

**APPROVED**  
by the resolution of the Supervisory Board  
of the Moscow Exchange  
on April 26, 2018, Minutes No. 1

**PROVISIONS  
ON THE RISK MANAGEMENT COMMISSION OF  
THE SUPERVISORY BOARD OF  
THE MOSCOW EXCHANGE**

**Moscow  
2018**

## **1. General Provisions**

1.1. The Provisions on the Risk Management Commission of the Supervisory Board of Public Joint-Stock Company “Moscow Exchange MICEX-RTS” (hereinafter referred to as the “Provisions”) have been prepared in accordance with the laws of the Russian Federation and the Charter of Public Joint-Stock Company “Moscow Exchange MICEX-RTS” (hereinafter referred to as the “Moscow Exchange” or the “Exchange”).

1.2. The Provisions determine the procedure for setting up and the status of the Risk Management Commission of the Supervisory Board of the Moscow Exchange (hereinafter referred to as the “Risk Management Commission” or the “Commission”), define its tasks and functions, as well as its powers, proceedings and decision-making procedures.

1.3. The Risk Management Commission is a standing consultative and advisory body of the Supervisory Board of the Exchange set up with the purpose to prepare recommendations to the Supervisory Board on matters falling within the competence of the Commission.

1.4. The members of the Risk Management Commission shall be guided in their activity by the current legislation of the Russian Federation, the Charter of the Moscow Exchange, the Provisions of the Supervisory Board of the Moscow Exchange, strategy of the Moscow Exchange, resolutions of the Supervisory Board, these Provisions and other documents adopted by the General Meeting of shareholders and the Supervisory Board of the Moscow Exchange.

1.5. Unless the present Provisions provide otherwise, the terms used but not defined herein shall have the same meaning as defined in the Charter and the Provisions of the Supervisory Board of the Moscow Exchange.

1.6. The Risk Management Commission shall function within the scope of authorities granted by the Supervisory Board of the Moscow Exchange and shall on all matters report to the Supervisory Board of the Moscow Exchange.

1.7. The Risk Management Commission shall not act on behalf of the Moscow Exchange, executive bodies or the Supervisory Board of the Exchange, or bind the executive bodies or the Supervisory Board in any way.

1.8. These Provisions with supplements and amendments hereto shall be subject to approval by the Supervisory Board of the Exchange.

1.9. These Provisions shall apply as long as they do not contradict the Charter of the Moscow Exchange.

## **2. Objectives and Functions of the Risk Management Commission**

2.1. The primary objective of the Risk Management Commission is participation in the improvement of the existing risk management system of the Moscow Exchange and the Moscow Exchange Group with the view to enhance stability and operating efficiency of the Moscow Exchange.

2.2. In order to achieve this objective, the Commission shall perform the following duties:

- 2.2.1. draft recommendations for the Exchange Supervisory Board on the priority development areas related to risk management of the Moscow Exchange;
- 2.2.2. review internal procedures of the Exchange and the Moscow Exchange Group companies' risk management and prepare improvement recommendations, as instructed by the Exchange Supervisory Board;
- 2.2.3. if necessary, review particular elements and/or parameters of the risk management system, and make opinions on their adequacy and efficiency;
- 2.2.4. review reports of the Exchange and the Moscow Exchange Group companies' management on the risk management system performance;
- 2.2.5. draft opinions on the issues that the Exchange Executive Board refers to its review;
- 2.2.6. preliminary review of the following documents prepared for the consideration of the Supervisory Board:
  - documents defining the principles of risk management (concepts, strategies, policies);
  - documents setting key risk indicators, including risk appetite and risk tolerance indicators;
  - reports on the risk management system performance.
- 2.2.7. resolve other issues as instructed by the Supervisory Board.

### **3. Commission's Composition and Formation Procedure**

- 3.1. Members of the Commission shall be elected by a simple majority of votes of all elected members of the Supervisory Board of the Moscow Exchange, at one of the first meetings after the election of the new Supervisory Board of the Exchange.
- 3.2. The members of the Commission shall serve during the term of the Supervisory Board of the Moscow Exchange office until their successors are duly elected by the Annual General Shareholders Meeting or Extraordinary Meeting in the event of early termination of the Supervisory Board's office.
- 3.3. The Supervisory Board of the Moscow Exchange shall decide on the size and personal composition of the Commission. The number of Commission members may not be less than 3 (three) persons. The Commission may comprise the members of the Supervisory Board of the Moscow Exchange, CCP NCC, the National Settlement Depository, as well as representatives of the shareholders of the Moscow Exchange.
- 3.4. If necessary, the members of the Commission may invite to their meetings leaders of the structural units and employees of the Moscow Exchange and Moscow Exchange Group, and other persons with professional skills and competence required to make decisions on issues reviewed by the Commission.
- 3.5. A member of the Commission may resign earlier by submitting a written notice of resignation to the Chair of the Exchange Supervisory Board and the Chair of the Commission at least one month prior to the expected resignation date.
- 3.6. The Supervisory Board of the Exchange may at its sole discretion release all or any Commission member from their responsibilities. In this case the members of the Supervisory Board of the Exchange shall elect a new member (members) of the Commission at the

meeting that decides on the early release, or shall adopt a decision to reduce the size of the Commission.

3.7. In case the number of Commission members does not meet the required quorum for holding Commission's meetings, the Chair of the Exchange Supervisory Board, as advised by the Chair of the Commission, shall convene an extraordinary meeting of the Supervisory Board to hold new elections or shall include the election issue into the agenda of the next scheduled meeting of the Supervisory Board of the Exchange.

3.8. The work of the Commission shall be governed and organised by the Chair of the Commission elected by a majority vote of the attending members of the Supervisory Board of the Exchange.

It is recommended to elect the Chairman of the Commission out of independent directors of the Supervisory Board of the Moscow Exchange.

3.9. If necessary, in the absence of the Chair of the Commission the members of the Commission shall have the right to elect a Deputy Chair by a majority vote of the attending members.

#### **4. Commission's Proceedings**

4.1. In organising the work of the Commission, the Chair shall:

- ensure the unbiased character of recommendations developed by the Commission for the Supervisory Board of the Moscow Exchange;
- convene and chair the meeting;
- decide on the form of the meeting and approve its agenda;
- decide on the list of invitees to the Commission meeting in praesentia;
- organise the discussion of agenda items at Commission meetings and listen to the opinions of invitees;
- organise minutes keeping and sign the minutes;
- draft, where necessary, a forward schedule of Commission meetings taking into account the schedule of the Supervisory Board meetings;
- allocate responsibilities among Commission members;
- represent the Commission in interaction with executive bodies of the Moscow Exchange and Moscow Exchange Group, other bodies and persons;
- maintain official correspondence of the Commission, sign enquires, letters and other documents on behalf of the Commission;
- ensure compliance of the Commission activities with current legislation of the Russian Federation, the Charter of the Moscow Exchange, other bylaws of the Moscow Exchange and these Provisions;
- on a regular basis advise the Supervisory Board and its Chair on activities of the Commission;
- perform other functions as assigned by the current legislation, the Charter of the Moscow Exchange, other bylaws of the Exchange and these Provisions.

4.2. An employee of the Exchange, appointed by the Supervisory Board or in his/her absence at the meeting – any employee elected by a majority vote of the total attending Commission members shall perform the functions of the Commission Secretary and shall ensure the preparation for and holding of Commission meetings, collection and filing of pre-reads, timely notification of the members of the Commission and invitees on the meeting date and agenda, taking meeting minutes, keeping all relevant materials and other functions upon assignment of the Chair of the Commission.

4.3. Normally, the Commission shall hold meetings in praesentia (joint attendance). At the meetings held in praesentia the Commission members, with consent of all attending Commission members, may review issues not included into the agenda.

4.4. Upon decision of the Chair of the Commission the members may adopt resolutions by voting in absentia.

4.5. To facilitate the work of the Commission technical communication means (teleconferences and etc.) may be used. The invitees to the meeting in praesentia, inclusive of the members of the Commission who cannot attend the meeting may submit their written opinions on the agenda items. Such written opinions must be read out at the Commission meeting by the Commission Chair. The Commission shall take account of such written opinions at decision-making and they shall be attached to the meeting minutes. The written opinion of a non-attending Commission member shall be taken into account when determining the presence of quorum and voting results on the agenda item if the following conditions are met:

- a written opinion has been received prior to the beginning of the meeting;
- a Commission member has expressed his/her viewpoint on the issue in unmistakable terms, having indicated in the written opinion one of the voting options for the proposed draft resolution – “for”, “against” or “abstained”.

A written opinion containing adjustments or reservations as to the proposed draft resolution shall not be taken into account when determining the presence of quorum and voting results. Neither the written opinion shall be taken into account when determining the presence of quorum and voting results, if the draft resolution is adjusted at the Commission meeting. Written opinions shall be taken into account when determining the presence of the quorum and voting results separately for each agenda item and reflected in the Commission minutes. Written opinions sent by persons unable to attend the Commission meeting in praesentia must be signed by them, indicating their surnames and initials and submitted prior to the beginning of the Commission meeting in the original copy or by fax with further submission of the original copy.

4.6. The Chair of the Commission shall develop its work plan in consideration of the approved work plan of the Exchange Supervisory Board and proposals made by the Supervisory Board Chair, members of the Supervisory Board and the Commission, Chair and members of the Executive Board, the Corporate Secretary and structural units of the Exchange.

4.7. When convening a Commission meeting the Chair of the Commission shall decide on the date, time, agenda, venue, and form of the meeting as well as the list of invitees.

Commission Chair shall take a decision to convene an extraordinary meeting of the Commission basing on the relevant requests and proposals from persons specified in clause 4.6 hereof.

Commission Chair shall decide to convene an extraordinary meeting or to include an item into the agenda within 5 (five) business days following the relevant request or proposal taking into account the importance and urgency of the proposed item.

4.8. The Chair of the Commission may dismiss the request for Commission convocation, if the issues proposed to the agenda are beyond its competence according to these Provisions. Substantiated dismissal shall be communicated to the initiator within five (5) business days after the receipt of the request, or the proposal.

4.9. If there are circumstances impeding the holding of a Commission meeting or even making it impossible and the Commission members have been notified about such a meeting, the Chair may decide to adjourn the meeting to a different date with the same agenda. The Commission Secretary instructed so by the Chair shall notify all Commission members on the change of the meeting date and (or) time.

4.10. Any meeting of the Commission shall be attended by its Chair or his/her Deputy. If they are absent, members of the Commission shall elect the chair of the meeting from the members present, by a simple majority of votes.

4.11. The meeting of the Commission shall be deemed quorate if at least half of the total number of members enjoying a right to vote are attending the meeting. When opening the meeting the Chair of the Commission shall decide whether the meeting is quorate. In the absence of quorum, the meeting shall be adjourned by the Chair and postponed to another date with the same agenda, or the issues to be discussed at such adjourned meeting shall be included into the agenda of the next scheduled meeting.

4.12. Each member of the Commission, inclusive of its Chair, shall have one vote. The members of the Commission may not delegate their votes to any other member of the Commission.

4.13. In the course of the meeting any information about members having interest in any agenda item must be disclosed and advised to the members of the Commission.

4.14. The Commission shall take decisions by a simple majority vote. The Chair of the meeting shall be entitled to a casting vote when votes are equally divided.

4.15. If the meeting of the Commission is held in absentia the members of the Commission shall receive voting ballots along with the pre-reads.

4.16. When filling in a voting ballot for an absentee vote (or sending a written opinion by those members who cannot attend the meeting) all voting options, except one (“for”, “against” or “abstained”) in each item put to vote must be crossed out. The filled in voting ballot must be signed with indication of the surname and initials of such Commission member and delivered to the specified address in the original copy or by fax with the original copy to be delivered later.

4.17. The resolutions of the Commission shall be reflected in the minutes, drafted by the Secretary of the Commission no later than 10 (ten) business days after the meeting. The Chair of the meeting and the Secretary of the Commission shall sign the minutes. The Chair shall be responsible for the accuracy of the minutes.

4.18. The minutes of the meetings shall state: the form, venue, date and time of the meeting (deadline for the filled in voting ballots submission), names of attendees, agenda of the meeting, items put to vote, draft resolutions, voting results, adopted resolutions, opinions in

writing of the absent members, key points of delivered reports (optional), opinions and recommendations of invitees.

An individual opinion of the Commission member having voted against the proposed resolution or of the member abstained from voting may be recorded in the minutes of the meeting if so requested.

4.19. Where the Commission provides recommendations on the agenda items to be further decided on at the meeting of the Supervisory Board of the Moscow Exchange, the reference to such recommendations must be made in the pre-reads for this item, submitted for the review by the Exchange Supervisory Board.

4.20. The Corporate Secretary of the Exchange shall ensure that minutes of meetings are duly kept. The minutes of the meetings of the Commission shall have a continuous numbering starting from the date of approval of the effective composition of the Commission till the date of approval of a new composition of the Commission by the Supervisory Board of the Moscow Exchange.

4.21. The copies of the meetings' minutes or abstracts thereof shall be forwarded by the Commission Secretary to persons, responsible for the implementation of the relevant Commission resolutions, members of the Commission, as well as to the members of the Exchange Supervisory Board Moscow Exchange Group supervisory boards upon their written request, and to the Exchange structural units only if so sanctioned by the Chair of the Executive Board of the Exchange or the person authorised by him/her.

4.22. Commission members must refrain from actions which will or may result in a conflict of interests between them and the Moscow Exchange. They must not disclose or otherwise use any confidential or insider information of the Moscow Exchange in their personal interests or in the interests of any third parties. To that end the Commission members must undertake a written confidentiality obligation.

## **5. Concluding Provisions**

5.1. Any issues that are not regulated by these Provisions shall be regulated by the Charter of the Moscow Exchange, the Provisions on the Supervisory Board of the Moscow Exchange, other bylaws of the Moscow Exchange and the applicable laws.

5.2. Should certain items of these Provisions come into conflict with the laws, the Charter of the Moscow Exchange, the Provisions on the Supervisory Board, or any bylaws of the Moscow Exchange approved by its General Shareholders Meeting due to any amendments introduced therein, such Provisions shall become ineffective, and the Commission shall be governed by the provisions of the abovementioned statutes and bylaws up to the time these Provisions are amended accordingly.