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INDEPENDENT NEWS FROM RUSSIA

GameStop Effect Helps Saint Petersburg Exchange Score Record Trading Volumes

The exchange specializes in offering foreign shares to Russian investors.

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Trading volumes on the Saint Petersburg Exchange overtook the Moscow Exchange in January. **Mikhail Tereshchenko / TASS**

The Reddit-fuelled investment frenzy of recent weeks has pushed Russia's Saint Petersburg Exchange to become the country's leading stock exchange for the first time in modern history.

The Saint Petersburg Exchange (SPB) notched up record trading volumes of $36.1 billion in January, compared with $30.2 billion at the rival Moscow Exchange, Bloomberg reported.

SPB specializes in offering Russian retail investors the chance to buy shares in foreign equities, while the Moscow Exchange is the traditional home for trading Russian shares.

The surge was a spillover from the GameStop phenomenon in the U.S., driven by a short squeeze initiated by retail investors and orchestrated on the Reddit social media platform, said Pavel Pakhomov, head of SPB's analytics division.

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Although SPB does not offer trading in GameStop shares, he said the story helped create a wave of trading in other foreign equities that boosted volumes 14% over the month.

Russia has seen a retail investment boom over the past two years, fuelled by a host of ultra-cheap brokerage apps and returns on bank deposits falling to their lowest level in history.

The surge has caught the attention of Russia's Central Bank, which has expressed concerns about risky products being available to novice investors, and aggressive marketing techniques such as no-loss trial periods and advertising campaigns focusing on the possibility for high returns. Research by Sberbank found that 30% of Russian brokerage clients are under the age of 30 — up from just 2% before the retail investment boom.

President Vladimir Putin urged caution last week over the surge in retail investors and market frenzy, in reference to dramatic swings in GameStop's share price.

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