

## YOUR GUIDE TO THE RUSSIAN STOCK AND DERIVATIVES MARKET

### Post Event Zone

#### FORTS celebrated 9 years



The first transactions on FORTS, the derivatives market of RTS, were concluded nine years ago on September 19, 2001. FORTS is currently the leading trading venue for futures and options in Russia, CIS and Eastern Europe. The most liquid instrument on the Russian stock market is the futures on the RTS Index, with daily trading turnover of USD3 billion. FORTS sees approximately 1 million trades with a value of USD4 billion on a daily basis. The average daily number of trades amounts to 2.5 million contracts. As a comparison, in September 2001, at the start of trading on FORTS, the daily trading volume did not exceed USD2million. According to the Futures Industry Association the derivatives market of RTS is among the TOP 10 global derivatives exchanges in terms of derivatives trading volume based on the results of the first six months of 2010.

The ongoing development of technologies and implementation of new instruments on FORTS give investors the opportunity to build the most effective strategies. Options and futures contracts allow market participants to hedge currency risks, invest in oil, gasoil, gold, silver, platinum, palladium as well as in shares of the most liquid Russian companies.

On FORTS' 9th birthday, RTS Stock Exchange recognized companies which have been the most active in the market.

The following companies were among them:

- The best company on FORTS futures and options market - JSC "Investment Company "ITInvest".
- The best company on FORTS currency market - Metallinvestbank OJSCo SKB.
- The best company on FORTS commodity market - Solid Investments ZAO.
- The best international bank on FORTS futures and options market - CJSC "BANK CREDIT SUISSE (MOSCOW)".
- Discovery of the year on FORTS futures and options market - Obrazovanie CB (ZAO).

RTS Stock Exchange would like to thank everybody who has been working with us over the years and wishes many happy returns to FORTS market participants!

#### RTS Markets:

Everything about the Russian Stock and Derivatives Markets

#### In this Issue:

Valuable information for your business including:

- The latest news from the Russian market
- Market data for October 2010

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### Signing of Memorandum of Understanding between RTS Stock Exchange and Cyprus Stock Exchange

The RTS Stock Exchange and the Cyprus Stock Exchange signed on Thursday 7th of October 2010 a Memorandum of Understanding (MOU) in Nicosia. The Memorandum of Understanding was signed by Mr George Koufaris, Chairman, on behalf of the Cyprus Stock Exchange and Mr Roman Goryunov, Chief

Executive Officer, on behalf of the RTS Stock Exchange. The scope of the MOU covers various areas of co-operation between the two Exchanges, including among others, consultation services, exchange of information, clearing and settlement issues, listing issues, as well as issues relating to market participants.

### News in Brief...

#### Development of the Russian markets with an electronic trading perspective

Read interview with Michael Smith, Electronic Trading Group, Renaissance Capital on page 15 [Link](#)



#### Collateral requirement raised for public holidays

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

#### Open interest in power futures exceeds RUB100 million

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

#### Do not miss the round table discussion on the Russian Equities Market in London, UK on 2.12.2010 hosted by RTS.

For more information please visit the RTS website

## Inside the Market

### FORTS launched option contract on Brent crude oil

On October 18, 2010 FORTS, futures and options market of RTS, started trading options on Brent crude oil. The contract code in the trading system is (BR). The underlying asset of the contract is a futures contract on Brent crude oil. The contracts will be settled on a monthly basis.

The new contract is convenient both for experienced investors who wish to use options for creating high-performance strategies on the utilities derivative market and for major Russian oil producers and consumers for hedging against risks related to price fluctuations on the global oil markets. Evgeny Serdyukov, Director of the Futures & Options Market at OJSC RTS comments: "Oil producers and consumers will gain an opportunity to hedge market risks by this new RTS's financial instrument. Participants of the financial market will be able to create nonlinear strategies and create portfolios consisting of several options and futures contracts on oil that would return guaranteed interest within the determined period or within some price limits and would not depend on oil price changes. Banks will afford to establish structured products

based on this option with the link between their yield and oil price and with the guaranteed return of capital."

Participants in oil and oil products market are prepared to use the options contracts in their production activity. Aleksey Burakov, CEO of 'Alforithm.Toplivny integrator' CJSC, said:

*"RTS broadens the range of instruments available on the Russian oil and oil products exchange market regularly, and that is a positive trend because introducing of this new instrument will give oil market traders an opportunity to link deliveries of real oil and oil products at fixed price for their clients with the ability to manage their own market risks. On the one hand, such instruments provide the opportunity to ensuring fix price on oil or oil products to clients, on the other hand, they allow mitigate default risks arising from negative changes of prices on the oil market for traders."*

The new instrument extended the segment of oil and oil products derivatives of the RTS derivatives market where futures on Brent and Urals oil are already traded.

### On October 25, 2010 FORTS launched cash-settled futures contract on raw sugar

On October 25, 2010 FORTS, the futures and options market of RTS, started trading on a new instrument, a cash-settled futures contract on raw sugar quoted in rubles per long ton with settlements in March, May, July and October. The code of the contract in the trading system is (SUGR). The underlying asset of the contract is raw sugar, which is the main input material for sugar production.

The raw sugar market is notable for high levels of volatility, which is related to the fundamental macroeconomic forces, supply and demand balance on the sugar market, as well as to the growing investment demand from investment banks, funds and private investors. Eugene Ivanov, a leading expert at IKAR, comments: 'Global sugar

production volume amounts to about 170 million tons. The expected volume of sugar consumption in Russia totals 5.6 million tons, while according to IKAR's forecasts raw sugar import volumes will increase from 1.5 and 2.1 million tons in 2009 and 2010 respectively to a minimum of 2.7 million tons in 2011 (due to the unfavorable weather for sugar beet). Raw sugar is a product which has the highest levels of volatility, with its prices sometimes fluctuating by 20% each week. In 2010, raw sugar quotes varied from 30.4 to 13.7 cents per pound. These fluctuations lead to serious risks for sugar producers and consumers.' According to Andrey Borodin, President of the Russian Union of Sugar Producers; 'This contract may interest

Russian sugar consumers and producers as an instrument for price risk hedging. The Union supports the development of the sugar derivatives market in Russia. We believe that this contract will favour the development of present deliverable futures on sugar, which was launched by us together with RTS and IKAR in 2007.'

Evgeny Serdyukov, Director of the Futures & Options Market at OJSC RTS said: 'Cash-settled futures on raw sugar is a convenient instrument for both sectoral participants and private traders who use different trading strategies on the commodity derivatives market. Launching this contract is the next step in broadening the range of commodity contracts on the RTS futures and futures market.'

## Corporate News

### HR and Remuneration Committee is formed and new members of the Strategy Committee are elected at RTS

According to the Board of Directors of OJSC RTS, the HR and Remuneration Committee at OJSC RTS was formed (protocol No. 0-22-0609 as of September 6, 2010). New members of the Strategy Committee of OJSC RTS were also elected (protocol No. 10-24-0810 as of October 8, 2010).

#### HR and Remuneration Committee

No.	Full name
1	Marlen Jeraldovich Manasov (Chairman of the Committee)
2	Jacque Der Megredichyan
3	Evgeny Evgenievich Fetisov
4	Oleg Evgenievich Yachnik
5	Roman Yurievich Goryunov

#### Strategy Committee of OJSC RTS

No.	Full name
1	Jacque Der Megredichyan
2	Anton Vyacheslavovich Zavjyalov
3	Marlen Jeraldovich Manasov
4	Denis Vyacheslavovich Soloviev
5	Ivan Aleksandrovich Tyryshkin
6	Evgeny Evgenievich Fetisov
7	Andrey Viktorovich Shemetov
8	Oleg Evgenievich Yachnik
9	Roman Yurievich Goryunov

# Face to Face

## 05.10.2010 RTS meeting with CME Group



RTS Stock Exchange operates in an emerging market that might be reaching a very important milestone in its development. Given the great potential of Russia to evolve as a major commodities market, RTS is now focusing on enhancing the commodities section of its derivatives market as the domestic commodities industry badly needs tools for hedging the risks.

In order to shape this marketplace in line with the specific needs of local commodities producers and consumers and to bring it closer to the best global practice at the same time, RTS is studying the existing models.

On October 5, 2010, RTS Stock Exchange had the pleasure of welcoming in Moscow a team of top managers from CME

Group, a well-established commodities exchange renowned globally for its unique expertise and deep knowledge of the commodities business.

Mr. Craig S. Donohue, Chief Executive Officer at the CME Group, and his colleagues met the senior management and some of the key shareholders of RTS to discuss development of the derivatives market for Russian commodities and possible ways of overcoming the challenges that this initiative faces. It was a very productive dialogue sparking a lot of ambitious ideas to be taken away from this meeting for further consideration. RTS would like to thank CME for their participation and hopes to move forward with exploring the opportunities for cooperation in this field.

## 06.10.2010 First Council meeting for derivatives section of the Moscow Energy Exchange held

On September 30, 2010 the first meeting of the Council for the derivatives section of the Moscow Energy Exchange took place. As a result of the meeting the following decisions were made:

- Basic principles of Council procedures were approved;
- Measures to encourage trade between entities of the wholesale market for electricity and power were considered;
- Launching of futures contracts in the 2nd price zone of the wholesale market was approved;
- Sergey Danov was elected as Deputy Chairman of the Derivatives Council (who is now Deputy Head of the commodity market division at OJSC RTS).



## Technology in Focus

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### Implementation of the full-depth transactions log service

On October 18, 2010 RTS Stock Exchange started to provide a new service for participants and clients of the derivatives market FORTS and cash equities market RTS Standard (both function on the trading platform of FORTS) – an all transactions log of unlimited depth.

Now the clients who use the trading system via the gateway will be able to receive a record of all trading transactions that were accepted by the trading system during the running trading session with an indication of the orders' status (entered \ deleted), and a list of changes in transactions' parameters (partial execution, moving the order). The log will also contain trades entries specifying the matched orders numbers.

With the introduction of this service, processing of market data will become more flexible and prompt, allowing market participants to employ various software approaches for automated processing, aggregating and analyzing market data. It also makes it easier to use automated decision

making systems and order routing facilities to accelerate the process of decision making for algo trading and especially for high frequency trading. The time of accepting a transaction by the trading system is displayed with millisecond accuracy which allows for instantaneous decision making and analyzing the tiniest movements of the market.

The service will be provided to all clients who are connected to the FORTS trading system via the Plaza II protocol.

A comprehensive service description is available in the Plaza II gateway documentation.

The service will be provided free of charge during the grace period, i.e. until December 1, 2010.

Until the 1st of December, 2010 the new service will be provided free of charge within the framework of a marketing campaign. In order to subscribe to this service, please contract the Client Relations Department by phone: +7 (495) 705-90-32, extension number 12154, or by e-mail at sales@rts.ru.

### New market data service

RTS launches historical data service for algo trading and back-offices. Tick data is available back to 1995 for stock market and from 2001 for derivatives. Historical data service provides all orders log with unlimited market depth which is currently not available neither from vendors nor brokers. The data is available both as an once-off request or subscription. Feel free to contact us at data@rts.ru for more details and market data support.

### UX futures now available in Bloomberg terminal

UX futures are now available in Bloomberg terminal. Ukrainian Exchange is the first ever trading venue for derivatives in Ukraine and the major Ukrainian stock exchange. Along with the UX Index, the main Ukrainian stock market indicator, the futures on UX Index is now available in Bloomberg terminal under **UXOA Index <Go>** code. It comes as a free bundle to the standard UX subscription. Feel free to subscribe at **EXCH UKRE <Go>** page.

## News

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### 29.10.2010 RTS Stock Exchange operating schedule for November holidays

OJSC RTS announces about changing of trading schedule due to the celebration of Day of People's Unity. Trading will be held in accordance with the following schedule:

- November 3, 2010 – trading will be held as usual (main and evening trading sessions),
- November 4,5,6,7, 2010 – non-business day,

- November 8 and 13, 2010 – trading will be held as usual (main and evening trading sessions).

Please, take note of the fact that on November 3 and 13, 2010 T+0 trading will be held in accordance with the calendar week's last trading day schedule, i.e. from 10:00 to 6:55 PM (from 6:45PM to 6:55PM for trading in odd lots).

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### **22.10.2010 Trading volume of RTS Standard market exceeded USD740 million**

On October 21, 2010 at the end of the main trading session, one-day trading volume on the RTS Standard stock market reached USD740 603 811 (RUB 22 808 227 447), setting a record since the launch of trading on this market.

The previous daily trading record was fixed on May 14, 2010, when stock turnover on RTS Standard amounted

to USD699 941 989 (RUB 20 900 057 805).

'Growing turnover volumes on RTS Standard indicate the priority of convenience and flexibility of investment portfolio management as well as minimising transactions costs and the Exchange's performance guarantees for market participants', comments Vadim Fedeev, Deputy Head of Stock Market Department.

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### **20.10.2010 New trading records on currency and gold contracts were set on FORTS**

On October 19, 2010 new daily trading records were registered in both the currency and commodity sections of FORTS, futures and options market of RTS.

"Institutional and private investors start using hedging instruments for their portfolios more actively, due to the rising volatility on global currency markets," explained Evgeny Serdyukov, Director of the Futures & Options Market at OJSC RTS.

Trading volume on option on EUR/USD FX futures contract hit a record high of 2746 contracts or USD3,787,840 (RUB115,618,889) by the end of 19th of October.

Open interest volume on this instrument went up to USD6,678,307.5 (RUB203,846,653).

Open interest volume on EUR/RUB FX futures contract reached maximum level of 149 474 contracts or USD207,806,026 (RUB6,343,008,800).

FORTS commodity market also saw record turnover on gold futures. Trading volume on this instrument totaled USD88,406,980 (RUB2,698,508,132). The previous maximum value was fixed on October 8, 2010 when trading volume reached USD86,985,428 (RUB2,655,117,109).

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### **20.10.2010 365 contracts on Brent oil option traded during first trading day**

October 18, 2010 was the first trading day for options on Brent oil futures contract on FORTS.

Trading volume of the options amounted to 365 contracts, while the volume of open interest reached 702 contracts. In total trading participants executed 45 trades on this new instrument.

In comparison, on the first trading day of EUR/USD FX options market participants executed just 10 trades with volume of 117 contracts.

Traders preferences were for put options. Open interest volume in puts totaled 524 contracts while open interest volume on call options reached only 178 contracts. A high interest in put options normally indicates demand by oil market traders for a hedge against an oil price fall.

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### **08.10.2010 Gold futures contract trading volume exceeded USD 87 million**

On October 7, 2010 a trading record on the gold futures contract was set. Trading volume of contracts on gold futures amounted to RUB2,622,774,623 (USD87.7 million).

"Uncertain and unstable recent movements on currency and spot markets have encourage the majority of investors to use precious metals as a proven and reliable way of capital protection. Gold futures at RTS has a number of incontestable advantages compared to alternative ways of purchasing this metal, and this is why we are seeing more and more investors attracted to our gold futures contract", said Evgeny Serdyukov, Director of the Futures & Options Market at OJSC RTS.

Maximum open interest on EUR/RUB FX futures contract is set for three days in a row, due to the increased volatility of euro-ruble currency pair. On October 7, 2010, at the end of the main trading session, volume of open interest on this instrument totaled RUB5,428,008,620 (USD181.58 million) or 130,166 contracts.

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### **07.10.2010 EUR/RUB FX futures open interest exceeded USD148 million**

On October 5, 2010 open interest volume on the EUR/RUB FX futures contract on FORTS hit RUB4,526,330,824 (USD148.4 million) or 108,504 contracts, a record since its launch.

"Over September the euro added more than 7.5% against the Russian ruble according to the official exchange rate. This futures contract was in especially

high demand among hedgers, because it is the only instrument on the Russian market, that allows hedging investments and business against sharp fluctuations on currency markets", explains Evgeny Serdyukov, Director of the Futures & Options Market at OJSC RTS.

*FORTS currency section has the widest range of instruments in Russia. Currently*

*there are 3 futures contracts on the USD/RUB, EUR/USD and EUR/RUB exchange rates as well as 2 options contracts on the USD/RUB, EUR/USD exchange rates. According to the Futures Industry Association RTS futures contract on the USD/RUB exchange rate has entered the TOP-10 of the most liquid instruments with currency as underlying asset in the world.*

### 07.10.2010 Number of trades on FORTS options reached historical maximum

On October 6, 2010 a trading record was set on options contracts since their launch - 19,344 trades were executed. Market participants concluded 17,234 trades in option on the RTS index futures contract, which also totaled the most number of trades compared with other options contracts and the maximum value since this option launch.

### 06.10.2010 CJSC "Favorit-Invest" and JSC IC Brokerage House "Almaz" were approved as General Clearing members on the RTS derivative market

On October 5, 2010 the Derivatives Market Committee of RTS Stock Exchange made a decision to approve CJSC "Favorit-Invest" and JSC IC Brokerage House "Almaz" as General Clearing members on the RTS derivative market. According to the Committee VIKA-BROKER LIMITED and Petroinvest JSC were removed from the list of FORTS members. Currently, 136 Clearing members are operating on the FORTS market.

### 04.10.2010 Contributions into the RTS Contingency Fund to be increased

November 1, 2010 marked the start of the initial stage of transferring to a new methodology to calculate contribution amounts for the RTS Contingency Fund and also the implementation of their differentiation, depending on participants open interest volume. Contributions by RTS market participants will now depend on the average daily collateral for open interest on the RTS Standard and FORTS markets over the last 6 months.

In addition, the Reserve fund, funded by the Joint-stock

company "RTS Clearing Center", was increased to RUB650 million.

Together, the RTS Guarantee Funds were increased by more than RUB1.0 billion and in 2011 will reach RUB3 billion as a result of transferring to this new methodology. Increasing both the Contingency and Reserve funds was necessary due to the recent doubling of open interest volume and continuous growth of trading participant activity. More details about the new methodology can be found on [RTS website](#).

### 01.10.2010 Trading volume of USD/RUB FX futures contracts climbs above USD674 million

On September 30, 2010 a new trading record was set in the currency section of FORTS, futures and options market of RTS.

Trading volume of USD/RUB FX futures contracts amounted to 667,903 contracts or USD674,482,145 (or RUB20,506,280,654). The previous trading record for this instrument was set on May 21, 2010 when trading volume of the USD/RUB futures totaled 620,129 contracts or USD629,476,442 (or

RUB19,357,848,382).

Market participants also concluded 6,442 trades on the EUR/USD futures contracts. The trading volume in this instrument totaled 449,191 contracts or USD615,128,508 (RUB18,701,752,014). The previous record number of trades in this futures contract was made on September 22, 2010, with trading volume totaling to 389,889 contracts or USD518,067,597 (RUB16,102,266,198).

## Event Zone

### OJSC "Russian Trading System" Stock Exchange and Standard & Poor's invite issuers and management companies to participate in the annual working meeting on November 19, 2010

On November 19, 2010 in Moscow an annual working meeting of OJSC RTS with issuers and management companies will take place. At that meeting RTS's partner Standard & Poor's will present findings of a research on information transparency of the biggest Russian public companies in 2010.

Workshop on annual reports preparation will also be held. At the workshop current trends and different aspects of companies' information disclosure will be reviewed.

By tradition the ceremony of awarding

winners of the 13th Annual Report Competition will conclude the meeting with issuers and management companies. This year the record number of Russian and foreign companies took part in the Competition over its history.

To participate at the meeting please, register by completing a registration form at the Competition's site until November 18, 2010.

For more detail, please contact Litovchenko Svetlana by phone: +7 (495) 705-9031 (ext.: 25016) or by e-mail: [ar@rts.ru](mailto:ar@rts.ru).

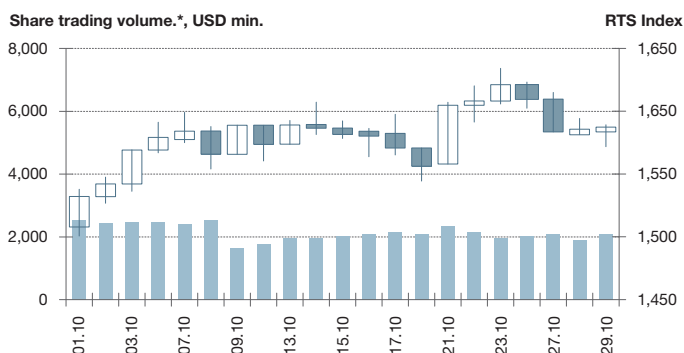
Place of the meeting:

**Hotel 'Baltshug Kempinski Moscow', Wladimir Room, Balchug str, 1, Moscow.**



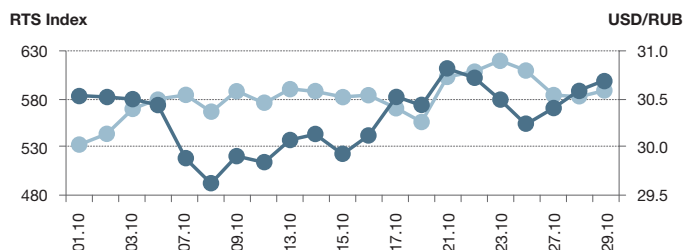
# The RTS Index Monthly Wrap-Up: October 2010

In October 2010 the Russian stock market demonstrated positive dynamics.

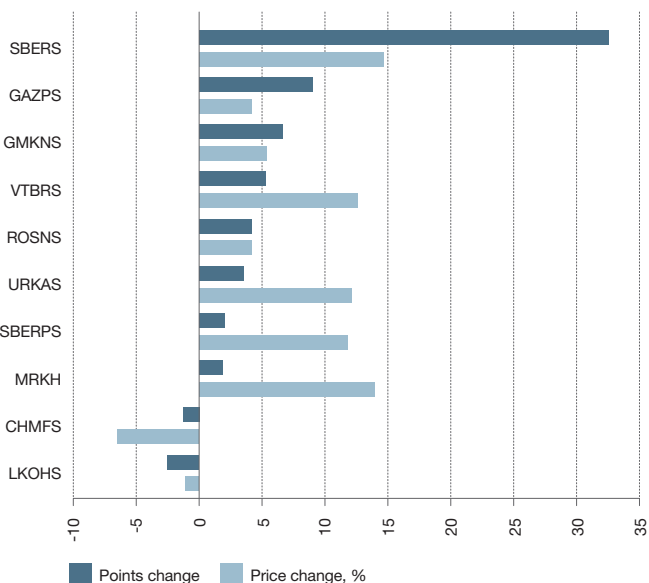


\* Including OTC

For the last month the RTS Index went up by 5.27% to reach 1,587.14 points (1,507.66 points on September 30, 210). Besides by the end of October RTSI was 17.69% higher compared to its closing level one year ago (1,348.54 points on September 30, 2009). The U.S. Dollar went up 0.91% against the Ruble in October.



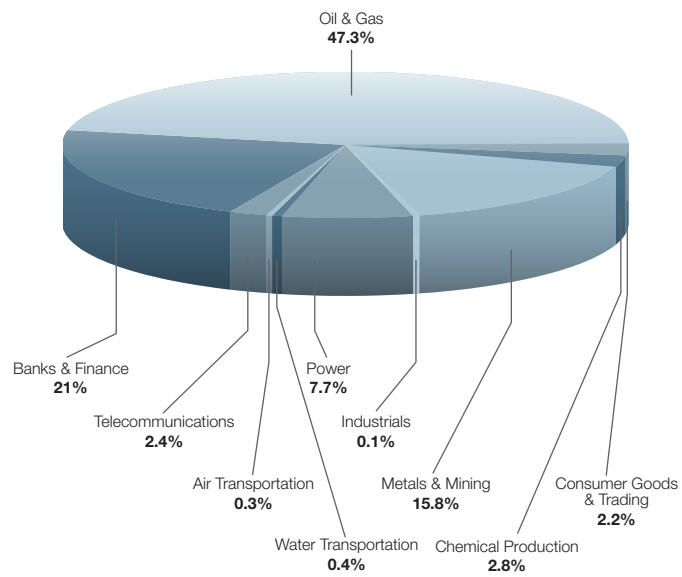
In October 2010 34 stocks, out of RTSI's total 50 constituents, had positive impact on the RTS Index's dynamics (plus 88.11 index points), 16 securities moved negatively (minus 8.64 points), the price of 2 stocks remained unchanged.



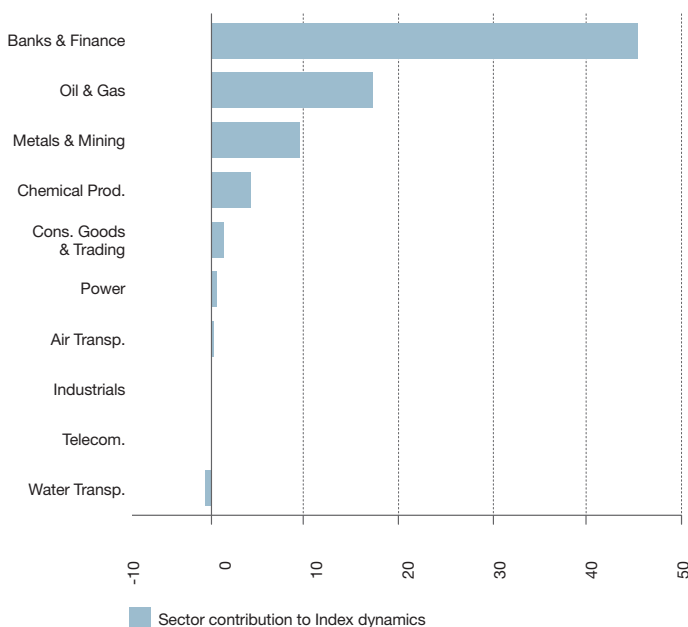
The most positive impact was coming from growing prices of ordinary shares of JSC "Sberbank Rossii" (plus 36.59 points), Gazprom (plus 10.31 points), "OJSC "MMC "NORILSK NICKEL" (plus 7.49 points).

Most of the negative impact was coming from the price decline of ordinary shares of JSC "Lukoil" (minus 2.82 points).

RTS Index Sector Structure

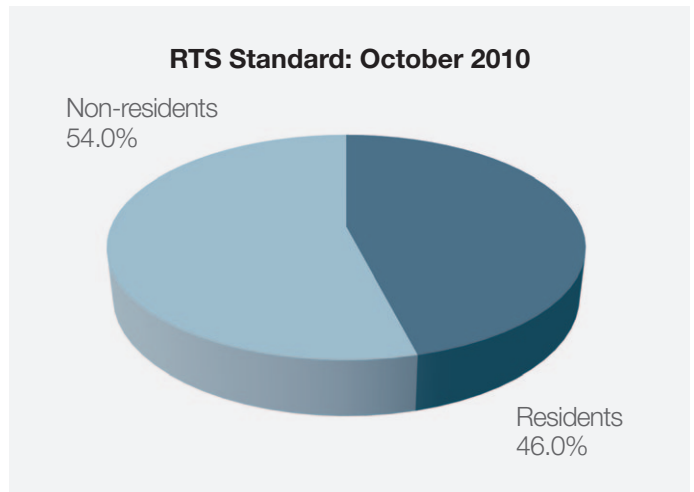
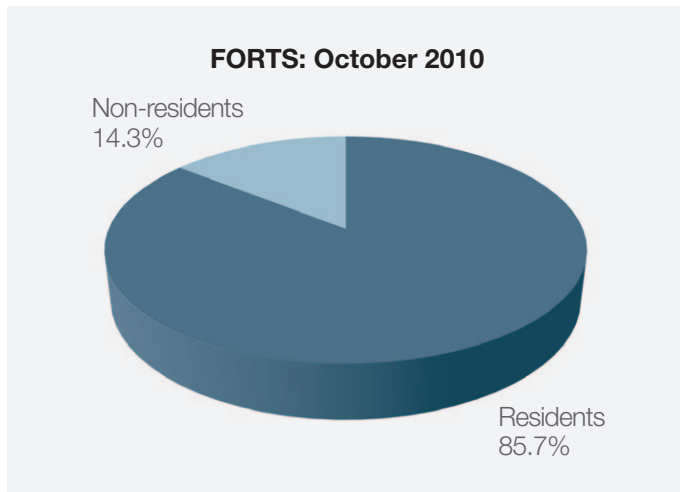


47.3% of the RTSI total capitalization concentrated in the Oil & Gas sector. The other large-weight sectors were (21.0%) and Metallurgy (15.8%).



In October the major positive contributors were the securities of Finance sector (plus 45.65 points), Oil & Gas (plus 17.39 points) and Metallurgy (plus 9.65 points).

## Market Data: October 2010



### Futures and Options market (FORTS)

#### Top clearing members of futures and options trading volumes: October 2010

Company Name	Rating Position	
	October	September
JSC "Investment Company "ITInvest"	1	2
Brokercreditservice Ltd.	2	1
OTKRITIE Group	3	3
ALOR Group	4	4
Zerich Capital Management IC OJSC	5	5
Investment Company FINAM CJSC	6	6
Troika Dialog	7	7
ALFA-BANK	8	8
KIT Finance Ltd	9	9
Metallinvestbank OJSCo SKB	10	10

#### FORTS Trading results: October 2010

Futures contracts	October	September	Change
Trading volume, mln USD	96,298	77,740	23.87%
Trading volume, contracts	63,301,063	52,035,788	21.65%
Number of trades	10,080,666	9,265,313	8.80%
Total open interest, mln USD	4,467	3,890	15.86%
<b>Total open interest, contracts</b>	<b>4,764,326</b>	<b>4,016,982</b>	<b>18.60%</b>

Options contracts	October	September	Change
Trading volume, mln USD	4,931	4,284	15.10%
Trading volume, contracts	2,173,137	1,933,306	12.41%
Number of trades	226,329	185,330	22.12%
Total open interest, mln USD	2,770	2,022	36.99%
<b>Total open interest, contracts</b>	<b>1,509,184</b>	<b>944,906</b>	<b>59.72%</b>



Total	October	September	Change
Trading volume, mln USD	101,229	82,024	23.41%
Trading volume, contracts	65,474,200	53,969,094	21.32%
Number of trades	10,306,995	9,450,643	9.06%
Total open interest, mln USD	7,238	5,913	22.41%
<b>Total open interest, contracts</b>	<b>6,273,510</b>	<b>4,961,888</b>	<b>26.43%</b>

## Top 5 Traded Contracts: October 2010

Contract	October 2010		
	Rating	Trading Volumes	
		Mln USD	Contracts
RTS Index futures	1	64,478	20,409,716
USD/RUB exchange rate futures	2	10,209	10,161,443
EUR/USD exchange rate futures	3	9,292	6,679,131
Sberbank futures	4	5,446	17,259,519
Gazprom futures	5	1,949	3,587,064

## RTS Stock Market

### Top 10 RTS Standard Leading Operators: October 2010

Company Name	Rating Position	
	October	September
OTKRITIE Group	1	2
Troika Dialog	2	1
ALOR Group	3	3
JSC "Investment Company "ITInvest"	4	4
OLMA Investment Firm	5	5
Brokercreditservice Ltd.	6	6
Metallinvestbank OJSCo SKB	7	9
Investment Company FINAM CJSC	8	7
Infina Investment Company JSC	9	13
KIT Finance Ltd.	10	11

### Top 5 RTS Stock Market Best Sellers: September 2010

Company Name	Trading Volume : USD	Share in RTS : %
Sberbank, ordinary	6,513,197,665	59.14%
Gazprom, ordinary	1,961,924,850	17.81%
OAO "LUKOIL", ordinary	568,710,959	5.16%
Sberbank, privileged	474,856,335	4.31%
OJSC "OC "Rosneft", ordinary	459,801,192	4.17%

## FORTS Trading results: October 2010

The total trading volume of commodities contracts on OJSC RTS futures market totalled USD 74.2 billion. The number of commodities market participants on FORTS consisted of 3,360 traders/firms.

### Rating of FORTS Clearing members by trading volume in the commodities market in October 2010

Clearing member	Rating position (October 2010)	Rating position (September 2010)
Solid	1	1
OTKRITIE Brokerage house JSC	2	2
Troika Dialog	3	5
Brokercreditservice Ltd.	4	3
Investment Company FINAM CJSC	5	7
KIT Finance Ltd.	6	4
VTB 24 (JSC)	7	10
ALFA-BANK	8	9
JSC "Investment Company "ITInvest"	9	6
Absolut Bank (ZAO)	10	-

**Agroindustry** In October 2010 the trading volume in futures contracts on sugar exceeded RUB74.5 million.

Underlying asset	Trading volume (tons)	Trading volume (RUB)
Sugar (deliverable)	325	8,000,000
Raw Sugar (cash-settled) trading from October 25, 2010	3,393	66,500,000
Total in OJSC RTS agricultural products market	3,718	69,500,000

**Precious metals** In October 2010 the trading volume in futures and option contracts on precious metals exceeded RUB42.3 billion.

Metal	Trading volume (ounces)	Trading volume (billion RUB)
Gold	847,029	34.58
Silver	9,994,200	7.09
Platinum	12, 878	0.67
Palladium	550	0.009
Total in OJSC RTS precious metals market	10,854,657	42.36

**Oil** In October 2010, trading volume in futures contracts on oil and oil products exceeded RUB31.6 billion.

Underlying asset	Trading volume (million barrels)	Trading volume (billion RUB)
Brent Oil	12.5	31.6
Urals Oil	0.01	0.02
Total in OJSC RTS oil market	12.51	31.62

### Joint projects of RTS Group and exchanges partners

**Oil products** Futures market of Saint Petersburg Stock Exchange In October 2010, trading volume on gasoil exceeded RUB245 million.

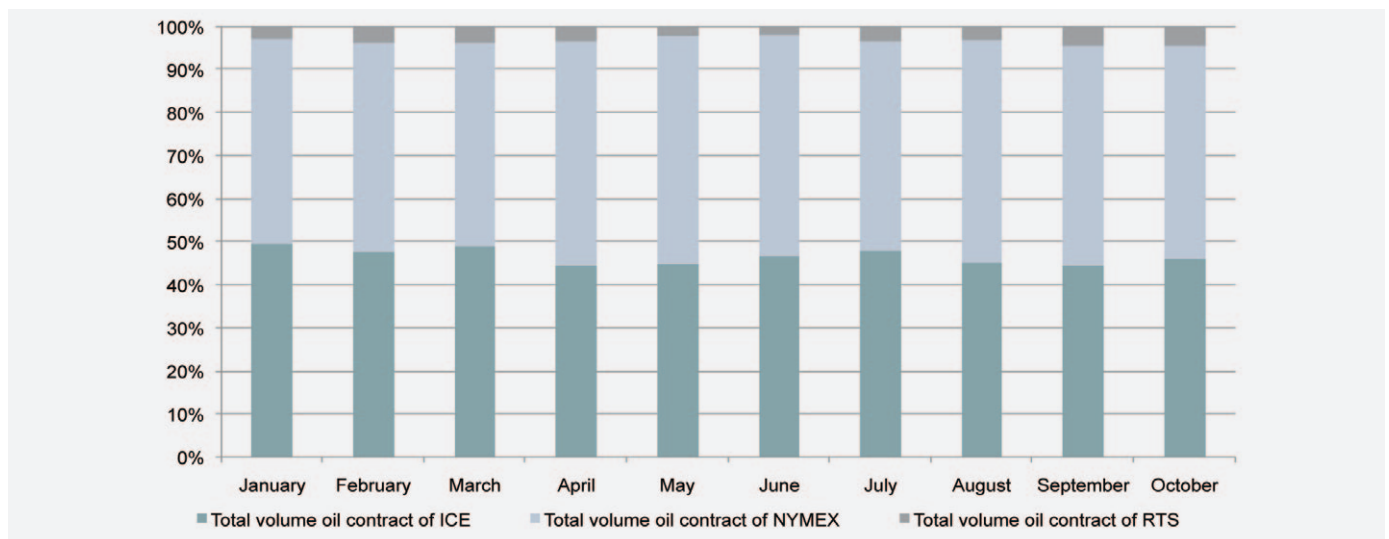
Underlying asset	Trading volume (tons)	Trading volume (million RUB)
Gasoil	14.233	245.7
Total in oil products market	14.233	245.7

**Power** Futures contracts on the average power price index traded at OJSC Moscow Energy Exchange:

Underlying asset	Trading volume (MWh)	Trading volume (million RUB)
Average power price index	720,591	295.9
Total in power market	720,591	295.9

## Trading volume in Brent oil futures contract on the RTS Stock Exchange, NYMEX and ICE

Month	Total volume oil contract of ICE	Total volume oil contract of NYMEX	Total volume oil contract of RTS
January	10,750,529	10,311,101	614,330
February	11,996,840	12,206,422	917,122
March	13,250,801	12,729,851	1,031,628
April	14,494,634	16,794,099	1,104,380
May	14,381,494	16,880,071	665,221
June	12,696,948	13,955,339	535,069
July	10,777,954	10,914,274	747,484
August	12,760,094	14,573,136	919,403
September	14,114,688	16,101,645	1,352,083
October	12,888,609	13,730,175	1,246,708

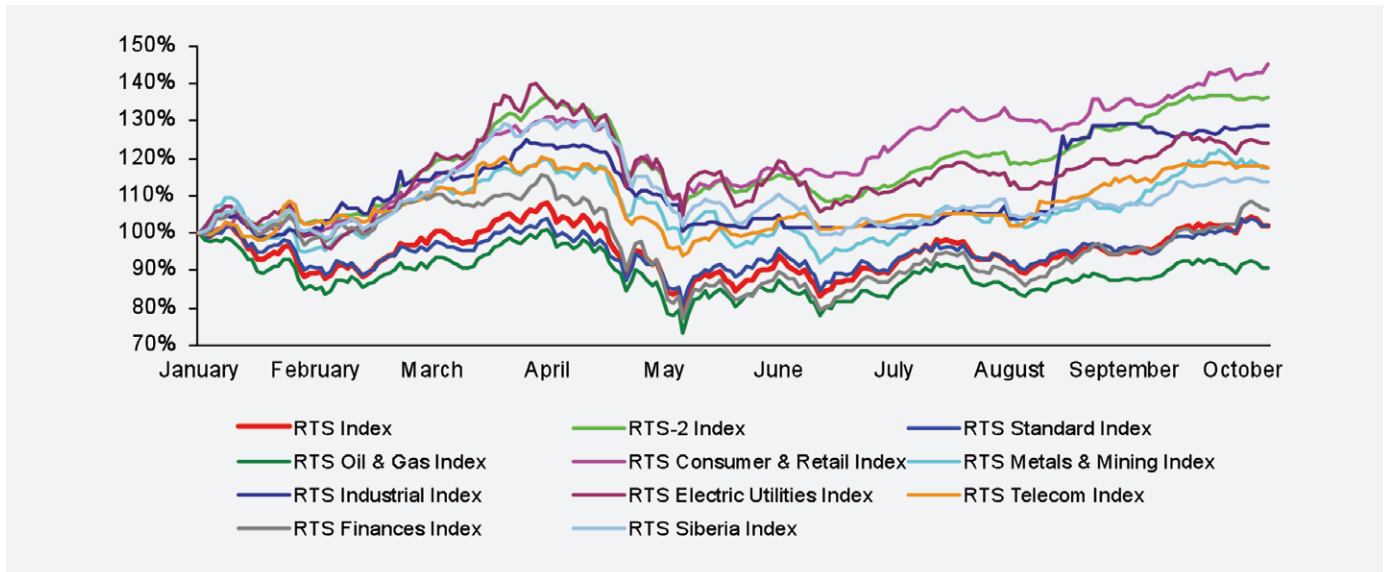


## RTS Indices

### RTS Indices performance

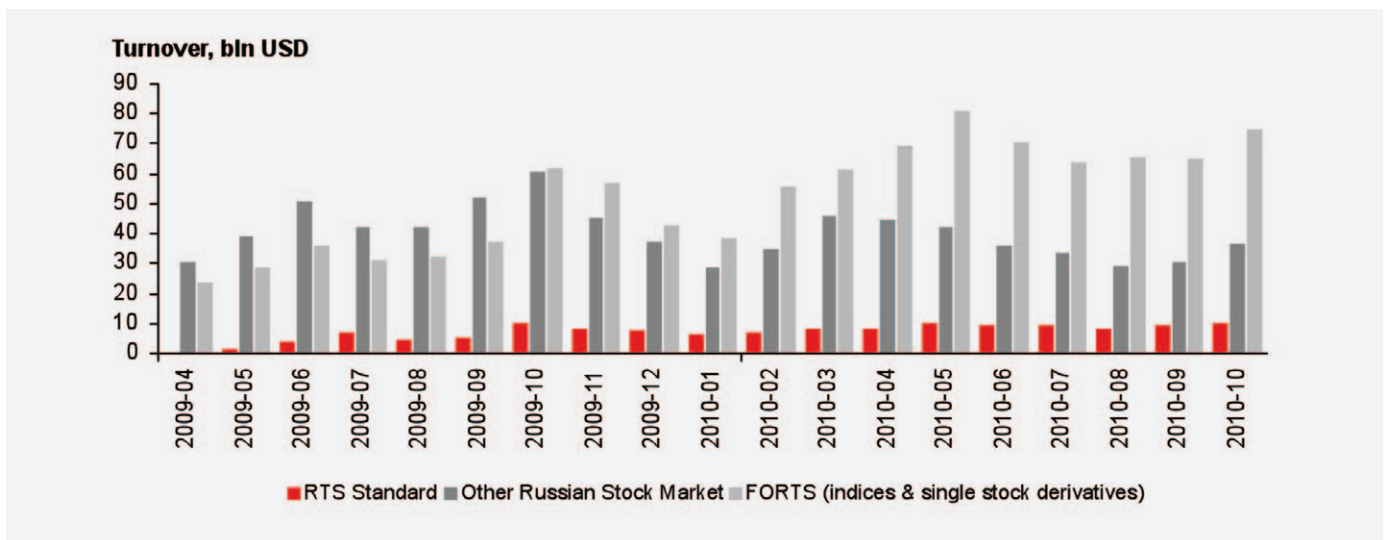
Index	28.10.2010	Returns, %			
		Month	3 Month	YTD	1 Year
<b>Composite</b>					
RTS Index (RTSI)	1,583.44	5.0%	7.0%	9.6%	17.4%
RTS Standard Index (RTSSTD)	10,354.33	5.9%	7.3%	8.2%	19.7%
RTS-2 Index (RTS2)	1,991.81	2.0%	15.8%	39.6%	54.1%
<b>Sectoral</b>					
RTS Metals & Mining Index (RTSmm)	289.19	3.7%	14.0%	26.3%	34.6%
RTS Oil & Gas Index (RTSog)	181.34	2.2%	1.1%	-2.5%	0.2%
RTS Consumer & Retail Index (RTScr)	357.46	7.5%	13.7%	48.1%	66.9%
RTS Industrial Index (RTSin)	174.35	1.3%	25.4%	29.1%	26.4%
RTS Telecom Index (RTStl)	229.41	0.3%	12.7%	20.5%	38.9%
RTS Finances Index (RTSfn)	411.72	10.1%	16.1%	11.4%	21.9%
RTS Electric Utilities Index (RTSeu)	264.95	1.4%	8.3%	29.7%	34.3%
<b>Regional</b>					
RTS Siberia Index (RTSSIB)	891.82	3.4%	10.5%	18.5%	30.4%

## RTS Indices historical performance (YTD 2010)



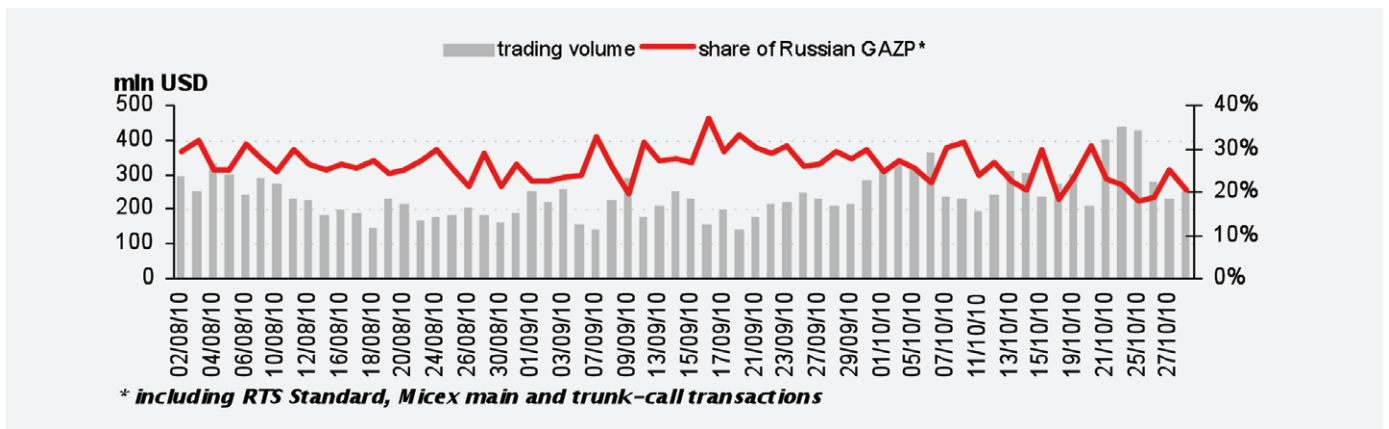
## RTS Markets

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

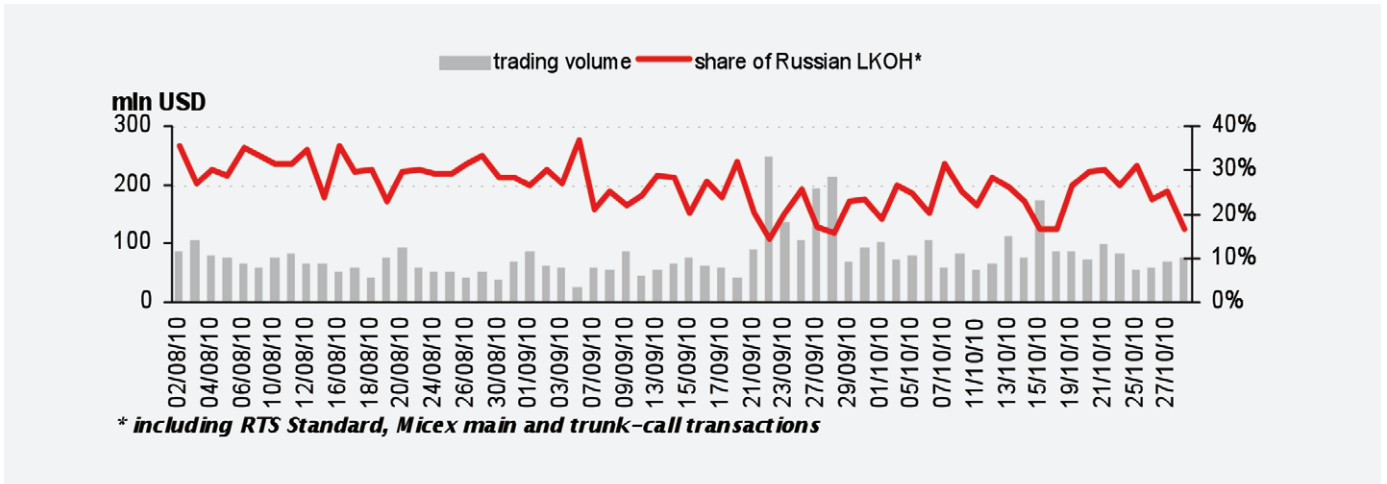


## RTS Stock Markets (RTS Standard)

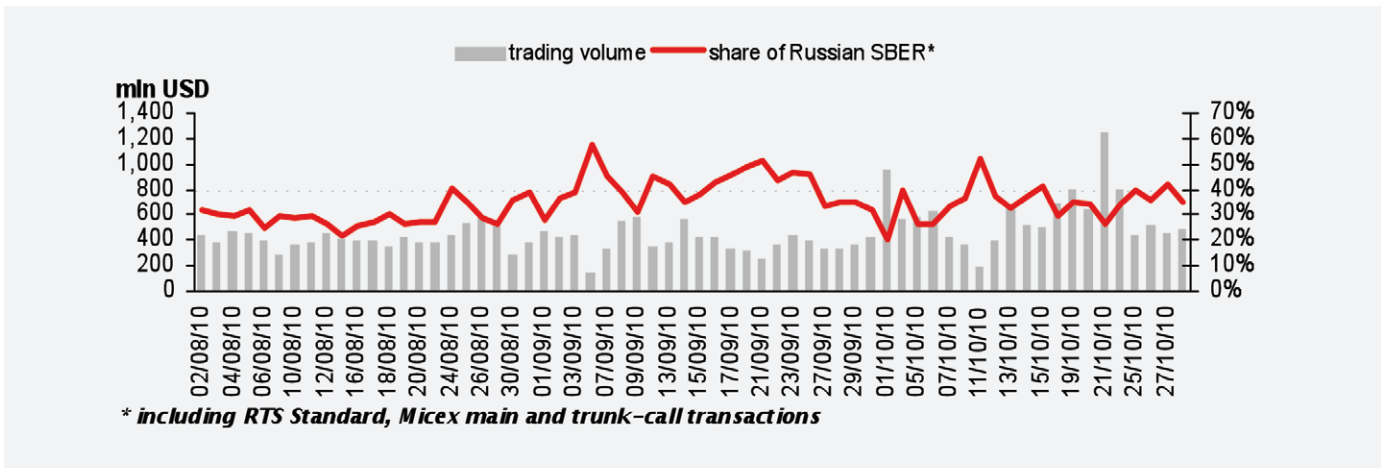
### RTS Blue chips volume. GAZPROM: August-October 2010



## RTS Blue chips volume. LUKOIL: August-October 2010

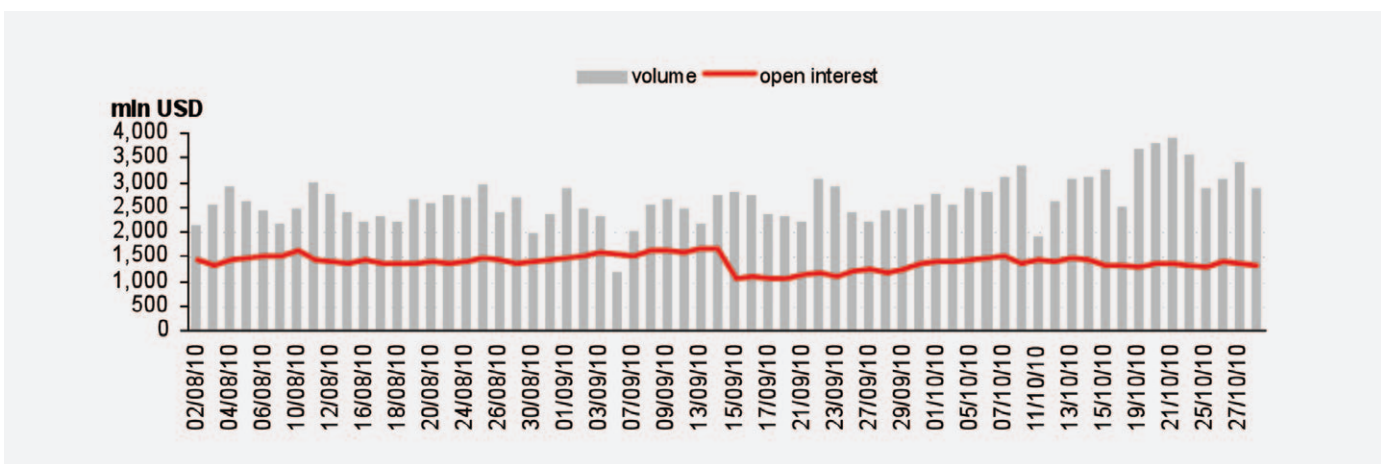


## RTS Blue chips volume. SBERBANK: August-October 2010

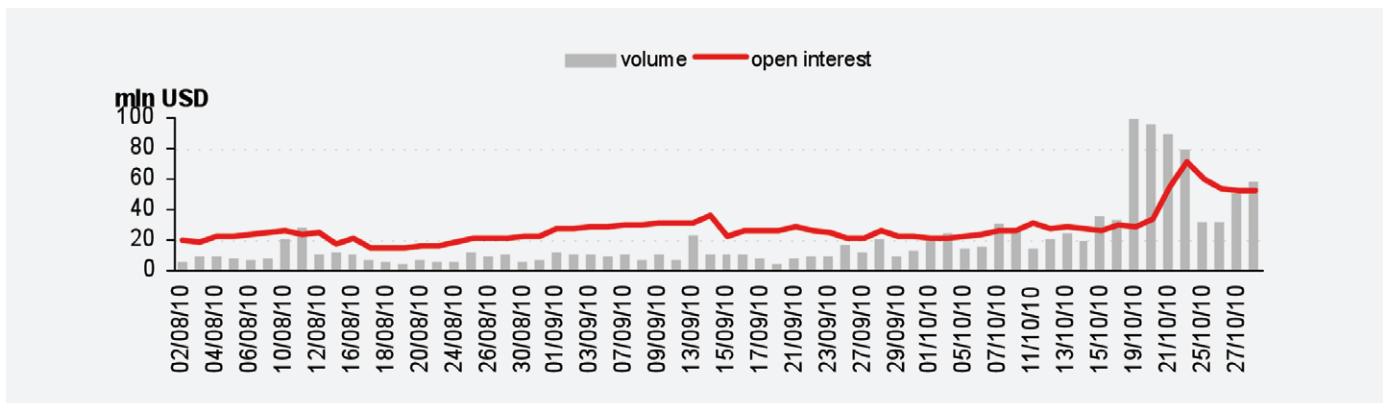


## Futures and Options market (FORTS)

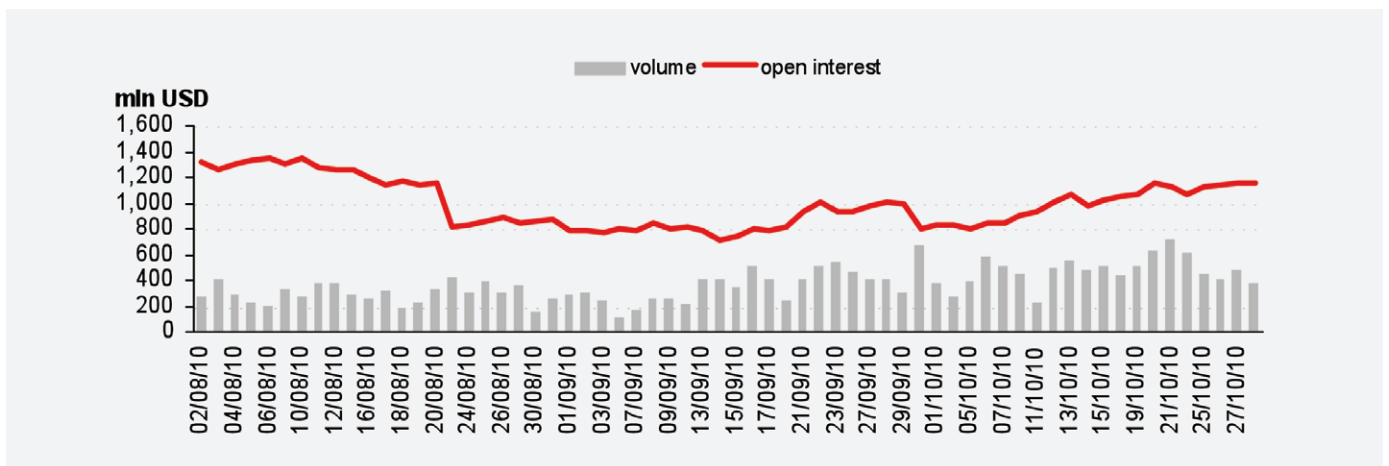
### RTS Index futures: August-October 2010



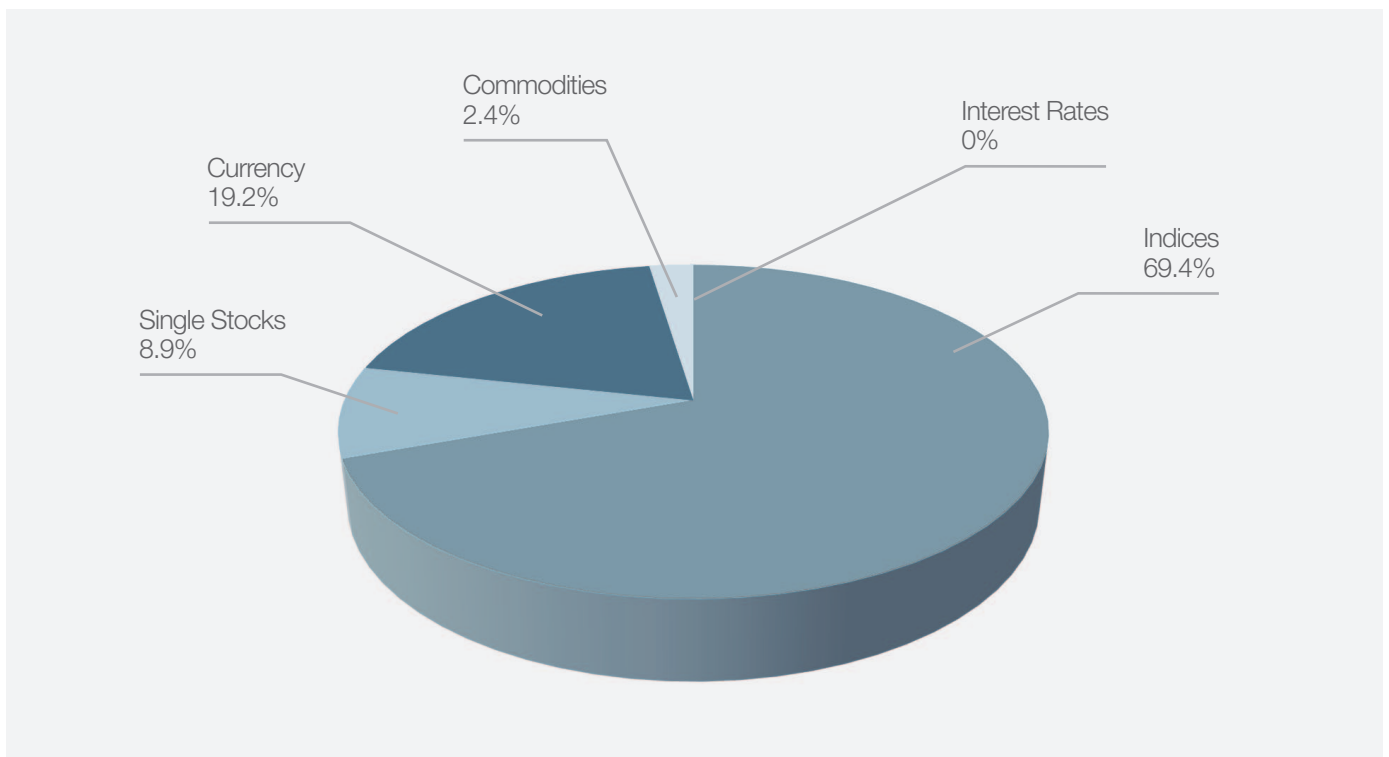
**RTS Standard Index futures: August-October 2010**



**USD/RUB rate futures: August-October 2010**



**RTS Blue chip volume. GAZPROM: August-October 2010**



## Development of the Russian markets with an electronic trading perspective

Renaissance Capital, a member of the RTS exchange since 1995, is a leading investment bank focused on the emerging markets of Russia, Ukraine, Kazakhstan and sub-Saharan Africa, and operates the No.1 Russian sales and trading business. RTS MARKETS has had the pleasure of discussing the work of Renaissance Capital

on the Russian market, the challenges that Western investors face and the prospects of business development with:

### Michael Smith

Head of Sales, Electronic Trading Group, Renaissance Capital.

**RTS Markets (RM):** What is your assessment of the dynamics of the Russian market?

**Michael Smith (MS):** In 12 of the past 15 years, Russia's equity market has either been among the best five or worst five performing markets globally. Since the 2008 global credit crisis, Russia's economy has changed from 8% growth in 2007, to 8% contraction in 2009 to a likely 4% growth in 2010. This is by far the largest fluctuation in growth amongst large economies globally.

compared to the pioneers in automated trading in the US for example.

**RM:** Is there a demand for automation in the Russian market?

**MS:** Over the last year the latency game in Russia has been coming into play. We have seen strong requirements from clients looking for sponsored access offerings, co-location and other essential requirements for low-latency / high frequency trading. Whilst as a broker we see this as positive move, we also recognise that this automation in the



Michael Smith

Figure 2: Russia, from top five, to bottom five. And back again.

	1996	1997	1998	1999	2000	2001	2002
1	China A: 250	Russia: 100	Korea: 98	Turkey: 247	China B: 136	China B: 74	Pakistan: 122
2	China B: 205	Turkey: 87	Finland: 95	Russia: 153	China A: 58	China A: 65	Czech Republic: 40
3	Russia: 139	Panama: 59	Greece: 94	Finland: 150	Costa Rica: 33	Russia: 35	Indonesia: 38
4	Budapest: 133	Hungary: 54	Costa Rica: 86	Cyprus: 123	Nasdaq: 25	Costa Rica: 11	Russia: 33
5	Venezuela: 98	Mexico: 52	Nasdaq: 81	Nasdaq: 97	Dow: 20	Austria: 0.5	Hungary: 28
-1	Tel Aviv: (4)	Philippines: (61)	China A: (45)	Austria: (8)	Thai: (52)	Nasdaq: (46)	Philippines: (30)
-2	Chile: (16)	Malaysia: (65)	China B: (49)	Switzerland: (9)	Indonesia: (55)	Brazil: (51)	Israel: (31)
-3	Nikkei: (16)	Korea: (70)	Venezuela: (50)	Ireland: (14)	Korea: (56)	Cyprus: (54)	Brazil: (33)
-4	Korea: (32)	Jakarta: (72)	Turkey: (52)	Panama: (16)	Cyprus: (68)	Finland: (56)	Turkey: (36)
-5	Thailand: (36)	Thailand: (76)	Russia: (85)	Belgium: (18)	Nasdaq: (82)	Turkey: (64)	Argentina: (50)
	2003	2004	2005	2006	2007	2008	2009
1	Thailand: 134	Colombia: 125	Egypt: 167	Russia: 65	China: 179	Ghana 20	Brazil 132
2	Turkey: 122	Egypt: 118	Colombia: 102	China: 58	Ukraine: 135	Tunisia 3	Russia 110
3	Brazil: 102	Hungary: 87	Russia: 83	Venezuela: 58	Slovenia: 96	Venezuela (7)	Singapore 109
4	Argentina: 98	Czech Republic: 76	Czech: 65	Argentina: 57	Croatia: 80	Morocco (17)	Ukraine 99
5	Russia: 70	Austria: 69	Turkey: 64	Peru: 53	Brazil: 72	Slovakia (23)	Sri Lanka 89
-1	United Kingdom: 27	Russia: 4	Venezuela: (28)	Thailand: (3.2)	Estonia: (4.2)	Vietnam (69)	Kenya (9)
-2	US: 26	Finland: 3	Ireland: (10)	Korea: (1.3)	Japan: (5.3)	Russia (72)	Kuwait (14)
-3	Netherlands: 24	Peru: (0.1)	Portugal: (9.49)	Turkey: (5.5)	Sri Lanka: (7)	Serbia (80)	Slovakia (17)
-4	Malaysia: 23	China: (0.2)	Taiwan: (9.45)	Israel: (5.9)	Ireland: (18)	Bulgaria (80)	Bahrain (21)
-5	Finland: 16	Thailand: (4)	Spain: (3.7)	New Zealand: (5.8)	Venezuela: (27)	Ukraine (84)	Nigeria (37)

Source: Bloomberg

**RM:** What does this volatility mean to investors?

**MS:** This excessive volatility in both the markets and the economy is a destabilising factor for long-term / long-only investors and is one of the reasons for the historic discount of equity assets to global emerging market peers. On the other hand, this excessive volatility environment is proving to be attractive for systematic / high frequency traders to the Russian markets.

**RM:** What are the dynamics of the markets that make Russia different from the Western markets?

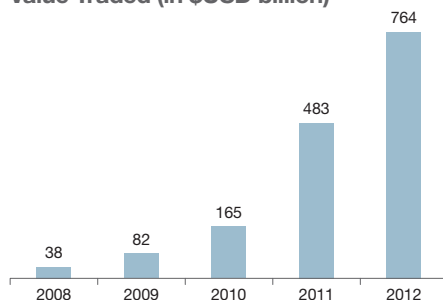
**MS:** Russia, domestically with a 140m population and a relatively immature asset management industry also has a significant retail community trading on the market. Many of the retail investors are effectively day-traders, today increasingly using automated strategies. Locally we note that these firms are consolidating assets and resources and are trying to institutionalise their businesses. Due to the time zone location, these traders are not just focused on the local markets, but trading US and Asian securities is both practicable and achievable. This is a very different path

market is having large implications on the domestic investment community.

**RM:** Do you expect electronic trading from institutional investors to further develop?

**MS:** Absolutely. With the recent advancements in technologies undertaken by the RTS Exchange and active development of the market access platforms from the brokers' side we expect a strong increase in the levels of institutional trading electronically in Russia. In fact, in the recent report TABB Group estimates that while domestic and foreign institutional electronic trading is less than

### Average Daily Russian Equity Electronic Value Traded (in \$USD billion)



Source: TABB Group estimates

3% of Russian equity markets today, it will climb to over 10% by year-end 2011. We have seen the focus on both the Russian cash and derivatives markets increasing this year, as investors are looking for trading opportunities and finding that a number of the western markets do not have the volatility or liquidity to support their strategies.

**RM:** How would you assess the role of the RTS Stock Exchange in raising liquidity in the Russian market?

**MS:** With the RTS index being one of the most heavily traded index instruments globally, a Brent crude futures contract offering arbitrage strategies with ICE and the CME and the single stock futures being used as a hedge against the underlying, the RTS exchange has the core fundamentals to provide liquidity not just to investment firms but also to specialist derivative and commodity trading houses. We believe that the combined efforts from the sell-side and the RTS exchange in accommodating foreign investors and facilitating a more diverse set of strategies will significantly increase market liquidity will drive down the spreads which will be obviously beneficial for the whole market. Renaissance Capital has developed a comprehensive electronic trading offering that ensures efficient market access for various international buy- and sell-side firms in the way most familiar to those clients – facing an EU regulated entity and using FIX connectivity. More than that, Renaissance Capital is delighted to be working with the RTS exchange in promoting and developing products for international investors.

## Contacts

Your comments are important to us.

Please e-mail your comments or suggestions to the newsletter editor Rufina Baybulatova at [rufina@rts.ru](mailto:rufina@rts.ru)

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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 roubles, 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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