

Key projects 2019

The Exchange provides a variety of opportunities for domestic companies to raise capital, reliable infrastructure for trading across various asset classes, settlement via a central counterparty and effective liquidity

management mechanisms. The Exchange is constantly working to improve technologies, develop new products and services, expand the range of instruments, attract new categories of market participants and develop new markets.

PRODUCTS AND SERVICES FOR INDIVIDUALS

An active influx of retail investors into the financial market has been the trend of recent years. Together with the regulator and market participants, the Exchange has worked to create and promote specialized products for individuals.

2019 saw the active development of exchange-traded mutual investment funds (BPIFs) following adoption of the relevant legislative framework in 2018. Over the course of 2019, 17 BPIFs were formed.

BPIF is the equivalent of an exchange-traded fund (ETF) issued under Russian law. Exchange-traded funds are primarily aimed at retail investors, and they significantly simplify the process of portfolio investment as they track a basket of stocks. ETFs also allow investors to purchase the entire market or an entire sector with 'one click', incurring minimal costs.

BPIFs and ETFs allow investing in foreign markets: at the end of 2019, 35 exchange-traded funds distributed by eight companies tracking benchmarks of eight countries were listed on Moscow Exchange.

In 2019, the National Association of Securities Market Participants (NAUFOR) awarded the Bank of Russia and Moscow Exchange with the 'Stock Market Elite' prize in the 'National Stock Market Development Project' category for creating conditions for launching BPIFs in Russia.

Specialized events, training seminars and competitions are held to increase the financial literacy of the population and increase understanding of how the Exchange's operates and traded instruments.

The Moscow Exchange School online platform doubled the number of trainee retail investors as it works to improve the financial literacy of the population. In 2019, about 700 training webinars were held where retail investors gained knowledge and skills in managing their personal finances. About 74,000 people participated in these events.

The Exchange annually organizes competitions for private investors to demonstrate the opportunities and potential profitability of trading. The 'Best Private Investor' contest has been held since 2003 and is the world's largest exchange competition for traders. In 2019, 6,500 investors participated in the competition, their total trade turnover amounted to 1.1 trillion rubles. Total prize money awarded was 8.3 million rubles.

35 ETFs
created as of the end of 2019

Since 2015, the Invest Trial competition for beginners has also been held, allowing participants to gain investment experience using demo mode (without risking their own funds) and get a real cash prize. In 2019, over 13,000 investors took part in the competition, and more than 1,100 were awarded prizes. Under the competition results, participants opened more than 3,000 brokerage accounts. Total prize money awarded was 8 million rubles.

In 2019, a showcase of collective investment and trust management products was launched. The showcase was developed by the Exchange in partnership with leading Russian asset management companies. With the help of a showcase, private investors can choose and invest in mutual funds or trust management strategies. At the end of 2019, 85 mutual funds and eight trust management strategies offered by nine asset management companies were represented in the showcase, which manage about 60% of all assets of the trust management industry.

Tax incentives, digital technologies and remote identification services were introduced in the Russian financial market and provide the opportunity to open a brokerage account without leaving your home, thus contributing to growth of private interest in investment services. In August 2019, the online customer registration service, which allows users to start operations with exchange-traded instruments a few minutes after opening an account on a broker or bank's website, became available on all Exchange markets.

At the end of 2019, the number of individuals with brokerage accounts reached 3.9 million, up two-fold versus the end of 2018. The number of active accounts of individuals (where at least one transaction was completed in the past year) increased by 73% to 791,000.

In 2019 individuals accounted for 34% of equities trading volumes, 7% of bond volumes, 42% of derivatives volumes and 8% of foreign exchange spot.

Private investors are active participants in the debt market: in 2019, they accounted for 18.2% of the primary market for corporate bonds and 10.6% of secondary trading.

3.9 mln individuals
held brokerage accounts

+73%
increase of number of active individual accounts
on the Equity Market

18.2%
share of primary market for corporate bonds
accounted for by retail investors in 2019

34%
share of Equity Market accounted for
by retail investors

BOND MARKET DEVELOPMENT

Development of the debt market is an important objective for the Exchange and the entire professional community, as it can reduce borrowing costs for real sector enterprises, attract 'long money' into the economy and expand the availability of loans for small businesses. In addition, in the context of lower interest rates, bonds are an alternative to bank deposits for the wider population.

In 2019, several important innovations were rolled out on the debt market. The minimum lot on Eurobonds traded on the Exchange was reduced to US\$1,000 in order to make them more accessible, primarily for retail investors. This increased trading volumes in Eurobonds more than two-fold.

In the fall, the first stage of the transition to the T+1 trading mode with partial collateral for corporate bonds took place. 294 securities were transferred, and the remaining corporate bonds are planned to be transferred to T+1 mode in the first half of 2020.

A new securities sector has been created, the Sustainability Sector, for financing projects in the fields of ecology, environmental protection and socially significant initiatives.

The first issue of structured bonds registered under Russian law took place.

After more than eight years, the Ministry of Finance of the Republic of Belarus returned to the Russian bond market with two three-year bond issues denominated in Russian rubles.

The development of the OTC system of the debt market continued: in 2019, participants were able to clear OTC transactions with a central counterparty settling in rubles, US dollars and euros with bonds, including those not listed on the Exchange. This made it possible to expand the list of available instruments in the OTC system, including to Eurobonds.

All these measures contributed to growth in the volume of primary placements in the debt market: the volume of corporate bond placement in 2019 increased by 36% to 3.2 trillion rubles, and federal loan bonds (FLB) doubled to 2.1 trillion rubles.

294 corporate bonds
transferred to T+1

+36%
growth of corporate bond placements

2 times
growth in OFZ primary market

STIMULATING LIQUIDITY IN THE FX MARKET

In 2019, due to a sharp decrease in volatility in the foreign exchange market, the Exchange developed a set of foreign exchange market solutions focused on various categories of participants to increase trading volumes and maintain the share of the exchange market in the total volume of conversion operations.

In particular, the new technologies SpeedBump and Request for Stream (RFS) were implemented, facilitating execution of transactions with foreign currency in large volumes at the best prices with minimal costs.

The SpeedBump technology uses a random program delay of orders. The RFS over-the-counter service facilitates execution of large transactions (from US\$5 million).

of the main currency pairs traded on the Exchange, with minimal spreads due to micro-auctions with a wide range of liquidity providers. In the new modes, asymmetric rating was introduced, which allows liquidity consumers to enter into transactions with a zero turnover commission.

The project to provide access to global currency liquidity using the exchange's infrastructure and foreign exchange market interfaces with the conclusion of transactions on world currency quotes transmitted from major international banks being liquidity providers continued to develop. Participants can make over-the-counter transactions with the currency pairs Euro – US dollar, Pound sterling – US dollar, US dollar – Chinese yuan, US dollar – Turkish lira and US dollar – Japanese yen.

MONEY MARKET DEVELOPMENT

The key segment of the Russian Money Market in recent years has been the GCC repo (repo in general collateral certificates), which combines the reliability of the central counterparty and flexibility of collateral management, where the most representative ruble rate is formed. Over 200 participants are connected to the GCC-repo market, including banks, brokers, asset management companies, insurance companies and non-financial companies.

In 2019, based on the CCP-cleared repo transactions in GCC, MOEX launched a new benchmark tracking the value of secured money, the Russian Secured Funding Average Rate (RUSFAR). RUSFAR is calculated in both Russian rubles and US dollars and is calculated for all key terms – from one day to three months, which allows to build a curve for the value of secured money. At the same time, participants received an opportunity to develop instruments with a floating interest rate for long periods (deposits, loans). In addition, futures trading started on the Derivatives Market, and trading in interest-rate swaps on RUSFAR started on the standardized derivatives market.

During the year, the company continued to work actively to expand the capabilities of market participants and attract new categories of customers. Since 2017, the Exchange has been developing the project to provide direct access to the FX and Money Markets to Russian legal entities that are not credit institutions or professional securities market participants. In 2019, for the first time, asset management companies got direct access to the deposit market with the CCP. In total in 2019, 34 companies joined as new participants of the CCP deposit market, bring the total number to 121.

The Federal Treasury also became a participant in the CCP deposit market, providing all participants of the Russian money market with access to a new source of large liquidity on the market auction basis.

121 companies
the number of participants
in the deposit market
with the CCP

+34 companies
joined the deposit
market with the CCP
in 2019