

# Frankfurt Eyes MICEX, RTS

By [The Moscow Times](#)

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Russia is in talks with Deutsche Boerse about creating an alliance with Moscow's two biggest stock exchanges to boost listings and trading in the face of competition from London and Hong Kong, two people involved in the negotiations said.

MICEX, RTS and Deutsche Boerse, Europe's largest exchange by market value, may swap equity as part of the deal, said the people, who declined to be identified because the talks are confidential. Russian companies may be offered listings in both countries, helping the exchanges win market share, they said.

The tie-up would advance President Dmitry Medvedev's drive to transform Moscow into an international financial center as he seeks to diversify the economy away from energy exports. United Company RusAl, the world's largest aluminum producer, in January raised \$2.2 billion in Hong Kong, the biggest Russian IPO this year. Mail.ru Group, a Russian investor in Facebook, raised \$912 million in London last month.

"Moscow as a global financial center has an ambitious plan, and this should be combined with

the opportunities of German bourses, including the Frankfurt Stock Exchange,” First Deputy Prime Minister Igor Shuvalov, who oversees efforts to attract investment, said in an October interview. “There are talks,” he said.

The partnership would also give investors in Russian equities access to the German company’s Eurex Clearing and Clearstream settlement systems, both of the people said.

Deutsche Boerse rose 1.4 percent to a three-week high of 49.18 euros in Frankfurt trading.

The company is providing Russia with advice on how to develop its market and keeps in “constant contact” with officials in Moscow, said Rainer Riess, managing director of the Germany company’s Xetra Market Development.

“We feel we would be a unique partner because we would have a lot to offer as a group with our trading, clearing and settlement platforms,” Riess said Nov. 26 in a phone interview from Frankfurt. “Russia still has a few issues to resolve in the clearing and settlement space.”

Deutsche Boerse would like to see the integration of Moscow’s market infrastructure and its two central depositories before forming an alliance, Riess said. MICEX’s National Depository Center and RTS’s Depository Clearing Company are battling to become Russia’s top clearing company.

Roman Goryunov, chief executive of RTS, Moscow’s oldest exchange, and Andrei Saiko, a spokesman for MICEX, both declined to comment.

Rising competition from electronic trading platforms and investor demands to cut trading costs have driven at least \$68 billion in acquisitions among global exchanges since January 2007, including NYSE Group’s purchase of Euronext and Nasdaq Stock Market’s takeover of OMX, according to Bloomberg data.

The ruble-denominated MICEX is the biggest venue for trading in Russian stocks, at 51.7 billion rubles (\$1.7 billion) on Nov. 26, according to Bloomberg data. The dollar-denominated RTS is the biggest market for Russian futures and options, with trades reaching a record \$6.7 billion on Nov. 11, according to the RTS.

MICEX is seeking to buy RTS in a “friendly takeover,” Central Bank First Deputy Chairman Alexei Ulyukayev told reporters Nov. 18.

The Central Bank is MICEX’s largest shareholder, with a 30 percent stake. State-owned banks VTB Group, Sberbank and VEB also hold shares. RTS is owned by Russian and international investment banks, including Citigroup, Deutsche Bank, Otkritie Financial Corporation, Alfa Bank and Troika Dialog.

Deutsche Boerse, owner of the Eurex derivatives market, acquired International Securities Exchange Holdings, the second-largest U.S. options exchange, in 2007 for \$2.8 billion. It operates the Frankfurt Stock Exchange and owns its own clearing and settlement units, which means it makes money from trade-processing.

The German bourse signed a memorandum of understanding with MICEX in December 2006 to “internationalize the German and Russian financial markets with a view to attract

additional investments in Russian companies,” the joint statement said.

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