Minutes of the Meeting 5  
Meeting of the Moscow FX Joint Standing Committee  
SRO NFA - ACI Russia  

Moscow  
April 17, 2019  

Meeting format: absentee voting on agenda items put to vote.  

Venue: Moscow, Bolshoy Sergievsky pereulok, 10  

Participating members of the Meeting of The Moscow FX Joint Standing Committee (The Committee) SRO NFA - ACI Russia:  

1. Romanchuk Sergey (Metallinvestbank) – Chairman  
2. Lyakh Valery (Central Bank of Russia)  
3. Alexandrova Tatiana (BCS)  
4. Antipova Svetlana (ATON)  
5. Atanasyan Levon (Renaissance Broker)  
6. Vidov Pavel (FC "INTRUST")  
7. Dubrov Alexandr (Otkrytiye Broker)  
8. Egorov Eugene (VESTA Bank)  
9. Kapranova Veronica (Central Bank of Russia)  
10. Kozinetz Vladimir (Rolf)  
11. Kozlov Ilya (AIM Capital)  
12. Masharov Evgeny (Association of forex dealers)  
13. Meshcheryakov Vadim (VTB)  
14. Moroxov Kirill  
15. Paley Mikhail (VTB)  
16. Piskulov Dmitry (Moscow Stock Exchange)  
17. Sabaev Allan (Gazprombank)  
18. Salashchenko Anton (OTP Bank)  
19. Senina Anna (Refinitiv)  
20. Skabelin Andrey (Moscow Stock Exchange)  

Total number of Committee members – 28, number of participants voted – 20 people. This exceeds 2/3 of the total number of the Committee members. The quorum requirement is therefore met.  

AGENDA:  

1. On the use of the Full Amount Convention (transactions with full execution) and the issuance of recommendations (best practice) for the Russian foreign exchange market.
2. On a letter to the Bank of Russia to improve the methodology for establishing official rates of the Bank of Russia.
3. On the compliance of Raiffeisenbank’s counterparty’s actions in court arbitration case No.A40-183207 / 18-22-1381 to fair practices of the foreign exchange market.
4. Rotation of FXJSC members.

DISCUSSION:

**Item 1. On the use of the Full Amount Convention (transactions with full execution) and the issuance of recommendations (best practice) for the Russian foreign exchange market.**

**RESOLUTION:**

1. To recommend participants of the foreign exchange market - principals when choosing a method for executing transactions with distributed partial (sweepable) or full (full amount) to adhere to the principles of the FX Global Code, namely:

   1) Transparency: counterparties must agree on the method of execution of transactions in a particular price stream and the specific definition of full execution among themselves, as well as definition parameters, such as the time of suspension of trade in the market after the transaction is completed in full.

   2) Honesty: counterparties must abide by their obligations.

Voting: for – 16, against – 1, abstained – 3.

**Item 2. On a letter to the Bank of Russia to improve the methodology for establishing official rates of the Bank of Russia.**

**RESOLUTION:**

2. Send a letter to the Bank of Russia with a request to consider the proposals of the FXJSC to change the methodology for establishing the official rate of the Central Bank of the Russian Federation in the version indicated in Appendix 2.1. to the voting sheet.


**Item 3. On the compliance of Raiffeisenbank’s counterparty’s actions in court arbitration case No.A40-183207 / 18-22-1381 to fair practices of the foreign exchange market.**

**RESOLUTION:**

3. On the issues outlined in the incoming letter from JSC Raiffeisenbank to the SRO NFA numbered in. 1357 of April 01, 2019, the FXJSC came to the following opinion:
1. Prices for the financial instrument of transactions - euro forward contracts for the dollar - are not unique, but are determined based on the current exchange rate (spot) and interest rate differences for the term of the transaction and cannot differ significantly between different market participants.

2. Since the market of currency forwards, the euro for the dollar is highly liquid and transparent, then, based on the available market data, it can be definitely stated that the rates of transactions on which Egridient LLC insists were not market-based. In this case, the deviation from the market is significant (more than 20%, namely, from 30% to 222%).

3. Conclusion of transactions at rates significantly different from the market, may be the result of a personal error of the trader, technical failure, incorrect operation of algorithms and happens in the market. Responsibility for the final decision on whether to recognize such transactions as valid and whether to make settlements on them lies with the auction organizer, the administrator of the electronic trading system. For example, on January 15, 2015, when the National Bank of Switzerland stopped buying euros for the Swiss franc at 1.2000, under the influence of the need to close customers' positions, automatic execution in the EBS electronic trading system led to a drop in the dollar / franc rate and registration of transactions from 1.0240 to 0.0015 francs per dollar (almost 700 times). In such a situation, EBS, after consulting the market, canceled all transactions that had passed below the level of 0.8450, without any compensation for potential losses.

4. Conclusion and execution of transactions at the rates, which insists Egridient LLC insists on infringing on the interests of JSC "Raiffeisenbank", as it bears a significant loss, which is not economically justified. The refusal of the bank to enter into transactions at non-market rates, provided that the counterparty can immediately conclude transactions at market rates, is not detrimental to Egridient LLC.

5. Conscious conclusion of transactions (the requirement of their conclusion) at rates other than market rates may be a sign of market manipulation, tax evasion and withdrawal of funds.

The refusal of JSC "Raiffeisenbank" to conclude transactions at non-market rates is a fair practice that protects the Bank against risks, including the Global Code of the Foreign Exchange Market, developed by the central banks of 16 major international jurisdictions, translated into Russian, published on the website of the Bank of Russia and recommended FXJSC for use by the Russian participants of the currency market. The actions of Egradient Ltd. do not meet the standards of professional ethics.


**Item 4. Rotation of FXJSC members.**

**RESOLUTION:**

4. Include Alina Tsarenko (Rosbank) in the membership of the FXJSC.

Voting: for – 19, against – 0, abstained – 1.