

Statement from the Chief Executive Officer

**ALEXANDER
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DEAR COLLEAGUES!

Moscow Exchange is continuing to successfully execute on the company's strategy to improve its product offering and technology, introduce new instruments and services and attract Russian and international investors to its markets. In an environment of lower volatility and reduced investor activity across most emerging markets, Moscow Exchange posted strong results for 2016.

We saw robust growth in trading volumes on almost all our markets, which drove record fee and commission income, the core source of income for an exchange.

Moscow Exchange remains the main platform for equity and debt offerings by Russian companies. In 2016, issuers raised over RUB 2.5 trillion in capital from domestic and international investors via Moscow Exchange.

During the year, we launched a number of successful products intended to grow the Russian financial market, enhance its depth and sophistication. These included repo in general clearing certificates, a new currency pair, new futures contracts and new types of bonds.

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Alexander Afanasiev,
Chief Executive Officer

Moscow Exchange has established itself as a leader in the Russian fintech space; it strives to advance the market and meet needs of very different groups of customers. We support Russian fintech start-ups that contribute to accessibility, transparency and quality of investment services.

For the Russian financial market to evolve successfully, we need to grow the domestic retail investor base. This can be achieved primarily through financial education and increasing the financial literacy of households. In 2016, the Moscow Exchange School conducted over 250 online and interactive workshops at which more than 10,000 individual investors were given knowledge and skills in investment portfolio management.

One of our priority tasks has been ensuring the uninterrupted operation of our trading and clearing systems. Over recent years, the company has invested a great deal to improve the reliability and capacity of the IT infrastructure. An important step was made in 2016 with the relocation of our IT systems to a new state-of-the-art data centre that has facilitated improved service quality and accessibility.

The completion of the main phase of the listing reform was a major achievement of 2016 that helped strengthen corporate governance across the Russian public company universe and improve the transparency and perception of the Russian market.

Moscow Exchange itself is determined to develop model corporate governance and to remain attractive to a wide variety of investors.

New challenges, such as growing demands from market participants, competition and rapidly changing technology, require new approaches to our work. In 2016, Moscow Exchange introduced new corporate values. New corporate values as a company management tool will contribute to more effective business processes, a stronger customer focus and greater engagement and collaboration within the company.

We expect that more active borrowing by Russian businesses via public markets will be a growth engine for our business. Moscow Exchange in return will continue to streamline the bond issuance process, develop new fixed-income instruments and further improve its technologies.

In our efforts towards developing the Russian financial market, we work closely with market participants, shareholders and the regulator, and I would like to thank all of them for their support and collaboration.