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INDEPENDENT NEWS FROM RUSSIA

Pankin Pegged to Head Merged Regulator

By Howard Amos

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In his new role Pankin will be policing the finance and insurance sectors. **Sergei Porter**

The resignation of Vladimir Milovidov, head of the Federal Service for Financial Markets, or FSFM, was accepted by Prime Minister Vladimir Putin on Wednesday, Reuters reported.

Dmitry Pankin, deputy finance minister, was confirmed as the new head of the regulator.

"[Pankin's] candidature has been accepted," an unidentified source in the Finance Ministry said, Reuters reported.

Russian daily Vedomosti said Wednesday that Pankin was the preferred choice of Finance Minister Alexei Kudrin.

Neither Pankin nor Milovidov have commented on the reports.

Putin’s press secretary, Dmitry Peskov, said Wednesday morning that no documents relating

to Milovidov’s resignation had yet been signed by any member of the government.

Earlier this month, the FSFM under Milovidov took over management of the Federal Service for Insurance Industry Supervision. President Dmitry Medvedev said at the time of the re-organization that, although the FSFM's mandate does not run to banking or auditing, it would become the watchdog for the financial markets.

Developing the architecture of financial regulation is a key component of Medvedev's plans to transform Moscow into an international financial center.

Getting the financial structures right, Medvedev said March 4, "allows us to participate more fully in the formation of a global financial system and, of course, bring more openness and predictability to our economy — permitting us to improve our far from sparkling investment climate."

On March 11, Milovidov announced plans to cut restrictions on the ability of Russian-registered companies to place shares outside Russia.

These restrictions — specifically the 25 percent limit on American Depositary Receipts — are often mentioned by industry leaders as a stumbling block for realizing Moscow's financial aspirations.

Under the present rules, companies listed in Russia are forced to "re-domicile" and create shell companies abroad.

Pavel Dorodnikov, head of Rye, Man & Gor Securities' trading department, said the news of Milovidov's departure was unexpected.

"But I don't think things will get worse as a result of this decision," he added. "[FSFM] is the regulator and is controlled — obviously — from a higher level. A revolution is hardly possible."

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