



**MOSCOW
EXCHANGE**

Innovations in Legislation

Innovations in Legislation

Securities issue without the registration of the prospectus (effective from July 2, 2013)

- Placement among Qualified investors (QI)*
- Placement to shareholders (participants)*
- Offering for applicants which number does not exceed 150 excluding QI and shareholders (participants) of the issuer*
- Private placement *
- Amount of funds raised by an issuer through placing one or more issues of issue-grade securities (additional issues) during one year should not exceed 200 million rubles
- Amount of funds raised by an issuer, which is a credit organization, through placing one or more bond issues (additional bond issues) during one year should not exceed 4 billion rubles
- Amount of money paid by every potential buyer except those who execute the pre-emptive right to acquire relevant securities, should be at least 4 million rubles*

* In case the number of shareholders with pre-emptive rights excluding QIs is less than 500

Acceleration of the prospectus registration (effective from July 2, 2013)

- Preliminary document examination by the FFMS for the registration of prospectus. In case of the preliminary examination, the registration takes 10 days
- Phased registration of the prospectus:
 - Forepart: information on an issuer
 - Second part: specification of an issue

Signing a prospectus

- Requirement for signing prospectus by auditor is cancelled



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Reduction of securities issue period

- Pre-emptive right period can be reduced to 8 working days
- The placement of securities can be started right after the state registration of the issue (the requirement regarding two weeks period between disclosure of state registration of the issue and start of the placement has been cancelled)

Extension of placement period

- The opportunity to extend the placement period up to 3 years has been provided

Simplification of a placement procedure by a subscription

- In case of placement by subscription through the broker securities can be deposited on the broker's account for further allocation provided that not less than 25% of the placement price has been paid (the allocation period shall not exceed 14 working days)

Additional issue

- The additional issue's individual code can be skipped if:
 - securities have been admitted to trading on the regulated market (are being admitting to trading)
 - there was a public placement
 - securities are paid with cash and (or) securities admitted to trading

Cancellation of the issue

- A securities issue can be canceled:
 - before the state registration of the issue (additional issue) report;
 - prior to placement (in case the report is not required).

Trading on the secondary market

- Execution of trades is allowed immediately after the state registration of an issue
- Ownership is transferred after a full payment and the state registration of the report (if required)
- Summing up the results of placement by a notification is allowed if:
 - 1) there was a public placement;
 - 2) securities were paid with cash and (or) securities admitted to trading;
 - 3) securities have been admitted to on-exchange trading .



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Liberalization of bond issue	<ul style="list-style-type: none">■ The only restriction – placement of bonds shall only be possible after the full payment of the company's share capital
Income payments	<ul style="list-style-type: none">■ Cascading income payments■ Depositories act as tax agents in respect of payments to nominees
Information disclosure	<ul style="list-style-type: none">■ Liberalization on disclosure information about securities for qualified investors. This information shall be disclosed with obligatory reference to qualified investors.
RDR issue	<ul style="list-style-type: none">■ The opportunity to issue RDRs on depositary receipts has emerged■ Admission of RDRs to trading without the state registration of an issue and prospectus if the underlying securities listed on a recognized stock exchange. In this case the decision is to be taken by a Russian stock exchange.■ The opportunity to close a RDR programme if underlying securities have been admitted to trading has emerged
Admission to trading without the prospectus	<ul style="list-style-type: none">■ Securities are allowed to be admitted to trading without the prospectus if the issuer meets the disclosure requirements of the exchange (not for admission in quotation list)
Decision of an issuer about listing (effective from September 30, 2013)	<ul style="list-style-type: none">■ The decision to list securities shall be made at the meeting of company's shareholders (or a Board of Directors in case it is prescribed by Articles of Association of the company)
Decision of an issuer about delisting	<ul style="list-style-type: none">■ The decision to delist securities shall be made at the meeting of company's shareholders (¼ of votes is required)■ The right to demand the repurchase by the issuer at a fair price*■ The decision shall come into force in case a total amount of repurchased stocks does not exceed the prescribed limit



Innovations in Legislation

Commercial papers

Issuers of commercial papers

- Liberalization of the range of commercial papers issuers

Changing in rights

- The commercial paper holders have the right to submit their securities for early redemption if such papers have been delisted by all stock exchanges that had admitted them to trading (previously – in the event of delisting of stocks and bonds of all categories and classes of the issuer)

Liberalization of commercial papers issue and trading

- Commercial papers is allowed to be traded both at the exchange and on the OTC market
- There are no limits for duration (previously there was the limitation of 3 years)
- Lifting the restrictions on issuers (previously - only for issuers whose stocks are included in the quotation list of the stock exchange)
- The requirement to publish the commercial papers prospectus 7 days before the start of the securities placement has been cancelled
- Trading on the secondary market is allowed after a full payment

General requirements for admission of commercial papers to trading

General requirements according to the Federal Law :

- 1) Public placement;
- 2) An issuer shall exist for at least 3 years and have annual financial statements for 2 years stated by an auditor;
- 3) Bonds do not imply any rights for their owners except the right to be paid with the nominal value, or the nominal value and fixed interest on the nominal value;
- 5) The nominal value and interests are paid in cash only.

General requirements according to the Listing Rules:

- 1) Issuer's stocks or bonds shall be listed on the stock exchange;
- 2) Securities shall be placed on the public market via the exchange;
- 3) An issuer shall submit the decision to issue commercial papers, the prospectus and other documents to the exchange.



THANK
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