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| Approved by the Directorate of  MICEX Stock Exchange  on October 19, 2016  (Minutes No. 53)  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  A. Kuznetsova  General Director  MICEX Stock Exchange |  |

**Free Float Methodology**

1. **General provisions**
   1. This methodology (hereinafter “the Methodology”) governs the procedure for determining and updating a coefficient reflecting the share of securities readily available for trading on a public market, the free float.
   2. The Methodology shall be applied to the following securities:

* stocks including stocks of foreign issuers except for stocks issued by joint stock investment funds
* depositary receipts representing stocks that certify the rights in respect of represented securities (hereinafter the DR)

The stocks and DRs shall be hereinafter jointly referred to as “the Stocks”.

* 1. This Methodology shall be applied to the Stocks which are constituents of or on waiting lists to be included in the indices calculated by Closed Joint Stock Company “MICEX Stock Exchange” (hereinafter “the Exchange”), and/or on the Exchange’s quotation lists or which are being included on them (except for when the stocks were included into quotation lists without compliance with the requirement to the issuer’s free float and without completed placement and/or planned sale.
  2. Terms and definitions used herein shall be applied according to their meanings stipulated by the Exchange’s Listing Rules, methodologies for calculating the Exchange’s Indices and the laws of the Russian Federation.

1. **Determination of the free float**
   1. The free float is determined based on the information that is disclosed by securities issuers and other publicly available information that contains information about owners of securities and/or owners of securities represented by depositary receipts including beneficiary owners.
   2. The total number of stock shall be determined as the number of stocks placed and/or represented stocks of the issuer of the same category, type according to the data on the settlement date. The number of floating stocks shall be determined by subtracting the shares which are not in public hands from the total number of issuer’s shares. The free-float value shall be determined by dividing the free float by the total number of issuer’s stocks.
   3. The Index Committee shall be entitled to recommend the Exchange to class stocks held by one or another shareholder either to floating stocks, or to stocks that are not floated. When making the recommendations the Index Committee should be guided by data available in public domain on the shareholding structure, affiliation of holders and/or beneficiaries, as well as by the Index Committee expert opinion.
   4. The stocks held by the following holders and/beneficiaries are not classed as the free float:
      1. Government, government-owned corporations and institutions, the Bank of Russia, foreign Central Banks;
      2. An issuer and legal entities controlled by such issuer on the part of issued stocks they hold;
      3. Holders of encumbered stocks (i.e. stocks held under attachment, pledge or other security arrangement except repo transactions) to the extent of the part of stocks subject to encumbrance;
      4. Persons who carry sole executive body functions, members of collective executive bodies, as well as other persons appointed (elected) to senior leadership positions in the issuer’s organisation;
      5. Spouse, family members (parents, (including adoptive), children (included adopted),   
         full- and half-blood siblings) of the persons listed in item 2.4.4 herein;
      6. Organisations in which the persons listed in item 2.4.4, and/or spouses of the same, their family members may affect decisions regarding organisation’s activity.
      7. Legal entities or individuals, except for securities depositories or institutional portfolio investors holding at least 5% of the total number of stocks issued, as well as those of listed herein entities/individuals that are affiliated and jointly hold at least 5% of the total number of stocks issued;
      8. Institutional portfolio investors holding at least 5% of the total number of stocks issued as well as their affiliates, provided that the Index Committee has recommended qualifying such stocks as not publicly traded securities;
      9. Private Equity Funds;
      10. Sovereign wealth funds, other than institutional portfolio investors in virtue of the Index Committee expert opinion.
      11. Other legal entities and/or individuals that in expert opinion of the Index Committee are long-term strategic stockholders of the issuer, and unlikely to offer shares to a public market in the immediate future. This cover stockholders committed not to sell their stocks during a certain period of time;
      12. Securities depositories, provided that holders of such securities deposited there fall within any class of holders listed in clauses 2.4.1 to 2.4.10 above according to the Index Committee expert opinion.
   5. The Exchange is entitled to set the free float to zero for securities which do not meet the following criteria:
      1. The issuer has 100 shareholders or more. If a security has been placed/offered for the first time on a public market, this criteria is applied after the issuer discloses (no sooner than six months after the security was placed) the total number of entities/persons in the shareholder register compiled for the AGM.
      2. The Liquidity Coefficient (LC) is 0.1% or higher. The LC is calculated as follows:

where

Median(V) – the median daily trading volume in RUB. Calculated for three months immediately preceding the calculation date;

WorkDays – the number of trading days in the year. It is 247 By default. The Exchange may set other value;

Average(P (Q - Qn)) – the average market cap of the stock calculated for three months immediately preceding the calculation date, where

P– the closing price;

Q – the total number of stocks;

Qn – the total number of stocks specified in clause 2.4;

* 1. The Exchange may limit the free float for a stock included in an index (FFi) based on an expert opinion from the Index Committee.

1. **Setting the free float. Announcements for the free floats.** 
   1. A value of the free float shall be set within the range of 0.00-1.00 accurate to two decimal places. Percentage indicated in 2.4.7 and 2.4.8 herein is calculated using mathematical rounding rules. For the purpose of disclosure the free float may be expressed as a percentage.
   2. The free float values shall be set by the Exchange taking account of the Index Committee recommendations on a quarterly basis not later than by 1 March, 1 June, 1 September, and 1 December. The Exchange may set different free float values, if the Exchange has received the information described in clause 2.1 herein regarding substantial change in shareholding structure, and if the stocks have been admitted to the Exchange’s quotation list
   3. The free float is to be reviewed for securities that constitute the indices calculated by the Exchange and are on the Exchange’s quotation lists.
   4. If a current value of the free float is more than 15% and the expected review will change it by less than two percentage points, it may remain unchanged.
   5. The free float values set by the Exchange are to be used to calculate the index starting from the next regular or extraordinary index review date.
   6. The reviewed free float is to be used to vet a security to include it on the quotation lists/transfer to other listing level and maintain it in the quotation list (in this case the last value of the free float approved by the Exchange is to be used).
   7. The free float is to be posted on the Moscow Exchange’s website within five days of its approval date, if the securities have been listed on the List of Securities Admitted to Trading (hereinafter “the List”).
      1. If the securities have not been earlier included on the List, the free float should be disclosed not earlier than the date of decision on including securities on the List.