

Directors' Liability Insurance

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

Under the insurance contract concluded in 2017, the insurance premium is USD 88,300, and the insured amount is USD 50 mln (the total additional insured amount is USD 5 million for independent directors). The insurer is Ingosstrakh.

The terms of the insurance contract, including the insurance coverage, are consistent with best global 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 Self-Regulating Organization "Russian Union of Auditors" (RUA)

▶ The organization is located at 8 Petrovskiy pereulok, bld. 2, Moscow 107031 Russia

Auditing team:

- ▶ Sergei Neklyudov,
Leading Partner;
- ▶ Ekaterina Ponomarenko,
Partner, Quality Control;
- ▶ Anna Zdanevich,
Audit Director;
- ▶ Anna Naydunova,
Senior Audit Manager;
- ▶ Natalia Kaprizina,
Partner, Internal Control Audit;
- ▶ Julia Goncharova,
Senior Manager, Internal Control Audit;
- ▶ Anton Shul'ga,
Partner, Valuation;
- ▶ Denis Mekhedov,
Manager, Valuation
- ▶ Alexander Sinitsyn,
Partner, Tax Audit
- ▶ Inna Chekashkina,
Senior Manager, Tax Audit.

The fee for the audit of the annual accounting (financial) statements of Moscow Exchange and of the consolidated statements of Moscow Exchange Group for 2017 was RUB 11,328,000, including VAT.

Deloitte & Touche CIS rendered no other services to Moscow Exchange in 2016-2017 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 organisation usually does not exceed six years, or two auditor selection periods. In 2016, the Exchange selected an auditor for 2017-2019. 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 Auditor for the Moscow Exchange and Technical Requirements for the audit, which are approved by the Supervisory Board's Audit Commission.

Technical Requirements determine the scope of matters the auditor reviews 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 the Moscow Exchange and Group companies, the Commission prepares an opinion on the bidders' eligibility pursuant to the Russian law, which also takes into account 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 the Federal Law No. 307-FZ On Auditing are admitted to the tender.

The auditor selection process is based on a review of technical and price characteristics of the bids to identify the best terms for the audit of the financial (accounting) statements of the Moscow Exchange and Group companies. The Auditor Selection Commission reviews bids in two stages, assessing technical characteristics first and then pricing, based on which it determines the winning candidate.

During the review of technical characteristics the following is assessed: audit methodology, quality of the auditor's report on the internal control framework to the Exchange's governing bodies, bidders' professional expertise and draft agreement for the audit of the Exchange and companies in the Group.

As regards pricing, the total audit fees for the current reporting period and for the two subsequent ones, as well as at 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 Commission, which in its turn 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 the auditor selection is made by the Annual General Meeting of Shareholders.