



## YANDEX SHARES BEGIN TRADING ON MOSCOW EXCHANGE

Shares of Yandex, one of Europe's largest internet companies and Russia's leading search provider, began trading on Moscow Exchange on 4 June. The shares were listed in Level 1, the exchange's top quotation list. Quotation and settlement of the shares is in Russian rubles. The shares will also continue to trade on the NASDAQ Global Select Market.

During the ceremony to mark Yandex's Moscow listing, Yandex CEO Arkady Volozh said: "This local listing responds to demand from investors in Russia, and benefits Yandex. We anticipate that the listing will broaden the company's shareholder base internationally and stimulate investor interest."

Moscow Exchange CEO Alexander Afanasiev said, "Since early last year, we have seen strong interest in Moscow listings from companies incorporated outside Russia that have Russian assets. This trend is driven by reforms to market infrastructure and the increased liquidity and depth of the Russian market.

Afanasiev continued: "Shares of Polymetal and depositary receipts of QIWI and Lenta already trade on Moscow Exchange. We expect Moscow traded shares of a major new name from the technology sector to be of interest to both institutional and retail domestic investors."

## CORPORATE NEWS

### Intermediate clearing introduced for equities and bonds

Intermediate clearing was introduced on the Equity & Bond Market on 9 June. Now trades in equities, corporate bonds, and municipal bonds are settled twice per day, at 4:00 pm and 7:00 pm Moscow time. Traders have access to early settlement (until 4:00 pm Moscow time) of negotiated trades made in T+2 mode and central counterparty repo trades whose execution date is the current day.

### New procedure for settling single stock futures

A new procedure for settling futures on Russian stocks – via T+2 trades on the Main Market – came into force on Moscow Exchange on 16 June. This was made possible by the large scale modernisation of the Derivatives and Equity & Bond Markets' trading and clearing platforms, which was completed on 9 June.

The T+2 settlement of futures trades is executed automatically during a special session, lasting until 9:30 am MSK, on the trading day following the futures' last trading day. As such, the settlement day for futures is no longer the same as their last trading day.

The last trading day for September futures is 15 September, with settlement on the following day.

### New listing rules come into effect

Moscow Exchange welcomed representatives of Russia's top corporations on 9 June, to congratulate them on inclusion in the Level 1 quotation list under the new listing rules. The new rules provide for three sections: Level 1 and Level 2, which are quotation lists, and Level 3, which is a non quotation list.

Level 1 includes securities that were on the A1 and A2 quotation lists prior to 9 June. Level 2 comprises securities from the previous B, V, and I quotation lists. Level 3 contains securities that were in the "Unlisted" and "Admitted to Placement" sections.

The highest level has thus been expanded from 478 to 535 securities, with the number of stocks increasing from 38 to 65. "The listing reform expands the list of securities in which Russian non-government pension funds can invest, while also strengthening requirements for issuers, including in corporate governance," said Equity and Bond Market Managing Director Anna Kuznetsova.

The new rules allow issuers carrying out an IPO to list their securities at any level.

In addition to simplifying the quotation lists, the new rules add free float to the criteria to determine on which list a security is included. For inclusion in Level 1, issuers are now required to submit three years of IFRS results (versus one year previously). Corporate governance requirements have been increased for issuers to meet the Central Bank's new Corporate Governance Code. To be included in Level 1, at least 20% and no fewer than three directors on an issuer's board must be independent. Boards are required to create audit, personnel, and remuneration committees comprising a majority of independent directors.

For a bond issue to be included in Level 1 (in addition to three years of IFRS statements), the issuer, guarantor, or issue must have a credit rating; the minimum rating has been increased by two notches. The minimum corporate bond issue size has been set at RUB 2 bln, while regional and municipal issues must be at least RUB 1 bln.



## Moscow Exchange presents at global exchange conference

Moscow Exchange CEO Alexander Afanasiev gave a presentation at the Sandler O'Neil Global Exchange & Brokerage Conference in New York on 5 June, along with representatives from leading global exchanges and other financial institutions.

He spoke about issues and challenges affecting the Russian financial market and the steps taken to tackle them, as well as how Moscow Exchange has been expanding and improving its services, and the exchange's plans and expectations for the future.

Among the topics covered were the strong economic indicators; infrastructure and regulatory improvements, including the introduction of a central securities depository and unified central counterparty; corporate governance reforms, both within the exchange itself and in Russia overall; and the exchange's cycle protected business model. The talk looked at the new services on offer to make the exchange more attractive and accessible to foreign participants, such as T+2 settlement, DMA by large global banks, and Clearstream and Euroclear providing settlement services for Russian bonds and (soon) equities.

The exchange's strong financial results for recent quarters were reviewed, as was its recent share price compared to selected other institutions, and a number of growth areas for 2014 were identified.

The talk was followed by a short Q&A session, which included cooperation with other exchanges and the impact of political events.

Other speakers at the conference included U.S. Securities and Exchange Commission Chair Mary Jo White and the chief executives of leading exchange groups including ICE, NASDAQ, CME, CBOE, and Deutsche Börse.

A webcast of the presentation and Q&A can be viewed at: [www.wsw.com/webcast/sandler4](http://www.wsw.com/webcast/sandler4)

## Moscow Exchange joins FIX Trading Community

Moscow Exchange has joined FIX Trading Community as a new Global Premier member. FIX Trading Community is a nonprofit, industry driven standards body. The organisation is independent and neutral, dedicated to addressing real business and regulatory issues impacting multi-asset trading in global markets through standardisation, delivering operational efficiency, increased transparency, and reduced costs and risks for all market participants. Central to FIX Trading Community's work is the continuous development and promotion of the FIX family of standards, including the core FIX Protocol messaging language. Tom O'Brian, Moscow Exchange's Head of International Sales, has become co-chair of the Russian sub-committee of the organisation.

## MOEX 2013 annual report released

Moscow Exchange has published its 2013 Annual Report. The report highlights the many achievements of Moscow Exchange and the broader market in 2013, a landmark year for the Russian financial market. Long awaited infrastructure reforms were implemented: the central securities depository (NSD) and qualified central counterparty (NCC) began to operate at full strength, international settlement depositories started servicing bond market clients, and the equity market was transferred to the T+2 settlement cycle with partial prefunding.



These reforms made trading on Moscow Exchange as convenient as on the world's leading marketplaces, which is confirmed by growth in trading volumes and Moscow Exchange's strong financial results. The full version of the report is available on Moscow Exchange's [website](http://www.moex.com).

## Moscow Exchange signs charity cooperation agreements

At the end of May, Moscow Exchange hosted a roundtable on Corporate Social Responsibility. Roundtable participants included Chulpan Khamatova, co-founder of the Russian charity Gift of Life; Ingeborga Dapkunaite, fundraising council co-chair of Vera fund for the support of hospices; Daria Lisichenko, President of ORBI; as well as Alexander Afanasiev, CEO of Moscow Exchange, and other members of the management team. During the event, Moscow Exchange signed cooperation agreements with Gift of Life, Vera and ORBI. As part of these agreements, Moscow Exchange undertook to allocate a significant portion of its total charity budget to these three organisations, which specialise in helping people in need and in the treatment of serious illnesses. The agreements also envisage holding a number of joint events with these charities, with the participation of Moscow Exchange employees giving them an opportunity to volunteer and donate.

A systematic approach to corporate social responsibility is an important element of Moscow Exchange's long term development strategy. Cooperation with reputable nonprofit organisations increases the efficiency of the company's fund distribution and allow us to reach a larger audience.

**continued on page 4**

Ms. Khamatova said: "Moscow Exchange is not only a benefactor of our fund, but an old and faithful friend that always comes to our aid. We have been able to help many children thanks to Moscow Exchange's support, through covering the costs of medicine, treatment, and hospital equipment."

VERA hospice charity president Nyuta Federmesser said: "I am sure that responsible charitable giving is that which goes via reputable charitable organisations. Nonprofit organisations spend charity money effectively, as they are experts in specific social areas, and they do so in a transparent and reliable way. Most importantly, we help to ensure that funds received produce the maximum benefit for people."



Daria Lisichenko, president of the ORBI interregional charity for helping relatives of stroke victims, said: "Development of charity definitely needs a systematic approach. Given the colossal investment required, this can only be developed with the cooperation of business, the authorities, nonprofit organisations, and the media. The agreement with Moscow Exchange – which can serve as an example to many companies, in the field not only of corporate governance but also of corporate social responsibility – inspires faith in and hope for the prospects of effective partnership and the growth of a donorship culture in Russia."



### MOEX in the News

The following is an excerpt of an article published in *Institutional Investor* magazine. The complete story is available [here](#).

### High Frequency Trading Gets a Mixed Reception in Emerging Markets.

*Russia is gung ho about HFT according to the Moscow Exchange's Roman Sulzhyk, but China and India have taken steps to discourage this practice.*

The Moscow Exchange in Russia, a country not known for its laissez-faire attitude to much else, takes a conspicuously gung ho attitude. "We have traditionally been very accessible to the algo community," says Roman Sulzhyk, who heads the exchange's derivatives market, referring to traders who rely on algorithms for beyond-human speed. "Now we are starting to see some of the international players whom Michael talks about in his book. No one is going back to ticker tape." HFT's share of equities trading volume on the Moscow Exchange is between 50 and 60 percent.

Another big developing nation with the door open, if not the red carpet out, for HFT is Brazil. "High frequency traders generate benefits for the market in terms of liquidity and execution, as they are frequently quoting on both sides of the order book,"

Gustavo Ferreira, spokesman for the BM&FBOVESPA exchange in Sao Paulo, tells *Institutional Investor*. "They can also help tighten spreads in some markets."

Despite many disparities in history and culture, Brazil and Russia have one thing in common: a single national securities market resulting from mergers of former rivals, notes Edgar Perez, a former McKinsey & Co. technology consultant based on Long Island, New York, who has written two books on HFT. This decreases the potential for one of high frequency trading's more controversial elements, latency arbitrage, or front-running orders from conventional investors to skim a small but risk-free profit. "The absence of a fragmented market in Brazil simplifies managing the risk," BM&FBOVESPA's Ferreira confirms.

Sulzhyk adds another key factor in Russia's pro-HFT stance: a scarcity of the large institutional investors that can lose out from high speed traders' operations and so lobby against them in developed markets. Individual traders provide most of the volume in the Moscow Exchange's derivatives contracts, and high-tech tinkering is in these traders' DNA. "Every Russian guy with a computer considers himself a financial genius, and a lot of our flow comes from guys like this," Sulzhyk says.

## MARKET REPORT

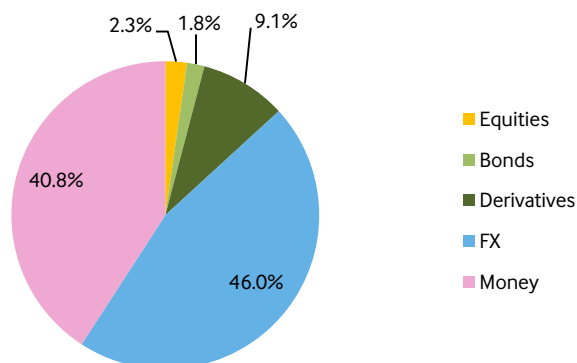
The total monthly trading volume on the Moscow Exchange's markets in May was RUB 36.4 trln. The average daily trading volume was RUB 1.8 trln, down 3.9% MoM. Trading in securities, RDRs, and mutual fund units made up 2.3% (RUB 0.82 trln) of the total trading volume, the bond market's share was 1.8% (RUB 0.66 trln), the derivatives market made up 9.1% (RUB 3.3 trln), and the FX and money market accounted for a combined 86.8% (RUB 31.6 trln).

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

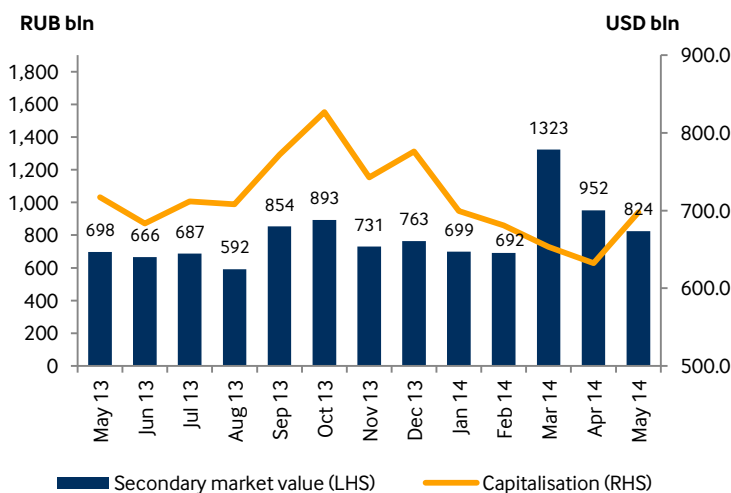
The trading volume of stocks totaled RUB 0.82 trln in May. The average daily trading volume was RUB 41.2 bln, down 4.8% MoM. The T+2 sector made up 97.9% of the total secondary market trading volume, the Standard and Classica sectors accounted for 0.01%, and the T0 sector came in at 2.1%. There were no placements on the primary market. The OTC trading volume was RUB 0.23 trln, or 22% of the combined value of the secondary market and OTC trades.

The MICEX Index was up 9.65% MoM to 1,432.03 at the end of May from 1,306.01 at the end of April. The USD denominated RTS Index was up 12.12% to 1,295.75 from 1,155.7. The cash equity market's capitalisation appreciated 10.4% to USD 697.96 bln from USD 632.18 bln).

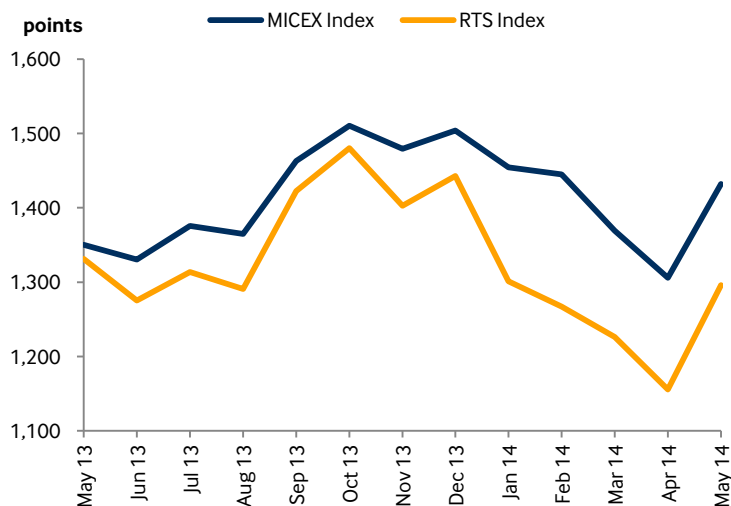
### MAY 2014 TRADING VOLUMES BY MARKET TOTAL VOLUME OF RUB 41.7 TRLN



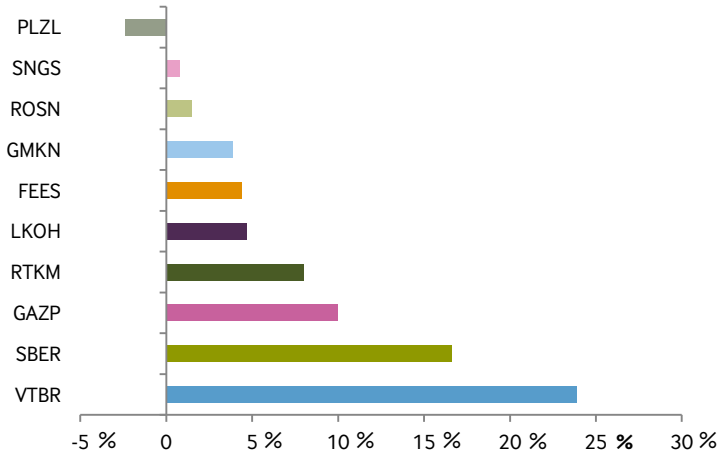
### VALUE TRADED IN STOCKS, RDRs, AND INVESTMENT FUND UNITS



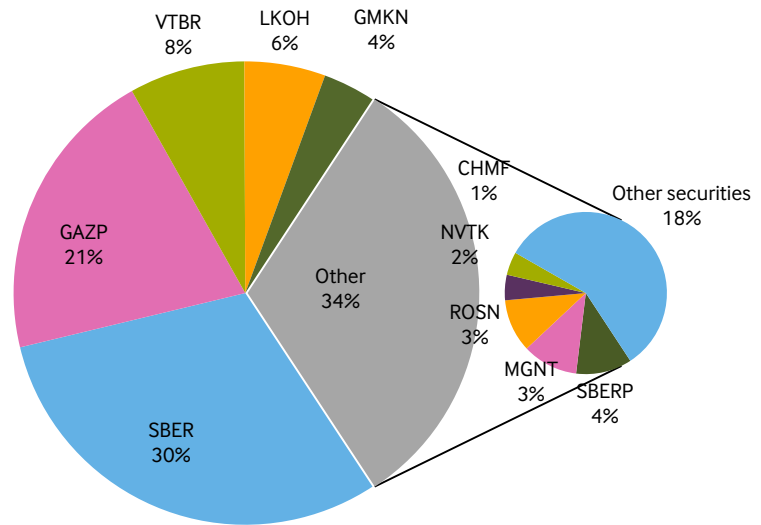
### MICEX INDEX and RTS INDEX PERFORMANCE



**MONTHLY CHANGES IN BLUE CHIPS CLOSING PRICES**



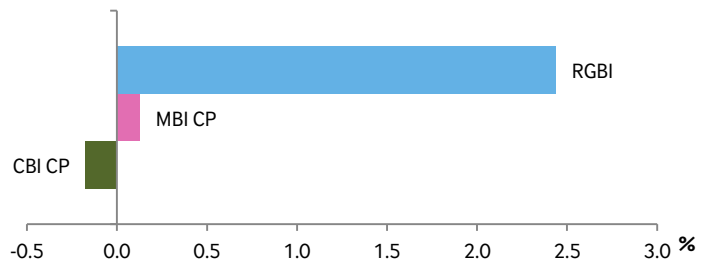
**MONTHLY BEST SELLERS ON SECURITIES MARKET**



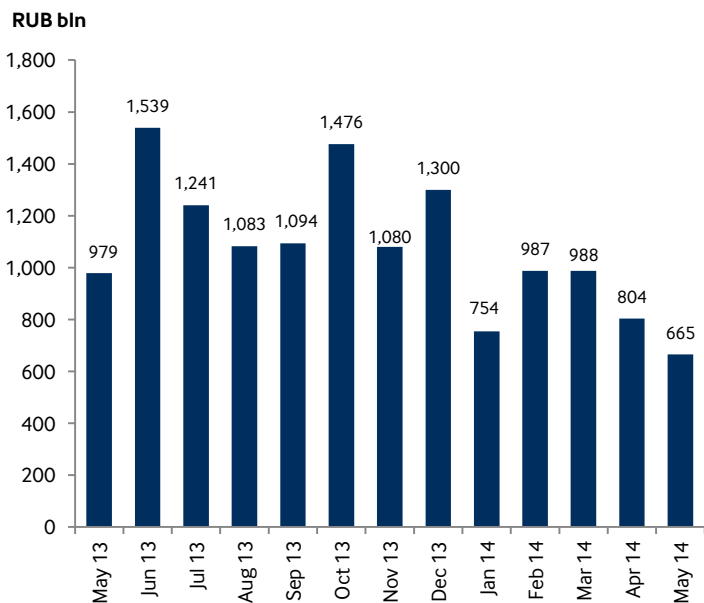
**MARKET FOR CORPORATE, REGIONAL AND GOVERNMENT BONDS AND EUROBONDS**

The Russian Government Bond Index (RGBI) grew 2.44% in May to 127.38 (from 124.35 at the end of April). The MICEX Municipal Bond Index (MICEX MBI CP) moved up 0.13% to 94.93 (from 94.81). The MICEX Corporate Bond Index went down 0.18% to 90.89 (from 91.05).

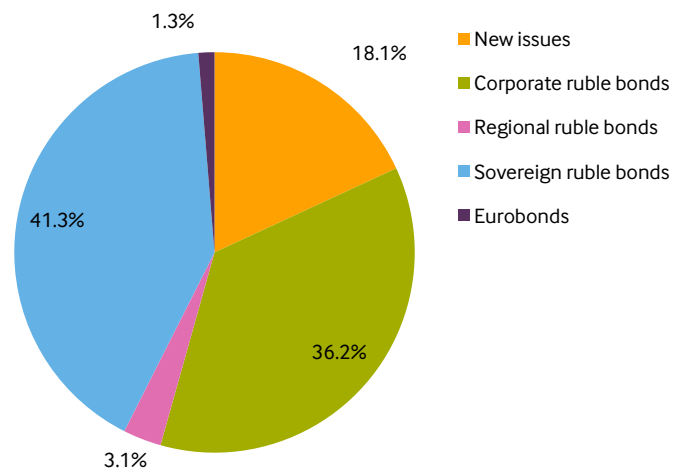
**MONTHLY CHANGE IN BOND INDICES**



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



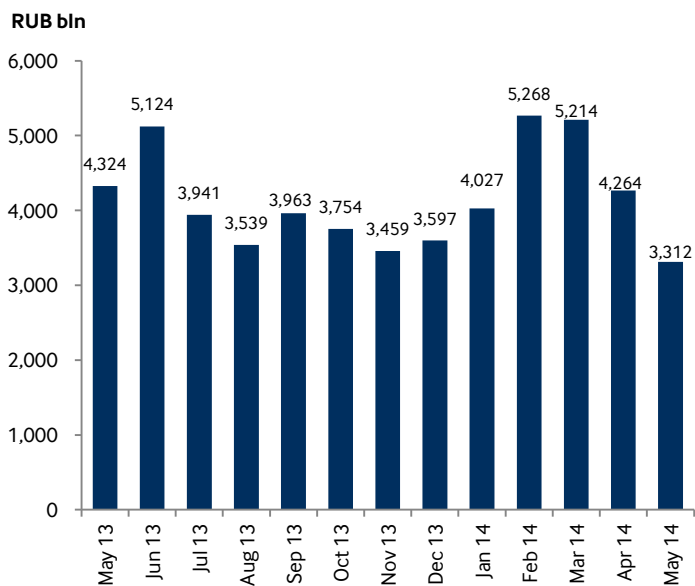
**MAY TRADING VOLUME**



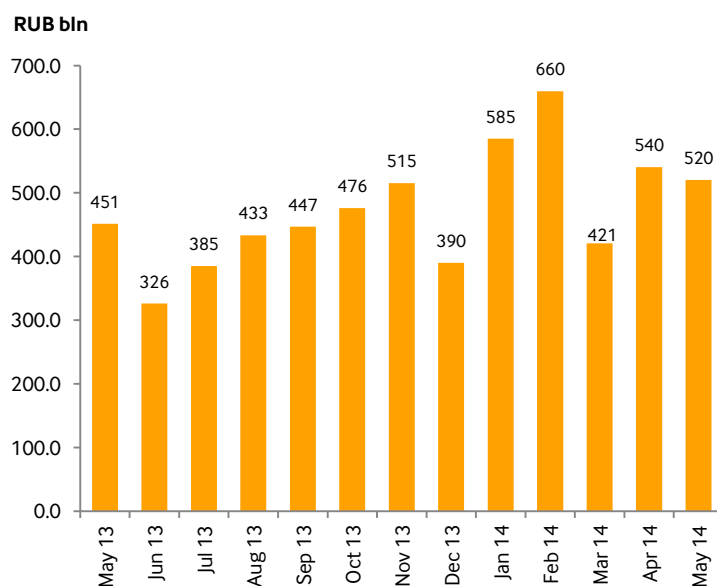
## DERIVATIVES MARKET

The total volume traded on the Moscow Exchange's derivatives market in May was RUB 3.3 trln, or 81 mln contracts. The average daily volume was RUB 165.6 bln, down 14.6% MoM. The total open interest at the end of the month was RUB 520 bln, or 13 mln contracts.

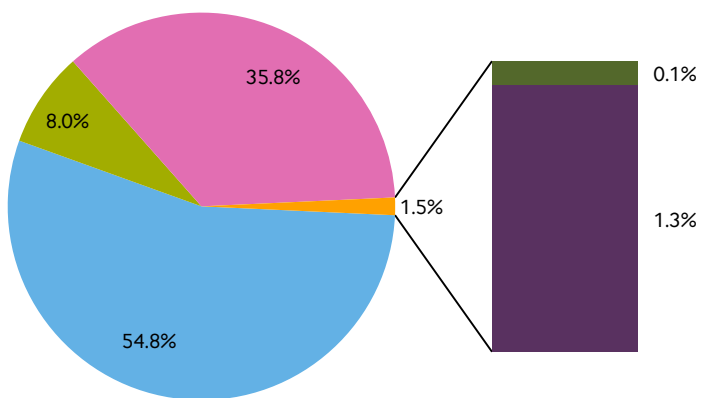
### DERIVATIVES MARKET TRADING VOLUME



### DERIVATIVES MARKET OPEN INTEREST

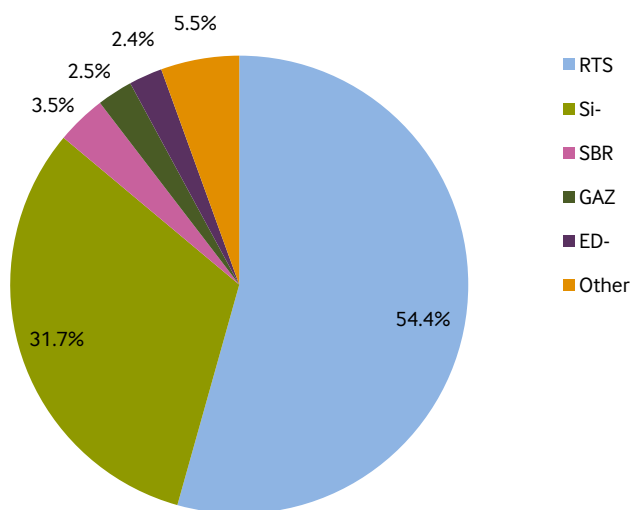


### MAY TRADING VOLUME BY UNDERLYING ASSETS



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

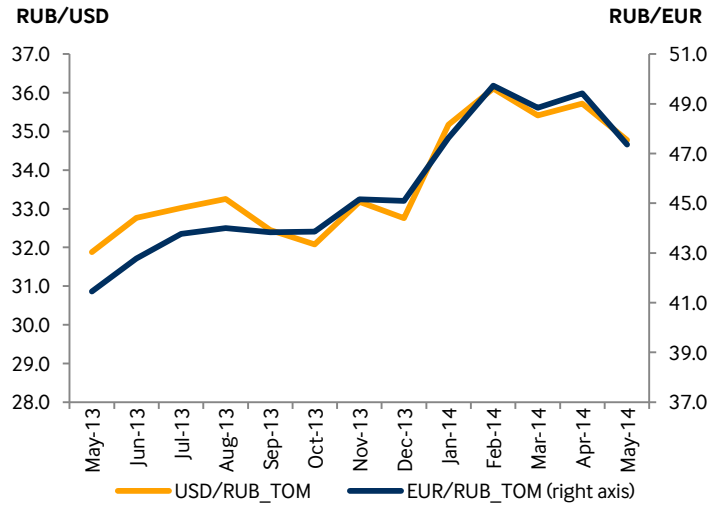
### DERIVATIVES MARKET MONTHLY BEST SELLERS



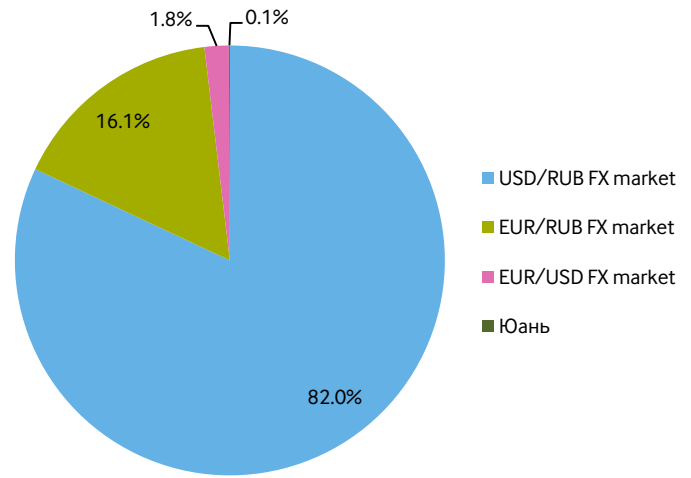
- RTS
- Si-
- SBR
- GAZ
- ED-
- Other

## FX AND MONEY MARKET

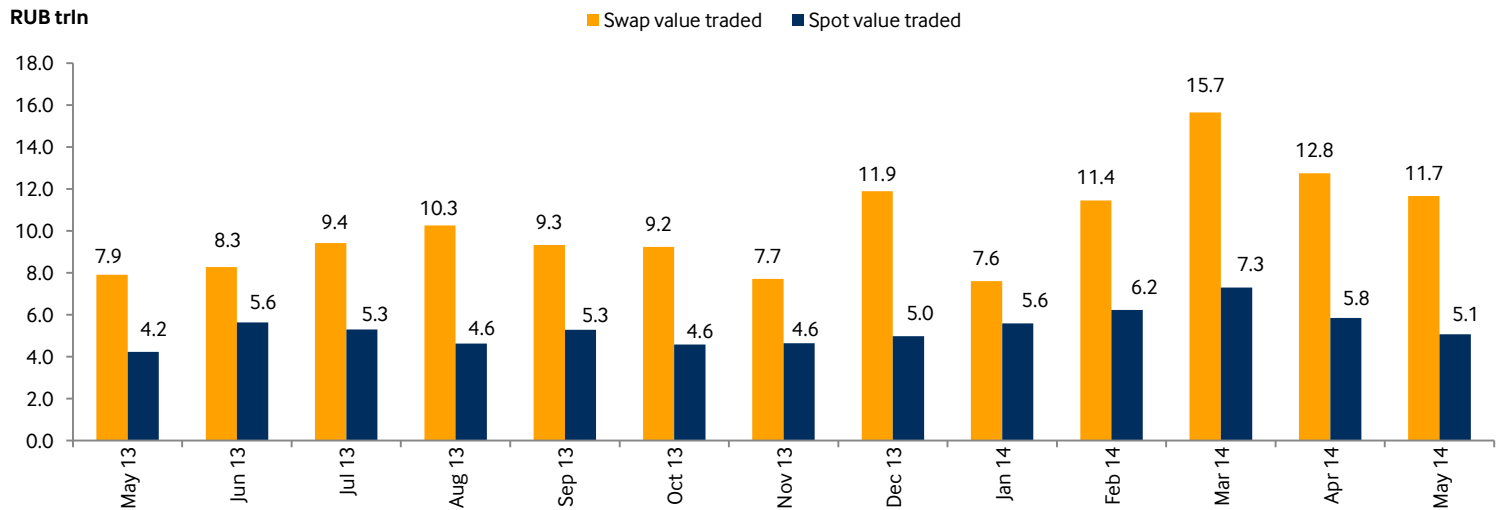
### EXCHANGE RATES



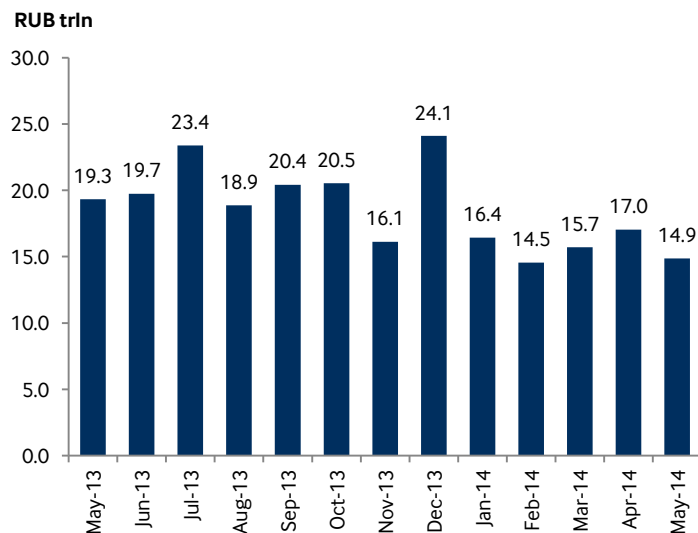
### MAY TRADING VOLUMES



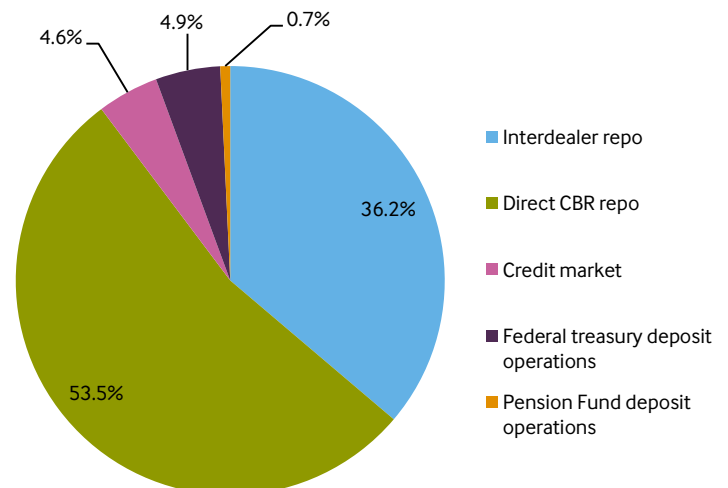
### FX MARKET TRADING VOLUME



### MONEY MARKET TRADING VOLUME



### MAY TRADING VOLUME BREAKDOWN





## TOP 20 EQUITIES TRADERS

MAIN TRADING MODE T+  
AND CCP NEGOTIATED TRADES MODE

Rating position (previous month)	Company Name	Turnover, RUB bln
1 (1)	BCS	388.59
2 (2)	FINAM	172.00
3 (3)	OTKRITIE	155.41
4 (4)	Renaissance Capital	125.76
5 (5)	Sberbank	103.09
6 (6)	VTB 24	80.56
7 (7)	ALOR	76.84
8 (8)	Deutsche Bank	44.75
9 (9)	Credit Suisse Securities (Moscow)	43.72
10 (12)	IT Invest	34.59
11 (10)	ATON	34.57
12 (14)	GPB	29.22
13 (13)	ALFA-BANK	26.96
14 (11)	Zerich Capital Management	26.71
15 (16)	Merrill Lynch Securities	20.55
16 (18)	Citigroup Global Markets	19.51
17 (15)	KIT Finance	17.34
18 (17)	Goldman Sachs	15.08
19 (23)	VTB Capital Broker	12.41
20 (27)	UBS Securities	11.37

## TOP 20 CORPORATE AND REGIONAL BONDS TRADERS

MAIN TRADING AND NEGOTIATED TRADES MODES

Rating position (previous month)	Company Name	Turnover, RUB bln
1 (1)	BC Region	62.64
2 (6)	GPB	33.91
3 (4)	VELES Capital	29.05
4 (3)	Sberbank	27.73
5 (5)	KIT Finance	21.88
6 (13)	Promsvyazbank	18.65
7 (2)	OTKRITIE	16.08
8 (12)	ALFA-BANK	15.24
9 (16)	SVIAZ-BANK	13.99
10 (17)	BCS	10.79
11 (23)	UNIVER Capital	10.62
12 (7)	RONIN	10.54
13 (14)	LOCKO-Bank	10.41
14 (8)	VTB Capital	8.96
15 (11)	VTB Bank	8.95
16 (15)	RGS Bank	8.49
17 (27)	ALOR	8.26
18 (50)	PROSPECT	7.51
19 (-)	Morgan Stanley Bank	7.19
20 (35)	ATON	7.08

## TOP 20 SOVEREIGN BONDS (OFZs) TRADERS

MAIN TRADING AND NEGOTIATED TRADES MODES

Rating position (previous month)	Company Name	Turnover, RUB bln
1 (1)	Morgan Stanley Bank	88.94
2 (2)	Credit Suisse Bank (Moscow)	63.64
3 (3)	Deutsche Bank	38.90
4 (6)	CITIBANK	28.40
5 (4)	Veles Capital	27.66
6 (5)	Promsvyazbank	18.90
7 (11)	OTKRITIE	15.88
8 (9)	ING BANK (EURASIA)	15.37
9 (37)	ATON	14.01
10 (8)	Raiffeisenbank	13.56
11 (10)	Sberbank	11.59
12 (12)	HSBC Bank	10.43
13 (27)	GPB	10.15
14 (14)	REGION	9.34
15 (13)	VTB Bank	8.22
16 (-)	BALTINVESTBANK	7.86
17 (21)	KIT Finance	7.43
18 (15)	MTS Bank	7.34
19 (16)	VTB Capital	6.59
20 (19)	Asian - Pacific Bank	6.29

## TOP 20 FUTURES AND OPTIONS TRADERS

Rating position (previous month)	Company Name	Turnover, RUB bln
1 (1)	OTKRITIE	1,474.11
2 (2)	BCS	1,447.96
3 (3)	IT Invest	516.75
4 (4)	FINAM	441.97
5 (5)	Renaissance Capital	381.54
6 (6)	ALOR	257.90
7 (7)	Sberbank	224.58
8 (8)	VTB 24	192.80
9 (9)	ZERICH Capital Management	166.10
10 (12)	KIT Finance	159.99
11 (11)	ALFA-BANK	159.64
12 (10)	Metallinvestbank	152.13
13 (20)	Bank ZENIT	78.76
14 (13)	FINRISE	78.40
15 (14)	ATON	66.55
16 (16)	URALSIB Capital-Financial Services	61.19
17 (18)	OLMA	59.20
18 (19)	Promsvyazbank	54.09
19 (21)	ALOR BANK	42.56
20 (28)	Morgan Stanley Bank	32.70

## TOP 10 FX MARKET TRADERS (USDRUB SPOT)

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

## TOP 10 FX MARKET TRADERS (USDRUB SWAPS)

Rating position (previous month)	Company Name
1 (1)	VTB Bank
2 (4)	OTKRITIE
3 (2)	Sberbank
4 (3)	CITIBANK
5 (5)	Deutsche Bank
6 (7)	FUNDSERVICEBANK
7 (-)	ING BANK (EURASIA)
8 (8)	BINBANK
9 (6)	Vnesheconombank
10 (-)	GPB

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

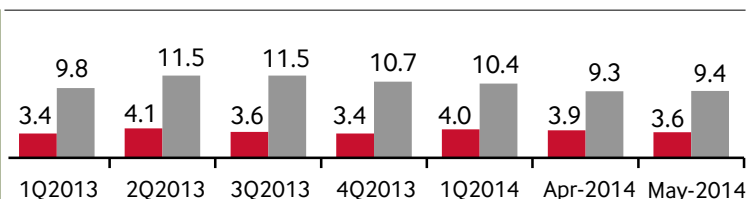


**EOB SPREAD DYNAMICS: MOSCOW EXCHANGE vs LSE**

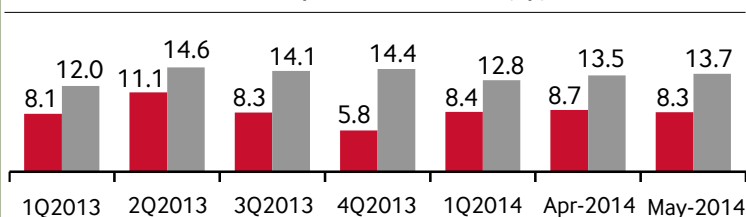
Analysis provided by  
**LiquidMetrix**

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

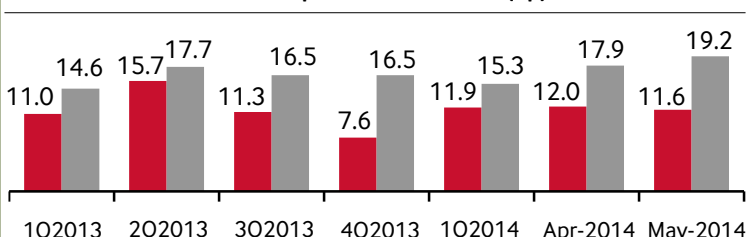
**Bid - ask spread 1 Contract (bp<sup>1</sup>)**



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



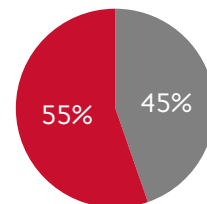
**Bid - ask spread 50k EUR deal (bp)**



■ Moscow Exchange ■ LSE

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

May 2014



■ Moscow Exchange  
■ LSE

**Notes:**

Spreads measure the bid to offer spread of the best visible orders in the book, with 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 Virtual Index – index calculated based on prices and EOB data of the most liquid Russian dual listed stocks
- (3) Calculated based on EOB trading volumes of 32 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.