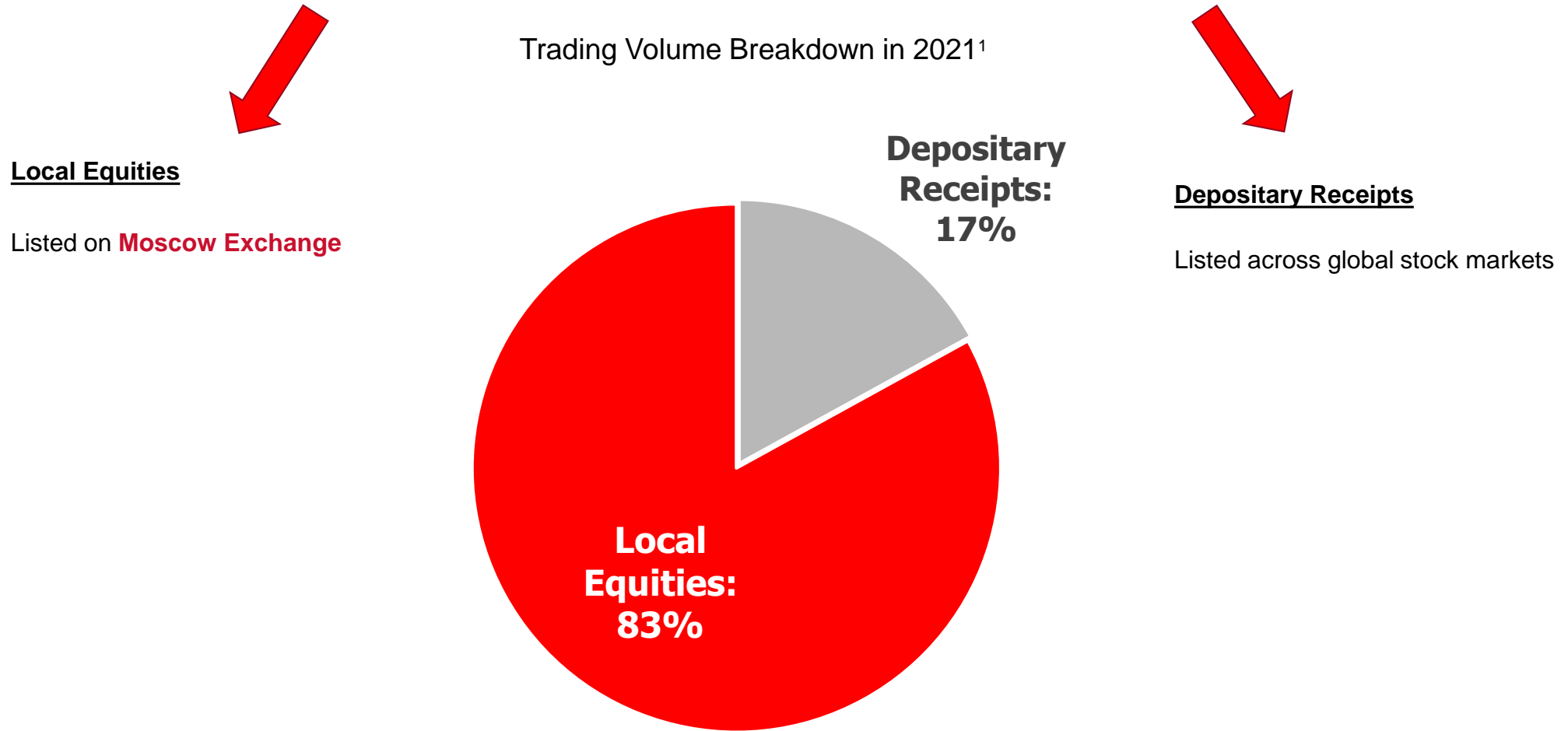


**ACCESS TO  
RUSSIAN EQUITY MARKET**

## 2 Ways of Investing in Russian Equity Market



Source: Moscow Exchange, Liquidmetrix  
1 - Trading volumes in 2021 in Moscow Exchange main trading mode vs LSE electronic order book (IOB), calculated for 33 dual-listed companies.

## Trade Locally!

### Key points for choosing local shares on MOEX over Depository Receipts

- ✓ Full accessibility for international investor
- ✓ Modern market infrastructure
- ✓ Deeper liquidity and tighter spreads
- ✓ Full shareholder voting rights
- ✓ Significantly lower costs of ownership

## Investing in Local Equities is Easy

### Accessing Russian market has never been easier with the up-to-date infrastructure and legislation

- ✓ No restrictions on investments in local securities
- ✓ No approval is required to start investing
- ✓ No currency restrictions
- ✓ Both RUB and USD DVP supported by major custodians
- ✓ Investment in local equities can be done either in RUB or USD
- ✓ Payments can be proceeded outside of Russia

Opening an account for local trading with either a broker or global custodian can take **3-4 weeks**. However this is a one-off operation which opens up all the benefits of owning local stock for the whole investment period.

# Execution-Only Access

## Execution-only scheme implies passing the following steps:

### 1. Opening an account with a **Global Custodian** who performs the following functions:

- Safekeeping securities and providing settlement services (including pledging and blocking of securities)
- Providing information regarding corporate actions and assisting depositors in exercising their rights

<b>Timeline</b>	It normally takes 3-4 weeks depending on the exact custodian and amount of required documentation
<b>Set Up</b>	Global Custodians can either operate through a local custodian or International Central Securities Depository. Trading can be done either in RUB or USD. Payments will be proceeded outside of Russia

### 2. Establishing trading lines with **Execution Broker**:

- Broker sets up trading & risk limits and accept orders accordingly
- Pre-funding in accordance with exchange requirements is provided on the brokerage side and is generally included in execution commission

<b>Timeline</b>	It usually takes 1-2 weeks to sign the Masters Purchase and Sale Agreement and establish trading limits
<b>Set Up</b>	Both local and international banks and brokers provide high and low touch access to the Moscow Exchange. Investor can set up a trading line with legal entity outside of Russia. List of available brokers is disclosed on MOEX <a href="#">website</a>

## Prime Brokerage Access

**Opening a prime brokerage account is possible with most of the major local and international banks and brokers**

### Timeline

It can take 3-4 weeks in order to finalize the on-boarding process and from several days to weeks to configure required connectivity

### Set Up

Both local and international banks and brokers provide high and low touch access to the Moscow Exchange. Electronic services providers are disclosed on MOEX [website](#)

An Investor who has chosen to trade directly on the Moscow Exchange via a Prime Broker can benefit from getting access to the whole range of exchange traded products:

- Equities & ETFs
- Fixed Income
- Futures & Options
- FX spot & swap

Prime Broker provides stock lending and funding services

Investors can also benefit from configuring tailor-made settlement and trading options like auto-FX for RUB-traded securities with USD settlement

Investors willing to have electronic access to the Moscow Exchange have a wide selection of possible connectivity solutions

Traders not sensitive to latency



Algorithmic traders and HFTs



Moscow Exchange also offers an opportunity to connect directly from London's Point of Presences in Equinix LD4 and Interxion and throughout Europe using MOEX's innovative SMA solution.

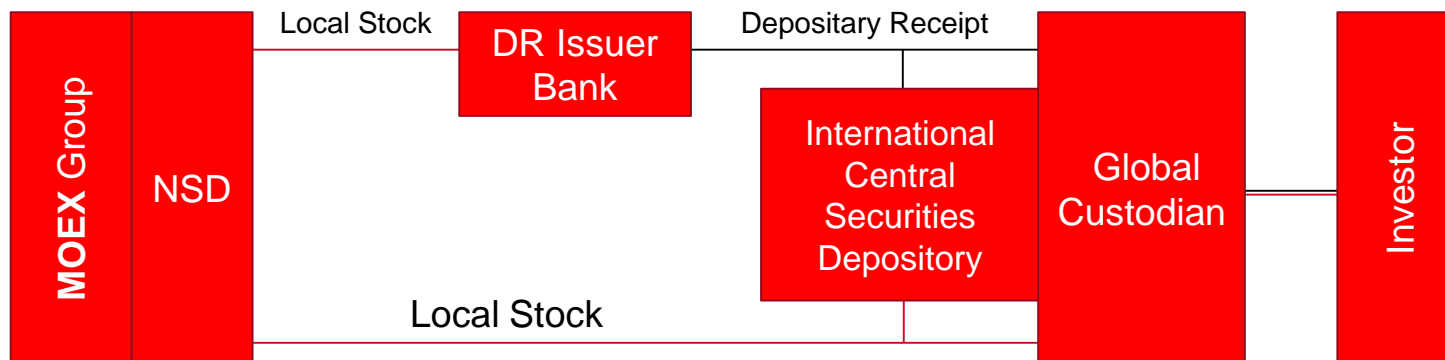
## Holding Structure

**Trading local equities reduce the number of intermediaries involved**

That should lead to:

- Removing extra costs for Depository Receipt program maintenance
- Reducing risks of DR program being suspended or closed

**Investor can use the same infrastructure for settling and safekeeping Local Equities and Depository Receipts while Local Equities remain more transparent**

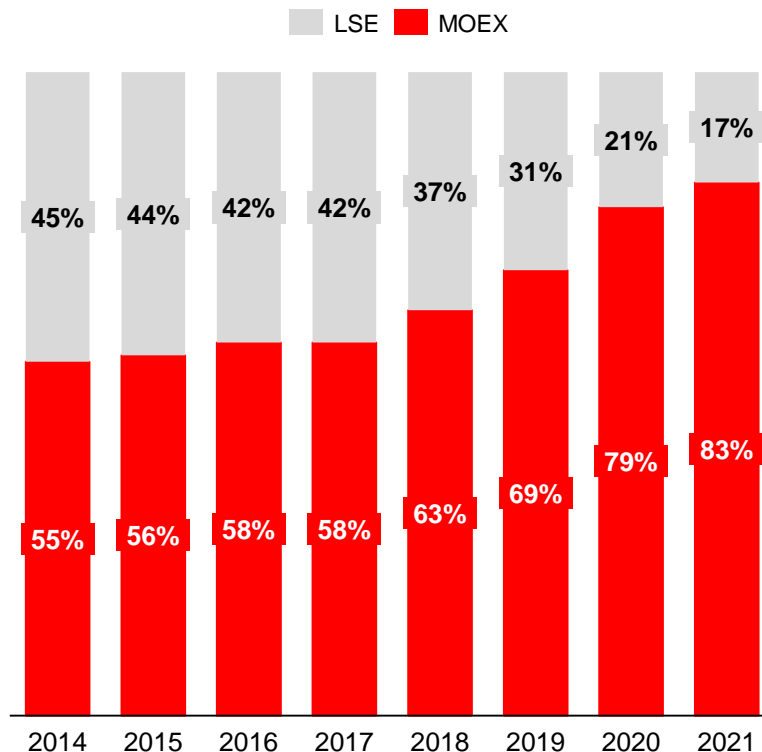


# Dual listed stocks virtual index spread dynamics

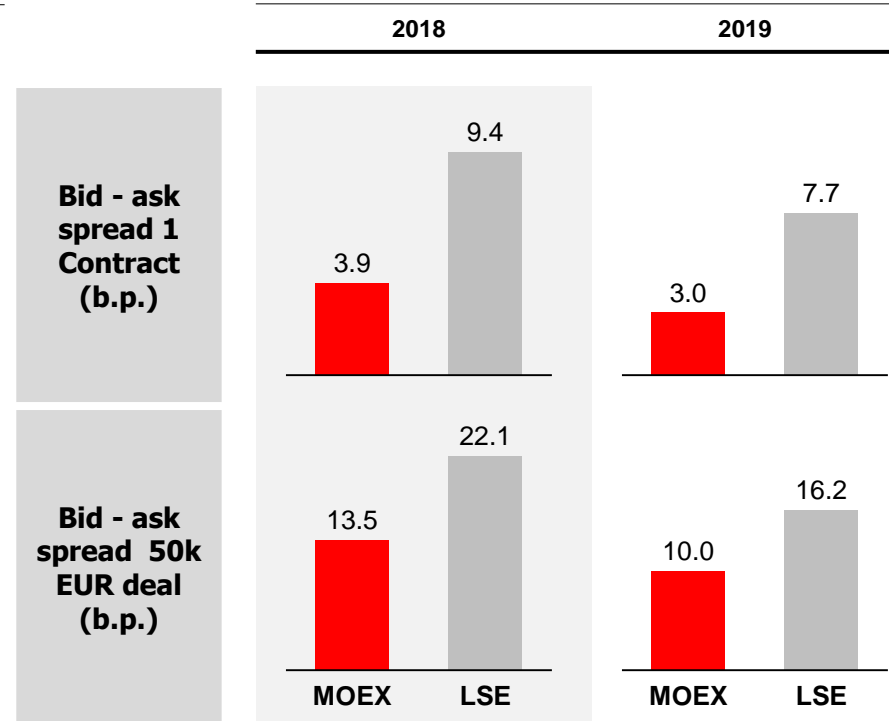
Analysis provided by  
**LiquidMetrix**

MICEX Virtual index<sup>2</sup>

MOEX vs LSE market share (MICEX Virtual Index<sup>1</sup>)



Average Bid - ask spread 50k EUR deal (b.p.<sup>2</sup>)



- Moscow Exchange is the liquidity center for Russian securities with 83% market share in total trading volumes
- Aggregated spreads for most liquid dual listed stocks are substantially lower in Moscow implying lower all-in trading costs

**Spreads** measure the bid to offer spread of the best visible orders in the book, the result is based on measurements of the order books every 30 seconds

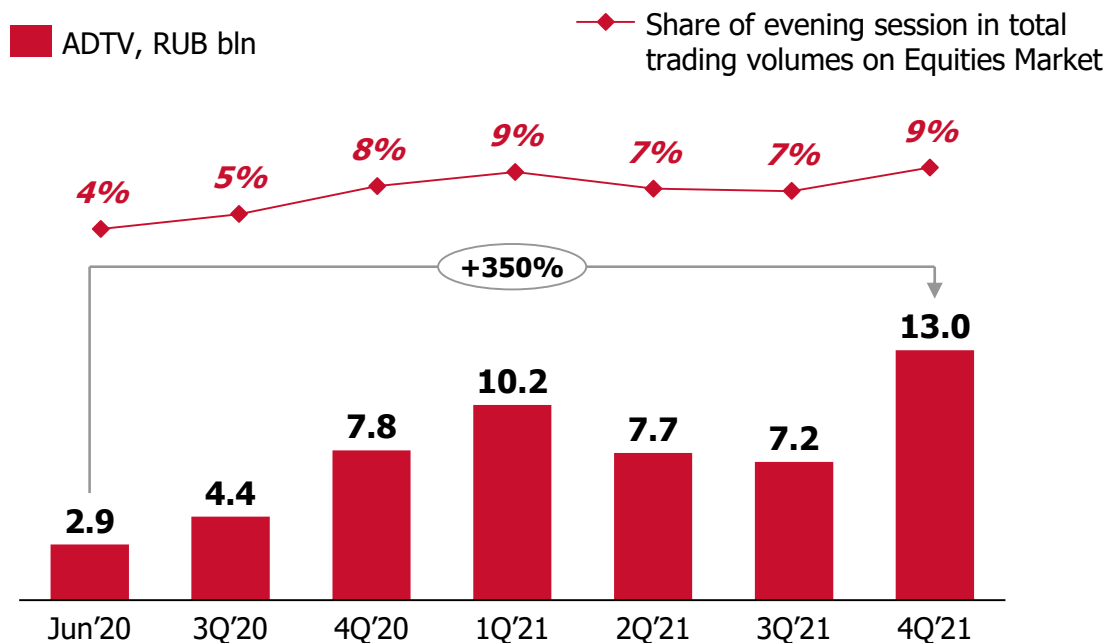
Data as of 12 January 2022.

1. MICEX Virtual Index – index calculated based on prices and EOB data of the most liquid Russian dual listed stocks. Data since December 2015 include trading auctions on MOEX. Data for March-April 2018, January-December 2020, January-August 2021 are based on Bloomberg data for LSE, data for other periods were provided by Liquidmetrix. Data for MOEX includes evening trading session.
2. The value of the spread is quoted in basis points (0.01%). Source: LiquidMetrix.



# The extension of trading hours: morning & evening sessions

## Evening trading session on Equities Market



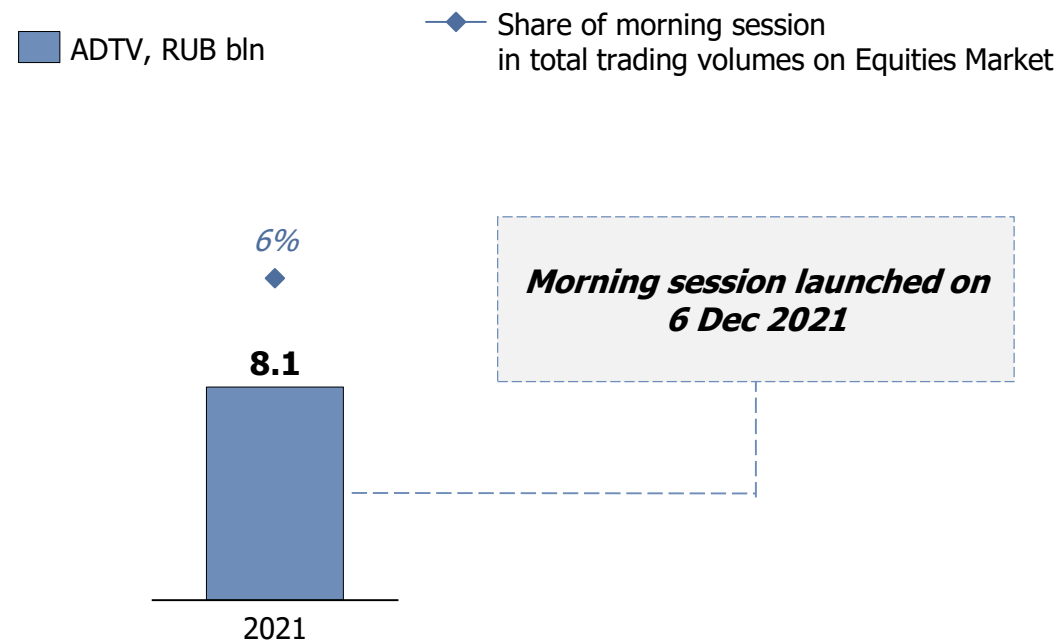
### Record-high share of retail investors in trading volumes:

- **64%** during after-hours vs 41% of the overall Equities Market ADTV
- Every 5<sup>th</sup> client uses the opportunity to trade during the after-hours on the Equities Market

### Plans:

- Increase the number of equities admitted to evening trading
- Morning trading session

## Morning trading session on Equities market



### Record-high share of retail investors in trading volumes:

- **69%** during morning trading session

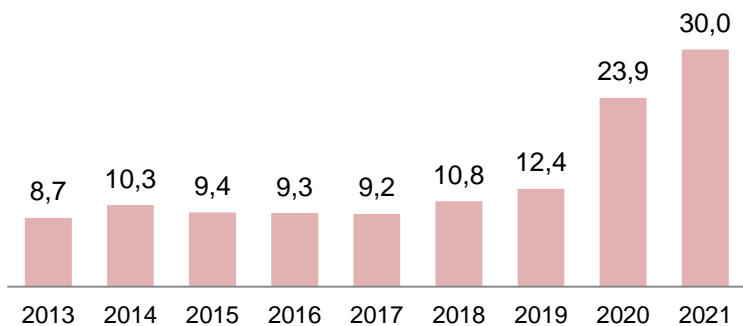
### Plans:

- Add Russian-law ETFs to morning trading session

# Equity Market highlights

## Domestic equity market trading volumes

RUB trn<sup>1</sup>



## Secondary trading volumes breakdown by clients



**More than 720 issuers** from key sectors of the economy

Instruments: **local and foreign shares, DRs, ETFs and investment funds**

**Market cap: USD 853 bln** (as of 30 December 2021)



**Average daily trading value (ADTV) 2021: USD 1.6 bln**

- **>260 market participants**
- **T+2** settlement cycle
- Direct market access (**DMA**) and Sponsored market access (**SMA**)
- **Listing and corporate governance reform** (new corporate governance code developed together with OECD)
- **Opening and closing auctions**

## Key developments and growth drivers

- Potential for repatriation of liquidity
- International demand increase on the back of ICSD access and DMA offering by international banks
- Domestic demand increase driven by prospective/announced and completed reforms
- New listings including privatization deals
- Development of trading in foreign stocks and depositary receipts, ETFs

1 Source: Moscow Exchange  
2 Source: Moscow Exchange, CBR

# Order Types

Moscow Exchange supports the following order types:

Order type	Time in Force			
	DAY	IOC	FOK	CA
MKT	✓	-	✓	✓
LMT	✓	✓	✓	✓
Iceberg	✓	-	-	-
DAY	<b>Day:</b> Deleted at the end of the day on which it was entered			
IOC	<b>Immediate or Cancel:</b> Executed on entry and any remaining unexecuted volume deleted			
FOK	<b>Fill or Kill:</b> Executed in full on entry or immediately expired Injected at start of Opening Auction with any remaining volume deleted after uncrossing			
CA	<b>Closing Auction:</b> Injected at start of Closing Auction with any remaining volume deleted after uncrossing. Order rejected if an instrument does not have a scheduled Closing Auction			
Iceberg	<b>Iceberg:</b> An Iceberg Order publicly displays only a portion of its total volume that is available for execution mentioning "visible amount"			

# Contacts

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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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