

## Key changes to the Moscow Exchange Indices Calculation Methodology

A revised methodology for the calculation of Moscow Exchange's indices will take effect on 27 November 2017. It was registered by the Bank of Russia on 10 November 2017.

The methodology has been updated to include the following key changes:

1. The MICEX Index has been renamed the MOEX Russia Index.
2. The number of component stocks in the MOEX Russia Index and the RTS Index will vary.
3. Higher liquidity criteria will be applied to include a security in the MOEX Russia Index and the RTS Index:
  - The stock must have the liquidity ratio (the relationship of annual trading volume to free float market cap) of at least 15 per cent; stocks with a less than 10 per cent ratio will be removed from the index.
  - The minimum threshold for the free float ratio has been raised to 10 per cent; stocks with a less than 5 per cent ratio will be removed from the index.
  - The stock should trade every day.
  - Issuers submitting IFRS financial statements are only eligible.
  - Component stocks will now be required to account for a minimum weight in the index. Stocks must have a weight of 0.25 per cent or more to be eligible for inclusion. Stocks with a weight of less than 0.2 per cent will be excluded.
4. Industry classification of issuers has been revised.

Classification of issuers by industry has been brought more in line with international standards employed by the world's leading index providers. Now we focus on company performance and its final product rather than the production process as we did before. We have also introduced a 0.5 per cent minimum weight of a stock in the sectoral index. The industry classification of stocks in the Broad Market Index is available on the [Exchange's website](#).

Certain companies have been reclassified according to the updated approach, so the sectoral indices will be reviewed. The index of consumer goods will include motor industry and media companies. Companies operating across diversified sectors will be classified as holding companies and removed from the sectoral indices. Companies specializing in coal mining, fuel production and oil pipeline construction will be added to the oil and gas index. The industrial index will be discontinued, as there are not sufficient number of issuers from the industry on the market.

5. The following indices will be cancelled:
  - Siberia regional index;
  - Sectoral industrial indices;
  - The second-tier index will be replaced for the SMID index.