



January – February 2015

Over the first two month of 2015 the volume of secondary market trading of shares, DRs and investment funds amounted to 1,604 bln RUB, which is 15% higher compared to last year.

The total volume of bonds placed amounted to 547 bln RUB for the period. Overall 40 bond issues were placed.

Non-resident on-exchange investment flow including broker prop trading positions exceeded 36,9 bln RUB, which was the main reason for the positive dynamic in the main equity indexes. MICEX index gained almost 26% for the first two month, showing one of the best results compared to the main Japan, France, German and Great Britain equity indexes. The blue chips drove the market higher, with Lukoil (+34%), Sberbank (+38%), Gazprom (+17%), Norilsk Nickel (+38%) Surgutneftegaz (+45%), Rosneft (+35%) and MTS (+47%).

Throughout January and February the Moscow Exchange continually had better results in terms of spreads and liquidity for the majority of dual-listed stocks than the London Stock Exchange. The average daily bid-ask spread on the Moscow Exchange, calculated on the 33 dual listed stocks, came to 6.22 bp, which is 2.5 times less than on the London Stock Exchange. Daily average volume of visible liquidity on MOEX exceeded that on the LSE by 159%*.

**data provided by LiquidMetrix*

SECURITIES MARKET NEWS

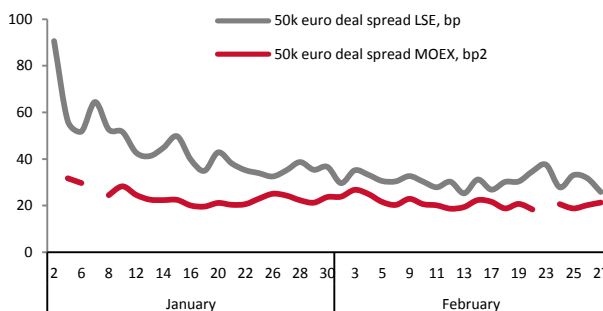
Individual Investment Accounts

During the first two months of the year 12 674 Individual Investment Accounts were registered and opened by retail brokers and Asset Managers.

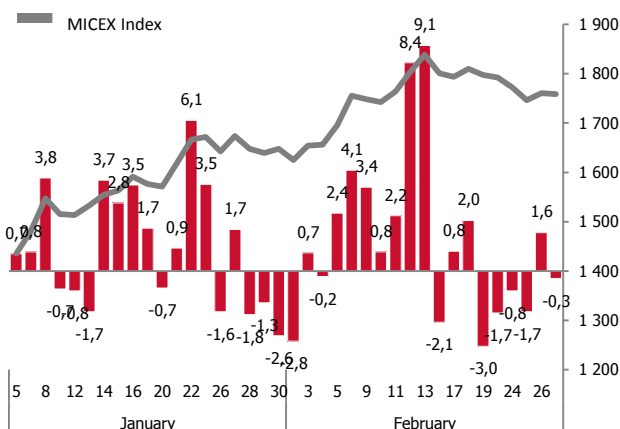
The majority of accounts were opened by Otkritie, BCS, Sberbank, Finam and Aton.

As of 1 January 2015 Russia has introduced some new types of retail accounts to increase the attractiveness of the securities market. Individual Investment Accounts allow two types of tax rebates for domestic tax residents. An investor can receive back from the government tax on personal income for an amount not exceeding 52,000 rubles (which is 13% of 400,000 rubles which is the maximum allowed in the account) or investor is exempt from taxation on all the positive financial results obtained in the IIA.

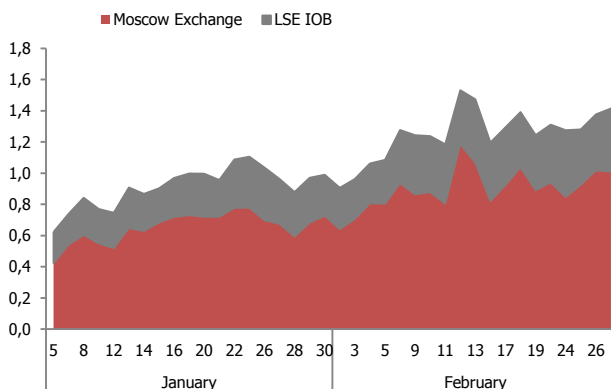
The daily average spread on 50k.EUR orders, bp



Non-resident on-exchange investment flow



Visible liquidity, bln EUR



New version of Moscow Exchange Trade Agreement took effect

[A new version](#) of the MICEX SE Trade Agreement took effect on 5 March 2015.

The new Trade Agreement includes an updated procedure for transferring income from a security to which the buyer is entitled from the trade date (Classica sector) through the settlement date (the ownership transfer date).

The update allows standardizing income transfer in terms of time frames and process, as well as unifying the general approach to the matter with the settlement cycle of the T+2 market.



MOEX IPO Guide release

Together with leading consultants providing advisory services for private placements Moscow Exchange has released MOEX IPO Guide. This handbook is prepared to help companies coming to the market and for those companies already listed on the exchange.

The IPO Guide covers key aspects of public equity placement from issuer preparation for the deal till life of the issuer after going public. This guide is currently available in [Russian only](#) but English edition planned to be released later in 2015.

Polyus Gold and Mechel shares to join RTS and MICEX indices

Moscow Exchange announced the results of its quarterly review of equity indices, in accordance with the recommendations of the Exchange Index Committee. The revised indices will be in effect for the quarter from 17 March to 15 June 2015. The Exchange also updates the market on changes in the free float ratios of several issuers.

Polyus Gold International Limited ordinary shares ("ords") and Mechel ords will be added to the MICEX Index and RTS Index, replacing Bank Saint Petersburg and Novorossiysk Sea Port (NCSP).

Polyus Gold International Limited, Ashinskiy Metallurgical Plant and Kazanorgsintez will be added to the Broad Market Index, replacing Veropharm, Synergy and Hals-Development.

Tickers for Minfin Eurobonds were changed

As of 9 Feb 2015, all tickers for Minfin Eurobonds were changed. New tickers include year of bonds retirement for each bond issue, which significantly simplifies memory of the securities. Other parameters are still the same.

New tariffs for short ruble denominated domestic bond placements

As of 30 December 2014 new reduced tariffs for domestic ruble denominated bond placements came into force. In compliance with new tariffs, pricing for the placements of bonds issues with the maturity less than a year become identical to the listing tariffs with 50k RUB minimum charge.

The new decision means significantly reduced placement costs in the current economic environment, characterized by high demand for domestic ruble denominated bond placements with maturity from 1 week till 6 month.

First Exchange-traded bond program registered on Moscow Exchange

MOEX has registered the first Exchange-traded bond program of Rosbank. The Bond program helps the bond issuer to place exchange-traded bonds with total nominal value of not more than 55 bln. RUB.

Last year, on December 8 new Listing Rules came into force, allowing MOEX to assign identification numbers to Exchange-traded bond programs and for the issuance of exchange-traded programs. This is the first step towards the simplification of the issuance process in raising debt capital in the domestic market. The new procedure for bond registration will enable issuers to reduce the time and administrative costs in the bond placement process.

Moscow Exchange closing auction prices to be used in FTSE index calculations

FTSE will use MOEX's closing auction prices for listed Russian securities when calculating end-of-day values for its indexes. The new methodology will come into effect from 13 April 2015.

This is an important change that will benefit market participants by generating greater liquidity both during the closing auction and in continuous trading sessions.

MOEX introduced its closing auction in September 2013 to increase liquidity for market participants as part of the Exchange's ongoing program to bring Russia's market infrastructure in line with global best practice.

FTSE will continue to use the last traded price as the closing value for Russian securities listed on MOEX until 10 April 2015.

Moscow Exchange offers network connectivity via TMX Atrium's global infrastructure

In response to the needs of global market players, Moscow Exchange has expanded its international presence and can immediately offer its customers network connectivity in top financial centers using TMX Atrium's infrastructure. Moscow Exchange's enhanced services will provide customers with connections to the Exchange's Trading and Information Systems via more than 20 points of presence (POPs) across the globe.

Global liquidity centers including London, Chicago, New York, Frankfurt and Tokyo will be linked to Moscow by low latency routes over a



high capacity fibre network owned and operated by TMX Atrium.

This resilient network solution is designed to effectively reduce operating costs, increase reach and provide high performance to Moscow Exchange customers.

Developing Sponsored Access

New legislation on direct technical connection availability of exchange members client with its prior registration came into force on February 6th 2015 (CBR regulation 437-П).

Clients from outside Russia can get direct access to the market by making requests using registered client ID codes. All orders are pre-trade risk checked by MOEX before being tagged by the appropriate trading member ID and submitted to the trading system.

Moscow Exchange is preparing the technical update which would support SMA service offering on login level. The first market to offer this service would be FX Market (Q2 2015) followed by Derivatives and Securities Markets later on.

Cross Trading legalization

New amendments to the Central Bank of Russia regulation on exchange trading activity N 437-П related to cross trading (execution of a sell and buy order sent from a single client code) come into force. Amendments imply removing restriction of accepting cross orders in case the trading is proceeded through the Central Counterparty.

Previously all orders sent from a single client code that could be used by several clients were cancelled on the exchange level which made Direct Market Access for international clients inconvenient.

Technical implementation of the cross trading restriction removal on the Moscow Exchange is planned for 27 April 2015.

Local pension funds allowed to invest in ETFs

Starting from February, 2015 new domestic regulation (451-П) come into force, allowing Russian pension funds to invest up to 20% of pension savings and military mortgage subsidies into Exchange Traded Funds.

The list of ETF-providers, whose ETFs can be bought by Russian pension funds, includes IShares, Vanguard, SPDR and FinEx.

Closing Auction changes

As February 16th 2015 the permissible price limit for stocks traded in the closing auction has been increased from the current 2.5% to 3.5% from the last order book trade in continuous trading. This allows investors to execute larger trades thereby increasing liquidity in the closing auction.

NEW ON THE WEBSITE

- ✓ [Trade Locally](#) webpage describing benefits of owning local ordinary shares over depository receipts.
- ✓ Newsletter and Flashnote archive [in English](#) and [Russian](#) now available.

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All data in this Newsletter unless otherwise stated is Moscow Exchange data. Rouble denominated trading volumes have been converted into USD terms based on an average RUB/USD exchange rate for the stated period.

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