

Risk Associated with Implementation of Strategy



STRATEGIC AREAS



FINANCIAL RISKS / IMPACT ON KPIs

DIVERSIFICATION

Launch of new products may lead to an increase in assets that are exposed to credit and market risks, which will adversely affect capital adequacy. At the same time, product diversification opens up opportunities for managing interest-rate and liquidity risks, while also mitigating concentration risk.

OPTIMISATION

Optimization of business processes in the field of risk management improves risk protection.

STANDARDISATION

Development of risk and collateral management methods and technologies results in stricter requirements for accuracy and reliability of financial risk assessment models, and also improves risk protection.

MARKET DEVELOPMENT

Deepening of the market through expansion of the investor base may potentially increase the credit risk level, especially in view of the expected rise in assets exposed to credit risk. At the same time, attracting new investors will enable the Company to better manage liquidity risk and mitigate the concentration risk of exposure to individual counterparties.

INTEGRATION

Gradual alignment of Russian financial market infrastructure with international recommendations imposes financial and non-financial risks due to foreign investors being granted access to trading and clearing platforms.



**NON-FINANCIAL RISKS /
IMPACT ON KPIS**

MOVING TO NEW TECHNOLOGY APPLIED TO OPTIMISE THE EXISTING TECHNOLOGIES AND PROCESSES, ATTRACTING NEW INVESTORS (INCLUDING INDIVIDUALS) AS WELL AS LAUNCHING NEW PRODUCTS MAY LEAD TO:

higher operational risks due to new products and processes being embedded into the existing infrastructure

increased HR risks associated with inability of staff to fully meet the requirements of new technologies and new business processes

the current system of controls being rendered ineffective, disrupting the operation of Moscow Exchange's key systems and processes

development of new products increases external exposure of the company's IT infrastructure, which increases the risk of interference with the Exchange's systems and brings new challenges to maintaining the company's cybersecurity

There are risks concerning the inability to effect changes to legislation and/or obtain regulatory approval.