

Risks Associated with Implementation of Strategy

STRATEGIC AREAS

DIVERSIFICATION

OPTIMIZATION

FINANCIAL RISKS / IMPACT ON KPI's

Launch of new products may lead to an increase in assets that are exposed to credit and market risks, which may adversely affect capital adequacy. At the same time, product diversification opens up opportunities for managing interest-rate and liquidity risks, while also mitigating concentration risk.

Optimization of business processes in the field of risk management strengthens risk protection.

NON-FINANCIAL RISKS / IMPACT ON KPI's

SWITCHING TO NEW TECHNOLOGY AIMED AT OPTIMIZING EXISTING TECHNOLOGIES AND PROCESSES AND LAUNCHING NEW PRODUCTS MAY LEAD TO:

Higher operational risks due to new products and processes being embedded into the existing infrastructure;

increased HR risks associated with staff not fully meeting the requirements of new technologies and new business processes;

potential that the current system of controls becomes insufficient, disrupting the operation of Moscow Exchange's key systems and processes;

development of new products increases external exposure of the company's IT infrastructure, which increases the risk of interference with the Exchange's systems and creates new challenges related to maintaining the company's cybersecurity.

DEVELOPMENT OF RISK AND COLLATERAL MANAGEMENT PRODUCTS

Development of risk and collateral management methods and technologies results in stricter requirements for accuracy and reliability of financial risk assessment models, and also improves risk protection.

DEEPENING THE MARKET

Deepening of the market through expansion of the investor base may potentially increase the credit risk level, particularly in view of the expected rise in assets exposed to credit risk. At the same time, attracting new investors will enable the Company to better manage liquidity risk and mitigate the concentration risk of exposure to individual counterparties.

Attraction of new investors (including retail investors) may lead to higher operational risks due to new products and processes being embedded into the existing infrastructure as well as absence of necessary financial, technical and human resources or partial provision thereof.

RUSSIAN INFRASTRUCTURE STANDARDIZATION

Gradual alignment of Russian financial market infrastructure with international standards imposes financial and non-financial risks due to foreign investors being granted access to trading and clearing platforms.

There are risks concerning the inability to effect changes to legislation and/or obtain regulatory approval.