**APPROVED**

by Public Joint Stock Company Moscow Exchange MICEX-RTS

(Order No. МБ-П-2022-693 dated 29 March 2022)

**Sector Index Futures contract specification**

This Specification sets out the standard terms and conditions of the Sectoral Index Futures contract (hereinafter referred to as the Specification).

The Specification with the Clearing Rules for the Moscow Exchange Derivatives Market (the “Clearing Rules”), Trading Rules for the Moscow Exchange Derivatives Market (the “Trading Rules”) shall define the obligations under the cash-settled Sectoral Index Futures contract (hereinafter the “Contract”) as well as the procedure for such obligations to arise, be changed or terminated.

Moscow Exchange (the "Exchange") approves the List of Parameters of cash-settled Sector Index Futures contracts, which contains:

* Name of the Contract;
* Code of the underlying asset;
* Underlying asset of the Contract (index name);
* Contract lot;
* Minimum price movement for the Contract in the course of trading on MOEX (the "price tick");
* The tick value.

The underlying assets of the Contracts, the terms and parameters of which are defined in this Specification and in the List of Parameters, are the Sector Indices calculated by the Exchange in accordance with the approved methodology registered with the Bank of Russia (hereinafter the "Sector Indices").

Terms and definitions not expressly defined in the Specification shall be understood in accordance with the laws of the Russian Federation, the Trading Rules and the Clearing Rules.

1. Execution of the Contract
   1. The opportunity to conclude the Contract in the process of trading shall be granted by the Moscow Exchange resolution that shall specify:

* Contract code (designation);
* First trading day during which the Contract may trade (hereinafter the First Trading Day);
* The time from which the Contract may be executed (hereinafter the Start of Trading);
* The last Trading day for the Contract (the “Last Trading Day”).
  1. The Contract code (designation) is formed as follows:

ХХХ (underlying asset code) - <expiration settlement month>.<expiration settlement year>.

The settlement month and settlement year specified in the Contract's code (designation) (hereinafter, “Contract’s settlement month” and “Contract’s settlement year”, respectively) is stated in Arabic numerals and is used in determining the termination of the last trade date and the final settlement date of the Contract.

* 1. At order entry and trade execution, the price of the Contract shall be quoted in points as the value of the relevant Sector Index multiplied by the Lot.
  2. The last trading day for the Contract is the 3rd (third) Thursday of the settlement month and settlement year of the Contract; where such 3 (third) Thursday is a non-trading day, the last trading day for the Contract is the trading day immediately preceding the 3rd (third) Thursday of the settlement month and settlement year of the Contract.

The Exchange shall be entitled, upon agreement with the Clearing Centre, to set another date for the Last Trading Day for the Contract, different from the date determined in accordance with this clause.

* 1. The settlement day for the Contract is its last trading day, except to the extent mentioned in clauses 5.1 and 5.2 below.

1. Obligations under the Contract

2.1. Variation Margin obligation.

2.1.1. The Parties to the Contract must pay each other variation margin in the form of cash, in the amount depending on the changes in the value of the underlying asset.

2.1.2. Variation margin will be calculated and must be paid during the life of the Contract.

2.1.3. Variation margin for the Contract is calculated according to the following formulas:

2.1.3.1. During the intraday clearing session:

a) If the variation margin has not been calculated before:

**VM1 = Round (SP1\*Round (W1/R; 5); 2) – Round (P0\*Round (W1/R; 5); 2)**

where:

VМ1 – variation margin for the current trading day’s intraday settlement period, calculated during the intraday clearing session,

Round – mathematical rounding to the specified precision,

P0 – execution price of the Contract,

SP1 – daily (last) settlement price of the Contract,

W1 – tick value,

R - the tick.

b) If the variation margin has been calculated before:

**VM1 = Round (SP1\*Round (W1/R; 5); 2) – Round (SPP\*Round (W1/R; 5); 2)**

where:

VМ1 – variation margin for the current trading day’s intraday settlement period, calculated during the intraday clearing session,

Round – mathematical rounding to the specified precision,

SP1 – daily (last) settlement price of the Contract,

SPp – settlement price of the Contract calculated during the previous trading day’s evening clearing session,

W1 – tick value,

R - the tick.

To calculate the variation margin during the intraday clearing session of the current Trading Day, the value of the tick value is specified in RUB, according to the List of Parameters of Cash-Settled Sector Index Futures Contracts published on the Exchange's website.

2.1.3.2. During the evening clearing session:

1. If the variation margin has not been calculated before:

**VM2 = Round (SP2\*Round (W2/R; 5); 2) – Round (P0\*Round (W2/R; 5); 2)**

where:

VМ2 – variation margin for the Contract as calculated in the evening clearing session for the current trading day’s evening settlement period,

Round – mathematical rounding to the specified precision,

P0 – execution price of the Contract,

SP2 – daily (last) settlement price of the Contract,

W2 – tick value,

R - the tick.

1. If the variation margin for the Contract has been calculated in the intraday clearing session on the current trading day:

**VМ2 = VМ – VМ1**

where:

VМ2 – variation margin for the Contract as calculated in the evening clearing session for the current trading day’s evening settlement period,

VM – variation margin for the Contract as calculated in the evening clearing session for the current trading day;

VM1 – variation margin for the Contract as calculated in the intraday clearing session on the the current trading day as per clause 2.1.3.1 above.

VM is determined according to the following formulas:

1. If the variation margin has not been calculated for the previous trading day in the evening clearing session:

VM = Round (SP2\*Round(W2/R; 5); 2) – Round(P0\*Round (W2/R; 5); 2)

where:

Round – mathematical rounding to the specified precision,

SP2 – daily (last) settlement price of the Contract,

P0 – execution price of the Contract,

W2 – tick value,

R - the tick.

ii. If the variation margin has been calculated for the previous trading day in the evening clearing session:

**VM = Round (SP2\*Round (W2/R; 5); 2) – Round(SPP\*Round (W2/R; 5);**

where:

Round – mathematical rounding to the specified precision,

SP2 – daily (last) settlement price of the Contract,

SPp – settlement price of the Contract calculated during the previous trading day’s evening clearing session,

W2 – tick value,

R - the tick.

To calculate the variation margin during the intraday clearing session of the current Trading Day, the value of the tick is specified in RUB, according to the List of Parameters of Cash-Settled Sector Index Futures Contracts published on the Exchange website.

2.1.4. The obligation to pay the variation margin calculated according to the formulas specified in clause 2.1.3 above shall be fulfilled according to the procedure and within the terms established by the Clearing Rules. For this purpose,

* if the variation margin is positive, the obligation to pay the variation margin arises for the Seller;
* if the variation margin is negative, the Buyer is obliged to pay the absolute value of the variation margin.

2.1.5. The settlement price of the Contract is set by the Exchange under the procedure and within the time frames set out in the Trading Rules and Specification.

* 1. Expiration settlement obligation
     1. The obligation to pay the variation margin as determined during the evening clearing session on the settlement date for the Contract, is the Expiration Settlement Obligation.
     2. For the purpose of determining the Expiration Settlement Obligation, the current Settlement Price (the Expiration Settlement Price) shall be deemed to be equal to the average value of the relevant Sector Index for the period from 15:00 to 16:00 MSK[[1]](#footnote-1) on the last trading day for the Contract, determined in accordance with sections 1.4, 5.1 or 5.2 of the Specification (the "Calculation Period"). This rule applies provided that, throughout the Calculation Period, the aggregate proportion of the value of all shares in the aggregate value of the securities included in the relevant Sector Index (the "Shares; total weight of Shares in the Sector Index, respectively) was at least 75% in each 15 second of the Calculation Period (the "Current Settlement Price Condition"). In this case, to calculate the total weight of the Shares in the relevant Sectoral Index, the weights of the Shares determined at the close of the previous trading day are used, and only in relation to those Shares traded by the Exchange during the Calculation Period (except for trading in the Shares conducted in the form of a discrete auction).
     3. If the Current Settlement Price Condition specified in clause 2.2.2 above is not met:
        1. the Settlement Price of the evening Settlement Period of the last trading day for the Contract shall be determined by the Exchange in the manner prescribed by the Trading Rules;
        2. the last trading day for the Contract shall be the next trading day during which the total trading time in Stocks, the total weight of which in the relevant Sector Index is not less than 75%, is not less than 60 minutes from 12:00 pm till 16:00 MSK (the "Reference Time").

At the same time, to calculate the total weight of the Shares in the relevant Sectoral Index, the weights of the Shares determined at the close of the previous trading day are used, and only in relation to those Shares traded by the Exchange during the Settlement Time (except for trading in the Shares conducted in the form of a discrete auction).

In this case clause 2.2.2 of the Specification shall not apply and the current Settlement Price for the purpose of determining the Settlement Obligation shall be deemed to be equal to the average value of the relevant Sector Index cumulatively for the first 60 minutes of the Reference Time during which the total weight of Shares in the Index is at least 75%.

* + 1. The Settlement Price of the Contract is adjusted to account for the futures contract Settlement Price fluctuation limit, if established by the Exchange upon agreement with the Clearing Center under the Settlement Price Methodology for Derivative Contracts constituting the appendix to the Trading Rules.
    2. For the purposes of clauses 2.2.2 and 2.2.3 of the Specification, to calculate the total weight of Shares in the relevant Sector Index, percentages of the Shares in the total value of securities included in the Index, as most recently specified on the [Exchange](http://www.moex.com) website in accordance with the regulations in the field of financial markets and the Sector Indices Methodology, are used.
    3. For the purpose of clauses 2.2.2 and 2.2.3 of the Specification, the average value of the relevant Sector Index shall be calculated as the arithmetic average of all values of the relevant Industry Index over the period for which this average value is determined.
    4. The Exchange shall notify the Trading Members by publication on its website of non-compliance with the Expiration Settlement Price Condition specified in clause 2.2.2 above, as well as of determination of the current Settlement Price according to clause 2.2.3.

1. Grounds and procedure for termination of obligations under the Contract
   1. Obligations under the Contract are terminated in full upon due performance thereof.
   2. A party's obligations under the Contract shall be terminated in full as a result of that party incurring off-setting obligations under the Contract with the same code (designation), i.e. the Seller incurring obligations of the Buyer or the Buyer incurring obligations of the Seller, in the manner and within the time limits stipulated in the Clearing Rules.
   3. Obligations under the Contract may be terminated on other grounds provided for in the Clearing Rules, in accordance with the procedures set forth thereof.
2. Liability of the parties for failure to perform the obligations under the Contract
   1. The parties shall be liable for non-performance or improper performance of obligations under the Contract in accordance with the legislation of the Russian Federation, the Clearing Rules, the Trading Rules and the Admission Rules.
3. Special provisions
   1. In case of suspension/termination of trading in the Contract on the Exchange, and also in case if in the period from the first trading day for the Contract till the Trading Day preceding the last trading day for the Contract inclusive, the Exchange suspended trading in at least one Share or at least one Share was withdrawn from the market (cancelled), and (or) in other cases provided by the Trading Rules, the Exchange is entitled upon agreement with the Clearing Centre to take one or more of the following decisions:

* change the last trading date for the Contract,
* change the final settlement date for the Contract,
* change the daily (final) settlement price, and/or amend the calculation method for the variation margin and/or rules pertaining to its payment,
* undertake other actions.
  1. The Exchange, upon agreement with the NCC, may alter the last trading date and/or the final settlement date for the Contract with a specific code, if the last trading date is declared a public holiday by order of the competent authority of the Russian Federation.
  2. Information on the decision(s) taken by the Exchange under sections 5.1 and/or 5.2 above shall be communicated to the Trading Members by its publication on the Exchange website not less than 3 (three) Trading Days prior to the effective date of the respective decision(s). In case the grounds for decisions provided by clause 5.1 above occur less than 3 (three) Trading Days prior to the last trading day for the Contract, the information on such decision(s) taken by the Exchange shall be notified to the Trading Members by its publication on the Exchange website not later than on the effective date of the respective decisions.
  3. Unless otherwise provided by a decision of the Exchange, from the entry into force of the decision(s) made by the Exchange in accordance with clauses 5.1 and 5.2 of the Specification, the terms of existing obligations under previously concluded Contracts shall be deemed to have been amended accordingly.

1. Amendments and Supplements to the Specification
   1. The Exchange is entitled to introduce amendments and supplements hereto as agreed with the Clearing Center.
   2. Amendments and supplements hereto go into force at the moment the Exchange puts into effect the updated Specification, containing such amendments and supplements.
   3. The Specification as amended and supplemented from time to time is published on the Exchange website at least 3 (three) business days before it takes effect, which serves as notice to trading members.
   4. Unless otherwise decided by the Exchange, as soon as any amendments and supplements to the Specification come into force, the terms of existing Contracts previously entered into are deemed to have been amended or supplemented accordingly.

1. The Calculation Period does not include the value of the Sector Index as of 15:00 MSK and includes the value of the Index as of 16:00 MSK. [↑](#footnote-ref-1)