

Notice of risks associated with purchasing foreign notes

This warning notice of risks has been developed to meet the requirement in clause 21.5, article 51¹ of Federal law No 39-FZ “On the Securities Market” (the “Law on the Securities Market”) for a Russian organiser of trading, that decided to admit foreign securities to trading, to publish a notice of the risks associated with purchasing foreign securities on its website (hereinafter referred to as “Notice”). The Notice aims to inform prospective investors of the risks and possible losses (damages) related to transactions with foreign securities.

This Notice describes specific risk factors associated with investments in foreign notes (hereinafter referred to as “Foreign Notes”). The general risk factors related to transactions in foreign securities are given in the Warning notice of risks associated with purchasing foreign securities that was published on Moscow Exchange website.

- ***Risks associated with corporate events***

When deciding on investing in Foreign Notes, it should be taken into account that Russian depositories allowed to keep records of ownership to Foreign Notes, are not able to represent or/and warrant that investors are allowed to participate in all corporate events of a Foreign Notes issuer or/and meetings of owners (or holders) of notes, as the relevant rights are subject to the specifics of legal regulation of the country of incorporation of the issuer and/or foreign exchange on which the securities (notes) are already traded, as well as the special aspects of ownership recording by the international central securities depositories (hereinafter referred to as “ICSD”).

Any participation in voluntary corporate events may be fully subject to the terms established by an issuer, however, such participation is usually possible only if the aggregate principal amount of notes owned by the investor equals or exceeds a minimum denomination. At the same time, an issuer may determine the conditions of participation in voluntary corporate events which do not have any limitations on the denomination.

The similar risks may apply to the participation in obligatory corporate events.

Prospective investors should read the prospectus carefully in respect of restrictions set out for participation in voluntary/obligatory corporate events, and make a decision on investing in Foreign Notes at their own discretion considering the restrictions and their investment goals.

- ***Risks associated with minimum denomination set in issuance documents***

A prospectus may specify a minimum denomination to restrict trading in the security in EU countries with regard to a minimum lot available for buying. A prospectus may also specify a minimum denomination (a minimum lot available for buying) in other countries in which the security is listed.

If a prospectus specifies the minimum denomination, ICSD is able to settle a trading and clearing transaction in volume of relevant security in the minimum denomination (for example, USD 100,000) and integral multiples of, for example, USD 1,000 in excess thereof. Therefore, such restrictions contained in a prospectus may entail the risks associated with the absence of the ability to transfer foreign securities via Clearstream and/or Euroclear.

The presence of a minimum denomination requirement in a prospectus may entail risk of refusal to conduct a transaction by Clearstream and/or Euroclear and the necessity to buy additional notes to meet the minimum denomination for investors who buy a volume of Foreign Notes totalling less than

the established minimum denomination and wish to transfer the notes for settlement via the ICSDs (these risks are not applicable if transactions are settled by a Russian depository).

- ***Legal risks***

By purchasing the foreign bonds it should be borne in mind that in some cases such bonds are not similar to Russian bonds. Under all circumstances, the rights attached to the foreign bonds and the rules of exercise of such rights may materially differ from the rights under Russian bonds. In particular, a foreign bond may not provide for the right of its holder to receive from the issuer of such bond the full face value or other equivalent in property within the set period upon the occurrence of events or conditions stipulated by the issuing documents of such bond.

- ***Geopolitical risks***

When making an investment decision, an investor should review geopolitical risks carefully, taking into consideration existing sanctions on an issuer (entity issuing the Foreign Notes), a borrower, a credit organisation, and/or a depository that records ownership. If the above-mentioned entities or an investor itself are subject to statutory and/or regulatory restrictions and/or sanctions, the investor bears the risks of non-payment of the principal amount and coupon in the currency of the principal amount of the Foreign Note. If an entity receiving a payment under the Foreign Note does not have an account to which such payment in foreign currency may be transferred, the investor is exposed to the risk of being given such payment in RUB at the exchange rate set by the credit organisation in accordance with its guidelines.

A buyer of Foreign Notes, at his own discretion, evaluates and assumes the risks of any prohibition by Russian law to invest in certain Foreign Notes.

A buyer of Foreign Notes, at his own discretion, evaluates and assumes the risks of any statutory and/or regulatory prohibition of any assistance related to investment in Foreign Notes that is provided by (1) a depository at which the buyer has a depo account designed for keeping records of ownership to Foreign Notes, or (2) a depository/ ICSD involved in the buyer's transaction in the Foreign Notes.

A buyer of Foreign Notes, at his own discretion, evaluates and assumes the risks of any statutory and/or regulatory prohibition of any involvement in transferring payment for or in respect of Foreign Notes that may be imposed by (1) a credit institution at which a buyer has a foreign currency account, or (2) a credit institution the correspondent account of which is to be used to pay out cash income on the foreign notes and other cash payments due to the holders of the notes.

The list of risks described herein is not exhaustive.

The aim of this Notice is not that prospective investors decline to make transactions in foreign notes included on the list of securities admitted to trading with Moscow Exchange. Its aim is to help investors to evaluate the risks associated with investment in such securities and thus, to facilitate measured investment decisions.

In view of the aforesaid, we recommend to give careful consideration to the rationality of investment in Foreign Notes included on the list of securities admitted to trading on Moscow Exchange, taking into account the investor's objective, expertise and financial ability, as well as other potentially important factors (including risk factors).

Managing Director of Securities Market,
Member of the Executive Board

Anna Kuznetsova