



## ***Methodology for Investment Bank League Tables for the Russian Domestic Bond Market***

*as of 11.12.2013*

### **I. General**

1. Arranger and Underwriter League Tables are designed to reflect investment banks' activity in the primary bond market in terms of placed amounts and number of deals.
2. Investment Bank League Tables for the bond market (further referred to as the League Tables) are compiled by Cbonds.ru LLC (further referred to as the Proprietor) based on this methodology. In case not stipulated in this methodology Cbonds.ru LLC has a right to resolve the situation in compliance with the League Tables' purpose stated in Item 1. The Proprietor's point of view may not correspond with that of institutions included in the league tables.
3. The calculation base for the league table comprises all issues placed in the period under consideration (the number of bonds in the issue must exceed 1 bond). Only new money issues or their parts are included in the league tables. Securities issued to be exchanged for outstanding bonds are not included in the league tables. For your reference we also publish the league table where we take into account only issues placed on the open market, that is, issues sold to a wide investor base.

The Vendor of the ranking defines whether the issue is considered market or non-market in line with the following criteria:

- disclosure of information on issue results, such as demand, number of placed orders
- announcement of coupon guidance
- information materials on the issue (memorandum, review, presentation)
- over 10 transactions upon placement (stock exchange data)
- over 4 institutions participating in the deal (syndicate)
- the order book opened for more than 3 days (including pre-marketing)
- credit rating of the issuer.

The list of non-market issues is disclosed by the Vendor no later than on the last business day of the reporting period. Institutions included in the ranking have a right to contest the decision on the market/non-market nature of the issue within the time limits set by the Vendor.

If necessary or in case of disputes on issues totalling RUR5bn at par or more the Vendor requests the opinion of the Expert Board.

4. League tables are compiled for the following issue groups and issuer status:
  - a. General Arranger League Table (all issues),
  - b. General Arranger League Table (market (non-technical) issues)

- c. Corporate Bond Arranger League Table,
  - d. Municipal Bond Arranger League Table,
  - e. Arranger League Table (corporates; excluding banks and financial institutions)
  - f. Exchange Bond Arranger League Table (corporate sector)
  - g. General Underwriter League Table,
  - h. Corporate Bond Underwriter League Table,
  - i. Municipal Bond Underwriter League Table
5. The league tables are based on the following data: a total placed amount for every institution participating in the league tables as arranger or underwriter, a number of placed issues, a number of issuers having issued bonds with the institution's participation. The total placed amount for each league table participant is calculated as a total amount of the institution's participation in all issues included in the league tables. The league table presents institutions sorted in descending order by the amount of placed issues. Additional league tables can be published where institutions are sorted by the number of issues and the number of issuers.
  6. Cbonds.ru LLC guarantees non-disclosure of data received while compiling the league tables in any form other than the final league table.
  7. The league tables are not an indicator of service quality and professionalism. Cbonds.ru LLC cannot be held liable for improper use of the league tables for marketing or advertising purposes.
  8. Institutions are included in the league tables on the basis of marketing documents (prospectuses, investment memorandums, press-releases, etc.). In disputed cases documents confirming allocations are required (agreements between the issuer and the arranger, confirming letters, etc.). The rating takes into account banks and financial institutions only.
  9. The league tables are available at: <http://www.cbonds.info/ru/eng/ib/index.phtml>

## **II. Compiling Arranger League Tables**

1. The Arranger League Tables include institutions having the following functions in the process of placing the issue:
  - 1.1. Defining issue parameters,
  - 1.2. Forming a syndicate, i.e. attracting other institutions for participating in the deal which guarantees selling certain amounts of securities,
  - 1.3. Inducing investors to buy the issue,
  - 1.4. Marketing the issue, participating in setting the launch date and price guidance (yield).
2. An institution is considered Arranger if complying with one of the following conditions:
  - 2.1. There is an agreement between the institution and the issuer stating the institution's status as "Bond Issue Arranger" or a similar status (lead arranger, general agent, lead manager, bookrunner).
  - 2.2. There is an agreement between the institution and the issuer whereby the institution does not have an arranger status or a similar one, but has functions listed in Item 1 in compliance with the agreement, in case the issuer confirms fulfilling these functions in writing.
  - 2.3. There is an agreement with another Arranger officially appointed by the issuer (further referred to as the Official Arranger) whereby the institution is granted the arranger status and/or functions as stated in Item 1, in case the issuer and the Official Arranger confirm fulfilling these functions and the institution's arranger status in writing.
- 2.4. If the issuer is a financial institution placing its bond issue itself, it is considered Arranger on the issue if no other Arranger is appointed.

3. The Arranger League Tables include the following issue amounts per institution:
  - 3.1. If there is one Arranger, it is assigned the whole issue amount.
  - 3.2. If there are several arrangers, the issue amount is divided between them pro rata, unless otherwise is agreed on by mutual consent of the Arrangers, or stipulated by agreements between the Arrangers and the issuer.
  - 3.3 The Proprietor does not publish data on allocations on each issue and uses this information only for compiling the league tables.
  - 3.4 Minimum allocation is set at 10% of par issue amount
- 4 Only investment banks are considered Arrangers only if they had the Arranger status at the moment of bond placement. Adding an investment bank to the list of arrangers after the placement is not allowed.

### **III. Compiling Underwriter League Tables**

1. The Underwriter League Tables include institutions having the following functions in the process of placing the issue:
  - 1.1. Institutions provided a guarantee for placing a certain issue amount.
2. An institution is considered Underwriter if complying with one of the following conditions:
  - 2.1. There is an agreement between the institution and the issuer stating the institution's status as Co-arranger, Underwriter, Co-underwriter or a similar status and functions described in Item 1.
  - 2.2. The issue arranger is included in the list of underwriters if its amount as underwriter is other than zero in compliance with Item 3.
  - 2.3. If the issuer is a financial institution pacing its bond issue itself, it is considered Underwriter of the issue.
3. The Underwriter League Tables include the following issue amounts per institution:
  - 3.1. If there is one Underwriter, it is assigned the whole issue amount.
  - 3.2. If there are several underwriters, the issue amount is divided between them in compliance with allocations disclosed by arrangers or underwriters. If allocations stated by them do not comply with the total issue amount the Proprietor has a right to request documents confirming declared allocations.
  - 3.3. If allocations of some or all underwriters are not known, the remaining part of the issue is divided pro rata among these underwriters.
  - 3.4. The Arranger allocation(s) for the Underwriter League Tables is (are) calculated as the overall issue amount minus all allocations of all other underwriters not having the Arranger status.
  - 3.5. If the Underwriter didn't fulfill its obligations in full then it is assigned the issue amount where it actually acted as underwriter.
  - 3.6. The Underwriter League Tables take into account allocations and not the amount of submitted bids.
  - 3.7. The Proprietor does not publish data on allocations of each issue and uses this information only for compiling the league tables.

### **IV Expert Board**

1. The Expert Board resolves disputed issues arising in the process of compiling the league tables. The proprietor resorts to the Expert Board opinion in disputed cases when the Proprietor cannot make a decision itself (including such cases as the market issue status, an institution's status in the issue, distribution of allocations, etc).

2. Inquiries to the Expert Board are initiated by the rating's vendor on a quarterly basis on the first business day following the reference period.
3. The Expert Board is formed at the beginning of a calendar year for the term of one year.
4. The expert Board consists of representatives of banks and investment companies ranked 1-15 in the final Arranger League Tables for the preceding year. If one or several top-15 institutions refuse to take part in the Expert Board, an offer to participate in the Board is forwarded to institutions following top-15 institutions on the League Table list.
5. Each institution delegates one representative to the Expert Board.
6. All members of the Expert Board have a right to one vote.
7. The Expert Board makes decisions by voting. It is considered valid if 10 or more members of the Expert Board participate in it. If voting on any issue is considered not held, then the decision is made solely by the proprietor of league table's. Voting results of every member of the Expert Board are recorded stating the first and family name, position and voting decision. The record is distributed among the board members with all participants of the vote and voting decisions disclosed. The website publishes voting results only.
8. When considering disputed cases where one or several institutions represented in the Expert Board are interested parties, their opinion is not taken into consideration.

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