

FOREIGN BOARD OF TRADE APPLICATION FOR REGISTRATION

Public Joint-Stock Company "Moscow Exchange MICEX-RTS"

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Information on the Legal Entity:

The Moscow Exchange was founded in 1992 (since 1992 to 2012 was named Moscow Interbank Currency Exchange CJSC (MICEX); since 2012 to 2015 was named Open Joint Stock Company «Moscow Exchange MICEX-RTS»).

Since 2015, the full Legal Entity's company registered name is Public Joint-Stock Company "Moscow Exchange MICEX-RTS," the short Legal Entity's company registered name is the Moscow Exchange (hereinafter, "Moscow Exchange", "MOEX"). Moscow Exchange acts in accordance with the Charter approved by the Annual General Shareholders Meeting held on September 2, 2016 and entered into force on September 15, 2016 (see – Appendix 2 to FBOT Form).

Primary State Registration Number is 1027739387411 on October 16, 2002, assigned by Federal Tax Service of Russia. The Registration Number of the Legal Entity, assigned by the Moscow Registration Chamber for companies registered before July 01, 2002, is 009.274 on March 16, 1992 (see – Appendices 18 and 19 to FBOT Form).

License of the Exchange is 077-001 on August 29, 2013, assigned by the Bank of Russia.

MOEX conducted an IPO on February 15, 2013 for total RUB 15 bln. (≈ USD 500 mln.).

The Moscow Exchange Group (hereinafter, "MOEX Group") is an integrated exchange structure that provides financial market participants with the full set of trading, clearing, settlement, depository and information services. MOEX Group offers trading, clearing, settlement services on the following financial market segments: foreign currencies market, money market, equity securities market, fixed income securities market, derivatives market, OTC derivatives market, commodities market.

Signatures:



Alexander K. Afanasiev

Chairman of the Executive Board of Moscow Exchange

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Exhibit A — General Information and Documentation

Exhibit A(1)

A description of the following for the Foreign Board of Trade: location, history, size, ownership and corporate structure, governance and committee structure, current or anticipated presence of offices or staff in the United States, and anticipated volume of business emanating from members and other participants that will be provided direct access to the Foreign Board of Trade's trading system.

I. History of MOEX

MICEX	RTS
January 1992 – Moscow Interbank Currency Exchange CJSC (MICEX) was established.	
July 1992 – the Central Bank of the Russian Federation (the Bank of Russia) has been starting to define and publish the official RUB exchange rates on the basis of currencies auctions held at MICEX.	
	September 1995 – RTS Index based on prices of the 13 most highly capitalized liquid shares of the Russian issuers started to be calculated. Since July 2005 , the number of shares, on the basis of which the RTS Index is calculated, is fixed at 50.
January 1997 – National Depository Centre CJSC (NDC) was established by MICEX as the MICEX's securities and settlement depository. In 2010 the NDC was renamed the National Settlement Depository (NSD). In November 2012 the status of Central Securities Depository was assigned to NSD by the Bank of Russia. 99,997% of the NSD shares owned by MOEX.	
June 1997 – MICEX launched an electronic trading system (SELT) in foreign currencies – the FX Market Section.	
September 1997 – MICEX began calculating an Index based on prices of the 5 most highly capitalized liquid shares of the Russian issuers (MICEX Index). As of April 2007, the number of shares, on the basis of which the MICEX Index is calculated, is fixed at 30.	
	September 2001 – Single Stock Futures and Options on them were admitted to trading
	December 2002 – USD/RUB FX Futures were admitted to trading (Options on USD/RUB FX Futures were admitted to trading on April 2005)
October 2002 – MICEX joined the World Federation of Exchanges as a correspondent member.	
	August 2005 – RTS Index Futures were admitted to trading (Options on RTS Index Futures were admitted to trading on September 2005)

May 2006 – National Clearing Centre CJSC (NCC) was established. MOEX is the 100% parent of the NCC. 100% shares of the NCC owned by MOEX.	
	June 2009 – RTS Derivatives Market – FORTS – was included in the TOP-10 of the world's leading Derivatives Exchanges by Futures Industry Association. Currently the MOEX ranks No.5 in the TOP-10 as the RTS's successor (as of 2015 ¹).
MOEX	
May 2011 – NSD launched settlements through Euroclear and Clearstream in RUB, USD, GBP and CHF.	
September 2011 – MICEX and RTS signed the Merger Agreement.	
December 2011 – the two largest Russian exchanges merged. The combined Exchange took the temporary company name of MICEX-RTS OJSC. The consolidation process of two Derivatives Markets, FORTS and MICEX, launched.	
November 2012 – the status of Central Securities Depository was assigned to NSD by the Bank of Russia.	
December 2012 – clearing and risk management functions conducted by RTS CC at MOEX Derivatives Market were transferred to the NCC. MOEX Group completed the centralization of clearing activity on the basis of the NCC.	
February 2013 – MOEX conducted an IPO on its own trading facility, where an all of shares priced at RUB 15 bln. (≈ USD 500 mln.) ² were placed that amounted to 11.8% of the authorized capital. The MOEX's market capitalization amounted to about RUB 126.9 bln. (≈ USD 4.2 bln.) according to the results of the IPO.	
March 2013 – MOEX launched securities trading with settlement of T+2 on its Securities Market.	
August 2013 – MOEX and Eurex Exchange announced the execution of a cooperation agreement to establish trading in FX futures.	
October 2013 – MOEX launched OTC Derivatives Market with the NCC as the Central Counterparty.	
October 2013 – NCC became the first Qualified Central Counterparty in Russia – this status was granted by the Bank of Russia.	
March 2014 – MOEX and Korea Exchange (KRX) signed the Collaboration Agreement in in the field of information technologies, financial market infrastructure and cooperation in new product development.	
April 2014 – MOEX began calculating of the Russian Volatility Index. Russian Market Volatility Futures (RVI) has been trading since September 2014 .	
June 2014 – a new procedure for settling Futures on shares of Russian issuers – via T+2 on MOEX Securities Market – was applied for the first time.	
September 2014 – NSD (as a Central Depository, Settlement Depository and Repository) and the NCC (as a Central Counterparty) was granted status as systemically significant financial organization by the Bank of Russia.	
October 2014 – MOEX and Bank of China signed a cooperation agreement aimed at expanding collaboration between the Russian and Chinese financial markets.	

1 Source: [FIA 2015 Annual Survey: Global Derivatives Volume](#).

2 As of USD/RUB rate settled by the Bank of Russia on February 15, 2013 (the MOEX's IPO date).

December 2014 – Moscow Exchange began offering general clearing membership (GCM) for FX Market participants. This type of membership implies the separation of trading and clearing memberships to allow Russian and foreign financial institutions to provide clearing services to trading firms and other Russian and foreign banks, companies and individuals operating on MOEX FX Market. In January 2016, Bank of America, National Association (BANA) became the first GSM on MOEX FX Market. As of December 2016, there are 3 (three) GCM on MOEX FX Market.

March 2015 – MOEX commenced trading in Chinese Renminbi – Russian Ruble FX Futures (CNY/RUB).

July 2015 – MOEX and China Financial Futures Exchange signed the Memorandum of Understanding. The MoU aims to strengthen bilateral partnership and facilitate the development of both parties through information sharing and closer business cooperation

November 2015 – MOEX and Shanghai Stock Exchange signed a Memorandum of Cooperation. The agreement involves exchanging information and experience, mutual learning, along with clarifying each other's legislation and key events.

March 2016 – the MOEX's USD/RUB Fixing, used for settlement of USD/RUB FX Futures and others MOEX RUB FX Futures, recognised as compliant with the IOSCO principles after external audit conducted by the Ernst & Young.

July 2016 – the MOEX's USD/RUB benchmark has been recommended by the Emerging Markets Traders Association (EMTA) as the major settlement (reference) rate for OTC rouble derivatives (NDFs, NDOs) for its OTC FX members. CME Group also uses the MOEX's USD/RUB benchmark for its rouble-denominated currency futures.

July 2016 – the Central Bank of Russia has officially recognised the MOEX's USD/RUB FX Fixing and the MOEX's operational performance as fixing administrator as being of satisfactory quality. The CBR also the fixing's compliance with the Bank's requirements, which are based on the IOSCO principles for financial benchmarks.

II. General Information of MOEX

MOEX is a legal entity established in accordance with the legislation of the Russian Federation and performs its business activity in the form of a public joint-stock company. MOEX is entitled to act, as well as set up branches and open representative offices, in the territory of the Russian Federation³. It has not applied or received permission to operate in any jurisdictions aside from this U.S. FBOT application.

MOEX is the largest Exchange in Russia and Eastern Europe both by trading volume and number of clients that was formed on December 19, 2011 as a result of merger of MICEX and RTS exchanges. MOEX is included by the Futures Industry Association (FIA) in TOP-20 of the world's leading marketplaces by the volume of trading in equities (and ranked TOP-11 as of 2015). MOEX is also ranked No.5 in TOP-10 of the largest exchanges trading in derivative financial instruments⁴.

MOEX provides russian and foreign investors with a wide range of opportunities for dealing in equity and fixed income securities, FXs, interest rates, commodities and derivatives.

Clearing services at MOEX are provided by the Bank National Clearing Centre (Joint-stock company) (NCC Clearing Bank, "NCC"). Since 2012, the functions of the Central Counterparty for all transactions executed on MOEX are fulfilled by the NCC.

The NCC has been the member of the European Association of Central Counterparty Clearing Houses (EACH) since 2009 and has been a member of the Global Association of Central Counterparties (CCP12) since 2011.

Settlements and depository services are provided by the National Settlement Depository (NSD). NSD meets all requirements to the Eligible Securities Depository under Rule 17f-7 and the criteria hereof.

MOEX consist of 6 (six) separate markets: (1) Securities Market, (2) Derivatives Market, (3) FX Market, (4) Money Market, (5) Commodities Market and (6) OTC Derivatives Market that are described below. As indicated below and in Exhibit E(1) to FBOT Form, derivatives that MOEX intends to initially offer for direct access to U.S. participants are offered to trading only at MOEX Derivatives Market.

³ As of 2016, the Moscow Exchange has not applied and/or received permission to operate in any other jurisdictions aside from the Russian Federation (and aside from its FBOT application). The Moscow Exchange has only applied to operate as an FBOT in the United States.

⁴ Source: FIA 2015 Annual Survey: Global Derivatives Volume (the latest available data – on 2015) - <http://marketvoicemag.org/?q=content/2015-annual-survey-global-derivatives-volume>.

See – Appendix 1 to FBOT Form (the MOEX's Divisional Structure).

(1) Securities Market of MOEX

MOEX Securities Market consists of 2 (two) market sections⁵:

- **Equity Securities:** the Equities Main Market is the T+2 settlement cycle with Central Counterparty clearing, supports partially collateralized positions and deferred settlement in negotiated trading mode. A vast list of securities trade on the T+2, including ordinary and preferred shares of both Russian and foreign issuers, Russian Depositary Receipts as well as ADRs and GDRs, mutual fund shares, mortgage securities (mortgage participation certificate), ETFs.
- **Fixed Income Securities:** the Fixed Income Market is divided into trading of Sovereign Bonds (Russian Government Bonds) (T+1), Municipal and Corporate Bonds (T0). The Fixed Income Market offers Central Counterparty clearing and requires full collateralization for T0 market and partial collateralization for T+1 settlement cycle.

(2) Derivatives Market of MOEX

The Derivatives Market, the futures and options market of MOEX, is the leading trading marketplace for derivatives in Russia. The Derivatives Market combines the broadest range of instruments, with cutting-edge technology for derivatives trading and reliable system of risk-management.

As of 2016, the CME Group, the National Stock Exchange India, Eurex and the Intercontinental Exchange (ICE)⁶ are the primary competitors in global derivatives space (by the number of contracts). Currently, MOEX does not have any significant competitors in Russian derivatives market. By the MOEX's estimation, the MOEX's market share in Russian derivatives trading volume is roughly 95%. The only one from eight exchanges, currently licensed by the Bank of Russia (namely, Saint-Petersburg International Mercantile Exchange (SPIMEX)) organizes trading in Commodities and Commodities Futures.

The MOEX's risk-management system for derivatives transactions is up-to-date. As in all MOEX's markets, pre-trade risk check is implemented in the Derivatives Market. Real-time pre-trade check comprises the check of sufficiency of the collateral to cover the Initial Margin requirements.

The Derivatives Market participants are sophisticated and well-capitalized investment companies⁷ and banks.

The derivatives contracts available on MOEX Derivatives Market include the widest range of instruments: 93 contracts (61 futures and 31 options) on indices, single stocks, FXs, interest rates, commodities.

Physically deliverable futures include futures on the most liquid single stocks issued by Russian companies, and futures on fixed income securities (Russian Government Bonds).

Cash settled derivatives underlying assets include:

- for Equity Securities Futures: RTS Index, MICEX Index, Blue Chips Index, BRICS Indices Futures (Bovespa Index, Hang Seng Index, FTSE/JSE TOP40 Index, SENSEX Index), Russian Market Volatility (RVI), single stocks traded on the Frankfurt Stock Exchange (Siemens AG, Daimler AG, BMW AG, Deutsche Bank AG and Volkswagen AG);
- for FXs Futures: FXs (such as USD/RUB, USD/TRY, USD/CAD, EUR/RUB, CNY/RUB, EUR/USD, AUD/USD, GBP/USD, USD/CHF, USD/JPY, USD/UAH);
- for Interest Rates Futures: 3-month MosPrime rate, RUONIA rate;
- for Commodities Futures: values for commodities prices (such as oil, palladium, platinum, gold, silver, copper, sugar price values);
- for Futures-Style Options: futures on the Russian single stock, on RTS Index, MICEX Index, FX rates (such as USD/RUB, EUR/USD and EUR/RUB,) and commodities price values (such as oil, gold, silver, platinum price values).

⁵ Trading in securities, foreign currencies, commodities is conducted on the MOEX's in-house developed technological platform called ASTS. Trading in derivatives is conducted on the MOEX's in-house developed technological platform called SPECTRA.

⁶ Source: FIA 2015 Annual Survey: Global Derivatives Volume (latest available data – on 2015).

⁷ According to Russian legislation under the "Investment Company" has in mind Russian resident legal entities - professional participants of financial market that owns license on broker and/or dealer and/or asset management of securities activity, granted by the Bank of Russia (previously – by the Federal Financial Markets Service) – Article 16 Federal Law No.325-FZ "On Organized Trading."

The most liquid instruments traded on MOEX are USD/RUB FX Futures and RTS Index Futures. As set forth in [Exhibit E\(1\)](#) to FBO Form, these are the only derivatives contracts that the MOEX intends to initially offer for direct access to U.S. persons.

(3) FX Market of MOEX

MOEX FX Market is a ruble liquidity center and the oldest regulated domestic FX trading venue, operating since 1992. The Bank of Russia takes into account trading results on MOEX FX Market in setting the official RUB exchange rate (proprietary and client trades in foreign currency are conducted on MOEX FX Market by approximately 500 organizations (banks and investment companies)). The market electronic trading system provides transactions in USD, EUR, HKD, GBP, CHF, CNY, UAH (Ukrainian Hryvnia), KZT (Kazakhstan Tenge), BYR (Belarusian Ruble), as well as swap transactions with different maturity. USD/RUB, EUR/RUB and CNY/RUB swaps with maturity in 1W, 2W, 1M, 2M, 3M, 6M, 9M and 1Y are available.

(4) MOEX Money Market of MOEX

MOEX Money Market provides repo operations as well as deposit and lending capabilities. Market for repos (with shares and bonds) provides inter-dealer repo (repo operations that are carried out bilaterally), repo with the Central Counterparty (the NCC acts as a CCP) and general collateral certificate-repo with CCP (GCC-repo), and also repo with the Bank of Russia (CBR). Credit and deposit operations include: credit and deposit operations with the CBR, deposit auctions of Federal Treasury of Russia, the Pension Fund of Russia. Money Market instruments provide efficient distribution of market liquidity between Trading Participants, and are used by the Bank of Russia for its monetary policy.

(5) Commodities Market of MOEX

Commodities market is run through the MOEX Commodities Market (launched in October 2013) as well as the National Mercantile Exchange CJSC (NAMEX) (launched in July 2002 and currently a part of MOEX Group).

Precious Metals spot-trading in gold and silver is conducted on MOEX trading platform. Trading in grain is conducted on NAMEX that is authorized by the Ministry of Agriculture of the Russian Federation. Since 2002, NAMEX has participated as an organizer of trading in government grain interventions.

The NCC acts as the central counterparty and clearinghouse.

(6) OTC Derivatives Market of MOEX

MOEX has launched OTC Derivatives Market, marking a major step towards Russia's G-20 commitments. The service allows participants to execute trades on OTC interest rate, overnight index, FX and cross-currency swaps and to clear these trades through the NCC as a Central Counterparty.

OTC Derivatives Market instruments⁸ were introduced on October 28, 2013 and included interest rate swaps on RUONIA, Mosprime/LIBOR rates, cross currency and FX USD/RUB swaps, as well as USD/RUB forward and FX flex-options with maturities from 3 days to 5 (five) years. Currently, trades are bilaterally negotiated by voice and executed electronically on a screen. All such trades are cleared on CCP.

III. Size⁹

MOEX Authorized Capital amounts to RUB 2 278 636 493 (≈ USD 36 mln.) for the 9-month period ended on September 30, 2016. Proprietary Funds of MOEX as of September 30, 2016 more than RUB 74.9 bln. (≈ USD 1.2 bln.)¹⁰. According to the Consolidated Interim Condensed Financial Statements for the 9-month period ended September 2016¹¹, total equity of the MOEX Group amounts to RUB 118 358 mln. (≈ USD 1.9 bln.).

IV. Shareholders Structure

The following table shows the Shareholders of MOEX holding 5% and more of the ordinary shares (as of June 30, 2016):

⁸ The phrase "OTC Derivatives" refers to interest rate swaps on RUONIA, Mosprime/LIBOR rates, cross currency and FX USD/RUB swaps, USD/RUB forwards and FX flex-options. The transactions are cleared through the NCC Clearing Center, which acts as a Central Counterparty (CCP). Futures cannot be traded off the exchange. There are no off-exchange deals on MOEX derivatives market. Off-exchange deals on OTC derivatives market are being cleared by NCC, and are only of one type (there are no block trades, EFP, EFRP, TAS on OTC derivatives market, as well as on any other MOEX market).

⁹ According to the Consolidated Interim Condensed Financial Statements (IFRS) for the 9-month period ended September 30, 2016

¹⁰ As of USD/RUB rate settled by the Bank of Russia on September 30, 2016.

¹¹ MOEX Group Financial Statements - <http://moex.com/s1355>

No.	Shareholder	Amount of Votes	
		Number of shares	%
1.	The Central Bank of the Russian Federation (the Bank of Russia)	268 151 437	11.768
2.	Sberbank of Russia	227 682 160	9.992
3.	State Corporation "Bank for Development and Foreign Economic Affairs (Vnesheconombank)	191 299 389	8.395
4.	European Bank for Reconstruction and Development (EBRD)	138 172 902	6.064

MOEX ordinary shares are listed on MOEX trading platform (under the ticker MOEX) since February 15, 2013. Total amount of outstanding ordinary shares is 2 278 636 493.

More than 60% of the shares of MOEX are in the free float (*i.e.*, do not belong to the shareholders indicated above). There are no shareholder or voting agreements between the shareholders of MOEX with respect to the management of MOEX or NCC. There are no any instruments in favor of third parties giving access to the share capital of MOEX or NCC. MOEX regularly discloses on its web-site the names of the persons holding at least 5% of the voting rights in MOEX, in compliance with the disclosure regime applicable to public companies under Russian law.

The Central Bank of Russia itself holds 11.768% of the shares and voting rights in MOEX. The CBR publicly declared its intention to keep its direct shareholding in MOEX for the purpose of "preserving for an undetermined period of time the regulator's comprehensive control over the functioning and development of the national stock exchange infrastructure."¹²

Moreover, the legislation of the Russia Federation provides for the mechanism to prevent and eliminate conflicts of interest that may occur when exercising the supervision and regulation of organizers of trading by the Bank of Russia as a shareholder. For more information, see Appendix 20 to FBOT Form (CBR Letter on Conflicts of Interest).

V. Corporate Structure of MOEX Group (as of December 19, 2016)

Name	Principal activities	%
NCO JSC National Settlement Depository (NSD)	Depository, clearing and settlement services	99,997%
Bank National Clearing Centre (JSC) (NCC)	Banking and clearing operations	100%
JSC National Mercantile Exchange (former CJSC National Mercantile Exchange) (NAMEX)	Commodities exchange operations	65,08%
OJSC Evraziyskaia Trading System Commodity Exchange (ETS)	Commodities exchange operations	60,82%
LLC MICEX Finance (MICEX Finance)	Financial activities	100%

VI. Management Structure

The management bodies of MOEX are as follows:

- General Shareholders Meeting;
- Supervisory Board;
- Chairman of the Executive Board (Chief Executive Officer);
- Executive Board (collegial executive body).

The management bodies govern MOEX as a whole, including the Derivatives Market, *i.e.* the Derivatives Market does not have its own separate management bodies.

The General Shareholders Meeting forms the highest management body of MOEX.

The Supervisory Board is the governing body of MOEX, in charge of general management of MOEX, except for matters referred by the Federal Law No.208-FZ "On Joint Stock Companies" to the exclusive competence of the General Shareholders Meeting. The members of the Supervisory Boards are elected by Shareholders at the General Shareholders Meeting. As of 2016, the Supervisory Board consist of 12 (twelve) persons; the composition of the Supervisory Board is disclosed on MOEX's website: <http://moex.com/s467>.

The main functions of the Supervisory Board:

¹² The CBR's press-release of April, 2, 2015.

- determination of the priority directions of the development of the company;
- ensuring effective control over financial and economic activity of the company;
- providing implementation and protection of the rights of shareholders as well as contribute to the resolution of corporate conflicts;
- ensuring the effective operation of the executive bodies, including through the exercise of control over their activities.

A complete list of the Supervisory Board's functions defined by the Charter of MOEX – see [Appendix 2](#) to FBOT Form (Charter of MOEX).

The current (day-to-day) MOEX's activities are carried out by the executive bodies – the Chairman of the Executive Board and the Executive Board. The executive bodies accountable to the General Shareholders Meeting and to the Supervisory Board. As of 2016, the Executive Board consist of 6 (six) persons; the composition of the Executive Board is disclosed on MOEX's website: <http://moex.com/s359>. The following areas are under the control of the Executive Board:

- development of proposals for MOEX's strategy;
- set out the procedures for approval and maintaining of the internal documents at MOEX;
- approval of investment criteria (principles) and the order for placing temporarily available cash funds, taking resolutions on placing temporarily available cash funds and management of the MOEX's cash funds, coordinating the terms for agreements on MOEX's property trust management with respect to their conformity with the adopted criteria;
- determination of effective date for the internal documents approved by the Supervisory Board of MOEX if the relevant resolution of the Supervisory Board provides for the same;
- adoption of the number of internal documents of MOEX etc.

Chairman of the Executive Board:

- without Power of Attorney acts on behalf of MOEX, including: representing MOEX's interests, making of deals and signing documents on behalf of th MOEX;
- issues the Power of Attorney, establishes procedures for signing contracts and agreements;
- approves staff, issues orders and directives and gives instructions that are binding for all employees of MOEX;
- submits issues for consideration to the Supervisory Board, guarantees preparation of the required materials, proposals and draft resolutions to the Supervisory Board and the General Shareholders Meeting;
- approves the internal documents of MOEX;
- adopts resolutions on opening of projects and approves reports of project implementation;
- resolves the issues arising when MOEX performs its activity on the organized trading (markets);
- other issues which are not in the competence of the General Shareholders Meeting, Supervisory Board and Executive Board under the Federal Laws and the Charter of MOEX.

For more information, see [Exhibit C](#) and [Appendix 2](#) to FBOT Form (Charter of MOEX).

VII. Committees Structure¹³

MOEX has 2 (two) committees that regulate Derivatives Market's activity directly:

1. Derivatives Market Committee

The Derivatives Market Committee is MOEX Section Council for the Derivatives Market pursuant to Article 10 Federal Law No.325-FZ "On Organized Trading".

The Derivatives Market Committee consists of 24 (twenty four) members including the Committee Chairman and Deputy Chairman.

The main functions of the Derivatives Market Committee are:

- consideration of the issues within its competence and making recommendations to the authorised bodies of MOEX;
- interaction between MOEX and Market Participants, representation of Trading Participants' interests on the issues regarding organization of organized trading in derivatives contracts

¹³ MOEX has Commissions under the Supervisory Board which main task is to provide recommendations to the Supervisory Board (please refer to the following link to find more information about these Commissions <http://moex.com/a2354>) and Trading Participants Committees which main task is to provide relevant market feedback to the MOEX regarding its business (please refer to the following link to find more information about these Committees <http://moex.com/s468>). Derivatives Market Committee and IT Committee mentioned hereinafter are Trading Participants Committees

aiming at giving due consideration to the needs of Trading Participants in connection with organization of organized trading in derivatives contracts;

- consideration of issues regarding change of the MOEX's fees for conducting organized trading at MOEX Derivatives Market,
- consideration of issues concerning amendments to several documents of the MOEX (Trading Rules, Parameters of Derivatives Contracts, other internal documents) and adoption of relevant recommendations for the Supervisory Board of MOEX or other authorized body of MOEX,
- consideration of issues concerning change of Clearing Organization that clears obligations under trades executed on the Derivatives Market of MOEX, as well as changing of the legal entity performing the functions of a Central Counterparty.

The full list of functions, tasks, formation, working and decision making procedures for the Derivatives Market Committee is established by the [Provisions on the Derivatives Market Committee of MOEX](#), approved by the Supervisory Board.

2. Information and Technology Services Committee

The Information and Technology Services Committee (IT Committee) is the permanent negotiating body of MOEX that acts in accordance with the laws of the Russian Federation, the Charter of MOEX, resolutions of the MOEX's Supervisory Board and Executive Board and other internal documents of MOEX.

The IT Committee consists of 25 (twenty five) members including the Committee Chairman and Deputy Chairman.

The main functions of the IT Committee:

- interaction with companies of MOEX Group, the MOEX's Trading Participants and with the developers of software on the issues of development of information technologies applied by MOEX;
- preparation of recommendations for improvement of software and hardware and support of the MOEX trading system and submission thereof to the MOEX's Supervisory Board and/or Executive Board;
- provision of full and extensive consideration of needs of professional participants of financial market — the participants of trading in the sphere of development and support of MOEX trading system;
- participation in testing of the implemented (updated) means for trading facilities;
- preparation of recommendations on possible improvement of means for trading facilities.

The full list of the functions, tasks, formation, working and decision making procedures for the IT Committee is established by the [Provisions on the Information and Technology Services Committee](#) of MOEX, approved by the Supervisory Board.

For more information, see [Exhibit C](#) to this FBOT Application.

VIII. Current or Anticipated Offices in the United States

Currently, MOEX does not plan to have any offices in the United States, does not provide investment services, technical support, trade processing or any other related functions in the United States. The MOEX's representatives periodically attend the industry conferences/trade shows and educational programs in USA such as:

- FIA Futures&Options Expo (organized by the FIA Futures Industry Association);
- Trade Tech USA (organized by the WBR – Worldwide Business Research)
- CFTC Symposium and Training Program for Regulators on Regulation of Derivatives Products, Markets, and Financial Intermediaries for International Market Authorities (organized by the U.S. Commodity Futures Trading Commission);
- Trading Show New York (organized by Terrapin);
- FX Weeks USA (organized by Incisive Media Services Limited)
- Boston Convention & Exhibition Center (organized by Sibos).



[REDACTED]

[REDACTED]

X. International Relations

MOEX is a member of the World Federation of Exchanges (“WFE”), the Federation of European Stock Exchanges (“FESE”), the Futures Industry Association (“FIA”) and Futures and Options Association (“FOA”).

MOEX also has Master Agreement with Exchanges of the BRICS alliance and with the Organization for Economic Co-operation and Development (“OECD”), as well as Collaboration Agreement with the Eurex Exchange (derivatives arm of the Deutsche Börse Group), Korea Exchange (KRX), and with China Financial Futures Exchange (CFFEX), Shanghai Stock Exchange (SSE).

14 As of USD/RUB rate settled by the Bank of Russia on September 30, 2016.

Exhibit A(2)

Articles of association, constitution, or other similar organizational documents.

See – Appendix 2 to FBOT Form (Charter of MOEX).

Exhibit A(3)

(1) Membership and Trading Participant Agreements.

See – Appendix 3 to FBOT Form (Service Agreement on Organized Trading).

(2) Clearing Agreements.

See – Appendix 4 to FBOT Form (Clearing Agreement).

Exhibit A(4)

Terms and conditions of contracts to be available through direct access (as specified in [Exhibit E](#)).

See – [Appendix 5](#) to FBOT Form (RTS Index Futures Contract Specification).

See – [Appendix 6](#) to FBOT Form (USD/RUB FX Futures Contract Specification).

Exhibit A(5)

The national statutes, laws and regulations governing the activities of the Foreign Board of Trade and its respective participants.

See – Appendix 7 to FBOT Form (compilation of laws and regulations governing the activities of MOEX and its participants).

Exhibit A(6)

The current rules, regulations, guidelines and bylaws of the Foreign Board of Trade.

See – Appendices 8-10 to FBOT Form for MOEX Derivatives Trading Rules (Derivatives Rules, Methodology for Calculation of Derivatives Contract's Settlement Price, Admission Rules).

Exhibit A(7)

Evidence of the authorization, licensure or registration of the Foreign Board of Trade pursuant to the regulatory regime in its home country jurisdiction and a representation by its regulator(s) that it is in good regulatory standing in the capacity in which it is authorized, licensed or registered.

I. Information on the State Registration

The following documents evidence the MOEX's registration with the State:

Primary State Registration Number is 1027739387411 on October 16, 2002, assigned by Federal Tax Service of Russia. The Registration Number of the Legal Entity assigned by the Moscow Registration Chamber before July 01, 2002, is 009.274 on March 16, 1992.

II. Information on the Existence of Authorizations (Licenses) or Admissions to Particular Types of Activities

The following documents evidence the MOEX's authorization to engage in particular types of activities:

Type of activity: License of the Exchange

- License number: 077-001
- Date of issue of the License: August 29, 2013
- Authority (organization) that issued the respective license: Federal Financial Markets Service¹⁵
- License term: for an indefinite term

See – Appendix 11 to FBOT Form (License of the Exchange).

¹⁵ The Bank of Russia is the successor of the Federal Financial Markets Service. For more information – see Exhibit F(1) to FBOT Form.

Exhibit A(8)

A summary of any disciplinary or enforcement actions or proceedings that have been brought against the Foreign Board of Trade, or any of the senior officers thereof, in the past 5 (five) years and the resolution of those actions or proceedings.

MOEX came into existence on December 19, 2011 following the merger of MICEX and RTS. [REDACTED]
[REDACTED]
[REDACTED]

- [REDACTED]
[REDACTED]
- [REDACTED]
[REDACTED]
[REDACTED]
- [REDACTED]
[REDACTED]
[REDACTED]
- [REDACTED]
[REDACTED]
- [REDACTED]
[REDACTED]
[REDACTED]
- [REDACTED]
[REDACTED]
[REDACTED]

[REDACTED]
Before the merger of MICEX and RTS, [REDACTED]
[REDACTED]

- [REDACTED]
[REDACTED]
- [REDACTED]
- [REDACTED]
[REDACTED]
- [REDACTED]
[REDACTED]

- [REDACTED]
- [REDACTED]
[REDACTED]
 - [REDACTED]
[REDACTED]
[REDACTED]
 - [REDACTED]
[REDACTED]
 - [REDACTED]
[REDACTED]
[REDACTED]
 - [REDACTED]
[REDACTED]

Exhibit A(9)

An undertaking by the Chief Executive Officer(s) (or functional equivalent[s]) of the Foreign Board of Trade to notify Commission staff promptly if any of the representations made in connection with or related to the Foreign Board of Trade's Application for registration cease to be true or correct, or become incomplete or misleading.

See – Appendix 12 to FBOT Form (MOEX's CEO Commitment).

Exhibit B – Membership Criteria

Exhibit B(1)

A description of the categories of membership and participation in the Foreign Board of Trade and the access and trading privileges provided by the Foreign Board of Trade. The description should include any restrictions applicable to members and other participants to which the Foreign Board of Trade intends to grant direct access to its trading system.

Trading Participants must be legal entities satisfying the requirements of the laws of the Russian Federation¹⁶. A Trading Participant cannot be an individual. See Exhibit B(2) to FBOT Form – for the information regarding the particular requirements.

Trading Participants must also satisfy the Admission Rules to Participation on Organized Trading of MOEX ("Admission Rules").

See – [Appendix 9](#) to FBOT Form (Admission Rules).

On the Derivatives Market, Trading Participant¹⁷ may either have access to all derivative instruments, or may be limited to trading in Securities, FXs, or Commodity derivatives.

Trading Participants are divided into the following categories:

- 1) Central Counterparty (the NCC);
- 2) General Settlement Firm (with permissions to trade in all sections of the Derivatives Market on its own behalf and for its own account or for the account of customers) – hereinafter, "General Trading Participant";
- 3) Special Settlement Firm of the Securities Section (with permissions to trade in the Securities section of the Derivatives Market on its own behalf and for its own account or for the account of customers) – hereinafter, "Special Trading Participant of the Securities Section";
- 4) Special Settlement Firm of the FX Section (with permissions to trade in the FX section of the Derivatives Market on its own behalf and for its own account or for the account of customers) – hereinafter, "Special Trading Participant of the FX Section";
- 5) Special Settlement Firm of the Commodities Section of the I type (with permissions to trade in the Commodity section of the Derivatives Market on its own behalf and for its own account or for the account of customers)¹⁸ – hereinafter, "Special Trading Participant of the Commodity Section (I type)";
- 6) Special Settlement Firm of the Commodities Section of the II type (with permissions to trade in Commodity section of Derivatives Market on its own behalf and for its own account) – hereinafter, "Special Trading Participant of the Commodity Section (II type)".

Trading Participants may access MOEX through direct access¹⁹ or as a Client of a Trading Participant. If the MOEX's FBOT application is approved, U.S. residents²⁰ will be permitted to access the Derivatives Market as Clients of Trading Participants. MOEX intends to allow persons in the United States to enter orders directly into MOEX trade matching system through both Direct Market Access (DMA) and Sponsored Market Access (SMA). § 48.1(c) of the CFTC's regulations defines "direct access" as an "explicit grant of authority by a foreign board of trade to an identified member or other participant located in the United States to enter trades directly into the trading matching system of the foreign board of trade." MOEX would permit persons that are located in the United States to enter trades directly into the trading matching system of MOEX using the 'C'-login through a client terminal, native API, binary API or FIX provided by a Trading Participant. The access would also be comparable to "direct electronic

16 The term "Trading Participant" is used generally to MOEX members who may trade on MOEX markets, but in this document we describe members of MOEX Derivatives Market.

17 "Trading Participant" is defined as a "Clearing Member" in the Moscow Exchange Derivatives Trading Rules and the NCC Clearing Rules. By virtue of becoming an NCC Clearing Member, one also becomes a Trading Participant on MOEX Derivatives Market.

18 Trading Participants qualified as the Type I Special Members of the Commodities Section may execute contracts both on their own behalf and on behalf of their clients. Trading Participants qualified as the Type II Special Members of the Commodities Section may execute contracts only on their own behalf.

19 "Direct access" means that the Trading Participant is connected directly to the Exchange in order to place orders either on behalf of its clients or for proprietary trading purposes.

20 Currently there is no form that asks if a client of the MOEX's Trading Participant is a "US person" as defined in the CFTC's regulation. However, it's obligatory for a Trading Participant to indicate the country code and ID number for the client registration in MOEX's SPECTRA Trading System. So, MOEX is able to define whether such client is a US person as defined in the CFTC's regulation.

access” as pursuant to § 38.607 of the CFTC’s regulations because U.S. customers of Trading Participants would be able to electronically transmit their orders to MOEX using the client terminal without the orders first being routed through a separate person.

Clients of Trading Participants are not Participants of MOEX, but are serviced by Trading Participants. The Trading Participant enters each order onto MOEX Trading Platform on behalf of the client. However, technically, the client enters its orders into a client terminal that the Trading Participant provides to the client. For more information – see [Exhibit D\(1\)\(III\)\(3\). “Direct Access to MOEX.”](#)) to FBOT Form.

Trading Participants are permitted to do the following:

- conduct transactions on its behalf and at its own cost and expense;
- conduct transactions on its behalf and at the expense of the serviced clients (including Brokerage Firms);
- conduct settlements on the conducted transactions directly with the NCC;
- control the work of Clients and Brokerage Firms in the course of trading.

Clients of Trading Participants are permitted to do the following:

- conduct transactions at their own cost and expense;
- conduct transactions at the expense of the serviced clients (for the clients of Trading Participants that are the Brokerage Firms);
- place orders in the Trading System through the client terminal²¹;

The main difference between the permitted activities of Trading Participant and Clients of Trading Participants is that clients do not interact directly with the NCC (do not have any agreements with it) and do not have their own accounts, therefore, Clients can’t conduct settlements on the conducted transactions directly with the NCC. All clients’ actions are performed through the Clearing Members.

If MOEX’s FBOT application is approved, U.S. residents connecting to MOEX Derivatives Market would be subject to the following restrictions:

According to Article 16 of The Federal Law No.325-FZ “On Organized Trading” the MOEX may only grant trading membership to professional participants of financial market, licensed in accordance with Russian legislation. Due to license requirements, only the Russian legal entities are eligible to be granted license for conducting professional activity on financial market. Non-residents may however get access to trading via the professional participants of financial market – brokers acting as an intermediary (*i.e.*, via the Trading Participants). To conclude trades on MOEX Derivatives Market, non-residents must therefore become Clients of Trading Participants (*i.e.*, according to MOEX Derivatives Trading Rules, become the so called “Brokerage Firms”) admitted to the Derivatives Market. It is possible for the Client to connect to MOEX systems directly and place orders using the 'C'-login. Risk settings are set by the Trading Participant who is providing direct access to the Client at the Exchange (matching engine) level. Therefore, the Client's orders are sent to the matching engines directly and risk processing is done by MOEX’s systems.

According to Article 3 of Federal Law No.39-FZ “On Securities Market,” client cash transferred to a broker for its transaction in securities or executing derivatives contracts as well as cash received by a broker under such trades or contracts must be kept on the specific bank account(s) opened by the broker with a credit organization (so called “special brokerage account”). Brokers must keep records for each client whose money is kept on such special brokerage accounts and report to the clients. Broker is eligible to use the Client’s cash, if the Client gives permission for it to such broker. If so, cash can be transferred by broker to its own banking account.

U.S. residents (individuals and legal entities) are subject to the general client registration procedure specified in the National Clearing Center Clearing Rules (hereinafter, “NCC Clearing Rules”, “Clearing Rules”)²². See – [Appendix 2](#) to Supplement S-1 to FBOT Form (Article 19 of the NCC Clearing Rules (Part I “Common Part”)).

MOEX registers the Trading Participant’s Clients and assigns a Client’s Code to each Client respectively. The Trading Participant’s Clients shall be registered upon request of the Trading Participant and based on the information received from the Clearing Member in accordance with the regulatory acts of the Bank

²¹ The Client can connect to MOEX directly through the terminal software provided by MOEX using the 'C'-login. Since the Client does not have a direct relationship with MOEX, MOEX provides the terminal software to the Trading Participant and the Trading Participant is entitled to pass the software over to the Client along with the 'C'-login/password (the Client downloads trading software to his computer). For more information – see [Exhibit D\(1\)\(III\)\(3\). “Direct Access to the Moscow Exchange.”](#)) to FBOT Form.

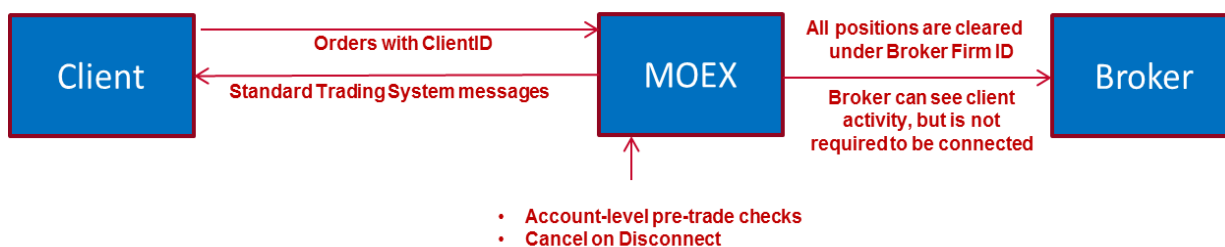
²² Hereinafter, “the NCC Clearing Rules” means “the NCC Clearing Rules (Part I “Common Part” and Part V “Clearing Rules for the Derivatives Market”)", unless otherwise specified.

of Russia. MOEX shall be entitled to cancel registration of the Trading Participant's Clients on its own discretion if the requirements specified by the Clearing Rules are not met. Thus, U.S. participants will be able to participate in the trading as follows, provided that MOEX obtains the FBOT status (the U.S. residents would be able to place orders directly into MOEX system using the client terminal without the order touching the system of an intermediary in Russia first. For more information – see Exhibit D(1)(III)(3. "Direct Access to MOEX.") to FBOT Form):

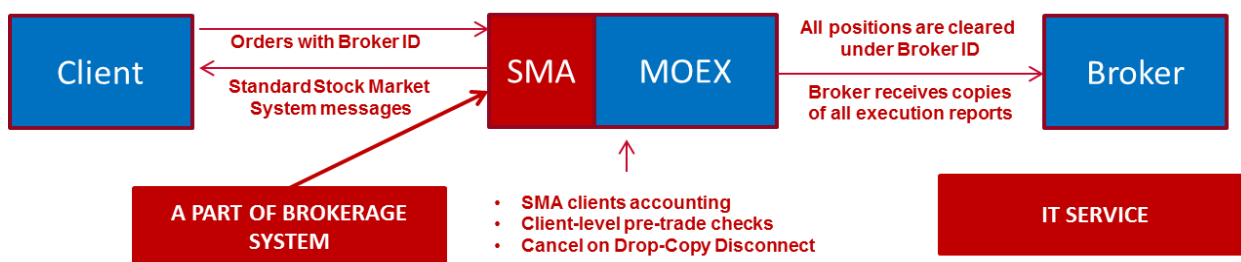


The picture above represents the scheme of client's direct access from legal perspective. For MOEX the preferable approach is to qualify Trading Participants under the CFTC Part 30.10, who will be able to offer access to US-residents for trading at MOEX Derivatives Market. Due to the fact that Part 30.10 qualification can be obtained from the CFTC by the FBOT itself on behalf of its Trading Participants, the MOEX assumes it will provide such option for its participants.

From technical perspective, direct market access (DMA) can be schematically represented as follows:



From technical perspective, sponsored market access (SMA) would be schematically represented as follows:



For more information – see Exhibit D(1)(III)(3. "Direct Access to MOEX.") to FBOT Form.

Exhibit B(2)

A description of all requirements for each category of membership and participation on the trading system and the manner in which members and other participants are required to demonstrate their compliance with these requirements.

I. Professional Qualification

A description of the specific professional requirements, qualifications, and/or competencies required of members or other participants and/or their staff and a description of the process by which the Foreign Board of Trade confirms compliance with such requirements.

Employees at companies operating as the professional participants must meet certain requirements. Such requirements are set forth in the Bank of Russia's regulations on financial market specialists. They are applied to directors, directors of branches, deputy directors, and heads of subdivisions, controllers and specialists of companies conducting their professional activities on the financial market.

In general, the above-mentioned categories of Trading Participant's employees are required (only firms are eligible to become Trading Participants):

- to obtain a qualification certificate from the Bank of Russia according to a company profile;
- to have a professional higher education degree;
- to have a work experience with companies conducting their activities on the financial market.

Additionally, MOEX requires that the candidate for the admission to trading satisfy the following conditions (these requirements apply to the Trading Participant itself, not to the Trading Participant's employees):

- to obtain a valid license as a professional participant of the financial market granted by the Bank of Russia (previously – by the Federal Financial Market Services (FFMS))²³;
- to meet financial standards of activities (for more information, see – paragraph (iii) to Exhibit B(2) to FBOT Form);
- to enter into a Service Agreement on Organized Trading with MOEX;
- to be admitted by the NCC to the clearing services in accordance with the Clearing Rules²⁴;
- to be provided by the Technical Center the right to use of software required to participate in trading and is technically able to participate in the trading at MOEX Derivatives Market;
- to be a member of MOEX Electronic Data Interchange System unless otherwise prescribed by the Exchange's decision;
- in respect of the candidate is not set a prohibition or restriction on conduct the transactions, associated with participation in trading.

The full list of documents to be submitted by the Candidate for the admission to trading at MOEX Derivatives Market and registration as a Trading Participant is given in Appendix No.02 to the Admission Rules. See – Appendix 9 to FBOT Form (Admission Rules).

II. Authorization, Licensure and Registration

A description of any regulatory and self-regulatory authorization, licensure or registration requirements that the Foreign Board of Trade imposes upon, or enforces against, its members and other participants including (but not limited to) any authorization, licensure or registration requirements imposed by the regulatory regime/authority in the home country jurisdiction(s) of the Foreign Board of Trade. Please also

23 Retail (individuals) and corporate (legal entities) participants are eligible to participate in MOEX trading as clients of Trading Participants. The Trading Participants of the Moscow Exchange generally must obtain a license as a professional participant of the financial market (brokerage and/or dealer and/or asset manager of securities) from the Bank of Russia. However, there are a few exceptions:

- a Trading Participant that is a Credit Institution must have a valid banking license for all categories of membership; and
- there are no special requirements, other than financial requirements, for a Trading Participant that is a Special Trading Participant of the Derivatives Market's Commodities Section (II type).

24 If a candidate is not admitted by the NCC itself, it is possible within the framework of segregated account service enter into an arrangement/receive a guarantee from another entity that is admitted by the NCC. This service allows non-resident clients (including global brokers) and large resident clients (sub-brokers and non-financial institutions) exposed to the credit risk of Russian brokers to join the Russian derivatives market. Broker provides the client access to trading and clearing while the account owner who authorized by the client (so called "Authorized Account Owner") deals with client assets. The Client enters into agreement with the Clearing Member (Brokerage Services Agreement) and with the Authorized Accounts Owner (Banking Services Agreement). For more information – see Exhibit E(3)(7) to Supplement S-1 to FBOT Form.

Separation of Clearing Member and Trading Participant status on Derivatives Market has not provided yet, but the Moscow Exchange plans to implement it in 2-3 years.

include a description of the process by which the Foreign Board of Trade confirms compliance with such requirements.

Trading Participants of the MOEX must obtain the following licenses of professional activities on financial market, granted by the Bank of Russia:

- General Derivatives Market's Trading Participants: brokerage and/or dealer and/or asset management of securities licenses;
- Special Trading Participants of the Derivatives Market's Securities Section: brokerage and/or dealer and/or asset management of securities licenses;
- Special Trading Participants of the Derivatives Market's FX Section: brokerage and/or dealer and/or asset management of securities licenses;
- Special Trading Participants of the Derivatives Market's Commodities Section (I type): brokerage license for execution derivatives on commodity and/or brokerage and/or asset management of securities licenses.

With regard to a Trading Participant that is a Credit Institution: it shall have a valid banking license for all categories of membership.

With regard to a Trading Participant that is a Special Trading Participants of the Derivatives Market's Commodities Section (II type) – there is no special requirements, except financial.

III. Financial Integrity

The MOEX imposes the following financial requirements applied to the Derivatives Market Trading Participants:

- Trading Participant's own assets calculated pursuant to the procedure established by the Bank of Russia's regulatory acts must be at least RUB 35 mln. (\approx USD 554 ths.)²⁵ – to be admitted to trading in Securities or FX/money contracts on the Derivatives Market as a General Trading Participant, or as a Special Trading Participants of the Derivatives Market's Securities Section, or as a Special Trading Participants of the Derivatives Market's FX Section;
- Trading Participant's own assets must be at least RUB 5 mln. (\approx USD 79 ths.)²⁵ – to be admitted to trading in commodity contracts on the Derivatives Market as a Special Trading Participants of the Derivatives Market's Commodities Section (I type) or as a Special Trading Participants of the Derivatives Market's Commodities Section (II type).

Calculation of the aforementioned financial requirements is conducted in accordance with the requirements of the Instructions of the Bank of Russia No.3329-U "On requirements to the Financial Market Participant's own assets".

For the purposes of ensuring the observance by the Trading Participant of the requirements of the current legislation and internal documents of the MOEX, and to minimize risks connected with transactions concluded by the MOEX's Trading Participant, the MOEX requires Trading Participant to provide on a regular basis the following documents²⁶:

- calculation of its own funds (capital);
- monthly and quarterly reports submitted to the Bank of Russia in accordance with the requirements of the current legislation.

In addition, the MOEX requires Trading Participants to provide documents and information that were submitted to the MOEX upon admission to trading, if the respective information and documents have been changed. In order to confirm their financial position, the Trading Participants provide information and reporting consisting of and within the time limits specified in accordance with the NCC's internal document "Procedure for Submission of Information and Reports". See – [Appendix 16](#) to FBOT Form (Procedure for Submission of Information and Reports).

If the MOEX detects any violation on the part of the Trading Participant when reviewing these documents, the MOEX will notify the Bank of Russia of such a violation. In this case the MOEX shall be entitled to suspend the admission to trading for a Trading Participant.

²⁵ As of USD/RUB rate settled by the Bank of Russia on September 30, 2016.

²⁶ The full list of documents is given in the Procedure for Submission of Information and Reports.

IV. Fit and Proper Standards

Any legal entity and individual may participate in trading at the MOEX Derivatives Market as a Trading Participant's Client. For this purpose it is necessary to execute a Brokerage Agreement²⁷ with such Trading Participant.

²⁷ Brokerage Agreement is a standard contract between the Trading Participant (broker) and the client (but not the document of the Moscow Exchange).

Exhibit C – Board and/or Committee Membership

According to the Charter of the MOEX, the MOEX may, and in cases prescribed by the Charter of the MOEX and regulatory legal acts of the Russian Federation, is obliged to establish advisory-consultative bodies under the Supervisory Board of the Company and committees of users of services (hereinafter, “users’ committees”) of the Company.

Decisions related to the establishment of the advisory-consultative bodies, the quantitative structure of such bodies, election of their members, and approval of provisions regulating their activities may be adopted by a $\frac{3}{4}$ majority of votes of members of the Supervisory Board of the Company participating in the meeting. The same decisions with regard to the users’ committees require a majority of votes of the Supervisory Board of the Company participating in the meeting.

The main committees of MOEX include: Equity Securities Market Committee, FX Market Committee, Derivatives Market Committee, Fixed-Income Securities Market Committee, REPO Market and Securities Lending Committee, Information Technological Services Committee, Indices Committee.

Exhibit C(1)

A description of the requirements applicable to membership on the governing board and significant committees of the Foreign Board of Trade.

The MOEX has 2-tier government system, which includes the Supervisory Board and Executive Board. There is no requirement that the Executive Board include independent directors and it would impossible under Russian regulations – all executive managers are considered as not independent. There are requirements regarding independent directors for the Supervisory Board, which supervises the Executive Board. According to Russian regulations, at least 1/5 of the Supervisory Board and at least 3 directors must be independent.

I. Criteria of Membership in the Supervisory Board

1. A member of the Supervisory Board shall be an individual only. A member of the Supervisory Board may not be a Shareholder of the Company.
2. The Supervisory Board may include maximum 2 (two) members of the Executive Board of the Company.
3. Members of the Supervisory Board shall meet requirements set by the current legislation of the Russian Federation, including (but not limited to) the Federal Law No.39-FZ “On Securities Market”, and the Federal Laws and regulations on financial markets.
4. Members of the Supervisory Board shall have such knowledge, skills and experience as may be necessary to make decisions on the matters within competence of the Supervisory Board and required for the members of the Supervisory Board to effectively perform their functions.
5. At least 3 (three) of the total number of members of the Supervisory Board members shall be independent Directors. 6 of the 12 directors are independent at the MOEX’s Supervisory Board as of December 2016.
6. Members of the Supervisory Board meeting the following criteria shall be acknowledged as the independent directors:
 - are not members of the Executive Board, Revision Commission²⁸ and/or employees of the Company, legal entities controlling the Company or being under control of the Company at the time of election and within three (3) years preceding the election;
 - are not members of the executive bodies and/or employees of another organization, with the remuneration to be determined (considered) by the Board of Directors (Supervisory Board) Remuneration Committee of such company, in case the member of executive bodies and/or employee of the Company is a member of the Remuneration Committee of the organization specified;
 - are not close relatives (spouses, parents, children, brothers or sisters) of the Company’s Executive Board members, members of Revision Commission, Head of Internal Control and Head of Internal Audit;
 - are not persons controlling the Company;

²⁸ According to the Federal Law «On securities market» the Revision Commission is the commission elected by the General Shareholding Meeting for the financial and administrative activity’s control.

- are not parties on liabilities with the Company, controlling the Company or being under control of the Company according to conditions of which they are entitled to obtain property (receive funds) making ten (10) or more percent of total annual income of the member of the Supervisory Board, other than remuneration for participation in the Company's Supervisory Board activity;
- are not civil servants;
- are not state of municipal officers in the Russian Federation, employees of the Bank of Russia at the time of election and within 1 (one) year preceding the election;
- are not obliged to vote on one several questions within the competence of the Supervisory Board in a predetermined way or upon the agreement of the third parties, inter alia in accordance with the directive of Russian Federation, constituent of the Russian Federation or municipal entity;
- are not employees and/or members of the managerial bodies of professional participants of financial market – the MOEX services receiver, substantial shareholder, contractor or competitor of the Company, as well as legal entities controlling substantial contractor (competitor) of the Company or organizations under control thereof;
- are not employees and/or members of the managerial body of the Company's service provider (controlling person or a person under its control) or receives remuneration and other material benefits from the Company's shareholder – owner of 5 (five) or more percent of voting shares in the Company's authorized capital within 1 (one) year preceding election, in the amount exceeding half of the amount of annual fixed remuneration of the Company's Supervisory Board member;
- was not a member of the Supervisory Board of the Company in total for more than seven (7) years prior to the election;
- are not a members of the Board of Directors (Supervisory Board) of more than 2 (two) legal entities being under control of the Company's substantial shareholder or a person controlling substantial shareholder of the Company;
- within the last 3 (three) years did not provide the Company or legal entities under its control with the services of appraiser, tax consultant, audit or business accounting services, or within the last 3 (three) years was a member of the managerial bodies of organizations provided such services to the legal entities specified, or a rating agency of the Company, or employees of such organizations or rating agency that directly participated in provision of respective services to the Company;
- are not the owners of shares or beneficial owner of the Company's shares making up more than 1 (one) percent of the authorized capital or a total number of the Company's voting shares or a market value of such batch of shares makes up over 20-fold value of annual fixed remuneration of the member of the Company's Supervisory Board.

II. Criteria of Membership in the Executive Board

In accordance with the Federal Law No.325-FZ ("On Organized Trading") requirements for members of the Executive Board are the following:

1. The number of members of the Executive Board is determined by the Supervisory Board and should not be less than 5 (five) persons. 6 (six) persons are members of the MOEX Executive Board as of September 2016.
2. The members of the Executive Board are elected for a term not exceeding 3 (three) years by the Supervisory Board upon recommendation of the Chairman of the Executive Board.
3. Members of the Executive Board of the Exchange should not be:
 - persons who performed functions of the sole executive body, were a part of the collegial executive body or performed functions of the head of the internal control service (inspector) of financial institutions at the moment of commitment by these institutions of violations, for which licenses of these institutions for performance of the respective types of activities were cancelled (revoked), or violations, for which operation of the said licenses was suspended and the said licenses were cancelled (revoked) due to the failure to correct these violations, if from the day of such cancellation less than 3 (three) years have passed or if with respect to the said persons there are res judicata judicial decisions establishing the facts of commission by the said persons of the unlawful actions in case of bankruptcy, deliberate and/or fictitious bankruptcy;
 - persons with respect to whom the term, within which they are considered to be subject to administrative penalty in the form of disqualification, has not expired;

- persons having criminal record for offences in the sphere of economic activities or offences against governmental authorities;
- persons whose qualification certificate issued by the Bank of Russia was cancelled, if from the day of such cancellation less than three years have passed.

III. Criteria of Membership in the Derivatives Market Committee

The following persons may be elected to the Derivatives Market Committee:

- representatives of the Trading Participants;
- representatives of the self-regulated organizations;
- representatives of companies included in MOEX Group (not more than 1 (one) person);
- representatives of other organizations and independent experts, whose activities relate to the Derivatives Market.

In accordance with the Provisions on the Derivatives Market Committee of the MOEX:

1. the members of the Derivatives Market Committee should have qualification, knowledge and experience necessary for fulfillment of objectives and functions of the Committee.
2. quantitative structure of the Derivatives Market Committee is determined by the Supervisory Board of the MOEX and may not contain less than 15 (fifteen) or more than 25 (twenty five) persons.

Wherein the Derivatives Market Committee should include at least 15 (fifteen) representatives of the MOEX Service Recipients, whose aggregate trading volume amount to at least 50% of the total annual volume²⁹ of transactions of derivative contracts concluded on the MOEX. Number of such members of the Committee should comprise at least three fourths of the quantitative structure of the Committee determined by resolution of the MOEX's Supervisory Board, but not more than one member from one representative of the service recipient (or service recipients being a part of the Group of Companies). If the number of candidates for the membership in the Committee nominated by the representatives of the MOEX Service Recipients exceeds the quantitative structure of the Committee determined by the resolution of the Supervisory Board of the MOEX, the preference is given to the representatives of the MOEX Service Recipients, which are market makers, and then to those having the largest trading volume in the total annual volume of transactions with derivative contracts.

3. the members of the Derivatives Market Committee are elected by the Supervisory Board of the MOEX annually from the candidates for election to the Derivatives Market Committee. Nomination of candidates is instigated by organizations after posting on the web-site of the MOEX of information on candidates' proposal process.
4. the Executive Board of the MOEX considers the received propositions, checks the compliance of the representatives with the requirements and forms the list of candidates for election to the Derivatives Market Committee with consideration for regulations.
5. the current structure of the Derivatives Market Committee stays in place until the Supervisory Board of the MOEX, elected at the annual General Meeting of Shareholders, decides on a new Committee's structure.
6. a member of the Derivatives Market Committee at the suggestion of the Chairman of the Committee and/or the Executive Board of the MOEX may be excluded from the Committee by the Supervisory Board of the MOEX if he/she did not participate (which includes non-provision of written opinions or filled out bulletins for voting on the matters under consideration) in 3 (three) and more meetings of the Committee. Such a person also may not be proposed (nominated) to the Committee in formation of new Committee's structure.
7. a member of the Derivatives Market Committee may lay down the duties of the member of the Committee before the end of the term subject to notification to the Chairman of the Committee and Chairman of the Executive Board of MOEX. A member of the Derivatives Market Committee may also be excluded from the Committee by the Supervisory Board of the MOEX at the suggestion of the organization that nominated the member of the Committee as its representative. In this case such an organization may simultaneously with the suggestion to exclude the candidate suggest a new candidate being its representative to the Committee.

²⁹ When calculating the annual volume of concluded transactions for the purposes of these Regulations, here and in clause 3.6 of the Regulations 12 calendar months preceding the date of formation of the list of candidates for election to the Committee shall be taken into account.

8. the membership of a Derivatives Market Committee member is considered to be terminated after adoption by the Supervisory Board of the MOEX of a resolution on exclusion of such a member.
9. the Chairman of the Derivatives Market Committee and, if necessary, one or more of his/her deputies are elected by the Supervisory Board of the MOEX at the suggestion of the executive bodies of the MOEX in accordance with their competence.

IV. Criteria of Membership in the Information Technological Services Committee

The following persons may be elected to the Information Technological Services Committee (IT Committee):

- representatives of technical and technological subdivisions of the MOEX, other companies included in the MOEX Group (in coordination with the heads of the respective companies of the MOEX Group);
- representatives of organizations being software developers;
- representatives (experts) of the leading Trading Participants;
- representatives of the trading facilities being the representatives of MOEX in the regions;
- representatives of other organizations and independent experts, the form of activities of which corresponds to the objectives of the Committee.

In accordance with the Provisions on the Information Technological Services Committee of the MOEX:

1. the members of the IT Committee should have qualification, knowledge and experience necessary for fulfillment of objectives and functions of the IT Committee in accordance herewith.
2. the quantitative structure of the IT Committee is determined by the Supervisory Board of the MOEX and may not include less than 9 (nine) or more than 25 (twenty five) persons.
3. the representatives (experts) of the Trading Participants should comprise at least half of the IT Committee.
4. the number of representatives of the MOEX and companies included in MOEX Group may not exceed 3 (three) persons, and the number of representatives of other organizations may not exceed 1 (one) person from each organization (or organizations constituting a Group of Companies).
5. the members of the IT Committee are elected annually by the MOEX Supervisory Board from the candidates for election to the IT Committee, the list of whom is formed on the basis of applications submitted to the MOEX by the organizations after posting on the web-site of the MOEX on the Internet of information on the beginning of acceptance of propositions on inclusion of candidates in the list for election to the IT Committee.
6. if the candidate for election to the IT Committee is an independent expert, that candidate must submit to the MOEX the respective application together with the written consent to processing of the personal data in order to be included in the list of candidates.
7. the MOEX Executive Board considers the received propositions, checks the compliance of the representatives with the requirements and forms the list of candidates for election to the IT Committee.
8. the elected structure of the IT Committee acts until formation by the MOEX Supervisory Board newly elected at the annual General Meeting of Shareholders of the new Committee's structure.
9. a member of the IT Committee at the suggestion of the Chairman of the IT Committee and/or the MOEX Executive Board may be excluded from the Committee by the MOEX Supervisory Board if he/she did not participate (which includes non-provision of written opinions or filled out bulletins for voting on the matters under consideration) in 3 (three) and more meetings of the IT Committee.
10. a member of the IT Committee may lay down the duties of the member of the IT Committee before the end of the term subject to notification to the Chairman of the IT Committee. A member of the IT Committee may also be excluded from the IT Committee by the MOEX Supervisory Board at the suggestion of the organization that nominated the member of the IT Committee as its representative. In this case such an organization may simultaneously with suggestion to exclude the candidate suggest a new candidate being its representative to the IT Committee.
11. the membership of the IT Committee's member is considered to be terminated after adoption by the MOEX Supervisory Board of a resolution on exclusion of such a member.
12. the Chairman of the IT Committee is elected by the MOEX Supervisory Board from the members of the IT Committee. At one of the first meetings of the IT Committee its members shall elect by a majority of votes of the members present one or more deputies of the Chairman of the IT Committee.

Exhibit C(2)

A description of the process by which the Foreign Board of Trade ensures that potential governing board and committee members/other participants meet these standards.

[REDACTED]

Exhibit C(4)

A description of the rules with respect to the disclosure of material non-public information obtained as a result of a member's or other participant's performance on the governing board or significant committee.

[REDACTED]

- [REDACTED]
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[REDACTED]

Exhibit D – The Automated Trading System

Exhibit D(1)

Description of the following parameters of the system (accompanied by the documents, if any):

(1) The order matching/trade execution system, including a complete description of all permitted ways in which members or other participants (or their customers) may connect to the trade matching/execution system and the related requirements (for example, authorization agreements).

I. SPECTRA Trading System

The MOEX's in-house developed technological platform SPECTRA for trading and clearing on the MOEX Derivatives Market was launched on December 10, 2012³¹.

SPECTRA was the first major software solution released after MICEX and RTS merged in December, 2011. The development team incorporated the experience of the past 10 (ten) years and addressed technological shortcomings and limitations of legacy FORTS trading system. Development of SPECTRA required major architecture re-design to streamline future development and enhancements. One of the key requirements to develop SPECTRA was full back compatibility with the existing solutions used by brokers and their clients. The new architecture based on a modular approach with segregated trading and clearing modules will also simplify the launch of new products. The launch of SPECTRA for the MOEX Derivatives Market increased the trading and clearing systems' peak throughput to 36,000 transactions per second.

MOEX is interested in the implementation of the most advanced and innovative solutions and services that meet to international standards and make the Russian market attractive to all categories of investors, both in Russia and abroad. A new 5.0 version of SPECTRA was launched in June 2016.

The main features of SPECTRA:

a) SPECTRA is the MOEX in-house system that is used both for clearing and trading purposes. All transactions with orders are conducted within one system (adding, deleting and changing). As soon as an order is placed, it can be matched with the other order and the executed trade cannot be cancelled or changed.

b) SPECTRA Trading System is a modern modular multi-tier application based on a Microsoft Windows platform. It implements core trading functionality, such as order matching, market data dissemination, pre-trade risk management³² and user access support.

c) Client access to the SPECTRA trading system is enabled through the industry-standard FIX and FAST protocols, affording rapid and straightforward integration with vendors' and brokers' technology and operations, such as order management systems, execution management systems, order routers and algorithmic applications. In addition, the SPECTRA trading system exposes an endpoint of its internal fast data exchange gateway (known as Plaza II), which furnishes a very low-latency/high-performance connectivity path demanded by sophisticated electronic trading applications.

- end-to-end latency: less than 1 millisecond from the equipment collocated with SPECTRA installation
- matching engine capacity: more than 30,000 orders/second
- market data dissemination latency: once in 1 millisecond

II. Connectivity and Trading services

1. Network connectivity

a) Co-location

Co-location services or equipment installation at the MOEX Data Centers (DC) offer the lowest-latency access to the Exchange markets by ensuring the reliability, accessibility, and security of client connections. Clients are able to set up their applications in the data center with the closest proximity to the MOEX trading platform, which thereby provides the best latency for order execution and the fastest data feed. Co-location services are available for participants, their clients, market data providers, software

³¹ The SPECTRA platform is only used for Derivatives Market. Securities and FX Market and Money Market are use another platform, called ASTS.

³² In addition to the pre-trade and post-trade risk management systems, described in Exhibit D(1)(2)(II). "Risk Management System."), the Moscow Exchange utilizes trading halts for price limits expansion as well as option expiration scenarios.

providers. They are therefore available for the whole community of users who are interested in the high speed of access to the markets of MOEX. For more information, please, see – <http://moex.com/a1243>

b) MOEX Point of Presence (PoP):

MOEX provides the functionality for order routing and market data streaming capabilities through FIX and FAST UDP multicast interfaces. Following the global trends, MOEX has extended its infrastructure and the range of market data distribution and trading services. MOEX members can take advantage of market access using the Exchange Point of Presence in Equinix LD4.

Equinix LD4 is a commercial data center in Slough, UK (in close proximity to London) owned by Equinix, Inc. LD4 data center is built in accordance with international BC standards and currently accommodates equipment and connectivity pools from majority of global financial institutions, brokers and exchanges.

For more information, please, see – <http://moex.com/s674>

c) ConnectME solution³³

ConnectME is a fully customized solution designed as a direct point-to-point connection with individual parameters between the client facility and the Exchange infrastructure. The solution provides a safe and fault-tolerant route fully monitored and managed by the Exchange professionals.

- single point of entry to all MOEX's markets;
- "point-to-point" connection through wide range of network operators (operator must be pre-approved by the MOEX);
- flexibly configurable and low latency optimized solution to meet specific client requirements;
- support of copper or fiber channels;
- redundant and secure connection managed by the MOEX.

For more information, please, see – <http://moex.com/a1871>

d) Universal scheme for Exchange markets access

Unified scheme basically means that the MOEX provides access to all markets (Securities, FX, Money and Derivatives Markets) through a single point of connectivity. All available market access protocols (native API or FIX/FAST) are supported. This solution is called "Unified connectivity scheme".

For more information, please, see – <http://moex.com/n5546>

e) Internet connection

The MOEX allows encrypted connections over the Internet. The solution utilizes 3DES/SHA protocols. For more information, please, see – <http://moex.com/s346>

f) Extranet

The MOEX is accessible through global financial networks (providers) such as SFTI, TMX Atrium, BT Radianz; and more are coming. The connectivity supports industrial standard FIX/FAST protocols allowing clients to easily scale their globally distributed systems. For more information, please, see – http://moex.com/a1224#global_networks

2. Access Interfaces and Software.

a) Access interfaces (native API or FIX/FAST):

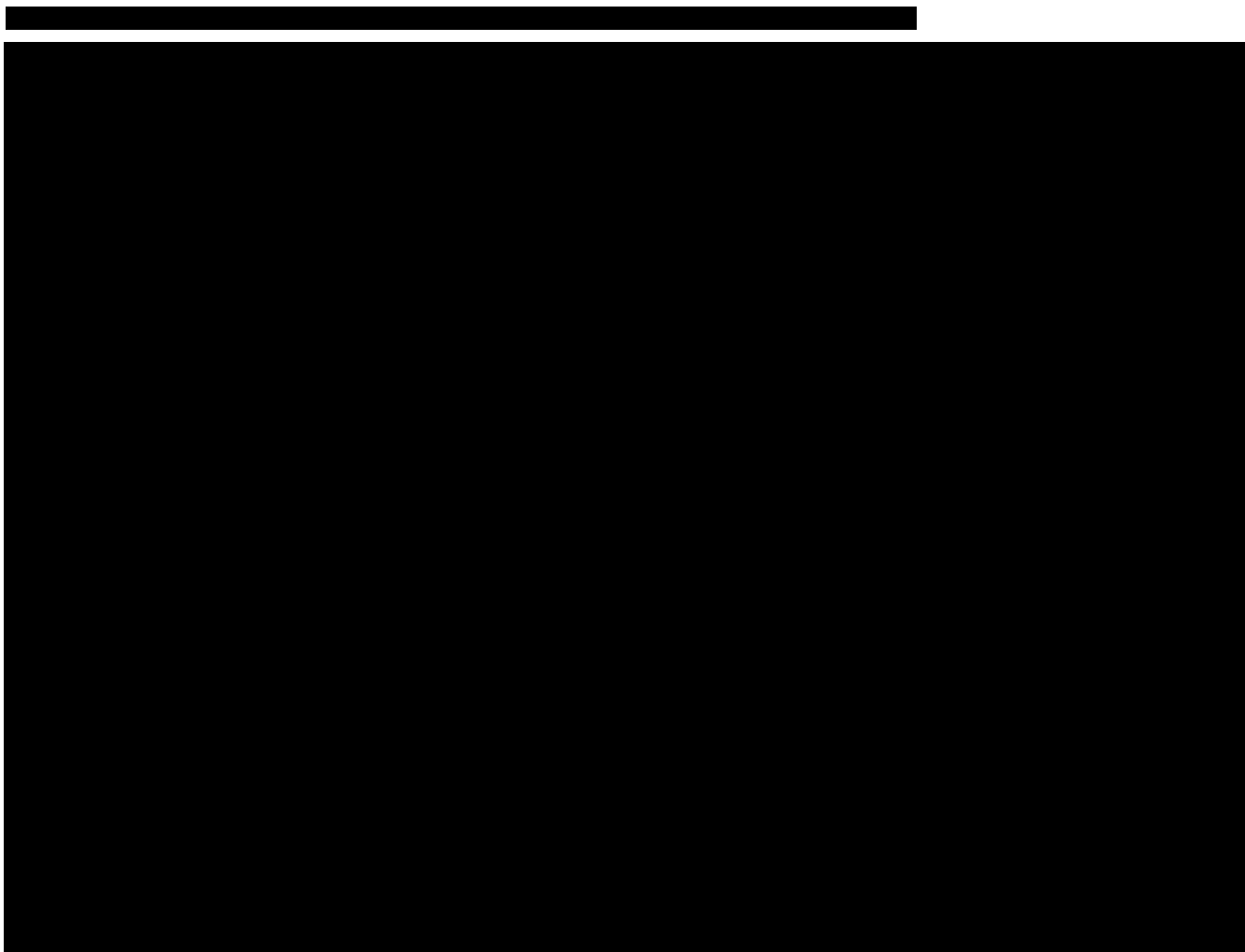
- Native API (Plaza II) – <http://moex.com/a1523>
- FIX – <http://moex.com/a1524>
- FAST (UDP multicast market data) – <http://moex.com/a1528>

b) [Exchange Terminal](#) – FORTS Terminal

FORTS Terminal software supports the standard functionality over Plaza II API interface with configurable access level (Trade or View access). Key features:

- standard trading and analytic application;
- real time and historical market data;

³³ In other words, in Universal connectivity, the clients are connected to the Exchange through the operator, while ConnectMe protocol gives a client the possibility to connect to the Exchange directly. Both methods support all markets and all connectivity protocols, and the entire infrastructure is located in Moscow. Point of Presence main difference is that the Exchange's infrastructure is located in a different city (9 spots available, for example London) and supports only commonly used protocols – FIX and FAST. For more information, please, see <http://moex.com/s653>



4. Standard connectivity, FIX & FAST

MOEX provides both standard FIX/FAST interfaces and specialized APIs for direct access to all markets.

FIX standard access

MOEX FIX gateways provide low-latency direct access to all MOEX markets and offer FIX 4.4 order management capabilities. The FIX Gateway was developed in partnership with Exchange clients to be one of the most universal trading solutions that is also available through the Point of Presence in the UK (LD4). MOEX has been providing FIX on-boarding services to clients for over 5 (five) years and currently our experts continue to deliver quality services to Trading Participants. For more information, please, see – <http://moex.com/s442>

FAST Market Data streaming

UDP multicast service provides real time market data from all MOEX markets. With reliable, consolidated data streaming service the subscribers take advantage of receiving financial information based on international delivery standards from largest Russian markets. For more information, please, see – <http://moex.com/a1528>

Key features include:

- Direct market data feed with highly efficient message distribution capabilities
- Data feeds are available from Securities, FX, Money and Derivatives Markets.
- Low latency and ultimate performance
- FAST compression and UDP Multicast delivery
- High performance recovery methods.

(2) The architecture of the systems, including hardware and distribution network, as well as any pre- and post-trade risk-management controls that are made available to system users.



- [REDACTED]
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[REDACTED]

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[REDACTED]

[REDACTED]

[REDACTED]

II. Risk Management System

MOEX imposes a prefunding requirement: each member has to have sufficient funds deposited in the clearing register prior to the order execution. Once an order is placed the minimum required collateral is segregated from the deposited funds. If the amount of funds on deposit is insufficient, the order is duly rejected. Insufficiency of collateral upon mark-to-market procedure leads to a margin call. If the minimum collateral requirement is reduced, then the excess collateral will be increased by the released amount. In case there are additional collateral requirements set by the Clearing Member for certain clients, then the order is also verified against these restrictions. If one of those checks is failed the order is overruled.

Thus, the collateral sufficiency is verified in real time at different levels: at client's level³⁵, at the level of Settlement Code³⁶ of a Clearing Member. In addition to that, the order price must be conformant to the price deviation limits set for a particular trading instrument.

III. SPECTRA Trading System's security features

³⁵ Pre trade for Clearing Members' Clients is available in the Derivatives Market only.

³⁶ The Settlement Code is an accounting register that contains the portfolio of positions margined and settled together. It can contain either proprietary operations or client operations (omnibus or segregated).

- [REDACTED]
- [REDACTED]
- [REDACTED]

[REDACTED]

VI. The nature of any technical review of the order matching/trade execution system performed by the foreign board of trade, the home country regulator, or a third party.

An overall diagnostic of IT processes and mission critical systems is conducted by independent auditor once every two years. The entire business of MOEX and Clearing House (NCC) are audited twice a year. We require certain reports from Clearing Members, which are stored both as electronic files and paper copies for the length of at least 10 (ten) years.

VII. Derivatives Market Timetable (Trading and Clearing Hours).

- 10:00 — 14:00 the beginning of the main trading session
- 14:00 — 14:05 intraday clearing
- 14:05 — 18:45 the end of the main trading session
- 18:45 — 19:00 evening clearing
- 19:00 — 23:50 evening trading session³⁷

VIII. Types and duration of orders accepted

All orders are addressed to the Central Counterparty — the NCC.

Two kinds of orders:

- **Negotiated Orders:** an order between two specific counterparties; both the buyer and the seller must send orders to buy and sell, respectively, indicating each other as counterparties of the trade; the order is not visible to all market participants. Terms of the trade are agreed upon by the two counterparties beforehand.
- **Order Book Orders:** an order sent anonymously into the order book, visible to and actionable by any market participant.

Negotiated Orders are arranged via the trading terminal (or gate) with the only difference – entering the account of the second side of the trade and a password (optional). There are no off-exchange deals on MOEX Derivatives Market³⁸.

³⁷ The share of the evening session in total derivatives volume approximately equaled 20% as of 2016. There is no exact separation between customers tending to trade on the main or evening session, but normally HFT traders tend to trade during the day session. Most liquid contracts (USD/RUB FX Futures, RTS Index Future and BRENT Futures) tend to be traded more than others on the evening session.

³⁸ Off-exchange deals are allowed only for MOEX OTC Derivatives Market. Off-exchange deals are cleared by the NCC, and are only of one type, which is negotiated (there are no block trades, EFP, EFRP, TAS on MOEX OTC Derivatives Market, as well as on any other MOEX's market).

Negotiated Orders are subject to the same requirements as the Order Book Orders: there are no minimum size limitations, the price is limited by the same price limits, there is no reason to report negotiated deals, because they are being registered the same way as Order Book orders are.

There is no evident trend of contracts/participants to trade more Negotiated orders than the Order Book. Currently negotiated deals do not exceed 1% of the trading volume. As of 2016 the share of the negotiated deals in total derivatives volume makes up 0.5%.

MOEX Derivatives Rules permit only on-exchange transactions (order book or negotiated) on Derivatives Market. Any other off-exchange transactions, such as block trades or exchange for related position transactions, is not permitted.

The risk management system (price limits and initial margin requirements) for negotiated and Order Book deals is the same. The only difference for negotiated deals is the possibility to indicate the other side of the deal. In addition, negotiated deals are considered to be on-exchange deals on MOEX. MOEX compliance department (Internal Control Service) always controls the negotiated deals on the subject of their legitimacy.

Types of orders:

- to buy
- to sell

Categories of orders (filling of order is permissible only with indication of the price):

- Limit order: an order to buy or to sell a derivative at a specified price or better with partial execution. Unexecuted part of the order remains in the queue as a separate active limit order with preservation of the time parameters of its initial placing to the queue of active orders;
- Immediate-Or-Cancel order: executed at the moment of announcement at the price specified in the order or at a better price within the scope of the order (if the scope of the order is less than or equal to the aggregate scope of the counter active orders with the price not worse than the price specified in the order) or within the scope of the specified active orders (if the scope of the order exceeds the scope of the specified active orders). Unexecuted part of the order is immediately deleted by the MOEX from the trading system;
- Fill-Or-Kill order: executed at the moment of announcement at the price specified in the order or at a better price within the scope of the order. If the order cannot be executed in full it is immediately deleted by the MOEX from the trading system.

Term of validity of the order:

1. An active order is deleted by the MOEX from the trading system after the end of the evening clearing, provided that at least one of the following conditions is fulfilled:
 - admission of the settlement entity to conclusion of this derivative contract ceased (in cases prescribed by the MOEX's Rules of executing derivatives trades on the Derivatives Market and by the NCC's Clearing Rules for the Derivatives Market (the Derivatives Trading Rules and the Clearing Rules));
 - price of the futures contract indicated in this active order for purchase exceeds the upper limit of price fluctuations or the price of the futures contract indicated in this active order for sale is lower than the lower limit of price fluctuations of this futures contract;
 - execution of this active order will result in exceeding of limits of open positions, subject to their determination with respect to the Trading Participant in accordance with Derivatives Trading Rules and Clearing Rules;
 - the NCC's notification on the necessity to delete the active order in cases specified by the Clearing Rules is received by the MOEX.
2. In case of suspension of trading, the MOEX provides the Trading Participant with the opportunity to withdraw active orders until resumption of trading.
3. After the end of the main trading session all active orders that are not good-till-cancel (*i.e.*, that do not indicate their expiration date) are deleted from the trading system by the MOEX.
4. After the end of the additional evening trading session all active orders with the expiration date preceding the last trading date of the certain derivative contract are deleted from the trading system by the MOEX.

5. After the end of the main trading session of the last trading day for certain derivative contracts all active orders for such derivatives contracts with the expiration date coinciding with the last trading date are deleted from the trading system by the MOEX.

IX. Information that must be included on orders.

Orders filed by the trader to the trading system must contain the following information:

1. Order for conclusion of futures contracts:
 - kind of the order (Negotiated/Order Book);
 - code of the Trading Participant that submitted the order;
 - code of the Trading Participant, to which the order is addressed (in case of directed order);
 - code of the Trading Participant's Client, for or on behalf of which the order is submitted;
 - code (designation) of the futures contract;
 - type of order (buy or sell);
 - price;
 - number of offers for conclusion of the futures contracts (scope of offer).
2. Order for conclusion of options contracts:
 - kind of the order (Negotiated/Order Book);
 - code of the Trading Participant that submitted the order;
 - code of the Trading Participant, to which the order is addressed (in case of directed order);
 - code of the Trading Participant's Client, for or on behalf of which the order is submitted;
 - code (designation) of the options contract;
 - type of order (buy or sell);
 - size of premium;
 - number of offers for conclusion of the options contracts (scope of offer).
3. Order submitted to the trading system may also contain the expiration date of the order. In this case the term of validity of the order expires:
 - if the date indicated in the order falls on a day before the last trading day of derivative contract— after the end of the evening trading session of the trading day, the date of which follows the date indicated in the order;
 - if the date indicated in the order coincides with/falls on a day after the last trading day of derivative contract— after the end of the main trading session of the trading day, which is the last trading day for this derivative contract.
4. Orders submitted to the trading system should contain category indication: limited order or immediate-or-cancel order or fill-or-kill order as described above (see [Part VIII "Types and duration of orders accepted" of Exhibit D\(1\)\(2\)](#) to FBOT Form).

X. Trade confirmation and error trade procedures

Derivatives trades are executed as a result of the NCC's accepting the offers that are received as a result of announcing the orders that contain these offers to enter into a derivatives contract.

The NCC shall accept the offers provided that these offers comply with the Derivatives Trading Rules, Clearing Rules and Specifications. Upon order placement by the Trading Participant, the MOEX shall send the information on the placed order to the NCC via the Trading System. Upon receipt of the information on the placed order for conclusion of the Derivatives Contracts, the NCC shall immediately check the possibility to declare the order. The NCC shall calculate the Trading Limit for the Clearing Member to control the possibility to declare the order³⁹. In case of the positive result of the check, the NCC shall send the confirmation of the possibility to declare the order to the MOEX via the Trading System, in case of the negative result – refusal of declaration of the order.

The Exchange shall register orders submitted by traders in the Registry of the Orders (*i.e.*, such orders are considered declared) except in the cases described below:

- the order does not contain at least one of the terms determined in accordance with the Trading rules;
- the orders lead to execution of a cross trade (*i.e.*, execution by Trading Participant of the derivatives trades by the orders that were submitted on behalf and at the expense of one and the same Trading Participant or Client);
- the trading participant is not admitted to execution of trades in the given derivatives contract;

³⁹ For more information – see Article 18 of the NCC's Clearing Rules (Part V "Clearing Rules for the Derivatives Market").

- the futures price/ spread size specified in the order is above the upper price fluctuation limit /spread size or below the lower price fluctuation limit/spread size for the given futures contract;
- the NCC sends a refusal of declaration of the order to the MOEX in cases described in the Clearing Rules⁴⁰;
- the order has been submitted violating admission limitations set with regard to the Clearing Member;
- the order has been submitted violating other limitations.

It shall be deemed that the NCC receives offers that constitute orders at the moment when such orders are declared.

The NCC shall only accept an offer to enter into a derivatives contract when there is an opposite and equal order. "Opposite order" means that the order is the best buy order or the best sell order accordingly. "Equal order" means that the price/premium in such order is considered to be equal to the price/premium indicated in the counter order announced earlier, and the number of concluded derivative contracts is considered to be equal to the smaller of the number of offers contained in the counter orders.

All derivatives trades that are executed on the basis of orders submitted by Trading Participant shall be deemed as an executed in the name of such Trading Participant.

MOEX shall register all derivatives trades executed during a trading day in the Registry of Trades.

After the trade is executed, the terms of a transaction may not be changed or rejected. MOEX After the end of the trading day, all Trading Participants receive via AWS (automated workstation connected to MOEX's Trading System) the information on all derivatives trades registered during the trading day (designation of the derivatives contract, scope of the derivatives trades, price (premium), time of registration of the derivatives trades).

The MOEX fines Clearing Members for erroneous or ineffective transactions, and may impose limits on trading capability. In the case that a certain threshold is breached, the MOEX reserves the right to restrict the login's trading rights for the remainder of the trading session. See – Appendix 13 to FBOT Form (Ineffective and Erroneous Transactions).

The MOEX policy does not accept cancellation of deals that were negotiated and registered. There have been no examples of erroneous trades⁴¹ since the launch of the FORTS trading system in 2002.

XI. Anonymity of participants

Orders that are disclosed to all Trading Participants are considered to be Order Book orders. All the other orders are considered to be Negotiated orders⁴². The information on the participant that filed the Order Book orders is available only to the NCC as a central counterparty.

XII. Trading system connectivity with clearing system.

The MOEX has an in-house system that is used both for clearing and trading purposes. As there is no segregation of membership for Clearing Members and Trading Participants, all transactions are done within one system (adding, deleting, and changing).

A Clearing Member may send an application to transfer, withdraw funds, to register new clients, and clearing registers. These applications are sent via the EDI System (Electronic Data Interchange System with electronic signature).

XIII. Response time

Current market data latency is less than 1 millisecond from the equipment collocated with SPECTRA installation

[REDACTED]

40 See Article 18.3 on the NCC's Clearing Rules (Part V "Clearing Rules for the Derivatives Market").

41 Please, pay attention on difference between "trade" and "transaction". To define the term, any of the following actions is considered as the transaction: order placement, order cancellation, order modification (made as concurrent order cancellation and new order placement with different parameters); modification of pair of orders (made as concurrent pair of orders cancellation and new pair of orders placement with different parameters). Derivatives Trade shall mean a Derivative Contract (or set of Derivatives Contracts) under one code concluded by matching two opposite Orders at the same price.

42 There are two types of orders supported: (1) Negotiated Orders and (2) Order Book Orders. These types of orders include limit, immediate-or-cancel and fill-or-kill orders.

[REDACTED]

[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
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[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
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[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

■ [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

XV. Market continuity provisions.

In case of a significant disaster, key staff can be relocated to an alternative location. Depending on the nature of the event, the crisis management team can consider relocation to one of three locations, which all have the necessary equipment to continue the MOEX operations. These locations are 700m, 6km and 16km away from the main location. In case of a major incident with the main data center the MOEX can switch over to recovery data center. MOEX operates 3 main sites (office)⁴⁴. Two of them have Web Application Resources seats (WAR seats) in them with installed equipment (with required hardware, software, security policies, network equipment, etc). WAR seats are available 24/7 and can be engaged immediately after employees get there from the impacted site. Office sites and datacenters are geographically dispersed. Switching to the backup center can be performed in 2 (two) ways:

- automatically – using a number of different industrial technologies, the MOEX can switch to the backup center using an automatic switch. As an example, a condition to automatically switch to the recovery center is the lack of response from the center with the main equipment within a predetermined amount of time.
- manually – this switch is performed by the MOEX staff engineers, whose daily working schedule begins an hour before the start of the trading day and ends at the completion of all procedures after the close of trading. The decision to switch is made by the responsible engineer, and it is also possible to address the committee on emergency situations.

The backup center contains a copy of the trading engines and network connectivity infrastructure. DR trading engines have a mirror copy of the PROD engines, but operate in warm backup mode, network infrastructure operates live. The backup center refers to the recovery data center. It is a copy of the primary data center (including backup trading system, data servers and colocation), that is used when the main data server has connection issues or is interrupted.

DR data center is approximately 12km away from PROD data center.

As an example, the failure of air-conditioning in the main data center does not cause immediate failure of equipment and systems so the engineer would escalate this to the committee on emergency situations to make a decision. Another example would be if the message monitoring system shows that the primary database is starting to run slower than expected the engineer may carry out switching.

XVI. Reporting and record keeping requirements.

⁴⁴ In other words, MOEX has 3 (three) offices: (1) the front office (main building), (2) the National Clearing Centre (NCC) and (3) the National Settlement Depository (NSD). There are also three data centers (one main and two backup), and a backup office for files/additional data/stuff (which is located in NSD building).

MOEX has kept all data and materials since its inception. In accordance with the Regulations No.437-P “On the organized trading activity”, MOEX must ensure the storage and protection of all information connected with the organization of trade, including by way of creation of its back-up copy and develop and maintain procedures aimed at the prevention of malfunction and errors. Archives are retained permanently.

The MOEX’s registers are maintained in hard copy and electronic form. Registers must allow compiling lists and extracts from them as of any date and over any period. For additional measures of protection, the Bank of Russia is allowed to request from MOEX an information regarding the activities of the Exchange that is not subject to disclosure in accordance with the legislation of the Russian Federation and regulatory legal acts of the Bank of Russia, or information subject to disclosure up to the moment of its disclosure by the Exchange (proprietary information).

Internal procedures of MOEX are in place for the storage and protection of proprietary information and focus particularly on:

- rules of processing and the mode of access to proprietary information;
- protection of proprietary information against unauthorized access; and
- use of passwords and other means restricting the access to proprietary information, including to data bases of the Exchange.

Exhibit D(2)

A description of the manner in which the Foreign Board of Trade assures the following with respect to the trading system, separately labeling each description:

(1) *Algorithm. The trade matching algorithm matches trades fairly and timely*

MOEX algorithm ensures that trades are matched fairly and timely in several ways. Trading is conducted in the form of a Continuous Double Auction⁴⁵ for Order Book Orders and with matching of counterparties for Negotiated Orders. Buy and sell orders are matched based on price and time priorities. Order price priority takes precedence over order time priority: an order that was placed later into the queue but with a better price will take precedence over another order which entered the queue earlier; in the case where the price of two orders are the same, the order that was placed earlier will be executed first. A trade executes according to all the instructions specified in the order, and with the full consent of all counterparties involved.

Matching of orders is performed according to the following priorities:

- a) Negotiated Orders are required to contain a reference on the particular counterparty (Trading Participant) who will take the other side of the trade (*i.e.*, such order may be accepted only by Trading Participant whose code is indicated in the order);
- b) Order Book Orders match with the following priority mode applied:
 - first priority – by price (*i.e.*, the order with the best price is accepted first);
 - second priority – by time (*i.e.*, the order with the same price placed earlier is accepted first).

(2) *IOSCO Principles.*

The trading system complies with the Principles for the Oversight of Screen-Based Trading Systems for Derivative Products developed by the Technical Committee of the International Organization of Securities Commissions (IOSCO Principles). Provide a copy of any independent certification received or self-certification performed and identify any system deficiencies with respect to the IOSCO Principles.

[REDACTED]

⁴⁵ Discrete Auctions technology does not apply at the Moscow Exchange Derivatives Market.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

- [REDACTED]
- [REDACTED]
- [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

(3) *Audit Trail.*

Maintenance of the audit system log (registration of performance of the system subjects):

- (i) System log chronologically reflects all necessary information including changes in orders.*
- (ii) Data of the system log are safely stored and are available within a sufficient period of time.*

A chronological log in the form of a database is maintained and located on safe disk storage. The database is backed-up daily and contains records of transactions of the trading system since 2003.

The SPECTRA system archives the following data:

- orders (including adding/replacing/cancelling)
- trades
- contracts parameters and any changes to them
- non-trading user requests (*i.e.*, limit changes and so on)

Microsoft SQL Server 2008 is currently used as an archive solution. The main copy of the archive is stored on the SAN storage system, using RAID 50 disk arrays; the SAN system is hosted in the main MOEX Datacenter. The current year's archive is regularly backed up (weekly – full backup, daily – partial backup (*i.e.*, backup only the data that has changed since the previous backup)). The backups are also stored at the reserve SAN Datacenter. Past years' databases are copied on external media (DVD's currently) and are checked for consistency and integrity on a quarterly basis. The DVD's are kept at MOEX. Archived trading data since 2003 is currently available and there are no plans to delete any past data. Russian regulations concerning financial exchanges require storage of trading data for at least 5 (five) years.

(4) *Public Data. Adequate and appropriate trade data is available to users and the public*

The following market data is made available to the public (disclosed on the website):

a) Streaming Market Data

MOEX offers data products in regard to Indices, Equities, Bonds, FX, Futures&Options. MOEX real time streaming Market Data includes bid and offer prices, trade prices and volumes, and market depth information. The MOEX's real time streaming market data is a fee-liable product⁴⁶ which can be taken via distributors (eg. Thomson Reuters, Bloomberg, Interactive Data) or directly from the MOEX (corporate website or proprietary application MOEX Trade Info). The free streaming market data with 15-minutes delay is also available.

b) Trade results archive

Trade results archive is presented on MOEX website in the form of end-of-day files in csv and xml formats containing aggregated prices, volumes and values available for downloading by the fee-liable subscription. The trade results are also available for free viewing in the form of daily pdf-bulletins and html-tables containing all the parameters subject to disclosure in accordance with the requirements of the National Market Regulator (Central Bank of Russia).

c) Historical Data

MOEX offers a full range of historical trading data which may be used for optimizing participants' trading algorithms, carrying out technical analysis and the meeting of the needs of back offices, etc. The Trade Results Archives includes aggregated prices, volumes and values, but does not include a full order log. Historical Data does not include aggregated prices, volumes and values, but does include Full Order Log (all orders + all trades) and Top of the Book (best orders + all trades).

MOEX offers the following historical data products:

1. Information on all trades and all orders (full order log) – Type A
2. Information on all trades and best orders (top of the book) – Type B

Historical data we offer covers the following Exchange's markets:

1. Securities Market
2. FX Market
3. Money Market
4. Derivatives Market
5. OTC Derivatives Market

46 The full Moscow Exchange's Market Data Services Price List is available on MOEX website <http://moex.com/s1147#1.1>

Data is provided as CSV files.

(5) *Reliability.*

The trading system has demonstrated reliability.

All major nodes of the trading system are duplicated. There is a hot and warm back-ups of the system spread based in a separate data-center and the percentage of uptime calculated since 2012 is not less than 99.97%.

(6) *Secure Access.*

Access to the trading system is secure and protected.

A username and password is required to access the system. The required length of the password is 8 symbols. Kerberos mechanism and Handwritten Signature Equivalent (HSE) are used as authentication mechanisms.

HSE shall mean an attribute of an order, or another electronic document verifying the ownership, integrity, and intactness of the order, or another electronic document, which is obtained after the Trading Participant has been assigned its Unique Personal Identifier, Login, and Password. Such HSE will help identify a Trading Participant as well as make sure there are no mistakes either in the order, or another electronic document. The BlowFish algorithm is used for encryption.

(7) *Emergency Provisions.*

There are adequate provisions for emergency operations and disaster recovery.

The data center meets Tier-3 requirements. MOEX implements model procedures to ensure business continuity.

The MOEX's Business Continuity Plan focuses primarily on maintaining business critical processes in the short-term; non-critical processes in the medium term and on full recovering of all remaining processes in the long-term strategy. When MOEX experiences difficulties to support business critical systems (both automated and manual) due to failures, attacks or accidents, the Business Continuity Plan is activated in a timely manner.

I. Alternative locations

MOEX manages alternative locations for its main offices, which are put into operational mode should the access to the main offices be blocked. Each alternative location is fully equipped with all necessary equipment and ready to accommodate employees immediately after declaration of a crisis. Geographically distributed IT architecture allows for continuous trading services in case of a site loss.

II. The process

When implementing a business continuity processes, the MOEX uses a technique of international standard for business continuity ISO 22301:2012 and Plan-Do-Check-Act model. Key elements of this approach are:

- business continuity policy – policy that regulate the activities in the field of business continuity of MOEX, which was reviewed by the Bank of Russia;
- business continuity risk assessment – process of risks identification, analysis and evaluation of their impact to business of MOEX;
- business impact analysis – is the analysis of all business processes of MOEX and the effect that a business disruption might have upon them;
- crisis management planning – defining high-level business continuity strategy for MOEX which includes predefined principals of crisis management;
- business continuity strategy – defining strategy by scenarios groups for critical areas of staff,
- location/ building, infrastructure, data and suppliers;
- Business Continuity Plan (BCP) – documented collection of procedures and information that is developed, compiled and maintained in readiness for use in an incident to enable MOEX to continue to deliver its critical activities at an acceptable pre-defined level. All departments have their own BCP plans, which describe detailed actions in case of an incident, which they have to follow after overall decision (by crisis management team) of their invocation/ partial invocation.
- Disaster Recovery Plan (DRP) - documented process to recover and protect IT infrastructure in the event of an incident. DRP sets out the principles for IT recovery and triggers for its invocations. In addition to DRP we have TRP (technology recovery plans) to all critical IT service/ system with detailed actions for it recovery in different incidents scenarios.

- incident management planning - clearly defined and documented plan of action for use at the time of an incident to minimize impact for staff and key business activities;
- crisis communication planning – document defined communication priorities during an incident and contains number of easy-to-use predefined communication templates to cover both external and internal communications;
- testing and exercising – Important process designed to validate planning quality, business continuity process effectiveness and organization preparedness.
- continual improvement – MOEX strives to continually improve the suitability, adequacy and effectiveness of business continuity measures. MOEX reviews business continuity procedures related documentation including business continuity plans annually or earlier (as a result of significant change in the processes or systems).

III. Business Continuity Management Team

MOEX has its own BCM team that addresses BCM related matters including 24/7 “monitor and watch” team. As a part of MOEX Group, MOEX has the opportunity to use resources of the Group BCM team therefore methodology and implementation process of the BCMS is the same within a Group. “Monitor and watch” team receives information in regards to all incidents (IT related, premises related, security related, info security related etc.) If incidents have or potentially will have impact to operations, BCM team follows Incident Management plan.

See also [Part XV “Market continuity provisions” of Exhibit D\(1\)\(2\)](#) to FBOT Form and [Exhibit D\(2\)\(5\)](#) to FBOT Form.

(8) Data Loss Prevention. Trading data is backed up to prevent loss of data

Trading data is backed up on a daily basis. The data required for submission to the regulatory authorities are stored permanently. Additionally, there is a backup copy of the main server of the trading system, where the necessary data is also stored.

According to the Regulations No.437-P “On the organized trading activity”, for surveillance purposes the Bank of Russia gets the real-time data on the online basis from MOEX through the terminal installed at the Bank of Russia. The data consists of the information about orders/trades submitted/executed during trading sessions. For more information – see [“Principle 8. \[Surveillance\]” of Exhibit D\(2\)\(2\)](#) to FBOT Form.

(9) Contracts Available.

Mechanisms are available to ensure that only those futures, option or swap contracts that have been identified to the Commission as part of the application or permitted to be made available for trading by direct access pursuant to the procedures set forth in § 48.10 are made available for trading by direct access Available agreements. Mechanisms providing the possibility of direct access to trading only in instruments admitted by the Commission to trading.

The list of instruments for trading (admission to trading in them) is established by the broker in accordance with the conditions prescribed in the agreement between the broker and the client (determined by relationships between them). The current Russian legislation provides that the MOEX is permitted to limit the availability of some instruments for trading by different types of investors (including in narrowing a list of derivatives eligible for trading by the United States residents)⁴⁷.

In addition, the Derivatives Trading Rules stipulates that MOEX is entitled to limit order entries and execution of trades in derivatives. For certain limits to be imposed they shall be described in detail in the Derivatives Trading Rules. MOEX is entitled to introduce relevant amendments to the Derivatives Trading Rules as soon as they are needed (within 2 (two) months from registration of the Derivatives Trading Rules with the Bank of Russia).

MOEX is able to set certain limitations on the contracts available for trading. U.S. residents will have a certain mark in the database of MOEX that will allow the Exchange to identify them. These clients will initially be permitted only to submit orders and execute trades on RTS Index Futures and USD/RUB FX Futures, unless otherwise permitted by the CFTC by subsequent order.

(10) Predominance of the Centralized Market.

⁴⁷ The Moscow Exchange interacts with brokers, not with their clients. From the legal perspective, the Moscow Exchange is able to limit the availability of listed contracts to non-US residents located in the US by including special provisions in its Admission Rules and other internal documents that would obligate brokers to set up restrictions for certain categories of clients. Technically, brokers can exercise control regarding compliance of U.S. restrictions on non-US residents located in the US. Brokers already collect a questionnaire from their clients due to FATCA requirements and are able to provide such type of client filtration.

Mechanisms are available that ensure a competitive, open, and efficient market and mechanism for executing transactions

MOEX has the following procedures in place to ensure a competitive, open and efficient marketplace:

- transparency of price formation: the market price and terms of an instrument are determined strictly by the standard procedure (developed by the risk management of MOEX) and are the same for all market participants. There are limitations of intraday volatility on price changes according to the actual situation on the spot market;
- transparency and availability of market information: general information about trading with the contract is published on MOEX website with the delay in 15 (fifteen) minutes for public access. Matching algorithm: MOEX uses a price-time priority algorithm. This is universally used for all orders;
- presence of the Central Counterparty: all transactions are concluded with the central counterparty (CCP). The CCP is the guarantor of fulfillment of obligations under all transactions;
- concentration of liquidity;
- high speed of conclusion of transactions: immediately.

Exhibit E – The Terms and Conditions of Contracts proposed to be made available for trading in the United States

Exhibit E(1)

A description of the terms and conditions of futures, option or swap contracts intended to be made available for direct access. With respect to each contract, indicate whether the contract is regulated or otherwise treated as a futures, option or swap contract in the regulatory regime(s) of the Foreign Board of Trade's home country.

Below is a chart describing the terms of the contracts intended to be offered to U.S. participants. Additional information is provided following the chart (as for December 28, 2016).

Symbol	Contract Description	Underlying asset	Linked with	Final Settlement	Contract size (lot)	Quotation	Settlement procedure	Tick size	Initial Margin	Type of contract in the regulatory regime of the FBOT's home country
Si	USD/RUB FX Futures	Value of USD/RUB FX rate (in Russian ruble per 1 (one) US dollar)	—	cash settled	USD 1 000	RUB per 1 USD	The Contract's settlement price shall be calculated as a weighted average FX rate determined on the basis of the USDRUB_TOM instrument's values generated in the unified trading session system from 12:00 p.m. MSK to 12:30 p.m. MSK inclusive on the Contract's settlement day multiplied by a number of US dollars in the lot and rounded off to integer value in accordance with the of mathematical rounding	1 ruble per 1,000 U.S. dollars	7%	Futures
RTS	RTS Index Futures	RTS Index (index code – RTSI) that is calculated by MOEX in accordance with the Methodology approved by MOEX and registered with the Bank of Russia	—	cash settled	RTS Index value denominated in points; 1 point is equal to USD 0.02 (two cents)	points of RTS Index	An average value of RTS Index calculated during the period from 15:00 to 16:00 Moscow time of the last trading day multiplied by 100 is taken as a settlement price. The tick value equals 20% of the USD/RUB FX rate determined in accordance with the Methodology at 18:30 MSK on the last trading day.	10 points	10%	Futures

Exhibit E(2)

Demonstrate that the contracts are not prohibited from being traded by United States persons, i.e., the contracts are not prohibited security futures or single stock contracts or narrow-based index contracts. For non-narrow based stock index futures contracts, demonstrate that the contracts have received Commission certification pursuant to the procedures set forth in § 30.13 and Exhibit D to part 30 of this chapter.

The USD/RUB FX Futures is not based on securities or a security index, and is therefore neither a security future, single stock contract nor a narrow-based index contract. Settlement price of USD/RUB FX Futures is calculated based on MOEX USD/RUB Fixing. Rules of calculation MOEX USD/RUB Fixing are disclosed on MOEX website: <http://moex.com/s1914> (for more information, see – Appendix 27 (USD/RUB FX Fixing) to FBOT Form).

The RTS Index is composed of a wide range of components. The procedure for calculation of the RTS Index is set forth in the [Methodology of MOEX Indices Calculation](#).

The RTS Index is not a narrow-based security index because:

- (i) it is composed of more than 9 (nine) component stocks (50 securities as established by Methodology of MOEX Indices Calculation);
- (ii) no component stock cannot comprise more than 30% of the index's weighting (actually 15%) — a stock's weight in the RTS Index is determined by the float-adjusted market capitalization of the stock, but all stocks are quarterly capped at 15% in terms of their index weight versus the total index capitalization (established by Methodology of MOEX Indices Calculation);
- (iii) the aggregate weighting of the five highest weighted component stocks cannot be more than 60% of the aggregate weighting of the index (established by Methodology of MOEX Indices Calculation); and
- (iv) the lowest weighted component stocks comprising 25% of the index's weighting have the aggregate dollar value of average daily trading volume of more than USD 30 mln. required.

Because the RTS Index is composed of multiple securities but is not a narrow-based security index, futures contracts on the RTS Index are not prohibited security futures contracts.

Simultaneously with the filing of this FBOT application, the MOEX is submitting a request that the Commission certify that the RTS Index conforms to the requirements of section 2(a)(1)(C)(ii) of the Commodity Exchange Act ("CEA") and therefore, that futures contract may be offered or sold to persons located within the United States in accordance with section 2(a)(1)(C)(iv) of the CEA.

Thus, the RTS Index exceeds the minimum criteria to be not considered a narrow-based index.

Exhibit E(3)

Demonstrate that the contracts are required to be cleared

Clause 2.7 of the Derivatives Trading Rules, which is applicable to all contracts executed on the Derivatives Market of MOEX (*i.e.*, the only market that US participants would have access to in order to trade USD/RUB FX Futures and RTS Index Futures), states that the NCC shall conduct centralized clearing for the executed derivatives trades.

See – [Appendix 8](#) to FBOT Form (Derivatives Trading Rules).

Exhibit E(4)

Identify any contracts that are linked to a contract listed for trading on a United States-registered entity, as defined in section 1a (40) of the Act. A linked contract is a contract that settles against any price including the daily or final settlement price) of one or more contracts listed for trading on such registered entity.

Neither the USD/RUB FX Futures nor the RTS Index Futures settle against any price of one or more contracts listed for trading on a U.S.-registered entity. Therefore, such contracts are not linked contracts.

Exhibit E(5)

Identify any contracts that have any other relationship with a contract listed for trading on a registered entity, i.e., both the foreign board of trade's and the registered entity's contract settle to the price of the same third party-constructed index.

None of the contracts proposed to be offered to U.S. participants are connected with instruments that are listed on a market place registered in the United States.

Exhibit E(6)

Demonstrate that the contracts are not readily susceptible to manipulation. In addition, for each contract to be listed, describe each investigation, action, proceeding or case involving manipulation and involving such contract in the three years preceding the application date, whether initiated by the foreign board of trade, a regulatory or self-regulatory authority or agency or other government or prosecutorial agency. For each such action, proceeding or case, describe the alleged manipulative activity and the current status or resolution thereof.

MOEX proposes to offer RTS Index Futures and USD/RUB FX Futures for trading to US persons. Both of these contracts are cash-settled, and the RTS Index is calculated by the Exchange in accordance with a methodology registered with the Bank of Russia. The RTS Index is a complex indicator of the market, reflecting the dynamics of the prices of 50 of the most liquid publicly-traded securities. It is therefore reliable and created by an independent entity – the Index Committee of the RTS Stock Exchange, publicly reported and independent from MOEX, and is not readily susceptible to manipulation.

The USD/RUB FX Futures is settled at a price reflecting the underlying FX rate markets. Therefore, the two contracts proposed to be offered for trading to US persons are not readily susceptible to manipulation because they are cash-settled, will not be subject to manipulation or distortion, and are based on data that is reliable and independent. Upon maturity of the USD/RUB FX Futures, only the final cash settlement (and not physical delivery) is required.

Furthermore, in:

- January 2015 – MOEX as an administrator of the financial benchmarks for the Russian Securities, MOEX has undertaken internal audit procedures and prepared a report in accordance with the IOSCO Principles for Financial Benchmarks;
- March 2016 – the MOEX's USD/RUB Fixing, used for settlement of USD/RUB FX Futures and others FXs/RUB Futures, recognised as compliant with the IOSCO principles after external audit conducted by the Ernst & Young;
- July 2016 – the MOEX's (MOEX) USD/RUB benchmark has been recommended by the Emerging Markets Traders Association (EMTA) as the major settlement (reference) rate for OTC rouble derivatives (NDFs, NDOs) for its OTC FX members. CME Group will also use MOEX's USD/RUB benchmark for its rouble-denominated currency futures;
- July 2016 – the Bank of Russia has officially recognised MOEX's USD/RUB FX Fixing and MOEX's operational performance as fixing administrator as being of satisfactory quality. The CBR also recognised the fixing's compliance with the Bank's requirements, which are based on the IOSCO principles for financial benchmarks. During contract design process the MOEX checks the liquidity of the underlying, and sets limits on trade price fluctuations and collateral requirements.

The Bank of Russia considers susceptibility to manipulation as part of its process for approving new/amended MOEX contracts. In accordance with part 1 Article 27 of the Federal Law № 325-FZ (“On Organized Trading”) of November 21st, 2011, (hereinafter – the Federal Law № 325-FZ), the trade organizer shall register with the Bank of Russia by filing the following documents and amendments:

- 1) the organized trading rules;
- 2) the methods of calculating the prices, indices or other figures disclosed by the trade organizer if it is prescribed by the federal laws and (or) regulations of the Bank of Russia;
- 3) the document stating the procedure of arranging and implementation of the internal control;
- 4) the document stating the procedure of arranging monitoring of the organized trading and control over the traders or other parties in accordance with the requirements of the federal laws and regulations enacted in accordance with such laws;
- 5) the document stating the measures intended to mitigate risks of the organized trading activity;
- 6) the document stating the measures taken by the trade organizer in the emergency situations and intended to enable continuity of the organized trading activity;
- 7) the specifications of the derivatives contracts.

If the Bank of Russia has concerns that a potential contract may be readily susceptible to manipulation when it considers these documents, it will act accordingly and the contract may not be approved. See – [Appendix 14](#) to FBOT Form (MOEX's Financial Benchmarks).

Exhibit F – The Regulatory Regime governing the Foreign Board of Trade in its home country (country of registration)

With respect to each relevant regulatory regime or authority governing the foreign board of trade, attach, as Exhibit F, the following (including, where appropriate, an indication as to whether the applicable regulatory regime is dependent on the home country's classification of the product being traded on the Foreign Board of Trade as a future, option, swap, or otherwise, and a description of any difference between the applicable regulatory regime for each product classification type):

Exhibit F(1)

A description of the regulatory regime/authority's structure, resources, staff, and scope of authority; the regulatory regime/authority's authorizing statutes, including the source of its authority to supervise the foreign board of trade; the rules and policy statements issued by the regulator with respect to the authorization and continuing oversight of markets, electronic trading systems, and clearing organizations; and the financial protections afforded customer funds.

The Bank of Russia is a specially-authorized public and legal institution (authority) with the purpose to protect and ensure sustainability of the ruble, develop and improve the Russia's bank system, ensure stability and development of the national payment system and financial market.

The Bank of Russia's status, purposes, functions and powers are stipulated in the Constitution of the Russian Federation and the following Federal Laws:

- "On the Central Bank of the Russian Federation (the Bank of Russia)"
- "On Banks and Banking Activity"
- "On Securities Market"
- "On Organized Trading"
- "On Clearing, Clearing Activity and Central Counterparty"
- "On Central Depository"
- "On protection of rights and legitimate interests of Investors on the Securities Market"
- "On Investment Funds"
- "On Non-State Pension Funds"
- "On the prevention of Money Laundering and Terrorism Financing"
- "On combating unlawful use of Insider Information and Market Manipulation"
- "On Joint-Stock Companies."

Overview of the system of regulation of the securities market and derivatives market

Large-scale reformations have taken place regarding the regulation of financial markets in the Russian Federation over the last 3 (three) years. Namely, among other things, the Federal Service for Insurance Supervision was integrated with the Federal Financial Markets Service ("FFMS") with transfer of functions of regulation of the insurance market to the FFMS⁴⁸. Additionally, the Government of the Russian Federation was commissioned to allocate functions of normative legal regulation in the sphere of the Russian financial market between the Ministry of Finance of the Russian Federation and FFMS.

In the wake of the recession, regulatory principles were reviewed with the intent of ensuring that regulatory systems and market infrastructure are able to react in an appropriate manner under testing conditions of uncertainty in the world and Russian market environment. Lawmakers had begun discussing the creation of a single financial regulatory authority in Russia as early as in the first half of 2000s, and this was completed in 2013 when the FFMS began the process of being integrated into the Bank of Russia.

The FFMS was abolished on 1 September 2013 by executive order No.645 of the President of the Russian Federation dated 25 July 2013. The FFMS's powers to regulate, control and supervise the financial markets were transferred to the Bank of Russia as from 1 September 2013 (the Federal Law of July 23, 2013 No.251-FZ "On introducing some amendments to certain legislative acts of the Russian Federation in relation to the transfer of the powers to regulate, control and supervise the Financial Markets to the Central Bank of the Russian Federation").

The Bank of Russia Financial Markets Service (the "FMS") was established on 1 September 2013 to perform the Bank of Russia's functions of the financial markets regulation, control and supervision. The FMS was a part of the Bank of Russia established by a decision of the Board of Directors of the Bank of

⁴⁸ Decree of the President of the Russian Federation of March 4, 2011 No. 270 On Measures of Improvement of the State Regulation in the Sphere of Financial Market of the Russian Federation

Russia following the integration of the Federal Financial Markets Service (FFMS) and the Bank of Russia.

Since March 3, 2014 the FMS was abolished and its powers were transferred to newly established departments of the Bank of Russia, thereby marking the end of separate regulation of different financial markets sectors.

I. The Bank of Russia

a. Structure, resources, staff, and scope of authority

The Bank of Russia is a specific public and legal institution (authority) with the purpose to protect and ensure sustainability of the ruble, develop and improve the Russia's bank system, ensure stability and development of the national payment system and financial market.

The status, purposes, functions and powers of the Central Bank of the Russian Federation (the Bank of Russia) are stipulated by the Constitution of the Russian Federation (Article 75, 83, 103), Federal Law of 10 June 2002 No. 86-FZ "On the Central Bank of the Russian Federation (the Bank of Russia)", Federal Law of 2 December 1990 No. 395-1-FZ "Banks and Banking Act," Federal law of No.39-FZ and other federal laws.

In accordance with the Article 4 of the Federal Law No.86-FZ the Bank of Russia exercises the following functions:

- it elaborates and pursues in collaboration with the Government of the Russian Federation a single state monetary policy;
- it elaborates and pursues in collaboration with the Government of the Russian Federation the policy of developing and ensuring the stable functioning of the financial market of the Russian Federation;
- it is the sole issuer of cash money and organizer of cash turnover;
- it approves the graphic representation of the ruble as a sign;
- it is the last-resort creditor for credit institutions and it organizes the system to refinance them;
- it sets the rules to effect settlements in the Russian Federation;
- it exercises supervision and oversight function over the national payment system;
- it sets the rules to conduct banking operations;
- it manages the budget accounts of all levels of the budget system of the Russian Federation, unless federal laws stipulate otherwise, by effecting settlements on behalf of the authorized bodies of executive power and state extra-budgetary funds entrusted with the task of organizing the execution of and executing the budgets;
- it efficiently manages the international reserves of the Bank of Russia;
- it adopts decisions on the state registration of credit institutions, issues licenses to credit institutions to conduct banking operations and suspends and revokes them;
- it adopts decisions on the state registration of non-governmental pension funds;
- it exercises supervision over the activities of credit institutions and banking groups;
- it exercises regulation, control and supervision over the activities of non-credit financial institutions in compliance with federal laws;
- it registers equity securities issues, securities prospectuses and reports on the results of the issuance of equity securities;
- it exercises control and supervision over the observance by issuers of the requirements of the Russian Federation legislation on joint-stock companies and securities;
- it exercises regulation, control and supervision in the area of corporate relations in joint-stock companies;
- it conducts on its own behalf or on behalf of the Government of the Russian Federation all kinds of banking operations and other transactions necessary for the execution by the Bank of Russia of its functions;
- it organizes and exercise foreign exchange regulation and foreign exchange control in compliance with the legislation of the Russian Federation;
- it establishes the procedure for effecting settlements with international organizations, foreign states and also with legal entities and private individuals;
- it approves sectoral accounting standards for credit institutions, the Bank of Russia and non-credit financial institutions, a chart of accounts for the accounting of credit institutions and the procedure for its application, a chart of accounts for the Bank of Russia and the procedure for its application;
- it sets and publishes the official rates of foreign currencies against the ruble;
- it participates in making a forecast of the Russian Federation balance of payments and organizes the compilation of the Russian Federation balance of payments;

- it participates in developing a methodology of the compilation of the Russian Federation financial account in the system of national accounts and organizes the compilation of the Russian Federation financial account;
- it compiles official statistical data on direct investment in the Russian Federation and direct investment of the Russian Federation abroad in compliance with the Russian Federation legislation;
- it develops on its own a statistical methodology of direct investment in the Russian Federation and direct investment of the Russian Federation abroad and a list of respondents, approves the procedure for them to provide primary statistical data on direct investment, including the forms of federal statistical observation;
- it analyses and forecasts the state of the Russian Federation economy and publishes the corresponding materials and statistical data;
- it effects the Bank of Russia payments on household deposits with bankrupt banks not covered by the mandatory deposit insurance system in the cases stipulated and according to the procedure established by the federal law;
- it is the depository of the IMF ruble-denominated funds and it conducts operations and transactions stipulated by the IMF Articles of Agreement and the agreements concluded with the IMF;
- it exercises control over the observance of the requirements of the Russian Federation legislation on combating unlawful use of insider information and market manipulation;
- it protects the rights and legitimate interests of shareholders and investors on financial markets, insurance policyholders, insured persons and beneficiaries acknowledged as such pursuant to insurance legislation, and also insured persons under compulsory pension insurance, non-governmental pension fund depositors and participants under non-governmental pension provision schemes;
- it exercises other functions in compliance with federal laws.

General functions and powers performed by the Bank of Russia on financial markets are set forth in the Federal Law No.39-FZ "On Securities Market" and include the following:

- elaborating main areas of the financial market development together with the Government of the Russian Federation;
- approving standards for securities issue, prospects, issue-grade securities state registration (primary and further issues), state registration of the issue reports and securities prospects;
- elaborating and approving standard requirements for the rules of professional activities on financial market;
- setting out mandatory requirements for operations in securities; criteria for securities to be admitted to public placement, trading, quotation and listing; settlement and depository activities; rules of record-keeping and reporting (except for accounting and accounting reports) by issuers and professional participants of financial market;
- setting out mandatory requirements for keeping the register;
- setting procedures for licensing different professional activities on financial market and execution thereof such as suspending and revocation of said licenses;
- setting procedures for issuing permissions on acquiring the status of self-regulated organization of a professional participants of financial market and execution such as keeping the register of said organizations and revocation of said permissions;
- setting the standards of business conduct for investment, non-government pension and insurance funds and their assets management companies, and insurance companies;
- monitoring compliance of issuers, professional participants of financial market, their self-regulated organizations with Russia's financial market legislation;
- monitoring operations in cash and other assets made by professional participants of financial market in order to combat legalization (laundering) of criminally gained incomes;
- ensuring disclosure of information on registered securities issues, professional participants of financial market and financial market regulatory framework;
- establishing the publicly available system of information disclosure on the financial market;
- setting qualification requirements for employees of professional participants of financial market; requirements for their expertise; establishing the qualification exams programs;
- elaborating draft regulatory acts related to the financial market, licensing its professional participants, their self-regulated organizations; monitoring of compliance with legislative and regulatory acts on financial instruments;
- elaborating recommendations on use of the Russia's legislation governing relationships on the securities market;
- setting the procedures for keeping the register of the professional participants on financial market;

- establishing and determining the procedure for admitting securities of issuers registered in the Russian Federation to initial placement and trading abroad;
- applying to an arbitration court for liquidating a legal entity that violated the securities law and for imposing lawful sanctions to such entity;
- monitoring the correspondence between the securities issue volume and securities free-float;
- establishing the procedure for keeping the register of issue-grade securities and execution thereof; and
- certain other functions.

The Bank of Russia's main powers in the area of organized trading are set forth in the Federal Law No.325-FZ "On Organized Trading". They include, in particular, the following items:

- regulating organized trading including adoption of regulatory acts on this matter;
- conducting the unified state policy in the area of organized trading;
- setting standards for the organized trading procedure;
- exchanging any confidential information with a relevant authority (organization) of a foreign country on the basis of an agreement with such authority (organization);
- establishing procedures for keeping the register of trading participants and their clients, order register and register of contracts executed during the organized trading;
- determining specifics of organized trading in securities and derivatives contracts intended for qualified investors; determining procedures and timeframes for the organizer of trading to announce data on such securities and contracts in such securities (data on such derivatives);
- registering organized trading rules and other documents of the organizer of trading including specifications of contracts that must be registered and any amendments thereto;
- licensing exchanges and trading systems;
- revocation of exchange and trading system licenses;
- setting restrictions for commodities eligible for organized derivatives trading and requirements for commodities to be admitted to organized trading;
- setting standards for content of derivatives contracts specifications;
- defining circumstances under which the organizer of trading must calculate prices, indices and other indicators, as well as procedure and time for such calculation; defining cases in which methodologies for calculating prices, indices and other indicators calculated by the organizer of trading must be registered;
- determining requirements for the procedure and time of calculation of organizer of trading own assets as well as setting other standards to decrease risk associated with running the organized trading;
- setting standards for internal audit of organizers of trading;
- defining rules, content, procedure and time for disclosing (providing) information by organizers of trading;
- setting extent, procedure, time and forms of reports, notices and communications to be submitted by organizers of trading and persons that exercise, directly or indirectly, five or more per cent of organizer of trading ordinary shares (interest), to the Bank of Russia.
- setting standards for storing and protecting information and documents related to running the organized trading as well as for a retention period thereof;
- determining the qualification exams program to assess individuals whose work activities related to running the organized trading;
- cancelling a qualification certificate if the certified person committed repeated or gross violation of prescribed requirements;
- imposing eligibility and expertise requirements for employees of organizers of trading;
- giving a preliminary approval to electing (appointing) employees of organizers of trading (sole executive body, controller, chief risk officer);
- monitoring compliance of organizers of trading with the Russia's legislation;
- conducting an audit of organizers of trading;
- taking measures stipulated in the federal laws to prevent, identify and suppress violations of any federal laws and regulatory acts adopted pursuant to such laws;
- filing a claim to a court to liquidate a legal entity operating without relevant licenses obtained and in other cases;
- exchanging personal data with a relevant authority (organization) of a foreign country on the basis of a relevant agreement with such authority (organization); and
- certain other functions.

The Bank of Russia's structure

The Bank of Russia's organization is a unified vertical management system. It comprises the head office, territorial agencies, cash settlement centers, computing centers, field institutions, educational institutions, Russian Encashment Association and other entities supporting the Bank of Russia's operation.

The head office of the Bank of Russia includes the following main divisions, sub-divisions and departments:

- Secretariat of the Bank of Russia Governor
- Bank of Russia Executive Office
- General Economic Department
- Statistics Department
- Research and Forecasting Department
- Cash Circulation Department
- National Payment System Department
- Accounting and Reporting Department
- Credit Institutions Licensing and Financial Rehabilitation Department
- Central Catalogue of Credit Histories*
- Banking Supervision Department
- Banking Regulation Department
- Systematically Important Banks Supervision Department
- Bank of Russia Chief Inspection
- Market Operations Department
- Market Services Department
- Financial Stability Department
- Financial Monitoring and Foreign Exchange Control Department
- Monetary Policy Department
- Financial Market Development Department
- Financial Market Access Department
- Insurance Market Department
- Collective Investment and Trust Management Department
- Securities Market and Commodity Market Department
- Main Office of Microfinance Market and Financial Inclusion Methodology
- Non-bank Financial Institutions' Statements Collection and Processing Department
- Main Office for Countering Malpractice in the Open Market
- Service for Protection of Financial Services Consumers and Minority Shareholders
- Legal Department
- Field Institutions Department
- Information Technology Department
- Human Resources and Personnel Management Department
- Financial Department
- Internal Auditing Department
- International Cooperation and Public Communications Department
- Bank of Russia Press Service
- Administrative Department
- Procurement Examination, Methodology and Control Department of the Bank of Russia
- Main Office of the Bank of Russia Real Estate
- Main Office of Security and Information Protection

The Financial Market Development Department is responsible for regulation and qualification of instruments/transactions on the Derivatives Market, while the Main Office for Countering Malpractice in the Open Market is responsible for oversight for those operations, which take place on the OTC market.

b. Source and scope of authority

The Bank of Russia's status, purposes, functions and powers are stipulated in the Constitution of the Russian Federation, the Federal Laws "On the Central Bank of the Russian Federation (the Bank of Russia)", "On Banks and Banking Activity", "On Securities Market", "On Organized Trading", "On Clearing, Clearing Activity and Central Counterparty", "On Central Depository", "On protection of rights and legitimate interests of Investors on the Securities Market", "On Investment Funds", "On Non-State Pension Funds", "On the prevention of Money laundering and Terrorism Financing", and "On combating unlawful use of Insider Information and Market Manipulation", "On Joint-Stock Companies", "On features of implementation of financial operations with Foreign Citizens and Legal Entities".

c. Relevant rules and policy statements

As mentioned above the FMS, a structural unit with the Bank of Russia to which the authority of the FFMS was transferred, was abolished and its powers were transferred to the newly established departments of the Bank of Russia as of March 3, 2014. The Bank of Russia has issued the following key acts since it received the powers to regulate, control and supervise the financial market:

- 05.03.2014 – Order of the Bank of Russia No.R-151 “On the List of Officials of the Bank of Russia, authorized to consider cases on administrative offenses”
- 12.04.2014 – Order of the Bank of Russia No.R-301 “On distribution of duties on control and supervision of legislation observance in the sphere of professional activity on Securities Market (including Central Depository’s activity), activity for carrying out the Organized Trading, Clearing Activity (including Central Counterparty’s activity) in the Bank of Russia”
- 07.07.2014 – Indication of the Bank of Russia No.3311-U “On notification procedure of the Bank of Russia the organizations of the Financial Market about registration facts in Foreign Tax Authority”
- 07.07.2014 – Indication of the Bank of Russia No.3312-U “On features of interaction of the Financial Market organizations for cancellation of the financial services contracts, and also concerning closing of bank accounts on the bases following from features of the legislation of the Foreign State on taxation of foreign accounts”
- 21.07.2014 – Indication of the Bank of Russia No.3329-U “On requirements to own means of professional participants of financial market and asset management companies of investment funds, mutual investment funds and non-state pension funds”
- 25.07.2014 – Indication of the Bank of Russia No.3341-U “On recognition of the infrastructure organizations of the Financial Market systemically significant”
- 17.10.2014 – Regulations of the Bank of Russia No.437-P “On the organized trading activity”
- 15.01.2015 – Indication of the Bank of Russia No.3533-U “On timing and procedure of preparation and submission of statements by professional participants of financial market to the Bank of Russia”
- 15.04.2015 – Indication of the Bank of Russia No.3624-U “On requirements to risk and capital management system of the credit organization and banking group”
- 27.07.2015 – Regulations of the Bank of Russia No.481-P “On licensing requirements and implementation of the conditions of professional activity on the securities market, restrictions on combining certain types of professional activities on the securities market”
- 10.08.2015 – Instruction of the Bank of Russia No.167-I “On the procedure of audit for compliance the Federal Law “On combating unlawful use of Insider Information and Market Manipulation” conducted by the Bank of Russia”
- 02.09.2015 – Regulations of the Bank of Russia No.486-P “On the Chart of Accounts in non-credit financial institutions and its implementing”

[Exhibit F\(2\)](#) to FBOT Form describes that MOEX obtained the exchange license on August 29, 2013 by meeting the standards set forth in the Federal Law No.325-FZ “On Organized Trading”. The following license conditions are required to be complied by the Exchange:

- organizational form requirements to the Exchange as a legal entity⁴⁹;
- corporate structure requirements: one or several separate departments⁵⁰ should be formed by the Exchange in case of combination of the specified Exchange’s activity with other kinds of activity;
- financial requirements to the Exchange’s own capital (RUB 100 mln.⁵¹);

49 The “legal entity” here means a “business company”. According to Part 1 Article 5 of the Federal Law № 325-FZ, only a business company created in accordance with the legislation of the Russian Federation can be a trade organizer. According to the Article 48 of the Civil Code of the Russian Federation, the legal entity (including business company) shall be recognized as an organization, which owns, manages, and operates its own property and is responsible for its obligations with this property and may on its own behalf acquire and exercise the property, and the personal non-property rights, to discharge duties and to come out as a plaintiff or a defendant in court. Thus, this license requirement means that the Exchange must be an organization, established in accordance with the Russian legislation, and not an individual. According to Part 2 Article 9 of the Federal Law № 325-FZ, the Exchange must be created in the form of a joint-stock company. Due to this requirement, the Moscow Exchange is a legal entity created in the form of a public joint-stock company. The features of the joint-stock company creation process are contained in Article 98 of the Civil Code of the Russian Federation and in the Federal Law No. 208-FZ (“On joint-stock companies”).

50 This requirement is stipulated by part 2 Article 26 and elaborated in parts 5 and 6 Article 5 of the Federal Law No.325-FZ. For more information, see – Appendix 25 to FBOT Form (Federal Law No.325-FZ “On Organized Trading”).

51 It is equal to USD 1,6 mln. as of USD/RUB rate settled by the Bank of Russia on September 30, 2016. It refers to the Exchange’s proprietary funds requirement. This requirement is established by part 1 Article 8 of the Federal Law № 325-FZ. There is no special license for organizing trade with derivatives only, or with commodities only, or with securities only, etc. In other words, a company that is granted a license as a trade organizer may organize trading in any market sector if the ability to trade in a sector is technically implemented by the organizer in its trading system. Thus, capital requirements applicable to MOEX in general, are applicable in terms of its trading with derivatives as well

- stakeholders requirement to the persons having the right directly or indirectly (through persons under control to them) it is independent or together with other related persons to dispose of 5 (five) and more percent of votes, falling on the voting shares making authorized capital of the competitor of the license (licensee)⁵²;
- managing bodies requirements to the person who carries out functions of sole executive body, board members (supervisory board), members of collegial executive body, the head of internal control (controller), the chief accountant or other certain official of the organizer of trading⁵³;
- registered documents requirements to the Trading Rules and another internal documents of the Exchange;
- internal control requirements. These requirements are referring to internal risk controls. In accordance with subparagraphs 7-9 paragraph 2 Article 26 of the Federal Law № 325-FZ, the requirements and conditions for the purposes of granting the license are the following:
 - to the arranging of monitoring of the organized trading procedure and control over the traders and other entities in accordance with the requirements of the federal laws and regulations enacted in accordance with such laws;
 - to the arranging of the internal control;
 - to the document (documents) stipulating the measures intended to mitigate risks of the organized trading activity.

In accordance with paragraph 1 Article 14 of the Federal Law № 325-FZ, the Exchange shall organize and carry out the internal control.

Apart from that, in accordance with paragraph 7 Article 5 of the Federal Law № 325-FZ, the Exchange shall monitor:

- if the traders comply with the requirements specified in the organized trading rules and if the traders or other entities observe such rules;
- if the commodities, securities and their issuers (obligors) admitted to the organized trading comply with the requirements established by the organized trading rules;
- if the issuer or other entities respect the terms of agreements on the basis of which the securities were admitted to the organized trading;
- if the operations performed on the organized trading market in cases stipulated by the applicable federal laws and regulations of the Bank of Russia enacted in accordance with such laws which includes operations in order to prevent, discover and stop unauthorized use of insider information and (or) market manipulations.

Additionally, there is a requirement to register in the Internal Control Procedures (the MOEX's internal

52 Requirements to the Exchange's founders (stakeholders), viz. to the entities entitled to exercise 5 and more percent of the votes attached to the voting shares (interest) which are part of the authorized capital of the licensee, are established by subparagraph 5 paragraph 2 Article 26 of Federal Law № 325-FZ. These requirements are specified in Article 7 of Federal Law № 325-FZ and provide that such entities, in particular, cannot be a legal entity registered within an offshore zone, a legal entity whose license to perform a corresponding type of financial organization activity was cancelled (revoked) due to a committed violation, a natural person who:

- have performed the functions of the one-man executive body, who have been on a collegiate executive body or have performed the functions of head of the internal supervision service (supervisor) of financial organizations at a time when such organizations have committed violations for which their licenses to engage in corresponding types of activities were revoked (withdrawn), or breaches for which the said licenses were suspended and the said licenses have been revoked (withdrawn) owing to failure to eliminate such breaches if less than three years have passed since such license revocation date or if with respect to the said persons there are effective judicial decisions which establish facts of illegal actions perpetrated by the said persons in case of bankruptcy, premeditated and/or fraudulent bankruptcy;
- are still affected by a term of administrative punishment in the form of disqualification;
- convicted for economic crimes or crimes against state power;
- carrying a cancelled certificate of competence issued by the federal executive body in the area of financial markets if less than three years have passed since such cancellation.

For more details, please, see Appendix 25 to the FBOT Form – the Federal Law No.325-FZ On organized trading.

53 Requirements to Executive Bodies and to the Exchange's staff are established by subparagraph 4 paragraph 2 Article 26 of Federal Law № 325-FZ. These requirements are specified in Article 6 of Federal Law № 325-FZ and provide that, for example:

- sole executive body, chief accountant, head of internal control, head of risk management and other management staff of the Exchange must have a higher education;
- the persons mentioned above must meet the standards of professional experience and competency requirements established by the Bank of Russia, in particular the requirement to have a certificate of competence in the area of activity in the performance of organized trading;
- person performing the functions of the sole executive body cannot be head of the internal control;
- the Exchange must have a board of directors (supervisory board), which area of competence shall include approval of the organized trading rules, of the size of service fee, of documents defining the internal supervision setup and procedures and measures aimed at reducing risks of the organizer of trading, handling of other matters, which according to this Federal Law is within the powers of the board of directors (supervisory board) of the organizer of trading;
- the Exchange must have a collegial executive body.

For more details, please, see Appendix 25 to the FBOT Form – the Federal Law No.325-FZ On organized trading.

document) established by Part 1 Article 27 of the Federal Law № 325-FZ. Requirements pertaining to the Exchange's activity regarding internal control are established by the Order of the FFMS 13-53/pz-n.

For more information, please, see Exhibit G of the FBOT Form.

Other licenses of the exchange (the stock exchange, the organizer of trading, commodities exchange and currency exchange licenses) ceased to be in force on January 1, 2014 according to the provisions of the Federal Law No.325-FZ.

MOEX is now required to have only one license as an exchange (replacing several old ones) issued by the Federal Financial Markets Service on August 29, 2013. This new license is given in [Clause II of the Exhibit A\(7\)](#) to FBOT Form. See also [Appendix 11](#) to FBOT Form (License of the Exchange).

d. Protections afforded to customer funds

See [Exhibit E\(3\)\(7\)](#) to Supplement S-1 to FBOT Form and [Exhibit F\(3\)\(2\)](#) to FBOT Form.

II. Other governmental authorities

In addition to the Bank of Russia a number of functions connected with regulation and oversight over financial markets are performed by other governmental authorities, but only the Bank of Russia has direct involvement/oversight over MOEX Derivatives Market.

1. **The Ministry of Finance of Russia** is the federal executive body. The Ministry of Finance of Russia performs functions of state policy and normative legal regulation in the sphere of budgetary, tax, insurance, currency, banking operations, state debt, circulation of precious metals and precious stones, formation and investment of funds for financing of the funded part of labor pension, state regulation of activities of the non-state pension funds, asset management companies, specialized depositaries and actuaries on non-state pension coverage, mandatory pension insurance and professional pension insurance. Russia's Ministry of Finance elaborates main areas of the financial market development in collaboration with the Bank of Russia.
2. **The Ministry of Economic Development of the Russian Federation** (the "MED") is the federal executive body responsible for development of the state policy and normative legal regulation in the following spheres:
 - analysis and forecasting of social and economic development,
 - development of entrepreneurial activities, including medium business and small business;
 - property relations,
 - insolvency (bankruptcy) and financial rehabilitation,
 - valuation activities,
 - investment activities and state investments,
 - formation of interstate and federal special-purpose programs (long-term purpose-oriented programs), departmental special-purpose programs, development and implementation of programs of economic and social development of the Russian Federation,
 - creation and operation of special economic zones in the territory of the Russian Federation, management of the state material reserve,
 - placement of orders for delivery of goods, performance of works, rendering of services for the state and municipal needs.

The MED is one of the governmental authorities participating in development and discussion of all regulatory legal acts connected with development of the financial market. At the present time the The MED is one of the key authorities in discussion of issues of the pension system development, as well as of issues of improvement of corporate governance in Russian issuers.

The MED is governed by the Constitution of the Russian Federation, federal constitutional laws, federal laws, acts of the President of the Russian Federation and Government of the Russian Federation, and international treaties of the Russian Federation. The fundamental document governing the operation of the MED is the Regulations for the Ministry of Economic Development of the Russian Federation approved by the Government of the Russian Federation.

3. **The Federal Anti-Monopoly Service** (the "FAS") implements the anti-monopoly legislation and legislation on advertisement by the participants of the financial markets. In addition, the FAS has control over performance of foreign investments in business entities of strategic importance for assurance of national defense and national security. The FAS is a federal executive body and is therefore controlled by the Government of the Russian Federation.

4. **The Federal Service for Financial Monitoring** (the “FSFM”) performs several functions, including:
- counteracting of money laundering related to the proceeds from crime and the financing of terrorism,
 - developing the state policy and normative legal regulation regarding money laundering,
 - coordinating with other federal executive bodies, as well as the national center of assessment of threat to national security resulting from money laundering and the distribution of weapons of mass destruction,
 - developing measures for combating these threats according to clause 1 of the Regulations for the Federal Service for Financial Monitoring approved by the Decree of the President of the Russian Federation.

One of the most important objectives assigned to the FSFM was improvement of the image of Russia in the international community. Due to the efforts of the FSFM in June, 2003, Russia became the member of Financial Action Task Force on Money Laundering (FATF). The FSFM is controlled by the President of the Russian Federation.

5. The **Ministry of Health Care and Social Development of the Russian Federation** performs state regulation of activities of non-state pension funds on non-state pension coverage, mandatory pension insurance and professional pension insurance in the part of legal relations between the non-state pension fund and participants of the non-state pension fund, insured persons and their legal successors, as well as in the part of legal relations, the subject of which is the Pension Fund of the Russian Federation.

Exhibit F(2)

Description of laws, rules, provisions and accepted standards being in effect in the following areas:

(1) The authorization, licensure or registration of the Foreign Board of Trade.

MOEX operates on the basis of the exchange license gained in accordance with standards set forth in the Federal Law No.325-FZ "On Organized Trading". That license provides for *inter alia* a permission to run trading in derivatives in the Russian Federation. As per the Federal Law No.325-FZ, the organizer of trading is a legal entity providing services on running organized trading at the commodities and/or financial markets on the basis of an exchange license or a trading system license. This definition and the available exchange license implies that current regulatory framework does not impose the requirement to obtain a stock market license and an organizer of trading license stipulated in the Federal Law No.39-FZ "On Securities Market" as well as a license for organizing trading in commodities in the territory of the Russian Federation which is stipulated in the Law No.2382-1 "On Mercantile Exchanges".

Due to a new procedure for licensing exchanges that was set forth in the Federal Law 325-FZ, the regulator (the Bank of Russia) unified the existing licenses (the stock exchange, organizer of trading, commodities exchange and currency exchange licenses) prior to January 1, 2014. The unification implies that one license is issued (the exchange license as per the Federal Law No.325-FZ "On Organized Trading") to replace all those mentioned above.

MOEX obtained the exchange license on August 29, 2013 by meeting the standards set forth in the Federal Law "On Organized Trading". Other licenses of the exchange (the stock exchange, organizer of trading, commodities exchange and currency exchange licenses) ceased to be in force on January 1, 2014 according to the provisions of the Federal Law No.325-FZ mentioned above.

As aforementioned in [Part I\(c\) of Exhibit F\(1\)](#) to FBOT Form, license requirements and issue conditions for the exchange license prescribed in the Federal Law No.325-FZ "On Organized Trading" and regulatory acts adopted pursuant to this Federal Law. Besides, this Federal Law establishes requirements to documents, which an applicant has to submit.

To obtain this license, the applicant must furnish the Bank of Russia with the following documents:

- license application;
- questionnaire;
- a document on a registration of the applicant in the Unified State Register of Legal Entities;
- copies of applicant's constitutive documents;
- a copy of the document of registration with the tax authority;
- copies of documents proving that the following persons were elected (appointed): company's sole executive body, members of the Supervisory Board and the collegial executive body, controller, chief accountant, director of the company's division responsible for organizing of trading, and chief risk officer);
- a document containing information about the entities above and copies of the documents certifying the compliance with the requirements to such entities stated in the Federal Law No.325-FZ;
- a document containing information on a person eligible to manage 5 and more per cent of votes represented by shares (interest) carrying voting rights and comprising the share capital of the organizer of trading;
- Rules of Organized Trading, document prescribing organization principles and procedure of internal audit and document prescribing measures to reduce risks associated with organization of trading;
- a document containing calculation of own assets;
- a document prescribing the procedure for storing and protecting information related to running organized trading;
- list of steps to be undertaken to prevent a conflict of interests while running organized trading;
- a copy of the balance sheet as of the last reporting date;
- records on borrowed funds and accounts receivable as of the last reporting date;
- a copy of the profit and loss statement as of the last reporting date;
- certificate on the financial investment structure;
- a copy of the audit opinion on a reliability of financial (accounting) reports for the last year;
- copies of documents proving the state registration of all share issues and the last report on the share issue results if the applicant is a joint stock company;
- a document proving the payment of state duty for provision of the license;
- other documents prescribed by the Law.

The Bank of Russia decides on whether to issue the license or deny the application within two months after receiving all required documents.

The Federal Law No.325-FZ specifies 2 types of trade organizer licenses: the Exchange and the Trading System licenses. Currently, 8 companies operate in the Russian Federation on the basis of license of Exchange granted by the Bank of Russia:

1. MOEX (securities, currencies, commodities, derivatives)
2. Saint-Petersburg Exchange (securities)
3. Saint-Petersburg International Mercantile Exchange (cash-settled futures on commodities indices, deliverable futures on commodities)
4. Saint-Petersburg Currency Exchange (currencies, securities)
5. Exchange "Saint-Petersburg" (spot commodities)
6. Moscow Energy Exchange (cash-settled futures of electric power price indices)
7. National Mercantile Exchange (spot commodities)
8. Crimean Exchange (spot commodities).

There is no special license for trade organizer that only offers derivatives, or commodities, or securities, etc. In other words, the company that was granted a license of trade organizer is able to organize trading in any financial sector if the ability to trade in the sector is technically implemented by such organizer in its trading system. Thus, any of the Exchanges mentioned above is eligible to organize derivatives trading under condition of technical readiness. At the moment, MOEX does not have any significant competitors in the Russian derivatives market. Three out of eight of abovementioned exchanges are in MOEX Group (## 1, 6, 7). The Saint-Petersburg International Mercantile Exchange (#3) organizes trading by futures on commodities and commodities, i.e. covers the other segment of underlying assets. The remaining exchanges (## 2, 4, 5, 8) do not provide derivatives trading at all.

Applicants for obtaining the exchange license may be denied due to the following reasons:

- submitted documents contain incomplete or unreliable information;
- submitted documents that fail to meet requirements set forth by the Federal Law No.325-FZ and regulatory acts adopted on the basis of this Federal Law by the Bank of Russia;
- the Applicant has failed to provide information requested by the Bank of Russia to affirm applicant's compliance with the licensing requirements;
- the Applicant fails to comply with the licensing requirements and conditions⁵⁴.

All the licensing requirements and the conditions for issuing a license are set in Article 26 of Federal Law № 325-FZ. The contents of such requirements and conditions are elaborated in:

- the Federal Law № 325-FZ "On Organized Trading";
- requirements to the composition of trade organizers' own funds, as well as requirements to the procedures and timelines of their calculation as set by the Order of the FFMS of Russia № 13-30/pz-n of July 16th, 2013;
- requirements to the activities of trade organizers as regards the arrangement of risk management and internal control procedures, as well as to other internal documents of trade organizer, as set by the Order of the FFMS of Russia № 13-53/pz-n of June 25th, 2013;
- fit and proper requirements, as set in Part 2 Article 6 of the Federal Law № 7-FZ of February 7th, 2011 ("On Clearing, Clearing Activity and Central Counterparty"), Part 2 Article 6 of Federal Law № 325-FZ, Order of the FFMS of Russia № 12-84/pz-n of October 4th, 2012, Regulation of the Bank of Russia № 437-P of October 17th, 2014

To sum up, licensing requirements and the conditions for issuing a license to an exchange contain the list of regulatory requirements and do not subdivide as for requirements and conditions. The documents submitted by the exchange license applicant should prove that this applicant matches all the licensing requirements and conditions of issuing a license to an exchange.

⁵⁴ Item 2 implies the requirements to the form and manner of formalization (e.g., some part of the documents should be notarized; application should be signed by the sole executive body of the Applicant etc.). Items 4 implies that an Applicant complies with licensing requirements in general (e.g., complies with financial requirements, staff requirements etc.)

(2) The regulatory regime/authority's program for the ongoing supervision and oversight of the Foreign Board of Trade and the enforcement of its trading rules.

Powers to regulate, control and supervise the financial markets were transferred from the Federal Financial Markets Service (FFMS) to the Bank of Russia under the recent amendments to the Russian legislation (the Federal Law No.251-FZ was adopted). MOEX is to be controlled and overseen with respect to fulfillment of the following requirements:

- license requirements and conditions in the performance of the respective activities⁵⁵.
In accordance with the provisions of subparagraphs 2 and 8 paragraph 1 Article 28 of the Federal Law № 325-FZ, the Bank of Russia may revoke the license
 - if the trade organizer failed to perform the regulations of the Bank of Russia on suspension or termination of holding the organized trading;
 - if the trade organizer has terminated management of its current activity (in case of making a decision to suspend or early terminate the authorities of the sole executive body without simultaneous making a decision to establish a temporary sole executive body or a new sole executive body or in case of absence of an entity acting as a sole executive body for more than one month if the authorities of such body were not conferred on any other entity which meets the requirements to an entity acting as a sole executive body).

The Exchange's license may be cancelled (revoked) by the Bank of Russia on the grounds listed in Article 28 of the Federal Law № 325-FZ. For more information, see – Appendix 25 to FBOT Form (Federal Law "On Organized Trading").

- observance of legislation of the Russian Federation on securities, on joint stock companies, on protection of rights and legitimate interests of investors on the securities market, on counteracting the legitimization (money laundering) of the proceeds of crime and terrorism financing, on commodities exchanges, on insider dealing and market manipulation;
- disclosure of information on operation of the organization. According to part 2 of article 22 of the Federal Law No.325-FZ the organizer of trading should to provide disclosure of the following information and documents:
 - ✓ the constituent documents;
 - ✓ Rules of the Organized Trading;
 - ✓ regulations on exchange council (council of section);
 - ✓ annual reports of the Exchange with the appendix of audit reports concerning annual accounting (financial) reports containing in annual reports;
 - ✓ the cost of rendering services of the Exchange (i.e. fees that customers pay to the exchange for its services);
 - ✓ time of carrying out the organized trading (according to rules of the organized trading);
 - ✓ decisions of the exchange's council (council of section);
 - ✓ other information which disclosure is provided by the legislation.

Information reveals to all interested persons. According to part 3 of article 22 of the Federal Law No.325-FZ Information and documents, which are provided by part 2 of article 22, reveal the Exchange by placement on its site in information and telecommunication networks (including in the Internet network). Information must be reported to the Bank of Russia if there are any changes.;

- presentation of the reporting of the organization⁵⁶;
- proprietary funds and other specified indicators; and
- compliance of the employees of the organization with qualifying requirements; for compliance of the employees of the organization responsible for observance of the rules of internal control and programs of its exercise for the purposes of counteracting the legitimization (money laundering) of the proceeds of crime and the financing of terrorism, qualifying requirements established by the legislation of the Russian Federation.

(3) The financial resource requirements applicable to the authorization, licensure or registration of the Foreign Board of Trade and the continued operations thereof

The minimum ratio of sufficiency of proprietary funds is established for obtaining of the exchange license in the amount of RUB 100 mln. (≈ USD 1.6 mln.)⁵⁷. There is no specific regulation by the Bank of Russia

⁵⁵ The license requirements and conditions are applied on an ongoing basis. According to point 6 of part 1 of article 28 of the Federal law 325-FZ license can be cancelled by the Bank of Russia in case of violation by the organizer of trade of the requirements established by the legislation repeatedly within one year.

⁵⁶ According to point 15 of part 1 of article 25 of the Federal Law No. 325-FZ the Bank of Russia establishes the volume, order, terms and representation forms, including representation in an electronic form with an electronic signature, in the Bank of Russia of reports, notices and messages organizers of trade.

⁵⁷ According to part 2 of article 8 of the Federal law 325-FZ organizer of trading has to observe liquidity standards, standards of sufficiency of proprietary funds, which are established by the Bank of Russia. This is a license requirement that applied on an ongoing basis. As of USD/RUB rate settled by the Bank of Russia on September 30, 2016.

related to liquidity standards for trade organizers, however, under the Article 4.2 of the Regulations on disclosure of information by the issuers of issuable securities (approved by the Regulation of the Bank of Russia № 454-P of December 30th, 2014), the general requirements and methodology of liquidity calculation are applicable to the trade organizer if it is a public company. Issuers that are non-credit institutions provide the following liquidity ratios: net working capital, current ratio, quick ratio.

According to the Regulations № 437-P (“On the organized trading activity”), the MOEX is required to submit periodic financial reports to the Bank of Russia.

Proprietary Funds of MOEX as of September 30, 2016 more than RUB 74,9 bln. (≈ USD 1,2 bln.⁵⁸), exceeding the Russian legislation’s requirements by several times.

(4) The extent to which the IOSCO Principles are used or applied by the regulatory regime/authority in its supervision and oversight of the Foreign Board of Trade or are incorporated into its rules and regulations and the extent to which the regulatory regime/authority reviews the applicable trading systems for compliance therewith

On June 28, 2016 CPMI-IOSCO recognized financial market infrastructures regulation in Russia fully compliant with the PFMI. According to the findings of the Level 1 assessment conducted by CPMI-IOSCO, which are represented in the published report «Implementation monitoring of PFMI: Third update to Level 1 assessment report», financial market infrastructure regulation in Russia received the highest grade – «4» (please find attached Appendix 26 and a link to the Report - <https://www.iosco.org/library/pubdocs/pdf/IOSCOPD534.pdf>).

Furthermore, from September 2015 to June 2016, the Bank of Russia took part in the Russian Financial Sector Assessment Program (hereinafter, FSAP) launched by the mission of the International Monetary Fund and the World Bank (hereinafter, the Mission). Developed in 1999, FSAP is implemented on a five-year basis. It is aimed at assessing both the financial sector developing in all inspected jurisdictions and assessing the stability of the countries with systemically important financial sectors. On July 13, 2016 the Financial Sector Assessment Program (FSAP) materials were posted on the International Monetary Fund website. Based on results of the assessment of compliance with IOSCO Principles, the Mission gave a high rating to progress the Bank of Russia made in their implementation in the Russian regulation (please find a link to the FSAP materials: https://www.cbr.ru/eng/press/PR.aspx?file=14072016_175215eng_sbrfr2016-07-14T17_51_02.htm)

Previous assessment of the Russian Federation securities regulation against IOSCO Principles within FSAP was conducted in 2011. At that time implementation progress of some of the IOSCO Principles remained unassessed as a number of key regulatory acts were still under development. Since then a major improvement in the Russian financial market regulation took place as new federal laws and regulatory acts were adopted and the Bank of Russia turned into single authority regulating both credit and non-credit financial institutions.

Namely, on February 16, 2015, the Bank of Russia signed the Multilateral Memorandum of Understanding Concerning Consultation and Cooperation and the Exchange of Information (IOSCO MMoU). Thus the Bank of Russia has been included to Appendix A of the IOSCO MMoU and has become the 105th IOSCO MMoU signatory and full participant of the information exchange with other financial market regulatory authorities, which are signatories to the IOSCO MMoU.

Joining the IOSCO MMoU improved the effectiveness of the Bank of Russia in carrying out its oversight functions and will enable the full engagement of the Bank of Russia in IOSCO activities, namely in developing the principles for and standards of financial market regulation. Moreover in its capacity of an IOSCO MMoU signatory the Bank of Russia will benefit from enhanced cooperation with financial market regulative authorities, which are members of the IOSCO.

The Russian regulatory authority strives to make the laws and regulatory acts rely upon principles aimed at improvement of transparency of the market, reliability of the trading system, equality of participants, increase of financial stability of participants of the market. Moreover, the Russian regulatory authorities attempt to rely on the international experience and recognized generally accepted worldwide standards. Russian regulatory authorities also encourage the implementation by the infrastructural organizations (exchanges, clearing centers and depositories) and participants of the market of advanced technologies and approaches, which they may formalize in their internal documents. The Russian government authorities are currently working with the Financial Stability Board to take measures for improvement, development and to bring the Russian legislation to conformity with obligations undertaken by the G20

58 As of USD/RUB rate settled by the Bank of Russia on June 30, 2016.

leaders. For more information regarding conformity with the G-20 commitments, see – [2014 IMN⁵⁹ Survey of national progress in the implementation of G20/FSB Recommendations \(Jurisdiction: Russia\)](#).

Thus, legal, regulatory and policy framework of central counterparties, central securities depositories, exchanges, securities settlement systems and trade repositories in Russia are fully compliant with this international standard.

Although MOEX has not been certified for compliance with IOSCO principles, the examination of this standard showed that this certification is possible to achieve because MOEX complies with these principles. (See – [Exhibit D\(2\)\(2\)](#) of the FBOT Application).

(5) The extent to which the regulatory regime/authority reviews and/or approves the trading rules of the Foreign Board of Trade prior to their implementation.

Amendments to the rules of an exchange require approval of Committees of MOEX (for the Derivatives Trading Rules, the Derivatives Market Committee must approve such amendments) and Supervisory Board. In order to register the rules of an exchange or make any amendments or modifications thereto, the following documents must also be presented to the Bank of Russia:

- application for registration of the documents (amendments and modifications thereto);
- document with the amendments and modifications introduced thereto or new version thereof;
- wording of the amendments and arguments to support the introduced amendments;
- copy of (extract from) the resolution of minutes of the Supervisory Board;
- document confirming payment of the state duty; and
- document providing approval of the rules by an authorized body.

The responsible officer of the Bank of Russia examines the presented set of documents for:

- completeness and authenticity of the information;
- compliance with the requirements set forth in the Federal Law “On Organized Trading” and regulatory acts adopted based on this law; and
- detection of contradictions with other internal documents of MOEX (for example, clearing rules).

The Bank of Russia proactively approves/disapproves of MOEX rules/rule changes pursuant to provisions contained in Article 27 of the Federal Law № 325-FZ. The Rules come into effect only if the Bank of Russia has approved (registered) them. The exact date of entry into force is specified by MOEX (Supervisory Board or Executive Board).

In accordance with the subparagraphs 1 paragraph 1 Article 27 of the Federal Law № 325-FZ, the trade organizer shall register with the Bank of Russia, pursuant to the organized trading rules and their amendments.

The MOEX’s Trading Rules and any alterations or modifications thereto come into force not earlier than upon expiration of 5 (five) days after public disclosure on MOEX website unless other effective date is determined by MOEX. The Bank of Russia verifies the reliability of information contained in the documents presented for registration. The Bank of Russia is obliged to register or refuse to register the document subject to registration not later than 30 (thirty) days after the date of receipt of such document.

(6) The extent to which the regulatory regime/authority reviews and/or approves futures, option or swap contracts prior to their being listed for trading

A new derivative contract may be offered to trading by the Exchange only after approval and registration the contract specification by the Bank of Russia. The specification must contain:

- contract type (e.g., futures contract, option contract);
- rules for the contract code formation;
- underlying asset or group of underlying assets;
- procedures for determining the first and the last trading days on which the contract may be executed;
- procedures for determining an amount of money (variation margin) to be paid if an asset price (value) changes (if the contract provides for obligation to pay variation margin);
- procedures for determining the settlement price for the execution of settlement obligations (for cash-settled contracts);
- delivery procedure for the execution of delivery obligations (for deliverable contracts);
- grounds and procedures for termination of obligations under the Contract.

59 IMN – FSB’s Implementation Monitoring Network.

Option specifications must specify also the procedure for determining the date on or a period during which either party may claim for execution of obligations under the option. The Exchange may include additional requirements in the specifications.

Due to the Russian legislation, the Exchange is eligible to offer derivatives to trading within a unified specification. It is possible only if such derivatives are grouped on similar underlying assets (e.g., Russian Issuers Shares Futures, USD-quoted FX Futures, etc.) and have an equal general terms and conditions mentioned above. Particular parameters of such contracts (e.g., contract's name, particular underlying asset, lot, tick size, tick value, etc.) are settled by the Exchange in a document that does not require registration in the Bank of Russia. In case of amendments and supplement to the parameters of contracts, the Exchange should only inform the Bank of Russia on it.

In general, the procedure for the launch of a new derivative contract consists of the following stages:

1. Adoption of the decision on the necessity of the launch of a new derivative contract. The initiative to launch a new contract belongs to the executive management of MOEX, Derivatives Market Committee and Trading Participants.
2. Development of the draft specification of the derivative financial instrument. Specification is developed in accordance with the requirements of the current legislation and internal documents of the Bank of Russia.
3. Review of the draft specification and the fees of MOEX and clearing charge is performed by the Derivatives Market Committee. Further development of the specification in accordance with the recommendations of the Derivatives Market Committee.
4. a) Approval of fees of MOEX and clearing charge by the Derivatives Market Committee and submission for consideration to the Tariff Committee. Decisions of the Derivatives Market Committee and Tariff Committee are submitted for approval of the Supervisory Board of the MOEX and Supervisory Board of the NCC⁶⁰ respectively.
b) Text of specification concurrently approved by Derivatives Market Committee is recommended (submitted) for approval by the Executive Board of the MOEX.
5. a) Approval by the Executive Board of MOEX of the text of specification.
b) Approval of the fee of MOEX and clearance charge by the by the Supervisory Board of MOEX and the NCC.
6. Review by the Working Group on Risks and the Derivatives Market Committee of the issue on the basic amount of collateral. The positive result of review of the said issue is adoption at the meeting of the committee of recommendations for the Executive Board of the NCC on establishment of the respective basic amount of the collateral.
7. Testing of the trading, clearing and monitoring systems and system of distribution of the market data with respect to the new instrument by MOEX together with Trading Participants.
8. MOEX sends the specification documents (application, text of specifications, document with introduction of modifications and alterations to the specification, extract from the minutes concerning the decision of the Executive Board of MOEX, state duty payment receipt) to the Bank of Russia.
9. Registration of specification with the Bank of Russia (maximum term of registration established by the legislation is 30 calendar days). The responsible officer of the Bank of Russia examines the presented set of documents for completeness and reliability of information, for compliance with the Russian legislation on the securities market, detects, whether there are any contradictions with the internal documents of MOEX (for example, Trading Rules, Clearing Rules). If the Bank of Russia has concerns that a potential contract may be readily susceptible to manipulation when it considers these documents, it will act accordingly and the contract may not be approved.
10. Disclosure on MOEX website of the text of specification, applicable charges and basic amount of collateral after registration of the specification with the Bank of Russia.
11. Adoption by MOEX Chairman of the Executive Board of the decision on the admission to trading of the respective derivative contract (however, according to the current legislation and internal

⁶⁰ Information on the clearing fees is contained in the NCC Clearing Rules, modifications to which are also introduced and submitted to the Bank of Russia for registration of the new version of the rules.

documents of MOEX the trading in a new instrument may not start until 3 business days after the disclosure on MOEX website of the text of specification of the respective derivative contract).

(7) The regulatory regime/authority's approach to the detection and deterrence of abusive trading practices, market manipulation, and other unfair trading practices or disruptions of the market

The general approach of the Russian regulation to detection and termination of unfair trading practices, market manipulation and other methods of market disruption is contained in the Federal Law No.224-FZ "On combating unlawful use of insider information and market manipulation". This Law applies to derivatives trading on MOEX. Article 1 of the Federal Law № 224-FZ of July 27th, 2010, ("On countering the unlawful use of insider information and market manipulation and on amending certain legislative acts of the Russian Federation") (hereinafter - the Federal Law № 224-FZ) regulates relationships connected with financial instruments, foreign currency and (or) commodities admitted to organized trading in the Russian Federation and (or) financial instruments, foreign currency and (or) commodities, subject to an application for admission to organized trading, with financial instruments, whose price depends on financial instruments, foreign currency and (or) commodities admitted to organized trading, and (or) with financial instruments, whose price depends on financial instruments, foreign currency and (or) commodities subject to an application for admission to organized trading.

The law defines a manipulation as actions as a result of which the price, demand, the offer or a trading volume of a financial instrument, foreign currency and (or) goods deviated level or were supported at the level significantly different from that level which would be created without implementation of such actions. The ban on implementation of such actions contains there. The law defines data which belong to insider information and restrictions on its use, the order of its disclosure and granting are defined. The law defines also measures for prevention, identification and suppression of a misuse of insider information and (or) a manipulation by the market and consequences of a misuse of insider information and a manipulation by the market for persons and the organizations are established. See – [Exhibit A\(5\)](#) to FBOT Form for more information.

The Bank of Russia uses the NICE Actimize monitoring system for detection abusive practices. Additionally, the Bank of Russia identifies abusive practices by analyzing the information from the stock exchange and trading participants. The Bank of Russia is also entitled to question any person who is supposed to possess confidential information and has access to the stock exchange premises.

Adding to this there is a Federal Law No. 46-FZ "On protection of the rights and legitimate interests of investors on securities market" (hereinafter, "Investor Protection Law"), which aims to provide state and public protection to the rights and legitimate interests of individuals and legal entities the investment targets of which are securities (hereinafter, "investors") and also defining the procedure for recovery of damages or granting other forms of compensation of damages to investors, which are individuals, resulting from unlawful activities of issuers and other participants of securities market (hereinafter, "professional participants of financial market") on securities market. This Law applies to derivatives trading on MOEX. Article 2 of the Federal Law № 46-FZ of March 5th, 1999, ("On protection of the rights and legitimate interests of investors on the securities market") covers the derivatives market of MOEX.

The investor protection law regulates relationships connected with the terms of provision of services by professional participants of financial market to investors that are not professional participants of financial market, additional requirements to professional participants of financial market providing services to investors on securities market, additional terms of offering of securities to an unlimited number of investors on securities market, additional measures of protection of the rights and legitimate interests of investors on securities market and liability of issuers and other persons for violation of that rights and interests.

As provided by the Investor Protection Law the Bank of Russia action orders may be issued with regard to matters provided for in the Investor Protection Law, other federal laws and regulatory acts of the Russian Federation in order to cease and prevent offences on securities market and also to other matters that fall within the competence of the Bank of Russia (including matters of international information sharing). Section 9 Article 19.5 of the Administrative Offences Code of the Russian Federation provides for administrative liability for failure to execute the Bank of Russia action orders in established time or for non-execution of the Bank of Russia action order entailing imposition of fines amounting up to 700 thousand rubles for legal entities. Besides that, Article 19.7.3 of the Russian Federation Administrative Code provides for the administrative liability entailing imposition of fines amounting up to 700 thousand rubles for legal entities, up to 30 thousand rubles for office-holders and up to 4 thousand rubles for natural persons in case of both failure to present to the Bank of Russia information needed to carry out its legitimate activities and incomplete presentation of such information to the Bank of Russia. For multiple violations of the CBR orders the corresponding entity's license may be suspended or revoked. Apart from

that, in case of natural person's or legal entity's failure to implement the Bank of Russia action orders, including those on presenting information, the CBR is entitled to file a petition in court to seek compulsory compliance with such orders of action. In accordance with Section 4 of Article 11 of the Investor Protection Law, the Bank of Russia is entitled to apply to the court in order to enact its own action orders.

Exhibit F(3)

A description of the laws, rules, regulations and policies that govern the authorization and ongoing supervision and oversight of market intermediaries who may deal with members and other participants located in the United States participants, including:

(1) Record keeping requirements

The organizer of trading must maintain a Register of Orders submitted by Trading Participants, as well as a Register of Trades executed at MOEX.

The Register of Orders should contain the following information:

- the identification code of the order;
- the unique order code (can be the same with identification code of order);
- the Trading Participant Code (including the code of Trading Participant's Client (Clients), for or on behalf of which the order was submitted);
- the Clearing Broker Code (if the order submitted with such indication)
- an indication that the order was submitted in discharge of obligations of the market maker (if applicable);
- the kind of the order;
- the terms and conditions of the order, including the number of contracts, with respect to which the order was submitted (number of contracts, with respect to which the order was submitted for each client, if the order was submitted for or on behalf of several clients);
- the date and time of registration of the order;
- the date and time of execution (withdrawal) of the order;
- the result of submitting of the order (executed, partly executed, withdrawn, revoked, etc.);
- the reason of revocation of the order.

The Register of Trades should contain the following information:

- the standard conditions of trades (except for the price, categories (types), series of securities);
- the identification numbers of orders, on the basis of which the transaction was conducted;
- the identification number of the trade;
- the date and time of registration of the trade;
- the codes of Trading Participants that conducted the trade (in case of conducting of trade in accordance with the rules of holding of trading with the clearing agency — code of the Trading Participant that conducted the trade and indication that the trade was conducted with the clearing agency), including codes of clients of the Trading Participants, for or on behalf of which the trade was conducted, and codes of the clients of brokers (administrators) being the clients of Trading Participants, for or on behalf of which the trade was conducted;
- the title (code) of financial instrument (type of contract and the object of a contract). If the financial instrument is a security – the issuer's title, type, category and series of the financial instrument being the subject matter of the trade;
- the price of a single financial instrument;
- the number of financial instruments, including the number of financial instruments for each client, if the trade was conducted for or on behalf of several clients;
- the amount of the trades.

All information on the course of trading, as well as on orders, trades, state of accounts, positions and other important information is transmitted on a real-time basis to the Settlement Entity through the trading system (trading terminal, gateway or other informational channels). After the end of a trading session, the MOEX provides the Trading Participants with the information on the trades conducted during the trading day (Register of Trades). According to the results of the clearing session, the NCC also prepares the reports containing information on the concluded trades, information on the open positions broke down by instruments, sizes of obligations (variation margin) and requirements to the collateral. A complete list of reports is fixed by the rules of the NCC.

A Trading Participant is obliged to provide reports to its client because the Trading Participant acts as an intermediary (broker) on the basis of the commission (engagement) or agency agreement for the benefits of the client (agreement for brokerage services) in accordance with the requirements of the Civil Code of the Russian Federation and special standards for maintenance of the internal accounting of trades, including derivatives trades by professional participants of financial market performing brokerage, dealer and trust management activities established by the Bank of Russia (Regulations No.32 'On procedures for maintenance of the internal accounting of trades, including derivatives trades'). The reports of the

broker are sent to the clients on a daily basis at the end of the trading day. The report of the Trading Participant to the client contains information on: the executed trades, borrowed funds, state of the account, margin level, and amount of obligations, among other things.

(2) Protection of the customer funds. Procedures for dealing with the failure of a market intermediary in order to minimize damage and loss to investors and contain systemic risk

The NCC assumes responsibility for protection of Clients funds.

Operating procedure in case of bankruptcy/default of a Clearing Member. Operating procedure of the NCC in case of insufficiency of securities and/or monetary funds for securing the obligations under the Derivative contracts

1. The Margin Call⁶¹ accounted for the Settlement Code linked to the Brokerage Firm⁶² and arisen for the Clearing Member (hereinafter, "Defaulting Clearing Member") following the intraday or evening clearing session shall be settled by the Clearing Member not later than 45 (forty five) minutes prior to the start of the next intraday or evening clearing session.

2. Suspension of admission to trading

If the Defaulting Clearing Member failed to fulfill Margin Call within the time limit prescribed in accordance with clause 1, the NCC sends to MOEX:

- the notification on the necessity to suspend the possibility of conclusion of the derivative contracts on behalf of the name of the Defaulting Clearing Member using the sections of the positions accounting register with codes of Brokerage Firm linked to the Settlement Code under which there is unsettled Margin Call;
- the instruction to delete all active orders submitted on behalf of the name of the Defaulting Clearing Member using the sections of the positions accounting register with codes of the Brokerage Firm linked to the Settlement Code, under which there is unsettled Margin Call.

Starting with moment of sending of the notification, the NCC applies to the Defaulting Clearing Member the procedure for the mandatory positions closing for Settlement Code, under which the unsettled Margin Call is accounted. If, following the results of the mandatory positions closure the Clearing Member still has outstanding obligations the performance of which will require the amount exceeding the available cash in Russian rubles recorded for the Settlement Code, the said obligations are recorded as the Debt⁶³ of the Clearing Member to the NCC under such Settlement Code.

3. Usage of the non-ruble assets from the Collateral for redemption of the Debt

If the Debt of the Clearing Member is not paid off within the term by 4:00 p.m. Moscow time on the business day following the day of its occurrence, to pay it off the Clearing Centre shall be entitled to adopt the following decisions:

- on usage of foreign currency recorded as the collateral of this Defaulting Clearing Member for the purposes of redemption of the Debt of the Defaulting Clearing Member, and/or
- on transfer of securities recorded as the collateral of this Defaulting Clearing Member to the depositary account of the NCC with the NSD for the purposes of redemption of the Debt of the Defaulting Clearing Member.

Usage of foreign currency and securities for redemption of the Debt of the Defaulting Clearing Member is performed in accordance with the procedure specified in Clause 32 of the NCC Clearing Rules (Part V "Clearing Rules for the Derivatives Market") (See – [Appendix 10](#) to FBOT Form (Methodology for Calculation of Settlement Prices)).

4. Renewal of admission to trading

If Margin Call is fulfilled and the Clearing Member does not incur the Debt as a result of actions specified in clauses 2 or 3, the NCC sends notification to MOEX on possibility to conclude

61 According to the Article 2 of the NCC Clearing Rules (Part I "Common Part"), "Margin Call" is a requirement of the NCC to the Clearing Member on the collateral for the obligations under the derivatives contracts, concluded by the NCC with the Clearing Member, made in the procedure and in the cases defined in the NCC Clearing Rules.

62 For more information regarding with Brokerage Firms – see Exhibit D(1)(2) to Supplement S-1 to FBOT Form.

63 According to the Article 1 of the NCC Clearing Rules, "Debt" is non-performed obligations of the Clearing Member, including obligations for payment of the variation margin, obligations for payment of fees and/or other obligations stipulated by the NCC Clearing Rules.

derivative contracts using these sections of the positions accounting register with codes of Brokerage Firm linked to the Settlement Code under which there is unsettled Margin Call.

5. Usage of Guarantee Funds and other funds in case of insufficiency of the owned assets of the Clearing Member (Default Waterfall procedures)

If the Debt of the Clearing Member, recorded under the Settlement Code, is not repaid after actions specified in clauses 2 and 3, the Clearing Centre uses the individual collateral assets and resources of the Guarantee Funds in accordance with the procedures stipulated by Article 26 of the NCC Clearing Rules (Part I "Common Part") (see – [Appendix 2](#) to Supplement S-1 to FBOT Form).

Namely, individual clearing collateral and other collateral of the Defaulting Clearing Member, the Collateral for Stress, resources of the Guarantee Fund and guarantee funds created under other parts of the Clearing Rules, shall be used to repay the Debt of the Defaulting Clearing Member, in the following sequence:

- 1) free Collateral Assets of the Defaulting Clearing Member recorded under the Own Settlement Codes of the Defaulting Clearing Member on the Derivatives Market;
- 2) free Collateral and assets in Collateral Pool (in case of the Securities Market) of the Defaulting Clearing Member recorded under the Own Settlement Codes on the other Markets in accordance with the NCC Clearing Rules;
- 3) Collateral of the Defaulting Clearing Member on the Market where Debt had arisen, recorded under the Own Settlement Codes of the Defaulting Clearing Member, which became available as a result of close out of the positions under these Settlement Codes;
- 4) Collateral of the Defaulting Clearing Member, recorded under the Own Settlement Codes of the Defaulting Clearing Member on the other markets, which became available as a result of close out of positions recorded in accordance with the NCC Clearing Rules for the Securities Market and/or for the FX Market – upon the selection of the NCC;
- 5) Collateral for Stress of the Defaulting Clearing Member, recorded in accordance with the NCC Clearing Rules for the Derivatives Market;
- 6) contribution to the Guarantee Fund of the Defaulting Clearing Member, recorded in accordance with the NCC Clearing Rules for the Derivatives Market;
- 7) Collateral for Stress of the Defaulting Clearing Member, recorded in accordance with the NCC Clearing Rules for the Securities Market and/or with the NCC Clearing Rules for the FX Market – upon the selection of the NCC;
- 8) contributions to the Guarantee Funds of the Defaulting Clearing Member, recorded in accordance with the NCC Clearing Rules for the Securities Market and/or the NCC Clearing Rules for the FX Market – upon the selection of the NCC;
- 9) the NCC allocated capital set for the Derivatives Market at the level of RUB 1.5 bln. (more than USD 23.7 mln.)⁶⁴ (skin-in-the-game);
- 10) the NCC additional allocated capital set for all Markets at the level of RUB 3 bln. (more than USD 47.4. mln.)⁶⁴;
- 11) contributions to the Guarantee Fund of the non-defaulting Clearing Members, recorded in accordance with the NCC Clearing Rules (subject to provisions of clauses 26.16 of the Clearing Rules (Part I "Common Part")⁶⁵). Contributions of the non-defaulting Clearing Members to the Guarantee Fund of the Derivatives Market will be used in equal proportions;
- 12) MOEX contribution to the Guarantee Fund of the Derivatives Market within RUB 5 bln. (more than USD 79 mln.)⁶⁴ – upon the NCC's request.

Subject to the existence of positions under the derivative contracts recorded on the sections of the positions accounting register of the Segregated Brokerage Firms opened within the Settlement Code of Clearing Member for which the Debt is accounted, the specified positions should be closed by the Clearing Member within 2 (two) settlement periods following the clearing session of using of contribution to the Guarantee Fund for the Derivatives Market. Before this time Segregated

⁶⁴ As of USD/RUB rate settled by the Bank of Russia on September 30, 2016.

⁶⁵ Contributions to the Guarantee Fund of the non-defaulting Clearing Members are used if the sum of the Debts of the Defaulting Clearing Members to the NCC exceed the amount of allocated capital of the NCC (exceeds RUB 1.5 bln. (more than USD 23,7 mln. – as of USD/RUB rate settled by the Bank of Russia on September 30, 2016.) and amount of allocated capital of the NCC (exceeds RUB 3 bln. (= USD 47,5 mln. – as of USD/RUB rate settled by the Bank of Russia on September 30, 2016)

Brokerage Firm can transfer its positions and Collateral to another Clearing Member (see also Exhibit E(3)(7) to Supplement S-1 to FBOT Form).

If the positions specified in previous paragraph are not closed out or transferred, the NCC sends notification to MOEX on the necessity to suspend the possibility of conclusion of the derivative contracts on behalf of the Clearing Member using the Settlement Code of the Segregated Brokerage Firm.

From the moment of sending aforementioned notification, the NCC begins closing all positions under derivative contracts recorded on the Settlement Code of the Segregated Brokerage Firms, in accordance with the procedure established by the procedure for the mandatory closing of positions.

6. Procedure for the mandatory positions closing (Close Out procedures)

Actions performed by the NCC during the procedure for the mandatory positions closing of the Defaulting Clearing Member are performed up to the moment of redemption of the aforementioned indebtedness/fulfillment of the Margin Call or up to the closing of all positions of the Default Clearing Member that can be closed.

7. Procedure for closing of positions (Loss-Share procedures)

The NCC shall close positions of the Defaulting Clearing Member using the follows:

- a. the NCC and the Defaulting Clearing Member conclude the derivatives contracts resulting in a close out of positions of the Defaulting Clearing Member, without submission of orders;
- b. the NCC concludes the same derivatives contracts with the Non-Defaulting Clearing Members for the purpose of capping the NCC's losses at the level of skin-in-the-game (in case that the Debt of the Defaulting Clearing Member does not exceed the amount according to Article 21.1 of the Clearing Rules (Part V "Clearing Rules for the Derivatives Market");
- c. In case of non-conclusion of the derivatives contracts specified in previous point, the NCC and the non-defaulting Clearing Members conclude, without submission of orders, the derivatives contracts opposite to the positions of the Clearing Member in the respect of whom the mandatory position closure procedure is being carried out, at the limit price.

Obligations under derivatives contracts are recorded on liquidating sections of the positions accounting register of non-defaulting Clearing Members.

Exhibit F(4)

A description of the regulatory regime/authority's inspection, investigation and surveillance powers and the program pursuant to which the regulatory regime/authority uses those powers to inspect, investigate, and enforce rules applicable to the Foreign Board of Trade.

As a part of exercising control over the Exchanges in accordance with the Federal Law No.325-FZ ("On Organized Trading"), the Bank of Russia is eligible to⁶⁶:

1. carry out scheduled inspections on an annual basis. Currently, the one year planned inspection limit applies to FX Market, Money Money, Derivatives Market and Securities Market individually. From the legal point, securities, derivatives and currencies trading is conducted on the basis of one legal entity (Public Joint-Stock Company "MICEX-RTS" (the MOEX)). The Bank of Russia carried out its most recent scheduled inspection in 2013. This was a compliance assessment with the Federal Laws, which was conducted for the purpose of granting MOEX the license of Exchange;
2. carry out unscheduled inspections in case of detection of features of violations, including on the basis of complaints (claims, applications) or information obtained from the mass media. The last unscheduled inspections carried out by the Bank of Russia took place in August, 2016, regarding compliance with information disclosure procedures;
3. request documents and information from the Exchanges and their employees, including information, access to which is limited or restricted in accordance with the Federal Laws, explanations in written or oral form;
4. in accordance with the procedure established by the legislation of the Russian Federation, apply to the authorities performing investigative activities with a request to carry out investigative measures.

According to the Federal Law № 144-FZ of August 12th, 1995, ("On operational investigative activity"), there is a list of federal services able to carry out operational investigative activity, regarding the offenses listed in the Code on Administrative Violations of the Russian Federation (hereinafter - the Code) and/or the Criminal Code, among them:

- Internal affairs bodies;
- Federal security service bodies;
- Federal executive bodies of state guard;
- Foreign intelligence service;

SROs are not authorized to carry out investigations.

However, with regard to investigations of the trading activities of MOEX, in accordance with Articles 13-14 of the Federal Law №. 224-FZ, the Bank of Russia provides state control over compliance with the requirements of this Federal Law and the legislative acts adopted pursuant to it and also supervises observance of the requirements of the Federal Law and the legislative acts adopted pursuant to it.

Law enforcement authorities are entitled to initiate criminal proceedings relating to market manipulation and the misappropriation of insider information.

Before the conduct of the inspection over the Exchange, the Bank of Russia should apprise the Exchange with the all necessary certificates confirming the power of the Bank of Russia to conduct the inspection as well as with the resolution signed by the Bank of Russia employee who is authorized for issue such resolution on conducting of the inspection. After that, the Bank of Russia employees have the right of an access to Exchange's premises, as well as into premises of other organizations engaged by the Exchange for execution of its obligations under the agreement for rendering of services for the organized trading corporation.

The Bank of Russia has the authority to interview exchange staff. In accordance with paragraph 3 Part 2 Article 25 of the Federal Law № 325-FZ, when exercising control over the trade organizer, the Bank of Russia is entitled to obtain from the trade organizer and its employees any required documents and information, including information that access is restricted to by federal law , or verbal or written explanations.

Moreover, this competence of the Bank of Russia is specified in paragraph 2.5.3 of the Bank of Russia Instruction № 151-I ("On the procedure for auditing of activities of non-credit financial institutions and self-regulatory organizations of non-credit financial institutions by authorized representatives of the Central Bank of the Russian Federation" (Bank of Russia)). In accordance with this Instruction, during the

⁶⁶ According to part 2 of Article 25 of the Federal Law No.325-FZ "On Organized Trading" the Bank of Russia has the right to carry out planned inspections not more often than once a year. Unscheduled inspections can be carried out in case of detection of signs of violations. For example, such inspections are carried out in case of technical failures at the organizer of trading.

inspection of activities of non-credit financial institutions, including trade organizer, the Bank of Russia employees are entitled to request and obtain from managers and employees of the audited and supervised organization all the necessary documents (information) for achieving the goals of the inspection over the audited period, including explanatory notes, certificates, oral and written explanations from manager and employees of the supervised organization.

The Bank of Russia may request in written form from the Exchange and other individuals and legal entities the documents and information connected with the organized trading corporation. The mentioned persons and entities are obliged to provide such documents and information. In this respect the Bank of Russia is obliged to ensure confidentiality of the presented documents and information, except for the cases of disclosure (provision) of information in accordance with the Federal Laws and regulatory legal acts of the Russian Federation adopted in accordance with them.

As a result of conducted inspection the Bank of Russia can reveal administrative violations on which according to the Code of the Russian Federation "On Administrative Offenses" the protocol is formed and administrative penalties are imposed. If the Bank of Russia detects facts that can be qualified as criminal the Bank of Russia informs the appropriate authorities, with a request to carry out investigative measures.

If the Bank of Russia detects any violations of the Federal Laws and regulatory legal acts adopted in accordance with them, it may suspend for a period of up to 6 (six) months or terminate the organized trading corporation in the following cases:

1. detection of violations of the Federal Laws and regulatory legal acts of the Bank of Russia adopted in accordance with them or rules of the organized trading, including in case of failure of the Exchange to fulfill an obligation on suspension or termination of the organized trading established by the Federal Laws and regulatory legal acts of the Bank of Russia adopted in accordance with them or rules of the organized trading;
2. failure of the Exchange to execute the instruction of the Bank of Russia;
3. detection of violation by the Exchange of the rights and legitimate interests of investors or in case of creation of menace to the rights and legitimate interests of investors by the actions performed by the Exchange;
4. other cases prescribed by the Federal Laws.

It should be mentioned that the Bank of Russia is entitled to both issue a protocol of administrative violations and handle cases independently, and to issue a protocol of administrative violations for the purpose of referring them to the courts for examination. So, the competence of investigation of cases of administrative offences is fixed in Part 1 Article 23.74 of the Code, while the competence of drawing up protocols of administrative offences is fixed in Paragraph 81 part 2 Article 28.3 of the Code on Administrative Violations of the Russian Federation (hereinafter - the Code). Moreover, in accordance with Part 4 Article 28.3 of the Code, the list of officials entitled to draw up protocols of particular cases is fixed in the Bank of Russia Ordinance № 3207-U of March 4th, 2014 ("On a list of officials of the Bank of Russia entitled to draw up protocols of administrative violations").

Under the mentioned provisions of the Code, the Bank of Russia is empowered to issue protocols and investigate independently the following cases of administrative violations:

- a) Where a person who is a participant (founder), member of a management body of trade organizer violates the requirements and restrictions stipulated with respect to the above mentioned persons in the relevant legislation on organized trading (Part 1 Article 14.24 of the Code).
- b) Where a legal entity in its name and/ or advertisements unlawfully uses the words "stock exchange", "trading system" or "trade organizer" and also the derived forms of these words and their combinations (Part 2 Article 14.24 of the Code).
- c) Where a trade organizer violates the information disclosure procedures, established by the relevant legislation on organized trading. (Part 3 Article 14.24 of the Code);
- d) Where a trade organizer impedes the investigations carried out by the Bank of Russia or avoids such investigations. (Part 4 Article 14.24 of the Code);
- e) Where there is a violation of restrictions on combining organized trading with other activities, as set by the federal laws and other legal acts of the Russian Federation accepted in compliance with such. (Part 5 Article 14.24 of the Code);
- f) Where a trade organizer violates the rules of organized trading registered under the procedure established by the relevant legislation on organized trading (Part 7 Article 14.24 of the Code);
- g) Where a stock exchange violates the procedure of Exchange Council/ Committee formation as established by the relevant legislation on organized trading (Part 8 Article 14.24 of the Code);

- h) Where a trade organizer fails to perform the obligations to monitor the organized trading participants admitted to organized trading of goods, securities and their issuers, and also the operations at organized exchange biddings. (Part 9 Article 14.24 of the Code);

There is administrative liability for market manipulation and misuse of insider information, as stipulated in the following articles of the Code:

- Article 15.30, Market manipulation. Market manipulation, without committing a criminal act, shall be punished with a fine from 3 to 5 thousand rubles for an individual, for officials- from 30 to 50 thousand rubles or disqualification for a period from one to two years, for legal entities- in the amount of excessive income gained or the amount of loss avoided by the citizen, official or legal entity as a result of market manipulation, however it shall not be less than 700 hundred thousand rubles.
- Article 15.21. Misuse of Insider Information. The misuse of insider information, without committing of a criminal act, shall be punished with a fine from 3 to 5 thousand rubles for an individual, for officials- from 30 to 50 thousand rubles or disqualification for a period from one to two years, for legal entities- in the amount of excessive income gained or the amount of loss avoided by citizen, official or legal entity avoided as a result of misuse of insider information, however it shall not be less than 700 hundred thousand rubles.

Note: in accordance with this article and article 15.30 of this Code an excessive income shall be considered as income measured as the difference between the income received due to illegal actions and the income, which would be received without committing illegal actions.

The last unscheduled inspections were carried out by the Bank of Russia in August, 2016 due to the breach of information disclosure procedures. MOEX was fined a total of RUB 700 ths. (≈ USD 11 ths.). The types of administrative offences for violating legislation on organized trading are listed in Article 14.24 of the Code and include Administrative Fines and Administrative Responsibility of Officials (disqualification).

The power of the Bank of Russia to issue injunctions, including the ones to the trade organizer, is provided by article 76.5 of the Federal law of July 10th, 2002, № 86-FZ (“On the Central Bank of the Russian Federation (Bank of Russia)”). In accordance with this Article, the Bank of Russia conducts investigations of noncredit financial institutions, and issues binding injunctions to noncredit financial institutions. Additionally, paragraph 5 Article 25 of the Federal Law № 325-FZ authorizes the Bank of Russia to issue binding injunctions to individuals in cases involving violations of federal laws and the legislative acts adopted pursuant to them, and in order to prevent such violations. Such injunctions must contain the claim/requirement of the Bank of Russia within its competence and also a timeframe, when such injunction is expected to be executed. Additionally, in accordance with and in cases stipulated by the paragraph 6 Article 25 of the Federal Law № 325- FZ, the Bank of Russia is entitled to issue injunctions, which will suspend up to 6 months or terminate the holding of organized trading.

All of the Bank of Russia instructions to eliminate violations in the field of organized trading activity are issued in the form of injunctions. These injunctions may impose measures on information disclosure in a timely manner, to carry out calculation of financial highlights in an appropriate form. It may order an organization to provide information or documents explaining the reason of a violation of the requirements, to issue the internal documents related to the violation, etc.

Injunctions may be issued:

- for deficiencies in the Exchange’s internal controls (eg. absence of the anti-money laundering and counter terrorism financing policy; the rules preventing the use of insider information and market manipulation or another inner document preventing violations);
- for late notification of the regulator regarding a technical glitch during the trading;
- for infringing on the decision-making procedures regarding suspension and resumption of trading at MOEX Derivatives Market.

Instructions may be changed or canceled by the Bank of Russia. An instruction from the Bank of Russia may be disputed in the arbitration court. Filing of an application to the arbitration court on declaring the instruction invalid in full or in part does not suspend the effect of the instruction.

The Bank of Russia is eligible to impose administrative fines and penalties.

The Article 3.2 of the Code on Administrative Violations of the Russian Federation (hereinafter “the Code”) contains a list of the types of administrative penalties, which includes: warning, administrative fine, confiscation of the instruments or the object of an administrative offence, deprivation of a special right

granted to a natural person, administrative arrest, administrative deportation from the Russian Federation of a foreign citizen or a stateless person, disqualification, administrative suspension of the activity. For violating legislation on organized trading only administrative fines and disqualification are applied.

The Bank of Russia may impose an administrative penalty mainly in the form of a fine or an issued warning. In accordance with article 3.4 of the Code, a warning is a measure of administrative penalty expressed in an official censure of a natural or a legal person. A warning shall be issued in a written form.

According to Article 3.5 of the Code, the "Administrative Fine" is a monetary sanction expressed in terms of rubles. The maximum fine for violating legislation on organized trading is equal to RUB 1 mln (\approx USD 15 thsd. as of USD/RUB rate settled by the Bank of Russia on September 30, 2016).

According to Article 3.11 of the Code, the "Disqualification" means the suspension of an individual of his/her right to occupy positions in the federal state civil service, positions in the state civil service of a subject of the Russian Federation, positions in a municipal service, occupy positions in the executive managerial body of a legal entity, sit on a board of directors (supervisory board), pursue the entrepreneurial activity of managing a legal entity etc. An administrative penalty in the form of disqualification shall be ordered by a judge. Disqualification shall be set for a term of from six months to three years.

In accordance with Article 14.24 of the Code, which sets the responsibility for violating the legislation on an exchange, the Bank of Russia is entitled to fine or disqualify the violator.

Moreover, the article 2.9 of the Code stipulates that in case of a minor administrative offence the competent authority or official, which is entitled to resolve a case of administrative offence, can release the person, who committed an administrative offence, from administrative liability and make only a verbal reprove.

In accordance with paragraph 2 of Presidential Decree of March 3rd, 1998, № 224 ("On interaction of state bodies in combating offences in economic field"), the Bank of Russia under the procedure established by the legislation of the Russian Federation must immediately inform the relevant prosecution authorities of the Russian Federation about economic offenses.

The Bank of Russia performs such informing/notification under an order established by "Regulation on inter-agency collaboration and information flow between law enforcement and supervisory authorities in their activities of combating crimes and other offenses in economic field" approved by joint Order of February 28th, 2007, №4, Office of the Prosecutor-General, Ministry of Internal Affairs, the Federal Security Service, the Federal Tax Service, the Federal Financial Monitoring Service and the Bank of Russia.

Moreover, the Bank of Russia informs law enforcement agencies of the identified offenses according to a procedure established by Regulation of informational collaboration between the Bank of Russia, the Office of the Prosecutor-General and other federal government authorities of the Russian Federation when identifying or preventing illicit financial operations of credit institutions and their clients.

Adding to this, According to Article 28 of the Federal Law "On Organized Trading" the Bank of Russia may revoke⁶⁷ the license of organizer of trading in the following cases:

- if the organizer of trading failed to perform the regulations of the Bank of Russia on suspension or termination of organizer of trading;
- if the organizer of trading repeatedly during the one year violated the deadlines for performance of the regulations of the Bank of Russia save for the regulation stated in paragraph 2 part 1 of the aforementioned Article;
- if the organizer of trading delayed repeatedly during one year for more than 15 days the submission of the reports required by the federal laws and regulations;
- if the organizer of trading violated repeatedly during one year the requirements on disclosure (providing of) information and documents required by the federal laws and regulations;
- if the organizer of trading violated repeatedly during one year the requirements established by the federal laws and regulations.

⁶⁷ "Revoking" a license means a full cancellation of license. The Exchange's license may be cancelled (revoked) by the Bank of Russia on the grounds listed in Article 28 of the Federal Law № 325-FZ. "Terminating" the conduct of organized trading is performed under the Order of the Bank of Russia, issued as stipulated by Part 6 Article 25 of the Federal Law № 325-FZ. According to the paragraph 1.15.13 of Regulations of the Bank of Russia № 437-P of October 17th, 2014, ("On the organized trading activity"), organized trading may be suspended or terminated by the decision of the Chairperson of the Bank of Russia (his/her deputy) regarding both specific instruments and all traded instruments. However this termination does not automatically mean the revocation of the license.

Exhibit F(5)

For both the Foreign Board of Trade and the Clearing Organization (unless addressed in Supplement S-1), a report confirming that the Foreign Board of Trade and clearing organization are in regulatory good standing, which report should be prepared subsequent to consulting with the regulatory regime/ authority governing the activities of the Foreign Board of Trade and any associated Clearing Organization.

See – Appendix 17 to FBOT Form (CBR's Confirmation).

Exhibit F(6)

For both the Foreign Board of Trade and the Clearing Organization (unless addressed in Supplement S-1), a confirmation that the regulatory regime/ authority governing the activities of the Foreign Board of Trade and the Clearing Organization agree to cooperate with a Commission staff visit subsequent to submission of the application on an “as needed basis,” the objectives of which will be to, among other things, familiarize Commission staff with supervisory staff of the regulatory regime/authority; discuss the laws, rules and regulations that formed the basis of the application and any changes thereto; discuss the cooperation and coordination between the authorities, including, without limitation, information sharing arrangements; and discuss issues of concern as they may develop from time to time (for example, linked contracts or unusual trading that may be of concern to Commission surveillance staff).

For both MOEX and the Bank National Clearing Center (Joint-stock Company) the Bank of Russia consents its agreement and intention to cooperate with the CFTC staff visit subsequent to submission of the MOEX’s application on an “as needed basis” on the matters above.

Exhibit G – The Rules of the Foreign Board of Trade and enforcement thereof

Exhibit G(1)

A description of the Foreign Board of Trade's regulatory or compliance department, including its size, experience level, competencies, duties and responsibilities.

The MOEX's internal compliance department is the Internal Control Service ("ICS"), which is independent in its activities from other structural departments of MOEX. Management of the ICS is performed by the Head of the Internal Control Service, Deputy Chairman of the Executive Board, who is the deputy director of MOEX by virtue of his/her position. At the present time the number of employees of the ICS is 7 (seven).

The Internal Control Service is responsible for control over all exchange markets, including the derivatives market. Activities of the Derivatives Market's Trading Participants are controlled by 4 (four) specialists, depending on different areas of control: control over trading, disclosure, market manipulation, etc.

According to the law, the Internal Control Service cannot perform functions not related to internal control. It also must not be influenced by any other officers and business units of the organizer of trading when performing its functions. It cannot have obligations resulting in conflict of interest.

MOEX does not have a specific position for compliance officer of the derivatives market. The market is controlled by 4 (four) specialists, depending on different areas of control: control over trading, disclosure, market manipulation, etc.

For the purposes of exercise of internal control, the ICS performs the following functions:

1. conduct control over observance by MOEX of the requirements of the legislation of the Russian Federation on the financial market, including regulatory legal acts of the federal executive body on the financial market, legislation of the Russian Federation on protection of rights and legitimate interests of investors on the financial market, legislation of the Russian Federation on advertisement and internal documents of MOEX;
2. performs quarterly audit of MOEX activity in compliance with the requirements of the legislation of the Russian Federation on the financial market, including regulatory legal acts of the Bank of Russia, and internal policies, procedures and standards such as:
 - organization and performance of continuous monitoring of prices, volumes and other characteristics of the registered orders and transactions during the trading day for the purposes of detection of suspicious trades/orders;
 - carrying out of investigations of the suspicious trades/orders and submission of the results of investigations to the Bank of Russia;
 - procedures for Submitting of Information and Reports to MOEX.

Monitoring and control of the orders/trades in the process of execution (with the purpose of identifying suspicious orders/trades) is performed on on-going basis by a specially designated division of MOEX. It includes automated monitoring and control using software and hardware assuring prevention, identification and preclusion of insider information abuse and/or market manipulation.

The Internal Control Department performs the functions of controlling and monitoring the market with regard to market manipulation and illegal use of insider information. The Department is part of the Internal Control Service.

The monitoring system was developed by the outsource developer Forecsys. The market is monitored on a real-time basis.

Price deviation, spoofing/layering, wash sale, pump & dump, pre-arranged trade, insider trading, option expiration date, capping (pegging), etc. are examples of the types of market manipulation that the automated system is able to detect.

The following cases shall be qualified as suspicious orders/trades:

- identification of trades/orders with terms and parameters falling within the exceptions criteria (combination of criteria) set by the internal regulatory documents of MOEX;
- identification of trades associated with market manipulation, as well as with violation of regulations on mandatory actions in case of conflict of interest or insider information abuse;
- identification of non-compliance with the laws on organized trading and with the internal documents of MOEX regulating organization and conducting of trading at MOEX.

Criteria to be used for suspicious orders/trades identification are established in accordance with the internal regulatory documents of MOEX.

For the purpose of suspicious orders/trades identification the MOEX experts check orders and trades with regard to insider information abuse and/or market manipulation, as well as for compliance with the internal documents of MOEX.

If the actions of Trading Participant (or its Clients) contain certain parameters of market manipulation, conflict of interests, insider information abuse or non-compliance with the MOEX internal documents, and the causes for such actions need to be identified, the MOEX is entitled to require all necessary documents (including the ones that Trading Participant receives from the Client), explanations and other related information.

Based on the results of investigation, the MOEX, if required, shall issue charges against the abuser in accordance with MOEX internal documents, as well as a report on identified suspicious orders/trades to the Bank of Russia. Suspicious trades (orders) identified by the Exchange are checked with regard to market manipulation and illegal use of insider information. To carry out such checks, the Exchange requires that Trading Participants submit necessary information and documents including those received from their clients. All suspicious trades (orders) identified during the trading hours are reported daily to the Bank of Russia. Reports with checked results are sent within 2 (two) days after the check was completed.

3. performs daily control over activities of market makers, periodic inspection of activities of the market makers on all effected transactions;
4. observance of measures aimed at prevention of unlawful use of the proprietary information in the performance by MOEX of professional activities on the financial market;
5. observance of measures on prevention of unlawful use of insider information and market manipulation;
6. observance of measures aimed at prevention of the conflict of interests in the performance by MOEX of professional activities on the financial market, and in case of the conflict of interests — observance of priority of interests of the client;
7. other requirements of the legislation of the Russian Federation on the financial market.

Reviews applications, claims and complaints received by MOEX connected with performance by MOEX of professional activities on the financial market.

MOEX has developed hardware and software to assist with this surveillance, which consists of the following components:

1. software for exercise of the daily control over activities of the market makers. The software monitors market makers' obligations in regards to maintaining the spread, % of time that the spread is maintained, and volume;
2. software for monitoring of prices, volumes and other characteristics of the registered orders and transactions for the purposes of detection of suspicious trades/orders, e.g. price deviation, spoofing/layering, wash sales, pump & dump, pre-arranged trade, insider trading, option expiration date, capping (pegging), etc.;
3. software for performance, particularly, of auxiliary functions when carrying out inspections of the suspicious trades/orders;
4. service of automatic suspension/resumption of trading: functions of the software of the statistics calculation server of MOEX allowing to administer trading (introduce changes to the settings of the software of the trading system) on the basis of the results of calculation and analysis of changes of the stock index or current prices, which allows particularly to perform procedures of control over transactions with securities and conducted in the trading system. Functions embedded in the software enable it not only to calculate critical changes of the current prices/stock index for suspension of trading in shares, but also to warn of the possibility of occurrence of such events.

Similar functions are realized with respect to trading in the section of the derivatives market, including for suspensions for the purposes of extension of limits of fluctuation of prices of transactions due to activation of the specified criterion (availability for 15 (fifteen) consecutive minutes of at least one order for purchase (sale) of the futures contract with the price equal to the upper (lower) limit of prices of transactions established for this futures contract). These functions are realized as the module of AWS (automated workstation connected to MOEX Trading System) of the trading administrator.

Once trading limits are reached and the market remains there for a period of 15 (fifteen) minutes, all trading will be suspended for 15 (fifteen) minutes, during which the MOEX will widen the trading limits. See – Appendix 15 to FBOT Form (Trading Limits).

5. Module of control over execution of transactions

The monitoring and control over execution by the Trading Participants regarding the obligation on provision of the report on execution of transactions is conducted by means of scripts analyzing data on transactions effected on MOEX. This complex enables the ICS to conduct preventive measures for avoidance of nonobservance of the time periods for reporting on execution of transactions by Trading Participants. MOEX rules establish reporting requirements for such transactions, i.e. the reports are formalized.

The ICS personnel must have higher education (university degree) and at least 1 year of professional experience in the respective field. The employees must have a certificate for the discipline relevant for the type of activities performed by MOEX in the financial market. The qualification certificate is issued by the regulator subject to successful passing of the respective exams.

The ICS personnel shall undergo advanced training courses at least once a year. Such courses need to be delivered by organizations certified by the regulator for issuing professional certificates to financial market specialists.

Exhibit G(2)

A description of the Foreign Board of Trade's trade practice rules, including (but not limited to) rules that address the following:

- (1) Capacity of the Foreign Board of Trade to detect, investigate, and sanction persons who violate Foreign Board of Trade rules.*

The Disciplinary Committee was established within MOEX in 2009 with the following objectives:

- to assure Trading Participants' compliance with the internal documents of MOEX regulating organization and conducting of trading and settlements, normal business practices when performing professional activities, as well as to assure the protection of rights and lawful interests of Trading Participants.
- to investigate conflicts between Trading Participants, as well as between MOEX and Trading Participants, which may arise in case of breach of the internal regulatory documents of MOEX or in relation to these documents, as well as in connection with Trading Participants executing a trade (submitting an order) qualified as an exception and a breach of the internal regulatory documents of MOEX.

In 2016 the MOEX Disciplinary Committee was abolished. All functions to identify irregular and suspicious trades and carry out investigations were given to the Internal Control Service (hereinafter, "ICS" as well). Penalties for market manipulation are set out in MOEX Rules for preventing, detecting and precluding abuse of inside information and (or) market manipulation that include also criteria for detecting trades having signs of abuse of inside information and (or) market manipulation.

To achieve the above listed objectives the Internal Control Service performs the following functions:

- assure standard principles are followed when engaging with Trading Participants;
- develop standard criteria for assessing the financial standing of all Candidates that wish to be Trading Participants;
- assure all Candidates to Trading Participants observe internal documents of the company regulating admission to trading;
- supervise the compliance of trading practices and the regulatory framework of different markets with the overall interests of the Moscow Exchange. After the Disciplinary Committee had been abolished, all functions to identify irregular trades and carry out investigations were given to the Internal Control Service;
- review the materials arising from the investigation into cases of professional misconduct of Trading Participants both at MOEX and at OTC financial markets with the purpose of providing recommendations to the Chairman of the Executive Board of MOEX about issuing charges against such Trading Participants;
- review conflicts between Trading Participants, as well as between MOEX as organizer of trading and Trading Participants, should such conflicts arise as the result of breaching the internal documents of the Company by Trading Participants including breaching the trading and settlement rules and procedures or in relation with those, as well as the result of professional misconduct by Trading Participants and/or Candidates to Trading Participants both at the MOEX and at the OTC market;
- should there be certain issues submitted for the ICS's review or should the Committee initiate the respective inquiry to the Chairman of the Executive Board of the MOEX, the ICS shall review the following materials:
 - ✓ proposals on granting new Trading Participants admission to trading;
 - ✓ proposals on criteria for assessing the financial standing of Candidates to Trading Participants and of Trading Participants;
 - ✓ materials on Trading Participants' performance with regards to their compliance with the financial standing criteria stipulated by internal documents of MOEX regulating the issues of participation in trading;
 - ✓ information about Trading Participants being of unsound financial standing and non-compliant with the requirements of the internal regulatory documents of MOEX, legal acts of the Bank of Russia and of the federal agency authorised to perform as the regulator in securities market, as well as other laws and regulations of the Russian Federation; or Trading Participants failing to implement the decisions of the authorised MOEX management bodies pertaining to admission to trading;
 - ✓ materials of instances where there may be exceptions (trades/orders);
 - ✓ other materials submitted for the ICS's review.
- based on the results of reviewing the exceptions, the ICS shall decide on recommendations to the Chairman of the Executive Board about issuing charges against the Trading Participants being

parties to such trades (or having submitted such orders) in accordance with the Rules for granting admission to trading;

- review, as instructed by the Chairman of the Executive Board, documents about including Candidates into the Trading Participants list, as well as excluding Trading Participants from the Trading Participants list, issue an opinion about the possibility of including Candidates into / excluding from the Trading Participants list to support the review of such issue by the Chairman of the Executive Board.
- submit issues pertaining to excluding Trading Participants from the Trading Participants list to review by the Chairman of the Executive Board according to the procedure and based on the grounds stipulated by internal documents of MOEX regulating participation in trading.

MOEX reviews information on the unfair conduct of participants on and off through the ICS of the MOEX. Status, objectives and powers are specified in the regulations for the ICS on observation over the practice of the MOEX's activities (Internal Control Service of MOEX) and risks of MOEX Supervisory Board.

The ICS has jurisdiction over Trading Participants who violate the rules of conduct of trading and settlements, other internal documents of MOEX, regulatory legal acts of the Bank of Russia and any other regulatory legal acts of the Russian Federation or in case of unfair conduct of the participants of sections on MOEX and off-exchange markets. MOEX is eligible to take the following disciplinary measures (according to point 7 of Article 11.01 of MOEX Admission Rules, Fine Enforcement Orders are issued by the Exchange's sole executive body (CEO) or a person authorized by him/her):

- issue of a warning and establishment of the term for elimination of the detected violations;
- issue a warning of the possible exclusion from the participants of the section;
- address to the Executive Board of MOEX with the petition for suspension of participation of the participant of the section in trading; or
- address to the Supervisory Board of MOEX with the petition for termination of membership in the section with provision of information on it, if necessary, to all participants of the section and respective government agencies.

Such disciplinary measures are issued by the decision of Supervisory Board, or Executive Board, or Chairman of the Executive Body (CEO) or by person authorized by him/her.

In case of violation by the Trading Participant the provisions of MOEX Derivatives Trading Rules and [Market Data Policy](#) on Market Data usage, the Trading Participant can be deemed as subject to one of the following disciplinary measures:

- written notice (warning) of non-compliance;
- fine of RUB 250,000 (two hundred fifty thousand);
- trading suspension for up to 12 months;
- termination of admission to trading.

Disciplinary actions are taken by the Exchange itself as the Disciplinary Committee has been abolished. Fine Enforcement Orders are issued by the MOEX's sole Executive Body (CEO) or person authorized by him/her. In case of violations by the Trading Participant's Client the provisions of MOEX Derivatives Trading Rules and [Market Data Policy](#) on Market Data usage, Trading Participant should apply to such Client the following disciplinary measures:

- written notice (warning) of non-compliance;
- Market Data suspension to the Client until the violations are eliminated by such Client.

(2) *Prohibition of fraud and abuse, as well as abusive trading practices including (but not limited to) wash sales and trading ahead, and other market abuses.*

I. Trading Participants are prohibited to use insider information or engage in market manipulations⁶⁸ when conducting transactions. MOEX rules for preventing, identifying and suppressing unlawful use of insider information and/or market manipulation were elaborated in accordance with the law of the Russian Federation and regulatory acts of the Bank of Russia.

For the purposes of prevention, detection and preclusion of cases of unlawful use of insider information and/or market manipulation, MOEX applies the following system of measures:

1. MOEX conducts control over orders submitted to it and transactions with the derivative financial instruments and exchange-traded commodities executed on MOEX, as well as over Trading Participants, using the system of control complying with the requirements of the regulatory legal acts of the Bank of Russia and other regulatory legal acts of the Russian Federation, which

68 Definition of "Market Manipulation" – see part (7) of Exhibit F-2 to FBOT Form.

provides for:

- a. monitoring of trading, including (but not limited to) monitoring of trading for the purposes of detection of the suspicious orders (transactions) and inspection thereof to ascertain whether there is either unlawful use of insider information and/or market manipulation.

Insider information shall be understood as accurate and specific information not having been disseminated or submitted (including data qualified as commercial secret, official secret, bank secret, communication secret (pertaining to postal money transfers) and other secret information protected by law), the dissemination or submission of which may substantially affect prices of financial instruments, foreign currency and/or other goods.

MOEX prohibits practices commonly referred to as “wash sales” and “trading ahead”. Trading Participants must not use insider information and perform actions regarded as market manipulation when trading derivatives.

According to the Federal Law “On combating unlawful use of Insider Information and Market Manipulation, and amending certain legislative acts of the Russian Federation” market manipulation shall be understood as follows:

- malicious dissemination through mass media including digital and telecom networks with unlimited admission (including Internet) or through any other means of communication of deliberate misrepresentations resulting in the situation when price, demand, supply or trading volume for a certain financial instrument, foreign currency and/or other goods deviated from the level or were maintained at the level substantially different from the level they could be at should such malicious dissemination had not taken place;
- trading financial instrument, foreign currency and/or other goods based on preliminary contract between Trading Participants and/or their employees and/or persons in the interests of which such trading is made, resulting in the situation when price, demand, supply or trading volume for a certain financial instrument, foreign currency and/or other goods deviated from the level or were maintained at the level substantially different from the level they could be at should such trading had not taken place. This clause shall apply to organized trading based on orders to all Trading Participants in case information about persons having submitted such orders and about persons in the interests of which such orders were submitted is not disclosed to other Trading Participants;
- executing trades under which the obligations of the parties are discharged at the expense or in the interests of one person resulting in the situation when price, demand, supply or trading volume for a certain financial instrument, foreign currency and/or other goods deviated from the level or were maintained at the level substantially different from the level they could be at should such trades had not been executed. This clause shall apply to organized trading based on orders to all Trading Participants in case information about persons having submitted such orders and about persons in the interests of which such orders were submitted is not disclosed to other Trading Participants;
- submitting orders at the expense or in the interests of one person resulting in simultaneous contradictory orders in which the purchase price of a certain financial instrument, foreign currency and/or other goods is either above or equal to the sell price of the same financial instrument, foreign currency and/or other goods – in case trading was made based on such orders resulting in the situation when price, demand, supply or trading volume for a certain financial instrument, foreign currency and/or other goods deviated from the level or were maintained at the level substantially different from the level they could be at should such trading had not taken place. This clause shall apply to organized trading based on orders to all Trading Participants in case information about persons having submitted such orders and about persons in the interests of which such orders were submitted is not disclosed to other Trading Participants;

- executing multiple trades during one trading day within organized trading at the expense or in the interests of one person based on orders with the highest purchase price or the lowest sell price of financial instrument, foreign currency and/or other goods as of the moment of submitting such order, resulting in substantial deviation in their price from the level it could be at should such trades had not been executed – with the purpose of further executing reverse trades at the expense or in the interests of the same or another person at such prices and further execution of such reverse trades;
- executing multiple trades during one trading day within organized trading at the expense or in the interests of one person with the purpose of fraudulent misrepresentation of the price of financial instrument, foreign currency and/or other goods resulting in the situation when such price of financial instrument, foreign currency and/or other goods was maintained at the level substantially different from the level it could be at should such trades had not been executed;
- multiple failure to discharge obligations under trades executed within organized trading with the same financial instrument, foreign currency and/or other goods without bona fide intent to execute them, resulting in the situation when price, demand, supply or trading volume for a certain financial instrument, foreign currency and/or other goods deviated from the level or were maintained at the level substantially different from the level they could be at should such trades had not been executed. Such actions shall not be qualified as market manipulation in case the obligations under the above described trades were terminated on the grounds stipulated in the Rules of Trading Organiser and/or of clearing organization.

The criteria for substantial deviation of price, demand, supply or trading volume for a certain financial instrument, foreign currency and/or other goods versus the level of price, demand, supply or trading volume for the same financial instrument, foreign currency and/or other goods they could be at without account of actions stipulated by the present Article shall be established based on the type, liquidity and/or market value of such financial instrument, foreign currency and/or other goods by the organizer of trading in accordance with the Recommended Practice of the Bank of Russia.

2. Control over Trading Participants exercised by collecting and analyzing of financial and other reporting and information on the basis of information submitted by Trading Participants in accordance requirements of the legislative acts and internal documents (primarily, Procedure for submission of Information and Reports⁶⁹). For the purposes of control over submitting orders for conducting of transactions with the derivatives contracts, the MOEX may establish additional limitations for parameters of orders, in case of exceeding of which the orders are not registered in the trading system, including:
 - limits of price fluctuations;
 - calculating price for the purposes of determination of the significant deviation of prices;
 - minimum and/or maximum volume of the order.

MOEX establishes the specified limitations. In this regard the list of derivatives contracts, as well as list of the categories of Trading Participants, for whom the respective limitations are established. Additionally, the MOEX may establish limitations for submitting a particular type of order for the conducting of transactions with the derivatives contracts.

MOEX, at the request of the Bank of Russia, is obliged to continuously submit to the Bank of Russia information on the course of trading in the derivative contracts, including the information on the orders submitted by the Trading Participants and trades conducted by them, as well as other information prescribed by the Russian legislation and regulatory legal acts.

- II. According to the Federal Law No.115-FZ “On the prevention of Money Laundering and Terrorism Financing” the legalization of unlawful earnings is prohibited. The law defines a legalization of unlawful earnings (money laundering) as actions aimed to making legal ownership to money or other assets received as a result of the unlawful actions (crimes).

MOEX has developed its own anti-money laundering procedures under which it carries out the following measures on a permanent basis:

⁶⁹ The full list of financial and reporting information collected and analyzed by the Moscow Exchange – See [Appendix 16](#) to FBOT Form (Procedure for Submission Information).

- applying the Know Your Customer principle through Trading Participants' identification, due diligence and ongoing monitoring of Trading Participants;
- applying effective money laundering risk management and assessment;
- preventing involvement of MOEX in money laundering by monitoring Trading Participants' operations constantly;
- providing anti-money laundering training for MOEX staff on a periodic base.

(3) *A trade surveillance system appropriate to the Foreign Board of Trade and capable of detecting and investigating potential trade practice violations.*

1. Responsibilities for Trade Surveillance

Monitoring and control over the orders submitted on MOEX and transactions executed on MOEX, including derivatives trades, is exercised by the control subdivision – Internal Control Service of MOEX including with the use of the automated monitoring and control system in accordance with the regulatory legal acts of the Bank of Russia and internal documents of MOEX.

Market surveillance is performed for the purposes of detection and prevention of cases of price manipulation on the markets of MOEX, as well as conduct of transactions with the use of proprietary information, unlawful use of insider information or of cases of conflict of interests.

Monitoring and control over the orders submitted on MOEX and transactions executed on MOEX, including derivatives trades, is exercised by MOEX by criteria established by the regulatory legal acts of the Bank of Russia and internal documents of MOEX, with consideration for the set parameters of the specified criteria (combination of criteria).

The system of monitoring and controlling the submitted orders and executed derivatives trades technically ensures the monitoring and controlling the following criteria:

- number of orders submitted (trades executed) by a Trading Participant during a set period of time;
- execution by a Trading Participant in its own interests during a set period of time of derivatives trades at better prices (the lowest prices in case of purchasing contracts and the highest prices in case of selling contracts) compared to prices for contracts executed by this Trading Participant in the interests of its clients;
- execution by a Trading Participant in its own interests or in the interests of one and the same client of series of derivatives trades leading to price change along the same lines;
- execution by Trading Participant of the derivatives trades by the orders that were submitted on behalf and at the expense of one and the same Trading Participant or Client (cross trades);
- multiple changes and withdrawals of orders by one Trading Participant such orders being submitted by such Trading Participant in its own interests or in the interests of one and the same Client;
- the share of derivatives trades executed by a certain Trading Participant in the overall volume of derivatives trades executed during one trading day exceeds the pre-set amount, which vary by contract;
- the total value of derivatives trades executed by a Trading Participant during one trading day for a certain security deviates from the average value of derivatives trades executed by the same Trading Participant for a pre-set value;
- trading volume for derivatives trades changes during a certain period of time for a pre-set volume.

2. Method of Surveillance

MOEX surveys the trading at its platform in various ways, including (but not limited to):

- conducting control over orders submitted on MOEX and over the execution of transaction on MOEX, including by way of setting of limits for deviation of prices of issued orders on particular instruments;
- continuously tracking the trading day prices, volumes and other characteristics of orders and transactions registered by MOEX;
- detecting in the course of monitoring and subsequent examination of orders and transactions, price and volume of which or other conditions, including with consideration for the previous orders and transactions, correspond to the criteria of suspicious trades/orders or combinations of the criteria;
- terminating or suspending trading in a security or derivative financial instrument in cases prescribed by the regulatory legal acts of the Bank of Russia and documents of MOEX. Trading

may be suspended in case of circumstances that are disturbing or may be potentially disturbing normal trading practices. In particular such circumstances include:

- ✓ malfunction of technical means for trading (including software malfunction);
- ✓ attempts of unauthorised access to trading technical means;
- ✓ malfunction of communications and power supply systems;
- ✓ force majeure;
- ✓ impossibility of proper functioning of the Clearing Centre and/or other organizations the performance of which affects the possibility of trading.

Trading may be suspended due to physical impossibility of trading or by the decision of MOEX. Trading may be suspended fully or partially.

Deadlines set for disclosing information about suspension of trading:

- ✓ in case trading was suspended due to malfunction of technical trading means, the MOEX shall disclose this information no later than after 15 (fifteen) minutes after identifying such malfunction.
 - ✓ In case trading was suspended by the decision of the MOEX, the MOEX shall disclose this information immediately after decision on suspension was made.
- submitting information to the Bank of Russia on a daily basis regarding all orders submitted and executed with separate submission of information of transactions (orders) corresponding to the criteria of suspicious orders/trades or combinations of the criteria;
 - submitting to the Bank of Russia results of conducted examinations for presence in the actions of Trading Participants and their Clients of the facts of market manipulation (for more information about Market Manipulation – See [Exhibit G\(2\)\(2\)](#) to FBOT Form).

For detection of suspicious orders/trades the MOEX uses proprietary software, which analyses trading in securities and derivative financial instruments held on MOEX and issues alerts on the presence of features of suspicious trading activity. The parameters of the criteria used for detection of suspicious orders/trades are set by MOEX depending on the period of the trading day, section, trading mode and type of the derivative contract. The parameters of the criteria may be also set by MOEX for different groups of derivatives determined by MOEX and included in the table of criteria of suspicious trades. MOEX may also utilize additional criteria or combination of criteria for orders/trades that are qualified as suspicious.

For the purposes of monitoring and controlling the closing price, current price, and volume of trading in a derivatives contract and share of the transactions executed by a participant of the trading in this volume are performed by MOEX separately by transactions concluded on derivatives market of MOEX. Suspicious trades/orders are examined by MOEX in accordance with the procedure established by it for:

- market manipulation and violations of requirements on mandatory actions in cases of occurrence of the conflict of interests or for unlawful use of insider information; and
- violations of internal documents of MOEX.

3. An audit trail that captures and retains sufficient order and trade-related data to allow the compliance staff to detect trading and market abuses and to reconstruct all transactions within a reasonable period of time.

The audit trail information is stored electronically. All changes to orders are reflected in the order log. Information from the order log is archived and kept permanently, so it is certainly possible to reconstruct all transactions within a reasonable, or even any, period of time.

According to legislation, all orders/trades are to be stored not less than 5 years from their entry/execution date. According to legislation, all orders/trades are to be stored not less than five (5) years from their entry/execution date. MOEX keeps the data permanently for analysis and as a part of informational services. Exchange kept the data permanently for analysis and as a part of informational services. See *also* [Exhibit G\(4\)](#) to the FBOT Application.

4. Appropriate resources to conduct real-time supervision of trading.

The Internal Control Office of MOEX (ISC) (3 employees) continuously ensures the monitoring of prices, volumes and other parameters of orders and trades (hereinafter, “monitoring and control system”) registered during the trading day, through the automated system. The monitoring serves to identify suspicious orders/trades, e.g. price deviation, spoofing/layering, wash sales, pump & dump, pre-arranged trade, insider trading, option expiration date, capping (pegging), etc. The monitoring and control system ensures sufficiency of resources for control of conduct of trading sessions in the real-time mode. See *also* [Exhibit G\(1\)](#) to FBOT Form.

5. Sufficient compliance staff and resources, including those outsourced or delegated to third parties, to fulfill regulatory responsibilities.

Internal Control Service comprises the Internal Control Office (ICO) and Market Transactions Control (MTC) (7 employees). The Internal Control Service is managed by the Service's director. Monitoring and control system ensures sufficient number of employees and volume of resources for fulfillment of functions of the ICS. See *a/so Exhibit G(1)* of the FBOT Application.

The responsibilities of each division:

- a. Market Transactions Control (3 employees) is responsible for control over MOEX compliance with the requirements of the Russian Federation legislation on financial market and internal policies and procedures, i.e. for compliance stock exchange's activity requirements of Central Bank, laws and regulation related to trade execution (trading rules), information disclosure, gift policy, anti-corruption, conflict of interest, KYC procedures etc.
- b. Internal Control Office (4 employees) is responsible for preventing market abuse and market manipulation, viz.:
 - control over transactions in financial instruments, foreign currency and/or other goods executed within organized trading with the purpose of preventing, identifying and precluding insider information abuse and/or market manipulation;
 - control over issuing reports on identified suspicious trades and orders as of each trading day closure and on the results of checks performed.

6. Rules that authorize compliance staff to obtain, from market participants, information and cooperation necessary to conduct effective rule enforcement and investigations.

MOEX internal control staff is authorized to monitor the Trading Participants activity for purposes of detecting market abuse, instances of conflict of interests, and occurrence of cases of unlawful use of insider information. Compliance (ICS) staff is eligible to conduct negotiations with the authorized representatives of the Trading Participant.

If suspicious orders/trades are detected, the compliance staff is eligible to send requests to Trading Participant on submitting the documents and information that relate to the investigation. MOEX Rules require Trading Participants to provide documents/information to MOEX upon request. If they do not provide information, MOEX is able to fine them and report it to the Central Bank. The requests on disclosing the reasons for submitting/entering into the suspicious orders/trades are could be sent to the Trading Participant as well.

If during the investigation the MOEX were to determine that its authorities are not sufficient for validating the legitimacy of suspicious trades/orders, or some counteractions against investigation from the Trading Participant's side are detected, the MOEX would be required to resend all the available materials on such situations to the Bank of Russia. However, there have been no such cases as of December 2016.

The MOEX notifies the Bank of Russia of any potential violation from the Trading Participant side no later than the next day after adoption of the respective decision. This is a requirement of the Bank of Russia

7. Staff investigations and investigation reports demonstrating that the compliance staff investigates suspected rule violations and prepares reports of their finding and recommendations.

If the MOEX Rules are violated, the Internal Control Service must reports to the Supervisory Board and/or Head of the Trading Participant on the detected violation no later than 2 (two) business days after the day of completion of the inspection, which was conducted by the Internal Control Service. Such report should contain the following information:

- the grounds for inspection and time periods of its conduction;
- confirmed violations and other violations of the legislation of the Russian Federation, including legal acts of the Bank of Russia and internal documents of MOEX, discovered in the course of inspection;
- established causes of commitment of the violation and persons guilty thereof;
- suggestions and recommendations on elimination of the violation and prevention of similar violations in the following operation of MOEX.

This step occurs after an investigation has already determined that a violation has occurred.

A quarterly report on MOEX Rules violations is is prepared by the Internal Control Service and provided to:

- the Chairman of the Executive Board of MOEX within 10 (ten) business days from the date of end of the reporting quarter;
- the Supervisory Board of MOEX for consideration at the meeting of the Supervisory Board of MOEX nearest after preparation and presentation of the report to the Chairman of the Executive Board of MOEX.

A quarterly report should contain the following summarized information:

- inspections carried out during the quarter with indication of the information on the number of conducted inspections and number of violations of requirements of the legislation of the Russian Federation, including regulatory legal acts Bank of Russia and internal documents of the MOEX, detected in connection with these inspections and reasons for commitment of the detected violations;
- the measures taken to eliminate the detected violations and recommendations on prevention of the similar violations of the requirements of the legislation of the Russian Federation, including legal acts of the Bank of Russia and internal documents of MOEX;
- the results of consideration of applications, claims and complaints (on the number of considered applications, claims and complaints, on the violations of the requirements of the legislation of the Russian Federation, including regulatory legal acts of the Bank of Russia and internal documents of MOEX, detected according to the results of consideration of these applications, reasons for commitment of the respective violations, on the assumed measures on elimination and prevention of the similar violations in the following operation of MOEX);
- observance of limitations on the transactions conducted by MOEX established by the legislation of the Russian Federation, including by the regulatory legal acts of the Bank of Russia, instructions of the Bank and internal documents of MOEX; and
- implementation of measures aimed at preventing unlawful use of the proprietary and insider information, market manipulation, conflict of interests and measures on reduction of risks connected with performance by MOEX of professional activities on financial market.

After consideration at the meeting of the Supervisory Board of MOEX and by the Chairman of the Executive Board of MOEX all copies of the quarterly reports are returned to the ICS with the marks testifying of familiarization of the Chairman of the Executive Board of MOEX with the respective reports. The reports are maintained for at least 5 (five) years.

8. Rules determining access requirements with respect to the persons that may trade on the Foreign Board of Trade, and the means by which they connect to it.

See Exhibit B(2) to FBOT Form.

9. The requirement that market participants submit to the Foreign Board of Trade's jurisdiction as a condition of access to the market.

The Derivatives Trading Rules and other internal documents of MOEX as well as the Clearing Rules and other internal documents of the NCC meet requirements settled by legislation of the Russian Federation, included the Federal Laws and regulations on financial markets.

By signing the Application for admission to trading at the Derivatives Market, Candidate for the admission to trading undertakes to observe the requirements of MOEX Derivatives Trading Rules and other internal documents of the MOEX governing rendering services on the Derivatives Market, as well as the procedure for clearing of trades executed on the Derivatives Market.

Thus, through signing of the Application for admission to trading, Candidate (*i.e.*, prospective Trading Participant) confirms its readiness and undertakes to comply with the requirements of legislation of the Russian Federation.

See – Appendix No.1 to the Admission Rules (Appendix 9 to FBOT Form (Admission Rules)).

Exhibit G(3)

A description of the Foreign Board of Trade's disciplinary rules, including (but not limited to) rules that address the following:

- (1) *Disciplinary authority and procedures that empower staff to recommend and prosecute disciplinary actions for suspected rule violations and that provide the authority to fine, suspend, or expel any market participant pursuant to fair and clear standards.*

Any disciplinary sanctions may be imposed on a Trading Participant that has violated any law and other regulatory acts of the Russian Federation, the MOEX's internal documents or the established dispute resolution procedure, or failed to fulfill obligations taken while obtaining the membership at MOEX and entering into agreement with it, or failed to comply with resolutions adopted in accordance with aforementioned documents. Pursuant to the Admission Rules, the MOEX may impose the following sanctions:

- warning;
- suspension of admission to trading;
- termination of admission to trading.

These measures are applied to Trading Participants that have breached the Derivatives Rules and the Admission Rules.

Warnings are applied to Trading Participants for the violations provided for in the MOEX's internal documents, which result in no damages to other Trading Participants and MOEX. The warning shall be announced in writing by MOEX decision fixing the period for removal of the discovered violations, as well as specifying the consequences which may occur for the violator, the Trading Participant, in case of the trading participant's failure to remove or to remove in due time the said violations.

Suspension and termination of admission to trading means the disciplinary measure to be applied to the Trading Participants in the cases provided for in the MOEX's internal documents by MOEX decision for the violations provided for in the MOEX's internal documents.

A Trading Participant's admission to trading will be terminated if further participation of by such Trading Participant in the trading process is not possible due to a gross violation of obligations by the Participant; withdrawal (revocation) of its licenses; declaration of the Participant as a bankrupt; cessation of the company as a legal entity and other reasons stipulated in the MOEX's internal documents. See [Appendix 9](#) to FBOT Form (Admission Rules).

Some examples of circumstances that would result in a suspension rather than a termination:

- a) a gross violation of obligations by the Participant: the Exchange decides to suspend/cancelled admission individually depending on the degree of the violation of the Admission Rules and the Exchange's internal documents.
- b) withdrawal (revocation) of its licenses: Admission is cancelled if the bank license has been revoked. Admission is cancelled with regard to the licensed type of activities if the professional securities market license to act as a broker/dealer/asset manager has been revoked. Admission is fully cancelled if all licenses necessary to be admitted have been revoked. Admission is suspended only if the professional securities market license has been suspended.
- c) declaration of the Participant as a bankrupt: Admission is suspended if information has been received that measures to prevent bankruptcy are being taken; Admission is cancelled if any arbitration has decided to apply a bankruptcy procedure.
- d) cessation of the company as a legal entity: Admission is cancelled if the legal entity has been liquidated
- e) other reasons stipulated in the MOEX's internal documents: Admission is also suspended/cancelled in cases where no reasons set out in the Admission Rules can apply, but Russian legislation or Exchange internal documents require that admission is to be suspended/cancelled.

Disciplinary measures invoked by MOEX shall be applied in accordance with the MOEX's internal documents applicable to all Trading Participants. According to point 7 of Article 11.01 of MOEX Admission Rules, resolutions on applications of disciplinary measures may be adopted by the Exchange's sole executive body (CEO) or person authorized by him/her. There are no special procedures for determining who applies the disciplinary measures except mentioned herein.

Prior to the Disciplinary Committee's abolition, the document which regulated the Disciplinary Committee's activities had presumed that disciplinary measures could be taken by the Supervisory Board or Executive Board along with the CEO and Disciplinary Committee. Now it is the responsibility of the CEO (or person authorized by him/her) only.

So, the determination as to whether to apply disciplinary measures may be made by the Chairman of the Executive Board or the person authorized by him.

Information on application of the respective disciplinary measures with regard to Trading Participants for the violations committed by them shall be disclosed on MOEX website within 3 (three) days from the date of the resolution. The Trading Participant shall be given a written notice of any disciplinary measure to be applied to it. The notice shall be sent no later than 1 (one) business day after the date when the MOEX took the respective decision.

(2) *The issuance of warning letters and/or summary fines for specified rule violations.*

The warning shall be announced in writing by the MOEX's decision fixing the period for removal of the discovered violations, as well as specifying the consequences which may occur for the violator, the Trading Participant, in case of the Trading Participant's failure to remove or to remove in due time the said violations. See also [Exhibit G\(3\)\(1\)](#) to FBOT Form.

(3) *The review of investigation reports by a disciplinary committee or other authority for issuance of charges or instructions to investigate further, or findings that an insufficient basis exists to issue charges.*

Charges may be issued in accordance with the internal regulatory documents of MOEX against any Trading Participant. The decision on issuing charges taking into account the powers stipulated by internal documents may be made by the following authorities:

- Supervisory Board of MOEX;
- Executive Board of MOEX;
- Chairman of the Executive Board or by a person fully authorised by the Chairman of MOEX.

Disciplinary actions are taken by the Exchange itself as the Disciplinary Committee has been abolished. All of investigation and enforcement orders are issued by the Exchange's sole executive body (CEO) or person authorized by him/her.

See [Exhibit G\(2\)\(1\)](#) to FBOT Form.

(4) *Disciplinary committees of the Foreign Board of Trade that take disciplinary action via formal disciplinary processes.*

Issues connected with application of disciplinary measures are considered by the Internal Control Service of the MOEX, that has the authority to commence an investigation into suspicious conduct on MOEX Derivatives Market. If suspicious orders/trades are detected, the ICS is eligible to send requests to a Trading Participant to submit documents and information related to the investigation. Requests for disclosure of the reasons for submitting/entering into the suspicious orders/trades could be sent to the Trading Participant as well. However, a warning with public notice or termination of access to MOEX may only be issued by the Supervisory Board of MOEX, which adopts its decision on the basis of recommendations of the Disciplinary Committee.

The MOEX's Internal Control Service considers matters relating to its competence on the initiative of:

- the Chairman of the Executive Board;
- Trading Participants;
- the other stakeholders who believe that the business practices violated as a result of unfair behavior of the Trading Participant.

The following basic principles underlie the operation of the Internal Control Service of MOEX:

- principle of respect of the rights and protection of legitimate interests of the Trading Participants, other participants of the stock market and third parties;
- principle of strict observance of the legislation of the Russian Federation, standards of professional activities and professional ethics;
- principle of coordination and interaction of bodies;
- principle of legal equality, judicial protection of legal rights, responsibility only for guilty unlawful conduct.

In conducting investigations, the Exchange follows the Procedure for Monitoring over Trading on the Organized Market and Controls over Trading Participants (adopted by the Supervisory Board of MOEX on

22 June 2015, Minutes No. 3, and registered by the Central Bank of Russia (CBR) on 20 July 2015). An investigation is opened when irregular orders/trades have been identified in accordance with the appendix to the Procedure. As part of its controlling activities, the Exchange carries out inspections (including those on the basis of requests from the CBR), and requires that Trading Participants submit certain documents (including documents received by the Trading Participant from its clients) or written or oral explanations with regard to a certain issue.

In fact, this regulation allows the Exchange to initiate an investigation not only when an irregular trade is detected, but also due to any other reason, such as receipt of a request from the CBR, an issuer, other related parties or media companies.

When conducting an investigation, the Exchange does not send any notifications to the Trading Participant, but sends information requests to it.

Upon receiving a request from the Exchange, the Trading Participant must provide the Exchange with reasonable explanations with regard to the matter. After considering information from the Trading Participant, we send the materials to the CBR, if necessary.

The Procedure does not set out the right of Trading Participant to use any remedy; however, they have the constitutional right to take legal actions, as they are legal persons.

The MOEX's sole executive body (CEO) or person authorized by him/her determines whether to close the investigation without further action or to proceed with penalties.

Trading Participants may appeal against any penalties by any legitimate way including to the National Clearing Center (NCC), Russian National Association of Securities Market Participants (NAUFOR), the Bank of Russia, or Arbitration Court.

In recent years, the Internal Control Service has very rarely considered any cases connected with violations of the standards of professional ethics and requirements of the documents of MOEX, as the systems of control over the Trading Participants, their transactions and orders implemented by MOEX, as well as the system of risk management used by MOEX prevent the occurrence of conflict situations that may become the subject matter for consideration of the Internal Control Service.

(5) Whether and how the Foreign Board of Trade articulates its rationale for disciplinary decisions.

Disciplinary measures of the Internal Control Service are substantiated and reasoned with reference to the respective requirements of the internal documents of MOEX or regulatory legal acts that were violated.

(6) The sanctions for particular violate ones and a discussion of the adequacy of sanctions with respect to the violations committed and their effectiveness as a deterrent to future violations.

MOEX imposes equal sanctions (penalties) for all Trading Participant committing the same kind of violations. MOEX sends the warning to a Trading Participant committing any violation stipulated by the MOEX's internal documents, if such violation has not entailed losses to other Trading Participant and MOEX. MOEX examines each case of violation individually and in close relation to the committing Trading Participant in order to provide, inter alia, a reasonable explanation for the sanction to prevent such violations from recurring.

Exhibit G(4)

A description of the market surveillance program (and any related rules), addressing the following:

- (1) *The dedicated market surveillance department or the delegation or outsourcing of this function, including general description of the staff; the data collected on market activity of traders; data collected for determination whether prices are responding to supply and demand; data on the size and ownership of deliverable supplies*

MOEX established a department (Internal Control Service) responsible for investigating and preventing abusive, manipulative, or unlawful trading practices. This includes monitoring⁷⁰ submitted orders and executed trades with derivatives contracts, as well as control over the Trading Participants⁷¹ exercised in accordance with the requirements of the internal documents of MOEX regulating participation in the trading. For more information – see Part 5 Exhibit G(2)(3) to FBOT Form.

Monitoring and control by the exchange of orders and trades in derivatives contracts are to be considered as a set of organizational and technical measures aimed to continuous tracking of prices, volumes and other parameters of orders and trades registered in the trading system during the trading day. Such parameters include the following:

- control over the current prices of the derivative contracts for the purposes of early detection of conditions⁷² specified by the regulatory legal acts of the Bank of Russia and other regulatory legal acts of the Russian Federation, upon occurrence of which trading in the derivative contracts is suspended;
- detection of cases of violation of the legislative acts of the Russian Federation on organized trading, regulatory legal acts of the Bank of Russia and other regulatory legal acts of the Russian Federation, requirements of the internal documents of MOEX regulating the organization and holding of MOEX trading and trading in the derivative contracts on MOEX.

MOEX carries out the examination of suspicious trades for the purpose of detecting:

- unlawful usage of insider information and/or market manipulation (suspicious trades or suspicious deals are detected automatically by special designated system according to “red flags”);
- conflicts of interests (according to internal policy it is prohibited to make any decisions or actions that may lead to a conflict of interest. Compliance Department must be informed about any conflicts of interest and gives recommendations on how to manage conflicts which arise. There are Gift Policy and Code of Conduct in place);
- violations by participants of the trading of the requirements of the internal documents⁷³ of MOEX regulating organization and holding of MOEX trading and trading in the derivative contracts (there is ongoing monitoring of the trading requirements. Periodic reporting is provided by participants and monitored according to Trade Policy).

- (2) *A description of the manner in which the foreign exchange detects and terminates market manipulation*

Suspicious trades are detected automatically by special designated system according to “red flags”. After trades are detected, a special investigation is carried out including a request to the Trading Participant and reporting to the Bank of Russia. See also Exhibit G(2)(3) to FBOT Form.

- (3) *For cash-settled contracts, methods of monitoring the settlement price or value and any foreign exchange position limit, position management, large trade or other position reporting system*

Position limits under the derivative contracts are not established. The possibility of opening of positions under the derivative contracts is limited neither by MOEX, nor by the regulatory authority. The NCC imposes higher Initial Margin obligations only on Clearing Members and only in case of huge non-hedged positions (so called Stress Collateral). For more detail, please, see: <http://moex.com/a3677>. Furthermore, position limits are not required because the MOEX will not be offering any “linked contracts” to US persons.

70 For more information about the nature and form of the monitoring – See – part (3)-1 Exhibit G-2 “Responsibilities for Trade Surveillance” and part (3)-4 Exhibit G-2 “Appropriate resources to conduct real-time supervision of trading”.

71 For more information in how control over Trading Participants relates to the Moscow Exchange surveillance program – See – part (3)-1 Exhibit G-2 “Responsibilities for Trade Surveillance”

72 For more information about the conditions upon occurrence of which trading in the derivative contracts is suspended – See – part (3)-2 Exhibit G-2 “Method of Surveillance”

73 Rules to protect confidentiality of insider information and control over compliance with the Federal Law of July 27, 2010 № 224-FZ and adopted in accordance with it regulations. See – Exhibit C-4 for more information.

Exhibit H – Information Sharing Agreements among the Commission, the Foreign Board of Trade, The Clearing Organization, and relevant Regulatory Authorities

Exhibit H(1)

A description of the arrangements among the Commission, the Foreign Board of Trade, the Clearing Organization, and the relevant foreign regulatory authorities that govern the sharing of information regarding the transactions that will be executed pursuant to the Foreign Board of Trade's registration with the Commission and the clearing and settlement of those transactions. This description should address or identify whether and how the Foreign Board of Trade, clearing organization, and the regulatory authorities governing the activities of the Foreign Board of Trade and Clearing Organization agree to provide directly to the Commission information and documentation requested by Commission staff that Commission staff determines is needed:

(i) to evaluate the continued eligibility of the Foreign Board of Trade for registration. (ii) to enforce compliance with the specified conditions of the registration. (iii) to enable the CFTC to carry out its duties under the Act and Commission regulations and to provide adequate protection to the public or registered entities. (iv) to respond to potential market abuse associated with trading by direct access on the registered Foreign Board of Trade. (v) to enable Commission staff to effectively accomplish its surveillance responsibilities with respect to a registered entity where Commission staff, in its discretion, determines that a contract traded on a registered Foreign Board of Trade may affect such ability.

After regulatory reform of September 2013 the Bank of Russia has become a single authority that regulates controls and supervises both credit and non-credit financial institutions in the Russian Federation including boards of trade (exchanges) and clearing organizations.

The Bank of Russia has the right to obtain information (including confidential), contemporaneous records (including bank records of natural and legal persons), and documents sufficient to evaluate the continued eligibility of the domestic boards of trade and clearing house for licensing requirements, enforce compliance with the Russian legislation, reconstruct all securities and derivatives transactions, respond to any potential market abuse and protect public interests. This power is established by the Central Bank of Russia Law⁷⁴, the Securities Market Law⁷⁵, the Investment Funds Law⁷⁶, the Insider Law⁷⁷, the Clearing Law⁷⁸, the Organized Trading Law⁷⁹, the Banking Law⁸⁰, the Investors Protection Law⁸¹. This power covers securities issuers and professional participants of financial market, organizations that are under control of the Bank of Russia according to the Investment Funds Law (investment funds, management companies and special depositories), credit institutions, clearing houses and domestic boards of trade (organizers of trading), trade repositories⁸² and other organizations and persons enumerated in the Central Bank of Russia Law (non-credit financial institutions)⁸³.

In consonance with Article 51.1 of the Federal Law № 86-FZ of July 10, 2002, "On the Central Bank of Russian Federation (Bank of Russia)" The Bank of Russia is entitled to exchange information and (or) documents, which may be confidential, including those that contain data constituting bank secrecy, with a foreign financial market regulator pursuant to and in compliance with:

- 1) a multilateral memorandum of understanding concerning consultation and cooperation and the exchange of information of the International Organization of Securities Commissions;
- 2) an international treaty of the Russian Federation;

74 Articles 56, 57, 73, 76.5 of the Federal Law № 86-FZ of July 10, 2002, "On the Central Bank of the Russian Federation (Bank of Russia)"

75 Section 6 Article 51.5, Section 7 Article 44 of the Federal Law № 39-FZ of April 22, 1996, "On Securities Market"

76 Section 3 Article 55 of the Federal Law № 156-FZ of November 29, 2001, "On Investment Funds"

77 Section 1, 9 Article 14, Section 1, 4 Article 16 of the Federal Law № 224-FZ of July 27, 2010, "On Combating Unlawful Use of Insider Information and Market Manipulation and On Amending Certain Legislative Acts of the Russian Federation"

78 Paragraph 3 Section 2, Section 4 Article 25 of the Federal Law № 7-FZ of January 7, 2011, "On Clearing, Clearing Activity and Central Counterparty"

79 Article 25 of the Federal Law № 325-FZ of November 21, 2011, "On Organized Trading"

80 Section 32 Article 26 of the Federal Law № 395-1 of December 2, 1990, "On Banks and Banking"

81 Section 2 Article 11 of the Federal Law № 46-FZ of March 5, 1999, "On Protection of the Rights and Legitimate of Investors on Securities Market"

82 Section 6 Article 51.5 of the Federal Law № 39-FZ of April 22, 1996, "On Securities Market"; Section 31 of Procedure for keeping register of contracts concluded under general agreement (single contract), for provision of information required to keep the register and information therefrom, and for filing register of contracts concluded under general agreement (single contract) with securities market federal executive body approved by FFMS of Russia № 11-68/pz-n of December 28, 2011

83 Article 76.1 of the Federal Law № 86-FZ of July 10, 2002, "On the Central Bank of the Russian Federation (Bank of Russia)"

3) a bilateral treaty with a foreign financial market regulator envisaging an exchange of information, if the legislation of the corresponding foreign state stipulates the level of security for information provision at least matching the level of information security envisaged by the Russian Federation legislation.

In addition the Bank of Russia is the legal successor of the FFMS of Russia regarding the establishment (equity participation) of legal entities; participation (membership) in organizations (forums, groups, committees), including international and foreign ones; treaties and agreements with foreign financial market regulators, international and foreign bodies and institutions in accordance with the article 49 of the Federal Law № 251-FZ of July 23rd, 2013.

In 2000 the CFTC and the Commodities Exchanges Commission of the Ministry of the Russian Federation for Antimonopoly Policy and support of Entrepreneurship (CEC) signed a Joint Statement between the CFTC and the Commodities Exchanges Commission of the Ministry of the Russian Federation for Antimonopoly Policy and support of Entrepreneurship (CEC) Regarding Cooperation, Consultation and the Provision of Technical Assistance (Joint Statement) which entered into force on December 10th, 2000.

Since the signing of the Joint Statement, the responsibilities of the CEC have been transferred to the Federal Financial Markets Service (FFMS of Russia) pursuant to the Russian Federation Presidential Decree № 314 of March 9th, 2004 (see – [Appendix 23 and Appendix 24](#) to FBOT Form (CBR's Side Letter to the Joint Statement)).

Subsequently, the responsibilities of the FFMS of Russia have been transferred to the Bank of Russia in accordance with the Federal Law № 251-FZ of July 23rd, 2013. Additionally, pursuant to the Russian Federation Presidential Decree № 645 of July 25th, 2013, the FFMS of Russia was abolished as of September 1st, 2013. As a result, the Bank of Russia has become a legal successor to the FFMS of Russia in respect to the above Joint Statement.

The Bank of Russia to ensure that the arrangements under the Joint Statement will continue to operate effectively in respect of the Bank of Russia has sent an official letter to the CFTC by which it confirms that:

- the Bank of Russia as a legal successor to the FFMS of Russia is to be treated as if it was a signatory to the Joint Statement;
- references to the FFMS of Russia are to be treated as references to the Bank of Russia.

The Bank of Russia is an ordinary member of the International Organization of Securities Commissions (IOSCO). On February 16, 2015, the Bank of Russia signed the Multilateral Memorandum of Understanding Concerning Consultation and Cooperation and the Exchange of Information (IOSCO MMoU). The Bank of Russia has been included to the Appendix A of the IOSCO MMoU, and has become the 105th IOSCO MMoU signatory and full participant of the information exchange with other financial market regulatory authorities, which are signatories to the IOSCO MMoU.

Exhibit H(2)

A statement as to whether and how the Foreign Board of Trade has executed the International Information Sharing Memorandum of Understanding and Agreement.

On January 31, 2008 the RTS signed a Joinder Agreement to the International Information Sharing Memorandum of Understanding and Agreement.

On April 29, 2008 the MICEX signed a Joinder Agreement to the International Information Sharing Memorandum of Understanding and Agreement as well.

MOEX as former MICEX and as a legal successor to the RTS is to be treated as if it was a signatory to the Joint Agreement. MOEX ensures that the arrangements under the Joinder Agreement will operate effectively.

See – Appendix 21 (RTS's Memorandum of Understanding) and Appendix 22 (MICEX's Memorandum of Understanding) to FBOT Form.

Exhibit H(3)

A statement as to whether the regulatory authorities governing the activities of the foreign board of trade and clearing organization are signatories to the International Organization of Securities Commissions Multilateral Memorandum of Understanding. If not, describe any substitute information-sharing arrangements that are in place.

On February 16, 2015, the Bank of Russia signed the Multilateral Memorandum of Understanding Concerning Consultation and Cooperation and the Exchange of Information (IOSCO MMoU). Thus the Bank of Russia has been included to Appendix A of the IOSCO MMoU and has become the 105th IOSCO MMoU signatory and full participant of the information exchange with other financial market regulatory authorities, which are signatories to the IOSCO MMoU. This significantly helps the Bank of Russia to improve cross-border information sharing process and expand the range of countries and authorities involved in it.

Apart from the IOSCO MMoU at present the Bank of Russia is a party to 20 bilateral MoUs on cooperation and information sharing with foreign financial market authorities and 36 bilateral MoUs on cooperation and information sharing with foreign national (central) banks in banking supervision.

Exhibit H(4)

A statement as to whether the regulatory authorities governing the activities of the foreign board of trade and clearing organization are signatories to the Declaration on Cooperation and Supervision of International Futures Exchanges and Clearing Organizations. If not, a statement as to whether and how they have committed to share the types of information contemplated by the International Information Sharing Memorandum of Understanding and Agreement with the Commission, whether pursuant to an existing memorandum of understanding or some other arrangement.

On February 16, 2015, the Bank of Russia signed the Multilateral Memorandum of Understanding Concerning Consultation and Cooperation and the Exchange of Information (IOSCO MMoU). Thus the Bank of Russia has been included to Appendix A of the IOSCO MMoU and has become the 105th IOSCO MMoU signatory and full participant of the information exchange with other financial market regulatory authorities, which are signatories to the IOSCO MMoU. This significantly helps the Bank of Russia to improve cross-border information sharing process and expand the range of countries and authorities involved in it.

Apart from the IOSCO MMoU at present the Bank of Russia is a party to 20 bilateral MoUs on cooperation and information sharing with foreign financial market authorities and 36 bilateral MoUs on cooperation and information sharing with foreign national (central) banks in banking supervision.

The Bank of Russia is not a signatory to the Boca Declaration on Cooperation and Supervision of International Futures Exchanges and Clearing organizations (hereinafter the "Boca Declaration").

However, the Boca Declaration scope is covered by the IOSCO Multilateral Memorandum of Understanding Concerning Consultation and Cooperation and the Exchange of Information, (hereinafter the "IOSCO MMoU"), which has 109 signatories as opposed to 29 of the Boca Declaration, and was last updated in 2012 as opposed to the 2002 of the Boca Declaration. The Bank of Russia joined IOSCO MMoU on February 16th, 2015.

Information exchange on the issues, not covered by the IOSCO MMoU, can still be performed under the Joint Statement between the CFTC and the Commodities' Exchanges Commission of the Ministry of the Russian Federation for Antimonopoly Policy and Support of Entrepreneurship (CEC) Regarding Cooperation, Consultation and the Provision of Technical Assistance, Joint Statement). Since the signing of the Joint Statement, the responsibilities of the CEC have been transferred to the Federal Financial Markets Service (FFMS of Russia⁸⁴) pursuant to the Russian Federation Presidential Decree № 314 of March 9th, 2004.

⁸⁴ Subsequently, the responsibilities of the FFMS of Russia have been transferred to the Bank of Russia by the Federal Law № 251-FZ of July 23rd, 2013. Pursuant to the Russian Federation Presidential Decree № 645 of July 25th, 2013, the FFMS of Russia has been abolished starting from September 1st, 2013. As a the result of this transfer, the Bank of Russia has become a legal successor to the FFMS of Russia in matters pertaining to regulation of commodities and derivatives markets and the relevant market participants in the Russian Federation. The CFTC was notified of this by the Bank of Russia letter of June 24th, 2014, № 06-51-1/4970.