

CORPORATE GOVERNANCE SYSTEM

Moscow Exchange Group manages the only multifunctional exchange platform in Russia for equities, bonds, derivative instruments, currencies, money market instruments and commodities.

The Group includes the central securities depository (National Settlement Depository), and a clearing centre (NCC Clearing Bank), performing the functions of central counterparty across all markets. Thus, Moscow Exchange renders the full spectrum of trading and post-trading services to its clients.

Moscow Exchange was formed in December 2011 as a result of a merger between Russia's two main exchange groups – MICEX Group (established in 1992) and RTS Group (established in 1995). This combination created a vertically integrated public trading market across most major asset classes that was named Moscow Exchange. Moscow Exchange held the initial public offering of its shares on 15 February 2013 (ticker MOEX).

Since Moscow Exchange's IPO, its senior managers have been continuously perfecting the Company's corporate governance procedures, with the aim of taking its rightful place among global trading venues

Moscow Exchange's corporate governance system was created in accordance with the requirements of the laws regulating Moscow Exchange as an organiser of trading, the listing rules regulating the Moscow Exchange as an issuer whose securities are admitted to trade, and taking into account the model Corporate Governance Code issued by the Bank of Russia, the OECD corporate governance principles and the best international practices in the field of corporate governance.

Moscow Exchange's corporate governance system is an efficient tool that protects the legitimate rights and interests of all Moscow Exchange shareholders and the users of its services. A Risk Management and Internal Control System was also created and is being developed, based on state-of-the-art procedures that cover every aspect of Moscow Exchange's operations.

In 2014, the Bank of Russia recognised the Moscow Exchange, jointly with the National Settlement Depository (NSD) and the NCC Clearing Bank as systematically important financial institutions.

THE EXCHANGE'S ROLE IN SHAPING THE REGULATORY FRAMEWORK

Moscow Exchange aims to be a model company in the effective application of the principles established in the Corporate Governance Code for all issuers whose shares are listed on Moscow Exchange.

Moscow Exchange's management has been actively involved in improving the regulatory framework in the field of corporate governance.

An important step in the development of the Russian stock market was the listing reform carried out by the Exchange, which simplified the system of quotation lists to bring it much closer to international standards, and increased the requirements for Russian issuers in terms of the quality of corporate governance.

The main innovations introduced through the listing reform include heightened requirements for Russian companies in terms of the quality of corporate governance in accordance with the new Corporate Governance Code adopted by the Bank of Russia in the spring of 2014. The first two years following the start of the reform are a transitional period during which issuers are to bring their securities and operations into line with the new requirements; after that period, the securities of any non-compliant issuers may be downgraded in listing level.

Jointly with market participants and the Regulator, Moscow Exchange developed a new system of corporate actions based on current international standards to ensure a clear framework for the participation of both Russian and international investors in corporate actions.