

## YOUR GUIDE TO THE RUSSIAN STOCK AND DERIVATIVES MARKET

### Corporate News

#### MICEX and RTS Stock Exchange signed Merger agreement



The deal is subject for approval by the Federal Antimonopoly Service and extraordinary general meetings of shareholders of MICEX and RTS scheduled for August 2011

#### Key terms of the deal:

- RTS shares, including preferred shares, are valued at 34.5 billion rubles.
- MICEX shares are valued at 103.5 billion rubles.
- Assets used within the RTS business and kept in books of NP RTS are planned to be transferred to the books of OJSC RTS.
- The parties plan to complete corporate procedures related to the merger at the beginning of 2012.
- The IPO of the joint exchange is planned to take place in 2013.

CJSC 'MICEX' and OJSC RTS announced a framework agreement to combine the exchange groups which provides an order and procedures for establishing a joint exchange holding. Signing the agreement represents a new stage in developing a Russian and international exchange infrastructure related to the future creation of the Russian national exchange leader which will be competitive with the largest global financial centers in terms of exchange and post-trading business scale, technical facilities, management experience, service standards and quality.

On behalf of MICEX the agreement was signed by Ruben Aganbegyan, the MICEX President, representatives of Sberbank, the Bank of Russia, UniCreditBank, Vnesheconombank and VTB. For RTS it was signed by Roman Goryunov, Chief Executive Officer of OJSC RTS, representatives of Renaissance Capital, Troika Dialog, Aton, Da Vinci Capital and Alfa Capital.

VTB Capital and Credit Suisse acted as MICEX investment advisers. For RTS investment advisers were Morgan Stanley, Troika Dialog, Alfa-Bank, Renaissance Capital as well as Da Vinci Capital and Aton.

As a first step in the integration process a joint exchange management

#### In this Issue:

Valuable information for Your business including:

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

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team has been formed. Ruben Aganbegyan, the MICEX President, will act as a CEO of the joint exchange. He will be responsible for the development strategy and building the exchange infrastructure required in order to establish the international financial center in Russia. The CEO of RTS Stock Exchange Roman Goryunov will fill the position of the first deputy CEO of the joint exchange. He will be in charge of developing the markets of the joint exchange.

*Continues on Page 2*

### NEWS IN BRIEF...



**The integrated exchange will be a very powerful player given its financial and intellectual potential**

Read the interview with Ruben Aganbegyan, President of MICEX, on [page 13](#)



**Our principal objective now is to make the new Exchange successful**

Read the interview with Roman Goryunov, CEO at RTS, on [page 14](#)

**Jacque Der Megredichyan elected Chairman of the OJSC RTS Board of Directors.**

*For more information please visit [RTS website](#)*

## **RTS awarded “Company of the year”**

On June 9, 2011 RTS Stock Exchange was awarded “Company of the year” at the annual nationwide competition “Elite of the Securities Market 2010”.

In addition, RTS won a prize in the category “For developing business”, fighting off competition from VTB Capital, OTKRITIE Financial Corpora-

tion, and Third Rome.

“This award is a clear recognition of our company’s commitment to raising the standards of quality and excellence. Over the last 15 years, RTS Stock Exchange has developed the market infrastructure together with the market participants. We are delighted to receive such apprecia-

tion from a panel of highly regarded industry professionals’, said Roman Goryunov, CEO at OJSC RTS.

“Elite of the Securities Market” is a contest held by NAUFOR since 2002 awarding the most prominent participants of the national securities market.

## **RTS Commodity market celebrated 5 years**

On June 8, 2011 the RTS Commodity market marked the fifth anniversary of its launch. Five years ago, on June 8, 2006, RTS Stock Exchange launched trading in futures contracts on gold and URALS oil.

Since then the range of instruments has been broadened to 16 contracts (futures and options on energy resources, precious metals and agricultural products). Over these five years the total trading volume of commodity instruments on RTS amounted to RUB1.8 trillion. Total

volume of trades executed in the oil and oil products segment reached 40 mln tons due to high activity in the market. In the precious metals segment the total volume of on-exchange trades exceeded 10 thousand tons and in the agricultural products segment 637 thousand tons of sugar and wheat were traded.

In the global rating of the most liquid contracts according to the Futures Industry Association, RTS gold futures and Brent oil futures

were among the most liquid instruments on power and precious metals in 2010. At present FORTS commodity market is the only venue in Russia where any participant can trade the most liquid commodity instruments.

OJSC RTS is pleased to thank all traders, active participants of the Russian commodities markets for their excellent work in establishing and developing the exchange commodity market.

# Technology in Focus

## **Segregated accounts on FORTS and RTS Standard**

OJSC RTS and RTS Clearing Center launch a new service within the FORTS and RTS Standard markets – trading using Segregated accounts.

Using a special scheme of portfolio margining, opportunities to link trading accounts and accounts used for transferring cash funds as well as managing the process of transferring cash funds to the linked accounts will allow investors to reduce operational and infrastructure risks.

The implementation of the service is in line with the global experience and represents an important step forward in developing the Russian market as

it should attract a wider range of investors to FORTS and RTS Standard (primarily non-residents and institutional investors) and boost securities and derivatives trading volumes growth. The service is also available within the RTS Money market.

“The emergence of trading with segregated accounts is a vital step for the further development of the Russian financial market”, said Grigoriy Isaev, Head of the futures trading group of the Global Markets department at Troika Dialog. “The new service will appeal to wider groups of

investors because of the decreasing infrastructure risks and the positive impact on liquidity”.

According to Aleksandr Dubrov, Head of internet trading on the Russian stock market at BKC Financial Group “An additional number of institutional investors will be allowed to start trading by implementing the service. These will include non-residents whose market policy does not allow large limits on a specific market operator or indeed any limits. Such an approach will ensure a large flow of liquidity to the market”.

## **RTS Clearing Center starts to accept foreign currency as collateral**

Starting from June 20, 2011 RTS Clearing Center started to accept US dollars as collateral to ensure trades on FORTS, RTS Standard markets and within the RTS Money service.

“Using foreign currency as a means of collateral will expand liquidity management opportunities for trad-

ing participants as well as substantially simplify and improve trading for clients non-residents on the Russian market”, said Evgeny Serdyukov, Head of Derivatives market at RTS Stock Exchange.

According to the new rules, the RTS Clearing Center accepts as Initial

Margin for derivatives trading from Clearing Members and their clients 50% of cash funds in Russian rubles. The rest of the collateral (50%) is accepted in the form of either securities or foreign currency.

### International Investment Forum “Ukraine and Kazakhstan. A view on investment growth prospects” July 26, 2011 Park Lane Hotel, London, UK

International Investment Forum “Ukraine and Kazakhstan. A view on investment growth prospects” will take place on July 26, 2011 at Park Lane Hotel, London, Piccadilly. The event will be held with the support of RTS Stock Exchange.

The Forum will bring together representatives of RTS Stock Exchange (Moscow, Russia), the Ukraine Exchange (Kiev, Ukraine) and the Eurasian Trade System Commod-

ity Exchange JSC (ETS) (Almaty, Kazakhstan).

The CIS countries have an enormous potential for growth and are still highly attractive to foreign investors. The aim of this forum is to develop exchange trading in Ukraine and Kazakhstan, strengthen the international cooperation, make new connections and establish new business ties.

The Forum agenda will focus upon

the latest achievements on the trading floors of Ukraine and Kazakhstan, the innovative projects aimed at raising investment attractiveness of those markets, improvement of the exchange infrastructure in the CIS economic area.

We would be delighted to see you as a participant of the International Investment Forum.

[Please register here](#)

## News

### 30.06.2011

#### The list of securities accepted as collateral changed

RTS Clearing Center has reviewed the list of securities that can be accepted as collateral for trades executed on FORTS and RTS Standard, the markets of OJSC RTS.

The updated securities list is published at [Acceptance of securities as collateral](#). This list became effective July 1, 2011.

### 27.06.2011

#### Shares of OJSC “Polyus Gold” to be removed from RTS Indices

On June 30, 2011 upon the end of evening clearing session ordinary shares of OJSC “Polyus Gold” were removed from the RTS Index, RTS Standard Index and RTS Metals & Mining Index on recommendation by the Index Committee of RTS Stock Exchange.

The removal took place due to scheduled reverse takeover implied that most of OJSC “Polyus Gold” shareholders will become holders of KazakhGold securities. It is assumed that KazakhGold will be renamed Polyus Gold International.

An extraordinary meeting of KazakhGold shareholders will take place on 14 July and OJSC “Polyus Gold” shareholders will be able to accept or decline the offer till July 18. The issuer estimates that KazakhGold will obtain 94.8% of the shares. In

accordance with the methodologies for calculating the indices new values of the adjusting coefficients Z will be determined.

### 23.06.2011

#### Trading volume in Brent Oil futures exceeded USD300 million

On June 22, by the end of the main trading session trading volume in futures contract on Brent Oil reached **USD300,526,991** or **RUB8,418,301,976** representing **270,987 contracts**.

Previous trading record of this instrument was registered on May 23, 2011 when market participants executed trades in Brent Oil futures for a total value of **RUB7,445,729,714**.

### 22.06.2011

#### THOMSON REUTERS to source all RTS markets data via FIX/FAST

Information agency Thomson Reuters starts to receive data from all RTS markets via the FIX/FAST protocol.

Within the framework of the RTS’s policy of improving market data distribution to customers, users of Thomson Reuters terminals have been given an opportunity to get data on all RTS markets instruments with order-book depth 10.

FORTS’s market data as well as market data from Ukrainian Exchange and Eurasian Trade System

Commodity Exchange is available to the users in addition to the last trading price and best bid and ask for instruments of the RTS spot markets. Thomson Reuters terminal users can receive information on price limits, average weighted prices, required collateral amounts for all markets. Detailed information on a structure of data distributed is available on the page [RTS real-time market data](#).

### 15.06.2011

#### RTS joins Reuters Insider network

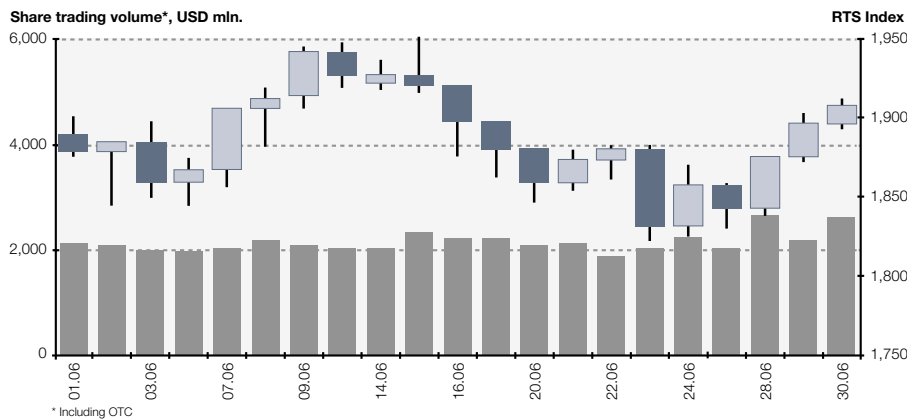
RTS Stock Exchange, one of the leading exchanges of Russia and Eastern Europe, launched RTS Stock Exchange Internet video channel on the Reuters Insider network, an interactive on-demand video platform for financial professionals.

The first RTS internet video channel will feature original video content ranging from promotional videos and interviews to reports from conferences and news announcements. Channel subscribers can now enjoy an extensive online media experience and get first-hand information from one of the leading Russian exchanges. Video media allows the exchange to connect more directly with clients and investors and reach a global audience of professionals, including media and finance professionals.

We hope you enjoy this new service and visit our video channel on a regular basis. Channel link <http://insider.thomsonreuters.com/>

# The RTS Index Monthly Wrap-Up: June 2011

**Pic 1. RTS Index Dynamics**

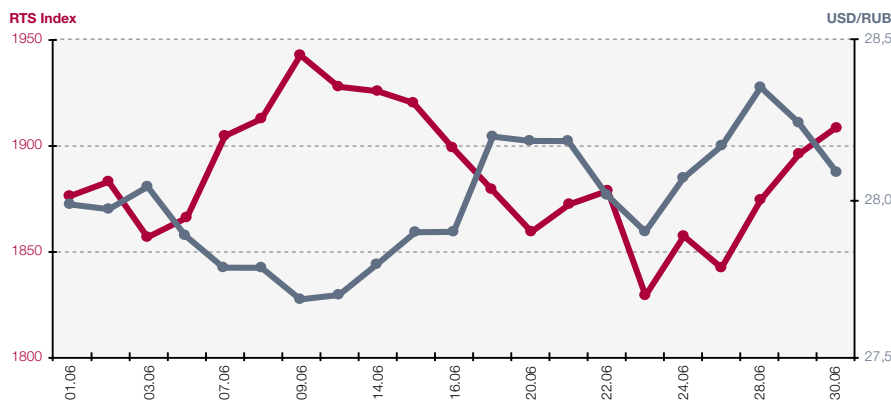


**In June 2011 the Russian stock market demonstrated positive dynamics.**

For the last month the RTS Index went up by 0.96% to reach 1,906.71 points (1,888.60 points on May 31, 2011). (Pic 1) Besides by the end of June RTSI was 42.36% higher compared to its closing level one year ago (1,339.35 points on June 30, 2010). The US Dollar went up 0.03% against the Ruble in June. (Pic 2).

While the stock market gained in June, volatility decreased: the Russian Volatility Index RTSVX lost 5.60%.

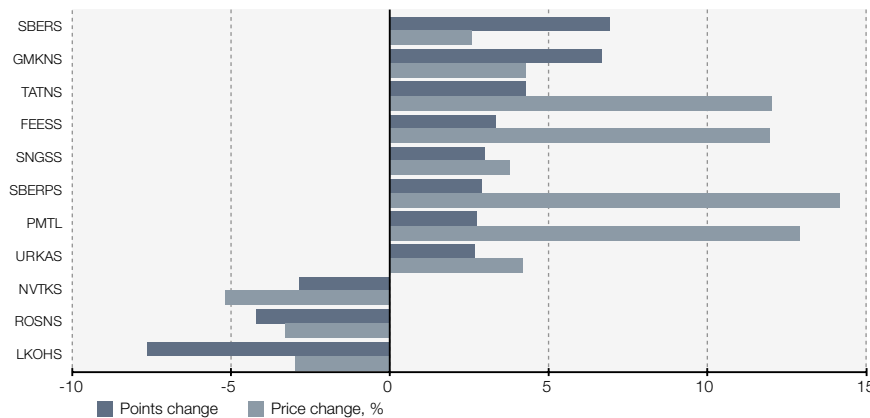
**Pic 2. RTS Index vs US Dollar Dynamics**



In June 2011 25 stocks out of RTSI's total 51 constituents, had positive impact on the RTS Index's dynamics (up 39.67 index points), 25 securities moved negatively (down 21.57 points). The price of one security remained unchanged.

The most positive impact was coming from the growing prices of ordinary shares of Sberbank (up 7.00 points), "OJSC "MMC "NORILSK NICKEL", (up 6.73 points), Tatneft (up 4.34 points). (Pic 3)

**Pic 3. Stocks Prices Impact on RTSI**

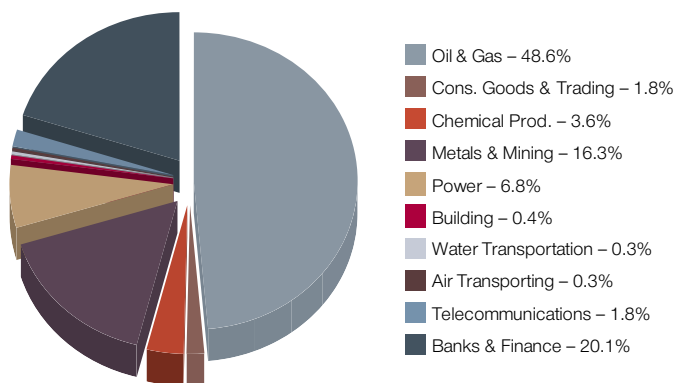


Most of the negative impact was coming from the falling prices of ordinary shares of OAO "LUKOIL" (down 7.63 points).

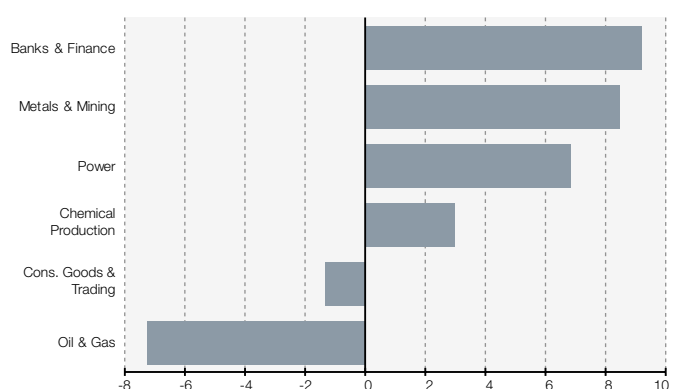
48.60% of the RTSI total capitalization concentrated in the Oil & Gas sector. The other large-weight sectors were Finance (20.05%) and Metallurgy (16.27%). (Pic 4)

In June the major positive contributors were the companies of Oil & Gas sector (up 9.26 points) and Metallurgy (up 8.51 points). (Pic 5)

**Pic 4. RTS Index Sectoral Structure**



**Pic 5. Sectoral Contribution to Index Dynamics**

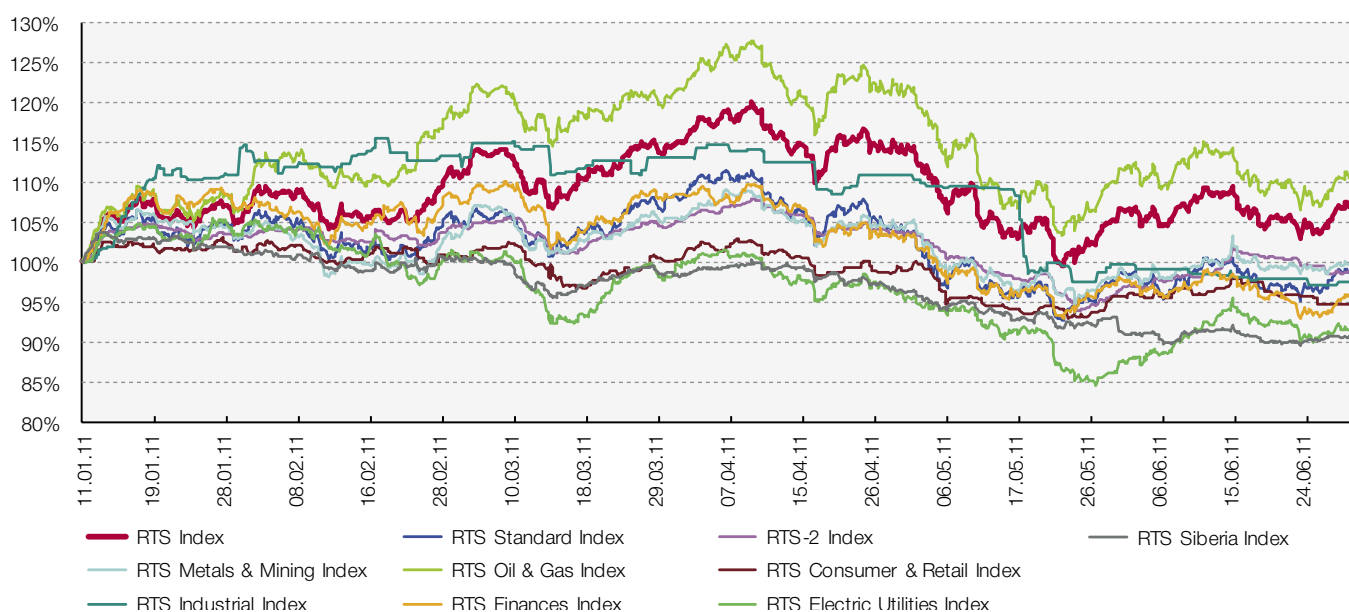


# RTS Indices

## RTS Indices performance

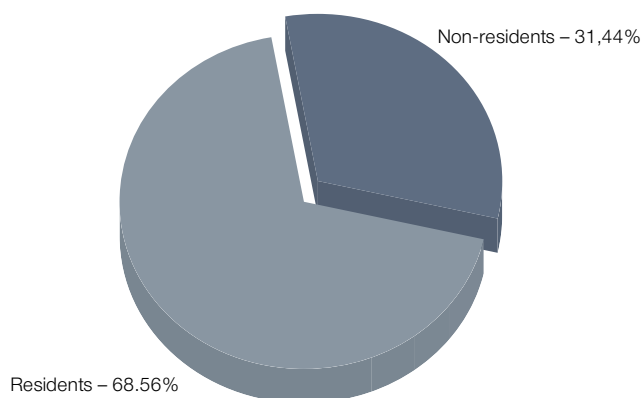
Index	Value as of 30.06.11	Change over period, %			Max		Min	
		Month	Quarter	Year	Value	Date	Value	Date
RTS Index	1,906.71	0.96%	-6.73%	42.36%	1,940.98	09.06.11	1,829.97	23.06.11
RTS Standard Index	11,361.49	0.71%	-8.46%	26.53%	11,523.66	09.06.11	10,943.62	23.06.11
RTS-2 Index	2,206.14	1.93%	-6.40%	36.07%	2,266.61	15.06.11	2,159.73	02.06.11
RTS Metals & Mining Index	357.24	2.53%	-5.18%	52.53%	363.23	15.06.11	348.73	06.06.11
RTS Oil & Gas Index	221.28	-0.66%	-8.63%	36.17%	228.62	09.06.11	212.36	23.06.11
RTS Consumer & Retail Index	420.25	-0.48%	-5.93%	46.82%	431.55	15.06.11	416.74	27.06.11
RTS Industrial Index	207.88	-1.27%	-12.97%	51.12%	209.20	01.06.11	205.08	24.06.11
RTS Finances Index	436.47	-1.47%	-11.28%	36.04%	449.46	09.06.11	422.29	23.06.11
RTS Electric Utilities Index	246.80	3.20%	-9.51%	6.65%	257.77	15.06.11	240.74	01.06.11
RTS Siberia Index	898.16	-0.82%	-8.50%	12.84%	912.04	14.06.11	895.00	06.06.11
Russian Volatility Index	22.76	-5.60%	-6.08%	-40.93%	27.84	14.06.11	22.76	30.06.11

## RTS Indices historical performance: January–June 2011

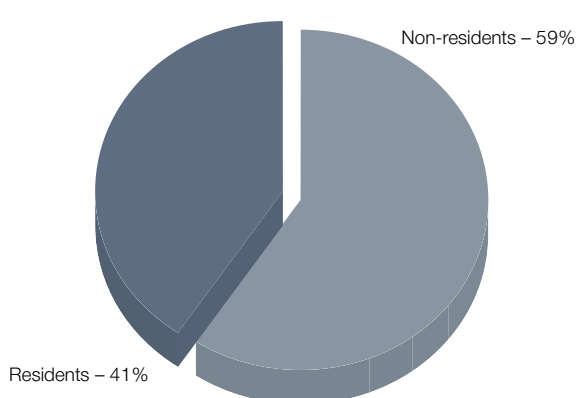


## Market data: June 2011

### FORTS: June 2011



### RTS Standard: June 2011



# Futures and Options market (FORTS)

## Top clearing members of futures and options trading volumes: June 2011

Company name	Rating position	
	June	May
OTKRITIE Corporation	1	1
JSC "Investment Company "ITInvest"	2	2
Brokercreditservice Ltd.	3	3
Zerich Capital Management IC OJSC	4	4
Investment Company FINAM CJSC	5	6
ALOR Group	6	5
ALFA-BANK	7	7
Troika Dialog	8	8
Instroyinvest IMC	9	10
VTB 24 (JSC)	10	9

## FORTS Trading results: June 2011

Futures contracts	June	May	Change
Trading volume, mln USD	161,095	157,103	2.54%
Trading volume, contracts	82,141,498	83,105,456	-1.16%
Number of trades	15,814,487	16,473,829	-4.00%
Total open interest, mln USD	6,744	7,843	-14.01%
Total open interest, contracts	5,052,590	6,597,096	-23.41%
Options contracts			
Trading volume, mln USD	15,039	16,494	-8.82%
Trading volume, contracts	4,719,445	5,406,098	-12.70%
Number of trades	413,243	430,467	-4.00%
Total open interest, mln USD	4,765	6,585	-27.64%
Total open interest, contracts	1,559,456	3,154,566	-50.57%
Total			
Trading volume, mln USD	176,134	173,597	1.46%
Trading volume, contracts	86,860,943	88,511,554	-1.86%
Number of trades	16,227,730	16,904,296	-4.00%
Total open interest, mln USD	11,509	14,429	-20.24%
Total open interest, contracts	6,612,046	9,751,662	-32.20%

## Top 5 Traded Futures: June 2011

Contract	Rating	Trading volumes	
		Mln USD	Contracts
RTS Index futures	1	118,209	31,650,724
USD/RUB exchange rate futures	2	16,329	16,226,764
EUR/USD exchange rate futures	3	6,394	4,449,500
Gazprom futures	4	5,265	7,229,217
Sberbank futures	5	4,552	13,088,193

# FORTS Commodities market: June 2011

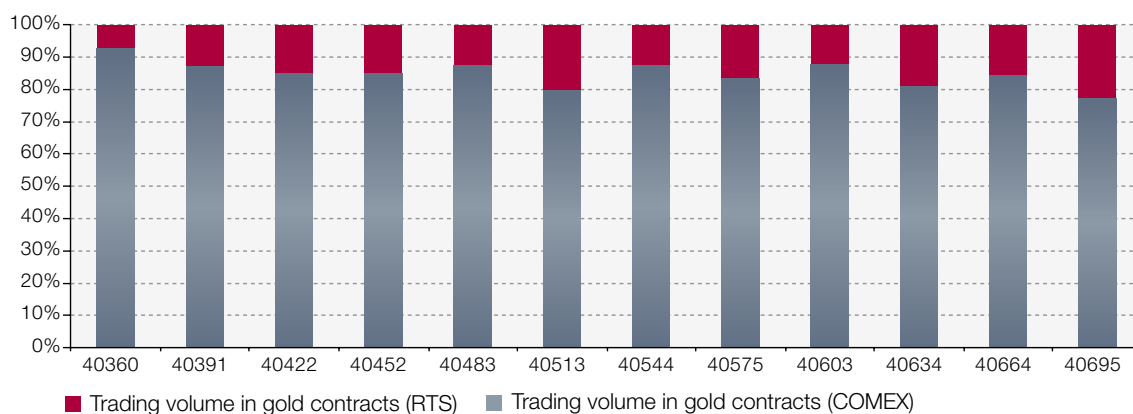
**Agroindustry In June 2011** the trading volume in futures contracts on wheat made up RUB0.45 billion whereas sugar made up RUB1.7 billion.

Underlying asset	Trading volume (contracts)	Trading volume (RUB)
Wheat	62,915	455,840,755
Sugar	100,320	1,711,190,312
Total	163,235	2,167,031,067

**Metals In June 2011** the trading volume in futures and option contracts on metals exceeded RUB104 billion.

Metal	Trading volume (contracts)	Trading volume (RUB)
Gold	1,086,334	46,575,686,352
Palladium	669	145,338,308
Platinum	78,981	4,007,688,368
Silver	530,876	53,332,863,769
Copper	5,117	129,298,070
Total	1,701,977	104,190,874,866

## Trading volume in gold contracts on COMEX and RTS



**Oil and oil products In June 2011**, trading volume in futures contracts on oil and oil products made up RUB83.9 billion or 2.6 million contracts.

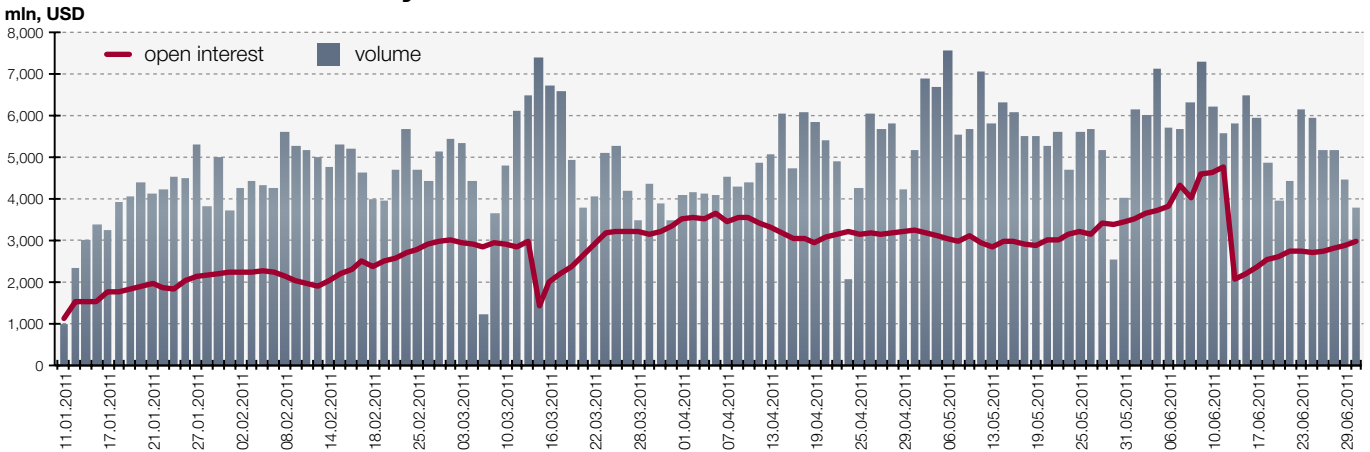
Underlying asset	Trading volume (contracts)	Trading volume (RUB)
Brent Oil	2,645,675	83,383,207,121
Gasoil	24,550	560,145,872
Total	2,670,225	83,943,352,993

**Power In June 2011**, trading volume in futures contracts on the average power price index made up RUB370 million or 10,444 contracts.

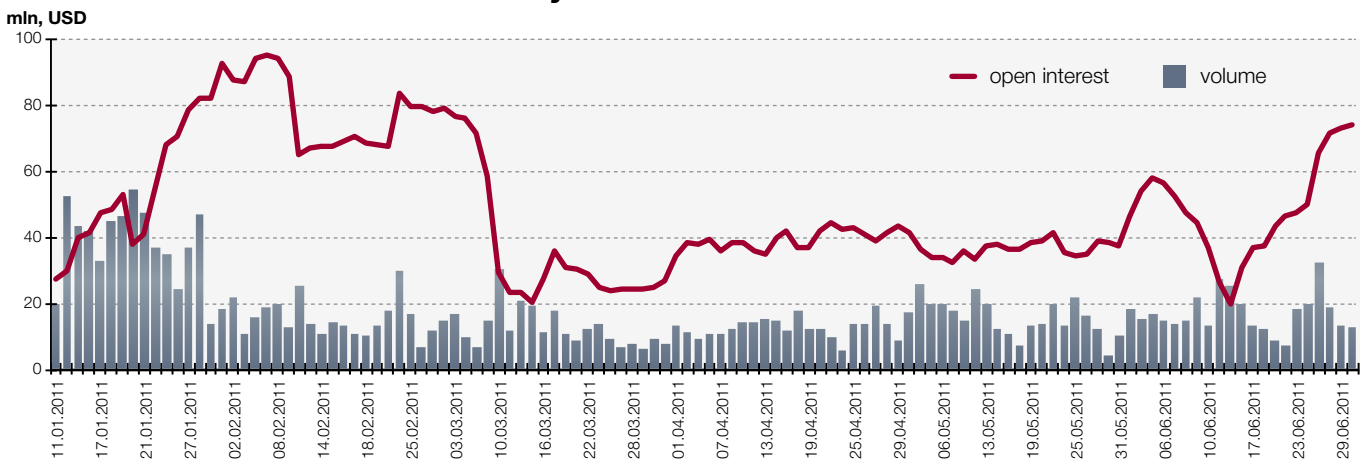
Underlying asset	Trading volume (contracts)	Trading volume (RUB)
Power in Center hub	3,375	125,143,812
Power in Ural hub	7,063	245,057,891
Power in West Siberia hub	0	0
Power in East Siberia hub	6	216,432
Total	10,444	370,418,135

# Futures and Options market (FORTS)

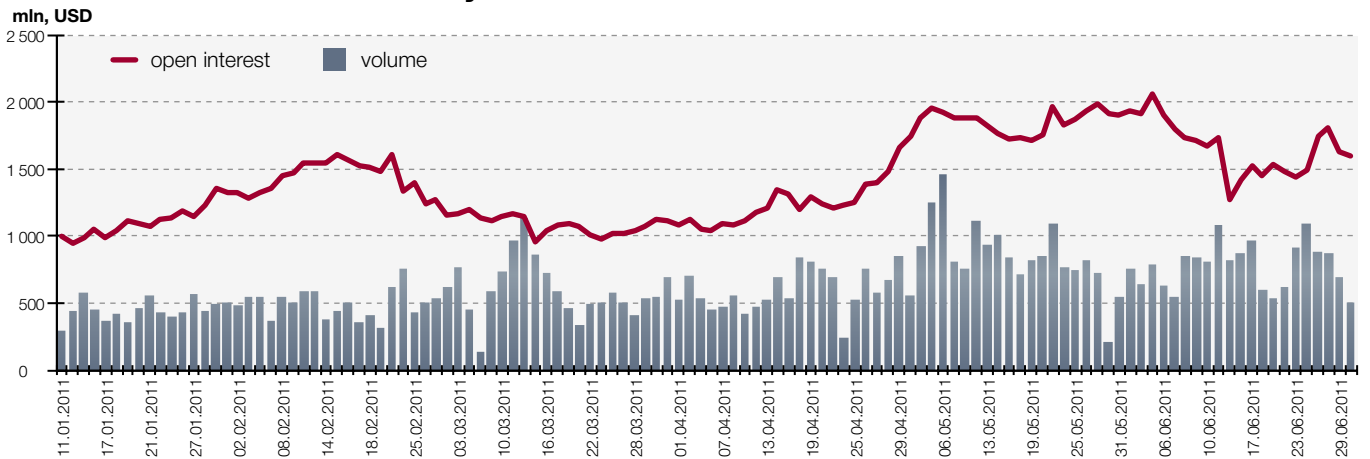
## RTS Index futures: January–June 2011



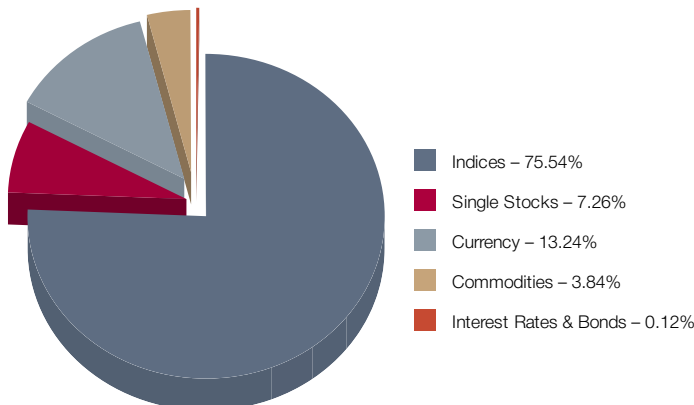
## RTS Standard Index futures: January–June 2011



## USD/RUB rate futures: January–June 2011



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

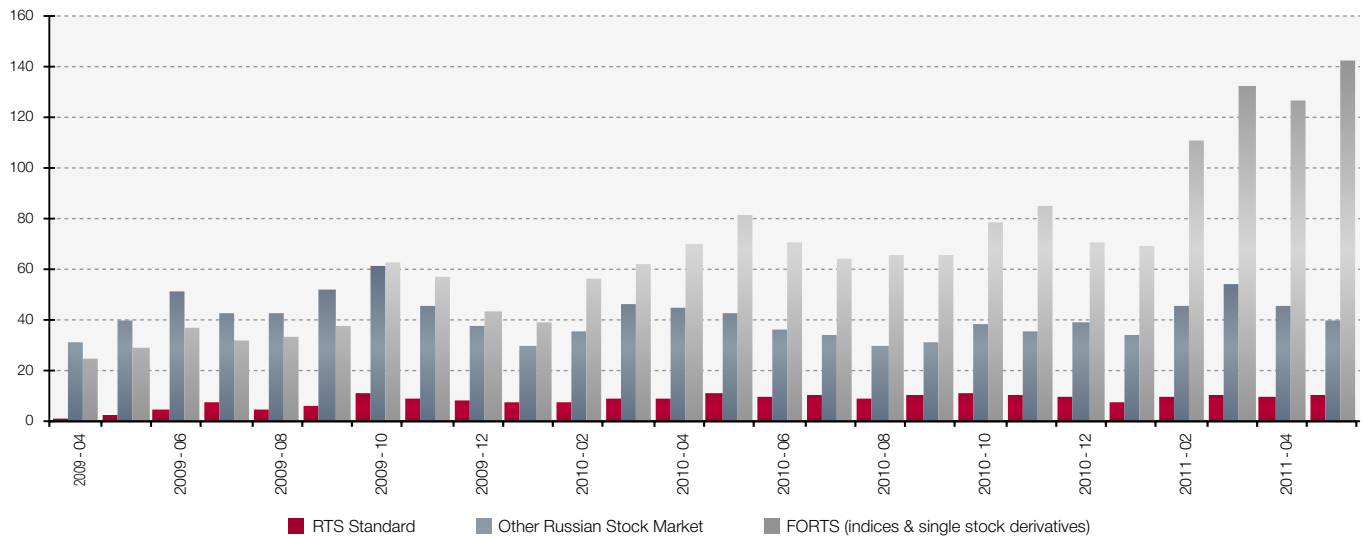




# RTS Markets

## FORTS and RTS Standard turnover vs Russian stock market turnover

Turnover, bln USD



## RTS Stock Market

### Top 10 RTS Standard Leading Operators: June 2011

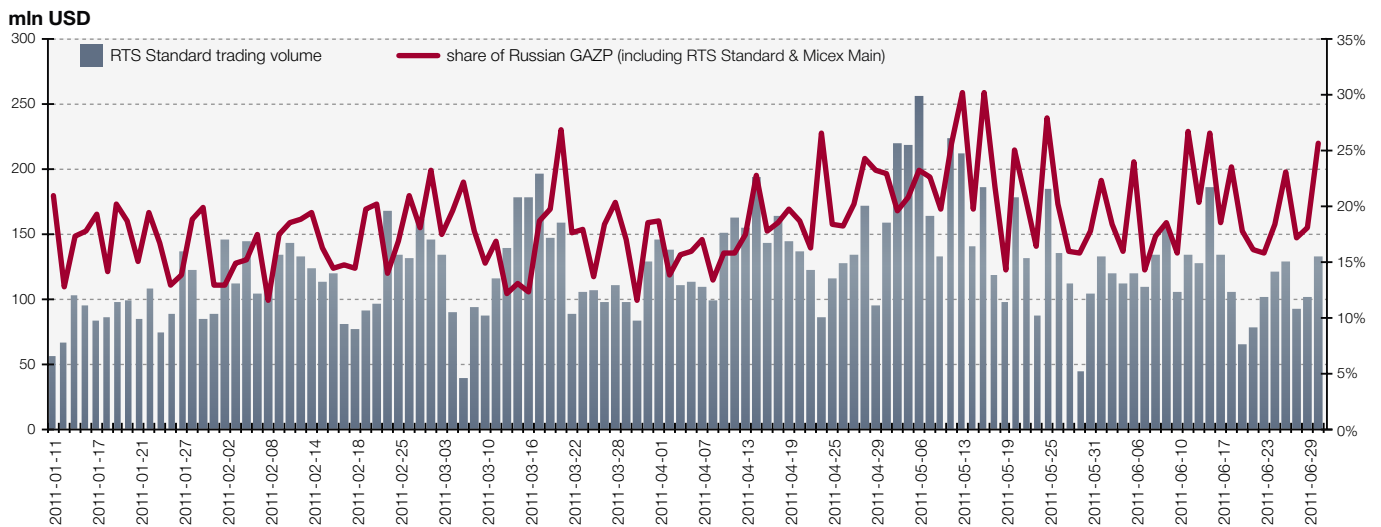
Company name	Rating position	
	June	May
OTKRITIE Group	1	1
Troika Dialog	2	2
ALOR Group	3	3
JSC "Investment Company "ITInvest"	4	5
OLMA Investment Firm	5	4
KIT Finance Ltd.	6	10
Investment Company FINAM	7	6
CJSC Brokercreditservice Ltd	8	7
Instroyinvest IMC	9	8
Metallinvestbank OJSCo SKB	10	11

### Top 5 RTS Stock Market Best Sellers: June 2011

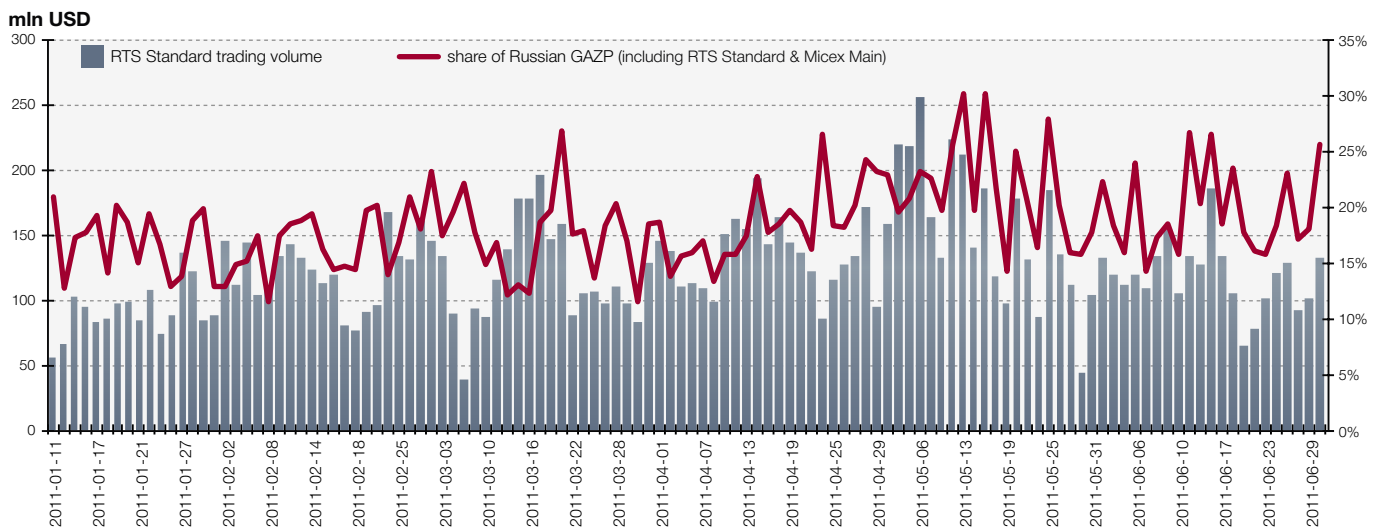
Company name	Weekly trading volume, USD	Share in RTS: %
Sberbank, ordinary	4,478,917,460	44.44%
Gazprom, ordinary	2,485,086,622	24.66%
OAO "LUKOIL", ordinary	837,656,135	8.31%
OJSC "OC "Rosneft", ordinary	577,083,221	5.73%
"OJSC "MMC "NORILSK NICKEL", ordinary	420,078,972	4.17%

# RTS Stock Markets (RTS Standard)

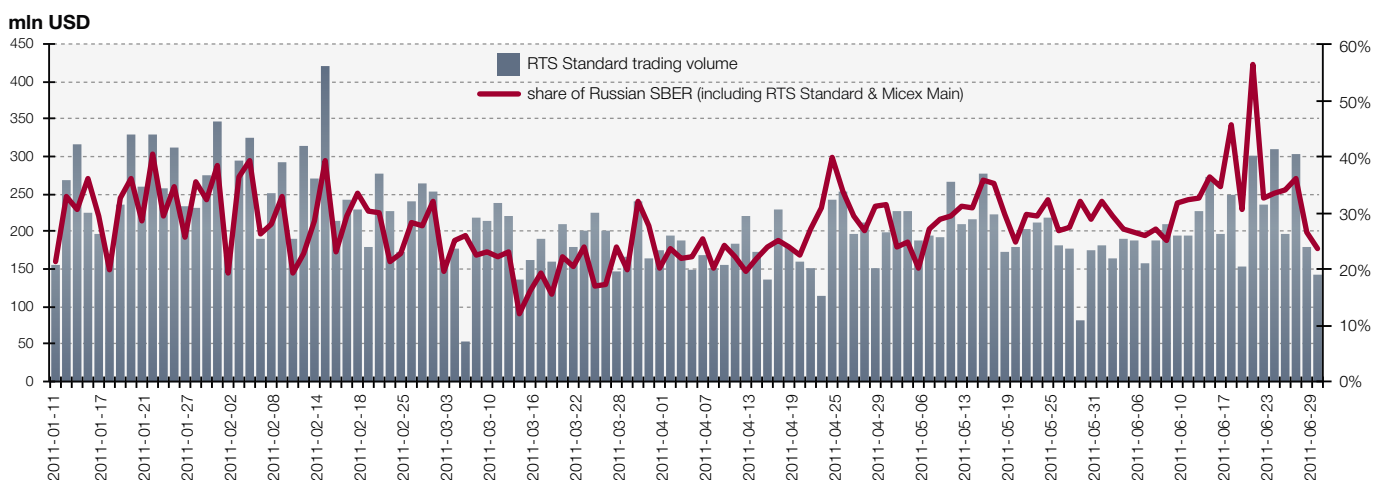
## RTS Blue chips volume. GAZPROM: January–June 2011



## RTS Blue chips volume. LUKOIL: January–June 2011



## RTS Blue chips volume. SBERBANK: January–June 2011



# 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: June 2011

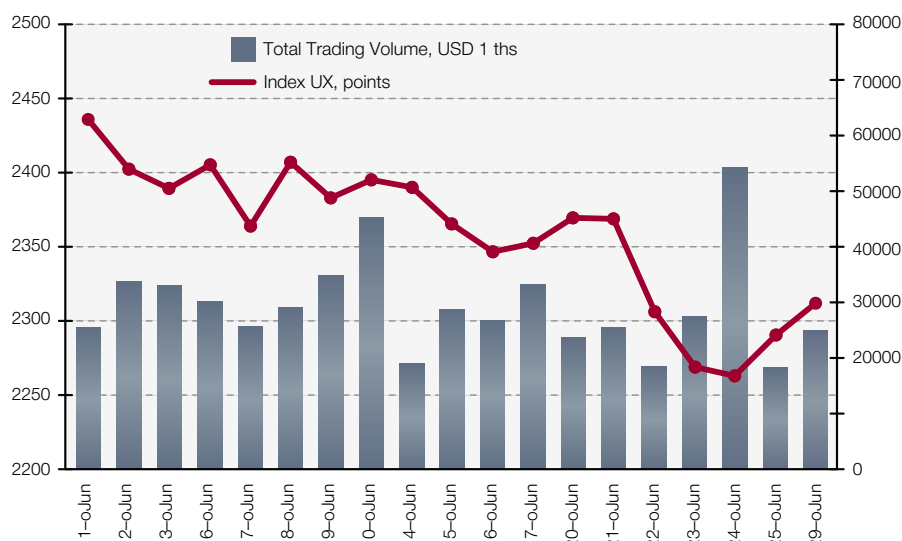
	June	May	Change, %
<b>STOCK MARKET</b>			
Trading Volume, USD	390,310,401	454,605,130	-14.14%
Number of trades	72,663	91,040	-20.19%
<b>DERIVATIVES MARKET</b>			
Trading Volume, USD	192,028,126	283,374,448	-32.24%
Trading Volume, contracts	646,110	905,113	-28.62%
Number of trades	59,456	82,506	-27.94%
Total open interest, USD	12,414,575	13,278,752	-6.51%
Total open interest, contracts	42,800	42,186	1.46%
<b>TOTAL, USD</b>	<b>582,338,527</b>	<b>737,979,579</b>	<b>-21.09%</b>

## The UX Index Monthly Wrap-Up: June 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 June the UX Index calculated by the Ukrainian Exchange fell by 8.01% to reach 2,311.87 points (2,513.25 points as of May 31, 2011).

The most impact was coming from prices of ordinary shares of Raiffaisen Bank Aval (BAVL) – down 33.21 points, Ukrnafta (UNAF) – down 31.36 points and Motor Sich (MSICH) – down 26.69 points.



## Top 5 Stock Market Best Sellers: June 2011

Ticker	Company name	Trading volume, USD	Closing price, USD	Change, %
MSICH	Motor Sich	31,567,928.23	398.99	-2.48%
ALMK	Alchevsk Metallurgical Plant	16,185,643.29	0.022	-5.77%
UTLM	Ukrtelecom	12,419,491.97	0.076	-4.50%
USCB	Ukrsoobank	11,425,604.39	0.050	-23.54%
AZST	Azovstal	11,249,609.91	0.289	-8.69%

# RTS Group International Projects: “Eurasian Trade System” Commodity Exchange JSC (ETS), Kazakhstan

ETS is the leading commodities marketplace in the region of Central Asia with the fast developing cash equities and derivatives trading sections. ETS was established in March 2009 with the launch of a spot market. Derivatives market was launched in September 2009. Both markets have been created and are developing in accordance with international requirements to the modern trading conditions.

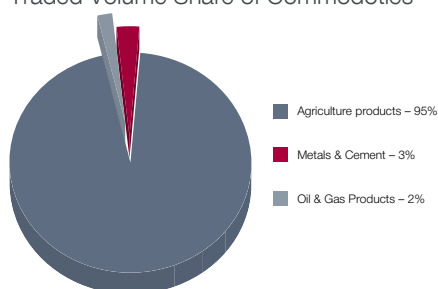
## Trading results: June 2011

	June	May	Change, %
<b>SPOT MARKET</b>			
Trading Volume, USD	35,119,157	13,460,763	261%
Number of trades	396	146	271%
Trading volume, tones	327,263	73,613	444%
<b>DERIVATIVES MARKET</b>			
Trading Volume, USD	6,470,042	1,359,363	476%
Trading Volume, contracts	10,269	2,965	346%
<b>TOTAL, USD</b>	<b>41,589,199</b>	<b>14,820,126</b>	<b>281%</b>

The ETS spot market has the following wide range of commodities traded: wheat, oil & gas products, cement.

## Pic 1. The leading commodities traded on the ETS spot market

Traded Volume Share of Commodities

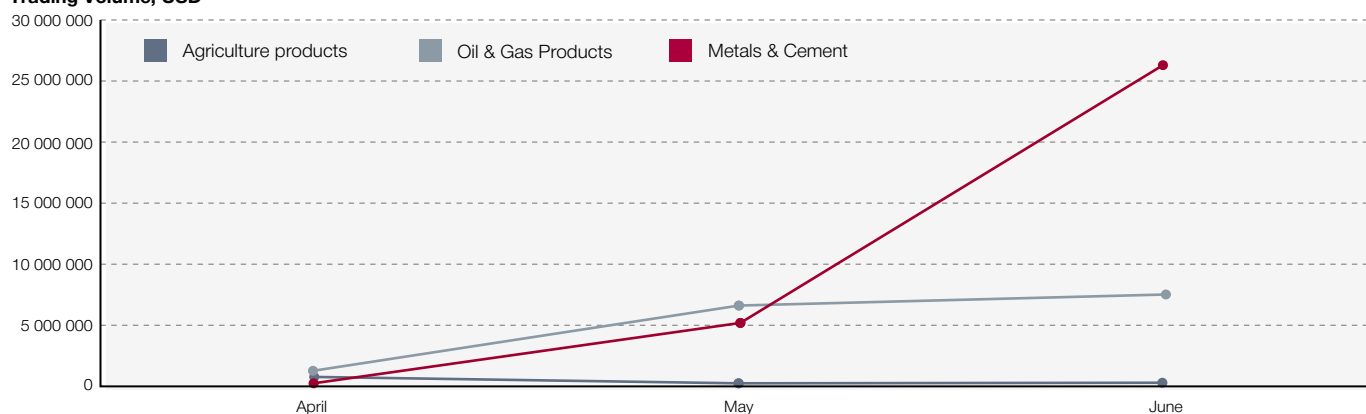


After the Government of Kazakhstan had officially issued the List of commodities to be traded on a commodities exchange in April 2011, the ETS spot market experienced a rapid increase of the trading volume over the last two months. This resolution demonstrates a strong intention of

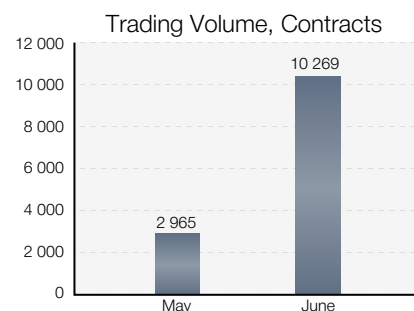
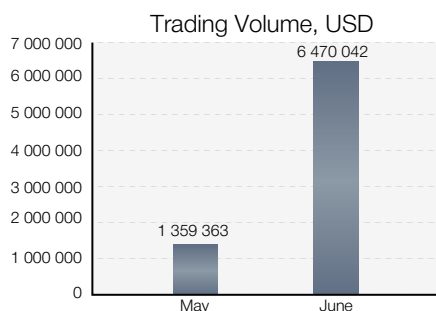
the Government of Kazakhstan to develop a local commodities market and bring it up to the highest global standards. ETS' strategic goal is to provide advanced high-tech services to its customers and never stop developing value-added services.

## Pic 2. Market share of the leading commodities' trading volume

Trading Volume, USD



The ETS Derivatives market is the leading derivatives market in Central Asia with a wide range of traded instruments such as gold futures, deliverable futures on wheat (2 types), futures on silver, futures on Brent oil, cash-settled wheat, copper futures. Derivatives market ETS is a relatively young, but fast developing market section



## Ruben Aganbegyan: «The integrated exchange will be a very powerful player given its financial and intellectual potential»

The merger of two Russian exchanges, MICEX and RTS, which had been under discussion for years, was finalized on June 30, 2011. MICEX President Ruben Aganbegyan has been appointed head of the integrated stock exchange. RTS MARKETS talked to Ruben Aganbegyan to find out his views on the prospects of the united exchange.



Ruben Aganbegyan

**RTS Markets (RM):** Was this merger mostly driven by economic benefits or by a political necessity that was created through active discussions of the government's plans to establish Moscow as an international financial center?

**Ruben Aganbegyan (RA):** From my perspective the IFC project is not a political one, it is a purely economic project of crucial importance for the country. It is a significant milestone marking the state policy in the sphere of financial markets. Ranking among the top 10 economies in terms of GDP globally, Russia has the potential for developing a strong financial market. Therefore, merging with RTS is a totally justified project in terms of its economics.

**RM:** When will the deal be legally closed?

**RA:** End of this year, early 2012. Approval still needs to be obtained from the Federal Anti-Monopoly Service this summer.

**RM:** When will the merger be completed technology wise?

**RA:** Business departments will be brought together by the end of this year, whereas IT platforms will continue operating separately until they are combined next year.

**RM:** IPO plans were announced for early 2013. Are you sure you will get everything done by this time?

**RA:** I'm quite sure.

**RM:** What comes after the IPO? Do we need an alliance with some international trading floor?

**RA:** Taking into account the size of our economy I believe we have potential

to become a major trading venue of international scale. Depending on the rating criteria, we can enter the top five exchanges worldwide. This can be achieved through business development and implementation of new technological solutions. Gaining access to them may require forming an alliance; however it is not the only option.

**RM:** What is the integrated exchange capable of that neither of the two independent exchanges can do?

**RA:** Our key advantage is that the consolidated platform will provide clients with access to an impressive range of instruments creating a very comfortable environment for clients, issuers and financial intermediaries trading on our markets, both in terms of funding opportunities and technological solutions. The new entity will benefit from a powerful financial and intellectual potential. In financial markets consolidation is a predetermined trend. To move forward and strengthen your presence you need cash, and

cash means size. In order to compete on an international level you have to be a large player. This is true for all participants be it banks, brokers or infrastructural companies. Another positive factor is that this merger will allow us to focus our efforts on our priority task of competing for a higher place in the global financial system by eliminating the tension between two local exchanges.

**RM:** Who do you see as your competitors?

**RA:** On the cash equities side our main competitor is the OTC market. In terms of listing these are international listing venues such as the London Stock Exchange.

**RM:** Your ambitions are based on the assumption that the government will proceed with its policy for liberalizing the domestic economy. Are you sure they will stick to the original plan?

**RA:** Russia has on many occasions announced its commitment to becoming part of the globalized world and the global economy. Reaching this goal implies the end of administrative approach, and the beginning of economic incentive programs.

**RM:** No commodity-based economy is an international financial center.

**RA:** Why not be the first to break the pattern? Let's have a look at the strategy that our government is aiming to implement. This is a strategy for development through continuous innovation. The dependence on raw materials as exports will be replaced by the great potential of our country; the intelligence and skills of our people, and the financial market will help this strategy being implemented.

### Roman Goryunov: “Our principal objective now is to make the new Exchange successful”

On June 30, 2011 the merger of Moscow’s two stock exchanges, MICEX and RTS was finalized, with the two entities expected to begin operating as a single unit by September. The head of the new bourse will be Ruben Aganbegyan, while the RTS CEO, Roman Goryunov, will become Aganbegyan’s first deputy. RTS MARKETS talked to Roman Goryunov to find out what he expects from the consolidation.



Roman Goryunov

**RTS Markets (RM):** Is the tie-up more an economical or a political step in your opinion?

**Roman Goryunov (RG):** As a manager who has been building the Russian market structure for quite a long time, I can see the vital importance of this project’s economic benefit for both market participants and the exchange. That is the main factor which will make the tie-up politically successful. It is generally understood that the exchanges’ consolidation is intended to help the government with its plans to turn Moscow into an international financial center but this will only happen if the merger project is successful.

**RM:** What objectives do you have as a first deputy?

**RG:** Undoubtedly it is the development of the main businesses: the cash equities market and derivatives market. The aim to double the trading volumes over next two years is really inspiring; we will do our best to achieve it, even though this is not the official objective, rather, my own personal ambition.

**RM:** What can one exchange do better than two separate ones?

**RG:** The key issue is synergy and consolidation of both teams’ expertise. This is an opportunity to improve the market through joint resources and efforts, that is to build a fully-fledged single trading and clearing infrastructure for all products with a single entry point for the market participants, to create a reliable clearing center which will meet the requirements of both local and international clients, to reduce the costs and raise the effectiveness of the exchange.

**RM:** Do you believe the united bourse will be able to compete with the Western trading floors?

**RG:** I am positive that potentially it can compete. But it is a complex approach. Not only must the exchange be competitive, but the trading, legal and regulatory environments have to be competitive as well.

**RM:** Aren’t they competitive now?

**RG:** There is always room for improvement. And there are obvious things that have to be done. The project of an international financial center for the most part was a list of regulatory measures aimed at improving this environment.

**RM:** What will happen to the markets, to the indices?

**RG:** This will be the next step in the merger process. Before the actual deal was considered, questions such as the structure of the new entity were discussed. After the agreement is signed there are a few

months until the deal is closed. During this period we plan to define the markets’ structure, our strategies in products and indices development and implement part of those solutions. One of the main tasks is to maintain the rate of development that we are experiencing now. We are participating in a global competition and our fellow global exchanges are rapidly developing. Electronic trading has evolved very quickly and the entire financial market has recently also made dramatic developments. A year or even a 6-month-delay would lead to such a tremendous backward slip that catching up would be practically impossible. We all expect to continue working on the existing projects whilst also developing new ones. The success of the merger depends on our consistency in this process.

**RM:** The united bourse is to complete all the required legal paperwork by 2012. What about the technical consolidation?

**RG:** I believe it will take no more than a year and a half or two years.

**RM:** Do you think the consolidation process will be over before the planned IPO date?

**RG:** We will do our best to finish it on time. It is obvious that in order to pull off a successful IPO, an exchange must have a well-thought-out strategy, a list of the range of instruments the new platform will offer, etc. At this stage it is difficult to estimate how long it will take to complete the preparation. It will take 5-6 months to comprehend the tasks and work out the necessary steps to be taken. It is important to keep working hard during this period – we must maintain the level of development that we currently have.

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## About RTS

**Russian Trading System Stock Exchange** is one of the major trading platforms in Russia and Eastern Europe, providing trading services on both the spot (stocks, bonds, funds) and derivatives markets (futures and options contracts) based on advanced technologies employed worldwide.

**RTS Standard**, a new front-rank equity market for the most liquid Russian securities characterized by absence of 100% advance asset depositing, standard T+4 settlement in rubles, use of CCP technology and consolidated cash position on RTS Standard and on FORTS, RTS derivatives section.

**FORTS** is the leading trading venue for derivatives in Russia. FORTS is rated 9th among 30 global derivative exchanges. Derivative instruments traded on FORTS include contracts on shares of Russian companies, bonds, RTS Indices, short term interest rates, currency, oil, metals and sugar. The most actively traded contract is futures on the RTS Index. Both the RTS Stock Market and the FORTS market are traded on robust international standard electronic platforms which allow for direct market access and algorithmic trading.

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