|  |  |
| --- | --- |
| **APPROVED**  By the Moscow Exchange Executive Board  25 October 2023, Minutes No. 72  Chairman of the Executive Board  Moscow Exchange  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Yury Denisov |  |

**Methodology for calculation of the MOEX Index of Russian Bonds denominated in foreign currency**

MOSCOW EXCHANGE 2023

CONTENTS

[1. Overview 3](#_Toc162131499)

[2. General Index Calculation Overview 3](#_Toc162131500)

[3. How the Eurobond issue price is determined 4](#_Toc162131501)

[4. Index construction and review 4](#_Toc162131502)

[5. Limitation of the Eurobond Value in the Index 5](#_Toc162131503)

[6. Disclosure 5](#_Toc162131504)

1. **Overview**
   1. The following terms and definitions shall apply in this Methodology for calculation of the MOEX Index of Russian Bonds denominated in foreign currency by Public Joint-Stock Company Moscow Exchange MICEX-RTS (the "Methodology"):

* Index Constituents means the list of Eurobonds used for calculation of the Index, approved by the Exchange according to the procedure stipulated by this Methodology;
* The Exchange, Moscow Exchange means Public Joint-Stock Company Moscow Exchange MICEX-RTS;
* Index Review Date means 1 February, 1 May, 1 August and 1 November; If any of these dates is a non-working day, the Index Review Date shall be the nearest following working day.
* Eurobonds means bonds denominated in a currency other than the currency of the Russian Federation, issued by Russian issuers and/or on behalf of Russian issuers, including on behalf of Special Purpose Vehicles, including issues of replacing bonds of Russian issuers, including Eurobonds issued by state-owned enterprises, admitted to regulated trading (listed) on the Exchange, except for subordinated, perpetual and amortised Eurobonds;
* Accrued Coupon Income, ACI means the earnings accumulated on the Eurobonds in US dollars.
* Put Option, Offer means the right of the owner of Eurobonds to submit them for early redemption on a certain date;
* Rating Agencies means Russian rating agencies included in the Register of Credit Rating Agencies accredited by the Bank of Russia as of the date of the Index Review or the date of the Extraordinary Review of the Index;
* Rating means a credit rating level assigned to the Eurobond issuer or Eurobond issue by the Rating Agency;
* Sovereign Eurobonds means bonds issued by the Russian Federation, excluding amortised issues, denominated in US dollars, with maturity date until 2030.
  1. Terms not specifically defined herein shall be construed in accordance with other documents of the Exchange as well as the law and regulatory acts of the Bank of Russia.
  2. The Index calculated in accordance with this Methodology shall have the following names and codes:
* Name in Russian: "Индекс МосБиржи российских облигаций, номинированных в иностранной валюте" (name before the effective date of this version of the Methodology was "Индекс МосБиржи российских ликвидных еврооблигаций");
* Name in English: "MOEX Index of Russian Bonds denominated in foreign currency" (name before the effective date of this version of the Methodology was "MOEX Russian Liquid Eurobonds Index");
* The Index code is RUEU10.
  1. The word mark "MOEX Index" is a trademark of Moscow Exchange registered by the State Register of Trademarks and Service Marks of the Russian Federation on 18 September 2017 (Trademark Certificate No. 630519). The word mark "MOEX" is a trademark of Moscow Exchange registered by the Federal Service for Intellectual Property in the State Register of Trademarks and Service Marks of the Russian Federation on 29 August 2014 (trademark certificate No. 521450).
  2. This Methodology, as well as all amendments and additions hereto are approved by the Exchange and come into effect on the date determined by the Exchange. It may be amended and supplemented no more frequently than once a quarter.

1. **General Index Calculation Overview**
   1. The Index is calculated every trading day after the closing of the main trading session. The Exchange may change the start time and/or end time of the Index calculation.
   2. The Index is based on the value of Eurobonds, determined as the sum of the price and the Accrued Coupon Interest with reinvested coupon payments. The Index is calculated using the following formula:

where:

CIn – the value of the Total Return Index on day n;

Pi,n - the weighted average price of the Eurobond of the ith issue on day n, expressed as a percentage of the principal value;

FVi,n - the principal value of the Eurobond of the ith issue, in currency units;

Ai,n - the accrued coupon interest of the Eurobond of the ith issue on day n, in currency units;

Gi,n - the amount of coupon interest paid on day n on the Eurobond of the ith issue on day n, expressed in currency units;

Ni,n - volume of the ith Eurobond issue on day n, expressed in units of securities;

Wi,n – a coefficient restricting the proportion of capitalisation of the ith Eurobond Issuer (the Weighting Factor). It equals one unless otherwise set out in Clause 5.

* 1. Index values are calculated once a day. This single value of the Index for the day is both the current value and the closing value before the next calculation of such Index on the next trading day.
  2. The Index values are calculated accurate to two decimal places.
  3. The start date of calculation of the Index is 30 Dec 2016. The initial value of the Index is 100.
  4. The Index was not calculated from 5 April 2022 until the date of entry into force of this edition of the Methodology.

1. **How the Eurobond issue price is determined**
   1. The source of price data is quotes of the Russian onshore market of Eurobonds, broadcast by news agencies, unless otherwise determined by the Exchange.
   2. The price of the Eurobond of the ith issue is set equal to the average value of the bid and offer prices. The price of the Eurobond is determined taking into account the face value of the Eurobond and is expressed in US dollars.
   3. If there are no bid and offer prices, the last available value of the price of the ith issue of the Eurobonds is used to calculate the Index.
   4. In case of suspension (termination) of broadcasting of Eurobond issue prices by the source of price data set in accordance with Clause 3.1 of the Methodology, the Exchange may decide to change the source of price data.
2. **Index construction and review**
   1. Eurobonds are added to and removed from the Index at the Index reviews.
   2. Regular Index Reviews shall be carried out no more frequently than once a quarter, except as provided for in this Methodology. Regular Index reviews and approval of Index Constituents take place on 15 February, 15 May, 15 August and 15 November. The review shall be effective from the start of trading in the Trading Mode T+ of the trading day following the last trading day of February, May, August and November. The Exchange may decide to set other dates of coming into effect of the Index Constituents after review.
   3. Eurobonds are eligible for the Index if they meet the following requirements:
      1. Any Eurobond issue is denominated in US dollars.
      2. The amount of the face value of the Eurobond issue outstanding is not less than USD 100 million.
      3. The term to maturity or the date of the nearest Put Option (hereinafter the "term to maturity") on the Index Review Date is not less than three months, with the redemption or nearest early redemption of the Eurobond issue occurring not later than 2031.
      4. During the three months preceding the Index Review Date, there were at least five trading days when trades in the Eurobond issue were executed during the Main Trading Session and Additional Trading Session in the Central Order Book and Central Order Book T+.
      5. The Index may only include Eurobonds for which the rates of all coupon payments for the term to maturity have been determined as a fixed value on of the Index Review Date.
      6. The Eurobond Rating is at least BBB+(RU). When selecting a Eurobond to the Index, the highest Rating assigned by the Rating Agencies is taken into account.
   4. If the number of Eurobonds meeting the requirements of clause 4.1 of this Methodology and additional issues is less than 12 in total, the Exchange may include in the Index Eurobonds issued by the Russian Federation with maturity up to 2030.
   5. If the number of Eurobond issuers meeting the requirements of section 4.3 of this Methodology does not allow applying restrictions set by clause 5 hereof, the Exchange may include in the Index the Sovereign Eurobonds meeting the requirements of clauses 4.3.1-4.3.6 hereof.
   6. The Exchange is entitled to make a decision on inclusion in the Index of Eurobonds Issues that do not meet requirements specified in clause 4.1 and in a manner different from that set out in clauses 4.2-4.5 of the Methodology.
   7. In order for the Index to appropriately reflect the current market situation, the Exchange may decide to change the number of Eurobonds in the Index, as well as to change the algorithm of the Index construction.
   8. The Exchange may decide to remove Eurobond issue from the Index and replace them with a new issue on an extraordinary basis, on a date determined by the Exchange, in the following cases:
      1. If the issuer of Eurobonds included in the Index fails to fulfil in full the obligations on coupon payment, redemption under the offer, redemption of the issue or issues of Eurobonds and/or other bonds of this issuer.
      2. In case the Eurobond Rating does not comply with the requirements of clause 4.3.7 of this Methodology.
      3. In case of termination (suspension) of Eurobond price broadcasting by the source of price data specified in clause 3.1 of the Methodology.
      4. In case of occurrence of other events not stipulated by this Methodology, resulting in a significant impact on the calculation of the Index.
3. **Limitation of the Eurobond Value in the Index**
   1. The maximum share of the Eurobond issue of one issuer with a Rating higher than A+(RU) in the total value of Eurobonds in the Index as of the Index Review Date shall not exceed 9%. The maximum share of the Eurobond issue of one issuer with a Rating not lower BB+(RU) but not higher than A+(RU), in the total value of Eurobonds in the Index as of the Index Review Date shall not exceed 5%. The share of Sovereign Eurobonds in the Index is not limited.
   2. If, as of the Index Review date, the share of the Eurobond issue in the Index does not meet the requirements of clause 5.1, the Exchange is entitled to set the volume Ni,t-1 of Eurobond issue used for calculation of the Index in accordance with clause 2.2 of the Methodology, so that the share of the Eurobond issue in the Index does not exceed the value set by clause 5.1.
4. **Disclosure**
   1. Disclosure of information provided for by this Methodology, is made on the Exchange official website.
   2. The Methodology shall be published on the official website of Moscow Exchange not later than three working days prior to its effective date, unless the Exchange resolves otherwise.
   3. Notifications on scheduled Index Reviews are disclosed within three working days from the date of the Exchange's decision to approve the new Index Constituents, but not later than one week before the date of coming into effect of such Exchange's decision.
   4. Notification on extraordinary Index Reviews are disclosed on the Exchange's official website not later than the day preceding the effective date of the Exchange's decision on approval of the new Index Constituents.
   5. Information subject to disclosure in accordance with this Methodology on the Exchange official website may additionally be disseminated by other means, including through information agencies disseminating MOEX market data.