A red horizontal line spans the width of the page. On the right side, a red quote icon (three nested right-facing curly braces) is positioned above a vertical red line that descends and turns left, forming a rectangular frame around the text.

It is crucial for me that the company follows best practices not formally but in its core DNA. The Exchange is dynamic yet prudent in its approach, open to change and leaving behind outdated rules that hinder its development. It is constantly searching for new ways how to be most effective and advanced

**Rainer Riess,**  
*Member of the Supervisory Board,  
Independent Director*

# *Corporate Governance*

- 86** Corporate governance system
- 121** Internal control system
- 122** Risk management
- 130** For shareholders and investors

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# Corporate governance system

## MOSCOW EXCHANGE CORPORATE GOVERNANCE MODEL AND PRACTICE IN BRIEF

Moscow Exchange is one of Russia's largest public companies, and its shares are included in key financial market indicators such as the MOEX Russia Index and RTS Index. One of the Exchange's shareholders is the Bank of Russia, which acts as a regulator of the financial market. The Exchange is also a market infrastructure operator that establishes rules for other issuers. Because of all these factors, the Exchange must demonstrate higher corporate governance standards and serve as a model for other issuers. Continued development of the corporate governance system is aimed primarily at improving MOEX's effectiveness and competitiveness, and at maintaining positive perceptions of the Exchange's corporate governance system amongst shareholders, investors and the business community.

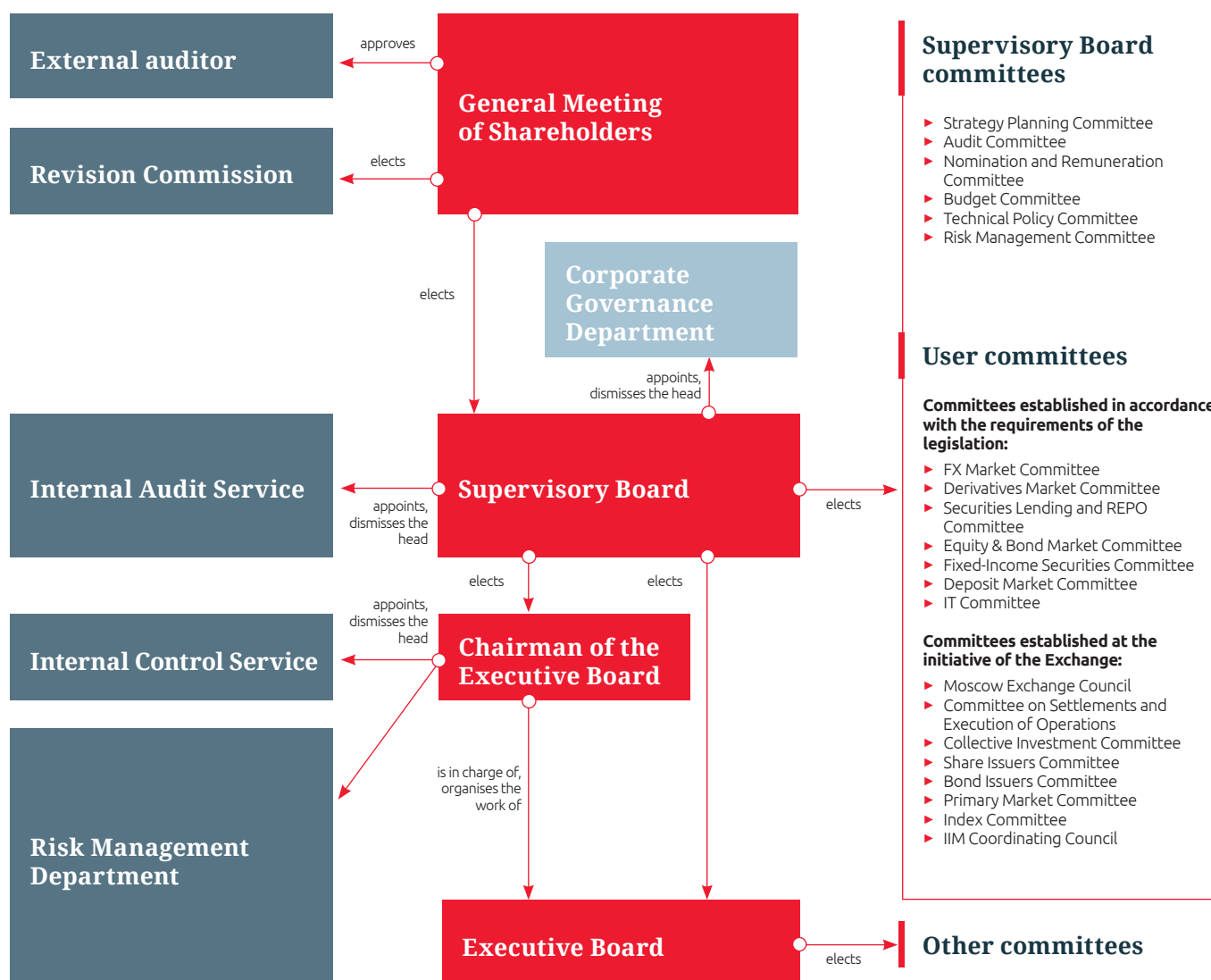
The Exchange continuously evaluates and responds to developments in corporate legislation and corporate governance practices in Russia and internationally. It complies with the Federal Law on Organized Trading (No. 325-FZ dated 21 November 2011), which outlines the requirements for the trading organizer's corporate governance system; the principles and recommendations prescribed in the Corporate Governance Code of the Bank of Russia; the requirements of the Listing Rules; the G20/OECD corporate governance principles; international standards and

principles relating to corporate social responsibility and sustainable development; as well as the disclosure standards developed by the Global Reporting Initiative (GRI).

Shares of Moscow Exchange are traded on the exchange's own platform and included in the first (highest) level quotation list. To ensure that the Exchange's activities and documents fully comply with the corporate governance requirements set out in the Listing Rules and with the Bank of Russia's Corporate Governance Code, the following measures were taken in 2018:

- Five independent directors were elected to the Supervisory Board, which consists of 12 members, and two more directors received independent director status during the reporting period;
- All independent directors meet the independence criteria set by the Listing Rules;
- An independent director was elected as Chairman of the Supervisory Board;
- The Audit Committee and the Nomination and Remuneration Committee consist only of independent members of the Supervisory Board.

## CORPORATE GOVERNANCE SYSTEM STRUCTURE



■ Governing bodies  
■ Control and audit bodies  
■ Advisory bodies  
■ Corporate Secretary

\* Advisory bodies of the Exchange established in accordance with the requirements of Article 10 of the Federal Law No. 325-FZ dated 21 November 2011 "On Organised Trading" and Regulations of the Bank of Russia No. 437-P dated 17 October 2014 "On Organised Trading Activities"

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## GENERAL MEETING OF SHAREHOLDERS

The General Meeting of Shareholders is the supreme governing body of Moscow Exchange. General Meetings of Shareholders adopt resolutions on strategic issues. The scope of issues within the terms of reference of General Meetings of Shareholders is determined by the Federal Law on Joint-Stock Companies (No. 208-FZ dated 26 December 1995) and the Moscow Exchange Charter.

On 26 April 2018, the Annual General Meeting of Shareholders (AGM) of Moscow Exchange was held, with the following resolutions being adopted:

- ▶ To approve Moscow Exchange's Annual Report and Accounting (Financial) Statements for 2017.
- ▶ To elect members of the Supervisory Board and the Revision Commission.

- ▶ To pay remuneration to members of the Supervisory Board and the Revision Commission for the 2017-2018 corporate year.
- ▶ To approve related-party transactions with subsidiaries in accordance with current legislation.
- ▶ To approve Deloitte & Touche CIS, one of the Big Four international audit companies, as the Exchange's auditor for 2018.
- ▶ To distribute profit and pay dividends for 2017 in the amount of RUB 5.47 per ordinary registered share, excluding interim dividends for the half-year of 2017 in the total amount of RUB 2.49 per share paid in the second half of 2017.

## SUPERVISORY BOARD

### *Role of the Supervisory Board*

The Supervisory Board is a key element of the corporate governance system with overall responsibility for the activities of Moscow Exchange.

The Supervisory Board is accountable to the General Meeting of Shareholders: members of the Supervisory Board are elected by the General Meeting of Shareholders, and their powers may be terminated at any time by the General Meeting of Shareholders.

Members of the Supervisory Board take part in the AGM. The Chairman of the Supervisory Board presides at the General Meetings of Shareholders. Any shareholder of the Exchange may speak on agenda items or at any time address the Chairman of the Supervisory Board, ensuring the necessary degree of objectivity when considering agenda items.

When developing Moscow Exchange's strategy, the Supervisory Board takes into account the shareholders' vision for the Exchange's development. The Supervisory Board considers appeals filed by shareholders and investors and, if necessary, gives appropriate instructions to senior managers.

The terms of reference of the Supervisory Board are established in the Charter and are clearly separated from those of the executive bodies that manage the day-to-day activities of the Exchange. The Supervisory Board:

- ▶ determines the vision, mission and strategy of the Exchange;
- ▶ is responsible for strategic management of the Exchange and long-term sustainable development;
- ▶ establishes strategic goals and key performance indicators.

The Supervisory Board's work schedule for a calendar year is approved at the first meeting of the newly elected Supervisory Board held after the Annual General Meeting of Shareholders. The work schedule includes the main activities of the Exchange, which are correlated with the strategic planning cycle and ongoing business cycles. When preparing the work schedule, proposals of members of the Supervisory Board and senior managers on priority issues are taken into account.

The agenda of each in-person meeting of the Supervisory Board includes from three to five significant issues, as well as management reports on performance for the past period. Issues arising from execution of priority projects, budget and instructions of the Supervisory Board are considered as frequently as required.

In-person meetings of the Supervisory Board are held in Moscow with the participation of all directors. The first meeting of the newly elected Supervisory Board is held in person, as a rule, on the date of the General Meeting of Shareholders, when the Supervisory Board is elected.

Information on the activities of the Supervisory Board, including its composition, meetings held and work of its committees, is disclosed on the official website of the Exchange in the form of press releases and corporate action notices, as well as the Annual Report, which ensures transparency of the activities of the Supervisory Board.

### ***Structure of the Supervisory Board***

The Supervisory Board of Moscow Exchange consists of directors who have the experience and professional skills required to oversee implementation of the Exchange's strategy.

In accordance with the decision of the Annual General Meeting of Shareholders held on 27 April 2016, the Supervisory Board comprises 12 people.

The Supervisory Board is managed and administered by the Chairman of the Supervisory Board.

The Chairman is elected and re-elected by the members of the Supervisory Board from among themselves, by a majority vote.

The following committees were formed by the Supervisory Board for preliminary consideration of key issues and preparation of recommendations for the Supervisory Board:

- ▶ Strategy Planning Committee;
- ▶ Audit Committee;
- ▶ Nomination and Remuneration Committee;
- ▶ Budget Committee;
- ▶ Technical Policy Committee;
- ▶ Risk Management Committee.

The Committees are formed annually from among the members of the Supervisory Board. Four of the six Supervisory Board Committees are headed by independent directors; the Audit Committee and the Nomination and Remuneration Committee are composed only of independent directors. Non-Board member IT experts are also invited to participate in the Technical Policy Committee.

The Supervisory Board comprises members who have the experience and professional skills required to oversee implementation of the Exchange's strategy. Members of the Supervisory Board of the Exchange are experts in financial market infrastructure, international organized trading, IT in the financial sector, operational and financial risk management, financial reporting and budgeting. They also have skills in personnel policy and modern approaches to incentivizing top managers.

Following the election at the 2018 Annual General Meeting of Shareholders, the Supervisory Board included five independent directors who met all the independence criteria set forth in the Listing Rules (no relationship with the Exchange, its significant shareholders, significant competitors, or counterparties, as well as no relationship with the government), and seven non-executive directors. In 2018, two directors were qualified as independent directors, notwithstanding the existing formal relationship with counterparties. Thus, Oleg Viyugin is also a member of the Board of Directors of the National Association of Securities Market Participants (NAUFOR), and Mikhail Bratanov is a member of the Board of Directors of the National Financial Association (NFA), for which the Exchange is a significant counterparty.

The Exchange did not receive information on the conflict of interests of the Supervisory Board members and the Executive Board members (including those relating to the participation of the said persons in the governing bodies of the Exchange's competitors).

## Composition of the Supervisory Board

Composition of the Supervisory Board as of 01 January 2018		Composition of the Supervisory Board elected on 26 April 2018	
<i>Independent directors</i>			
1	Rainer Riess – Senior Independent Director	1	Rainer Riess
2	Maria Gordon	2	Maria Gordon
3	Anatoly Karachinsky	3	Anatoly Karachinsky
4	Duncan Paterson	4	Duncan Paterson
5	Oleg Viyugin	5	Oleg Viyugin (independent director since 26 April 2018)
		6	Alexander Izosimov
		7	Mikhail Bratanov (independent director since 27 September 2018)
<i>Non-executive directors</i>			
6	Andrey Golikov	8	Andrey Golikov
7	Valery Goreglyad	9	Valery Goreglyad
8	Bella Zlatkis	10	Bella Zlatkis
9	Anatoly Braverman	11	Anatoly Braverman
10	Yury Denisov	12	Yury Denisov
11	Alexey Kudrin		
<i>Executive director</i>			
12	Alexander Afanasiev		

## INFORMATION ON THE SUPERVISORY BOARD MEMBERS ELECTED AT THE ANNUAL GENERAL MEETING OF SHAREHOLDERS HELD ON 26 APRIL 2018<sup>1</sup>



**Oleg Viyugin,**  
*Chairman of the Supervisory Board,  
Independent Director*

### **Member of the Strategic Planning Committee, member of the Nomination and Remuneration Committee.**

Born on 29 July 1952 in Ufa.

He graduated from the Lomonosov Moscow State University with a qualification in Mathematics in 1974.

- ▶ He has a PhD in Physics and Mathematics.
- ▶ He was Chief Advisor for Russia and CIS to Morgan Stanley Bank LLC from 2013 until 2015.
- ▶ He is a professor in the Finance Department at the Higher School of Economics.
- ▶ He is a member of the Council of the Strategic Development Center and AGAT Youth Entrepreneurship Fund; the Chairman of the Board of Directors of NAUFOR and SAFMAR Financial Investment; a member of the Board of Directors of Skolkovo Ventures, Rosneft and Unipro; a member of the Presidium of the National Council on Corporate Governance; and the Deputy Chairman of the Supervisory Board at NSD.
- ▶ He was elected to Moscow Exchange's Supervisory Board on 27 April 2017.

He has no interest in the share capital/ordinary shares in Moscow Exchange.

He reported no transactions involving shares in Moscow Exchange in 2018.



**Andrey Golikov,**  
*Deputy Chairman  
of the Supervisory Board*

### **Chairman of the Budget Committee, member of the Strategic Planning Committee, member of the Technical Policy Committee.**

Born on 14 March 1969 in Volzhsky, Volgograd region.

In 1991 he graduated from the Lomonosov Moscow State University with a qualification in Mechanics.

In 2016, he graduated from the Institute of Directors (IoD) with the Diploma in Company Direction.

- ▶ From 2009 to 2011, he held various positions in Sberbank, including the Vice President and Head of Treasury & Financial Markets. He was a member of the Executive Board of Sberbank.
- ▶ He is a member of the Supervisory Board of Russian National Reinsurance Company, an independent director of Otkritie Bank and Absolut Bank, a member of the Supervisory Board of CCP NCC, and co-Chairman of the Board of Directors of NFA.
- ▶ He was first elected to Moscow Exchange's Supervisory Board on 24 April 2003.

He has no interest in the share capital/ordinary shares in Moscow Exchange.

He reported no transactions involving shares in Moscow Exchange in 2018.

1. Information on the Exchange's Supervisory Board members is provided as of 31 December 2018. Information on the professional experience of the Supervisory Board members is given for the last five years.





**Maria  
Gordon,**

*Member of the Supervisory Board,  
Independent Director*

**Member of the Audit Committee, member of the Budget Committee.**

Born on 13 February 1974 in Vladikavkaz.

In 1995, she graduated from the University of Wisconsin (USA) with a Bachelor's degree in Political Science. In 1998, she graduated from the Fletcher School of Law and Diplomacy at Tufts University with a Master of Arts degree.

- ▶ From 2010 to 2014, she worked as the Chief Emerging Markets Equity Portfolio Manager at Pacific Investment Management Co. (PIMCO).
- ▶ She is a member of the Supervisory Board of ALROSA.
- ▶ She is a member of the Supervisory Board of Polyus.
- ▶ She was first elected to Moscow Exchange's Supervisory Board on 27 April 2016.

She has no interest in the share capital/ordinary shares of the Exchange.

She reported no transactions involving shares in Moscow Exchange in 2018.



**Valery  
Goreglyad,**

*Member of the Supervisory Board*

**Member of the Risk Management Committee.**

Born on 18 June 1958 in Glusk, Glusk district, Mogilev region.

In 1981, he graduated from the Ordzhonikidze Moscow Aviation Institute with a Mechanical Engineering qualification (Aircraft Production).

In 2017, he graduated from the Russian Presidential Academy of National Economy and Public Administration with a degree in Jurisprudence.

He has a PhD in Economics.

- ▶ From 2010 to 2013, he served as the Deputy Chairman of the Account Chamber of the Russian Federation.
- ▶ Since 2013, he has been the Chief Auditor of the Bank of Russia.
- ▶ He is a professor at the Higher School of State Audit at the Lomonosov Moscow State University.
- ▶ He is a member of the Supervisory Board of Russian National Reinsurance Company; a member of the Supervisory Board of the Russian Union for Collection (ROSINKAS); a member of the Board of Directors of Rosgosstrakh; a member of the Supervisory Board of Asset Management Company of the Banking Sector Consolidation Fund; a member of the Supervisory Board of Sberbank.
- ▶ He was first elected to Moscow Exchange's Supervisory Board on 26 June 2014.

He has no interest in the share capital/ordinary shares in Moscow Exchange.

He reported no transactions involving shares in Moscow Exchange in 2018.



**Yury  
Denisov,**  
*Member of the Supervisory Board*

**Chairman of the Risk Management Committee,  
 member of the Strategic Planning Committee.**

Born on 31 May 1970 in Moscow.

In 1993, he graduated from the Moscow State Institute of International Relations with a qualification in International Economic Relations.

- ▶ From 2010 to 2011, he was Deputy Chairman of the Executive Board of Moscow Exchange.
- ▶ Since 2008, he has been a member of the Supervisory Board of CCP NCC; currently he is its Chairman.
- ▶ He was first elected to Moscow Exchange's Supervisory Board on 25 June 2013.

He has no interest in the share capital/ordinary shares in Moscow Exchange.

He reported no transactions involving shares in Moscow Exchange in 2018.



**Anatoly  
Braverman,**  
*Member of the Supervisory Board*

**Member of the Strategic Planning Committee,  
 member of the Budget Committee, member of the Risk  
 Management Committee.**

Born on 5 August 1985 in Moscow.

In 2007, he graduated from the Higher School of Economics with a qualification in Finance and Credit. He completed an individual postgraduate course "Oil Refining Technology: Key Processes, Modern Condition and Future Development" at the Gubkin Russian State University of Oil and Gas.

- ▶ Since 2011, he has been the First Deputy CEO of the Russian Direct Investment Fund (RDIF).
- ▶ From 2012 to 2017, he served as a member of the Board of Directors of Causie Investments Ltd.
- ▶ Currently, he is a member of the Board of Directors of RCIF Asset Management Ltd., RCIF Partners GP Ltd., Infrastructure Satellite Systems LLC, and Hyperloop Technologies, INC.
- ▶ He was elected to Moscow Exchange's Supervisory Board on 27 April 2017.

He has no interest in the share capital/ordinary shares in Moscow Exchange.

He reported no transactions involving shares in Moscow Exchange in 2018.



**Bella  
Zlatkis,**

*Member of the Supervisory Board*

Born on 5 July 1948 in Moscow.

In 1970, she graduated from the Moscow Finance Institute with a qualification in Finance and Credit.

She has a PhD in Economics.

- ▶ Over the past 15 years, she has been the Deputy Chairwoman of the Executive Board of Sberbank. Earlier, she worked in the Ministry of Finance of the Russian Federation for more than 30 years.
- ▶ Since 2011, she has been a member of the Supervisory Board of NSD; currently she is its Chairwoman, and a member of the Supervisory Board of Sberbank.
- ▶ She was first elected to Moscow Exchange's Supervisory Board on 19 May 2011.

She has no interest in the share capital/ordinary shares in Moscow Exchange.

She reported no transactions involving shares in Moscow Exchange in 2018.



**Anatoly  
Karachinsky,**

*Member of the Supervisory Board,  
Independent Director*

**Chairman of the Technical Policy Committee.**

Born on 12 July 1959 in Moscow.

In 1981, he graduated from the Moscow Institute of Railroad Transport Engineering with a qualification in Computer Science.

- ▶ Currently, he holds the positions of the President and Chairman of the Management Board of IBS Holding.
- ▶ For more than 10 years, he was the Chairman of the Supervisory Board of IBS Group.
- ▶ He is the Chairman of the Board of Directors of Luxoft Holding Inc; the Chairman of the Board of Directors of Newspaper Direct Inc (Canada); the Chairman of the Supervisory Board of Medialogia; the Chairman of the Board of Directors of IBS IT Services; a member of the Executive Board of the Russian Union of Industrialists and Entrepreneurs.
- ▶ He was first elected to Moscow Exchange's Supervisory Board on 20 June 2012.

He has no interest in the share capital/ordinary shares in Moscow Exchange.

He reported no transactions involving shares in Moscow Exchange in 2018.



**Duncan Paterson,**

*Member of the Supervisory Board,  
Independent Director*

**Chairman of the Audit Committee, member of the Strategic Planning Committee.**

Born on 11 January 1951 in the UK.

In 1973, he graduated from the Institute of Chartered Accountants in England and Wales. In 1978, he graduated from the London School of Economics and Political Science with a Master of Science degree in Accounting and Finance. In 2017, he received a Master of Arts degree in creative writing at Kingston University.

- ▶ He is currently the Non-Executive Chairman of GH Financials Limited.
- ▶ Professional background: Managing Partner in MA Partners, Senior Managing Director in Wilco International, Business Development Director in ACT Financial Systems, Chief Operating Officer in County NatWest Investment Management, Chief Financial Officer in Security Pacific Hoare Govett.
- ▶ He was elected to Moscow Exchange's Supervisory Board on 27 April 2016.

He has no interest in the share capital/ordinary shares in Moscow Exchange.

He reported no transactions involving shares in Moscow Exchange in 2018.



**Rainer Riess,**

*Member of the Supervisory Board,  
Independent Director*

**Chairman of the Strategy Planning Committee, member of the Nomination and Remuneration Committee, member of the Audit Committee.**

Born on 20 January 1966 in Darmstadt, Germany.

In 1993, he graduated from the University of Miami with an MBA degree in Business (Finance, Marketing).

In 1994, he graduated from the Wolfgang Goethe University (Frankfurt) with a Master of Arts degree in Economics.

- ▶ From 1995 to 2013, he served as a Managing Director at Deutsche Börse AG.
- ▶ From 2008 to 2013, he was the Deputy Chairman of the Executive Board of Frankfurt Stock Exchange.
- ▶ Currently, he is the Managing Partner and owner of Addwis GmbH (Frankfurt, Germany), as well as the General Director of the Federation of European Securities Exchanges AISBL (FASE).
- ▶ He was first elected to Moscow Exchange's Supervisory Board on 25 June 2013.

He has no interest in the share capital/ordinary shares in Moscow Exchange.

He reported no transactions involving shares in Moscow Exchange in 2018.



**Mikhail  
Bratanov,**

*Member of the Supervisory Board,  
Independent Director*

#### **Chairman of the Nomination and Remuneration Committee.**

Born on 16 May 1973 in Dolgoprudny, Moscow region.

In 2003, he graduated from the Moscow State Institute of Electronic Engineering with degrees in Electronic Engineering and Management.

He has a PhD degree in Economics.

In 2011, he graduated from the Moscow School of Management SKOLKOVO with an Executive MBA degree. In 2017, he graduated from the Institute of Directors (IoD) with a Chartered Director qualification.

- ▶ Since 2007, he has been the Director of the Securities Services Department, the Head of Societe Generale Securities Services in Russia and CIS at ROSBANK.
- ▶ He is a member of the Supervisory Board of NSD; a member of the Boards of Directors of Professional Association of Transfer-Agents, Registrars and Depositories (PARTAD), RB Specialised Depository, Russian National Reinsurance Company, and National Financial Association.
- ▶ He was first elected to Moscow Exchange's Supervisory Board on 19 May 2011.

He has no interest in the share capital/ordinary shares in Moscow Exchange.

He reported no transactions involving shares in Moscow Exchange in 2018.



**Alexander  
Izosimov,**

*Member of the Supervisory Board,  
Independent Director*

#### **Member of the Strategy Planning Committee, member of the Technical Policy Committee.**

Born on 10 January 1964 in Yakutsk.

In 1987, he graduated from the Moscow Aviation Institute with a qualification in System Engineering.

- ▶ Since 2012, he has been CEO of DRCAdvisors AB.
- ▶ From 2007 to 2015, he was a member of the Board of Directors of MTG AB; from 2012 to 2015, he was a member of the Board of Directors of LM Ericsson AB, Transcom AB.
- ▶ Currently, he is a member of the Board of Directors of EVRAZ Plc., Nilar AB.
- ▶ He was first elected to Moscow Exchange's Supervisory Board on 26 April 2018.

He has no interest in the share capital/ordinary shares in Moscow Exchange.

He reported no transactions involving shares in Moscow Exchange in 2018.

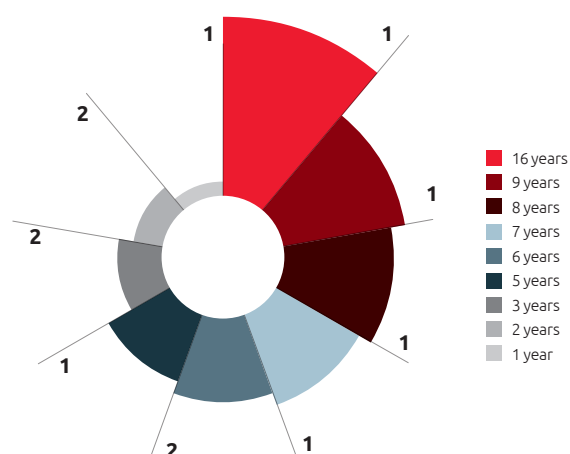
## Activities of the Supervisory Board in 2018

From 1 January 2018 to 31 December 2018, the Supervisory Board held twenty meetings (including seven in-person).

Seven meetings of the Supervisory Board were held before and 13 meetings after the Annual General Meeting of Shareholders, which was held on 26 April 2018.

Full name	Number of meetings attended	% of meetings attended
Alexey Kudrin (member of the Supervisory Board until 26 April 2018)	6	85.7
Alexander Afanasiev (member of the Supervisory Board until 26 April 2018)	7	100
Anatoly Braverman	20	100
Mikhail Bratanov	13	100
Oleg Viyugin	20	100
Andrey Golikov	20	100
Maria Gordon	18	90
Valery Goreglyad	19	95
Yury Denisov	20	100
Bella Zlatkis	19	95
Alexander Izosimov	13	100
Anatoly Karachinsky	19	95
Duncan Paterson	19	95
Rainer Riess	20	100

### Information on the length of service in the Supervisory Board



# 68 years

The cumulative length of service  
on the Supervisory Board of all its members

Many issues on the agenda of the Supervisory Board meetings are considered ahead of time by the relevant committees to allow for a more detailed discussion and to give recommendations to the Supervisory Board on voting.

In 2018, the Supervisory Board considered issues relating to the performance of its main functions, including:

**strategy issues:**

- ▶ implementation of the Marketplace project
- ▶ participation in the share capital of the Kazakhstan Stock Exchange
- ▶ development of the Moscow Exchange Group strategy 2020+

**personnel issues:**

- ▶ prolongation of powers of the Chairman of the MOEX Executive Board for 2 years, and powers of Anna Kuznetsova and Igor Marich, Executive Board members
- ▶ termination of powers of Sergey Polyakov, Executive Board member

**business development issues:**

- ▶ changes to tariffs on the Equity and Bond Market, deposit market, and Derivatives Market, fees for trades on the FX Market, and listing fees
- ▶ change of rates on ruble deposits with the Central Counterparty for corporate clients
- ▶ determination of rates on foreign currency deposits with the Central Counterparty for corporate clients
- ▶ compilation of rates for credit institutions and international financial organizations admitted to deposits with the Central Counterparty

**key documents of Moscow Exchange:**

- ▶ Listing Rules
- ▶ Rules of the Exchange's organized trading on different markets of the Exchange
- ▶ Rules of admission to the Exchange's organized trading on all markets

**risk management issues:**

- ▶ establishment of a MOEX subsidiary to implement information security measures
- ▶ resolution not to change the selected reserve data center of MOEX

- ▶ discussion of the Internal Control Service reports on the review of compliance of Public Joint-Stock Company Moscow Exchange MICEX-RTS activities as the trade organizer with the requirements of Federal Law No. 224-FZ dated 27 July 2010 "On Countering Wrongful Use of Insider Information and Market Manipulation, and on Amending Certain Legislative Acts of the Russian Federation" for the period from 1 July 2017 to 31 December 2017
- ▶ approval of a new version of the Business Continuity Planning
- ▶ approval of a new version of the Information Security Management Policy of Moscow Exchange
- ▶ approval of the Strategic Risk Management Policy of Moscow Exchange
- ▶ approval of the Financial Risk Management Policy of Moscow Exchange
- ▶ approval of a new version of the Information Security Risk Assessment Methodology and a new version of the Information Security Risk Management Procedure
- ▶ approval of a new version of the Audit Methodology for the Internal Control Service
- ▶ approval of a new version of the Business Continuity Plan of Moscow Exchange

## ***Procedures for Appointment, Induction and Training of Members of the Supervisory Board***

In accordance with the Federal Law on Joint Stock Companies, shareholders holding in aggregate at least 2% of the voting shares in Moscow Exchange may nominate candidates to the Supervisory Board of the Exchange, but not more than the number of members of the Supervisory Board of the Exchange. The Charter of the Exchange provides that such proposals shall be submitted no later than 60 days after the end of each fiscal year.

The Supervisory Board of the Exchange considers the received proposals and makes a decision on whether to include the proposed candidates in the list for voting at the General Meeting of Shareholders no later than five days after the date specified for the submission of proposals, i.e., on or before 6 March 2018.

At the end of 1 March 2018, the Exchange received proposals on the nomination of 12 candidates to the Supervisory Board to be elected at the Annual General Meeting of Shareholders in 2018, all of them were included in the list for voting at the General Meeting of Shareholders.



As part of the induction of newly elected directors, there is an induction program for members of the Supervisory Board of Moscow Exchange. The program includes the following activities:

- ▶ familiarization of Supervisory Board members with the key internal documents of the Exchange, resolutions adopted by the General Meeting of Shareholders and the Supervisory Board;
- ▶ familiarization of Supervisory Board members with the history of the Russian on-exchange market, basic information on the development strategy and operating activities of the Exchange;

- ▶ individual meetings with the Chairman of the Supervisory Board and the Chairman of the Executive Board;
- ▶ individual meeting with the Director of the Corporate Governance Department;
- ▶ meeting with the management of the Group in the form of a one-day introductory course held within two months from the date of election to the Supervisory Board;
- ▶ individual meeting(s) with the Chairperson(s) of the Supervisory Board Committee(s), whose members are also members of the Supervisory Board.

## ACTIVITIES OF THE SUPERVISORY BOARD COMMITTEES IN 2018

### *Information on the Supervisory Board Members' Attendance at Meetings of the Supervisory Board Committees*

For the period from 1 January 2018 to 31 December 2018:

- ▶ the **Strategy Planning Committee** of the Supervisory Board held five in-person meetings: one meeting before and four meetings after the annual General Meeting of Shareholders held on 26 April 2018. Also, two Strategy Days of the Supervisory Board were organized:

Full name	Number of meetings attended	% of the total number of meetings
Rainer Riess Chairman of the Committee	5	100
Duncan Paterson	4	80
Oleg Viyugin	4	80
Anatoly Braverman	4	80
Andrey Golikov	5	100
Yury Denisov	5	100
Alexander Izosimov Member of the Committee since 26 April 2018	2	50

- ▶ the **Nomination and Remuneration Committee** of the Supervisory Board held 13 meetings, including 8 in-person meetings: six meetings before and seven meetings after the annual General Meeting of Shareholders held on 26 April 2018.

Full name	Number of meetings attended	% of the total number of meetings
Mikhail Bratanov Chairman of the Committee	7	100
Member of the Committee since 26 April 2018		
Oleg Viyugin	13	100
Rainer Riess	13	100
Yury Denisov Member of the Committee until 26 April 2018	6	100



- **the Audit Committee** of the Supervisory Board held six meetings, including four in-person meetings: three meetings before and three meetings after the annual General Meeting of Shareholders held on 26 April 2018.

Full name	Number of meetings attended	% of the total number of meetings
Duncan Paterson Chairman of the Committee	6	100
Maria Gordon	6	100
Rainer Riess	6	100

- **the Budget Committee** of the Supervisory Board held 11 meetings, including 5 in-person meetings: two meetings before and nine meetings after the Annual General Meeting of Shareholders held on 26 April 2018.

Full name	Number of meetings attended	% of the total number of meetings
Andrey Golikov Chairman of the Committee	11	100
Anatoly Braverman	11	100
Maria Gordon Member of the Committee since 26 April 2018	7	77.8
Valery Goreglyad Member of the Committee until 26 April 2018	2	100

- **the Technical Policy Committee** of the Supervisory Board held one in-person meeting (after the General Meeting of Shareholders held on 26 April 2018):

Full name	Number of meetings attended	% of the total number of meetings
Anatoly Karachinsky Chairman of the Committee	1	100
Andrey Golikov	1	100
Alexander Izosimov Member of the Committee since 26 April 2018	1	100

- **the Risk Management Committee** of the Supervisory Board held eight meetings, including four absentee meetings: three meetings before and five meetings after the Annual General Meeting of Shareholders held on 26 April 2018.

Full name	Number of meetings attended	% of the total number of meetings
Yury Denisov Chairman of the Committee	8	100
Valery Goreglyad	7	87.5
Anatoly Braverman	5	62.5

## AUDIT COMMITTEE

The primary purpose of the Audit Committee is to ensure the Supervisory Board is effective in addressing issues relating to the control of financial and economic activities.

The main tasks of the Audit Committee are:

- ▶ control, analysis, and participation in the discussions of issues relating to accounting (financial) reporting;
- ▶ control, analysis, and evaluation relating to risk management and internal control;
- ▶ ensuring independence and impartiality relating to internal and external audit;
- ▶ control relating to counteraction to unfair actions of the Exchange's employees and third parties;
- ▶ assistance in ensuring the participation of the Supervisory Board members in monitoring and personal awareness of the financial and economic activities of the Exchange and the Group companies;
- ▶ preliminary consideration, analysis, development, and provision of opinions and recommendations to the Supervisory Board of the Exchange on issues relating to the functions and tasks of the Audit Committee;
- ▶ preparation of the assessment of the auditor's report of the Exchange and its submission as materials for the Annual General Meeting of Shareholders of the Exchange.

Composition of the Committee:

- ▶ Duncan Paterson, Chairman of the Committee;
- ▶ members of the Committee: Rainer Riess, Maria Gordon.

In 2018, the Audit Committee of the Supervisory Board held six meetings, including four in-person meetings. 37 issues were considered at the meetings.

The main issues considered by the Committee in 2018 and on which recommendations were given to the Supervisory Board, related to the performance of the Group's external auditor, review of MOEX's consolidated financial statements, and reports of the Internal Audit Service.

The Audit Committee reviewed the results of the General Internal Control System Audit project, including the Internal Control System Organization Principles.

In 2018, with regard to the recommendations of the Audit Committee, the Supervisory Board advised the General Meeting of Shareholders to select Deloitte as the external auditor; and the relevant resolution was adopted by the Annual General Meeting of Shareholders. In September 2018, the Audit Committee discussed with the external auditor the audit strategy in respect of financial statements for 2018, and in December the interim results of the audit.

The Audit Committee reviewed the specifics of the introduction of the IFRS 9 standard to the Group's financial statements for 2017.

The Committee paid significant attention to the development of corporate governance. The Committee reviewed the action plan for compliance with the Corporate Governance Code of the Bank of Russia, discussed approaches to communication with investors and shareholders, reviewed the conflict of interest and corporate conflict management policy, and the new version of the Exchange's Corporate Governance Code.

The Committee also assessed the auditor's report on the Exchange's accounting (financial) statements for 2017, and reviewed the Report to Management on the Audit Results for the year ended 31 December 2017. The Committee gave recommendations to the Supervisory Board on awarding the head and employees of the Internal Audit Service of the Exchange based on their performance in 2017.

## NOMINATION AND REMUNERATION COMMITTEE

The primary purpose of the Nomination and Remuneration Committee is to support the effective work of the Supervisory Board of the Exchange in addressing issues relating to the activities of the Exchange and other companies directly or indirectly controlled by the Exchange, and the nomination and remuneration of members of supervisory boards and executive bodies, other key executives, and members of revision commissions.

The key objectives of the Nomination and Remuneration Committee are the preliminary consideration, development and provision of recommendations and conclusions to the Supervisory Board of the Exchange, as well as to supervisory boards of the Group's companies, on the following issues:

- ▶ personnel planning (succession planning), enhancement of professional composition, and effectiveness of supervisory boards;

- ▶ effective and transparent remuneration of members of supervisory boards, members of the collegial executive body, and a person performing the functions of the sole executive body ("members of executive bodies"), as well as other key managers;
- ▶ priority activities of the Exchange and the Group companies in respect of nomination and remuneration of members of supervisory boards, members of executive bodies and other key managers, members of revision commissions;
- ▶ policies and standards for the selection of candidates for members of supervisory boards, members of executive bodies, aimed at attracting qualified specialists;
- ▶ determination of key performance indicators for top managers, and evaluation of their achievement.

Composition of the Committee:

- ▶ Mikhail Bratanov, Chairman of the Committee;
- ▶ members of the Committee: Oleg Viyugin, Rainer Riess.

In 2018, the Nomination and Remuneration Committee of the Supervisory Board held 13 meetings and considered 45 issues.

The main issues, which were considered by the Committee in 2018 and on which relevant recommendations were given to the Supervisory Board, related to planning of compositions of supervisory boards of the Exchange, NSD, and CPP NCC; assessment of the independence of candidates and members of the Supervisory Board of the Exchange; self-assessment and training of members of the Supervisory Board of the Exchange; nomination of candidates for the Supervisory Board; assessment of the expediency of reviewing the amount of remuneration payable to directors; giving recommendations on the determination and assessment of achievement of corporate KPIs (goals) of the Group and individual KPIs of members of executive bodies, and the Director of the Corporate Governance Department of the Exchange; management succession program and extension of powers of members of executive bodies; and option program for managers. In 2018, the Committee's work was focused primarily on giving recommendations on the candidacy of the Chairman of the Exchange's Executive Board, whose powers expired on the date of the Annual General Meeting of Shareholders of the Exchange in 2018.

## STRATEGY PLANNING COMMITTEE

The primary purpose of the Strategy Planning Committee is to improve the performance of the Exchange and its subsidiaries and affiliates, as well as companies, directly or indirectly controlled by the Exchange, in the long and medium term.

Main tasks of the Strategy Planning Committee:

- ▶ coordination of strategic goals, control of strategy implementation, adjustment of the existing development strategy;
- ▶ coordination of priority activities;
- ▶ giving recommendations on dividend policy;
- ▶ evaluation of performance in the medium and long term;
- ▶ preliminary consideration and giving recommendations on participation in other organizations;
- ▶ evaluation of voluntary and mandatory offers to acquire shares in Moscow Exchange;
- ▶ consideration of the financial model and valuation model of business and its segments;
- ▶ consideration of reorganization and liquidation;
- ▶ consideration of changes in the organizational structure;
- ▶ consideration of reorganization of business processes.

Composition of the Committee:

- ▶ Rainer Riess, Chairman of the Committee;
- ▶ members of the Committee: Anatoly Braverman, Oleg Viyugin, Andrey Golikov, Yury Denisov, Duncan Paterson, and Alexander Izosimov.

In 2018, the Strategy Planning Committee of the Supervisory Board held five meetings and considered 23 issues.

The main issues considered by the Committee in 2018 and on which relevant recommendations were given to the Supervisory Board related to development of the main trends in the market, assessment of the implementation of the current strategy, innovation management, implementation of priority projects, and strategic development on the Kazakh market. The Committee's work was focused primarily on the development of a new strategy 2020+. The development of the strategy was divided into two stages. Stage A: the Committee discussed global and regional trends, digitalization trends and the competitive environment, conducted SWOT analysis, and evaluated promising business models and key development areas. Stage B: the Committee discussed key strategic projects, proposals for the wording of the mission and vision, and financial goals of the strategy. All members of the Supervisory Board were involved in the development of the new strategy during two Strategy Days specially organized to coincide with meetings of the Supervisory Board.

## RISK MANAGEMENT COMMITTEE

The main task of the Risk Management Committee is to foster the improvement of the risk management system of the Exchange and Moscow Exchange Group companies in order to enhance the reliability and efficiency of the Exchange.

Main functions of the Risk Management Committee:

- ▶ giving recommendations for the Supervisory Board of the Exchange on priority areas for the development of the risk management system;
- ▶ analysis of internal risk management procedures, and recommendations to improve their efficiency, on behalf of the Supervisory Board of the Exchange;
- ▶ consideration of individual elements and/or parameters of the risk management system, and estimation of their adequacy and effectiveness;
- ▶ review of reports of the Exchange and the Moscow Exchange Group companies management on the functioning of the risk management system, if necessary;
- ▶ giving opinions on issues submitted to the Committee by the Exchange's Executive Board.

Composition of the Committee:

- ▶ Yury Denisov, Chairman of the Committee;
- ▶ members of the Committee: Valery Goreglyad, Anatoly Braverman.

In 2018, the Risk Management Committee of the Supervisory Board held eight meetings and considered 27 issues.

The main issues considered by the Committee in 2018 and on which relevant recommendations were given to the Supervisory Board related to the regular analysis of the Moscow Exchange Group's reports on management of various risks, including business continuity, operational and other risks. At the meetings of the Committee, special attention was paid to improving operational risk management, developing compliance risk regulation, and updating relevant policies and principles, which are fundamental documents of the Exchange's risk management.

## BUDGET COMMITTEE

The primary purpose of the Budget Committee is to support the Supervisory Board of the Exchange in exercising control over the formation and expenditure of funds intended for financial support of the Exchange and the Group companies.

Main tasks of the Budget Committee:

- ▶ determining the principles of formation and expenditure of budget of the Exchange and Group companies;
- ▶ timely and reliable formation of the planned budgets of the Exchange and individual structural units and companies of the Group;
- ▶ ensuring operational management of the budgeting process of the Exchange and Group companies;
- ▶ assessment of the efficiency of the budgeting process of the Exchange and Group companies.

Composition of the Committee:

- ▶ Andrey Golikov, Chairman of the Committee;
- ▶ members of the Committee: Anatoly Braverman, Maria Gordon.

In 2018, the Budget Committee of the Supervisory Board held 11 meetings and considered 41 issues.

The main issues considered by the Committee in 2018 and on which relevant recommendations were given to the Supervisory Board related to planning of the consolidated budget and control over its execution; determination of the amount of dividends in accordance with the dividend policy, including with respect to the subsidiaries of the Exchange; determination of rates for all markets of the Exchange and effectiveness of the use of marketing periods; control of execution of priority project budgets; the Exchange's wealth management; conducting stress tests of the Exchange's financial model; and giving recommendations in respect of real estate owned by the Exchange, and data centers leased by the Exchange.

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## TECHNICAL POLICY COMMITTEE

The main objectives of the Technical Policy Committee are the development and improvement of effectiveness of the Group's activities through recommendations and expert opinions to the Supervisory Board of the Exchange, boards of directors (supervisory boards) of the Group companies and their committees, and executive bodies of the Exchange and the Group companies in respect of technical policy and development of IT and software of the Group.

The main tasks of the Technical Policy Committee are:

- ▶ effective interaction between the Exchange and Group companies and participants of the on-exchange, financial and commodity markets, namely users of the Group's software and hardware, in respect of issues of technical policy and IT and software development;
- ▶ ensuring full and comprehensive consideration of the needs of participants of the on-exchange, financial, and commodity markets in the IT and software development;
- ▶ coordination of activities relating to technical policy within the Group and ensuring centralized policy in matters within the competence of the Committee.

Composition of the Committee:

- ▶ Anatoly Karachinsky, Chairman of the Committee;
- ▶ members of the Committee: Andrey Golikov, Alexander Izosimov, Vladimir Kurlyandchik, Kirill Menshov, Yury Yartsev.

In 2018, the Technical Policy Committee of the Supervisory Board held one meeting and considered four issues.

The main issues considered by the Committee in 2018 and on which relevant recommendations were given to the Supervisory Board related to the establishment of the Exchange IT development program for 2019-2020 and subsequent years, as well as amendments to the Exchange's Technical Policy aimed at improving the efficiency of equipment use. In 2018, the Committee also reviewed reports on the implementation of new technologies and methods for developing and assessing their value in Moscow Exchange Group.

## ASSESSMENT OF PERFORMANCE OF THE SUPERVISORY BOARD AND COMMITTEES

### *Assumptions and Grounds for Assessment*

In accordance with the recommendations of the Russian Corporate Governance Code and best international practice, the Supervisory Board of the Exchange assesses its performance on an annual basis.

In 2017, the Nomination and Remuneration Committee reviewed the pool of competencies required for the Supervisory Board members. The pool is comprised of the knowledge of financial market infrastructure, exchange industry, information technologies for the centralized market infrastructure, operational and financial risk management, wealth management (investments, dividends), financial accounting, personnel policy and modern approaches to motivating top managers, innovation management, post-trading services and regulatory strategy.

### *Assessment Goals and Objectives*

The assessment is aimed at monitoring positive changes in the activities of the Supervisory Board, and evaluating the work of the Committees, independent directors and the Chairman of the Supervisory Board. One important aspect of the assessment is to receive detailed feedback from members of the Supervisory Board.

In order to achieve these goals, with the help of a facilitator from the International Institute for Management Development (IMD), various aspects of the Supervisory Board's activities were assessed, including areas where the majority of directors gave critical comments, and areas where, by general consensus, no significant changes were required.

### *Assessment Participants*

Nine out of twelve participants took part in the assessment of the Supervisory Board; they answered most of the questions and commented on the most difficult ones.

### *Assessment Results*

Participants stated that many aspects of the Supervisory Board's activities in recent years have improved. However, there are some aspects that should be paid extra attention.

The following aspects of the Supervisory Board's activities deserve a positive assessment:

- ▶ leadership of the Supervisory Board in implementing the mission and vision of the company, managing the company, and ensuring its effectiveness;
- ▶ implementing strategic ideas and joint strategy development with managers;
- ▶ interaction between members of the Supervisory Board and managers;
- ▶ effective organization by the Chairman of the Supervisory Board of the work of the Board;
- ▶ technological support of work of the Supervisory Board.

The following areas were selected as areas to be improved:

- ▶ the vision of the development of the company in 10, 20 or 50 years is not clear enough;
- ▶ prevailing practice of commenting on presentations by managers at meetings of the Supervisory Board;
- ▶ inefficient use of time by members of the Supervisory Board;
- ▶ need for better preparation by all directors for meetings of the Supervisory Board;
- ▶ developing a risk-taking culture to foster innovation with an acceptable level of tolerance to possible failures.

## CORPORATE SECRETARY OF THE EXCHANGE

In accordance with the resolution of the Supervisory Board, the function of the Exchange's Corporate Secretary is performed by the Corporate Governance Department headed by its Director, administratively reporting to the Chairman of the Executive Board, and functionally reporting to the Chairman of the Supervisory Board. Resolutions on appointment, dismissal, and remuneration of the Director of the Corporate Governance Department are adopted by the Supervisory Board, which ensures the necessary degree of independence of the work of the governing bodies.

The main tasks of the Corporate Governance Department, which performs the functions of the Corporate Secretary, include:

- ▶ participation in the improvement of the corporate governance system and practice of Group companies;
- ▶ coordination of the Exchange's actions to protect and exercise the rights and interests of its shareholders, and, if necessary, of shareholders/participants of the Group companies;
- ▶ effective current interaction with shareholders of the Exchange, and, if necessary, with shareholders/participants of Group companies;
- ▶ support of effective work of the Supervisory Board and advisory bodies of the Exchange's Supervisory Board (the "Supervisory Board Committees"), and, if necessary, of supervisory boards/boards of directors of the Group companies;
- ▶ participation in the disclosure of information about the Exchange.

The monitoring of corporate governance practices of the Group and the internal assessment of the effectiveness of the Supervisory Board are conducted annually under the guidance of the Director of Corporate Governance Department.

Since October 2013, Alexander Kamensky has been the Director of the Corporate Governance Department of the Exchange.



**Alexander Kamensky,**  
*Corporate Secretary  
of Moscow Exchange*

Born in 1982 in Moscow.

In 2005, he graduated with honors from the Lomonosov Moscow State University, Law Faculty, with a degree in Jurisprudence. He is also a graduate of the Leadership Programme at the INSEAD Business School. In 2014, he received a Director Certificate from the UK Institute of Directors.

He won the Director of the Year Prize awarded by AID and RSPP in the Corporate Secretary category in 2015; the ARISTOS2014 award in the Best Corporate Governance Director category; the Top-1000 Russian Managers 2017 award in the Best Corporate Governance Director category. In 2014–2018, he was ranked first in the Top 1000 Russian Managers of Financial Companies in the Corporate Governance Directors category.

Work experience:

- ▶ Since 2013: Director of the Corporate Governance Department—Corporate Secretary of Moscow Exchange.
- ▶ 2012–2013: Head of the Corporate Governance Centre—Corporate Secretary of MDM Bank.
- ▶ 2011–2012: Manager for Corporate Governance—Corporate Secretary of Enel Russia.
- ▶ Number of shares held / equity interest in Moscow Exchange: 145,005 pcs / 0.006369702%.

On 6 April 2018, he purchased 333,334 shares and sold 184,043 shares. On 24 September 2018, he sold 4,290 shares.

He does not own any shares in the Exchange's subsidiaries or affiliates. He has no family relations with any members of the governing and/or supervisory bodies of Moscow Exchange. He has been a member of the Council of the National Union of Corporate Secretaries since 10 October 2016.



## REVISION COMMISSION OF THE EXCHANGE

The Annual General Meeting of Shareholders elects the Revision Commission, which consists of three members, to monitor the financial and business activities of the Exchange.

In accordance with the current legislation, the Revision Commission monitors the financial and business activities of the Exchange, conducts thematic inspections, assesses the reliability of data included in the Annual Report and contained in the Annual Financial Statements of the Exchange prepared according to Russian standards.

### Composition of the Revision Commission elected by shareholders on 26 April 2018:

No.	Full name, position	Nominated by
1.	Vladislav Zimin Economic Advisor, Corporate Relations Department, Bank of Russia	Bank of Russia
2.	Olga Romantsova Executive Director, Head of Financial Market Operation Audit Department, Internal Audit Department, Sberbank	Sberbank
3.	Mikhail Kireev Senior Vice President, Russian Direct Investment Fund (RDIF)	RDIF Asset Management-6

## FURTHER DEVELOPMENT OF THE CORPORATE GOVERNANCE SYSTEM

In 2017, the Supervisory Board determined the following goals (priorities) for 201-2018:

- consideration of the increase in the share of income from the sale of market and corporate data for the period until 2020;
- consideration of approaches to innovation management in Moscow Exchange Group;
- payment of interim dividends, and qualitative analysis of interaction with shareholders and investors;
- analysis and adjustment, if necessary, of the Moscow Exchange strategy until 2029.

The Supervisory Board determined the following priority activities for 2018-2019:

- Consideration of the increase in the share of income from the sale of market and corporate data for the period until 2020;

- Consideration of approaches to innovation management in Moscow Exchange Group;
- Analysis and development of MOEX's future long-term strategy and the new strategic plan;
- Consideration of the management succession program of Moscow Exchange Group;
- Consideration of organization of corporate governance in Moscow Exchange Group.

In 2018, the Supervisory Board considered the issues of innovation management, payment of interim dividends of the Exchange, and began to develop a new long-term strategy. Other issues are planned to be discussed during 2019.



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## MOSCOW EXCHANGE CORPORATE GOVERNANCE CODE

In 2015, Moscow Exchange approved its own Corporate Governance Code. The Code complies with Russian legislation and was drafted with respect to:

- ▶ the principles and recommendations of the Corporate Governance Code of the Bank of Russia;
- ▶ the OECD Corporate Governance Principles;
- ▶ corporate governance principles recommended by recognized international organizations.

The Code of the Exchange also contains general provisions on the operation of the Exchange, as well as Management's representations on adherence to best corporate governance practices, and also describes the principles and system of corporate governance, as well as how the Exchange implements specific corporate governance principles (corporate governance practice):

- ▶ in the enforcement of shareholders' rights and interacting with shareholders;
- ▶ in the practices of the Supervisory Board, executive bodies and the Corporate Secretary;
- ▶ in its risk management and internal control system;
- ▶ in disclosure of information by the Exchange and in performance of material corporate actions.

The Code also describes the objectives and principles of corporate social responsibility for Moscow Exchange, the principles of interaction with service users and other stakeholders, as well as the principles for elaboration of the corporate governance system for Moscow Exchange Group companies.

A specific feature of the Code is that it contains development plans for the implementation of corporate governance principles. This feature means that the Code is not a declarative document but rather a practical tool that enables Moscow Exchange to further improve its corporate governance framework.

In 2018, the Exchange updated its Code: the Material Corporate Actions section was significantly revised, the Corporate Conflict Resolution section was corrected, the actions performed were reflected as measures taken and used in the Exchange's corporate governance, and new development plans were specified.

The new version of the Code was approved by the Supervisory Board of the Exchange on 15 February 2019.

## INFORMATION POLICY

The Exchange is committed to ensuring that its activities are as transparent as possible for its shareholders, investors and other stakeholders. Following the recommendations of the Corporate Governance Code of the Bank of Russia and the development plans of the Exchange, and taking into account the legislative requirements on information disclosure by issuers whose securities are admitted to trading, the Exchange adopted a new Information Policy in December 2015 (<http://fs.moex.com/files/11122/>). (In 2016, the Information Policy was amended in line with the recommendations of the Corporate Governance Code).

This document is a set of standards the Exchange abides by (including members of its management bodies, officials, and employees) when disclosing and/or providing information to shareholders and other stakeholders. In particular, the Information Policy determines:

- ▶ key objectives and binding principles of information disclosure of the Exchange as a securities issuer;
- ▶ groups of disclosed information, including a list of information that the Exchange may disclose voluntarily, as well as the disclosure procedure;
- ▶ the procedure for Moscow Exchange's interaction with stakeholders, including with individuals who are authorized to communicate on behalf of the Exchange;
- ▶ the procedure of granting access to the information and documents of the Exchange.

The Information Policy is aimed at providing stakeholders with additional opportunities to exercise their rights and interests and at improving the efficiency of information exchange between the Exchange and all stakeholders.

### ***Methodology Used by Moscow Exchange to Assess the Principles of Corporate Governance Established in the Corporate Governance Code of the Bank of Russia***

The recommendations established in Letter No. IN-06-52/8 of the Bank of Russia dated 17 February 2016 "On The Disclosure, in a Public Joint-Stock Company Annual Report, of a Report on Compliance with the Principles and Recommendations of the Corporate Governance Code" were used by the Exchange as the methodology for its assessment of the principles of corporate governance established in the Corporate Governance Code of the Bank of Russia.

As part of the assessment, an analysis was undertaken to determine whether the Exchange's corporate governance practices and internal procedures complied with the principles and recommendations of the Bank of Russia Corporate Governance Code.

The findings of the assessment are presented in the Report on Compliance with the Principles and Recommendations of the Corporate Governance Code, which forms an integral part of the Annual Report.

Over the past several years, the Exchange has been working on bringing its corporate governance practices in line with the Corporate Governance Code. The annual analysis of the results of corporate governance assessment shows a trend towards an increase in the number of principles and recommendations complied with.

### ***Directors' Liability Insurance***

Since 2013, the liability of Moscow Exchange's directors and officers (including independent directors), as members of the Company's management bodies, has been insured. The purpose of this insurance is to provide compensation for potential damages caused by unintended negligent actions (or by their inaction) on the part of the insured individuals in the performance of their administrative activities.

Under the insurance contract concluded in 2018, the insurance premium is USD 74,700, and the insured amount is USD 50 mln (the total additional insured amount is USD 5 mln for independent directors). The insurer is Ingosstrakh.

The terms and conditions of the insurance contract, including the insurance coverage, are consistent with the best global insurance practices.

## EXTERNAL AUDITOR

Auditor's name	Deloitte & Touche CIS
INN	7703097990
OGRN	1027700425444
Address	5 Lesnaya St., Moscow 125047 Russia
The auditor is the member of Russian Union of Auditors (RUA)	The auditor is the member of Russian Union of Auditors (RUA)
The organization is located at:	8 Petrovskiy Pereulok, building 2, Moscow 107031.

### Auditing Team:

- ▶ Sergei Neklyudov, Leading Partner;
- ▶ Ekaterina Ponomarenko, Partner, Quality Control;
- ▶ Anna Zdanevich, Audit Director;
- ▶ Anna Naydunova, Senior Audit Manager;
- ▶ Maria Vovk, Audit Manager;
- ▶ Natalia Kaprizina, Partner, Internal Control Audit;
- ▶ Julia Goncharova, Senior Manager, Internal Control Audit;
- ▶ Ksenia Andreeva, Manager, Internal Control Audit;
- ▶ Anton Shulga, Partner, Valuation;
- ▶ Aleksei Chagovets, Director, Valuation;
- ▶ Oksana Zhupina, Partner, Tax Audit;
- ▶ Anton Rudakov, Assistant Manager, Tax Audit;
- ▶ Anna Kostyra, Partner, Legal Affairs;
- ▶ Alfiya Mukhamatyanova, Senior Manager, Legal Affairs.

The fee for the audit of the annual accounting (financial) statements of Moscow Exchange and of the consolidated statements of Moscow Exchange Group for 2018 was RUB 42,295 thousand, including VAT.

Deloitte and Touche CIS rendered no other services to PJSC Moscow Exchange in 2018 beyond audit services.

## EXTERNAL AUDITOR SELECTION PROCEDURE

In accordance with the Regulations on the Auditor Selection Commission, Moscow Exchange selects auditors every three years. The number of consecutive audit years by one organization normally does not exceed six years, i.e. two auditor selection periods. Deloitte & Touche CIS won the tender.

The best candidate is chosen by the Auditor Selection Commission in accordance with the Regulations on the Evaluation of Proposals for the Selection of the Auditor for Moscow Exchange and the Technical Requirements for Audit. Both are approved by the Supervisory Board's Audit Committee.

Technical Requirements determine the scope of matters the auditor will review during an audit, as well as the Exchange's requirements for the audit firm taking part in the competitive tender.

Before reviewing the bids for the audit of Moscow Exchange and Group companies, the Committee prepares an opinion on bidders' compliance with legislative requirements, including with regard to factors that may affect the independence and objectivity of the auditor. Only those candidates that comply with the requirements for the auditor's independence under Article 8 of Federal Law on Auditing (No. 307-FZ dated 23 December 2008) are admitted to the tender.

The auditor selection process is based on a review of the technical characteristics and prices of the bids providing the best terms for the audit of the financial (accounting) statements of Moscow Exchange and Group companies.

The Auditor Selection Commission reviews bids in two stages, assessing technical characteristics first and then pricing of bids, based on which it determines the winning candidate.

The review of technical characteristics assesses the audit methodology, quality of the auditor's report on the internal control framework to the Exchange's governing bodies, the bidders' professional expertise, and draft agreement for the audit of the Exchange and Group companies.

As regards the pricing of bids, the total audit fees for the current reporting period and for the two subsequent periods, as well as the fee payment schedule, are considered.

Based on its review of the bids, the Auditor Selection Commission determines the winning bid and recommends the candidate to the Supervisory Board's Audit Committee. In turn, the Committee recommends that the Supervisory Board should propose to the General Meeting of Shareholders of the Exchange to approve the candidate as the auditor.

The final decision on auditor selection is made by the Annual General Meeting of Shareholders.

## REMUNERATION OF SUPERVISORY BOARD MEMBERS

The Exchange's remuneration system for Supervisory Board members is determined by the Remuneration and Compensation Policy approved by resolution of the Supervisory Board in December 2016 and by the Remuneration and Compensation Regulation approved by resolution of the Annual General Meeting of Shareholders in April 2016. The Nomination and Remuneration Committee actively participates in improvement of the remuneration system for Supervisory Board members, taking into account the best practices of corporate governance and the positive experience of public companies and foreign exchanges. The above Policy and Regulation apply only to the members of the Supervisory Board of the Exchange. During the reporting year, no amendments were made to these documents, and no assessment of the remuneration system was made by any external organizations. However, the Nomination and Remuneration Committee of the Supervisory Board conducted an expert assessment of the compliance of current remuneration with market conditions and practices of companies with similar capitalization, and did not recommend to revise the remuneration in 2018.

According to the Policy, the system of remuneration and compensation of Supervisory Board members is based on the following key interrelated principles:

- ▶ mechanisms of calculating remuneration and compensation are clear, and information on them is available to all interested parties;
- ▶ disclosure of information on the remuneration and compensation of Supervisory Board members, including the amount of individual remuneration, is done in proper time and in full;
- ▶ the amount of remuneration of Supervisory Board members is intended to motivate them to work effectively;
- ▶ contribution of each member of the Supervisory Board is assessed taking into account his/her duties, responsibilities, workload, and involvement.

The level of remuneration paid to Supervisory Board members shall be sufficient to attract, motivate, and retain persons with skills and qualifications necessary for the Exchange. The Nomination and Remuneration Committee gives recommendations on the level of remuneration of Supervisory Board members on the basis of an expert assessment of the level of remuneration paid by Russian companies with similar capitalization and competitors of the Exchange.

The Policy and Regulation govern all types of payments, benefits, and privileges provided to Supervisory Board members and contain no other forms of short-term or long-term incentives of Supervisory Board members.

In order to ensure independent decision making, the remuneration of Supervisory Board members is not tied to the Exchange's performance or share price and does not include option programs. Supervisory Board members enjoy no pension contributions, insurance programs (apart from the Supervisory Board member liability insurance and the conventional insurance associated with travelling to perform duties as a director or to participate in Supervisory Board activities), investment programs, or other benefits or privileges, unless specified in the Policy and Regulation. The Exchange does not provide loans to Supervisory Board members and does not enter into civil law contracts with them for the provision of services to the Exchange on non-market terms.

Remuneration for performing the duties of a member of the Supervisory Board of the Exchange shall not be paid to state employees, employees of the Bank of Russia, employees and managers of the Exchange and its subsidiaries.

Remuneration of directors for performing the duties of a member of the Supervisory Board comprises basic and supplementary components.

The amount of the basic remuneration of a member of the Supervisory Board depends on whether such member is independent or not, and:

- ▶ for an independent member of the Supervisory Board, amounts to RUB 5.5 mln;
- ▶ for a non-independent member of the Supervisory Board, amounts to RUB 4 mln.

The following differentiated supplementary remuneration is paid to Supervisory Board members for performance of additional duties, requiring extra time and effort, of Chairman of the Supervisory Board, Deputy Chairman of the Supervisory Board, Chairman of a Supervisory Board Committee, or a member of a Supervisory Board Committee, and:

- ▶ for the Chairman of the Supervisory Board, amounts to RUB 6 mln;
- ▶ for the Deputy Chairman of the Supervisory Board, amounts to RUB 3 mln;

- ▶ for the Chairman of the Supervisory Board Committee, amounts to RUB 2.5 mln;
- ▶ for a member of the Supervisory Board Committee, amounts to RUB 1.25 mln.

When a member of the Supervisory Board performs the duties of the Chairman and/or a member of more than one Committees of the Supervisory Board, such member is paid remuneration for the chairmanship and/or membership in each such Committee.

By resolution of the General Meeting of Shareholders of the Exchange, members of the Supervisory Board may be paid supplementary remuneration for participation in conferences or forums held at the initiative or with the participation of the Exchange and aimed at improving the Exchange's interaction with investors or financial market participants. The exact amount of the specified supplementary remuneration is determined taking into account the importance, duration and remoteness of the venue of the event and may not exceed RUB 400,000.

The amount of the basic and supplementary remuneration of a member of the Supervisory Board is fixed, reflects the expected time costs associated with performing the duties of a member of the Supervisory Board, and does not depend on participation in each meeting of the Supervisory Board or Supervisory Board Committees (including the unscheduled ones). However, the amount may be reduced by 25% or 50% if a member of the Supervisory Board attended less than 75% and 50% of in-person meetings of the Supervisory Board or Committees, respectively. If a member of the Supervisory Board took part in 1/3 or less of the total number of meetings of the Supervisory Board or in 1/4 or less of in-person meetings of the Supervisory Board, the General Meeting of Shareholders of the Exchange may decide not to pay remuneration to such member of the Supervisory Board.

In case of early termination of powers of a member of the Supervisory Board, the calculation of remuneration of such member is made for the actual period of performance of his/her duties.

Apart from the remuneration for work in the Supervisory Board and Supervisory Board Committees, in accordance with the Exchange's Policy, members of the Supervisory Board are reimbursed (compensated) for travel expenses relating to participation in in-person meetings of the Supervisory Board or its Committees, General Meetings of Shareholders, as well as in events attended under the performance of duties of Supervisory Board members. In addition, members of the Supervisory Board who travel to attend meetings and other events held outside their place of residence are reimbursed (compensated) for representation expenses.

Members of the Supervisory Board are entitled to classes of travel and accommodation equal to those members of executive bodies are entitled to in accordance with the internal documents regulating reimbursement of expenses in business trips.

In order to maintain the necessary professional level of Supervisory Board members, the Nomination and Remuneration Committee of the Supervisory Board may recommend paying for professional training and refresher courses.

An exhaustive list of reimbursable expenses is established by the Regulation.

The Nomination and Remuneration Committee ensures that Supervisory Board members participate in control over the remuneration of Supervisory Board members.

The amount of remuneration paid in 2018 to MOEX Supervisory Board members for the performance of their duties in the period from the date of election in 2017 to the date of termination of their powers in 2018 (corporate year) is determined in accordance with the Regulation.

The resolution to pay remuneration to Supervisory Board members for the performance of their duties during their term of office, as well as to determine the amount of individual remuneration of each director elected on 27 April 2017, was adopted at the Annual General Meeting of Shareholders held on 26 April 2018.

The remuneration of members of the Supervisory Board of the Exchange was previously reviewed by the Nomination and Remuneration Committee of the Supervisory Board of the Exchange, as well as by the Supervisory Board.

## AMOUNT OF PAYMENTS (BY TYPES OF REMUNERATION), RUB THOUSAND

#	Full name	2018 год				2017 год	2016 год
		Basic remuneration	Supplementary remuneration	Reimbursement of travel expenses	Remuneration for work in governance bodies of subsidiaries	Total amount of all payments and compensations	Total amount of all payments and compensations
1	Alexey Kudrin	3,000	6,000	0	0	<b>9,000</b>	10,000
2	Alexander Afanasiev	0	0	0	0	<b>0</b>	0
3	Oleg Viyugin	4,818.2	2,500	2,533.1	4,250.0	<b>14,101.2</b>	0
4	Anatoly Braverman	4,000	3,750	0	0.0	<b>7,750.0</b>	0
5	Andrey Golikov	4,000	8,000	694.4	5,250.0	<b>17,944.4</b>	17,250.0
6	Maria Gordon	5,500	2,011.7	507.8	0.0	<b>8,019.5</b>	9,882.8
7	Valery Goreglyad	0	0	508	0	<b>508</b>	0
8	Yury Denisov	4,000	5,000	562.2	6,000.0	<b>15,562.2</b>	14,430.5
9	Bella Zlatkis	4,000	0	0	4,750.0	<b>8,750.0</b>	8,750.0
10	Anatoly Karachinsky	5,500	2,500	0	0	<b>8,000.0</b>	8,817.4
11	Rainer Riess	5,500	8,515.8	575.6	0	<b>14,591.4</b>	11,533.9
12	Duncan Paterson	5,500	5,226.6	533.9	0	<b>11,260.5</b>	8,569.8

## INFORMATION ON MEMBERS OF THE EXECUTIVE BOARD<sup>1</sup>

### Chairman and Members of the Executive Board

The current activities of the Exchange are managed by the Chairman of the Executive Board, which is the sole executive body, and by the Executive Board, which is the collegial executive body of the Exchange.



### INFORMATION ON THE CHAIRMAN OF THE EXECUTIVE BOARD OF THE EXCHANGE

Born on 12 January 1962 in Moscow.

In 1984, he graduated from the Moscow Financial Institute with a degree in International Economic Relations.

He has a PhD in Economics.

- ▶ From 1998 to 2011, he was the Deputy Chairman of the Executive Board at Bank WestLB Vostok, a subsidiary of the German banking group WestLB AG.
- ▶ Since 2011, he has been a member of the Executive Board of the Exchange.
- ▶ Since 21 June 2012, he has been the Chairman of the Executive Board of Moscow Exchange. His term of office is from 27 April 2018 to 27 April 2020, inclusive (established by resolution of the Supervisory Board of Moscow Exchange dated 23 March 2018 (Minutes No. 15 dated 23 March 2018)).
- ▶ He is a member of the Supervisory Board of CCP NCC; a member of the Supervisory Board of NSD; a member of the Executive Board of the Russian Union of Industrialists and Entrepreneurs.

Length of service with the Exchange: since 2011 to date.

Number of shares held / equity interest in Moscow Exchange: 2,948,385 / 0.1295196%.

He reported no transactions involving shares in Moscow Exchange in 2018.

**Alexander Afanasiev,**

*Chairman of the Executive Board*

1. Information on the Chairman and members of the Executive Board of the Exchange is as of 31 December 2018.



**Anna  
Kuznetsova,**  
*Managing Director  
 of the Equity & Bond Market*

Born on 20 September 1974 in Gorodishche, Stary Oskol district, Belgorod region.

In 1996, she graduated from the Lomonosov Moscow State University with a qualification in Mechanics and Applied Mathematics. In 1998, she graduated from the Lomonosov Moscow State University with a Bachelor degree in Economics. In 1999, she finished the post-graduate course of the Mechanics and Mathematics Faculty at the Lomonosov Moscow State University.

She has a PhD in Physics and Mathematics.

- ▶ From 1999 to 2001, she worked in NAUFOR, participated in the creation of the National Quotation System, and the development of the Complex Information Disclosure System.
- ▶ From 2001 to 2004, she worked in RTS; from 2003, she was Head of the New Markets Development Department of NP RTS Association.
- ▶ In 2004–2006, she worked as the Executive Director of REGION Brokerage Company where she was in charge of the organization of work and interaction between the Company's operating divisions.
- ▶ From 2006 to 2008, she worked as the Vice-President of NP RTS Association, and as the Deputy Chairman of the Executive Board of RTS.
- ▶ Since 2008, she worked as the Deputy CEO and, from 2013 to 2016, as the CEO of MICEX Stock Exchange.
- ▶ From 2011 to 2016, she worked as the Managing Director of the Equity & Bond Market
- ▶ Since 21 July 2016, she has been a member of the Executive Board and the Managing Director of the Equity & Bond Market. Her term of office is from 24 July 2018 to 21 July 2021, inclusive (determined by resolution of the Supervisory Board of the Moscow Exchange dated 5 June 2018 (Minutes No. 3 dated 5 June 2018)).
- ▶ Since 2018, she has been Professor, the Head of the Financial Markets Infrastructure Chair at the National Research University Higher School of Economics.

Length of service with the Exchange: since 2001 to date.

Number of shares held / equity interest in Moscow Exchange: 220,000 / 0.0096644%.

She reported no transactions involving shares in Moscow Exchange in 2018.





**Igor  
Marich,**  
*Managing Director  
of the Money  
and Derivatives Markets*

Born on 1 April 1974 in Moscow.

In 1998, he graduated from the Finance Academy under the Government of the Russian Federation with a degree in Finance and Credit.

- ▶ Since 1994 to 1999, he worked in ELBIM Bank, where he raised from an Economist to the Head of the Securities Department.
- ▶ Since 2000, he has worked at the Exchange and led the development of the Derivatives Market on the Exchange, as well as the development and implementation of new instruments in the MICEX Group markets. He took an active part in the creation and subsequent development of the Repo Market, as well as in the organization of bank deposit and credit operations on the Exchange. Since 2011, he headed the Exchange's FX and Money Markets.
- ▶ Since 2013 to 2016, he worked as the Managing Director of the Money Market. Since 22 July 2016, he has been a member of the Executive Board and the Managing Director of the Money and Derivatives Markets. His term of office is from 24 July 2018 to 21 July 2021, inclusive (determined by resolution of the Supervisory Board of the Moscow Exchange dated 5 June 2018 (Minutes No. 3 dated 5 June 2018)).
- ▶ Currently, he is a member of the Board of Directors of MB Innovations LLC; Chairman of the Supervisory Board of the National Mercantile Exchange; member of the Board of Directors of the Kazakhstan Stock Exchange.

Length of service with the Exchange: since 2000 to date.

He has no interest in the share capital/ordinary shares in Moscow Exchange.

He reported no transactions involving shares in Moscow Exchange in 2018.



**Dmitry  
Shcheglov,**  
*Chief Operating Officer*

Born on 1 September 1975 in Orekhovo-Zuevo, Moscow region.

In 1998, he graduated from the Stankin Moscow State Technology University with a degree in Automation and Control. He has a PhD in Engineering Sciences.

- ▶ In 2016, he graduated from the Moscow School of Management Skolkovo with a degree of Master of Business Administration (Executive MBA).
- ▶ In 1998, he began to work at the Exchange as an expert of Trade System and Clearing Support Section of the Derivatives Market Division. Later, he held various positions in the FX Market Department of the Exchange. He was directly involved in the organization of CCP NCC activities and transfer of FX Market clearing functions to it. In 2009, he organized the work of the Operations Centre of the Exchange.
- ▶ Since April 2011, he was the Deputy Head of the Integration Project Centre.
- ▶ In 2012, he was appointed the Executive Director of Operations of the Exchange and, since 2013, he has been holding the position of the Chief Operating Officer.
- ▶ From 2013 to 2016, he was the Deputy CEO of MICEX Stock Exchange and a member of the Board of Directors of MICEX Stock Exchange.
- ▶ From 2017 to 2018, he was the Chairman of the Board of Directors of MB Innovations.
- ▶ Since 1 April 2013, he has been a member of the Executive Board of Moscow Exchange. His term of office is from 4 April 2017 to 2 April 2020, inclusive (established by resolution of the Supervisory Board of the Moscow Exchange dated 2 March 2017 (Minutes No. 15 dated 2 March 2017)).

Length of service with the Exchange: since 1998 to date.

Number of shares held / equity interest in Moscow Exchange: 17,258 / 0.00076%.

#### Information on transactions involving shares in Moscow Exchange in 2018

Transaction date	Transaction type (substance)	Before transaction		After transaction	
		number of shares	equity interest, %	number of shares	equity interest, %
02 July 2018	Purchase of shares	90,261	0.00396	756,928	0.03325
02 July 2018	Sale of shares	756,928	0.03325	374,258	0.01644
16 July 2018	Sale of shares	374,258	0.01644	317,258	0.01394
27 July 2018	Sale of shares	317,258	0.01394	17,258	0.00076



**Maxim  
Lapin,**  
*Chief Financial Officer*

Born on 29 October 1979 in Shuya, Ivanovo region.

In 2003, he graduated from Lomonosov Moscow State University with a degree in Economics.

- ▶ In 2007, he graduated from Columbia Business School with a degree of Master of Business Administration in Finance.
- ▶ From October 2009 to January 2014, he worked as the Director of Planning and Analysis at Sibur.
- ▶ Since February 2014, he headed the Business Development & Performance Management Department of the Magnitogorsk Iron and Steel Works.
- ▶ Since 2018, he has been the Chairman of the Board of Directors of MB Innovations.
- ▶ In August 2017, he continued his work as an Advisor to Moscow Exchange.
- ▶ Since 2 October 2017, he has been a member of the Executive Board of Moscow Exchange. His term of office is from 2 October 2017 to 1 October 2019 (established by resolution of the Supervisory Board of the Moscow Exchange dated 28 September 2017 (Minutes No. 7 dated 29 September 2017)).

He has no interest in the share capital/ordinary shares in Moscow Exchange.

He reported no transactions involving shares in Moscow Exchange in 2018.

## REMUNERATION PAYABLE TO MEMBERS OF THE EXECUTIVE BOARD

The remuneration system for members of Moscow Exchange's executive bodies is regulated according to the Policy on Remuneration and Compensation for Members of Executive Bodies approved by the resolution of the Supervisory Board in December 2016. This Policy establishes remuneration principles and approaches, procedures for determining the amount of remuneration and the types of payments, benefits and perquisites.

The Policy is based on the following key principles:

- ▶ Attracting and retaining professional and effective members of executive bodies capable of implementing the Exchange's strategy and other business priorities, as well as increasing shareholder value.
- ▶ Providing competitive remuneration sufficient to attract, motivate and retain competent and qualified members of the executive bodies.
- ▶ Maintaining an optimal balance when awarding compensation between the performance of Moscow Exchange as a whole and the personal contribution of each member of the executive body.

The Remuneration Policy is transparent and available to investors online<sup>1</sup>.

Remuneration payable to executive body members is comprised of a fixed (salary) component and a variable component. The variable component constitutes a significant portion of total annual remuneration and consists of short- and long-term elements. Short-term variable compensation represents an annual bonus linked to the performance of Moscow Exchange and each executive body member's personal contribution. Long-term variable compensation is determined as per the share-based long-term incentive program.

Short-term variable compensation is linked to performance against key performance indicators (KPIs) reviewed and approved annually and including both corporate and individual KPIs. In 2018, corporate performance accounted for 40% and individual performance accounted for 60%.

To increase personal responsibility, the Supervisory Board may defer the payment of a portion of bonuses to members of executive bodies until it receives information on their financial and other achievements; the delayed portion may be reduced or cancelled in case of failure to attain a positive result in the relevant business line. Sixty percent of the approved bonus pool for 2018 will be paid in 2019, while 40% of the bonus pool will be paid in equal installments with a delay of one to two calendar years (20% after one calendar year, and the remaining 20% after another calendar year) as per decisions of the Supervisory Board. This allows the Group to account for the risks associated with decisions made by members of the executive body.

To improve motivation and accountability of Moscow Exchange executive body members, to ensure their interests are aligned with those of shareholders and to link remuneration to the Exchange's long-term performance, the Group runs a share-based long-term incentive program as per principles and parameters approved by the Supervisory Board. Under this program, the right to sell shares vests in stages, in one, two and three years subject to continued employment.

Similar to other employees of the Moscow Exchange, members of executive bodies are entitled to the following benefits:

- ▶ voluntary medical insurance and international medical insurance;
- ▶ life and accident insurance;
- ▶ financial assistance;
- ▶ salary payments for a certain number of days of incapacity from work per year.

In addition, members of the executive bodies are provided with a corporate car and a business mobile phone plan and are entitled to reimbursement of hospitality and travel expenses.

1. <http://www.moex.com/s798>

No severance pay is determined or paid in instances where a member of an executive body resigns or is dismissed on grounds related to disciplinary action, or their employment is terminated as a result of delinquency of the executive.

The compensation payable in the event of an executive body members' early termination (following the relevant resolution of the Supervisory Board) subject to no fraudulent actions on their part shall not exceed the fixed portion of their annual remuneration. If a member of an executive body is dismissed on other grounds, compensation is only paid in instances and in the amount specified by the Labor Code of the Russian Federation.

Remuneration payable to each executive body member, payment terms and procedures, along with conditions for early termination of contracts, including severance pay, compensation or any other payments in excess of those required by law, as well as conditions for payment thereof, are reviewed and approved by the Supervisory Board based on recommendations issued by the Board's Nomination and Remuneration Committee. To prevent a conflict of interests, the sole executive body being the Executive Director shall abstain from voting on the issue of approval of contract terms with members of executive bodies.

The Supervisory Board, together with the Nomination and Remuneration Committee, supervises the implementation of the Remuneration Policy and amends it, as necessary. In 2018, the Nomination and Remuneration Committee did not assess the system of remuneration of the members of executive bodies, and did not consider the issue of the efficiency of the rate of the fixed and variable portions of remuneration for members of executive bodies given that that was done in 2017.

Along with that, in 2018, the ration rate of the fixed and variable portions of remuneration was repeatedly assessed by the Nomination and Remuneration Committee when: setting or changing the remuneration from a member of the Executive Board, discussing the Long-Term Incentive Program. Total remuneration for Executive Board members, including the rate of remuneration portions, was also assessed to ensure it was competitive with remuneration at comparable companies following the results of a remuneration study by a leading consultancy. In 2019 the Nomination and Remuneration Committee plans to assess the remuneration system and the effectiveness of the fixed and bonus portions of remuneration for members of executive bodies.

It should be noted that members of Moscow Exchange's executive bodies are not remunerated for serving on the Boards of Moscow Exchange Group companies.

**Total remuneration paid to Executive Board members in 2018 was as follows:**

Remuneration type	Remuneration amount, RUB
Remuneration for serving on a governance body (Board)	0.00
Salaries	161,494.10
Bonuses	176,435.00
Commission fees	0.00
Reimbursement for expenses	0.00
Other types of remuneration	6,645.25
Remuneration for serving on a governance body (Board) of a Missing number	
Total	344,574.36

# Internal control system

Moscow Exchange has in place an internal control system to ensure its licensed activities comply with Russian legislation and other regulatory requirements, as well as the rules of organized trading and the Exchange's own constituent and internal documents.

The internal control system has several main tasks:

- ▶ To ensure the Exchange complies with Russian legislation and MOEX's own constituent and internal documents;
- ▶ To prevent misuse of insider information and/or market manipulation;
- ▶ To prevent any involvement of the Exchange and its employees in illegal and immoral activities, including money laundering and financing of terrorism;
- ▶ To prevent any conflicts of interests, including by identifying and monitoring conflicts of interests, and to avert the consequences of any conflicts of interests.

Internal control is based on the identification, analysis, assessment and monitoring of the risk of losses being sustained by the market operator and/or other adverse effects of potential non-compliance of its activities carried out under an exchange license or a trading system license with Russian legislation and regulatory requirements, the rules of organized trading, and the constituent and internal documents of the market operator, and as a result of actions taken by the Bank of Russia ("Compliance Risk"), as well as the management of such risk.

Within this framework, the Exchange's internal control system is based on the COSO internal control concept and utilizes a Three Lines of Defense model. Duties related to risk management and internal control are allocated among MOEX's governing bodies, control and coordination units, and the internal audit unit.

The First Line of Defense is represented by all employees of the business and operational units of the Exchange, whose key functions are to identify, assess and manage the risks inherent in MOEX's daily activities, as well as to elaborate and implement policies and procedures governing existing business processes.

The Second Line of Defense is represented by the Department of Operational Risk, Information Security and Business Continuity, the Internal Control Service, and the Compliance Risk Management Department. Their key functions are to continuously monitor and manage risks, as well as to control the compliance of MOEX's activities with Russian legislation and regulations, the rules of organized trading, as well as the Exchange's constituent and internal documents, in the following areas:

- ▶ Ensuring information security, including protecting MOEX's interests/goals in the information sphere;
- ▶ Compliance with Russian legislation and the constituent and internal documents of Moscow Exchange;
- ▶ Preventing any involvement of Moscow Exchange and its employees in illegal and immoral activities, including money laundering and financing of terrorism;
- ▶ To prevent any misuse of insider information and/or market manipulation;
- ▶ To prevent any conflicts of interests, including by identifying and monitoring conflicts of interests, as well as averting the consequences of any conflict of interests.

These units provide support to the First Line of Defense units in terms of identifying compliance risks, elaborating and implementing control procedures, clarifying the requirements of applicable laws, and preparing monitoring reports for governing bodies.

The Third Line of Defense is represented by the Exchange's governing bodies, which determine the principles of and approaches to the organization of risk management and the internal control system in accordance with the Exchange's Charter and regulations on governing bodies; and by the Internal Audit Service, which monitors the efficiency and productivity of the Exchange's financial and economic activities, the efficiency of asset and liability management, including the safety of assets and the efficiency of the market operator's risk management.

MOEX's internal control system was subject to an independent audit, which evaluated the system as "mature". The current internal control system is appropriate to the Group's profile, business scale and environment. However, the Group continues to enhance its internal control system to improve efficiency and maintain the system at a high level.

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# Risk management

## KEY RISKS

Moscow Exchange Group has built an integrated risk management system; however, each Group company faces its own inherent risks associated with the specific field of its activities. Thus, Moscow Exchange, as the parent company of the Group, assumes the risks of a market operator.

That said, the Group's principal risk taker is the National Clearing Centre (NCC) on the grounds that it operates as clearing house and central counterparty for all main markets of Moscow Exchange Group and an operator of deliveries in the Commodities Market.

The Group's comprehensive risk management system (RMS) extends to the NSD, the infrastructure powerhouse of the Russian financial market, whose priorities are the reliable operation and stable development of the following key areas:

- ▶ Central securities depository;
- ▶ Clearing system;
- ▶ Commodities repository;
- ▶ Tripartite services;
- ▶ Corporate information center.

## SYSTEM FOR MANAGING RISKS TO THE CURRENT STRATEGY

The principles and approaches employed by the Group in installing and operating the risk management system (RMS) are based on best international practices implemented in compliance with national and international risk and capital management standards. The Group holds an annual audit of its compliance with the CPMI-IOSCO Principles for Financial Market Infrastructures, the COSO Enterprise Risk Management Framework, and the guidelines of the Basel Committee on Banking Supervision on procedures to be employed by credit institutions in the sphere of risk and capital management. In 2018, the CCP NCC, the principal risk taker of the Group, retained its DNV Business Assurance Management System Certificate ISO 9001:2015, an international standard denoting best global practice in the field of business and quality management. The Bank was audited by DNV GL, an international certification company. DNV GL's standards establish clear requirements for management of business processes to serve as the basis for a predictable and stable level of quality of products and services.

In 2018, the Exchange achieved the ISO 27001:2013 (Information Security Management Systems) and ISO 22301:2012 (Business Continuity Management Systems) certification covering the organization of on-exchange trading, clearing and other services on the Equity and Bond, Derivatives, FX and Money Markets. This certification ensures that the Exchange and NCC fully meet over 100 technical and administrative requirements in the area of information security and business continuity.

The integration of risk management functionality in business processes makes it possible to identify risks and assess their materiality in a timely manner, and to ensure an efficient response by mitigating potential adverse effects and/or by reducing the probability that they will materialize. Tools for mitigation include insurance, hedging, limit requirements and transaction collateral requirements.

The Group's Risk Management System operates on the following principles:

**Comprehensive Coverage** is premised on identifying risk factors and risk objects, determining risk appetite based on a comprehensive analysis of existing and proposed business processes (products), implementing universal RMS working procedures and elements, consistently applying methodological approaches in resolving similar risk assessment and risk management tasks, and assessing and managing key operational risks in close connection with the non-key operational RMS.

**Continuity** is premised on regular, coherent, target-driven procedures, such as assessment of existing risks, including monitoring risk parameters, review of key RMS parameters and how they are determined, including limits and other restrictions in respect of clearing members' transactions, analyzing RMS technologies and operational rules, holding stress tests and preparing reports for management.

**Transparency** is manifested by the Group providing relevant information regarding the RMS to clearing members / counterparties. Clearing members, including potential members, have access to methodological documents describing the RMS, including methodological approaches to risk assessment, as well as to key aspects of the procedures employed in monitoring the financial stability of clearing members / counterparties. At the same time, the assessment results of a specific clearing member or counterparty, as represented in the form of internal ratings, or limits, as well as other restrictions established in respect of treasury or administrative operations, are never made public and are never subject to disclosure.

**Independent Assessment** means that a comprehensive assessment and review of each risk is undertaken by separate divisions / employees who are independent from the divisions responsible for taking on risks or counterparties. These divisions / employees cannot be charged with any responsibilities that may give rise to a conflict of interest.

**Paper Trail** means that RMS guidelines, procedures and rules should be negotiated with the divisions involved in risk assessment and management procedures, and approved by the relevant governing bodies. **Prudence** suggests that the Group bases its decision-making on a prudent combination of RMS reliability and profitability in choosing methods of risk assessment and management, and in determining the acceptable level of risk (risk appetite).

**Materiality** means that, in implementing various RMS elements in its operations, the Group is guided by the relationship between the costs that implementation of risk analysis, control and management mechanisms will require, and the potential outcome of such implementation, as well as the costs of the development and implementation of products, services or tools carrying the relevant exposure. As part of the risk management strategy, and with a view to achieving strategic objectives, credit entities of the Group establish and annually review their risk appetite, which defines the risk limit assumed by them by reference to strategic objectives they have been set.

The current version of the Group's strategy includes five priority areas:

- ▶ **Diversification.** Strategic objective: to substantially increase income from classic infrastructure services, and to create new trading markets.
- ▶ **Optimization.** Strategic objective: to improve operational efficiency and streamline the Group's business processes.
- ▶ **Market development** (growth from the further development of the Russian financial markets). Strategic objective: to develop the local investor base, and to facilitate greater liquidity in Russia's financial markets.
- ▶ **Integration.** Strategic objective: to develop an advanced and integrated system managing risks, collateral pool and settlements, and extending to all Group markets.
- ▶ **Standardization of infrastructure.** Strategic objective: to complete the upgrade of key elements of Russian financial market infrastructure in accordance with evolving international standards.

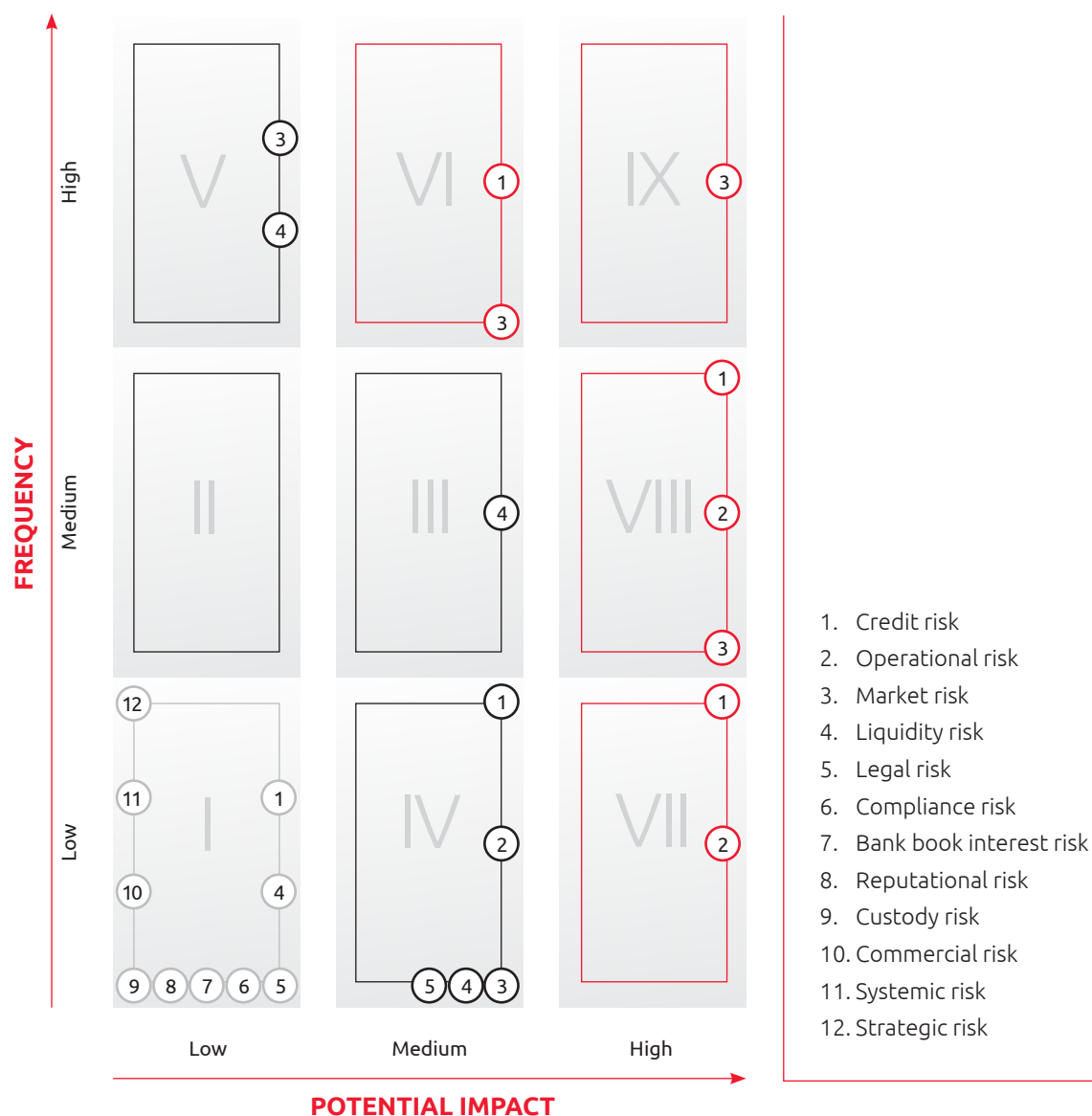
These priority areas serve as the basis for calculating threshold values for specific target indicators. Compliance with these indicators is regularly reviewed and communicated to the Supervisory Board.



## RISK MAP

The risk map is based on an annual risk identification procedure. The risk map based on the updated risk identification procedure of 2018 is shown below. The same type of risk may be represented by different events that vary in their potential impact and frequency of occurrence. If events of the same risk type fall into different matrix sectors, the risk significance is categorized via a simple majority based on the sector color:

- ▶ Red: the most significant risks – sectors VI, VII, VIII, IX;
- ▶ Gray: risks of medium significance – sectors II, III, IV, V;
- ▶ White: the least significant risks – sector I



## Financial risks

Risk	Description	Actions
Credit risk (incl. CCP risk and concentration risk)	Group's assets are subject to credit risk, which is defined as the risk of possible losses caused by failure of a Group's counterparty to perform or properly perform its obligations to it.	<p>The Group controls credit risk by employing the following procedures:</p> <ul style="list-style-type: none"> <li>▶ establishing single or group counterparty limits, subject to a comprehensive assessment of their financial position, the analysis of the macroeconomic environment they are operating in, the level of their information transparency, business reputation, as well as other financial and non-financial factors;</li> <li>▶ using an internal rating system providing a weighted assessment of the counterparty's financial position, and the level of the credit risk assumed in its respect;</li> <li>▶ controlling the credit risk concentration in accordance with the current regulatory requirements;</li> <li>▶ establishing strict requirements for the types and quality of the acceptable collateral, including liquid securities, as well as cash in Russian rubles and in foreign currency.</li> </ul> <p>In order to reduce the credit risk associated with the CCP's operations, the Group has implemented a multi-level safeguard structure triggered upon a clearing member's failure to perform or properly perform its obligations, in compliance with regulatory requirements and strict international standards.</p>
Liquidity risk	Risk of potential losses following an adverse change in the value of the instruments comprising the bank book, caused by changes in interest and/or yield rates.	<p>The liquidity management system includes the following elements:</p> <ul style="list-style-type: none"> <li>▶ distribution of powers in managing liquidity;</li> <li>▶ specific liquidity management and control procedures;</li> <li>▶ information system to accumulate and review liquidity-related information;</li> <li>▶ a set of guidelines, performance indicators, and plans of initiatives designed to ensure efficient liquidity management and control;</li> <li>▶ internal management accounts underlying any decision adopted in respect of the liquidity efficient control and management.</li> </ul>

Risk	Description	Actions
Market risk	Market risk may emerge from a defaulting clearing member's need to close major positions / sell collateral, which in case of low market liquidity may adversely affect the price at which such position can be closed or the collateral can be sold.	<p>The primary objective in managing the market risk upon investing idle cash is to improve the risk/profitability correlation, and to minimize any losses should any adverse events occur. With this view the Group:</p> <ul style="list-style-type: none"> <li>▶ diversifies its securities portfolio (by maturity, issuer's industry profile);</li> <li>▶ sets up maximum expiration periods for investments in securities;</li> <li>▶ sets up maximum volumes of investment in securities (by the total volume, by types of investments, and issuers);</li> <li>▶ classifies debt obligations and securities by risk groups;</li> <li>▶ establishes provisions for potential losses under securities should they be not marked to market.</li> <li>▶ The market risk emerging as part of trading or clearing operations, is primarily managed by:</li> <li>▶ identifying, monitoring, and timely reviewing risk parameters, taking into account regular stress test results;</li> <li>▶ establishing individual collateral rates taking into account concentration limits, profiles of the instruments traded at each of the markets, and possible volatility change scenarios;</li> <li>▶ back testing collateral rates, and controlling collateral adequacy. In managing the market risk emerging as part of trading or clearing operations, the Group:</li> <li>▶ devises mechanisms permitting to close positions of defaulting clearing members within two trading days;</li> <li>▶ sets discounts for the assets accepted as collateral, with the view to covering possible changes in their values in the period from their most recent re-evaluation until the time of their sale;</li> <li>▶ sets concentration limits that define clearing member's position volume, upon reaching which the underlying collateral is subject to heightened requirements;</li> <li>▶ evaluates clearing members' collateral adequacy subject to market liquidity;</li> <li>▶ develops procedures for resolving a situation, when a terminated obligation of a clearing member is secured by property other than the subject of the underlying obligation;</li> <li>▶ maintains a system of additional financial collateral meant to cover losses not secured by clearing member's clearing or any other collateral.</li> </ul>
Bank book interest risk	Risk of potential losses following an adverse change in the value of the instruments comprising the bank book, caused by changes in interest and/or yield rates.	<p>In order to measure the impact of the interest risk over the fair value of financial instruments, the Group holds regular assessment of potential losses, which may be caused by negative change of the market terms. The risk management division regularly monitors the financials of the Group and its principal members, assesses the sensitivity of the market value of the investment portfolio and of the proceeds to the interest risk.</p>

## Non-financial risks

Name	Description	Actions
Operational risk	Risk of potential losses caused by inconsistency of internal operational procedures to the nature and scope of the business, and/or statutory requirements, their nonobservance by employees, lack of functionality, inadequacy of information, technological and other systems and/or their failure, as well as by external events.	<p>The principal operational risk management (mitigation) methods include development of organizational structure, internal operational rules and regulations, distribution of powers, approval (negotiation) and reporting of undertaken operations, all of which will permit to avoid (minimize) the probability of operational risk factors:</p> <ul style="list-style-type: none"> <li>▶ development of control measures following the analysis of statistical data undertaken with the view to identifying typical operational risks on the basis of recurrent events;</li> <li>▶ monitoring compliance with the adopted rules and procedures;</li> <li>▶ technological automation of undertaken operations, and development of information protection systems;</li> <li>▶ insurance, including both traditional property and personal insurance (insuring buildings, other property against destruction, damage, loss caused by a natural disaster and other accidents, as well as by actions of third parties or employees; insuring employees against accidents and personal injuries),</li> <li>▶ as well as insurance of specific professional risks, both on a comprehensive basis and against separate types of risks;</li> <li>▶ development of the system of business continuity measures to apply in the operational cycle, including emergency plans (business continuity and/or disaster recovery plans).</li> </ul>
Continuity risk	Risk of discontinued critical services.	<p>With the view to ensuring normal operations in emergency situations:</p> <ul style="list-style-type: none"> <li>▶ the Group has put together a reserve complex including reserve office and firmware capabilities located at a safe distance from the principal office;</li> <li>▶ the Group has developed business continuity and disaster recovery plans (BCDR Plans) that define critical business processes, priority actions in an emergency situation, timing and volumes of recovery operations, and business processes to enjoy priority recovery, as well as mandatory steps to be taken after the emergency situation subsides.</li> </ul>
Legal risk	Risk of losses caused by breach of contractual obligations, litigations, criminal and administrative liability of Group members and/or their governing bodies acting in their official capacity.	<p>Legal risk management procedures include:</p> <ul style="list-style-type: none"> <li>▶ regular monitoring of laws, and verification of internal procedures as to their compliance with actual regulations;</li> <li>▶ establishing quantitative and volume restrictions for claims, and controlling compliance with the established restrictions;</li> <li>▶ analyzing the legal basis for new products and services;</li> <li>▶ updating internal regulations with the view to avoiding fines.</li> </ul> <p>Losses associated with legal risks shall be reflected in the operational risk database.</p>
Regulatory (compliance) risk	Risk of losses caused by inconsistency of Group's operations with the laws, its Charter, and internal regulations.	<p>The regulatory risk is managed by the Internal Control Function, which takes the following steps to prevent losses caused by realization of the regulatory risk:</p> <ul style="list-style-type: none"> <li>▶ monitors the laws;</li> <li>▶ is in constant communication with regulatory authorities on matters of new regulations;</li> <li>▶ identifies regulatory risk in the existing and scheduled procedures;</li> <li>▶ analyses best practices in implementing internal control measures.</li> </ul>

Name	Description	Actions
Reputational risk	Risk of losses caused by a negative public opinion of the Group's operational (technical) stability, quality of its services and its activities in general.	In order to avoid losses associated with the realization of the reputational risk, the Group continuously monitors media space for information about the Group and analyses its internal processes applying the impact assessment methodology to each identified event or factor. The primary source of the reputational risk is the realization of the operational risk, especially when such information becomes public. Thus, all actions taken to prevent and to mitigate the operational risk work simultaneously towards the reduction of the reputational risk.
Strategic risk	Risk of expenses (losses) sustained by the market operator as a result of mistakes (defects) made in deciding on the operator's business and development strategy.	Principal methods of strategic risk management include: <ul style="list-style-type: none"> <li>▶ building up a process for strategic planning and management commensurate with the Exchange's caliber and operations;</li> <li>▶ preventing any decisions, including strategic, to be taken by a non-appropriate body from the hierarchic point of view;</li> <li>▶ exercising general control over the performance of the risk management system;</li> <li>▶ determining the process for major transactions, for development and implementation of prospective projects as part of the general concept of the Moscow Exchange Group's development;</li> <li>▶ controlling the consistency of the risk management parameters with the Exchange's current condition and its development strategy.</li> </ul>

## RISK MANAGEMENT STRATEGY

All principal risk takers among the companies of the Group have developed a risk and capital management strategy. The principles and processes of the risk management strategy seek to build, use and develop a comprehensive system of capital and risk management to ensure business continuity both in normal and stressed economic conditions, to enhance transparency of the risk and capital management processes, as well as to identify and assess significant risks in a timely manner, support capital planning and take due account of risks in the decision-making process.

With a view to maintaining efficiency of the regular risk management processes:

- ▶ Group governing bodies and divisions regularly exchange information on matters connected with the recognition, identification, assessment and control of risks;
- ▶ Group governing bodies, divisions and employees have been engaged in a system of distribution of powers and responsibilities to implement key risk management principles;
- ▶ risks are regularly identified;
- ▶ responsibility for managing certain types of risks is allocated to dedicated employees;
- ▶ models are developed to quantify risks and to ensure they are comprehensively catalogued;
- ▶ measures are taken to mitigate risk factors;

- ▶ the Group's operations are tested for sensitivity against certain risk factors which are taken into account in risk assessment models;
- ▶ the Group holds regular stress tests for the adequacy of equity (capital) and clearing margin, including:
  - > a complex scenario-based stress analysis that takes into account simultaneous change of several risk factors;
  - > back stress testing;
- ▶ Back testing (evaluation of the CCP models accuracy);
- ▶ management accounts are systematically drawn up and sent to Group governing bodies, including on matters connected with the recognition, identification, assessment and control of risks;
- ▶ the NCC Supervisory Board Risk Committee, the Moscow Exchange Risk Committee and the NSD Management Board Risk Committee duly discharge their functions;
- ▶ the internal control system has been set up;
- ▶ financial resilience recovery plans and plans for engagement of additional resources have been developed.

Moscow Exchange has also established a separate market operator's risk management subsystem that enables it to identify and assess risks in a timely manner and to develop mitigation measures.

This system incorporates continuous monitoring of emergencies and assessment of their potential impact on the technical processes of the Exchange's markets, as well as updating the integrated operational and financial risk management system in line with adopted decisions and procedures. The Exchange is constantly developing and improving its risk management system to reduce the vulnerability of business processes and their recovery time, to improve system redundancy based on spacing and duplication of resources, and to improve the reliability of communication systems between traders, the Exchange and depository and settlement organizations.

In addition, the Exchange has also set up a separate structural unit responsible for managing its risks as a market operator. This unit aims to identify and assess risks in a timely manner and to develop mitigation measures. The Exchange has developed and approved the Regulations on Managing the Risks of a Market Operator, which establish, in particular:

- ▶ the principles of the risk management system related to the Company's operations;
- ▶ the principles and objectives of risk management related to the activities of a market operator.

The Regulations on Managing the Risks of a Market Operator:

- ▶ determine methodology principles and approaches to risk identification, assessment and monitoring;
- ▶ set out effect significance criteria regarding effects arising from the risk events to recognize the risk as material, as well as set out the procedure for mapping risk assessment results to those criteria;
- ▶ classify the risks inherent to the Exchange;
- ▶ establish the procedure and timeline for an audit of the efficiency of the risk management system;
- ▶ provide basic guidance and approaches to identifying, assessing and monitoring risks;
- ▶ set out the procedure for and frequency of threat identification regarding threats which may lead to a failure of trading facilities;
- ▶ establish the procedure and timeline for informing the Exchange's governing bodies, executives and divisions of identified risks;
- ▶ detail a list of measures to be taken by the Exchange to ensure confidentiality of risk-related information, including confidentiality of risk reports;
- ▶ establish the frequency of stress testing, as well as the requirements for scenarios used for such testing.

## Short-term Risk Outlook



# For shareholders and investors

## SHARE CAPITAL

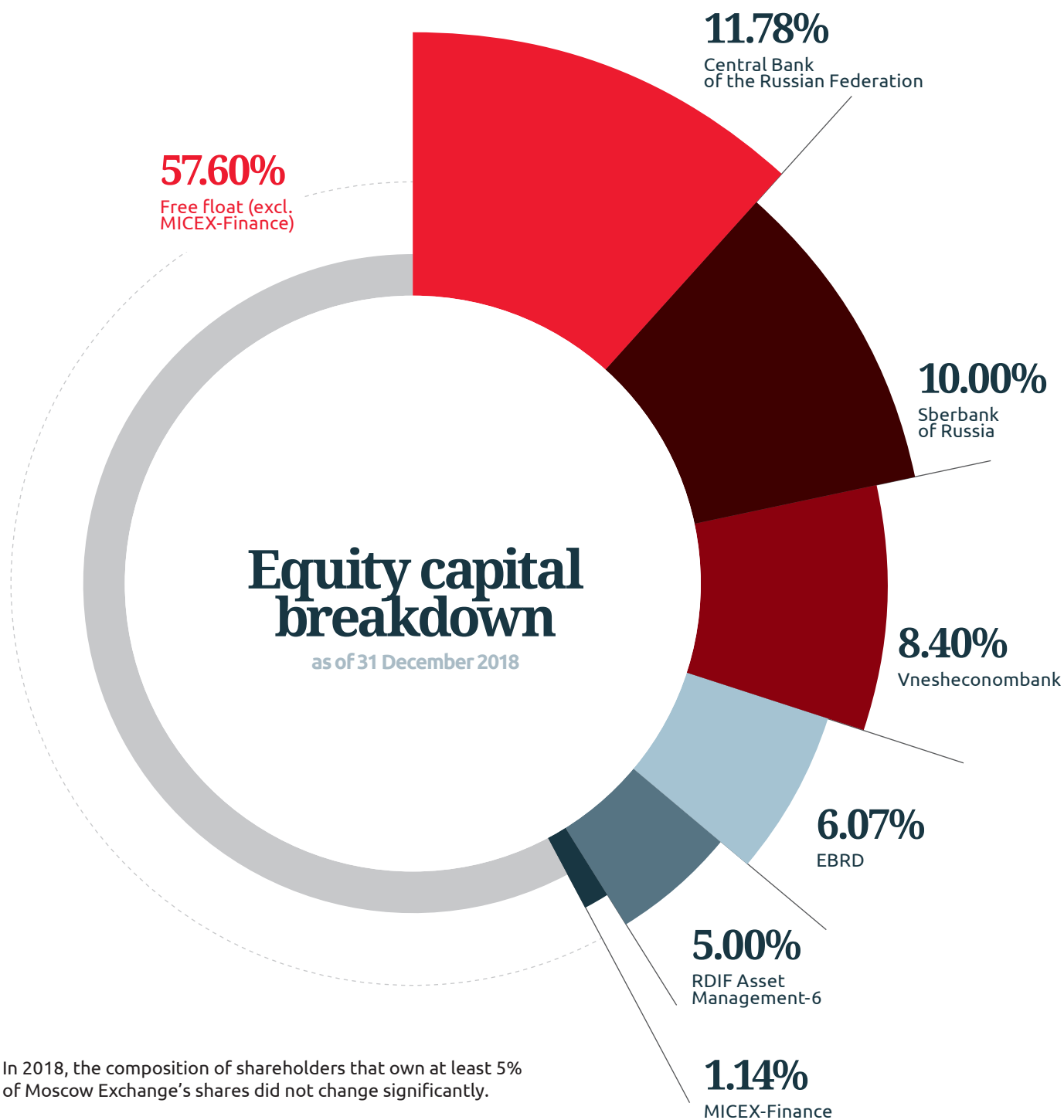
### Information on shares composing the share capital

Type, category, and form of shares	Ordinary registered uncertificated shares
State registration number of shares issue	1-05-08443-H
Par value of one share	RUB 1
Number of shares composing the share capital	2,276,401,458 shares
Share capital	RUB 2,276,401,458
Share search code / ISIN	MOEX / RU000A0JR4A1

In 2018, Moscow Exchange's share capital remained unchanged. As of 31 December 2018, it amounted to RUB 2,276,401,458 and the number of outstanding ordinary shares stood at 2,276,401,458. Pursuant to the Exchange's Charter, each share grants the right to one vote at the General Meeting of Shareholders.

The shares are traded on Moscow Exchange's own trading platform (ticker: MOEX) and are included in the first-level quotation list. The shares are a constituent of the Russian market benchmark indices, the MOEX Russia Index and the RTS Index, which are comprised of up to 50 stocks issued by Russia's largest traded companies. The Exchange's shares are also a constituent of the MOEX Index 10 (which is comprised of the 10 most liquid Russian stocks), the sectoral index for Finance and the equity sub-index of the Pension Savings Assets Index.

The Exchange's shares are included in a number of global indices, such as those calculated by MSCI, MV Index Solutions, S&P, FTSE, STOXX, Bloomberg, etc. The international index provider MSCI includes MOEX's shares for the purpose of calculation of the MSCI Russia Index and the MSCI Emerging Markets Index. As of 25 January 2019, the weight of MOEX shares in the MSCI Russia Index was 0.96%. MV Index Solutions included the Exchange's shares in the MVIS Russia Index, a benchmark for the largest ETF focusing on the Russian stock market. As of 25 January 2019, the weight of MOEX shares in the index was 2.00%.





## Shareholders that own at least 5% of Moscow Exchange's shares

Shareholders that own at least 5% of votes	31 December 2017		31 December 2018	
	Number of shares	Equity interest	Number of shares	Equity interest
Central Bank of the Russian Federation	268,151,437	11.780%	268,151,437	11.780%
Sberbank of Russia	227,682,160	10.002%	227,682,160	10.002%
Vnesheconombank	191,299,389	8.404%	191,299,389	8.404%
EBRD	138,172,902	6.070%	138,172,902	6.070%
RDIF Asset Management-6	113,893,490	5.003%	113,893,490	5.003%

According to the information available to the Exchange, no shareholder possesses any degree of control over the company disproportionate to their holding of the Exchange's share capital, as per a shareholder agreement or other agreement. The Exchange has not issued preferred shares, for instance those with a different nominal value. The share capital structure does not include any instrument that would provide the holder control over the company disproportionate to its stake in the company.

As of 31 December 2018, MICEX-Finance, a controlled entity of the Exchange, held 26,014,430 shares (1.143% of the capital).

In the reporting period, MOEX did not execute any related-party transactions with any special terms. All transactions were market-based and had the same terms as those of transactions made with the Company's other counterparties.

As of 31 December 2018, the total number of MOEX shareholders was 36,991, including 36,007 individual shareholders.

## REGISTRAR

Registry society STATUS keeps the register of Moscow Exchange's shareholders.

Full company name	Joint-Stock Company "Registry company STATUS"
Address	23/1 Novokhokhlovskaya St., Office 1, 109052, Moscow Russian Federation
Registration details	State registration certificate No. 066.193 from 20 June 1997, certificate to confirm the legal entity from 4 July 2002
Primary State Registration Number (OGRN)	1027700003924
License	Registrar License No. 10-000-1-00304 from 12 March 2004 (without limitation of the period of validity) issued by the Federal Financial Market Service
Contact details	General enquiries: +7 (495) 974-83-50 Shareholders service enquiries: +7 (495) 974-83-47 E-mail: <a href="mailto:info@rostatus.ru">info@rostatus.ru</a> Fax: +7 (495) 678-71-10 E-mail: <a href="mailto:office@rostatus.ru">office@rostatus.ru</a>

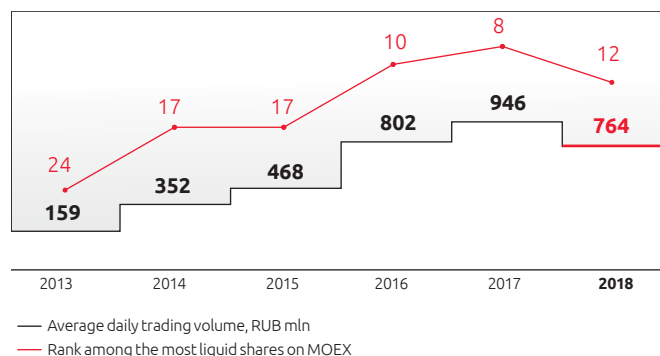
For more details, please visit the company's website: [www.rostatus.ru](http://www.rostatus.ru).

## MOEX SHARE

As at the end of 2018, Moscow Exchange's market capitalization was RUB 184.3 bln (vs. RUB 248.7 as at the end of 2017). Since MOEX's IPO in February 2013, the share price has increased by 47%.

In 2018, the ADTV of the company's shares slightly decreased year-on-year, although MOEX's shares remained one of the most liquid stocks on the Russian market, ranking 12th in terms of liquidity.

### ADTV and liquidity position

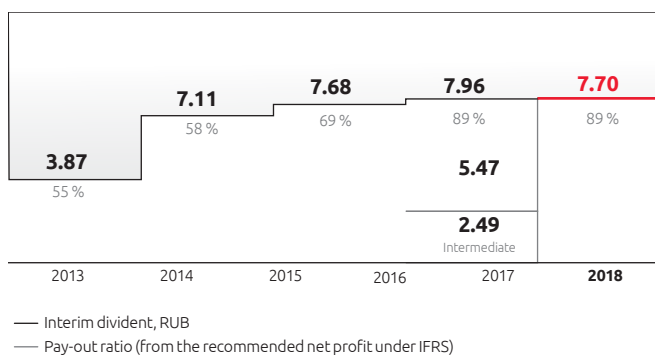


## DIVIDENDS

For 2017, Moscow Exchange's Annual General Meeting of Shareholders (AGM) resolved to distribute dividends in the amount of RUB 5.47 per share. Taking into account the interim dividends in the amount of RUB 2.49 per share paid based on the results of H1 2017, the total dividend for 2017 was RUB 7.96 per share. In total, RUB 18.12 bln was allocated for the payment of dividends, equivalent to 89% of the 2017 IFRS consolidated net income of the Exchange. The Exchange's Dividend Policy, which was approved by the MOEX Supervisory Board in December 2015, requires that dividends equal at least 55% of IFRS consolidated net income.

On 22 March 2019, the Exchange's Supervisory Board recommended that shareholders at the AGM approve the payment of dividends based on the Exchange's 2018 results in the amount of RUB 7.70 per share. In total, it was recommended to allocate RUB 17.53 bln for the payment of dividends. If the AGM approves dividends at this level, the dividend payment for 2018 will be equivalent to 89% of the consolidated net income for the financial year. Interim dividends in 2018 were not distributed as per decision of the Exchange's Supervisory Board.

**Dividends per share in 2013–2018 and recommended dividends for 2018, RUB**



### Dividend payments in 2014–2018:

Dividend payment year	Dividend period	Announcement date and grounds of the decision	Total pre-tax amount of dividends declared and paid	Actual payment date
2014	for 2013	26 June 2014 Minutes of AGM No. 52	RUB 5,423,154,900	24 July 2014 for nominee holders; 7 August 2014 for other registered holders
2015	for 2014	28 April 2015 Minutes of AGM No. 53	RUB 8,818,323,227.91	25 May 2015 for nominee holders; 16 June 2015 for other registered holders
2016	for 2015	29 April 2016 Minutes of AGM No. 54	RUB 16,201,105,465.23	27 May 2016 for nominee holders; 20 June 2016 for other registered holders
2017	for 2016	28 April 2017 Minutes of AGM No. 56	RUB 17,482,763,197.44	29 May 2017 for nominee holders; 20 June 2017 for other registered holders
2017	for H1 2017	14 September 2017 Minutes of EGMS No. 57	RUB 5,668,239,600	12 October 2017 for nominee holders; 2 November 2017 for other registered holders
2018	for 2017	26 April 2018 Minutes of AGM No. 58	RUB 12,451,915,975.26	29 May 2018 for nominee holders; 20 June 2018 for other registered holders

## INVESTOR RELATIONS

Moscow Exchange engages with existing and prospective investors to provide them with an overview of the activities of the company and raise awareness of MOEX's business with the aim of continually diversifying the shareholder base. Investor relations activities are scheduled in such a manner that any investor can contact MOEX management with questions at least once a year and receive timely information for making reasonable investment decisions. It is one of Moscow Exchange's priorities to adhere to the highest standards of information disclosure given its roles as a public company and operator of Russia's key financial markets infrastructure.

In 2018, Moscow Exchange's management held 326 meetings with institutional investors and took part in 16 international conferences for investors, including Moscow Exchange Forums in Moscow, New York and London. It also held a number of investor roadshows across continental Europe, the UK, North America and Asia. Roadshows in Hong Kong and Canada were held for the first time in the company's history.

	2014	2015	2016	2017	2018
Number of meetings with investors	236	270	349	355	326

In total, in 2018, Moscow Exchange's management contacted 202 institutional investors who, according to Nasdaq IR Insight, at the end of 2018 owned 57.6% of shares in free float (as compared to 51% in 2017). 34% of business contacts were institutional investors from North America, 22% from the UK, 20% from continental Europe, 12% from Russia, 6% from Asia, and 6% from other regions.

### Geography of institutional investors that had business contact with the Exchange

Region	2017	2018
North America	40%	34%
UK	24%	22%
Continental Europe	18%	20%
Russia	10%	12%
Asia	3%	6%
Others	5%	6%

MOEX places strong emphasis on engaging with retail investors. The number of such shareholders exceeded 36,000 at the end of 2018. Since 2014, MOEX has run an annual Shareholder Day for them, an event in the form of a conference call with representatives of senior management. At the Shareholder Day held on 19 April 2018, the Exchange's management gave details about new projects and development prospects of the company, and responded to questions about corporate governance and initiatives to attract private investors to the Russian financial market.

In 2018, within the Reinvent MOEX series of seminars, Moscow Exchange held three meetings with investors and analysts to give them a deeper understanding of the Exchange's activities. The seminars were devoted to new offering on the Bond Market, development of the Money Market and the Single Collateral Pool project, and the company's involvement in the Financial Services Marketplace project. In 2019, MOEX plans to hold three such seminars.

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## *Investors' opinion on investor relations at Moscow Exchange*

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Since 2014, Moscow Exchange has annually commissioned a perception study to learn more about perception of MOEX among investors and analysts.

### Results of the investors' opinion on investor relations at Moscow Exchange in 2018

Parameters	No response	Good	Very good	Excellent
Knowledge of the business	16%	0%	20%	64%
Quality of IR materials	16%	0%	16%	68%
Confidence and transparency	16%	0%	16%	68%
Responsiveness	16%	8%	36%	40%
Friendliness/helpfulness	16%	0%	4%	80%
Access to the management	16%	0%	0%	84%

## ANALYSTS

MOEX's performance is closely monitored by leading Russian and international banks. They publish regular reports on MOEX's shares as well as provide stock recommendations and financial forecasts.

### Sell-side covering analysts

Company	Analyst	Tel.	E-mail
Citigroup	Maria Semikhatova	+7 (495) 643 1462	maria.semikhatova@citi.com
Goldman Sachs	Andrey Pavlov-Rusinov	+7 (495) 645 4241	andrey.pavlov-rusinov@gs.com
HSBC Bank Plc	Andrzej Nowaczek	+44 (20) 7991 6709	andrzej.nowaczek@hsbcib.com
Raiffeisen Centrobank	Andrey Polischuk	+7 (495) 221 9849	andrey.polischuk@raiffeisen.ru
	Sergey Garamita	+7 (495) 721 9900	sergey.garamita@raiffeisen.ru
Sberbank CIB	Andrew Keeley	+44 (20) 7936 0439	andrew_keeley@sberbank-cib.ru
	Kirill Rogachev	+7 (495) 933 9817	kirill_rogachev@sberbank-cib.ru
SOVA Capital	Andrey Mikhailov	+7 (495) 213 1829	andrey.mikhailov@sovacapital.com
Wood & Company	Pawel Wieprzowski	+48 222 221 549	pawel.wieprzowski@wood.com
UBS	Bob Kommers	+44 (20) 7567 6980	bob.kommers@ubs.com
Alfa Bank	Eugene Kipnis	+7 (495) 795 3713	ekipnis@alfabank.ru
Aton	Mikhail Ganelin	+7 (495) 213 0338	mikhail.ganelin@aton.ru
BCS	Elena Tsareva	+7 (495) 213 1537	etsareva@bcsgm.com
VTB Capital	Svetlana Aslanova	+7 (495) 663 4788	svetlana.aslanova@vtbcapital.com
	Mikhail Shlemov	+7 (495) 663 4701	mikhail.shlemov@vtbcapital.com
Gazprombank	Andrey Klapko	+7 (495) 983 1800	andrey.klapko@gazprombank.ru

At the end of 2018, the market consensus forecast for MOEX shares based on forecasts of 13 analysts was RUB 124.9 per share.