



MOSCOW EXCHANGE HOSTS FORUM IN NEW YORK

Moscow Exchange hosted a forum at the Grand Hyatt Hotel in New York on 23 October, with nearly 200 representatives of the investor, brokerage, and custodian communities in attendance.

The forum began with a plenary session moderated by Moscow Exchange CEO Alexander Afanasiev, with guest speakers including First Deputy CBR Chairman and head of Russia's newly created financial mega regulator Sergey Shvetsov, National Settlement Depository (NSD) chief Eddie Astanin, and Sberbank CIB (USA) CEO Chris Osborne. They covered topics like upgrades to the Russian market infrastructure in the last year, the mega regulator's plans to support growth of a dedicated long term domestic investor base, and the corporate governance challenges that Russia still faces.

This was followed by two roundtables running in

parallel. The first, was hosted by the heads of Moscow Exchange's equities & bonds, derivatives, FX, and money markets. The respective business heads spoke about access to their markets for international participants, product offerings, and innovations that the exchange plans to roll out in the near future. The head of IT also spoke about recent and planned developments in information technologies at Moscow Exchange. The second hosted by the NSD, featured an in-depth discussion about the services that it offers as the main entity for settlement of Russian equities and bonds, as well as the central depository across all markets.

The New York Session of the Moscow Exchange Forum capped a series of events that kicked off earlier this year in Moscow and London. Additional events are planned for 2014.

MARKET NEWS

Diamond miner Alrosa raises USD 1.3 bln in Moscow IPO

Moscow Exchange hosted a ceremony on 28 October to mark Alrosa's successful IPO. The offering totalled RUB 41.3 bln (USD 1.3 bln), making it the largest Russian IPO this year and the third largest in the EMEA space.

First Deputy Prime Minister Igor Shuvalov said: "I congratulate Moscow Exchange and all present here with the successful placement. Just one year ago, there were many disputes about whether Moscow Exchange could perform the function entrusted to it. The instruction from Russia's president in 2012 was demanding: to work with Moscow Exchange and to conduct privatizations via the exchange. There were debates about the venue for this placement, and whether it should be only domestic or executed some another way. Our decision turned out to be absolutely right. The exchange's infrastructure facilitated successful completion of the deal, which was a victory for Rosimuschestvo, the exchange, the Finance Ministry, and all parties involved. This is a step forward in the development of Moscow Exchange and the Russian market."

CBR First Deputy Chairman Sergey Shvetsov said: "This was a large and interesting deal. Today's success marks the end of a long journey, not only for those involved in the transaction, but also for Moscow Exchange and the regulators. Establishing a central securities depository, opening Russia's depository market to foreign depositories, creating technical links, and liberalising pension funds' investment rules all make Moscow Exchange an attractive venue for Russian companies to conduct SPOs and IPOs. The exchange cannot evolve without new IPOs, however. As Supervisory Board Chairman, I would underscore that our strategy entails allocating substantial resources to ensuring that events like today's become a regular occurrence."



Moscow Exchange CEO Alexander Afanasiev said: "This is the largest placement in the history of Russia's stock market to be conducted exclusively in local shares, with no dual listings on foreign markets or DR placements. It required a great deal of work reforming Russia's financial market infrastructure to make a transaction like this possible: a central securities depository and qualified central counterparty were created and now operate successfully; the stock market has also switched to trading with partial prefunding requirements. Alrosa's IPO was the model of a successful privatisation deal and a rare example of a large public placement made at a premium to the market. The stock market's infrastructure has again proven its capacity to handle large placements, including in the framework of the privatisation of state companies."

Federal Property Management Agency (Rosimuschestvo) Director and Deputy Economy Minister Olga Dergunova said: "I consider the placement to be a huge success for the government. We reaffirm that the privatisation plans that were announced and to which the government is adhering remain unchanged. Companies, federal authorities, and Russia's government are together implementing those plans."

Alrosa CEO Fyodor Andreev said: "We are delighted with the significant interest that international and Russian investors showed in our offering. The deal was an important strategic step for Alrosa. Our company enjoys a unique position as the global diamond market leader: we possess the largest resource base in the industry; the market we operate in is fundamentally attractive; we are successfully introducing a cutting edge marketing and sales strategy; we are generating sustainable cashflows; and we have promising growth prospects and an experienced management team. All of these factors played an important role in generating strong interest from investors in Alrosa and our offering. We will strive to develop Alrosa as a public company and to enhance its value for all shareholders."

Sakha Region (Yakutia) Property and Land Minister Evgeny Grigoriev and representatives of the placement managers Goldman Sachs, JP Morgan, Morgan Stanley, VTB Capital, and Renaissance Capital also attended the ceremony.



EQUITIES & BONDS

Qiji depositary shares begin trading

American Depositary Shares (ADSs) of electronic payment service provider Qiji began trading on Moscow Exchange on 8 October. This is the first time that NASDAQ listed US securities have been listed on a Russian exchange. The same shares will be traded on Moscow Exchange as on NASDAQ, allowing for free flow of liquidity between the two exchanges.

Qiji CFO Alexander Karavaev said: "listing on Moscow Exchange gives our partners, including Qiji agents, direct access to the company's ADSs. We are confident that this will enable us to expand our investor base, and that it will be positive for the development of Qiji's core business."



Transportation Index launched

Moscow Exchange launched a transportation sector index on 11 November. The key constituents are to be Aeroflot, FESCO, NCSP, Transcontainer, and UTair, which are already included in the exchange's Broad Market Index. As with other sector indices, the Transportation Index is to be rendered in RUB (code MICEXTRN) and USD (RTStn).

Seven new ETFs in October

Russia's first ETF for physical gold began trading on Moscow Exchange on 17 October. The fund tracks the London gold fixing price, which is set in USD every trading day. The fund's shares are denominated in USD, while trading on the Moscow Exchange is in RUB. The fund is the first regulated ETF for physical gold available in both the EU and Russia. Its assets are in bullion stored at a facility in London.

Moscow Exchange admitted to trading six ETFs on MSCI country indices on 31 October. FinEx ETF Ltd., part of FinEx Group, an international investment management company, launched the ETFs. This development is in line with Moscow Exchange's strategy to continue to expand the range of foreign market linked products available for Russian investors. Earlier this year the exchange started futures trading in the five most liquid German stocks.

The first exchange traded fund listed in Moscow, a Russian corporate Eurobond ETF, began trading this autumn, offering interesting diversification opportunities to market participants.

NOMOS Bank completed its RUB 19.1 bln SPO on the Moscow Exchange on 23 October.

"This successful placement once again demonstrates that Moscow Exchange's systems are convenient and popular with both issuers and investors.", said Moscow Exchange Deputy CEO Andrey Shemetov.

DERIVATIVES MARKET

Futures in MOEX shares launched

Trading in deliverable Moscow Exchange futures was launched on the Derivatives Market on 14 October, with the trading system contract code MEXC.

ALOR+, OLMA, and KIT Finance are the market makers.

The contract specifications are available on [the Exchange's website](#).

Central clearing of OTC derivatives launched

Moscow Exchange opened its new Standardised OTC Derivatives Market on 28 October.

The service allows banks and dealers to clear OTC interest rate, FX, and cross currency interest rate swaps through the [NCC, which is a qualified central counterparty](#). This will reduce participants' reserve requirements and increase profitability due to more efficient liquidity management.

New instruments were introduced on 28 October: interest rate swaps on RUONIA, MOSPRIME, and LIBOR rates, USD/RUB swaps, and USD/RUB interest rate swaps with maturities from intraday to five years. The exchange expects to offer clearing of OTC FX options next year.

Centralisation of OTC derivatives clearing was required of Russia by the G20. The CBR and commercial banks (including Sberbank, VTB Bank, Deutsche Bank, Credit Suisse, Raiffeisen Bank, Promsvyazbank, ING Bank, UniCredit Bank, and Metallinvestbank) were integral to implementing the project.



New Derivatives Market platform functionality

Moscow Exchange is changing and introducing new services to its Derivatives Market that will allow participants to utilise collateral more efficiently.

The changes mean that 100% of collateral will be in USD, versus the current requirement of 50% USD and 50% RUB. The change will simplify operations for foreign market participants and lower funding costs for Russian market participants.

Professional participants will gain access to segregated accounts and position transfer services, which, in case of nonfulfillment of obligations (default) by a clearing firm, allows client positions to be transferred to another clearing entity, providing protection against the settlement firm's risk.

A new volatility index future will also be launched based on feedback from market participants. The new methodology adheres to international standards and enables more accurate evaluation of market volatility.

Moscow Exchange has additionally made a number of changes affecting options contracts:

- Condensation of strikes: one month before options on RTS futures expire, intermediate strikes will be introduced, reducing the gap to 2,500 from 5,000 points.
- 1W options will be introduced on nearest futures (date of introduction to be announced).
- Commission collection on options will be changed to depend on the settlement price as of the last evening's clearing. This will substantially reduce the cost of working with low-price options. The new tariffs enter into force on 20 November at 7.00 pm.

The new platform will be brought online on 18 November.

COMMODITIES MARKET**Gold and silver trading launched**

Moscow Exchange launched gold and silver trading on 21 October, part of the first phase of its rollout of precious metals trading. Platinum and palladium are due to follow in 1H14.

Prices on all metals are in RUB per gram, and settlement is in RUB. Trading is on Moscow Exchange's FX platform in TOM (settlement tomorrow) mode, from 10:00 to 23:50 MSK. Participants have the option of making out-of-system deals in TOD (settlement today) mode and LTV (2D to 6M settlement) mode. 1D, 2D, 1W, 1M, and 6M swaps were also launched.

The National Clearing Centre acts as the central counterparty and clearing organisation for metals trades. Participants have access to the risk management system used in FX trading, can take positions combined with currency instruments, and are able to use existing settlement codes. RUB, USD, EUR, CNY, and precious metals are eligible as collateral.

For the first time in the history of exchange trading in Russia, members can deliver precious metals via metals accounts. Banks will be able to make transactions in bullion at the end of each month. Brinks and TBSS, which specialise in transporting and storing precious metals, were chosen by tender to deliver the bullion.

CLEARING & SETTLEMENT**National Clearing Centre's capital tops RUB 27 bln**

The National Clearing Centre (NCC), part of the Moscow Exchange Group, has increased its charter capital by RUB 9 bln to RUB 15.17 bln, bringing its own capital to more than RUB 27 bln. The National Clearing Centre (NCC) has become Russia's first qualified central counterparty (CCP). The CBR announced on 18 October that the NCC's management met the quality requirements for banks acting as CCPs to be recognised as qualified CCPs. This means that Russian banks are now able to use reduced CCP risk ratios in calculating their N1 capital adequacy ratios. Banks' assets held with a qualified central counterparty are calculated with a 5% risk ratio instead of 20% or 100% used for other counterparties. Russian banks are not required to calculate the risk of a securities issuer for exchange repo deals in which the NCC plays the role of central counterparty. The NCC's qualified CCP status provides additional Russian exchange infrastructure guarantees to local and foreign clients.

MARKET REPORT

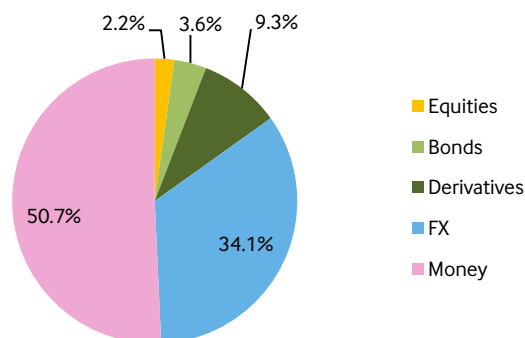
The total monthly trading volume on the Moscow Exchange's markets in October was RUB 40.5 tln. The average daily trading volume was RUB 1.75 tln, down 10% MoM. Trading in securities, RDRs, and mutual fund units made up 2.2% (RUB 0.83 tln) of the total trading volume, the bond market's share was 3.6% (RUB 1.5 tln), the derivatives market made up 9.3% (RUB 3.75 tln), the FX and money market accounted for a combined 84.8% (RUB 34 tln).

SECURITIES MARKET (STOCKS, RDRs AND INV. FUNDS UNITS)

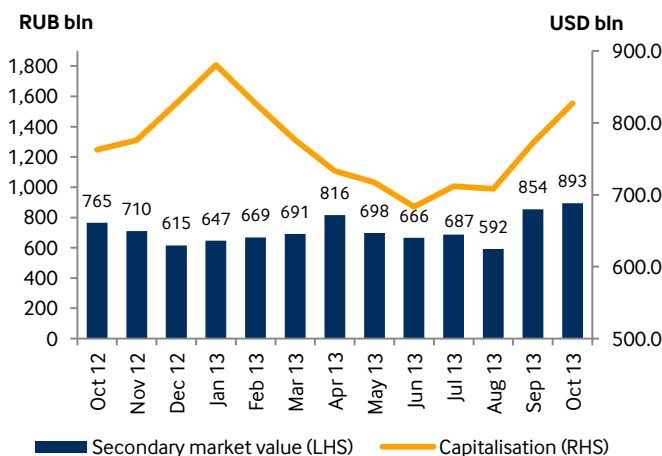
The trading volume of stocks totaled RUB 890 bln in October. The average daily trading volume was RUB 48.8 bln, down 5% MoM. The T+2 sector made up 95.3% of the total secondary market trading volume, the Standard sector accounted for 1%, the Classica sector made up 0.1%, and the T+0 sector came in at 3.7%. The primary market's value was RUB 9.6 bln. The OTC trading volume was RUB 270 mln, or 23% of the combined value of the secondary market and OTC trades.

The MICEX Index was up 3.24% MoM to 1,510.21 at the end of October from 1,462.82 at the end of September. The dollar denominated RTS Index was up 4.07% to 1,480.42 from 1,422.49. The cash equity market's capitalisation appreciated by 7.6% to USD 826.99 bln from USD 717.94 bln).

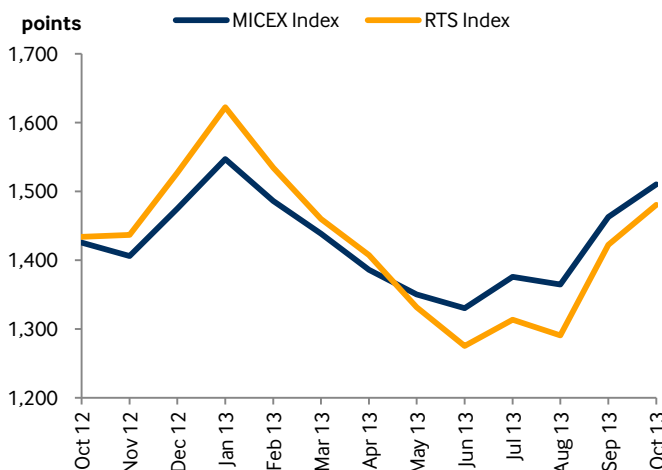
OCTOBER 2013 TRADING VOLUMES BY MARKETS TOTAL VOLUME OF RUB40.5 TRILLION



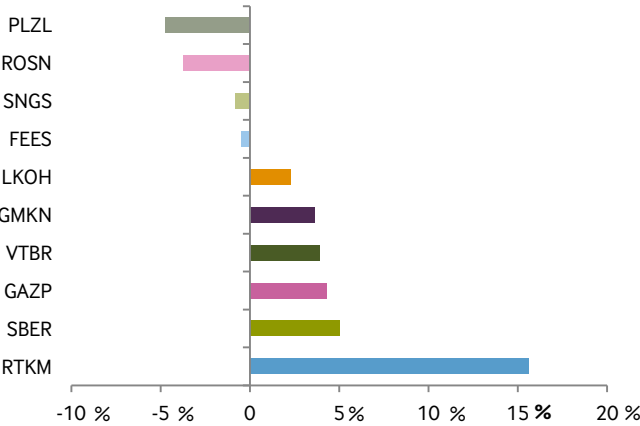
VALUE TRADED IN STOCKS, RDRs AND INV. FUNDS UNITS



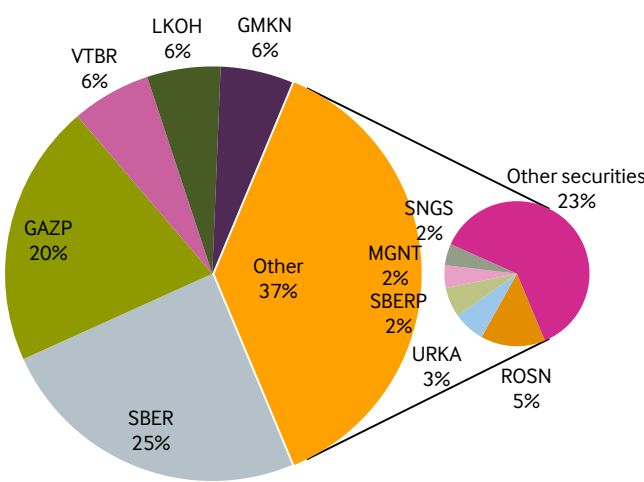
MICEX INDEX and RTS INDEX PERFORMANCE



MONTHLY CHANGES IN BLUE-CHIPS
CLOSING PRICES



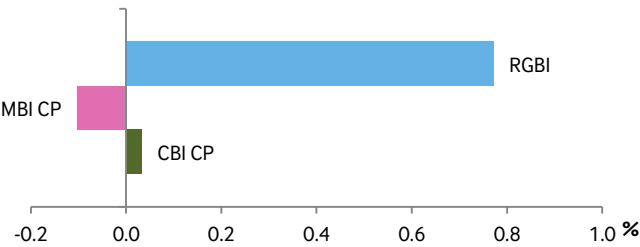
MONTHLY BEST SELLERS
ON THE SECURITIES MARKET



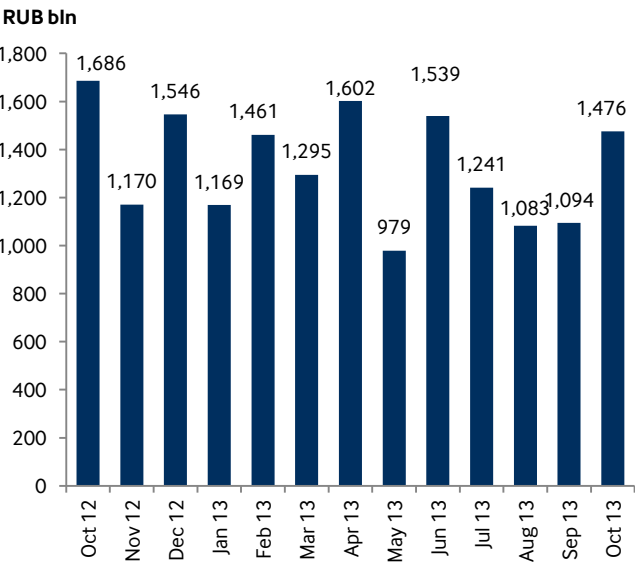
MARKET FOR CORPORATE,
REGIONAL AND GOVERNMENT BONDS
AND EUROBONDS

The Russian Government Bond Index (RGBI) was up 0.77% in October to 135.9 (from 134.86 at the end of September). The MICEX Municipal Bond Index (MICEX MBI CP) was down 0.1% to 97.33 (from 97.43). The MICEX Corporate Bond Index (MICEX CBI CP) was up 0.03% to 93.47 (from 93.44).

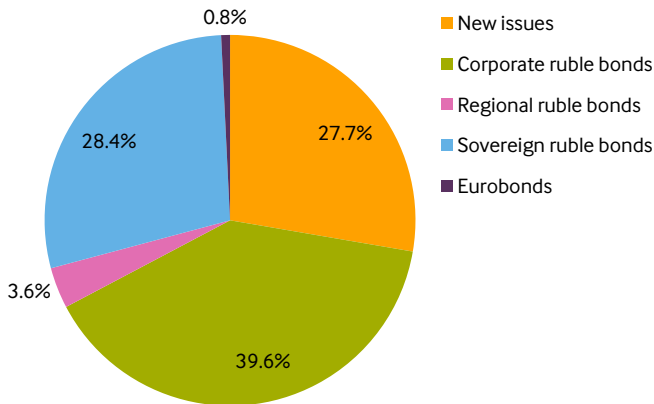
MONTHLY CHANGE IN BOND INDICES



TOTAL VALUE TRADED
ON THE PRIMARY AND SECONDARY BOND MARKETS



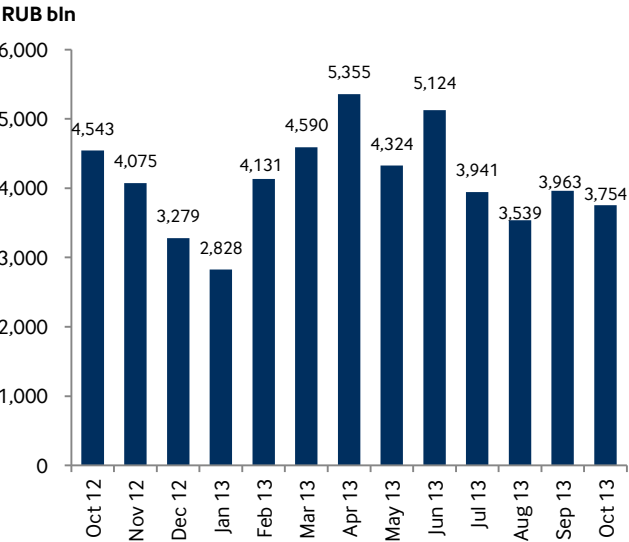
OCTOBER TRADING VOLUME



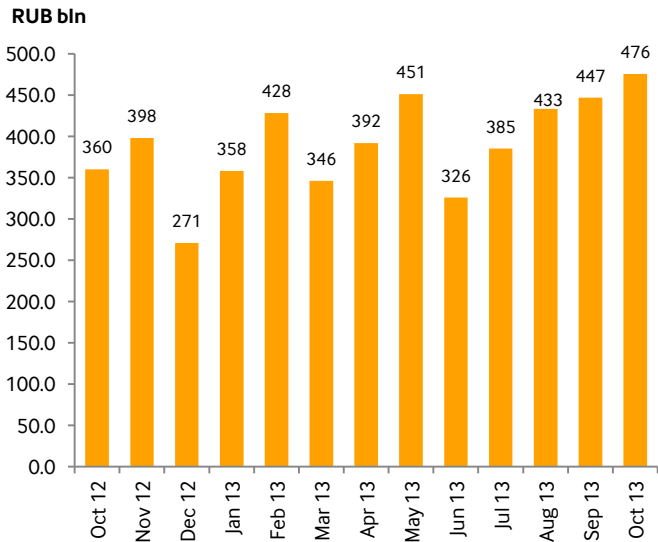
DERIVATIVES MARKET

The total volume traded on the Moscow Exchange's derivatives market in October was RUB 3.75 tln, or 82 mln contracts. The average daily volume was RUB 163.2 bln, down 13% MoM. The total open interest at the end of the month was RUB 476 bln, or 11 mln contracts.

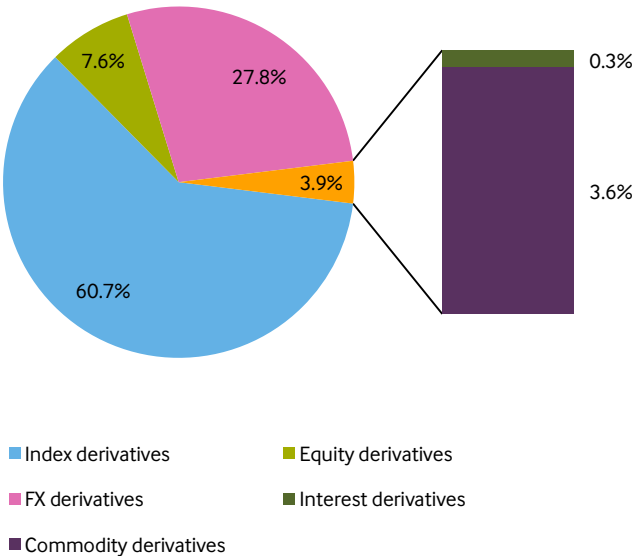
DERIVATIVES MARKET TRADING VOLUME



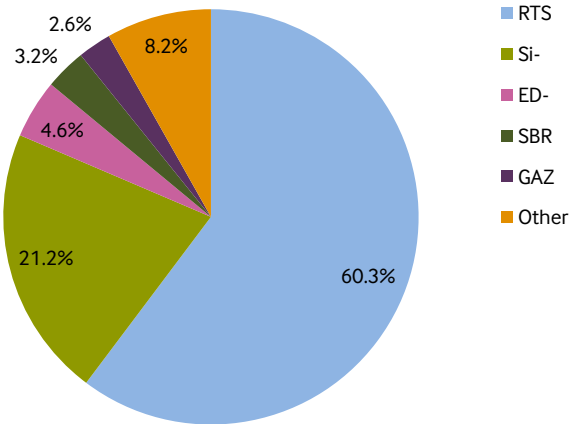
DERIVATIVES MARKET OPEN INTEREST



OCTOBER TRADING VOLUME BY UNDERLYING ASSETS

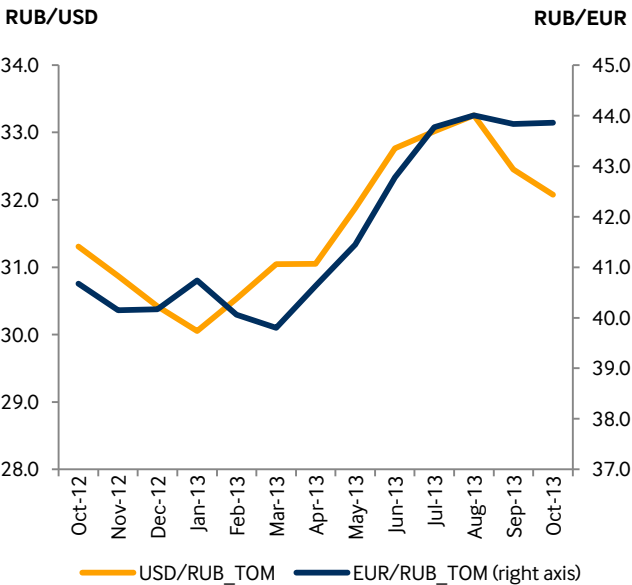


DERIVATIVES MARKET MONTHLY BEST SELLERS

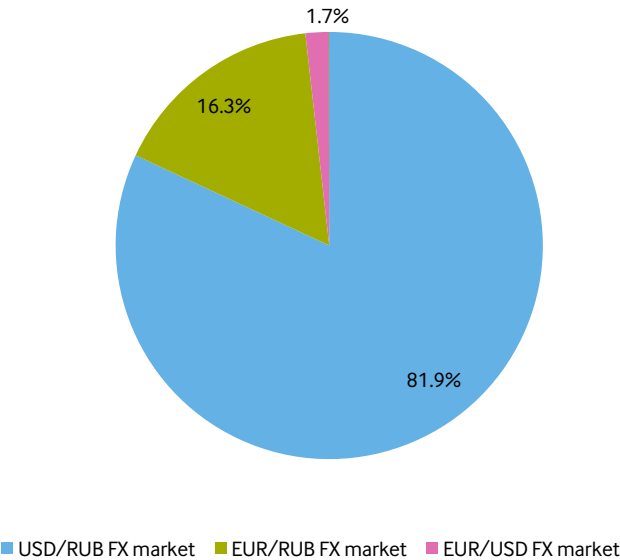


FX AND MONEY MARKET

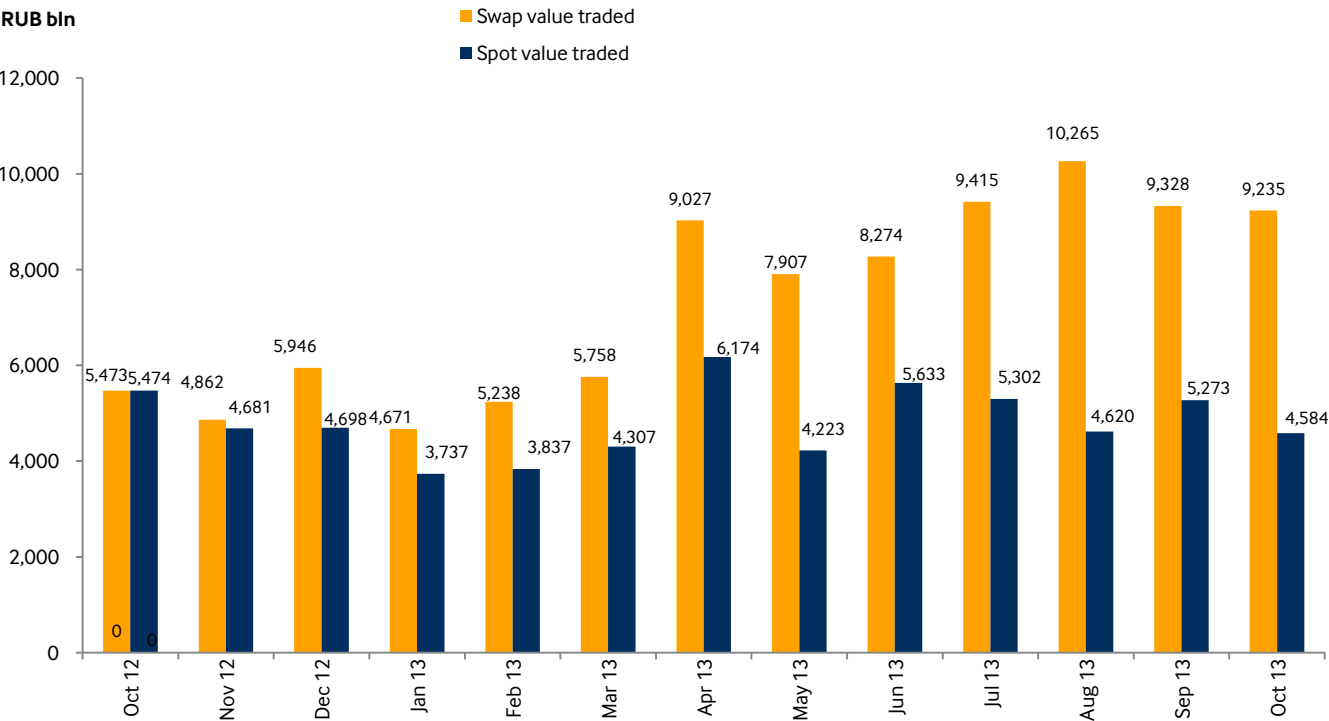
EXCHANGE RATES



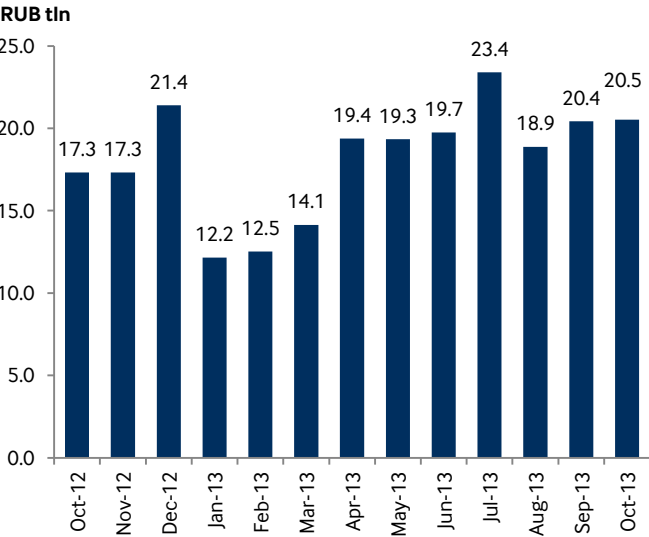
OCTOBER TRADING VOLUMES



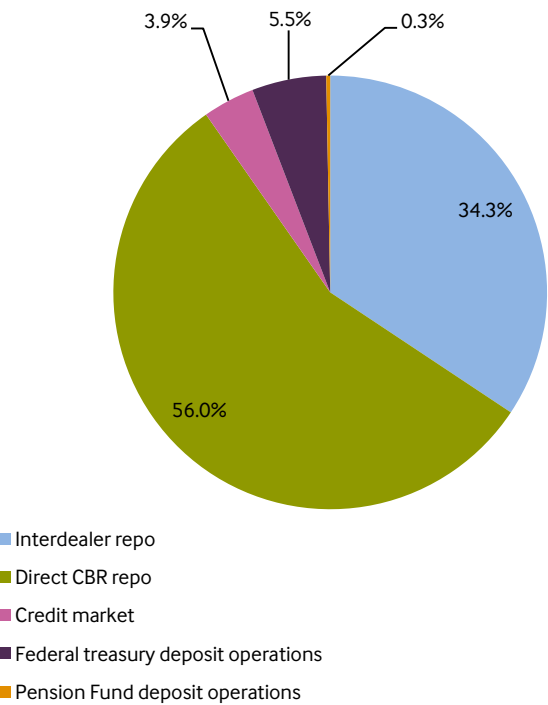
FX MARKET TRADING VOLUME



MONEY MARKET TRADING VOLUME

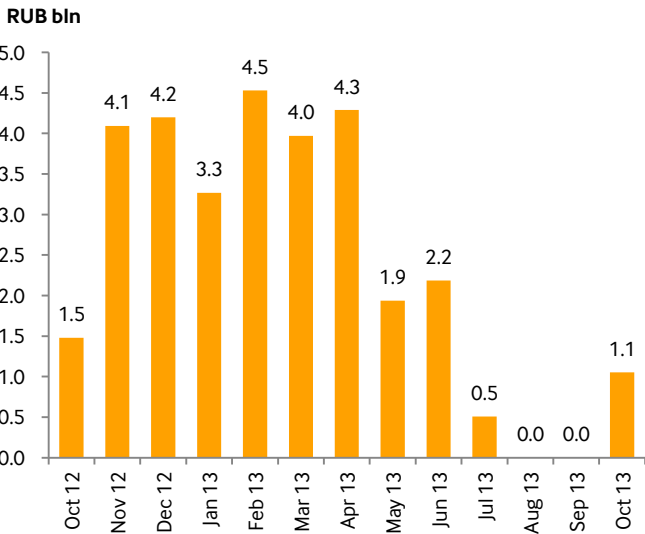


OCTOBER TRADING VOLUME BREAKDOWN



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	FINAM	290.94
2	BCS	228.07
3	OTKRITIE	163.31
4	Renaissance Capital	122.97
5	ALOR	87.61
6	Sberbank	74.96
7	Deutsche Bank	69.94
8	VTB 24	65.36
9	IT Invest	57.33
10	KIT Finance	51.15
11	ZERICH Capital Management	45.20
12	OLMA	43.86
13	ATON	39.62
14	Credit Suisse Securities (Moscow)	39.25
15	ALFA-BANK	28.09
16	GPB	20.57
17	VTB Bank	20.01
18	Citigroup Global Markets	18.44
19	Merrill Lynch Securities	17.65
20	VTB Capital	12.52

TOP 20 CORPORATE AND REGIONAL BONDS TRADERS

MAIN TRADING AND NEGOTIATED TRADES MODES

Rating position (previous month)	Company Name	Turnover, RUB bn
1	Sberbank	118.92
2	BC Region	83.26
3	VELES Capital	58.30
4	OTKRITIE	53.77
5	GPB	44.95
6	Promsvyazbank	42.54
7	VTB Capital	39.46
8	VTB Bank	37.77
9	ALOR	31.24
10	ALFA-BANK	30.66
11	KIT Finance	30.51
12	BCS	26.24
13	BINBANK	24.61
14	RONIN	21.95
15	ATON	21.22
16	Rosbank	20.91
17	URSA Capital	18.49
18	Megatrustoil	17.44
19	Russian Agricultural Bank	16.39
20	VTB 24	15.29

TOP 20 SOVEREIGN BONDS (OFZs) TRADERS

MAIN TRADING AND NEGOTIATED TRADES MODES

Rating position (previous month)	Company Name	Turnover, RUB bn
1 (1)	CITIBANK	90.64
2 (3)	Credit Suisse Bank (Moscow)	64.23
3 (2)	ING BANK (EURASIA)	62.55
4 (5)	Deutsche Bank	50.53
5 (4)	Sberbank	45.44
6 (7)	Morgan Stanley Bank	38.16
7 (9)	VTB Bank	33.36
8 (8)	Promsvyazbank	32.86
9 (6)	VELES Capital	31.31
10 (13)	GPB	21.79
11 (10)	BCS	19.83
12 (11)	HSBC Bank	18.41
13 (27)	MAXWELL CAPITAL	16.64
14 (15)	Raiffeisenbank	13.47
15 (17)	J.P. Morgan Bank International	12.94
16 (19)	Barclays	12.85
17 (34)	Uralsib	11.90
18 (14)	Rosbank	11.31
19 (25)	Goldman Sachs	11.21
20 (38)	MTS Bank	10.42

TOP 20
FUTURES AND OPTIONS
TRADERS

Rating position (previous month)	Company Name	Turnover, RUB bn
1 (1)	OTKRITIE	1,646.09
2 (2)	BCS	1,446.93
3 (3)	IT Invest	825.78
4 (4)	FINAM	528.33
5 (5)	Renaissance Capital	365.02
6 (7)	ALFA-BANK	252.48
7 (8)	VTB 24	244.74
8 (9)	ALOR	238.95
9 (6)	Sberbank	216.09
10 (10)	ZERICH Capital Management	199.04
11 (14)	KIT Finance	166.49
12 (13)	ATON	160.57
13 (11)	Metallinvestbank	139.50
14 (12)	OLMA	97.11
15 (15)	Solid IFC	71.86
16 (17)	ELTRA	55.97
17 (16)	URALSIB Capital-Financial Services	50.77
18 (18)	UNIVER Capital	44.74
19 (23)	Promsvyazbank	40.40
20 (25)	RosEvoBank	39.34

TOP 10
FX MARKET TRADERS
(USDRUB SPOT)

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

TOP 10
FX MARKET TRADERS
(USDRUB SWAPS)

Rating position (previous month)	Company Name
1 (1)	VTB Bank
2 (2)	Sberbank
3 (6)	OTKRITIE
4 (5)	BINBANK
5 (4)	FUNDSERVICEBANK
6 (-)	SVYAZNOY BANK
7 (10)	PERESVET
8 (7)	CITIBANK
9 (-)	Goldman Sachs Bank
10 (-)	UBRD

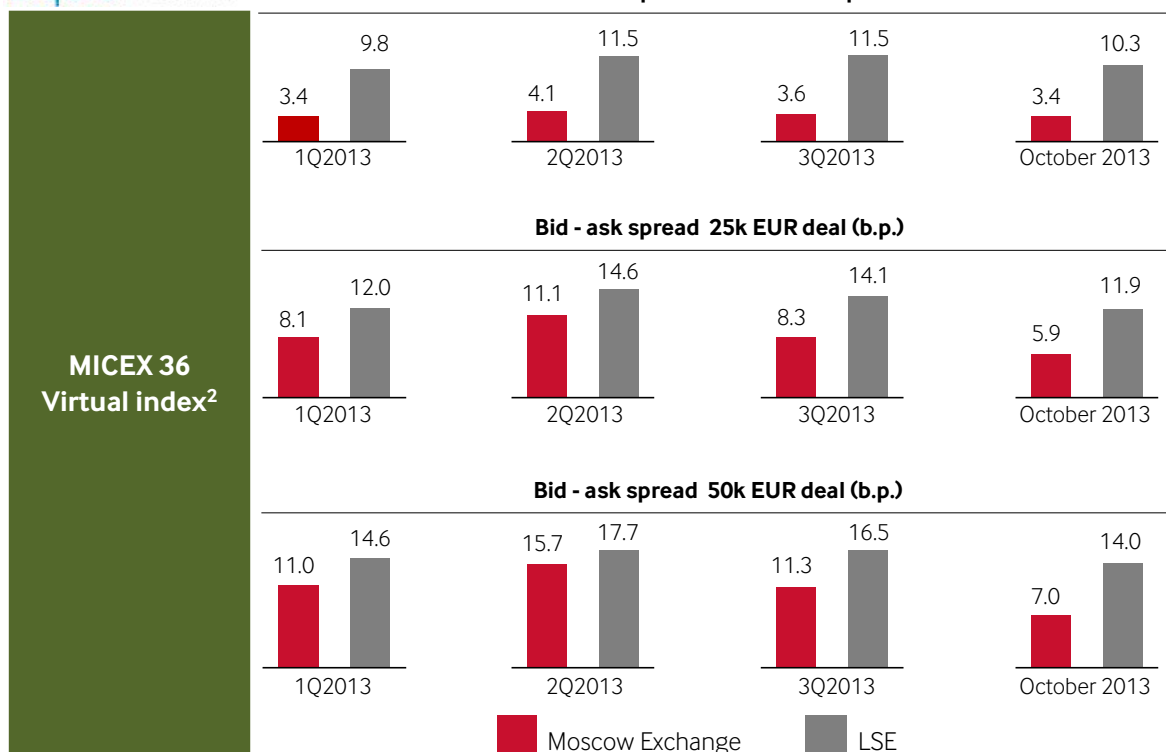
FX market participants' trading turnover volume is not subject to disclosure



EOB SPREAD DYNAMICS: MOSCOW EXCHANGE vs LSE

Analysis provided by

LiquidMetrix



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

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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.