

A VIEW FROM THE EXCHANGE'S PERSPECTIVE: EFFICIENT PRICE DISCOVERY, E-TRADING MECHANISMS & AUCTIONS

PROPER PRICE FOR PHYSICAL BARRELS MATTERS



SPIMEX

Saint Petersburg International
Mercantile Exchange

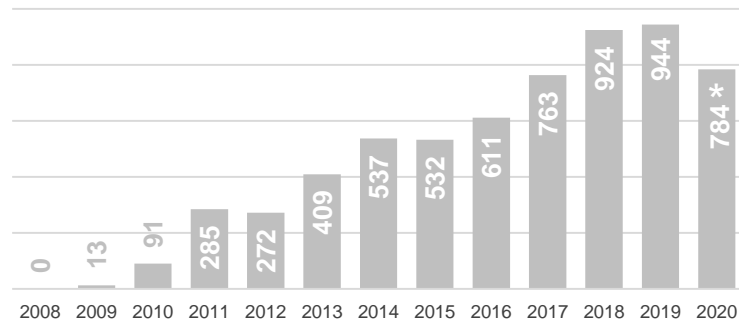


RUSSIA'S LARGEST COMMODITIES EXCHANGE



- LAUNCHED AS PER PRESIDENTIAL DECISION
- SUPERVISED BY THE CENTRAL BANK
- KEY COMPETITION DEVELOPMENT TOOL FOR ANTI-MONOPOLY AGENCY

VOLUME TRADED bn, RUB

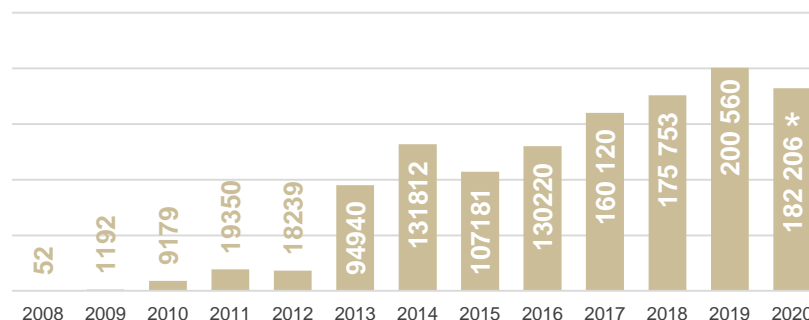


*YTD

SHAREHOLDERS



NUMBER OF TRANSACTIONS





SPIMEX GROUP TURNOVER AMOUNTS TO 3% OF RUSSIA'S GDP



2,440+

TRADING
PARTICIPANTS

2,000+

TRADING
INSTRUMENTS

99%

SHARE OF SPIMEX IN ALL EXCHANGE-
TRADED REFINED PRODUCTS IN RUSSIA

400

EXCHANGE & OTC INDICES FOR ALL
OF THE RUSSIAN COMMODITIES



MARKET	2019	2020*
REFINED PRODUCTS	20,8+ mmt	17+ mmt
CRUDE OIL	2,2+ mmt	1,6+ mmt
NATURAL GAS	12,8+ bcm	11,7+ bcm
TIMBER	4+ mcm	1,6+ mcm
DERIVATIVES	9,3K+ contracts	33K+ contracts
FERTILIZERS	10K+ MT	89K+ MT
COAL	1,7K+ MT	--

*YTD



EXCHANGE GROUP & OUR INTERLINKAGES IN THE ECONOMY



SETTLEMENT BANKS

- Sberbank
- Gazprombank
- Russian Agricultural Bank
- VTB Bank
- Alfa Bank
- Bank RRDB
- NSD
- Bank ICBC
- Bank Rossiya



CLEARING IN THE DERIVATIVES MARKET & THE GAS MARKET



- Trading
- Spot clearing
- Market Data
- Registration of OTC contracts
- Auction platform



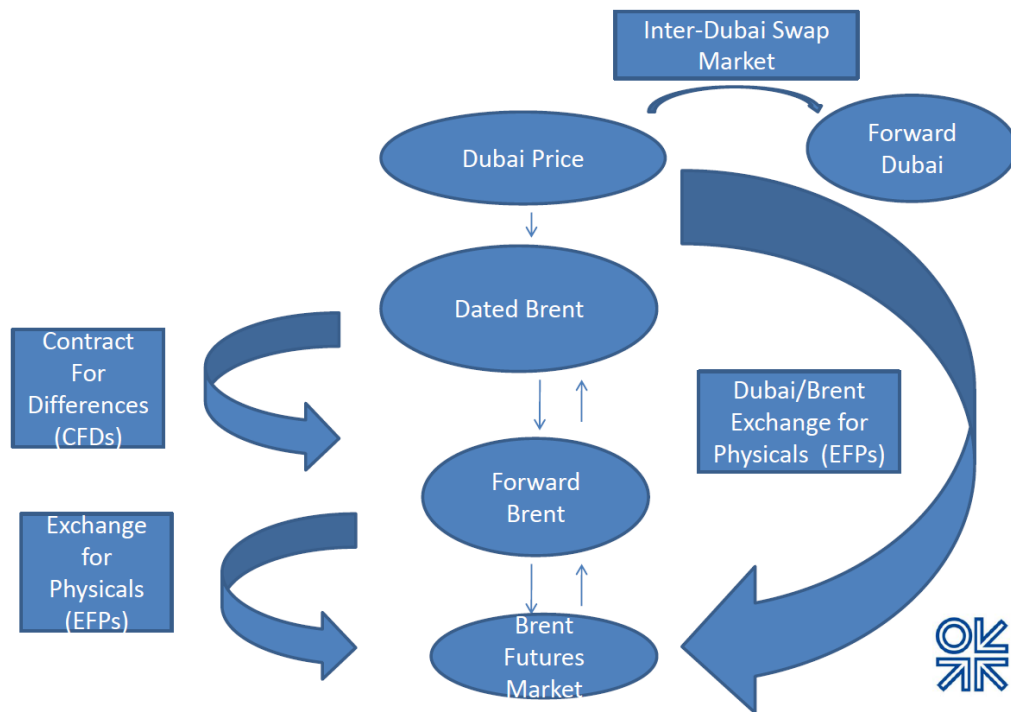
**Largest independent
Electronic trading platform
(Government and commercial
procurement)**

COMMODITY DELIVERY OPERATORS

**Transneft
Gazprom
Russian Railways**



The Inter-linkages Between Financial and Physical Layers



We will never be able to determine whether the paper market is driving physical or vice versa, since it is very difficult to construct a theoretical model that would take into account the multiplicity of factors affecting oil pricing, not to mention the possibility of testing such a model empirically

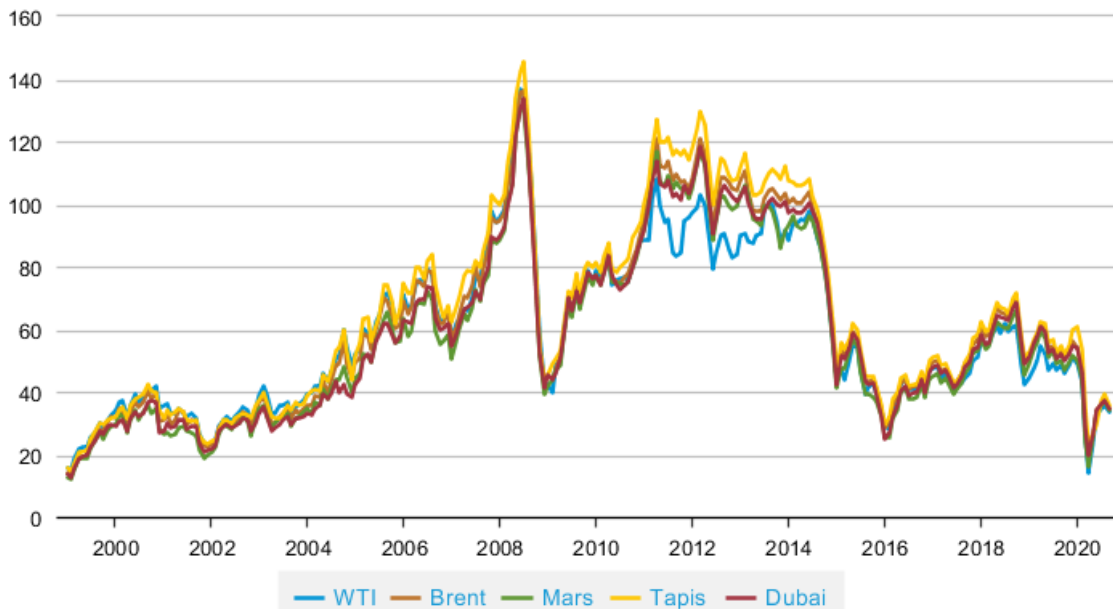
IS IT STILL TRUE?



BENCHMARKS MOVE IN LINE

World crude oil prices

\$/b (real 2010 dollars, monthly average)



While there are many global crude supplies around the world, traded by players based on crude quality and location, resulting in price differentials, at the same time prices tend to move in unison. Oil prices are highly correlated against each other due to global market integration

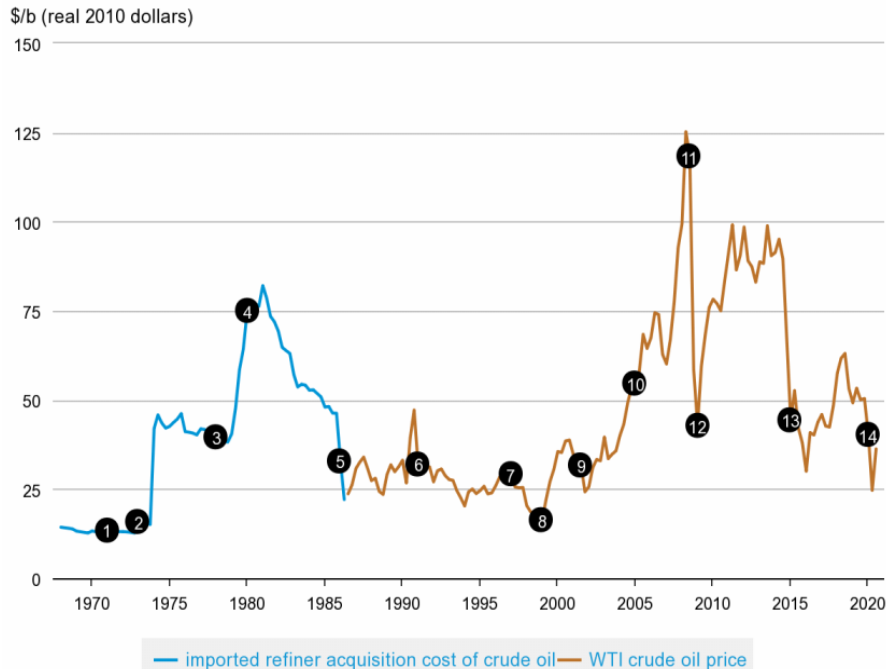


Sources: Bloomberg L.P., Refinitiv. Published by: U.S. Energy Information Administration.

Updated: Monthly | Last Updated: 09/30/2020



Crude oil prices and key geopolitical and economic events



1. US spare capacity exhausted
2. Arab Oil Embargo
3. Iranian Revolution
4. Iran-Iraq War
5. Saudis abandon swing producer role
6. Iraq invades Kuwait
7. Asia financial crisis
8. OPEC cuts production targets 1.7 mmbpd
9. 9-11 attacks
10. Low spare capacity
11. Global financial collapse
12. OPEC cuts production targets 4.2 mmbpd
13. OPEC production quota unchanged
14. Global pandemic reduces oil demand



WAY TO CREATE COMMODITIES BENCHMARKS

- The benchmark issue has not received appropriate attention from the regulators, despite the fact that this issue has been repeatedly raised by G20 finance ministers
- The main benchmarks were formed at the junction of physical markets and the relatively deep liquidity of futures exchange and OTC products. Nevertheless, the quality of these benchmarks raises questions from both consumers and producers.
- Is it possible to create a new benchmark that satisfies all market participants?



BENCHMARKS FOR OIL MARKET

**NYMEX WTI
FUTURES**

**ICE BRENT
FUTURES**

**DME OMAN
CRUDE OIL
FUTURES**

**WHAT'S THE REAL BENCHMARK
FOR OIL MARKET AND FOR
REGULATORS?**

URALS

**PLATTS
DATED
BRENT**

**PLATTS
DUBAI**



**FUTURES
CONTRACTS &
AUCTIONS:
DME, SHFE (INE),
ABU DHABI (ICE
FUTURES),
SPIMEX**

**BRAND NEW PRICE
ASSESSMENT
PROVIDERS:
GENERAL INDEX**

**PRAs:
PLATTS
EWINDOW,
ARGUS DIRECT**

DIGITALIZATION OF PHYSICAL BARRELS

**BLOCKCHAIN
PLATFORMS
& PROJECTS
(VAKT + KOMGO)**

SHIPPING

- IBM AND MAERSK'S TRADELENS BLOCKCHAIN PLATFORM
- PORT OF ANTWERP - BLOCKCHAIN DOCUMENT WORKFLOW
- PORT OF ROTTERDAM - LOGISTICS BLOCKCHAIN PILOT
- GLOBAL SHIPPING BUSINESS NETWORK ON DISTRIBUTED LEDGER TECHNOLOGY
- BLOCKCHAIN MARINE INSURANCE PROJECTS

**TRADE
REGISTRY IN
SINGAPORE***

** Discussions ongoing*



SPIMEX PHYSICALLY SETTLED URALS FUTURES CONTRACT



Physically settled futures contracts for Russian Urals crude oil with delivery FOB Primorsk

PARAMETERS

Contract Settlement: oil delivery

Contract Size: 1,000 barrels

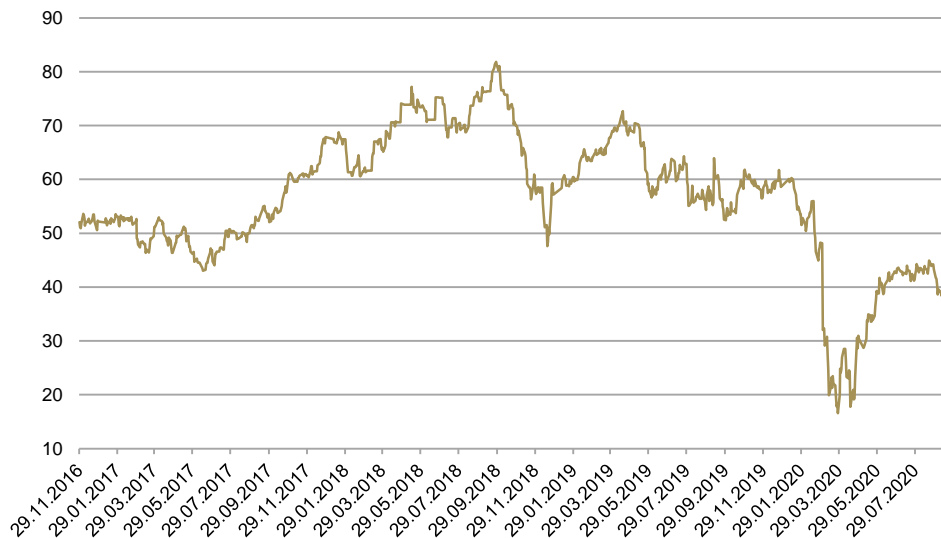
Underlying Asset: URALS crude oil

Standard Delivery Unit: 720,000 barrels (100 ths. tonnes)

Terms of Delivery: FOB Primorsk

Currency: USD

SETTLEMENT PRICE DYNAMICS, \$



*Active contracts as of 30 September 2020: UA0, UB0



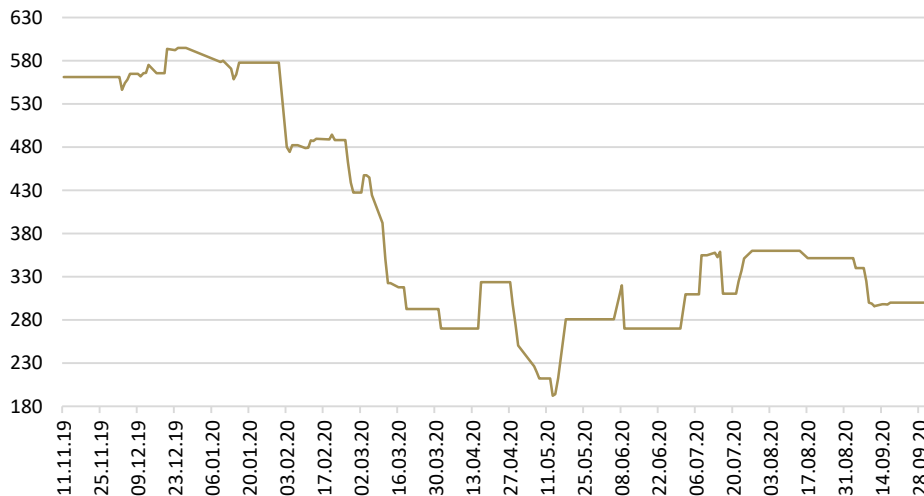
SPIMEX DIESEL EURO-5 FUTURES CONTRACT



On 11 November 2019 SPIMEX launched trading in physically settled futures contracts for **EURO-5 export diesel**:

- FOB Primorsk delivery
- Seaborn exports, free of destinations restrictions

SETTLEMENT PRICE DYNAMICS, USD



990,000 tonnes

VOLUME OF DELIVERIES since START OF TRADING

15 mmt

EXPORT OF DIESEL FUEL THROUGH PRIMORSK (2018)

>30%

OF VOLUME OF EXPORT DELIVERIES OF DIESEL FUEL BY SEA

*Active contracts as of 31 of September 2020 : DA0, DB0



SPIMEX: NEW APPROACH, ELECTRONIC AUCTIONS



Important step in the development of a pricing system in the global petroleum market.

Leading Russian petroleum companies participate:

- Zarubezhneft sold **300,000 tonnes** of URALS crude oil
- Tatneft sold **120,000 tonnes** refined products

SPIMEX Crude auctions will be conducted on a regular rolling basis, which should support transparent identification of value of URALS export crude against Dated Brent quote. Reliability of such auctions may **allow market develop derivatives contracts to price Urals** into the future.





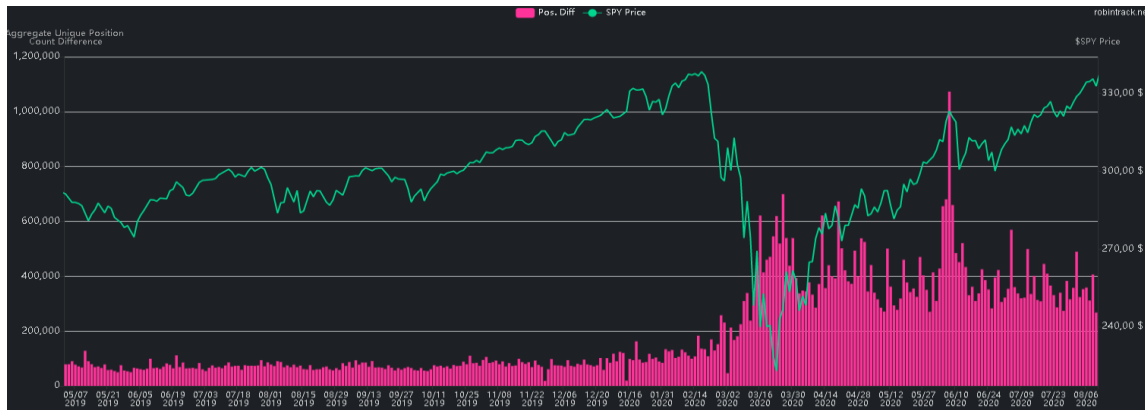
DEMOCRATIZATION OF MARKET ACCESS

- Proliferation of passive investment vehicles
- New mini and micro futures contracts targeting retail traders
- Cheap or free market access via variety of Stock, Futures and Option Trading & Investing Apps
- Easy access to markets and product knowledge
- Fin twit information phenomena of up to a minute news, views, ideas, content marketing and “fake” story telling



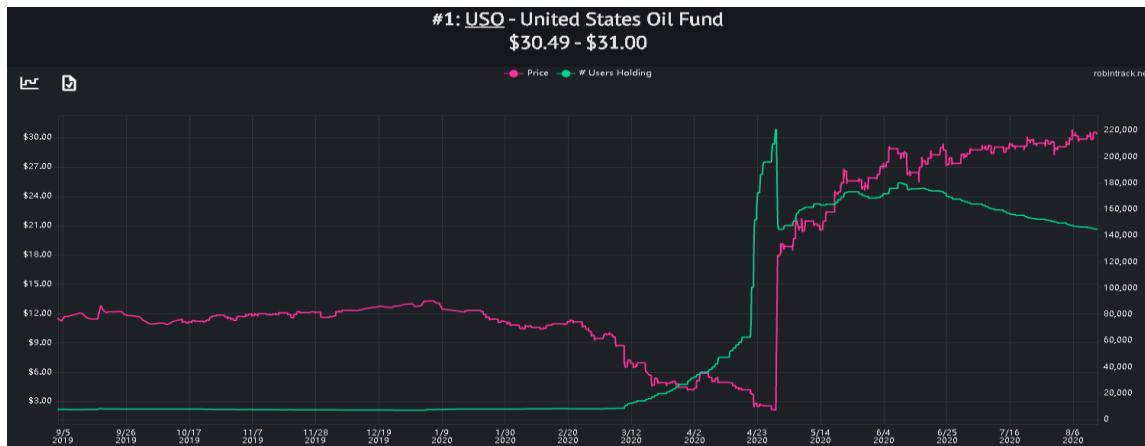


RETAIL MARKET TRADING



2020: explosive growth of retail stock market trading.

The chart shows the aggregate absolute change in number of users holding all trackable assets on Robinhood for each day (in pink) vs. the price of the SP500 ETF \$SPY (green).



Retail chasing USO (buying dip in Oil prices). USO adds by buying Futures. Robinhood chart of users buying USO (in green) against the price of Crude (in red). When the June WTI contract hit its low on 04/04/2020 100k accounts owned USO. On April 24 the number of accounts doubled to 196k who owned USO



THANK YOU!