|  |  |
| --- | --- |
|  | **APPROVED**By the Moscow Exchange Executive Board 17 April 2024, Minutes No. 31\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Yury Denisov Chairman of the Executive BoardMoscow Exchange |

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

MOSCOW EXCHANGE 2024

CONTENTS

[1. Overview 3](#_Toc178166120)

[2. General Index Calculation Overview 3](#_Toc178166121)

[3. Index Construction and Review 5](#_Toc178166122)

[4. Limitation of the Bond Contribution to the Index 5](#_Toc178166123)

[5. Control Over Calculation of the Index 6](#_Toc178166124)

[6. Publication 6](#_Toc178166125)

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 bonds used for the 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;
* Additional Factors is the Index's Weighted Average Return and Weighted Average Duration;
* Bonds is bonds denominated in a currency other than the currency of the Russian Federation, issued by Russian issuers, including issues of replacement bonds of Russian issuers, as well as sovereign Eurobonds admitted to on-exchange trading (listed on the Exchange), except for subordinated, perpetual and amortised bonds, as well as Eurobonds issued by Russian issuers and/or on behalf of Russian issuers, including on behalf of special purpose vehicles;
* Accrued Coupon Income, ACI means the earnings accumulated on the Bonds in US dollars.
* Put Option, Offer is the right of bond holders to tender for early redemption on a specified 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 Bond issuer or Bond 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 the Bonds, determined as the sum of the price and the Accrued Coupon Interest with reinvested coupon payments. The Index is calculated using 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 – the value of the Index on day n;

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

FVi,n - the principal value of the Bonds of the ith issue on day n, in currency units;

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

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

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

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

* 1. Additional Factors are calculated according to the following formulas:
		1. The Weighted Average Duration is calculated using the following formula:

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

where:

Dn – the Weighted Average Duration on day n;

Di,n - the duration of the Bond of the ith issue on day n, expressed in days;

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

FVi,n - the principal value of the Bonds of the ith issue on day n, in currency units;

Ai,n - the accrued coupon interest of the Bond on day n, expressed in currency units;

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

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

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

* + 1. The Weighted Average Return is calculated using the following formula:

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

where:

Yn – the Weighted Average Return value on day n;

Yi,n - the return of the Bond of the ith issue on day n, expressed in percent;

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

FVi,n - the principal value of the Bonds of the ith issue on day n, in currency units;

Ai,n - the accrued coupon interest of the Bond on day n, expressed in currency units;

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

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

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

* 1. The Index, as well as the Additional Factors, 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 this Index on the next trading day.
	2. The Index and the Weighted Average Return are calculated to two decimal places. The Weighted Average Duration is calculated to the nearest integer.
	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. **Index Construction and Review**
	1. Stocks are added to and removed from the Index at 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. Bonds are eligible for inclusion in the Index if they comply with the following requirements:
		1. The denomination of the Bond issue is US dollars.
		2. The amount of the face value of the Bond issue outstanding is not less than USD 100 million.
		3. The term to maturity or the date of the nearest Put Option (the "term to maturity") on the Index Review Date is not less than three months, with the redemption or nearest early redemption of the Bond 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 Bonds 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 Bond Rating is at least BBB+(RU). When selecting a Bond to the Index, the highest Rating assigned by the Rating Agencies is taken into account.
	4. If the number of Bonds fulfilling 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 Sovereign Eurobonds issued by the Russian Federation with a maturity up to 2030.
	5. If the number of Bond issuers meeting the requirements of clause 4.3 of this Methodology does not allow for the application of the restrictions set forth in clause 5 of this Methodology, the Exchange may include in the Index the Sovereign Bond meeting the requirements of clauses 3.3.1-3.3.5 above.
	6. The Exchange is entitled to decide on inclusion in the Index of Bond Issues that do not meet requirements specified in clause 4.1 and in a manner different from that set out in clauses 3.2-3.5 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 Bond in the Index, as well as to change the algorithm of the Index construction.
	8. The Exchange may decide to remove a Bond 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 the Bond included in the Index defaults in full on the payment of coupons, repurchase on offer, redemption of the issue or issues of the Bond and/or other bonds of that issuer.
		2. In case the Bond Rating does not comply with the requirements of clause 3.3.6 of this Methodology.
		3. In case of occurrence of other events not stipulated by this Methodology, resulting in a significant impact on the calculation of the Index.
2. **Limitation of the Bond Contribution to the Index**
	1. The maximum proportion of the Bond issue of an issuer with a Rating higher than AA+(RU)[[1]](#footnote-2) in the total value of the Bonds in the Index as of the Index Review Date shall not exceed 9%. The maximum proportion of the Bond issue of an issuer with a Rating at least BBB+(RU) but not higher AA+(RU), in the total value of the Bonds in the Index as of the Index Review Date shall not exceed 5%. If it is not possible to comply with the simultaneous limitation of the maximum proportion of a Bond issue with a Rating higher than AA+(RU)[1] and the maximum proportion of a Bond issue of Issuers with a rating not lower than BBB+(RU) but not higher than AA+(RU), the Exchange has the right to include Sovereign Eurobonds in the Index in order to comply with the requirements of this section of the Methodology. The share of Sovereign Eurobonds in the Index is not limited.
	2. If, as of the Index Review date, the share of the Bond issue in the Index does not meet the requirements of clause 4.1, the Exchange is entitled to adjust volume Ni,t-1 of the Bond issue used for the calculation of the Index in accordance with clause 2.2 of the Methodology, so that the share of the Bond issue in the Index does not exceed the value set by clause 4.1.
3. **Control Over Calculation of the Index**
	1. In case of technical failure upon calculation of the Index or technical failure in the course of securities trading on the Exchange, which resulted in distortion of data used for calculation of the Index, recalculation of previously calculated index values is allowed. This recalculation shall be carried out within the shortest possible time from the moment of detection of the technical failure. Upon recalculation of the Index, the Exchange posts the relevant announcement on its website.
	2. In the event of circumstances that may adversely affect the adequacy of the Index in representing the real state of the Russian fixed income market, the Exchange may take any actions necessary to ensure adequacy of the Index, including exclusion of a Bond from the Index, etc.
4. **Publication**
	1. Disclosure of information provided for by this Methodology, is made on the Exchange official website.
	2. The values of the Index and the Additional Factors for the previous trading day are published each trading day not later than 12:00 (noon) Moscow time.
	3. 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.
	4. 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.
	5. 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.
	6. 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.
1. National Scale Rating level of ACRA and corresponding Ratings of Expert RA, National Rating Agency and National Credit Ratings. [↑](#footnote-ref-2)