APPROVED

by the Executive Board

of National Clearing Center

(Minutes No as of 19 December 2013)

**METHODOLOGY FOR SELECTING AND VALUATING FOREIGN CURRENCIES AND SECURITIES ACCEPTABLE AS COLLATERAL**

* + 1. General Provisions
       1. This methodology is used by National Clearing Center to (hereinafter referred to as “Clearing Center”) to select foreign currencies and securities accepted as collateral on the Moscow Exchange Derivatives Market and MICEX SE Standard sector, as well as to define the maximum amount of each foreign currency and maximum number of securities of each issuer, kind, type, category, to be registered as collateral of a Clearing Member.
       2. Terms not specifically stipulated herein shall be construed according to the definitions stipulated in the National Clearing Center Clearing Rules and the Bank of Russia regulatory acts.
    2. Securities and Foreign Currencies Acceptable as Collateral
       1. Securities acceptable as collateral (hereinafter referred to as “Collateral Securities”) as well as foreign currencies acceptable as collateral (hereinafter referred to as “Collateral Currencies”) shall meet the requirements of the Bank of Russia including quality management standards for credit organization acting as the central counterparty.
       2. The list with the maximum amount of each Collateral Currency and maximum number of Collateral Securities shall be published on the Moscow Exchange Group’s website at [www.moex.com](http://www.moex.com) (hereinafter referred to as “Website”).
    3. Maximum Number of Collateral Securities that May Be Accepted from One Clearing Member
       1. The maximum number of Collateral Securities registered in the securities register sections of a specific Clearing Member shall be defined according to the formula:

**NMAX(ЦБ)\_ = Min ( NВЫП \* FF \* К / (NРФ / 2), VТОРГ \* KV )**,

where:

|  |  |
| --- | --- |
| **NВЫП** | * the number of outstanding Collateral Securities; |
| **FF** | * the free float set by the MICEX SE Index Committee; |
| **NРФ** | * the number of Clearing Members; |
| **К** | * the proportional factor (set at 0.01); |
| **VТОРГ** | * The average daily value traded in the Security for past six months; |
| **KV** | * the proportional factor (set at 0.03). |

The result shall be rounded to an integer value according to the rules of mathematical rounding in a manner ensuring maximum two non-zero figures in the highest-order positions.

* + 1. Maximum Amount of Collateral Currency that May Be Accepted from One Clearing Member
       1. There is no upper limit on the Collateral Currency registered in the money collateral register sections unless otherwise stated by Clearing Center.
    2. Introducing Amendments to the List of Currencies and Securities accepted as Collateral
       1. The introduction of new currencies and securities to the List of Currencies and Securities accepted as Collateral (hereinafter referred to as “List”) shall be carried out on the grounds of a resolution by the Clearing Center taken in agreement with the Moscow Exchange Derivatives Market Committee. The resolution shall come into force starting from the moment of publishing on the Website.
       2. The Clearing Center reviews the List each quarter within seven (7) working days following the end of the quarter, and makes a decision to remove a Collateral Security or a Collateral Currency from the List if it does not meet requirements stipulated in Article 2. The decision comes into force on the third (3) business day after being published on the Website.
       3. The recalculation of the maximum number of a Collateral Security of each type shall be carried out twice a year after the publication of the lists of liquid securities made by the Exchanges on the results of the second and fourth quarters in accordance with the Bank of Russia’s requirements. If the maximum number of a Collateral Security was changed after the recalculation performed in accordance with Article 3 hereof then the Clearing Center shall approve the recalculated maximum amount provided that the new value is more/less than the old one by more than 15 per cent. The information on changes of the maximum amount is published on the Website no later than within ten (10) business days following the end of the quarter and comes into force on the third (3) business day after the publication.
       4. If necessary due to changing market conditions, the Clearing Center may conduct an unscheduled review of the List and make a resolution on removing a Collateral Currency or a Collateral Security therefrom in order to ensure the Collateral liquidity. The resolution comes into force from publishing on the Website.
       5. The procedure of removing a Collateral currency or a Collateral security from the List is carried out in accordance with the National Clearing Center Clearing Rules.
       6. The Clearing Center may decide to change the upper limit for acceptable Collateral Currency as agreed with the Moscow Exchange Derivatives Market Committee. Relevant decision comes into force three (3) days after posting on the Website.
       7. In cases where changes have been introduced to the List, information thereon shall be posted on the Website, as well as being sent to Clearing Members together with the clearing reports (parameter values are included in the clearing reports daily).
    3. Estimated value of Collateral Currency and Collateral Security
       1. The estimated value of the Collateral Currency unit is calculated in accordance with the following formula:

**Vest = Rind \* (100 – Dratec) / 100,**

where

Vest – the estimated value of the Collateral Currency unit;

Rind – the indicative exchange rate for the Collateral Currency against Russian ruble (hereinafter referred to as “Indicative rate”) calculated in accordance with the Methodology for Calculating Indicative Foreign Exchange Rates;

Drate**c** – the discount rate in per cent.

* + - * 1. Unless otherwise established by the Clearing Center, the Indicative rate as of 6:30:00 pm MSK set on the previous trading day of the derivatives market and Standard sector is used by the Clearing Center to estimate the value of the Collateral Currency unit upon the end of the intraday settlement. The Clearing Center uses the Indicative rate as of 6:30:00pm MSK set on the current trading day to estimate a value of Collateral Currency unit upon the end of the evening settlement.
        2. The discount rate for US dollar is calculated in accordance with the following formula:

**Dratec=1.75\*IMBS,**

where

IMBS – the basic size of the initial margin for the nearby futures contract on USD/RUB exchange rate, in per cent.

* + - 1. The estimated value of the Collateral Security is determined as follows:

**Vest = Pc \* (100 - Drates ) / 100**

where

V**est –** the estimated value of the Collateral Security;

P**c** – the Collateral Security settlement price calculated upon the end of the nearest evening Settlement if the security has been admitted to trading in the Standard sector and included on the list stated in Appendix 1 hereto; or

the Collateral Security market price calculated by the organizer of trading having the largest trading volume in this security in the past quarter, based on trades executed on the previous trading day, if otherwise;

D**rates**– the discount rate in per cent (set at thirty (30) per cent).

* + 1. Procedure for introducing amendments into this Methodology and their coming into force
       1. Any amendments and additions to this Methodology are introduced by a resolution of the Clearing Center. New versions of the Methodology come into force no earlier than after posting on the Website.

Appendix 1

**The list of securities whose estimated value is determined on the basis**

**of MICEX Stock Exchange Standard Sector market data**

|  |  |  |  |
| --- | --- | --- | --- |
| **No** | **Issuer** | **Security class, category, type** | **Ticker** |
| 1 | Gazprom | Ordinary share | GAZP |
| 2 | MMC "NORILSK NICKEL | Ordinary share | GMKN |
| 3 | LUKOIL | Ordinary share | LKOH |
| 4 | Rosneft | Ordinary share | ROSN |
| 5 | Sberbank | Ordinary share | SBER |
| 6 | Sberbank | Preferred share | SBERP |
| 7 | VTB Bank | Ordinary share | VTBR |