

An aerial night photograph of the Moscow International Financial Center development. The image shows several modern skyscrapers with their windows and facades illuminated, reflecting in the surrounding city lights. A prominent feature is a large, curved, multi-story building with a distinctive architectural design. In the foreground, a wide road with a curved overpass is visible, with light trails from vehicles. To the right, a river flows through the city, with a bridge crossing it. The background shows the dense urban landscape of Moscow at night, with numerous other buildings and lights.

Moscow International Financial Center Development

Roadmap Highlights

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PROGRESS LANDMARKS 2010-13

Completed groundwork for the creation of the Bank of Russia-based financial markets megaregulator

RTS-MICEX merger, followed by a successful Moscow Exchange IPO

Moscow Exchange implemented T+ standard settlement

Central Depository established

Anti-Insider Trading and Market Manipulation Act passed

Clearing Act passed

Simplified the securities issue procedure

Euroclear and Clearstream gained access to the Russian OFZ market

Russian Authorities declared that the Russian market will host privatization deals



2013
2014
2015

KEY PRINCIPLES

International Financial Center and Investment Climate Change in the Russian Federation Roadmap was approved by the Russian Government`s Resolution 1012-R of 19 June 2013

The Roadmap is geared to:

- **boost the competitive edge of the Russian financial market by shaping a stable and flexible regulatory environment to stimulate rollout and development of up-to-date financial products and services**
- **progress to a higher level of corporate governance, ensuring the protection of investors' title and interests**
- **remove the price discount on Russian financial assets vs. other emerging markets**
- **make the national financial system sustainable in the long term**

The Roadmap envisions the creation of a special entity dedicated to marketing Moscow as an international financial center abroad

PARTICIPANTS

Ministry of Finance / MIFC Taskforce / The Bank of Russia
Ministry for Economic Development / Ministry of Justice / Labor Ministry / Health Ministry
Education and Science Ministry / Ministry of Internal Affairs / Ministry of Foreign Affairs
Supreme Arbitration Court / Supreme Court
Moscow Government / Moscow Exchange
FFMS / Federal Tax Authority / Russian Federal Consumer Rights Protection Service
Federal Anti-Monopoly Service / Federal Migration Service / Treasury

All initiatives have been drafted in a joint community effort with investors and experts

INSTRUMENTS

THE ROADMAP ENVISIONS:

- passing **over 50 new laws**
- regulatory framework improvement
- developing industry standards to implement best practices
- harmonization of Russian and international rules and regulations
- implementation of social security measures

I. FINANCIAL MARKETS REGULATION, CONTROL AND OVERSIGHT SYSTEM

2013

2014

2015

Regulation system reform

- create a CB-based financial markets megaregulator
- lay the groundwork for prudential supervision in the financial market
- organize and expand the mandate of self-regulated organizations as part of the new regulatory system

Non-state pension funds regulation reform

- implement compulsory standards of investment results disclosure
 - implement prudential supervision of non-state pension funds
- Introduce pension savings security mechanisms

Draft commodity market development strategy

Introduce compensation and guarantee mechanisms for financial market participants

Join IOSCO

I. FINANCIAL MARKETS REGULATION, CONTROL AND OVERSIGHT SYSTEM (continued)

2013

2014

2015

Banking system stability measures

- authorize the Bank of Russia to put a cap on bank deposit rate
- boost the Bank of Russia's power to appoint authorized representatives at banks

Implementation of international approaches to banking regulation (Basel II, Basel II.5, Basel III).
Bank holdings oversight reform. *(Up to 2018)*

Improved access for capital to the financial (banking) services market.
Organize a system of requirements to qualification, business reputation and financial standing

Unify bank stability assessment requirements and deposit insurance participation requirements based on international supervisory principles

Introduce motivated opinion in banking and the financial market in general

I. FINANCIAL MARKETS REGULATION, CONTROL AND OVERSIGHT SYSTEM (continued)

2013	2014	2015
Harmonize financial regulation in the Customs Union and Common Economic Space		
Improve financial literacy based on G20, Financial Stability Council and Organization for Economic Cooperation principles. Implement the Minfin/World Bank 'Financial Education and Financial Literacy' Project		
Streamline the public offering procedure		
Boost consumer rights protection in financial services		
Differentiate sanctions for administrative offences in the financial market		
Implement facsimile signatures for the visually handicapped		

II. ACCESS TO FINANCIAL INSTRUMENTS AND RESOURCES

2013

2014

2015

Introduce special purpose accounts for private investment

Expand the list of instruments eligible for pension savings and pension reserves investment

Introduce fixed term deposits

Improve legal regulation of credit reference agencies

Develop regulatory framework for stock exchange share investment funds

II. ACCESS TO FINANCIAL INSTRUMENTS AND RESOURCES (continued)

2013	2014	2015
Develop debt market instruments, including securitization and infrastructure bonds		
Stimulate wire transfers <ul style="list-style-type: none">- promote bank card settlement- limit cash settlement between companies and individuals		
Develop regulatory framework for mortgage-backed securities		
Improve regulation of bullion bank transactions		
Improve regulatory framework for stock exchange bullion trading		

III. FINANCIAL MARKETS INFRASTRUCTURE

2013

2014

2015

Set the Russian stock exchange infrastructure on standby to process privatization deals. Run privatization.

Develop Central Depository

Introduce T+N settlement at the Moscow Exchange

Implement international standards in Russian financial market infrastructure practices. Implement Principles for Financial Market Infrastructures by the Committee on Payment and Settlement Systems

Develop Repository

IV. CORPORATE GOVERNANCE AND ENFORCEMENT, INCLUDING INVESTOR RIGHTS PROTECTION

2013	2014	2015
Introduce and regulate public and non-public entities		
Improve regulation of affiliation, corporate control, control person liability		
Introduce Bond Holder Meetings		
Improve regulation of mandatory offer, buyout and related procedures		
Simplify issuer information access for shareholders and investors		
Protect investor rights during reorganization and related valuation procedures		
Develop regulation of damages compensation and counterparty liability		
Improve regulation of major transactions and interested party transactions		

IV. CORPORATE GOVERNANCE AND ENFORCEMENT, INCLUDING INVESTOR RIGHTS PROTECTION (continued)

2013	2014	2015
Adopt Corporate Governance Code		
Improve listing/delisting rules		
Make Shareholders Agreement a viable practice		
Reform regulation of independent directors and the Board of Directors		
Increase transparency of insurance companies		
	Introduce statutory norms of electronic communication between shareholders and JSC	
	Support effective functioning of JSC internal control system	

IV. CORPORATE GOVERNANCE AND ENFORCEMENT, INCLUDING INVESTOR RIGHTS PROTECTION (continued)

2013	2014	2015
Make financial report fraud a criminal offense		
Assign bank recovery functions to Deposit Insurance Agency		
Introduce mandatory public disclosure of professional qualifications and work experience of bank executives		
Develop arbitration		
Create the Financial Ombudsman institution		
Define recovery procedures for private debt		

V. TAX ADMINISTRATION IN THE FINANCIAL MARKETS

2013	2014	2015
Equal distribution of profit tax burden for different types of private investment		
Improve tax treatment of long-term life insurance policy holders and insurers, non-state pension funds, stimulate long-term private investment		
Reform pricing and loss calculation rules for securities and financial derivatives		
Reform coupon expense accounting rules for corporate profit tax purposes		
Compile a VAT-exemption list for services by securities market participants		
Define taxable and tax-free securities trading volumes to improve VAT set-off procedure		
Improve tax administration <ul style="list-style-type: none">- introduce rules whereby economic substance determines the application of tax laws to transaction results- introduce tax pre-approval		

V. TAX ADMINISTRATION IN THE FINANCIAL MARKETS (continued)

2013	2014	2015
Improve REPO taxation		
Improve taxation of trust management and collective investment market participants		
Address the withholding tax treatment and performance of tax agent obligations by Russian entities in regard to coupon payments on Eurobonds issued on or after 01.01.2014		
Introduce recognition of expenses distributed in holding companies		
Formulate a standpoint on FATCA (Foreign Account Tax Compliance Act) adopted in the USA		
Clarify tax agent procedures in dividend taxation		
Reform tax treatment of coupon payments in connection with the opening of Central Depository accounts for foreign entities		

VI. MOSCOW AGGLOMERATION DEVELOPMENT. URBAN ENVIRONMENT AND NON-FINANCIAL REGULATION



KEY PERFORMANCE INDICATORS

KPI	2013	2014	2015	2018
Rating positions:				
Standard and Poor's	BBB	BBB	BBB+	A-
Moody's Investors Service	Baa1	Baa1	Baa1	A3
FitchRatings	BBB	BBB	BBB+	A-
Doing business (World Bank), "Getting Credit" category	98	<85	<50	<20
Global Financial Centers Index (Long Finance)	65	<40	<25	<15
International Financial Centers Development Index (Xinhua-Dow Jones)	35	<25	<20	<15
Cities of Opportunity (PwC)	6	>10	>15	>20
Global Cities Index (A.T. Kearney)	19	<15	<12	<10
Global Competitiveness Index (World Economic Forum)	66	<50	<45	<30
- GCI, ownership rights protection, rating position	130	<80	<60	<20
- GCI, minority shareholders rights protection, rating position	135	<85	<65	<25