|  |  |
| --- | --- |
| **APPROVED**By the Moscow Exchange Executive Board21 July 2020, Minutes No. 49Chairman of the Executive BoardMoscow Exchange\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Yury Denisov |  |

**MOEX Raiffeisen Eurobonds Index Calculation Methodology**

Moscow Exchange 2020

CONTENTS

[1. Overview 3](#_Toc162257224)

[2. General Index Calculation Overview 3](#_Toc162257225)

[3. How the Eurobond issue price is determined 4](#_Toc162257226)

[4. Index construction and review 4](#_Toc162257227)

[5. Limitation of the Eurobond Value in the Index 5](#_Toc162257228)

[6. Control Over Index Calculation 5](#_Toc162257229)

[7. Disclosure 5](#_Toc162257230)

1. **Overview**
	1. The following terms and definitions shall apply in this MOEX Raiffeisen Eurobonds Index Calculation Methodology 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 the day on which statistical data is computed to announce Constituents. These are 15 February, 15 May, 15 August and 15 November. If 15 February, 15 May, 15 August and 15 November are non-trading days, the Index Review Date is a trading day immediately following the 15th day of the relevant month;

- Yield means the Eurobond yield value determined at the last Eurobond price on the date the Index Constituents are selected;

- Eurobonds means Eurobonds issued by Russian issuers and/or on behalf of Russian issuers, including on behalf of Special Purpose Vehicles and placed on international markets, including Eurobonds issued by the Russian Federation;

- AMC Investment Policy means Investment Policy of investing funds in securities and other financial instruments stipulated by the internal documents of the Asset Management Company;

- Call Option means the possibility of early redemption of the Eurobond Issue at the initiative of the Eurobond Issuer.

- 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;

- Asset Management Company, AMC means OOO Raiffeisen Capital Asset Management Company.

* 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: "Индекса МосБиржи еврооблигаций RUEURAIF"»;
* Name in English: "MOEX Raiffeisen Eurobonds Index";
* The Index code is RUEURAIF.
	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 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:

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

where:

CIn – the value of the Index at time n;

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

FVi,n - the principal value of the Eurobond of the ith issue at time n, expressed in roubles;

Ai,n - the accrued coupon income of the Eurobond of the ith issue at time n, expressed in roubles;

Gi,n - the amount of coupon interest paid on day n on the Eurobond of the ith issue at time n, expressed in roubles;

Ni,n - volume of the ith Eurobond issue at time n, expressed in units of.

* 1. The Index values are calculated accurate to two decimal places.
	2. 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.
	3. The specified frequency of calculation of the Index may be changed by the Exchange's decision.
	4. The start date of calculation of the Index is 30 Dec 2016. The initial value of the Index is 100.
1. **How the Eurobond issue price is determined**
	1. The source of price data is THOMSON REUTERS COMPOSITE EMEA quotes transmitted by Refinitiv news agency, unless otherwise established by the Exchange decision.
	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. If the source of price data, established in accordance with clause 3.1, suspends (stops) transmission of prices of Eurobond issues, the Exchange may decide to change the source of price data.
2. **Index construction and review**
	1. Eurobonds are eligible for the Index if they meet the following requirements:
		1. Any Eurobond issue is denominated in US dollars.
		2. Only senior (non-subordinated) Eurobond issues are included in the Index.
		3. The Eurobond issue volume outstanding at par value is not less than USD 1 billion.
		4. The term to maturity or to the nearest Put Option (the "term to maturity") on the Index Review Date is 1-10 years.
		5. The period from the end date of placement of the Eurobond issue to the Index Review Date is not less than one month.
		6. The credit rating of the Eurobond issuer is not lower than the sovereign rating of the Russian Federation minus two notches.
		7. 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.
		8. The terms and conditions of the Eurobonds issue do not provide for a call option.
		9. The Eurobond issue complies with the requirements of the Investment Policy of the AMC.
	2. Eurobonds are added to and removed from the Index at the Index reviews.
	3. Regular Index Reviews shall be carried out no more frequently than once a quarter, except as provided for in this Methodology. The Index as reviewed shall take effect on 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.
	4. Only one Eurobond issue of an issuer may be included in the Index, unless otherwise determined by the Exchange. The issuer's Eurobond issue with the longest term to maturity meeting the requirements of clause 4.1 above is admitted to the Index.
	5. The Index comprises ten Eurobond constituents. The number of Eurobonds in the Index may be increased to meet the requirements set forth in clause 5.1 below.
	6. The Index is constructed according to the following algorithm:
		1. If the number of Eurobonds meeting the requirements of clause 4.1 above is ten, all these Eurobond issues are included in the Index.
		2. If the number of Eurobonds meeting the requirements of clause 4.1 above is more than ten, the ten Eurobonds with the maximum Return calculated on the Index Review Date are added to the Index.
		3. If the number of Eurobonds meeting the requirements of section 4.1 is less than ten, the Exchange may include in the Index Eurobonds issued by the Russian Federation and/or Eurobonds of other issuers that do not meet the requirements of clauses 4.1.2-4.1.8 (the "additional issues"), with the total number of Eurobonds in the Index not exceeding ten, except for the case specified in clause 4.5 above.
	7. The Exchange may decide to remove a 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 Issuer's Credit Rating does not comply with the requirements of clause 4.1.6 of this Methodology.
		3. If the Investment Policy of the AMC changes and/or if the Eurobond issue in the Index ceases to meet the requirements of the Investment Policy of the AMC.
		4. In case of termination (suspension) of Eurobond price broadcasting by the source of price data specified in clause 3.1 of the Methodology.
		5. In case of occurrence of other events not stipulated by this Methodology, resulting in a significant impact on the calculation of the Index.
	8. The Exchange is entitled to decide to add to the Index Eurobonds Issues that do not meet requirements specified in clause 4.1 and in a manner different from that set out in clauses 4.4-4.7 above.
	9. 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.
3. **Limitation of the Eurobond Value in the Index**
	1. As of the Index Review Date, the maximum share of a Eurobond issue value in the total value of Eurobonds in the Index shall not exceed the maximum share of the estimated value of one legal entity in the property structure of a unit investment fund, reduced by one percentage point, established by the laws and other regulations of the Bank of Russia. As of the date of entry into force of this Methodology, the maximum share of a legal entity reduced by one percentage point is 13%.
	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 2.1. of the Methodology, so that the share of the Eurobond issue in the Index does not exceed the value set by clause 5.1.
	3. If the above-mentioned maximum share of a legal entity in a unit investment fund changes, the Exchange is entitled to set on the date it determines the volume of Eurobond issue Ni,t-1 used for calculation of the Index in accordance with clause 2.2 of the Methodology, so that the share of the Eurobond issue does not exceed the value set by clause 5.1.

1. **Control Over Index Calculation**
	1. In the event of a technical failure in the calculation of the Index or other circumstances that resulted in a distortion of the data used to calculate the Index, the previously calculated Index values may be recalculated. Such recalculation shall be made within the shortest possible time from the moment of detection of the technical failure or other circumstances.
	2. In case of circumstances that may adversely affect the ability by the Index to represent the real condition of the Eurobond market, the Exchange is entitled to take any actions necessary to ensure the adequacy of the Index, including excluding Eurobonds from the Index.
2. **Disclosure**
	1. This Methodology, Index values for the whole period for which the Index was calculated, Index constituents, as well as other information, the disclosure of which, among other things, is required in accordance with the requirements of regulatory legal acts in the field of financial markets, is published on the Exchange's official website.
	2. Index values for the previous trading day are disclosed not later than 12:00 Moscow time.
	3. The Methodology shall be published on the official website of Moscow Exchange not later than three working days prior to the effective date, unless the Exchange resolves otherwise.
	4. Notification on a regular Index Review is posted on the Exchange's official website not later than a week before the date of coming into effect of the Exchange's decision on approval of the revised Index.
	5. Notifications on extraordinary changes to the Index Constituents shall be disclosed no later than the effective date.
	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.