

## 2013 MARKS A BREAKTHROUGH YEAR FOR MOSCOW EXCHANGE

From the transition to T+2 to Euroclear entering the federal bond market to the establishment of a central counterparty, 2013 was a breakthrough year for Moscow Exchange and Russia's financial markets. The key theme for the year was an upgrade of the local market infrastructure that drove greater trading volumes in Moscow. As 2013 comes to a close we take a look back at the key achievements of the year.

February saw Moscow Exchange complete an initial public offering of \$500 million on its own trading platform. At the time the transaction was the largest Moscow-only IPO in history, and it sent a strong signal to both issuers and the investment community that sizeable deals can be successfully completed in Russia.

February was also the month that Russian federal government bonds, known as OFZs, became Euroclearable. The entrance of Euroclear on the Russian bond market, followed by competitor Clearstream, drove tens of billions in new international flows into these instruments and made buying Russian debt as easy and safe as in major

markets around the world -- and lowered the cost of borrowing for the Russian government for good measure!

In March, the Moscow Exchange began the transition to settlement of equities to T+2. The new settlement cycle, which was phased in over a six-month period with completion in September, eliminates the need for full, pre-funding of trades and brings Moscow in line with international best practices and we see that the rest of Europe is now following our lead to T+2 settlement.

In September a number of major international banks - Citi, Credit Suisse, Merrill Lynch and Morgan Stanley - began offering their clients direct market access (DMA) and electronic trading on the Moscow Exchange's Securities Market. UBS joined them this December, with more to follow early next year.

The CBR announced in October that Moscow Exchange subsidiary National Clearing Centre (NCC) had been granted the status of Qualified central counterparty (CCP). The announcement marked **continued on page 2**

the final step in NCC's transition to becoming the CCP for all Moscow Exchange's markets, providing security and convenience to market participants. These moves were in addition to allowing the use of Euros and US Dollars as collateral in addition to Russian rubles.

October also saw the largest IPO out of the Russia and CIS region this year come to market exclusively on Moscow Exchange. Diamond miner Alrosa's \$1.3 bln debut attracted interest from investors globally, as well as strong retail demand locally.

2013 was also a year when the Moscow Exchange was out on the road, hosting a number of international marketing events. The landmark events this year were the Moscow Exchange Forum – London Session in July followed by the New York Session in October. The events served as a useful opportunity for the investor, brokerage and depository communities to learn more about recent and upcoming advances of Moscow Exchange's infrastructure.

In conclusion, 2013 has been a banner year for opening up the Russian markets to international investors and strengthening the market infrastructure. The market has responded positively to these improvements and volumes, both in relation to our international peers and in absolute terms, continue to rise.

## INTERNATIONAL NEWS

### MIFC event held in London

Moscow Exchange CEO Alexander Afanasiev delivered the keynote address at a session of the Moscow International Financial Centre (MIFC) initiative at London's Mansion House on 9 December.

Delegates were welcomed to Mansion House by Alderman Fiona Woolf CBE, Lord Mayor of the City of London. Words of welcome were also given by Alexander Voloshin, head of the MIFC Taskforce, and Chris Cummings, CEO of TheCityUK, MIFC's partner in the UK.

The panel discussion drew an audience of market participants and representatives of London's financial community. Mr. Afanasiev gave an overview of the progress that the Exchange has made to expand access to Russia's financial markets and highlighted market opportunities in Russia and the Exchange's future plans.

Eddie Astanin, CEO of Russia's National Settlement Depository, discussed recent and proposed changes to financial markets infrastructure and legislation in Russia.

Luis Vicente, Managing Director of Risk and Clearing, spoke about the Exchange's ongoing efforts to help market participants manage risk and simplify post-trade operations.

Masha Gordon, head of global emerging markets equities at PIMCO, contributed a perspective from the buy-side. The discussion and subsequent Q&A session were moderated by Danny Corrigan, CEO of European Trade Repository Global Repository Services at CME Group.

The MIFC initiative was established in 2010 to develop Moscow as an international financial centre and promote Russia's financial services industry.

## Trading calendar for December 2013 – January 2014

MON	TUE	WED	THU	FRI	SAT	SUN
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### December 2013

						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

### January 2014

		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

## SETTLEMENT FOR T+2 (Y2) TRADES

Trade date	Settlement Date
26.12.2013	30.12.2013
27.12.2013	06.01.2014
30.12.2013	08.01.2014
06.01.2014	09.01.2014
08.01.2014	10.01.2014

## CORPORATE NEWS

### Winners named in XVI annual report competition

Moscow Exchange has named the winners of its 16th annual report competition. 158 Russian companies, including 10 new participants, submitted their annual reports to the competition, making this year's competition the largest yet. The composition of the jury panel was substantially modified this year. In addition to representatives of news agencies, professional organizations and the Bank of Russia, the jury now also includes senior members of major investment funds, leading analysts and specialists in corporate governance and communications.

The annual report is not only a company's primary presentation material, but also one of the key sources of structured corporate information for investors, shareholders and analysts. Moscow Exchange will continue to support the competition as the main platform for the corporate annual reports of Russian businesses and foreign companies operating in Russia, helping increase openness and improve corporate culture.

The winners of the XVI Competition in the three main categories are:

Uralkali, in the category, "Company with a capitalization above RUB 100 billion"

TransContainer, in the category, "Company with a capitalization between RUB 10 billion and 100 billion"

Lenenergo, in the category, "Company with a capitalization below RUB 10 billion".

## DERIVATIVES MARKET

### Launch of new version of Derivatives market terminal

Moscow Exchange is launching a new version of the Derivatives market terminal. The new version offers an updated user interface, additional functionality and optimized performance based on users' comprehensive requirements.

The list of changes includes:

- State-of-the art charts and technical analytics.
- Futures and options order routing; Equities and FX market data available in view only mode.
- Real time data export into Excel for further analysis.
- Hot key trading; multiple configurable user desktops.
- Flexible configuration; powerful search capabilities.
- MacOS support.

The new software is fully available for testing and can be used simultaneously with the old version of the client software.

## EQUITIES & BONDS

### New equity market fees to come into effect

Moscow Exchange is introducing new fees for the equity market, effective 16 December. Under the new fee structure, ETFs are considered a specific category of securities. Fees for trades in ETFs are similar to those charged for trades in mutual funds. A unified total fee of 0.01% of the trade size will be applied to all dark pool trades regardless of the fee schedule selected by the trading member. A cap of RUB 1,500 on the total fee charged for dark pool trades will be abolished due to the end of the grace period. Please see our extra notices on a grace period to be introduced for trades in foreign securities and discount fees for rollovers on the Moscow Exchange's equity market. Moscow Exchange announces the introduction of a grace period for trades in shares of foreign issuers and depositary receipts representing them to begin on 16 December. The grace period will be in effect through 30 June 2014.

During the grace period, transactions in foreign securities and DRs representing them will cost only 50% of the prices prescribed in fee schedules selected by trading members (0.00325%-0.005%).

## FX MARKET

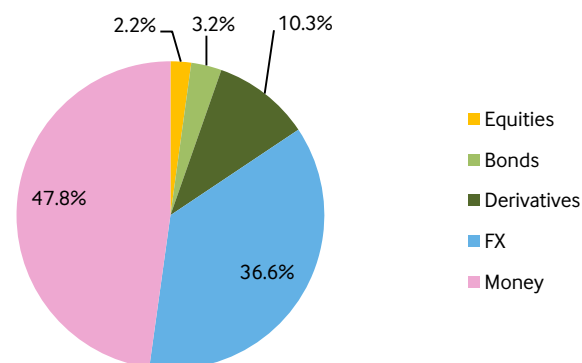
### Measures to improve FX market order book

Moscow Exchange will introduce a minimum fee of RUB 25 for FX trades of less than 50 lots on 20 January. The launch of the minimum fee for small orders will help to balance interests of market participants and efforts to improve the exchange order book. The size, calculation procedure and reasonability of the fee were approved by the FX market committee and the Executive and Supervisory Boards of Moscow Exchange.

## MARKET REPORT

The total monthly trading volume on the Moscow Exchange's markets in November was RUB 33.7 tln. The average daily trading volume was RUB 1.69 tln, down 4% MoM. Trading in equities, RDRs, and mutual fund units made up 2.2% (RUB 0.7 tln) of the total trading volume, the bond market's share was 3.2% (RUB 1.1 tln), the derivatives market made up 10.3% (RUB 3.5 tln), the FX and money market accounted for a combined 84.4% (RUB 28.5 tln).

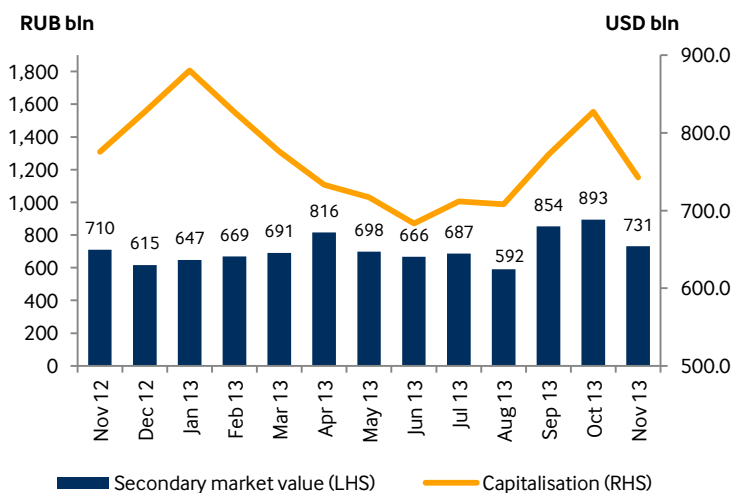
### NOVEMBER 2013 TRADING VOLUMES BY MARKETS TOTAL VOLUME OF RUB33.7 TRILLION



## EQUITY MARKET (STOCKS, RDRs AND INV. FUNDS UNITS)

The trading volume of stocks totaled RUB 0.73 tln in November. The average daily trading volume was RUB 36.6 bln, down 6% MoM. The T+2 sector made up 94.9% of the total secondary market trading volume, the Standard sector accounted for 0.7%, the Classica sector made up 0.1%, and the T+0 sector came in at 4.4%. There were no any offerings on the primary market in November. The OTC trading volume was RUB 0.27 bln, or 27% of the combined value of the secondary market and OTC trades.

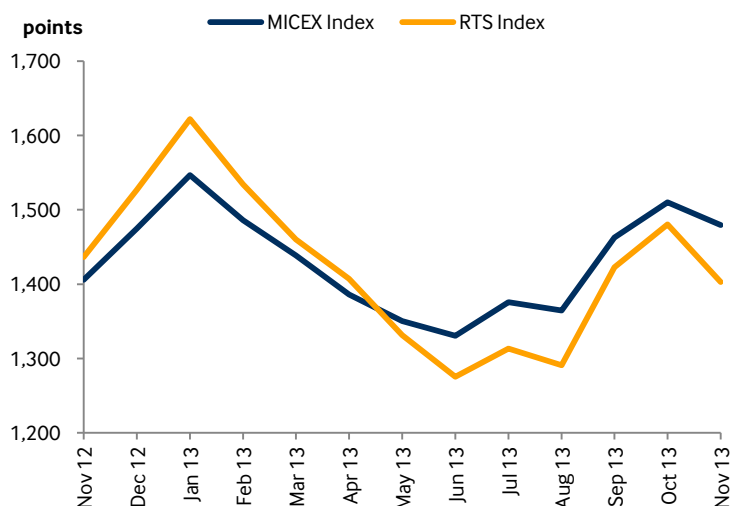
### VALUE TRADED IN STOCKS, RDRs AND INV. FUNDS UNITS



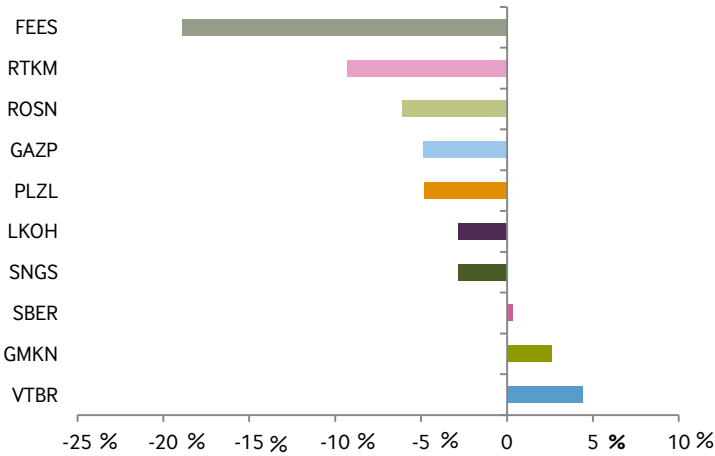
The MICEX Index was down 2.04% MoM to 1,479.35 at the end of November from 1,510.21 at the end of October. The dollar denominated RTS Index was down 2.54% to 1,402.93 from 1,480.42.

The cash equity market's capitalisation depreciated by 10% to USD 742.57 bln from USD 826.99 bln.

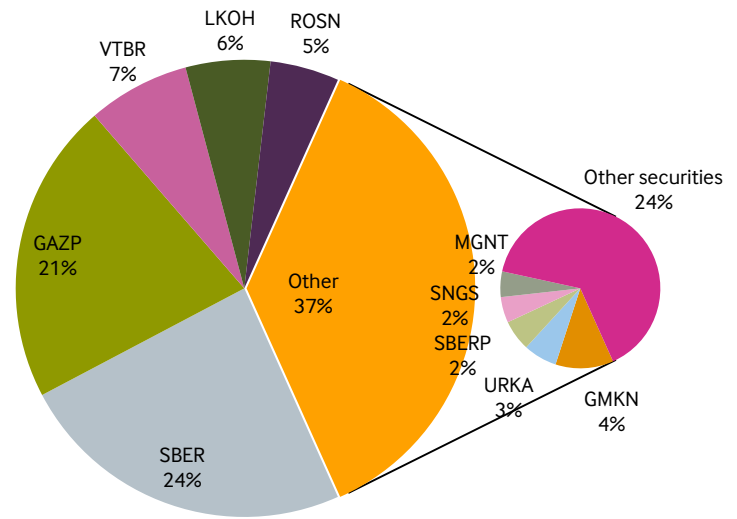
### MICEX INDEX and RTS INDEX PERFORMANCE



**MONTHLY CHANGES IN BLUE-CHIPS CLOSING PRICES**



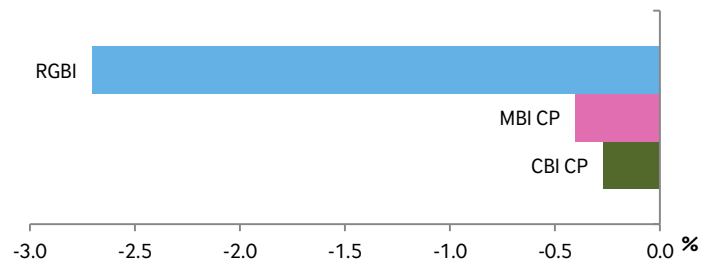
**MONTHLY BEST SELLERS ON THE SECURITIES MARKET**



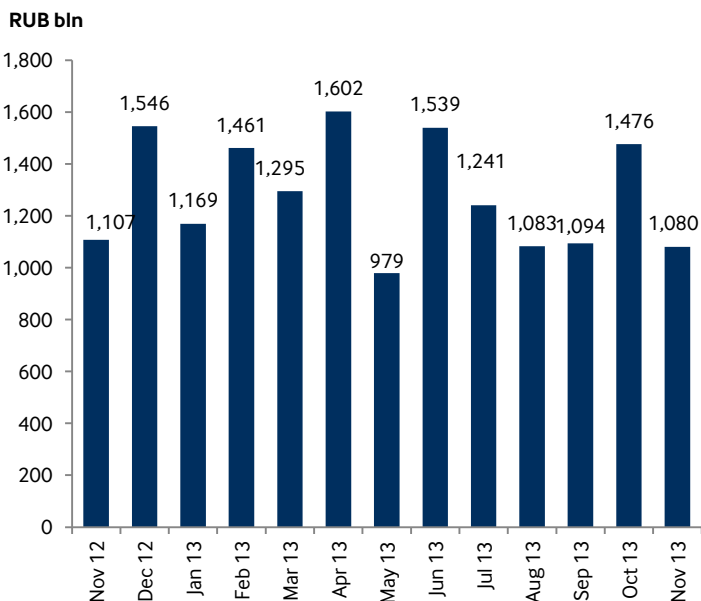
**MARKET FOR CORPORATE, REGIONAL AND GOVERNMENT BONDS AND EUROBONDS**

The Russian Government Bond Index (RGBI) was down 2.7% in November to 132.23 (from 135.9 at the end of October). The MICEX Municipal Bond Index (MICEX MBI CP) was down 0.4% to 96.94 (from 97.33). The MICEX Corporate Bond Index (MICEX CBI CP) was down 0.03% to 93.22 (from 93.47).

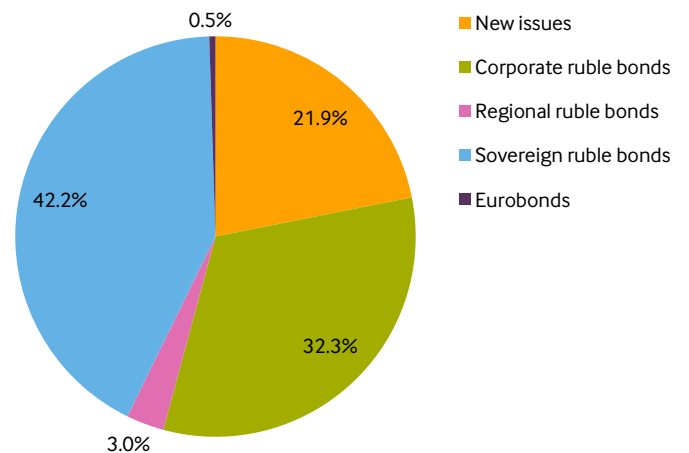
**MONTHLY CHANGE IN BOND INDICES**



**TOTAL VALUE TRADED ON THE PRIMARY AND SECONDARY BOND MARKETS**



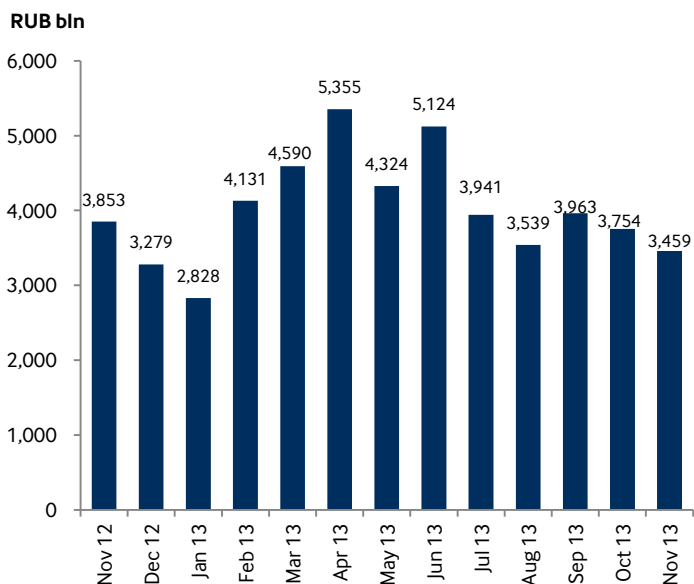
**NOVEMBER TRADING VOLUME**



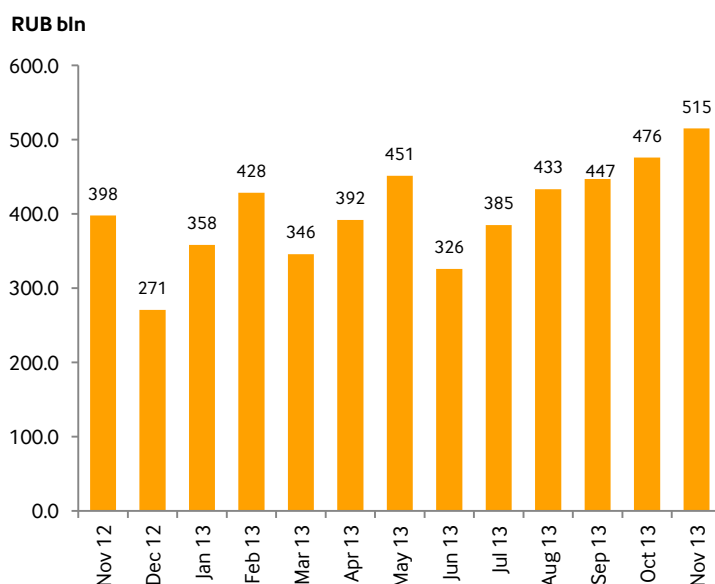
## DERIVATIVES MARKET

The total volume traded on the Moscow Exchange's derivatives market in November was RUB 3.46 tln, or 81 mln contracts. The average daily volume was RUB 173 bln, up 6% MoM. The total open interest at the end of the month was RUB 515 bln, or 13 mln contracts.

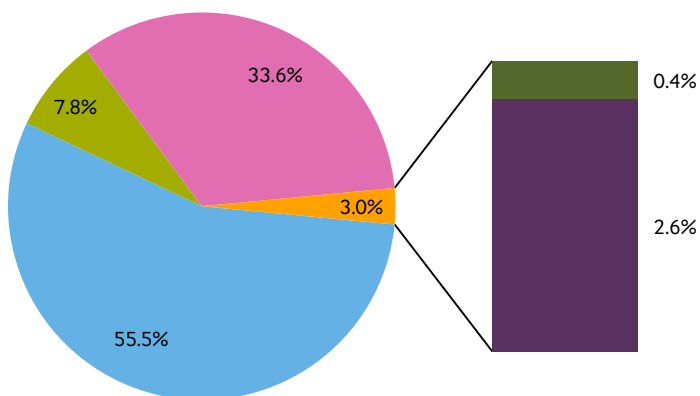
### DERIVATIVES MARKET TRADING VOLUME



### DERIVATIVES MARKET OPEN INTEREST

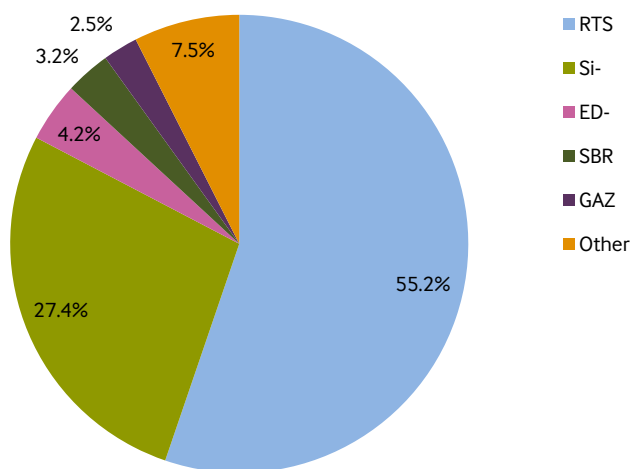


### NOVEMBER TRADING VOLUME BY UNDERLYING ASSETS



- Index derivatives
- Equity derivatives
- FX derivatives
- Interest derivatives
- Commodity derivatives

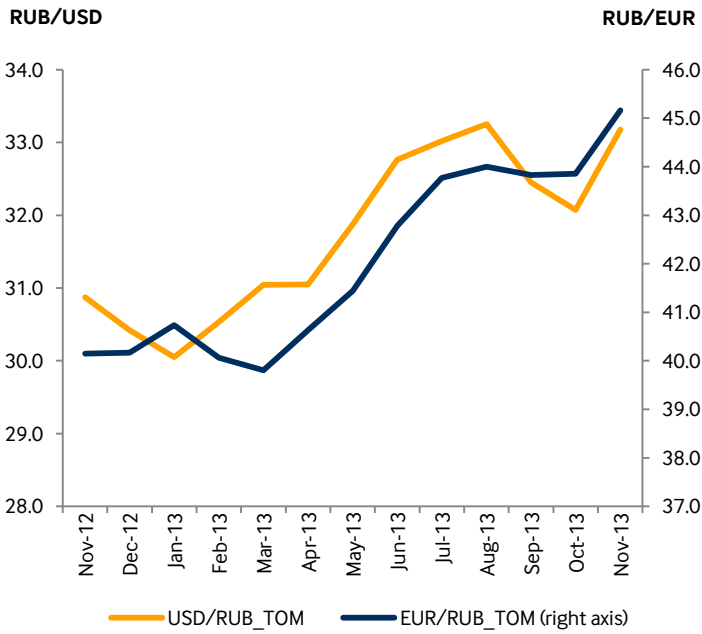
### DERIVATIVES MARKET MONTHLY BEST SELLERS



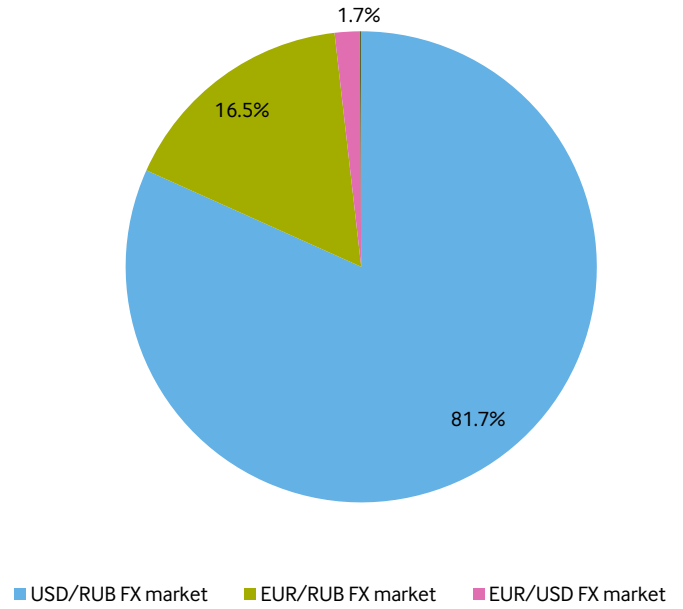
- RTS
- Si-
- ED-
- SBR
- GAZ
- Other

**FX AND MONEY MARKET**

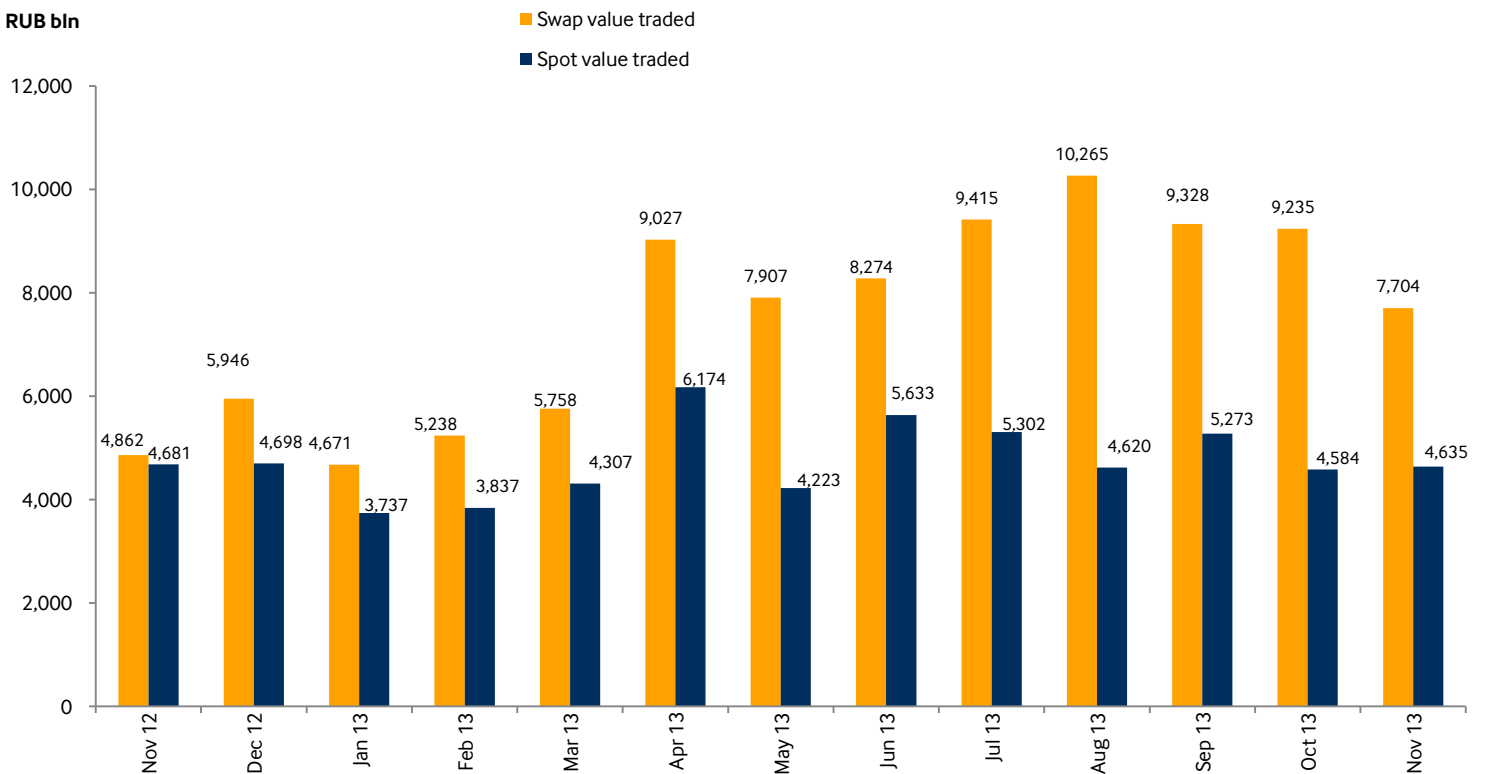
**EXCHANGE RATES**



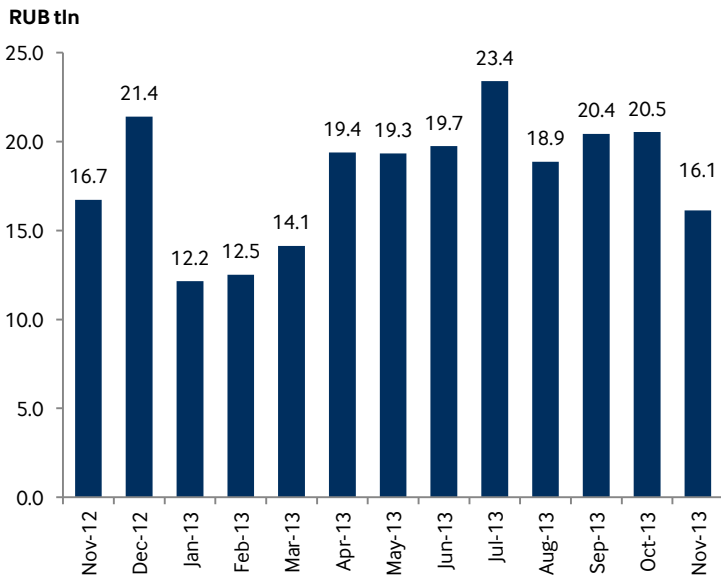
**NOVEMBER TRADING VOLUMES**



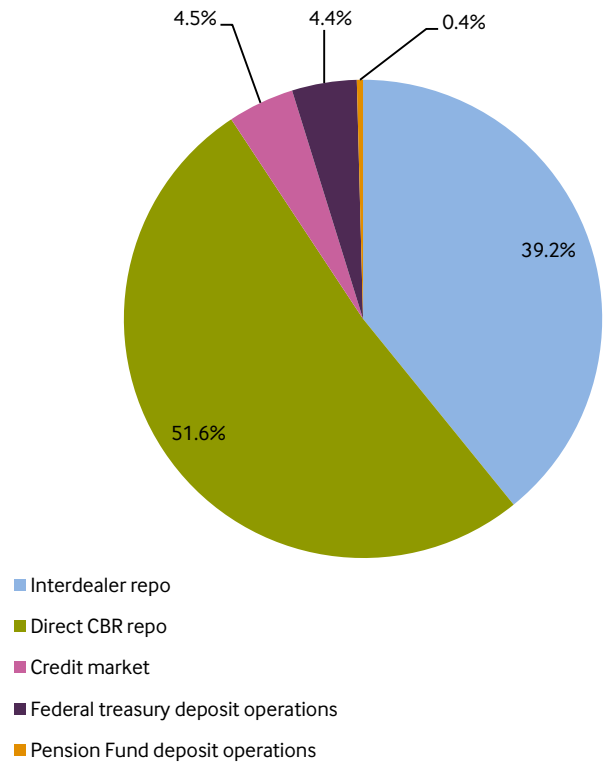
**FX MARKET TRADING VOLUME**



**MONEY MARKET TRADING VOLUME**

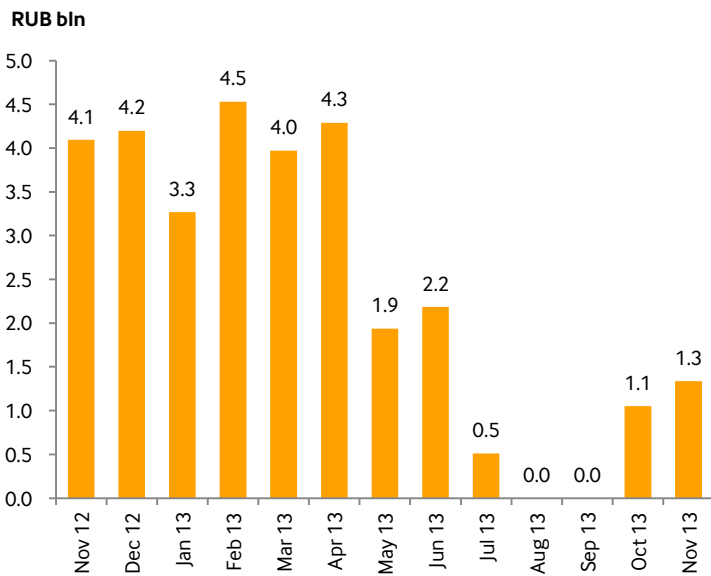


**NOVEMBER TRADING VOLUME BREAKDOWN**



**COMMODITIES MARKET**

**COMMODITIES MARKET TRADING VOLUME  
GOVERNMENT GRAIN MARKET INTERVENTIONS**





## TOP 20 EQUITIES TRADERS

MAIN TRADING MODE T+  
AND CCP NEGOTIATED TRADES MODE

Rating position (previous month)	Company Name	Turnover, RUB bn
1 (2)	BCS	231.64
2 (1)	FINAM	143.98
3 (3)	OTKRITIE	142.52
4 (4)	Renaissance Capital	102.82
5 (5)	ALOR	85.39
6 (6)	Sberbank	73.29
7 (7)	Deutsche Bank	71.80
8 (11)	ZERICH Capital Management	55.31
9 (8)	VTB 24	50.23
10 (10)	KIT Finance	42.99
11 (12)	OLMA	38.76
12 (9)	IT Invest	37.27
13 (13)	ATON	35.10
14 (14)	Credit Suisse Securities (Moscow)	34.30
15 (15)	ALFA-BANK	26.93
16 (17)	VTB Bank	19.40
17 (16)	GPB	19.35
18 (18)	Citigroup Global Markets	17.72
19 (19)	Merrill Lynch Securities	14.74
20 (22)	Goldman Sachs	12.34

## TOP 20 CORPORATE AND REGIONAL BONDS TRADERS

MAIN TRADING AND NEGOTIATED TRADES MODES

Rating position (previous month)	Company Name	Turnover, RUB bn
1 (2)	BC Region	60.07
2 (1)	Sberbank	46.34
3 (3)	VELES Capital	40.09
4 (4)	OTKRITIE	30.50
5 (7)	VTB Capital	25.49
6 (5)	GPB	23.05
7 (6)	Promsvyazbank	19.11
8 (8)	VTB Bank	17.63
9 (10)	ALFA-BANK	17.31
10 (12)	BCS	16.78
11 (14)	RONIN	16.15
12 (27)	NOMOS-BANK	15.69
13 (11)	KIT Finance	14.82
14 (9)	ALOR	13.80
15 (28)	CREDIT BANK OF MOSCOW	13.48
16 (22)	Credit Suisse Bank (Moscow)	11.42
17 (-)	"IC" EUROFINANSY" Co	11.06
18 (17)	URSA Capital	10.74
19 (33)	RGS Bank	10.35
20 (-)	Russian Standard Bank	10.17

## TOP 20 SOVEREIGN BONDS (OFZs) TRADERS

MAIN TRADING AND NEGOTIATED TRADES MODES

Rating position (previous month)	Company Name	Turnover, RUB bn
1 (1)	CITIBANK	160.83
2 (3)	ING BANK (EURASIA)	117.09
3 (2)	Credit Suisse Bank (Moscow)	72.75
4 (5)	Sberbank	56.32
5 (4)	Deutsche Bank	43.67
6 (9)	VELES Capital	39.93
7 (6)	Morgan Stanley Bank	30.80
8 (8)	Promsvyazbank	27.84
9 (7)	VTB Bank	26.94
10 (14)	Raiffeisenbank	22.50
11 (11)	BCS	21.41
12 (22)	Unicredit Bank	20.40
13 (12)	HSBC Bank	15.72
14 (20)	MTS Bank	15.05
15 (10)	GPB	13.67
16 (30)	UNIVER Capital	11.76
17 (16)	Barclays	10.56
18 (-)	SOBINBANK	10.30
19 (28)	CB "INTERCOMMERZ"	9.63
20 (33)	Russian Agricultural Bank	9.57

## TOP 20 FUTURES AND OPTIONS TRADERS

Rating position (previous month)	Company Name	Turnover, RUB bn
1 (1)	OTKRITIE	1,491.17
2 (2)	BCS	1,333.94
3 (3)	IT Invest	646.69
4 (4)	FINAM	539.40
5 (5)	Renaissance Capital	319.44
6 (9)	Sberbank	254.66
7 (7)	VTB 24	227.06
8 (6)	ALFA-BANK	221.34
9 (8)	ALOR	198.95
10 (10)	ZERICH Capital Management	196.62
11 (11)	KIT Finance	166.61
12 (13)	Metallinvestbank	129.27
13 (14)	OLMA	115.08
14 (12)	ATON	109.10
15 (16)	ELTRA	71.03
16 (17)	URALSIB Capital-Financial Services	57.04
17 (24)	Piter Trust	45.85
18 (19)	Promsvyazbank	45.41
19 (21)	FINRISE	36.31
20 (18)	UNIVER Capital	35.38

## TOP 10 FX MARKET TRADERS (USDRUB SPOT)

Rating position (previous month)	Company Name
1 (1)	BCS
2 (2)	OTKRITIE
3 (3)	Sberbank
4 (6)	ALFA-BANK
5 (7)	NOMOS-BANK
6 (5)	Metallinvestbank
7 (9)	Credit Suisse Bank (Moscow)
8 (8)	HSBC Bank
9 (4)	GPB
10 (-)	OTP Bank

## TOP 10 FX MARKET TRADERS (USDRUB SWAPS)

Rating position (previous month)	Company Name
1 (1)	VTB Bank
2 (-)	Deutsche Bank
3 (3)	OTKRITIE
4 (4)	BINBANK
5 (2)	Sberbank
6 (5)	FUNDSERVICEBANK
7 (-)	Raiffeisenbank
8 (6)	SVYAZNOY BANK
9 (9)	Goldman Sachs Bank
10 (-)	Credit Suisse Bank (Moscow)

FX market participants' trading turnover volume is not subject to disclosure



**EOB SPREAD DYNAMICS: MOSCOW EXCHANGE vs LSE**

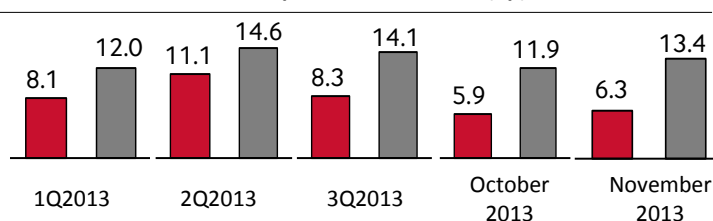
Analysis provided by  
**LiquidMetrix**

**MICEX 36  
Virtual index<sup>2</sup>**

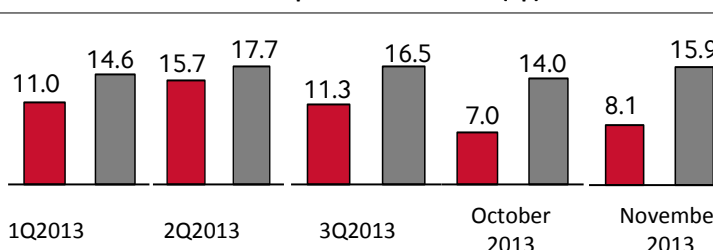
**Bid - ask spread 1 Contract (bp<sup>1</sup>)**



**Bid - ask spread 25k EUR deal (bp)**



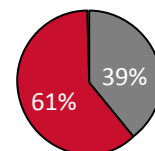
**Bid - ask spread 50k EUR deal (bp)**



■ Moscow Exchange ■ LSE

**Market share<sup>3</sup>**

**November 2013**



■ LSE  
■ Moscow Exchange

**Notes:**

Spreads measure the bid to offer spread of the best visible orders in the book, the result based on measurements of the order books every 30 seconds

- (1) The value for the spread is quoted in basis points (0.01%)
- (2) MICEX 36 Virtual Index – indices calculated based on prices and EOB data of the 36 most liquid Russian dual listed stocks
- (3) Calculated based on EOB trading volumes of 36 most liquid Russian dual listed stocks

Source: LiquidMetrix

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All data in this Newsletter unless otherwise stated is Moscow Exchange data. Rouble denominated trading volumes have been converted into USD terms based on an average RUB/USD exchange rate for the stated period. The information provided herein is intended for informational purposes only. This annotation does not provide any recommendations and guidance to take actions on financial markets.