



**MOSCOW
EXCHANGE**

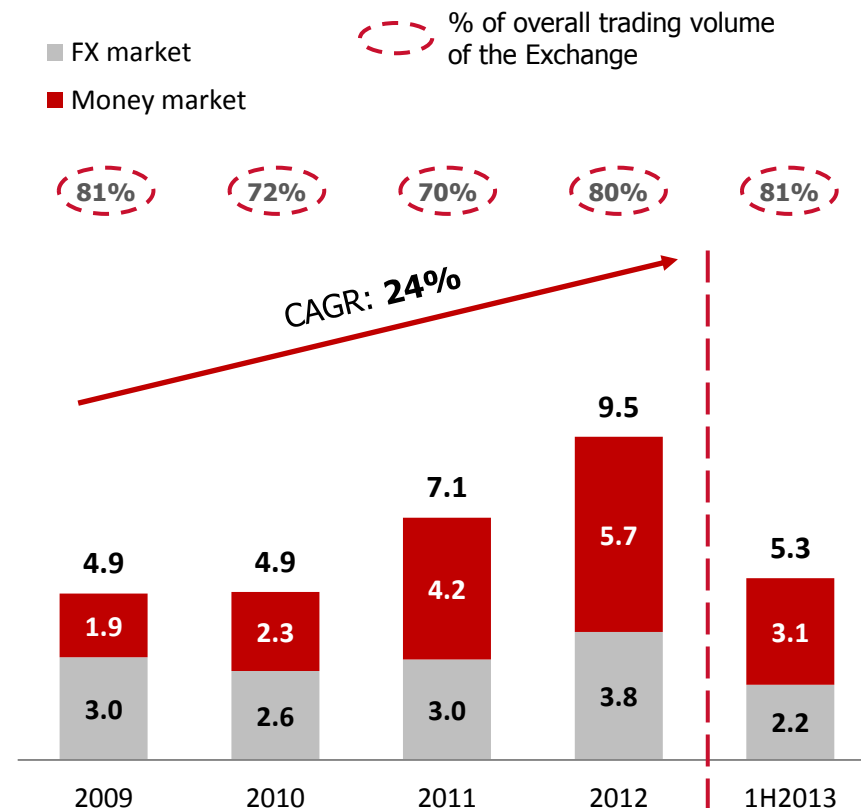
23 October 2013, New York
Igor Marich
Managing Director of FX and Money market

MOSCOW EXCHANGE FX AND MONEY MARKET

FX & Money market – a key segment of the exchange

Trading volume

USD trn



- One of the key segments of Russia's financial market; turnover represents 81% of overall turnover of the Exchange¹
- One of few exchanges worldwide to offer regulated FX trading
- The Bank of Russia employs the Money market to provide the banking system with liquidity
- Major markets used by domestic participants to manage liquidity



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Source: Moscow Exchange

¹ For the 1H 2013

RUB figures are converted into USD at CBR rate average for the period

FX market



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Moscow Exchange FX market **strengths**

Various FX instruments

- USD/RUB, EUR/RUB, EUR/USD, CNY/RUB, SWAPs

High liquidity

- The highest liquidity in Ruble currency pairs

On-exchange clearing & settlement

- Central counterparty (CCP): 100% mitigation of counterparty's risks
- Payment vs payment (PVP)

Comprehensive access interfaces

- Native API as well as FIX transactional v4.4 and FAST/FIX providing high performance and low latency messaging capabilities

Sponsored access (DMA)

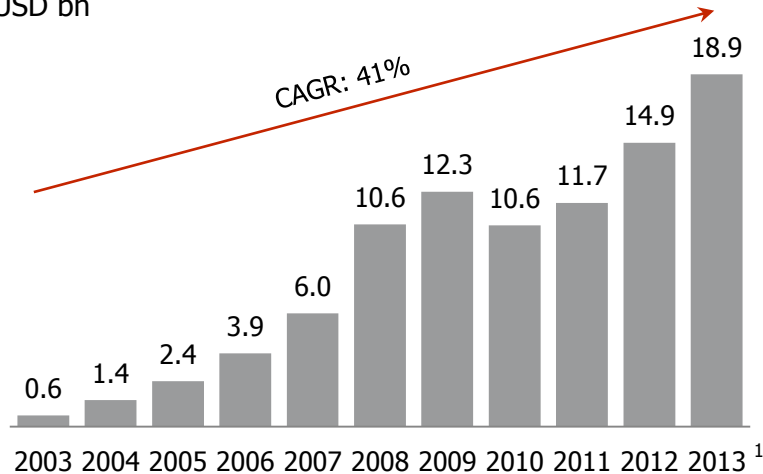
- Full-fledged sponsored DMA was introduced in February 2012. Key features include separate clearing accounts for the client and registration of sub-broker clients



Moscow Exchange FX market **dynamics**

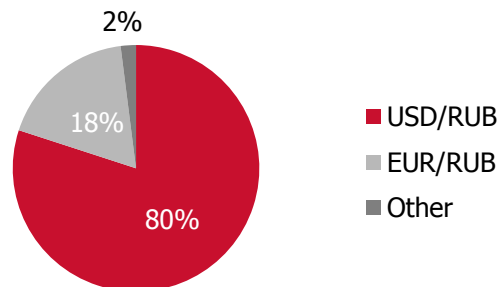
Average daily trading volumes

USD bn



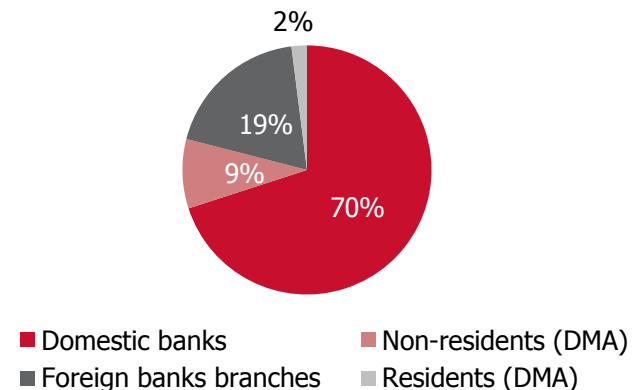
FX trading volumes breakdown by instruments

%



- 539 banks and 37 brokers are members of the FX market on Moscow Exchange as of October 2013
- Tight spreads
- FX spot accounts for 40% and FX swap – for 60% of total turnover
- Guaranteed execution of transactions and settlement: National Clearing Centre (NCC) as CCP
- Sound risk management system, adaptive margining requirements

Clients structure by trading volume



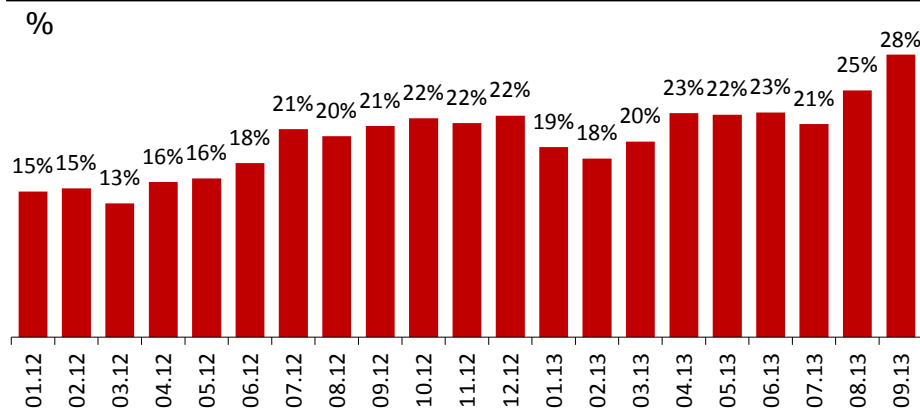
Moscow Exchange **FX Market instruments overview**

SPOT			SWAP (o/n – 1 year)
TOD (T+0)	TOM (T+1)	SPT (T+2)	
▪ USDRUB	▪ USDRUB	▪ USDRUB	▪ USDRUB, EURRUB:
▪ EURRUB	▪ EURRUB	▪ EURRUB	▪ TODTOM
▪ EURUSD	▪ EURUSD	▪ CNYRUB	▪ TOMSPT
▪ CNYRUB	▪ CNYRUB		▪ 1W-1Y
▪ UAHRUB			▪ CNYRUB:
▪ BYRRUB			▪ TODTOM
▪ KZTRUB			▪ TOMSPT
			▪ 1W – 6M
			▪ EURUSD:
			▪ TODTOM

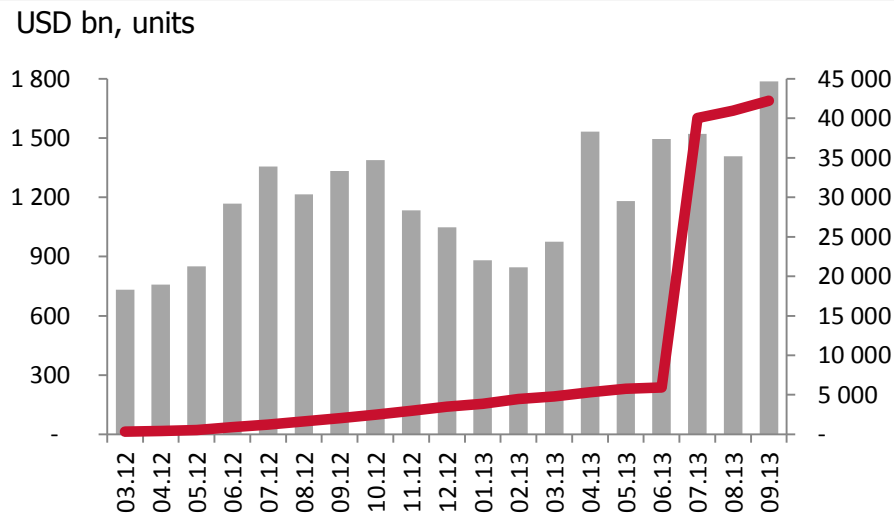


Moscow Exchange FX sponsored DMA

Client share in the total spot FX trading volume



DMA client trading volume and number of registered clients



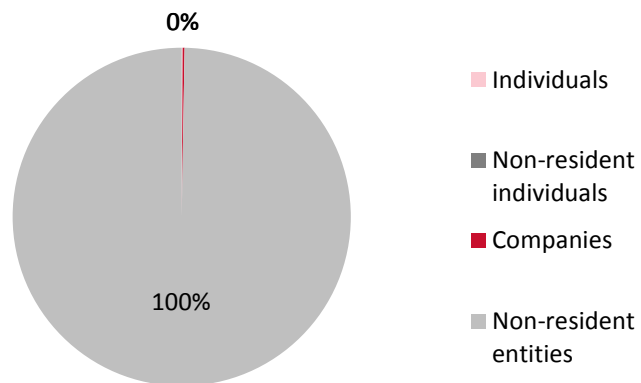
- Full-fledged sponsored DMA was introduced in February 2012. Key features include separate clearing accounts for the client and registration of sub-broker clients
- Over 42,000 registered clients as of September 2013
- Client volumes are concentrated in spot instruments and made up about 28% of total volume in September 2013
- There are no obligations for trading institutions to report FX swaps to official Repository when making deals on-exchange



Client volumes **evolution**

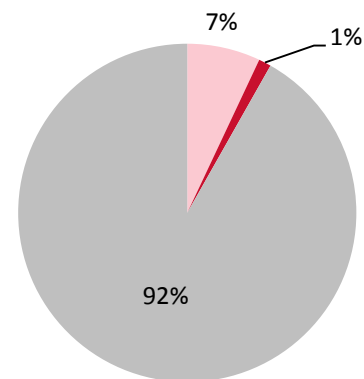
DMA client trading volume

September 2012



DMA client trading volume

September 2013



Client volumes growth:

- Russian individuals - **10x**
- Non-resident individuals – **1.5x**
- Russian entities - **20x**



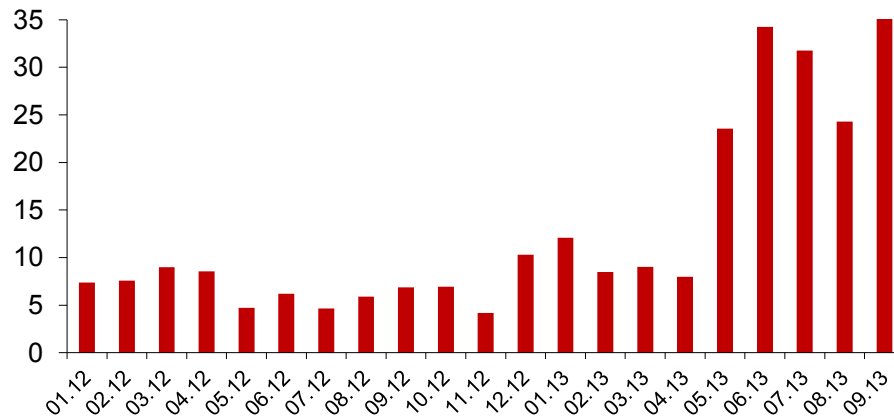
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Moscow Exchange CNY/RUB trading development



Average daily trading volume CNY/RUB,

CNY mln



**Worldwide CNY trading volume
has tripled to USD 120 billion/day
over the last four years**

Further Plans:

- Launch of the Futures on CNY/RUB (Dec 2013)

Changes from April 15, 2013:

- New instruments - CNYRUB_TOM, CNYRUB_LTV, CNY_TODTOM, CNY_TOMSPT
- Partial pre-depositing of cash
- TOM, LTV (T+2), SWAP O/N and TOMSPT instruments available – until 23:50
- Unified margining along with USD, EUR and RUB
- Settlement via Bank of China (ELUOSI) and the Industrial and Commercial Bank of China Ltd. (ICBC)
- CNY can be delivered both in Shanghai and Hong Kong bank branches

Changes from October 21, 2013:

- Long term swaps CNYRUB from 1W till 6M
- Forwards with maturity from 2D till 184D



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Moscow Exchange FX **outlook**

Introduction of mutual MOEX – EBS RUB Fixing

Q4 2013

Enabling FX market access through Derivatives market trading platform

Q1 2014

Segregation of clearing and trading membership

H1 2014

Fee structure revision: introduction of more preferences for liquidity makers

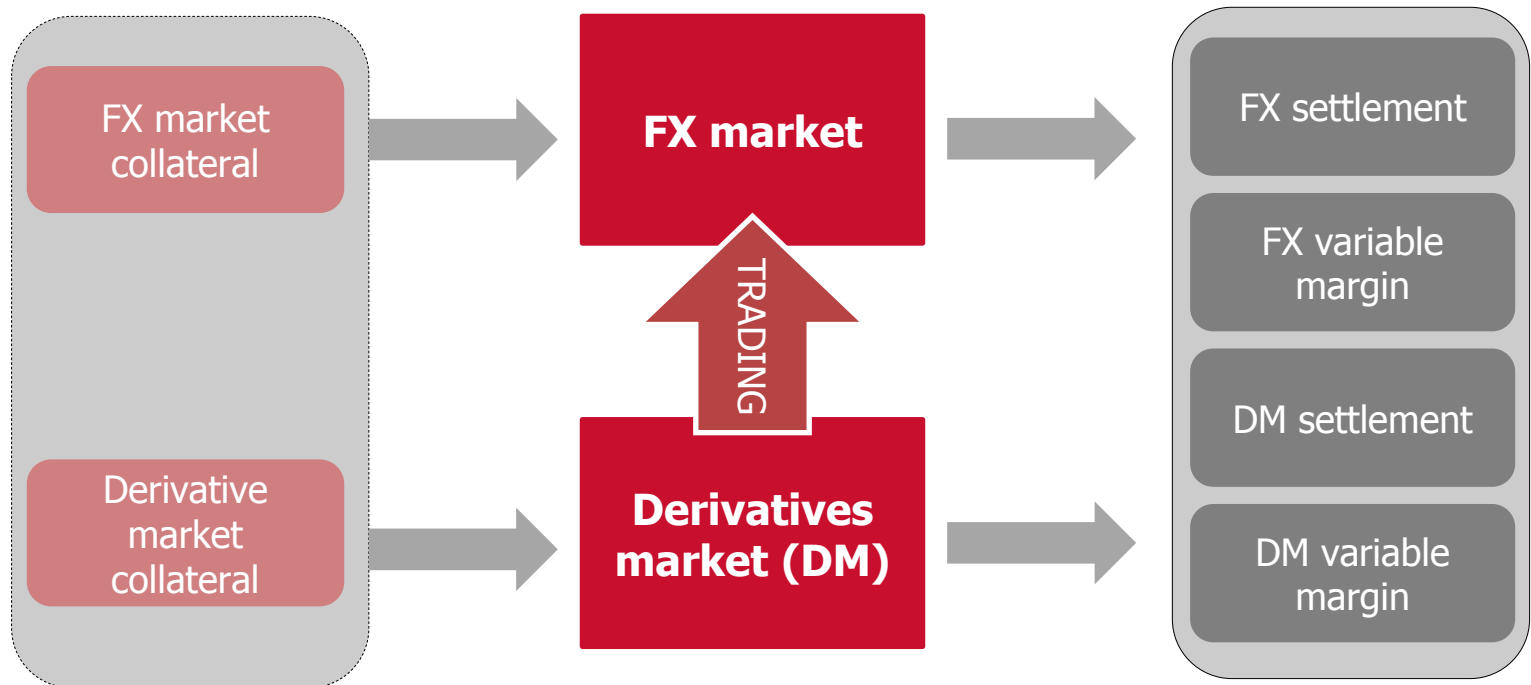
H1 2014

Introduction of new instruments; IRS, OIS, CCS

H2 2014



Single margining on FX and derivatives market (Q1 2014)



- Single margining of both FX and futures – increased profitability from FX/futures operations



Money Market



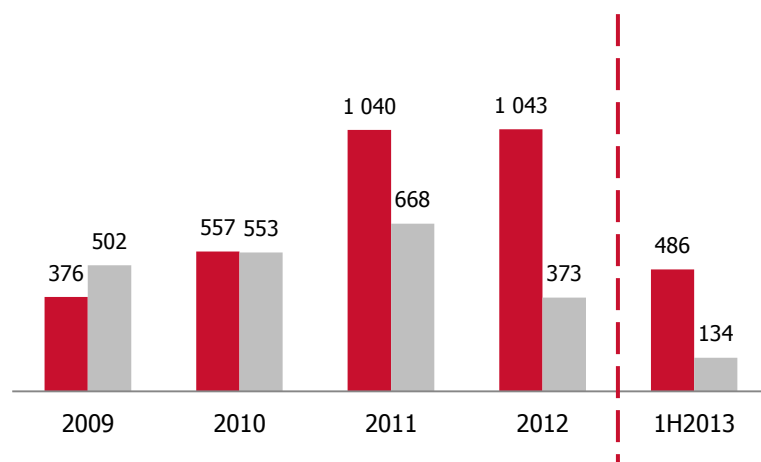
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REPO operations on Moscow Exchange

Repo with shares

USD bn

■ REPO with shares on exchange ■ Volume share transactions

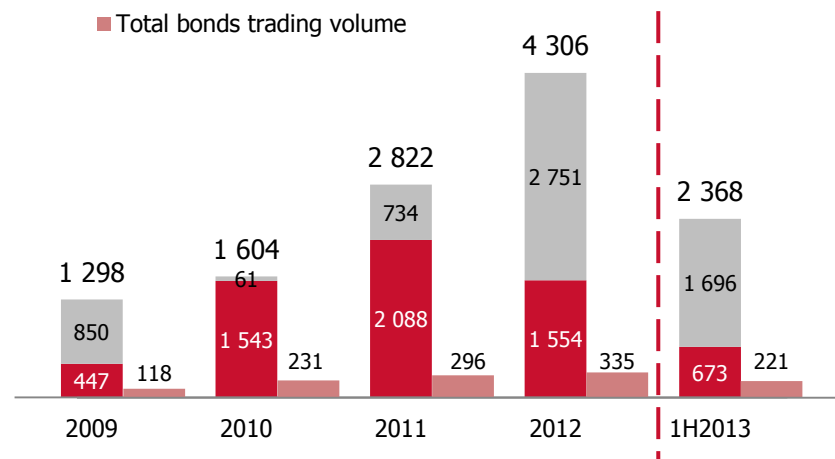


Repo with bonds

USD bn

■ REPO with bonds excl. CBR ■ CBR REPO

■ Total bonds trading volume



On-exchange REPO operations (>90% of the whole Russian REPO market)

Inter-dealer REPO

- with shares
- with bonds

REPO with the Bank of Russia

- with shares
- with bonds

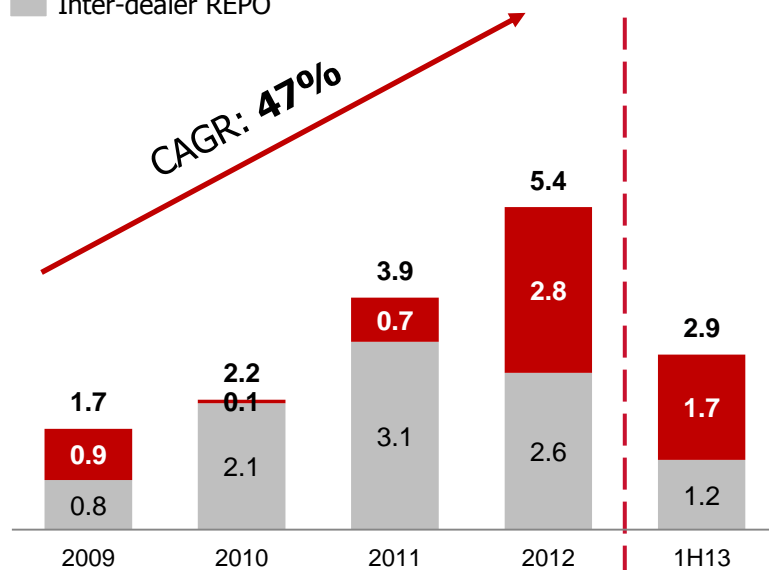
REPO with CCP

REPO market key metrics

Money market trading volumes

USD trn

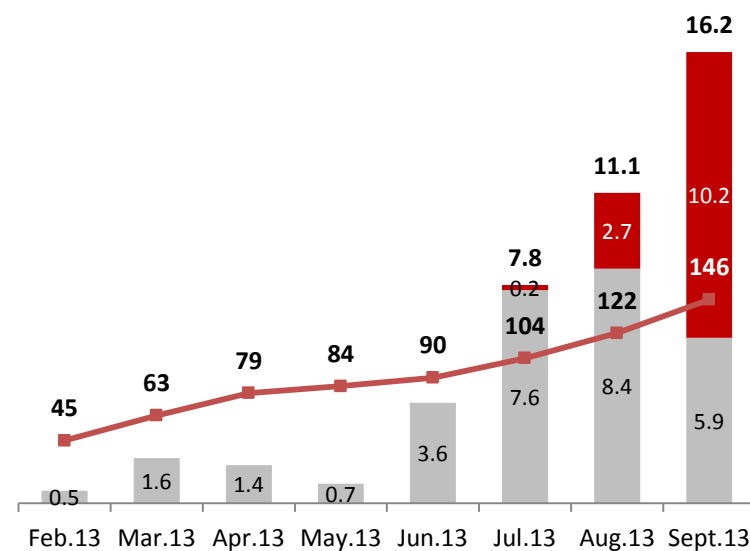
- REPO with the Bank of Russia
- Inter-dealer REPO



REPO with CCP trading volumes and number of clients

USD bn, units

- Bonds
- Shares
- Number of participants



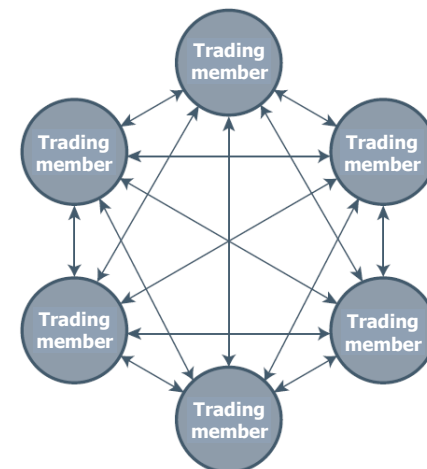
REPO with **CCP**

Repo with the CCP was launched on February 5, 2013

National Clearing Centre (NCC) acts as a central counterparty to a repo trade

Off-order book (direct trades)	Order book
Securities Admitted	
<ul style="list-style-type: none"> ▪ OFZ (Russian Federation Government bonds) ▪ Shares (Top-50 by liquidity) ▪ Bonds from the Bank of Russia Lombard list, rating of an issuer is not below BBB- 	<ul style="list-style-type: none"> ▪ OFZ (Russian Federation Government bonds) ▪ Shares (23 securities, discounts are less than 30%)
Settlement Codes:	
<ul style="list-style-type: none"> ▪ Y0/Y1 – Overnight (delivery at 17:00) ▪ T0/Y1 - Overnight (prompt delivery of the first part of a repo trade) ▪ Y1/Y2 - TomNext (trading hours: 10:00 – 19:00, delivery the next day at 17:00) ▪ Y0/Y2 – TodSpt (delivery at 17:00) 	<ul style="list-style-type: none"> ▪ Y0/Y1 - Overnight (delivery at 17:00)
<ul style="list-style-type: none"> ▪ Trading hours: 10:00 - 16:00 ▪ Delivery and settlement: 17:00 – 19:00 	

INTER-DEALER REPO



REPO with CCP



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Moscow Exchange Money Market **prospects 2013-2014**

Further development of SC REPO with CCP:

- Order books for corporate bonds
- Extended trading hours
- More securities and settlement codes

GC pooling REPO with CCP:

- Single collateral pool CCP and CBR
- Longer Repo terms
- Standard baskets
- Collateral Re-use and substitution

Basket REPO with the Central Bank of Russia and collateral management by NSD



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– perception of market services offered by the Company and its subsidiaries;

– volatility (a) of the Russian economy and the securities market and (b) sectors with a high level of competition that the Company and its subsidiaries operate;

– changes in (a) domestic and international legislation and tax regulation and (b) state policies related to financial markets and securities markets;

– competition increase from new players on the Russian market;

– the ability to keep pace with rapid changes in science and technology environment, including the ability to use advanced features that are popular with the Company's and its subsidiaries' customers;

– the ability to maintain continuity of the process of introduction of new competitive products and services, while keeping the competitiveness;

– the ability to attract new customers on the domestic market and in foreign jurisdictions;

– the ability to increase the offer of products in foreign jurisdictions.

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