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|  | **APPROVED**by the Executive Board of Moscow Exchange \_\_\_ \_\_\_\_\_\_\_\_2021. Minutes \_\_\_ Chairman of the Executive BoardMoscow Exchange\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Yu.O. Denisov |

**Calculation Methodology for**

**MOEX DOM.RF MBS Index**

Moscow Exchange, 2021

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1. **General Provisions**
	1. For the purposes of this MOEX DOM.RF MBS Index Methodology (hereinafter, the “Methodology”), the following terms and definitions apply:
* Index Constituents means a list of Bonds used to calculate the Index as approved by the Exchange in the manner outlined in the Methodology;
* Exchange, Moscow Exchange means Public Joint-Stock Company Moscow Exchange
MICEX-RTS;
* Early Redemption means the expected date of exercise of the nearest put option or call option stipulated by the terms of Bonds issue;
* Index Constituents Date means 15 February, 15 May. 15 August and 15 November. If any of those days is not a business day, the Index Constituents Date is set to be the first trading day following the 15th day of the given month;
* Accumulated Coupon Income, ACI means the coupon yield accumulated on the Bond, in RUB;
* Bonds means exchange-traded mortgage-backed bonds issued by DOM.RF Mortgage Agent with DOM.RF guarantee;
* Trading Day shall mean a trading day on the Exchange (used in the meanings ascribed by the Rules of Trading on the Equity and Bonds Market, Deposit Market and Credit Market of Public Joint-Stock Company Moscow Exchange MICEX-RTS);
* Bond Price means a weighted average price at the main trading session closing, in RUB.
	1. The terms not defined herein are used in the meanings ascribed to them in the internal documents of the Exchange, the law and regulatory acts of the Bank of Russia.
	2. The Index calculated under this Methodology has the following names:
* The Index’s name in Russian: «Индекс МосБиржи ипотечных облигаций ДОМ.РФ»;
* The Index's name in English: «MOEX DOM.RF MBS Index».
	1. The wording “Индекс МосБиржи” in the Index name is a trademark of Moscow Exchange registered by the Federal Service for Intellectual Property in the Russian Public Register of Trademarks and Service Marks on 18 September 2017 (trademark certificate No. 630519). The wording “MOEX” in the Index name is a trademark of Moscow Exchange registered by the Federal Service for Intellectual Property in the Russian Public Register of Trademarks and Service Marks on 29 September 2014 (trademark certificate No. 521450).
	2. The Exchange shall approve this Methodology and any amendments and supplements thereto and they shall come into effect on the date determined by the Exchange. Amendments and supplements to this Methodology may be made once a quarter at latest.
1. **General Calculation Method**
	1. The Index is calculated every trading day after closing of the main trading session. The Exchange may change the Index calculation frequency.
	2. The Methodology sets out the following methods to calculate the Index:
	* based on the prices of Bonds net of ACI and net of ACI or coupon payments reinvestment (the “Price Index”);
	* based on the value of the Bonds, determined as the sum of the price and the Accumulated Coupon Income of the Bond, subject to coupon payments reinvestment (hereinafter the “Total Return Index”).
		+ 1. The Price Index is calculated according to the following formula:

$$PI\_{n}=PI\_{n-1} ∙\frac{\sum\_{i=1}^{N}\frac{P\_{i,n}}{100}∙FV\_{i,n}∙ N\_{i,n}∙ W\_{i,n},}{\sum\_{i=1}^{N}\frac{P\_{i,n-1}}{100}∙FV\_{i,n-1}∙ N\_{i,n},∙ W\_{i,n}}$$

where:

PIn – the Price Index value on day n;

Pi,n – the average weighted price of the i-th Bond issue calculated on day n, in per cent of the par value;

FVi,n – the average par value of the i-th Bond issue calculated on day n, in RUB;

Ni,n – the volume of i-th Bond issue on day n, in securities units;

Wi,n – the coefficient limiting the share of capitalisation of the i-th Bond (“Weighting Coefficient”). It is equal to 1, unless otherwise is provided in clause 4.1 hereof.

* + - 1. The Total Return Index is calculated according to the following formula:

$$CI\_{n}=CI\_{n-1} ∙\frac{\sum\_{i=1}^{N}(\frac{P\_{i,n}}{100}∙FV\_{i,n}+A\_{i,n}+G\_{i,n})∙ N\_{i,n}∙ W\_{i,n},}{\sum\_{i=1}^{N}(\frac{P\_{i,n-1}}{100}∙FV\_{i,n-1}+A\_{i,n-1})∙ N\_{i,n},∙ W\_{i,n}}$$

where:

CIn – Total Return Index value at time n;

Pi,n – the average weighted price of the i-th Bond issue calculated on day n, in per cent of the par value;

FVi,n – the par value of the i-th Bond issue calculated at day n, in RUB;

Ai,n – the Accumulated Coupon Income on the i-th Bond issue calculated on day n, in RUB;

Gi,n – the coupon income paid on the i-th Bond issue on day n, in RUB;

Ni,n – the volume of i-th Bond issue on day n, in securities units;

Wi,n – the coefficient limiting the share of capitalisation of the i-th Bond (“Weighting Coefficient”). It is equal to 1, unless otherwise is provided in clause 4.1 hereof.

* 1. If Bond price is not available, the last available price of such Bond issue is used for the Index calculation.
	2. The Index is calculated to two decimal places subject to mathematical rounding.
	3. Index inception date is 4 February 2019. Index inception value is 100.
1. **Index Construction and Review**
	1. The number of Bonds included in the Index Constituents has no upper cap. The minimum number of Bonds in the Index Constituents is two (2). Should the number of Bond issues be less than two, the Index is not calculated in the period until the regular Index review and implementation of the new Index Constituents. In that case, the Index value calculated as of the last effective date of the previous Index Constituents remains unchanged until the next Index revision.
	2. Bonds which meet the following requirements shall be included in the Index:
		1. The Bond issue is denominated in RUB.
		2. Bonds have a fixed coupon rate.
		3. The period to maturity and to the expected date of the nearer early redemption of the Bond Issue on the Index Constituents Date is at least 6 months. The expected date for the nearer early redemption is calculated according to the Pricing Convention for mortgage-backed securities approved by the Fixed Income Securities Committee of Moscow Exchange.
		4. A market-maker programme is in effect for the Bond issue as of the Index Constituents Date.
		5. The number of Trading Days for 3 months preceding 1 February, 1 May, 1 August and 1 November in which the price of the Bond issue has been identified is not less than 5.
	3. For the purposes of clause 3.1 of the Methodology, the Exchange may decide to include in the Index the Bonds that do not meet requirements specified in clauses 3.2.4-3.2.5 of this Methodology.
	4. Bonds shall be included in or removed from the Index Constituents when the Index Constituents are reviewed.
	5. Normally, the list of Index Constituents is reviewed at most on a quarterly basis, unless otherwise is indicated in the Methodology. The new Index Constituents shall come into effect from the beginning of the main trading session on the first trading day of March, June, September and December. The Exchange may decide on other dates for the reviewed Index Constituents to come into effect.
	6. The Exchange may decide to exclude Bonds from the Index Constituents on the date decided by the Exchange if the following occurs:
		1. trading in a Bond issue on the Exchange is terminated;
		2. a Bond issue is not compliant with clause 3.2.5. of the Methodology;
		3. in other events not covered by the Methodology, which may substantially impact the Index calculation.
2. **Limitation of the Bond Value in the Index**
	1. If the number of Bonds included in the Index is 7 to 11 inclusive, the maximum weight of the capitalisation of the Bond issue in the total capitalization of the Bonds included in the Index is limited to 20%. If the number of Bonds included in the Index is 12 to 14 inclusive, the maximum weight of the capitalisation of the Bond issue in the total capitalization of the Bonds included in the Index is limited to 15%. If the number of Bonds included in the Index is more than 14, the maximum weight of the capitalisation of the Bond issue in the total capitalisation of the Bonds included in the Index is limited to 10%.
	2. The weight of the i-th Bond in the Index is calculated as follows:

$$Wght\_{i}=\frac{MC\_{i}}{\sum\_{i=1}^{N}MC\_{i} }∙100\%,$$

where:

Wghti – the Weight of i-th Bond;

MCi – the capitalisation of i-th Bond calculated using the formula:

$$MC\_{i}=(\frac{P\_{i}}{100}∙FV\_{i}+A\_{i})∙ N\_{i}∙ W\_{i}$$

Pi – the average weighted price of the i-the Bonds, in per cent of par value;

FVi – the par value of the i-th Bond, in RUB;

Ni – the volume of i-th Bond issue, in securities units;

Ai – the Accumulated Coupon Income on the i-th Bond issue, in RUB;

Wi – the coefficient limiting the share of capitalisation of the i-th Bond (“Weighting Coefficient”) varying from 0 to 1 with seven decimal places accuracy subject to mathematical rounding.

* 1. To meet the cap provided for in clause 4.1 hereof, the Weights of Bonds shall be adjusted as follows:
		+ - * If the Weight of the Bond issue in the Index exceeds the value set out in clause 4.1 hereof, then the applicable Weight shall be deemed to be equal to such value.
				* The difference between the Weights before and after the cap adjustment is prorated between the Bonds, whose Weights were not subjected to cap adjustment.
				* The above actions are repeated iteratively as long as there are Bonds having Weights exceeding the value set out in clause 4.1. hereof.
	2. If the share of the Bonds issue value on the date of review of the Index Constituents does not meet the requirements of clause 4.1 hereof, the Exchange has the right to set the Bond issue volume Ni,t-1, used to calculate the Indices in accordance with section 2 hereof, so that the share of the Bonds issue value does not exceed the value established by clause 4.1.
1. **Index Calculation Control**
	1. In the event of circumstances that cause negative effect on the adequacy of the disclosure by Indices of the real state of the market, the Exchange may take any actions to ensure adequacy of the Index, e.g. remove Bonds from Index Constituents.
2. **Disclosure**
	1. Information disclosure stipulated in this Methodology is performed on the Exchange’s website.
	2. The Exchange discloses the Index value for the previous trading day every trading day no later than 12:00 MSK.
	3. The text of this Methodology is disclosed on the official website of the Exchange on the Internet no later than three (3) working days before its effective date, unless the Exchange's resolution stipulates otherwise.
	4. Announcements on regular index reviews are posted on the Exchange’s official website no later than two (2) weeks before the Exchange's resolution about approval of the new Index Constituents becomes effective.
	5. Announcements of the index extraordinary reviews are posted on the Exchange’s official website no later than on the trading day preceding the day on which a resolution about approval of new List of Constituents becomes effective.
	6. Information to be disclosed according to the Methodology on the website of the Exchange may also be disseminated in other ways, e.g. through information agencies spreading information about on-Exchange trades in securities.