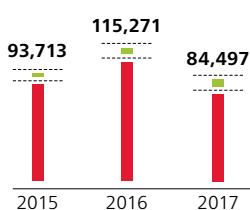


Derivatives Market and Standardized Derivatives

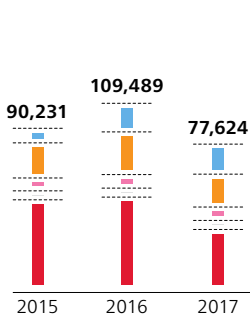
Moscow Exchange's Derivatives Market is Russia's leading venue for derivatives trading. It combines a high level of liquidity, broad product offering, a performance guarantee from the central counterparty (National Clearing Center – CCP NCC) and state-of-the-art trading technology. Currently, market participants can trade financial instruments on indices, Russian and foreign shares, Russian government bonds (OFZ), foreign currencies, interest rates and commodities (oil and precious and industry metals).

Derivatives market trading volumes, RUB billion



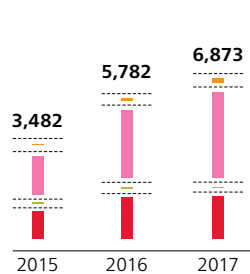
	2015	2016	2017	Δ 2017/2016
Total	93,713	115,271	84,497	-26.7%
▶ Futures	90,231	109,489	77,624	-29.1%
▶ Options	3,482	5,782	6,873	18.9%

Futures, RUB billion



	2015	2016	2017	Δ 2017/2016
Total	90,231	109,489	77,624	-29.1%
▶ FX	62,478	64,561	39,460	-38.9%
▶ Interest	25	27	17	-37.6%
▶ Single stock	3,054	3,529	3,383	-4.1%
▶ Indices	20,291	26,138	18,486	-29.3%
▶ Commodities	4,383	15,234	16,278	6.9%

Options, RUB billion



	2015	2016	2017	Δ 2017/2016
Total	3,482	5,782	6,873	18.9%
▶ FX	1,412	2,119	2,184	3.1%
▶ Single stock	60	87	35	-59.4%
▶ Indices	2,002	3,434	4,440	29.3%
▶ Commodities	7	142	213	49.8%

Trading volumes

In 2017, total trading volumes on the Derivatives Market were RUB 84.5 tn. Futures volumes decreased by 29% year-on-year to RUB 77.6 tn and options volumes rose by 19% year-on-year to reach RUB 6.9 tn. Open interest in FX futures as of the end of December 2017 rose by 57.2% year-on-year to RUB 281.4 mn.

The average daily open interest in futures increased by 10% year-on-year to RUB 414.4 bn.

Open interest by non-resident participants rose by 13% to RUB 308 bn.

The growing volumes of options trading and the increase of open interest in futures demonstrate the rising share of Russian and international institutional investors (banks, assets management companies and funds) who use exchange-traded derivatives to hedge risks.

In particular, open interest from non-resident clients increased by 13% year-on-year to RUB 308 bn. The share of open interest accounted for by non-resident participants increased from 44.5% to 47.5% in 2017.

At the same time, retail investors who trade via their brokers – a key business segment for the Exchange – continued to expand. In 2017, private investors accounted for 41.6% of the total trading volume.

The commodities section of the Derivatives Market saw the strongest growth of futures volumes for the second year running as volatility of global commodities markets and the Exchange's programs to promote liquidity have made commodity futures attractive to market participants. Trading volumes in Brent oil futures increased by 9.5% year-on-year to RUB 14.4 tn.

Options trading volumes were supported mainly by index options. Options trading volumes increased by 29.3% year-on-year to RUB 4.4 tn.

New Instruments

A broader, expanded product offering fueled the growth of options trading volumes in 2017.

Market participants were offered weekly options on the most liquid instruments, USD/RUB FX and RTS Index futures contracts. The new instruments complemented MOEX's monthly and quarterly options offering. They help participants implement short-term trading strategies. The trading volume of the weekly options was RUB 858 bn in 2017 (13% of the total trading volume of options in the same underlying assets).

Additionally, options on GBP/USD and USD/JPY FX futures contracts began trading in October 2017.

47.5 %

The share of non-residents in the total turnover

Liquidity

To support trading volumes and improve order book quality, the Exchange introduced certain liquidity promotion programs; in 2017, more than 50% of instruments were supported by market makers. In particular, liquidity promotion programs were introduced for all derivatives contracts launched in 2017.

New programs aimed at incentivizing market makers were also introduced for FX, commodity and index futures. In September 2017, liquidity programs were started for two MOEX Russia Index futures with different nominal values. They encouraged growth of trading volumes in the instruments thanks to large-size orders of market makers and incentives for participants to generate passive turnover.

Technology

Moscow Exchange continuously streamlines risk management for the Derivatives Market and related services. In 2017, it began calculating floating margin rates for RUONIA futures and launched a service to provide notices on the expected margin amount following changes in risk parameters.

As part of the strategic initiative to create the Unified Collateral Pool, an option was offered to receive and transmit asset profiles from the Derivatives Market to the FX and Equity & Bond Markets.

By introducing the single point for transaction monitoring, the Exchange managed to remove a way for engaging in arbitrage between transaction protocols. As a result, the TWIME-based order entry process has accelerated versus other protocols in 99.98% of entries.

As part of the Unified Collateral Pool project, participants of the Derivatives, FX and Equity & Bond Markets were offered an opportunity to use a unified margin account and choose assets for collateral. Derivatives Market participants now benefit from new options to post securities as collateral and the resulting reduction of operational costs. This helps boost trading volumes in derivatives. The project's next phases in 2018 will enable lower margin requirements for calendar spreads and secured positions in derivative instruments.

Enhancement of a new Derivatives Market access protocol, TWIME, delivered the fastest access to the market, opened up new opportunities for market participants and reduced their infrastructure costs. The TWIME-based order entry process has accelerated versus other protocols in 99.98% of entries.

Transforming Tariffs & Fees

2017 saw the completion of a tariff reform for derivatives that was initiated in 2016 in order to harmonize tariffs across various Moscow Exchange markets and also across groups of derivatives contracts. The new approach implies charging tariffs as a percentage of a transaction's value set specifically for every group of contracts.

Communication with Partners

In October 2017, Moscow Exchange signed an agreement with St. Petersburg International Mercantile Exchange (SPIMEX). The two organizations committed to work together to promote a regulated market for commodities and commodities derivatives. MOEX and SPIMEX will jointly conduct marketing activities to attract new trading members. The partnership will also help design new commodities assets and derivatives on the Russian on-exchange market.

Standardised Derivatives Market

MOEX's Standardized Derivatives Market was created in 2013 in response to a G20 resolution on strengthening the role of the central counterparty in financial markets and the need to transfer trading in standardized derivative financial instruments to exchange marketplaces.

In 2017, demand for interest rate and FX risk management instruments rose on the back of consolidation in the Russian banking sector lower market rates. This encouraged the growth of market liquidity.

Trading volume in the Standardized Derivatives Market increased to RUB 108 bn in 2017. FX, interest rate swaps and FX flex options interest rate swaps were the most heavily traded instruments. In 2017, the number of market participants increased to 42 from 33 in 2016.

The Exchange continued improving the technology behind the Standardized Derivatives Market and enhanced the market platform performance and modified the algorithm for adding interest on margin accounts. This allowed participants to reduce their costs and enjoy higher standards of on-exchange trading.