

Statement from the Chairman of the Supervisory Board



**Alexey
Kudrin**

Dear stakeholders,

It is my pleasure to present the Supervisory Board's report on Moscow Exchange's key achievements in 2017. The management team and employees successfully delivered on the core targets set by the Supervisory Board for the year, including fee and commission income growth, return on capital and the Exchange's systems reliability.

The Company also successfully delivered on its mission to attract capital into the Russian economy. In 2017, Russian companies raised RUB 3.1 tn via securities offerings on Moscow Exchange's platform. And the country's budget garnered RUB 2.2 tn in proceeds from issuing government bonds (OFZs) via the Exchange.

One key area of focus for the Exchange is to grow the domestic investor base. This means creating conditions to attract pension funds and other institutional investors to our trading markets, as well as growing investments by retail investors. The Exchange hosts classroom and online training sessions for private investors and convenes conferences in Moscow and the Russian regions.

Another strategic objective for Moscow Exchange is to attract foreign investment into Russian securities. To that end, the Company has established convenient and reliable infrastructure to access the Russian market, and in 2017 we continued to promote this infrastructure among a wide range of international investors. The Exchange Forum, which is the umbrella name for investment conferences organized by Moscow Exchange, is convened annually in key financial centers around the globe: Moscow, Shanghai, London and New York. The event serves to communicate to the global financial markets community positive developments in the Russian economy, our markets and at the companies listed on the Exchange.

Moscow Exchange maintains an ongoing dialogue with its clients – the participants on its trading markets. Seventeen user committees and two expert panels are actively engaged in discussing relevant matters for each market and client group. In 2017, a new Deposit Market Committee was established as part of the Exchange's successful project to facilitate direct access of companies to trading markets.

When it comes to corporate governance practices, Moscow Exchange aims to lead by example. Five members of our 12-member Supervisory Board are independent, and four key Board committees (Audit, Strategy Planning, Nomination and Remuneration and Technical Policy) are chaired by independent directors. This degree of involvement of independent directors in the Board makes corporate governance more transparent and effective.

In the reporting year, the Exchange for the first time used the e-voting system developed by NSD at its Annual General Meeting of Shareholders. The new platform enables us to involve more shareholders in the Company's governance processes, and my hope is that it will gain ground among Russian issuers.

In 2017, the Exchange paid its first interim dividend. I hope that this approach will be welcomed by shareholders and will reduce share price volatility around the record date. In 2017, Moscow Exchange plans to pay out a total of 89% of its net income in dividends. Returning profits to shareholders serves as a testament to the high quality of corporate governance and is a major driver of the Company's equity story.

Moscow Exchange actively fosters the professional environment by supporting the Russian Union of Industrialists and Entrepreneurs, the Independent Directors Association and the National Association of Securities Market Participants (NAUFOR). The Exchange also actively engages with universities and other institutions of higher education: our employees lecture and teach seminars at leading Russian universities, we partner with a dedicated department at National Research Nuclear University MEPhI, we sponsor finance contests among students and we donate funds to certain university projects. In 2017, the Exchange targeted young talent by putting in place an internship program for 38 university students pursuing degrees in the fields of finance or information technology. Upon conclusion of the program, the most successful interns were offered permanent positions at the Exchange.

Moscow Exchange strives to help people in need and support educational projects, consistently allocating resources in these areas. The Company's charitable donations in 2017 amounted to almost RUB 30 mn.

On behalf of the Board, I would like to express our gratitude to the shareholders and clients of Moscow Exchange for their trust and support. We are looking forward to a successful 2018 at the Exchange.



Chairman of the
Supervisory Board

Kudrin A.