

**MOSCOW
EXCHANGE**

04 December 2018

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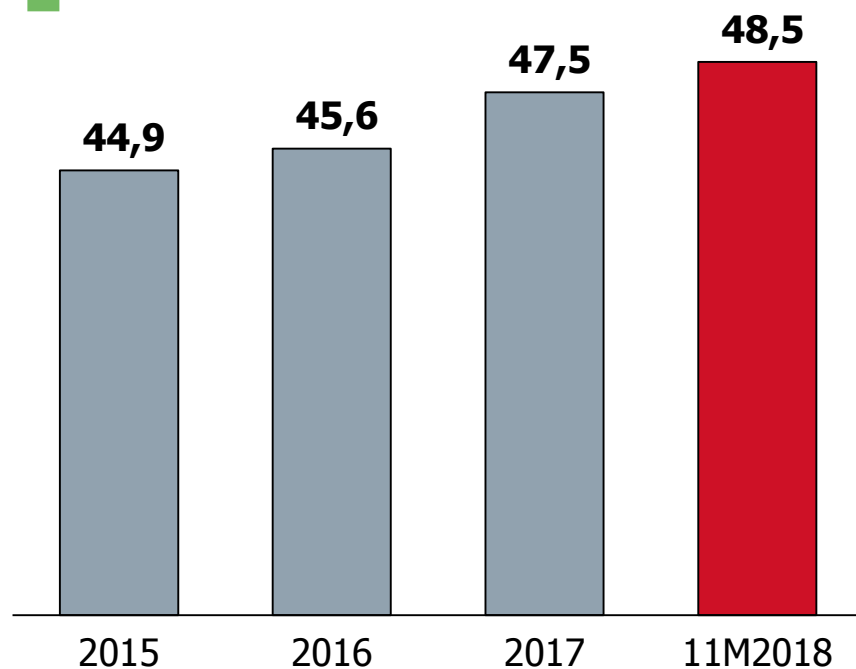
Executive Board Member -
Managing Director of the Equity & Bond Market

International investors share is increasing

International investors share in trading is increasing

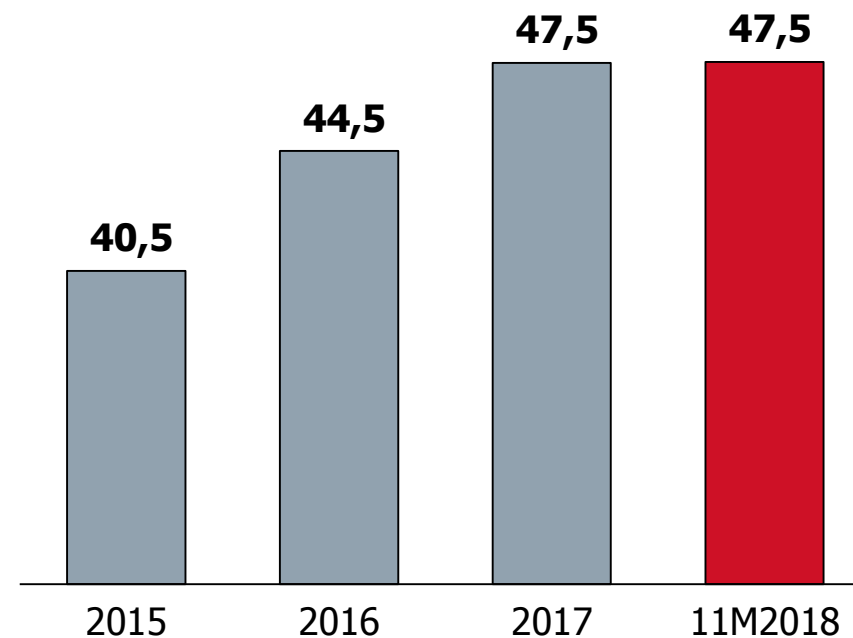
Equity market

↑ 2015-11M2018:
+3,6 п.п.

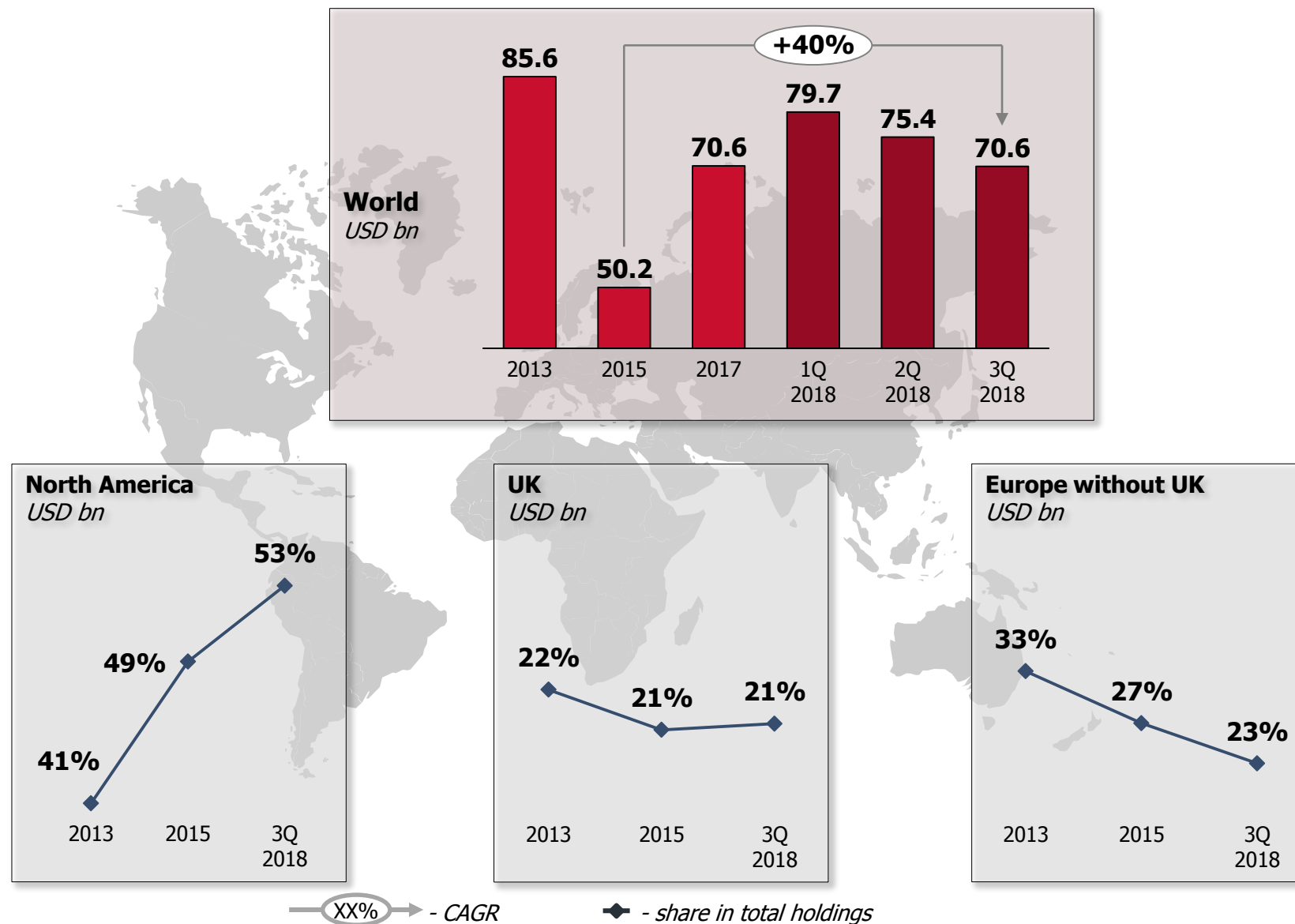


Derivatives market

↑ 2015-11M2018:
+7 п.п.



International funds holdings of Russian equity

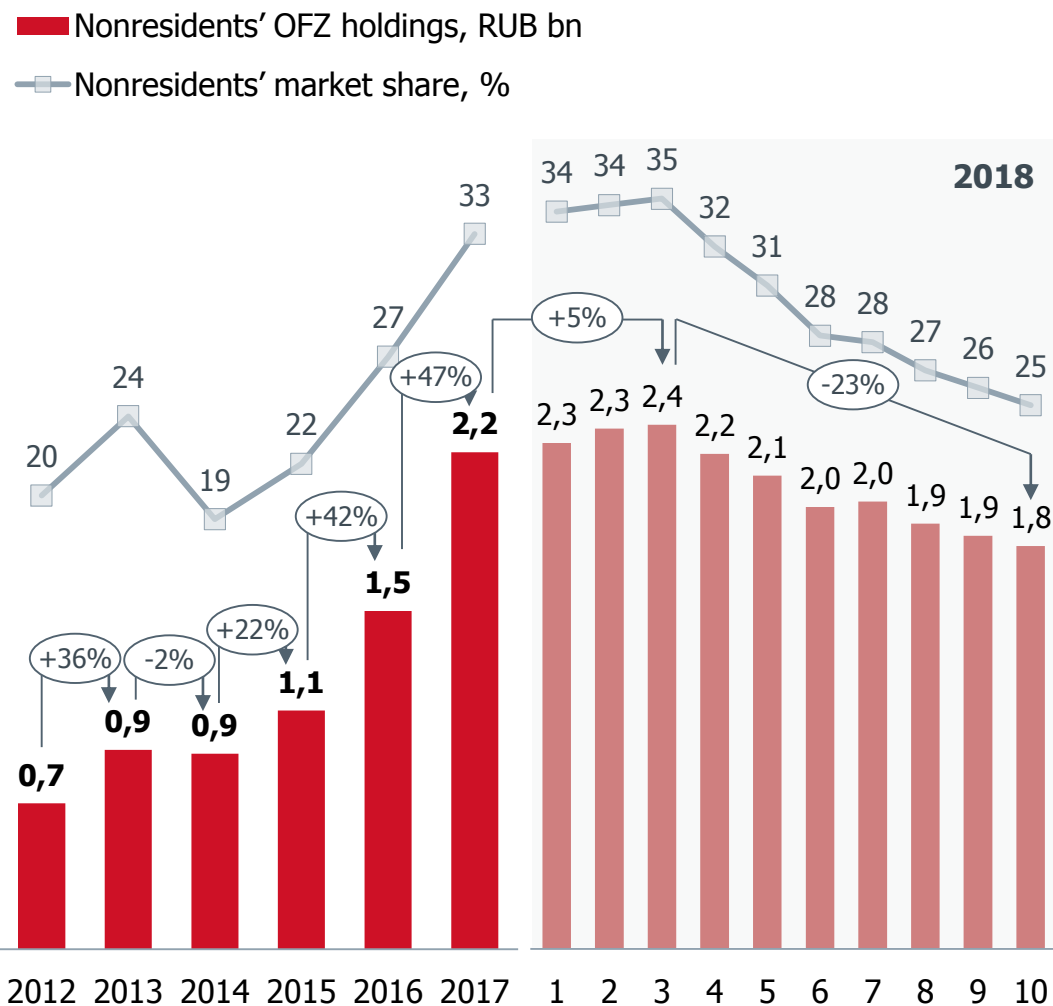


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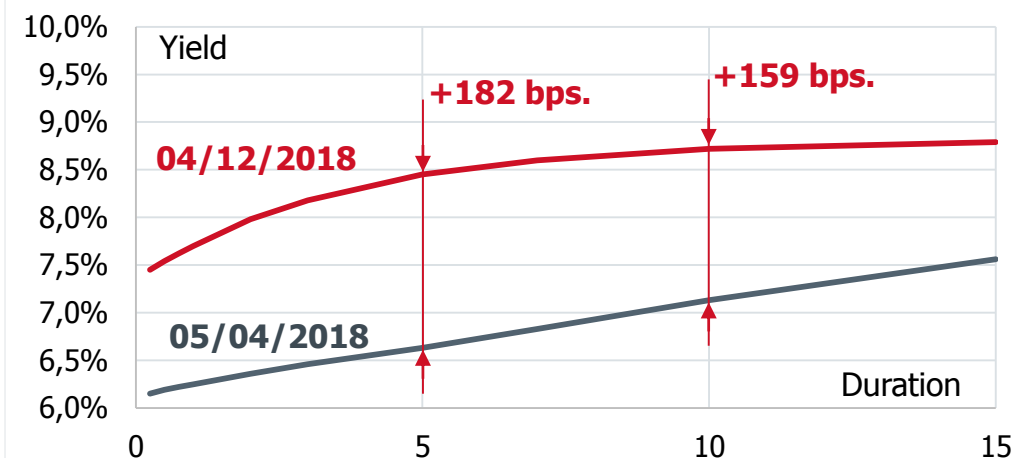
Source: ThomsonONE – as of period end, including DRs on Russian shares

Foreign investors on the OFZ market

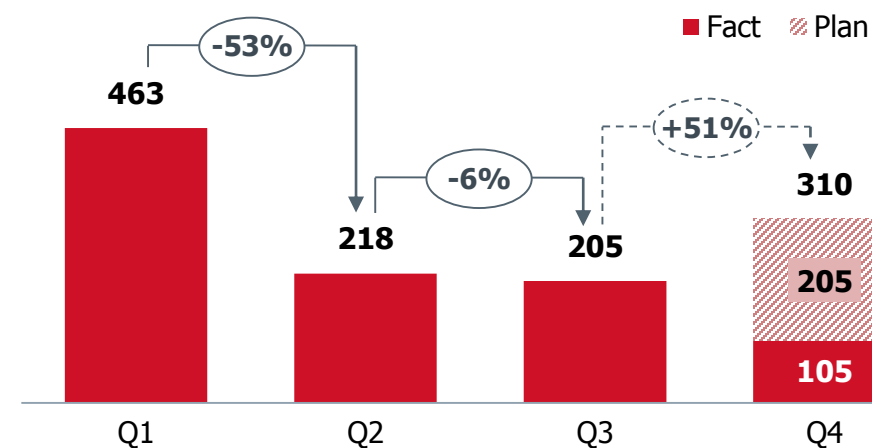
Non-residents' holdings of OFZ



OFZ G-Curve – “Before” and “After”



OFZ Issuance – 2018 (RUB bn)



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Source: Bank of Russia, Moscow Exchange, Ministry of Finance of the Russian Federation

MOEX cooperation with **Chinese exchanges, clearing houses, banks and brokers**

MOUs with Chinese exchanges and clearing houses

- Strategic cooperation agreement with Shanghai Stock Exchange
- Dalian Commodity Exchange, Shanghai Gold Exchange, CFFEX, Shenzhen Stock Exchange, Shanghai Clearing House

MOUs with Chinese brokers

- China Galaxy Securities, CITIC Securities

MOUs with Chinese banks

- BOC, ICBC, CICC

Agreement with Chinese market data companies

- SSE Infonet company

Conferences and forums

2015 and 2016 - Joint SSE-MOEX Forums in Shanghai

2017 – MOEX Forums in Shanghai, Beijing and Shenzhen

2017 – Joint Conference of Shanghai Clearing House and MOEX in Moscow

2018 – Joint Conference of Shanghai Stock Exchange and MOEX in Moscow, MOEX Forums in Shanghai and Beijing



Future plans:

- FX-link with CFETS, cross-listing of ETFs with Chinese exchanges, joint forums in Russia and China



MOEX is technically ready for RMB bonds

- ✓ Issuing bonds in CNY on Moscow Exchange
- ✓ Trading and Settlement CNY bonds
- ✓ Interdealer REPO and REPO with CCP for CNY bonds

Russian market is available for Chinese investors

- ✓ In May 2018, The People's Bank of China has issued a new rule to regulate overseas securities investment by Renminbi Qualified Domestic Institutional Investors (RQDII).
- ✓ RQDII is eligible to invest in the **RMB-denominated** products on overseas financial markets with their own RMB funds or RMB funds raised from domestic institutions and individuals.
- ✓ Qualified RQDIIs may invest as much RMB funds as they are able to raise from domestic investors, provided that the amount of funds are within the maximum amount reported to or approved by the regulatory authorities.

Investing in **Russian Equities and Bonds** is Easy



Accessing Russian market is easy



No restrictions on investments in Russian equities and bonds



No regulatory approval is required for foreign investors to start investing



RUB is fully convertible since 2006



RUB can be acquired on MOEX for USD and **CNY**



Opening an account with a global custodian and a Russian broker is easy



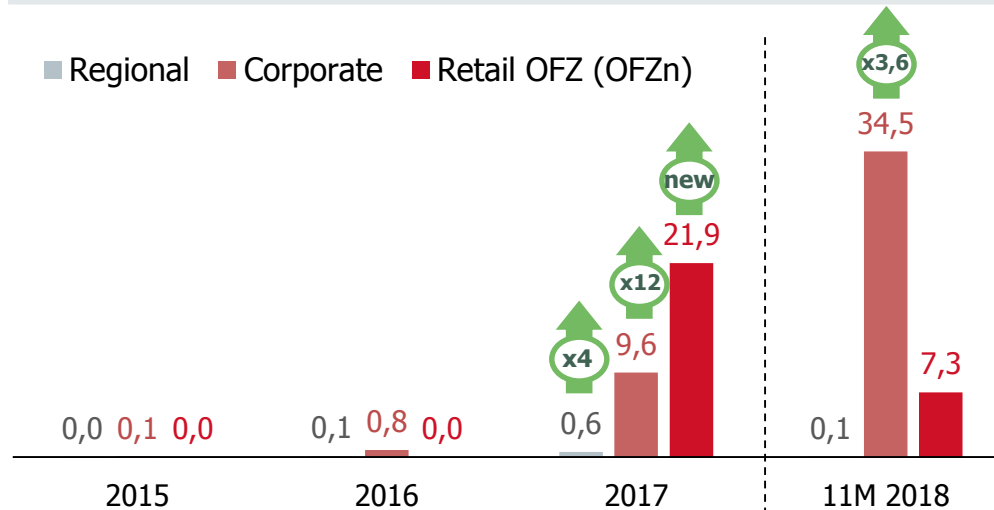
The account may be opened at Russian **subsidiaries of Chinese banks**: Industrial and Commercial Bank of China (ICBC) and Bank of China (ELUOSI)



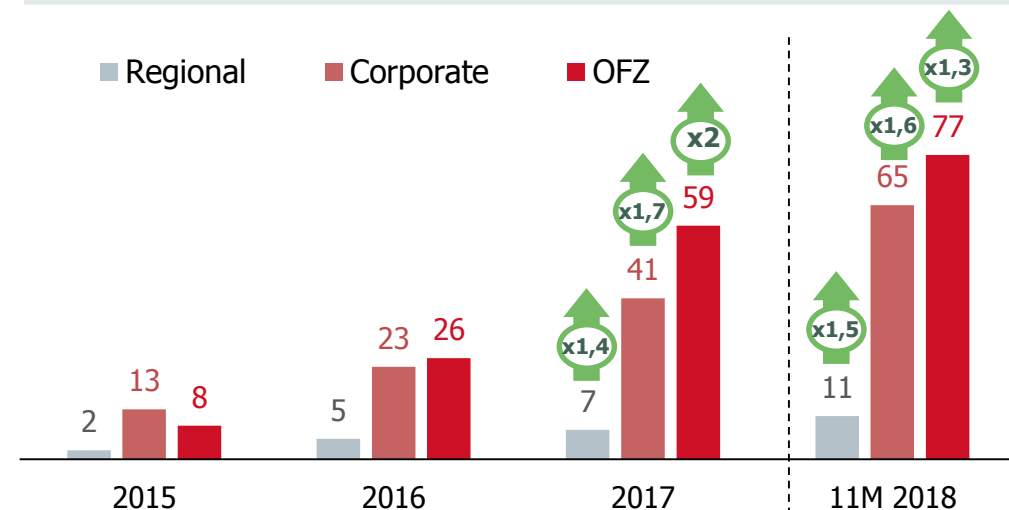
Access through a broker to MOEX allows to trade **all asset classes**

Retail clients: a growing factor in the bond market

Number of active retail clients on primary market, 000's



Number of active retail clients on secondary market, 000's



Projects implemented for retail clients

- ✓ Increase of the maximum IIA deposit to RUB 1 million per annum
- ✓ New instrument types (government retail bonds (OFZn), retail bonds from top banks)
- ✓ New taxation of corporate bond coupons (similar to bank deposits) and investment deduction for 3 years holding period
- ✓ Remote broker account opening

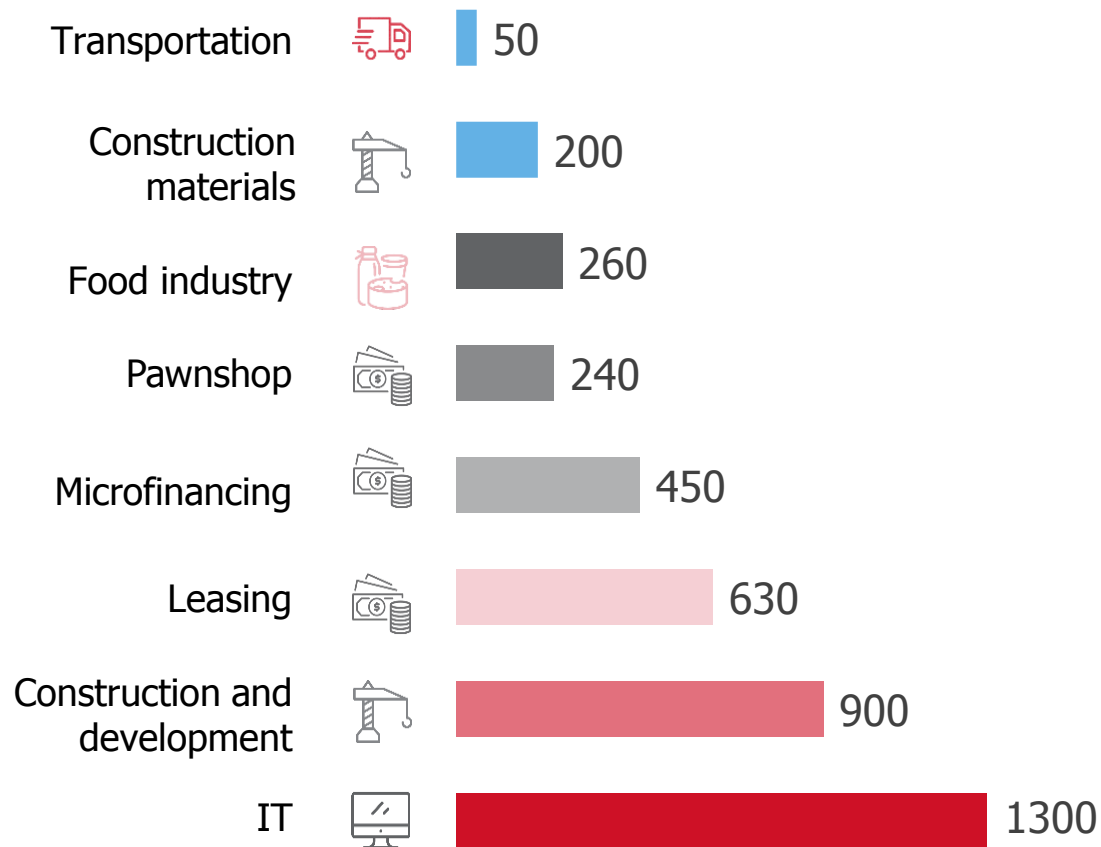
Current initiatives

- Reduction of the bond holding period from 3 to 1 year for investment deduction
- IIA insurance, permission to open several IIAs
- Eurobonds tax benefit to offset FX-rate differences
- Simplification of market access (marketplace, remote identification, etc.)

High-Yield bonds – trend of 2018

High-Yield bond Issuers by industry

Volume placed in 2018, RUB mn



Advantage of bonds over corporate loans

- Larger borrowing volume
- More long-term financing
- Lower interest rate (for experienced issuers)
- Unsecured debt
- Not depend on one lender
- Wide investor base (banks, funds, retail)
- Establishing a public credit history
- Build relationships with investors on other projects, including equity capital



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Source: Moscow Exchange

Sustainability Bond Sector on Moscow Exchange

Goals

- ✓ Stimulation of proceeds in environmental and social projects
- ✓ Developing sustainable business practices
- ✓ Investors information: use of proceeds, green impact etc.

Issuer benefits

- ✓ Marketing and promotion of green and social bond issuers on fixed income market
- ✓ Access to relevant buy-side and sell-side audience
- ✓ Additional disclosure channel for enhancing issuer's reputation and clarifying environmental strategy



Green bonds

Use of proceeds for projects with a clear environmental benefits:

- renewable energy
- pollution prevention and control
- eco-friendly transport etc.



Social bonds

Use of proceeds for projects that address social issues and/or seek to achieve positive social outcomes:

- affordable housing
- creating new jobs
- food security etc.



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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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