

EBRD and Sovereign Fund Buy Bourse Stake

By [The Moscow Times](#)

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Russia's newest state fund made its first investment on Monday, buying a stake in Moscow's MICEX-RTS bourse to boost its IPO hopes and compete with big international centers like London for Russian company listings.

The \$10 billion Russian Direct Investment Fund, or RDIF, which is government funded but run by private equity specialist Kirill Dmitriyev, is investing together with the European Bank for Reconstruction and Development. The pair is buying a total stake of 7.54 percent.

MICEX-RTS was valued at \$4.5 billion in December when two Russian exchanges combined, and at that value, the investment would be worth about \$340 million. The announcement did not disclose the price but a market source said the investment was made at a small discount to the merger valuation.

Moscow has been trying to build itself as a global financial center, but this has been

undermined by the fact that many of Russia's companies go abroad to list their shares and raise debt.

A handful of companies have recently sought premium listings on the London Stock Exchange with inclusion in the prestigious FTSE 100 index.

RDIF will buy a 1.25 percent stake in the exchange, according to a press release Monday. It is making the investment alongside the European Bank for Reconstruction and Development, or EBRD, which will buy a 6.29 percent stake.

RDIF was created six months ago to give foreign investors greater comfort in Russia's uncertain business environment and will be capitalized with \$2 billion a year in state cash over the next five years. It will invest on a risk-sharing basis in projects as long as its foreign partners at least match it, dollar for dollar.

"This investment is an important building block in strengthening Moscow as an international financial center," RDIF chief executive Kirill Dmitriyev said in a statement.

He said the RDIF could use its relationships with sovereign wealth funds and other investors to pursue additional pre-IPO investment in MICEX-RTS and to improve its IPO prospects.

The merger will create a "one-stop shop" for trading in stocks, bonds, derivatives and currencies, and clear the way for further market reforms in 2012, including the creation of a single depositary, MICEX said in a statement at the time.

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