

YOUR GUIDE TO THE RUSSIAN STOCK AND DERIVATIVES MARKET

Corporate news

MICEX-RTS Group in 2011. Review of the year

Year 2011 became a milestone in the history of the Russian stock market. In February 2011 MICEX and RTS Stock Exchanges announced their intention to merge. In September the merger of the MICEX and the RTS was approved by the Federal Antimonopoly Service of the Russian Federation, and on December 19, 2011 Russia's two major exchanges became a single company named OJSC MICEX-RTS. Currently OJSC MICEX-RTS is the largest Russian trading venue in

terms of trading volume and number of clients that plays a key role in developing the financial sector in Russia. The Exchange provides a transparent process for determining fair market values of Russian assets with a full range of trading and post trading services. The Exchange infrastructure enables market participants to trade in stocks, bonds, currencies, mutual funds units, commodities and futures and option on all categories of assets. By the end of the year the total trading volume on all MICEX-RTS

In this Issue:

Valuable information for your business including:

- The latest news from the Russian market
- Market data for the 2011 year
- UX Exchange market data
- Professional opinion of market specialists

markets reached USD10.1 trillion or RUB297.9 trillion. Securities market trading volume amounted to USD 1.05 trillion or RUB 30.7 trillion, while the derivatives market value traded was USD 1.9 trillion or RUB 56.8 trillion, the currency and money market trading volume was USD 7.1 trillion or RUB 210.4 trillion and the commodities market trading volume was USD 259 million or RUB 7.6 billion. The MICEX-RTS Group ranked among the top 20 largest global exchanges in terms of securities market trading volume and among the top 10 largest global futures and options trading venues in terms of derivatives market trading volume. In 2011 total number of trades across all MICEX-RTS markets exceeded 358.5 million.

Continues on Page 2



NEWS IN BRIEF...

Load and performance testing: lessons learnt

Read the interview with Vahan Vardanian, Managing IT Director at MICEX-RTS on [page 15](#)



EBRD and RDIF buy into Russia's MICEX-RTS exchange

The EBRD and the Russian Direct Investment Fund (RDIF) to acquire 6.29 percent and 1.25 percent stakes respectively in MICEX-RTS. For more information please visit [the website](#)

NSD to Settle RTS Money Transactions

For more information please visit [the website](#)

At the end of the year, the aggregated capitalization value of all stocks traded in MICEX-RTS totaled USD800 billion.

According to the last year results, the Exchange was the number one trading venue by volumes traded in all segments of the stock market not only in Russia and former Soviet countries, but also among the East European countries

From mid 2011, all participants of the Russian stock market gained an opportunity to access all the exchange services through a single entry point. This opportunity allows them to cut their costs and raise income.

In 2011 a considerable number of activities was done to integrate working processes of the two exchanges, including the synchronization of the opening hours for the securities, derivatives and currency markets; launching trading in the first joint instrument, i.e. futures and options on the MICEX Index, launching calculation of the RTS Index and the RTS Indices family based on the USD/RUB exchange rate generated on the MICEX cur-

rency market. In addition, the main principles for the integration of the securities and derivatives markets, the MICEX and RTS indices were developed and introduced. A combined list of securities admitted to trading was formed. All stocks traded in MICEX-RTS were admitted to be settled via the DCC-NSD interdepository link.

In 2011, according to business weekly magazine "KOMPAZIYA", the MICEX and RTS merger was awarded "Deal of the year."

In 2012 the integrated exchange MICEX-RTS will have to work hard to build the efficient trading and settlement infrastructure. This includes the launch of the T+n trading mode on the securities market, selection of a technological platform that will allow introducing a single account for trading on the spot and derivatives markets. The existing indices will be transformed into a single family of indices with uniform rules and single calculation bases. One of the milestones in the 2012 integration process will become a merger between National Settlement Depository (NSD), De-

pository Clearing Company (DCC) and RTS Settlement Chamber.

The MICEX-RTS integrated exchange will facilitate the implementation of state-of-the-art technologies on the Exchange, establishment of the single trading platform that will allow investing in all categories of Russian assets as well as a substantial improvement of the interaction process between the integrated exchange business units and market participants.

The integration will help traders to cut expenses on position management, make the risk-management system transparent and lay down the foundations for the development of a center of liquidity in Russia.

"Last year results demonstrate a substantial positive impact of the Russia's two largest bourses merger on operating performance", said Ruben Aganbegyan, President and Chief Executive Officer of MICEX-RTS. "Today, we realize that we have the huge potential to become the international financial center and join the ranks of leading global exchanges."

2011 MICEX-RTS Turnover

Total Trading Volume of All Markets, in RUB	297,926,355,853,287
Total Trading Volume of All Markets, in USD	10,110,408,731,128

For more information on the company's markets turnover please visit the [Exchange website](#).

MICEX-RTS Group and Russian Presidential Academy of National Economy and Public Administration sign cooperation agreement

MICEX-RTS Group entered into a cooperation agreement with Russian Presidential Academy of National Economy and Public Administration. The agreement contained provisions on the cooperation in the areas of education, science and consulting aimed at training and retraining of managers and economists with any educational levels. The official agreement signing ceremony took place within the framework of Gaidar Forum 2012. The purpose of the agreement was creating an effective educational system for training of corporate specialists in accordance with the

global best practices to provide them with knowledge, skills and culture necessary for managing capital flows in modern market conditions.

Within the framework of the agreement, the parties were intended to introduce targeted and practically oriented programs to train bachelors and masters with specification in exchange and off-exchange financial markets, i.e. stock, currency, derivatives, etc. markets as well as programs aimed at training highly skilled experts with PhD degrees in the area of on-exchange markets. In addition, the coopera-

tion cover some other areas.

Signing the agreement, Ruben Aganbegyan, President and Chief Executive Officer of MICEX-RTS, said: "In December 2011 MICEX and RTS completed the merger of the two trading venues and now we are planning to enhance the company development process, improve markets characteristics, implement new products and services and participate actively in the development of the Russian financial market. Highly experienced specialists are most in demand during the period of large scale changes."

17.01.2012

MICEX-RTS Group launches distribution of the MICEX-RTS indices via the Plaza workstations, FORTS trading workstations, FORTS Plaza II gateway and FORTS FAST gateway

MICEX-RTS started distributing the MICEX-RTS indices via the Plaza workstations, FORTS trading terminals, FORTS Plaza II gateway

and FORTS FAST gateway. Thereby, the Plaza and FORTS services were extended to include the transmission of market data

for the main Russian indices. Please see the full list of the indices distributed on the [Exchange's website](#).

12.01.2012

During the January holidays total trading volume of the MICEX-RTS markets reached RUB 2.4 trillion

In 2012 the Russian stock market was open during the January public holidays for the first time. From 3rd January to 9th January, 2012 the integrated exchange MICEX-RTS operated its trading services on the derivatives, securities, currency and money markets.

Functioning of the Exchange during the holidays was aimed at providing all categories of market participants with a possibility to manage their risks on the long weekend, withdraw funds from their trading accounts or deposit funds as well as to take into account a situation on the global financial markets. For the holidays period, market participants executed 1.4 million

trades for a total value of RUB 878 billion in the Main market sector of the MICEX-RTS securities market. 169 thousand trades with a total value of RUB 36 billion were executed in the Standard sector. More than 14.5 thousand REPO trades with RUB 393 billion in value were executed by participants in these sectors. In total, 39,709 trading participants made transactions in stocks during the holidays. On the MICEX-RTS derivatives market trading volume exceeded RUB 535 billion representing more than 11 million contracts. About 20 thousand clients traded on the derivatives market during the holidays. They executed more than 2 million

trades in futures and options. 76 credit institutions performed transactions on the MICEX-RTS currency market. They executed 30 thousand trades with a total value of RUB 253 billion. 23 professionals of the government securities market, including the Bank of Russia, executed 609 trades with a total value of RUB 370 billion. Trading results for the period from 3rd of January through 9th of January, 2012 demonstrated a need of participants of the Russian financial market to have an opportunity to perform trading transactions on the stock market during holiday periods.

14.12.2011

MICEX Innovation and Investment Market with Interfax Business Service announce findings of research “MICEX IIM through the eyes of investment professionals”

On December 13, 2011 representatives of Innovation and Investment Market of MICEX-RTS Group and Interfax Business Service CJSC presented results of the joint research “MICEX IIM through the eyes of investment professionals.” Analysts from sell-side, investors of management companies and investment banks, individual investors and bloggers took part in the research. The survey carried out by Interfax Business Service CJSC in September and October of 2011

which included asking representatives of the Russian community of investment professionals a question on estimate of the investment area in Russia and current perception of MICEX IIM was taken as a basis of the research. The following findings of the research could be identified:

- overwhelming majority of the respondents admitted the existence of the innovative sector in Russia;
- half of the analysts agreed to

give ‘buy’ recommendations regarding securities of companies from the innovative sectors;

- the analysts did not associate MICEX IIM with small cap companies and high level of investment risks any longer;
- the Exchange should inform investors about the advantages of the IIM and investing in the securities of innovative companies specifically and in more detail.

12.12.2011

MICEX-RTS and OECD sign agreement to strengthen corporate governance in Russia

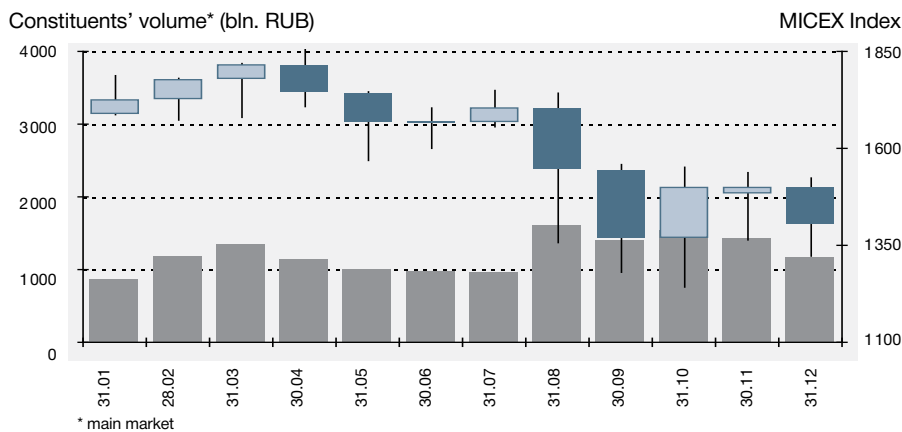
On December 12 MICEX-RTS and the Organization for Economic Co-operation and Development

(OECD) signed an agreement that will strengthen corporate governance in Russia through

a program called the OECD-Russia Corporate Governance Roundtable.

The MICEX Index Annual Wrap-Up: 2011

Pic 1 MICEX Index Dynamics



In 2011 the Russian stock market demonstrated negative dynamics.

For the past year the MICEX Index went down by 16.93% to reach 1,402.23 points (1,687.99 as of December 30, 2010) (Pic 1). By the end of the year the MICEX Index was 126.34% higher compared to its closing level three years ago (619.53 points on December 31, 2008).

The trading volume of the securities, Index constituents, trading in the Main trading mode totaled last year RUB14,634.21 billion and the total capitalization of the securities Index constituents made RUB18,932.98 billion.

In 2011 26 stocks out of the MICEX Index's total 33 constituents had a negative impact on the MICEX Index's dynamics (down 18.60% points), whereas 7 securities moved positively (up 1.67%).

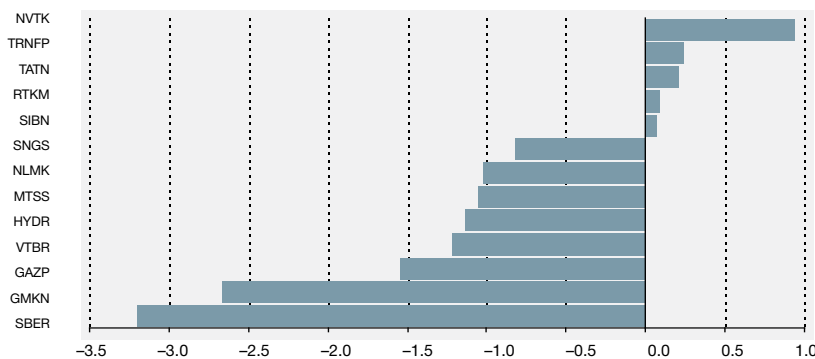
The largest negative impact was coming from the falling prices of Sberbank ordinary shares (down 3.19%), OJSC "MMC "NORILSK NICKEL" (down 2.67%), Gazprom (down 1.54%) and VTB Bank (down 1.22%) (Pic 2).

56.1% of the MICEX Index total capitalization concentrated in the Oil & Gas sector. The other large-weight sectors were Financial sector (16.9%) and Metals & Mining (8.5%) (Pic 3).

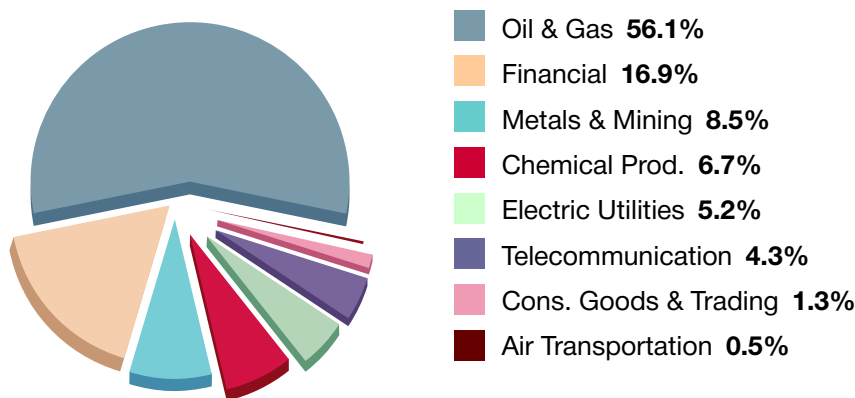
The major negative contributors were the companies of Metals & Mining (down 6.63%), Financial sector (down 4.60%) and Electric utilities (down 2.70%).(Pic 4).

The largest positive impact was coming from the rising prices of NOVATEK ordinary shares (up 0.94%).

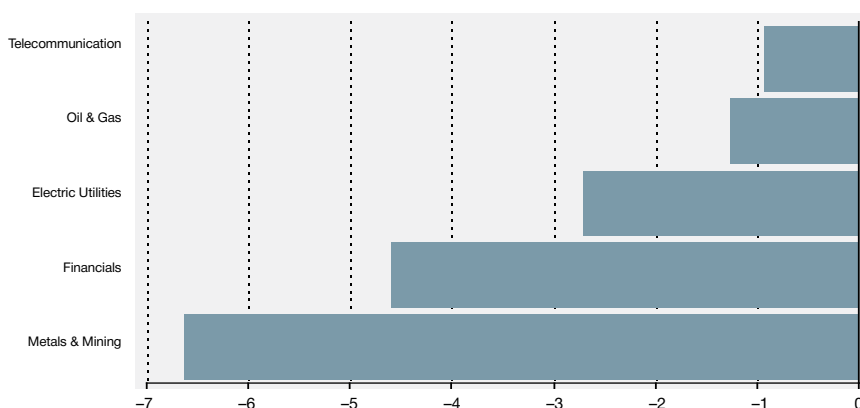
Pic 2 Stocks Prices Impact on MICEX Index (%)



Pic 3 MICEX Index Sectoral Structure

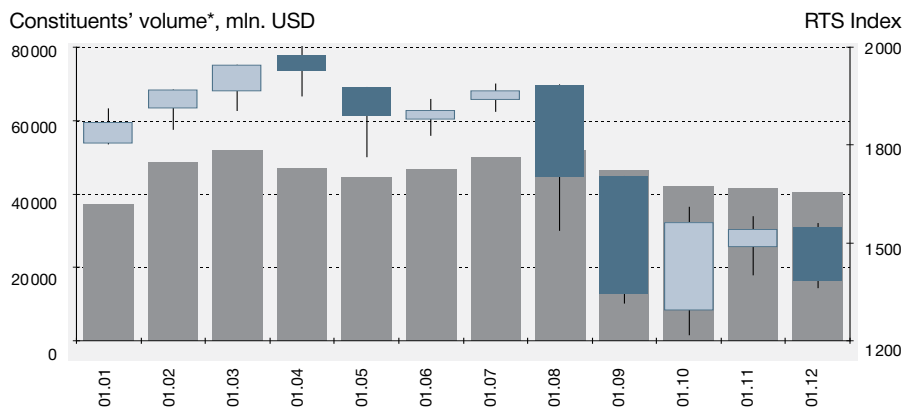


Pic 4 Sectoral Contribution to Index Dynamics (%)



The RTS Index Annual Wrap-Up: 2011

Pic 1 RTS Index Dynamics

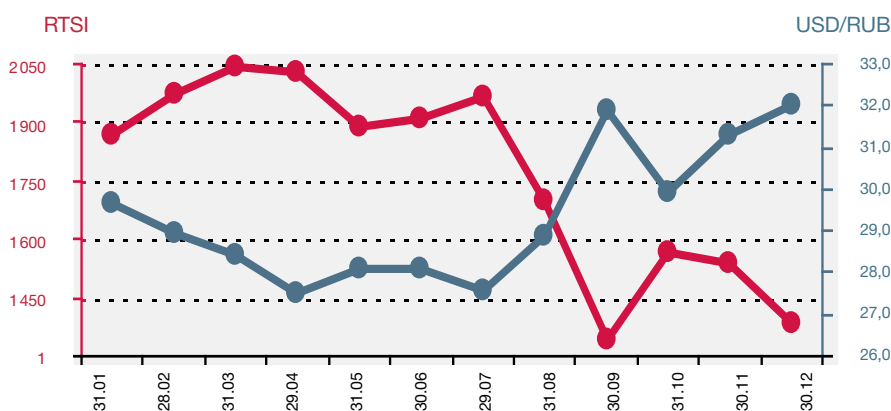


In 2011 the RTS Index went down by 21.94% to reach 1,381.87 points (1,770.28 as of December 30, 2010) **(Pic 1)**.

By the end of the year the RTS Index was 118.69% higher compared to its closing level three years ago (631.89 points on December 31, 2008). Over the year the US Dollar went up 7.92% against the Ruble **(Pic 2)**.

As the RTS Index fell in 2011, volatility grew: the Russian Volatility Index RTSVX added 45.02%.

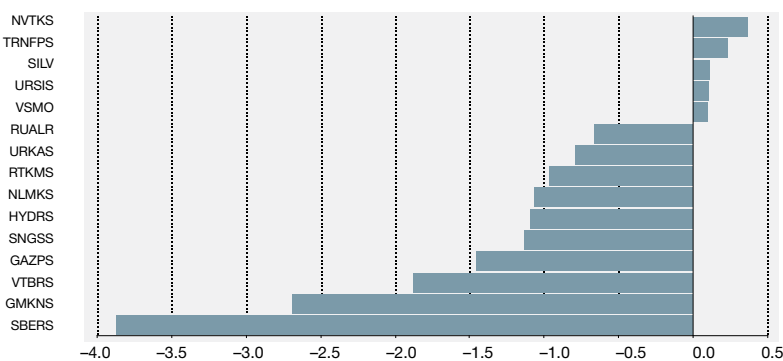
Pic 2 RTS Index vs US Dollar Dynamics



In 2011 46 stocks out of RTSI's total 60 constituents, had negative impact on the RTS Index's dynamics (down 23.24 index points), 14 securities moved positively (up 1.30 points).

The most negative impact was coming from the falling prices of ordinary shares of Sberbank (down 3.87 points), OJSC "MMC "NO-RILSK NICKEL" (down 2.69 points), VTB Bank (down 1.87 points) and Gazprom (down 1.46 points) **(Pic 3)**.

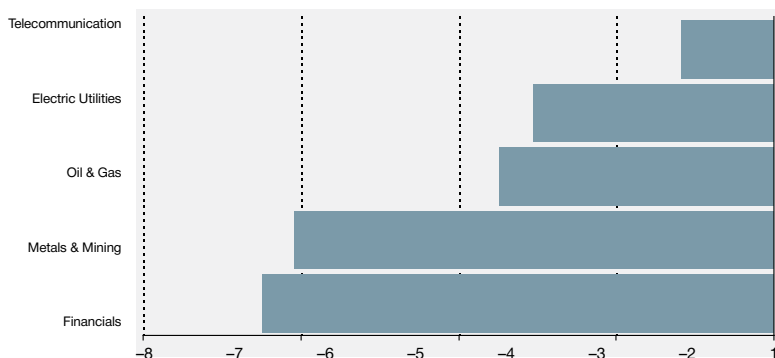
Pic 3 Stocks prices impact on RTS Index (%)



The major negative contributors were the companies of Financial sector (down 6.48%), Metals & Mining (down 6.08%) and Oil & Gas sector (down 3.48%) **(Pic 4)**.

The largest positive impact was coming from the rising prices of NOVATEK ordinary shares (up 0.36%).

Pic 4 Sectoral Contribution to Index Dynamics



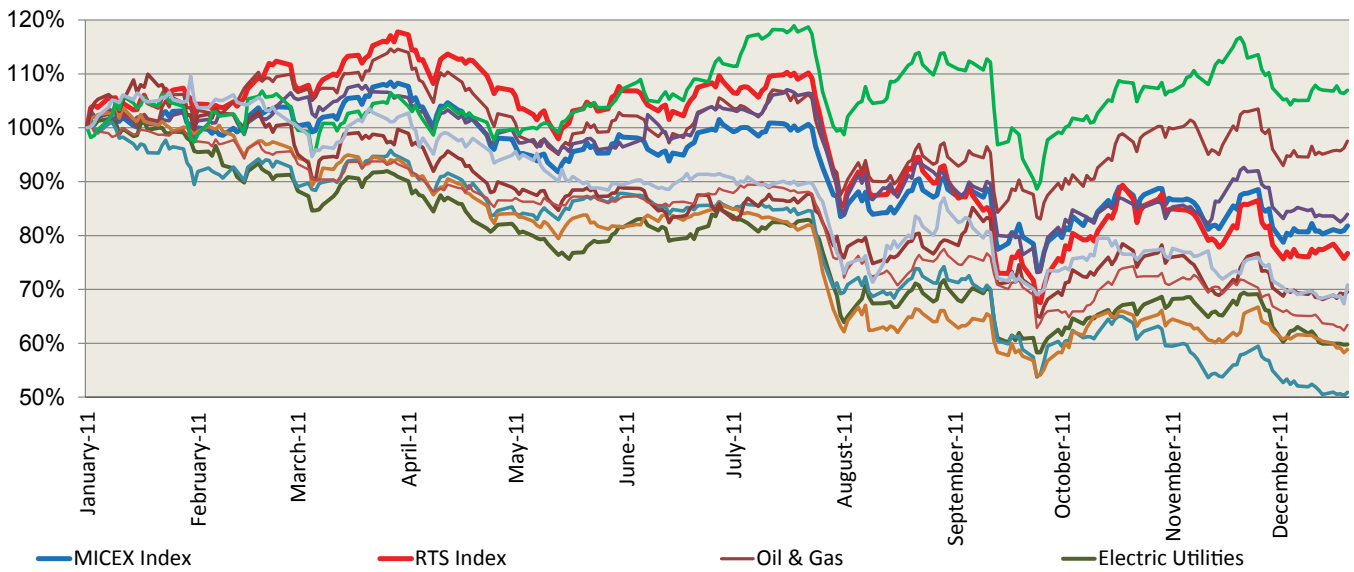
Indices

Indices performance

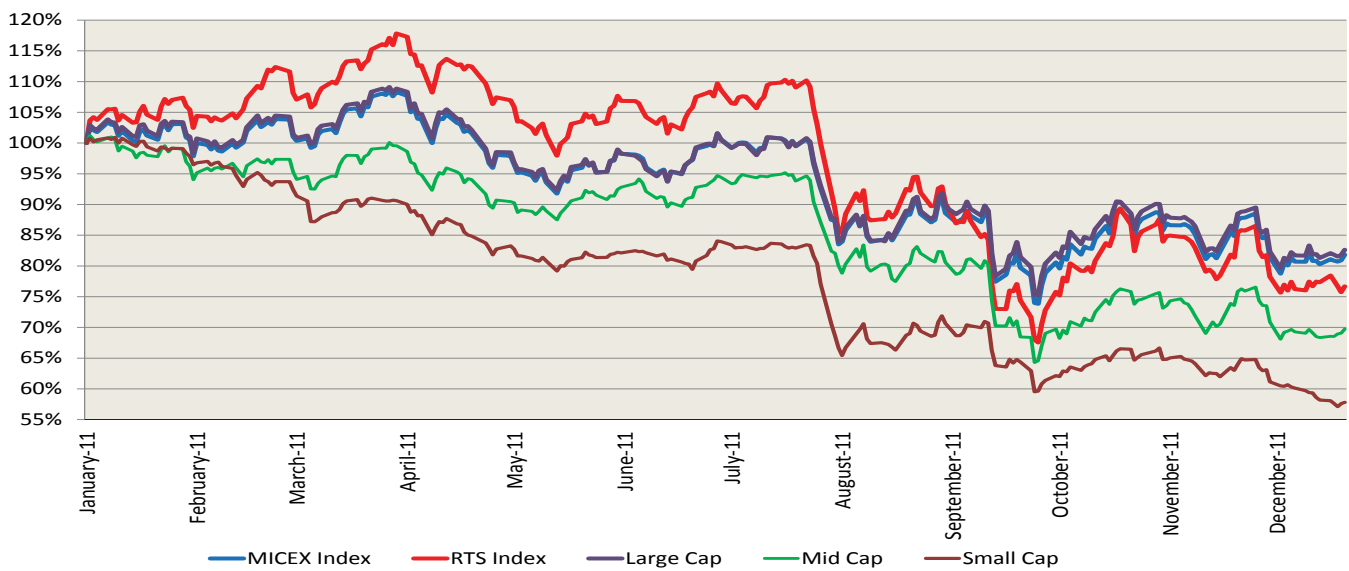
Index name	Index value, 2011			Return over the period (%)	
	Close	Max	Min	Year	3 Years
Composite Indices					
MICEX Index	1,402.23	1,859.99	1,265.67	-16.93	126.34
RTS Index	1,381.87	2,123.56	1,217.21	-21.94	118.69
RTS Standard Index	9,592.15	12,757.60	8,513.90	-15.81	129.76
Sectoral Indices (in RUB)					
Oil & Gas	2,983.37	3,506.91	2,540.65	0.05	166.31
Electric Utilities	2,053.02	3,491.02	2,002.93	-40.24	130.12
Consumer & Retail	3,907.80	6,184.22	3,840.34	-36.23	277.78
Telecommunication	2,077.30	2,669.78	1,809.27	-14.79	232.96
Industrials	1,715.16	3,050.39	1,573.45	-40.48	199.27
Financials	4,815.12	7,613.78	4,489.68	-29.68	115.02
Chemicals	6,936.21	7,712.46	5,746.53	10.53	353.69
Metals & Mining	3,082.65	6,147.35	3,046.33	-47.64	166.54
Cap Indices					
Large Cap	2,270.68	2,998.24	2,065.78	-16.10	120.73
Mid Cap	2,284.40	3,315.55	2,105.72	-28.74	179.00
Small Cap	3,454.75	6,031.25	3,413.99	-41.85	184.79
Thematic indices					
Russian Volatility Index	38.13	73.34	20.75	45.02	-40.33
RTS Siberia Index	668.87	1,035.19	639.15	-33.11	168.13
MICEX Innovation Index	770.11	1,191.95	731.84	-29.16	—
Bond Indices					
Russian Government Bond Index	272.78	273.59	258.20	5.79	—
Corporate Bond Index	206.47	206.47	195.30	6.18	49.51
Municipal Bond Index	154.67	155.05	148.18	4.71	68.21

Indices

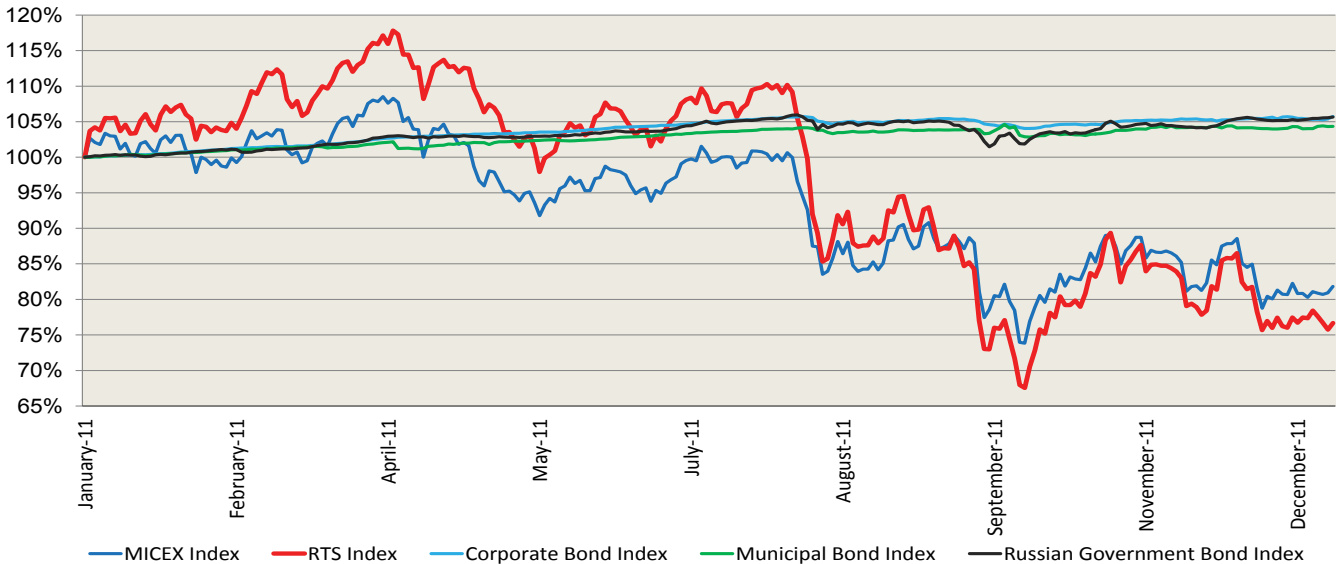
MICEX-RTS Indices historical performance: Sector & Composite Indices: 2011



MICEX-RTS Indices historical performance: Cap & Composite indices: 2011



MICEX-RTS Indices historical performance: Key equity & bond indices: 2011



Market Data 2011

MICEX Trading Results: 2011

Securities (stocks, fund units, receipts) on Main Trading Mode and Negotiated Deals Mode	2011	2010	Change (%)
Trading volume, mln USD	538,884	442,767	18
Number of trades	122,615,832	108,879,338	11
Bonds (Main Trading Mode and Negotiated Deals Mode)	2011	2010	Change (%)
Trading volume, mln USD	187,352	170,190	9
Number of trades	385,646	390,971	-1
REPO (stocks)	2011	2010	Change (%)
Trading volume, mln USD	1,002,187	555,854	45
Number of trades	929,177	887,852	4
REPO (bonds)	2011	2010	Change (%)
Trading volume, mln USD	1,303,620	920,132	29
Number of trades	465,599	311,622	33
Currency market	2011	2010	Change (%)
Trading volume, mln USD	2,877,201	2,657,357	8
Number of trades	3,522,267	2,084,735	41

Top 5 MICEX Stock Market Best Sellers: 2011

Company name	Trading volume (USD)	Share in MICEX (%)
"Troika Dialog"	457,744,496,074	16
OTKRITIE Brokerage house JSC	259,955,308,901	9
Investment Company FINAM Ltd.	194,886,747,791	7
Renaissance Capital	181,466,098,039	6
BCS Ltd.	157,391,367,440	6

Market Data 2011

Top 10 MICEX Main Trading Mode Leading Operators

Company name	Rating position	
	2011	2010
OTKRITIE Group	1	5
Investment Company FINAM Ltd.	2	1
BCS Ltd.	3	2
“Troika Dialog”	4	4
Alor Group	5	3
VTB 24 (JSC)	6	6
Renaissance Capital	7	13
OJ SC Investment Company “ZERICH Capital Management”	8	7
Sberbank	9	12
LLC “ATON”	10	8

Top 10 MICEX Negotiated Deals Mode Leading Operators

Company name	Rating position	
	2011	2010
“Troika Dialog”	1	1
ALFA-BANK	2	9
«METROPOL» IFCo. Ltd.»	3	34
“MAXWELL CAPITAL” LLC	4	54
LLC “ATON”	5	15
OTKRITIE Group	6	3
Alor Group	7	6
JSCB «INTERPROMBANK»	8	10
CJSC «VTB Capital»	9	12
“REGION BC” LLC	10	8

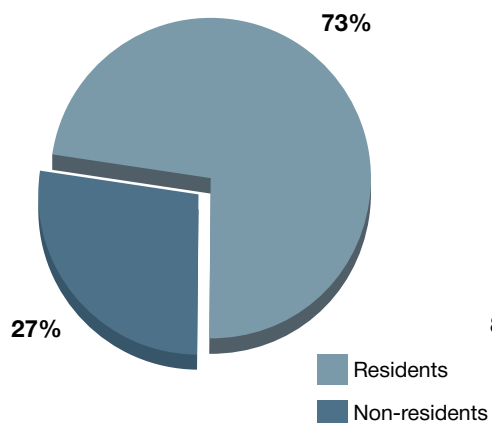
Top 10 MICEX REPO Stocks Market Leading Operators

Company name	Rating position	
	2011	2010
“Troika Dialog”	1	2
Sberbank	2	1
OJSC Promsvyazbank	3	11
CJSC «VTB Capital»	4	4
Renaissance Capital	5	3
OTKRITIE Group	6	6
GPB (OJSC)	7	5
LLC “ATON”	8	8
ALFA-BANK	9	10
Investment Company FINAM Ltd.	10	7

Top 10 MICEX REPO Bonds Market Leading Operators

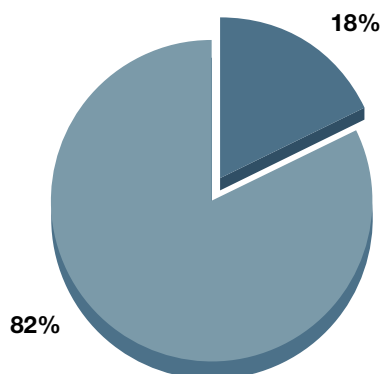
Company name	Rating position	
	2011	2010
Sberbank	1	1
ZAO UniCredit Bank	2	6
RIC-Finance	3	9
“Troika Dialog”	4	27
GPB (OJSC)	5	17
CJSC «VTB Capital»	6	2
ALFA-BANK	7	28
“RONIN”	8	11
OJSC Promsvyazbank	9	10
BANK OF KHANTY-MANSIYSK	10	18

MICEX residents and non-residents share in the market turnover: 2011

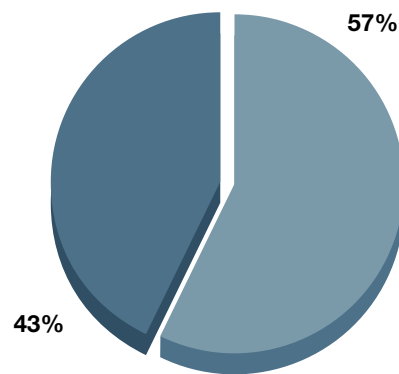


RTS residents and non-residents share in the market turnover: 2011

FORTS: 2011



RTS Standard: 2011



Derivatives market FORTS

Top clearing members of futures and options trading volumes: 2011

Company name	Rating position	
	2011	2010
OTKRITIE Corporation	1	3
JSC "Investment Company "ITInvest"	2	1
Brokercreditservice Ltd.	3	2
Zerich Capital Management IC OJSC	4	4
ALOR Group	5	5
Investment Company FINAM CJSC	6	6
ALFA-BANK	7	8
Troika Dialog	8	7
Instroyinvest IMC	9	11
KIT Finance Ltd.	10	9

FORTS Trading results: 2011

	2011	2010	Change
Futures contracts			
Trading volume, mln USD	1,781,114	919,434	93.72%
Trading volume, contracts	1,036,238,500	593,679,788	74.55%
Number of trades	210,240,341	114,932,349	82.93%
Total open interest, mln USD	5,321	3,321	60.23%
Total open interest, contracts	4,878,754	3,168,722	53.97%
Options contracts			
Trading volume, mln USD	130,306	44,668	191.72%
Trading volume, contracts	44,931,599	23,775,952	88.98%
Number of trades	4,209,089	2,026,572	107.70%
Total open interest, mln USD	1,517	1,343	12.98%
Total open interest, contracts	748,332	887,624	-15.69%
Total			
Trading volume, mln USD	1,911,420	964,102	98.26%
Trading volume, contracts	1,081,170,099	617,455,740	75.10%
Number of trades	214,449,430	116,958,921	83.35%
Total open interest, mln USD	6,839	4,664	46.62%
Total open interest, contracts	5,627,086	4,056,346	38.72%

Top 5 Traded Futures: 2011

Contract	Rating	Trading volumes	
		Bln USD	Contracts
RTS Index futures	1	1,280	377,845,640
USD/RUB exchange rate futures	2	208.3	206,820,695
Sberbank futures	3	67.4	220,558,364
EUR/USD exchange rate futures	4	63.9	45,657,240
Gazprom futures	5	56.0	84,959,506

Russian Commodities market: 2011

The total trading volume of MICEX-RTS Commodities market in 2011 totaled RUB 1,688,614,824,202 (up 199% as against 2010) or 37,010,304 contracts (up 109%).

The trading volume on the OJSC "Saint Petersburg Exchange" in soft commodities and oil products sectors stood at RUB 7,382,835,278 (up 644% as against 2010) or 557,841 contracts (up 1,098%).

The trading volume of the electricity market at the OJSC Moscow Energy Exchange totaled RUB 42,383,781,222 (up 172% as against 2010) or 831,825 contracts (up 168% as against 2010).

Over 16,000 traders participated in derivatives trading.

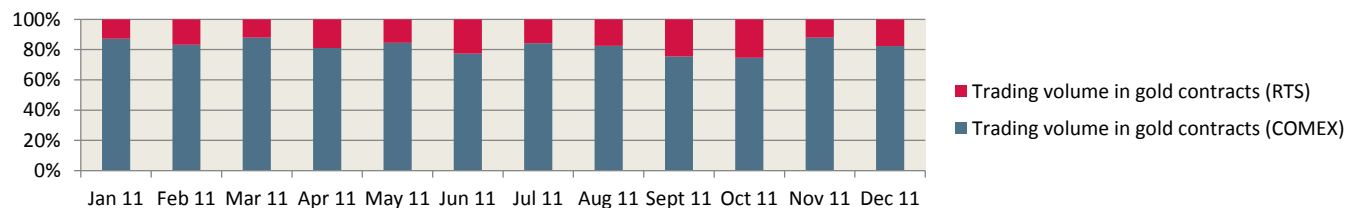
Agroindustry In 2011 the trading volume in futures contracts on wheat made up RUB2.7 billion whereas sugar made up RUB10.9 billion.

Underlying asset	Trading volume (contracts)	Trading volume (RUB)
Wheat	357,917	2,711,550,810
Sugar	605,513	10,868,841,498
Corn	14,041	109,269,200
Soya	4,710	65,888,955
Cotton	11,282	382,252,695
Total	993,463	14,137,803,158

Metals In 2011 the trading volume in futures and option contracts on metals exceeded RUB1,072 billion.

Underlying asset	Trading volume (contracts)	Trading volume (RUB)
Gold	13,157,643	623,127,885,337
Palladium	10,871	2,338,934,673
Platinum	399,738	20,623,115,785
Silver	3,963,823	423,525,333,117
Copper	118,953	3,095,717,980
Total	17,651,028	1,072,710,986,891

Trading volume in gold contracts on COMEX and RTS



Oil and oil products In 2011, trading volume in futures contracts on oil and oil products made up RUB605 billion or 18.7 million contracts.

Underlying asset	Trading volume (contracts)	Trading volume (RUB)
Brent Oil	18,753,295	604,998,052,890
Urals Oil	284	9,144,824
Total	18,753,579	605,007,197,713

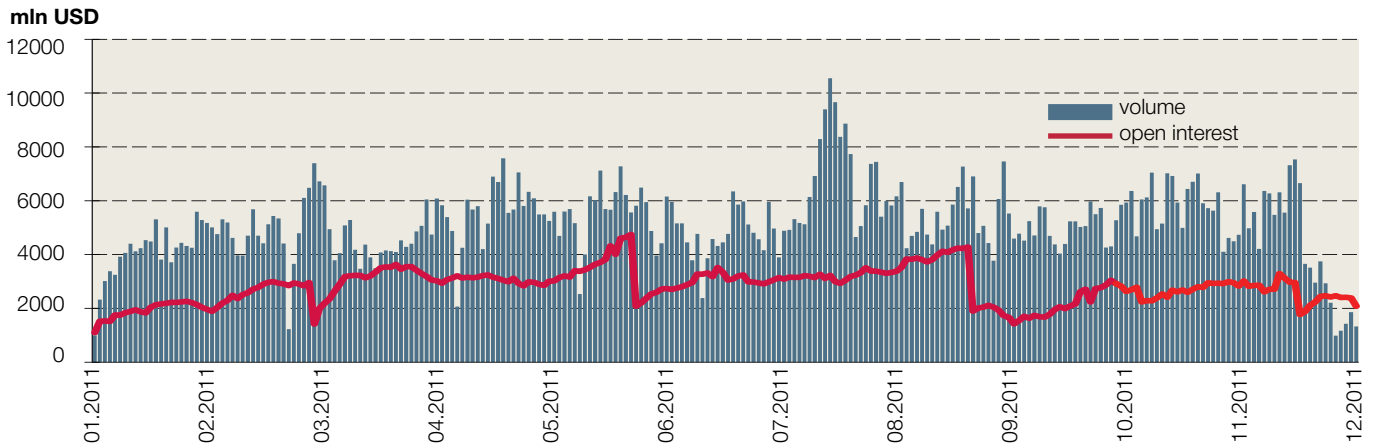
Power In 2011, trading volume in futures contracts on the average power price index made up RUB41.1 billion or 0.8 million contracts.

Underlying asset	Trading volume (contracts)	Trading volume (RUB)
Power in Center hub	352,289	2,0512,056,420
Power in Ural hub	214,384	11,222,325,859
Power in West Siberia hub	106,109	4,498,613,612
Power in East Siberia hub	130,210	4,899,019,922
Total	802,992	41,132,015,812

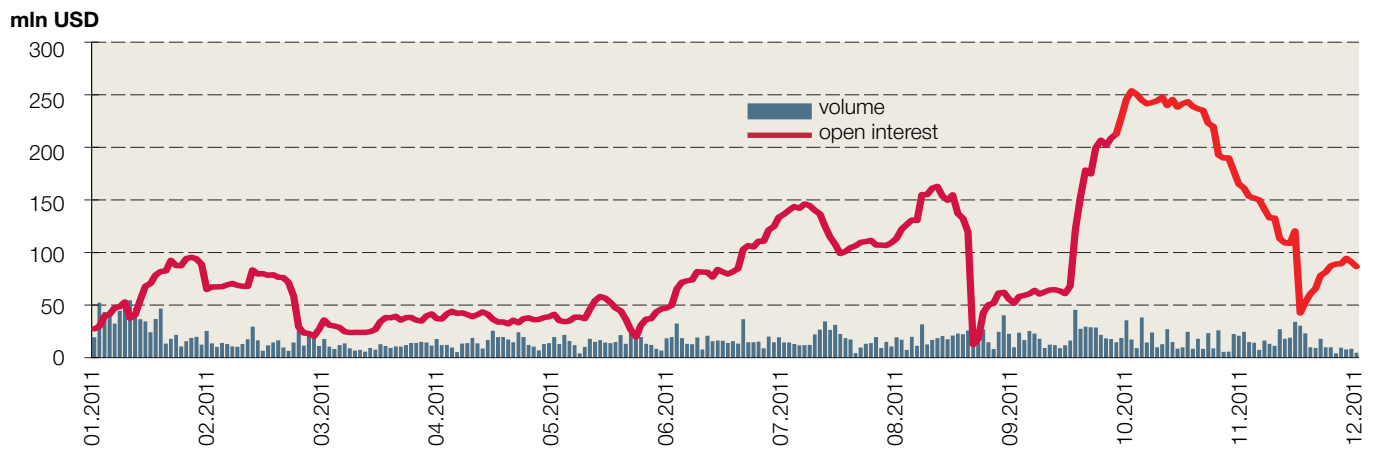
* USD 1 = RUB 32.02 as of December 30, 2011

Derivatives market FORTS

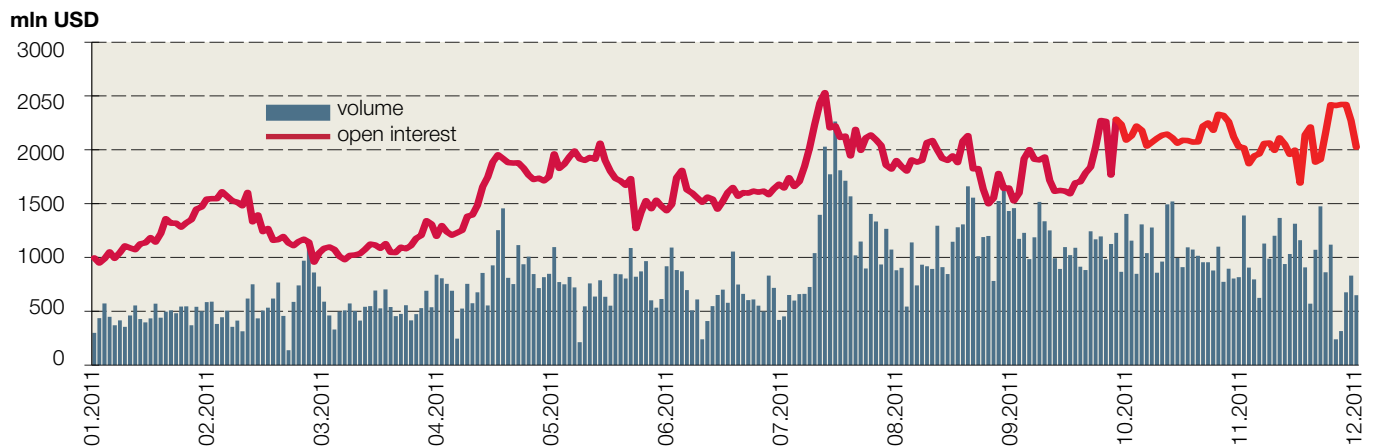
RTS Index futures: 2011



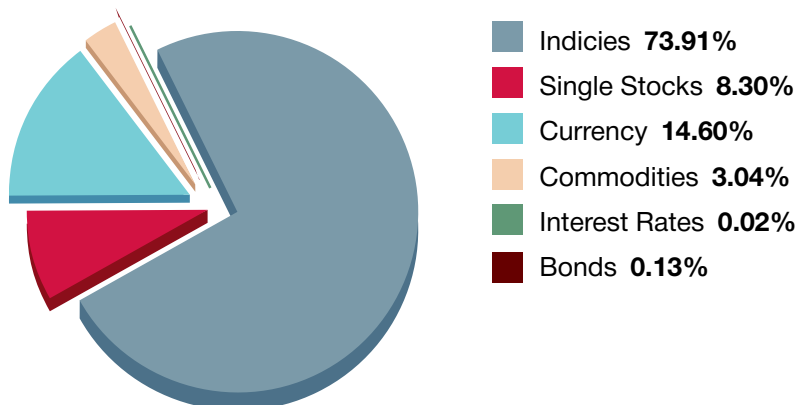
RTS Standard Index futures: 2011



USD/RUB rate futures: 2011



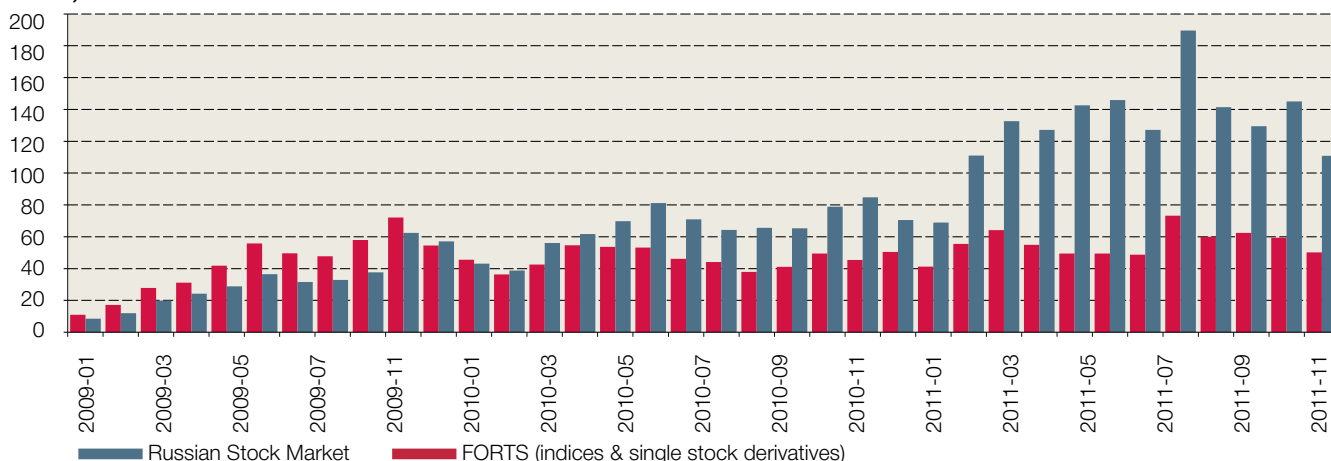
FORTS turnover breakdown. Trading volume in USD by contracts: 2011



Derivatives market FORTS

FORTS and Russian stock market turnover

Turnover, bln USD



RTS Stock Market

Top 10 RTS Standard Leading Operators: 2011

Company name	Rating position	
	2011	2010
OTKRITIE Group	1	1
Troika Dialog	2	2
ALOR Group	3	3
JSC "Investment Company "ITInvest"	4	4
OLMA Investment Firm	5	5
KIT Finance Ltd.	6	12
Investment Company FINAM CJSC	7	9
Brokercreditservice Ltd.	8	6
Metallinvestbank OJSCo SKB	9	8
Instroyinvest IMC	10	29

Top 5 Classica & Standard & T+0 (RTS) Stock Market Best Sellers: 2011

Company name	Trading volume (USD)
Sberbank, ordinary	56,008,159,425
GAZPROM, ordinary	27,843,990,040
OAD "LUKOIL", ordinary	10,700,947,583
Rosneft, ordinary	5,411,602,510
"OJSC "MMC "NORILSK NICKEL", ordinary	4,170,022,467

MICEX-RTS Group International Projects: Ukrainian Exchange

The Ukrainian Exchange is **the liquidity center of stocks and derivatives trading in Ukraine**. Securities market was launched in March 2009 and trading on the derivatives market started in May 2010. Both markets meet the best international practices.

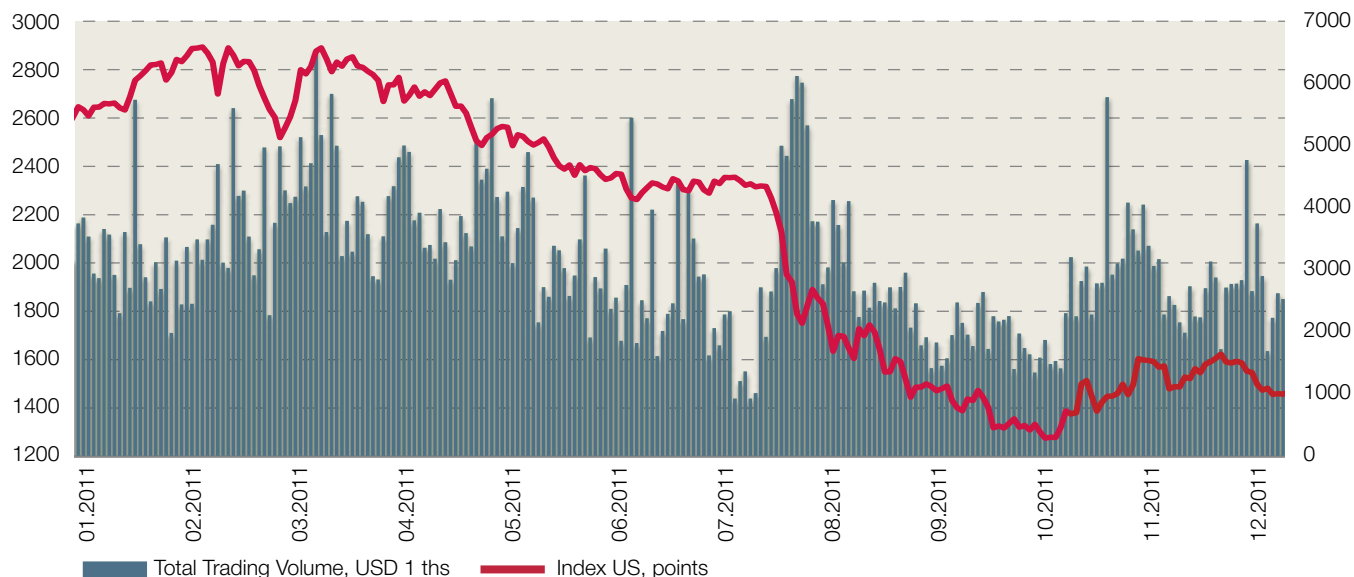
Trading results: 2011

	2011	2010	Change (%)
STOCK MARKET			
Trading Volume, USD	5,019,719,533	2,986,501,488	68.08
Number of trades	1,230,025	836,840	46.98
DERIVATIVES MARKET			
Trading Volume, USD	2,956,051,988	450,367,122	556.36
Trading Volume, contracts	12,064,393	1,777,908	578.57
Number of trades	1,165,489	153,537	659.09
Total open interest, USD	13,516,922	3,109,273	334.73
Total open interest, contracts	73,648	10,260	617.82
TOTAL, USD	7,975,771,521	3,436,868,610	132.07

The UX Index Wrap-Up: 2011

The Ukrainian Equities Index is an indicator calculated by the Ukrainian Exchange. The Index is calculated during the trading session every 15 seconds. Index constituents are the most liquid stocks of Ukrainian companies.

In 2011 the UX Index calculated by the Ukrainian Exchange decreased by 40.3% to reach 1,458.87 points (2,443.7 points as of December 31, 2010).



Top 5 Stock Market Best Sellers: 2011

Ticker	Company name	Trading volume (USD)	Closing price (USD)	Change (%)
MSICH	Motor Sich	465,846,266	227.19	-25.11
ALMK	Alchevsk Metallurgical Plant	328,183,765	0.013	-54.17
CEEN	Centrenergo	261,459,096	1.06	-41.92
UNAF	Ukrnafta	240,928,824	45.01	-39.19
AVDK	Avdiivka Cokery Plant	175,222,967	6.19	-58.46

Load and performance testing: lessons learnt

The merger of two biggest Russian exchanges, MICEX and RTS, has given both teams a unique opportunity to create a consolidated platform that will provide clients with the integrated trading

environment and seamless and unified post trade infrastructure across all asset classes. RUSSIAN MARKETS met with **Vahan Vardanian**, Managing Director, CIO at MICEX-RTS, to discuss

the results of the recent performance testing of the MICEX-RTS trading and clearing systems held in conjunction with building an integrated trading venue in the region.



Vahan Vardanian

Russian Markets (RM): What were the initial aims of the testing and what specific markets were tested?

Vahan Vardanian (VV): The aim was to verify the trading and clearing systems of the MICEX and the RTS markets (at the time of testing in September 2010 the exchanges were still legally separate entities) at high loads and volumes of orders and trades. The trading systems of the MICEX's ASTS Stock and Derivatives markets, and RTS's FORTS and RTS Standard markets were tested. The task was to assess the throughput and latency of order execution under different scenarios and configuration. This was a market wide event with all major broker dealers and software vendors participating and testing their respective systems and sufficiency of their connectivity to the Exchange.

RM: Both systems are different, is that correct?

VV: Yes, quite correct. The two trading platforms have had different development paths and are in fact quite different. Despite this fact, they should meet all the performance, reliability and interfacing criteria, which have become de-facto standard amongst all leading exchanges globally. Our aim is to build a uniform access layer and clearing infrastructure and eventually move towards one trading platform. The recent testing provided valuable input to the development teams to calibrate and tune their development efforts.

RM: What were the testing results for the ASTS trading and clearing system?

VV: The testing of the new versions of the software of trading and clearing systems of the MICEX equities and derivatives market showed a significant increase from a year ago in peak throughput of the trading engine from 850 to 13,000 transactions per second for the derivatives market and from 4,000 to 20,000 transactions per second for the equities market. The new version of the MICEX trading and clearing system has twentyfold capacity margin compared with the current trading activity. The average latency within the trading engine was reduced from 250 to 65 microseconds. This was made possible thanks to the

recent upgrade of ASTS underlining infrastructure to RedHat Linux real time MRG technology. The "hot" backup with "in flight" switching capability was also successfully tested, ensuring the continuation of the trading session in case of the primary server failure.

RM: What conclusions were made regarding the FORTS trading and clearing system?

VV: The new core of FORTS Trading System showed the planned performance and stability. But the testing revealed a significant impact of participants' infrastructure on the market data latency. Test participants whose machines and communication channels met RTS requirements experienced an average delay in receiving replication data of 15 milliseconds for the main trade flows. But the orders revealed a large (from 3 to 300 milliseconds) variation. This happens due to back compatibility built into FORTS framework to ensure equal access to all its members.

RM: What solutions were suggested after the testing results got known?

VV: The testing has revealed the necessity for the market participants and clients of both platforms to upgrade their infrastructures to separate the transmission of market data from the trading flows. All in all, MICEX-RTS team is geared up to improve the efficiency of now combined market technology infrastructure and provide a number of value-added services to the trading community both domestically and internationally.

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About Exchange

The MICEX-RTS Group is the Russian stock and derivatives exchange that came to existence in December 2011 after the merger of two main Russian exchanges, MICEX and RTS. The new exchange strives to achieve the status of an internationally competitive market through improved efficiency of the market infrastructure, product diversity and liquidity.

MICEX-RTS provides a wide range of opportunities to investors, professional institutions and their Russian and foreign clients for equities, bonds, currencies as well as derivatives trading. The Exchange provides a transparent process for determining fair market values of Russian assets with a full range of trading and post trading services.

MICEX-RTS offers accessible technology, sound clearing and guarantee functions and flexible operational structures. All innovations and new technologies and services are aimed at bringing reliability and safety to the market.

Trading on the securities market of MICEX-RTS Group is held in the following sectors: Main market for equities & bonds (settled in RUB), Standard section for most liquid securities (settled in RUB), Classica sector for equities, bonds and fund shares (settled in USD). The Currency Market of MICEX-RTS is one of the key segments of the Russian financial market. Since 1992 the Bank of Russia has been determining the official exchange rate for the Russian ruble based on the results of currency trading on MICEX. FORTS is the Exchange's derivatives market that trades futures and options contracts on equities, bonds, indices, currency, interest rates, commodities. MICEX-RTS's market data is accessible worldwide through a range of all major vendor distribution channels.

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