

# Key projects

Key functions of Moscow Exchange are to provide domestic companies with a wide range of opportunities to raise funds and to foster a reliable and transparent investment environment for Russian and overseas investors. To this end, the Exchange constantly works to improve technologies, develop new products and services, expand the range of instruments, attract new categories of participants to the on-exchange market and open up new markets.

Over the past 25 years, the Exchange has done a great deal to create efficient and liquid trading markets where

professional market participants can both execute their own transactions with a wide range of financial instruments and act on behalf of various categories of clients. At the same time, the development of technologies and changes to market structure and regulation have created opportunities to extend the Exchange's services to OTC transactions and new categories of participants. As a result, active development of OTC platforms and direct access to the on-exchange market for new categories of clients were key trends in 2018.

## Attracting new categories of participants

**106**  
companies

the number of participants in the deposit market with the CCP tripled

**19.45**  
RUB trln

total trading volume

The technology facilitating client access to trading on Moscow Exchange was launched in 2012, when brokerage companies, along with banks, came to the FX Market as participants bringing end clients with them, namely Russian individuals and legal entities, as well as non-residents. Over the previous 20 years, the Exchange's FX Market had remained an exclusively interbank market, and all trading members were credit institutions.

In 2017, the Exchange provided direct access to the FX and Money Markets for Russian legal entities that are neither credit institutions nor professional securities market participants. The rise of this new category of participants is in line with global trends and contributes to liquidity growth. Companies themselves increased the efficiency of operations due to the high degree of information transparency of exchange trading. They also benefitted from the ability to execute transactions at the best price and to deposit cash with the CCP at market repo rates. The presence of the Central Counterparty, NCC, guarantees the fulfillment of obligations in relation to all bona

fide participants, and eliminates the need to assess risks and set limits on each other.

In 2018, 18 major Russian companies from different industries were admitted to trading on the FX Market, bring the total number of such corporate participants to 35. Total trading volumes by corporates doubled versus 2017 to RUB 538 bln. In 2018, the number of participants in the deposit market with the CCP tripled, reaching 106 companies, including manufacturing companies, banks, insurance and asset management companies, and international financial organizations. In 2018, their total trading volume increased 7.7 times amounting up RUB to 19.45 trln.

## Development of OTC services

**14**  
bidders

joined the Indicative Quote System at the end of 2018

**543**  
RUB mln

Total volumes

### OTC SYSTEM OF THE FIXED INCOME MARKET

In 2018, an important Bond Market project was launched, the OTC system of the fixed income market that offers participants a full-cycle product: from searching for counterparties and negotiating to conducting a transaction on the selected platform, whether on-exchange or over-the-counter.

The OTC system solves several problems at once: offering participants a number of electronic pre- and post-trade services that are not available in the organized trading; access to end investors; and significant broadening of the range of instruments, including in the OTC segment. The introduction of the new product will allow the Exchange to expand its fixed income business and shift a portion of the OTC market to the Group's electronic services.

### ACCESS TO GLOBAL FX LIQUIDITY

In mid-December 2018, the Exchange launched a project to facilitate access to global FX liquidity. The Exchange's clients are now able to execute OTC trades with the EUR/USD and GBP/USD currency pairs, using the Exchange's infrastructure and interfaces of the FX Market on quotes of world currencies from the major international banks that act as liquidity providers.

Clearing and settlement are carried out by the NCC acting as the Central Counterparty, which allows participants to take advantage of the benefits and services of a single collateral pool, including cross-margining with all Moscow Exchange markets and unified collateral requirements.

At the end of 2018, two liquidity providers transmitted quotes and seven clearing participants joined the service. Among them, five participants executed their first transactions.

### INDICATIVE QUOTE SYSTEM

In 2018, a new service, the Indicative Quote System (IQS), the OTC platform of the Derivatives Market, became available to trading members and their clients on the Exchange's Derivatives Market. The purpose of creating the Indicative Quote System was to stimulate trading in low-liquidity futures and options and to enable Exchange clients to use these instruments in their trading strategies and for risk hedging. Thanks to this service, participants who are liquidity providers in the first instance were able to reduce costs when trading on the Derivatives Market through to the absence of blocking margin requirement when applying. In addition, the risk of conducting an unwanted transaction is reduced, since the passive party has the opportunity not to confirm the completion of the trade.

At the end of 2018, 14 bidders, with trading volume totaling RUB 543 mln, joined the Indicative Quote System.

## Exchange products for retail investors

**1.96**  
mln

The number of unique individual clients

**325**  
RUB bln

Retail investments in bonds

The Exchange offers a wide range of opportunities for retail investors to trade on financial markets. Currently, individuals can trade equities, government and corporate bonds, Eurobonds, ETFs, currency pairs, derivatives and precious metals.

The Exchange holds events, workshops and contests, and runs extensive financial education projects to promote on-exchange investment and attract retail investors to trade on the Exchange.

In 2018, the Exchange launched a project to create an online marketplace for financial products to provide individuals with access to offerings from Russian financial institutions, tools to compare them and the means to purchase them remotely. A client's My Account page will provide information on all products purchased via the marketplace and facilitate remote product management. In the first phase of the project, clients will be given access to bank deposits. Lending, insurance and investment products will be added later on.

In 2017, MOEX launched an online platform to promote exchange-based trading instruments. The Internet portal [place.moex.com](http://place.moex.com) gives novice investors information about the most popular trading tools, as well as access to the on-exchange market by opening a brokerage account with the project's partner companies. In 2018, new services introduced on the portal included personal investor accounts and a Virtual Portfolio service to buy exchange-traded instruments using virtual money, create a portfolio and track returns online.

Since 2016, MOEX has developed the Manager Ranking information resource, which allows retail investors to compare the performance of asset management companies on the Russian securities market. As part of the project, MOEX calculates the return on investment of asset management companies and other performance indicators based on the on-exchange trades they execute. As of the end of 2018, the Portfolio Managers Ranking project included 18 strategies implemented by professional market participants. The strategies are ranked by risk profile and expected return. In 2018, four asset management companies joined the project, bringing the total number to 12, while assets under management increased to RUB 4.7 bln. At the end of 2018, the project was transformed into a marketplace of mutual funds and asset management specialists. In the near future, information about more than 50 mutual funds will be published on the website.

Since 2017, FINFAIR, a financial solutions fair, has been held in Moscow to raise public awareness about the how to preserve personal savings and promote informed planning of family budgets. In 2018, over 100 presentations, master classes and discussions were held with participation from heads of regulatory bodies, senior managers of major companies, banks and brokerage companies, and professors of economic universities. About 7,000 people took part.

Since 2014, the Moscow Exchange School project has held webinars and face-to-face seminars and given individual investors the knowledge and skills they need to manage their personal finances independently. In 2018, about 900 training webinars were held. More than 37,000 private investors have gained knowledge and skills in managing investment portfolios on various MOEX markets.

To popularize investments on the on-exchange market, MOEX annually organizes contests to demonstrate the possibilities that financial instruments offer. Held since 2015, the Invest Trial contest allows participants to gain investment experience in demo mode (without risk to their own funds) and win real cash prizes. In 2018, the contest attracted more than 21,000 novice investors. There were more than 1,100 winners, and participants opened more than 4,000 brokerage accounts. The prize fund amounted to RUB 8 mln.

Since 2003, the Best Private Investor contest has been held for more experienced investors. The main purpose is to demonstrate the possibilities and profitability of trading on MOEX. In 2018, almost 6,000 investors participated, with total trade turnover amounting to more than RUB 1.4 trln. The total starting portfolio of participants exceeded RUB 6.6 bln, and the total prize fund amounted to RUB 9 mln.

Increased interest in investment services among Russian retail investors is being driven by tax incentives, as well as the development of digital technologies and remote identification services that allow individuals to open a brokerage account from home. The online client registration technology implemented by MOEX allows users to start trading in just a few minutes after opening an account on the broker's or bank's website.

Thanks to these efforts, 2018 saw an active inflow of retail investors to the Exchange: at the end of 2018, the number of unique individual clients stood at just shy of 2 mln (1.96 mln), an increase of 50% from the end of 2017. The number of active accounts of individuals who conducted at least one transaction in the past year increased by 63% in 2018, to 609,000.

In 2018, individuals accounted for 35% of share trading volumes, 7% of bond market trading volumes, and 43% of trading on the derivatives market. Retail investors are also active in buying bond placements. In 2018, they repurchased new corporate bonds totaling RUB 251 bln, almost four times more than in 2017 (16.9% of total placement volume), and government bonds totaling RUB 74.2 bln (7.2% of the total).