

CSDs: DCC (Russia), NSD (Russia)

Date: 20 Sep 2011

SMI Markets: Russia

CMIRR Markets: Russia

## MICEX to Acquire RTS - Update

In an update to our previous newsflash, the Moscow Interbank Currency Exchange (MICEX) and the Russian Trading System (RTS) Stock Exchange have proposed the first stage of their merger. The salient points of the proposal are as follows:

- The legal consolidation of both exchanges should be completed by December 2011;
- Once the legal consolidation is finalised, the new stock exchange will maintain two derivatives platforms with two separate trading rules and participation criteria. Clearing of both markets will be conducted by the RTS clearing centre;
- The main indices of MICEX and RTS will remain active while MICEX-10 and RTS-2 indices will be cancelled by the end of 2011;
- The MICEX index calculation will be extended to 11.50pm;
- RTS T+0 Market will be removed on 19 December 2011 as it duplicates MICEX T+0 Market;
- RTS Standard Market will be transferred to MICEX without any changes;
- RTS Classic Market will be transferred to MICEX, except for Central Counterparty (CCP) transactions. The last day to conduct CCP trades will be 1 December 2011;
- Both exchanges will continue working alongside each other until December 2012 when a consolidated infrastructure with a unique central security depository (CSD), clearing organisation and CCP, has been established;
- From 19 December 2011, the listing functions will be performed by MICEX. The listing function will be provided by the consolidated exchange after the merger process has been completed.

Further information on this merger will become available in due course.

## 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. Although the merger agreement foresees a unique depository by December 2012, it is not known if this will be the result of the merger of DCC and NSD or NSD will become the sole CSD for all transactions executed in the consolidated entity. 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 and Settlement 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 merger 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, which would streamline and rationalise the Russian post-trade infrastructure, so the impact is set as 'on watch' at this stage.

Related Flash: [MICEX to Acquire RTS - Update, 12/09/2011 \(click to view\)](#)

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