

Statement from the Chief Executive Officer



Yury Denisov

Chief Executive Officer

A handwritten signature in black ink, appearing to be 'Yury Denisov', written in a cursive style.

DEAR SHAREHOLDERS AND PARTNERS,

I am pleased to present Moscow Exchange's Annual Report for 2019. During the year, we achieved record levels of fee and commission income in almost all markets due to increased customer activity, including among individual investors. These higher levels of activity were a result of favorable conditions in a number of the Exchange's markets, as well as due to expansion of the range of products offered by MOEX and new services becoming available to market participants and their customers.

Moscow Exchange's offer to customers is unique. We provide the opportunity to trade various financial instruments and currencies, and to hedge risks within a single infrastructure and using a single collateral pool for funding operations. We also remove counterparty risk – trading members do not need to worry about whether the other party to a transaction will deliver an asset and whether settlement will occur.

A significant event in 2019 was the approval of a new strategy for Moscow Exchange Group through 2024. The new strategy is designed to bring trust, efficiency and innovation to the financial markets, and to help companies and individuals achieve their financial goals. We see new technologies as a major challenge for the exchanges industry as they test the role of traditional financial intermediaries. We understand this challenge, and have sought to address it in our new strategy. Moscow Exchange will continue to develop marketplaces and to register and settle OTC transactions – in other words, we will provide services that support direct trading between and among our customers.

In 2019, 1.9 million Russians opened brokerage accounts. This is almost as many as in all previous years combined. As of the end of the year, the number of individuals with brokerage accounts reached 3.9 million. This increase in public interest in exchange-traded instruments is the result of many years of work by the Exchange, the financial community and the regulator to develop the domestic investor base by creating and promoting special products for individual investors, offering tax incentives, developing digital technologies and remote identification systems, and through investor education and training events.

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An important task for the Exchange is to provide Russian companies with access to the capital markets. In 2019, Russian corporate issuers raised RUB 3.2 through bond placements on MOEX to grow their businesses, and the Russian budget received RUB 2.1 trln from issues of treasury bonds. MOEX's Growth Sector for SMEs is continuing to operate successfully, and offers smaller companies the opportunity to access state support measures as part of the national SMEs project. At the end of the year, securities of 36 issuers were traded in the Growth Sector.

We also launched a new securities sector during the year. The Sustainability Sector is designed to help companies that are implementing environmental and social projects to raise financing.

The Exchange's advanced IT technologies ensure that trading and settlement infrastructure functions smoothly, with a high level of fault tolerance. System availability was 99.99% in 2019.

The Exchange devotes significant attention to popularizing the Russian market and attracting foreign investors. One priority in this area is the annual Exchange Forums, which are held in major financial centers around the world – Moscow, London, New York and Shanghai. The Exchange also collaborates with leading international platforms in order to learn from best global practices and grow its business. In 2019, memorandums of understanding were signed with the Zhengzhou Commodity Exchange, Shanghai Gold Exchange, China Foreign Exchange Trade System and the Bombay Stock Exchange.

The Exchange is developing a strategic partnership with the Kazakhstan Stock Exchange, which will contribute to the creation of a single financial market for countries of the Eurasian Economic Union. The main focus of the collaboration is to create a single technological platform operating across the Russian and Kazakh markets.

In 2019, Moscow Exchange joined the UN's global Sustainable Stock Exchanges initiative, which brings together more than 90 exchanges from around the world. As part of the initiative, stock exchanges develop solutions to boost investments in creating a sustainable future and disseminating responsible business practices in financial markets.

We are strong believers in the principle of equal opportunities for everyone, irrespective of gender, ethnicity, social background or any other characteristics. Every year in early March, the Exchange holds a market opening ceremony dedicated to gender equality as part of the global Ring the Bell for Gender Equality initiative organized by leading exchanges around the world.

The success of our business is predicated on our HR strategy, which is built on best global practices. We are constantly improving our incentive programs, and investing in the development of a culture that facilitates efficient work and creates a comfortable environment for all our colleagues. All of this helps the Exchange's employees to continue pushing forward the development of financial market infrastructure both within Russia and internationally.

An important area for the Exchange's social responsibility program is charitable activity. We help people in need, support educational projects, and work only with charitable foundations that have a proven reputation. In 2019, we allocated more than RUB 24 mln for charitable purposes.

We value everyone – clients, partners, employees, investors, issuers, shareholders, government agencies, professional communities and the media – who helps us to develop trading infrastructure and make it more accessible to market participants. I would like to thank you for your support, help and cooperation!