

# RTS INDICES

**RTS** EXCHANGE

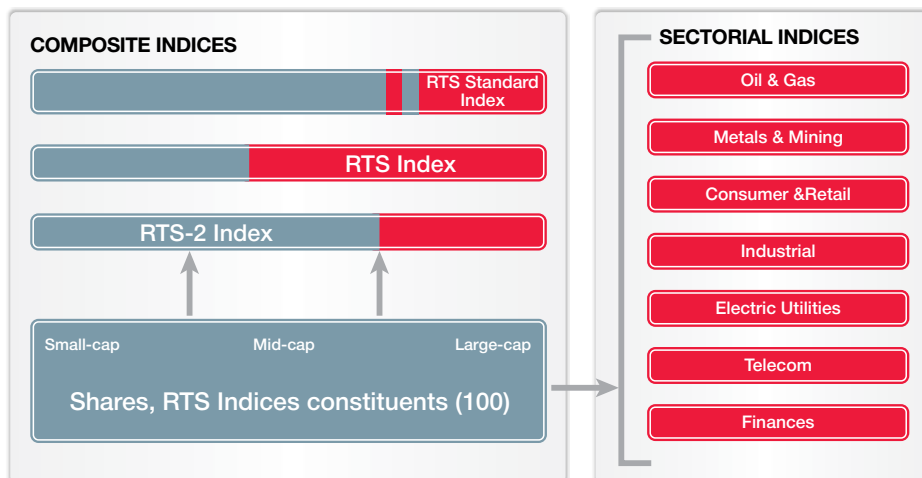


# PRINCIPLES OF RTS INDICES CALCULATION

RTS Indices are stock indices weighted by capitalization. The basis of its calculation formula is the ratio of total capitalization of shares, included into the list for index calculation, to the same value as of initial date.

The RTS Indices family includes 10 indices: composite indices such as the RTS Index, the RTS Standard Index, RTS-2 Index and 7 sectoral indices, calculated by key sectors of the Russian economy.

# RTS INDICES FAMILY



The methodology of calculation is constantly being improved, which allows the RTS Index to remain flexible to new market changes and as a result, its representativeness.

In order to calculate the RTS Indices, prices for the trades and indirect orders on RTS Standard and RTS Classica markets are used. The USD/RUB exchange rate that is published by information agency Thomson Reuters in real-time mode is used in order to convert monetary values from one currency to another, if necessary.

For the most accurate representation of the market environment in terms of RTS Indices, only securities in free float are taken into account. To determine their share the adjusting free-float coefficient is used, which is computed on the basis of issuers' quarterly reports, public information and expert assessment made by the Index Committee members.

To limit the impact of shares of individual issuers on RTS Indices the following rule was introduced: the share of securities of each issuer in total market capitalization should not exceed a certain limit (15-20% depending on the Index). This limitation is applied through certain coefficients that limit the weight of some securities in the Indices.

In case of changes to the list of securities, weighting coefficients, free-float parameters or corporate events, re-calculation/adjusting the coefficient is carried out to reflect those changes in the Indices correctly.

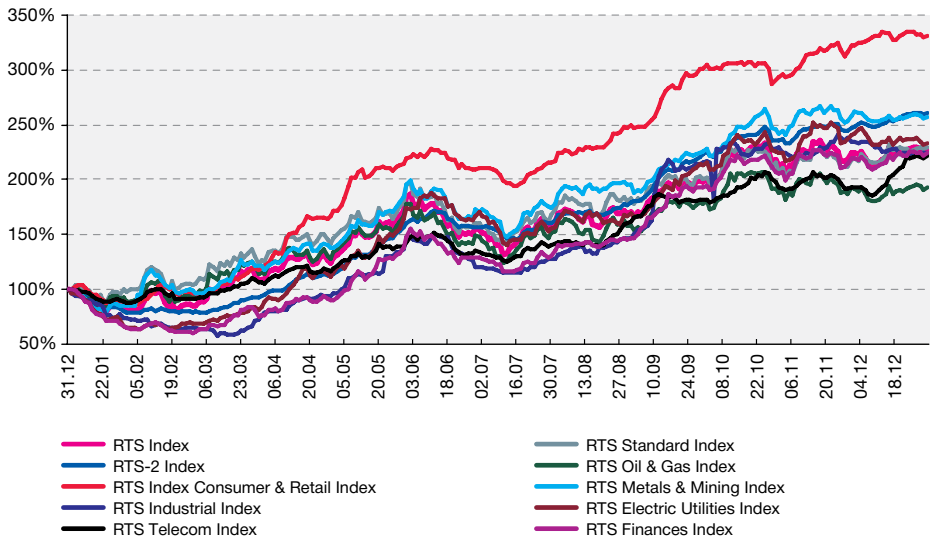
The RTS Index Committee is made up of executives of leading Russian broker companies and a representative of the Standard & Poor's Index Services eligible to perform the general control over the index calculation methodology and introduce changes herein. The Index Committee is also responsible for introducing changes into the Lists of Shares, RTS Indices constituents, and adjusting coefficients.

In accordance with regulations, the RTS Exchange is only entitled to introduce changes into the Indices calculation methodology on a quarterly basis. Notifications of such changes are disclosed on the RTS website ([www.rts.ru](http://www.rts.ru)).

## MAIN CHARACTERISTICS OF THE RTS INDICES

Index	Number of stocks	Capitalization of the companies whose stocks are Index constituents, mln USD	Share of the total stock market capitalization, %	ISIN	Bloomberg code	Reuters code
RTS Index (RTSI)	50	653,865	85.6%	RU000A0JPEB3	RTSI\$	.RTSI
RTS Standard Index (RTSSTD)	15	490,042	64.2%	RU000A0JQR67	RTSSTD	RTSSTD
RTS-2 Index (RTS2)	70	83,300	10.9%	RU000A0JPEC1	RTS2\$	.RTS2
RTS Oil & Gas Index (RTSog)	12	377,259	49.4%	RU000A0JPED9	RTSOG\$	.RTSOG
RTS Index Consumer & Retail Index (RTScr)	11	13,696	1.8%	RU000A0JPEH0	RTSCR\$	.RTSCR
RTS Metals & Mining Index (RTSmm)	12	90,293	11.8%	RU000A0JPEF4	RTSMM\$	.RTSMM
RTS Industrial Index (RTSin)	10	5,714	0.7%	RU000A0JPEG2	RTSIN\$	.RTSIN
RTS Electric Utilities Index (RTSeu)	15	52,753	6.9%	RU000A0JQR83	RTSEU\$	.RTSEU
RTS Telecom Index (RTStl)	12	24,718	3.2%	RU000A0JPEE7	RTSTL\$	.RTSTL
RTS Finances Index (RTSfn)	9	92,691	12.1%	RU000A0JQR75	RTSFN\$	.RTSFN

**COMPARATIVE DYNAMICS OF RTS INDICES, 2009**



# RTS INDEX

**The RTS Index, calculated by OJSC “Russian Trading System” Stock Exchange, is the leading indicator of the Russian securities market. The RTS Index is calculated based on the prices of 50 liquid shares of the most capitalized Russian issuers.**

The majority Russian market participants, foreign investors and investment companies recognize the RTS Index as the main benchmark of the Russian stock market, which accurately reflects its condition and dynamics.

## RTS INDEX DYNAMICS, 1995-2009



The RTS Index is one of the oldest Russian stock indices and has been calculated since September 1st, 1995 on the basis of the most liquid shares traded on the RTS markets. It was the first Index to introduce prices of real trades, settled in the trading system. In fact, the period of RTS Index calculation encompasses the whole period of existence of the Russian organized securities market.

Total capitalization of shares, included in the list for Index calculation was no more than \$13 billion as of September 1st, 1995 (by the results of 2009 – almost \$650 million). The Initial value of the RTS Index was accepted as 100 points.

The RTS Index is calculated every 15 seconds during both the main and evening trading sessions each trading day. The RTS Index closing value is determined at 6:45pm MSK. A new trading day begins at 7:00pm MSK after the clearing session has taken place.

The methodology of calculating the RTS Index meets Russian and foreign regulatory requirements, imposed on stock indices, which can be considered an additional guarantee for investors. In calculating the Index, all requirements of the Russian Federal Financial Markets Service (FFMS) are observed. The RTS Index also complies with the Directive of the European Parliament and the UCITS Directive (Undertakings for Collective Investment in Tradable Securities) of the European Union in terms of index calculation, market indicator adequacy and general accessibility.

The verbal mark of the RTS Index is a registered trademark both in Russian and English languages.

### The main RTS Index characteristics, 2007-2009

	2007	2008	2009
Index value	2,290.51	631.89	1,444.61
Change for the period, %	19.18%	-72.4%	128.62%
Share of the total stock market capitalization, %	82.87%	79.1%	85.6%
P/E	13.82	3.92	9.67
P/BV	2.78	0.71	1.36
Dividend yield, %	0.83%	3.15%	0.39%
<b>Total capitalization of the companies whose stocks are Index constituents, mln USD</b>			
Average	22,022.5	5,932.6	13,077.3
Maximal	333,559.8	86,408.3	144,461.0
Minimal	728.5	77.0	496.9
Median	5,392.5	1,410.6	3,948.7

## HISTORY OF THE DEVELOPMENT OF THE RTS INDEX CALCULATION METHODOLOGY

Initially, the RTS Index computing was carried out daily on the basis of volume-weighted average price of stocks, employed in the RTS Index calculation. In the calculation process the whole volume of securities issue, whether these securities were all in free circulation or not, were taken into account together with all types of trades, settled in the trading system. The RTS Index used to be calculated in USD as at this time the Russian national currency (Russian Ruble) did not serve as an economic guideline for the majority of institutional investors.

### ON SEPTEMBER 1ST, 1995 13 SHARES WERE INCLUDED IN THE RTS INDEX:

1. RAO UESR, ordinary shares
2. JSC "Irkutskenergo", ordinary shares
3. KAMAZ Inc, ordinary shares
4. KomiNeft, ordinary shares
5. OAO "LUKOIL", ordinary shares
6. AO MOSENERGO, ordinary shares
7. OJSC "MMC "NORILSK NICKEL", ordinary shares
8. Noyabrskneftegaz , ordinary shares
9. Purneftegas (Rosneft), ordinary shares
10. OJSC "Rostelecom", ordinary shares
11. Surgutneftegas, ordinary shares
12. "Tomskneft" VNC, ordinary shares
13. Yuganskneftegaz, ordinary shares

Until November 1996 changes in the RTS Index only concerned those securities, on which the Index was calculated.

Starting from the end of 1995, the RTS Index was calculated on the basis of 21 securities, and from September 1996 – 24 securities. The first exclusions of shares from RTS Index took place in 1997. The main criteria for securities selection was their liquidity.

At the end of 1996 the methodology of calculating the RTS Index was reviewed. Due to the growing intensity of trading on RTS it was decided to calculate the Index every hour in a trading session and the period of price averaging was 24 hours. Also unilateral transactions, which in fact related to over-the-counter trading, ceased to be taken into account.

In January 1998 it was decided to calculate the Index every half an hour, starting from 12:00, using volume-weighted prices of the trades, settled within the last 60 minutes of trading. At that time it was decided to include all securities from the RTS list into the list for Index calculation.

Up until January 1st, 2000, the RTS Index list changed in terms of its list of securities, those admitted to trading on RTS simultaneously and later on started to be formed according to new rules. Securities from the RTS quotation lists on first and second levels were added to the RTS Index, as well as those securities selected by the RTS Index Committee on the basis of expert evaluation. Revision of the list is performed on a quarterly basis.

With the development of the securities market and improvement of disclosure systems of information and companies' adoption of more open informational policy it became possible to determine the share of securities in free float. Starting from July 2004 the calculation of the RTS Index included free-float securities. In a new methodology of RTS Index calculation initial values of the Index were fixed as of September 1st, 1995 and a special adjusting coefficient was used in order to protect the indicator from surges caused by changes in the Index constituents.

On July 15, 2005 the number of stocks, Index constituents, was registered and since then the RTS Index has been calculated based on the 50 most capitalized stocks.

Starting from September 2007 the RTS Index was calculated every 15 seconds.

The most recent changes took place in November 2009. In order to employ ruble-denominated prices for stocks trading on the RTS Standard in the RTS Index calculation, an exchange rate from the Central Bank of Russia determined by trading results from the previous day was replaced by a USD/RUB exchange rate determined in real time mode by the information agency Thomson Reuters. Since then, the calculation of the RTS Index has been carried out during the evening trading session (7:00pm – 11:50pm MSK).

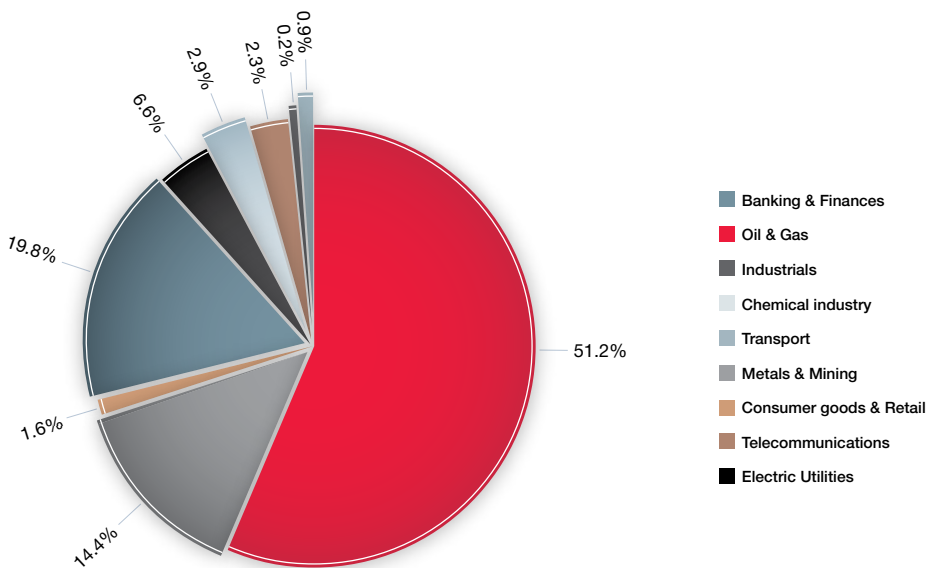
The RTS Index now encompasses a considerable period of time, from 10:30am to 6:45pm and from 7:00pm to 11:50pm MSK.

## RTS INDEX STRUCTURE BY SECTORS OF THE ECONOMY

Liquid securities of leading Russian companies, which represent key sectors of the Russian economy are involved in calculating the RTS Index. At present, more than 50% of the total capitalization of the Index accounts for the oil & gas sector. However lately, other sectors of the Russian economy have significantly strengthened their positions.

A considerable share in the RTS Index is taken by metals and financials. Electric utilities take about 7% whereas chemical industry holds about 3% of the RTS Index capitalization. Sectoral structure of the RTS Index includes all key sectors of the Russian economy.

### RTS INDEX STRUCTURE BY SECTORS OF ECONOMY (AS OF DECEMBER 31<sup>ST</sup>, 2009)



## IMPACT OF SINGLE SECURITIES ON RTS INDEX

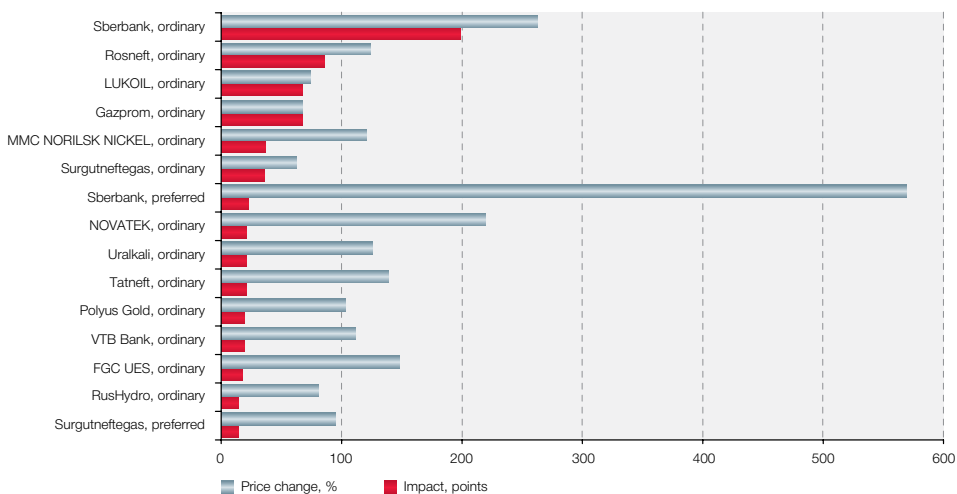
The dynamics of the RTS Index reflect the aggregate price changes for the securities included in the Index. However, the impact of single instruments on the Index can vary on the whole depending on the weight of a particular security in the Index itself.

The weight of each security in the RTS Index is defined by the size of capitalization, free-float coefficient and a coefficient, limiting the weight of securities of individual issuers and can be expressed as a ratio of capitalization of a particular security, which is counted at Index calculation, to the total capitalization of all securities, included in the Index.

A rise or fall in the quotes of the majority of shares defines the direction of movements in the Index.

In 2009, the RTS Index grew by 128.6% (or by 812.7 points). The most positive impact on the RTS Index dynamics came from ordinary shares of Sberbank, OJSC "OC "Rosneft", OAO "LUKOIL" and Gazprom ordinary shares. Their aggregate impact totaled 420 index points which is more than 50% of the total gain.

## IMPACT OF SINGLE SECURITIES ON RTS INDEX IN 2009



## RTS INDEX COMPOSITION

The RTS Index is calculated based on prices of 50 liquid shares of the most capitalized Russian issuers. Only the stocks admitted to trading on RTS can become constituents on the RTS Index.

To revise the Index constituents list, the data of trading statistics for the three previous months is used. Initially, a security will enter the list of candidates for inclusion on the RTS Index. Candidates should meet certain requirements, which include the size of capitalization and liquidity. With the inclusion of new securities in the Index, the same number of securities is excluded due to their low capitalization and/or insufficient liquidity.

Securities can be removed from the Index constituents list out of time when a security is excluded from the list of securities admitted to trading and when particular corporate events of the stock company take place. When the list is formed, the company's industry sector may be also taken into account.

### LIST OF SECURITIES FOR RTS INDEX CALCULATION (IN EFFECT SINCE MARCH 15, 2010)

No	Ticker	Company name, share type	Market Cap as of 26.02.10, mln USD	Free-float coefficient (Wi)	Restricting Coefficient (Ci)	Weight, % as of 26.02.2010	Source of informa- tion – RTS Standard
<b>Oil &amp; Gas</b>							
1	LKOH	Gazprom, ordinary	131,560.340	50%	0.9661831	15.00%	*
2	GAZPS	OAO "LUKOIL", ordinary	44,822.336	40%	0.4114707	15.00%	*
3	ROSNS	OJSC "OC "Rosneft", ordinary	81,587.528	15%	1	8.48%	*
4	SNGSS	Surgutneftegas, ordinary	29,379.986	25%	1	5.09%	*
5	SNGSPS	Surgutneftegas, preferred	3,862.167	70%	1	1.87%	*
6	TATNS	Tatneft, ordinary	10,081.303	30%	1	2.10%	*
7	NVTK	JSC "NOVATEK", ordinary	16,408.683	15%	1	1.71%	*
8	TRNFP	Transneft, preferred	1,205.028	100%	1	0.83%	*
9	SIBN	JSC Gazprom Neft, ordinary	21,904.804	5%	1	0.76%	*
10	BANE	Bashneft, ordinary	4,679.668	10%	1	0.32%	*
11	UFNC	Ufaneftekhim, ordinary	839.758	20%	1	0.12%	*
<b>Banking and finances</b>							
12	SBERS	Sberbank, ordinary	54,052.207	40%	0.9118257	13.66%	*
13	SBERPS	Sberbank, preferred	2,126.300	100%	0.9118257	1.34%	*
14	VTBRS	JSC VTB Bank, ordinary	25,105.299	15%	1	2.61%	*
15	OPIN	JSC " OPIN", ordinary	672.330	20%	1	0.09%	*
<b>Metals and mining</b>							
16	GMKNS	OJSC "MMC "NORILSK NICKEL", ordinary	28,708.977	40%	1	7.96%	*
17	PLZLS	OJSC "Polyus Gold", ordinary	9,276.480	30%	1	1.93%	*
18	NLMK	NLMK, ordinary	17,704.712	15%	1	1.84%	*
19	CHMFS	JSC "Severstal", ordinary	11,399.501	15%	1	1.18%	*

Note. The source of information for the rest of the securities is RTS Classica market.

No	Ticker	Company name, share type	Market Cap as of 26.02.10, mln USD	Free-float coefficient (Wi)	Restricting Coefficient (Ci)	Weight, % as of 26.02.2010	Source of information – RTS Standard
20	MTLR	Mechel OAO , ordinary	8,741.686	15%	1	0.91%	
21	PMTL	JSC "Polymetal", ordinary	3,663.758	30%	1	0.76%	
22	RASP	Raspadskaya OJSC, ordinary	4,224.127	20%	1	0.59%	
23	MAGNS	OJSC "MMK", ordinary	10,978.779	5%	1	0.38%	*
24	VSMO	"VSMPO-AVISMA Corporation", ordinary	1,302.838	25%	1	0.23%	
<b>Electric Utilities</b>							
25	HYDRS	JSC "RusHydro", ordinary	11,524.086	30%	1	2.39%	*
26	FEESS	"FGC UES ", JSC, ordinary	12,421.963	20%	1	1.72%	*
27	MRKH	JSC "IDGC Holding", ordinary	5,704.804	25%	1	0.99%	
28	MSNG	AO MOSENERGO, ordinary	4,133.933	20%	1	0.57%	
29	OGKD	JSC "OGK-4", ordinary	3,562.252	20%	1	0.49%	
30	IRAO	JSC "INTER RAO UES", ordinary	3,161.018	20%	1	0.44%	
31	OGKC	JSC "WGC-3", ordinary	2,127.462	20%	1	0.29%	
32	OGKB	JSC "OGK-2", ordinary	1,063.873	35%	1	0.26%	
<b>Telecommunications</b>							
33	MTSS	MTS OJSC, ordinary	15,189.145	10%	1	1.05%	
34	AFKS	Sistema JSFC, ordinary	8,492.000	5%	1	0.29%	
35	URSI	O.J.S.C. "Uralsvyazinform", ordinary	910.826	45%	1	0.28%	
36	ESMO	OJSC Sibirtelekom, ordinary	1,104.605	35%	1	0.27%	
37	NNSI	OJSC "VolgaTelecom", ordinary	836.297	40%	1	0.23%	
38	ENCO	OJSC Sibirtelekom, ordinary	660.627	40%	1	0.18%	
39	SPTL	OJSC N. W. Telecom, ordinary	635.251	35%	1	0.15%	
<b>Chemical production</b>							
40	URKAS	JSC Uralkali, ordinary	8,981.050	35%	1	2.18%	*
41	SILV	Silvinit, ordinary	5,650.199	15%	1	0.59%	
42	AKRN	JSC Acron	1,621.378	20%	1	0.22%	
<b>Transport</b>							
43	NMTP	PJSC "NCSP", ordinary	2,773.413	30%	1	0.58%	
44	AFLT	JSC "Aeroflot", ordinary	1,843.623	20%	1	0.26%	
<b>Consumer products and commerce</b>							
45	MGNT	OJSC "Magnit", ordinary	5,854.560	25%	1	1.01%	
46	PHST	JSC "Pharmstandard", ordinary	2,314.797	15%	1	0.24%	
47	MVID	Opened Joint-Stock Company "Company "M.video", ordinary	961.760	30%	1	0.20%	
48	WBDF	WBD Foods, ordinary	2,145.000	10%	1	0.15%	
<b>Production sector</b>							
49	SVAV	Severstal-auto, ordinary	570.255	30%	1	0.12%	
50	AVAZ	AvtoVAZ, ordinary	627.507	20%	1	0.09%	

# RTS STANDARD INDEX

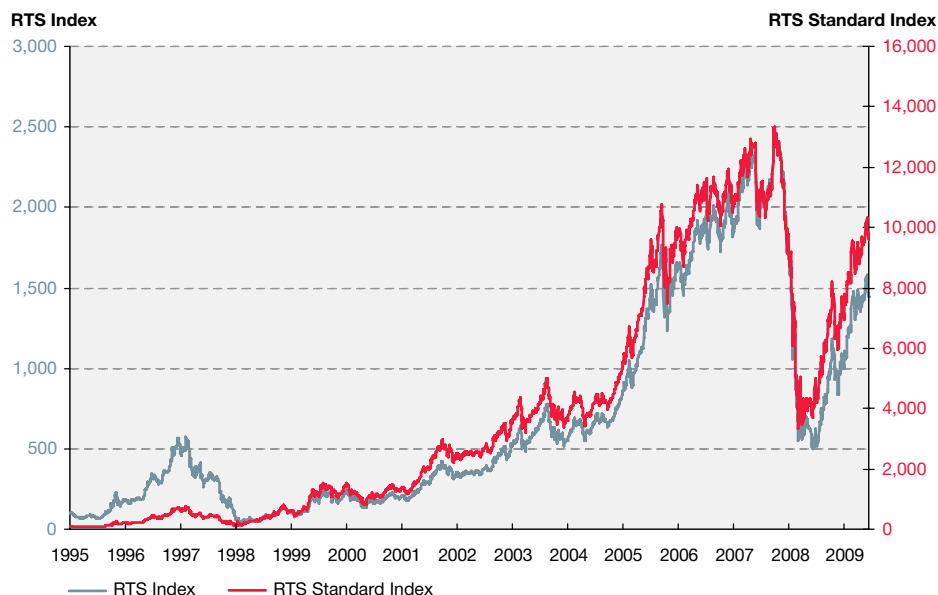
**In January 2010 RTS Stock Exchange started calculating the RTS Standard Index based on trades in and quotes for the top 15 most liquid stocks of the Russian cash equities market trading on RTS Standard, the so-called “blue chips”.**

Specific weights of constituent stocks in the RTS Standard Index are equivalent to those used for the RTS Index. In accordance with the methodology for the RTS Standard Index, for each stock from the RTS Standard Index basket the number of issued stocks, weighting coefficient and free-float coefficient are the same as for those stocks in the RTS Index.

RTS Standard Index was first calculated on April 23, 2009 on the basis of ruble-denominated prices for the stocks trading on the RTS Standard market. Starting with September 1995 a retrospective calculation of the RTS Standard Index has been made on the basis of the RTS Index re-calculated into Russian rubles. The value of this indicator as of April 23, 2010 which made 6,285.76 points, was taken as a basis value. Starting with January 18, 2010 the RTS Standard Index calculation has become public.

The RTS Standard Index is calculated from 10:30am to 6:45pm MSK and from 7:00pm to 11:50pm MSK, which allows investors to follow the Russian cash equities market when global markets are open.

Trends in the RTS Index and RTS Standard Index dynamics are similar in their vector, but the RTS Standard Index has reached considerably higher absolute values due to the strong growth of US dollar exchange rate: from 5 rubles in 1995 to 30 rubles early 2010 (with due account for the ruble denomination of 1998).



# RTS-2 INDEX AND RTS SECTORAL INDICES

**RTS-2 Index is an indicator of a “second-tier” stock market. Mid and small-cap securities are included in the basis of RTS-2 Index calculation.**

The degree of detailing doesn't concern only “blue-chips” and “second-tier” stocks. Another link in the chain of world, national and instrumental indices is formed by sectoral indices. Their value is quite important for investors – due to such indices stock market participants are able to determine attractiveness of particular industries.

Since the beginning of 2005 RTS has been calculating sectoral indices by 5 main sectors of the Russian economy (RTS Oil & Gas Index (RTSog), RTS Telecom Index (RTStl), RTS Metals & Mining Index (RTSmm), RTS Industrial Index (RTSin), RTS Consumer & Retail Index (RTScr).

In 2007, the family of RTS Indices grew with the arrival of RTS Electric Utilities Index (RTSeu) and RTS Finances Index (RTSfn). The calculation of Electric Utilities Index became possible after the reformation of the majority of energy companies. The launch of the financial index took place following the launch of IPOs by large Russian banks and investment companies.

Calculating the “second-tier” Index and sectoral indices is based on the methodology of RTS Index calculation.



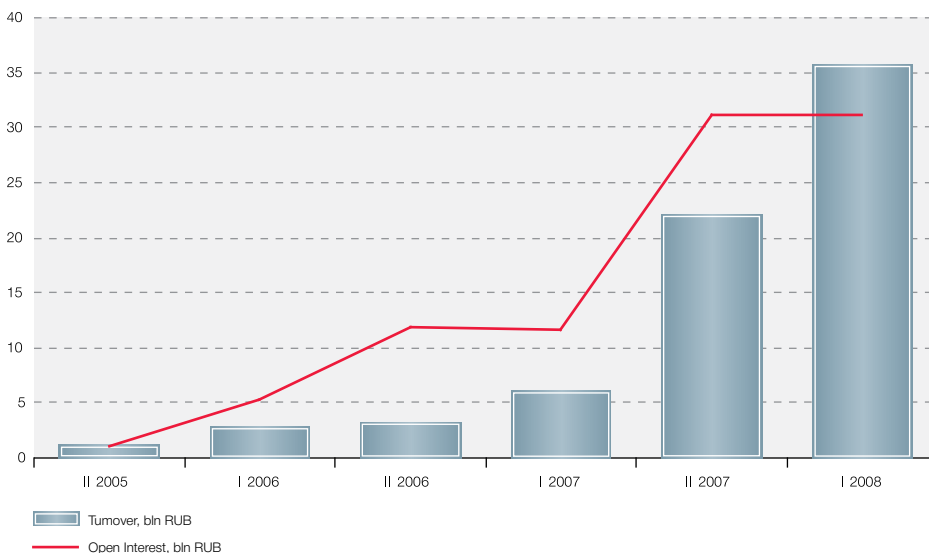
# FUTURES CONTRACTS ON RTS INDICES

**Futures contracts on stock indices are the most popular financial instruments in the world. Professional financial market participants are interested in building complex strategies and speculative operations with these instruments, whereas portfolio managers and insurance companies are attracted by this derivative contract as a means of hedging risks.**

Futures contracts on RTS Indices are standard contracts that are executed by means of cash settlement instead of delivery of an underlying asset. When concluding a trade with futures contracts on the indices, market participants assume obligations to pay for or to collect the difference (variation margin) between the trade price and a settlement price of the futures contract. The settlement price is determined based on the average value of the basic index for a certain hour on the last trading day of the given futures contract.

A futures contract on the RTS Index is currently the most liquid and most popular instrument of the Russian stock market. The trading volume of futures contracts on the RTS Index exceeds 50% of the total FORTS (Futures and Options on RTS) market turnover and exceeds the trading volume of certain stocks.

## AVERAGE DAILY TURNOVER AND OPEN INTEREST OF THE RTS INDEX FUTURES CONTRACT, BILLION RUB



According to research carried out by the Futures Industry Association, in 2009 the RTS Index futures contract, the most liquid instrument of the Russian market, entered the top 10 most widely traded index derivatives worldwide (by trading volume in contracts).

### MAIN PARAMETERS OF THE RTS INDEX FUTURES CONTRACT

Contract size	USD2 x RTS Index value (ruble equivalent)
Contract value	Index value x 100, in RTS Index basic points
Price for one RTS Index basic point (lot)	USD0,02 (ruble equivalent)
Minimal price movement (tick)	5 basic points (USD0,1 ruble equivalent)
Settlement	Financial settlement
Settlement months	March, June, September, December
Initial Margin Requirement	10% of a contract value
Trading Hours	10:30-18:45, 19:00-23:50 MSK
Short ticker symbol used in Trading System	RI <m><y>; where <m> – settlement month, <y> – settlement year. Codes: March – H, June – M, September – U, December – Z. Settlement year is coded with one digit.
Reuters code	RI <m><y>; RTS (<m> and <y> – by analogy with the previous paragraph)
Bloomberg code	VEA <Index> <GO> Instead of "A" one can indicate the date required. E.g., VEZ8 <Index> <GO> – move to the December contract

**Complete specifications for the RTS Index futures contract can be found on the RTS website ([www.rts.ru](http://www.rts.ru)).**

Besides a futures contract on the RTS Index, the indices derivatives product line includes futures contracts on the RTS Sectoral Indices (Oil & Gas, Telecom and Consumer & Retail), as well as futures style option contracts on the RTS Index futures.

In February 2010, RTS launched trading in a cash-settled futures contract on the RTS Standard Index. Its main difference from the RTS Index futures contract is that the underlying asset for this contract is ruble-denominated and the basic index includes only "blue chips" of the Russian stock market. This provides market participants with a wide range of opportunities to hedge stock portfolio risks and take advantage of market movements.

## PARTNERSHIP WITH S&P

**On January 26th, 2006, Standard & Poor's – the world's foremost provider of independent credit ratings, indices, risk evaluation, investment research and data – signed an agreement with the Russian Trading System Stock Exchange. Under this agreement, RTS Index, which is the main benchmark of the Russian stock market for international and national investors, is included into Standard & Poor's portfolio of global index offers. RTS exclusively entitles Standard & Poor's to distribute, represent, promote and publish RTS Indices.**

Within the framework of the agreement, Standard & Poor's took upon itself the management of issuing permits to investment managers, heads of structuring and implementation departments to use the RTS Index with the purpose of creating financial products. From the moment of signing the agreement Standard & Poor's has been the member of RTS Index Committee that manages and who is responsible for changes in the methodology of the Index calculation. A Standard & Poor's representative became a regular member of the RTS Index Committee and now acts as an adviser, providing interconnection with the international market participants in terms of the management over Russian indices.

Among the most important achievements resulting from this partnership include the full integration of the RTS index data in the global system of data distribution of Standard & Poor's, the creation of special indices in accordance with technical terms of clients (custom indices) on the basis of RTS Index, signing a number of contracts on the use of RTS Index for the purposes of establishing index funds and creating other financial products in Russia and abroad.

Going forward, the parties plan to expand the set of RTS Indices with a joint brand for the Russian and international investors, managers of asset portfolios as well as creating an environment for the development of index funds and exchange-traded index derivative products.



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