

# Depository Affecting Rostelecom's Listing

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Provotorov

State-controlled telecoms operator Rostelecom might give up its plans to proceed with listing on the London Stock Exchange after a central securities depository is launched in Russia by 2013, the company's president Alexander Provotorov said Friday.

Most big investment funds view the absence of a central depository as the major reason why domestic companies seek listings abroad, he told reporters on the sidelines of an investment forum organized by Sberbank and Troika Dialog.

"From the moment when the central depository starts working in full, we'll be thinking seriously about whether it makes sense to have a foreign listing," Provotorov said, Itar-Tass reported.

The central depository will replace the two separate ones that currently exist and will serve

clients of the merged MICEX-RTS bourse.

Its launch will change the rules of the game on the domestic stock market and create "a real chance to attract investors," said Dmitry Pankin, head of the Federal Service for Financial Markets, who participated in the forum.

The move is expected to facilitate trading on the country's stock market and eliminate transaction costs.

But for this to happen, a number of regulations have to be approved in the near future, Pankin told a panel session.

Provotorov said the final decision on whether to proceed with the listing abroad will be made based on the opinion of investors, since Rostelecom, which is listed on MICEX, targets ensuring "the maximum liquidity" and providing the opportunity to buy shares to the broadest possible audience.

"If for this to happen, we need to obtain a foreign listing, we'll certainly do it. But if foreign investors tell us that they are comfortable anyway and that there's no need to split the liquidity between local and foreign stock, this is an issue for consideration," he said, adding, however, that the company's decision to secure a London listing remains in force at the moment.

Rostelecom, which completed its merger with eight regional fixed-line operators in April, planned to secure the listing by the end of last year. But it had to postpone its plans after failing to get approval from Britain's Financial Services Authority.

The company might complete the listing procedure as early as May, Provotorov said Friday.

The London Stock Exchange has attracted a number of big Russian companies, which have secured listings over the last couple of years. In a recent example, steel giant Evraz and gold miner Polymetal joined the prestigious FTSE 100 benchmark last year.

Some issuers choose London because of concerns that they might not be able to raise sufficient capital locally due to a lack of domestic investors, said Ruben Aganbegyan, president of MICEX-RTS.

"But if we look at the size of our country's economy, we have a huge potential for domestic investors to appear," he said in an interview with The Moscow Times on the sidelines of the forum.

Many domestic issuers are ready to proceed with listing on MICEX-RTS, Aganbegyan said, adding that one of the key goals for the stock exchange is to attract state-owned companies, which plan to sell stakes over the next several years as part of the Kremlin's privatization plan.

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