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Watchdog Probes Uralkali Share Sale Ahead of Market Collapse

By The Moscow Times

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The Federal Service for Financial Markets is looking at Uralkali's paperwork, which could give clues as to how shareholder Alexander Nesis quietly sold his stake just before an announcement by the company led to a collapse of the global potash market.

Uralkali announced a change in strategy in late July — a shift from higher prices to greater volumes — and pulled out of its joint venture with Belarussian potash producer Belaruskali. The move caused a double digit fall not only of the company's shares but also those of its competitors. Several days earlier, on July 26, the company announced that Nesis sold his 5.1 percent interest.

In an interview with Vedomosti, Uralkali's CEO Vladislav Baumgertner denied suggestions that Nesis had inside information on the announcement, the newspaper reported Thursday. Baumgertner said the company does not give shareholders any information that is not available to the public.

The Federal Service for Financial Markets has not released any conclusions on the case, but has requested to see paperwork regarding Urakali's recent share transactions.

By law, a shareholder has to notify his company of his withdrawal no later than 10 days after he finds out about it, and the company has another day to convey the information to the stock exchange.

Uralkali made no such announcements even though several sources close to the company told Vedomosti that Nesis' ICT Group sold its stake in June. Uralkali later reported that ICT Group had been gradually selling shares in small portions to various investors.

An employee at one of the banks that took part in the share sales said the process was complex. At some points, ICT Group was still the official owner of the shares but could no longer manage them.

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