

Moscow Exchange and the Community

Communication with Professional Community

The Moscow Exchange is actively engaged in a dialogue with existing and potential investors and market participants through its consultative bodies and working groups, as well as investment conferences, forums and specialised trainings. This promotes further expansion of MOEX's client base, boosts liquidity in the on-exchange and facilitates investments in the Russian economy.

Moscow Exchange Council

The Moscow Exchange maintains an ongoing dialogue with market participants through its advisory and consultative bodies with a view to receiving feedback from its clients in respect of new products and services, improving the Exchange's infrastructure and developing proposals for changes to financial market regulations.

MOEX's main consultative body is the Moscow Exchange Council, whose primary objective is to put forward strategic proposals to further develop the Russian financial market, as well as to represent traders and clients in order to ensure full and comprehensive recognition of their needs in resolving any issues connected with the organisation and development of the financial market infrastructure. The Moscow Exchange Council comprises major traders, self-regulatory organisations, managing companies, investment banks, and the Bank of Russia.

In late 2017, the Supervisory Board approved the new Exchange Council, which now comprises 25 members. Andrey Zvezdochkin, CEO of ATON Investment Company, was elected Chairman of the Moscow Exchange Council.

The Council held four meetings in 2017 to review:

- ▶ key tariff initiatives;
- ▶ development of interest rate derivatives;
- ▶ appeals of financial services' consumers filed with the Bank of Russia;
- ▶ upgrade of the ranking system of MOEX traders.
- ▶ unified Collateral Pool project;
- ▶ development of information and analytical products;
- ▶ use of ratings for the listing of bonds.

Expert Council on Listing

Established in late 2016, the Expert Council on Listing is a consultation body set up with a view to deepening the analysis and improving the quality of securities as part of initial listing and subsequent listing maintenance.

In 2017, the Expert Council on Listing comprised 37 members, including appraisers, auditors, bankers, lawyers, analysts, investors and methodologists. Meetings of the Expert Council are held in the form of working groups made up of 7 to 9 dedicated experts appointed by the Chairman of the Expert Council to consider the agenda items. In 2017, the Expert Council on Listing held 23 meetings.

The key function of the Expert Council on Listing is to develop recommendations for the Moscow Exchange on matters of listing, delisting, changing the listing level of securities and strengthening the listing requirements. Decisions made by the Expert Council are not mandatory, but intended to augment the Exchange's expertise.

User Committees

There are 19 user committees (based on financial market participant groups and issuers) operating under the auspices of the Moscow Exchange and the NSD.

In 2017, a new Deposit Market Committee was established following the launch of the Deposits with the CCP section as part of the Money Market.

Most user committees are formed on an annual basis and composed of representatives of professional market participants, including banks, brokers and investment companies, as well as issuers and non-financial companies. They are mainly tasked with the preparation of proposals to amend the existing laws and other regulations, to review regulatory matters associated with public trading and issue of securities, information disclosure in the securities market, and corporate governance. In addition, they develop proposals for managing securities trading, improvements in clearing and settlement technology, and the expansion of portfolio of available tools and services. Matters put forth for review by the Moscow Exchange Council are usually actively debated in user committees.

For convenience of committee members, clients and market participants, the Moscow Exchange publishes a monthly digest report of its user committees with the information and resolutions proposed for consideration by the Moscow Exchange Council and user committees.

Information on the activities of the committees and the Moscow Exchange Council is publicly available and can be accessed on the MOEX website.

IR Academy

In 2016, the Moscow Exchange launched an IR Academy, a large-scale education project for investor relations and corporate communications professionals, as well as analysts. The Academy offers training on all nuances of the profession, from the IR evolution to modern digital technologies employed by the industry.

The IR Academy serves as a forum for investor relations specialists and a centre for developing IR guidelines and standards.

It's courses help companies to structure their investor relations upon entering the public market. The IR Academy provides training for managers of public companies on best corporate governance and disclosure standards, as well as guidance on improving corporate practices and increasing transparency.

Since the launch of the IR Academy in September 2016, 11 workshops were held hosting around 80 speakers.

Development of Corporate Governance in Russia

For over 20 years now, the annual report competition organised by the Moscow Exchange together with the RCB Media Group has been one of the most important events in the sphere of corporate governance and investor communication in Russia. The contest facilitates transparency and efficient disclosure for the benefit of investors and clients. The 20th anniversary annual report competition drew 132 companies, including 19 first-timers.

For the second year running, the Moscow Exchange supported the Russian Public Companies Corporate Governance Index, the annual survey by the Independent Directors Association. The Index reflects the quality of corporate governance in the companies on the basis of two sources of information: a survey of professional community, and publicly available data on the company's operations, which then serve as the basis for individual and consolidated indicators of corporate governance quality. The project has been designed with a view to helping companies to refine their corporate governance practices, to ensure fuller disclosure and to improve their investor communications.

Moreover, in 2017, the Independent Directors Association in conjunction with the Moscow Exchange held its 11th annual Director of the Year award ceremony that celebrates the achievements of directors who promote best corporate governance practices in Russia. Annual ratings of best directors are composed and later serve as the roster for choosing the winners and awardees.

Effective Relationships with the Market Participants / Investment Community

For many years, the Exchange has been staging events and supporting the largest professional conferences in the financial market. Since 2009, it has been setting up the Exchange Forums across the world's major investment centres, such as London, New York, Shanghai and Moscow, annually drawing over 2,000 representatives of global institutional investors and banks, heads of trading operations in the financial markets and portfolio managers. The Exchange Forums provide a unique platform for a dialogue among government representatives, investment funds, banks and heads of Russian companies, improving the appeal of the Russian financial market for the investment community and drumming up domestic and international investor interest in the Russian exchange market.

In 2017, the Exchange was a partner of the business programme organised by the St Petersburg International Economic Forum (SPIEF), as well as events hosted by the self-regulatory organisations, namely, the Russian Stock Market and Asset Management conferences of the National Association of Securities Market Participants (NAUFOR) and a repo forum set up by the National Finance Association. The Exchange supported the Russian Business Week organised by the Russian Union of Industrialists and Entrepreneurs, the Russian Bond Congress, the largest annual conference on the fixed income securities market staged by the Cbonds agency, as well as a number of regional conferences and forums.

MOEX strives to bolster exports of Russian companies, including through the exchange-traded financial instruments. As part of these efforts, it entered into a cooperation agreement in the sphere of educational, research and information activities with the School of Export of the Russian Export Centre. The partnership provides for the development of a training course on hedging currency risks, creation of educational programmes and recruitment of teachers with expertise and practical experience in stock trading for further training of export-oriented SMEs.

International cooperation

The Exchange places great emphasis on the cooperation with international financial organisations with a view to embracing global best practices and experience.

In May, MOEX signed a strategic cooperation agreement with the Shanghai Stock Exchange aimed at promoting the Russian and Chinese financial markets and creating joint exchange products. In March, MOEX and the official Chinese delegation of the Dalian Commodity Exchange (DCE), the world's largest trading platform for commodity derivatives, signed a memorandum of understanding aimed at fostering cooperation in commodity derivatives markets.

In October, the Exchange hosted Investments and Funding as Part of the One Belt One Road Initiative, a joint Russian-Chinese conference organised in Moscow together with the Shanghai Clearing House (SHCH). Panel sessions focused on the practical aspects of trading on the Russian and Chinese financial and exchange markets: the Russian and Chinese financial market infrastructure linkages, investment and financing in commodity markets in relation to the One Belt One Road initiative, as well as opportunities for investors and issuers in the Russian and Chinese public capital markets.

In April, at the annual Exchange Forum, MOEX signed a memorandum of understanding with the Astana International Financial Centre (AIFC) to share experience and information on the exchange-traded financial instruments. The memorandum will facilitate further integration of Russia and Kazakhstan within the Eurasian Economic Union.

In June, the Exchange signed a memorandum of understanding with the Kazakhstan Stock Exchange (KASE) aimed at the integration of Russian and Kazakhstan stock markets. It involves mutual access to exchange markets for professional participants; sharing and disclosure of information on the exchange trades, financial instruments and issuers of the Russian and Kazakhstan exchanges, as well as on the upgrade of financial technologies and instruments; cooperation on the IT infrastructure development and implementation of the global best practices as regards exchange trade, pre- and post-trading procedures.

MOEX is a member of the World Federation of Exchanges (WFE) and of the Futures Industry Association (FIA). In 2017, the Exchange took part in the WFE and FIA international conferences in Frankfurt, London, Boca Raton and Bangkok. MOEX was also an active participant of the WFE working groups, including those studying the world exchanges' practices of attracting retail investors to exchange markets.

Employer brand, cooperation with universities

In 2017, Forbes named the Moscow Exchange one of the World's Best Employers. The ranking covered 500 employers globally, with only four Russian companies making it to the top list.

To improve its brand awareness and image as an employer, in 2017, the Exchange came up with an integrated value proposition: "MOEX is a place where everyone can fulfil their potential and go to the limit of their capabilities by creating innovative technologies and dealing with global-scale challenges". The value message is supported by a communication question to the potential employee ("Where is the limit of your capabilities?") and a slogan ("Shaping the development, creating the future"). Furthermore, a creative concept of the employer brand was developed to promote the value message.

In 2017, the Group targeted young talent by putting in place an internship programme for 38 finance and IT students giving them an opportunity to participate in the Exchange's projects and undergo comprehensive training in personal development and efficiency. The best students were offered a position at the Exchange.

The Exchange's experts regularly participate in joint programmes with leading Russian universities. In 2017, MOEX speakers held a series of master classes in MGIMO, the Moscow State University, Higher School of Economics, Financial University under the Government of the Russian Federation and Moscow Engineering Physics Institute. 2017 also saw the launch of the Securities and Financial Engineering educational programme aimed at improving the financial literacy and run jointly with the Financial University. Over the past few years, the Group's employees have been running a special course on financial risk management at the Faculty of Computational Mathematics and Cybernetics of the Moscow State University. Jointly with the New Economic School, MOEX conducts academic research related to the development of markets and financial instruments. For 20 years, IT specialists have been receiving training at the MEPhI faculty specialising in exchange trading technologies.

In 2017, a new advanced training programme Exchange Trading Basics was launched. It was developed by the Moscow Exchange together with the finance and banking department of the Russian Presidential Academy of National Economy and Public Administration.

In conjunction with the Financial University under the Government of the Russian Federation, the Moscow Exchange held Fincontest, a special academic competition on financial markets. In addition to various tests on corporate finance, securities market and financial analysis, the competition gives its participants an opportunity to start their professional carrier. More than 2,500 students took part in the competition, and after a multi-stage screening process four of them were offered internship at the Moscow Exchange. Moreover, the competition presents an opportunity to interact with market professionals through a series of master classes held by the Exchange employees.

The Exchange was a partner of the 16th All-Russian Securities Market Student Olympiad, which drew 16 teams from 15 universities across 6 Russian federal districts.

The Exchange also supported the 12th All-Russian Olympiad in financial markets and basic consumer knowledge for high school students, Youth Republic: the Basics of Financial Education summer camp for high school students in the Nizhny Novgorod Region and the All-Russian Thesis Competition on financial topics.

In 2017, the Exchange's employees took part in the Council's outreach events, including the 3rd All-Russian Congress of Financial Volunteers and the Financial Literacy Week in the Republic of Kalmykia.

In addition, the Exchange cooperated with the Academic Council of the Russian Academy of Sciences on the economic history matters and worked with the Centre for Economic History of the Moscow State University.

In 2017, the study of the Russian financial market resulted in the publishing of "Down to the foundations, and then...", a book describing the Russian securities during the revolutionary period and the Soviet era.

In 2018, the Group will continue targeting young talent and developing internship programmes in accordance with best practices. In April 2018, the Exchange will launch three internship programmes:

- ▶ MOEX Future Leaders – a year-long internship for undergraduates who are serious about a career in the financial market and are working to become true leaders. Over the year, interns will get to work at several divisions across the Moscow Exchange and gain versatile experience.
- ▶ MOEX Study & Work – a programme for students who wish to do research focused on the Exchange under the supervision of seasoned professionals.
- ▶ MOEX Summer – a three-month internship over the summer holidays that will introduce students to the Exchange and give them their first work experience.

Stock Exchange History

Since 2002, the Exchange has maintained an exhibition on the history of the Russian stock exchange dating back to the 12th century. In 2017, the exposition attracted over 3,000 visitors, including schoolchildren and students. It also serves as a platform to host contests, olympiads, and financial and career guidance projects.