan based on the strategy.

In addition, the 2-year tasks were determined such as to identify a pool of successors for Supervisory Board members, a pool of management successors and to formalise the holding company's governance system.

During 2020, the Supervisory Board approved Moscow Exchange's risk appetite indicators and their thresholds for 2021, as well as the Methodology for determining benchmark indices for Moscow Exchange's risk appetite in a new version, Moscow Exchange Anti-Corruption Policy, the 2021–2024 Strategy for the Development of Information Security of Moscow Exchange Group, Moscow Exchange Group Risk Management System Development Strategy through 2024, Moscow Exchange Group Information Technology Development Strategy through 2024, Moscow Exchange Group Internal Audit Development Strategy, Regulations on the Principles and Parameters of the Share-Based Long-Term Incentive Programme as well as Moscow Exchange Information Policy in a new version.

MOSCOW EXCHANGE'S CORPORATE GOVERNANCE CODE

In 2019, the Exchange's Supervisory Board approved a new version of Moscow Exchange's Corporate Governance Code.

The Code complies with Russian legislation and was developed taking into account principles and recommendations of the Bank of Russia's Corporate Governance Code and the OECD's Corporate Governance Principles, other principles of corporate governance, recommended by recognised international organisations; it complements the Exchange's corporate governance system with procedures that comply with high standards of corporate governance.

The main purpose of the Code is to describe the corporate governance system currently applied on the Exchange to protect the rights and interests of its shareholders, enhance the efficiency of the activities of the Exchange, as well as improve the transparency and attractiveness of the Exchange for shareholders and consumers.

The Exchange's Code describes the system, principles and practices of corporate governance of the company, risk management and internal control. It provides for principles designed to ensure the protection of legitimate rights and interests of shareholders and the equal treatment of all shareholders when they exercise their rights. Additionally, the Code contains the Exchange's corporate social responsibility goals and principles, the principles of interaction with shareholders, service users and other stakeholders and the principles of corporate governance at Group companies.

A distinctive feature of the document is that it provides the background and mechanisms for the further improvement of the corporate governance system of the Exchange as well as that it contains development plans for the implementation of corporate governance principles. This sets not a declarative but a practical tone for the Code and allows the Exchange to continue reforming and improving corporate governance.

INFORMATION POLICY

The Exchange strives to ensure that its activities are as transparent as possible for shareholders, investors and other stakeholders. In June 2020, the Supervisory Board adopted the Exchange Information Policy. The document is available on the Exchange's website: https://www.moex.com/s1358?utm_source=www.moex.com&utm_term=information%20policy.

The information policy is a body of rules that the Exchange (including members of its management bodies, officials and employees) adheres to when disclosing information and/or providing information to shareholders and other stakeholders.

The information policy provides additional opportunities for stakeholders to exercise their rights and interests and is also aimed at improving the Exchange's information interaction with all stakeholders.

Methodology used by the Exchange to assess compliance with the corporate management principles set out in the Bank of Russia's Corporate Governance Code

The recommendations of the Bank of Russia were applied as the methodology used by the Exchange to assess compliance with the corporate management principles set out in the Bank of Russia's Corporate Management Code.

Among other things, the assessment analyzed the compliance of the Exchange's corporate management practices and internal procedures with the principles and recommendations of the Bank of Russia's Corporate Management Code.

The results of the assessment are contained in the Report on compliance with the principles and recommendations of the Corporate Management Code, which is a part of this Annual report.

Over the past years, the Exchange has been working to bring its corporate management practices in line with the Bank of Russia's Corporate Management Code. The annual analysis of the results of the corporate management assessment shows a tendency to increase the number of principles and recommendations followed.

DIRECTORS' LIABILITY INSURANCE

The liability of Moscow Exchange's directors and officers (including independent directors), as members of the Company's management bodies, is insured on annual basis. The purpose of this insurance is to provide compensation for potential damages caused by unintended negligent actions (or by their inaction) on the part of the insured individuals in the performance of their administrative activities.

Under the insurance contract concluded in 2020, the insurance premium is USD 400,000, and the insured amount is USD 50 mln (the total additional insured amount is USD 5 mln for independent directors). The insurer is Ingosstrakh.

The terms and conditions of the insurance contract, including the insurance coverage, are consistent with the best global insurance practices.

EXTERNAL AUDITOR

Auditor's name: Deloitte & Touche CIS
INN: 7703097990
OGRN: 1027700425444
Address: 5 Lesnaya Street, 125047 Moscow

The auditor is the member of Self-Regulatory Organization Sodruzhestvo

The organization is located at: 21 Michurinsky Prospect, building 4, 119192 Moscow

Principal Number of Registration Entry: 12006020384.

Auditing Team:

- Andrey Shvetsov, Lead Auditor;
- Ekaterina Ponomarenko, Partner, Quality Control;
- Anna Naydunova, Senior Audit Manager;
- Natalia Kaprizina, Partner, Internal Control Audit;
- Ekaterina Shelkova, Manager, Internal Control Audit;
- Aleksei Chagovets, Director, Valuation;
- Willy Elizarov, Partner, Tax Audit;
- Eldana Nusipakinova, Manager, Tax Audit.

The fee for the audit of the annual accounting (financial) statements of Moscow Exchange and of the consolidated statements of Moscow Exchange Group for 2020, as well as the review of the consolidated statements for 6M 2020 was RUB 17,981 thousand, including VAT.

Deloitte and Touche CIS rendered no other services to PJSC Moscow Exchange in 2020 beyond audit services.

External auditor selection procedure

Moscow Exchange selects its auditors every three years, as stipulated by the Regulations on the Auditor Selection Commission. The number of audit years by one organization normally does not exceed six years, or two consecutive auditor selection periods. The best candidate is chosen by the Auditor Selection Commission.

The auditor selection process is based on a review of technical and price characteristics of the bids and the selection of those providing the best terms for the audit of the financial (accounting) statements of Moscow Exchange and Group companies.

Based on its review of the bids, the Auditor Selection Commission determines the winning bid and recommends the candidate to the Supervisory Board's Audit Committee. In turn, the committee recommends that the Supervisory Board should propose to the General Meeting of Shareholders of the Exchange to approve the candidate as the auditor. The final decision on auditor selection is made by the Annual General Meeting of Shareholders.

REMUNERATION FOR MEMBERS OF THE SUPERVISORY BOARD

The Exchange's remuneration system for Supervisory Board members is set by the Remuneration and Compensation Policy (the "Policy") approved by the Supervisory Board in December 2016 and by the latest version of the Remuneration and Compensation Regulation (the "Regulation") approved by the Annual General Meeting of Shareholders in April 2019.

The Nomination and Remuneration Committee actively participates in improvement of the remuneration system for Supervisory Board members, taking into account corporate governance best practice and the experience of other public companies and international exchanges. The Policy and the Regulation apply only to members of Moscow Exchange Supervisory Board. During the reporting year, no amendments were made to the Policy.

According to the Policy, remuneration paid to Supervisory Board members shall be sufficient to attract, retain and properly motivate individuals with the skills and qualifications necessary to work effectively on the Supervisory Board.

The Nomination and Remuneration Committee provides recommendations on remuneration of Supervisory Board members on the basis of an expert assessment of remuneration paid by Russian companies with similar capitalization and competitors of the Exchange, and also based on the results of external studies conducted at the initiative of the Nomination and Remuneration Committee.

The Policy and Regulation govern all types of payments, benefits, and privileges provided to Supervisory Board members and contain no other forms of short-term or long-term incentives of Supervisory Board members.

In order to ensure independent decision making, the remuneration of Supervisory Board members is not tied to the Exchange's performance or share price and does not include an option program. Supervisory Board members enjoy no pension contributions, insurance programs (apart from the Supervisory Board member liability insurance and the conventional insurance associated with travelling to perform duties as a director or to participate in Supervisory Board activities), investment programs, or other benefits or privileges, unless specified in the Policy and Regulation. The Exchange does not provide loans to Supervisory Board members and does not enter into civil law contracts with them for the provision of services to the Exchange, also on non-market terms.

Remuneration for performing the duties of Supervisory Board member shall not be paid to state employees, employees of the Bank of Russia, employees and managers of the Exchange or its subsidiaries.

Remuneration of directors for performing their duties comprises basic and supplementary components.

The level of basic remuneration of a member of the Supervisory Board depends on whether such member is independent or not, and:

- for an independent member of the Supervisory Board, amounts to RUB 7.5 mln;
- for a non-independent member of the Supervisory Board, amounts to RUB 5 mln.

The following differentiated supplementary remuneration is paid to Supervisory Board members for performance of additional duties, requiring extra time and effort, of Chairman of the Supervisory Board, Deputy Chairman of the Supervisory Board, Chairman of a Supervisory Board Committee, or member of a Supervisory Board Committee, and:

- for the Chairman of the Supervisory Board, amounts to RUB 8.5 mln;
- for the Deputy Chairman of the Supervisory Board, amounts to RUB 3.5 mln;
- for the Chairman of a Supervisory Board Committee, amounts to RUB 3.75 mln;
- for a member of the Supervisory Board Committee, amounts to RUB 1.5 mln.

In order to ensure remuneration of Supervisory Board members corresponds to changing market demands until the next cycle of remuneration level review, the Regulation provides for adjustment of the level of remuneration of Supervisory Board members in line with the consumer price index at the end of the year in which the corresponding composition of the Supervisory Board was elected, and accrued starting from 1 January 2019.

When a member of the Supervisory Board performs the duties of Chairman and/or member of more than one Committees of the Supervisory Board, such member is paid remuneration for the chairmanship and/or membership in each such Committee.

By resolution of the General Meeting of Shareholders of the Exchange, members of the Supervisory Board may be paid supplementary remuneration for participation in conferences or forums held at the initiative or with the participation of the Exchange and aimed at improving the Exchange’s interaction with investors or financial market participants. The exact amount of the specified supplementary remuneration is determined taking into account the importance, duration and location of the event, and may not exceed RUB 400,000.

The amount of the basic and supplementary remuneration of a member of the Supervisory Board is fixed, reflects the expected time costs associated with performing duties of a member of the Supervisory Board, and is not tied to participation in each meeting of the Supervisory Board or Supervisory Board Committees (including unscheduled ones). However, the amount may be reduced by 25% or 50% if a member of the Supervisory Board attended less than 50% or 75% of in-person meetings of the Supervisory Board or Committees, respectively. If a member of the Supervisory Board took part in 1/3 or less of the total number of meetings of the Supervisory Board or in 1/4 or less of in-person meetings of the Supervisory Board, the General Meeting of Shareholders of the Exchange may decide not to pay remuneration to such member of the Supervisory Board.

In case of early termination of powers of a member of the Supervisory Board, the calculation of remuneration of such member is made pro-rate for the actual period of performance of his/her duties.

Apart from the remuneration for work on the Supervisory Board and Supervisory Board Committees, in accordance with the Exchange’s Policy, members of the Supervisory Board are reimbursed for travel expenses relating to participation in in-person meetings of the Supervisory Board or its Committees, General Meetings of Shareholders as well as events attended while performing duties of Supervisory Board members. In addition, members of the Supervisory Board who travel to attend meetings and other events held outside their place of residence are reimbursed for travel expenses.

In order to maintain the necessary professional level of Supervisory Board members, the Nomination and Remuneration Committee may recommend paying for professional training and refresher courses.

An exhaustive list of reimbursable expenses is established by the Regulation.

The Nomination and Remuneration Committee ensures that members of the Supervisory Board participate in oversight of the remuneration of Supervisory Board members.

The amount of remuneration paid in 2020 to MOEX Supervisory Board members for the performance of their duties in the period from the date of election in 2019 to the date of termination of their powers in 2020 (corporate year) is determined in accordance with the terms of the Regulation which were in effect until the Annual General Meeting of Shareholders held on 28 April 2020.

The resolution to pay remuneration to Supervisory Board members for the performance of their duties during their term of office, as well as to determine the amount of individual remuneration of each director elected on 25 April 2019, was adopted at the Annual General Meeting of Shareholders held on 28 April 2020.

The remuneration of members of the Supervisory Board of the Exchange was previously reviewed by the Nomination and Remuneration Committee as well as by the Supervisory Board.

Payments (by types of remuneration), *RUB thousand*

	2020						2019	2018
	Basic remuneration	Supplementary remuneration	Total remuneration incl. indexation, FX revaluation and attendance	Reimbursement of expenses	Remuneration for work in governance bodies of subsidiaries	Total amount of all payments and compensation	Total amount of all payments and compensation	Total amount of all payments and compensation
Ilya BAKHTURIN	5,000	1,500	6,697.6			6,697.60		
Paul Bodart	7,500	3,000	9,901.93		5,667.20	15,569.13	5,820.00	5,301.67
Mikhail BRATANOV	7,500	6,750	14,683.2		5,048.96	19,732.16	10,867.123	3,500.00
Oleg VIYUGIN	7,500	11,500	19,577.6		5,048.96	24,626.56	17,800.00	14,101.2
Andrey GOLIKOV	5,000	12,500	18,032.0		8,076.00	26,108.00	20,029.00	17,944.4
Maria GORDON	7,500	6,750.0	14,683.2	42.77		14,725.97	8,331.80	8,019.5
Valery GOREGLYAD	0	0	0.0			0.00	0.00	0.00
Yury Denisov	0	0	0.0	116.14		116.14	16,712.00	15,562.2
Dmitry EREMEEV	7,500	3,000.0	10,432.8			10,432.80		
Bella ZLATKIS	5,000	0	5,152.0		6,903.68	12,055.68	8,750.00	8,750.00
Alexander IZOSIMOV	7,500	6,750	14,683.2	695.68		15,378.88	9,321.00	0.00
Rainer RIESS	7,500	5,250.0	14,637.63	56.16		14,693.79	10,214.3	14,591.4

CHAIRMAN AND MEMBERS OF THE EXECUTIVE BOARD

The current activities of the Exchange are managed by the Chairman of the Executive Board and by the Executive Board, which is the collegial executive body of the Exchange.

The Executive Board is headed by the Chairman who manages its activities.

Information on the Chairman of the Executive Board

Yury Denisov

Born on 31 May 1970 in Moscow.

- In 1993, he graduated from the Moscow State Institute of International Relations with a qualification in International Economic Relations.
- He was elected to the post of Chairman of the Executive Board by the resolution of the Supervisory Board (Minutes No.19 dated 24 April 2019) for the period from 16 May 2019 to 12 May 2022.
- In 2003–2015, he was co-chair of the National Foreign Exchange Association.
- In 2013–2020, he was a member of the Supervisory Board of Moscow Exchange.
- He is a member of the Supervisory Boards of CCP NCC and NSD, as well as a member of the Executive Board of the Russian Union of Industrialists and Entrepreneurs.

He has no interest in the share capital/ordinary shares in Moscow Exchange.

He reported the following transactions involving shares in Moscow Exchange in 2020.

Date	Purchase (in shares)	Sale (in shares)	Balance	Equity interest, %
06 November 2020	611,444		611,444	0.0268
13 November 2020		250,000	361,444	0.0159
16 November 2020		361,444	0	0

Information on Members of the Executive Board

Andrey Burilov

Chief Information Officer (CIO)

Born on 18 March in 1975 in Chelyabinsk.

- He graduated from Lomonosov Moscow State University with a qualification in Computational Mathematics and Cybernetics.
- Prior to joining Moscow Exchange, Mr. Burilov served as vice president and IT director at SMP Bank. From 2013 to 2018, he was department director and a member of the Executive Board at Sberbank Technologies. From 2005 to 2013, he worked at Renaissance Capital.
- He began his professional IT career in 2001 at Deutsche Bank, where he created, developed and maintained an equity trading platform.
- In June 2020, Andrey Burilov was appointed Chief Information Officer and approved as a member of Moscow Exchange Executive Board. His term of office is from 9 June 2020 to 8 June 2023.

Length of service with the Exchange: since 2020.

He has no interest in the share capital of Moscow Exchange.

He reported no transactions involving shares of Moscow Exchange in 2020.

Maxim Lapin

Chief Financial Officer (CFO)

Born on 28 October 1979 in Shuya, Ivanovo region.

- In 2003, he graduated from Lomonosov Moscow State University with a qualification in Economics.
- In 2007, he graduated from Columbia Business School with a degree of Master of Business Administration in Finance.
- From February 2014 to July 2016, he headed the Business Development & Performance Management Department of the Magnitogorsk Iron and Steel Works.
- In August 2017, he became an Advisor to Moscow Exchange. Since 2 October 2017, he has been a member of the Executive Board of Moscow Exchange. His term of office is from 2 October 2019 to 30 September 2021.
- Since 2018, he has been Chairman of the Board of Directors of MB Innovations.

Length of service with the Exchange: since 2017.

His interest in the share capital/ordinary shares of Moscow Exchange: 146,152 units/0.0064%.

He reported the following transactions involving shares in Moscow Exchange in 2020.

Date	Purchase (in shares)	Sale (in shares)	Balance	Equity interest, %
26 June 2020	8,710		8,710	0.00038
29 June 2020	1,290		10,000	0.00044
05 November 2020	136,152		146,152	0.0064

Igor Marich

Managing Director for Sales and Business Development

Born on 1 April 1974 in Moscow.

- In 1998, he graduated from the Finance Academy under the Government of the Russian Federation with a degree in Finance and Credit.
- From 2013 to 2016, he worked as the Managing Director of the Money Market. Since 22 July 2016, he has been a member of the Executive Board and the Managing Director of the Money and Derivatives Markets. His term of office is from 24 July 2018 to 21 July 2021.
- Currently, he is a member of the Board of Directors of MB Innovations LLC; Chairman of the Supervisory Board of the National Mercantile Exchange; member of the Board of Directors of the Kazakhstan Stock Exchange; member of the Council of the International Association of Commonwealth of Independent Countries; and member of the Board of Directors of the National Financial Association.

Length of service with the Exchange: since 2000.

His interest in the share capital/ordinary shares in Moscow Exchange: 148,189 units/ 0.0065%.

He reported the following transactions involving shares in Moscow Exchange in 2020.

Date	Purchase (in shares)	Sale (in shares)	Balance	Equity interest, %
03 November 2020	148,189		148,189	0.0065

Alexey Khavin

Managing Director for International Cooperation and Global Markets

Born on 28 July 1975 in Moscow.

- In 1997, he graduated from the Finance Academy under the Government of the Russian Federation, Institute of International Currency, Financial and Credit Affairs, World Economy.
- He has over 25 years' experience in the banking sector.
- From 2003 to 2009, he was the first vice president in charge of the treasury at Gazprombank, where he was responsible for the bank's proprietary and client transactions on the financial markets.
- From 2011 to 2020, he was Chairman of the Management Board at the National Clearing Center (NCC), part of Moscow Exchange Group.
- Since 2011, he has been a member of the Board of Directors at self-regulating organization National Financial Association and member of the Association of Banks of Russia (Association Russia).
- On 18 June 2020, he was appointed Managing Director for International Cooperation and Global Markets and approved as a member of the Executive Board of Moscow Exchange.
- His term of office is from 18 June 2020 to 15 June 2023.

He has no interest in the share capital of Moscow Exchange.

He reported the following transactions involving shares in Moscow Exchange in 2020.

Date	Purchase (in shares)	Sale (in shares)	Balance	Equity interest, %
03 November 2020	296,780		296,780	0.013
05 November 2020		296,780	0	0

Dmitry Shcheglov

Chief Operating Officer (COO)

Born on 1 September 1975 in Orekhovo-Zuevo, Moscow region.

- In 1998, he graduated from the Stankin Moscow State Technology University with a degree in Automation and Control.
- He holds a PhD in Engineering Sciences.
- In 2016, he graduated from the Moscow School of Management SKOLKOVO with an Executive MBA (Master of Business Administration) degree.
- Since 1 April 2013, he has been a member of the Executive Board of Moscow Exchange. His term of office is from 3 April 2020 to 31 March 2022.

Length of service with the Exchange: since 1998.

Number of shares held / equity interest in the Exchange: 130,426 units/0.0057%.

He reported the following transactions involving shares in Moscow Exchange in 2020.

Date	Purchase (in shares)	Sale (in shares)	Balance	Equity interest, %
16.11.2020			17,258	0,00076
17.11.2020	113,168		130,426	0,0057

REMUNERATION OF EXECUTIVE BOARD MEMBERS

Remuneration of members of the Executive Board is regulated by the Remuneration and Compensation Policy for Members of the Executive Board, approved by the Supervisory Board in 2016. The Policy sets out principles for remuneration, and establishes procedures for determining remuneration levels as well as types of payments, incentives and privileges payable to members of the Executive Board.

The Policy is based on the following key principles:

- Involvement and retention of a professional and effective team consisting of Executive Board members able to implement the Exchange's strategy and other priorities and increase shareholder value;
- Competitive remuneration at a level sufficient to engage, motivate and retain competent and qualified Executive Board members;
- Maintaining an optimal balance between the Exchange's business performance and the personal contribution of an Executive Board member in determining remuneration levels.

Executive Board members' remuneration consists of a fixed salary and a variable component. The variable component comprises a significant portion of annual remuneration, and includes short- and long-term components. Short-term variable remuneration takes the form of an annual bonus based on the Exchange's results and the individual contribution of the Executive Board member to those results. Long-term variable remuneration is shares-based and is established by the Long-Term Incentive Programme.

The short-term variable component is determined by an annual approval of key performance indicators including corporate and individual key efficiency indicators. In 2020, the ratio of corporate and individual indicators was 40:60; in 2021, the ratio is set at 50:50 to incentivize the achievement of corporate indicators. Furthermore, from 2020, for the Chairman of the Executive Board, corporate key performance indicators are also his individual ones, i.e. they account for almost 100%.

To promote personal responsibility, the Supervisory Board applies a delayed bonus plan taking into account the contribution of Executive Board members to the Exchange's financial and other results, including the possibility of reducing or cancelling part of the delayed bonus if no positive results are obtained in the relevant area. Payment of 60% of the approved bonus amount for 2020 will be made in 2021, and 40% will be paid with a delay in equal portions within one and two calendar years (20% within one calendar year, and 20% within two calendar years) based on the relevant decisions of the Exchange's Supervisory Board. This procedure makes it possible to account for risks created by decisions made by Executive Board members.

The stock-based Long-Term Incentive Programme, as approved by the Supervisory Board, is designed to boost Executive Board members' motivation and responsibility, align their interests with those of shareholders and connect remuneration with long-term performance results. From 2 July 2020, a new programme has been in place, under which the right to obtain shares becomes effective in stages: over periods of three, four and five years after the programme start, provided that the contracts of the members remain in force.

Compensation paid in the event of early termination of the authority of a member of the Management Board (following a Supervisory Board decision on terminating a contract), and assuming no unethical practices on the part of the member, is capped at the amount of the fixed annual bonus component. If a contract is terminated for other reasons, compensation is paid only in cases and amounts provided for by the Labor Code of the Russian Federation.

Specific remuneration due to executive body members, conditions and procedure for paying such remuneration, as well as conditions for early termination of agreements, including discharge allowances, compensations and other payments in any form exceeding those established by law, and conditions for their provision are considered and approved by the Supervisory Board based on recommendations made by the Assignment and Remuneration Committee, which reports to the Supervisory Board.

The Supervisory Board, supported by the Assignment and Remuneration Committee, ensures oversight of implementation of the Remuneration Policy, and can amend it as necessary.

Total remuneration due to a member of the Board, including the ratio of the remuneration components, is assessed by the Assignment and Remuneration Committee to ensure compliance with remuneration levels at comparable companies, based on a remuneration study from a leading consulting company.

Executive Board members are not paid for their work in management bodies of other Group companies.

The Exchange does not lend to members of management bodies and does not enter into civil law contracts with them for the provision of services to the Exchange, including any contracts on non-market terms.

Remuneration and Compensation Paid to Executive Board Members in 2020, *thousand RUB*

	Amount
Remuneration specifically paid for participating in work of the Management Board	0.00
Salary/wage	143,641.39
Bonus	131,197.00
Commission fees	0.00
Remuneration for participating in work of subsidiary's management body	0.00
Expense reimbursement	0.00
Other types of remuneration	18,459.92
TOTAL	**293,298.30**

INTERNAL CONTROL SYSTEM

MOEX's internal control system ensures that the Exchange's licensed activities are conducted in accordance with Russian legislation and regulation, the rules of organised trading, and the Exchange's own constituent and internal documents.

Internal control activities aim to identify, analyze, assess and monitor the risk of loss and/or other adverse consequences of both MOEX's operational activities and measures taken by the Bank of Russian and other regulatory bodies ("compliance risk"), and to manage any such risks.

Within this framework, the Exchange's internal control system is based on the COSO concept and utilizes a Three Lines of Defense model, which distributes risk management and internal control obligations among MOEX's governing bodies, control and coordination units, and the internal audit unit.

The First Line of Defense is represented by employees of the Exchange's business and operational units of the Exchange, whose key functions are to identify, assess and manage the risks inherent in MOEX's daily activities, and to develop and implement policies and procedures governing existing business processes.

The Second Line of defense is represented by the Operational Risk, Informational Security and Business Continuity Department, the Internal Control and Compliance Department, Internal Control Service, Security Department and Legal Department as well as certain employees and divisions of the Financial Division, which carry out continuous risk monitoring and management also of the following areas:

- ensuring information security, including protecting the Exchange's interests in the information sphere;
- compliance with legislation, as well as the Exchange's own constituent and internal documents;
- preventing the Exchange and its employees from being involved in unlawful and unethical activities, including money laundering, terrorism financing and corrupt practices;
- preventing unlawful use of insider information and/or market manipulation;
- preventing conflicts of interests, including by identifying and monitoring conflicts of interests and preventing the consequences of conflicts of interests.

These units support the first line of defense in identifying compliance risks, developing and embedding control procedures, interpreting applicable legislation, and preparing reports for MOEX's governing bodies based on the results of monitoring.

The Third Line of Defense is represented by the Internal Audit Service, which monitors the efficiency and productivity of the Exchange's financial and economic activities, the efficiency of asset and liability management, including the safety of assets and the efficiency of the market operator's risk management. The Exchange's governing bodies set the terms of reference for internal control systems related to risk management.

The Internal Control System was subject to an independent audit conducted by EY, which assessed the system maturity level as "developed". The Group continues to enhance its internal control system to improve effectiveness and maintain the system at a high level. In addition, the Stabilization 3.0 project now underway aims to develop a corporate compliance culture and create unified approaches to compliance risk management across Group companies.

Risk management

KEY RISKS

Moscow Exchange Group has built an integrated risk management system, however each of the Group company faces its own inherent risks associated with the specific field of its activities. Thus, Moscow Exchange, being the parent company of the Group, assumes the risks of a market operator, risks related to operations in its assets as well as risks of a financial platform operator.

That said, the Group's principal risk taker is none other than Non-banking credit institution - Central Counterparty National Clearing Centre (short name "CCP NCC") on the grounds that it operates as clearing house, a central counterparty for all main markets of Moscow Exchange Group, and an operator of deliveries in the Commodities Market.

The Group's comprehensive risk management system extends to the NSD, the infrastructure powerhouse of the Russian financial market, whose priorities lie in the reliable operation and stable development of the following key areas:

- Central securities depository;
- Clearing system;
- Commodities' repository;
- Tripartite services;
- Corporate information center.

SYSTEM FOR MANAGING RISKS TO THE CURRENT STRATEGY

The principles and approaches employed by the Group in installing and operating the risk management system (RMS) are based on best international practices implemented in compliance with national and international risk and capital management standards. The Group holds an annual audit of its compliance with the CPMI-IOSCO Principles for Financial Market Infrastructures, the COSO Enterprise Risk Management Framework, and the guidelines of the Basel Committee on Banking Supervision on procedures to be employed by credit institutions in the sphere of risk and capital management.

In 2020, NCC successfully underwent operational audit by multinational professional services firm PwC in line with the Bank of Russia's Regulation No. 556-P dated 11 November 2016 On the Operational Audit Procedure for a Central Counterparty; the audit covered such activities of NCC as risk management of the central counterparty (CCP), validation of the CCP model accuracy, stress-test of risks exposed to the CCP, estimation of the CCP's dedicated capital and recovery of the financial stability of the CCP.

In 2020, the Exchange was reaffirmed under the ISO/IEC27001:2013 (Information Security Management Systems) and ISO 22301:2012 (Business Continuity Management Systems) certification covering the organization of on-exchange trading, clearing and other services on the Equity and Bond, Derivatives, FX and Money Markets. This certification ensures that the Exchange and NCC fully meet over 100 technical and administrative requirements in the area of information security and business continuity.

In 2020, Moscow Exchange acquired insurance contracts covering Electronic and Computer Crime and Personal Indemnity to mitigate operational and information security risks.

The integration of risk management functionality in business processes makes it possible to identify risks and assess their materiality in a timely manner, and to ensure an efficient response by mitigating potential adverse effects and/or by reducing the probability that they will materialize. Tools for mitigation include insurance, hedging, limit requirements and transaction collateral requirements.

The Group's Risk Management System operates on the principles of comprehensive coverage, continuity, transparency, independent assessment, paper trail, prudence and materiality:

Comprehensive Coverage is premised on identifying risk factors and risk objects, determining risk appetite based on a comprehensive analysis of existing and proposed business processes (products), implementing universal RMS working procedures and elements, consistently applying methodological approaches in resolving similar risk assessment and risk management tasks, and assessing and managing key operational risks in close connection with the non-key operational RMS.

Continuity is premised on regular, coherent, target-driven procedures, such as assessment of existing risks, including monitoring risk parameters, review of key RMS parameters and how they are determined, including limits and other restrictions in respect of clearing members' transactions, analyzing RMS technologies and operational rules, holding stress tests and preparing reports for management.

Transparency is manifested in providing relevant information regarding the RMS to clearing members / counterparties. Clearing members, including potential members, have access to methodological documents describing the RMS, including approaches to risk assessment, as well as to key aspects of the procedures employed in monitoring their financial stability. At the same time, the assessment results of a specific clearing member or counterparty, as represented in the form of internal ratings, or limits, as well as other restrictions established in respect of treasury or administrative operations, are never made public and are never subject to disclosure.

Independent Assessment means that a comprehensive assessment and review of each risk is undertaken by separate divisions / employees who are independent from the divisions responsible for taking on risks or counterparties. These divisions / employees cannot be charged with any responsibilities that may give rise to a conflict of interest.

Paper Trail means that RMS guidelines, procedures and rules are negotiated with the divisions involved in risk assessment and management procedures, and approved by the relevant governing bodies.

Prudence suggests that the Group bases its decision-making on a prudent combination of RMS reliability and profitability in choosing methods of risk assessment and management, and in determining the acceptable level of risk (risk appetite).

Materiality means that, in implementing various RMS elements, the Group is guided by the relationship between the costs that implementation of risk analysis, control and management mechanisms will require, and the potential outcome of such implementation, as well as the costs of the development and implementation of products, services or tools carrying the relevant exposure.

As part of the risk management strategy, and with a view to achieving strategic objectives, in 2020, credit entities of the Group developed a new approach to setting the risk appetite of Moscow Exchange Group.

The Group's risk appetite is designed to help the Supervisory Board of Moscow Exchange, as the Group's parent company, manage the Group's overall risk level taking into account all intragroup effects and to set a target risk/return ratio for the Group.

The Group's risk appetite is set for the horizon to 2024 in relation to risks recognised as significant at the Group level, and inherent to all Group companies* and equally measurable. The risk appetite of each company within the Group consists of a decomposed part of the Group's risk appetite and individual indicators reflecting the specific risks of a particular company.

These priority areas serve as the basis for calculating threshold values for specific target indicators. Compliance with these indicators is regularly reviewed and communicated to the Supervisory Board.

RISK MAP

The risk map is based on an annual risk identification procedure.

Financial risks

Risk	Description	Actions
Credit risk (incl. CCP risk and concentration risk)	The risk of possible losses caused by failure of a Group's counterparty to perform or properly perform its obligations to it.	*The Group controls credit risk by employing the following procedures:* ▶ establishing single or group counterparty limits, subject to a comprehensive assessment of their financial position, the analysis of the macroeconomic environment they are operating in, the level of their information transparency, business reputation, as well as other financial and non-financial factors; ▶ using an internal rating system providing a weighted assessment of the counterparty's financial position, and the level of the credit risk assumed in its respect; ▶ controlling the credit risk concentration in accordance with the current regulatory requirements; ▶ establishing strict requirements for the types and quality of the acceptable collateral, including liquid securities, as well as cash in Russian rubles and in foreign currency. In order to reduce the credit risk associated with the CCP's operations, the Group has implemented a multi-level safeguard structure triggered upon a clearing member's failure to perform or properly perform its obligations, in compliance with regulatory requirements and strict international standards.
Market risk	Market risk may emerge from a defaulting clearing member's need to close major positions/sell collateral, which in case of low market liquidity may adversely affect the price at which such position will be closed, or the collateral can be sold.	*The market risk management upon investing idle cash is aimed primarily to improve the risk/profitability correlation, and to minimize any losses should any adverse events occur. With this view the Group:* ▶ diversifies its securities portfolio (by maturity, issuer's industry profile); ▶ sets up maximum expiration periods for investments in securities; ▶ sets up maximum volumes of investment in securities (by the total volume, by types of investments, and issuers); ▶ classifies debt obligations and securities by risk groups; establishes provisions for potential losses under securities should they be not marked to market. *The market risk emerging as part of trading or clearing operations, is primarily managed by:* ▶ identifying, monitoring, and timely reviewing risk parameters, taking into account regular stress test results; ▶ establishing individual collateral rates taking into account concentration limits, profiles of the instruments traded at each of the markets, and possible volatility change scenarios; ▶ back testing collateral rates and controlling collateral adequacy. *In managing the market risk emerging as part of trading or clearing operations, the Group:* ▶ devises mechanisms permitting to close positions of defaulting clearing members within two trading days; ▶ sets discounts for the assets accepted as collateral, with the view to covering possible changes in their values in the period from their most recent re-evaluation until the time of their sale; ▶ sets concentration limits that define clearing member's position volume, upon reaching which the underlying collateral is subject to heightened requirements; ▶ evaluates clearing members' collateral adequacy subject to market liquidity; ▶ develops procedures for resolving a situation, when a terminated obligation of a clearing member is secured by property other than the subject of the underling obligation; ▶ maintains a system of additional financial collateral meant to cover losses not secured by clearing member's clearing or any other collateral.

Risk	Description	Actions
Liquidity risk	Risk of potential losses following an adverse change in the value of the instruments comprising the bank book, caused by changes in interest and/or yield rates.	*The liquidity management system includes the following elements:* ▶ distribution of powers in managing liquidity; ▶ specific liquidity management and control procedures; ▶ information system to accumulate and review liquidity-related information; ▶ a set of guidelines, performance indicators, and plans of initiatives designed to ensure efficient liquidity management and control; ▶ internal management accounts underlying any decision adopted with respect to the liquidity efficient control and management.
Bank book interest risk	Risk of potential losses following an adverse change in the value of the instruments comprising the bank book, caused by changes in interest and/or yield rates.	In order to measure the impact of the interest risk over the fair value of financial instruments, the Group holds regular assessment of potential losses, which may be caused by negative change of the market terms. The risk management division regularly monitors the financials of the Group and its principal members, assesses the sensitivity of the market value of the investment portfolio and of the proceeds to the interest risk.

Non-financial risks

Risk	Description	Actions
Operational risk	Risk of potential losses caused by inconsistency of internal operational procedures to the nature and scope of the business, and/or statutory requirements, their nonobservance by employees, lack of functionality, inadequacy of information, technological and other systems and/ or their failure, as well as by external events.	*The principal operational risk management (mitigation) methods include:* development of organizational structure, internal operational rules and regulations, distribution of powers, approval (negotiation) and reporting of undertaken operations, all of which will assist in avoiding (minimizing) the probability of operational risk factors; ▶ development of control measures following the analysis of statistical data undertaken with the view to identifying typical operational risks on the basis of recurrent events; ▶ monitoring compliance with the adopted rules and procedures; ▶ technological automation of undertaken operations, and development of information protection systems; ▶ insurance, including both traditional property and personal insurance (insuring buildings, other property against destruction, damage, loss caused by a natural disaster and other accidents, as well as by actions of third parties or employees; ▶ insuring employees against accidents and personal injuries), as well as insurance of specific professional risks, both on a comprehensive basis and against separate types of risks; ▶ development of the system of business continuity measures to apply in the operational cycle, including emergency plans (business continuity and/or disaster recovery plans).
Continuity risk	Risk of discontinued critical services.	*With the view to ensuring normal operations in emergency situations:* ▶ the Group has put together a reserve complex including reserve office and firmware capabilities located at a safe distance from the principal office; ▶ the Group has developed business continuity and disaster recovery plans (BCDR Plans) that define critical business processes, priority actions in an emergency situation, timing and volumes of recovery operations, and business processes to enjoy priority recovery, as well as mandatory steps to be taken after the emergency situation subsides.
Legal risk	Risk of losses caused by breach of contractual obligations, litigations, criminal and administrative liability of Group members and/or their governing bodies acting in their official capacity.	*Legal risk management procedures include:* ▶ regular monitoring of laws, and verification of internal procedures as to their compliance with actual regulations; ▶ establishing quantitative and volume restrictions for claims, and controlling compliance with the established restrictions; ▶ analyzing the legal basis for new products and services; ▶ updating internal regulations with the view to avoiding fines. Losses associated with legal risks shall be reflected in the operational risk database.

Risk	Description	Actions
Custody risk	Risk of loss of Group’s assets posted on it as collateral caused an action or omission of a counterparty responsible for safe custody and recordkeeping of the asset.	The custody risk is estimated within the credit risk as the custody risk occurrence may cause the credit risk event; and the custody risk is managed as part of the operational risk which may be the trigger the custody risk event. *The custody risk management methods include:* ► evaluation of financial position of a third-party custodian; ► the multi-level admission scheme for elevators and warehouses including accreditation and storage limits establishment processes; ► verification of compliance with the established requirements for technical facilities and regular audits of assets in the depositories and vaults of precious metals; ► insurance of commodities at stock; ► verification of custodians; confirmation of qualitative and quantitative measures of a commodity by a surveyor upon storage and transfer of the commodity to a bailor; ► monitoring of actual location of the asset; ► monitoring of the asset’s availability by the time a claim is made.
Compliance (regulatory) risk	Risk of losses caused by non-compliance with the laws, internal regulations, self-regulating organizations’ standards (if mandatory), as well as by sanctions and/or other actions taken by regulatory authorities	The compliance risk is managed by the Group’s responsible business units within the Group’s unified compliance structure. As part of the activities of the Compliance Committee managed by the Chairman of the Executive Board of Moscow Exchange, Group companies seek to unify their approaches and implement best Russian and global practices in compliance risk management.
Reputational risk	Risk of losses caused by a negative public opinion of the Group’s operational (technical) stability, quality of its services and its activities in general	In order to avoid losses associated with the realization of the reputational risk, the Group continuously monitors media space for information about the Group and analyses its internal processes applying the impact assessment methodology to each identified event or factor. The primary source of the reputational risk is the realization of the operational risk, especially when such information becomes public. Thus, all actions taken to prevent and to mitigate the operational risk work simultaneously towards the reduction of the reputational risk.
Strategic risk	Risk of expenses (losses) sustained by the market operator as a result of mistakes (defects) made in deciding on the operator’s business and development strategy.	*Principal methods of strategic risk management include:* ► building up a process for strategic planning and management commensurate with the Exchange’s caliber and operations; ► preventing any decisions, including strategic, to be taken by an inappropriate body from the hierarchic point of view; ► exercising general control over the performance of the risk management system; ► determining the process for major transactions, for development and implementation of prospective projects as part of the general concept of Moscow Exchange Group’s development; ► controlling the consistency of the risk management parameters with the Exchange’s current condition and its development strategy

RISK MANAGEMENT STRATEGY

In 2020, the Supervisory Board approved the following strategies of Moscow Exchange and the Group:

- Moscow Exchange's Information Technology Strategy through 2024 (approved on 1 October 2020);
- Moscow Exchange Group's Internal Audit Strategy (approved on 1 October 2020);
- Moscow Exchange Group's 2024 Risk Management Strategy (approved on 29 October 2020);
- Moscow Exchange Group's Information Security Strategy for 2021–2024 (approved on 10 December 2020).

The 2024 Risk Management Strategy also establishes success criteria for its implementation, strategy implementation risks and measures aimed at preventing them. Roadmaps have been developed for the implementation of the above strategies.

As part of the implementation of the Risk Management System Development Strategy Roadmap, an approach has been implemented to determine the risk appetite of Moscow Exchange Group.

The Information Security Strategy sets out measures aimed at reducing the likelihood of actual threats to the information security of Moscow Exchange and defines key performance indicators for the implementation of the Strategy.

All principal risk takers among the companies of the Group have developed a risk and capital management strategy. The principles and processes of the strategy seek to build, use and develop a comprehensive system of capital and risk management to ensure business continuity both in normal and stressed economic conditions, to enhance transparency of the risk and capital management processes, as well as to identify and assess significant risks in a timely manner, support capital planning and take due account of risks in the decision-making process.

With a view to maintaining efficiency of the regular risk management processes:

- the following committees operate: the Risk Committee of the NCC Supervisory Board, Risk Management Committee of Moscow Exchange, Risk Management Committees of NCC Management board and Moscow Exchange and Risk Committee of NSD Executive Board;
- a system of distribution of powers and responsibilities is in place to implement key risk management principles;
- risks are regularly identified and mitigation measures;
- financial resilience recovery plans and plans for engagement of additional resources have been developed.

The Exchange is constantly developing and improving its risk management system to reduce the vulnerability of business processes and their recovery time, to improve system redundancy based on spacing and duplication of resources, and to improve the reliability of communication systems between traders, the Exchange and depository and settlement organizations.

Moscow Exchange has also established a separate market operator's risk management subsystem that enables it to identify and assess risks in a timely manner and to develop mitigation measures. This system incorporates continuous monitoring of emergencies and assessment of their potential impact on the technical processes of the Exchange's markets, as well as updating the integrated operational and financial risk management system in line with adopted decisions and procedures.

The Exchange has developed and approved the Regulations on Managing the Risks of a Market Operator and the Regulations on Managing the Risks of a Financial Platform Operator. In addition, the Exchange has also set up a separate structural unit aiming to identify and assess risks in a timely manner and to develop mitigation measures.

In addition, the Group's Risk Management Development Strategy through 2024 was developed and, as a follow-up, roadmaps were approved that include a description of specific objectives in such areas as risk management development, risk culture, deepening of core markets, balance sheet management, treasury and capital management. In particular, in pursuance of this Strategy, the Supervisory Board of Moscow Exchange approved the Group's risk appetite indicators and their thresholds.

SHORT-TERM RISK OUTLOOK

Given that the Group's strategy calls for the development of new products, formation of new trading markets and the expansion of the investor base, the management of financial risks will be key for the Company.

Entering a new market and receiving the status of a Financial Platform Operator by Moscow Exchange entail new risks, in particular information security risks and reputational risks came from the arrival of a new category of customers - individuals.

HR risks will remain neutral, given that most ongoing activities are long-term; however, staff turnover remains low. Given that the Exchange's strategic objectives include the financial platform and balance management, regulatory and legal risks will continue to have a high impact on the Exchange's activities; however, taking into account ongoing activities, we do not expect a significant increase in regulatory and legal risk.

Stabilization 3.0 programs being implemented results in the reduction of operational and compliance risks; however, the full effect will be visible only in the long term.

Plans to upgrade the Exchange's key information systems will keep information security risks elevated.

Strategic risks will remain neutral given that no factors preventing the achievement of strategic objectives, as well as no substantial delays and/or negative variances in implementation of the budget for strategic projects and initiatives, are present considering the Group's strategy through 2024.

Information for investors

SHARE CAPITAL

Information on share capital

Type, category and form of shares	Ordinary registered uncertificated shares
State registration number of shares issue	1–05–08443-H
Par value of one share	RUB 1
Total number of outstanding shares	2,276,401,458 shares
Share capital	RUB 2,276,401,458
Trading code / ISIN	MOEX / RU000A0JR4A1
Number of shares purchased by the company	0 shares

In 2020, Moscow Exchange's share capital remained unchanged. As of 31 December 2020, it amounted to RUB 2,276,401,458 and the number of outstanding ordinary shares stood at 2,276,401,458. Pursuant to the Exchange's Charter, each share grants the right to one vote at the General Meeting of Shareholders.

The shares are traded on Moscow Exchange's own trading platform (ticker: MOEX) and are included in the first-level quotation list. The shares are also a constituent of the Russian market benchmark indices, the MOEX Russia Index and the RTS Index, which are comprised of up to 50 stocks issued by Russia's largest traded companies. The Exchange's shares were also a constituent of the MOEX Index 10 (which is comprised of the 10 most liquid Russian stocks); they are also in the sectoral index for Finance and the equity sub-index of the Pension Savings Assets Index. In 2021, Moscow Exchange shares were included in three thematic sustainability indices: MOEX-RSPP Responsibility & Transparency Index, MOEX-RSPP Sustainability Vector Index and MSCI Emerging Markets Choice ESG Screened 5% Issuer Capped Index.

The Exchange's shares are included in a number of global indices, such as those calculated by MSCI, MV Index Solutions, S&P, FTSE, STOXX, Bloomberg, etc. The international index provider MSCI includes MOEX's shares in the MSCI Russia Index and the MSCI Emerging Markets Index. As of 14 January 2021, the weight of MOEX shares in the MSCI Russia Index was 1.13%. MV Index Solutions includes the Exchange's shares in the MVIS Russia Index, a benchmark for the largest ETF focused on the Russian stock market. As of 14 January 2021, the weight of MOEX shares in the index was 2.05%.

Moscow Exchange ownership structure

Shareholder	31 December 2019		31 December 2020	
	Voting power (units)	Voting power (%)	Voting power (units)	Voting power (%)
Central Bank of the Russian Federation	268,151,437	11.780	268,151,437	11.780
Sberbank of Russia	227,682,160	10.002	227,682,160	10.002
VEB.RF	191,299,389	8.404	191,299,389	8.404
EBRD	138,172,902	6.070	138,172,902	6.070
Capital Research and Management Company	-	-	130,253,299	5.722
MICEX-Finance	22,131,768	0.972	18,551,238	0.815
Free float (excl. MICEX-Finance; incl. Capital Research and Management Company)	1,428,963,802	62.773	1,432,544,332	62.930

According to the information available to the Exchange, no shareholder possesses any degree of control over the company disproportionate to their holding of the Exchange's share capital, as per a shareholder agreement or other agreement. The Exchange has not issued preferred shares, such as those with a different nominal value. The share capital structure does not include any instrument that would provide the holder control over the company disproportionate to its stake in the company.

As of 31 December 2020, the total number of MOEX shareholders was 192,314, including 191,210 individual shareholders. As of 31 December 2020, MICEX-Finance, a controlled entity of the Exchange, held **18,551,238** shares (0.815% of the capital).

In 2020, the Exchange executed no special-purpose related-party transactions with its shareholders. All transactions were of market nature and were executed on terms and conditions similar to those applied in transactions with other counterparties of the Exchange.

REGISTRAR

Registry company STATUS keeps the register of Moscow Exchange's shareholders

Full company name	Joint-Stock Company "Registry company STATUS"
Address	23/1 Novokhokhlovskaya St., Office 1, 109052, Moscow Russian Federation
Registration details	State registration certificate No. 066.193 from 20 June 1997, certificate to confirm the legal entity from 4 July 2002
Primary State Registration Number (OGRN)	1027700003924
License	Registrar License No. 10–000–1-00304 from 12 March 2004 (without limitation of the period of validity) issued by the Federal Financial Market Service
Contact details	General enquiries: +7 (495) 974–83–50 Shareholders service enquiries: +7 (495) 974–83–47 E-mail: info@rostatus.ru Fax: +7 (495) 678–71–10 E-mail: office@rostatus.ru

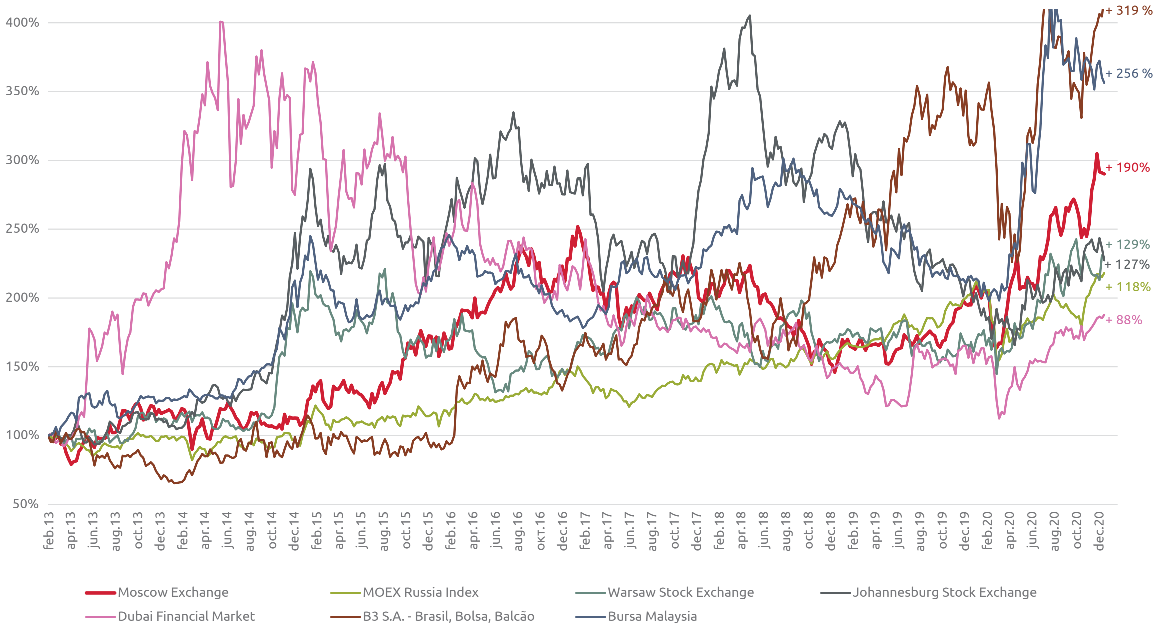
For more details, please visit the company's website: www.rostatus.ru.

MOEX SHARE PERFORMANCE

As of the end of 2020, Moscow Exchange's market capitalization was RUB 363 bn (versus RUB 245.3 as at the end of 2019). Since MOEX's IPO in February 2013, the share price has increased by 174%.

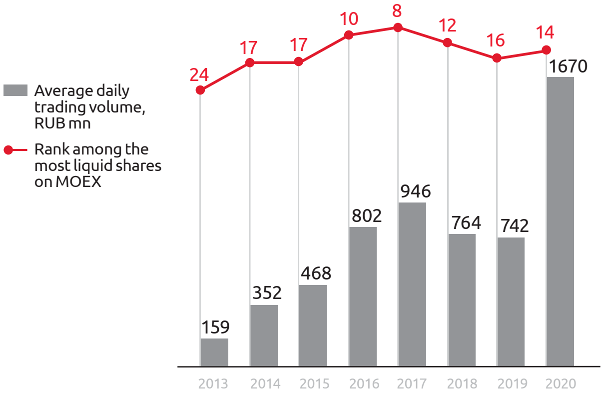
In 2020, the average daily trading volume (ADTV) of the company's shares increased more than twofold. MOEX's shares remained one of the most liquid stocks on the Russian market, ranking 14th in terms of liquidity in the central order book.

Performance of MOEX share versus MOEX Russia Index and peer shares in 2013–2020 (February 2013 = 100%)*



** All quotes are in RUB.*

ADTV and liquidity position versus most liquid shares**



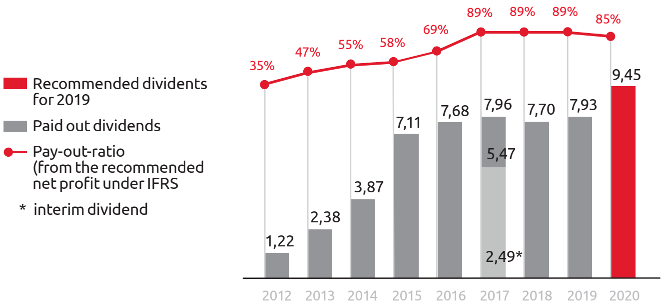
*** Versus ordinary and preferred shared admitted to trading on MOEX's Equity Market, by trading volume in the main trading mode.*

DIVIDENDS

For 2019, Moscow Exchange's Annual General Meeting of Shareholders (AGM) resolved to distribute dividends in the amount of RUB 7.93 per share. In total, RUB 18.05 bn was allocated for the payment of dividends, equivalent to 89% of the 2019 IFRS consolidated net income of the Exchange. The Exchange's Dividend Policy, which was approved by the MOEX Supervisory Board in October 2019, requires that dividends equal at least 60% of IFRS consolidated net income. The target level of the profit allocated for dividend payment is determined as the free cash flow to equity (FCFE).

On 26 March 2021, the Exchange's Supervisory Board recommended that shareholders at the AGM approve the payment of dividends based on the Exchange's 2020 results in the amount of RUB 9.45 per share. In total, it was recommended to allocate RUB 21.5 bn for the payment of dividends. If the AGM approves dividends at this level, the dividend payment for 2020 will be equivalent to 85% of IFRS net income for 2020.

Dividends per share in 2012–2019 and recommended dividends for 2020, *(RUB)*



Dividend payment in 2012–2019

Dividend payment year	Dividend period	Announcement date, shareholders meeting minutes No.	Total pre-tax amount of dividends declared and paid (RUB)	Dividend record date
2013	for 2012	25 May 2013, Minutes of AGM No. 49	2,901,756,800	20 May 2013
2014	for 2013	26 May 2014, Minutes of AGM No. 52	5,423,154,900	11 July 2014
2015	for 2014	28 April 2015, Minutes of AGM No. 53	8,818,323,227.91	12 May 2015
2016	for 2015	29 April 2016 Minutes of AGM No. 54	16,201,105,465.23	16 May 2016
2017	for 2016	28 April 2017 Minutes of AGM No. 56	17,482,763,197.44	16 May 2017
2017	for H1 2017	14 September 2017 Minutes of EGMS No. 57	5,668,239,600	29 September 2017
2018	for 2017	26 April 2018 Minutes of AGM No. 58	12,451,915,975.26	15 May 2018
2019	for 2018	25 April 2019, Minutes of AGM No. 59	17,528,291,226.60	14 May 2019
2020	for 2019	28 April 2020, Minutes of AGM No. 61	18,051,863,561.94	15 May 2020

In accordance with the Federal Law on Joint Stock Companies, the deadline for payment of dividends to a nominee registered in the shareholder register should not exceed 10 business days, and to other persons registered in the shareholder register - 25 business days from the dividend record date.

INVESTOR RELATIONS

Moscow Exchange engages with existing and prospective investors to provide them with an overview of the activities of the company and raise awareness of MOEX's business with the aim of continually diversifying the shareholder base. Investor relations activities are scheduled in such a manner that any investor has the opportunity to interact with and ask questions of MOEX management at least once a year and receive all the information s/he needs in a timely manner in order to make reasonable investment decisions. It is one of Moscow Exchange's priorities to adhere to the highest standards of information disclosure given its roles as both a public company and operator of Russia's core financial markets infrastructure.

Amid the pandemic, communication with shareholders and investors went to an online format. In 2020, Moscow Exchange's management held 261 meetings (also online) with institutional investors and took part in 15 international conferences for investors. It held online roadshows in cooperation with global brokers.

Years	2013	2014	2015	2016	2017	2018	2019	2020
Number of meetings with investors	180	236	270	349	355	326	318	261

In total, in 2020, Moscow Exchange's management contacted 129 institutional investors who, according to Nasdaq IR Insight, at the end of 2020 owned 38% of the company's free float (as compared to 47% in 2019). 31% of business contacts were investors from North America, 22% from the UK, 24% from continental Europe, 12% from Russia, 3% from Asia and 7% from other regions.

Geography of institutional investors that had business contact with the Exchange

Region	2019	2020
North America	28%	31%
UK	27%	22%
Continental Europe	20%	24%
Russia	15%	12%
Asia	7%	3%
Others	3%	7%

MOEX also places strong emphasis on engaging with retail investors. The number of retail shareholders exceeded 192,000 as of the end of 2020. Since 2014, MOEX has run an annual Shareholder Day for retail investors, an event in the form of a conference call with representatives of senior management. At another such event on 24 April 2020, the management of the Exchange spoke about new projects and the company's development prospects, as well as answered questions about corporate governance and initiatives to attract private investors to the Russian financial market.

INVESTORS' OPINION ON INVESTOR RELATIONS AT MOSCOW EXCHANGE

Since 2014, Moscow Exchange has annually commissioned a perception study to learn more about how MOEX is viewed by investors and analysts.

Results of the perception study on investor relations at Moscow Exchange in 2020 *(%)*

	No response	Good	Very good	Excellent
Knowledge of the business	8	0	0	92
Quality of IR materials	8	0	16	76
Quality of conference calls and webcasts	12	0	12	76
Confidence and transparency	8	0	0	92
Responsiveness	8	0	0	92
Friendliness/helpfulness	8	0	0	92
Access to the management	8	0	0	92

ANALYSTS

MOEX's performance is closely monitored by leading Russian and international banks. They publish regular reports on MOEX's shares as well as provide stock recommendations and financial forecasts.

Sell-side covering analysts

Company	Analyst	Tel.	Email
Bank of America	Olga Veselova	+7 (495) 662 6080	olga.veselova@bofa.com
Citigroup	Samarth Agrawal	+44 (20) 7986 4225	samarth.agrawal@citi.com
Goldman Sachs	Andrey Pavlov-Rusinov	+7 (495) 645 4241	andrey.pavlov-rusinov@gs.com
HSBC Bank plc	Andrzej Nowaczek	+44 (20) 7991 6709	andrzej.nowaczek@hsbcib.com
Raiffeisen Centrobank	Sergey Garamita	+7 (495) 721 9900	sergey.garamita@raiffeisen.ru
Sberbank CIB	Andrew Keeley	+44 (20) 7936 0439	andrew_keeley@sberbank-cib.ru
	Kirill Rogachev	+7 (495) 933 9817	kirill_rogachev@sberbank-cib.ru
SOVA Capital	Andrey Mikhailov	+7 (495) 213 1829	andrey.mikhailov@sovacapital.com
WOOD & Company	Pawei Wieprzowski	+48 222 221 549	pawel.wieprzowski@wood.com
Alfa Bank	Eugene Kipnis	+7 (495) 795 3713	ekipnis@alfabank.ru
Aton	Mikhail Ganelin	+7 (495) 213 0338	mikhail.ganelin@aton.ru
BCS	Elena Tsareva	+7 (495) 213 1537	etsareva@bcsgm.com
VTB Capital	Svetlana Aslanova	+7 (495) 663 4788	svetlana.aslanova@vtbcapital.com
	Mikhail Shlemov	+7 (495) 663 4701	mikhail.shlemov@vtbcapital.com
Gazprombank	Andrey Klapko	+7 (495) 983 1800	andrey.klapko@gazprombank.ru

As of 31 December 2020, the market consensus forecast for MOEX shares based on forecasts of eight analysts was RUB 163.0 per share.

Appendices

Information on major transactions and interested-party transactions

MAJOR TRANSACTIONS

In 2020, the Exchange did not perform transactions recognized as major transactions in accordance with Federal Law of the Russian Federation No. 208-FZ as of December 26, 1995 "On Joint Stock Companies".

The Exchange Charter does not establish other transactions, which are subject to the procedure for approval of major transactions.

INTERESTED-PARTY TRANSACTIONS

In the reporting year of 2020, the Exchange performed transactions recognized as interested-party transactions in accordance with Federal Law No. 208-FZ as of 26 December 1995 "On Joint Stock Companies" and approval of which is provided for by Chapter XI of this Law.

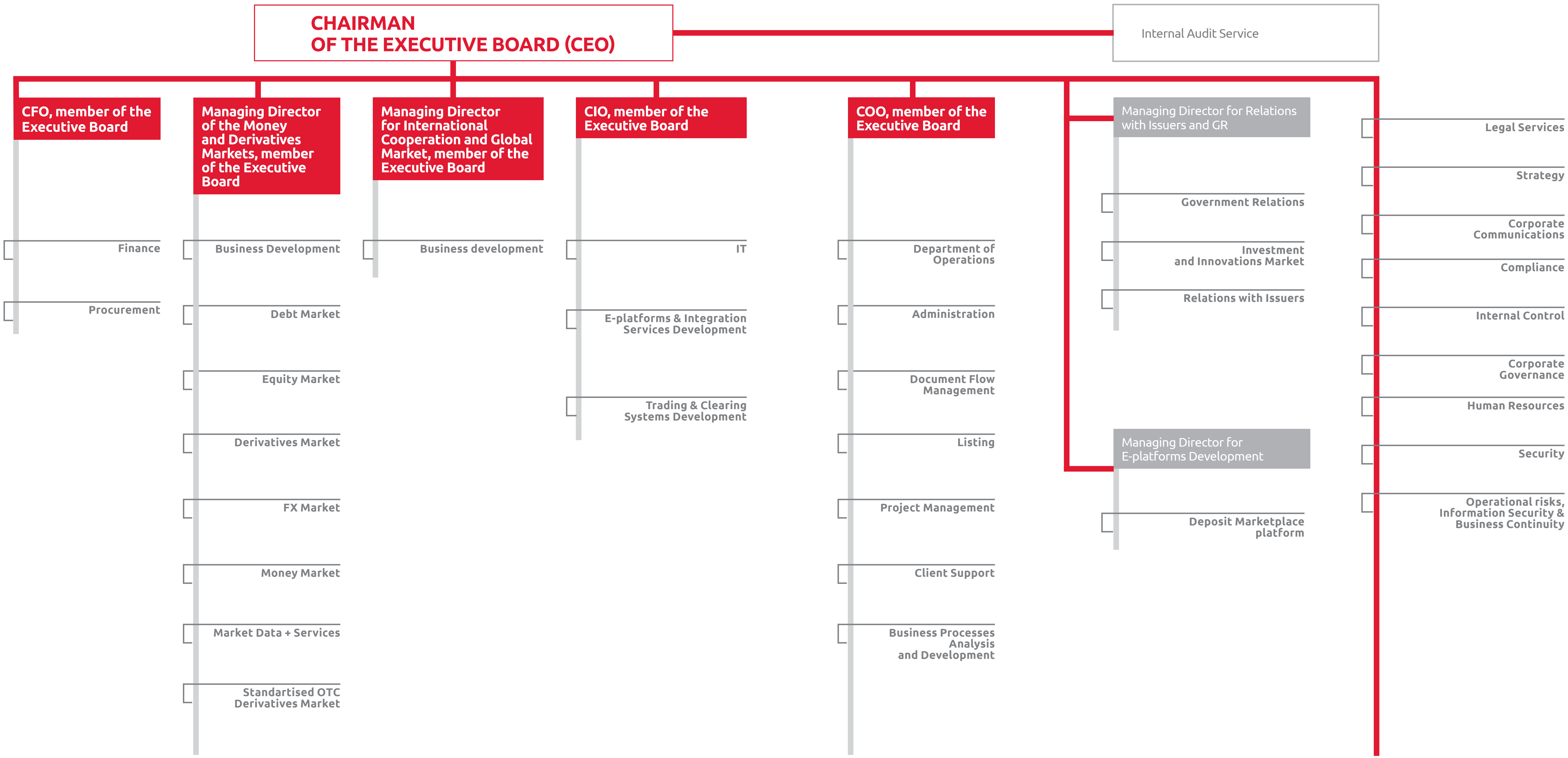
Information on transactions performed in 2020 is contained in the Report on interested-party transactions performed by Moscow Exchange in 2020, approved by the decision of Moscow Exchange Supervisory Board dated 26 March 2021 (Minutes No. 22). The Report on transactions performed by Moscow Exchange PJSC in 2020 is posted on the Exchange website: http://moex.com/s1457.

Key performance indicators

The Supervisory Board set MOEX KPIs for 2020 to measure performance in the core three areas:

- **Financial efficiency:** F&C income growth and cost control. F&C income grew by 31% to RUB 34.3 billion. Costs did not exceed the forecast. Their increase was significantly lower than the F&C income increase. As a result, the cost-to-income ratio decreased as compared to 2019, and financial efficiency was enhanced.
- **Quality of infrastructure:** ensuring of high-level accessibility and reliability of MOEX services, development of the risk management system and cybersecurity improvement. MOEX ensured smooth operation of its systems amid the pandemic and remote work of up to 90% of its employees. High market expectations of reliability, speed and productivity of MOEX systems were matched. Upon Y2020 results, MOEX systems availability was measured at 99.99%, similar to the previous three years. Besides, most of the planned measures were implemented to reduce operational risks and increase the reliability of operational business processes in the long run, as well as to improve compliance culture and information security.
- **New products & services:** trading time extension. An evening trading session was launched on the Equity Market in 2020. Demand for the service was strong, and it yielded extra trading volumes. Necessary arrangements were made to launch a morning session on the FX and Derivatives Markets in 2021.

Organisational chart of Moscow Exchange



Supply chain management

The Group manages its supply chain responsibly and works closely with product and service suppliers to ensure economically efficient procurement processes and reduce financial and non-financial risks. The Group promotes fair competition on the market and always seeks to involve reliable and responsible suppliers.

Procurement processes are centralised inside the Group and regulated by the Provision on MOEX Procurement Activities and the regulations on cooperation between the Exchange, NCC and NSD with regard to procurement activities.

PRIORITIES

MOEX's procurement system allows for an unbiased choice of the best technological solution, ensures the necessary level of transparency in terms of cooperation with suppliers, and supports competition.

Key principles of the Group's procurement activities are:

- informational transparency – any supplier can complete the relevant questionnaire on the Exchange's website, and procurement is carried out via the B2B-Center electronic trading platform;
- equality, fairness, non-discrimination and lack of unjustified competition restrictions with regard to procurement participants: price negotiations are conducted only among a short list of similar offers;
- ban on any additional competitive commercial stages after the announcement of a final request for quotes, except for cases of justified change in a scope of work, which is deemed to be a new procurement. Additional commercial negotiations are allowed only with a contractor;
- consolidation of volumes and conclusion of long-term agreements to achieve best commercial terms;
- commitment to expand a competitive environment by involving alternative producers and suppliers. All suppliers, regardless of the size of their business and country of registration, have the right to participate if they comply with transparent qualification criteria.

High-tech IT services to develop and maintain advanced software and equipment comprise more than 75% of the Exchange's supply structure.

In 2020, MOEX concluded supply agreements for products and services worth a total of RUB 4.9 bln[7], of which RUB 3.7 bln was related to IT products and services. The total number of unique suppliers exceeded 220.

Report on Moscow Exchange Compliance with the Principles and Recommendations of the Corporate Governance Code

This Report on Compliance with the Principles and Recommendations of the Corporate Governance Code was reviewed by the Supervisory Board of Moscow Exchange at the meeting held on the Supervisory Board meeting on 26 March 2021 (Minutes No. 22).

The Supervisory Board confirms that the data quoted herein contain comprehensive and reliable information on the Company compliance with the principles and recommendations of the Corporate Governance Code for the 2020 reporting year.

The Annual Report sections describe the most significant aspects of the corporate governance model and practices at Moscow Exchange, as well as the approach to assessing compliance with the corporate governance principles legitimized in the Corporate Conduct Code.

#	Corporate governance principles	Corporate governance principle compliance criteria	Status[1] of conformity with the corporate governance principle	Explanations[2] of deviation from the assessment criteria of compliance with the corporate governance principle
1.1	**The company shall ensure equal and fair treatment of all shareholders when they exercise their right to participate in the company's governance.**			
1.1.1	The company should create most favourable conditions for its shareholders enabling them to participate in the general meeting and develop informed positions on issues on its agenda, as well as provide them with the opportunity to coordinate their actions and express their opinions on issues being discussed.	1. The Company's internal document approved by the General Meeting of Shareholders and governing the procedures for holding the General Meeting is in the public domain. 2. The Company provides an easy-to-access way to communicate with the community, such as the "hotline", email or Internet forum that enables shareholders to express their opinion and to put forward issues to the agenda pending preparation for the General Meeting. These actions were taken by the Company the day before each general meeting held in the reporting period.	√ complied with	

#	Corporate governance principles	Corporate governance principle compliance criteria	Status[1] of conformity with the corporate governance principle	Explanations[2] of deviation from the assessment criteria of compliance with the corporate governance principle
1.1.2	Procedures for notification of the general meeting and provision of materials for it should enable the shareholders to get properly prepared for participation therein.	1. The notice of the General Meeting of Shareholders was posted (published) on the website at least 30 days prior to the General Meeting date. 2. The notice of the meeting specifies the venue of the meeting and the documents required to get access to the premise. 3. Access to the information on the person who proposed the agenda items and the one who nominated candidates to the Board of Directors and the Internal Audit Commission of the Company was provided to shareholders.	√ complied with	
1.1.3	During the preparation for and holding of the general meeting, the shareholders should be able to freely and timely receive information about the meeting and its materials, to pose questions to members of the company's executive bodies and board of directors, and to communicate with each other.	1. The shareholders were enabled to ask members of the executive bodies and members of the Company's Board of Directors before and during the annual General Meeting in the reporting period. 2. The standpoint of the Board of Directors (including any special opinions included into the minutes) on each agenda item of the General Meetings conducted during the reporting period was included into the materials of the General Meeting of Shareholders. 3. The Company provided the shareholders with the appropriate entitlement with the access to the list of persons eligible to attend the General Meeting, starting from the date of its receipt by the Company, in all cases of holding the General Meetings in the reporting period.	√ complied with	

#	Corporate governance principles	Corporate governance principle compliance criteria	Status[1] of conformity with the corporate governance principle	Explanations[2] of deviation from the assessment criteria of compliance with the corporate governance principle
1.1.4	There should be no unjustified difficulties preventing shareholders from exercising their right to demand that a general meeting be convened, nominate candidates to the company's governing bodies, and to place proposals on its agenda.	1. In the reporting period, shareholders were entitled, within not less than 60 days from the end of the respective calendar year, put forward proposals to be included into the agenda of the annual General Meeting. 2. In the reporting period, the Company did not refuse to accept proposals to the agenda or candidates to the Company's bodies due to misprints and other insignificant defects in the shareholder's proposal.	√ complied with	
1.1.5	Each shareholder should be able to freely exercise his right to vote in a straightforward and most convenient way.	1. The Company's internal document (internal policy) contains the provisions, whereby each participant in the General Meeting may, before completion of the respective meeting, to require a copy of the ballot completed by the shareholder and certified by the counting board.	√ complied with	
1.1.6	Procedures for holding a general meeting set by the company should provide equal opportunity to all persons present at the general meeting to express their opinions and ask questions that might be of interest to them.	1. When General Meetings of Shareholders are held in the reporting period in the form of a meeting (joint presence of shareholders), sufficient time is envisaged for the reports on agenda items and the time to discuss these issues. 2. Nominees to the Company's management and control bodies were available to answer shareholders' questions at the meeting where they were voted upon. 3. The Board of Directors reviewed the use of telecommunications tools to provide shareholders with remote access to participate in the General Meetings in the reporting period, when making decisions related to preparation and holding of the General Shareholders' Meetings.	√ complied with	In the reporting period the Company did not held general meetings of shareholders in the form of joint attendance of shareholders.

#	Corporate governance principles	Corporate governance principle compliance criteria	Status[1] of conformity with the corporate governance principle	Explanations[2] of deviation from the assessment criteria of compliance with the corporate governance principle
1.2	**Shareholders are provided with an equitable and fair opportunity to participate in the company's profits through the distribution of dividends.**			
1.2.1	The company should develop and put in place a transparent and clear mechanism for determining the amount of dividends and their payment.	1. The dividend policy of the Company was developed, approved by the Board of Directors, and disclosed. 2. If the Company's dividend policy uses the Company's reporting measures to determine the amount of dividends, the relevant dividend policy provisions incorporate the consolidated measures of financial statements.	√ complied with	
1.2.2	The company should not make a decision on the payment of dividends, if such decision, without formally violating limits set by law, is unjustified from the economic point of view and might lead to the formation of false assumptions about the company's activity.	1. The Company's dividend policy comprises clear-cut indications to financial/economic circumstances when no dividends are due to the Company.	√ complied with	
1.2.3	The company should not allow deterioration of dividend rights of its existing shareholders.	1. In the reporting period, the Company did not take steps that impaired the existing shareholders' dividend rights.	√ complied with	
1.2.4	The company should strive to rule out any ways through which its shareholders can obtain any profit or gain at the company's expense other than dividends and distributions of its liquidation value.	1. To eliminate other methods for shareholders to generate profit (income) at the Company's expense, other than dividends and the liquidation value, the Company's internal documents establish the controls that ensure timely identification and procedure for approval of the transactions with the persons affiliated (related) with substantial shareholders (the persons entitled to dispose of the votes attached to voting shares), where the law does not formally recognize such transactions as related party transactions.	√ complied with	

#	Corporate governance principles	Corporate governance principle compliance criteria	Status[1] of conformity with the corporate governance principle	Explanations[2] of deviation from the assessment criteria of compliance with the corporate governance principle
1.3	**The system and practices of corporate governance should ensure equal terms and conditions for all shareholders owning shares of the same class (category) in a company, including minority and foreign shareholders, as well as their equal treatment by the company.**			
1.3.1	The company should create conditions which would enable its governing bodies and controlling persons to treat each shareholder fairly, in particular, which would rule out the possibility of any abuse of minority shareholders by major shareholders.	1. During the reporting period, the procedures for management of potential conflicts of interests among the existing shareholders are efficient, and the Board of Directors paid enough attention to conflicts among shareholders, if any.	√ complied with	
1.3.2	The company should not perform any acts which will or might result in artificial reallocation of corporate control therein.	1. Quasi-treasury shares are not available or were not used in the voting during the reporting period.	√ complied with	
1.4	**Shareholders should be provided with reliable and efficient means of recording their rights in shares as well as with the opportunity to freely dispose of such shares in a non-onerous manner.**			
1.4	The shareholders should be provided with reliable and efficient means of recording their rights in shares as well as with the opportunity to freely dispose of such shares in a non-onerous manner.	1. Quality and reliability of the business pursued by the Company's registrar to keep the register of the securities' holders meet the Company's and its shareholders' needs.	√ complied with	
2.1	**The Board of Directors shall be in charge of strategic management of the company, determine major principles of and approaches to creation of a risk management and internal control system within the company, monitor the activity of the company's executive bodies, and carry out other key functions.**			
2.1.1	The board of directors should be responsible for decisions to appoint and remove [members] of executive bodies, including in connection with their failure to properly perform their duties. The board of directors should also procure that the company's executive bodies act in accordance with an approved development strategy and main business goals of the company.	1. The Board of Directors has the powers stipulated in the Articles of Association to appoint, dismiss, and determine conditions of the contracts, with respect to members of executive bodies. 2. The Board of Directors reviewed the report(s) of the sole executive body and members of the collegial executive body on fulfilment of the Company's strategy.	√ complied with	

#	Corporate governance principles	Corporate governance principle compliance criteria	Status[1] of conformity with the corporate governance principle	Explanations[2] of deviation from the assessment criteria of compliance with the corporate governance principle
2.1.2	The board of directors should establish basic long-term targets of the company's activity, evaluate and approve its key performance indicators and principal business goals, as well as evaluate and approve its strategy and business plans in respect of its principal areas of operations.	1. During the reporting period, meetings of the Board of Directors reviewed the progress of execution and updating the strategy, approval of the Company's financial and business plan (budget), and the review of the criteria and measures (including intermediate) to implement the Company's strategy and business plans.	√ complied with	
2.1.3	The board of directors should determine principles of and approaches to creation of the risk management and internal control system in the company.	1. The Board of Directors determines the principles and approaches to the risk management and internal control system in the Company. 2. The Board of Directors assessed the risk management and internal control system of the Company during the reporting period.	√ complied with	
2.1.4	The board of directors should determine the company's policy on remuneration due to and/or reimbursement of costs incurred by its board members, members of its executive bodies and other key managers.	1. The Company has developed and implemented the policy(-ies) approved by the Board of Directors on remuneration and reimbursement of costs incurred by the members of the Board of Directors, the Company's executive bodies and other key managers of the Company. 2. The meetings of the Board of Directors reviewed issues related to the above policy (-ies) during the reporting period.	√ complied with	
2.1.5	The board of directors should play a key role in prevention, detection and resolution of internal conflicts between the company's bodies, shareholders and employees.	1. The Board of Directors plays a key part in prevention, detection, and settlement of internal conflicts. 2. The Company has established the system to identify the transactions related to the conflict of interests and the system of efforts aimed at settlement of such conflicts.	√ complied with	

#	Corporate governance principles	Corporate governance principle compliance criteria	Status[1] of conformity with the corporate governance principle	Explanations[2] of deviation from the assessment criteria of compliance with the corporate governance principle
2.1.6	The board of directors should play a key role in procuring that the company is transparent, discloses information in full and in due time, and provides its shareholders with unhindered access to its documents.	1. The Board of Directors approved the Regulations on information policy. 2. The Company determined the persons in charge of implementation of the information policy.	√ complied with	
2.1.7	The board of directors should monitor the company's corporate governance practices and play a key role in its material corporate events.	1. During the reporting period, the Board of Directors reviewed the corporate governance practice in the Company.	√ complied with	
2.2	**The Board of Directors should be accountable to the company's shareholders.**			
2.2.1	Information about the board of directors' work should be disclosed and provided to the shareholders.	1. The Company's annual report for the reporting period includes information on the attendance rate of meetings of the Board of Directors and its committees by individual directors. 2. The annual report contains information on the principal findings of the Board of Directors' performance assessment in the reporting period.	√ complied with	
2.2.2	The chairman of the board of directors must be available to communicate with the company's shareholders.	1. The Company has a transparent procedure that enables shareholders to submit their questions and their standpoint thereon to the Chairman of the Board of Directors.	√ complied with	

#	Corporate governance principles	Corporate governance principle compliance criteria	Status[1] of conformity with the corporate governance principle	Explanations[2] of deviation from the assessment criteria of compliance with the corporate governance principle
2.3	**The board of directors should be an efficient and professional governing body of the company which is able to make objective and independent judgements and pass resolutions in the best interests of the company and its shareholders.**			
2.3.1	Only persons with impeccable business and personal reputation should be elected to the board of directors; such persons should also have knowledge, skills, and experience necessary to make decisions that fall within the jurisdiction of the board of directors and to perform its functions efficiently.	1. The procedure for assessing the efficiency of operations of the Board of Directors adopted in the Company comprises, in particular, the assessment of professional qualifications of members of the Board of Directors. 2. In the reporting period, the Board of Directors (or its Nomination Committee) assessed the nominees to the Board of Directors in terms of the required experience, expertise goodwill, lack of the conflict of interests, etc.	√ complied with	
2.3.2	Board members should be elected pursuant to a transparent procedure enabling the shareholders to obtain information about respective candidates sufficient for them to get an idea of the candidates' personal and professional qualities.	1. Where the General Meeting of Shareholders, the agenda of which included election of the Board of Directors, was held in the reporting period, the Company provided shareholders with the life record data for all the nominees to the Board of Directors, scores assigned to such nominees by the Board of Directors (or its Nominations Committee) and information on conformity of the nominees to the independence criteria, according to the recommendations in paragraphs from 102 to 107 of the Code and the nominees' written consent to be elected to the Board of Directors.	√ complied with	
2.3.3	The composition of board of directors should be balanced, in particular, in terms of qualifications, expertise, and business skills of its members. The board of directors should enjoy the confidence of the shareholders.	1. As part of the assessment of the Board of Directors in the reporting period, the Board of Directors reviewed its own needs in professional qualifications, experience, and business skills.	√ complied with	

#	Corporate governance principles	Corporate governance principle compliance criteria	Status[1] of conformity with the corporate governance principle	Explanations[2] of deviation from the assessment criteria of compliance with the corporate governance principle
2.3.4	The membership of the board of directors of the company must enable the board to organize its activities in a most efficient way, in particular, to create committees of the board of directors, as well as to enable substantial minority shareholders of the company to elect a candidate to the board of directors for whom they would vote.	1. As part of the assessment of the Board of Directors held in the reporting period, the Board of Directors reviewed the conformity of the number of members of the Board of Directors to the Company's needs and the shareholders' interests.	√ complied with	
2.4	**The Board of Directors should include a sufficient number of independent directors.**			
2.4.1	An independent director should mean any person who has required professional skills and expertise and is sufficiently able to have his/her own position and make objective and bona fide judgments, free from the influence of the company's executive bodies, any individual group of its shareholders or other stakeholders. It should be noted that, under normal circumstances, a candidate (or an elected director) may not be deemed to be independent, if he/she is associated with the company, any of its substantial shareholders, material trading partners or competitors, or the government.	1. During the reporting period, all independent members of the Board of Directors met the independence criteria specified in recommendations 102 to 107 of the Code or were recognized as such by resolution of the Board of Directors.	√ partially complied with	At the beginning of the reporting period (before the AGM date) three members of the Supervisory Board who were simultaneously members of the Supervisory Board of the subsidiary being a credit organization with which the Company held funds for settlement of trades, were temporarily found to lose their independence status due to the increase of the settlement account balance and subsequent surpassing the limit set out in the Listing Rules for material counterparties. The discrepancy was corrected on the next day after being identified; the directors restored compliance with the independence criteria. After the AGM, only one member of the Supervisory Board continued to serve simultaneously as a member of the Supervisory Board in the mentioned credit organization. As the Company continues to place funds with the said credit organization for settlement purposes, the Supervisory Board considered recognising the director as independent in the reporting period to eliminate the violation. The relation with a material counterparty of the Company is of a formal nature and does not influence director's independent, objective, and bona fide judgments.

#	Corporate governance principles	Corporate governance principle compliance criteria	Status[1] of conformity with the corporate governance principle	Explanations[2] of deviation from the assessment criteria of compliance with the corporate governance principle
2.4.2	It is recommended to evaluate whether candidates nominated to the board of directors meet the independence criteria as well as to review, on a regular basis, whether or not independent board members meet the independence criteria. When carrying out such evaluation, substance should take precedence over form.	1. In the reporting period, the Board of Directors (or the Nominations Committee of the Board of Directors) formed the estimate of independence of each nominee to the Board of Directors and submitted the relevant opinion to shareholders. 2. In the reporting period, the Board of Directors (or the Nominations Committee of the Board of Directors) reviewed the independence of the existing members of the Board of Directors, as indicated by the Company in the annual report as independent directors, at least once. 3. The Company has drafted the procedures that determine the necessary actions to be taken by a member of the Board of Directors, if he/she loses his/her independence, including the obligations to timely notify the Board of Directors accordingly.	√ complied with	
2.4.3	Independent directors should account for at least one-third of all directors elected to the board of directors.	1. Independent directors shall account for at least one third of the Board of Directors.	√ complied with	
2.4.4	Independent directors should play a key role in prevention of internal conflicts in the company and performance by the latter of material corporate actions.	1. Independent directors (who do not have any conflict of interests) preliminarily estimate the substantial corporate actions related to a potential conflict of interests, and the findings of such assessment are submitted to the Board of Directors.	√ complied with	In the reporting year 2020, the Company did not record any material corporate actions related to a potential conflict of interest.

#	Corporate governance principles	Corporate governance principle compliance criteria	Status[1] of conformity with the corporate governance principle	Explanations[2] of deviation from the assessment criteria of compliance with the corporate governance principle
2.5	**The Chairman of the Board of Directors should help the Board carry out the functions imposed on it in a most efficient manner.**			
2.5.1	It is recommended to either elect an independent director to the position of the chairman of the board of directors or identify the senior independent director among the company's independent directors who would coordinate work of the independent directors and liaise with the chairman of the board of directors.	1. The Chairman of the Board of Director is an independent director, or a senior independent director is identified among independent directors[3]. 2. Role, rights and duties of the Chairman of the Board of Directors (and, if applicable, the senior independent director) are duly determined in the Company's internal documents.	√ partially complied with	1. Partially complied. An independent director was elected as the Chairman of the Supervisory Board. In the reporting period (before the AGM date), the Chairman of the Supervisory Board of the Company who was simultaneously a member of the Supervisory Board of the subsidiary being a credit organization with which the Company held funds for settlement of trades, was temporarily found to lose their independence status due to the increase of the settlement account balance and subsequent surpassing the limit set out in the Listing Rules for material counterparties. The discrepancy was corrected on the next day after being identified; the director restored compliance with the independence criteria. After the AGM, the Chairman of the Supervisory Board did not have the above overlap in his positions and in the period between the date of the AGM and the end of the reporting period he was compliant with the independence criteria. 2. Complied with.
2.5.2	The board chairman should ensure that board meetings are held in a constructive atmosphere and that any items on the meeting agenda are discussed freely. The chairman should also monitor fulfilment of decisions made by the board of directors.	1. Performance of the Chairman of the Board of Directors was estimated as part of the BoD efficiency assessment procedure in the reporting period.	√ complied with	
2.5.3	The chairman of the board of directors should take any and all measures as may be required to provide the board members in a timely fashion with information required to make decisions on issues on the agenda.	1. The duty of the Chairman of the Board of Directors to take efforts to ensure timely filing of documents to members of the Board of Directors on agenda items of the meeting of the Board of Directors is legitimized in the Company's internal documents.	√ complied with	

#	Corporate governance principles	Corporate governance principle compliance criteria	Status[1] of conformity with the corporate governance principle	Explanations[2] of deviation from the assessment criteria of compliance with the corporate governance principle
2.6	**Board members must act reasonably and in good faith in the best interests of the company and its shareholders, being sufficiently informed, with due care and diligence.**			
2.6.1	Acting reasonably and in good faith means that board members should make decisions considering all available information, in the absence of a conflict of interest, treating shareholders of the company equally, and assuming normal business risks.	1. The Company's internal documents establish that a member of the Board of Directors is obliged to notify the Board of Directors if he/she has a conflict of interests with respect to any agenda item of the meeting of the Board of Directors or a committee of the Board of Directors, before the start of the discussion of the relevant agenda item. 2. The Company's internal documents envisage that a member of the Board of Directors should refrain from voting on any item where he/she has a conflict of interests. 3. The Company establishes the procedure that enables the Board of Directors to obtain professional advice on issues falling within its competence, at the Company's expense.	√ complied with	
2.6.2	Rights and duties of board members should be clearly stated and documented in the company's internal documents.	1. The Company adopted and published the internal document that clearly determines rights and duties of members of the Board of Directors.	√ complied with	
2.6.3	Board members should have sufficient time to perform their duties.	1. Individual attendance of meetings of the Board and committees as well as the time spent on preparation for participation in the meetings was taken into account as part of the assessment procedure of the Board of Directors in the reporting period. 2. According to the Company's internal documents, members of the Board of Directors are obliged to notify the Board of Directors of their intention to join management bodies of other companies (except for the Company's affiliates and dependent companies) and about such actual appointment.	√ complied with	

#	Corporate governance principles	Corporate governance principle compliance criteria	Status[1] of conformity with the corporate governance principle	Explanations[2] of deviation from the assessment criteria of compliance with the corporate governance principle
2.6.4	All board members should have equal opportunity to access the company's documents and information. Newly elected board members should be provided with sufficient information about the company and work of its board of directors as soon as practicable.	1. According to the Company's internal documents, members of the Board of Directors are free to gain access to documents and to make requests pertaining to the Company and its affiliates, and the Company's executive bodies are obliged to provide the relevant information and documents. 2. The Company has a formalized program of introductory events for newly elected members of the Board of Directors.	√ complied with	
2.7	**Meetings of the Board of Directors, preparation for them, and participation of Board members therein should ensure efficient work of the Board.**			
2.7.1	It is recommended to hold meetings of the board of directors as needed, with due account of the company's scope of activities and its then current goals.	1. The Board of Directors held at least six meetings in the reporting year.	√ complied with	
2.7.2	It is recommended to develop a procedure for preparing for and holding meetings of the board of directors and set it out in the company's internal documents. The above procedure should enable the shareholders to get prepared properly for such meetings.	1. The Company approved the internal document that governs the procedure for preparation for and holding of meetings of the Board of Directors, which, in particular, stipulates that the notice of the meeting should be normally made at least five (5) days prior to the meeting.	√ complied with	

#	Corporate governance principles	Corporate governance principle compliance criteria	Status[1] of conformity with the corporate governance principle	Explanations[2] of deviation from the assessment criteria of compliance with the corporate governance principle
2.7.3	The form of a meeting of the board of directors should be determined with due account of importance of issues on the agenda of the meeting. Most important issues should be decided at the meetings held in person.	1. The Articles of Association or the internal document of the Company envisage that the most significant issues (according to the list in Recommendation 168 of the Code) should be considered at the personal meetings of the Board.	√ partially complied with	According to the Charter, the issues listed in Recommendation 168 of the Code (except for material related party transactions and placing the issue of delegating the CEO's powers to the asset management company before the AGM for consideration) are decided at the meetings held in person. Issues of material related party transactions are not included on the said list since the Company's Code of Corporate Governance does not classify related party transactions as a specific material transaction criterion. The Company has set materiality thresholds in terms of amount and subject of a transaction, regardless of parties to the transaction. However, the Company is considering whether to determine the materiality criteria for interested-party transactions in its internal documents and add the approval of such transactions to the scope of issues to review at in-person meetings of the Supervisory Board. Placing the issue of delegating the sole executive body's powers to the asset management company before the AGM is not within the Supervisory Board competence, since, in pursuance with the Federal Law on Organised Trading, (1) the Company's sole executive body is elected by the Supervisory Board, and (2) the Organiser of Trading is no authorised to delegate the powers of the sole executive body to other entity (asset manager, asset management company).

#	Corporate governance principles	Corporate governance principle compliance criteria	Status[1] of conformity with the corporate governance principle	Explanations[2] of deviation from the assessment criteria of compliance with the corporate governance principle
2.7.4	Decisions on most important issues relating to the company's business should be made at a meeting of the board of directors by a qualified majority vote or by a majority vote of all elected board members.	1. The Articles of Association of the Company envisages that resolutions on the most critical issues set forth in Recommendation 170 of the Code, shall be adopted at the meeting of the Board of Directors, by a qualified, at least three fourths majority of votes, or by a majority of votes of all elected members of the Board of Directors.	√ partially complied with	Most issues listed in Recommendation 170 of the Code, are included on the list of issues that should be decided by a three fourths majority vote of directors participating in the meeting, or by a ¾ majority of all votes. The list did not include the matters regarding (1) approval of priority activities, 2) placing listing issues before the AGM. The Company has no plans to include approval of priorities to such issues, since priorities are normally described in the strategy approved by a three fourths majority vote of all Supervisory Board members attending the meeting. The Company believes that a preliminary and thorough discussion of most issues including those specified above, by ad-hoc committees allows the Supervisory Board to make decisions unanimously and helps reduce risks related to non-compliance with the principle specified above. Submitting issues on listing to the consideration by the AGM is not on the list as these listing issues are referred to the Supervisory Board competency (3/4 majority vote), but not to the AGM.

#	Corporate governance principles	Corporate governance principle compliance criteria	Status[1] of conformity with the corporate governance principle	Explanations[2] of deviation from the assessment criteria of compliance with the corporate governance principle
2.8	**The Board of Directors should form committees for preliminary consideration of the most important aspects of the company's business.**			
2.8.1	For the purpose of preliminary consideration of any matters of control over the company's financial and business activities, it is recommended to form an audit committee comprised of independent directors.	1. The Board of Directors established the Audit Committee comprising independent directors only. 2. The Company's internal documents determine the objectives for the Audit Committee, including, in particular, any objectives contained in Recommendation 172 of the Code. 3. At least one member of the Audit Committee, which is an independent director, has experience and expertise in drafting, reviewing, assessment and audit of financial statements (accounts). 4. Meetings of the Audit Committee were held at least quarterly during the reporting period.	√ partially complied with	1. Partly compiled with. In the reporting period (before the AGM date), one member of the Audit Committee of the Supervisory Board of the Company who was simultaneously a member of the Supervisory Board of the subsidiary being a credit organization with which the Company held funds for settlement of trades, was temporarily found to lose their independence status due to the increase of the settlement account balance and subsequent surpassing the limit set out in the Listing Rules for material counterparties. The discrepancy was corrected on the next day after being identified; the director restored compliance with the independence criteria. As the Company continues to place funds with the said credit organization for settlement purposes, the Supervisory Board considered recognising the director as independent in the reporting period to eliminate the violation. The relation with a material counterparty of the Company is of a formal nature and does not influence director's independent, objective, and bona fide judgments. 2. Complied 3. Complied 4. Complied

#	Corporate governance principles	Corporate governance principle compliance criteria	Status[1] of conformity with the corporate governance principle	Explanations[2] of deviation from the assessment criteria of compliance with the corporate governance principle
2.8.2	For the purpose of preliminary consideration of any matters of development of efficient and transparent remuneration practices, it is recommended to form a remuneration committee comprised of independent directors and chaired by an independent director who should not concurrently be the board chairman.	1. The Board of Directors set up the Remuneration Committee consisting of independent directors only. 2. Chairman of the Remunerations Committee is an independent director, other than Chairman of the Board of Directors. 3. The Company's internal documents determine the objectives of the Remunerations Committee, including those contained in Recommendation 180 of the Code.	√ partially complied with	1. Partly compiled with 2. Partly compiled with In the reporting year 2020 (before the AGM date), two members of the Nomination and Remuneration Committee of the Supervisory Board of the Company who were simultaneously members of the Supervisory Board of the subsidiary being a credit organization with which the Company held funds for settlement of trades, were temporarily found to lose their independence status due to the increase of the settlement account balance and subsequent surpassing the limit set out in the Listing Rules for material counterparties. The discrepancy was corrected on the next day after being identified; the directors restored compliance with the independence criteria. After the AGM, the members of the Nomination and Remuneration Committee did not have the above overlap in their positions and in the period between the date of the AGM and the end of the reporting period they were compliant with the independence criteria. 3. Complied with
2.8.3	For the purpose of preliminary consideration of any matters relating to human resources planning (making plans regarding successor directors), professional composition and efficiency of the board of directors, it is recommended to form a nominating committee (a committee on nominations, appointments and human resources) with a majority of its members being independent directors.	1. The Board of Directors established the Nominations Committee (or its objectives specified in Recommendation 186 of the Code are implemented as part of another committee[4]), a majority of which are independent directors. 2. The Company's internal documents determine the objectives of the Nominations Committee (or the relevant committee with a combined functionality), including those contained in Recommendation 186 of the Code.	√ partially complied with	1. Partly complied with. The tasks set out in para 186 of the Bank of Russia CGC are carried out by the Nomination and Remuneration Committee (please see notes to paragraph 2.8.2). 2. Complied with.

#	Corporate governance principles	Corporate governance principle compliance criteria	Status[1] of conformity with the corporate governance principle	Explanations[2] of deviation from the assessment criteria of compliance with the corporate governance principle
2.8.4	Taking account of its scope of activities and levels of related risks, the company should form other committees of its board of directors, in particular, a strategy committee, a corporate governance committee, an ethics committee, a risk management committee, a budget committee or a committee on health, security and environment, etc.	1. In the reporting period, the Company's Board of Directors reviewed the conformity of membership in its committees to the objectives assigned to the Board of Directors and to the Company's operating goals. Additional committees were either established or were not recognized as necessary.	√ complied with	[5] The Company has five (5) committees at the Supervisory Board (namely, the Nomination and Remuneration Committee, Audit Committee, Risk Management Committee, Strategy Planning Committee, and the Technical Policy Committee). Additional committees were not recognized as necessary.
2.8.5	The composition of the committees should be determined in such a way that it would allow a comprehensive discussion of issues being considered on a preliminary basis with due account of differing opinions.	1. Committees of the Board of Directors are headed by independent directors. 2. The Company's internal documents (policies) contain the provisions, whereby persons not included into the Audit Committee, the Nominations Committee and the Remunerations Committee, may attend meetings of the committees upon invitation of the Chairman of the respective committee only.	√ partially complied with	1. Partly complied with. At the beginning of the reporting period the Company had in place six committees at the Supervisory Board (namely, the Nomination and Remuneration Committee, Audit Committee, Budget Committee Risk Management Committee, Strategy Planning Committee, and the Technical Policy Committee). After the AGM the Supervisory Board established five committees (namely, Nomination and Remuneration Committee, Audit Committee, Risk Management Committee, Strategy Planning Committee, and the Technical Policy Committee). Four committees (Nomination and Remuneration Committee, Audit Committee, Strategy Planning Committee, and the Technical Policy Committee) were chaired by independent directors. In the given period of the reporting year, the Chairman of one of the Committees was not compliant with the independence criteria (see comments to clause 2.8.2). After the AGM, independent directors were elected to chair three committees at the Supervisory Board (Nomination and Remuneration Committee, Audit Committee, and Strategy Planning Committee). The Supervisory Board was taking decisions on the lineup of the committees and their chairmen depending on whether the directors have sufficient time to perform their duties within the committees, and to ensure comprehensive discussions permitting for a diversity of views.

#	Corporate governance principles	Corporate governance principle compliance criteria	Status[1] of conformity with the corporate governance principle	Explanations[2] of deviation from the assessment criteria of compliance with the corporate governance principle
				Issues related to the range of the Supervisory Board committees and their lists of members including the nomination of chairmen, are considered after the Annual General Meeting of Shareholders. The Supervisory Board considers the independence status of potential committee members and above all their competencies and ability to make sufficient contribution to the Committee. Based on the above circumstances, the Committees members and chairmen are named. In 2020, Moscow Exchange developed a succession planning programme for members of the Supervisory Board, whereby non-executive and independent members of the Supervisory Board are planned to succeed in a three- to four-year period. It is intended that following the succession planning programme implemented by Moscow Exchange, independent directors to chair all Committees at the Supervisory Board. 2. Complied
2.8.6	The chairmen of the committees should inform the board of directors and its chairman of the work of their committees on a regular basis.	1. During the reporting period, chairmen of the committees reported on the committees' operations to the Board of Directors on a regular basis.	√ complied with	
2.9	**The Board of Directors should evaluate of the quality of its work and that of its committees and Board members.**			
2.9.1	Evaluation of quality of the board of directors' work should be aimed at determining how efficiently the board of directors, its committees and board members work and whether their work meets the company's needs, as well as at making their work more intensive and identifying areas of improvement.	1. Self-assessment or external assessment of the Board of Directors' performance conducted in the reporting period included the assessment of operations of the committees, individual members of the Board of Directors and the entire Board of Directors. 2. The findings of self-assessment or external assessment of the Board of Directors in the reporting period were reviewed at the personal meeting of the Board of Directors.	√ complied with	

#	Corporate governance principles	Corporate governance principle compliance criteria	Status[1] of conformity with the corporate governance principle	Explanations[2] of deviation from the assessment criteria of compliance with the corporate governance principle
2.9.2	Quality of work of the board of directors, its committees and board members should be evaluated on a regular basis, at least once a year. To carry out an independent evaluation of the quality of the board of directors' work, it is recommended to retain a third-party entity (consultant) on a regular basis, at least once every three years.	1. For independent quality assessment of the Board of Directors' performance, an external company (advisor) was engaged by the Company at least once in three recent reporting periods.	√ complied with	
3.1	**The company's corporate secretary shall be responsible for efficient interaction with its shareholders, coordination of the company's actions designed to protect the rights and interests of its shareholders, and support of efficient work of its Board of Directors.**			
3.1.1	The corporate secretary should have knowledge, experience, and qualifications sufficient for performance of his/her duties, as well as an impeccable reputation and should enjoy the trust of the shareholders.	1. The Company adopted and disclosed the internal document – Regulations on the Corporate Secretary. 2. The Company's website and annual report discloses background information on the Corporate Secretary with the same level of detail as for members of the Board of Directors and the executive management of the Company.	√ complied with	
3.1.2	The corporate secretary should be sufficiently independent of the company's executive bodies and be vested with powers and resources required to perform his/her tasks.	1. The Board of Directors approved the appointment, dismissal and additional remuneration of the Corporate Secretary.	√ complied with	

#	Corporate governance principles	Corporate governance principle compliance criteria	Status[1] of conformity with the corporate governance principle	Explanations[2] of deviation from the assessment criteria of compliance with the corporate governance principle
4.1	**The level of remuneration paid by the company should be sufficient to enable it to attract, motivate, and retain persons having required skills and qualifications. Remuneration due to board members, the executive bodies, and other key managers of the company should be paid in accordance with a remuneration policy approved by the company.**			
4.1.1	It is recommended that the level of remuneration paid by the company to its board members, executive bodies, and other key managers should be sufficient to motivate them to work efficiently and enable the company to attract and retain knowledgeable, skilled, and duly qualified persons. The company should avoid setting the level of remuneration any higher than necessary, as well as an excessively large gap between the level of remuneration of any of the above persons and that of the company's employees.	1. The Company adopted the internal document(s), the remuneration policy(-ies) for members of the Board of Directors, the executive bodies, and other key managers, which clearly describe approaches to remuneration of these persons.	√ complied with	
4.1.2	The company's remuneration policy should be developed by its remuneration committee and approved by the board of directors. With the help of its remuneration committee, the board of directors should monitor implementation of and compliance with the remuneration policy by the company and, should this be necessary, review and amend the same.	1. In the reporting period, the Remunerations Committee reviewed the remuneration policy(-ies) and the practice of its/their implementation and, if necessary, submitted the relevant recommendations to the Board of Directors.	√ complied with	

#	Corporate governance principles	Corporate governance principle compliance criteria	Status[1] of conformity with the corporate governance principle	Explanations[2] of deviation from the assessment criteria of compliance with the corporate governance principle
4.1.3	The company's remuneration policy should provide for transparent mechanisms to be used to determine the amount of remuneration due to members of the board of directors, the executive bodies, and other key managers of the company, as well as to regulate any and all types of payments, benefits, and privileges provided to any of the above persons.	1. The Company's remuneration policy(-ies) contain(s) transparent arrangements on determining the amount of the remuneration of members of the Board of Directors, executive bodies and other key managers of the Company and govern(s) all types of fees, benefits and advantages provided to these persons.	√ complied with	
4.1.4	The company is recommended to develop a policy on reimbursement of expenses which would contain a list of reimbursable expenses and specify service levels provided to members of the board of directors, the executive bodies, and other key managers of the company. Such policy can form part of the company's policy on compensations.	1. The remuneration policy(-ies) or other internal documents of the Company establish(-es) the rules on reimbursement of costs to the members of the Board of Directors, executive bodies and other key employees of the Company.	√ complied with	
4.2	**The system of remuneration of board members should ensure harmonisation of financial interests of the directors with long-term financial interests of the shareholders.**			
4.2.1	A fixed annual fee shall be a preferred form of monetary remuneration of the board members. It is not advisable to pay a fee for participation in individual meetings of the board of directors or its committees. It is not advisable to use any form of short-term incentives or additional financial incentives in respect of board members.	1. Fixed annual remuneration was the only monetary form of remuneration for the members of the Board of Directors for work within the Board of Directors during the reporting period.	√ complied with	

#	Corporate governance principles	Corporate governance principle compliance criteria	Status[1] of conformity with the corporate governance principle	Explanations[2] of deviation from the assessment criteria of compliance with the corporate governance principle
4.2.2	Long-term ownership of shares in the company contributes most to aligning financial interests of board members with long-term interests of the company's shareholders. However, it is not recommended to make the right to dispose of shares dependent on the achievement by the company of certain performance results; nor should board members take part in the company's option plans.	1. If the Company's internal document(s), the remuneration policy(-ies), envisage(s) granting of shares to members of the Board of Directors, clear rules for holding shares by members of the Board of Directors, intended to encourage long-term ownership of such shares, should be available and disclosed.	√ complied with	Company's internal documents do not provide for the provision of shares to the Supervisory Board members.
4.2.3	It is not recommended to provide for any additional allowance or compensation in the event of early dismissal of board members in connection with a change of control over the company or other circumstances.	1. The Company does not envisage any additional benefits or compensations in case of early termination of powers of the members of the Board of Directors in connection with change of control over the Company or other circumstances.	√ complied with	

#	Corporate governance principles	Corporate governance principle compliance criteria	Status[1] of conformity with the corporate governance principle	Explanations[2] of deviation from the assessment criteria of compliance with the corporate governance principle
4.3	**The system of remuneration due to the executive bodies and other key managers of the company should provide that their remuneration is dependent on the company's performance and their personal contributions to the achievement thereof.**			
4.3.1	Remuneration due to the executive bodies and other key managers of the company should be set in such a way as to procure a reasonable and justified ratio between its fixed portion and its variable portion that is dependent on the company's performance results and employees' personal (individual) contributions to the achievement thereof.	1. During the reporting period, the annual performance indicators approved by the Board of Directors, were used to determine the amount of variable remuneration of members of executive bodies and other key managers of the Company. 2. During the most recent assessment of the remuneration system for the members of executive bodies and other key managers of the Company, the Board of Directors (the Remunerations Committee) made sure the Company applied an efficient ratio of the fixed remuneration portion to the variable one. 3. The Company has the procedure for refunding to the Company bonuses unlawfully obtained by the members of executive bodies and other key managers of the Company.	√ partially complied with	1. Complied with. 2. Partly complied with In the reporting year 2020, there were neither assessment of the remuneration payable to executive body members, no dedicated discussion of a ratio between its fixed portion and its variable portion. In addition to that, when approving a LTIP, the Supervisory Board of the Company considered a comparative analysis of the management renumeration structure including members of the executive bodies, vs. remuneration levels at the peer companies. The total size of remuneration due to a member of the Executive Board, inclusive of a ratio between a fixed portion of remuneration and its variable portion, was also assessed against remuneration payable by peer companies, based on overviews (studies) procured from the leading consulting firms (inclusive of international ones). In 2020, the Long-Term Incentive Programme toward the improvement of remuneration structure was approved. 3. Not complied with. The Company does not have in place any procedure whereby any bonus payment unreasonably received by executive body members and other key managers would be restituted to the Company. Such restitution is conducted in accordance with the applicable laws of the Russian Federation. Restitution of unlawfully obtained bonuses to the Company is only possible in court or through a damage restitution procedure. The restitution procedure is set in Chapter 37 and Chapter 39 of the Russian Federation Labour Code, therefore, it is not required to additionally secure this procedure in internal documents of the Company. In case of restitution under the Russian Labour Code, an employee is charged the average monthly salary, with the remaining part collected through court action. In case a wrongful bonus payment is to be returned to the Company and an insufficient amount of the average monthly salary plus the bonus (including deferred parts thereof), the Company will file the action with a court.

#	Corporate governance principles	Corporate governance principle compliance criteria	Status[1] of conformity with the corporate governance principle	Explanations[2] of deviation from the assessment criteria of compliance with the corporate governance principle
				Seeking to mitigate risks and develop individual accountability concept, the Policy of Remuneration and Compensation of the Company ensures a possibility for the Supervisory Board to take a decision on reducing or cancelling bonus payouts (inclusive of its deferred parts), also in the follow-up of audits by internal/external auditors and regulatory authorities, which allows for the Company to restitute bonus amounts unlawfully obtained by members of the executive bodies. Considering the foregoing, the Company will plan to adhere to the recommendation after the relevant amendments are made to legislation.
4.3.2	Companies whose shares are admitted to trading at organised markets are recommended to put in place a long-term incentive programme for the company's executive bodies and other key managers involving the company's shares (or options or other derivative financial instruments the underlying assets for which are the company's shares).	1. The Company introduced the long-term incentive program for members of executive bodies and other key managers of the Company using shares in the Company (financial instruments based on the shares in the Company). 2. The long-term incentive program for the members of executive bodies and other key managers of the Company implies that the right to sell the shares and other financial instruments used in such program will not arise until three years from their provision; provided that the right to sell the same is conditional upon achievement of certain performance indicators of the Company.	√ complied with	1. Compiled with. 2. Compiled with.
4.3.3	The amount of severance pay (so-called "golden parachute") payable by the company in the event of early dismissal of an executive body or other key manager at the initiative of the company, provided that there have been no bad faith actions on the part of such person, should not exceed two times the fixed portion of his/her annual remuneration.	1. The amount of compensation ("golden parachute") paid by the Company in case of early termination of powers to the members of executive bodies or key managers at the Company's initiative and in the absence of unfair actions on their part, did not exceed the double fixed portion of the annual remuneration in the reporting period.	√ complied with	

#	Corporate governance principles	Corporate governance principle compliance criteria	Status[1] of conformity with the corporate governance principle	Explanations[2] of deviation from the assessment criteria of compliance with the corporate governance principle
5.1	**The company should have in place an efficient risk management and internal control system designed to provide reasonable confidence that the company's goals will be achieved.**			
5.1.1	The board of directors should determine the principles of and approaches to creation of the risk management and internal control system in the company.	1. Functions of various management bodies and business units of the Company in the risk management and internal control system are clearly determined in internal documents/ the Company's relevant policy approved by the Board of Directors.	√ complied with	
5.1.2	The company's executive bodies should ensure the establishment and continuing operation of the efficient risk management and internal control system in the company.	1. The Company's executive bodies ensured allocation of the functions and powers as concerns risk management and internal control among their subordinate managers (heads) of business units and divisions.	√ complied with	
5.1.3	The company's risk management and internal control system should enable one to obtain an objective, fair and clear view of the current condition and prospects of the company, integrity and transparency of its accounts and reports, and reasonableness and acceptability of risks being assumed by the company.	1. The Company approved the anti-bribery policy. 2. The Company established an affordable method to notify the Board of Directors or the Board of Directors Audit Committee on actual violations of the laws, internal procedures, and the Company's ethics code.	√ complied with	
5.1.4	The board of directors is recommended to take required and sufficient measures to procure that the existing risk management and internal control system of the company is consistent with the principles of and approaches to its creation as set forth by the board of directors and that it operates efficiently.	1. In the reporting year, the Board of Directors and the Board of Directors Audit Committee assessed efficiency of the risk management and internal control system of the Company. Information on the key findings of such assessment are included into the Company's annual report.	√ complied with	

#	Corporate governance principles	Corporate governance principle compliance criteria	Status[1] of conformity with the corporate governance principle	Explanations[2] of deviation from the assessment criteria of compliance with the corporate governance principle
5.2	**To independently evaluate, on a regular basis, reliability and efficiency of the risk management and internal control system and corporate governance practices, the company should arrange for internal audits.**			
5.2.1	It is recommended that internal audits be carried out by a separate structural division (internal audit department) to be created by the company or through retaining an independent third-party entity. To ensure the independence of the internal audit department, it should have separate lines of functional and administrative reporting. Functionally, the internal audit department should report to the board of directors, while from the administrative standpoint, it should report directly to the company's one-person executive body.	1. For the purposes of internal audit, the Company established a separate business unit for internal audit, which functionally reports to the Board of Directors or the Audit Committee, or engaged an independent external company with the same principle of reporting.	√ complied with	
5.2.2	When carrying out an internal audit, it is recommended to evaluate efficiency of the internal control system and the risk management system, as well as to evaluate corporate governance and apply generally accepted standards of internal auditing.	1. In the reporting period, as part of internal audit, the internal control and risk management system efficiency was assessed. 2. The Company uses common approaches to internal control and risk management.	√ complied with	
6.1	**The company and its activities should be transparent to its shareholders, investors and other stakeholders.**			
6.1.1	The company should develop and implement an information policy enabling the company to efficiently exchange information with its shareholders, investors, and other stakeholders.	1. The Company's Board of Directors approved the Company's information policy developed with the view to the Code's recommendations. 2. The Board of Directors (or one of its committees) reviewed the issues related to the Company's compliance with its information policy at least once in the reporting period.	√ complied with	

#	Corporate governance principles	Corporate governance principle compliance criteria	Status[1] of conformity with the corporate governance principle	Explanations[2] of deviation from the assessment criteria of compliance with the corporate governance principle
6.1.2	The company should disclose information on its corporate governance system and practices, including detailed information on compliance with the principles and recommendations of this Code.	1. The Company discloses the corporate governance system in the Company and the general corporate governance principles applied in the Company, in particular, in the Company's website. 2. The Company discloses the composition of executive bodies and the Board of Directors, independence of members of the Board and their membership in committees of the Board of Directors (as defined in the Code). 3. If there is a person who controls the Company, the Company publishes the memorandum of the controlling person concerning such person's plans for corporate governance in the Company.	√ complied with	1. Compiled with 2. Compiled with 3. The are no persons controlling the Company.
6.2	**The company should disclose, on a timely basis, full, updated and reliable information about itself so as to enable its shareholders and investors to make informed decisions.**			
6.2.1	The company should disclose information in accordance with the principles of regularity, consistency and timeliness, as well as accessibility, reliability, completeness and comparability of disclosed data.	1. The Company's information policy determines the approaches to and criteria for determining the information that may materially influence the Company's value, the value of its securities and the procedures that ensure timely disclosures of such information. 2. If the Company's securities are traded in foreign organized markets, materials information is disclosed in the Russian Federation and on such markets simultaneously and equivalently in the reporting year. 3. If foreign shareholders hold a significant number of shares in the Company, then, in the reporting period, disclosures were carried out not only in Russian but also in one of the most common foreign languages.	√ complied with	1. Complied with. 2. Not applicable as the Company securities do not trade on foreign regulated markets. 3. Complied with.

#	Corporate governance principles	Corporate governance principle compliance criteria	Status[1] of conformity with the corporate governance principle	Explanations[2] of deviation from the assessment criteria of compliance with the corporate governance principle
6.2.2	The company is advised against using a formalistic approach to information disclosure; it should disclose material information on its activities, even if disclosure of such information is not required by law.	1. In the reporting period, the Company disclosed annual and half-year IFRS financial statements. The Company's annual report for the reporting period includes annual IFRS financial statements with the auditor's opinion. 2. The Company discloses comprehensive information on the Company's capital structure, according to Recommendation 290 of the Code in the annual report and the Company's website.	√ complied with	
6.2.3	The company's annual report, as one of the most important tools of its information exchange with its shareholders and other stakeholders, should contain information enabling one to evaluate the company's performance results for the year.	1. The Company's annual report contains information on the key dimensions of the Company's operations and its financial performance 2. The Company's annual report contains information on environmental and social dimensions of the Company's business.	√ partially complied with	1. Complied with 2. Not complied with Information on the social dimensions of the Company's operations was not included in the Annual Report, but in the ESG Report. According to international and Russian practice, in the reporting year the Company decided to produce a sustainability report (ESG report). As it is not appropriate to have duplicate information, the social aspects were described only in the ESG report. The Company sees disclosing the ESG report along with the annual report on its website and making it available to public, including the shareholders, as a measure to reduce the risk of non-compliance with this recommendation of the Code. The issue of compliance with this recommendation will be further decided while preparing the annual report for the next reporting year.
6.3	**The company should provide information and documents requested by its shareholders in accordance with the principle of equal and unhindered accessibility.**			
6.3.1	Exercise by the shareholders of their right to access the company's documents and information should not be unreasonably burdensome.	1. The Company's information policy determines the easy procedure for providing access to shareholders to the information, in particular, the information on the legal entities dependent on the Company, at the shareholders' request.	√ complied with	

#	Corporate governance principles	Corporate governance principle compliance criteria	Status[1] of conformity with the corporate governance principle	Explanations[2] of deviation from the assessment criteria of compliance with the corporate governance principle
6.3.2	When providing information to its shareholders, the company should maintain a reasonable balance between the interests of individual shareholders and its own interests related to the fact that the company is interested in keeping confidential sensitive business information that might have a material impact on its competitiveness.	1. In the reporting period, the Company did not deny satisfaction of any shareholders' requests for information or such denials were reasonable. 2. In cases determined in the Company's information policy, shareholders are warned of the confidential nature of the information and undertake to keep it confidential.	√ complied with	
7.1	**Any actions which will or may materially affect the company's share capital structure and its financial position and, accordingly, the position of its shareholders ("material corporate actions") should be taken on fair terms and conditions ensuring that the rights and interests of shareholders as well as other stakeholders are observed.**			
7.1.1	Material corporate actions shall be deemed to include reorganisation of the company, acquisition of 30 or more percent of its voting shares (takeover), entering by the company into any material transactions, increasing or decreasing its share capital, listing and delisting of its shares, as well as other actions which might result in material changes in rights of its shareholders or violation of their interests. It is recommended to include in the company's articles of association a list of (criteria for identifying) transactions or other actions falling within the category of material corporate actions and provide therein that decisions on any such actions should fall within the jurisdiction of the company's board of directors.	1. The Company's Charter determines the list of actions and other efforts that constitute material corporate actions, and their determination criteria. Decision-making on material corporate actions falls within the competence of the Board of Directors. Where taking of these corporate actions is directly referred by law to the competence of GSM, the Board of Directors makes the relevant recommendations to the shareholders.	√ partially complied with	1. Partly complied with. The list of material corporate actions is not indicated in the Charter, but in the Company Corporate Governance Code. As part of its review of the issue of the Bank of Russia CGC implementation, the Audit Committee found it appropriate to provide, in the Company's Charter, a reference to the Corporate Governance Code that contains the List of Material Corporate Actions. At present, the Company has no intention to include the list of transactions and actions that constitute material corporate actions for the Company. The applicable law and the Company Charter reserve decisions on material actions for the Supervisory Board or the shareholders meeting. In connection with any matters brought before the shareholders meeting, including those related to material corporate actions, the Supervisory Board provides relevant recommendations to shareholders. 2. Partly complied with The list of material corporate actions in the Company's Corporate Governance Code covers, among other things, the matters of Company's reorganisation, acquisition of 30 percent or more of Company's voting shares (takeover), execution of material transactions, charter capital increase or reduction, share listing and delisting.

#	Corporate governance principles	Corporate governance principle compliance criteria	Status[1] of conformity with the corporate governance principle	Explanations[2] of deviation from the assessment criteria of compliance with the corporate governance principle
7.1.2	The board of directors should play a key role in passing resolutions or making recommendations relating to material corporate actions; for that purpose, it should rely on opinions of the company's independent directors.	1. The Company envisages the procedure; whereby independent directors announce their standpoint on material corporate actions before their approval.	√ complied with	
7.1.3	When taking any material corporate actions which would affect rights or legitimate interests of the company's shareholders, equal terms and conditions should be ensured for all of the shareholders; if statutory mechanisms designed to protect the shareholder rights prove to be insufficient for that purpose, additional measures should be taken with a view to protecting the rights and legitimate interests of the company's shareholders. In such instances, the company should not only seek to comply with the formal requirements of law but should also be guided by the principles of corporate governance set out in this Code.	1. The Company's Charter, taking into account the particular features of its operations, established lower minimum criteria for classifying the Company's transactions as major corporate actions than envisaged in law. 2. During the reporting period, all material corporate actions underwent approval before their implementation.	√ complied with	In 2020, the Company did not conduct material corporate actions.
7.2	**The company should have in place such a procedure for taking any material corporate actions that would enable its shareholders to receive full information about such actions in due time and influence them, and that would also guarantee that shareholder rights are observed and duly protected in the course of taking such actions.**			
7.2.1	When disclosing information about material corporate actions, it is recommended to give explanations concerning reasons for, conditions and consequences of such actions.	1. In the reporting period, the Company disclosed information on the Company's material corporate actions timely and in detail, including reasons for and timing of taking such actions.	√ complied with	In 2020, the Company did not conduct material corporate actions.

#	Corporate governance principles	Corporate governance principle compliance criteria	Status[1] of conformity with the corporate governance principle	Explanations[2] of deviation from the assessment criteria of compliance with the corporate governance principle
7.2.2	Rules and procedures in relation to material corporate actions taken by the company should be set out in its internal documents.	1. The Company's internal documents envisage the procedure for engaging an independent appraiser in evaluating the assets disposed of or purchased under a major transaction or a related party transaction. 2. The Company's internal documents envisage the procedure for engaging an independent appraiser in evaluating the purchase and redemption price for the shares in the Company. 3. The Company's internal documents envisage an expanded list of reasons for the members of the Company's Board of Directors and other persons envisaged in the law to be recognized as interested in the Company's transactions.	√ partially complied with	1. Partly compiled with In February 2019, the new Corporate Governance Code of the Company was adopted, allowing for the engagement of an appraiser when purchasing or selling assets under major transactions. Company's internal documents do not provide for an independent appraiser to be engaged in assessing assets sold or purchased under related party transactions (as separate grounds). However, the new Corporate Governance Code of the Company provides for the engagement of an appraiser for the real estate or non-core assets valuation when the value of such assets exceeds RUB 600 mln, whether there is an interested party in the transaction or not. The Company believes that this approach aims to reduce the risk of non-compliance with the Code's principle described above. 2. Partly compiled with In redemption requested by shareholders, an appraiser is engaged under the law. The Company's by-laws do not envisage the obligation to engage an appraiser to evaluate the Company's shares. The reason for this non-compliance is that since Company's shares are traded on the exchange, the share purchase price has been determined subject to share weighted average price according to trading results for six months. Hence, the Company does not plan to establish the obligation to involve an appraiser in purchasing its shares in the near future. 3. Not compiled with. Internal documents do not provide for an extended list of the grounds for which the Supervisory Board members and other persons referred to in the law may be found to be interested in a transaction. On April 26, 2016 the Audit Committee recognized inexpedient the extension of the specified list of the grounds. However, the Company has introduced an alternate, meaning control over transactions involving a conflict of interest, whereby it collects and studies information of related parties, associates and affiliates of shareholders, therefore allowing to minimize risks attributed to potential pursuit of personal gains among members of management bodies.

1 The "complied with" status is only indicated if the Company meets all the criteria of the corporate governance principle compliance assessment. Otherwise, the "partially complied with" or "not complied with" status is displayed.
2 They are shown for each criterion of the corporate governance principle compliance if the Company meets only part of the criteria or fails to meet any of the principle compliance assessment criterisifa. If the Company indicated the "complied with" status, no explanations are required.
3 Please specify, which of the two alternative approaches admitted by the principle is implemented in the Company and explain the reasons for the selection made.
4 If the objectives of the Nomination Committee are only implemented as part of another committee, indicate its name.
5 List the established additional committees

Report on the Adherence to the Moscow Exchange Corporate Governance Code (hereinafter, the "MOEX CGC") and the Results of the Implementation of Governance Principles Presented in MOEX CGC[1]

Moscow Exchange (hereinafter, MOEX) fully complies with its own Corporate Governance Code approved in a new version by the Resolution of the Supervisory Board of 14/10/2019.

[1] In accordance with Bank of Russia Ordinance No. 5062-U of 17/01/2019.

Information on the results of the implementation of corporate governance principles is set out in Chapter I, Section 4, Clause 4.2, of MOEX CGC:

N	Principle	Implementation Results
1	Support of MOEX governance system that corresponds to its strategic goals, corporate values, activity peculiarities and clients' needs and interests	A special feature of MOEX is that, on the one hand, it is a public company with shares traded on the regulated market and, on the other hand, it sets corporate governance standards for Russian public companies (including itself) as a part of the listing procedure. In this regard, active participation of MOEX and MOEX Group in improving the level of corporate governance of Russian companies is one of its strategic initiatives, set out in its strategy. Compliance with the principles and best practices of corporate governance, as well as Group's strategy, is a key condition for MOEX successful development. MOEX aims to set the example for other public companies in implementing high standards of corporate governance. MOEX's corporate governance system includes the system of governing bodies, supervisory bodies and other MOEX bodies and the system of the relationship between control bodies, supervisory bodies, other MOEX bodies and its shareholders, as well as their engagement with stakeholders. *The system of MOEX bodies engagement with MOEX shareholders and stakeholders is based on the following principles:* ▶ safety and effective use of shareholders' funds; ▶ mitigation of risks that investors are not able to assess; ▶ corporate accountability; ▶ respecting the interests of MOEX customers; ▶ disclosure of the information in order to ensure transparency of MOEX activities to stakeholders.
2	Support to MOEX Supervisory Board's activities based on the following:	
	▶ Strategic governance	*In accordance with MOEX Charter, the Supervisory Board performs strategic governance of MOEX through the following:* ▶ defining the priorities and main focuses of the activity; ▶ participating in the development and approval of the strategy, supervising its implementation, as well as determining the development strategy and evaluating the results of controlled companies' activity; ▶ approving the budget, amendments to the budget, as well as approval and evaluation of the implementation of key performance indicators and key business benchmarks of the Company. MOEX strategic goals are defined under the MOEX Group Strategy. Strategic goals of MOEX are subject to continuous monitoring based on the Strategy of the Group. Thus, in 2019, the Supervisory Board approved the MOEX Group Strategy (preliminary considered at the meeting of the Strategy Planning Committee of the Supervisory Board) by its Resolution dated14/10/2019. The Strategy defines MOEX strategic goals until 2024. *In 2020 the Supervisory Board approved the following strategies of MOEX and MOEX Group:* ▶ MOEX IT Strategy until 2024 (resolution of 01/10/2020); ▶ MOEX Group Internal Audit Strategy (resolution of 01/10/20); ▶ MOEX Group Risk Management System Strategy until 2024 (resolution of 29/10/20); ▶ MOEX Group Information Security Strategy 2021–2024 (resolution of 10/12/2020). The Supervisory Board also approved the transition to a three-year financial forecasting (business planning) in 2020 in line with the approved approaches (decision taken on 01/10/2020), approved the consolidated business plan (budget) of the Group for 2021–2023 (decision taken on 10/12/2020), approved MOEX's corporate key performance indicators (targets) for 2021 (decision taken on 10/12/2020).

N	Principle	Implementation Results
	▶ MOEX Supervisory Board's control over activities of MOEX executive bodies, as well as taking decisions aimed at the elimination of faults in the activity of MOEX executive bodies, in case of their detection as a result of such control;	*The Supervisory Board controls activities of executive bodies by means of the following:* ▶ election of a sole (temporary sole) and collegiate executive bodies, early termination of their powers and approval of employment contracts terms with them, including the establishment of the amount of their remuneration; ▶ approval of positions overlapping by members of executive bodies in governing bodies of other organisations; ▶ approval of the policy on remuneration payable to executive bodies and control of its implementation; ▶ control of strategy implementation; ▶ consideration of annual reports and, if necessary, interim reports of the Chairman of the Executive Board and members of the Executive Board on their performance, as well as quarterly reports of the Executive Board on the results (including financial highlights) of the MOEX activity and taking of decisions on the results of their consideration, including decisions on bonus payment; ▶ approval and assessment of corporate and individual key performance indicators (targets) achievement by the Chairman of the Executive Board and members of the Executive Board for the reporting year. *In 2020 the Supervisory Board reviewed and took under advisement the following documents:* ▶ report of the MOEX Executive Board on performance results, financials and implementation of the MOEX Group Strategy in 2019 (resolution of 05/03/2020); ▶ performance reports for 2019 (on meeting individual KPIs/targets for 2019) by members of the Executive Board of MOEX (resolution of 05/03/2020); ▶ report of the MOEX Executive Board on operational and financial highlights of the MOEX Group in Q1 2020 (resolution of 29/04/2020); ▶ report of the MOEX Executive Board on MOEX performance (including financial highlights) in Q1 and April-May 2020 (resolution of 24/06/2020); ▶ interim reports on corporate key performance indicators (targets) of MOEX and MOEX Group companies (except for employees of CCP NCC and NSD) for 2020, as well as interim reports on individual key performance indicators (targets) for 20202 of members of the Executive Board (resolution of 24/09/2019); ▶ report of the MOEX Executive Board on MOEX performance (including financial highlights) in Q2 and July August 2020 (resolution of 01/10/2020); ▶ interim report on performance and meeting individual KPIs by a Member of the Executive Board and Managing Director for International Cooperation and Global Markets (resolution of 24/10/2020); ▶ report of the MOEX Executive Board on MOEX performance and financial highlights over 10M 2020 and the Group's consolidated budget performance forecast in 2020 (resolution of 10/12/2020). On 05/03/2020 the Supervisory Board decided on bonus payment to members of the Executive Board based on 2019 performance. On 10/12/2020, the Supervisory Board approved individual KPIs (targets) principles for members of the Executive Board and also approved individual KPIs (targets) with their weights, thresholds and bonus calculation algorithms linked to KPIs) for 2021 for the MOEX CEO (Chairman of the Executive Board).

N	Principle	Implementation Results
	► Assessment of working efficiency of the MOEX Supervisory Board, as well as assessment of the quality of committees work under the MOEX Supervisory Board and disclosure of the results of such assessments;	The MOEX Supervisory Board assesses its performance and performance of its members, as well as performance of committees at the Supervisory Board. Working efficiency of the Supervisory Board and committees of the Supervisory Board is assessed based on the MOEX Methodology of Corporate Governance Assessment approved by the MOEX Supervisory Board on 21/10/2016. Performance assessment is carried out in a form of internal assessment (self-assessment and competence assessment) – once a year, and independent evaluation (with the involvement of an independent expert) – once in 3 years. Thus, in spring 2019, an external independent consultant, LEADERSHIP VECTOR company, assessed the Supervisory Board's performance. The findings of the external assessment (Report of the independent consultant On the Results of the External Assessment) were considered at the in-person meeting of the MOEX Supervisory Board on 25/04/2019. A substantial part of the recommendations mentioned in the Report was implemented, while some recommendations are in the process of implementation. In 2020, an internal assessment of performance of MOEX Supervisory Board and committees at the Supervisory Board was performed. Based on the performance assessment results, the Director of the Corporate Governance Department reviewed and prepared a report along with an action plan to improve current corporate governance processes related to the performance and delineation of authorities of governing bodies. Information on findings of performance assessment of the Supervisory Board and committees at the Supervisory Board is included in the annual report and is disclosed on the official website of MOEX.
	► Separation of supervision functions and governance responsibilities, definition of individual and collective responsibility of members of the MOEX Supervisory Board.	MOEX Supervisory Board's governance and control functions are segregated according to the Charter. *The Supervisory Board controls, among other things, the following:* ► corporate governance practices, including those related to material corporate actions[1]; ► financial-economic and business activity; ► executive bodies' activities. In regards to governance functions, the Supervisory Board provides, among other things, overall management, namely, the Supervisory Board determines the main guidelines, development strategy and priorities, annually approves consolidated budget of the MOEX Group, defines principles and approaches to the organization of risk management, internal control and internal audit systems. Members of the Supervisory Board act in the interests of MOEX in good faith and reasonably. They are obliged to reimburse MOEX and shareholders acting in the interests of MOEX, for losses caused to the Company through their fault, if it is proved that the member of the Supervisory Board acted in bad faith or unreasonably in exercising his/her rights and performing his/her duties, including if his/her actions (omissions) were not consistent with the ordinary terms of civil-law transactions or normal business risk.

[1] The list of material corporate actions is specified in Chapter II, Section 8, Clause 8.1. of the MOEX CGC

N	Principle	Implementation Results
3	Ensuring the functioning of internal control, internal audit, MOEX risk management system	MOEX has in place the risk management and internal control system that complies, among others, with the requirements of the Russian legislation applicable to MOEX as to a trade organiser, as well as with international recommendations for building risk management and internal control systems. The risk-oriented approach is applied to the internal control system. Internal control is ensured by MOEX governing bodies (General Meeting of Shareholders, Supervisory Board, Executive Board and the Chairman of the Executive Board), Audit Committee of the Supervisory Board, external auditor, Internal Audit Service, Internal Control Service, Internal Control and Compliance Department, risk and business continuity management subdivisions, security subdivisions, other subdivisions and employees of MOEX (those including the Chief Accountant and its deputies), that control compliance within the scope of authorities outlined in MOEX internal documents. The internal control follows the three lines of defence principle, which is in line with the best international practices. The first line of defence means all employees of MOEX business functions and operation subdivisions involved in the detection, assessment, and management of risks inherent in daily activity, as well as in development and implementation of policies and procedures that govern existing business processes. *The second line of defence comprises of the Department for Operational Risk, Information Security and Business Continuity, Internal Control and Compliance Department, Internal Control Service, Security Department, Legal Department and certain Finance Block employees and subdivisions. The second line of defence performs continuous monitoring and risk management, controls MOEX compliance with the federal laws and regulations adopted in accordance with them, compliance with trading rules and MOEX constituent and internal documents for the following areas:* ▶ ensuring information security, inclusive of protecting interests (goals) of MOEX in the information domain; ▶ ensuring compliance with the legislation of the Russian Federation, MOEX constituent and internal documents; ▶ eliminating any involvement of MOEX and its employees in illegal or unfair activities, those including legalisation (laundering) of criminal proceeds and activities in financing terrorism; ▶ eliminating illegal use of insider information and (or) market manipulation; ▶ eliminating conflicts of interest, this including identification and control over a conflict of interest and prevention any consequences thereof. The second line of defence supports the first line of defence on the matters regarding identification of regulatory risks, development and implementation of control procedures, clarification of applicable law requirements, preparation of monitoring reports for governing bodies. The third line of defence is the Internal Audit Service that independently assesses performance of processes developed by the first and second lines of defence, delivers independent and objective information to governing bodies on efficiency and effectiveness of financial and economic activity, efficiency of assets and liabilities management, including assets safety, risk management efficiency. The governing bodies of MOEX define internal control and risk management principles and approaches. MOEX has in place a risk management system appropriate to the nature and scope of MOEX transactions. The system includes risk mitigation measures, risk monitoring system that ensures submission of necessary information to MOEX governing bodies, as well as the process to manage major risk groups that may adversely affect its activities. Risk management functions are distributed between the Supervisory Board and its committees, executive bodies, heads of subdivisions responsible for particular directions of MOEX activities where risks may arise, special subdivision responsible for risks arising in the activities of the trade organiser, Internal Control Service, as well as consultative and advisory bodies of MOEX. From 2019, MOEX risk management priorities shifted to predicting potential risks. In October 2020, the Supervisory Board approved the Group's Risk Management System Strategy until 2024 (hereinafter, the Risk Management Strategy 2024).

N	Principle	Implementation Results
		The Risk Management Strategy outlined the following lines for risk management development: ▶ supporting the key business development areas identified in the Group Strategy 2024; ▶ improving risk and capital management tools and processes at the Group level; ▶ maintaining the infrastructural role of the Group; ▶ risk-culture development across the Group. *The Risk Management Strategy 2024 defines the following priorities in managing non-financial risks:* ▶ strengthening the current risk management tools; ▶ finding and implementing new tools; ▶ risk-culture development. The Risk Management Strategy 2024 also defines success criteria, risks related to the Risk Management Strategy 2024 implementation and measures aimed at preventing such risks. Information on the risk management system is brought to shareholders, trading and clearing members, the Bank of Russia, and other stakeholders on a regular basis either by reporting or by posting information on the website. “Stabilisation 3.0” program, which comprises of independent assessment of the internal control system and implementation of operational and compliance risk mitigation efforts is implemented at the level of MOEX Group. One of the main focuses of the program is to improve compliance culture and develop new channels for risk c communication among employees of MOEX Group companies. Seeking to develop a unified approach to the compliance risk management in the Group companies and to coordinate the relevant divisions of the Group companies, the Company has established the Steering Committee for Compliance at the Chairman of the MOEX Executive Board. The main objective of the establishes Committee is to develop unified compliance risk management policies and procedures for the Group companies. MOEX ensures independent internal audit function (Internal Audit Service) by segregating its functional and administrative accountability. *Within functional accountability, the Supervisory Board took the following decisions:* ▶ to approve the Regulation on the Internal Audit Service (in its new version) that defines the objectives, tasks, and functions of the internal audit (resolution of 24/09/2020); ▶ to approve the Internal Audit Service Plan for 2020 and the Internal Audit Service for 2021 (resolutions of 05/06/2020 and 24/12/2020); ▶ to increase the Internal Audit’s headcount and payroll (resolution of 05/06/2020); ▶ to appoint of the Head of the Internal Audit Service (resolution of 29/04/2020); ▶ to approve the report on the Internal Audit Service’s performance in 2019 (resolution of 29/04/2020); ▶ to review reports on the Internal Audit Service’s 6-month performance and Internal Audit Service’s audit work (resolutions of 01/10/2020 and 24/12/2020). *Within administrative accountability, the Chairman of the Executive Board:* ▶ allocated the necessary funds within the approved budget of the Internal Audit Service; ▶ provided support in dealing with the divisions of the Exchange. Internal audits at MOEX, including relations between the Internal Audit Service and other divisions and the external auditor of MOEX, are organised and exercised in accordance with the Regulations on the Internal Audit Service. Internal audit employees operate within the framework of applicable laws and professional standards.

N	Principle	Implementation Results
4	Ensuring prevention, identification, and settlement of conflicts of interest related to MOEX activity, as well as the fight against corruption	Measures taken by MOEX as by a trade organiser to prevent conflicts of interest are regulated by MOEX internal documents, those including the List of measures aimed at preventing of a conflict of interest in the course of Moscow Exchanges activity on organising trades. Such measures are aimed to prevent situations in which personal interest of MOEX employees may affect their fair and efficient performance of duties. *In terms of managing corruption risks, MOEX follows key principles set out in the Anti-corruption Policy approved in 2020. Namely, a zero tolerance approach to corruption; employees involvement in corruption practices; development and implementation of measures to minimise the likelihood of involvement of MOEX and its employees in corruption practices; investigations in case of reasonably reported violations of procedures for preventing and fighting against corruption and bringing the guilty persons to justice regardless of their position, length of service or other conditions, if they commit corruption offences in their job duties; mandatory screening of counterparties; monitoring anti-corruption standards effectiveness and procedures implemented. MOEX prevents, detects corruption and manages anti-corruption efforts through the instruments described in the Policy. In particular, through the following:* ▶ anti-corruption efforts: ▶ existence of a body that controls procurement procedures to decide on contract awards; ▶ customer due diligence, absence of conflicts of interest, relations with public officials and Exchange employees, anti-corruption provisions (clauses) in contracts; ▶ criteria for gifts and gift taking and giving procedures for employees; ▶ possibility for employees to report corruption risks (also anonymously) through the Speak Up! line; ▶ conflict of interests management; ▶ corruption risk monitoring and assessment; ▶ setting procedures to identify violations; ▶ setting procedures for in-house investigations; ▶ defining measures to respond to confirmed corruption practice cases. Measures aimed at the management of a conflict of interests, arising in cases of conflict between MOEX interests and personal interests of the members of control bodies due to their business, friendly, family and other ties and relations, as well as in cases of conflict between their responsibilities in relation to MOEX and to other persons, are defined in The Policy on the Management of a Conflict of Interests and Corporate Conflict in Moscow Exchange approved by the Supervisory Board. The Policy defines obligations of the governing body membership towards implementation of measures to manage conflicts of interest, outlines approaches and methods to prevent and detect conflicts of interest, including identification of transactions involving a conflict of interest (those including transactions with securities of MOEX, interested-party transactions and transactions made outside the ordinary course of business that have a potential conflict of interest).

N	Principle	Implementation Results
5	Ensuring equal and fair attitude towards all shareholders (participants) in exercising their right to participate in MOEX governance, as well as the balance between the rights and interests of customers, MOEX contractors and other stakeholders	MOEX ensures equal and fair attitude towards all shareholders in exercising their right to participate in the governance of the Company. One special feature of MOEX's shareholding structure is the absence of a controlling shareholder. Each shareholder is entitled to take part in the General Meeting of Shareholders held in a form of joint presence, exercising the right to vote in a convenient manner: by sending voting bulletin by mail, personally participating or using an electronic form of voting. MOEX shareholders are allowed to vote electronically by filling in an electronic voting ballot on the website. To ensure equal attitude towards all shareholders, MOEX provides information on holding the meetings, including materials for the meeting, both in Russian and in English, voting ballots are also available into English, which, in accordance with OECD recommendations, eliminates obstacles for shareholders from abroad to vote. In preparation for the AGM, MOEX holds the Shareholder Day in a form of an Internet conference where the MOEX management tells about the results of the year and answers questions of the conference participants in real time. At General Meetings, shareholders are given the opportunity to communicate with MOEX management and receive feedback on the issues of their interest, and members of the executive bodies and members of the Supervisory Board, the Chief Accountant, representatives of the auditor, and candidates nominated for election to the Supervisory Board are always invited to attend the Annual General Meeting. Given that many of the MOEX's shareholders are also its customers, MOEX ensures equal treatment of customers in offering its services, thereby avoiding any unfair advantage. MOEX follows the principle of respecting the best interests of MOEX and MOEX Group service users through creating user committees by type of activities carried out by financial market participants, type of contracts executed in organised trading and type of securities placed by issuers. Along with user committees, which simultaneously serve as market section councils according to laws on organised trading, MOEX has in place individual committees to ensure a regular dialogue with its customers and their participation in shaping business initiatives. The user committees are used as a basis for most of the business innovations that MOEX implements, as well as for tariff policy and technological solutions. Moreover, MOEX strives to build long-term and sustainable mutually beneficial relations with its contractors. MOEX has in place a competitive procedure for selecting contractors that makes the contracting process transparent and allows to select the best contractors for the company.

N	Principle	Implementation Results
6	Ensuring transparency of MOEX activity and effective communication with its shareholders (participants) and other stakeholders	*MOEX sees timely and full disclosure of information as an important tool for building long-term confidence-based relations with shareholders, adding to MOEX's value and its ability to raise capital and for maintaining confidence of shareholders, investors, and other stakeholders. MOEX seeks to ensure that its shareholders and other stakeholders have access to information on all material facts of the MOEX's operations to enable them to make informed investment and management decisions. The main approaches and principles of information disclosure by MOEX are established by the Information Policy approved by the Supervisory Board in 2020 in it new version. According to the Information Policy information disclosed by the MOEX is divided into three groups:* ▶ information about MOEX activities as of an issuer of securities and as of a trade organiser that is mandatory disclosed in accordance with the requirements of the legislation and regulatory documents; ▶ information that is disclosed voluntarily at the discretion and choice of MOEX; ▶ information freely available at the request of stakeholders. For user convenience, on the official website of MOEX in the Internet Information Disclosure and Compliance sections are available. The Information Disclosure section comprises of the following subsections: Issuer's Information Disclosure , Trade Organiser's Information Disclosure, Financial Platform Operator's Information Disclosure, and Other Disclosures. Information is also disclosed by publishing in the news feed. Compliance section comprises of the following subsections: Fight Against Corruption, Business Ethics, Compliance Hotline. For foreign shareholders and investors a special section https://www.moex.com/en/ is available on the English version of the MOEX website, which contains news for investors, key information on MOEX shares, dividend policy and payments, MOEX activity financial and operating results, corporate governance, past and upcoming events for investors and shareholders, as well as contact information. The Head of Investor Relations is responsible for shareholder and investor communications. Contact details are available on the website of MOEX. MOEX management regularly communicates with investors and shareholders and their representatives through news feeds, press releases, annual reports, presentations and other investor materials, meetings and special events for analysts and investors, road shows, investor conferences, as well as quarterly conference calls and webcasts for analysts and investors with financial highlights presentations for the reporting period and management commentary. MOEX management also actively engages with the media. These measures allow both investors and shareholders to obtain relevant information, which helps them to make informed investment decisions. Relations with current shareholders of MOEX and, if necessary, with shareholders/participants of MOEX Group companies, including during the preparation for the General Meetings of Shareholders, are ensured by the Corporate Governance Department.
7	Striving for further development with a view to sustainable development of MOEX and increased return on investments to the equity capital	Seeking to ensure sustainable development and increase in the return on investments to the equity capital in the long term, MOEX governing bodies acknowledge the need for continuous improvement of MOEX corporate governance system, taking into account its development and the impact of external factors, as well as the need for ongoing control over the observance of the rights and interests of shareholders and other stakeholders.

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SCOPE OF THE REPORT

This Annual Report has been prepared by PJSC Moscow Exchange MICEX-RTS (“Moscow Exchange”, “the Exchange” or “MOEX”). It reviews the consolidated performance in 2020 of the Group, which is comprised of PJSC Moscow Exchange MICEX-RTS and its subsidiaries, including NCO CJSC National Settlement Depository (“NSD”), JSC Bank National Clearing Centre(“NCC”), and JSC National Mercantile Exchange (“NAMEX”).

COMPLIANCE

Information in this report has been consolidated in accordance with Bank of Russia Instruction No 454-P of 30 December 2014 and the Corporate Governance Code of 21 March 2014.

Consolidated Financial Statements

Public Joint-Stock Company
Moscow Exchange MICEX-RTS

Consolidated Financial Statements For the Year Ended December 31, 2020

INDEPENDENT AUDITOR'S REPORT

To the Shareholders and Supervisory Board of Public Joint-Stock Company "Moscow Exchange MICEX-RTS"

Opinion

We have audited the consolidated financial statements of Public Joint-Stock Company "Moscow Exchange MICEX-RTS" and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Russian Federation, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Why the matter was determined to be a key audit matter	How the matter was addressed in the audit
Information Technology systems and related controls We determined this area as a key audit matter because functioning of the financial accounting and reporting systems are dependent on integrity of complex information technology (the "IT") systems, and on the effectiveness of related control procedures. There is a risk that automated accounting procedures and IT related manual controls are not properly designed or operating ineffectively. We focused on testing of trading and clearing systems and accounting system ("Oracle" or "OeBS"), as the most significant proportion of revenue is recognized based on automated data generated by these systems.	*We tested design and operating effectiveness of general IT and certain application controls over significant IT systems that support information capture and processing in the financial accounting and reporting processes. In respect of these systems we obtained understanding and tested operating effectiveness of key controls, including:* ► access management, including user rights granting and termination; ► change management – testing and approvals of changes in algorithms and key reports used in preparation of the financial statements; ► data transfer controls that ensure integrity and completeness of data transferred in and out of OeBS.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual report and Issuer's report for the 1Q'21, but does not include the consolidated financial statements and our auditor's report thereon. The Annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements do not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual report and Issuer's report for the 1Q'21, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards ("IFRSs"), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period, and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Shvetsov Andrei Viktorovich
Engagement partner

March 5, 2021

The Entity: Public Joint-Stock Company "Moscow Exchange MICEX-RTS" Primary State Registration Number: 1027739387411, record made in the State Register of Legal Entities on 16.10.2002. Address: Russia 125009, Moscow, Bolshoy Kislovsky per., 13	Audit Firm: AO "Deloitte & Touche CIS" Certificate of state registration № 018.482, issued by the Moscow Registration Chamber on 30.10.1992. Primary State Registration Number: 1027700425444 Certificate of registration in the Unified State Register № 77 004840299 of 13.11.2002, issued by Moscow Interdistrict Inspectorate of the Russian Ministry of Taxation № 39. Member of Self-regulatory organization of auditors Association "Sodruzhestvo", ORNZ 12006020384.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED DECEMBER 31, 2020

(in millions of Russian rubles)

	Year ended December 31, 2019
Fee and commission income	26 181,4
Interest and other finance income	13 634,3
Interest expense	(2 919,4)
Net gain on financial assets at fair value through other comprehensive income	1 494,3
Foreign exchange gains less losses	4 503,8
Other operating income	335,1
Operating Income	**43 229,5**
General and administrative expenses	(8 321,4)
Personnel expenses	(7 113,9)
Profit before Other Operating Expenses and Tax	**27 794,2**
Other operating expenses and net expected credit losses provision	(2 614,8)
Profit before Tax	**25 179,4**
Income tax expense	(4 978,8)
Net Profit	**20 200,6**
Attributable to:	
Equity holders of the parent	20 189,0
Non-controlling interest	11,6
Earnings per share (rubles)	
Basic earnings per share	8,96
Diluted earnings per share	8,96

Y.O. Denisov
Chairman of the Executive Board

March 5, 2021

Moscow

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

March 5, 2021

Moscow

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2020

(in millions of Russian rubles)

	Notes	Year ended December 31, 2020	Year ended December 31, 2019
Net profit		**25 170,5**	**20 200,6**
Other comprehensive income/(loss) that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		8,1	(3,0)
Movement in investment revaluation reserve for financial assets at fair value through other comprehensive income		962,2	5 662,4
Movement in revaluation reserve associated with changes in expected credit losses on financial assets at fair value through other comprehensive income	13	22,6	27,3
Net gain on investments at fair value through other comprehensive income reclassified to profit or loss	7	(930,9)	(1 494,3)
Income tax relating to items that may be reclassified	14	(10,8)	(839,0)
Other comprehensive income that may be reclassified subsequently to profit or loss		**51,2**	**3 353,4**
Total comprehensive income		**25 221,7**	**23 554,0**
Attributable to:			
Equity holders of the parent		25 201,1	23 551,7
Non-controlling interest		20,6	2,3

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2020

(in millions of Russian rubles)

	Notes	December 31, 2020	December 31, 2019
ASSETS			
Cash and cash equivalents	15	471 793,0	466 098,8
Financial assets at fair value through profit or loss	16	18 852,2	13 695,4
Due from financial institutions	17	154 815,4	60 424,0
Central counterparty financial assets	18	4 050 837,6	3 262 670,6
Financial assets at fair value through other comprehensive income	19	193 302,7	179 313,4
Investments in associates	23	329,0	-
Property and equipment	20	6 459,9	5 446,6
Intangible assets	21	16 868,6	16 989,0
Goodwill	22	15 971,4	15 971,4
Current tax prepayments		516,2	1 481,9
Assets held for sale	24	-	105,4
Deferred tax asset	14	72,6	1 701,5
Other assets	25	2 777,6	4 696,4
TOTAL ASSETS		4 932 596,2	4 028 594,4
LIABILITIES			
Balances of market participants	26	716 893,1	565 922,6
Overnight bank loans	27	-	49 229,1
Central counterparty financial liabilities	18	4 050 837,6	3 262 670,6
Distributions payable to holders of securities	28	15 689,2	11 714,1
Margin account		-	0,6
Current tax payables		2 014,4	1 041,5
Liabilities related to assets held for sale	24	-	5,8
Deferred tax liability	14	2 167,5	2 361,0
Other liabilities	29	5 704,7	3 796,7
TOTAL LIABILITIES		4 793 306,5	3 896 742,0
EQUITY			
Share capital	30	2 495,9	2 495,9
Share premium	30	32 316,7	32 199,8
Treasury shares	30	(1 260,9)	(1 504,3)
Reserves relating to assets held for sale	24	-	(14,6)
Investments revaluation reserve		1 641,3	1 598,2
Share-based payments		295,5	457,6
Retained earnings		103 693,8	96 435,1
Total equity attributable to owners of the parent		139 182,3	131 667,7
Non-controlling interest		107,4	184,7
TOTAL EQUITY		139 289,7	131 852,4
TOTAL LIABILITIES AND EQUITY		**4 932 596,2**	**4 028 594,4**

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2020

(in millions of Russian rubles)

	Notes	Year ended December 31, 2020	Year ended December 31, 2019
Cash flows from / (used in) operating activities:			
Profit before tax		31 840,1	25 179,4
Adjustments for:			
Depreciation and amortisation charge	10	3 348,8	3 547,3
Net change in deferred commission income		-	(439,7)
Revaluation of derivatives		175,2	888,4
Share-based payment expense	11	212,0	95,0
Unrealized gain on foreign exchange operations		(14,7)	(1 250,2)
Gain on disposal of financial assets at FVTOCI		(930,9)	(1 494,3)
Net change in interest accruals		(2 001,7)	2 512,2
Net gain on disposal of property and equipment		(3,3)	-
Change in allowance for expected credit losses	13	0,9	2 583,1
Change in other provisions	29	(17,3)	(186,6)
Gain on disposal of assets held for sale	24	(71,4)	-
Cash flows from operating activities before changes in operating assets and liabilities		**32 537,7**	**31 434,6**
Changes in operating assets and liabilities:			
(Increase) / decrease in operating assets:			
Due from financial institutions		(86 549,7)	16 277,3
Financial assets at FVTPL		(1 882,4)	(10 618,7)
Central counterparty financial assets		(787 758,2)	49 544,3
Other assets		1 985,1	(3 980,1)
Increase / (decrease) in operating liabilities:			
Balances of market participants		54 868,7	52 772,2
Overnight bank loans		(50 501,1)	44 226,0
Central counterparty financial liabilities		787 758,2	(49 544,3)
Distributions payable to holders of securities		3 360,1	(12 610,0)
Margin account		(0,6)	(979,0)
Other liabilities		569,2	582,0
Cash flows (used in) / from operating activities before taxation		**(45 613,0)**	**117 104,3**
Income tax paid		(3 306,4)	(8 822,3)
Cash flows (used in) / from operating activities		**(48 919,4)**	**108 282,0**

(in millions of Russian rubles)

	Notes	Year ended December 31, 2020	Year ended December 31, 2019
Cash flows from / (used in) investing activities:			
Purchase of financial assets at FVTOCI		(131 069,6)	(90 027,9)
Proceeds from disposal of financial assets at FVTOCI		134 672,0	113 926,1
Purchase of property and equipment and intangible assets		(3 418,9)	(2 071,7)
Proceeds from disposal of property and equipment and intangible assets		22,5	1,6
Proceeds from disposal of non-current assets held for sale	24	21,5	-
Acquisition of investment in associate	23	(329,0)	-
Cash flows (used in) / from investing activities		**(101,5)**	**21 828,1**
Cash flows from / (used in) financing activities:			
Dividends paid	31	(17 899,4)	(17 377,2)
Cash outflow for lease liabilities		(178,0)	(209,0)
Cash flows used in financing activities		**(18 077,4)**	**(17 586,2)**
Effect of changes in foreign exchange rates on cash and cash equivalents		72 784,1	(62 812,5)
Net increase in cash and cash equivalents		**5 685,8**	**49 711,4**
Cash and cash equivalents, beginning of period	**15**	**466 107,3**	**416 395,9**
Cash and cash equivalents, end of period	**15**	**471 793,1**	**466 107,3**

Interest received by the Group during the year ended December 31, 2020, amounted to RUB 13 132,2 million (December 31, 2019: RUB 13 409,4 million).

Interest paid by the Group during the year ended December 31, 2020, amounted to RUB 1 942,4 million (December 31, 2019: RUB 2 904,4 million).

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2020

(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, 2018	**2 495,9**	**32 140,2**	**(1 768,2)**	**(1 758,2)**	**710,1**	**(20,9)**	**-**	**93 623,3**	**125 422,2**	**182,4**	**125 604,6**
Net profit	-	-	-	-	-	-	-	20 189,0	20 189,0	11,6	20 200,6
Other comprehensive income/(loss)	-	-	-	3 356,4	-	4,0	2,3	-	3 362,7	(9,3)	3 353,4
Total comprehensive income for the period	-	-	-	3 356,4	-	4,0	2,3	20 189,0	23 551,7	2,3	23 554,0
Foreign currency translation reserve relating to Assets held for sale	-	-	-	-	-	16,9	(16,9)	-	-	-	-
Dividends declared (Note 31)	-	-	-	-	-	-	-	(17 377,2)	(17 377,2)	-	(17 377,2)
Share-based payments	-	59,6	263,9	-	(252,5)	-	-	-	71,0	-	71,0
Total transactions with owners	**-**	**59,6**	**263,9**	**-**	**(252,5)**	**16,9**	**(16,9)**	**(17 377,2)**	**(17 306,2)**	**-**	**(17 306,2)**
December 31, 2019	**2 495,9**	**32 199,8**	**(1 504,3)**	**1 598,2**	**457,6**	**-**	**(14,6)**	**96 435,1**	**131 667,7**	**184,7**	**131 852,4**
Net profit	-	-	-	-	-	-	-	25 158,0	25 158,0	12,5	25 170,5
Other comprehensive income/(loss)	-	-	-	43,1	-	-	-	-	43,1	8,1	51,2
Total comprehensive income for the period	-	-	-	43,1	-	-	-	25 158,0	25 201,1	20,6	25 221,7
Dividends declared (Note 31)	-	-	-	-	-	-	-	(17 899,4)	(17 899,4)	-	(17 899,4)
Share-based payments	-	117,4	242,9	-	(162,1)	-	-	-	198,2	-	198,2
Disposal of assets held for sale	-	-	-	-	-	-	14,6	-	14,6	(97,9)	(83,3)
Treasury shares transferred	-	(0,5)	0,5	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-		0,1	0,1	-	0,1
Total transactions with owners	**-**	**116,9**	**243,4**	**-**	**(162,1)**	**-**	**14,6**	**(17 899,3)**	**(17 686,5)**	**(97,9)**	**(17 784,4)**
December 31, 2020	**2 495,9**	**32 316,7**	**(1 260,9)**	**1 641,3**	**295,5**	**-**	**-**	**103 693,8**	**139 182,3**	**107,4**	**139 289,7**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

(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	December 31, 2020	December 31, 2019
		Voting rights, %	Voting rights, %
JSC Central Counterparty National Clearing Centre (former Bank National Clearing Centre JSC) (NCC)	Clearing operations	100%	100%
JSC National Settlement Depository (NSD)	Depository, clearing, repository and settlement services	99,997%	99,997%
JSC National Mercantile Exchange (NAMEX)	Commodities exchange operations	65,08%	65,08%
OJSC Evraziyskaia Trading System Commodity Exchange (ETS)	Commodities exchange operations	-[1]	60,82%
MICEX Finance LLC (MICEX Finance)	Financial activities	100%	100%
MOEX Innovations LLC (MOEX Innovations)	Fintech start-ups, financial activities	100%	100%
MOEX Information Security LLC (MOEX Information Security)	Information security services	100%	100%

NCC performs functions of a clearing organization and is the single qualified central counterparty on Russian financial market and holds licences for clearing operations and banking operations for non-banking credit institutions - central counterparties issued by the Central Bank of Russia (CBR).

[1] The subsidiary was disposed of retaining 10% stake. See Note 24.

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, as well as Local Operating Unit of a global system of legal entities identification, authorized to assign LEI codes to the legal entities. NSD holds licences for depository, repository, clearing and settlement operations issued by the CBR.

NAMEX is a commodity exchange, which has a licence for organisation of trading in commodities in Russia.

ETS is a commodity exchange, which has a licence for organisation of trading in commodities in Kazakhstan. In February 2020 the Group reduced its ownership in ETS by selling a 40,82% stake in the company and therefore ceding control over this subsidiary (for details refer to Note 24). In August 2020 additional sale of 5% stake took place. Further sale of 10% share in ETS is expected until the end of 2024.

MICEX Finance is established for facilitating financial activities of the Group.

MOEX Innovations concentrates on start-ups development in the fintech sphere.

MOEX Information Security was established in Russia in October 2018 for providing information security services.

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

The Group has 1 980 employees as at December 31, 2020 (December 31, 2019: 1 791 employees).

Operating environment. The Russian economy continued to be negatively impacted by continuing international sanctions imposed in several packages by the U.S. and the E.U. on certain Russian officials, businessmen and companies. The above mentioned events have led to reduced access of the Russian businesses to international capital markets, hampered economic growth and created other negative economic consequences.

Because Russia produces and exports large volumes of oil and gas, its current account and fiscal balance are particularly sensitive to the price of oil and gas on the world market. The slowdown in the global economy, an increase in oil supply on the world market against a decline in its consumption during 2020 led to a decrease in oil prices, which resulted in weakening of Russian Ruble against major currencies.

In addition to that, starting from early 2020, a new coronavirus disease (COVID-19) has begun rapidly spreading all over the world resulting in announcement of the pandemic status by the World Health Organization in March 2020. Responses put in place by many countries to contain the spread of COVID-19 are resulting in significant operational and financial disruption for many companies and have significant impact on the global economy.

The effect of the pandemic on the Group's business largely depends on future developments, which are uncertain and cannot be reliably predicted, including the duration of the pandemic and the impact of new coronavirus spread prevention measures on the world and Russian economy.

The Group has evaluated the potential short-term and long-term implications of COVID-19 and actions taken in response to the pandemic on its consolidated financial statements, on the regulatory capital and liquidity position of its regulated subsidiaries. This evaluation included stress-tests adjusted for potential COVID-19 effect on market volatility. Management currently believes that it has adequate capital and liquidity position to continue to operate the business and mitigate risks associated with COVID-19 for the foreseeable future. The Group remains vigilant in monitoring day to day changes as the global situation evolves.

The Group has adapted to mentioned events. To ensure the health of employees and maintain uninterrupted operation, a significant part of the Group's staff is transferred to remote work mode. The Group has a well-established mechanism to ensure continuity of trading and successfully operates in conditions of high volatility and a large number of transactions: during 2020 the exchange has seen an increase in turnover compared to the same period last year. The Group has developed action plans to ensure the continuity of trading under various scenarios.

The financial statements approval. Consolidated Financial Statements of the Group were approved for issue by the Management on March 5, 2021.

Statement of compliance

These Consolidated Financial Statements of the Group have been prepared in accordance with the International Financial Reporting Standards ("IFRS").

2. Basis of Preparation and Significant Accounting Policies

Basis of preparation

These Consolidated Financial Statements are presented in millions of Russian rubles rounded to one decimal place, unless otherwise indicated. These consolidated financial statements have been prepared assuming that the Group is a going concern and will continue operation for the foreseeable future. These Consolidated Financial Statements have been prepared on the historical cost basis except for certain financial assets and liabilities that are measured at fair value.

These Consolidated Financial Statements have been prepared on basis of the statutory accounting records and have been adjusted to conform to IFRS.

The Russian ruble exchange rates applied in the preparation of these Consolidated Financial Statements are presented below:

	December 31, 2020	December 31, 2019
USD	73,8757	61,9057
EUR	90,6824	69,3406

Significant Accounting Policies

The accounting policies adopted by the Group in the preparation of these Consolidated Financial Statements are consistent with those followed in the preparation of the Group's Consolidated Financial Statements for the year ended December 31, 2019.

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 December 31, 2020:

- Amendments to References to the Conceptual Framework for Financial Reporting in IFRS Standards
- Amendments to IFRS 3 Definition of business
- Amendments to IAS 1 and IAS 8 Definition to Material
- Amendments to IFRS 9 , IAS 39 and IFRS 7 Basic interest rate reform
- Amendment to IFRS 16, Covid-19-Related Rent Concessions

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.

Basis for consolidation

Subsidiaries are investees controlled by the Group. The Group controls an investee when it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. In particular, the Group consolidates investees that it controls on the basis of de facto circumstances. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated in full; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, accounting policies for subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction. Losses are attributed to the non-controlling interests even if that results in a deficit balance.

If the Group loses control over a subsidiary, it derecognises the assets (including goodwill) and liabilities of the subsidiary, the carrying amount of any non-controlling interests, the cumulative translation differences, recorded in equity; recognises the fair value of the consideration received, the fair value of any investment retained and any surplus or deficit in profit or loss and reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss.

Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment at least annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the Consolidated Statement of Profit or Loss. An impairment loss recognised for goodwill is not reversed in subsequent periods. On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of an associate is described below.

Investments in associates

Associates are entities in which the Group generally has between 20% and 50% of the voting rights, or is otherwise able to exercise significant influence, but which it does not control or jointly control. Investments in associates are accounted for under the equity method and are initially recognised at cost, including goodwill. Subsequent changes in the carrying value reflect the post-acquisition changes in the Group's share of net assets of the associate. The Group's share of its associates' profits or losses is recognised in profit or loss, and its share of movements in reserves is recognised in other comprehensive income. However, when the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless the Group is obliged to make further payments to, or on behalf of, the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

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.

Cash and cash equivalents

Cash and cash equivalents in the Consolidated Statement of Financial Position include cash on hand, unrestricted balances on correspondent and deposit accounts with banks with maturity up to one business day. Accrued interest on the above balances that is receivable in more than one business day is excluded from cash and cash equivalents the purpose of consolidated statement of cash flows. Amounts that are subject to restrictions on their availability, including minimum reserve deposits with the CBR, are not included in cash and cash equivalents for the purpose of consolidated statement of cash flows.

Financial assets

All financial assets are measured at fair value at initial recognition, including transaction costs, except for those financial assets classified as at fair value through profit or loss (further – FVTPL). Transaction costs directly attributable to the acquisition of financial assets classified as at FVTPL are recognised immediately in profit or loss.

All recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost (further – AC) or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Specifically:

- financial assets should be measured at amortised cost if both of the following criteria are met:
  - (a) financial asset is held within a business model with the objective to collect the contractual cash flows, and
  - (b) the contractual cash flows of financial asset are solely payments of principal and interest on the principal amount outstanding (SPPI);

- financial assets should be measured at fair value through other comprehensive income (FVTOCI) if both of the following criteria are met:
  - (a) financial asset is held within a business model with the objective both to collect the contractual cash flows and to sell the financial assets and
  - (b) the contractual cash flows of financial assets are SPPI;

- all other debt instruments (e.g. debt instruments managed on a fair value basis, or held for sale) and equity investments are subsequently measured at FVTPL.

An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The Group determines the business models on the basis that reflects how groups of financial assets are managed together to achieve a particular business objective. The Group's business models do not depend on management's intentions for an individual instrument, therefore the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

The Group has several business models for managing its financial instruments that reflect how the Group manages its financial assets in order to generate cash flows. The Group's business models determine whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

The Group considers all relevant information available when making the business model assessment. However, this assessment is performed not on the basis of scenarios that the Group does not reasonably expect to occur, such as so-called 'worst case' or 'stress case' scenarios. The Group takes into account the following relevant evidence available such as:

- how the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group's key management personnel;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.

At initial recognition of a financial asset, the Group determines whether newly recognised financial asset is part of an existing business model or whether it reflects the commencement of a new business model, if the asset does not match the existing business models. The Group reassesses its business models every reporting period to determine whether they have changed or not since the preceding period. For the current reporting period, the Group has not identified a change in its business models.

Debt instruments at amortised cost or at FVTOCI

The Group assesses the classification and measurement of a financial asset based on contractual cash flow characteristics of the asset and the Group's business model for managing the asset.

For an asset to be classified and measured at amortised cost or at FVTOCI, its contractual terms should give rise to cash flows that are solely payments of principal and interest on the principal outstanding (SPPI).

For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. Thatprincipal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest accrued on principal amount outstanding consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is performed in the currency in which the financial asset is denominated.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are not related to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI. An originated or an acquired financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form.

When a debt instrument measured at FVTOCI is derecognised, the cumulative gain/loss previously recognised in OCI is reclassified from equity to profit or loss.

Debt instruments that are subsequently measured at amortised cost or at FVTOCI are subject to impairment.

Financial assets at FVTPL are:

- assets with contractual cash flows that are not SPPI; or/and
- assets that are held in a business model other than held to collect contractual cash flows or held to collect and sell.

The Group does not designate assets at FVTPL using the fair value option.

These assets are measured at fair value, with any gains/losses arising on remeasurement recognised in profit or loss.

Reclassifications

If the business model under which the Group holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day following the change in business model that results in reclassification the Group's financial assets. Changes in contractual cash flows are considered under the accounting policy on Modification and derecognition of financial assets described below.

Impairment

The Group recognises loss allowances for expected credit losses (ECLs) on the following financial instruments, not measured at FVTPL:

- due from financial institutions;
- cash and cash equivalents;
- debt investment securities;
- other financial assets subject to credit risk.

No loss allowances for expected credit losses are recognised on equity investments, financial assets arising from central counterparty (CCP) activity.

ECLs are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e. lifetime ECL that result from those possible default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or
- full lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).

Loss allowance for full lifetime ECL is required for a financial instrument if the credit risk attributable to that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL. More details on the determination of a significant increase in credit risk are provided below.

ECLs are a probability-weighted estimate of the present value of potential credit losses. ECLs are measured as the present value of the difference between the cash flows due to the Group under the contract and the cash flows that the Group expects to receive arising from the weighting of multiple future economic scenarios. The Group measures ECLs on an individual basis or on a collective basis for portfolios of debtors that share similar value and economic risk characteristics.

The Group does not form any loss allowance on ECLs for CCP activities. The CCP is acting as an intermediary between the parties: i.e. as a seller for each buyer and as a buyer for each seller, so that replacing their contractual relations between each other with relevant contracts with a central counterparty. CCP assets and liabilities are simultaneously reflected in the Group's statement of financial position due to the following:

- the net market value of those deals at the end of each day is equal to zero (if there are no defaulted market participants);
- there are no uncollateralised receivables in case all the obligations are duly fulfilled by the clearing participants.

The risks of non-fulfilment or improper fulfilment of clearing participants obligations on the CCP deals are managed using the following risk-management system measures, organised according to the federal law as of 07.02.2011 №7-FZ "On clearing, clearing activities and the central counterparty":

- setting the requirements for individual and collective clearing collateral to mitigate expected losses in case of non-fulfilment or improper fulfilment of clearing participants obligations;
- forming the CCP's guarantee fund – part of net assets designated according to the Clearing Rules to mitigate possible losses caused by non-fulfilment or improper fulfilment of clearing participants obligations;
- conducting regular stress-tests of the CCP capital adequacy, including the control of statutory ratios calculation;
- limitation of the CCP's liabilities.

Definition of default

Critical to the determination of ECLs is the definition of default. The definition of default is used in measuring the amount of ECLs and in the determination of whether the loss allowance is based on 12-month or lifetime ECLs, as default is a component of the probability of default (PD) which affects both the measurement of ECLs and the identification of a significant increase in credit risk.

The Group considers the following as constituting an event of default:

- the counterparty has gone bankrupt;
- a third party has filed a claim with the court to call the counterparty bankrupt and it has been accepted for hearing;
- the counterparty is permanently insolvent, i.e. has obligations to the Group that are past due for over 90 days; or
- the borrower's licence has been revoked.

Significant increase in credit risk

The Group monitors all financial assets that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Group will measure the loss allowance based on lifetime ECL.

When assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring to the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default that was anticipated for the remaining maturity when the financial instrument was first recognised. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Group's historical experience and expert credit assessment including forward-looking information.

When an asset becomes past due for over 30 days, and not less than a half of the counterparty's credit ratings issued by international rating agencies declined or internal credit rating declined by 3 grades or more since initial recognition, the Group considers that a significant increase in credit risk has occurred and the asset is in stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime ECLs.

Probability of default (PD)

Multiple economic scenarios form the basis of determination of the probability of default at initial recognition and for the future. It is the weighting of these different scenarios that forms the basis of a weighted average probability of default that is used to determine whether credit risk has significantly increased.

To determine PD the Group uses:

- available data from international rating agencies;
- internal ratings if the data mentioned above is unavailable.

The Group allocates its counterparties to a relevant internal rating depending on their credit quality based on quantitative and qualitative information. The historical PD is identified using a migration matrix, where internal ratings are mapped to the rating scales of international rating agencies for those counterparties that are not rated by international rating agencies.

Modification and derecognition of financial assets

A modification of a financial asset occurs when the contractual terms governing cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/ or timing of the contractual cash flows either immediately or at a future date.

When a financial asset is modified the Group assesses whether this modification results in derecognition. In accordance with the Group's policy a modification results in derecognition when it gives rise to substantially different terms. To determine whether the modified terms differ substantially from the original contractual terms the Group considers the following qualitative factors:

- contractual cash flows after modification are no longer SPPI;
- change in currency;
- change of counterparty;
- the extent of change in interest rates;
- maturity.

If these do not clearly indicate a substantial modification, then quantitative assessment is performed to compare the present value of the remaining contractual cash flows under the original terms with the contractual cash flows under the revised terms, both amounts discounted at the original effective interest. If the difference in present value is greater than 10% the Group deems the arrangement is substantially different leading to derecognition.

In the case when the financial asset is derecognised the loss allowance for ECLs is remeasured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on derecognition. The new financial asset will have a loss allowance measured based on 12-month ECL except in the eventual occasions where the new asset is considered to be originated-credit impaired. The Group monitors credit risk of modified financial assets by evaluating qualitative and quantitative information.

When the contractual terms of a financial asset are modified and the modification does not result in derecognition, the Group determines whether the credit risk associated with the financial asset has increased significantly since initial recognition by comparing:

- the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms; with
- the remaining lifetime PD at the reporting date based on the modified terms.

Where a modification does not lead to derecognition the Group calculates the modification gain/loss comparing the gross carrying amount before and after the modification (excluding the ECL allowance). Then the Group measures ECL for the modified asset, where the expected cash flows arising from the modified financial asset are included in calculating the expected cash shortfalls from the original asset.

The Group derecognises a financial asset only when the contractual rights to the asset's cash flows expire (including expiry arising from a modification with substantially different terms), or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain/loss that had been recognised in OCI and accumulated in equity is recognised in profit or loss. The cumulative gain/loss on equity investment designated as measured at FVTOCI, previously recognised in OCI is not subsequently reclassified to profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain/loss allocated to it that had been recognised in OCI is recognised in profit or loss. A cumulative gain/loss that had been recognised in OCI is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts. This does not apply for equity investments designated as measured at FVTOCI, as the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss.

Write-off

Financial assets are written off when the Group has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Group determines that the counterparty does not have assets and/or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Group may apply enforcement activities to financial assets written off. Recoveries resulting from the Group's enforcement activities will result in impairment gains.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

- for financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- for debt instruments measured at FVTOCI: no loss allowance is recognised in the statement of financial position as the carrying amount is at fair value. However, the loss allowance is included as part of the revaluation amount in the investments revaluation reserve.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) held for trading, or (ii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration that may be paid by an acquirer as part of a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire hybrid (combined) contract to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains/losses arising on remeasurement recognized in profit or loss to the extent that they are not part of a designated hedging relationship.

Other financial liabilities

Other financial liabilities, including deposits and borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortized cost using the effective interest method (for details of the effective interest method see the Interest income and interest expense section below).

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

When the Group exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification should be recognised in profit or loss as the modification gain or loss within other gains and losses.

Derivative financial instruments

The Group enters into derivative financial instruments, some of which are held for trading while others are held to manage its exposure to foreign exchange rate risk.

Derivatives are initially recognized at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain/loss is recognized in profit or loss immediately.

A derivative with a positive fair value is recognized as a financial asset whereas a derivative with a negative fair value is recognized as a financial liability.

Precious metals

Precious metals are represented by physical precious metals and accounts in precious metals. Precious metals are recorded on the reporting date at the CBR prices, which approximate fair values. Corresponding accounts in precious metals are recorded within Due from financial institutions and physical precious metals are recorded within Other assets. Clients' accounts in precious metals are recorded within Balances of market participants. Precious metals are not financial instruments and therefore excluded from financial risk management disclosures in accordance with IFRS 7.

Property and equipment

Property and equipment is carried at historical cost less accumulated depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method:

Buildings and other real estate	2%
Furniture and equipment	20–33%

Freehold land is not depreciated.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives at the annual rates of 10–25%. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Amortisation is recognised on a straight-line basis. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Internally developed intangible assets

Development costs that are directly associated with the production of identifiable and unique software products controlled by the Group are capitalised and an internally generated intangible asset is recognised only if it is probable that it will generate economic benefits exceeding costs beyond one year and the development costs can be measured reliably. An internally generated intangible asset is recognised only if the Group has the technical feasibility, resources and intention to complete the development and to use the product. Direct costs include software development employee costs and an appropriate portion of relevant overheads. Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Subsequent expenditure on intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment of tangible and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Lease

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the incremental borrowing rate as the rate implicit in the lease cannot be generally readily determined. The incremental borrowing rate is determined using the most recent CBR statistics on loan interest rates in the same currency and of the same term.

The lease payments included in the measurement of the lease liability comprise:

(a) fixed payments (including in-substance fixed payments), less any lease incentives;
(b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
(c) amounts expected to be payable by the lessee under residual value guarantees;
(d) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
(e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is presented within other liabilities in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

(a) the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
(b) there is a change in future lease payments resulting from a change in an index or a rate used to determine those payments, or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case the revised discount rate is used);
(c) a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use asset comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the obligation for costs to dismantle and remove a leased asset is incurred or an obligation to restore the site on which it is located or restore the underlying asset to the condition required by the terms of the lease, a provision is recognized and measured under IAS 37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset.

If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented within the line property and equipment in the consolidated statement of financial position.

The Group applies IAS 36 “Impairment of assets” to determine whether a right-of-use asset is impaired and to account for the impairment.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient.

The Group as lessor

A lessor classifies leases as finance or operating leases and account for those two types differently. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease (the Group does not have such contracts). All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Assets classified as held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

Interest income and interest expense

Interest income and expense for all financial instruments except for those classified as held for trading or those measured or designated as at fair value through profit or loss (FVTPL) are recognized in ‘Interest and other finance income’ and ‘Interest expense’ in the profit or loss using the effective interest method.

The effective interest rate (EIR) is the rate that exactly discounts estimated future cash flows of the financial instrument through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. The future cash flows are estimated taking into account all the contractual terms of the instrument.

The calculation of the EIR includes all fees and points paid or received between parties to the contract that are incremental and directly attributable to the specific transaction costs, and all other premiums or discounts. For financial assets at FVTPL transaction costs are recognized in profit or loss at initial recognition.

The interest income/ interest expense is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance), or to the amortised cost of financial liabilities. For credit-impaired financial assets the interest income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for expected credit losses (ECLs)). For financial assets originated or purchased credit-impaired (POCI) the EIR reflects the ECLs in determining the future cash flows expected to be received from the financial asset.

Fee and commission income and expense

Fee and commission income and expense include fees other than those that are an integral part of EIR (see above). Revenue for services provided over a period is recognized pro rata over the contractual term and consists of commission income on operations with long-term exchange instruments, listing fees, depository fees, and other.

Fee and commission expenses with regards to services are accounted for as the services are received.

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Management of the Group periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Deferred tax assets and liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Operating taxes

Countries where the Group operates also have various other taxes, which are assessed on the Group’s activities. These taxes are included as a component of operating expenses in the Consolidated Statement of Profit or Loss.

Share-based payments

The Group grants the right to some employees to purchase equity instruments on the terms set in individual contracts.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity within Share-based payments reserve, over the period in which the performance and/or service conditions are fulfilled.

The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group’s best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period (Note 11).

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made.

Contingencies

Contingent liabilities are not recognised in the Consolidated Statement of Financial Position but are disclosed unless the possibility of any outflow in settlement is remote. A contingent asset is not recognised in the Consolidated Statement of Financial Position but disclosed when an inflow of economic benefits is probable.

Fiduciary activities

The Group provides custodial services to its customers which include transactions with securities on their custody accounts. Assets accepted and liabilities incurred under the fiduciary activities are not included in the Group's Consolidated Financial Statements. The Group accepts the operational risk on these activities, but the Group's customers bear the credit and market risks associated with such operations. Revenue for provision of fiduciary services is recognised as services are provided.

Foreign currencies

In preparing the financial statements of each individual Group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

For the purposes of presenting Consolidated Financial Statements, the assets and liabilities of the Group's foreign operations are translated into RUB using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used.

Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interest as appropriate).

Goodwill and fair value adjustments on identifiable assets and liabilities acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

Segment reporting

An operating segment is a component of a Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same Group); whose operating and financial results are regularly reviewed by the chief operating decision maker (Executive Board) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. As at December 31, 2020 and 2019, the Group comprised of four operating segments (Note 37).

New or amended standards issued but not yet effective

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 17	Insurance Contracts
Amendments to IAS 1 (as part of the project to formulate Annual Improvements to IFRS 2010–2012 cycles)	Classification of Liabilities as Short-Term or Long-Term
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform — Phase 2
Amendments to IFRS 3	Business combinations - Reference to the Conceptual Framework
Amendments to IAS 16	Property and equipment - Proceeds before Intended Use
Amendments to IAS 37	Provisions, contingent liabilities and contingent assets - Onerous Contracts – Cost of Fulfilling a Contract
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 1	IFRS Practice Statement 2 «Disclosure of Accounting Policies»
Amendments to IFRS 1, IFRS 9, IAS 41; and illustrative examples accompanying IFRS 16;	Annual Improvements to IFRS 2018–2020 cycles

The management does not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods, except as noted below:

Amendments to IAS 1 Classification of Liabilities as Short-Term or Long-Term (as part of the project to formulate Annual Improvements to IFRS 2010–2012 cycles). The amendments are intended to facilitate the understanding that a liability is classified as long-term if the organization expects and has the authority to refinance the liability or postpone its maturity by at least 12 months after the reporting period under the existing credit line with the previous lender, on equal or similar terms.

The amendments only amend the presentation of liabilities in the statement of financial position, i.e. not regarding the amount, the moment of recognition or disclosure of information.

The amendments clarify that the classification should be based on the existence at the end of the reporting period of the right to defer repayment of a liability for at least 12 months. Thus, the amendments explicitly indicate that only those rights that exist "at the end of the reporting period" should affect the classification of the liability. Moreover, the classification does not depend on expectations as to whether the organization will use the right to defer repayment of the liability, which means transferring funds, equity instruments, or other assets or services to a counterparty.

The amendments apply retrospectively to the periods beginning on or after January 1, 2023. Early application is acceptable.

The management of the Group does not expect that the application of these amendments could have an impact on the Group's financial statements in future periods.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform — Phase 2. The changes in Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) relate to the impact of the interest rate benchmark reform on the modification of financial assets, financial liabilities and lease liabilities, hedge accounting requirements, and disclosure requirements applying IFRS 7 to accompany the amendments regarding modifications and hedge accounting.

Modification of financial assets, financial liabilities and lease liabilities. The IASB introduces a practical expedient for changes in contractual cash flows as a direct consequence of the interest rate benchmark reform provided that the new cash flow basis is economically equivalent to the original basis According to the practical exception these modifications are accounted prospectively for by updating the effective interest rate. All other modifications are accounted for using the current IFRS requirements. A similar practical expedient is proposed for lessee accounting applying IFRS 16.

Disclosures. The amendments require that an entity discloses additional information in order to allow users to understand the nature and extent of risks arising from the IBOR and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.

The amendments are effective for annual periods beginning on or after 1 January 2021 and are to be applied retrospectively. Early application is permitted. Restatement of prior periods is not required, however, an entity may restate prior periods if, and only if, it is possible without the use of hindsight.

The management of the Group does not expect that the application of these amendments could have an impact on the Group's financial statements in future periods.

IFRS 10 and IAS 28 (amendments) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture. The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the board; however, earlier application of the amendments is permitted. The management of the Company anticipates that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods should such transactions arise.

Amendments to IAS 8 Definition of Accounting Estimates.
The changes to IAS 8 focus entirely on accounting estimates and clarify the following:

- The definition of a change in accounting estimates is replaced with a definition of accounting estimates.
- Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty.
- The Board clarifies that a change in accounting estimate that results from new information or new developments is not the correction of an error.
- A change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods.

The amendments are effective for annual periods beginning on or after 1 January 2023 and changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted.

The management of the Group does not expect that the application of these amendments could have an impact on the Group's financial statements in future periods.

Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies. *Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) amends IAS 1 in the following ways:*

- The Group is now required to disclose its material accounting policy information instead of its significant accounting policies;
- several paragraphs are added to explain how the Group can identify material accounting policy information and to give examples of when accounting policy information is likely to be material;
- the amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial;
- the amendments clarify that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements;
- and the amendments clarify that if the Group discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.

In addition, IFRS Practice Statement 2 has been amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information in order to support the amendments to IAS 1.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023. Earlier application is permitted. Once the Group applies the amendments to IAS 1, it is also permitted to apply the amendments to IFRS Practice Statement 2.

The management of the Group does not expect that the application of these amendments could have an impact on the Group's financial statements in future periods.

Annual Improvements to IFRS 2018–2020 Cycles. The list of amendments includes amendments to the three standards, as well as annual improvements to the Board, which are changes that clarify the wording or eliminate minor inconsistencies, omissions or contradictions between the requirements in the standards.

- **The amendments to IFRS 3** Business Combinations update the reference in IFRS 3 to the Conceptual Framework for Financial Statements without changing the accounting requirements for a business combination.
- **Amendments to IAS 16** Property, Plant and Equipment prohibit deducting from the value of property, plant and equipment the amounts received from the sale of manufactured goods while preparing the asset for its intended use. Instead, these sales revenue and related costs are recognized in profit or loss.
- **Amendments to IAS 37** "Provisions, Contingent Liabilities and Contingent Assets" determine the costs to be included in assessing whether the contract is unprofitable.

Annual improvements introduce minor amendments to IFRS 1 "First-time Adoption of International Financial Reporting Standards", IFRS 9 "Financial Instruments", IAS 41 "Agriculture" and illustrative examples accompanying IFRS 16 "Leases".

All amendments are effective on January 1, 2022, early application is permitted.

The management of the Group does not expect that the application of these amendments could have an impact on the Group's financial statements in future periods should such transactions occur.

3. 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.

Judgements and critical estimates made by the Group in the process of applying the accounting policies were consistent with those disclosed in the annual consolidated financial statements for the year ended December 31, 2019, except for the following updates made to expected credit loss (ECL) estimation model:

- refined approach to Loss Given Default (LGD) estimation
  - country creditworthiness is applied (in addition to the own creditworthiness of counterparties)
  - adjustments in terms of counterparty types (scales for sovereign entities and systemically important institutions added)
- refined approach to probability of default (PD) estimation
  - assessment horizons for bonds have been adjusted
- refined approach to exposure at default (EAD) estimation
  - cash-flow valuation method adjusted in accordance with impairment stages
  - cash flows are now discounted using the effective interest rate (previously - risk free rate)
- updated macro-adjustments calculation methodology: analysis of cycles based on dynamics of macroeconomic indices (GDP, consumer price index, money supply M1, industrial production index, processing industry index etc.) has been replaced with 1Y and 2Y Russian CDS quotes indicative of cyclical phase shift.

These updates in methodology itself (model effect) did not impact significantly the amount of the expected credit loss allowance.

Critical accounting judgements

Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective (for more details refer to Note 2). The Group monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. The Group conducts assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change and so a prospective change to the classification of those assets.

Significant increase of credit risk

As explained in Note 2, expected credit losses are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account the information listed in Note 2.

Key sources of estimation uncertainty

Probability of default

PD constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. See Note 38 for more details, including analysis of the sensitivity of the reported ECL to changes in PD resulting from changes in economic drivers.

Loss Given Default

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements. See Note 2 for more details.

Provision

The companies of the Group are subject to litigations. Such litigations may lead to orders to pay against the entities of the Group. If it is more likely than not that an outflow of resources will occur, a provision will be recognised based on an estimate of the most probable amount necessary to settle the obligation if such amount is reasonably estimable. The Group determines whether there is a possible obligation from past events, evaluates the probability that an outflow will occur and estimates the potential amount of the outflow. As the outcome of litigation is usually uncertain, the judgement is reviewed continuously. See Note 33 for further information.

Impairment of goodwill and other intangible assets

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the management to estimate the future cash flows expected to arise from the cash-generating unit and a discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

Details of the goodwill impairment testing are set out in Note 22.

At the end of each reporting period, the Group reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Useful lives of intangible assets

The Group annually examines the estimated useful life of its intangible assets. When determining the asset's useful life, the factors taken into account include the anticipated use of the asset, its typical life cycle, technical obsolescence, etc.

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 35.

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 instrument 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 11.

4. Fee and Commission Income

	Year ended December 31, 2020	Year ended December 31, 2019
Money market	8 612,0	6 979,5
Securities market	7 981,1	5 490,0
► equities	4 227,4	2 264,0
► bonds	2 942,5	2 551,4
► listing and other services	811,2	674,6
Depository and settlement services	6 524,9	5 226,8
Foreign exchange	4 276,1	3 547,4
Derivatives	3 939,8	2 852,6
Information services	1 110,6	859,6
Sale of software and technical services	956,7	901,8
Other	867,0	323,7
Total fee and commission income	**34 268,2**	**26 181,4**

With effect from January 1, 2020, the Group applied a new tariff for foreign currency bank accounts, according to which the Group charges negative interest on participants' balances in foreign currencies which correspond to the currency of placement in the correspondent banks. The maintenance fee for such accounts is recognized in fee and commission income, negative interest rate is recognized as interest expense on cash and cash equivalents and due from financial institutions (Note 6) and interest income is recognized as interest income on balances with market participants (Note 5).

5. Interest and Other Finance Income

	Year ended December 31, 2020	Year ended December 31, 2019
Gain on financial assets at FVTPL		
Interest income	457,5	255,1
Net gain on financial assets at FVTPL	102,2	151,2
Total gain on financial assets at FVTPL	559,7	406,3
Interest income on financial assets other than at FVTPL		
Interest income on financial assets at FVTOCI	8 782,3	9 529,2
Interest on cash and cash equivalents and due from financial institutions	4 382,0	3 698,8
Interest income on balances of market participants	1 553,8	-
Total interest income on financial assets other than at FVTPL	14 718,1	13 228,0
Total interest and other finance income	**15 277,8**	**13 634,3**

6. Interest Expense

	Year ended December 31, 2020	Year ended December 31, 2019
Interest expense on cash and cash equivalents and due from financial institutions	1 435,9	-
Interest expense on accounts of clearing participants	212,5	389,2
Interest expense on stress collateral	146,8	37,1
Interest expense on interbank loans and deposits	138,9	2 477,6
Interest expense on lease liabilities	49,4	10,7
Interest expense on repo agreements and other	0,6	4,8
Total interest expense	**1 984,1**	**2 919,4**

7. Net Gain on Financial Assets at Fair Value through Other Comprehensive Income

	Year ended December 31, 2020	Year ended December 31, 2019
Bonds issued by Russian Federation	878,4	1 399,6
Bonds issued by Russian companies	32,3	59,5
Bonds issued by foreign companies of Russian groups	21,4	-
Bonds issued by Russian banks	2,0	26,6
Bonds issued by foreign financial organizations	(3,2)	8,7
Bonds issued by CBR	-	(0,1)
Total net gain on financial assets at FVTOCI	**930,9**	**1 494,3**

Net gain on financial assets at fair value through other comprehensive income represents reclassification adjustment from other comprehensive income to profit or loss upon disposal of financial assets.

8. Foreign Exchange Gains Less Losses

	Year ended December 31, 2020	Year ended December 31, 2019
Foreign exchange swaps	(109,6)	4 235,2
Net result from other foreign exchange operations	43,7	268,6
Total foreign exchange gains less losses	**(65,9)**	**4 503,8**

Net result on foreign exchange swaps includes gains/(losses) from swap deals used to hedge open foreign currency position of the Group and gains/(losses) from swap transactions used to earn interest income from ruble-denominated funds.

9. Other Operating Income

	Year ended December 31, 2020	Year ended December 31, 2019
Reversal of losses related to potential commodity market shortages	17,3	-
Reversal of legal case provision	-	218,3
Other operating income	146,8	116,8
Total other operating income	**164,1**	**335,1**

Other operating income for the year ended December 31, 2020 includes RUB 71,4 million gain on sale of investment in ETS (Note 24).

In December 2015, a brokerage company defaulted on its liabilities to the Group that were foreclosed via standard default management procedures explicitly stipulated by the Law "On clearing, clearing activities and the central counterparty" to cover the liabilities to bona fide market and clearing participants. In September 2016, the broker was declared bankrupt. In October 2017, the bankruptcy manager filed a lawsuit with the arbitration court, seeking to declare the deals on foreclosure as void. During the year 2018 the courts of first and second instances ruled to fulfil plaintiffs demands. The Group made a 100% provision (Note 29, Note 33) and filed a cassation which was satisfied. As a result the provision was conservatively decreased to 25% of the amount claimed to RUB 218,3 million. In January 2019 the plaintiffs applied to the Supreme Court. As of March 31, 2019 the Group performed additional risk-assessment and recovered the provision in full. In the second quarter 2019 The Supreme Court rejected to satisfy the plaintiffs' claim.

10. General and Administrative Expenses

	Year ended December 31, 2020	Year ended December 31, 2019
Amortisation of intangible assets (Note 21)	2 472,3	2 346,8
Equipment and intangible assets maintenance	1 589,7	1 381,4
Depreciation of property and equipment (Note 20)	876,5	1 200,5
Taxes, other than income tax	647,5	603,9
Market makers fees	572,1	674,6
Professional services	465,6	538,4
Registrar and foreign depository services	454,4	312,6
Information services	380,3	307,3
Rent and office maintenance	329,3	318,4
Advertising and marketing costs	202,7	330,0
Charity	113,2	24,1
Communication services	86,4	82,8
Security expenses	30,5	30,3
Transport expenses	23,9	20,3
Business trip expenses	9,1	84,4
Loss on disposal of property, equipment and intangible assets	0,5	-
Other	36,7	65,6
Total general and administrative expenses	**8 290,7**	**8 321,4**

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

11. Personnel Expenses

	Year ended December 31, 2020	Year ended December 31, 2019
Employees benefits except for share-based payments	6 865,9	5 890,1
Payroll related taxes	1 381,4	1 128,8
Share-based payment expense on equity settled instruments	198,2	71,0
Share-based payment expense on cash settled instruments	13,8	24,0
Total personnel expenses	**8 459,3**	**7 113,9**

In July 2020 the new long-term incentive program of equity settled instruments was introduced by the Group (hereinafter - LTIP). Program participants have the right to receive Moscow Exchange ordinary shares granted under conditions set out in the program. The LTIP program vests when employee continues to be employed by the Group at the vesting date and the Group fulfills certain financial performance results set by the program. The maximum contractual term of the contracts is five years. Program participants are entitled to receive fixed and variable number of shares, where variable number is defined as product of fixed number of shares and the sum of dividend yields for the three years preceding the vesting date. The fair value of the rights is measured at the grant date using the observable market price of Moscow Exchange shares at the grant date adjusted to take into account the variable component of the program and vesting conditions upon which the shares are granted.

The previous program of equity settled instruments continues along with the LTIP. Rights to purchase equity instruments granted to some employees give 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. The 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 maximum contractual term of the contracts granted in 2017 is three and a half years. The fair value of the rights is measured at the grant date using a binomial model taking into account the terms and conditions under which the instruments were granted.

In 2017 the 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. The 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 fair value of shares granted (WAFV) and movements in rights to receive shares under the LTIP:

	Number	WAFV
Outstanding at January 1, 2020	**-**	**-**
Granted	15 787 054	106,00
Forfeited	(349 687)	103,91
Outstanding at December 31, 2020	**15 437 367**	**106,07**

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

	Number	WAEP
Outstanding at January 1, 2019	**49 734 517**	**98,97**
Granted	5 625 000	106,87
Exercised (Note 30)	(3 882 662)	71,36
Forfeited	(6 659 513)	104,55
Redeemed	(14 350 675)	71,36
Outstanding at January 1, 2020	**30 466 667**	**109,94**
Exercised (Note 30)	(3 573 530)	111,43
Forfeited	(3 905 000)	112,97
Redeemed	(14 659 804)	111,43
Outstanding at December 31, 2020	**8 328 333**	**104,54**

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

No cash settled instruments were granted during the year ended December 31, 2020 and December 31, 2019. The weighted average remaining contractual life of outstanding instruments is 0,40 years (December 31, 2019: 0,37 years).

331 150 cash settled instruments were exercised during the year ended December 31, 2020 with WAEP of RUB 104,39 (December 31, 2019: 175 252 with WAEP of RUB 87,10).

The number of equity rights exercisable as at December 31, 2020 is 2 645 000 with WAEP of RUB 114,50 (December 31, 2019: 12 916 667 with WAEP of RUB 114,42).

No equity rights were granted under previous program during the year ended Deccember 31, 2020 (December 31, 2019: the weighted average fair value of equity rights granted was RUB 9,70).

The weighted average remaining contractual life of the LTIP is 3,50 years.

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

		December 31, 2020		December 31, 2019
Exercise price	**Number outstanding**	**Weighted average remaining contractual life**	**Number outstanding**	**Weighted average remaining contractual life**
77,0–102,0	3 733 333	0,84	6 700 000	1,28
102,0–122,0	4 595 000	0,14	23 766 667	0,34
	8 328 333	**0,45**	**30 466 667**	**0,55**

The following table lists the inputs to the models used for the granted instruments under the previous program during the year ended December 31, 2019:

	Equity settled
Assumption	**Year Ended December 31, 2019**
Expected volatility	23,0%
Risk-free interest rate	7,4%
Weighted average share price, RUB	80,94
Dividend yield	8,7%

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

12. Other Operating Expenses and Net Expected Credit Losses Provision

	Year ended December 31, 2020	Year ended December 31, 2019
Movement in allowance for ECL (Note 13)	0,9	2 583,1
Provision for losses related to potential commodity market shortages	-	31,7
Total other operating expenses and net expected credit losses provision	**0,9**	**2 614,8**

Grain

In the first quarter of 2019, a subsidiary of the Group that operates as a Commodity Delivery Operator (CDO) found, during regular inspections of commodities stored in grain warehouses, several instances where grain stockpiles used as collateral under swap trades were missing, allegedly due to theft. This risk related to use of a partner's infrastructure for storing commodity assets is inherent exclusively to the agricultural products market. The Group's risk protection system and risk monitoring on the grain market consists of evaluation of technical condition and financial position of counterparty (certification), regular independent surveys with rotation of surveyors, and insurance coverage, including covering the risk of fraud, which size was sufficient to cover possible losses based on previous cases in the market. The Group has undertaken all nesessary actions, such as: has filed 13 claims for the initiation of criminal and civil proceedings, demanding the execution of trades, reclaiming missing collateral and claiming insurance.

The amount receivable from the accredited grain elevators and sugar warehouses is presented as other assets (Note 25), for which a 100% provision has been created. The total amount of provisions for CDO operations as at 31 December 2020 is RUB 2 350,6 million.

Sugar

Despite the fact that there have been no instances of missing sugar stocks, the Group has applied a conservative approach to creating provisions for sugar stockpiles at wharehouses. On a regular basis, the Group conducts on-site inspections to ensure the security and quality of sugar stockpiles.

13. Movement in Allowance for Expected Credit Losses

The information on the movement in the allowance for expected credit losses of the Group for the years ended December 31, 2020 and 2019, is provided below.

	Cash and cash equivalents	Due from financial institutions	Financial assets at FVTOCI	Other financial assets	Total
Note	**15**	**17**		**25**	
December 31, 2018	**4,7**	**36,3**	**192,0**	**84,5**	**317,5**
Net (reversal) / charge for the period	(3,0)	(36,2)	27,3	2 595,0	2 583,1
Write-offs	-	-	-	(237,2)	(237,2)
December 31, 2019	**1,7**	**0,1**	**219,3**	**2 442,3**	**2 663,4**
Net (reversal) / charge for the period	(1,6)	5,8	22,6	(25,9)	0,9
Write-offs	-	-	-	(8,9)	(8,9)
December 31, 2020	**0,1**	**5,9**	**241,9**	**2 407,5**	**2 655,4**

In the first quarter 2019 the Group's management had detected several incorrectly processed administrative payments not connected with the Group's trading and clearing activities. Management immediately introduced a set of necessary measures to resolve the situation and improved control procedures to avoid similar mistakes in the future. Also, the Group's management created the provision on receivables at the amount of RUB 265,9 million. As at December 31, 2019, the receivables in the amount of RUB 223,8 million were written off against provision as uncollectible, the excess of provision was recovered.

Total net charge of the allowance for expected credit losses of the Group for the year ended December 31, 2020 and 2019 is included in other operating expences and net expected credit losses provision within Consolidated Statement of Profit or Loss (Note 12).

As at December 31, 2020 and 2019, the allowance for expected credit losses of financial assets at fair value through other comprehensive income is included in investments revaluation reserve. The movement of the allowance is reflected within Consolidated Statement of Comprehensive Income.

The allowance for expected credit losses of the Group consists of the loss allowance measured at an amount equal to 12-month expected credit losses for Stage 1 assets, and the loss allowance measured at an amount equal to lifetime expected credit losses for Stage 2 and Stage 3 assets. The composition of the Group's financial assets and correspondent allowances for expected credit losses by stages as at December 31, 2020 and 2019, is provided below.

	Cash and cash equivalents	Due from financial institutions	Financial assets at FVTOCI	Other financial assets	Total
Note	**15**	**17**		**25**	
December 31, 2020					
Stage 1 assets	471 793,1	154 785,3	193 302,7	1 458,2	821 339,3
Stage 2 assets	-	-	-	3,9	3,9
Stage 3 assets	-	36,0	-	2 361,9	2 397,9
Total financial assets	**471 793,1**	**154 821,3**	**193 302,7**	**3 824,0**	**823 741,1**
Allowance for Stage 1 assets	(0,1)	(5,9)	(241,9)	(45,3)	(293,2)
Allowance for Stage 2 assets	-	-	-	(0,3)	(0,3)
Allowance for Stage 3 assets	-	-	-	(2 361,9)	(2 361,9)
Total allowance for expected credit losses	**(0,1)**	**(5,9)**	**(241,9)**	**(2 407,5)**	**(2 655,4)**
December 31, 2019					
Stage 1 assets	466 100,5	60 424,1	179 313,4	721,4	706 559,4
Stage 2 assets	-	-	-	358,3	358,3
Stage 3 assets	-	-	-	2 396,4	2 396,4
Total financial assets	**466 100,5**	**60 424,1**	**179 313,4**	**3 476,1**	**709 314,1**
Allowance for Stage 1 assets	(1,7)	(0,1)	(219,3)	(6,2)	(227,3)
Allowance for Stage 2 assets	-	-	-	(39,7)	(39,7)
Allowance for Stage 3 assets	-	-	-	(2 396,4)	(2 396,4)
Total allowance for expected credit losses	**(1,7)**	**(0,1)**	**(219,3)**	**(2 442,3)**	**(2 663,4)**

The tables below analyze information about the significant changes in the gross carrying amount of other financial assets during the period that contributed to changes in the loss allowance as well as the movement of the loss allowance during the 2019:

	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount at January 1, 2019	**968,0**	**4,3**	**34,6**	**1 006,9**
New financial assets originated or purchased less financial assets that have been derecognized due to being redeemed or sold	2 706,4	-	-	2 706,4
Transfer to stage 2	(354,0)	354,0	-	-
Transfer to stage 3	(2 599,0)	-	2 599,0	-
Write-offs	-	-	(237,2)	(237,2)
Gross carrying amount at December 31, 2019	**721,4**	**358,3**	**2 396,4**	**3 476,1**
Loss allowance at December 31, 2019	**(6,2)**	**(39,7)**	**(2 396,4)**	**(2 442,3)**

	Stage 1	Stage 2	Stage 3	Total
Loss allowance at January 1, 2019	49,4	0,5	34,6	84,5
New financial assets originated or purchased less financial assets that have been derecognized due to being redeemed or sold	23,4		(23,4)	-
Transfer to stage 2	(3,1)	3,1	-	-
Transfer to stage 3	(22,5)	-	22,5	-
Net increase/(decrease) in credit risk	(41,0)	36,1	2 599,9	2 595,0
Write-offs	-	-	(237,2)	(237,2)
Loss allowance at December 31, 2019	**6,2**	**39,7**	**2 396,4**	**2 442,3**

The tables below analyze information about the significant changes in the gross carrying amount of other financial assets during the period that contributed to changes in the loss allowance as well as the movement of the loss allowance during the 2020:

	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount at January 1, 2020	**721,4**	**358,3**	**2 396,4**	**3 476,1**
New financial assets originated or purchased less financial assets that have been derecognized due to being redeemed or sold	736,8	(354,4)	(25,6)	356,8
Write-offs	-	-	(8,9)	(8,9)
Gross carrying amount at December 31, 2020	**1 458,2**	**3,9**	**2 361,9**	**3 824,0**
Loss allowance at December 31, 2020	**(45,3)**	**(0,3)**	**(2 361,9)**	**(2 407,5)**

	Stage 1	Stage 2	Stage 3	Total
Loss allowance at January 1, 2020	6,2	39,7	2 396,4	2 442,3
New financial assets originated or purchased less financial assets that have been derecognized due to being redeemed or sold	14,6	(33,4)	(25,6)	(44,3)
Net increase/(decrease) in credit risk	24,4	(6,0)	-	18,4
Write-offs	-	-	(8,9)	(8,9)
Loss allowance at December 31, 2020	**45,3**	**0,3**	**2 361,9**	**2 407,5**

14. 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.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.

The analysis of the temporary differences as at December 31, 2020 and 2019, is presented below:

	December 31, 2020	December 31, 2019
Tax effect from deductible temporary differences:		
Cash, cash equivalents and amounts due from financial institutions	1,2	0,4
Financial assets at FVTPL	3,7	87,2
Financial assets at FVTOCI	11,8	799,7
Investments in associates	5,9	-
Property and equipment and intangible assets	43,0	23,5
Other assets	721,3	711,0
Other liabilities	676,1	511,6
Tax loss carried forward	10,4	10,1
Total tax effect from deductible temporary differences	**1 473,4**	**2 143,5**
Tax effect from taxable temporary differences:		
Financial assets at FVTPL	(116,6)	(4,6)
Financial assets at FVTOCI	(879,2)	(6,1)
Property and equipment and intangible assets	(2 564,9)	(2 785,9)
Other assets	(6,0)	(4,9)
Other liabilities	(1,6)	(1,5)
Total tax effect from taxable temporary differences	**(3 568,3)**	**(2 803,0)**
Deferred income tax assets	**72,6**	**1 701,5**
Deferred income tax liabilities	**(2 167,5)**	**(2 361,0)**

Tax effect from deductible temporary differences on other assets is mainly represented by the differences from created provisions on other financial assets. Deductible temporary differences on other liabilities is mainly represented by differences from the personnel remuneration provision and other accruals.

	Year ended December 31, 2020	Year ended December 31, 2019
Beginning of the period – deferred tax assets	**1 701,5**	**125,1**
Beginning of the period – deferred tax liabilities	**(2 361,0)**	**(3 821,4)**
Changes in deferred income tax balances recognised in other comprehensive income	(10,8)	(839,0)
Change in deferred income tax balances recognised in profit or loss	(1 424,6)	3 878,2
Deferred income tax transferred to assets of disposal group held for sale	-	(2,4)
End of the period - deferred tax assets	**72,6**	**1 701,5**
End of the period - deferred tax liabilities	**(2 167,5)**	**(2 361,0)**

Reconciliation of income tax expense and accounting profit for the year ended December 31, 2020 and 2019, are explained below:

	Year ended December 31, 2020	Year ended December 31, 2019
Profit before income tax	**31 840,1**	**25 179,4**
Tax at the statutory tax rate (20%)	6 368,0	5 035,9
Tax effect of income taxed at rates different from the prime rate	(337,4)	(321,0)
Non-deductible expenses for tax purposes	256,9	262,3
Adjustments in respect of deffered income tax of previous years	379,2	-
Adjustments in respect of current income tax of previous years	2,9	1,6
Income tax expense	**6 669,6**	**4 978,8**
Current income tax expense	5 242,1	8 855,4
Current income tax expense related to previous years	2,9	1,6
Deferred taxation movement due to origination and reversal of temporary differences	1 424,9	(3 879,8)
Deferred taxation movement due to tax losses carried forward	(0,3)	1,6
Income tax expense	**6 669,6**	**4 978,8**

15. Cash and Cash Equivalents

	December 31, 2020	December 31, 2019
Correspondent accounts and overnight deposits with banks	446 844,3	415 657,5
Balances with the CBR	24 921,8	50 416,2
Receivables on broker and clearing operations	23,7	22,5
Cash on hand	3,3	4,3
Total cash and cash equivalents	471 793,1	466 100,5
Less allowance for ECL (Note 13)	(0,1)	(1,7)
Total cash and cash equivalents	471 793,0	466 098,8
Total cash and cash equivalents before allowance for ECL	471 793,1	466 100,5
Cash and cash equivalents attributable to Assets of disposal group held for sale	-	6,8
Cash and cash equivalents for the purpose of Consolidated Statement of Cash Flows	**471 793,1**	**466 107,3**

As at December 31, 2020, the Group has balances with six counterparties, each of which is greater than 10% of equity (December 31, 2019: eight counterparties). The total aggregate amount of these balances is RUB 447 392,1 million or 95% of total cash and cash equivalents as at December 31, 2020 (December 31, 2019: RUB 431 356,3 million or 93% of total cash and cash equivalents).

16. Financial Assets at Fair Value through Profit or Loss

	December 31, 2020	December 31, 2019
Bonds issued by foreign companies of Russian groups	18 312,0	13 418,5
Shares issued by foreign companies	412,9	67,5
Shares issued by Russian companies	126,1	139,8
Derivative financial instruments	1,2	69,6
Total financial assets at FVTPL	**18 852,2**	**13 695,4**

The table below shows the analysis of derivatives of the Group as at December 31, 2020 and 2019:

	Fair value of principal amount or agreed amount		Assets - positive	Liabilities - negative
	Receivables	Payables	fair value	fair value
December 31, 2020				
Currency swaps	63 466,9	(63 605,3)	1,2	(139,6)
December 31, 2019				
Currency swaps	70 945,1	(70 908,3)	69,6	(32,8)

As at December 31, 2020, the negative fair value of derivative financial instruments in the amount of RUB 139,6 million is included in other liabilities (Note 29) (December 31, 2019: RUB 32,8 million).

17. Due from Financial Institutions

Due from financial institutions are presented as follows:

	December 31, 2020	December 31, 2019
Interbank loans and term deposits	60 566,5	7 789,3
Reverse repo receivables from financial institutions	49 436,2	48 445,5
Term deposits with the CBR	40 004,6	-
Correspondent accounts and deposits in precious metals	4 777,4	4 189,1
Other loans	36,0	-
Receivables on broker and clearing operations	0,6	0,2
Total due from financial institutions	154 821,3	60 424,1
Less allowance for ECL (Note 13)	(5,9)	(0,1)
Total due from financial institutions	**154 815,4**	**60 424,0**

As at December 31, 2020, the Group has balances with four counterparties, which is greater than 10% of equity (December 31, 2019: one counterparty). The amount of this balance is RUB 129 442,7 million or 84% of the total amount due from financial institutions as at December 31, 2020 (December 31, 2019: RUB 38 399,8 million or 64% of the total amount due from financial institutions).

As at December 31, 2020 the fair value of bonds pledged under reverse repo was RUB 60 493,5 million (December 31, 2019: RUB 60 190,2 million).

Interbank loans and term deposits include restricted amounts on correspondent account with Euroclear Bank S.A./N.V., Brussels, which relate to foreign securities (coupon and principal repayments) owned by the depository clients, in the amount of RUB 9 181,8 million (December 31, 2019: RUB 7 683,7 million). Balances of market participants include balances due to these clients in respect of those securities in the amount of RUB 9 181,8 million (December 31, 2019: RUB 7 683,7 million).

18. Central Counterparty Financial Assets and Liabilities

	December 31, 2020	December 31, 2019
Repo transactions	4 047 661,8	3 259 579,2
Currency transactions	3 175,8	3 091,4
Total CCP financial assets and liabilities	**4 050 837,6**	**3 262 670,6**

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 December 31, 2020 the fair value of securities purchased and sold by the Group under repo transactions is RUB 4 549 077,2 million (December 31, 2019: RUB 3 771 234,9 million).

As at December 31, 2020 and 2019, 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. Information about financial assets offset against financial liabilities in the statement of financial position is disclosed in Note 39.

19. Financial Assets at Fair Value though Other Comprehensive Income

	December 31, 2020	December 31, 2019
Bonds issued by the Russian Federation	83 130,0	85 834,1
Bonds issued by foreign companies of Russian groups	53 963,0	37 465,8
Bonds issued by Russian companies	38 424,3	32 063,1
Bonds issued by Russian banks	16 810,8	20 167,7
Bonds issued by foreign financial organizations	974,6	3 782,7
Total financial assets at FVTOCI	**193 302,7**	**179 313,4**

20. Property and Equipment

	Land	Buildings and other real estate	Furniture and equipment	Construction in progress	Right-of-use assets	Total
Cost						
December 31, 2018	**219,8**	**5 865,9**	**7 075,0**	**47,0**	**-**	**13 207,7**
January 1, 2019 (with IFRS 16 effect)	**219,8**	**5 865,9**	**7 075,0**	**47,0**	**269,0**	**13 476,7**
Additions	-	-	405,7	49,9	15,6	471,2
Reclassification	-	-	46,7	(46,7)	-	-
Disposals	-	-	(119,2)	-	-	(119,2)
Reclassification to assets held for sale	(10,1)	(60,4)	(14,2)	-	-	(84,7)
Effect of foreign exchange translation	(1,2)	(6,9)	(1,4)	-	-	(9,5)
December 31, 2019	**208,5**	**5 798,6**	**7 392,6**	**50,2**	**284,6**	**13 734,5**
Additions	-	-	866,4	4,0	1 019,6	1 890,0
Reclassification	-	-	49,7	(49,7)	-	-
Disposals	-	-	(236,0)	-	(266,9)	(502,9)
Modification and remeasurement	-	-	-	-	0,1	0,1
December 31, 2020	**208,5**	**5 798,6**	**8 072,7**	**4,5**	**1 037,4**	**15 121,7**
Accumulated depreciation						
December 31, 2018	**-**	**1 571,6**	**5 662,2**	**-**	**-**	**7 233,8**
Charge for the period	-	118,0	891,0	-	191,5	1 200,5
Disposals	-	-	(117,9)	-	-	(117,9)
Reclassification to assets held for sale	-	(15,4)	(10,3)	-	-	(25,7)
Effect of foreign exchange translation	-	(1,6)	(1,2)	-	-	(2,8)
December 31, 2019	**-**	**1 672,6**	**6 423,8**	**-**	**191,5**	**8 287,9**
Charge for the period	-	116,4	612,7	-	147,4	876,5
Disposals	-	-	(235,7)	-	(266,9)	(502,6)
December 31, 2020	**-**	**1 789,0**	**6 800,8**	**-**	**72,0**	**8 661,8**
Net book value						
December 31, 2019	**208,5**	**4 126,0**	**968,8**	**50,2**	**93,1**	**5 446,6**
December 31, 2020	**208,5**	**4 009,6**	**1 271,9**	**4,5**	**965,4**	**6 459,9**

As at December 31, 2020, historical cost of fully depreciated property and equipment amounts to RUB 5 447,7 million (December 31, 2019: RUB 5 350,3 million). In June 2020, the Group prolonged lease agreement for the office premises for 10 years. The agreement was classified as a lease agreement in accordance with IFRS 16 and the Group recognized the right-of-use asset and lease liability in the amount of RUB 1 006 million. The incremental borrowing rate under the agreement is 8.81%.

As of December 31, 2020, the book value of right-of-use assets is represented by leased buildings and other real estate in the amount of RUB 963,4 million and IT equipment (furniture and equipment) in the amount of RUB 2 million (December 31, 2019: RUB 91,4 million and RUB 1,7 million).

The amounts recognized in profit or loss related to Group's lease contracts are as follows:

	Year ended December 31, 2020	Year ended December 31, 2019
Amounts recognised in profit or loss		
Depreciation expense on right-of-use assets	147,4	191,5
Interest expense on lease liabilities	49,4	10,7
Expense relating to short-term leases	25,3	18,1
	222,1	220,3

21. Intangible Assets

	Intangible assets development	Total
Cost		
December 31, 2018	**777,2**	**26 256,0**
Additions	959,4	1 732,4
Reclassification	(322,0)	-
Disposals	(0,3)	(49,9)
Reclassification to assets held for sale	-	(1,7)
Effect of movements in exchange rates	-	(0,2)
December 31, 2019	**1 414,3**	**27 936,6**
Additions	843,8	2 370,8
Reclassification	(1 015,1)	-
Disposals	(0,5)	(20,3)
December 31, 2020	**1 242,5**	**30 287,1**
December 31, 2018	**-**	**8 651,7**
Charge for the period	-	2 346,8
Disposals	-	(49,6)
Reclassification to assets held for sale	-	(1,2)
Effect of movements in exchange rates	-	(0,1)
December 31, 2019	**-**	**10 947,6**
Charge for the period	-	2 472,3
Disposals	-	(1,4)
December 31, 2020	**-**	**13 418,5**
Net book value		
December 31, 2019	**1 414,3**	**16 989,0**
December 31, 2020	**1 242,5**	**16 868,6**

The client base relates to professional market participants acquired as part of business combination in 2011.

22. Goodwill

As at December 31, 2020 and 2019, the Group's goodwill amounted to RUB 15 971,4 million.

Impairment Test for Goodwill

Goodwill must be tested annually for impairment, or more frequently when there are indicators that impairment may have occurred. Goodwill is recorded at cost less accumulated impairment losses. Impairment losses recognised on goodwill are not reversed.

Goodwill acquired through business combinations is allocated to the following cash-generating units ("CGU") for impairment testing:

	Trading services	Clearing	Depository	Total
Goodwill	10 774,1	3 738,7	1 458,6	15 971,4

The recoverable amounts of these CGUs have been determined based on value in use calculations, using discounted cash flow projections prepared by Management of the Group covering the seventeen-year period. Discount rate of 12,3% p.a. is applied to cash flows. Value in use calculations for each CGU are based on key assumptions about short and medium term revenue and cost growth and long-term economic growth rates (used to determine terminal values). For all of the CGUs the values assingned to short and medium term revenue represent internal forecasts based on external estimates of real GDP growth in Russia (average growth of 1,5%) and inflation rate in Russia (average growth of 3,4%) for the forecasted period. The revenues forecast is also based on market turnover forecast and average margin achieved in period immediately before the forecasted period.

Based on the results of the impairment tests performed no impairment of the carrying value of the goodwill in any CGU was identified.

Value in use calculations for each CGU are sensitive to changes in discount rates. Management of the Group carried out sensitivity analysis to determine the impacts of changes in this variable on the calculated value in use: change of 150 bps in the discount rate. As at December 31, 2020 the sensitivity analysis revealed the cumulative value in use of the segments 11,4% lower or 14,8% higher than the value in use estimated, which does not lead to any significant change of the results of goodwill impairment testing in any CGU (December 31, 2019: 10,8% lower or 13,7% higher).

23. Investments in Associates

On July 23, 2020, Moscow Exchange completed the acquisition of a 17% stake in BierbaumPro AG, which holds a 100% ownership stake in NTProgress, the company behind the development of the proprietary OTC FX platform NTPro. In November 2020 the Group increased its ownership in BierbaumPro AG to 24,9995% by purchasing a 7,9995% stake. Starting from November 2020 this investment is accounted for as investment in associate using equity method.

NTProgress is BierbaumPro's main asset. MOEX has also entered into an agreement under which the Exchange will consolidate ownership of up to 100% of BierbaumPro's equity over a period of three years. The final price for 100% of the company's equity will be dependent upon BierbaumPro's operational and financial performance.

	December 31, 2020				
	Ownership interest	Principal place of business	Country of incorporation	Nature of activities	Carrying value
BierbaumPro AG	24,99%	Switzerland	Switzerland	FinTech	329,0
Total investments in associates					**329,0**

24. Assets Held for Sale

In March 2019, the Supervisory board approved a plan to sell ETS. As at December 31, 2019 the Group presented ETS as disposal group held for sale under IFRS 5 "Non-current assets held for sale and discontinued operations".

In February 2020 the Group disposed of 40,82% stake in ETS and therefore ceding control over this subsidiary. The remaining share of 15% was accounted for as investment in associate until August 2020. In August 2020 additional sale of 5% stake took place and the Group ceased its significant influence over ETS. Further sale of 10% share in ETS is expected until the end of 2024.

The major classes of assets and liabilities of ETS classified as held for sale as of December 31, 2019:

	December 31, 2019
Assets of the disposal group held for sale	
Cash and cash equivalents	6,8
Due from financial institutions	16,2
Property and equipment	59,0
Intangible assets	0,5
Other assets	22,9
Total assets of the disposal group held for sale	105,4
Liabilities of the disposal group held for sale	
Other liabilities	5,8
Total liabilities of the disposal group held for sale	**5,8**

	Year Ended December 31, 2020
Gain on disposal of ETS	
Consideration received	28,3
Net assets disposed of	(54,8)
Non-controlling interest	89,8
Cumulative exchange differences in respect of the net assets of the subsidiary reclassified from equity to profit or loss on loss of control of subsidiary	8,1
Gain on disposal	**71,4**

The above gain on disposal incurred in February 2020 is included in other operating income line of the Consolidated Statement of Profit or Loss (Note 9).

25. Other Assets

	December 31, 2020	December 31, 2019
Other financial assets:		
Receivables on services rendered and other operations	3 824,0	3 476,1
Less allowance for ECL (Note 13)	(2 407,5)	(2 442,3)
Total other financial assets	**1 416,5**	**1 033,8**
Other non-financial assets:		
Prepaid expenses	797,2	447,9
Precious metals	255,1	3 134,3
Non-current assets prepaid	202,5	24,8
Taxes receivable other than income tax	88,3	46,9
Other	18,0	8,7
Total other assets	**2 777,6**	**4 696,4**

26. Balances of Market Participants

	December 31, 2020	December 31, 2019
Accounts of clearing participants	548 847,5	450 993,4
Other current and settlement accounts	141 813,2	83 110,5
Stress collateral	15 387,3	19 006,2
Risk-covering funds	5 812,7	5 476,2
Accounts of clearing participants in precious metals	5 032,4	7 336,3
Total balances of market participants	**716 893,1**	**565 922,6**

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 are 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 15, 17).

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 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. Cash received from the market participants in the risk-covering funds is placed with top-rated banks (Notes 15, 17).

27. Overnight bank loans

	December 31, 2020	December 31, 2019
Overnight bank loans	-	49 229,1
Total overnight bank loans	**-**	**49 229,1**

As at December 31, 2019, the Group had balances with one counterparty, which is greater than 10% of equity. The amount of this balance is RUB 31 741,4 million or 64% of the total overnight bank loans as at December 31, 2019.

28. Distributions payable to holders of securities

Distributions payable to holders of securities comprise dividends and coupon amounts received by the Group from the issuers of securities on behalf of customers of the Group, for which the Group provides depository services.

The normal settlement period for distribution of dividends and coupon amounts to its customers is three days. Amounts of dividends and coupons payable to clients are stated at their contractual values.

29. Other Liabilities

	December 31, 2020	December 31, 2019
Other financial liabilities		
Lease liabilities	985,5	86,6
Trade and other payables	649,9	720,6
Payables to employees	424,2	337,2
Derivative financial liabilities	139,6	32,8
Dividends payable	1,1	0,3
Total other financial liabilities	**2 200,3**	**1 177,5**
Other non-financial liabilities		
Personnel remuneration liabilities	2 086,0	1 723,2
Taxes payable, other than income tax	594,1	435,5
Tax agent liabilities regarding distributions payable to holders of securities	422,3	170,8
Advances received	387,6	258,0
Provision (Note 12)	14,4	31,7
Total other liabilities	**5 704,7**	**3 796,7**

The movement of provision is provided below:

	Year ended December 31, 2020	Year ended December 31, 2019
Beginning of the period	**31,7**	**218,3**
Net (recovery)/charge for the period (Notes 9, 12)	(17,3)	31,7
Recovery of legal case provision (Note 9)	-	(218,3)
End of the period	**14,4**	**31,7**

The movement of personnel remuneration liabilities is provided below:

	Year ended December 31, 2020	Year ended December 31, 2019
Beginning of the period	**1 723,2**	**1 579,5**
Net charge for the period	1 957,3	1 614,4
Personnel remuneration paid	(1 594,5)	(1 470,7)
End of the period	**2 086,0**	**1 723,2**

	December 31, 2020	December 31, 2019
Maturity analysis of lease liabilities		
Less than one year	157,2	80,7
One to two years	155,9	3,6
Two to three years	152,0	3,6
Three to four years	149,7	0,6
Four to five years	149,7	-
More than 5 years	664,0	-
Less: unearned interest	**(442,9)**	**(1,9)**
Lease liabilities	**985,5**	**86,6**

The table below details changes in the Group's lease liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

January 1, 2019	**269,0**
Financing cash flows	(209,0)
New Leases	15,6
Other changes	11,0
December 31, 2019	**86,6**
Financing cash flows	(178,0)
Modification and remeasurement	0,1
New Leases	1 019,6
Other changes	57,2
December 31, 2020	**985,5**

30. 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, 2018	**2 276 401 458**	**(26 014 430)**
Exercised equity instruments (Note 11)	-	3 882 662
December 31, 2019	**2 276 401 458**	**(22 131 768)**
Treasury shares transferred	-	7 000
Exercised equity instruments (Note 11)	-	3 573 530
December 31, 2020	**2 276 401 458**	**(18 551 238)**

Share premium represents an excess of contributions received over the nominal value of shares issued. The number of authorized shares during the years ended December 31, 2020 and 2019, is 12 095 322 151.

During the year ended December 31, 2020 the Group distributed to employees 3 573 530 treasury shares under exercised equity instruments (December 31, 2019: 3 882 662 treasury shares) (Note 11).

31. Retained Earnings

During the year ended December 31, 2020 the Group declared and paid to the owners of the parent dividends for the year ended December 31, 2019 of RUB 17 899,4 million. The amount of dividends per share is RUB 7,94 per ordinary share (during the year ended December 31, 2019 of RUB 17 377,2 million; dividends per share: RUB 7,70).

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.

32. 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.

	Year ended December 31, 2020	Year ended December 31, 2019
Net profit attributable to ordinary equity holders of the parent	**25 158,0**	**20 189,0**
Weighted average number of shares	**2 254 888 346**	**2 253 209 254**
Effect of dilutive share options	3 907 080	1 075 924
Weighted average number of shares adjusted for the effect of dilution	**2 258 795 426**	**2 254 285 178**
Basic earnings per share, RUB	11,16	8,96
Diluted earnings per share, RUB	11,14	8,96

33. Commitments and Contingencies

Legal proceedings – From time to time and in the normal course of business, claims against the Group may be received from customers and counterparties. Management of the Group believes that such claims may not have a material impact on its financial and operational activities and that no material losses will be incurred, and accordingly no provision has been made in these Consolidated Financial Statements. During the year ended December 31, 2019 the Group has recovered previously created provision for a litigation (Note 9, Note 29).

Commodities

Acting as CDO the Group provides safekeeping of commodities required for clearing purposes. As at 31 December 2020 the Group had 1 334 tonns of sugar and 5,1 tonns of grain in safekeeping (31 December 2019: 3 800 tonns of sugar and 5,1 tonns of grain). The Group accepts the operational risk on these activities, but the Group's customers bear the credit and market risks associated with such operations.

Fiduciary activities – The Group provides depositary services to its customers. As at December 31, 2020 and 2019, the Group had customer securities totaling 93 607 bln items and 101 739 bln items, respectively, in its nominal holder accounts. The Group accepts the operational risk on these activities, but the Group's customers bear the credit and market risks associated with such operations.

Taxation – Major part of the Group's business activity is carried out in the Russian Federation. Russian tax, currency and customs legislation as currently in effect is vaguely drafted and is subject to varying interpretations, selective and inconsistent application and changes, which can occur frequently, at short notice and may apply retrospectively. Management's interpretation of such legislation as applied to the transactions and activity of the Group may be challenged by the relevant regional and federal authorities. Recent events within the Russian Federation suggest that the tax authorities may be taking a more assertive position in their interpretation and application of this legislation and assessments. It is therefore possible that transactions and activities of the Group that have not been challenged in the past may be challenged at any time in the future. As a result, significant additional taxes, penalties and interest may be assessed by the relevant authorities. Fiscal periods remain open and subject to review by the tax authorities for a period of three calendar years immediately preceding the year in which the decision to conduct a tax review is taken. Under certain circumstances tax reviews may cover longer periods.

As at December 31, 2020 management believes that its interpretation of the relevant legislation is appropriate and that the Group's tax, currency and customs positions will be sustained.

34. 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 Statement of Financial Position are the following amounts that arose on transactions with key management personnel:

	December 31, 2020	December 31, 2019
Other liabilities	385,7	403,9
Share-based payments	88,4	169,8

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

	Year ended December 31, 2020	Year ended December 31, 2019
Short-term employee benefits	660,0	565,9
Long-term employee benefits	89,9	90,1
Share-based payment expense on equity settled instruments	45,1	22,3
Total remuneration of key management personnel	**795,0**	**678,3**

(b) Transactions with associates

Included in the Consolidated Statement of Financial Position are the following amounts that arose on transactions with associate:

	December 31, 2020	December 31, 2019
Investments in associates	329,0	-

Included in the Consolidated Statement of Profit or Loss are the following amounts that arose due to transactions with associates:

	Year ended December 31, 2020	Year ended December 31, 2019
Interest and other finance income	0,5	-
Other operating expenses and net expected credit losses provision	15,6	-

(c) Transactions with government-related entities

As at December 31, 2020 the Russian Federation exercises significant influence over Moscow Exchange.

In the ordinary course of business the Group provides trading, 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.

According to p.26 (b) of IAS 24 the Group discloses the following significant outstanding balances and financial results on operations with government-related entities as at December 31, 2020 and 2019, and for the years ended December 31, 2020 and 2019:

	December 31, 2020	December 31, 2019
ASSETS		
Cash and cash equivalents	89 784,7	132 337,4
Due from financial institutions	82 931,7	105,6
Central counterparty financial assets	1 339 890,2	947 805,0
Financial assets at FVTOCI	131 410,7	116 345,6
Other assets	767,4	427,4
LIABILITIES		
Balances of market participants	297 165,6	244 708,6
Overnight bank loans	-	42 343,1
Central counterparty financial liabilities	2 448 407,4	1 852 415,6
Distributions payable to holders of securities	12 699,4	9 354,8
Other liabilities	158,1	97,6

	Year ended December 31, 2020	Year ended December 31, 2019
Fee and commission income	13 123,1	9 264,4
Interest and other finance income	8 886,0	8 389,2
Interest expense	(431,7)	(2 601,3)
Foreign exchange gains less losses	(197,9)	1 191,7
Other operating income	16,5	11,0
General and administrative expenses	(214,8)	(228,9)

The Group refined its approach to presentation of operations with government-related entities and presented volumes of trades and basis of their conclusion as follows: during the year ended December 31, 2020 the Group purchased securities for RUB 62 684,4 million and sold securities for RUB 3 541,2 million with government-related entities (during the year ended December 31, 2019: purchases for RUB 51 532,5 million, sales for RUB 47 909,3 million).

35. 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.

The tables below show financial assets and liabilities measured at fair value at December 31, 2020 and 2019, by the level in the fair value hierarchy into which the fair value measurement is categorised:

				December 31, 2020
	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL	18 312,0	1,2	539,0	18 852,2
CCP financial assets and liabilities (currency transactions)	3 175,8	-	-	3 175,8
Financial assets at FVTOCI	183 063,2	10 239,5	-	193 302,7
Derivative financial liabilities	-	(139,6)	-	(139,6)

				December 31, 2019
	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL	13 418,5	69,6	207,3	13 695,4
CCP financial assets and liabilities (currency transactions)	3 091,4	-	-	3 091,4
Financial assets at FVTOCI	171 028,0	8 285,4	-	179 313,4
Derivative financial liabilities	-	(32,8)	-	(32,8)

The fair value of cash and cash equivalents, due from financial institutions, other financial assets, balances of market participants and other financial liabilities as of December 31, 2020 and 2019, refer to level 2 hierarchy of fair value.

Management of the Group considers that the fair value of financial assets and liabilities not carried at fair value in Consolidated Statement of Financial Position approximates their carrying value due to their short-term nature.

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
	Year ended December 31, 2020	Year ended December 31, 2019
From Level 1 to Level 2		
Financial assets at FVTOCI	4 889,4	1 706,7
From Level 2 to Level 1		
Financial assets at FVTOCI	4 205,9	5 031,1

Level 3 fair value measurements reconciliation

In the year ended December 31, 2020 the Group did not recognise a gain in amount of RUB 96,4 million from the difference between the fair value at initial recognition of a financial asset at FVTPL (equity instruments) and the transaction price because the fair value was not evidenced by Level 1 or Level 2 inputs. This difference will be recognised in profit or loss when the observable market data becomes available for the fair value measurement.

The reconciliation of Level 3 fair value measurements of financial assets is presented as follows:

	Financial assets at FVTPL
	Unquoted equities
December 31, 2018	**133,0**
Total gains or losses in profit or loss	(1,0)
Purchases	86,0
Settlements	(6,6)
Reclassification to assets held for sale	(4,1)
December 31, 2019	**207,3**
Total gains or losses in profit or loss	41,5
Purchases	597,6
Recognition of financial asset at FVTPL due to ceding control over subsidiary (Note 24)	21,6
Reclassification to investments in associates	(329,0)
December 31, 2020	**539,0**

36. Capital Management

The Group's policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain future development of the business. The Supervisory Board monitors the return on capital, which the Group defines as net profit divided by total equity, excluding non-controlling interests. The Supervisory Board also monitors the level of dividends to ordinary shareholders.

The capital structure of the Group consists of the shareholder's equity, which includes capital issued, reserves and retained earnings. The allocation of capital between specific operations and activities is, to a large extent, driven by optimization of the return achieved on the capital allocated. Although maximization of return on risk-adjusted capital is the principal basis used in determining how capital is allocated within the Group to particular operations or activities, it is not the sole basis used for decision making. Account is also taken of synergies with other operations and activities, the availability of management and other resources and the fit of the activity with the longer term strategic objectives. The policies in respect of capital management and allocation are regularly reviewed by the Supervisory Board through approval and review within annual budgets.

The Group entities are subject to capital requirements established by the CBR in respect of the minimum amount of own funds for each entity depending on the nature of their activities. NSD and NCC as credit institutions have to maintain a ratio of capital to risk weighted assets (statutory capital ratio N1) above the prescribed minimum level, which is 12% for NSD and 100% for NCC as a central counterparty.

Moscow Exchange and NAMEX have to maintain capital adequacy ratio at minimum level 100%.

Regulatory capital ratios for the major Group companies were as follows:

	Own funds		Own funds requirements		Capital adequacy ratio	
	December 31, 2020	**December 31, 2019**	**December 31, 2020**	**December 31, 2019**	**December 31, 2020**	**December 31, 2019**
Moscow Exchange	51 315,1	46 344,3	100,0	100,0	330,96	273,00
NCC	73 302,6	70 580,6	300,0	300,0	148,35	164,70
NSD	12 337,9	9 767,8	4 000,0	4 000,0	27,90	31,82
NAMEX	224,1	197,3	100,0	100,0	261,62	326,78

The Group companies had complied in full with all its externally imposed capital requirements as at December 31, 2020 and 2019.

37. Operating Segments

The Group distinguishes the following operating segments for management purposes depending on the types of products and services:

Operating segment **"Trading services"** includes the Group's trading services in foreign exchange, securities, derivatives and money markets, listing and other trading services.

In the **Foreign Exchange Market** of Moscow Exchange spot and swap transactions are performed with different maturities in the following currencies: USD, EUR, CNY, HKD, GBP, CHF, TRY, KZT and BYR. Deliverable forward contracts for currency pairs are also traded in the foreign exchange market, and transactions with precious metals are performed (gold and silver).

In the **Money Market** Moscow Exchange provides repo services with shares and bonds of the following types: repo with the CCP, including repo with General Collateral Certificates with CCP (GCC-repo), inter-dealer repo, direct repo with the CBR. Participants can also perform depository-credit operations, in particular, funds placement auctions on bank deposits.

In the **Securities Market** of Moscow Exchange primary and secondary trades in shares, Russian government bonds (OFZ), municipal and corporate bonds, foreign state and corporate eurobonds, depository receipts, fund shares, ETFs are performed.

In the **Derivatives Market** of Moscow Exchange the following derivative instruments are traded: futures contracts on indices, Russian and foreign shares, Russian government bonds (OFZ) and eurobonds Russia-30, currency pairs, interest rates, precious metals, crude oil and sugar, and option contracts on futures.

Listing services – inclusion and maintenance of securities in the List of securities admitted to on-exchange trading.

Operating segment **"Clearing"** includes mainly CCP clearing services and other clearing services.

The CCP guarantees stability in the serviced market segments through the risk-management system implementation, and provides clearing services to the market participants. The CCP guarantees that all obligations to all non-defaulting parties of the contracts signed with the CCP, regardless of whether obligations to the CCP are met or not, are fulfilled.

Operating segment **"Depository"** includes depository and settlement services provided to participants in the on-exchange and OTC markets, OTC transaction registration services (repository services), collateral management services and information services.

Operating segment **"Other services"** includes the Group's results from information products, software and technical services provision and unallocated income and expense.

Software, technical and information services include a wide range of professional instruments used for access to the Exchange markets, electronic trade based on modern exchange trade technologies, real time market data, trading results data and indices.

Less than 1% of the Group's income from external clients is earned outside of the Russian Federation. Less than 1% of the Group's non-current assets are situated outside of the Russian Federation.

The Group has no income from transactions with a single external client that would amount to 10% or more of the Group's revenue.

Financial results of the operating segments are defined before the income tax expense. Therefore, the income tax is not allocated to operating segments.

Segment reports and the segment financial results provided to Management of the Group for analysis are prepared according to the International Financial Reporting Standards and are adjusted for intersegment transfers. Management of the Group evaluates the segment financial results, using the segment total income and operating profit figures, taking into account differences in products and services of different segments.

The information on income and expenses of the Group broken down into operating segments for the years ended December, 2020 and 2019, is provided below.

					Year ended December 31, 2020
	Trading services	Clearing	Depository	Other services	Total
INCOME					
Fee and commission income	12 567,0	12 885,8	6 820,0	1 995,4	34 268,2
Net interest and other finance income*	3 461,4	9 302,0	1 395,3	-	14 158,7
Other operating income	-	-	-	164,1	164,1
Total income	16 028,4	22 187,8	8 215,3	2 159,5	48 591,0
EXPENSES					
Personnel expenses	(3 935,0)	(1 416,5)	(2 304,8)	(803,0)	(8 459,3)
General and administrative expenses,	(3 966,8)	(1 144,4)	(2 529,3)	(650,2)	(8 290,7)

					Year ended December 31, 2020
Incl. depreciation and amortisation	(1 566,5)	(529,5)	(1 096,7)	(156,1)	(3 348,8)
Total expenses before other operating expenses	(7 901,8)	(2 560,9)	(4 834,1)	(1 453,2)	(16 750,0)
Total profit before other operating expenses and tax	8 126,6	19 626,9	3 381,2	706,3	31 841,0
Other operating expenses and net expected credit losses provision	0,6	(1,6)	-	0,1	(0,9)
Total profit before tax	**8 127,2**	**19 625,3**	**3 381,2**	**706,4**	**31 840,1**

** including net gain on financial assets at FVTOCI and net financial result from foreign exchange*

					Year ended December 31, 2019
	Trading services	**Clearing**	**Depository**	**Other services**	**Total**
INCOME					
Fee and commission income	9 559,1	9 498,6	5 443,4	1 680,3	26 181,4
Net interest and other finance income**	5 305,6	9 302,6	2 104,8	-	16 713,0
Other operating income	-	-	-	335,1	335,1
Total income	14 864,7	18 801,2	7 548,2	2 015,4	43 229,5
EXPENSES					
Personnel expenses	(3 335,0)	(1 122,7)	(2 085,9)	(570,3)	(7 113,9)
General and administrative expenses,	(4 279,3)	(1 164,6)	(2 265,8)	(611,7)	(8 321,4)
Incl. depreciation and amortisation	(1 771,9)	(544,0)	(1 070,0)	(161,4)	(3 547,3)
Total expenses before other operating expenses	(7 614,3)	(2 287,3)	(4 351,7)	(1 182,0)	(15 435,3)
Total profit before other operating expenses and tax	7 250,4	16 513,9	3 196,5	833,4	27 794,2
Other operating expenses	(286,8)	(2 330,0)	2,0	-	(2 614,8)
Total profit before tax	**6 963,6**	**14 183,9**	**3 198,5**	**833,4**	**25 179,4**

*** including net gain on financial assets at FVOCI and net financial result from foreign exchange*

38. Risk Management Policies

Risk management is an integral part of the Group's activities. Moscow Exchange Group distinguishes the following significant risks: credit, liquidity, market, operational. Risk management core objectives include identification of sources of risks, measurement of risk levels, development of risk management policies and implementation of risk controls, including setting limits and further compliance with them.

The key changes of the Group risk management system implemented within a reporting period are the following:

- NCC developed the Methodology for defining maximum storage limits aiming to mitigate custodial risk;
- NCC's risk-appetite indicators for were revised to account for Moscow Exchange group's risk-appetite and events occurred in the reporting period.

A description of the Group's risk management policies in relation to each significant risk is as follows.

Credit risk

The Group uses credit risk risk management approaches under requirements of the Russian regulators, based on the best international practices and standards. The Group's assets are exposed to credit risk, which is defined as the risk of losses resulting from a default or improper performance of their obligations to the Group by its counterparties.

The goal of credit risk management is to timely define and efficiently evaluate the level of risk necessary to ensure sustainable growth determined by the Group's development strategy.

The objectives of the Group in credit risk management:

- implement a systemic and enhanced approach to optimize the structure of the assets in order to limit credit risk level;
- enhance the competitive advantages of the Group through implementation of more precise risk measures;
- maintain stability during the introduction of new complex products and services.

The Group controls credit risk by setting limits on a counterparty and groups of related counterparties. Credit risk limits are set on the basis of a comprehensive and in-depth evaluation of the counterparties financial conditions, analysis of the macroeconomic environment of counterparties' activities, the level of information transparency, business reputation and other financial and non-financial factors. The Group has developed and constantly improves an internal ratings system, providing a prudent assessment of its counterparties and the level of accepted credit risk.

Credit risk limits are approved by authorized bodies. Credit risk limits are monitored and reviewed on a regular basis. Also the Group constantly monitors the concentration of credit risk in compliance with applicable prudential requirements.

To reduce credit risk the Group applies specific requirements to the financial conditions of its counterparties and to the types and quality of collateral accepted by the Group. Accepted collateral includes liquid securities and cash contributions in Rubles and foreign currencies. Eligible types of collateral depend on the market and the type of exposure. To mitigate credit risk from its CCP activities the Group has introduced a multi-level default waterfall structure in compliance with the highest international standards and consisting of various lines of defence applicable in case of a clearing participant default.

As explained in Note 2, the Group monitors all financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Group will measure the loss allowance based on lifetime rather than 12-month ECL.

The Group uses forward-looking information that is available without undue cost or effort in its assessment of significant increase in credit risk as well as in its measurement of ECL. Starting January 1, 2020, the Group uses CDS curves quotes in its measurement of ECL. The Group has identified and documented the key driver of credit risk and credit losses – CDS of Russia.

The Group has performed a sensitivity analysis on how ECL on the main portfolios will change if the key assumptions used to calculate ECL change by a certain percentage.

The table below outlines the total ECL per portfolio as at December 31, 2020 if the assumptions used to measure ECL remain as expected (amount as presented in the statement of financial position), as well as if the key assumption used change by plus or minus 10% (parallel shift of CDS curve).

	As expected	ECL Cumulative
CDS of Russia	-10%	2 637,1
	-	2 655,4
	10%	2 673,7

As at December 31, 2020 and 2019, the Group has no modified financial assets as a result of the Group's forbearance activities and no amounts outstanding on financial assets that were written off during the reporting period and are still subject to enforcement activity.

Maximum credit risk exposure

The Group's maximum exposure to credit risk equals to the carrying value of assets that bear credit risk.

As at December 31, 2020 included into other assets are overdue receivables of RUB 2 365,8 million (December 31, 2019: RUB 2 754,7 million).

Financial assets are classified according to the current credit ratings issued by international rating agencies (Fitch Ratings, Standard & Poor's and Moody's Investor Service). The highest possible rating is AAA. Investment grade financial assets have ratings from AAA to BBB-. Financial assets which have ratings lower than BBB- are classed as speculative grade.

As at December 31, 2020 and 2019, balances with the CBR are classified at the sovereign credit rating level of the Russian Federation.

The following table details the credit ratings of the financial assets held by the Group as at December 31, 2020 and 2019. Table below does not include equity instruments.

	AA	A	BBB	less BBB-	Not rated	Total
December 31, 2020						
Cash and cash equivalents	291 118,9	83 901,1	72 765,7	22 719,3	1 284,7	471 789,7
Financial assets at FVTPL	-	0,5	10 804,0	7 508,7	-	18 313,2
Due from financial institutions	9 215,8	143,3	82 763,7	57 879,2	36,0	150 038,0
CCP financial assets	-	-	562 414,3	1 509 083,1	1 979 340,2	4 050 837,6
Financial assets at FVTOCI	-	336,1	156 257,3	34 526,7	2 182,6	193 302,7
Other financial assets	100,5	2,3	534,1	249,6	530,0	1 416,5
December 31, 2019						
Cash and cash equivalents	242 215,1	80 797,9	116 767,8	24 745,1	1 568,6	466 094,5
Financial assets at FVTPL	15,1	22,3	13 430,7	-	20,0	13 488,1
Due from financial institutions	7 683,7	-	1,0	38 504,3	10 045,9	56 234,9
CCP financial assets	-	-	467 000,9	1 363 523,5	1 432 146,2	3 262 670,6
Financial assets at FVTOCI	-	1 469,0	147 910,8	27 135,0	2 798,6	179 313,4
Assets held for sale	-	-	-	23,0	-	23,0
Other financial assets	32,6	0,2	277,3	199,7	524,0	1 033,8

Geographical concentration

The analysis of the geographical concentration of the financial assets and liabilities of the Group as at December 31, 2020 is presented below:

				December 31, 2020
	Russia	OECD	Other	Total
FINANCIAL ASSETS				
Cash and cash equivalents	31 245,9	440 292,3	254,8	471 793,0
Financial assets at FVTPL	126,8	18 326,5	398,9	18 852,2
Due from financial institutions	140 642,9	9 359,1	36,0	150 038,0
CCP financial assets	4 050 828,6	-	9,0	4 050 837,6
Financial assets at FVTOCI	138 786,7	53 963,0	553,0	193 302,7
Investments in associates	-	329,0	-	329,0
Other financial assets	1 237,2	173,6	5,7	1 416,5
Total financial assets	**4 362 868,1**	**522 443,5**	**1 257,4**	**4 886 569,0**
FINANCIAL LIABILITIES				
Balances of market participants	688 814,8	13 848,6	9 197,3	711 860,7
CCP financial liabilities	4 050 827,0	-	10,6	4 050 837,6
Distributions payable to holders of securities	14 487,5	672,2	529,5	15 689,2
Other financial liabilities	1 765,0	430,4	4,9	2 200,3
Total financial liabilities	**4 755 894,3**	**14 951,2**	**9 742,3**	**4 780 587,8**

The analysis of the geographical concentration of the financial assets and liabilities of the Group as at December 31, 2019 is presented below:

				December 31, 2019
	Russia	**OECD**	**Other**	**Total**
FINANCIAL ASSETS				
Cash and cash equivalents	63 161,7	402 644,1	293,0	466 098,8
Financial assets at FVTPL	173,4	13 466,0	56,0	13 695,4
Due from financial institutions	48 551,2	7 683,7	-	56 234,9
CCP financial assets	3 262 656,3	-	14,3	3 262 670,6
Financial assets at FVTOCI	138 064,9	37 465,8	3 782,7	179 313,4
Assets held for sale	-	-	23,0	23,0
Other financial assets	909,8	116,1	7,9	1 033,8
Total financial assets	**3 513 517,3**	**461 375,7**	**4 176,9**	**3 979 069,9**
FINANCIAL LIABILITIES				
Balances of market participants	545 815,5	10 547,0	2 223,8	558 586,3
Overnight bank loans	49 229,1	-	-	49 229,1
CCP financial liabilities	3 262 670,6	-	-	3 262 670,6
Distributions payable to holders of securities	11 184,0	380,5	149,6	11 714,1
Margin account	-	0,6	-	0,6
Liabilities related to assets held for sale	-	-	5,8	5,8
Other financial liabilities	844,7	327,7	5,1	1 177,5
Total financial liabilities	**3 869 743,9**	**11 255,8**	**2 384,3**	**3 883 384,0**

As at December 31, 2020, the balances with OECD counterparties include the following balances with OECD subsidiaries of Russian companies:

- Cash and cash equivalents in the amount of RUB 64 419,8 mln (December 31, 2019: RUB 58 010,3 mln);
- Financial assets at fair value through profit or loss in the amount of RUB 18 312,0 mln (December 31, 2019: RUB 1 896,6 mln);
- Financial assets at fair value through other comprehensive income in the amount of RUB 53 963,0 mln (December 31, 2019: RUB 10 928,3 mln);
- Balances of market participants in the amount of RUB 13 049,9 mln (December 31, 2019: RUB 660,7 mln);
- Distributions payable to holders of securities in the amount of RUB 93,7 mln (December 31, 2019: RUB 1,5 mln).

Liquidity risk

Liquidity risk is the risk of facing the situation where available funds are insufficient to meet current financial liabilities. The main purpose of liquidity management is to ensure Group's ability to perform its obligations not only under normal market conditions but also in cases of unforeseen emergencies without suffering unacceptable losses or risk of damaging its business reputation.

Group's liquidity management procedures cover various forms of liquidity risk:

- operating liquidity risk arising from the inability to timely meet its current obligations due to the existing structure of current cash credits and debits (operating analysis and control of liquidity);
- risk of mismatch between the amounts and dates of repayment of claims and obligations – analysis and assessment of prospective liquidity (GAP analysis);
- risk of unforeseen claims on liquidity, i.e. the consequences of the risk that unforeseen future events may claim more resources than allocated for this purpose (stress testing).

Liquidity risk management plays an important role in the whole risk management system and includes such procedures as: forecasting/monitoring payment flow and liquidity ratios, planning measures to recover the required liquidity level considering unfavourable and crisis situations, ensuring an optimal structure of assets in accordance with the resource base, taking into account the maturities of fund sources and their volumes when allocating assets to financial instruments.

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Group and its exposure to changes in interest and exchange rates.

Management of the Group expects that the cash flows from certain financial assets will be different from their contractual terms either because the Group has the discretionary ability to manage the cash flows or because past experience indicates that cash flows will differ from contractual terms. In the tables below the financial assets and liabilities are presented on a discounted basis and are based on their expected cash flows.

In case of any liquidity shortages the following liquidity management tools are used by the Group: overdraft borrowing from the CBR, Lombard and interbank borrowings, repo deals, currency SWAPs. The presentation below is based upon the information provided internally to key management personnel of the Group.

	Up to 1 month	1 to 3 months	3 months to 1 year	More than 1 year	Maturity undefined	Total
December 31, 2020						
FINANCIAL ASSETS						
Cash and cash equivalents	471 793,0	-	-	-	-	471 793,0
Financial assets at FVTPL	1,2	-	5 054,8	13 257,2	539,0	18 852,2
Due from financial institutions	82 941,0	34 221,5	23 657,7	36,0	9 181,8	150 038,0
CCP financial assets	3 342 980,1	582 611,5	125 246,0	-	-	4 050 837,6
Financial assets at FVTOCI	135 744,9	5 420,8	5 436,7	46 700,3	-	193 302,7
Investments in associates	-	-	-	-	329,0	329,0
Other financial assets	1 124,5	292,0	-	-	-	1 416,5
Total financial assets	**4 034 584,7**	**622 545,8**	**159 395,2**	**59 993,5**	**10 049,8**	**4 886 569,0**
FINANCIAL LIABILITIES						
Balances of market participants	702 678,9	-	-	-	9 181,8	711 860,7
CCP financial liabilities	3 342 980,1	582 611,5	125 246,0	-	-	4 050 837,6
Distributions payable to holders of securities	15 689,2	-	-	-	-	15 689,2
Other financial liabilities	665,8	204,2	422,6	907,7	-	2 200,3
Total financial liabilities	**4 062 014,0**	**582 815,7**	**125 668,6**	**907,7**	**9 181,8**	**4 780 587,8**
Liquidity gap	**(27 429,3)**	**39 730,1**	**33 726,6**	**59 085,8**	**868,0**	
Cumulative liquidity gap	**(27 429,3)**	**12 300,8**	**46 027,4**	**105 113,2**	**105 981,2**	

	Up to 1 month	1 to 3 months	3 months to 1 year	More than 1 year	Maturity undefined	Total
December 31, 2019						
FINANCIAL ASSETS						
Cash and cash equivalents	466 098,8	-	-	-	-	466 098,8
Financial assets at FVTPL	69,6	-	7 268,2	6 150,3	207,3	13 695,4
Due from financial institutions	10 131,1	-	38 420,1	-	7 683,7	56 234,9
CCP financial assets	2 835 616,8	381 839,3	45 214,5	-	-	3 262 670,6
Financial assets at FVTOCI	126 144,4	577,4	11 536,4	41 055,2	-	179 313,4
Assets held for sale	23,0	-	-	-	-	23,0
Other financial assets	727,7	306,1	-	-	-	1 033,8
Total financial assets	**3 438 811,4**	**382 722,8**	**102 439,2**	**47 205,5**	**7 891,0**	**3 979 069,9**
FINANCIAL LIABILITIES						
Balances of market participants	550 902,6	-	-	-	7 683,7	558 586,3
Overnight bank loans	49 229,1	-	-	-	-	49 229,1
CCP financial liabilities	2 835 616,8	381 839,3	45 214,5	-	-	3 262 670,6
Distributions payable to holders of securities	11 714,1	-	-	-	-	11 714,1
Margin account	-	0,6	-	-	-	0,6
Liabilities related to assets held for sale	5,8	-	-	-	-	5,8
Other financial liabilities	643,4	233,3	268,8	32,0	-	1 177,5
Total financial liabilities	**3 448 111,8**	**382 073,2**	**45 483,3**	**32,0**	**7 683,7**	**3 883 384,0**
Liquidity gap	**(9 300,4)**	**649,6**	**56 955,9**	**47 173,5**	**207,3**	
Cumulative liquidity gap	**(9 300,4)**	**(8 656,8)**	**48 305,1**	**95 478,6**	**95 685,9**	

Undiscounted cash flows on financial liabilities are approximately equal to cash flows presented in the analysis of liquidity risk above.

The Group presents securities included in the CBR Lombard list as matured in one month.

Market risk

Market risk is the risk of losses due to changes in market variables such as interest rates, foreign exchange rates, and prices of financial instruments, as well as due to the low liquidity of the market for the purpose of the liquidation restructuring of the market position of the defaulted clearing participant. The key components of market risk are interest and currency risks.

Interest rate risk

Interest rate risk is the risk of changes in interest income or the financial instruments price due to the interest rate changes.

The Group's result is exposed to the effects of fluctuations in the prevailing levels of market interest rates on its financial positions and cash flows. Interest margin may increase, decrease or lead to losses as a result of unexpected movements.

Management of the relevant Group entities is responsible for asset-liability management regarding relevant individual Group entities.

Designated functional units within individual Group entities and at the Group level are responsible for interest rate risk management.

In order to measure the impact of interest rate risk on the fair value of financial instruments the Group conducts periodic assessments of potential losses, which may be triggered by negative changes in market environment. The Risk Management Department conducts periodic monitoring of the current financial results of the Group and its entities, assesses the sensitivity of the impact of interest rate risk on portfolio fair value and income.

The majority of the Group's transactions is represented by fixed income instruments, and hence the contractual maturity dates are also the dates of changes in interest rates.

The impact of changes in fair value of financial assets on the income, losses and equity is conducted based on the interest rates existing as at December 31, 2020 and 2019, and reasonably possible changes of 150 bps. Corresponding negative and positive results shown on the yield curve are as follows:

	December 31, 2020		December 31, 2019	
	Net profit	Equity	Net profit	Equity
150 bp parallel rise	(540,8)	(6 434,3)	(252,1)	(5 901,9)
150 bp parallel fall	378,0	6 830,6	260,0	6 114,2

Currency risk

Currency risk is the risk of changes in financial instruments value due to the exchange rates fluctuations. The financial state and cash flows of the Group are subject to the influence of such fluctuations. The main source of currency risk are open foreign currency positions.

NCC being part of the Group is a CCP on the of FX market. NCC limits currency risk on FX market through the application of the following instruments: mechanism of currency rates restrictions within trading session, trading limits system, margining system, mechanism of open currency positions assurance, DVP principle, special swap facilities.

NCC defines currency risk in the course of clearing arising from currency pairs volatility. In this regard for market risk management NCC monitors the conditions of internal and external FX markets and sets limits on intraday rate fluctuations within trading sessions in accordance with current market environment.

The Group's exposure to foreign currency exchange rate risk is presented in the tables below:

	RUB	USD	EUR	Other currencies	December 31, 2020, Total
FINANCIAL ASSETS					
Cash and cash equivalents	26 033,2	174 308,8	240 555,3	30 895,7	471 793,0
Financial assets at FVTPL	126,1	18 312,0	14,0	398,9	18 851,0
Due from financial institutions	92 156,7	57 875,0	6,3	-	150 038,0
Central counterparty financial assets	3 253 266,9	644 826,7	152 744,0	-	4 050 837,6
Financial assets at FVTOCI	118 491,9	44 974,0	29 836,8	-	193 302,7
Investments in associates	329,0	-	-	-	329,0
Other financial assets	1 294,4	120,4	0,3	1,4	1 416,5
Total financial assets	**3 491 698,2**	**940 416,9**	**423 156,7**	**31 296,0**	**4 886 567,8**
FINANCIAL LIABILITIES					
Balances of market participants	117 669,0	356 684,0	206 630,3	30 877,4	711 860,7
Central counterparty financial liabilities	3 253 266,9	644 826,7	152 744,0	-	4 050 837,6
Distributions payable to holders of securities	14 586,5	1 101,9	0,2	0,6	15 689,2
Other financial liabilities	1 916,3	50,3	191,4	42,3	2 200,3
Total financial liabilities	**3 387 438,7**	**1 002 662,9**	**359 565,9**	**30 920,3**	**4 780 587,8**
Derivatives	**103,7**	**63 234,8**	**(63 485,3)**	**8,4**	**(138,4)**
Open position	**104 363,2**	**988,8**	**105,5**	**384,1**	

	RUB	USD	EUR	Other currencies	December 31, 2019, Total
FINANCIAL ASSETS					
Cash and cash equivalents	50 876,4	59 559,0	349 864,6	5 798,8	466 098,8
Financial assets at FVTPL	141,2	13 418,5	10,1	56,0	13 625,8
Due from financial institutions	990,8	55 241,7	2,4	-	56 234,9
Central counterparty financial assets	2 606 997,2	600 329,8	55 343,6	-	3 262 670,6
Financial assets at FVTOCI	116 349,7	37 445,0	25 518,7	-	179 313,4
Assets held for sale	-	1,0	-	22,0	23,0
Other financial assets	959,8	71,4	1,5	1,1	1 033,8
Total financial assets	**2 776 315,1**	**766 066,4**	**430 740,9**	**5 877,9**	**3 979 000,3**
FINANCIAL LIABILITIES					
Balances of market participants	67 455,2	134 241,0	351 053,1	5 837,0	558 586,3
Overnight bank loans	23 704,1	25 525,0	-	-	49 229,1
Central counterparty financial liabilities	2 606 997,2	600 329,8	55 343,6	-	3 262 670,6
Distributions payable to holders of securities	11 266,2	400,1	-	47,8	11 714,1
Margin account	-	0,6	-	-	0,6
Liabilities related to assets held for sale	-	-	-	5,8	5,8
Other financial liabilities	847,2	143,4	185,0	1,9	1 177,5
Total financial liabilities	**2 710 269,9**	**760 639,9**	**406 581,7**	**5 892,5**	**3 883 384,0**
Derivatives	**28 916,6**	**(4 988,9)**	**(23 999,5)**	**108,6**	**36,8**
Open position	**94 961,8**	**437,6**	**159,7**	**94,0**	

The following exchange rates are applied during the period:

	December 31, 2020	December 31, 2019
	USD	USD
Minimum	60,9474	61,7164
Maximum	80,8815	67,1920
Average	72,3230	64,6184
Year-end	73,8757	61,9057

In addition to projecting and analysing its earnings and debt profile by currency, the Group reviews sensitivities to movements in exchange rates which are appropriate to market conditions. The Group has considered movements in the Euro and the US Dollar over the year ended December 31, 2020 and 2019, and has concluded that the following movements in rates are reasonable levels to measure the risk to the Group:

	December 31, 2020	December 31, 2019
Movement in USD/RUB rate	20%	20%
Movement in EUR/RUB rate	20%	20%

The impact of these movements on post-tax profit for the years ended December 31, 2020 and 2019, and equity as at December 31, 2020 and 2019, is set out in the table below:

	December 31, 2020		December 31, 2019	
	USD	EUR	USD	EUR
	20%	20%	20%	20%
Ruble appreciation	(158,2)	(16,9)	(70,0)	(25,6)
Ruble depreciation	158,2	16,9	70,0	25,6

Operational risk

Operational risk is the risk of direct or indirect losses arising from a wide variety of risk events associated with the internal processes, personnel, technology and infrastructure, and from external factors (other than credit, market and liquidity risks) such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour or IT failure.

The Supervisory Board has overall responsibility for the oversight of operational risk management, reviewing risk management policies and procedures. The risk assessment, reporting and control procedures vary by exposure type, but share a common methodology developed and updated periodically by the risk management personnel.

Both external and internal risk factors are identified and managed throughout the business units within their functional duties. The primary responsibility for the implementation of controls to address operational risk is assigned to management within each business unit.

Operational risk management includes reputational, compliance and legal risks governance as well.

Moreover, strategic risk (risk of non-achievement of strategic goals within certain deadline or resources) is also monitored and managed under the operational risk management framework.

Legal risk

Legal risk is associated with losses due to breaches of contractual obligations, trial, criminal and administrative liability of the group entities and/or their management in the performance of their official duties. Losses attributed to legal risk are recorded in risk events database along with operational risk losses.

Legal risk management procedures include:

- monitoring of legislation and internal procedures for compliance with the up-to-date requirements on a regular basis;
- setting quantitative and volume limits for legal claims and control over limits set;
- analysis of legal basis for all new products and services;
- update of internal regulations in order to prevent fines.

Compliance risk

Compliance risk is the risk of losses resulting from Group activities being inconsistent with the law, the Charter and internal regulations. Compliance risk is solely managed by Internal Control department that takes the following actions in order to prevent losses due to compliance risk realization:

- legislation monitoring;
- interaction with the regulatory authorities regarding the specifics of upcoming regulation;
- compliance risk identification in existing and planned internal procedures;
- best-practice analysis of internal control measures.

Reputational risk

Reputational risk is the risk of losses due to the negative public view on the operational (technical) stability of the Group, its service quality and business in general. In order to avoid such losses the Group constantly monitor its appearance in media along with internal processes using the methodology of assessment the impact of each event. The major source of reputational risk is realization of operational risk, specifically when it becomes public. Thus, all actions taken to prevent the Group from operational risk at the same time help to decrease the level of reputational risk.

39. *Offsetting of Financial Instruments*

Gross claims and liabilities with individual counterparties under CCP currency transactions are offset in accordance with IAS 32.

Direct and reverse repo transactions of CCP with individual counterparties are subject to clearing rules that create a contingent right of set-off that does not qualify for offsetting. Clearing participants are required to deposit collateral in the form of cash or securities for current deals and make contribution to a risk-covering fund, as described in Note 38. Clearing rules give the Group right to use these amounts under certain conditions (e.g. in case of default). However, offsetting criteria is not met as there is no intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Reverse repo transactions with financial institutions are subject to master agreement that gives the Group right to settle amounts relating to these transactions on a net basis under certain conditions (e.g. in case of default), but offsetting criteria is not met as there is no enforceable right to set off in the normal course of business.

The table below shows financial assets and liabilities offset in the statement of financial position, as well as the effect of clearing agreements that do not result in an offset in the statement of financial position:

			December 31, 2020	Related amounts not set off in the statement of the financial position		
	Gross claims	Gross liabilities	Net amount presented in financial statements	Financial instruments	Cash collateral received	Net amount
Due from financial institutions (reverse repo receivables from financial institutions)	49 436,2	-	49 436,2	(49 436,2)	-	-
Central counterparty financial assets (repo transactions)	4 047 661,8	-	4 047 661,8	(4 047 661,8)	-	-
Central counterparty financial assets (currency transactions)	3 175,8	-	3 175,8	(2 660,0)	(515,8)	-
Financial assets at fair value through profit or loss (derivative financial assets)	1,2	-	1,2	(0,5)	-	0,7
Central counterparty financial liabilities (repo transactions)	-	(4 047 661,8)	(4 047 661,8)	4 047 661,8	-	-
Central counterparty financial liabilities (currency transactions)	-	(3 175,8)	(3 175,8)	2 660,0	515,8	-
Other liabilities (derivative financial liabilities)	-	(139,6)	(139,6)	0,5	138,7	(0,4)

			December 31, 2019	Related amounts not set off in the statement of the financial position		
	Gross claims	Gross liabilities	Net amount presented in financial statements	Financial instruments	Cash collateral received	Net amount
Due from financial institutions (reverse repo receivables from financial institutions)	48 445,5	-	48 445,5	(48 445,5)	-	-
Central counterparty financial assets (repo transactions)	3 259 579,2	-	3 259 579,2	(3 259 579,2)	-	-
Central counterparty financial assets (currency transactions)	3 091,4	-	3 091,4	(1 026,7)	(2 064,7)	-
Financial assets at fair value through profit or loss (derivative financial assets)	69,6	-	69,6	-	(0,6)	69,0
Central counterparty financial liabilities (repo transactions)	-	(3 259 579,2)	(3 259 579,2)	3 259 579,2	-	-
Central counterparty financial liabilities (currency transactions)	-	(3 091,4)	(3 091,4)	1 026,7	2 064,7	-
Other liabilities (derivative financial liabilities)	-	(32,8)	(32,8)	-	-	(32,8)