RTS INDEX
FUTURES-STYLE OPTIONS CONTRACT SPECIFICATION

The RTS Index Futures-Style Options Contract Specification (hereinafter, "Specification") establishes the standard terms and conditions under the deliverable RTS Index Futures-Style Options Contract (hereinafter, "Contract", "Options Contract").

The Specification, together with the Clearing Rules of the Derivatives Market (hereinafter, "Clearing Rules") and Trading Rules of the Derivatives Market (hereinafter, "Trading Rules") define the obligations under the Contract, as well as the procedures for their creation, effects, and extinction.

The Contract's underlying asset is the cash-settled RTS Index Futures Contract (hereinafter, "Futures Contract").

The Contract is a futures-style option contract, which means that Variation Margin obligations exist. The Variation Margin is calculated in accordance with Clause 2.1 herein.

Terms not explicitly defined in this Specification will have the same definitions as in the Trading Rules, the Clearing Rules, and the laws of the Russian Federation.

1. Entering into the Contract

1.1. Entering into the Contract in the course of trading is sanctioned by the Moscow Exchange (hereinafter, "Exchange"), and must contain the following:

- Futures Contract Code (hereinafter, "FCC")
- Contract type
- Contract category
- Strike price range (minimum and maximum strike price)
- Price tick
- Date of the first trading day when the Contract may be entered into (hereinafter, "first trading day")
- Opening time when the Contract may be entered into (i.e. the start of trading in the Contract)

1.2. The code (designation) of the Contract consists of the following:

<FCC>M<last trading day of the Contract><Contract type><Contract category>< >*<Strike>

- "M" symbol shall mean that it is a futures-style option
- last trading day of the Contract is indicated in Arabic numerals in DDMMYY format
- Contract type is either the "C" (Call Option) or "P" (Put Option)
- Contract category is either the "A" (American Option) or "E" (European Option)
- *< > not added for Contracts with the first trading day after November 6th, 2016

1.3. The number of Futures Contracts used as the underlying asset of the Contract (hereinafter, "Lot") is 1 (one) Futures Contract.

1.4. The Contract price (Premium).

1.4.1. Upon entering into the Contract in the course of trading, the Contract price (Premium) will be denominated in points per 1 Lot.

1.4.2. The Contract's minimum price interval (hereinafter, "tick") during the course of trading is 10 points.

1.4.3. The value of a tick[1] is USD 0.2, expressed in Rubles (the national currency of the Russian Federation) and converted from US Dollars into Rubles using the Exchange's official USD/RUB FX rate (hereinafter, "USD/RUB FX rate"). The Exchange determines the USD/RUB FX rate according to the methodology described in the document titled, "Methodology for Calculation of the

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[1] The value of a tick is calculated by multiplication of a price tick and one point value.

Indicative Foreign Exchange Rate," published on the Exchange's website. The USD/RUB FX rate is bounded by price bands set by the National Clearing Centre, a subsidiary of the Moscow Exchange Group (hereinafter, "NCC"), which are published on the Exchange's website. If the upper/lower price bands are exceeded, the USD/RUB FX rate will be set equal to the upper/lower bound, respectively. The time of the USD/RUB FX determination sets by the Exchange and published on the Exchange's website.

1.4.4. The ruble-denominated Contract Price (Premium) shall be calculated in the following way:

Premium $_{[RUB]}$ = Premium$_{[points]}$* W / R,

where:

Premium$_{[RUB]}$ – Price (Premium) in RUB;

Premium$_{[points]}$ – Price (Premium) in points;

W – the value of the tick;

R – the tick.

1.5. The valid period of the Contract commence from the start of trading of the Contract and continues until the beginning of the evening clearing session of the Contract's last trading day.

1.6. The Contract's last trading day is a Thursday in the Contract's expiration month (hereinafter, "last trading day"). The precise date is specified in the List of Options' Last Trading Days (hereinafter, "Expiration Calendar") and indicated in the Contract's code.

If such Thursday is a non-trading day, the last trading day is defined as the last trading day preceding such Thursday and indicated in the Expiration Calendar.

The Expiration Calendar is adopted by the Exchange, upon agreement with the NCC, and published on the Exchange's website as produced for the current calendar year.

The Exchange is entitled to change the Expiration Calendar, upon agreement with the NCC.

2. Obligations under the Contract

2.1. Variation Margin obligation.

2.1.1. The Parties to the Contract must pay cash (variation margin) to each other in the amount depending on the changes in the value of the Futures Contract.

2.1.2. The variation margin is calculated and paid throughout the period starting from the Contract's first trading day to its last trading day.

2.1.3. The variation margin is calculated according to the following formulas:

2.1.3.1. During the intraday clearing session:

a) In case the variation margin for the Contract has not been calculated before:

VM_1 = Round (SP_1*Round (W_1/R; 5); 2) − Round (P_0*Round (W_1/R; 5); 2

where:
VM_1 – variation margin for the current trading day's intraday settlement period, calculated during the intraday clearing session
Round – mathematical rounding to the specified precision
P_0 – execution price of the Contract
SP_1 – current settlement price of the Contract
W_1 – tick value
R – tick size

b) If the variation margin has been calculated before:

VM_1 = Round (SP_1*Round (W_1/R; 5); 2) − Round (SP_P*Round (W_1/R; 5); 2)

where:
VM_1 – variation margin for the current trading day's intraday settlement period, calculated during the intraday clearing session
Round – mathematical rounding to the specified precision

SP_1 – current settlement price of the Contract
SP_P – settlement price of the Contract calculated during the previous trading day's evening clearing session
W_1 – tick value
R – tick size

For the purpose of the variation margin calculated during the intraday clearing session, the tick value is determined using the USD/RUB FX rate. The time of the USD/RUB FX rate fixing is set by the Exchange and published on the Exchange's website.

2.1.3.2. During the evening clearing session:

a)   In case the variation margin for the Contract has not been calculated before:

$VM_2 = Round (SP_2*Round (W_1/R; 5); 2) − Round (P_0*Round (W_2/R; 5); 2)$

where:
VM_2 – variation margin for the current trading day's evening settlement period, calculated during the evening clearing session
Round – mathematical rounding to the specified precision
P_0 – execution price of the Contract
SP_2 – current settlement price of the Contract
W_2 – tick value
R – tick size

b)   If the variation margin has been calculated before:

$VM_2 = VM − VM_1$

where:
VM_2 – variation margin for the current trading day's evening settlement period, calculated during the evening clearing session
VM – current trading day's total (intraday and evening trading sessions) variation margin
VM_1 – variation margin for the current trading day's intraday settlement period, calculated during the intraday clearing session, as defined in Clause 2.3.1 of these Specification.

Value of VM is determined according to the following formulas:

i.   If the variation margin has not been calculated during the evening clearing session of previous trading day:

$VM = Round (SP_2 *Round (W_2 / R; 5); 2) − Round (P_0*Round (W_2 / R; 5); 2)$

where:
Round – mathematical rounding to the specified precision
SP_2 – current settlement price of the Contract
P_0 – execution price of the Contract
W_2 – tick value
R – tick size

ii. If the variation margin has been calculated during the evening clearing session of previous trading day:

$VM = Round (SP_2*Round (W_2/R; 5); 2) − Round (SP_p*Round (W_2/R; 5); 2)$

where:
Round – mathematical rounding to the specified precision
SP_2 – current settlement price of the Contract
SP_p – settlement price of the Contract, calculated during the previous trading day's evening clearing session
W_2 – tick value
R – tick size

For the purpose of calculating the variation margin during the intraday clearing session, the tick value is determined using the USD/RUB FX rate. The time of the USD/RUB FX rate fixing is set by the Exchange and published on the Exchange's website.

2.1.4. The Contract's settlement price shall be determined by the Exchange in accordance with the procedure and within the timeframe set forth in the Trading Rules and this Specification.

2.1.4. For the purpose of the variation margin calculation the Contract's Settlement price (SP_2) shall be equal to 0 (zero) in the following events:

- if the Contract was settled during the current clearing session;
- during the evening clearing session of the Contract's last trading day.

2.1.5. The obligation to pay the variation margin shall be fulfilled in accordance with the procedure and within the timeframe set forth in the Clearing Rules. Whereby,

- if the variation margin is positive, the Option Writer is obligated to pay the variation margin
- if the variation margin is negative, the Option Holder is obligated to pay the absolute value of the variation margin

2.2. Delivery obligation (obligation to enter into the Futures Contract).

2.2.1. The Option Writer shall on request of the Option Holder enter into the Futures Contract meeting the following requirements:

- the Clearing Member code and the code(s) of the Clearing Member's client(s) that are indicated when entering into the Futures Contract coincide with those that were specified when the Options Contract was made

- the Option Writer becomes the Seller of the Futures Contract, whereas the Option Holder becomes the Buyer of the Futures Contract, if it is a Call Option. If it is a Put Option, the Option Writer becomes the Buyer of the Futures Contract, whereas the Option Holder becomes the Seller of the Futures Contract

- the price at which the Futures Contract is entered into is equal to the Options Contract's Settlement price

2.2.2. The Option Holder can request the Option Writer to exercise the Contract by submitting a notice to the Clearing Center.

2.2.3. The above-mentioned notice of the Option Holder is considered to submitted during the evening clearing session on the Contract's last trading day provided that:

2.2.3.1. The Contract is **In-the-Money Option**, in particular:

- a Call Option, if its Strike is below the Settlement Price of the underlying Futures Contract settled by results of the evening Settlement Period of the Contract's last trading day, or

- a Put Option, if its Strike is the Settlement Price of the underlying Futures Contract settled by results of the evening Settlement Period of the Contract's last trading day

2.2.3.2. The Contract is **At-the-Money Option**, in particular, a Call Option or a Put Option with the Strike equal to the Settlement Price of the underlying Futures Contract settled by results of the evening Settlement Period of the Contract's last trading day. Herewith, the obligation to enter into the Futures Contract is fulfilled in the extent of 50% (fifty per cent) of the positions opened as At-the-Money Options and registered on the sections of Option Holder's positions register with:

- rounding up to the integer – for Call Option
- rounding down to the integer – for Put Option

2.2.4. Entering into the Futures Contract is made in accordance with the Clearing Rules and the Trading Rules.

2.2.5. The Option Holder is eligible to submit a refusal to exercise the Contract on the Contract's last trading.

3. Grounds and procedures for the Contract termination

3.1. Obligations under the Contract are discharged in full after being properly fulfilled.

3.2. The obligations of a party to the Contract are discharged in full when the party takes opposing obligations under the Contract with the same code (designation). This means that the Seller has taken the Buyer's obligations and vice versa, in accordance with the procedure and within the time frame set forth in the Clearing Rules.

3.3. Obligations under the Contract may be discharged on other grounds provided for in the Clearing Rules and in accordance with the procedure set forth in these rules.

4. Default Responsibility

4.1. Parties shall be responsible for a failure to perform obligations under the Contract or improper performance thereof, in accordance with the legislation of the Russian Federation, the Clearing Rules, and the Trading Rules, and the Admission Rules.

5. Special Provisions

5.1. The Exchange is entitled, as agreed with the Clearing Center, to change the last trading day for a Contract with a specific code if during the period of such Contract:

5.1.1. decision to change the last trading day and/or settlement day for a Contract is made by the Exchange in accordance with the Contract's specification;

5.1.2. decision to change Expiration Calendar is made by the Exchange;

5.1.3. the Contract's last trading day is announced to be a non-business day by a Russian Government body.

5.2. Trading members shall be notified of the decision(s) of the Exchange made in accordance with Clauses 5.1.hereof by publishing them on the Exchange's website no less than 3 (three) trading days before they come into force. If the grounds for taking such resolutions provided for in the Clause 5.1. hereof appear less than 3 (three) trading days before the Contract's last trading day, trading members shall be notified of this resolution(s) by way of the resolution being published on the Exchange's website no later than the date of this resolution(s) coming into force.

5.3. As soon as the decision(s) made by the Exchange in accordance with Clauses 5.1. hereof come(s) into effect, the terms of the obligations under the Contracts that were made previously shall be deemed changed with regard to the above-mentioned resolution(s).

6. Amendments and Supplements to the Specification

6.1. The Exchange is entitled to introduce amendments and supplements hereto as agreed with the Clearing Center.

6.2. The amendments and supplements hereto shall come into effect at the moment the Exchange enforces the Specification containing such amendments and supplements upon registration thereof in accordance with the procedure established by the Bank of Russia.

6.3. The Exchange shall notify Trading Members of Specification containing any amendments and supplements to take effect by publishing the corresponding information on the Exchange's website at least three (3) trading days prior to the day when the given Specification come into effect.

6.4. When amendments and supplements come into effect, obligations under previously concluded Contracts shall be considered to have been altered to include such amendments and supplements.