

MOEX – Moscow Exchange Q1 2013 IFRS Results Conference Call

Event Date: 31 May 2013

SUMMARY: MOEX delivered strong year-on-year growth and margin expansion. Assets in custody increased to RUB 17.3 trn as of March 31, 2013 from RUB 11.9 trn as of December 31, 2012. EBITDA was up 12.3% YoY to RUB 3.86 bln; EBITDA margin increased to 70.0% from 67.7% in Q1 2012. Q&A focus: Euroclear impact and outlook for Euroclearability of equities, volumes forecast, cash balance of Company, tariffs.

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OPERATOR

Thank you for standing by and welcome to the Moscow Exchange first quarter 2013 IFRS results conference call. At this time, all participants are in a listen-only mode. There will be a presentation followed by a question and answer session at which time, if you wish to ask a question, you will need to press *1 on your telephone keypad. I must advise you that this call is being recorded today on Friday, 31st of May, 2013. Let me hand the call over to your first speaker today, Andrey Braginskiy, please go ahead, sir.

**ANDREY BRAGINSKIY – MD
*Communications, Moscow Exchange***

Good evening everyone and thank you for joining us today to discuss Moscow Exchange's first quarter 2013 results. On the line now is Evgeny Fetisov, the Chief Financial Officer and other members of the management team. After prepared remarks, we will open up for Q&A. The press release and the presentations are available on the exchange website. Some of the information in today's call may contain projections or other forward looking statements regarding future events or the future financial performance of the exchange. The exchange does not intend to update these statements to reflect events occurring after the date of the call prior to the next conference call.

With this, I'll turn the call over to Evgeny.

EVGENY FETISOV – CFO, Moscow Exchange

Thank you, Andrey. Good morning or good afternoon everyone and thank you for joining us today on this call to discuss Moscow Exchange First quarter 2013 earnings results. I will characterise Moscow Exchange first quarter results from both the operational and financial levels.

These results are to the large extent attributable to the diversification of the business we achieved through the merger between MICEX and RTS and proved the success of the market infrastructure consolidation strategy approved by our shareholders.

First, I would like to provide key corporate highlights of the quarter results and then go into more detail of the personnel and financial highlights. Moscow Exchange started the first quarter with a successful IPO raising 15 billion roubles on it's own trading platform. The largest IPO of the Exchange sector since 2007. It also proved that sizeable Russian offerings can be successfully executed locally on the Moscow Exchange.

Before the offering Moscow Exchange announced a dividend policy returning a large proportion of profits to shareholders. We are following through on our commitment to shareholders and recently recommended to the upcoming AGM a

dividend payment for 2012 of 35.4% of net profit.

In the first quarter we have introduced a central counterparty in the repo market starting from February 2013 – National Clearing Centre is the central counterparty for all organised markets of Moscow Exchange.

The most expected event in the first quarter was the launch of T+2 settlement that was introduced on March 25th that brings our infrastructure in line with international best practice. The transition to T+2 settlement is one of many initiatives designed to make trading in Moscow Exchange easier and bring it in line with investor expectations.

Among other important changes are Euroclear and Clearstream opening nominee accounts with National Securities Depository, a Moscow Exchange subsidiary and providing certain services for government bonds (OFZ) transactions starting from the first quarter of 2013. This generated a significant increase in trading volumes in these instruments and confirmed that the National Securities Depository complies with SEC rule 17F7.

In the first quarter Moscow Exchange's presence in London was expanded and the exchange grew its international sales team.

If we turn over to the presentation, on page 3, Group Financial Results, I will start by reviewing our first quarter financial performance relative to the prior year first and fourth quarters.

When we look at the first quarter we can see that the revenues grew 9% year on year or -2% quarter on quarter to 5.52 billion Roubles. Expenses remained almost the same, being equal to 2.07 billion Roubles compared with Q1 2012 plus 0.6% year on year and decreased by 27% versus fourth quarter 2012. Net income grew 21% year on year, plus 44% quarter on quarter to 2.56 billion Roubles.

Moscow Exchange's resilient business model again proved itself and supported the growth. Lower income from securities was offset by strong growth in other markets: derivatives, FX and REPO.

For your convenience the next slides will have information on fees and commissions and trading volumes in different market segments to show greater detail in comparing Q1 2013 with Q4 2012 and Q1 2012.

The reason we compare Q1 2013 with Q1 2012 is the seasonality of the exchange business. Q1 is seasonally weaker due to the long Christmas holidays in Russia.

Please note that the management accounts may have differences to IFRS on the scale of up to 2% on fees and commission and total revenues.

On the page Operating Income Breakdown. The diversified revenue base resulted in 13% year on year growth to 5.6 billion Roubles of revenues with fee and commission income growing 11% year on year to 2.6 billion Roubles and the interest

income growing 13% to 2.7 billion Roubles.

The fall in securities market fees and commission by 18% to 731 million Roubles in Q1 2013 was offset by 24% growth on derivatives market to 347 million Roubles, 8% growth on FX to 489 million Roubles and 101% growth on money market to 498 million Roubles.

Following to the next page of Interest Income. The interest income growth of 13% year on year to 2.7 billion Roubles was driven by the increase of the investment portfolio by 24% year on year to 300 billion Roubles as well as the increase of the Rouble interest rates, MosPrime overnight rate increase from 5.1% in Q1 2012 to 5.9% in Q1 2013.

The growth of spread between the benchmark rate and the effective rate which we achieved was due to the change in the structure of the client balances. The share of the Rouble balances decreased from 66% to 57%.

On the next page, Securities Market. Equity Trading Bonds faced headwinds globally with the trading volumes falling in Q1 2013 on many major exchanges. The securities trading on Moscow Exchange decreased by 7% year on year to 5.9 trillion Roubles. Nevertheless, Moscow Exchange is in top-10 in Europe in equity trading volumes and in top-5 in Bond Trading Volumes.

Equity trading volumes decreased by 48% year on year to 2 trillion Roubles partially due to the ceased development of RTS standard while bond trading volumes increased by

53% year on year to 3.9 trillion Roubles.

In Q1 2013 season commissions from equity trading fell by 40% to 356 million Roubles compared to Q1 2012. Fees and commissions from bonds trading grew by 23% year on year to 320 million Roubles.

Highest share of bond trading resulted in this steeper decline in securities market fees and commission income, as effective bond trading fee rate are up to 77% lower than effective rate on equities.

The results of the T+2 launch on March 25th and its impact on the growth of the trading volumes are to be seen in the second half of 2013. As of now we can say that we are content with the T+2 volume dynamics.

Derivatives Market. Derivatives market trading volumes in Q1 2013 increased by 22% to 263 million of contracts compared to Q1 2012. Derivatives market fee and commission income increased 24% year on year to 347 million Roubles.

The share of currency derivatives in total trading volumes grew from 29% in Q1 2012 to 42% in Q1 2013 while the share of indices derivatives fell from 40% to 27%.

Active client program stimulating market participants to attract new clients was implemented in Q1. Also the "Clash of the Titans" competition aimed to improve the quality of the order book for derivatives was launched in February 2013.

The new product, cash settled futures contract on Rouble overnight rate (RONIA) was launched in April 2013.

Money market. Tightening of the liquidity in the banking sector drove the growth of REPO volumes in Q1 2013 by 31% year on year to 38.8 trillion roubles. Money Market fee and commission income increased 101% to 498 million Roubles compared to Q1 2012. The first stage of REPO with the central counterparty was launched in February 2013 for the government bonds segment. The number of participants in May increased to 84 and the average monthly volume in February-May reached 1.6 billion Roubles.

The share of REPO with central bank total volume was above 60% in line with 60-70% share since Q2 2012.

FX Market. In Q1 2013 FX trading volumes grew 10% year on year to 28 trillion Roubles. The decrease in spot trading volumes due to the lower volatility of the exchange rates was offset by the increase in FX swap trading volumes.

In Q1 2013 FX market fees and commissions increased by 8% to 489 million Roubles compared with Q1 2012.

NSD. The CSD status obtained by National Securities Depository in November 2012 facilitated rapid growth of assets under custody which grew 19% to 14.2 trillion Roubles quarter on quarter.

The fees and commissions from depository services in Q1 2013

increased by 13% year on year to 535 million Roubles. Inventory operations fees decreased 23% to 79 million Roubles, actually in line with lower securities trading volumes. Securities safekeeping fees grew 21% to 353 million Roubles due to the growth of assets under custody.

National Securities Depository became fully operational as the CSD on April 1st 2013. Both Euroclear and Clearstream opened nominee accounts in NSD and started providing settlement services for OFZ transactions.

In the first quarter of 2013 the majority of assets was transferred for safe keeping from registrars to the Central Securities Depository. This centralization supports forthcoming equity placements of Russian companies privatised on the Moscow Exchange.

As for the other income. In Q1 2013, other income grew by 24% year on year to 328 million Roubles with major support from technology services sales, 15% growth to 128 million Roubles, information sales, 26% growth to 118 million Roubles and commodities market to 60 million Roubles.

Expenses in Q1 this year increased by 0.6% year on year and decreased 27% quarter on quarter with increase in personnel expenses of 23%. Significant savings came from lower spending on rent and office maintenance, -49% and market making fees, -52%.

CAPEX. Maintenance CAPEX is planned at 800 million Roubles and additional spending of about 300 million Roubles is allocated for the new data centre and for the new trading platform development.

Dividends. On May 14th this year the Supervisory Board decided to recommend the AGM of Moscow Exchange shareholders to pay dividends for 2012 in the amount of 1 Rouble 22 kopecks per ordinary share.

The total amount recommended to be paid out in dividends is 2.9 billion Roubles or 35.4% of the consolidated net profit of Moscow Exchange under IFRS.

Quasi treasury shares. 6.64% of Moscow Exchange shares are quasi-treasury shares owned by MICEX Finance, our wholly owned subsidiary. 2.44% of Moscow Exchange shares are reserved for employee options programme and the remaining 4.2% were acquired before and after the IPO.

Moscow Exchange supervisory board approved cancellation of these shares. The details of the transaction would be determined in Q3 this year.

Key projects. In the first quarter of 2013 we launched key projects determining the future developed of the financial market infrastructure T+2, fully functioning CSD and REPO with CCP.

The first results of these projects are successful. Euroclear and Clearstream started operations with government bonds (OFZ) and transfer of assets

from registrars to CSD was for the most part finished by the end of the first quarter 2013.

REPO with Central Counterparty was launched in February and by now 84 market participants made REPO transactions with CCP clearing.

On T+2, the next stage of T+2 projects will start on July 8th this year when we plan to have up to 50 stocks plus OFZs on T+2 settlement and to provide additional services related to collateral management and settlement.

T+2 and T0 will have a parallel run until September this year when T0 will be phased out completely.

We believe that full migration to T+2 settlement will have a positive effect on securities trading volumes.

Since the start, T+2 daily trading volumes have averaged 6.5% of total main market turnover with 1.8 billion Roubles of daily trading volumes.

Thank you for your attention, I welcome any questions that you may have.

OPERATOR

Thank you very much. If you wish to ask a question or make a comment on today's call, please press *1 on your telephone keypad and wait for your name to be announced. If you wish to cancel your request, please press the # key. Once again, it's *1 to ask a question. Your first question comes

from Alex Kantarovich of JP Morgan.
Please ask your question.

ALEX KANTAROVICH – Analyst, JP Morgan

Thank you. My first question is on interest income. It is somewhat counterintuitive that interest income fell sequentially from Q4 whereas cash balances and the total size of the securities portfolio has increased, if we can get some colour on this dynamic please?

EVGENY FETISOV – CFO, Moscow Exchange

Sure, the reason for that decrease is that the majority of increase in the client balances came from the FX market, which means that the increase came in either US dollars or Euros and the effective rate which we were able to realise is effectively lower. So the composition of the client balances affects the effective interest rate as a result.

ALEX KANTAROVICH – Analyst, JP Morgan

Thanks, clear on that. Second question is on the broader regulatory environment and this is related to the Intention Investment Rules obviously has implications for volumes, if you can give us any update on where the government stands on that “Only positive returns” rules. Would you expect it to go away in a couple of months’ time?

EVGENY FETISOV – CFO, Moscow Exchange

I will ask our Senior Vice President to take this question.

SENIOR VICE PRESIDENT, Moscow Exchange

The expectation stays the same. So nothing new has happened since then but this month is going to be, the coming month there will be a big meeting with the president where all the details of the pension fund and the IFC group and after that we expect that the voting will take place very soon about all the changes in the pension system which are required for pension funds to buy freely on the equity market.

ALEX KANTAROVICH – Analyst, JP Morgan

Thank you. Did you say in the coming month, in a month’s time or several months’ time? I couldn’t hear you.

SENIOR VICE PRESIDENT, Moscow Exchange

It was supposed to be in May but I guess it’s going to happen over the next couple of weeks before the Parliament goes for the holiday season.

ALEX KANTAROVICH – Analyst, JP Morgan

Right, right. Also if you look at the sequential volume progression, volumes fell in equities and in bonds as well as in REPO transactions, obviously seasonality could have played a role but I want to confirm this and how things are developing in the second quarter.

EVGENY FETISOV – CFO, Moscow Exchange

Could you repeat the first part of the question, we had a dead line.

ALEX KANTAROVICH – Analyst, JP Morgan

Volumes declined in Q1 from Q4 in Money Market as well as in bonds and stocks and I would like to understand the extent of the seasonality in this dynamic and also an update in what you see in recent periods.

EVGENY FETISOV – CFO, Moscow Exchange

We believe this is a purely seasonal factor as we have mentioned to you in our presentation on all of the markets. If you look at the April trading statistics you will see a strong pick up in all of the markets across the board so Q2 should be much stronger than Q1 in terms of the trading volumes, as it usually is.

ALEX KANTAROVICH – Analyst, JP Morgan

Okay, I understand. And any update on the annual guidance please? Earnings? Financials?

EVGENY FETISOV – CFO, Moscow Exchange

As usual we don't provide guidance on revenues but we can say that we expect that the expenses will, the personnel expenses will stay flat year on year with overall expense base staying under inflation levels, so 6 to 7%. The key items to watch for, expenses would be market maker spending, to support the growth the development of the new products and VAT spending, so taxes.

ALEX KANTAROVICH – Analyst, JP Morgan

Right, and anything on the bottom line?

EVGENY FETISOV – CFO, Moscow Exchange

Alex, we don't provide guidance on the bottom line since we don't give you guidance on revenues.

ALEX KANTAROVICH – Analyst, JP Morgan

Okay, I understand. Fair enough, thank you very much.

EVGENY FETISOV – CFO, Moscow Exchange

Thank you.

OPERATOR

Your next question comes from Mikhail Shlemov of VTB Capital. Your line is open.

MIKHAIL SHLEMOV – Analyst, VTB Capital

Good evening. Actually, I have a question on the earlier results of the T+2 introduction and results which you are showing. Apparently T+2 already accounts for approximately 6% of volumes, could you please give any guidance what trends you are seeing in terms of the collateral with underlying equity side. Have you seen a similar debt line in the collateral following the shift over to T+2 and if you have since then developed any expectations on those?

EVGENY FETISOV – CFO, Moscow Exchange

What we have seen with the introduction of T+2 on the balances side. We saw the increase in the client balances on the equities market, on FX market and on derivatives market. So as of now, it is difficult to say if there is any negative effect on the balances from the introduction of T+2. We believe the proper results should be seen in the second half of 2013 when we will phase out T0 settlement.

MIKHAIL SHLEMOV – Analyst, VTB Capital

Okay, thank you. And just like, sort of a related question on the equities, just like some cross reach from the fixed income side. Obviously the fixed income commissions have been down significantly because of the Clearstream and Euroclear being admitted. Do you think that we should expect quite similar effects of the equities starting from next year when they would be admitted to this segment.

EVGENY FETISOV – CFO, Moscow Exchange

As far as I am aware we have an increase in the bonds commissions. The effective commission that May went down is due to the increase in the trading volumes. We do have certain caps on fees on the fixed income markets. So whenever we have a substantial growth in the trading volumes, the effective rate goes down but the result of the Euroclear and Clearstream coming to the market actually led to a substantial increase of trading volumes.

MIKHAIL SHLEMOV – Analyst, VTB Capital

Okay, thank you again.

OPERATOR

Your next question comes from the line of Elena Tsareva of Sberbank, please ask a question.

**ELENA TSAREVA – Analyst,
Sberbank**

Good evening, I have a question on Clearstream. So what is the exact timing Clearstream started to be active and what influence have you seen on the volumes and what are your expectations for the next quarter and going forward. Thank you.

**EVGENY FETISOV – CFO, Moscow
Exchange**

The Clearstream and Euroclear have opened their accounts in February and December last year, the February this year and December last year and we can get the exact dates later on. What we have seen is that on the trading volume side, the growth has been about 50% quarter on quarter and if you bear with me a second I'll give you the exact number – and about 21% of the balances of OFZ are now held with Euroclear and Clearstream.

**ELENA TSAREVA – Analyst,
Sberbank**

And what's your expectation?

**EVGENY FETISOV – CFO, Moscow
Exchange**

It has stayed flat for the last five to six weeks, so it is stabilised at this level. We saw the growth in trading volumes over the last three quarters following the announcement of Euroclear and Clearstream. We don't give guidance on the trading volumes but what we can say is that there has been an announcement that we will start working with municipal bonds as of today.

**ELENA TSAREVA – Analyst,
Sberbank**

Thank you.

OPERATOR

As a reminder, if you wish to ask a question, please press *1 on your telephone keypad. Your next question comes from the line Dmitry Trembolovsky of Goldman Sachs. Please ask you question.

**DMITRY TREMBOVOLSKY – Analyst,
Goldman Sachs**

Hi Evgeny, it's Dmitry. Just a couple of questions. On the market participants balances, there was a pretty substantial increase in the first quarter, I think around 30%, could you explain that given that the volumes have actually been done. I mean people brought more money to the stock exchange.

EVGENY FETISOV – CFO, Moscow Exchange

The increase in client balances comes from various markets. We have an increase on the derivatives side which is explained by the larger volumes with open positions that requires more initial margin to be placed with the exchange. We see more balances on the equities and fixed income market and this is support the trading volume [INDISCERNIBLE] and there are more balances coming into the FX market and this is also used to both straight spot and FX swaps which are used for liquidity management purposes. So we see this as a higher interest from the client side in the trading operations.

DMITRY TREMBOVOLSKY – Analyst, Goldman Sachs

Okay, so it looks like it is a sustainable thing or you think it can actually be getting lower as we progress in the year because April was very strong so I would assume that you know, balances have not gone down at least.

EVGENY FETISOV – CFO, Moscow Exchange

I can say that we have higher balances than we expected and we saw growth in April. They would eventually go down at some point in time although we cannot give accurate forecasts as this is not something that we can control.

DMITRY TREMBOVOLSKY – Analyst, Goldman Sachs

I see, okay, fine. Now could you also give us a bit more detail on the split of your investment portfolio because you previously actually had it in your presentation I think, in the fourth quarter you gave exactly how much was Rouble, how much was FX and in what instruments these have been placed. I think this disclosure has been removed from the presentation of the first quarter, so do you mind actually getting it back and if you could give us some colour now, that could also be helpful.

EVGENY FETISOV – CFO, Moscow Exchange

I don't have this information handy Dmitri but we will be happy to share it with you so we will post it.

DMITRY TREMBOVOLSKY – Analyst, Goldman Sachs

Okay, if you could actually, I'm not sure if my colleagues support me but I'm pretty sure that everyone would benefit if you keep including this in the presentation because as you've mentioned answering to Alex that you know, that influences a lot here, interest margin, so we would love to know what is your composition of your investment portfolio each quarter so that we could track it in the models if possible.

EVGENY FETISOV – CFO, Moscow Exchange

Sure. Sure, no problem.

DMITRY TREMBOVOLSKY – Analyst, Goldman Sachs

Okay, great. Now one other question that I wanted to ask you and we noticed that RONIA rates have actually gone up in the first two months of the second quarter, should we make [INDISCERNIBLE 0:28:32] for your margins because of that again next quarter?

EVGENY FETISOV – CFO, Moscow Exchange

Again, it has to do with the composition of the portfolio, depending on – it is not a straight forward modelling in terms of, if we have more money coming in from the FX market, the effect of the Rouble interest rate going up will not be seen – will not be translated into the P&L directly.

DMITRY TREMBOVOLSKY – Analyst, Goldman Sachs

Okay, but at least for the Rouble part of your investment portfolio, that definitely would play a positive role, for the Rouble part of your portfolio?

EVGENY FETISOV – CFO, Moscow Exchange

Yes, that's correct.

DMITRY TREMBOVOLSKY – Analyst, Goldman Sachs

Okay, cool. And one other question I wanted to ask you, you do have FX gains that you report from time to time and I presume this is mainly coming from the [INDISCERNIBLE 0:29:13] of the FX balances that you have. We had a pretty strong move in the Rouble so far in the second quarter, should be expect you to post pretty substantial gains again in the next quarter now?

EVGENY FETISOV – CFO, Moscow Exchange

We don't keep any open positions in foreign currency so I will get back to you in a minute in terms of what causes the translation gains or losses but we don't expect any substantial P&L effects from the FX rate movements.

DMITRY TREMBOVOLSKY – Analyst, Goldman Sachs

Okay, if possible that would be helpful because you actually posted a 160 million Rouble gain in the third quarter, 147 in the fourth and 180 in the first. So I just want to know if I need to model this on a recurring basis or that will die down. That was it from me, thank you very much.

EVGENY FETISOV – CFO, Moscow Exchange

Thank you.

OPERATOR

Your next question comes from the line of Andrey Pavlov-Rusinov of Sberbank. Please ask your question.

ANDREY PAVLOV-RUSINOV – Analyst, Sberbank CIB

Hello Evgeny, thanks a lot for the presentation. I've got a couple of questions, first maybe continuing from what Dmitri was asking, is the investment portfolio. We have seen that your cash balances with CBR has increased a lot during the quarter. Is this some one-off event or should we be expecting, did it cut into your investment deals somehow or...?

EVGENY FETISOV – CFO, Moscow Exchange

I'm sorry, do you mean the balances here in the Q1?

ANDREY PAVLOV-RUSINOV – Analyst, Sberbank CIB

Yeah, in Q1 there was quite a substantial in the cash balances with CBR, with Central Bank so was this a one off situation or did it...?

EVGENY FETISOV – CFO, Moscow Exchange

As far as I'm aware, this was a one-off situation.

ANDREY PAVLOV-RUSINOV – Analyst, Sberbank CIB

Okay, right it's clear. Then the other question I have on the cost side, on the personnel expenses you've seen 23% growth in the first quarter, year over year growth and you are basically saying this should be flat on a yearly basis. Does this mean that this growth dynamic will go down in the next quarters or what will be driving this full year growth that you are saying?

EVGENY FETISOV – CFO, Moscow Exchange

What we are planning is that we will not have a steep growth of personnel expenses as we had last year so we will probably have a more spending on personnel towards the end of the year, which we have normally with end of year payments but overall, the target is to have the cost and personnel at the same level as the last year in total.

ANDREY PAVLOV-RUSINOV – Analyst, Sberbank CIB

Right, that's clear and another thing is the market maker fees. You're actually

saying that they will be increasing during the year but once again on a year over year terms as comparing with the previous year quarter, first quarter they were quite substantially down, like 50% down, was it due to the abolishment of the RTS market maker fees, so it's kind of one-off event or can you please elaborate on this a bit more?

EVGENY FETISOV – CFO, Moscow Exchange

Yes, the market makers fees in this quarter, Q1 this year were done due to the fact that last year we had a spending on RTS standard, so this has gone away, so there is a one-off – this is a one-off event. So normally the market maker spending will follow the trading volumes. They will be lower in the quarters with lower trading activity and they will be higher in the quarters with higher trading volumes so I think this is the guidance we can give you for your forecasting.

ANDREY PAVLOV-RUSINOV – Analyst, Sberbank CIB

Okay, that's very clear, thanks. And one minor question. There was a recent view that the CBR will actually cancel its afternoon REPO auction and will be only providing daily liquidity on its morning REPO auction. Do you think it will have any effect on your money market trading volumes or is

this just a technical event that's – what do you think on this?

EVGENY FETISOV – CFO, Moscow Exchange

I will ask [INDISCERNIBLE] to take this question.

MALE

But you know, hello everybody, but [INDISCERNIBLE] in Central Bank, they don't use week REPO, they will stay in one-day REPO but anyway we now create new services for the collateral management, you know, we launch collateral management in NSD with Central Bank, with REPO in Central Bank and now we will access to our trade system and we will unify it. It will be run abroad for all our banks as they can trade through our system and they can get access to the collateral management and SND.

ALEXANDER AFANASIEV – CEO, Moscow Exchange

So hello Alexander Afanasiev speaking. To answer this particular question, I would say the total amount of the requested liquidity in the market which comes usually from the bank will definitely not decrease because of this expected action of the central bank because currently, the amount of REPOs prepped in two sections so they will not be spread. We do not expect any changes in the respect of changing number of the

sessions. So it rather depends on the total need or the total demand from the banking system, which is of course, to some extent, volatile. But not from the number of sessions, from our point of view. Answering exactly your question, thank you.

ANDREY PAVLOV-RUSINOV – Analyst, Sberbank CIB

Okay, thanks, thank you very much. That's very clear. Thank you.

OPERATOR

Your next question comes from the line of Olga Naydenova of BCS. Please ask your question.

OLGA NAYDENOVA – Analyst, BCS

Hello gentlemen. My first question is returning to your Clearstream, do I understand correctly that when the taxation issue will be resolved so that other bonds would be eligible for basically for your clearability? And is there any progress in understanding when equities will have access?

EVGENY FETISOV – CFO, Moscow Exchange

I will start - this is Evgeny Fetisov. I will start with equities and then I will ask my colleagues from NSD to comment on the taxation. So the initial, the regulator set the date, set that July 2013 as date when the equities would be eligible for your

Euroclear and Clearstream and then there is a discussion which is still discussion to move it, to push it back for January next year and as for the taxation, I will ask my colleagues at NSD to take this question.

NSD representative

Hello, we have some understanding about the taxation and we know that the government bonds, government securities, municipal securities and federal, some federal securities, we don't fulfill the tax [INDISCERNIBLE] like a depository and this, this, the income of these securities are free from taxation. And about the covered bonds, there is the question which will be decided by ministry of finance in, during few months because there is different decisions and different opinions about the taxation of corporate bonds like about the euro bonds and about the taxation of other securities like shares, we will fulfill their tax agent role and we will withhold the taxes from the income of these securities and the problem now is in the disclosure for all, for the [INDISCERNIBLE] because their disclosure system is very difficult, Euroclear and Clearstream can't fulfill their demands of our tax organization and this question will be made and the decision about this question will be made during the, in recently, during few months, by Minister of Finance.

OLGA NAYDENOVA – Analyst, BCS

Okay, thank you. I have another question actually concerning

derivatives markets with RTS futures is like one of the most liquid stocks, liquid instruments. Is there any progress on getting CFTC certification for it as I believe it will substantially increase the volumes in this one?

EVGENY FETISOV – CFO, Moscow Exchange

Yes, I will ask Roman Sulzhyk, the Head of the Derivatives Market to take this question.

ROMAN SULZHYK – MD, Derivatives, Moscow Exchange

Yes, hello there. Yes, so this is one of the major focuses for us, like getting this CFTC, you know, the RTS index CFTC certified. And actually to that effect, Mr. Pankin and Ms. Afanasiev have gone to Washington last month and spoke to Mr. [Gary] Gensler [Chairman, US Commodities Futures Trading Commission (CFTC)], you know, to kick off these discussions. We're at a stage where we've sent our draft proposal to our lawyers in the States and we expect that they will be with CFTC soon. I'm, you know, cautiously, you know, I wouldn't be 100% certain that with the level of current operation between the CFTC and FSV that we will get it because it will, it does require a closer level of cooperation between our regulator bodies that we don't fully control. In terms of ours, as the exchange, we're doing everything we can to get the certification and I think we will have some sort of response from CFTC before the end of the year.

OLGA NAYDENOVA – Analyst, BCS

Okay, thank you. I think that was it for me.

OPERATOR

Thank you. As a reminder, if you wish to ask a question, or make a comment on today's call, please press star followed by one on your telephone keypad. We have another question from the line of Dmitry Trembovolsky of Goldman Sachs. Please ask your question.

DMITRY TREMBOVOLSKY – Analyst, Goldman Sachs

Sorry guys, I have a follow up question. I just wanted to ask you on the pricing. Clearly we had pricing coming up almost on all markets with exception of fixed income, as you flagged in the fourth quarter, because I mean, you wanted to be more competitive on this one. Should we expect the current tariff structure to stay in place or you are preparing some further changes that you want to highlight to us?

EVGENY FETISOV – CFO, Moscow Exchange

We have constantly, this is Evgeny Fetisov. We are constantly working on our pricing and offerings for our clients, but we would say that the, on overall we would expect that this year

pricing will stay more or less the same, however, we have a new tariff system that we're working on right now and we expect to present to our clients and discuss with our clients throughout the second half of this year and to have it implemented next year, early next year.

DMITRY TREMBOVOLSKY – Analyst, Goldman Sachs

And this is the one which will actually encourage more volume right? And will charge a bit more for those guys that are not trading very often, right?

EVGENY FETISOV – CFO, Moscow Exchange

Yes, we want to stimulate liquidity and we want to stimulate those clients, bring liquidity to the market, trading more, and definitely there are clients that are less frequent traders, if we can call them so those would probably end up being more, but the essence of what we're offering is to make it more attractive for the client providing it's trading on the market and providing liquidity.

DMITRY TREMBOVOLSKY – Analyst, Goldman Sachs

Okay, but we shouldn't assume that your average pricing would go down as a result of this new tariff structure or we should?

EVGENY FETISOV – CFO, Moscow Exchange

No, you shouldn't. But we will need to see how it all ends up in terms of the actual pricing, because we will be also rebalancing the pricing with a, say, with a proper pricing for clearing services and information technology services.

DMITRY TREMBOVOLSKY – Analyst, Goldman Sachs

Okay, clear, thank you.

OPERATOR

Your next question comes from Alexei Melnikov of Collabrium Capital. Please ask your question.

ALEXEI MELNIKOV – Portfolio Manager, Collabrium Capital

Hi, good afternoon. Just one question on money markets please. How seasonal are trading volumes in money markets? Obviously last year had a significant pick up in volumes due to tight liquidity in the money markets and Q1 this year seems to be tracking a lot lower than the average of last year. So where do you see those volumes going for the rest of the year? Thank you.

EVGENY FETISOV – CFO, Moscow Exchange

I said, it's always difficult to predict the volumes. I can say to the money

markets there are two factors affecting the seasonality or the two factors - one is seasonal, clearly, so the, it's quarter to quarter changes and you can see this by looking at the statistics a few years back, and the second one is the fact of the overall market environment. As we, as we keep saying when we describe our business model is that when we have a pick up in the equities market and the market go up, we see more trading volumes and equities and derivatives and when the market are going down or in, or overall, the equities market go down, we see more trading volume on effects and money market. So to this extent we see the business model or the, we see this rule is working.

ALEXEI MELNIKOV – *Portfolio Manager, Collabrium Capital*

All right, so is that fair to assume about, in case, I don't know, equity markets pick up then the volumes and money markets could go back to Q1 2012 level?

EVGENY FETISOV – *CFO, Moscow Exchange*

That will be one of the factors affecting them. It won't be the only one, so one would also need to look at the liquidity situation in the market and FX market as well.

ALEXEI MELNIKOV – *Portfolio Manager, Collabrium Capital*

Oh, thanks.

EVGENY FETISOV – *CFO, Moscow Exchange*

If I can also get back to the question of FX gains, just to explain, these FX gains are effect of the FX swaps that we do during the, as a part of the liquidity management. So when we place or we place the excess funds that we have with us. These gains come as a part of the, should be traded as a part of the interest income. So there is no FX exposure, per se, but these gains come with the, as a result of the FX swaps that we do with our counterparts.

ANDREY BRAGINSKIY – *MD Communications, Moscow Exchange*

All right, if there are no further questions, let me conclude this call. Thank you very much and a have a great day.

EVGENY FETISOV – *CFO, Moscow Exchange*

Thank you.

OPERATOR

That does conclude the conference for the day. Thank you for participating. You may now disconnect.