

## YOUR GUIDE TO THE RUSSIAN STOCK AND DERIVATIVES MARKET

### Inside the Market

#### MICEX-RTS Group launched direct access trading on its FX Market for all client categories

MICEX-RTS starts to provide full-fledged Direct Market Access (DMA) to the Exchange's FX Market for all categories of the market participants. A project on organizing a two-tier access trading on the Exchange's FX Market launched in autumn 2010 has thereby made a step forward.

From February 13, 2012 participants of the MICEX-RTS FX Market

who are traditionally banks, gained an opportunity to register their clients in the MICEX-RTS trading and clearing system. With DMA any such client, be it a company or private investor, will be able to execute trades directly on the Exchange at prices of the on-exchange currency market taking advantage of the market liquidity. Similar to the trading opportunities

#### In this Issue:

Valuable information for your business including:

- The latest news from the Russian market
- Market data for February 2012
- UX Exchange market data
- Professional opinion of market specialists

provided by the Securities market, the FX Market participants can now register additional settlement codes used for segregation of clients and their own trading positions at clearing and settlement. Non-residents of the Russian Federation will be able to perform FX transactions in rubles as clients of Russian banks.

"Taking into account global trends, we expect that the updated two-tier access will entail not only an improvement in liquidity on the Russian on-exchange currency market, due to a wider range of participant categories including non-residents, but also a positive impact on all the markets of the Integrated exchange," said Roman Goryunov, First Deputy Chief Executive Officer, Senior

*Continues on Page 2*



## NEWS IN BRIEF...

#### Russian FX market: catching the big wave of appeal

Read the interview with Igor Marich, Managing Director, Money Market business division at MICEX-RTS on [page 15](#)



#### Secondary market for government securities completes migration to MICEX Stock Exchange

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

#### New constituent lists for calculation of the MICEX-RTS Indices approved

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

Managing Director at MICEX-RTS. MICEX-RTS has received a positive feedback from many of the market participants Renaissance Capital, Dmitry Yakushin, Director of Debt Instruments, FX & Commodity Markets: "Our preliminary analysis reveals a huge interest towards direct access to the foreign exchange market. First of all, on the part of international clients – funds and algo

traders. From our perspective, even judging by first estimates only, this market will grow exponentially". "Investment Company "ITInvest", Vladimir Tvardovsky, CEO: "I would like to thank MICEX-RTS for this new service that opens up new opportunities. The demand from our clients exceeded our expectations." NOMOS-BANK, Anna Matyushkina,

Deputy Director of Brokerage Services & Asset Management: "We see a great potential for growth and solid client volumes on this market. Small banks and companies who are our clients are interested in this service. And now it will be easy to connect them. This is a new opportunity to develop our business and we shall take advantage of it."

## **MICEX-RTS Stock Exchange launches a futures contract on RDRs on United Company RUSAL Plc stocks**

On February 13, 2012 trading in Russian Depository Receipts (RDR) representing rights on shares of United Company RUSAL Plc and a deliverable futures contract on these securities launched within the Exchange's Standard sector and on the FORTS Derivatives market respectively.

Specifications for the futures contract were registered by the Federal Financial Market Services on January 24, 2012. According to the Specifications, the contract size amounts to 100 receipts. Code of the contract in the trading system is RUAL-*<settlement*

*>month<.<settlement year>*. The MICEX-RTS Derivatives Market Committee has decided to determine the initial margin for this contract at 20%.

The introduction of the RDRs to trading in the Standard and the relevant futures contract on FORTS have marked the completion of a process of launching the instruments on the RUSAL RDRs to all main markets and sectors of the MICEX-RTS Stock Exchange. The issuer of the receipts has involved market makers to ensure liquidity of the new instruments.

"Presence on the market of a wide range of instruments allows

us to expect a synergy effect and a subsequent improvement in liquidity and profitability of market participant transactions. In particular, instruments of the derivatives market and the Standard sector with settlement in T+N will be especially attractive for arbitragers and active traders", commented Roman Goryunov, First Deputy Chief Executive Officer, Senior Managing Director at MICEX-RTS. "In addition, it's a pleasure to see the issuer's interest towards such instruments and enhancement of their liquidity."

Please see the [\*Contract's specifications\*](#) (doc, 53 Kb).

## **Corporate News**

### **Meeting of the MICEX-RTS Board of Directors held**

On February 19, 2012 a meeting of the MICEX-RTS Board of Directors was held. The participants of the meeting were informed of technical glitches occurred during Q4 2011 and measures taken by the Exchange in order to reduce the probability of such failures in the future. The Board of Directors' Technical Policy Commission and Audit Commission were instructed to control execution of the plan of action developed by the Exchange at least once a quarter. The Exchange's senior managers were asked to elaborate procedures for eliminating consequences of abnormal situa-

tions jointly with the Users Committees within a month.

The next item in the meeting's agenda was the course of merger between the RTS Group and MICEX Group. Afterwards the Board of Directors discussed a report on 2011 project activities. The meeting participants also considered each Executive Board members' 2011 reports and made a decision on the members' remuneration.

A structure of an underwriting syndicate comprised of four global coordinators and five book runners was approved within the framework of the meeting's

agenda item On transactions in OJSC MICEX-RTS stocks and preparing to the IPO.

In addition, the Board of Directors generally approved the Strategy of the MICEX-RTS Group for 2012-2015 and asked the Executive Board to discuss the Strategy's provisions with the Council of the Exchange and Users Committees.

In conclusion, the members of the Board adopted a plan of project activities for 2012 and tasked to develop road maps for the projects. Key Performance Indicators for the Executive Board members were also approved.

**16.02.2012**

## **First results of trading in government securities in MICEX Stock Exchange**

On February 13, 2012 MICEX Stock Exchange commenced trading in Russian Federation government bonds and eurobonds of the Ministry of Finance of the Russian Federation. 35 issues of Russian Federation government bonds and three issues of eurobonds of the Ministry of Finance of the Russian Federation were added to the Quotation list A Level One.

Over the first two day of trading, the total number of trades in the government bonds executed by market participants exceeded 220 trades. Eight and 23 issues of the government bonds were involved in buy/sell transactions and repo trades respectively during the trading period on 13 and 14 February. The total trading volume of the government bonds in Main trad-

ing mode amounted to RUB354 million, in the Negotiated trades mode – RUB96 million, repo trades volume reached RUB42,765 million. The first trading results for the Russian Federation government bonds reflect market participants' strong interest in a single organizer of trading for the corporate securities and government securities markets.

**14.02.2012**

## **MICEX-RTS announces the launch of direct market access to its FX Market for clients**

On the 13th of February, 2012 clients of banks were offered an opportunity to trade on the FX Market with the use of newly implemented direct market access functionality.

On the DMA launch day the total volume of client transactions on the regulated FX Market reached 68 billion rubles which represents 9% of the aggregate FX turnover on MICEX-RTS. Nine Trading

Members of the FX Market registered their clients in the trading & clearing system enabling them to trade currency on the exchange directly. So far there are 20 clients registered in the trading & clearing system including legal entities and individuals. The first client trade on the FX Market of MICEX-RTS was executed by a client of NOMOS-BANK.

As of February 13, 2012 Trad-

ing Members of the FX Market of MICEX-RTS can register their clients in the trading & clearing system of the MICEX-RTS Group. Thanks to the DMA, any client of a Trading Member, be it a legal entity, or a private investor, a resident, or a non-resident may execute trades directly on the exchange at prices of the regulated currency market benefiting from the FX Market liquidity.

**08.02.2012**

## **MICEX-RTS Group to transfer trading in government securities to MICEX Stock Exchange**

Starting from February 13, 2012 MICEX Stock Exchange commenced providing execution of buy/sell transactions and repo trades in Russian Federation government bonds and eurobonds of the Ministry of Finance of the Russian Federation.

Currently traded 35 issues of Russian Federation government bonds and three issues of eurobonds of the Ministry of Finance of the Russian Federation will be admitted to trading in the present trading modes of the Main Market sector. Three issues of the eurobonds have already been admitted to trading in the Exchange. The securities will be added to the Quotation list A Level One.

Initial placements and retirements of the Russian Federation government bonds are held within the

OJSC MICEX-RTS Government Securities market. Execution of buy/sell transactions and repo trades will also be available on this market.

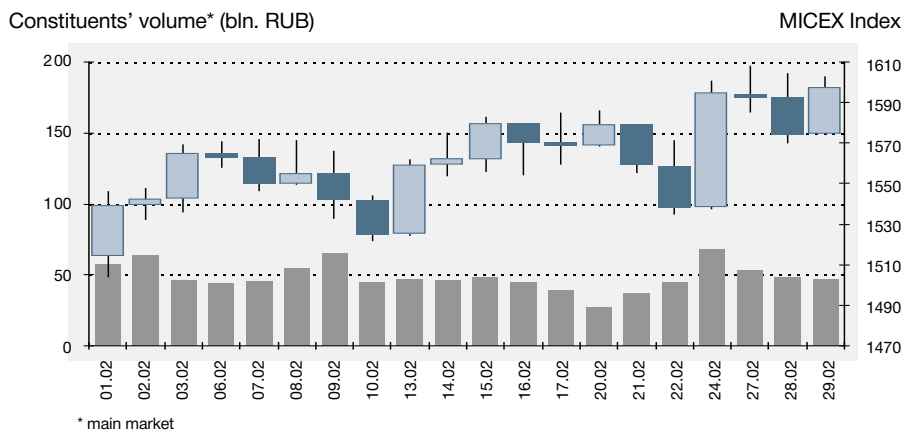
As a result of the admittance to trading of the Russian Federation government bonds on MICEX Stock Exchange, a number of trading participants will increase substantially, i.e. from 304 participants of the OJSC MICEX-RTS Government Securities market to 640 participants in MICEX Stock Exchange. While performing transactions relating to the Russian Federation government bonds, participants will be able to use a single trading position for all instruments of the securities market. In addition, a greater number of investor categories will have an opportunity to trade these bonds,

including non-resident clients who trade corporate stocks in MICEX Stock Exchange.

Concurrently, starting from 13 February MICEX Stock Exchange fees for executing trades in corporate and government bonds (excluding eurobonds) are unified. This implies a 60 per cent reduction for the maximum amount of the fee for executing trades in government securities in the Negotiated trades mode. The amount of the fee for executing repo trades in Russian Federation government bonds in MICEX Stock Exchange will be set at the level of the OJSC MICEX-RTS Government securities market fees for repo trades, i.e. 0.0001% of a repo trade value multiplied by the repo trade term (in days), but no more than 0.01% of the repo trade value including VAT.

# The MICEX Index Monthly Wrap-Up: February 2012

**Pic 1 MICEX Index Dynamics**



**In February 2012 the Russian stock market demonstrated positive dynamics.**

For the last month the MICEX Index went up 5.52% to reach 1,597.67 (1,514.03 as of January 31, 2012). **(Pic 1)**. By the end of the month the MICEX Index was 10.13% lower compared to its closing level a year ago (1,777.84 points on February 28, 2011).

In February the trading volume of the securities, MICEX Index constituents, in the Main market sector totaled RUB972.49 billion, and the total capitalizations of the Index constituents made up RUB21,568.85 billion.

In February 25 out of MICEX Index's total 30 constituents had positive impact on the MICEX Index's dynamics (up 5.76%), 5 securities moved negatively (down 0.24%).

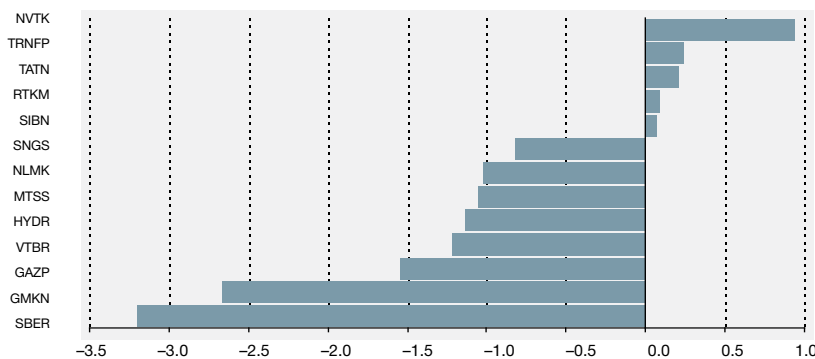
The largest positive impact was coming from the rising prices of ordinary shares of Sberbank (up 1.60%), OAO "LUKOIL" (up 0.89%) and Gazprom (up 0.83%). **(Pic 2)**.

The negative impact was coming from the falling prices of preferred shares of Transneft (down 0.09%).

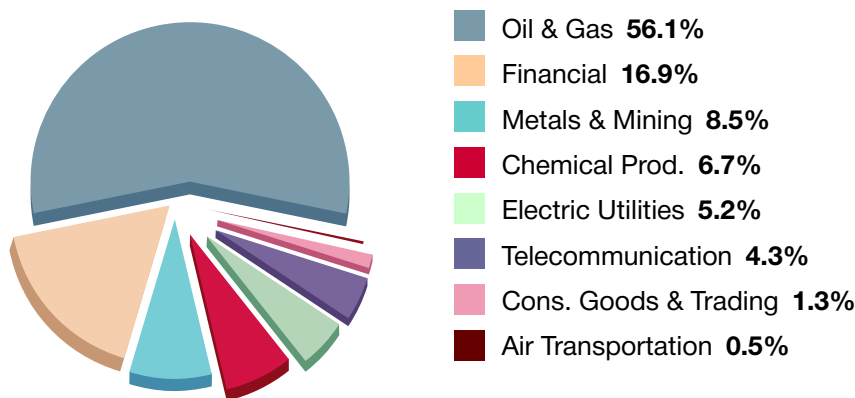
53.67% of the MICEX Index total capitalization concentrated in the Oil & Gas sector. The other large-weight sectors were Finance (19.93%) and Metals & Mining (8.84%). **(Pic 3)**.

In February the major contributors were the companies of Oil & Gas (up 2.50%) and Financial sector (up 1.88%). **(Pic 4)**.

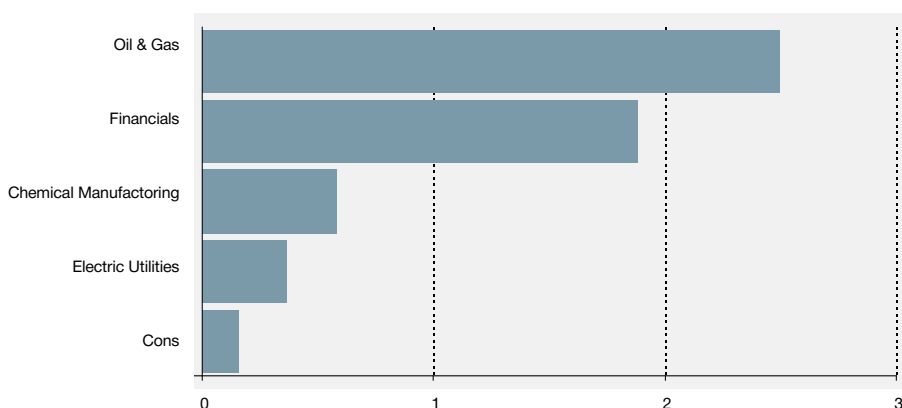
**Pic 2 Stocks Prices Impact on MICEX Index (%)**



**Pic 3 MICEX Index Sectoral Structure**



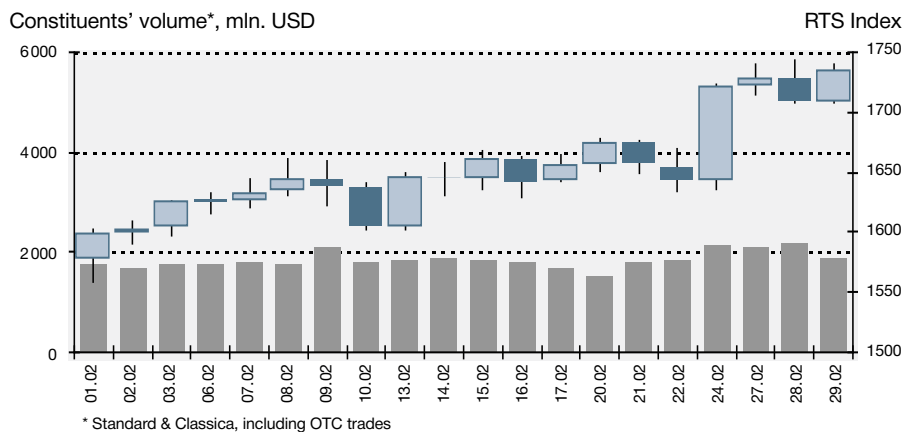
**Pic 4 Sectoral Contribution to Index Dynamics (%)**





# The RTS Index Monthly Wrap-Up: February 2012

**Pic 1 RTS Index Dynamics**

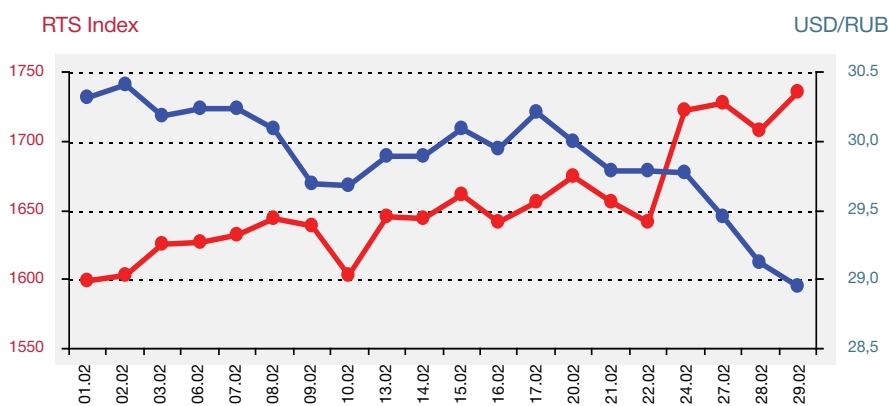


In February 2012 the RTS Index went up by 10.00% to reach 1,734.99 points (1,577.29 points on January 31, 2012) **(Pic 1)**. By the end of February RTSI was 11.93% lower compared to its closing level a year ago (1,969.91 points on February 28, 2011).

The US Dollar went down 4.87% against the Ruble in February 2012. **(Pic 2)**.

Last month volatility also increased: the Russian Volatility Index RTSVX grew by 0.40%.

**Pic 2 RTS Index vs US Dollar Dynamics**



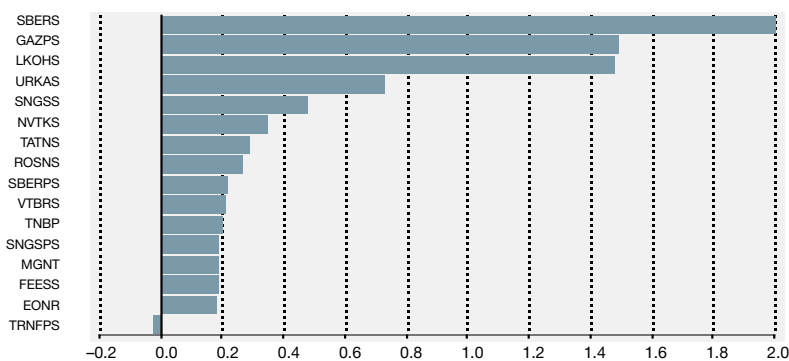
In February 2012 45 out of RTSI's total 50 constituents, had positive impact on the RTS Index's dynamics (up 10.04%), 3 securities moved negatively (down 0.04%). The price of 2 securities remained unchanged.

The largest positive impact was coming from the rising prices of ordinary shares of Sberbank (up 2.01%), Gazprom (up 1.50%) and OAO "LUKOIL" (up 1.48%). **(Pic 3)**.

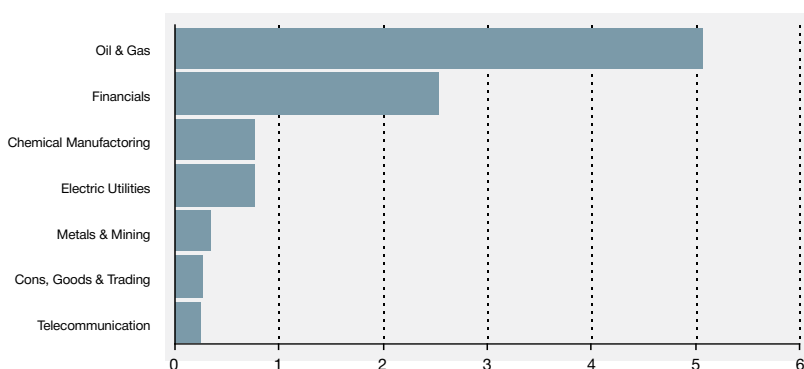
The negative impact was coming from the falling prices of preferred shares of Transneft (down 0.03%).

In February the major contributors were the companies of Oil & Gas (up 5.07%) and Financial sector (up 2.53%). **(Pic 4)**.

**Pic 3 Stocks prices impact on RTS Index (%)**



**Pic 4 Sectoral Contribution to Index Dynamics (%)**



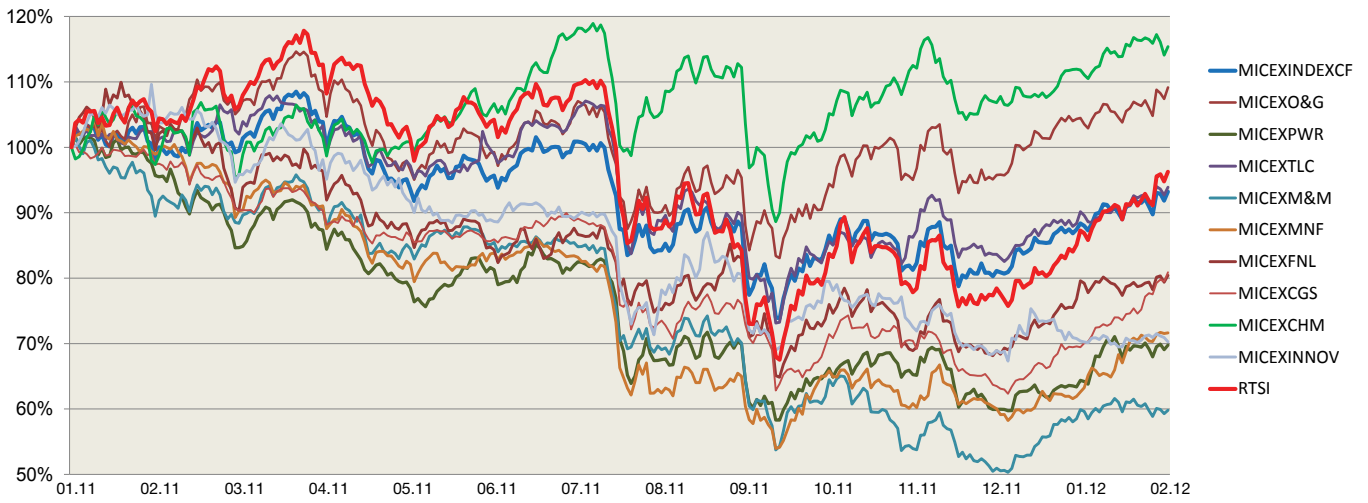
# Indices

## Indices performance

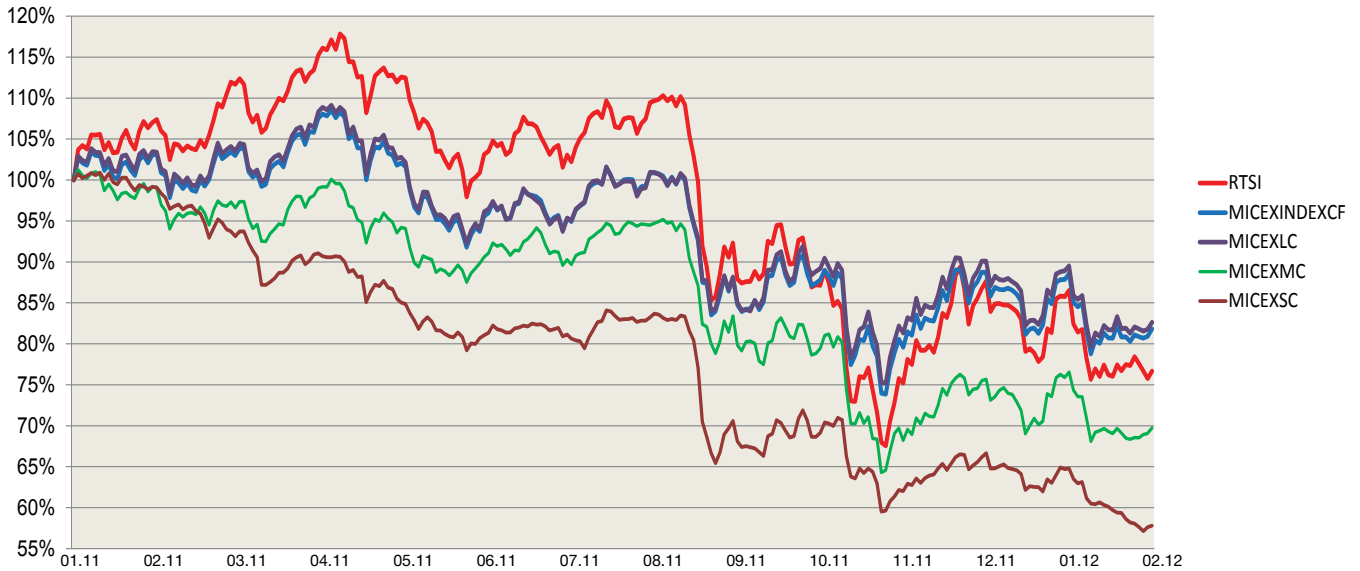
Index	Last Value 29.02.2012	Max	Min	Return over the period (%)		
				Month	Quarter	Year
Composite Indices						
MICEX Index	1,597.67	1,597.67	1,525.17	5.52	6.54	-10.13
RTS Index	1,734.99	1,734.99	1,599.56	10.00	12.60	-11.93
RTS Standard Index	10,955.11	10,955.11	10,450.53	5.72	6.92	-9.64
Sectoral Indices (in RUB)*						
Oil & Gas	3,339.02	3,339.02	3,175.54	4.74	6.55	-1.07
Electric Utilities	2,396.37	2,441.47	2,326.75	5.92	1.09	-25.33
Consumer & Retail	4,983.68	4,983.68	4,462.67	13.67	12.57	-16.89
Telecommunication	2,323.00	2,325.87	2,204.91	6.09	1.91	-8.23
Industrials	2,087.91	2,090.68	1,890.94	8.08	15.45	-26.56
Financials	5,569.10	5,569.10	5,356.26	2.31	8.58	-21.89
Chemicals	7,482.07	7,601.16	7,273.22	3.54	-1.19	9.03
Metals & Mining	3,620.94	3,730.38	3,563.42	0.62	3.34	-36.55
Cap Indices						
Large Cap	2,558.20	2,558.20	2,442.05	5.25	5.17	-10.91
Mid Cap	2,692.24	2,692.24	2,546.82	6.01	8.38	-15.65
Small Cap	3,964.23	4,005.14	3,787.80	6.63	3.69	-30.33
Thematic indices						
Russian Volatility Index	32.8	33.31	28.87	0.40	-29.66	28.07
RTS Siberia Index	771.05	771.80	741.49	4.22	9.04	-22.96
MICEX Innovation Index	763.99	777.63	755.48	-0.80	-3.58	-33.47
Bond Indices						
Russian Government Bond Index	281.9	281.90	278.15	1.52	4.26	8.40
Corporate Bond Index	210.34	210.34	208.51	1.01	2.33	6.27
Municipal Bond Index	156.51	156.80	155.84	0.62	1.42	4.41
Currency (CBR)						
USD / RUB	28.9503	30.41	28.95	-4.66	-7.57	0.03

# Indices

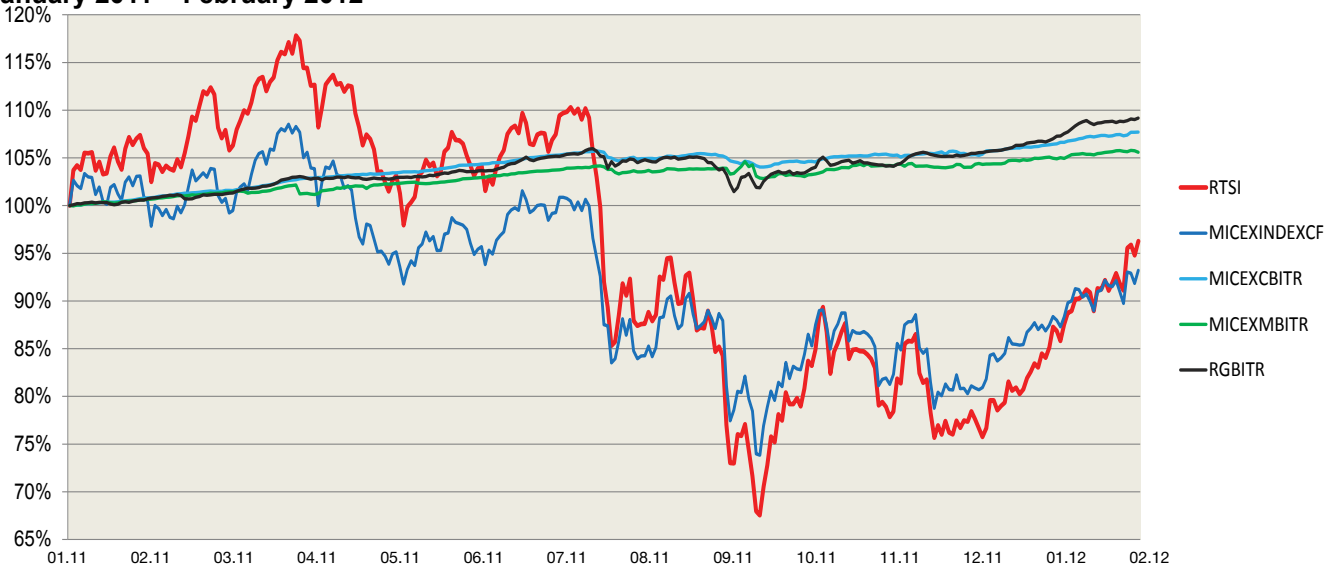
**MICEX Index, RTS Index and Sector Indices historical performance: January 2011 – February 2012**



**Capitalization Indices historical performance: January 2011 – February 2012**



**MICEX Index, RTS Index and Corporate and Municipal Bond Indices historical performance: January 2011 – February 2012**



# Market Data: February 2012

## Trading Results: February 2012

<b>Securities (stocks, fund units, receipts) on Main Trading Mode and Negotiated Deals Mode</b>	<b>February</b>	<b>January</b>	<b>Change (%)</b>
Trading volume (mln USD)	35,716	31,453	12
Number of trades	8,658,754	8,195,368	5
<b>Bonds (Main Trading Mode and Negotiated Deals Mode)</b>	<b>February</b>	<b>January</b>	<b>Change (%)</b>
Trading volume (mln USD)	15,604	11,227	28
Number of trades	30,799	23,147	25
<b>REPO (stocks)</b>	<b>February</b>	<b>January</b>	<b>Change (%)</b>
Trading volume (mln USD)	81,176	84,362	-4
Number of trades	91,187	78,709	14
<b>REPO (bonds)</b>	<b>February</b>	<b>January</b>	<b>Change (%)</b>
Trading volume (mln USD)	138,583	63,786	54
Number of trades	42,929	25,896	40
<b>Currency market</b>	<b>February</b>	<b>January</b>	<b>Change (%)</b>
Trading volume (mln USD)	280,425	236,452	16
Number of trades	471,523	356,511	24

## Top 5 MICEX Stock Market Best Sellers: February 2012

<b>Company name</b>	<b>Trading volume, (USD)</b>	<b>Share in MICEX, (%)</b>
Renaissance Capital Group	32,809,412,937	14
"Troika Dialog"	32,159,505,236	13
OTKRITIE Group	18,588,023,271	8
Investment Company FINAM Ltd.	14,188,983,366	6
OJSC Promsvyazbank	13,698,943,626	6



# Securities Market Data: February 2012

## Top 10 MICEX Main Trading Mode Leading Operators

Company name	Rating position	
	February	January
OTKRITIE Group	1	1
Investment Company FINAM Ltd.	2	2
BCS Ltd.	3	3
“Troika Dialog”	4	4
Alor Group	5	5
Renaissance Capital Group	6	9
VTB 24 (JSC)	7	6
OJSC “ZERICH Capital Management”	8	7
LLC “ATON”	9	11
Sberbank of Russia	10	10

## Top 10 MICEX Negotiated Deals Mode Leading Operators

Company name	Rating position	
	February	January
“Troika Dialog”	1	1
“REGION BC” LLC	2	22
OTKRITIE Group	3	2
ALFA-BANK	4	8
CJSC «VTB Capital»	5	6
“MAXWELL CAPITAL” LLC	6	5
Alor Group	7	10
Joint Stock Commercial Bank “Interprombank”	8	3
Renaissance Capital Group	9	7
BCS Ltd.	10	4

## Top 10 MICEX REPO Stocks Market Leading Operators

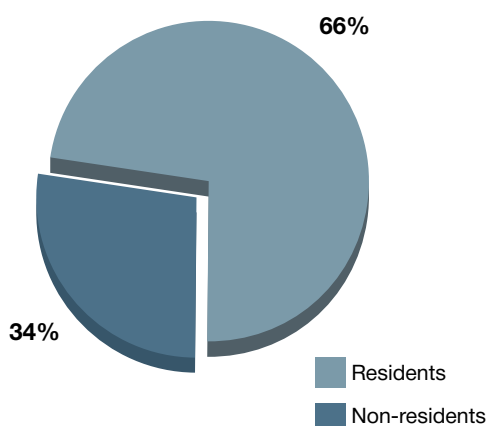
Company name	Rating position	
	February	January
Renaissance Capital Group	1	4
“Troika Dialog”	2	1
OJSC Promsvyazbank	3	3
CJSC «VTB Capital»	4	5
Sberbank of Russia	5	2
GPB (OJSC)	6	6
LLC “ATON”	7	9
“ING BANK (EURASIA) ZAO”	8	7
Investment Company FINAM Ltd.	9	10
OTKRITIE Group	10	8

## Top 10 MICEX REPO Bonds Market Leading Operators

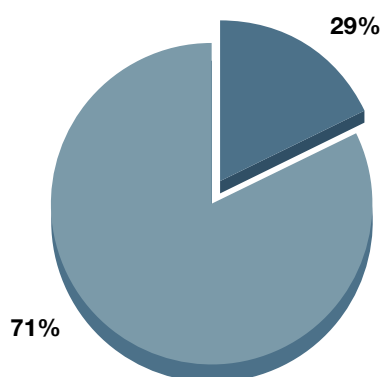
Company name	Rating position	
	February	January
GPB (OJSC)	1	2
ZAO UniCredit Bank	2	1
CJSC «VTB Capital»	3	4
“UBRD” JSC	4	5
“Troika Dialog”	5	3
“REGION BC” LLC	6	8
Sberbank of Russia	7	10
ALFA-BANK	8	19
OJSC Promsvyazbank	9	18
JSC VTB Bank	10	36

## Residents and non-residents share in the market turnover: February 2012

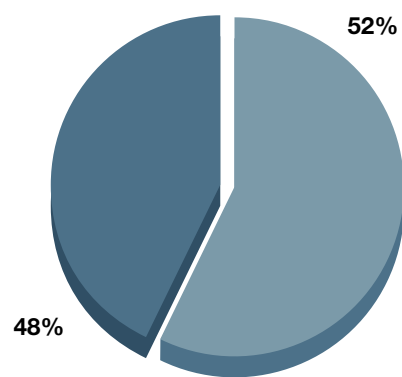
### Main market



### FORTS market



### Standard sector



# Securities Market Data: February 2012

## Top 10 Standard Leading Operators: February 2012

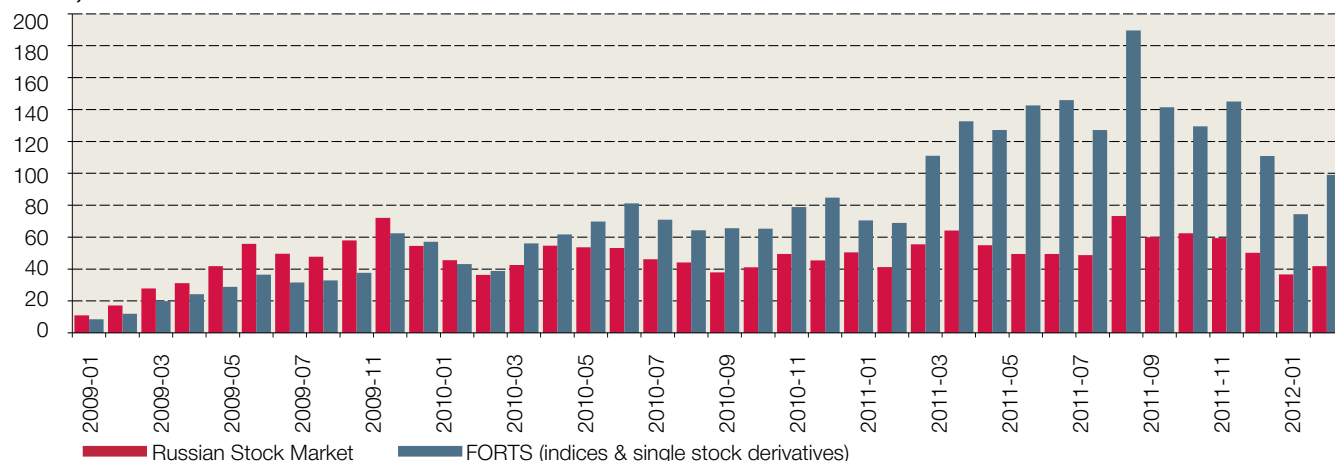
Company name	Rating position	
	February	January
OTKRITIE Brokerage house JSC	1	2
Troika Dialog	2	1
ALOR INVEST Ltd	3	3
JSC "Investment Company "ITInvest"	4	4
OLMA Investment Firm	5	5
KIT Finance Ltd.	6	6
Solid	7	9
ABH	8	8
Metallinvestbank OJSCo SKB	9	7
Infina Investment Company JSC	10	11

## Top 5 Classica & Standard & T+0 (RTS) Stock Market Best Sellers: February 2012

Company name	Trading volume, USD
Sberbank, ordinary	3,532,632,417
GAZPROM, ordinary	1,313,469,537
OAO "LUKOIL", ordinary	405,020,338
Rosneft, ordinary	192,674,807
Surgutneftegas, ordinary	161,653,632

## FORTS and Russian stock market turnover

Turnover, bln USD



# Derivatives market FORTS

## Top clearing members of futures and options trading volumes: February 2012

Company name	Rating position	
	February	January
OTKRITIE Corporation	1	1
Brokercreditservice Ltd.	2	2
JSC "Investment Company "ITInvest"	3	3
ZERHM	4	4
Investment Company FINAM CJSC	5	6
ALOR Group	6	5
Troika Dialog	7	8
ALFA-BANK	8	7
VTB 24 (JSC)	9	9
KIT Finance Ltd.	10	11

## FORTS Trading results: February 2012

	February 2012	January 2012	Change (%)
<b>Futures contracts</b>			
Trading volume (mln USD)	115,207	89,784	28.32
Trading volume (contracts)	67,314,690	58,492,112	15.08
Number of trades	14,226,179	12,994,413	9.48
Total open interest (mln USD)	9,340	7,780	20.05
Total open interest (contracts)	7,551,742	6,682,924	13.00
<b>Options contracts</b>			
Trading volume (mln USD)	9,015	5,468	64.87
Trading volume (contracts)	3,153,850	2,137,379	47.56
Number of trades	260,862	204,051	27.84
Total open interest (mln USD)	3,825	2,828	35.24
Total open interest (contracts)	1,803,202	1,385,208	30.18
<b>Total</b>			
Trading volume (mln USD)	124,222	95,251	30.41
Trading volume (contracts)	70,468,540	60,629,491	16.23
Number of trades	14,487,041	13,198,464	9.76
Total open interest (mln USD)	13,165	10,609	24.10
Total open interest (contracts)	9,354,944	8,068,132	15.95

## Top 5 Traded Futures: February 2012

Contract	Rating	Trading volumes	
		Mln USD	Contracts
RTS Index futures	1	81,825	24,840,809
USD/RUB exchange rate futures	2	18,309	18,286,558
Sberbank futures	3	3,838	11 947 086
EUR/USD exchange rate futures	4	3,479	2,640,089
Gazprom futures	5	2,150	3,367,333

# RUSSIAN Commodities market: February 2012

The total trading volume of MICEX-RTS Commodities market in February 2012 totaled 1,557,091 contracts or RUB 74,924,092,136.

The trading volume on the OJSC "Saint Petersburg Exchange" in soft commodities and oil products sectors stood at RUB 652,347,260 (up 40.7% as against January 2012) or 37,667 contracts (up 25.9%).

The trading volume of the electricity market at the OJSC Moscow Energy Exchange totaled RUB 3 bln or 45,883 contracts.

Over 15,000 traders participated in derivatives trading.

**Agroindustry** In February 2012 the trading volume in futures contracts on soft-commodities exceeded RUB 530 million.

Underlying asset	Trading volume (contracts)	Trading volume (RUB)
Wheat	18,354	130,351,775
Sugar	22,593	378,422,865
Corn	558	4,168,675
Soybeans	55	741,440
Cotton	534	16,512,785
Total	42,094	530,197,540

**Metals** In February 2012 the trading volume in futures and option contracts on metals reached RUB 50 bln.

Underlying asset	Trading volume (contracts)	Trading volume (RUB)
Gold	627,817	32,687,683,507
Palladium	1,030	215,910,952
Platinum	35,496	1,756,167,459
Silver	130,399	13,334,998,258
Copper	19,625	500,427,160
Total	814,367	48,495,187,337

**Oil and oil products** In February 2012, trading volume in futures contracts on oil and oil products made up RUB23 billion or 650 thousand contracts.

Underlying asset	Trading volume (contracts)	Trading volume (RUB)
Diesel fuel	10,600	274,902,200
Gasoil	7,566	225,670,385
Brent	636,580	22,458,151,055
Urals	1	36,186
Total	654,747	22,958,759,827

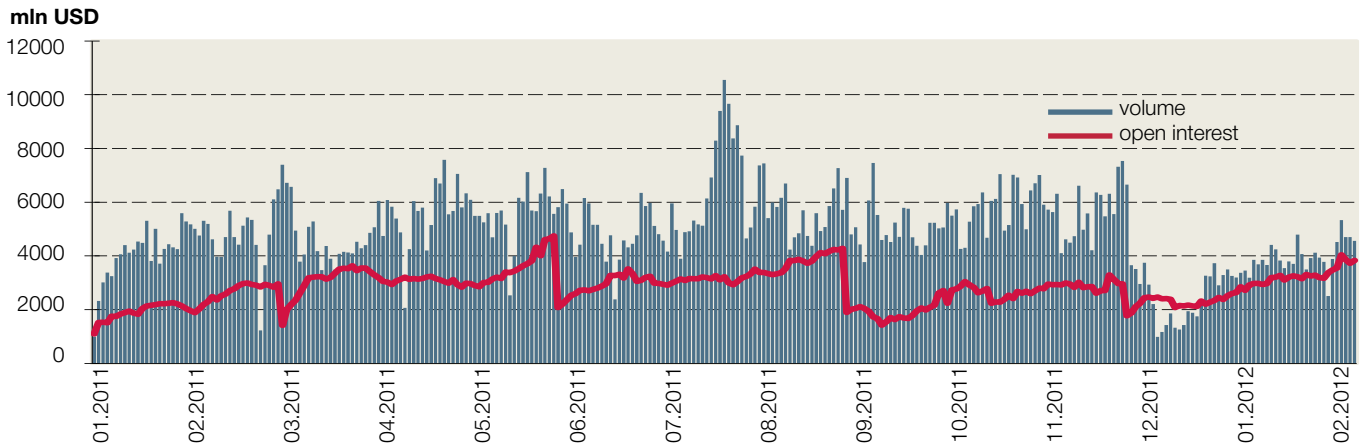
**Power** In February 2012, trading volume in futures contracts on the average power price index made up RUB3 billion or 45,883 contracts.

Underlying asset	Trading volume (contracts)	Trading volume (RUB)
Power in Center hub	14,386	809,872,144
Power in Ural hub	31,497	2,130,075,286
Total	45,883	2,939,947,431

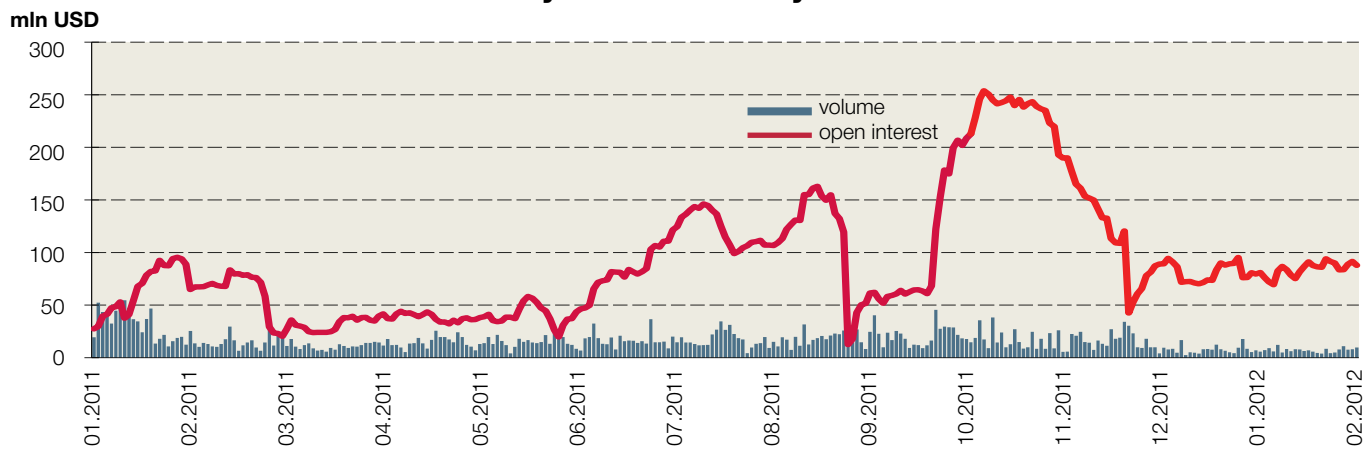
\* USD 1 = RUB 28.95 as of February 29, 2012

# Derivatives market FORTS

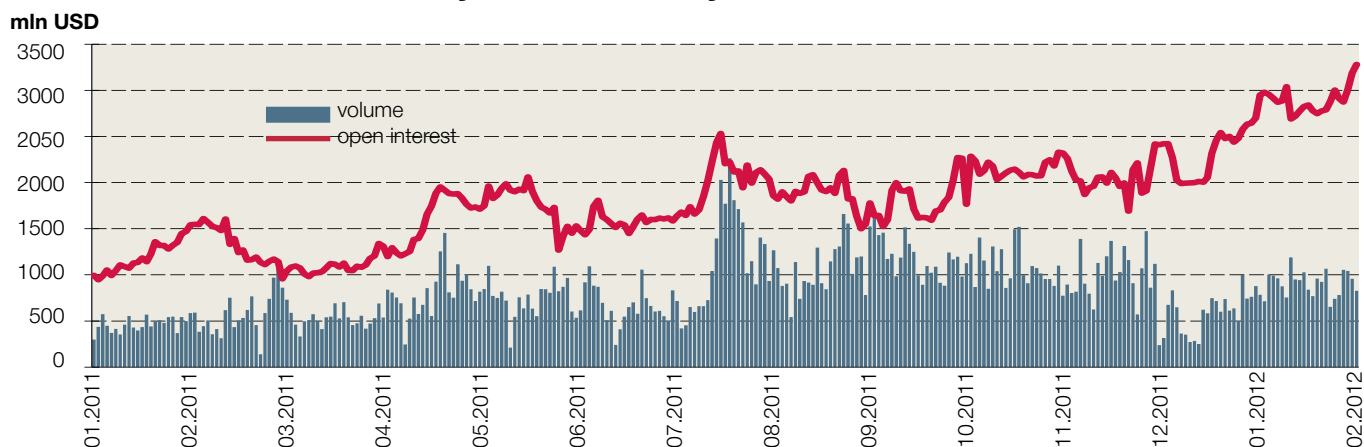
## RTS Index futures: January 2011 – February 2012



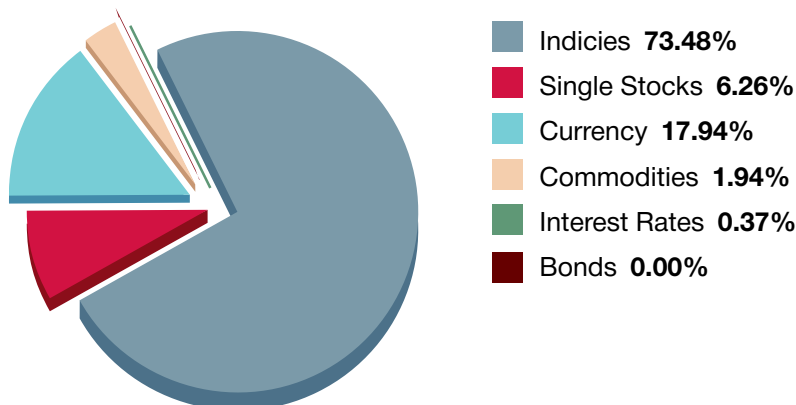
## RTS Standard Index futures: January 2011 – February 2012



## USD/RUB rate futures: January 2011 – February 2012



## FORTS turnover breakdown. Trading volume in USD by contracts: February 2012





# 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: February 2012

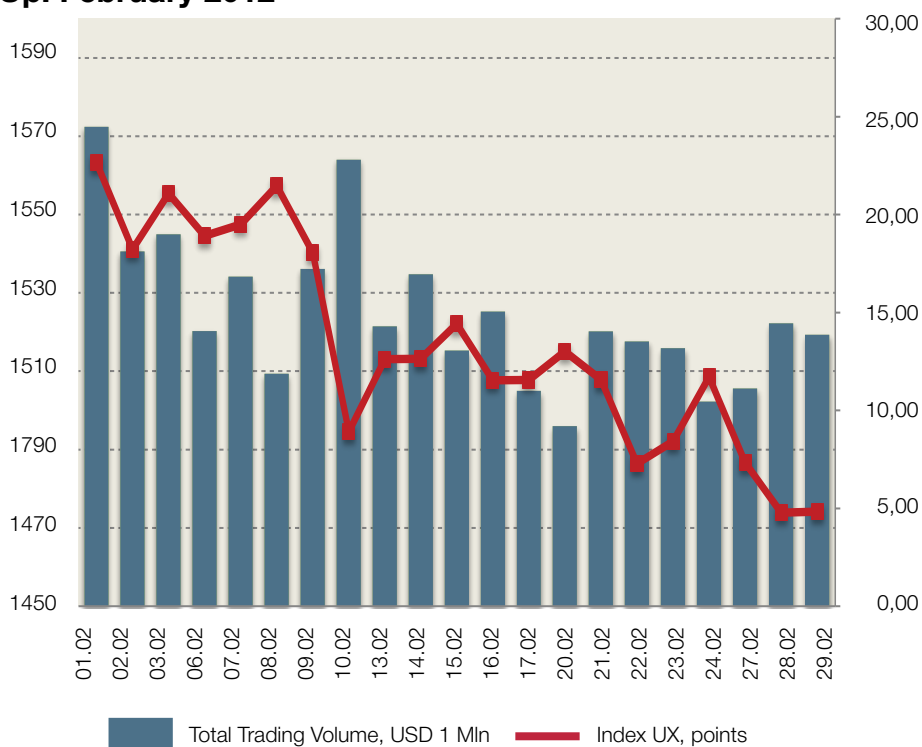
	February	January	Change, %
<b>STOCK MARKET</b>			
Trading Volume, USD	151,124,018	149,000,847	1.42%
Number of trades	59,612	51,541	15.66%
<b>DERIVATIVES MARKET</b>			
Trading Volume, USD	163,716,092	121,074,477	35.22%
Trading Volume, contracts	859,447	668,959	28.48%
Number of trades	130,682	79,399	64.59%
Total open interest, USD	17,558,405	15,098,927	16.29%
Total open interest, contracts	95,272	81,740	16.55%
<b>TOTAL, USD</b>	<b>314,840,110</b>	<b>270,075,324</b>	<b>16.57%</b>

## The UX Index Monthly Wrap-Up: February 2012

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 February the UX Index calculated by the Ukrainian Exchange fell by 2.65% to reach 1,474.12 points (1,514.35 points as of January 31, 2012).

The most impact was coming from prices of ordinary shares of Ukrtelecom (UTLM) – down 8.97 points, Krukivsky Carriage Works (KVBZ) – down 8.65 points and Centrenergo (CEEN) – down 8.11 points.



## Top 5 Stocks Market Best Sellers: February 2012

Ticker	Company name	Trading volume, USD	Closing price, USD	Change (%)
MSICH	Motor Sich	11,646,162	303.07	2.47
CEEN	Centrenergo	7,243,889	1.07	-3.23
ALMK	Alchevsk Metallurgical Plant	5,939,315	0.013	-2.59
AVDK	Avdiivka Cokery Plant	4,415,654	0.716	-5.28
ENMZ	Enakievo Metallurgical Plant	3,176,547	8.69	1.56

## Russian FX market: catching the big wave of appeal

Over the years, the foreign exchange market in Russia has reflected the general development of the Russian economy and its increasing participation in the world

economy. The FX market has become one of the most important segments of the Russian financial market and keeps developing in line with the world trends. RUSSIAN

MARKETS met with **Igor Marich, Managing Director, FX&Money Market business division** at MICEX-RTS to discuss the Russian FX market evolution and its future perspectives.



Igor Marich

**Russian Markets (RM):** The 9<sup>th</sup> of January, 2012 marked 20 years since the establishment of Moscow Interbank Currency Exchange—MICEX. Looking back on those years, what has changed?

**Igor Marich (IM):** The Exchange's history started with the foreign exchange market. Exchange trading ensured transparency of the Russian ruble rate formation and was an important step further to the market economy. Since 1992, the Russian Central Bank takes into account the results of MICEX foreign exchange trading when setting the official exchange rate of the Russian ruble. However, the market has considerably grown since that time. New electronic technologies have been implemented, the trading infrastructure has been upgraded, new instruments have been launched. Starting from 2007 centralized clearing as well as a central counterparty functions have been performed by the National Clearing Center (NCC).

**RM:** Did the foreign exchange market volume remain robust over the last year?

**IM:** In 2011 the total on-exchange trading volume with foreign currencies made up USD2.9 trillion (RUB86.8 trillion). Market participants made 3.5 million trades which is 70% up comparing to 2010 volumes. After the MICEX and RTS merger FX market became part of a Money Market which includes now currency spot and swap transactions, REPO trades, Bank of Russia deposit/credit operations. In 2011 the total Money Market trading volume made up RUB210.4 trillion (which accounts for 70% in the total exchange turnover

being the largest component of the exchange liquidity).

**RM:** Have there been any innovations recently that fueled the growth of the volumes? What latest achievements could trigger it?

**IM:** There were several of those in 2011 like an upgrade of a risk management system which made it possible for trading participants to use multi-currency collateral and a margining system that allowed reducing market participants' expenses and increasing efficiency. Trading hours were extended to 7:00pm MSK. New swap trades fees and optimization of commissions system allowed market participants to reduce operational costs. The clients' average daily turnover grew 17 times and in 2011 reached RUB4.7 trillion. Development of a clients' access has made it easier for the new categories of market participants to enter the market. Now even individuals can gain access to the Russian FX market through brokers, including non-residents.

**RM:** What FX instruments does MICEX-RTS offer?

**IM:** Trading on FX market is held in US dollars (USD), Euros (EUR), Ukrainian hryvnia (UAH), Kazakh tenges (KZT), Belorussian rubles (BYR), Chinese yuans (CNY). Trades in currency swaps are also made. End of 2010 MICEX launched trading in Chinese yuan against the ruble, in a move that was aimed at boosting trade ties between two of the biggest emerging economies. In the IV<sup>th</sup> quarter of 2011 CNY/RUB trading volumes grew 5 times against the volumes in the first quarter of 2011. The total volume in these currencies over 2011 reached RUB8.9 billion.

**RM:** How do you expect the FX market to develop in future?

**IM:** We hope that the projects that we started in 2011 and plan to develop in 2012, such as the launch of new instruments, trading hours extension, client's access development and further improvement of fees system will contribute to increasing the Russian FX market liquidity and will give market participants more trading opportunities. The new initiative of creating a market of long tenor (up to 6 months) swaps will allow banks to have a single position on the FX market both for spot and swap instruments of various tenors. The Exchange is planning to expand the list of traded instruments, launch trading in currencies of G10 and CIS countries, which will attract new market participants and clients: non-residents, corporations, individuals. All in all, the Russian FX market strives to give its clients more opportunities for investing and diversifying currencies across borders to maximize clients' returns, and we believe the market will perform these tasks successfully.

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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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