

Statement from the Chief Executive Officer



**Alexander
Afanasiev**

Dear stakeholders,

I am pleased to announce that we set new records in many important areas in 2017. The Exchange earned the highest fee and commission income in its history, once again underscoring the strength of our business model and our diversified product offering. A record number of private investors opened brokerage accounts. Trading volumes for many exchange-traded instruments – including bonds repo with the central counterparty and repo using general collateral certificates, FX swaps and commodity derivatives – also set new records. Moscow Exchange helped channel some RUB 5.3 trln into the Russian economy, nearly twice as much as in 2016.

Throughout the year, the Exchange focused on priority areas for the Russian financial market, such as increasing the domestic retail investor base, providing a consistently high quality of service to all market participants, putting in place reliable infrastructure and fostering innovation. I am pleased to report that we excelled in all of those areas.

Last year, the retail market saw major positive changes. Some 250,000 private investors opened new brokerage accounts, the share of active clients increased by 25% and the number of individual investment accounts exceeded 300,000. New investors naturally prefer less risky debt instruments, but we expect them to gradually become more involved in the Equity and Derivatives Markets as they become more experienced.

To encourage individuals to invest in financial markets, we have partnered with leading brokerage firms to create and develop an online marketplace. This is designed to be an ecosystem for private investors that provides access to a full range of exchange products, training opportunities and market expertise.

In 2017 the Exchange hosted FINFAIR, its first large-scale retail event in Moscow, to promote exchange-based investments and raise levels of financial literacy. More than 5,000 people keen to learn more about opportunities offered on the financial markets attended the event. In addition, each year we hold competitions for private investors: the Invest Trial and the Best Private Investor contests. The Moscow Exchange School is also going strong, holding more than 600 workshops in 2017 and giving over 25,000 private investors the knowledge and skills they need to manage an investment portfolio on the Exchange's markets.

Despite the challenging geopolitical environment, the number of international investors coming to the Exchange continues to increase, clearly illustrating that the quality of our infrastructure, transparency, attractive fundamentals of the assets traded and the Russian market's upside potential outweigh possible fears of investors.

Over the past few years, Moscow Exchange has implemented significant upgrades to its IT systems and modernised testing mechanisms. This has helped to make our technological infrastructure more reliable and to minimise disruptions.

Another area of constant focus is attracting new categories of participants to the Exchange's markets. In 2017, we completed a project to give large corporates direct access to the FX and Money Markets, which helped to improve the quality of the on-exchange market and generate additional liquidity.

We work to raise the attractiveness of the Exchange for innovative companies and medium-sized businesses. In 2017, we took another step in this direction by leveraging the experience gained from the Innovation and Investment Market to establish the Growth Sector for small and mid-cap companies. The first placements have already been completed, and we also intend to invest in a number of awareness-raising initiatives to inform Russian entrepreneurs about opportunities offered by the capital markets.

In 2017, the Exchange started implementing one of its key projects: the Unified Collateral Pool, which is designed to help participants cut costs and free up substantial surplus funds, and thereby increase overall liquidity in the Exchange's markets.

Moscow Exchange is committed to being at the forefront of innovation in the financial markets. In 2017, we established a new company – MOEX Innovations – to help bring to life some of these high-potential projects. The Exchange also plans to invest heavily in innovative services, primarily those related to big data and distributed ledger technologies.

We are also continuing to expand the range of products we offer. In 2017, the Exchange rolled out new instruments including weekly options, FX fixings and deposits with the central counterparty as well as launched trading in sugar.

We would not have been able to achieve these superior results without our clients, shareholders and the regulator, and I would like to take this opportunity to thank all of them for their help and support throughout the year.



Chief Executive Officer

Afanasiev A.