

## Supervisory Board's Activity in 2017

The Board held 15 meetings from 1 January 2017 through 31 December 2017 (including five in-person meetings).

Five meetings were held before and 10 meetings after the date of the AGM, i.e. 27 April 2017.

Director	Number of meetings attended	% of total meetings attended
Alexey Kudrin	14	93
Alexander Afanasiev	15	100
Anatoly Braverman	10	100
Yuan Wang (until 27 April 2017)	5	100
Oleg Vyugin	10	100
Sean Glodek (until 27 April 2017)	5	100
Andrey Golikov	15	100
Maria Gordon	14	93
Valery Goreglyad	13	87
Yury Denisov	15	100
Bella Zlatkis	15	100
Anatoly Karachinsky	14	93
Duncan Paterson	15	100
Rainer Riess	15	100

Many issues on the agenda of Supervisory Board meetings were first considered by the relevant committees for a more detailed discussion and to give the Supervisory Board recommendations prior to voting.

Key issues that the Supervisory Board discussed in 2017 included:

▶ strategy:

- adoption of MOEX's business continuity strategy;
- implementation of the IT Development Program;

▶ business development:

- establishing a subsidiary for investments in innovative companies;
- approval of the Derivatives Market's fees and trading membership fees for the Equity & Bond and Deposit Markets;
- approval of fees for transactions in foreign currency;
- creation of the Deposit Market Committee;

▶ key documents of Moscow Exchange:

- listing Rules;
- approval of Trading Rules for the FX and Precious Metals Market, the Equity & Bond Market and the Derivatives Market;
- admission Rules;
- approval of the Admission Rules and Trading Rules for the Equity & Bond and Deposit Market;

▶ corporate governance:

- decision to pay out interim dividend;
- review of the Supervisory Board self-assessment;
- review of the Report on compliance with the Corporate Governance Code of the Bank of Russia;
- discussion of the Exchange's corporate governance practices;

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## INDEPENDENT DIRECTORS

Were in the Supervisory Board in 2017

- ▶ risk management:
  - review of reports from the Internal Control Office on audit of compliance of the Exchange as the market operator with Law "On Counteracting the Illegitimate Use of Insider Information and Market Manipulation and on Amendments to Certain Laws of the Russian Federation";
  - adoption of a business continuity policy for Moscow Exchange;
  - approval of the business continuity plan for Moscow Exchange;
  - approval of the Audit Methodology for the Internal Control Office;
  - intensive efforts were undertaken in cooperation with the Audit Committee and an external independent advisor to audit the internal control system. The advisor confirmed the adequacy of the current internal control system and proposed a number of measures to further improve the practices.

### 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 no less than 2% of voting shares in Moscow Exchange have the right to nominate candidates to the Supervisory Board of Moscow Exchange. The number of candidates cannot exceed the number of members of the Supervisory Board. The Charter of Moscow Exchange provides that such proposals should be submitted no later than 60 days after the end of each fiscal year.

The Supervisory Board of Moscow Exchange was to consider the above nominations and decide whether to include them on the list of nominees for election at the General Meeting of Shareholders no later than five days after the date specified for the submission of the proposals, i.e. before 5 March 2017.

At the end of the day on 1 March 2017, Moscow Exchange received proposals on the nomination of 14 candidates to the Supervisory Board to be elected at the Annual General Meeting of Shareholders in 2017, and all of them were included on the list of nominees for the General Meeting of Shareholders.

As part of the induction of directors, there is an induction programme for members of the Supervisory Board. The programme includes the following:

- ▶ familiarisation of Supervisory Board members with Moscow Exchange's key internal documents and the resolutions adopted at the meetings of shareholders and of the Supervisory Board;
- ▶ an overview of the history of the Russian stock market and basic information about the strategy and operations of Moscow Exchange;
- ▶ meetings with the Chairman of the Supervisory Board and the Chairman of the Executive Board of Moscow Exchange;
- ▶ a meeting with the Director of the Corporate Governance Department;
- ▶ a meeting with the Group's management team during the one-day introductory course held within two months of the date of the election of the Supervisory Board;
- ▶ a meeting with the chairpersons of any committees whose members are also members of the Supervisory Board.