

CSDs: DCC (Russia), NSD (Russia)

Date: 02 Feb 2011

SMI Markets: Russia

CMIRR Markets: Russia

MICEX to Acquire RTS

It has been announced that MICEX signed a letter of intent with five major RTS's shareholders in order to acquire a 53.7% stake, although other shareholders are expected to join the deal soon. RTS was valued at USD 1.15 billion (USD 840 plus a control premium of 37%), while MICEX was value at USD 3.45 billion.

According to media reports, MICEX's offer includes an option to receive up to 35% in cash and the remaining in stock of the merged entity with a ration 1:3 or receive 100% in cash but the value would be based on a USD 840 billion value for RTS. In addition, if MICEX's IPO is not completed by 2013, new shareholders will have an option to sell the shares to MICEX with a 12.5% premium on the deal price.

Thomas Murray will continue to monitor the situation and send updates as additional information becomes available.

CSD Risk Impact

DCC (Russia)

CSD Rating: A+

CSD Flash Impact: On Watch

Impacted Risk Type: Financial Risk

Current Rating = AA-

Flash Impact = On Watch

The merger of RTS and MICEX is expected to have a major impact on DCC, since it acts as settlement depository for all transactions executed on RTS. In addition, RTS is the majority shareholder of DCC so the new ownership structure will have a significant impact on DCC's operations. At this stage it is not known whether the merger of the stock exchanges will result in a merger of the depositories, DCC and NSD. Therefore the impact is set "On Watch".

NSD (Russia)

CSD Rating: A+

CSD Flash Impact: On Watch

Impacted Risk Type: Financial Risk

Current Rating = AA

Flash Impact = On Watch

The merger of MICX and RTS is not expected to have a significant impact on NSD as NSD already acts as settlement depository for all transactions executed on MICEX. However, the merger of the exchanges may lead to a merger of the depositories, so the impact is set as 'on watch' at this stage.

Market Information Impact

Russia

This information affects the data contained in the Stock Market sections of the Securities Market Information Service.

Infrastructure Risk Ratings Impact

Russia

Market Rating: BBB
Market Flash Impact: On Watch

Impacted Risk Type: Financial Risk
Current Rating = A-
Flash Impact = On Watch

The merger of RTS and MICEX is expected to have a major impact on DCC, since it acts as settlement depository for all transactions executed on RTS. In addition, RTS is the majority shareholder of DCC so the new ownership structure will have a significant impact on DCC's operations. The impact is not expected to have a major impact on NSD as NSD already acts as settlement depository for all transactions executed on MICEX. However, the merger of the exchanges may lead to a merger of the depositories, so the impact is set as 'on watch' at this stage.

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