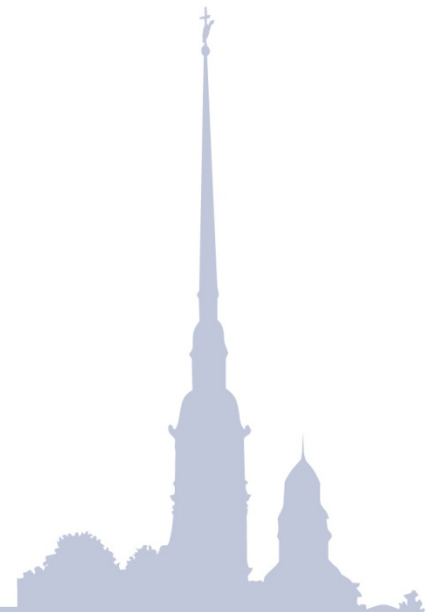




**THE FORUM OF RUSSIAN  
AND EUROPEAN  
BUSINESSES  
2011**

PARTNERS IN MODERNISATION:  
**NEW OPPORTUNITIES  
FOR DOING BUSINESS  
IN RUSSIA**

Saint Petersburg, September 23, 2011



# ***The Russian Stock Market: New Opportunities for Investors***

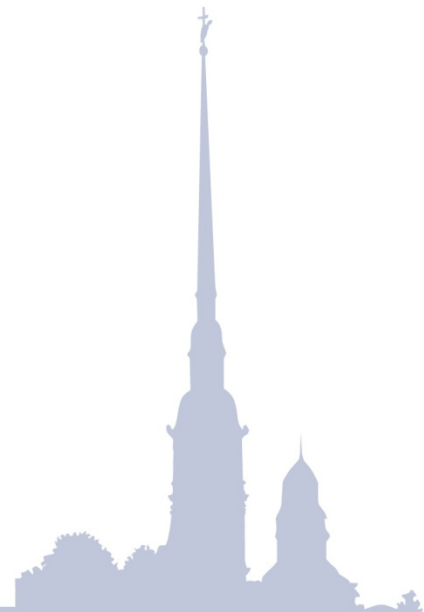
*Speakers:*

***Sergey Sinkevich***

*Vice-President, Moscow Interbank  
Currency Exchange (MICEX)*

***Maria Ivanova***

*Head of Domestic Securities Services,  
Deutsche Bank Russia*



# Foreign Investor Opportunities



**MICEX Group**

September 2011

# Agenda

1 MICEX – the leading CEE stock exchange...

2

2 ...with high future growth potential...

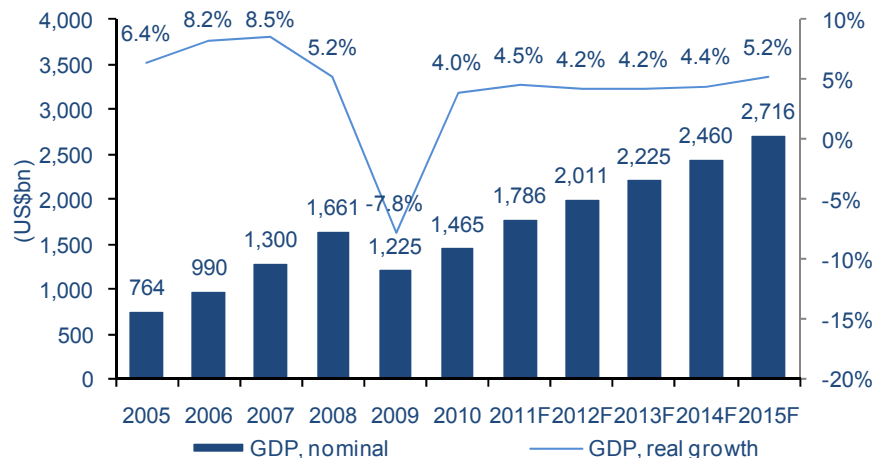
5

3 ...and clear strategy to capture growth opportunity

12

# MICEX – Growth is Picking Up

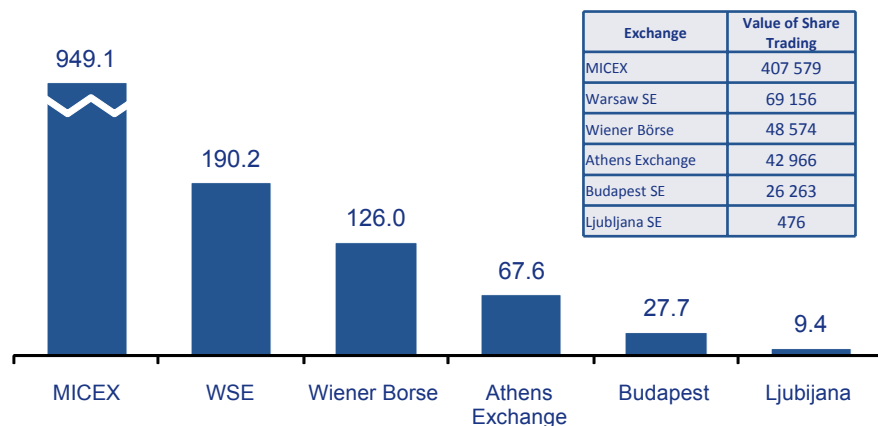
## Macroeconomics outlook



Source: Rosstat, VTB Capital Research

- GDP growth in 2011 is expected at 4.5%
- Oil prices are back to historic highs exceed in \$90
- Ruble exchange rate has stabilized at 28-30 per \$
- Reserves are back to pre-crisis levels
- 2011 inflation is expected at 6%<sup>2</sup> down from 9% last year
- 2011 unemployment forecast down from 8.5% to 6.8%<sup>3</sup>

## Traded companies capitalization (2010, US\$bn)



Source: World Federation of Exchanges

- MICEX is the largest stock exchange in CEE/CIS region by capitalization of traded companies
- significantly ahead of all other players
- in the past 6 years, Russian equity market capitalization has grown with a CAGR of 33%
- MICEX's trading turnover in 2010 totaled US\$4.8tn
- Acquisition of RTS allowed to capture dominating position in derivatives market in CIS and turn into a uniquely geared up platform

# Unique range of products offered at a single stock exchange globally

	Cash Equities	Fixed Income	REPO	FX Trading	Derivatives
Trading	✓	✓	✓	✓	Increase trading volumes
Listing /NPI <sup>1</sup>	IPO	✓	✓	✓	✓
Clearing	Introduce CCP <sup>2</sup>	Introduce CCP	Introduce CCP	✓	Introduce CCP
Settlement	Establish Central Depository	Establish Central Depository	✓	✓	✓
Data & Information	Enhance online data availability				

 Areas of expertise

 Key areas for development

# Agenda

1 MICEX – the leading CEE stock exchange...

2

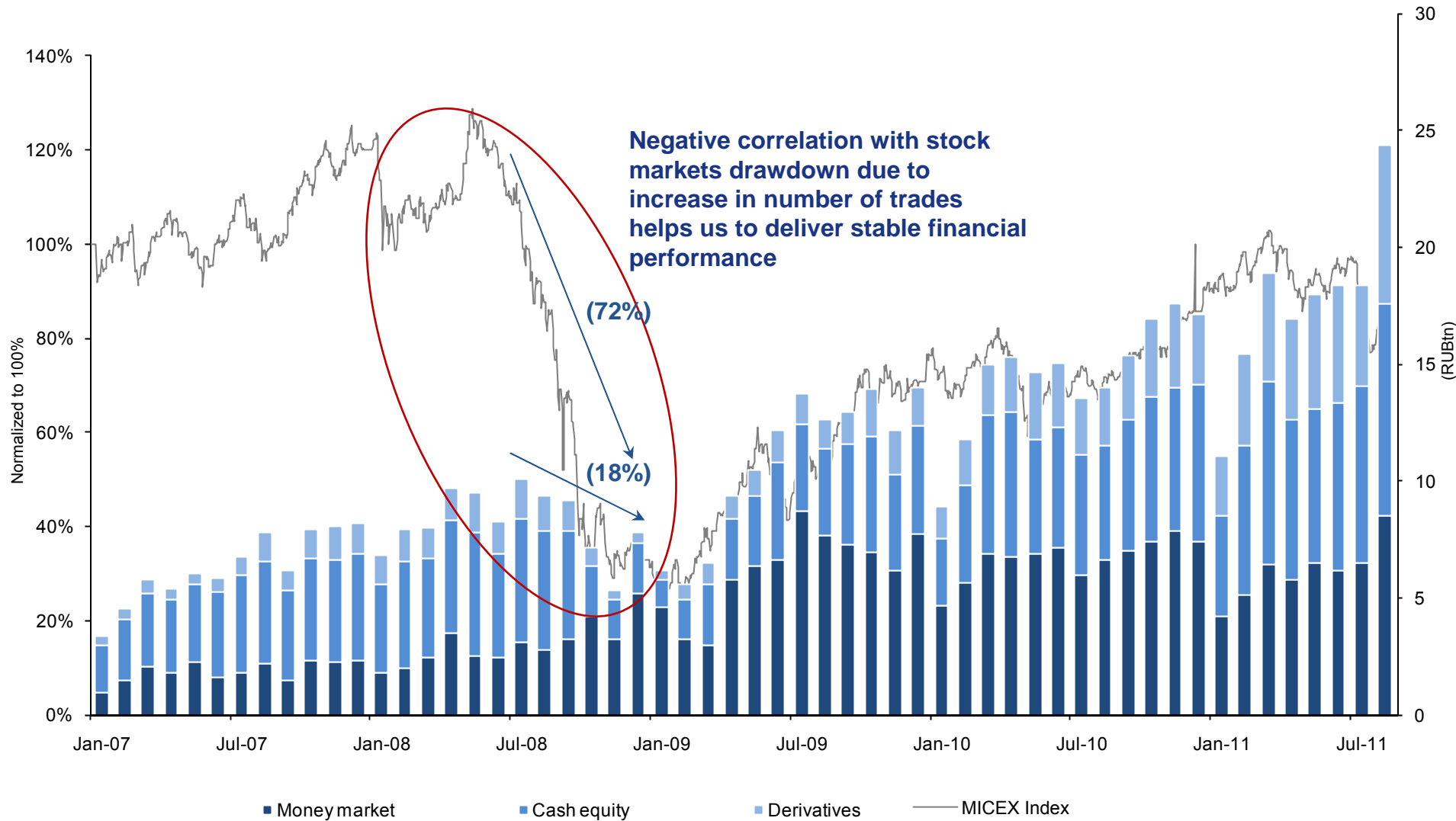
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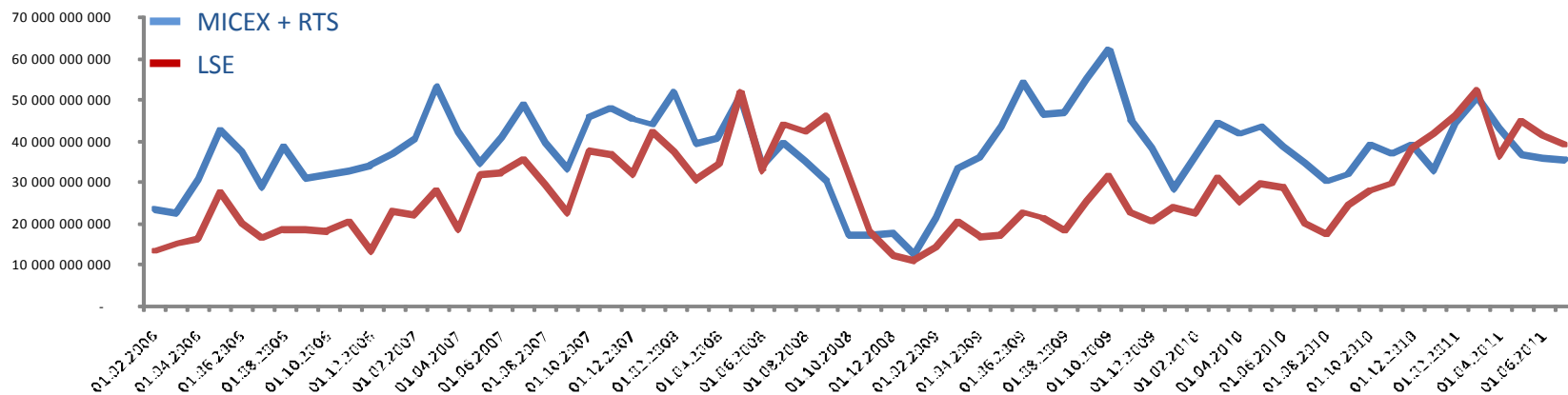
# Volumes grow regardless market unrest



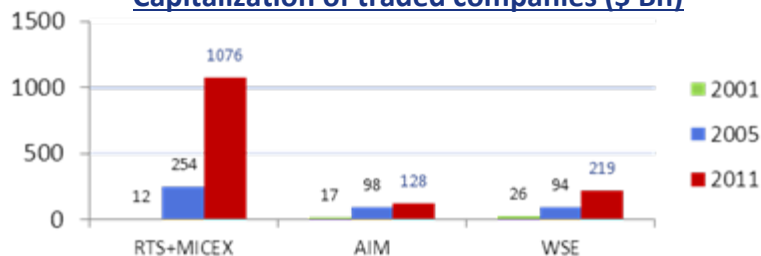
Source: Bloomberg as of 13 September, MICEX and RTS



## Value of shares trading of Russian companies (MICEX + RTS), US\$



## Capitalization of traded companies (\$ Bn)



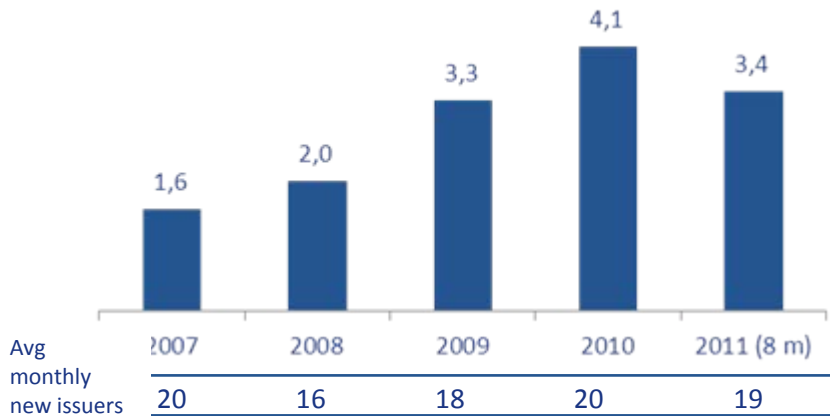
## Average Daily Trading Volumes (\$ MM)



- Trading Volumes of Russian shares are greater on MICEX+RTS than Russian DRs volumes in London:
- more instruments traded in Russia
- liquidity for 2-nd and 3-rd tier is greater in Russia
- MICEX-RTS is much larger than WSE and AIM if measured by market capitalization and trading volumes

# Fixed Income Market

## Value of primary bonds placements, US\$bn



- ✓ Monthly value of bond placements exceeds pre-crisis values
- ✓ Presence of 2-nd and 3-rd tier bond issues

## Secondary market yields, %



- ✓ Rates on the bond market are at the pre-crisis level
- ✓ After global market fell in August'09, rates at the secondary bond market on MICEX grew by an average of 0.6%
- ✓ Russian debt market stability is security by the Government

Market requirements	Exchange solution
Foreign exchange operations Currency SWAPs	<ul style="list-style-type: none"><li>■ Higher liquidity</li><li>■ Wide range of instruments</li></ul>
Reducing currency risk	<ul style="list-style-type: none"><li>■ Deals with CCP</li><li>■ Participation of the Bank of Russia</li></ul>
Cost reduction	<ul style="list-style-type: none"><li>■ New risk management system</li><li>■ New approach to deposit margin</li></ul>
New opportunities	<ul style="list-style-type: none"><li>■ Multilevel access</li><li>■ New instruments (CNY-RUB)</li><li>■ Trading hours extension</li></ul>

Market requirements	Exchange solution
Trading strategies with capital protection	<ul style="list-style-type: none"><li>■ Single-stock options* and futures</li><li>■ Indices derivatives</li></ul>
Synthetic investment products meeting investors' requirements	<ul style="list-style-type: none"><li>■ Combination of derivatives with stocks and fixed-income instruments</li></ul>
Hedging interest rate risk	<ul style="list-style-type: none"><li>■ Interest-rate futures: futures contracts on MosPrime and RUONIA interest rates</li><li>■ Government Bonds (OFZ) Futures</li></ul>
Managing currency risk	<ul style="list-style-type: none"><li>■ Futures contracts on foreign currency rates</li></ul>

\* Single-stock options are traded on RTS

# Key goals by each market/segment

Market share Goal		Strategic Goals-2015
Stock market	Cash Equities	Grow <ul style="list-style-type: none"><li>Retain a leading position in the Cash Equities Market</li><li>Become preferred listing &amp; trading floor for Russian/CIS issuers</li><li>Increase international investors' share in cash equities trading volumes</li><li>Introduce T+ / &lt;100% deposit requirements</li></ul>
	Fixed Income	Maintain <ul style="list-style-type: none"><li>Take advantage of the corporate RUB nominated bonds volume growth including bonds traded at MICEX</li><li>Facilitate simplification of the utilization of bonds by corporate clients</li></ul>
	Repo	Maintain <ul style="list-style-type: none"><li>Retain a current position as the 3<sup>rd</sup> party provider of services</li><li>Employ the CCP trading potential</li></ul>
	FX	Maintain <ul style="list-style-type: none"><li>Minimize the market share loss to OTC trading, including electronic OTC trading (EBS/ICAP), both on spot and swap transactions</li><li>Use the non-price bound leverage to limit expected decline in prices</li></ul>
	Derivatives	Grow <ul style="list-style-type: none"><li>Gain a leading position in derivatives markets for Russian/CIS financial instruments through acquisition of RTS</li><li>Develop new products and services including stock options, interest rate derivatives and other</li><li>Upgrade clearing of the OTC transactions</li></ul>
	Other businesses	Grow <ul style="list-style-type: none"><li>Develop and improve trading data dissemination services</li><li>Commodities could potentially become a material share in MICEX business, however it is not a first priority, since creating platform will require significant efforts while the return is not guaranteed</li></ul>

# Agenda

- |   |   |    |
|---|---|----|
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# Key initiatives to attract foreign investors

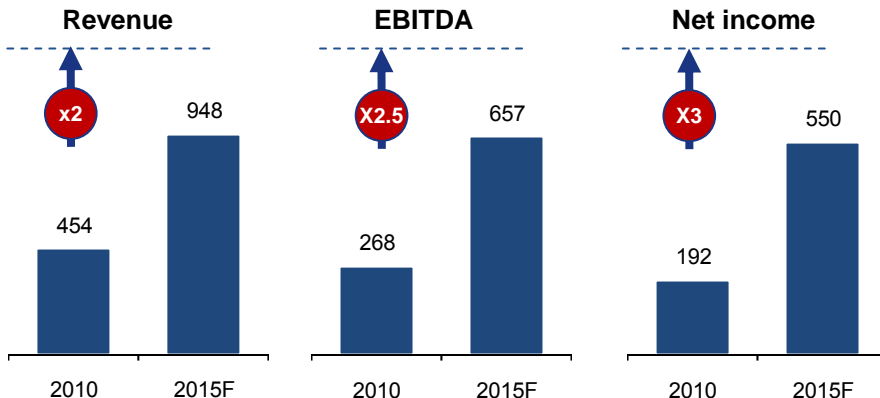
Initiative	Description
T+n trading protocol	<ul style="list-style-type: none"><li>■ Transition from T+0 settlement protocol to T+2 or T+3 settlement protocol</li><li>■ Deposits margin introduction (&lt;100% required deposit)</li></ul>
Central Counter Party	<ul style="list-style-type: none"><li>■ Transfer of Clearing services to National Clearing Center</li><li>■ New risk management system</li></ul>
Central Depository Infrastructure	<ul style="list-style-type: none"><li>■ Combination of depositories (NSD &amp; DKK)</li><li>■ MICEX depository arrangements to comply with SEC regulation 17-f7</li><li>■ Law to be adopted by end 2011</li></ul>
Comprehensive DMA	<ul style="list-style-type: none"><li>■ Introduction of data exchange protocols according to industry standards</li><li>■ Comprehensive client solutions</li></ul>
Disclosure improvement	<ul style="list-style-type: none"><li>■ Prospectus requirements enhancement to industry standards</li><li>■ Introduction of bilingual prospectus</li></ul>

# Our aspiration is to become top-5 stock exchange globally

## MICEX performance objectives

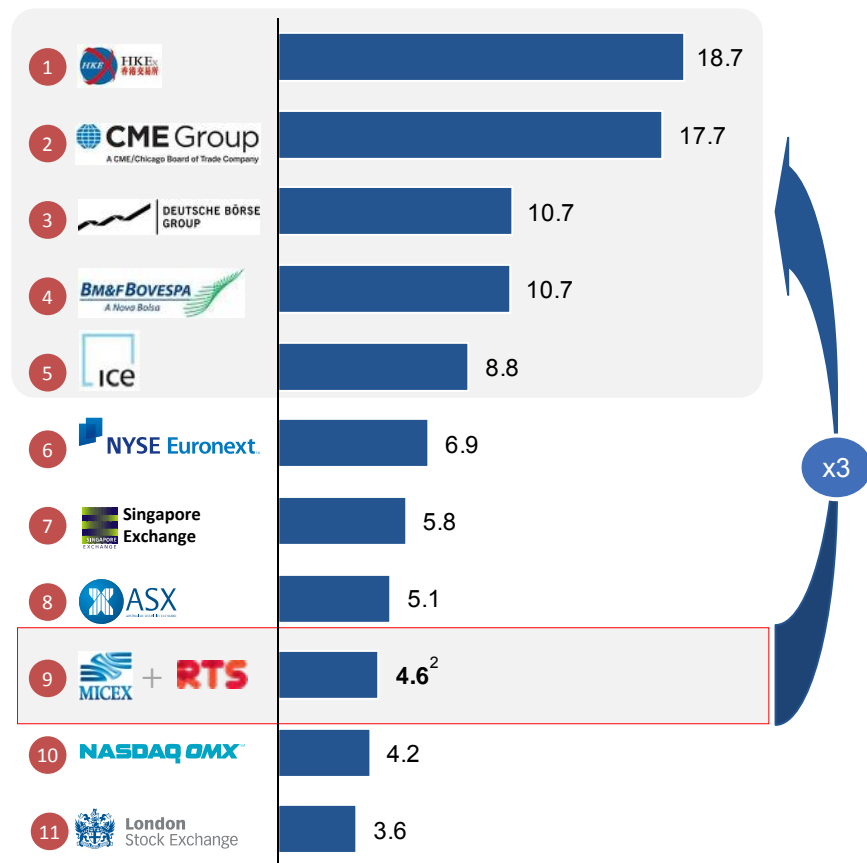
- Become the preferred stock exchange for Russian IPOs, traders and investors into Russian assets
- Roll out new products & services
- Make trading on MICEX comprehensive, comfortable and price efficient

## Financial forecasts (pro-forma, US\$m)



Source: Bloomberg as of 13 September 2011, MICEX

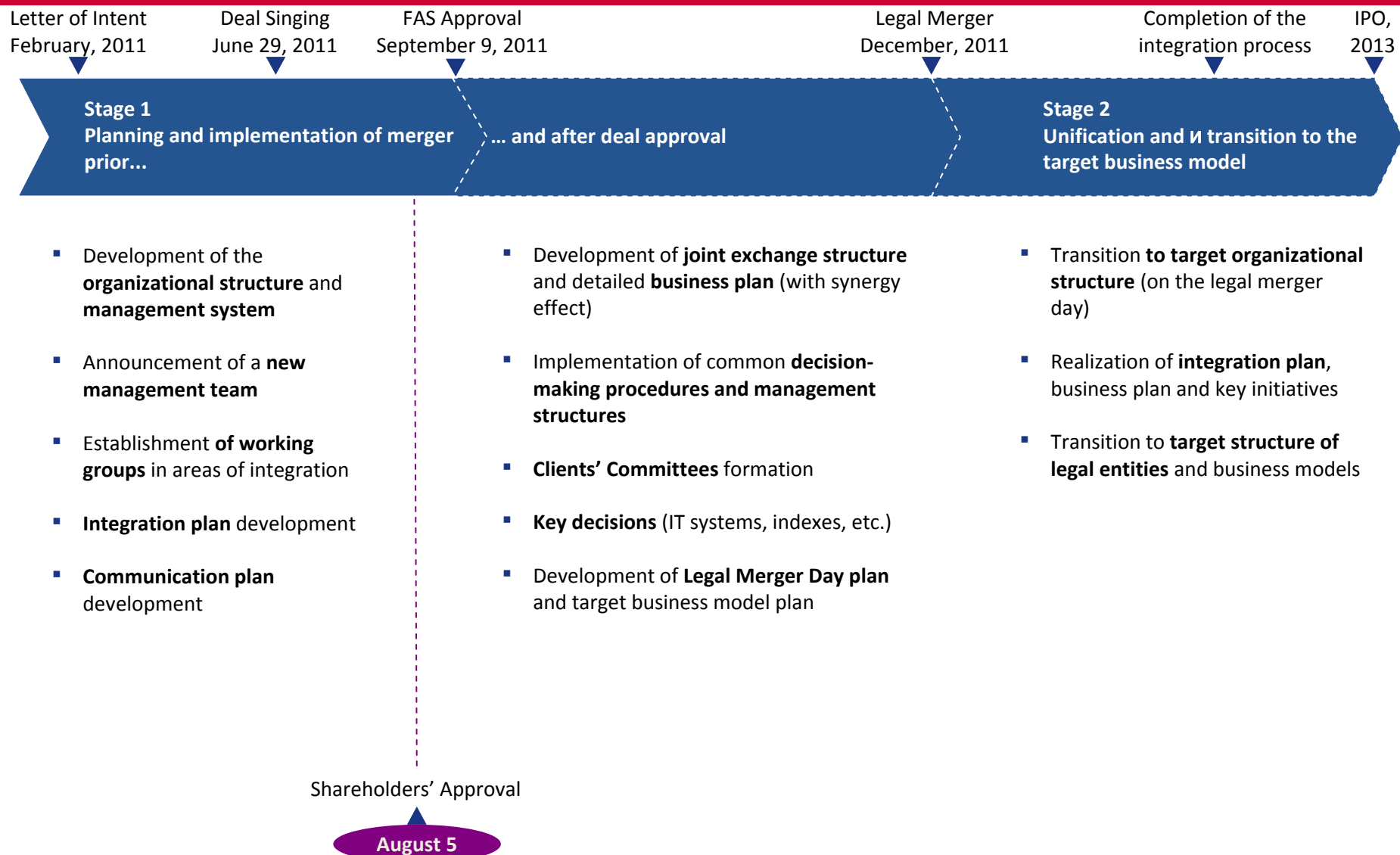
## Current size<sup>1</sup> and strategic ambition (US\$bn)



**MICEX+RTS is already top 10 by market capitalization with substantial value to be achieved through increase in trade volumes and profitability improvement**



# MICEX and RTS merger overview





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