

**RTS** EXCHANGE

Preliminarily approved by  
the Board of Directors of OJSC RTS  
(Minutes No 09-11-2005 as of May 20, 2009)

**ANNUAL REPORT OF  
OPEN JOINT STOCK COMPANY  
“RUSSIAN TRADING SYSTEM”  
STOCK EXCHANGE  
2008**

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# INTRODUCTION FROM THE RTS CHAIRMAN OF THE BOARD AND RTS CHIEF EXECUTIVE OFFICER

Dear shareholders,

2008 was one of the most difficult years the Russian stock market has ever faced. On May 19 the main indicator of the Russian market RTS Index reached its maximum 2487.92 points and by October 24 it had fallen to 549.43 points.

In spite of unprecedented volatility in the underlying assets prices, RTS Stock Exchange managed to provide the smooth functioning of payment and settlement systems and demonstrate to the market participants a high degree of security and operational reliability.

In spite of the abrupt change of the economic climate, the total trading volume on all OJSC RTS Stock Exchange markets in 2008 stood at US\$756.5 bln, which exceeds the 2007 volume by 10%. Trading volume on the FORTS (Futures & Options on RTS) market grew by more than 50% year on year.

In 2008 FORTS climbed to a more prominent position in the global rating of exchanges. In terms of 2008 trading volumes in contracts, RTS was rated 11th in the top 52 leading global exchanges trading in equity derivatives, ahead of such renown trading venues as Tokyo Financial Exchange, Zhengzhou Commodity Exchange, Hong Kong Exchanges & Clearing, London Metal Exchange and others. The futures contract on RTS Index, the most liquid instrument on the Russian market, took 16th place in the trading volume rating (measured in contracts) among the equity derivative instruments most actively traded worldwide. During 12 months of 2008 the RTS Index futures contract and gold futures traded on RTS, alternated for the title of the fastest growing contract in their sectors.



**Chairman of The Board of Directors,  
OJSC RTS Stock Exchange,  
Jacquie Der Megredichyan**



**Chief Executive Officer,  
OJSC RTS Stock Exchange,  
Roman Goryunov**

In 2008 the RTS Index strengthened its status as the leading benchmark for the Russian stock market. The RTS Index became a registered trademark in the US, and was chosen by foreign investment companies and banks such as Credit Suisse, Valartis Bank AG and Nomura as the underlying asset for their structured products.

Traditionally RTS offers to the market new solutions while exploring the opportunities to develop the market infrastructure. Last year was no exception. Among other projects we can single out the enhancement of a CCP technology, the first of its kind in Russia, implementation of netting technology and the launch of RTS Global segment – an organized OTC market for foreign securities.

The introduction of evening trading sessions on FORTS on May 26, was another breakthrough of last year. Now, trading on RTS is open till 11:50 pm MSK. The increased time span allows the local market participants to react to the global cues that come out after the closure of the main trading session. In September through November it became clear that an evening trading session is a necessity in a turbulent market environment, with evening trading volumes exceeding 30% of that during the main trading session, which is a very high ratio. Typically not more than 10% of global trading is done in the evening hours.

In its efforts to provide fully guaranteed settlement, all the clearing operations were consolidated into one entity – the RTS Clearing Center. The size of the Guarantee Funds was increased to 1.5 bln roubles.

There was one more significant event for the RTS Group in December 2008. Thomas Murray, an international rating agency which specializes in estimating

risks related to global and national custodians, awarded the Depository Clearing Company a CSD rating of A+, being a low overall risk rating with a stable outlook. The rating was upgraded when the financial crisis had already escalated to its full size, proving that DCC is a highly reliable depository.

In 2008 RTS expanded its business to CIS markets. Last May RTS partnered with the leading Ukrainian market participants to establish the Ukrainian Exchange. The new Kiev-based exchange is 49% owned by RTS and 51% by the Ukrainian companies. In December the Securities and Stock Market State Commission of the Ukraine (the state regulator) granted the Ukrainian Exchange a license authorizing it to act as the organizer of exchange trading. Last December also saw RTS and The Regional Financial Centre of Almaty City (RFCA) setting up a commodity exchange – JSC “Eurasian Trading System” headquartered in Almaty, Kazakhstan (the Exchange is 60% owned by RTS and 40% by RFCA).

Having come a long way to where it is now RTS entered the 2009 with a much-anticipated new corporate brand. Brand renewal is a part of the long-term strategy, the result of many months of hard work that marks an important milestone in the history of the Exchange progress. With the new brand RTS positions itself as “the Exchange shaping the Russian market”. The new RTS brand embodies RTS’s strong performance on the market and the Exchange’s commitment to keep on contributing to the benefit of the Russian economy.

In 2009 RTS plans to offer to the market new products and services which will increase liquidity of the Russian securities market, reduce risks of market participants, improve the market infrastructure and raise attractiveness of the Russian market to the foreign investors.

Thank you for your trust, your commitment and continued support.

Sincerely yours,

Chairman of the Board of Directors, OJSC RTS Stock Exchange,

Jacque Der Megredichyan

Chief Executive Officer, OJSC RTS Stock Exchange, R.Yu. Goryunov

01

**RTS GROUP  
BACKGROUND  
AND POSITION  
IN THE INDUSTRY**

# **RTS GROUP BACKGROUND AND POSITION IN THE INDUSTRY**

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# BACKGROUND OF THE RTS GROUP



The RTS Group is a vertically integrated holding that provides a full range of services for trading and post-trading operations.

The RTS Group consists of JSC “RTS Clearing Center”, CJSC “RTS Settlement Chamber”, CJSC “Depository-Clearing Company”, the Ukrainian Exchange (Kiev, Ukraine), JSC “Eurasian Trading System” (Almaty, Kazakhstan), Non-profit partnership “St. Petersburg Stock Exchange”, CJSC SKRIN.

The core of the RTS Group is the Open Joint Stock Company “Russian Trading System” Stock Exchange. RTS is the only publicly traded Russian exchange incorporated as an open joint stock company.

The RTS Group history dates back to 1995 when securities trading was launched on the RTS Classic Market. The main principle of trading on the Classic Market is the opportunity to make transactions, choosing the currency, method and time of settlement. From the very start, the trading technology adopted by RTS was based on non-anonymous quotes without advance deposit (securities or cash) requirement, which enables us to organize trading in the widest possible range of securities.

The RTS Index has been calculated based on the equity prices discovered on the Classic Market since 1995. It is the key indicator of the Russian stock market, recognized both in Russia and internationally. We are constantly improving the method of its calculation, which makes it the leading benchmark of business activity in Russia. The RTS index is calculated on the basis of prices of top 50 liquid shares of the most highly capitalized Russian companies.

In February 2001, RTS Board was launched, RTS's information system for indicative quotation of securities not admitted to trading on RTS.

The RTS Derivatives Market (FORTS) also went live in 2001. FORTS is the leading derivatives market in both Russia and Eastern Europe. In 2008 the Futures Industry Association, one of the leading independent derivatives exchange associations, ranked FORTS 11th among top 52 global derivatives exchanges based on the trading volume measured in contracts.

In 2004 RTS launched T+0 Market, a new cash equity market where anonymous trading is done based on the continuous double auction (Order-Driven Market) with DVP settlement in rubles and 100% advance depositing of assets.

In 2007, RTS introduced a new product called RTS START, a platform for small- and mid-cap companies.

In spring 2008, a resolution was passed on consolidating clearing on all of the RTS markets in one entity, and since September 2008, all trades are cleared by the RTS Clearing Center. As of the end of the year, the size of the FORTS Guarantee Fund exceeded 1.5 billion rubles, and the size of the Stock Market was over 250 million rubles. A reliable settlement and clearing infrastructure is one of the key factors for increasing the competitiveness of the Russian market, and enhancement of domestic and foreign investors' confidence in the market.

In 2008, RTS Stock Exchange launched RTS Global, a unique project for Russia, which allows Russian investors to access foreign securities in an easy and effective way.

In May 2008, RTS initiated the creation of the Ukrainian Exchange in partnership with Ukrainian market participants. In December the Securities and Stock Market State Commission of the Ukraine passed a resolution on granting the Ukrainian Exchange a license authorizing it to act as the organizer of exchange trading. The new Kiev-based exchange is 49% owned by RTS and 51% by the Ukrainian companies.

Last December also saw RTS and the Regional Financial Center of Almaty City (RFCA) setting up JSC "Eurasian Trading System", a commodity exchange headquartered in Almaty, Kazakhstan. RTS holds a 60% stake in JSC ETS, the rest is owned by the RFCA.

# POSITION OF OJSC RTS IN THE INDUSTRY

RTS Stock Exchange is not only one of the leading exchanges for trading securities (shares, bonds, investment funds) (see diagrams 1 and 2) and financial derivatives (futures and options) in Russia and Eastern Europe, but also a full-fledged financial institution directly influencing the development of the entire Russian economy sector.

OJSC RTS is one of the top 20 leading global exchanges ranked by the total market capitalization of the issuers. There are around 2,300 securities from 1,700 issuers trading on RTS. Some 1,770 of these are traded OTC. Over 400 are admitted to trading on RTS without being listed and around 110 are fully listed and traded. This makes RTS the dominant listing exchange in Russia.

The RTS Index is the key indicator of the Russian economic climate. It is made up of 50 shares issued by major Russian companies representing cornerstone industries of the national economy including oil and gas, power, financial and other large businesses. Last year, a number of foreign investment companies and banks, including two Swiss banks and a Japanese bank – Credit Suisse, Valartis Bank and Nomura AM – chose the RTS Index as the underlying asset for their structured financial products.

An important trend of 2008 is the consistent growth of derivatives trading over equity trading first observed in 2007. RTS is the undisputed leader among derivatives operators in Russia and Eastern Europe (diagrams 3 and 4).

Since the beginning of the year, FORTS, the derivatives market of RTS, has always been included in the leading international ratings of derivatives exchanges compiled by the Futures Industry Association (FIA) and Futures & Options World (FOW). RTS regularly submits to these organizations all the information on the financial derivatives market in accordance with the mandatory form and requirements.

According to FIA the trading volume on FORTS amounted to 238,220,708 contracts in 2008, which is a 65.5% increase on 2007. Based on this estimation FORTS was ranked 11th among 52 global derivative exchanges ranked by the number of contracts traded in the year 2008 (Table 1). The most liquid instrument of the Russian stock market – the RTS Index futures contract – steadily keeps its 16th line in the trading volume rating (measured in contracts) among other 20 equity derivative instruments most actively traded worldwide. FIA reports a trading volume of 87,469,405 contracts for the RTS Index futures in 2008. It took FORTS less than a year to climb 5 lines up from the 16th place in which it was put based on the Q1 results to the 11th place granted to FORTS based on its performance in 2008. Throughout the year, the RTS Index futures and the RTS gold futures took turns as the fastest growing instruments in their segments.

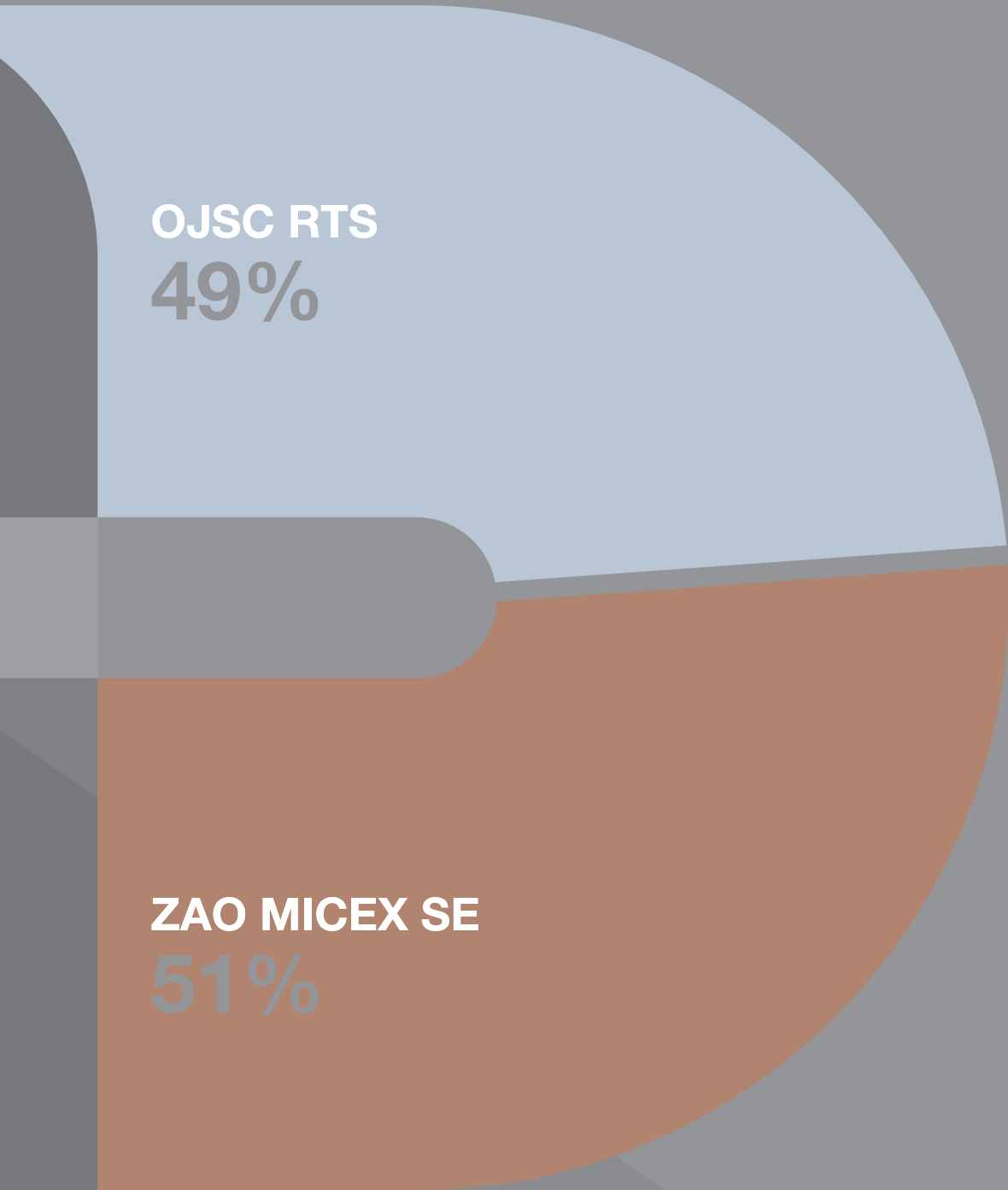
It is a sign of the continuously growing activity and interest from participants of the Russian stock market towards financial derivatives that provide broad opportunities to all categories of investors.

RTS is the exchange that shapes the Russian market. This means that RTS strives to meet the market needs offering new products, services and technologies. RTS is widely known for its innovative solutions that are unique for the Russian market, such as:

- intraday clearing session;
- evening trading session;
- unified position margining;
- Central Counterparty trading;
- RTS Global, a unique project for Russia, designed as a basis for circulation of foreign securities in Russia.

Diagram 1

## Total trading volume on all markets of the leading Russian exchanges in 2008\*



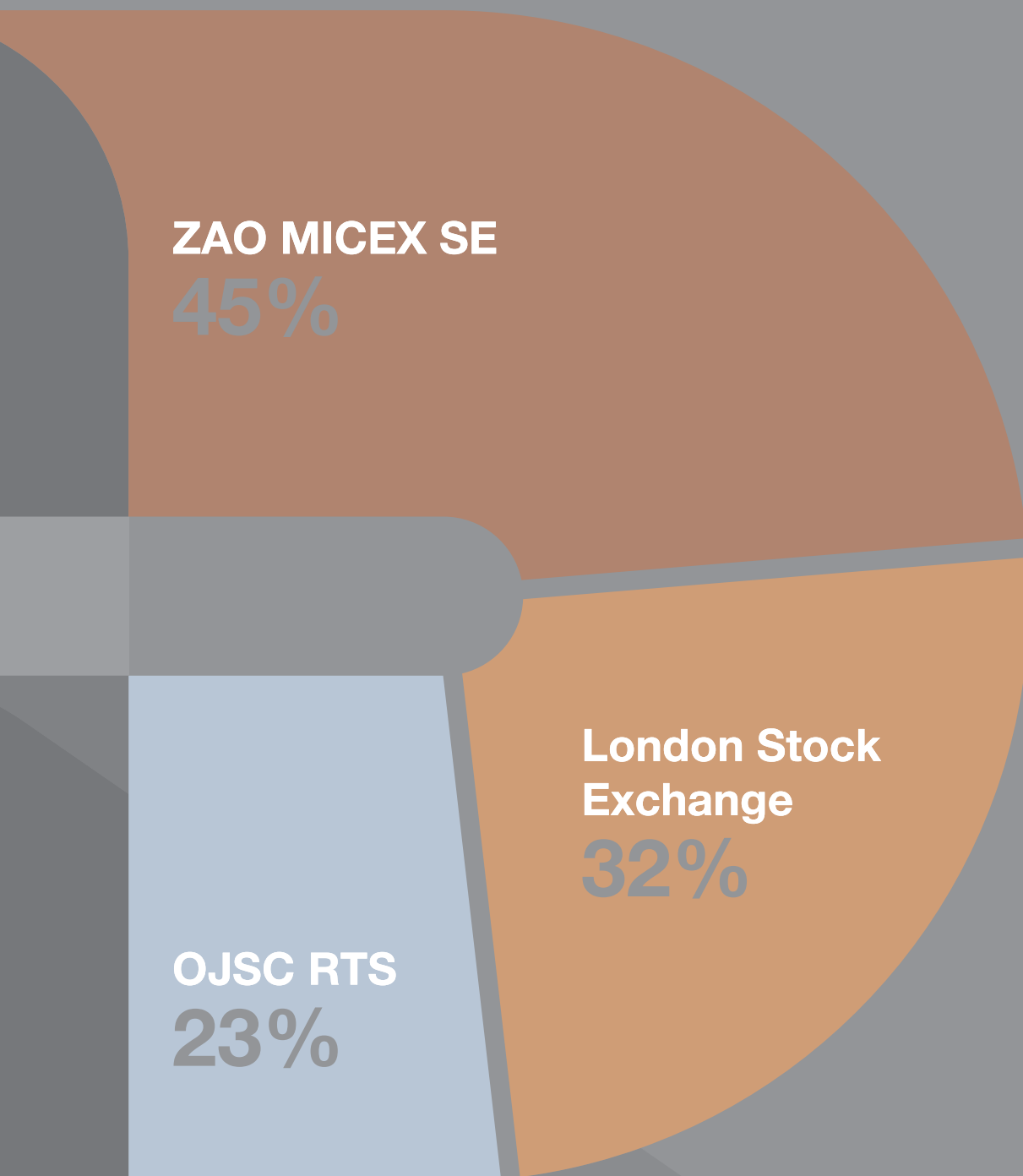
OJSC RTS  
49%

ZAO MICEX SE  
51%

\* Exchange and OTC trades in securities and derivatives excluding REPO trades

Diagram 2

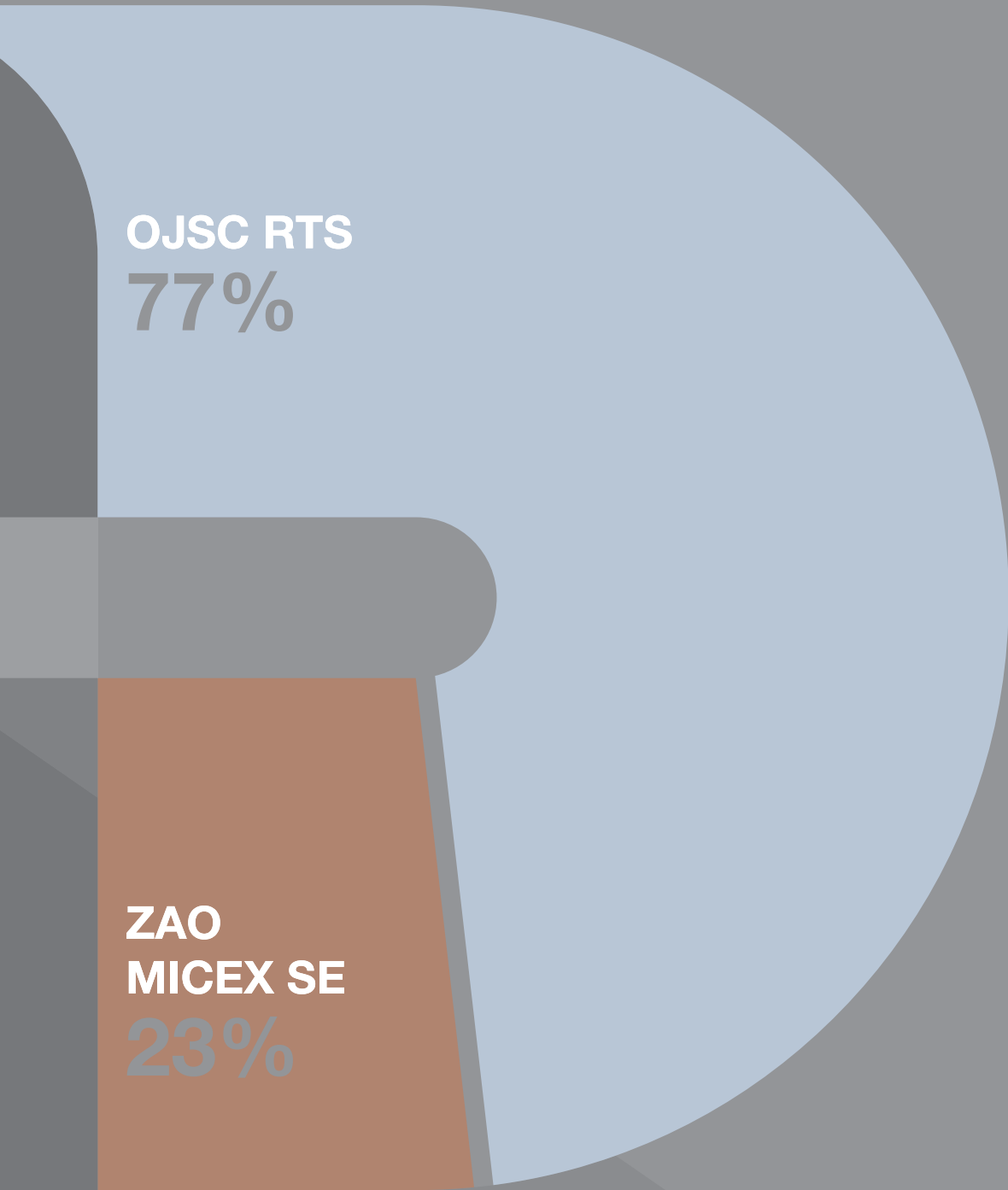
## Split of Russian issuers' turnover by the major exchnages in 2008\*



\* Trading in shares, bonds, investment units, including OTC trades

Diagram 3

## Split of the Russian derivatives market turnover by the major exchanges in 2008\*



OJSC RTS  
77%

ZAO  
MICEX SE  
23%

\* Derivative instruments on security assets, currency, commodities, interest rates

Diagram 4

# Turnover of derivatives on the Russian stock market instruments by the major exchanges in 2008\*



OJSC RTS  
99.99%

ZAO MICEX SE  
0.01%

\* Derivative instruments on security assets

**Table 1**

Top Derivatives Exchanges Worldwide Ranked by Number of Futures and Options Traded and/or Cleared in 2008				
Rank	Exchange	Jan-Dec 2008	Jan-Dec 2007	% Change
1	CME Group (includes CBOT and Nymex)	3,277,645,351	3,158,383,678	3.8%
2	Eurex (includes ISE)	3,172,704,773	2,704,209,603	17.3%
3	Korea Exchange	2,865,482,319	2,777,416,098	3.2%
4	NYSE Euronext (includes all EU and US markets)	1,675,791,242	1,525,247,465	9.9%
5	Chicago Board Option Exchange (includes CFE)	1,194,516,467	945,608,754	26.3%
6	BM&F Bovespa	741,889,113	794,053,775	-6.6%
7	Nasdaq OMX Group (includes all EU and US markets)	722,107,905	551,409,855	31.0%
8	National Stock Exchange of India	590,151,288	379,874,850	55.4%
9	JSE South Africa	513,584,004	329,642,403	55.8%
10	Dalian Commodity Exchange	313,217,957	185,614,913	68.7%
11	Russian Trading Systems Stock Exchange	238,220,708	143,978,211	65.5%
12	Intercontinental Exchange (includes US, UK and Canada markets)	234,414,538	194,667,719	20.4%
13	Zhengzhou Commodity Exchange	222,557,134	93,052,714	139.2%
14	Boston Option Exchange	178,650,541	129,797,339	37.6%
15	Osaka Securities Exchange	163,689,348	108,916,811	50.3%
Futures Industry				

# MAIN EVENTS OF 2008

January 21 – RTS’s Electronic Agreement Center (EAC) started providing for the exchange of free format documents.

February 8 – The intraday clearing session was cut down to 3 minutes.

February 13 – Trading in the RTS Index – Telecom started on FORTS.

February 15 – RTS Board celebrated its 7th anniversary.

April 14 – Silver options were launched on FORTS.

April 15 – Credit Suisse chose the RTS Index as the basis for its new series of financial products.

May 15 – FORTS introduced a futures contract on ordinary shares of electric power industry companies.

May 15 – The largest participants of the Ukrainian securities market signed an agreement with RTS on setting up a new exchange in Kiev to be incorporated as an open joint-stock company.

May 19 – The RTS Index closed at 2.487.92 points, an all-time record high.

May 26 – Evening trading session was introduced on FORTS.

June 19 – RTS Index futures was ranked as the fastest growing financial instrument worldwide according to FIA’s rating, and FORTS was included in the FIA’s top 20 derivatives exchanges trading volume ranking.

June 30 – RTS launched netting for CCP trades.

June 30 – DVP settlement in rubles was transferred to CJSC DCC.

July 9 – The RTS Index became a registered trademark in the USA.

July 14 – RTS obtained membership of the Futures Industry Association.

July 23 – Valartis Bank AG obtained a license to use the RTS Index.

August 4 – Nomura AM chose the RTS Index as the basis for its exchange traded notes (ETN).

September 16 – RTS Stock Exchange launched RTS Global.

September 24 – RTS gold futures became the fastest growing bullion derivative instrument in the world according to FIA's rating.

September 24 – RTS Clearing Center began to clear equity trades.

October 8 – Brent crude oil futures contract was launched on FORTS.

November 7 – CCP trading in Sberbank shares became available.

December 16 – Strategy Committee was set up on RTS.

December 10 – RTS and Almaty launched JSC “Eurasian Trading System”, a commodity exchange.

December 16 – The Securities and Stock Market State Commission of the Ukraine granted the Ukrainian Exchange a license authorizing it to act as the organizer of exchange trading.

December 17 – CCP trading in ordinary shares of JSC VTB Bank became available.

December 22 – RTS was re-branded.

December 22 – Thomas Murray upgraded DCC's rating to A+ with a stable outlook.

**02**

**MAIN AREAS OF  
RTS DEVELOPMENT**

# MAIN AREAS OF RTS DEVELOPMENT

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The global financial market is at a new stage of development which implies the reconstruction of the whole system and the mechanisms for interaction between its participants. The main objective of RTS is to become the leading Russian exchange group on the global financial market. By shaping a well-developed financial market in our country RTS is facilitating Russia in taking the lead in the global economic environment and in becoming an integral part of the global financial system.

Building up a global financial center in Moscow, a task which has been recurrently set by the government, is one of the development priorities of the RTS Group for the foreseeable future. The launch of RTS Standard is scheduled for the first half of 2008. The new cash equity market that is unique for the Russian environment is designed to become a new standard of exchange trading. RTS Standard offers CCP trading in an anonymous order book without full advance depositing of assets and with settlement on T+4. The market hours are from 10.30 am to 11.50 pm MSK. The anticipated successful launch of RTS Standard is expected to win back the stock market leadership for RTS and improve competitive performance of the whole Russian market.

Consistent and qualitative expansion of the FORTS product offering will continue. RTS is currently considering the possibility of introducing derivatives contracts on foreign equity indices. This would allow Russian market participants to pursue complex investment strategies as well as attract a large number of foreign market participants to the Russian stock market.

We are constantly contributing to the increase of the population's financial awareness and attracting new participants to the market. These efforts resulted in the steady month on month growth of the trading volume on FORTS (measured in contracts) despite the turbulent global markets. In the near future a large surge in activity and increase in the turnover are expected. There are plans for transition to 24-hour trading.

In 2009, RTS will expand its presence in the CIS countries. The Ukrainian Exchange based in Kiev and JSC "Eurasian Trading System" located in Almaty will go live. RTS's main objective in these projects is promotion of up-to-date exchange trading technologies and development of exchange infrastructure and Internet trading in the CIS markets. The situation in other neighboring states is being monitored constantly in order to introduce RTS products and services to these markets if the political and economic conditions are favorable.

# CO-OPERATION WITH THE AUTHORITIES AND PROFESSIONAL MARKET PARTICIPANTS

In terms of regulating financial and commodity markets last year was on the one hand a time of drafting plans and strategies aimed at development of the Russian markets and strengthening of the Russian Federation's position in the global economy, and on the other hand it was a year that subjected to a test the ability of the effective legislation to withstand the crisis that has had a significant impact on the financial and commodity markets. As a result, in 2008 the authorities issued two fundamental documents covering the development of the financial and commodity markets: the Development Strategy of the Russian Financial Market until 2020 and the Concept for Establishment of a Global Financial Center in Russia; furthermore, a number of anti-crisis amendments were made to the current regulations.

The key task of RTS's cooperation with the authorities aimed at development of legal regulations was to work out and voice its suggestions and recommendations regarding draft legislation in order to bring it closer to the market practice and to increase the effectiveness of its implementation.

RTS actively participated in the discussions of the Development Strategy of the Russian Financial Market until 2020 and the Concept for Establishment of a Global Financial Center in Russia as well as in discussing the implementation plan. Many ideas on development of the exchange and clearing & settlement infrastructure, changes to the fiscal policy suggested by RTS at the task teams' meetings are reflected in the final wording of the documents.

We shall focus on the issues related to the Exchange's current work and aimed at introducing advanced exchange technologies in Russia within the Concept for Establishment of a Global Financial Center in Russia:

- encouraging the use of deferred settlement based on the results of clearing with partial collateral or clearing without advance depositing;
- utilizing portfolio margining and extension of the range of assets accepted as collateral;
- a comprehensive solution to clearing and settlement issues of commodity exchanges.

A lot of suggestions voiced by RTS within the framework of developing the Concept for Establishment of a Global Financial Center in Russia were taken into consideration when draft legislation on elaboration of the infrastructure of financial and commodity markets was drawn up.

Specifically, when a draft legislation “On Exchanges and Organised Trade” was being drawn up for the second reading, RTS made several suggestions of conceptual nature related to the concept of an exchange, to the concept of organised trading, licensing of commodity markets’ trading members, and license requirements to stock exchanges. The above-mentioned suggestions were taken into account when the draft legislation was refined.

Special focus was given to clearing regulations and to the system for registration of title to securities.

RTS Stock Exchange established the guidelines covering the legal nature of clearing, including consolidated clearing, legal status of financial collateral and general clearing rules that are to be reflected in the draft of the federal law “On Clearing and Clearing Activity” which is being developed by the executive bodies.

A number of recommendations were offered regarding the draft legislation “On the Central Depository” that was approved in the first reading in order to prevent the problems that may arise should this federal law be approved in the further readings without such amendments. The alternative to a central depository suggested by RTS is a centralized system for registration of title to securities based on determination of the key principles for interaction between settlement depositories as well as between settlement depositories and other depositories, including foreign depositories and organizers of trading.

Another important 2008 project is drafting of suggestions on introducing amendments to the RF Tax Code regarding taxation of financial derivatives transactions. A lot of these suggestions were included into the approved concept for the federal law “On Amending Part II of the RF Tax Code”, including suggestions that address the following issues:

- estimation of the taxable income for individuals who trade in financial derivatives except for derivatives on securities or indices;
- specifics of calculating the income generated from exchange traded financial derivatives which is subject to VAT;
- procedure for taxation of corporate income generated from transactions in financial instruments that were made by clearing organizations that perform clearing and settlement of trades in these instruments.

In the second half of 2008, drafting of suggestions on introducing amendments to the bylaws that govern financial market activity gained importance.

One of the most important 2008 developments for the stock market was the introduction of changes to the general rules for suspension of trading in case of sharp movements of indices values or securities prices. The changes offered by RTS to the Federal Financial Markets Service (FFMS) include amendments to the procedure for calculation of the securities market prices, amendments to the suspension rules (a switch from technical indices that were designed earlier as a special indicator for suspensions to the major indices calculated by stock exchanges) and changes to threshold values that trigger suspensions of trading as well as to the procedure employed by exchanges for suspension of trading. Many of the above-mentioned suggestions became part of the current regulatory base.

In its work on the suggestions and recommendations for the methodology developed by the FFMS for calculation of the equity capital of professional securities market participants and asset management companies of investment funds, mutual investment funds and non-state pension funds RTS was guided by the principle of maximum objectivity in reflection of certain indicators used in the FFMS methodology which are part of assets and liabilities calculation. In this regard RTS suggested taking into account the obligations of the clearing organizations to return the funds which were lodged with them as collateral on trades concluded with such organizations and as contributions to their funds as well as client debt arising from the client's obligation to pay for the services rendered by the organizer of trading and the clearing organization, guarantees provided by a broker to secure the fulfilment of obligations under the trades made on the market operated by the organizer of trading. Specific focus

was placed on regularity of equity capital calculations and the deadlines for disclosure of information on the equity capital by professional participants and management companies.

RTS also worked out and submitted to the FFMS conceptual suggestions on bylaws governing the financial derivatives market.

In addition to this, in 2008 RTS contributed to the work of the Expert Council under the Committee of the Federal Council on Stock Markets and Currency, the Expert Council for Corporate Management under the FFMS, the Advisory Board for the Development of Moscow as a National and International Financial Center and other task teams, commissions and committees created by the executive and legislative bodies involved in drawing up and reviewing initiatives on development of financial and commodity markets in Russia.

In 2009, RTS plans to bring further its initiatives aimed at updating the current legislation that regulates the relations on financial and commodity markets drawing the authorities' attention to the tax legislation issues and the need to amend a number of bylaws which are already unable to serve the needs of the organized markets in Russia given the level of their development.

# MAJOR INTERNATIONAL PROJECTS OF 2008

In 2008, RTS was granted associated membership of FIA – the Futures Industry Association. The resolution to grant RTS membership in one of the largest independent global derivatives exchange organizations confirmed the high quality of the services provided by the exchange to its clients and the compliance of the technologies implemented on FORTS to all global standards. FIA membership allows RTS to participate in the process of taking important resolutions regarding the development of a global market for financial derivatives. In addition to this, RTS can continuously improve its exchange infrastructure and trading technology by using its foreign partners' experience.

The other main activities for development of international projects were: maintaining and developing cooperation between OJSC RTS and its foreign partners, including international organizations where RTS is a permanent member. In 2008, around 30 foreign events were arranged. Some of the most significant events were:

- WFE Developing Markets Forum – a general meeting of the WFE association was held in Cairo (Egypt) in February. Participation in this event was necessary to maintain the status of RTS as a member of the association and also to update information on RTS with regard to the forthcoming review of the category of membership.
- FISD General Meeting – general meetings of the FISD association were held in Zurich (Switzerland) in March, June and December. The primary objectives were a study of the global experience of selling exchange information and a search for new partners in different regions of the world.

- FOW Expo – London (Great Britain), April. FOW Expo is one of the largest exhibitions of derivatives markets. Participation allowed RTS to establish contacts with global investment houses in order to bring them to FORTS.
- Trade Tech 2008 – April, RTS participated in order to present a new project on the Stock Market – netting technology for settlement on the stock market using CCP trading.
- 29th International SFOA Burgenstock Conference – this annual meeting of the management of the main international exchanges, banks, the regulatory sector and politicians took place in Interlaken (Switzerland) in September. This is one of the main annual international exchange events, and it allows RTS to position itself as an exchange on a global level, establish new contacts with international exchanges, hold talks with potential partners, present and promote new products and services.

Participation in these events, enabled RTS to inform foreign stock market players of new technologies launched by RTS and also attract new partners and clients.

# RTS PROJECTS IN THE CIS COUNTRIES

In 2008, RTS carried out effective and well-coordinated work on expanding its presence in the CIS countries. In December 2007, RTS signed a memorandum of cooperation with the largest participants of the Ukrainian securities market. In accordance with the memorandum, articles of association were signed in May 2008 on the creation of a new exchange in Kiev in the form of an open joint-stock company. The exchange's charter capital is 12 million hryvnia (this was approximately 2.5 million dollars as of the date the charter capital was formed). In August the placement of the Ukrainian Exchange's shares was completed, 49% belong to RTS and the other 51% are divided between 21 Ukrainian participants. In September the constituent meeting of shareholders confirmed the results of share placement and on October 2, the Ukrainian Exchange was registered as a legal entity. On November 18, the Securities and Stock Market State Commission of the Ukraine registered the exchange's rules, and on December 16, the exchange received a stock exchange license. The exchange's members are licensed professional participants of the securities market (in the Ukraine they are known as Traders).

In 2009, the Ukrainian Exchange expects to gain a considerable part of the market by implementing the latest exchange trading technologies and promoting Internet trading.

In December 2008, the Regional Financial Center of Almaty City (RFCA) and RTS founded JSC "Eurasian Trading System", a commodity exchange. The new exchange's charter capital is 500 thousand dollars. RTS has a 60% share in the charter capital and the RFCA has a 40% share. At the end of May it is planned to increase the charter capital by 10 million dollars.

Members of the exchange are currently the leading companies in the region which purchase and deliver grain (Kazagromarketing, the Kazakh-Tajik Grain Company, AgroTrade Astana etc.). The ETC is a trading floor for spot and derivatives trading in commodities. Initially, spot trading in grain as well as fuel and lubricants will be organized. The ETS's expected turnover in 2009 is 150 million dollars.

One of RTS's strategic goals is cooperation with the CIS countries with the purpose of creating a unified stock exchange zone which will allow strengthening the region's position on the world stage and promoting creation of an International Financial Centre in Moscow.

RTS Stock Exchange is the leading trading floor for forming prices for Russian assets and it continuously provides a range of services for issuer companies. This can be confirmed by the number of securities traded on RTS – over 2,200. In this respect RTS is the undisputed leader on the Russian market.

This representativeness is explained by RTS's active work with issuer companies. Some of the RTS Group's priority tasks are widening the range of instruments and improving technology necessary for issuers in order to attract resources from the stock market and develop their business.

The main areas of RTS's activity for solving the said task are as follows:

- Developing and launching new products and services for issuer companies;
- Continuously improving services offered to issuer companies;
- Promoting RTS's products and services for issuer companies;
- Attracting new issuer companies;
- Effectively working together with issuer companies on introducing securities to the exchange and handling their stocks;
- Monitoring the compliance of securities admitted to trading with legal requirements and the exchange's requirements.

The Exchange's listing department is responsible for carrying out these functions. Active and efficient fulfilment of these tasks, high-quality customer service provided to issuer companies, as well as continuous support are a guarantee that RTS will maintain its leading positions for the number of securities traded.

RTS constantly works on promoting products and services for issuer companies. RTS's main activities in this area are as follows:

- Participating in public events dedicated to the issues of the functioning of the stock market and attracting investments;
- Festive holiday and business events for issuer companies;
- Publishing advertising and guideline materials for issuer companies.

### **Exchange for issuers**

For the past few years RTS has been implementing the "Exchange for Issuers" project, which is aimed at extending the list of high-quality financial instruments and developing the second-tier securities market. As part of the project, work continued in 2008 on informing issuers about the advantages of engaging Market Makers

to increase the liquidity of securities. As a result of this, by the end of the year 30 issuers had concluded new Market Maker service agreements. This is 15% more than in 2007 (diagram 5). In addition to this, some securities are serviced by several Market Makers at the same time. This all confirms the growth in interest towards this service and the understanding of the advantages it offers.

The development of this project is an important factor in increasing the liquidity of securities and acquires vital importance for issuers under conditions of intensified competition for investors' funds.

The obligations fulfilled by Market Makers for maintaining two-sided quotations of the issuers' securities (graph 1) was at a significantly high level before August 2008 and on average made up around 80% of the total number of the concluded agreements. However, further developments on the stock market led to reduction in the share of professional participants following the parameters specified in the Market Maker agreements.

Towards the end of 2008, as the stock market fluctuations smoothed out, there was a trend towards an increase in the number of securities for which Market Makers were meeting the parameters specified in the agreements. This happened despite the fact that the said parameters were established during a stable market period.

In 2009, RTS plans to continue the active work with issuer companies in order to attract them to its stock market for different roles in an effort to increase issuers' financial literacy, explain to them the benefits of the stock market and provide support in entering the market.

For this purpose in 2009 RTS plans to launch new instruments.

Bill No. 504019-4 "On Amending the Federal Law "On Securities market" and Article 5 of the Federal Law "On Protecting the Rights and Legal Interests of Investors on the Securities Market" have already passed the third reading; their enactment should make the following possible:

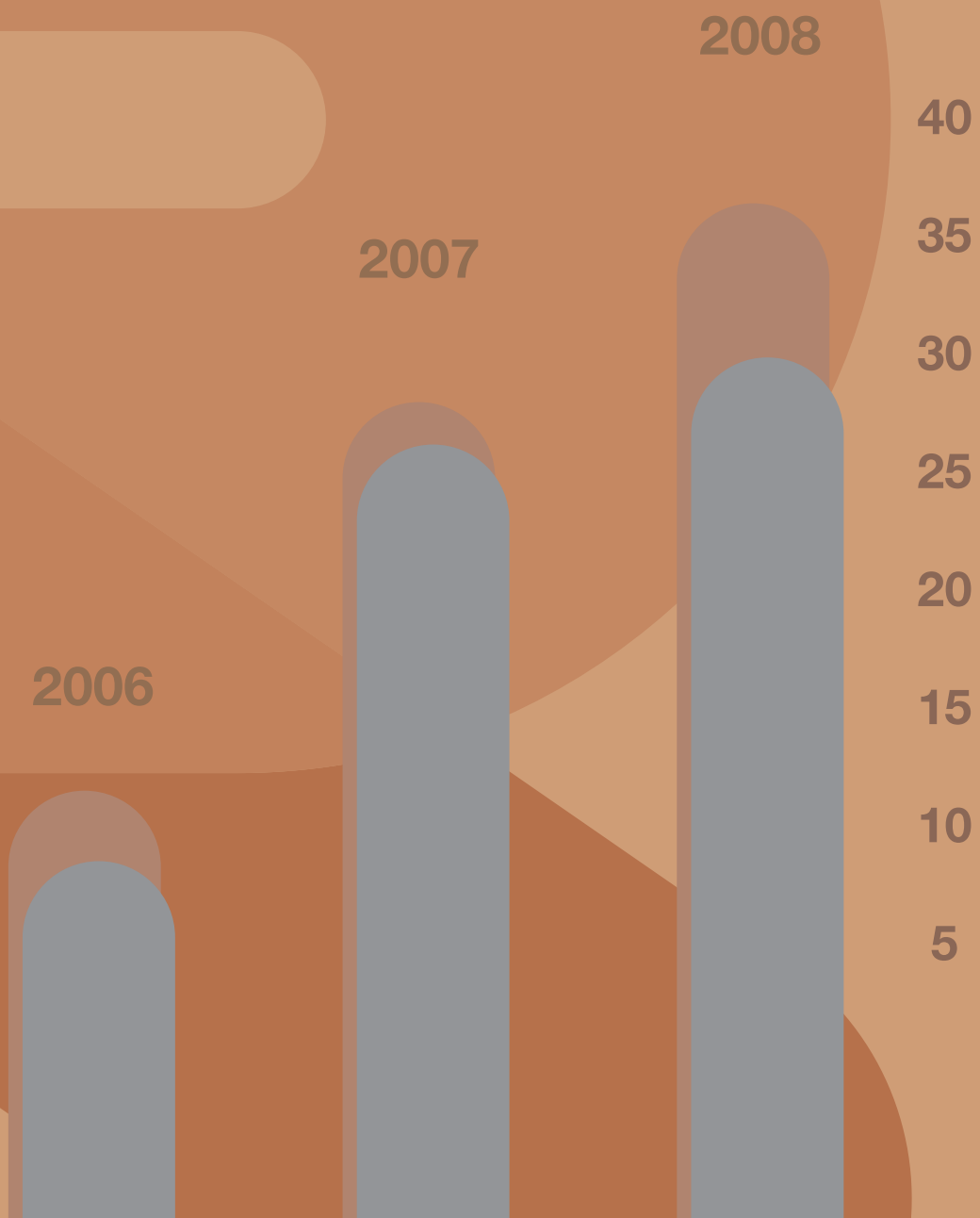
- direct public trading of foreign securities in Russia;
- exchange trading of securities which are intended for qualified investors.

With the help of the RTS Global project, RTS plans to create opportunities for

Diagram 5

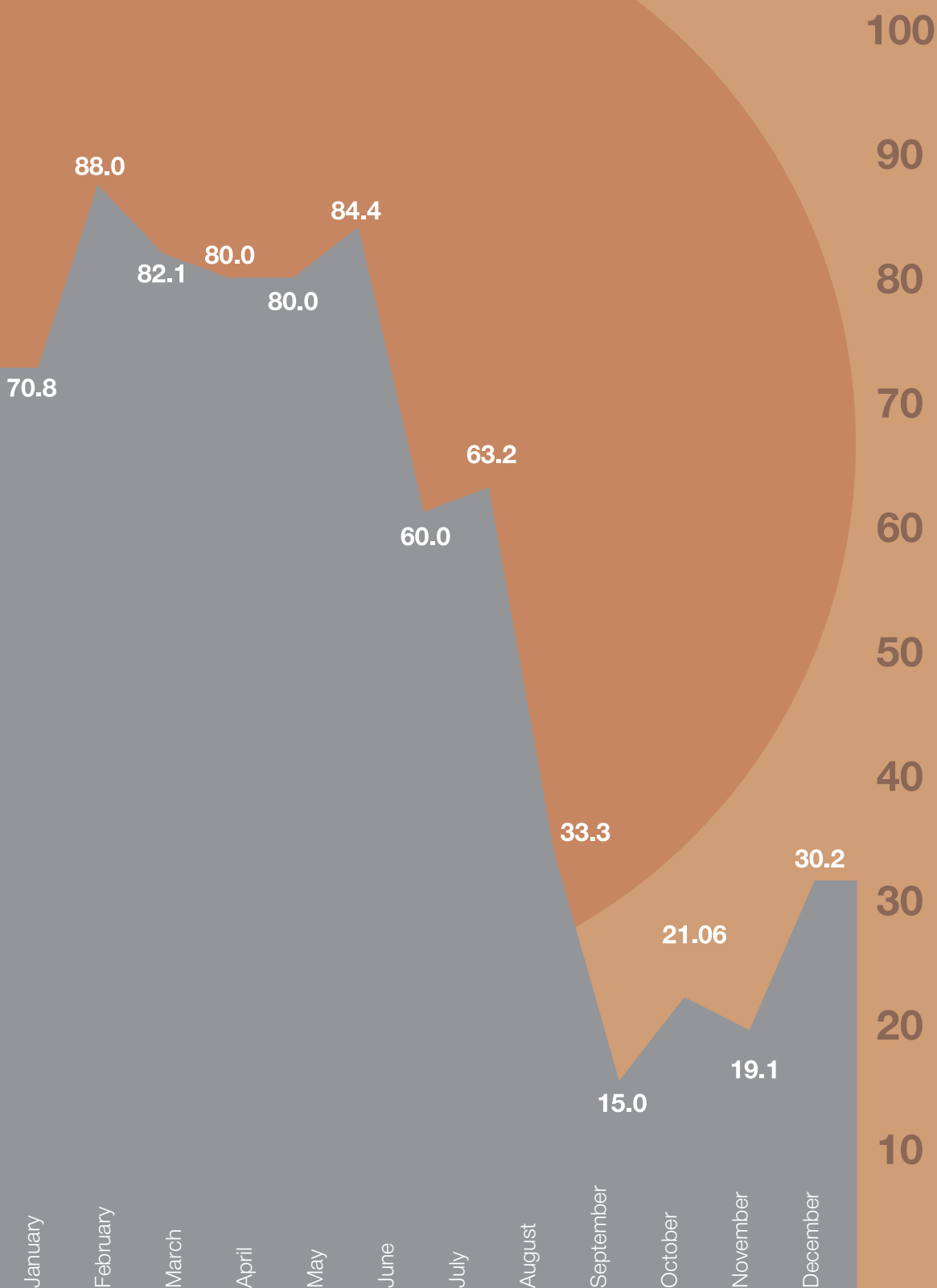
# Dynamics of Concluded Agreements on Fulfilling Market Maker's Obligations, 2006-2008

- Number of issuers that concluded new agreements with Market Makers
- Number of obligations arising from new Market-Maker agreements



Graph 1

# Dynamics of Fulfilment of Obligations Under Market Maker Agreements (January 2008 – January 2009), %



trading foreign securities on the stock exchange in Russia and start working on the creation of a special section for qualified investors. Another project that RTS intends to continue is working with issuer companies towards the launch of the Russian depository receipts market.

In terms of improving services for issuer companies, in 2009 RTS plans to create and launch a system which allows issuer companies to submit documents to the Exchange electronically. The work on developing this system began in 2008.

The introduction of such a system will allow:

- issuers to reduce costs and time spent on submitting documents to the Exchange;
- the Exchange to reduce expenses for processing and storing the information;
- information received by the Exchange to be processed faster and more efficiently.

# RTS INITIATIVES AIMED AT INCREASING THE POPULATION'S FINANCIAL LITERACY

One of the key aims of RTS's corporate activity is organizing and carrying out special projects. These events help establish cooperation between the Exchange and issuers, professional participants and the Russian stock market's business groups. Above all, RTS Stock Exchange's special projects are aimed at developing the Russian securities market, increasing the quality of trading participants' work, improving corporate culture among Russian enterprises and increasing the population's financial literacy.

## **Investor Portfolio**

RTS Investor Portfolio – is a free information and analytical product offered by OJSC RTS which allows evaluation of the effectiveness of investment decisions in the virtual environment depending on actual trading prices on RTS's T+0 or Classic Markets.

The RTS Investor Portfolio information and analytical system was launched in October 2005. It is an in-house development which allows various categories of investors to give an objective evaluation of the taken investment decisions and is also a visual tool for learning portfolio investment skills. The system has over 17,000 active users.

The RTS Investor Portfolio service allows building up trading and analytical portfolios separately for securities on the Classic Market and the T+0 Market. There is also an opportunity to convert portfolios from dollars into rubles and vice-versa, from rubles into dollars. A user can create an unlimited number of trade and analytical portfolios.

## **Guess the RTS Index Game**

A game "Guess the RTS Index", organized by OJSC RTS, took place from July 15 to August 15, 2008. RTS holds this contest every year. The participants' main task is to guess the value of the Russian stock market's key indicator at the close of the trading session on September 1, 2008. Anyone could take part in this competition. In 2008 there were more than 1,000 people that took part in it.

## **Best Private Investor Game**

Every year RTS holds the “Best Private Investor” game with the aim of promoting the FORTS derivatives market.

Information support for the 2008 “Best Private Investor” game organized by OJSC RTS was provided by weekly magazine SmartMoney and the radio station BusinessFM. The contest was open from September 12 to December 5. In 2008, 265 entered the contest, that’s twice as much as in 2006 and 60 more than in 2007.

The total starting amount of the participants’ funds was 35.7 million rubles. By the end of the competition the amount of funds had almost doubled and reached 68.8 million rubles. 2,225,755 transactions were executed throughout the game and the total trading volume for the two and a half months was 7,158,597 contracts or 458.2 billion rubles. The share of the evening trading session in the total contest turnover reached 25% – 1,790,220 contracts or 113.8 billion rubles.

The winner of the competition was a female participant with the username “eva”. The yield of her transactions was 6,179.15%, or more than 24,000% per annum.

## **The Annual Report Competition**

RTS considers that one of its most important missions is encouraging issuers for efficient work with investors. Therefore RTS carries out its own annual report competition. In 2008, the Exchange held the 11th Annual Report Competition. For the first time the competition was held in an interactive format, the company participants submitted their annual reports electronically. All reports were accessible to the competition committee and the competition panel of judges, as well as to the wide audience of the competition website.

128 companies entered the competition. Those were representatives of the most diverse sectors of the Russian economy: oil and gas, power, metallurgy, banking, and also developers, telecommunications, investment and engineering enterprises. The panel of qualified judges comprised of representatives of state bodies, professional business communities and securities market participants decided the winners in 4 main nominations. Besides that 8 additional nominations were introduced at the competition. All in all awards were given to 20 companies.

## **RTS Cup**

The RTS Cup, organized by RTS Stock Exchange in cooperation with the PRIME-TASS news agency, was open from July 1 until December 1, 2008. The RTS Cup Award was given to the contest participant for the most accurate prognosis and analysis of the market trends. Results of the contest were announced every week. The competition was open to everyone. Around 1,000 people took part in it.

## **Seminars, Conferences, Educational Programs**

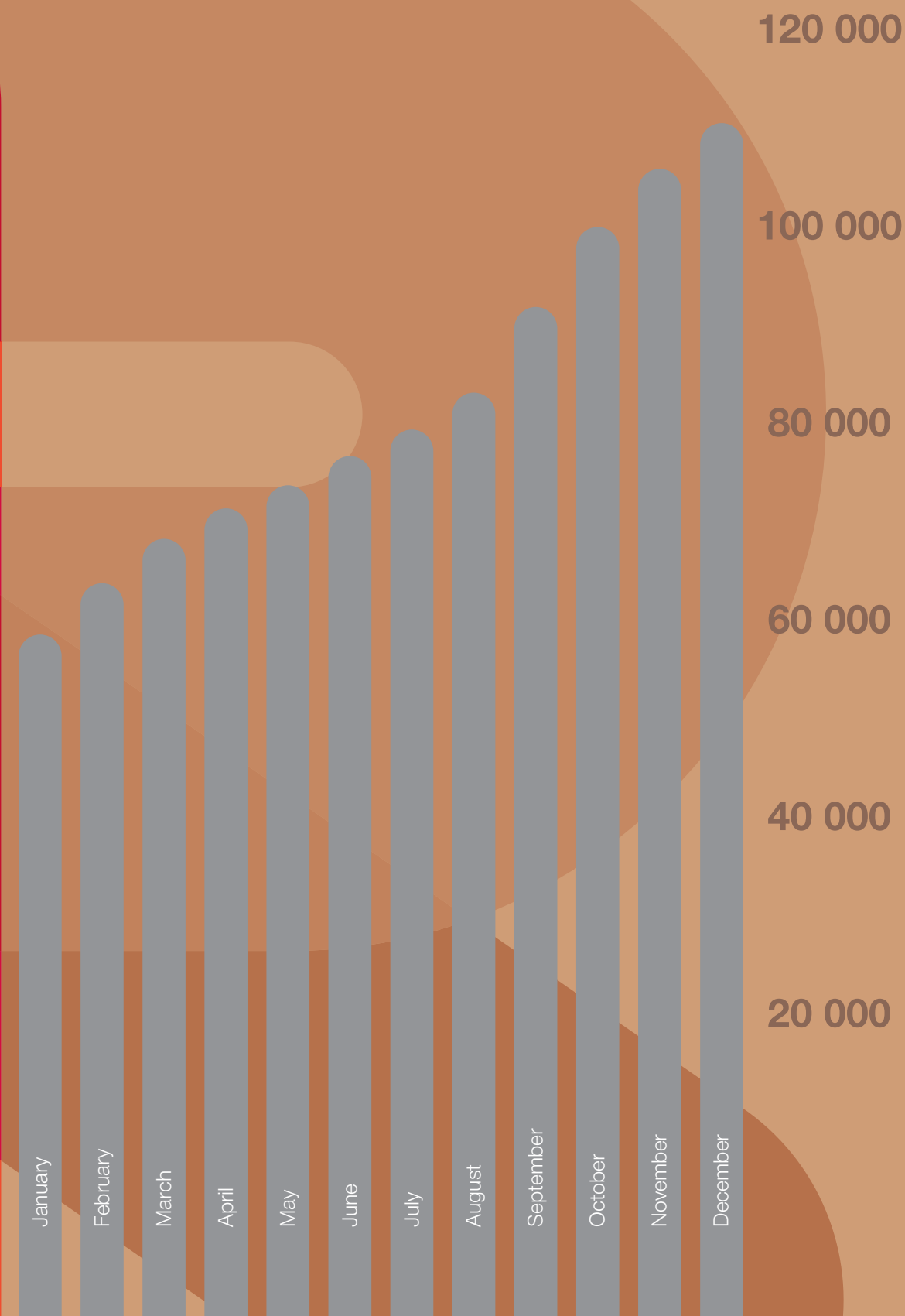
In 2008 RTS Stock Exchange played an active role in holding educational and practical seminars, master classes and conferences in Moscow, Saint Petersburg and other Russian cities. The main purpose of these events was to increase the population's financial literacy, promote the Exchange's products and services and also attract new trading participants, both institutional and private investors, through informing them of the possibilities offered by modern financial instruments. Throughout the year, the Exchange's leading professionals organized and took part in over 100 events of this kind which can be divided into the following groups:

- RTS seminars;
- RTS conferences, forums and presentations;
- events held in cooperation with settlement companies;
- participation in large conferences, forums, speaking engagement and sponsoring

The events which took place throughout 2008 resulted in the noticeable increase of participants' activity, growth in the volume of trading and also a significant client base increase (Diagram 6).

Diagram 6

# Dynamics of Growth of RTS's Clients Base



03

**CORPORATE  
MANAGEMENT**

# CORPORATE MANAGEMENT

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In its activity RTS follows the guidelines of the Code of Corporate Conduct of the federal executive body for securities market.

In addition to this, in 2006 the RTS Board of Directors approved the Code of Corporate Governance. The Exchange's own Code of Corporate Governance guarantees the effective and professional functioning of RTS's management bodies, protects the rights and interests of shareholders, ensures transparency in disclosing information and introduces an effective risk management and internal control systems.

The Code sets forth the management bodies' areas of responsibility and the role of RTS's Corporate Secretary which guarantees the effective work of the Company on improving the corporate procedures, ensuring the rights and interests of shareholders, transparency in disclosing information and interacting with investors. RTS's Code of Corporate Governance was developed in accordance with the Russian Federation legislation and regulations of the Federal Financial Markets Service on the basis of the Corporate Code of Conduct recommended by the FFMS of Russia for application along with the international corporate governance standards.

All the shareholders get efficient protection of their rights.

Shareholders' rights are guaranteed by:

- reliable reporting system of share ownership;
- high reputation of the Company;
- no risks of shareholding dilution (Making a decision with regard to placement of new share issues within the limits of quoted shares is part of the competence of the general shareholders' meeting);
- the Company's information transparency:
  - the Company's corporate website ([www.rts.ru/en/](http://www.rts.ru/en/)) contains information about the Company in English;
  - the shareholders have the opportunity to receive complete and accurate information about the Company's financial status, results of its operating performance and any significant factors that relate to its business activity.
- effective control over the Company's business activity:
  - on the part of the Executive Board – control over the Company's fulfillment of production and financial plans;

- on the part of the Board of Directors – control over the Company’s management performance;
- on the part of the Audit Committee under the Board of Directors – supervision of the system of internal control over the Company’s business activity and risk management system;
- on the part of the Company’s Auditor – control over the accuracy of financial reporting;
- on the part of the Audit Commission – control over the Company’s business activity and the activities of managing bodies.

### **Governing Bodies**

The Directors’ qualifications and experience ensure the efficient performance of the Board of Directors. Most of members on the RTS Board of Directors are non-executive directors, i.e. they do not hold positions in RTS’s executive bodies and are also not RTS employees. The fact that there are non-executive directors in the Board increases investors’ confidence in the Company and enables them to shape an objective opinion on issues under discussion. The Chairman of the Board of Directors has an extensive work experience and a high professional reputation in the Company’s business segment.

There are two committees operating under the Board of Directors: the Audit Committee and the Strategy Committee.

In 2008, 34 Board meetings were carried out:

- 9 meetings in praesentia;
- 25 meetings in absentia.

At the meetings of the Board of Directors, resolutions were passed that were related to preparing and holding an annual general meeting of shareholders; approving the budget, reports of the Company’s executive bodies, approving transactions of interest, shareholding in other companies, approving documents related to the Company’s business activity and other issues within the competence of the Board.

## Members of the Executive Bodies

The sole executive body of the Company is the Chief Executive Officer. In 2008, this position was held by Roman Yurievich Goryunov.

In 2008, the Executive Board, which is the Company's Collegial Executive Body, consisted of the CEO of the Company and members of the Executive Board appointed by the resolution of the Board of Directors.

## Members of the OJSC RTS Executive Board

Name	Position	Birth date
Roman Yurievich Goryunov	Chairman of the Executive Board	May 19, 1975
Dmitriy Alexandrovich Shatskiy	Executive Board Member	February 10, 1960
Yvgeniya Ivanovna Gracheva	Executive Board Member	April 13, 1964

SEE ALSO APPENDICES 1,2,3,4

Diagram 7

# STRUCTURE OF THE RTS GROUP AS OF DECEMBER 31, 2008

Joint Stock Company  
"RTS Clearing Center"

100%

RTS Settlement Chamber

100%

Closed Joint Stock Company  
"Depository-Clearing Company"

60.47%

Open Joint Stock Company  
"Ukrainian Exchange"  
(Ukraine, Kiev)

49%

## Open Joint Stock Company "Russian Trading System" Stock Exchange

NP RTS is a part of the structure of the RTS Group because it is controlled by common management bodies:

- the same legal entity acts as the sole executive body of NP RTS and OJSC RTS;
- the same individuals account for over 50% of the Collegial Executive Body members and the Board of Directors of NP RTS and OJSC RTS

## Not-for-profit partnership "Russian Trading System" Stock Exchange"

19.99%

25%

Non-profit partnership  
"St. Petersburg Stock Exchange"

Closed Joint Stock Company SKRIN

RTS's committees and commissions are consultative and advisory bodies that review documents prepared by the executive bodies and/or the Company's internal subdivisions, provide guidelines for the Board of Directors of RTS (its working bodies) and fulfil other functions stipulated by the Regulations on the Committees and Commissions. The Committees and Commissions consist of employees of RTS, employees of the Exchange's Trading participants, representatives of associations of professional securities market participants, scientific and other organizations and independent experts. Membership is voluntary and personal.

## **Information and Analytical Committee**

The Committee's primary objectives are:

- preparing proposals for changing the rules on disclosing and using information about the trading process and the results of trading organized by OJSC RTS;
- defining the methods of practical solution for issues of disclosing information about trading conducted by OJSC RTS;
- examination of issues regarding cooperation with companies involved in commercial and non-commercial distribution of economic information;
- approving and altering the methods for calculating indices and other indicators based on RTS trading data;
- defining the information content of RTS's services accessible via the RTS Workstation and alternate methods;

In 2008, 10 meetings of the Information and Analytical Committee were held.

Throughout the year, continuous work for improving the information support for events related to the RTS indices was conducted, including the presentation of regular reviews. Changes were made to the RTS Index which allowed using the Index for suspending trading on the stock market in accordance with the FFMS of Russia's requirements. The Information Committee developed a method for calculating a special index used by management companies.

One of the main events was the beginning of disclosing information from the RTS Global system via information agencies and on the RTS website. Every Internet user was able to follow the quotation of securities circulated on RTS Global in real-time.

Throughout the year, several seminars for the information agencies' sales-managers were organized in order to widen their knowledge of the FORTS derivatives market to increase sales of information products. Besides that, meetings and symposiums for the Information Agencies' existing and potential clients were held in order to demonstrate the possibilities of derivatives market FORTS data analysis in information systems.

In partnership with LLC Devexperts RTS developed documentation required for creating a system used to translate exchange data via FIX/FAST protocol. A system for translating data is under development.

In 2008 RTS worked to create a website for publishing statistical and analytical information for RTS's subdivisions. As a result of this, any RTS employee is now able to quickly obtain information of any configuration on the Exchange's work and the trading process for a long period of time.

Separate information products were consolidated into a single product for the purpose of improving the exchange information sales via agencies.

The system for informing RTS employees and the media of Exchange trading suspension was significantly improved.

## **Legal Committee**

The Committee's primary objectives are:

- development and legal review of OJSC RTS regulatory documents, including forms of standard agreements and other RTS documents, and also development of proposals for improving the said documents;
- developing recommendations for OJSC RTS and also for Trading Members on issues of application of securities market legislation and legal aspects of Company's business activity;
- reviewing draft bills and other Russian Federation regulations which govern the activity of RTS.

In 2008 there were 6 Legal Committee meetings held.

Amendments to the OJSC RTS Trading Rules, Rules for Clearing Activity at NP RTS, Terms and Conditions for Transactions concluded with the Clearing Center during trading on OJSC RTS Trading came into force on June 30, 2008. They included the following important changes to the technology for securities spot market trading and for conducting clearing:

- introduction of netting procedure during centralised clearing on the securities spot market;
- introduction of Central Counterparty technology in the non-anonymous trading mode, including for trades based on direct quotes;
- transfer of clearing for transactions concluded in the non-anonymous trading mode using delivery-versus-payment technology in US dollars to CJSC DCC.

On September 22, 2008, the functions of the Central Counterparty were delegated from NP RTS to JSC “RTS Clearing Center”. As a result of this, JSC “RTS Clearing Center” started to function as a Central Counterparty both for the Derivatives Section and the Securities Spot Market. The corresponding changes were made to the OJSC RTS Trading Rules, the Rules for Conducting Clearing Activity at JSC “RTS Clearing Center”, and the Terms of Transactions Concluded on OJSC RTS with the Clearing Center.

In addition to this, starting from September 22, 2008 it became possible to conclude trades based on direct quotes in the non-anonymous trading mode with the Central Counterparty, with T+1, T+2, T+3 or T+4 settlement.

During 2008 the RTS Legal Committee continued to work actively on examining the internal documents of OJSC RTS, NP RTS and JSC RTS Clearing Center, including all the abovementioned amendments.

## **Derivatives Market Committee**

The Committee’s primary objectives are:

- Developing Trading Rules, Clearing Rules, and specifications of contracts and ensuring their compliance with the Russian legislation;
- Monitoring compliance of Trading Participants with the requirements for the Risk Management System, technical requirements and other established requirements;
- Developing requirements for Trading Participants, for their technological resources, for traders, risk management systems and automated trading systems etc;
- Developing new contracts and technologies;
- Admitting Trading Participants to the derivatives market and excluding them;
- Control and surveillance over the management system functioning by means of collateral and the insurance fund of the RTS derivatives market.

In 2008, 40 meetings of the Derivatives Committee were held. At these meetings the Committee passed resolutions on: inclusion/exclusion of Trading Participants, changes to parameters of the Exchange's risk management system (for example, changes to the amount of collateral), development and introduction of new contracts and technologies, changes to requirements for Trading Participants, changes to the sizes of the insurance and guarantee funds. The Committee also approved and agreed on the revised versions of the Trading Rules, Clearing Rules and new versions of a number of specifications due to changes to the Trading Rules on the stock market and in connection with the planned launch of a new stock market called RTS Standard, which utilises the FORTS derivatives market platform. The concept of an additional trading session was drawn up and approved with the assistance of the Derivatives Committee which was followed by the launch of the additional evening trading session at the end of May 2008. A strategic decision was made on the necessity of adopting a 24-hour electronic market.

## **Quotation Committee**

The Committee's primary objectives are:

- ensuring that Russian laws and other regulations about the securities market and RTS documents are complied with during the procedures of securities inclusion in the RTS Quotation Lists and exclusion from them;
- monitoring compliance of issuers/managing companies and securities included in the Quotation Lists with the established requirements;
- development and approval of the Rules for Admitting Securities to Trading at RTS.

In 2008, 28 meetings of the Quotation Committee were held. At these meetings the Committee passed preliminary resolutions on including securities in the Quotation Lists and excluding securities from the Quotation Lists. In addition to this, a new version of the Rules for Admitting Securities to Trading at RTS was agreed on and approved. The new version of the Rules was prepared as it was to be brought into line with the Regulations for Organizing Trading on the Securities Market, approved by FFMS of Russia Order No. 07-102/pz-n dd. as of October 9, 2007 and Federal Act No. 334-FZ dd. as of December 6, 2007 “On Entering Amendments to the Federal Act on Investment Funds” and certain Russian Federation Acts.

## **Settlement Committee**

The Committee’s primary objectives are:

- Developing and reviewing the procedure for conducting clearing, monetary settlements, and also securities settlements for exchange and OTC transactions;
- Developing and reviewing drafts of regulatory documents as well as current regulatory documents of companies that are part of the RTS Group, specifically, those which regulate the procedure and terms and conditions for conducting clearing and settlement;
- Developing and reviewing proposals aimed at improving the procedure for executing exchange and OTC transactions and the procedure for clearing and settlement which is carried out by companies that are part of the RTS Group, in order to reduce the expenses of Clearing Members and settlement members;
- Cooperating with state bodies which regulate clearing and settlement for securities transactions and for other financial instruments, associations of securities market participants, and third-party consultants on issues of development of technology and unified standards for conducting clearing activity.

In 2008, 8 meetings of the Settlement Committee were held; one was conducted via absentee voting. The following issues were reviewed and the following resolutions were passed:

- A Concept for changes to the accounting technology for the Gazprom shares at the DCC and to the related technology for trading and settlement of transactions with Gazprom shares was reviewed and approved;
- A Concept for clearing transactions concluded after 6:00 p.m. was reviewed and approved;
- General settlement principles using netting for the RTS Classic Market transactions were reviewed and approved;
- Rules for conducting clearing and Regulations on the procedure and terms and conditions for creation, placement and usage of a guarantee fund which describe the procedure for clearing using netting for the RTS Classic Market transactions;
- The issue of including new securities in the list of securities admitted to the OJSC RTS Electronic Trading Mode was reviewed;
- The Procedure for settlement on dividends for securities which are the subject of transactions concluded in the RTS Electronic Trading Mode was reviewed, recommendations and remarks were made and taken into consideration when the Procedure was approved;
- Changes to the RTS Trading Agreement with regard to the transfer of clearing functions under the conditions of delivery-versus-payment with settlement in Russian Federation rubles at CJSC DCC were approved;
- The Clearing Center's Procedure for concluding REPO transactions with the purpose of settling transactions concluded in the Electronic Trading Mode and the RTS Non-anonymous trading mode was reviewed and approved;
- The Plan for connecting local clients to the Electronic Trading Mode and the RTS Non-anonymous Trading Mode;
- The Procedure for connecting clients to the OJSC RTS Classic Market under commission agreements with settlement via the clients' own accounts was reviewed, recommendations and remarks were made and taken into consideration when the Procedure was approved;
- A Concept for concluding trades with the Clearing Center with settlement in Russian Federation rubles based on direct quotes in the RTS Non-anonymous trading mode was reviewed and approved.

## Risk Management Committee

The Committee's primary objectives are:

- Developing and reviewing forms of financial reporting for the clients of companies which are part of the RTS Group;
- Developing and reviewing requirements for the financial condition of clients of companies which are part of the RTS Group;
- Developing and reviewing risk management systems for transactions concluded via OJSC RTS and St. Petersburg Stock Exchange (hereinafter – transactions concluded at RTS);
- Developing and reviewing the rules for using guarantees, other means for guaranteeing fulfilment of obligations for transactions concluded at RTS and for the clients' obligations to companies which are part of the RTS Group;
- Cooperating with state bodies which regulate professional activity on the securities market, associations of securities market participants, and third-party consultants on issues of development and review of financial reporting rules and risk management standards;
- Reviewing the enquiries of clients of companies which are part of the RTS Group, and the possibility of establishing individual risk management requirements for them;
- Reviewing the enquiries and statements of clients of companies which are part of the RTS Group, on issues concerning analysis of financial reporting rules and risk management standards.

In 2008, 7 meetings of the Risk Management Committee were held; three of these were conducted via absentee voting. The following issues were reviewed and the following resolutions were passed:

- Including securities in the list of securities / excluding securities from the list of securities admitted to the RTS Electronic Trading, establishing and changing the coefficient of market risk for the said securities;
- Assigning and changing groups of the RTS Electronic Trading participants;
- A new version (developed in connection with the introduction of settlement using netting for RTS Classic Market transactions) of the Regulations on the procedure and terms and conditions for creation, placement and usage of a guarantee fund was reviewed. Remarks were made and taken into consideration when the Regulations were approved;

- Changes to the RTS Trading Agreement related to changes to the amount of fines for the failure to fulfil transaction obligations in due time were approved;
- The OJSC RTS REPO Agreement was reviewed, recommendations and remarks were made and taken into consideration when the REPO Agreement was approved;
- A new version (developed in connection with the recession on the Russian stock market) of the System Parameters for Guaranteeing Execution of Transactions by the RTS Clearing Center was reviewed and approved;
- The procedure for connecting clients to the RTS Classic Market under commission agreements with settlement via the clients' own accounts was reviewed and approved.

## **Trading Committee**

The Committee's primary objectives are:

- Preparing proposals for changes and addendum to the OJSC RTS Trading Rules, NP RTS Trade Agreement and other documents which regulate RTS's organization of trading;
- Reviewing the issues of depository services, settlement and netting for securities transactions concluded at trading organized by OJSC RTS together with the NP RTS Settlement Committee and the NP RTS Risk Management Committee, cooperating with depositories, clearing organizations, registrars and transfer-agents;
- Monitoring together with the Company's Control Commission compliance of participants of trading organized by OJSC RTS with the established requirements concerning trading securities;

In 2008, 5 meetings of the Trade Committee were held.

The following issues were reviewed and the following resolutions were passed:

- Making changes to the Trading Rules and the RTS Trading Agreement;
- Organizing trading of OJSC RAO "UES of Russia" shares at the final stage of the power-holding's restructuring;
- Changing rates for the Electronic Trading Mode and for the Non-Anonymous Trading Mode with settlement via the Central Counterparty.

## Technical Committee

The Committee's primary objectives are:

- Reviewing and evaluating projects and proposals aimed at improving information technology used by OJSC RTS;
- Preparing recommendations for development of RTS's information technology, including recommendations for development/modernization/acquisition of software and equipment;
- Other tasks assigned to the Committee by resolutions of the RTS Board of Directors, Regulations and other RTS documents.

In 2008, 5 meetings of the Technical Committee were held. The following issues were discussed:

- Report on the modernization of the backbone network;
- Hardware for the spot market and the FORTS options and futures market.

04

**RTS MARKETS:  
2008 IN REVIEW**



OJSC RTS is an organizer of trading on the Derivatives and Stock markets. At the end of 2008, 64 contracts (46 futures and 18 options) were traded on the FORTS options and futures market. 539 securities (361 shares) were traded on the RTS Stock market, and 1,799 securities (1,373 shares) on the OTC segment of the RTS Board.

In 2008 the total trading volume for all the RTS Stock Exchange markets stood at 756.5 billion dollars, a 10% increase compared with the previous year. Trading volume on the FORTS options and futures market grew by more than 50% (Table 2).

As a result of 2008, the RTS Index (the key indicator of the Russian stock market) dropped by 72.41% to reach 631.89 points at the close of the main trading session on December 31, 2008. Last year there were strong price fluctuations for securities. The RTS Index's lowest value – 549.43 points was registered on October 24, whereas its highest ever value was registered only on May 19 – 2487.92 points (Table 3).

The “second tier” stock index for the past year dropped by 79.2% to reach 548.20 points. The lowest value of the RTS-2 Index in 2008 was 539.39 points, which was registered on December 30, and it reached its maximum value on January 15 which made 2670.61 points.

The largest fall in 2008 was in the industrial sector of economics: the RTS Index – Industrial dropped by 85.2%, the smallest fall was observed in the oil and gas sector: the RTS Index – Oil & Gas dropped by 66.5%.

**Table 2**

OJSC "Russian Trading System" Stock Exchange Trading Volume, mln dollars			
	2007	2008	Change, %
Total trading volume, mln dollars	687,563	756,462	10.0%
FORTS, mln dollars	297,541	460,035	54.6%
Securities trading volume, mln dollars	15,237	10,711	-29.7%
Reported OTC transactions, mln dollars, including:	374,785	285,716	-23.8%
RTS Board, mln dollars	752	436	-42.0%

**Table 3**

RTS Index					
year	Value at the beginning of the year	Value at the end of the year	Change in comparison with the end of the previous year	Minimum value	Maximum value
1995	100*	82.92	-17.1%	68.09 (2 XI)	101.3 (7 IX)
1996	87.35	200.5	141.8%	66.69 (18 III)	227.79 (4 VII)
1997	213.38	396.86	97.9%	197.54 (5 V)	571.66 (6 X)
1998	411.61	58.93	-85.2%	37.74 (2 X)	421.55 (6 I)
1999	59.7	175.26	197.4%	54.18 (28 I)	175.26 (31 XII)
2000	179.01	143.29	-18.2%	130.32 (21 XII)	255.89 (27 III)
2001	131.02	260.05	81.5%	130.06 (3 I)	260.05 (29 XII)
2002	267.7	359.07	38.1%	262.03 (3 I)	426.91 (20 V)
2003	360.79	567.25	58.0%	335.33 (27 I)	650.09 (20 X)
2004	573.94	614.11	8.3%	518.15 (28 VII)	785.52 (12 IV)
2005	614	1125.60	83.3%	590.62(21 I)	1139.04(23 XII)
2006	1128.20	1921.92	70.7%	1128.2(10 I)	1927.74(29 XII)
2007	1798.63	2290.51	19.2%	1724.69 (30 V)	2359.85 (12 XII)
2008	2296.56	631.89	-72.4%	549.43 (24 X)	2487.92 (19 V)

\* data at the start of the calculation of the RTS Index on September 1, 1995

See also Appendix 6

The RTS Stock Market offers investors maximum opportunities for working with the stocks of Russian issuers. Besides offering the largest number of securities on the Russian market, which makes over 2,200 equities, RTS also provides various advanced trading technologies.

The RTS Classic market is the oldest organized securities market in Russia. Over 500 securities of about 350 issues are traded on it. Prices forming on the Classic market are the base for calculating the key indicator of the Russian stock market – the RTS Index. RTS Classic market is based on absence of 100% preliminary depositing of assets and flexible settlement terms including the opportunity to choose the date and terms of settlement and to settle in foreign currency. The RTS Classic market uses technologies that are unique for Russia: Central Counterparty, T+4 settlement and netting technology. Trading on the T+0 market allows settlement in rubles with 100% depositing of assets.

For RTS Stock market 2008 was a year marked by development and introduction of new technologies that meet all the world standards. The biggest achievement of the year was that in spite of the unstable economic environment of the world financial markets RTS Stock Exchange managed to continue its technological upgrade and market development.

First of all, the development of a Central Counterparty technology made another step forward. In summer 2008 a multilateral netting technology was launched for the Electronic Trading mode, which significantly simplified the settlement procedure for transactions executed in the given mode. Now, instead of conducting settlement in the “transaction after transaction” mode, Participants can receive and/or transfer financial results for all transactions with settlements on a specific date.

In 2008 it also became possible to execute transactions via the Central Counterparty in the Non-anonymous Trading Mode: initially for trades based on direct quotes for electronically traded securities, and then for other securities, with the possibility of submitting indirect quotes with indication that the trades based on such quotes must be settled via the Central Counterparty.

A “Donor Repo” scheme was developed and launched to ensure timely settlement for transactions via the Central Counterparty. Now a party concluding a transaction with the Central Counterparty who delivers assets in a timely fashion for settlement

can receive opposite assets under delivery versus payment conditions in good time. The Central Counterparty undertakes all communication with a party which has not submitted assets to be settled in a timely fashion.

A well-timed response to the market fluctuations was of particular importance in 2008. Under conditions of unstable market environment when the situation on the stock market was continuously changing, RTS efficiently reacted to the regulator's changing requirements for trading conditions, suspended and resumed trading in a timely fashion. Special consideration was given to monitoring REPO transactions and interacting with Trading Participants with the purpose of preventing delays in settlement for such transactions. Thanks to the work done the second parts of all REPO transactions concluded at RTS in the reporting period were settled on time.

Considerable amount of work was done for keeping Market Makers on the market in highly volatile market conditions and a scheme for protecting their interests during financial instability was developed. Corresponding changes were made to the contractual documents.

Adoption of well-timed measures aimed at gradual termination of trading in the securities of the reformed power-holding OJSC RAO "UES of Russia" was another effective strategy pursued by RTS Stock Exchange. Together with OJSC RAO "UES of Russia" RTS agreed on and approved a procedure and timeframes for trading and settlement for the power-holding's shares. All information was quickly delivered to trading participants and their clients. Additional work was carried out with the back offices of companies for conducting timely settlement for transactions with power-holding's shares.

In accordance with the international standard ISO 9001:2000 within the scope of a Quality Management System RTS regularly arranged events aimed at exploring the Trading Participants' needs with subsequent processing of data obtained in order to determine the possibilities for increasing the quality of the services the Exchange offers.

### **Electronic Trading Mode**

In the first half of 2008, transactions made in this mode were settled via CJSC DCC's DVP-settlement system using accounts with JPMorgan Chase or RTS

Settlement Chamber. On June 30, 2008 RTS launched a technology for full netting which significantly raises the efficiency of transactions by reducing the number of requirements for assets on the day of delivery. Now the settlement is executed on a net basis.

On September 22, 2008, the functions of the Central Counterparty were delegated from NP RTS to RTS Clearing Center, which is one of the most capitalized clearing organizations in Russia. RTS Clearing Center conducts centralized clearing for derivatives transactions and bears responsibility for their execution. Throughout the time that the risk management system was functioning, RTS Clearing Center proved to be reliable and stood the test of a highly volatile situation on the Russian stock market and the significant volume of open positions for market participants. One of the advantages of the transition is the fact that netting and clearing for all the RTS trading floors is conducted by one organization. In 2008, RTS took a significant step towards creating a single RTS stock market which meets the best practices and up-to-date requirements of market participants.

The improved Electronic Trading Mode allows:

- To significantly widen the circle of potential counterparties trading in the given mode, because the bilateral limits problem has been resolved;
- To reduce the Trading Participants' direct costs during settlement for transactions;
- To simplify the work of back offices;
- Brokers to offer their clients DMA (Direct Market Access) and Algorithmic Trading services on the Classic market;

The development of the Electronic Trading Mode was welcomed by the market. This could be seen by the increase in the number of participants trading in the said mode from 53 to 61.

### **Non-Anonymous Trading Mode**

In 2008, this trading mode was developed in line with the improvement of the RTS Trading System and the RTS Plaza trading terminal software. A lot of work was done to attract new Trading Participants to the settlement with delivery-versus-payment which resulted in the increase of number of participants from 75 to 90. Providing the opportunity to execute transactions for certain securities with

settlement via the Central Counterparty was a significant breakthrough in the development of the Non-Anonymous Trading Mode. Initially this was available for concluding transactions for securities based on direct quotes in the Electronic Trading Mode, and then later for the ordinary shares of Sberbank (SBER) and Bank VTB (VTBR) which can also be concluded in the orderbook. Settlement for trades based on direct quotes is conducted with T+1, T+2, T+3 and T+4 settlement. The settlement period for transactions in the orderbook is standardized and fixed at T+4.

Nota Bene: settlements for transactions concluded in the Non-Anonymous Trading Mode via the Central Counterparty are netted against each other and all transactions concluded in the Electronic Trading Mode. This allows participants to optimize their net positions for specific dates and quickly conclude buy-sell transactions to attract short term assets. The transactions concerned are concluded without signing agreements at the Electronic Agreement Centre which significantly optimises the work of back offices and reduces transactional costs.

### **System for Gathering Information on OTC Transactions**

OJSC RTS pays a lot of attention to providing market participants with various services. At RTS the most effective system in Russia for gathering information on OTC transactions has been in operation since the regulatory documents of the FFMS were introduced which bind professional securities market participants to report OTC transactions at an exchange. Over 90% of all OTC transactions are reported on RTS.

In 2008, the system for receiving OTC transaction reports continued to be improved, more specifically, it became possible to report OTC transactions via the Trading System during suspension of trading; upon request of trading participants, a new version of the OTC Client monitor was developed which increases the exchange's clients' potential for receiving information.

The main result of the second year of work on the system for gathering information on OTC transactions was the following: 323 participants reported around 700 thousand transactions for the total of almost 7 trillion rubles. This was several times more than the combined amount recorded on the other stock exchanges in Russia.

**Table 4**

New Participants on the RTS Stock Market				
	Ticker	Company Name	Classic Market	Exchange Market
1	PRIK	"PromptInvestCapital" Ltd.	Transaction reporting mode	No
2	KMBB	KMB-BANK (ZAO)	Standard	No
3	ARCM	OJSC "Arbat Capital Management"	Standard	Yes
4	CONV	Joint Stock Commercial Bank INVESTBANK Open-end JSC	Standard	Yes
5	PLGR	LLC Pilgrim Asset Management	Standard	Yes
6	BSPB	OJSC "Bank "Saint Petersburg"	Standard	Yes
7	INTE	OOO IT	Transaction reporting mode	Yes
8	TBUF	"Trusta Buffalo House" Ltd.	Transaction reporting mode	No
9	CFGR	LLC Capital Financial Group	No	Yes
10	QUAD	LLC "IC "Quadro"	Standard	No
11	ALMB	Bank "Aleamar"	Standard	Yes
12	LOCA	Lotus Capital	Standard	Yes
13	KITB	OJSC KIT Finance Investment Bank	Standard	No
14	GRNC	Grandis Capital Investment Company Ltd.	Standard	Yes
15	VTBC	CJSC VTB Capital	Standard	Yes
16	CINB	LLC "CentreInvest Broker"	Standard	Yes

One of the positive trends is the increase in the number of Trading participants working in the Electronic Trading mode with DVP settlement in US dollars. In 2008, the number of Trading participants in the given mode increased from 53 to 61 (15% increase) and those using DVP in US dollars – from 75 to 90 (20% increase).

## Stock Market Instruments

In 2008, 66 new securities were added to the List of RTS stock market instruments (diagram 8). The total number of securities on the list decreased in absolute terms by 72 securities. For the first time in the last 5 year there was a falling trend in the number of securities on the RTS list (diagram 9), however, it can be explained by objective factors:

- In the first half of 2008, during the final stage of reorganization of the power industry around 90 securities of companies which were reorganized by being merged into other power companies were removed from the list. This accounted

Diagram 8

# Changes to the Exchanges List in 2008

- Securities on the List as of December 31, 2007
- Securities on the List as of December 31, 2008
- Securities introduced to the List in 2008 (new instruments)
- Securities removed from the List in 2008

Number of securities

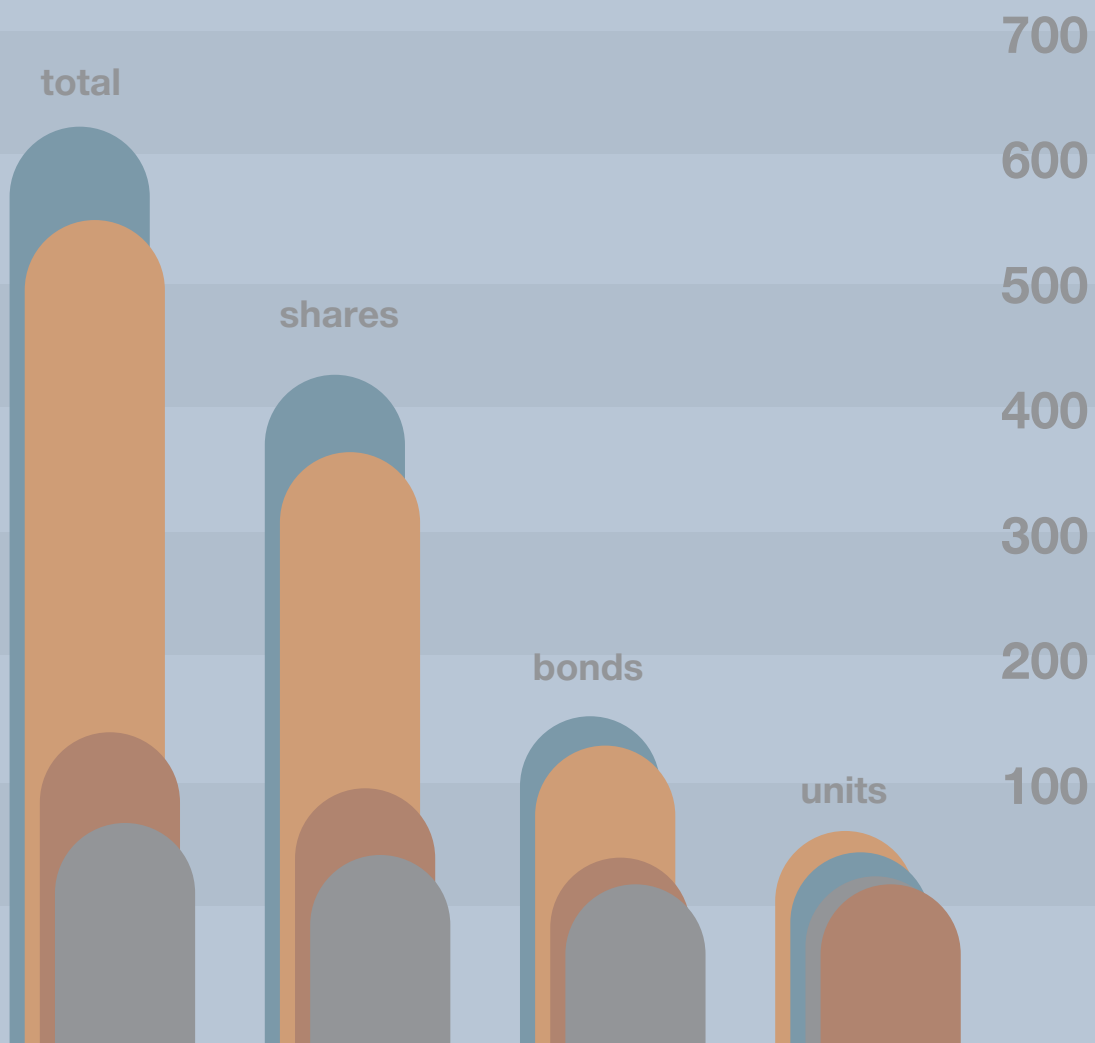


Diagram 9

# Dynamics of the Amounts of Securities on the Exchange's List, 2004-2008 (by Type of Security)\*

- Shares
- Bonds
- Investment units

\* Data for 2004 - NP RTS  
Data for 2005-2006 – NP RTS and OJSC RTS  
Data for 2007-2008. – OJSC RTS

## Number of securities

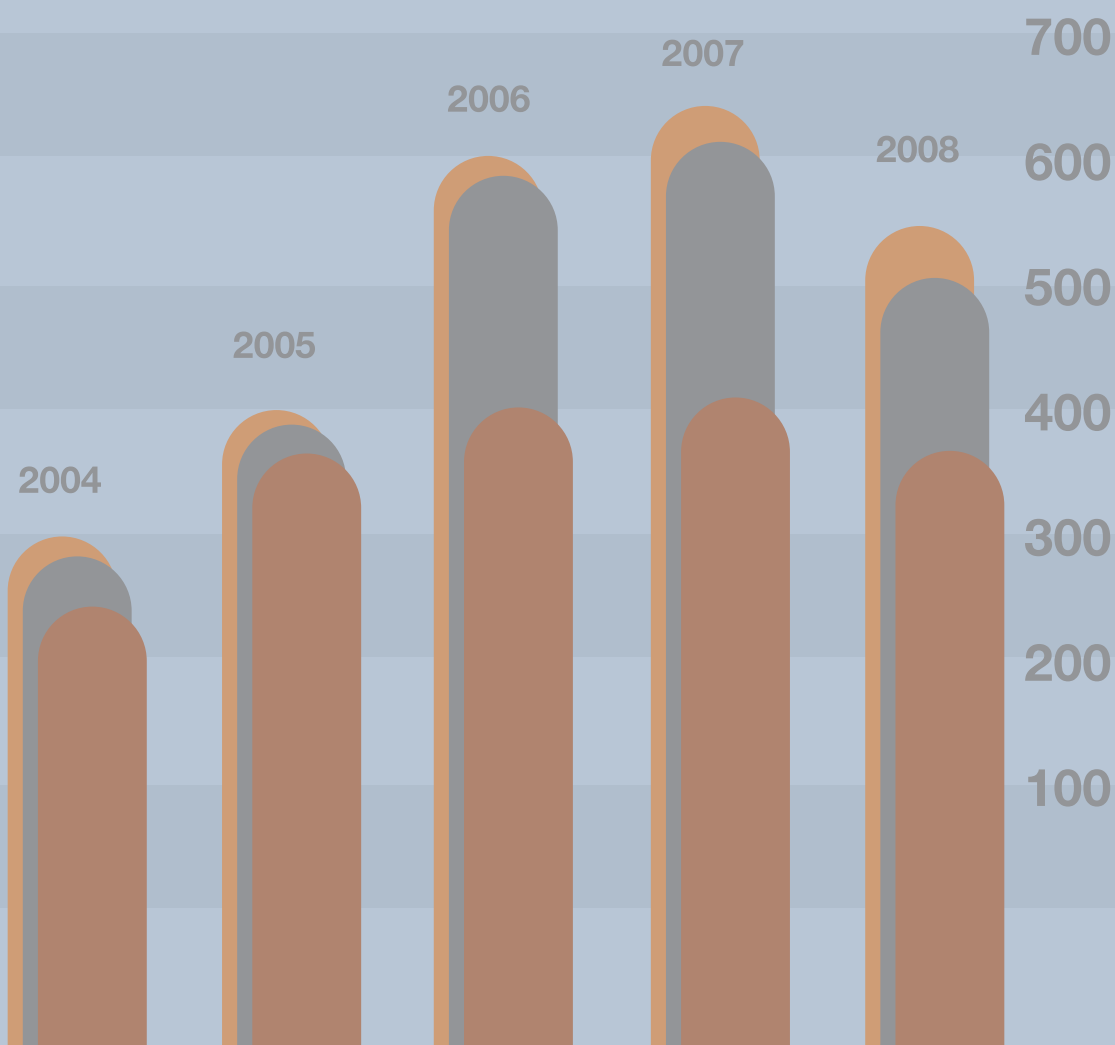


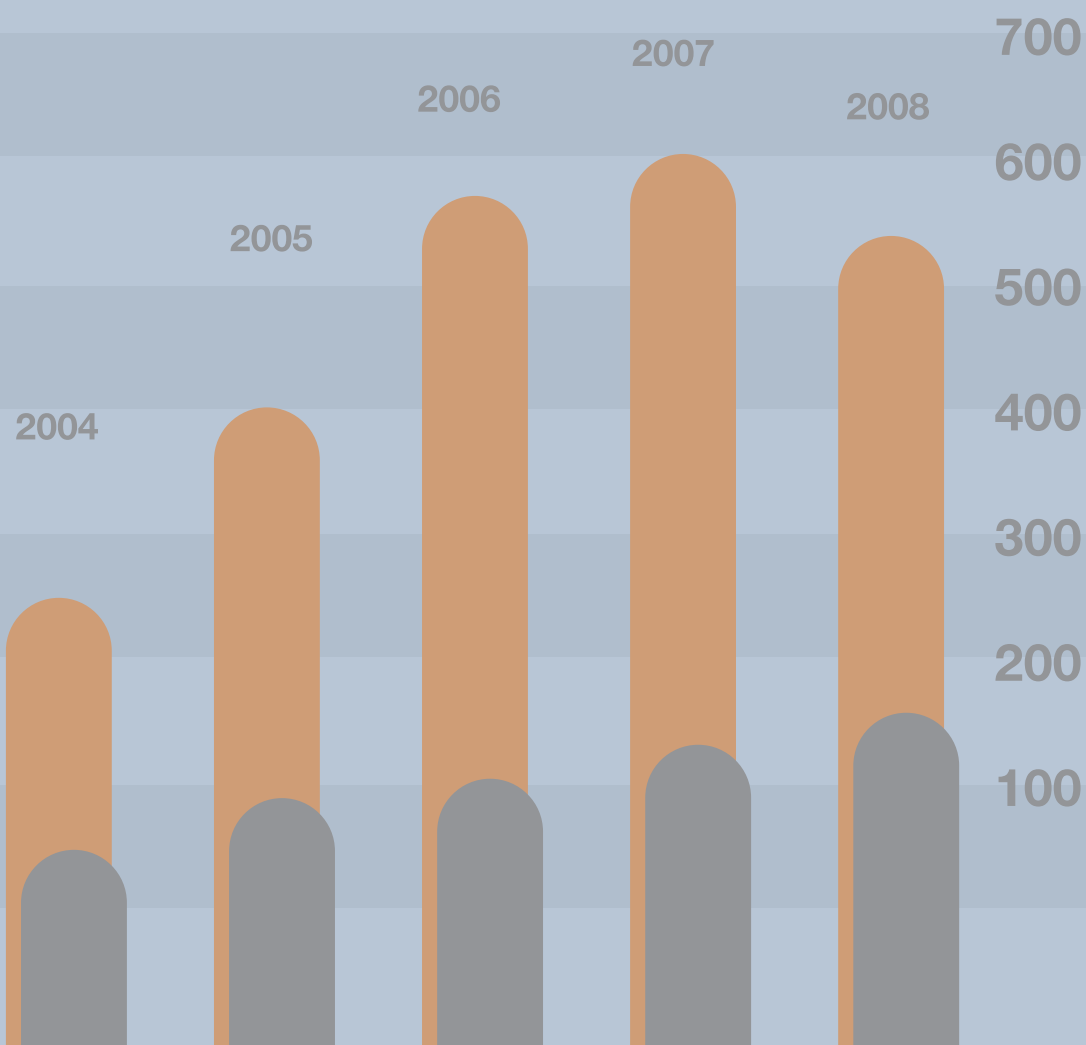
Diagram 10

# Dynamics of the Amounts of Securities on the Exchange's List, 2004-2008 (by Sections of the List)

- On quotation lists
- Total

\* Data for 2004 - NP RTS  
Data for 2005-2006 – NP RTS and OJSC RTS  
Data for 2007-2008. – OJSC RTS

Number of securities



for over 60% of all the securities removed from the exchange market in 2008. In particular, during this restructuring the Russian stock market lost one of its most liquid blue chips – the shares of OJSC RAO “UES of Russia”;

- the financial downturn forced many companies to postpone or refuse IPOs in 2008. Companies such as OJSC Mechel, OJSC Unified Chemical Company URALKHIM, OJSC YUGK, OJSC Sistematica Group, OJSC PROTEK, OJSC IBS IT Uslugi, OJSC INPROM, OJSC Maxim Antonov Grocery Factories, Compulink and others;
- In 2008 a trend where shareholders demanded repurchase of securities in accordance with Article 84.8 of the Act On Joint-Stock Companies continued. This was the reason why several companies' shares were removed from the List (OJSC Novorostsement, OJSC Nefteport, OJSC PNTZ and OJSC Novoship).

Despite the overall reduction in the number of securities on the List, the number of securities on the quotation lists increased by more than 10% in comparison with 2007 and amounted to 124 securities at the end of 2008 (diagram 10). This figure for shares (111 shares on OJSC RTS's quotation lists at the end of 2008) is not only a record for RTS but also for the whole of the modern Russian stock market. This is a proof of the quality change to the structure of shares on the OJSC RTS List. 32 listing services agreements were concluded in 2008 – 5 of them were concluded as a result of the Exchange's participation in biddings (auctions) for the right to conclude agreements on listing services held by natural monopolies.

With regard to the industrial structure of issuers, power companies (in terms of the number of companies represented – diagram 11) and extracting companies (in terms of level of share capitalization – diagram 12) continue to take the lead. Food and transport industries are still poorly represented.

In 2008, the trade volume for securities at RTS stood at 296.4 billion dollars taking into account all types of transactions including OTC transactions.

The leaders in terms of trading volume at RTS in 2008 were the ordinary shares of OJSC Gazprom (GAZP), followed by the ordinary shares of OJSC Sberbank (SBER) and the ordinary shares of OJSC MMC “Norilsk Nickel” (GMKN) (Tables 5, 6 and 7).

**Table 5**

Top Sellers at RTS in 2008\*

Ticker	Company name, type of shares	Trading volume, US dollars
GAZP	Gazprom, ordinary	97,101,025,306
SBER	Sberbank, ordinary	32,398,678,342
GMKN	OJSC "MMC "Norilsk Nickel", ordinary	26,866,004,221
LKOH	OAO "LUKOIL", ordinary	22,813,914,489
EESR	OJSC RAO "UES of Russia", ordinary	11,419,310,719
ROSN	OJSC "OC "Rosneft", ordinary	6,046,173,087
PLZL	OJSC "Polyus Gold", ordinary	4,139,935,232
MTSS	MTS OJSC, ordinary	3,737,736,873
HYDR	JSC "RusHydro", ordinary	3,609,538,918
SNGS	Surgutneftegas, ordinary	3,297,684,808

\* taking into account all trading modes, including OTC transactions.

**Table 6**

Top Gainers in 2008 (on the RTS Classic market)

Ticker	Company name, type of shares	Closing price, US dollars	Change, %	Trading volume, US dollars	Number of transactions
NVNG	Novosibirskenergo, ordinary	70	40.0%	1,627,444	44
ZMZN	Zavolzhsy Engine Plant, ordinary	4	33.3%	570,155	16
TLSB	Tula Retail Company, ordinary	0.03	20.0%	1,349,204	44

**Table 7**

Top Losers in 2008 (on the RTS Classic market)

Ticker	Company name, type of shares	Closing price, US dollars	Change, %	Trading volume, US dollars	Number of transactions
APTK	OAO "Pharmacy Chain 36,6", ordinary	1.09	-98.5%	5,162,814	84
RTMC	RTM OAO, ordinary	0.09	-97.0%	2,932,946	111
PIKK	PIK Group, ordinary	0.945	-96.9%	4,523,678	215

Diagram 11

# Chart 4. Industry Structure of Issuer Companies, whose Shares are Included on the List (By of Number of Companies)

- Power
- Trade
- Finance
- Machine engineering
- Metallurgy
- Chemical
- Extracting
- Communications
- Transport
- Food
- Others

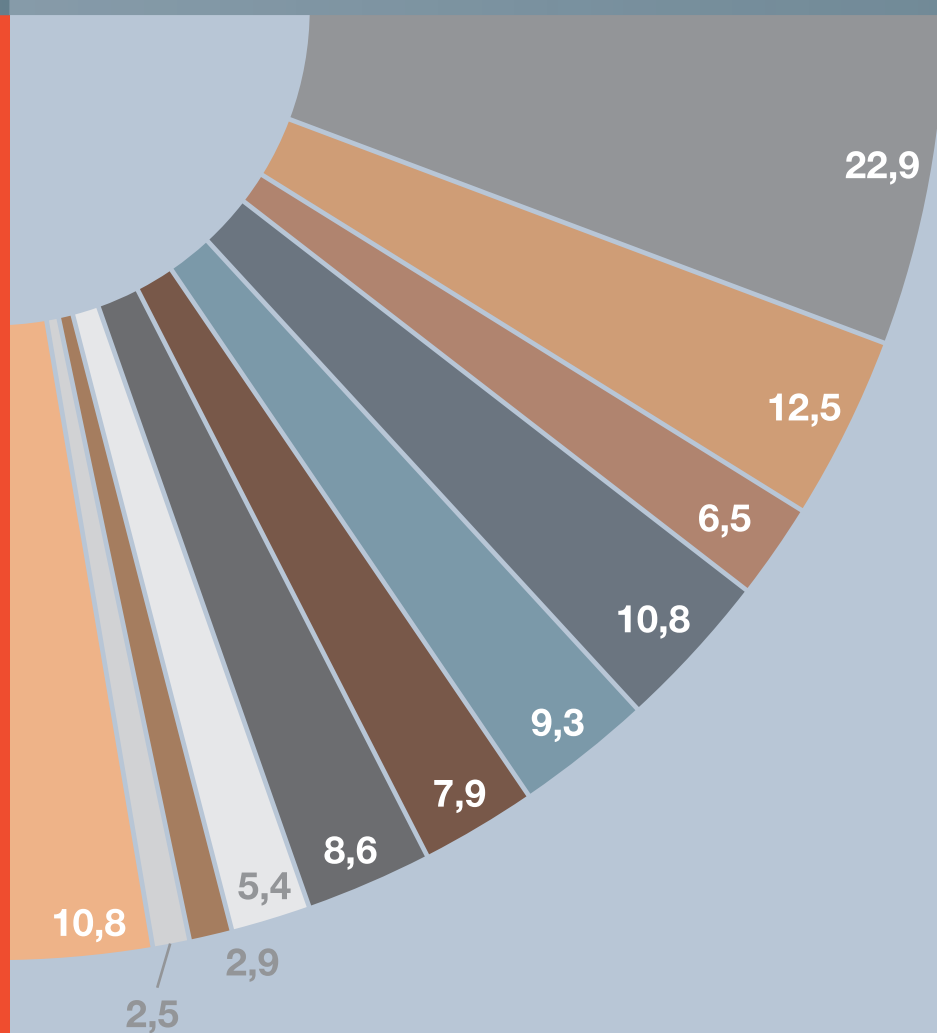
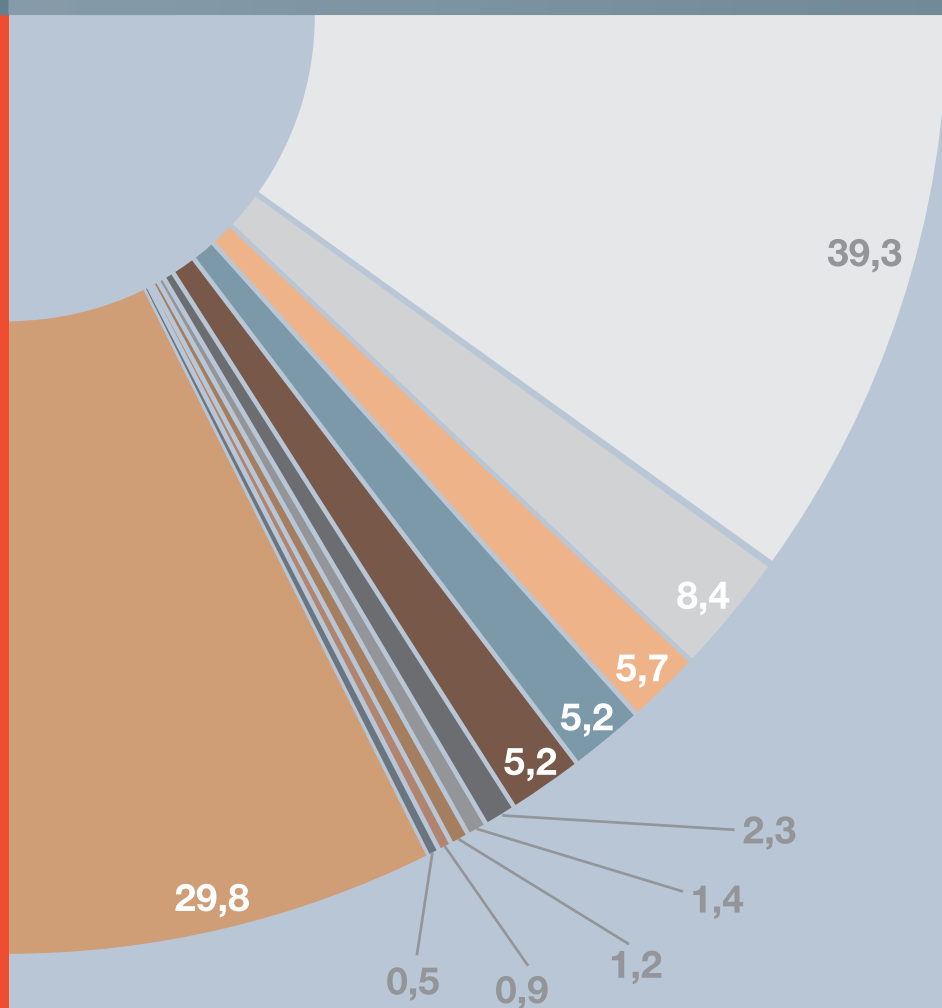


Diagram 12

# Chart 5. Industry Structure of Issuer Companies, whose Shares are Included on the List (By Capitalization of Ordinary Shares)



# FORTS FUTURES AND OPTIONS MARKET

The FORTS futures and options market is the leading derivatives market in Russia and Eastern Europe.

In 2008, FORTS became a permanent participant of international ratings of derivatives floors, regularly published by professionals from the Futures Industry Association, one of the leading professional derivatives exchanges associations. As a result of the previous year, RTS was rated 11th among 52 global exchanges in terms of trading volume measured in contracts, beating such renown venues as the Tokyo Financial Exchange, Zhengzhou Commodity Exchange, Hong Kong Exchanges & Clearing, London Metal Exchange and others.

The most liquid instrument of the Russian stock market is the RTS Index futures contract, which was rated 16th in the Top 20 of the index derivatives most actively traded worldwide. In less than a year, the RTS derivatives market gained 5 positions in this rating, going from the 16th place by the results of the first quarter to the 11th by trading results of the whole year. During these 12 months, both RTS Index futures and RTS gold futures became the fastest growing instruments in their segments.

## **Dynamics**

According to the results of 2008, trading volume on the RTS derivatives market grew by 48.51% in comparison with 2007 figures. Throughout the year, 28.7 million transactions with 239.8 contracts for a total of 11.2 trillion rubles were concluded (Tables 8 and 9).

At the end of 2008, the volume of open positions for standard contracts amounted to 38.1 billion rubles, or 1.7 million contracts (Diagram 13). The maximum value for volume of open positions was reached on June 7 – 466.9 billion rubles. The 2008 average daily value for open positions was 247.5 billion rubles.

The drop in the volume of open positions was related to the recession on the market at the end of 2008. Despite this the activity of participants was restored towards the end of the year. There was an increase in the number of transactions, while the average volume of transactions decreased (Table 6).

In 2008 the most liquid contract traded was the RTS Index futures contract (the share of this instrument was 62.5% or 7.3 trillion rubles). Futures contract on the shares of OJSC Gazprom (7.15%) was rated second, the turnover for the US dollar futures contracts stood at 3.12% of the total turnover. The most liquid options contracts for 2008 were the options on RTS Index futures contract (9.56%).

**Table 8**

FORTS. 2008 Results	
	2008
Total trading volume for the year, billion rubles	11,157.67
Trading volume for futures contracts, billion rubles	9,394.94
Trading volume for options, billion rubles	1,762.74
Number of transactions made in the year	28,732 610
Average daily number of transactions	114,930
Average daily trading volume, billion rubles	44.63
Aggregate average daily combined volume of open positions, billion rubles	249.48
Average daily volume of open positions in futures contracts, billion rubles	97.29
Average daily volume of open positions in options, billion rubles	152.19

**Table 9**

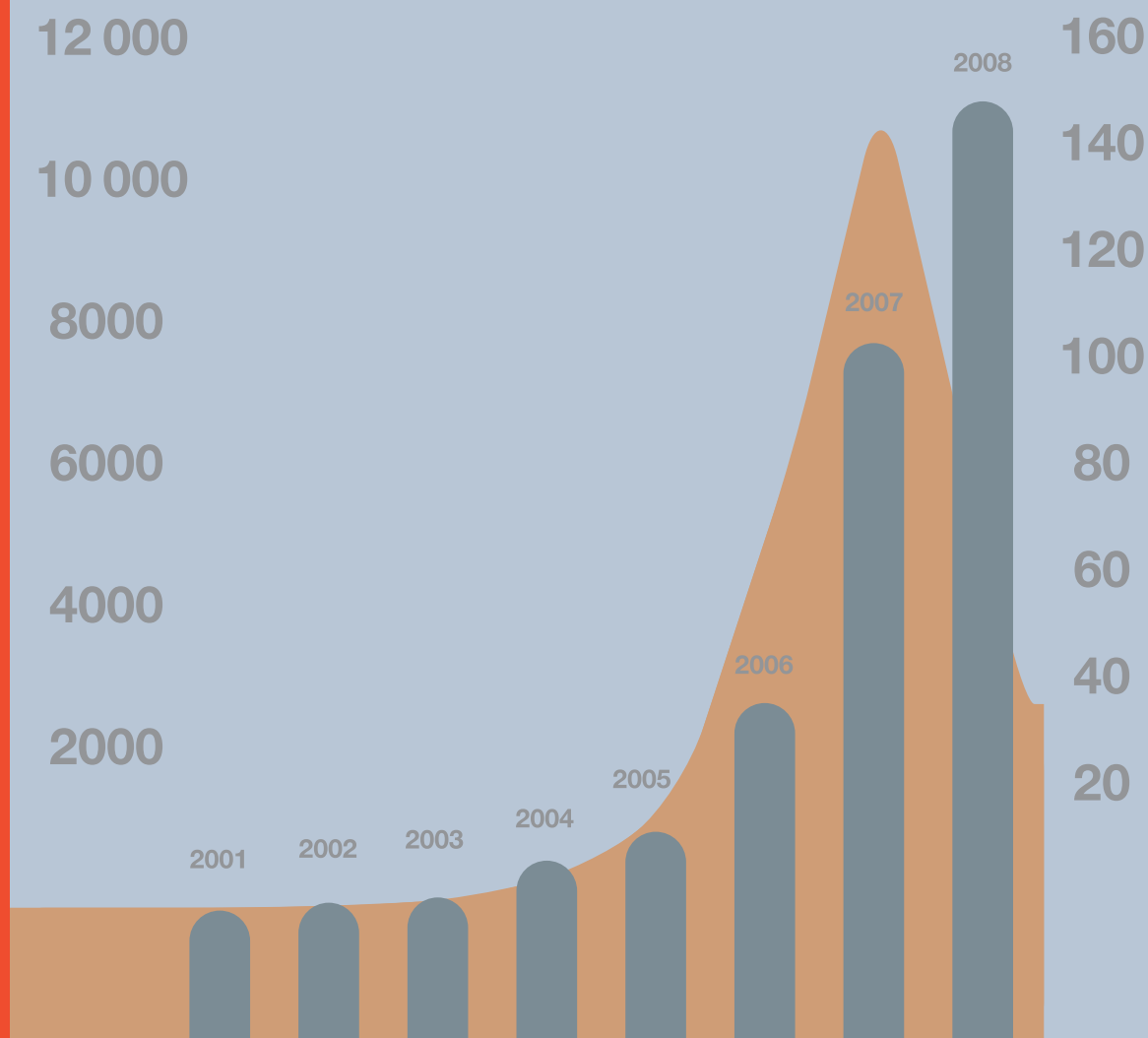
YEAR	Trading volume, billion rubles	Volume of open positions at the end of the year, billion rubles	Trading volume, million contracts	Volume of open positions at the end of the year, thousand contracts	Number of transactions, thousand transactions
2001	7.95	0.51	2.06	82.77	54.97
2002	94.87	1.19	22.06	292.43	546.30
2003	214.04	2.34	33.76	338.77	901.01
2004	337.64	8.17	42.56	992.59	1,522.38
2005	687.06	21.15	53.28	1,226.22	1,899.87
2006	2,708.54	84.67	89.65	2,515.80	5,021.63
2007	7,513.28	141.71	144.92	3,222.32	11,683.36
2008	11,157.67	38.13	239.83	1,761.93	28,732.61

SEE ALSO APPENDIX 7

Diagram 13

# Forts Trading Volume Dynamics in 2008

- Trading volume, billion rubles
- Volume of open positions at the end of the year, billion rubles



## **FORTS Main Events**

The main event of the year for all of the Russian stock market was the FORTS risk management system successfully passing a stress test during the period of high market volatility in the third and fourth quarters of 2008. For several days the daytime price fluctuations for futures contracts on the RTS index reached unprecedented level of 41%, and for VTB – 75%. Meanwhile RTS Clearing Center fulfilled all its obligations to the trading participants in the usual fashion. The funds' means were not used – this proves that the risk management system is highly reliable and well structured.

Work on improving the RTS guarantee system has always been carried out as scheduled. It is during the times of financial instability that all the resolutions passed and carried out in the past few years proved to be right and of vital importance. In the first half of 2007 a new collateral calculation system was introduced. During the years when FORTS was under development, a transparent system of changing the limits of price and collateral fluctuations was established. Later on, in October 2007 intraday clearing was introduced for FORTS. Calculation of risks twice a day not only increased the system's reliability but also allowed participants to work more effectively on the market. Throughout the work period not one instance of failure to fulfil obligations by any of the participants was registered.

On May 26, 2008 the evening trading session was introduced to the futures and options market on RTS. This made it possible for all trading participants to work according to London and New York trading hours.

The FORTS evening trading session takes place from 6:00 pm until 11:50 pm MSK. During this time the whole range of RTS futures and options are traded in the usual mode. Clearing for transactions concluded during this time is carried out at 2:00 pm the next business day at the intraday clearing session.

The evening trading session allows all categories of investors to implement a number of attractive strategies and protect their investments in Russian assets in case of sharp movements on the world markets.

Advantages for investors:

- use the world's news while trading which means levelling out morning gaps;
- use prices formed for commodities while trading;
- implement arbitrage strategies with international commodity and securities markets;

- hedge investments in Russian shares which are traded in the form of ADR and GDR at all international exchanges;
- trade in currency and hedge currency risks in the evening;
- combine working at the office with investing on the stock market.

Advantages for brokers:

- increase the clients' loyalty;
- increase the number of clients by attracting foreign and private investors who couldn't previously combine investing and working;
- increase the clients' activity and the amount of brokerage fees as a result of this;
- strengthening competitive positions against brokers on FOREX market;
- the opportunity to hold evening investment trainings on the real market;
- the opportunity to train professional staff (traders, brokers, risk-managers, market makers, dealers) on the real (but calmer) market.

The evening trading session immediately became very popular among Russian investors. Towards the end of the year trading volume in the evening reached 30-35% of the total daily turnover on FORTS. The evening session was in high demand with investors especially during the period of increased market volatility because it offered the unique opportunity to work on the Russian market when important events were taking place in the West.

## **New Instruments for 2008**

The FORTS options and futures market is the absolute leader in Russia in terms of the number of traded instruments and also in the rate at which the range of instruments is expanding. In 2008, a new instrument or service was introduced to the market at least once every two months. The introduction of the last (due to the restructuring) futures contract on the ordinary shares of RAO "UES of Russia" with settlement on May 30, 2008 became a historic event on March 14. This futures contract used to be the most liquid instrument on the Russian stock market until the introduction of a futures contract on the RTS Index.

On May 19, 2008, the futures contract on the "Ordinary Shares of Power Industry Companies" was introduced to trading. This contract offered investors the unique opportunity to hedge price risks related to the portfolio of shares of the special purpose companies segregated from OJSC RAO "UES of Russia" before the start

of trading in shares of all spined-off companies. Thus, thanks to this futures contract investors were able to implement various trading strategies developed based on their forecasts related to the power sector.

Moreover, the following contracts were added to the range of FORTS instruments in the past year:

- Futures contract on the ordinary shares of OJSC HidroOGK;
- Futures contract on the ordinary shares of OJSC Tatneft;
- Futures contract on the ordinary shares of OJSC Severstal;
- Futures contract on Brent oil;
- Futures contract on the shares of the power industry;
- Options on silver.

## **An Exchange Infrastructure for the OTC Market**

RTS Board is the information system of RTS, which provides indicative quotation of securities not admitted to trading at the Exchange.

RTS Board was set up in February 2001. Since April 2003, it has been available as a commercial service to companies that are not trading participants at RTS. Securities included on the RTS Board List are not publicly traded on the stock exchange. Quotations for the said securities are not recognized and their market prices and market capitalization are not calculated.

Connecting to the RTS Board offers users the following opportunities:

- Input and review of indicative quotations for securities included on the RTS Board List;
- Reporting OTC trades, including in accordance with the Regulations on submitting information on concluding transactions, approved by FFMS of Russia Order No. 06-67/ pz-n dd. June 22, 2006;
- Execution of electronic sale & purchase agreements using the parties' electronic digital signatures (EDS) (upon additional connection to the Electronic Agreement Center (EAC);
- DVP settlement for OTC transactions (upon additional connection to this settlement system).

## **RTS Board Instruments**

The number of securities on the RTS Board List grows every year (diagram 14). As of December 31, 2008 there were 1,799 securities on the RTS Board List, including 1,373 shares. Shares make up the largest section on the RTS Board List although every year it is shrinking due to the increase in other types of securities.

In 2008, 424 new securities were added to the RTS Board List (diagram 14), almost 60% of them were shares, over 25% were bonds and around 12% were foreign securities (RTS Global). 232 securities were removed during this period, including 27 securities removed in connection with admittance to trading at RTS. As a result of the completion of reorganization of the power industry, over 90 securities of companies that were reorganized by being merged into other power companies were removed from the list. Around 40 securities were

removed due to the shareholders demanding the repurchase of securities in accordance with Article 84.8 of the Federal Law “On Joint-Stock Companies”.

In 2008, the following companies were the most active bidders for securities on the RTS Board:

**Table 10**

	<b>Bidder Name</b>	<b>Number of securities</b>	<b>Number of issues / managing companies</b>
1	Lenmontazhstroy	47	39
2	LLC Alfa Broker Capital	39	28
3	SOVLINK LLC	19	12
4	MG Securities	10	7
5	CenterInvest Securities	8	5
6	Metallinvestbank OJSCo SKB	8	5
7	Energocapital IC JSC	7	5
8	LLC “IC “Quadro”	7	4
9	Bank of Moscow	6	3
10	REGION BC LLC	6	4

**Table 11**

RTS BOARD Data			
<b>Year</b>	<b>Volume of agreements concluded at the EAC, million dollars</b>	<b>Number of agreements concluded at the EAC, thousand agreements</b>	<b>Average volume of agreements concluded at the EAC, thousand dollars</b>
2001	14.63	0.87	16.89
2002	64.68	2.23	29.03
2003	66.09	2.43	27.22
2004	164.39	5.80	28.34
2005	309.13	9.28	33.30
2006	544.83	13.52	40.31
2007	751.94	14.26	52.75
2008	436.44	10.11	43.16

Diagram 14

# Dynamics of the Number of Securities on the RTS Board List, 2004-2008 (By Types of Security)

- Shares
- Foreign financial instruments
- Bonds
- Investment units

Number of securities

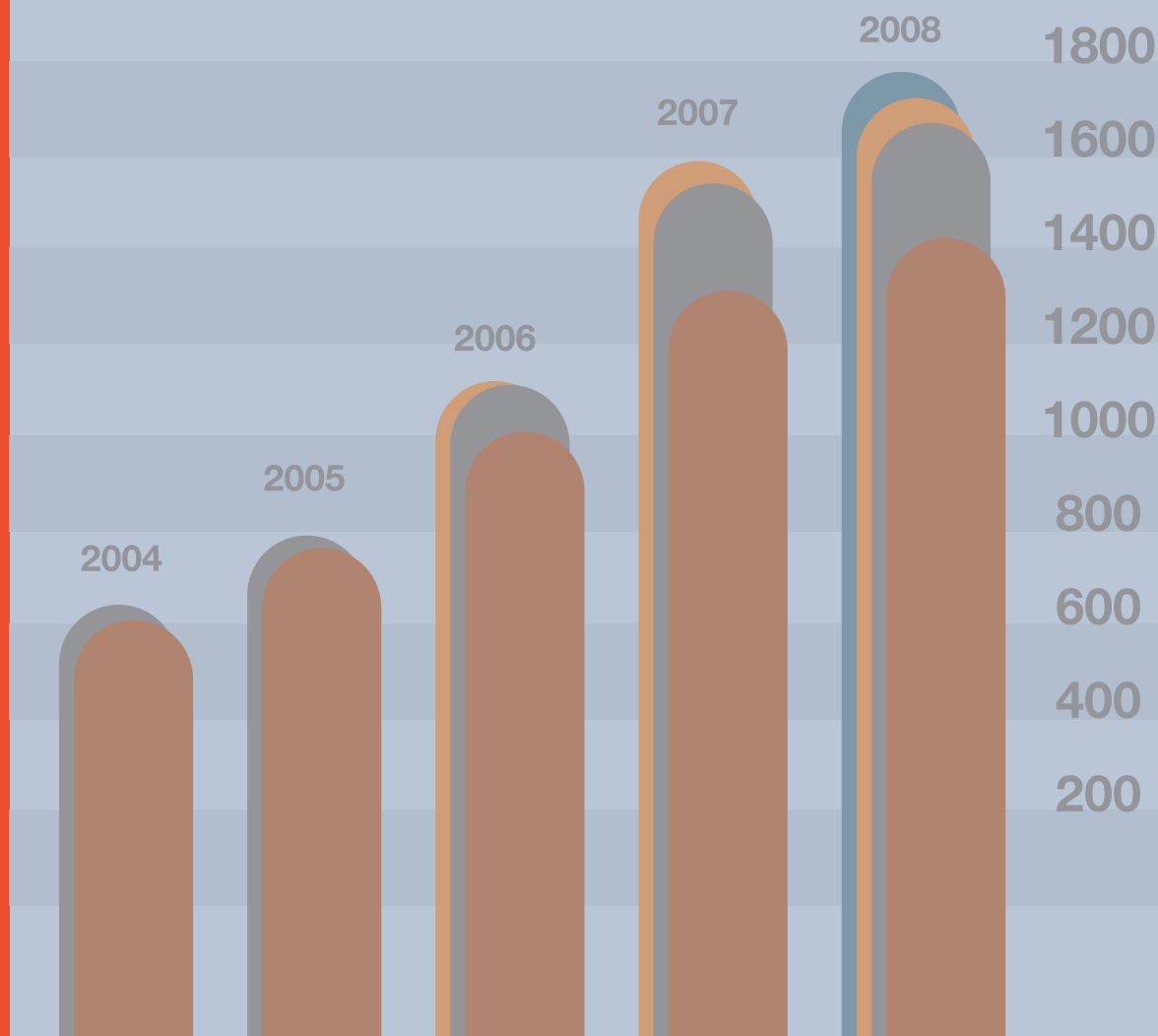
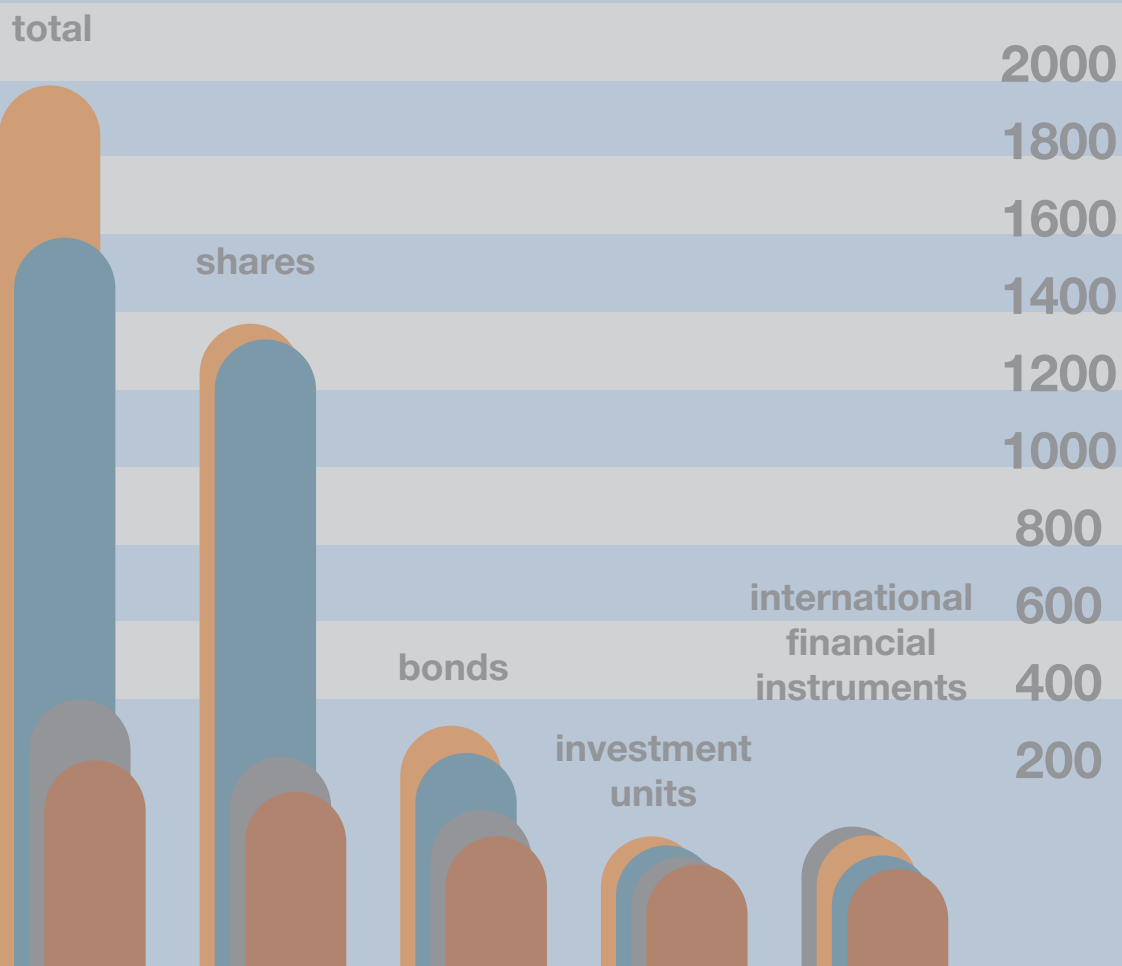


Diagram 15

# Chart 10. Changes to the RTS Board in 2008

- Number of securities as of 31.12.2007
- Number of securities as of 31.12.2008
- Securities included in 2008
- Securities excluded in 2008

## Number of securities



On September 16, 2008 a unique RTS project was launched – RTS Global. RTS Global is an OTC market for foreign securities. RTS Global enables Russian investors to access foreign securities in an easy and effective way. The project provides indicative quotations for overseas securities, execution of OTC trades of foreign securities via the RTS Electronic Document Circulation System and settlement of such trades by DCC.

The RTS Global project was implemented on the basis of the technology of RTS Board indicative quotation information system and is part of it (diagram 16). Thanks to RTS Global, all RTS Board users who are professional securities market participants can have access to foreign securities.

The following groups of securities can be introduced to RTS Global:

- Depository receipts for Russian company shares;
- Depository receipts and shares of companies from the CIS;
- Depository receipts of foreign companies which carry out business in Russia;
- Shares of foreign funds which invest in companies from the CIS;
- Shares of foreign companies.

In 2008, 51 securities were included on RTS Global.

## Diagram 16

# Structure of the RTS Board Information System

## RTS Board

### Shares, Bonds, Investment Units

Issued by issuers/managing companies  
in accordance with Russian Federation legislation

## RTS Global

### Foreign Financial Instruments

Certified as securities in accordance  
with the regulations of the executive federal  
body for the securities market

**05**

**DEPOSITORY  
SERVICES**



Closed Joint-Stock Company “Depository-Clearing Company” (DCC)

Closed Joint-Stock Company “Depository-Clearing Company” (DCC) – a part of the RTS Group – is the leading Russian settlement depository for shares. One of the key features of the settlement depository system that the DCC offers its clients is a full range of services of a modern settlement depository which complies with international practice. Services such as asset holding, settlement and clearing for transactions, corporate actions, and information services. The DCC carries out all types of settlement for securities, including delivery-versus-payment, in national and foreign currencies.

The DCC is a single entry point to the Russian stock market. The DCC services the RTS stock market, the OTC market and is a holder on MICEX. Being an account holder at the DCC gives one an access to all trading floors and an opportunity to settle transactions concluded on both exchange and OTC markets.

The current shareholders at the DCC are:

	Total shares
1. OJSC “Russian Trading System” Stock Exchange	60.4655 %
2. NP “National Depository Center”	37.2912 %
3. ZAO AKIB Zerich Bank	2.2412 %
4. ZAO Capital Regent Securities	0.0010 %
5. AOZT Navigator Capital	0.0010 %

# Main DCC Results in 2007 and 2008

Main DCC Results in 2007 and 2008				
			2008	2007
Client Base (as of the End of the Year)				
Total number of depositors			420	414
New depositors			23	39
Assets in Custody (as of the End of the Year)				
Issues of securities held in custody			4 343	4 079
Securities held in custody (appraised value <sup>1</sup> )	billion dollars		29,4	124,1
Securities held in custody (par value)	billion rubles		437,6	281,5
Number of issuers of securities held in custody			2 909	2 644
Share of bonds in the total volume of assets held in custody (par value)	%		12	22
Corporate Actions				
Income disbursed	Volume of disbursement	billion rubles	29,8	31,3
	The number of issuers to disburse income		907	950
	Number of income placements with DCC		2 078	3 296
	Number of disbursements		14 810	23 351
Ownership confirmation requests			7 983	4 728
Clearance and Settlement				
Free delivery	Volume of transactions	billion dollars	162,3	178,5
	Number of transactions		94 126	105 256
Delivery versus payment	Volume of transactions	billion dollars	27,7	32
	Number of transactions		86 238	94 285
Guaranteed delivery	Volume of transactions	billion dollars	0,4	0,3
	Number of transactions		356	688
External Operations				
Withdrawal	Volume of transactions	billion dollars	35,0	32,6
	Number of transactions		24 583	25 832
Depositing	Volume of transactions	billion dollars	50,5	45,1
	Number of transactions		88 170	134 413
DCC – NDC Bridge	Volume of transactions	billion dollars	33,9	53,2
	Number of transactions		24 537	27 104
Financial Indicators				
Assets		thousand rubles	1 367 281	803 481
Less securities income to be disbursed to clients		thousand rubles	1 192 052	396 859
Capital and reserves		thousand rubles	1 137 764	295 134
Net profit		thousand rubles	49 691*	55 994
Equity capital <sup>2</sup>		thousand rubles	1 103 486	273 190

<sup>1</sup> The Appraised value is calculated based on the RTS Stock Exchange and MICEX data in accordance with Decree of the Federal Commission for the Securities Market No. 03-52/ps dd. December 24, 2003. In absence of a market value, an appraised value is calculated according to the following procedure: for shares and units of investment unit funds, the appraised value is equal to a weighted average price, in the event that there is no weighted average price, it shall be equal to the price of the best share purchase request. For bonds, the appraised value is equal to the par value.

<sup>2</sup> Decree of the Federal Commission for the Securities Market No. 03-22/ps dd. April 23, 2003.

\* Unaudited records

06

**DEVELOPMENT  
OF CLEARING  
AND SETTLEMENT  
TECHNOLOGIES**

# DEVELOPMENT OF CLEARING AND SETTLEMENT TECHNOLOGIES

DEVELOPMENT OF CLEARING  
AND SETTLEMENT TECHNOLOGIES

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# DEVELOPMENT OF CLEARING AND SETTLEMENT TECHNOLOGIES

In 2008 the main RTS event in the area of clearing development was the decision regarding the integration of clearing on the derivatives and spot markets and establishment of a unified Clearing Center. In September 2008 RTS Clearing Center started rendering clearing services for all the RTS markets. The integration was performed via OJSC RTS's additional issue of privileged shares in favour of NP RTS. The proceeds from repurchase of the shares were used for replenishment of the Guarantee Fund of the RTS Clearing Center. After that organizational powers of NP RTS were delegated to the RTS Clearing Center.

## Clearing on the Stock Market

The most important achievement in the sphere of clearing was the launch of a netting technology for transactions concluded in the Electronic Trading mode on June 30, 2008.

This technology was developed as a part of the Central Counterparty project launched in September 2007. The distinctive feature of the new technology which has historic importance for the development of clearing and exchange trade in Russia is the guarantee of trades settlement by the Clearing Center, which is a Central Counterparty, in respect of the clearing members who have fulfilled their obligations to the Clearing Center. While before the launch of netting, the Clearing Center was a party to transactions on the exchange and therefore only guaranteed payment of fines in case of delay in settlement and forfeits in case of non-settlement, now the Clearing Center guarantees payment and securities delivery to the bona fide trading participants in accordance with transactions.

Since the launch of the netting technology there have been no cases of nonfulfillment or delay in fulfillment of the Clearing Center obligations to the clearing members, however, in the period from June 30 to December 31, 2008 there were 52 cases of delay in fulfillment of the clearing members' obligations to the Clearing Center.

The guarantee of transaction settlement by the Clearing Center has been achieved due to establishment of the guarantee fund formed by the Clearing Center's own funds in the amount of 260 million rubles, creation of the liquidity support fund in the securities for transactions with which the Clearing Center acted as a Central Counterparty, use of the members' securities for fulfillment of the Clearing Center's transaction obligations based on the so-called "donor repo scheme".

Moreover, the technology is characterized by using netting for transaction settlements, possibility of rescheduling fulfillment of transaction obligations (fully or partially) with payment of a fine for the overdue settlement within 5 days after the standard date of settlement and termination of obligations with payment of a forfeit in case they are not fulfilled within the time frame specified.

To ensure successful project functioning, the automated procedure for unsecured transaction settlement rescheduling was developed.

The technology for settlement on dividends and other accruals on securities was developed within the project and successfully implemented to be used in cases when the dividend date falls within the period from the transaction date to the settlement date; this technology enables the Clearing Center to guarantee settlements on dividends.

Furthermore, the scheme for connecting resident clients to this settlement technology including via market participants' special brokers accounts was developed.

Apart from the Electronic Trading mode of OJSC RTS, transaction execution via the Central Counterparty has also been made possible in the Non-Anonymous Trading Mode of OJSC RTS. The guarantee system, risk management system and settlement system used in the Electronic Trading mode are also applied for such transactions.

In March 2008 RTS members were given the opportunity to settle exchange transactions with OJSC Gazprom shares using their trading accounts with CJSC DCC.

In 2008 CJSC DCC started clearing on delivery versus payment conditions with settlements in rubles. For this purpose there was interaction formed between CJSC DCC and the RTS Settlement Chamber.

In September 2008, security transaction clearing was transferred to RTS Clearing Center for the purpose of building the unified clearing system including the single member rationing system, member position margining system, Clearing Center risk and liquidity management system.

Due to this, new versions of the integrated (for derivatives and spot markets) documents of RTS Clearing Center, such as the Clearing Rules and the Regulation on Procedure and Conditions of Establishment, Allocation and Application of Guarantee Funds were developed and agreed upon with the Federal Financial Markets Service (FFMS) of Russia. The model of the single Contingency and Reserve Fund was developed and included in the documents.

In 2008 the Legal Department continued to work with the FFMS of Russia and the Russian Union of Industrialists and Entrepreneurs (RUIE) creating the exchange trade regulatory framework: RTS prepared ideas and proposals regarding the clearing law, law on exchanges and exchange trading.

### **Clearing on the Derivatives Market**

Improvement of the new system for collateral calculation taking into account risks of the whole portfolio of a member which was launched in May 2007 continued in 2008. In 2008 the Reserve and Contingency Funds were increased to further reinforce the settlement guarantee system on the derivatives market. Starting from January 15, 2008 the Reserve Fund was increased to 550 million rubles, the amount of contribution to the Contingency Fund for General Clearing Members and Special Clearing Members which trade on the stock market was increased twofold and amounted to 8 million rubles. The Settlement Committee and the Risk Management Committee of RTS actively participated in development and agreement of projects and documents related to clearing on the securities market.

07

**RTS SETTLEMENT  
CHAMBER**

# RTS SETTLEMENT CHAMBER

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The Non-Banking Credit Organization Settlement Chamber RTS (RTS Settlement Chamber) forming a part of the RTS Group is a non-banking credit organization which carries out cash settlements on the stock and other financial market segments.

The major task of the RTS Settlement Chamber is servicing accounts of the RTS Group's clients trading on the stock and derivatives markets of RTS as well as RTS Money. The Electronic settlement system of the RTS Settlement Chamber makes it possible to complete all the settlements at the close of trading on the trading date – this is very important for the members taking into consideration the nature of trading on the financial market. Moreover, the clients of the RTS Settlement Chamber have the possibility to immediately redistribute funds between the markets with regard to the current market situation.

Among other activities, the RTS Settlement Chamber carries out bank transactions with funds in rubles and foreign currency: opens and manages legal entities' bank accounts; effects settlements on behalf of legal entities including those of correspondent banks from their bank accounts; buys and sells foreign currency via non-cash transfers.

High speed of operations made by the RTS Settlement Chamber during servicing clients is achieved due to the use of the remote access system client bank. Information security of the RTS electronic document management is ensured by the cryptographic transformation algorithms implemented in certified software product Verba-O.

In 2008 there was considerable work done in the area of information technologies like improvement of the client service quality, reduction of operational risks and support for changes in the Russian legislation.

Among other things software improvements were carried out in connection with:

- Instruction No. 302-P of the Bank of Russia coming into effect ;
- exercise of delivery versus payment in rubles via DCC;
- Twenty-four-hour trading;
- Monitoring of cash inflow and outflow in FORTS;

- Interaction with NP RTS in the course of transfer to netting on the Anonymous Classic market;
- Using the RTS EDC as a transport system for interaction of the NCO and DCC;
- Taking into account derivatives transactions on the FOREX market.

An external data storage system was purchased and put into operation to increase the storage safety and access rate.

In addition to this, due to the RTS Settlement Chamber move to the new office the following activities were carried out:

- A new local network was created;
- A fiber optic channel was installed between the offices of the RTS Settlement Chamber and RTS Stock Exchange;
- A backup communication channel with the RTS Stock Exchange was installed;
- the office telephone station was put into operation;
- A standby power supply of servers and workstations was installed in the new office of the RTS Settlement Chamber.

During 2008, the new interbank settlement system RABIS was tested with assistance from the Interregional Information Center of the Bank of Russia.

The total number of accounts opened as of the end of 2008 increased by 14.5% in comparison with the end of 2007. The balance of client accounts opened in the RTS Settlement Chamber as of the end of 2008 increased from 9.4 million to 12.6 billion rubles (34%).

At the year end of 2008 growth in the RTS Settlement Chamber capital was registered. Compared to 2007, it increased from 818.2 million rubles (out of which 150 million rubles make up a subordinated loan received from NP RTS) to 946.6 million rubles. In 2008 the subordinated loan was completely repaid.

# INFORMATION TECHNOLOGIES AND SOFTWARE

In 2008 the Technical Department carried out comprehensive work aimed at improvement of quality and optimization of the services being provided to the market participants. Considerable amount of work to optimize the trade and settlement system of the RTS Stock Exchange was also done.

In 2008 RTS implemented a complete system of equipment duplication due to which any equipment failure in the RTS backbone network would not lead to termination of the services provided to members. Thus, the RTS backbone network fault-tolerance and efficiency was increased with a 5-year development reserve.

In 2008 great attention was paid to modernization of the main RTS Data Center power supply. Within this initiative, examination of the power supply system in the office located at the address: bldg. 1, 38 Dolgorukovskaya Street, was carried out, and the diesel generator unit was replaced with a more powerful model. These two actions made it possible to improve power supply quality of the stock exchange data processing centers and, as a result, increased reliability of the RTS trade and settlement system operations.

In 2008 the RTS representative office in St. Petersburg moved to a new stock exchange office. In connection with this, a new Data Center was launched in this region, and a 10 Mbps special Moscow – St. Petersburg communication channel was launched. Due to this, the RTS managed to improve the quality of services provided to clients in St. Petersburg and the Leningrad Region.

Furthermore, in 2008 the RTS carried out the evaluation of potential for the increase of the data centers' capacity to catch up with market development dynamics. Within this initiative, construction expert evaluation of the RTS office located at bldg. 1, 38 Dolgorukovskaya Street, was conducted to assess the possibility of building the second phase of the backup Data Center as well as placement of the members' servers at the RTS facilities.

Last year, RTS professionals arranged for the establishment of the technical platform and office of the Ukrainian Exchange, the security trading start and possible support were provided. Within this initiative, the RTS software was adjusted to comply with the requirements of the Ukrainian security market. Similar localization was carried out at JSC “Eurasian Trading System”, a commodity exchange in Almaty.

In addition to this, in 2008 the Development Division was created at the RTS Technical Department. The main aim of this division is to identify bottlenecks in the RTS trade and settlement systems and carry out various experiments and tests of software and hardware to eliminate these bottlenecks.

One of the most important areas of the RTS Technical Department activity in 2008 was implementation and support of the evening trading session in the futures and options market of the RTS FORTS. Software for evening trading on the spot market was also developed.

Within the framework of software upgrading, the new trade and clearing platform Plaza-2 system was developed. A new system for market data distribution and an access server for the FORTS trading system based on the new Plaza-2 system were put into operation.



08

RTS REBRANDING

# RTS REBRANDING

RTS REBRANDING

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On December 22, 2008 OJSC “Russian Trading System” Stock Exchange introduced its new brand. Brand renewal is a part of our long-term strategy, the result of many months of hard work that marks an important milestone in the history of our development and growth.

With the new brand RTS positions itself as “the Exchange that shapes the Russian market”. The new RTS brand embodies our strong performance on the market and our commitment to keep on contributing to the benefit of the Russian economy. The new brand design is a culmination of our fruitful cooperation with the Yourbrand agency on working out the positioning strategy, wording the RTS philosophy, mission and values as well as their materialization in the new corporate style. The RTS logo is an intersection of simple transparent elements. It symbolizes rational interaction, transparency, dynamism and development of the financial market. Its red and orange colors indicate strength and action, leadership and determination.

## Philosophy

RTS concentrates the funds of institutions and individuals facilitating their effective distribution in various sectors of the Russian economy. By shaping a well-developed financial market in Russia, RTS helps the country to take leading positions in the global economy and become an integral part of the world financial system.

## Mission

RTS strives to become the leading exchange group on the international financial market. In furthering this goal we bring together a community of highly skilled professionals, dedicated to the market philosophy; analyze the world experience and use its achievements for the Russian market development; offer market participants cutting edge solutions, the most effective instruments, favorable and safe conditions for trading; form partnership and reach a better understanding with the leading Russian and international companies; get involved in a constructive dialogue with the government thus contributing to stable and balanced development of the Russian financial market and the national economy as a whole.

## Values

### Money

By involving an increasing number of funds into the exchange space, RTS creates

more effective conditions for raising the development rate and diversification of the Russian economy. The traded volume invests a great responsibility on us not only for the shareholder value and clients' revenue, but for the economic environment of Russia as well.

### **Market**

RTS is a typically modern market. We are engaged in a productive dialogue with the market participants, whose needs we identify and fulfill. In our development we constantly shape the market by exceeding the anticipated market changes. In our day-to-day activities we are guided by the moral principles that promote integrity, transparency and decency as norms of business relations in Russia.

### **Intellect**

RTS brings together a unique community of experienced professionals and prominent market participants. We represent the collective intellect of the market, constantly generate new ideas, explore ways for further development and always aspire to higher achievements.

### **New RTS Brand**



The image features a minimalist, abstract design with overlapping organic shapes. A large, rounded orange shape is positioned at the top left, partially overlapping a larger, rounded red shape below it. A horizontal beige bar with rounded ends is situated between the orange and red shapes. The word "APPENDICES" is centered in white, bold, uppercase letters within the orange shape. The background is a solid light beige color.

# APPENDICES

# APPENDICES

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# APPENDIX 1

## FINANCIAL STATEMENTS

To the Executive body of OJSC RTS

### AUDIT REPORT ON FINANCIAL STATEMENTS OF OPEN JOINT STOCK COMPANY "RUSSIAN TRADING SYSTEM" STOCK EXCHANGE ACCORDING TO THE RESULTS OF 2008

Audit of financial (accounting) statement of the Open Joint Stock Company "Russian Trading System" Stock Exchange (hereinafter referred to as Company) for the period of 2008 has been conducted by the Independent Consulting Group "2K Audit – Business consulting" in accordance with the general contract for audit services as of 25.08.2008 №01/25808-1.

About auditor:

Closed Joint Stock Company Independent Consulting Group "2K Audit – Business consulting", VAT number 7734000085,

State Registration Certificate of Moscow Registration Chamber №575281 as of March 4, 1994

Administration of the Ministry of the Russian Federation for Taxes and Levies registered CJSC Independent Consulting Group "2K Audit – Business consulting" in the Unified State Register of Legal Entities on 16.07.2002 under the number 1027700031028.

Location: bld 1, 68/70 Butyrsky val, Moscow, Russia, 127005

Telephone: (495) 777-08-95, (495) 777-08-94, (495) 626-30-40, (495) 721-14-57

License for performing auditing activity №E 004158 was granted through the exchange in accordance with the Order of Ministry of Finance № 40 as of 15.05.2003 by 15.05.2013.

CJSC Independent Consulting Group "2K Audit – Business consulting" is a member of Moscow Audit Chamber accredited at the Ministry of Finance of the Russian Federation in accordance with the Order № 145 as of 16.07.2002.

Professional liability of CJSC Independent Consulting Group "2K Audit – Business consulting" is insured with the following companies:

- OJSC “INGOSSTRAKH” – policy of auditor’s professional liability insurance from January 15, 2009 to January 14, 2010 № 433-045343/08;
- CJSC Insurance Stock Company “INFORMSTRAKH” – policy of auditor’s professional liability insurance from September 16, 2008 to September 15, 2009 № 18/08-095074.

General Director – T. A. Kasyanova

Audit has been conducted under scientific supervision of the General Director, PhD in Economics, auditor Tamara Alexandrovna Kasyanova (auditor’s qualification certificate № K 018069).

Working group:

- Director of Audit department, auditor Andrey Genadievich Molev (auditor’s qualification certificate № 044225);
- project monitor, Head of methodology and quality audit department, auditor Elena Alexandrovna Petrenko (auditor’s qualification certificate № K 005218);
- audit head, lead auditor Nadezhda Alexandrovna Startseva (auditor’s qualification certificate № K022395);
- auditor Tatiana Valerievna Panina (auditor’s qualification certificate № K 029145);
- auditor Alexander Alexandrovich Semenov (auditor’s qualification certificate № K 025947);
- expert Alexander Vladimirovich Semenov;
- auditor’s assistant Dariya Alexandrovna Startseva.

Audit was conducted over the period from 11.03.2009 to 31.03.2009.

About Auditee:

Open Joint Stock Company “Russian Trading System” Stock Exchange.

State Registration Certificate in Moscow Chamber of Registration under number 001.015.659 as of 02.03.2000.

State registration certificate in Interdistrict inspectorate of Moscow Administration of the Ministry of the Russian Federation for Taxes and Levies № 39 as of 23.09.2002 under the primary state registration number 1027739235006.

VAT number 7707284328, Industrial Enterprises Classifier 775001001.

Company’s location in accordance with the constituent documents: bld.1, 38 Dolgorukovskaya Str, Moscow, 127006.

Company’s de facto address: bld. 1, 38 Dolgorukovskaya Str, Moscow.

We, CJSC Independent Consulting Group “2K Audit – Business consulting”, conducted an audit of the enclosed financial (accounting) statement of the Open Joint Stock Company “Russian Trading System” Stock Exchange for the period from January 1, 2008 to December 31, 2009 inclusive.

Company’s financial (accounting) statement consists of:

- account balance sheet (form № 1) on 2 pages;
- profit and loss report (form № 2) on 2 pages;
- statement of changes in capital (form № 3) on 4 pages;
- cash flow changes (form № 4) on 2 pages;
- annex to the account balance sheet (form № 5) on 6 pages;
- notes on 8 pages.

These statements have been prepared by the Company’s management in accordance with the standards established by the Federal law “On accounting” № 129-FZ as of 21.11.1996 (with amendments and supplements), Regulations on business accounting and reporting in the Russian Federation, approved by the Order of the Ministry of Finance of the Russian Federation dated 29.07.1998 No 34n, Regulations on business accounting “Accountability of the institution” (RBA 4/99), approved by the Order of the Ministry of Finance of Russia dated 06.07.1999 No 43n, Order of the Ministry of Finance of RF as of 22.07.2003 №67i “On forms of accounting statement for organizations” and other normative acts regulating the order for accounting and reporting.

Responsibility for organization and condition of internal control and compliance with the current legislation of the Russian Federation in the process of business transactions is taken by the Company’s Management in the name of the Chief Executive Officer Mr Roman Yurievich Goryunov.

Responsibility for building accounting policy, account record-keeping, timely and full disclosure of accurate financial (accounting) statements is taken by the Chief Accountant Ms Evgeniya Ivanovna Gracheva.

Our duty was to express an opinion on the accuracy of the presented financial (accounting) statement and compliance of the procedure for account record-keeping in all material respects with the legislation of the Russian Federation.

The purpose of our work was not to express an opinion on full compliance of the Company's business activity with the legislation of the Russian Federation, or make an assessment of the effectiveness of the management's conduct of business and protect owners' interests.

Our opinion cannot be considered as expression of assurance of the Company's business continuity in the future.

The audit was conducted in accordance with the Federal law No.307-FZ "On audit activity" as of 30.12.2008, federal rules (standards) for the audit activity, other normative acts regulating audit activity, internal rules (standards) for the accredited professional association Moscow Audit Chamber and Company's internal rules (standards) and methods of audit.

The audit was planned and conducted in such manner so that one could become adequately assured that financial (accounting) statements do not contain material misstatement.

Audit was carried out on a test basis and included examining information to provide evidence supporting the amounts and disclosures in the financial statements, assessing the appropriateness of the accounting policies and disclosures used, and the reasonableness of significant accounting estimates made by the Company's management as well as the assessing the presentation of financial statement.

We believe that the conducted audit gives enough evidence to express our opinion on the accuracy of the financial (accounting) statements and compliance of the procedure for account record-keeping with the legislation of the Russian Federation.

In our opinion, financial (accounting) statement of the Open Joint Stock Company "Russian Trading System" Stock Exchange gives a true and fair view of the Company's financial position as at December 31, 2008 and of their performance for the period from January 1, 2008 to December 31, 2008, in accordance with: requirements of legislation of the Russian Federation in part relating preparation of financial (accounting) statement.

Moscow, March 31, 2009.

# ACCOUNT BALANCE SHEET as of December 31, 2008

ACCOUNT BALANCE SHEET as of December 31, 2008				
				CODES
			Form No.1 Russian Classifier of Management Documentation	0710001
			Date (year, month, day)	2008 12 31
Organization	OJSC "Russian Trading System" Stock Exchange		Russian National Classifier of Businesses and Organizations	52658950
Taxpayer Identification Number			Taxpayer ID	7707284328\775001001
Type of activity	Stock Exchange Activity		Russian National Classifier of Types of Economic Activity	74.13.1
Form of Incorporation Form of ownership	Open Joint Stock Company		Russian National Classifier of Forms of Ownership/ Russian National Classifier of Forms of Incorporation	47 16
Unit of measurement	Thousand roubles		no Russian National Classifier of Measurement Units	384
Location (address)	Bld.1, 38 Dolgorukovskaya Str, Moscow, 127006			
			Date of Approval	...
			Date of Sending / Acceptance	...
ASSETS			Index Code	At the beginning of the reporting period
				At the end of the reporting period
1			2	3
I. Non-current Assets				4
Intangible assets			110	1305
Fixed assets			120	4780
Long-term financial investments			140	725954
Deferred tax assets			145	-
Other non-current assets			150	3941
Section I Total			190	735980
II. Current Assets				
Inventories			210	6306
including:				
raw materials, materials and other valuables			211	1275
deferred expenses			216	5031
Value-added tax on acquired valuables			220	1444
Accounts receivable (payments expected within 12 months of the accounting date)			240	62151
				113968

	including:			
	from customers	241	54995	58542
Cash Funds		260	165264	225316
	Section II Total	290	235165	352485
	BALANCE	300	971145	1627479
				Form 0710001 c.2
	LIABILITIES	Line Code	At the beginning of the reporting period	At the end of the reporting period
	1	2	3	4
	III. Equity and Reserves			
Charter Capital		410	160000	166320
Additional Capital		420	641119	1234799
Reserve Capital		430	7720	8316
	including:			
	reserve funds set up in accordance with the law	431	7720	8316
Undistributed profit (uncovered loss)		470	138764	194706
	Section III Total	490	947603	1604141
	IV. Long-term Obligations			
Deferred tax assets		515	-	3
	Section IV Total	590	-	3
	V. Short-term Obligations			
Accounts payable		620	23542	23335
	including:			
	to suppliers and contractors	621	10788	11819
	payable for taxes and duties	624	7147	5168
	other payables	625	5607	6348
	Section V Total	690	23542	23335
	BALANCE	700	971145	1627479
	INFORMATION ON VALUABLES INCLUDED IN OFF BALANCE-SHEET ACCOUNTS			
Leased fixed assets		910	31988	36961

**PROFIT AND LOSS REPORT**  
**For the period January 1 – December 31, 2008**

PROFIT AND LOSS REPORT For the period January 1 – December 31, 2008				
				CODES
			Form No.2 Russian Classifier of Management Documentation	0710002
			Date (year, month, day)	2008 12 31
Organization	OJSC "Russian Trading System" Stock Exchange		Russian National Classifier of Businesses and Organizations	52658950
Taxpayer Identification Number			Taxpayer ID	7707284328\775001001
Type of Activity	Stock Exchange Activity		Russian National Classifier of Types of Economic Activity	74.13.1
Form of Incorporation Form of Ownership	Open Joint Stock Company		Russian National Classifier of Forms of Ownership / Russian National Classifier of Forms of Incorporation	47      16
Unit of measurement:	Thousand of roubles		Russian National Classifier of Measurements Units	384
Location (address)	Bld.1, 38 Dolgorukovskaya Str, Moscow, 127006			
Indicator			For the reporting period	For the same period of the previous year
Item		Code		
Income and expenses on ordinary activities				
Revenue (net) from the sale of goods, products, work, services (minus value- added tax, excise duty and other similar mandatory payments)		010	539043	378424
Production costs of sold goods, products, work, services		020	(247037)	(172068)

	Gross profit	029	292006	206356	
	Administrative costs	040	(169741)	(94669)	
	Profit (loss) on sales	050	122265	111687	
	Other income and expenses				
	Interest receivable	060	4064	9907	
	Interest payable	070	(2840)	-	
	Other income	090	13539	2109	
	Other expenses	100	(39792)	(15359)	
	Profit (loss) before tax	140	97236	108344	
	Deferred tax assets	141	70	-	
	Deferred tax liabilities	142	(3)	-	
	Current tax on profits	150	(33197)	(32693)	
	Tax sanctions	180	-	(12)	
	Net profit (loss) for the reporting period	190	64106	75639	
	FOR REFERENCE:				
	Permanent tax liabilities (assets)	200	9793	6691	
BREAKDOWN OF INDIVIDUAL PROFITS AND LOSSES					
Indicator		For the reporting period		For the same period of the previous year	
Item	Code	Profit	Loss	Profit	Loss
1	2	3	4	5	6
Difference in rates of exchange for operations in foreign currency	240	13281	8908	2108	4069

# APPENDIX 2

## SHAREHOLDERS

Overview of Circulated Registered Securities Issues:

Description of securities	State registration number	Issue	Par value	Total securities on personal accounts	Incl. on the issuer's personal account	Incl. on the issuer's account
			rubles	шт.	number	number
Ordinary registered shares (issue 1)	1-01-20130-H	1	100	1599999		
Preference priveleged shares (issue 1)	2-01-20130-H	1	1	6320447		
TOTAL on ordinary shares				1599999		
TOTAL on priveleged shares				6320447		
TOTAL				7920446		

№ n/n	Name of the Company or full name of the individual	Account number	Account type 1 Entity type 2	Status 3	Certifying document / state registration data (for legal entities)	Legal address / permanent place of residence (for individuals)	Number of shares					
							ordinary		priveleged		Total	% of Charter capital
								%		%		
1	2	3	4	5	6	7	8	9	10	11	12	13
1	ATON Limited Liability Company	16	O	LE	State Registration Certificate No. 852.654 dated January 20, 1995, Moscow Registration Chamber PSRN 1027739563200 dated November 20, 2002, the Interdistrict Tax Inspectorate of the Russian Ministry of Taxes and Duties No. 39 for Moscow	Bldg. 6, 27 Pokrovka St., Moscow 105062	157055	9,82			157055	9,4429
2	Deutsche Securities Closed Joint Stock Company	6	O	LE	State Registration Certificate No. 054.152 dated October 12, 1994 Moscow Registration Chamber PSRN 1027700094487 dated August 5, 2002, the Administration of the Russian Ministry of Taxes and Duties for Moscow	Bldg. 2, 82 Sadovnicheskaya St., Moscow 107140	159997	10,00			159997	9,6198
3	Investment Company Troika Dialog Closed Joint Stock Company	40-3	ВЛ	ЮЛ	State Registration Certificate 1027739007768 dated July 22, 2002, Interdistrict Tax Inspectorate of the Russian Ministry of Taxes and Duties	4 Romanov Lane, Moscow, Russia, 125009	159982	10,00			159982	9,6189
4	ING BANK (EURASIA) ZAO (CLOSED JOINT STOCK COMPANY)	43	NH	LE	Charter No. 2495 dated September 13, 1993, Russian Central Bank Registration Certificate 1027739329375 dated October 7, 2002, Interdistrict Tax Inspectorate of the Russian Ministry of Taxes and Duties No. 39 for Moscow	36 Krasnoproletarskaya St., Moscow, 127473	210139	13,13			210139	12,6346
5	KIT Finance (Limited Liability Company)	40-17	NH	LE	Registration Certificate 1027809255858 dated December 26, 2002 by the Inspectorate of the Russian Ministry of Taxes and Duties for the Central District of St. Petersburg	Letter A, 69-71 Marata St., St. Petersburg, Russia, 191119	167990	10,50			167990	10.1004
1	2	3	4	5	6	7	8	9	10	11	12	13

6	Alpha Bank Open Joint Stock Company	10	O LE	State Registration Certificate No. 1326 dated January 29, 1998, by the Central Bank of the Russian Federation PSRN 1027700067328 dated July 26, 2002, the Administration of the Russian Ministry of Taxes and Duties for Moscow	27 Kalanchyovskaya St., Moscow 107078	85712	5,36			85712	5,1534
7	Renaissance Broker Limited Liability Company	22	O LE	State Registration Certificate No. 073.963 dated July 29, 2002, Moscow Registration Chamber PSRN 1027739121981 dated August 28, 2002, the Administration of the Russian Ministry of Taxes and Duties for Moscow	Usad'ba-Center, Floor 4, 22 Voznesenskiy Lane, Moscow 125009	131423	8,21			131423	7,9018
8	UBS Nominees Closed Joint Stock Company	8	NH LE	State Registration Certificate No. 056.608 dated October 28, 1997, Moscow Registration Chamber PSRN 1037739344807 dated January 31, 2003, the Administration of the Russian Ministry of Taxes and Duties	Bldg. 2, 2 Paveletskaya Square, Moscow, Russia, 115054	103524	6,47			103524	6,2244
9	Citibank Commercial Bank Closed Joint Stock Company	46	NH LE	State Registration Certificate No. 028.835 dated December 3, 2001, Moscow Registration Chamber PSRN 1027700431296 dd. November 14, 2002, Interdistrict Tax Inspectorate of the Russian Ministry of Taxes and Duties No. 39 for Moscow	8-19 Gasheka St., Moscow, Russian Federation, 125047	84328	5,27			84328	5,0702
Including for the nominal holder Citibank Commercial Bank Closed Joint Stock Company:											
Number of shares on the account of Citibank CJSC according to the RTS Stock Exchange Register											
	Citibank Commercial Bank Closed Joint Stock Company	46	NH LE	State Registration Certificate No. 028.835 dated December 3, 2001, Moscow Registration Chamber PSRN 1027700431296 dd. November 14, 2002, Interdistrict Tax Inspectorate of the Russian Ministry of Taxes and Duties No. 39 for Moscow	8-19 Gasheka St., Moscow, Russian Federation, 125047	80717	5,04			80717	4,8531
Number of shares on the account of Citibank CJSC according to the data of CJSC DCC nominal holder											
	Citibank Commercial Bank Closed Joint Stock Company	40-6	NH LE	Registration Certificate 1027700431296 dated November 14, 2002 Interdistrict Tax Inspectorate of the Russian Ministry of Taxes and Duties No. 39 for Moscow	8-19 Gasheka St., Moscow, Russian Federation, 125047	3611	0,23			3611	0,2171
	Total according to the register: (accounts: 9)					1260150	78,76			1260150	75,7664

Note:	1. Account types	2. Entity types	3. Status
	O – owner NH – nominal holder AM – asset manager UE – unidentified entity's account S – special account PH – pledge holder	LE – legal entity I – individual JP – joint property account	FA – frozen account UE – unidentified entity's account status

# APPENDIX 3

## MEMBERS OF THE BOARD OF DIRECTORS

1. Full name: Jacques Der Megredichyan

Date of birth: October 22, 1959

Education details: – European Business Institute, 1984, Master of Economics;  
French Center for Financial Analysis, 1987, Financial Management

Position: Chairman of the Board of Directors

Period: 2000 – Present

Company name: Investment Company Troika Dialog CJSC

Position: Managing Director, Head of Investment Banking & Global Markets

2. Full name: Roman Yurievich Goryunov

Date of birth: May 19, 1975

Education details: St. Petersburg State Technical University,  
1997, Information Systems in Economics

Position: Member of the Board of Directors

Period: 2002-2005

Company name: Not-for-profit partnership “Russian Trading System” Stock  
Exchange”

Position: Head of the Derivatives Market Department

Period: 2005-2007

Company name: Not-for-profit partnership “Russian Trading System” Stock  
Exchange”

Position: Vice-President

Period: 2007 – Present

Company name: Open Joint Stock Company “Russian Trading System” Stock  
Exchange

Position: Chairman of the Executive Board

Period: 2007 – Present

Company name: Not-for-profit partnership “Russian Trading System” Stock  
Exchange”

Position: President (second position)

3. Full name: Alexander Naumovich Pertsovsky

Date of birth: September 2, 1968

Education details: Moscow State Institute of Radio Engineering, Electronics and  
Automation, 1991, Engineer and Mathematician

Position: Member of the Board of Directors

Period: 2000-2004

Company name: Auerbach Grayson, New York

Position: Vice-President, Russian Investments

Period: 2004 – Present

Company name: Renaissance Broker LLC

Position: Consultant to the General Director (second position)

Period: 2002 – 2007

Company name: Renaissance Capital

Position: Deputy Chairman to the Board of Directors

Period: 2007 – Present

Position: Chairman of the Executive Board

4. Full name: Oleg Viktorovich Zhelezko

Date of birth: September 26, 1969

Education details: - Russian Institute of Chemical Technology 1992

- McKinsey mini-MBA programme (USA)

Position: Member of the Board of Directors

Period: 1998 – 2000

Company name: Credit Suisse First Boston, Moscow, Russia

Position: Vice president

Period: 2000 – 2004

Company name: Credit Suisse First Boston, London, UK

Position: Director

Period: 2004-2007

Company name: Renaissance Capital-Investment Bank

Position: Managing Director

Period: 2007-Present

Company name: Da Vinci Capital Limited Liability Company

Position: General Director

5. Full name: Anatoly Grigorievich Gavrilenko

Date of birth: July 20, 1946

Education details: – M. Thorez Moscow State Institute of Foreign Languages, 1969,  
Foreign Language Assistant, with specialty in English and Spanish languages.

– Foreign Trade Academy, 1984, Foreign Economic Relations

Position: Member of the Board of Directors

Period: 1997 – 2007

Company name: ALOR INVEST CJSC

Position: Executive Vice president

Period: 2007 – Present

Company name: ALOR INVEST CJSC

Position: Chairman of the Board of Directors

6. Full name: Dominic Paul Gualtieri

Date of birth: March 12, 1966

Education details: University of Toronto, Canada, 1993, Master of Economics

Position: Member of the Board of Directors

Period: 1999-2000

Company name: Franklin Templeton Group, South Africa

Position: Managing Director

Period: 2000 – Present

Company name: Alpha Bank OJSC

Position: Managing Director. Head of Markets and Securities Management

7. Full name: Alexander Vladimirovich Kandel

Date of birth: October 14, 1971

Education details: - Moscow Engineering and Physics Institute, 1994, Engineer and Physicist

- The Academy of National Academy under the Government of the Russian Federation, 1999, finance

Position: Member of the Board of Directors

Period: 1996-2002

Company name: ATON LLC

Position: Financial Director

Period: 2003-2006

Company name: ATON LLC

Position: General Director

Period: 2006 – 2007

Company name: ZAO Aton Broker

Position: General Director

Period: 2006 – Present

Company name: UniCredit Aton CJSC

Position: General Director

8. Full name: Mikhail Sergeevich Kazarin

Date of birth: April 10, 1975

Education details: St. Petersburg State University of Economics and Finance, 1997, World Economy

Position: Member of the Board of Directors

Period: 2002-2006

Company name: CJSC Eltra Investment Company

Position: Risk Management Director

Period: 2006-2008

Company name: KIT Finance Investment Bank (Ltd.)

Position: Director of the Financial Derivatives Department

9. Full name: Marlen Jeraldovich Manasov

Date of birth: September 20, 1965

Education details: Lomonosov Moscow State University, 1990, Political Economy

Position: Member of the Board of Directors

Period: 1997-2008

Company name: CJSC UBS Securities

Position: General Director

10. Full name: Sergey Nikolaevich Sudarikov

Date of birth: May 12, 1971

Education details: Lomonosov Moscow State University, 1993, major: Mechanics, Applied Mathematics, qualification: Mechanical Engineer

– All-Russian Distance Institute of Finance and Economics, 2000, major: Finance and Credit, qualification: Banking

Position: Member of the Board of Directors

Period: 2001-Present

Company name: Closed Joint-Stock Company REGION Investment Company

Position: General Director

Period: 2004 – present

Company name: Limited Liability Company REGION Broker Company

Position: Strategic Development Director (second position)

11. Full name: Ivan Aleksandrovich Tyryshkin

Date of birth: August 9, 1973

Education details: Plekhanov Russian Economics Academy, 1995, Economist

Position: Member of the Board of Directors

Period: 1998-2001

Company name: Self-governed Organization National Association of Securities Market Participants

Position: Chairman of the Board

Period: 2001-2003

Company name: Not-for-profit partnership "Russian Trading System" Stock Exchange"

Position: President

Period: 2003-2004

Company name: Russkoe Zerno LLC

Position: President

Period: 2004-2006.

Company name: Joint Financial Group CJSC

Position: Senior Executive Director

Period: 2006 – Present

Company name: Aton LLC

Position: General Director

Period: 2008 – Present

Company name: OJSC Rusgrain Holding

Position: President

12. Full name: Oleg Evgenievich Yachnik

Date of birth: August 2, 1951

Education details: Bauman Moscow Higher Technical School, 1974, Frames Production, Doctor of Science

Position: Member of the Board of Directors

Period: 1994 – Present

Company name: OLMA Investment Company OJSC

Position: General Director

Company name: OLMA Holding CJSC

Position: General Director (second position)

13. Full name: Evgeny Borisovich Kogan

Date of birth: August 28, 1965

Education details: Moscow Financial Institute (State Finance Academy) 1987,  
Accounting and Company Auditing

Position: Member of the Board of Directors

Period: 2002-2003

Company name: Center Invest Securities LLC

Position: Director of Securities Department

Period: 2003-2006

Company name: Antanta Capital LLC

Position: Executive Director

Period: 2006-2008

Company name: Antanta Capital LLC

Position: General Director

14. Full name: Mark Anatolievich Temkin

Date of birth: May 8, 1974

Education details: Lomonosov Moscow State University, Economics Department,  
1995, Economist

Position: Member of the Board of Directors

Period: 2002 – 2005

Company name: NIKoil Company (JSC)

Position: Head of the Department

Period: 2005-2007

Company name: URALSIB OJSC

Position: Head of the Business

Period: 2006 – Present

Company name: URALSIB OJSC

Position: General Director

15. Full name: Aleksey Viktorovich Timofeev

Date of birth: May 3, 1972

Education details: Law Institute of Sverdlovsk (Ural State Law Academy), 1994, Law

Position: Member of the Board of Directors

Period: 1998-2005

Company name: Stock Market Development Center

Position: Technical Adviser on Legal Matters

Period: 2005 – Present

Company name: Self-governed Organization NAUFOR

Position: Chairman of the Board

16. Full name: Alexander Evgenievich Shmelev

Date of birth: March 26, 1970

Education details: Finance Academy under the Government of the Russian Federation, 1993, Economist

Position: Member of the Board of Directors

Period: 2007 – Present

Company name: United Capital Partners Advisory LLC

Position: Managing Director of the Assets Department

17. Full name: Mikhail Vladimirovich Yudin

Date of birth: July 10, 1970

Education details: Moscow State Institute of International Relations of the Russian Ministry for Foreign Affairs, 1994, International Economic Relations Department

Position: Member of the Board of Directors

Period: 2003 – Present

Company name: Deutsche Securities ZAO

Position: General Director

# APPENDIX 4

## NON-ARM'S LENGTH TRANSACTIONS

A list of non-arm's length transactions conducted by the Organization during the reporting year that are recognized as non-arm's length transactions in accordance with the Federal Act On Joint Stock Companies.

In 2008 a non-arm's length transaction was conducted during placement of further issue shares:

1. Transaction type: non-arm's length transaction;  
Date transaction conducted: September 29, 2009  
Full company name of the legal entity that originally owned securities placed by the transaction: Not-for-profit partnership "Russian Trading System" Stock Exchange".  
Short company name of the legal entity that originally owned securities placed by the transaction: NP RTS.  
Address of the legal entity that originally owned securities placed by the transaction: Bldg. 1, 38 Dolgorukovskaya St., Moscow, 127006.  
Number of securities placed by the transaction: 6,320,447.

Individuals recognized as the interested party in the transaction on behalf of the issuer:

Full name of individual: Roman Yurievich Goryunov.  
Reason why this individual was an interested party in the transaction: Roman Yurievich Goryunov is the CEO of OJSC RTS and is also the President of NP RTS;

Full name of individual: Dmitry Aleksandrovich Shatsky  
Reason why this individual was an interested party in the transaction: Dmitry Aleksandrovich Shatsky is the Deputy CEO, member of OJSC RTS Executive Board and is also the Vice-President, member of the Board of directors of NP RTS;

Full name of individual: Jacques Der Megredichyan

Reason why this individual was an interested party in the transaction: Jacques Der Megreditchian is the Member of the Board of Directors (Chairman of the Board of Directors) of OJSC RTS and is also a member of the Board of Directors (Chairman of the Board of Directors) of NP RTS;

Full name of individual: Alexander Naumovich Pertsovsky

Reason why this individual was an interested party in the transaction: Alexander Naumovich Pertsovsky is a Member of the Board of Directors of OJSC RTS and is also a member of the Board of Directors of NP RTS;

Full name of individual: Anatoly Grigorievich Gavrilenko

Reason why this individual was an interested party in the transaction: Anatoly Grigorievich Gavrilenko is a Member of the Board of Directors of OJSC RTS and is also a Member of the Board of Directors of NP RTS;

Full name of individual: Dominic Paul Gualtieri

Reason why this individual was an interested party in the transaction: Dominic Paul Gualtieri is a Member of the Board of Directors of OJSC RTS and is also a Member of the Board of Directors of NP RTS;

Full name of individual: Alexander Vladimirovich Kandel

Reason why this individual was an interested party in the transaction: Alexander Vladimirovich Kandel is a Member of the Board of Directors of OJSC RTS and is also a Member of the Board of Directors of NP RTS;

Full name of individual: Marlen Jeraldovich Manasov

Reason why this individual was an interested party in the transaction: Marlen Jeraldovich Manasov is a Member of the Board of Directors of OJSC RTS and is also a Member of the Board of Directors of NP RTS;

Full name of individual: Ivan Aleksandrovich Tyryshkin

Reason why this individual was an interested party in the transaction: Ivan Aleksandrovich Tyryshkin is a Member of the Board of Directors of OJSC RTS and is also a Member of the Board of Directors of NP RTS;

Full name of individual: Oleg Evgenievich Yachnik

Reason why this individual was an interested party in the transaction: Oleg Evgenievich Yachnik is a Member of the Board of Directors of OJSC RTS and is also a Member of the Board of Directors of NP RTS;

Details on the approval of the transaction by the issuer's authorized management body: The resolution on approval of the non-arm's length transaction was made at the annual general meeting of OJSC RTS shareholders (Minutes dd. June 25, 2008).

# APPENDIX 5

## LIST OF AFFILIATES

### Open Joint Stock Company “Russian Trading System” Stock Exchange

№ n/n	Full Company Name (Name of Not-for-Profit Organization) or Full Name of Affiliate	Legal Entity Location or Individual's Address (disclosed only with the individual's consent)	Ground(s) for Recognizing the Entity as an Affiliate	Date on which the Reason(s) was (were) recognized	Share of participation of affiliate in the charter capital of the joint-stock company, %	Proportion of the joint-stock company's ordinary shares belonging to the affiliate, %
1	2	3	4	5	6	7
1	Roman Yuriyevich Goryunov	Moscow	Chairman of the Executive Board of the Company	July 25, 2007	0, 7696	0,8
			Member of the Executive Board of the Company	August 17, 2006		
			Member of the Board of Directors of the Company	June 25, 2008		
2	Jacques Der Megredichyan	Moscow	Member of the Board of Directors of the Company	June 25, 2008	-	-
3	Oleg Viktorovich Zhelezko	Moscow	Member of the Board of Directors of the Company	June 25, 2008	-	-
4	Alexander Naumovich Pertsovsky	Москва	Member of the Board of Directors of the Company	June 25, 2008	-	-
5	Mikhail Sergeevich Kazarin	Moscow	Member of the Board of Directors of the Company	June 25, 2008	-	-
6	Anatoly Grigorievich Gavrilenko	Moscow	Member of the Board of Directors of the Company	June 25, 2008	-	-
7	Dominic Paul Gualtieri	Moscow	Member of the Board of Directors of the Company	June 25, 2008	-	-
8	Alexander Vladimirovich Kandel	Moscow	Member of the Board of Directors of the Company	June 25, 2008	-	-
9	Sergey Nikolaevich Sudarikov	Moscow	Member of the Board of Directors of the Company	June 25, 2008	-	-
10	Marlen Jeraldovich Manasov	Moscow	Member of the Board of Directors of the Company	June 25, 2008	-	-
11	Mark Anatolievich Temkin	Moscow	Member of the Board of Directors of the Company	June 25, 2008	-	-
12	Ivan Aleksandrovich Tyryshkin	Moscow	Member of the Board of Directors of the Company	June 25, 2008	-	-
13	Oleg Evgenievich Yachnik	Moscow	Member of the Board of Directors of the Company	June 25, 2008	-	-
14	Evgeny Borisovich Kogan	Moscow	Member of the Board of Directors of the Company	June 25, 2008	-	-
15	Alexander Evgenievich Shmelev	Moscow	Member of the Board of Directors of the Company	June 25, 2008	-	-
16	Mikhail Vladimirovich Yudin	Moscow	Member of the Board of Directors of the Company	June 25, 2008	-	-
17	Aleksey Viktorovich Timofeev	Moscow	Member of the Board of Directors of the Company	June 25, 2008	-	-
18	Dmitry Aleksandrovich Shatsky	Moscow	Member of the Board of Directors of the Company	17.08.2006	-	-
19	Evgeniya Ivanovna Gracheva	Moscow	Member of the Executive Board of the Company	17.08.2006	-	-

1	2	3	4	5	6	7
20	Joint-stock company "RTS Clearing Center"	Bldg 1, 38 Dolgorukovskaya St., Moscow, 127006	The entity belongs to the group of entities to which the joint stock company belongs. OJSC RTS may take direct control as it is in ownership of 100% of the votes to the shares that form the charter capital of this entity.	06.10.2008	0, 5195	0,54
21	Non-Banking Credit Organization RTS Settlement Chamber	Bldg 1, 38 Dolgorukovskaya St., Moscow, 127006	The entity belongs to the group of entities to which the joint stock company belongs. OJSC RTS may take direct control as it is in ownership of 100% of the votes to the shares that form the charter capital of this entity.	01.10.2007	-	-
22	Closed Joint-Stock Company "Depository-Clearing Company"	Bldg B, 31 Shabalovka St., Moscow, 115162	The entity belongs to the group of entities to which the joint stock company belongs. OJSC RTS may take direct control as it is in ownership of 60.4655% of the votes to the shares that form the charter capital of this entity.	18.09.2008	-	-
23	RTS Index Agency LLC	Bldg 1, 38 Dolgorukovskaya St., Moscow, 127006	The entity belongs to the group of entities to which the joint stock company belongs. OJSC RTS may take indirect control as it is in ownership of 100% of the votes of RTS Clearing Center, which is 100% of the total number of votes to the stock that forms the charter capital of this entity.	20.09.2004	-	-
24	CPM Limited Liability Company	10 Kolskaya St., Moscow, 129329	OJSC RTS may take indirect control as it is in ownership of 100% of the votes of RTS Clearing Center, which is 35% of the total number of votes to the stock that forms the charter capital of this entity.	14.06.2005	-	-
25	THE UKRANIAN EXCHANGE	42-44, Shelkovichnaya St., Kiev, Ukraine, 01004	The entity belongs to the group of entities to which the joint stock company belongs. OJSC RTS may take direct control as it is in ownership of 49% of the votes to the shares that form the charter capital of this entity.	02.10.2008	-	-

# APPENDIX 6

## DYNAMICS IN RTS INDICES

RTS Indices Family	Index				
	2008	2007	Change, %	Maximum	Minimum
RTS Index	631,89	2 290,51	-72,41%	2487,92 (19 V)	549,43 (24 X)
RTS-2 Index	548,20	2 629,56	-79,15%	2670,61 (15 I)	539,39 (30 XII)
RTS Index - Metals & Mining	96,18	360,19	-73,30%	442,99 (19 V)	69,61 (21 XI)
RTS Index - Oil & Gas	72,98	286,94	-74,57%	334,23 (16 V)	80,24 (24 X)
RTS Index - Consumer & Retail	88,9	369,5	-75,94%	386,37 (15 I)	72,44 (04 XII)
RTS Index - Industrial	60,15	407,05	-85,22%	450,6 (16 IV)	60,06 (19 XII)
RTS Index - Telecom	87,69	324,35	-72,96%	328,72 (15 I)	78,51 (01 XII)
RTS Index - Financials	85,82	792,06	-89,16%	796,21 (14 I)	144,22 (2 XII)
RTS Index - Electric Utilities	164,54	466,78	-64,75%	468,23 (15 I)	80,1 (20 XI)

# APPENDIX 7

## FORTS TRADING VOLUME BY CONTRACTS

No.	Code	Contract Name	Trading Volume	
			Rubles	Number of contracts
1	RI	Futures contract on RTS Index	7,274,955,765,685	87,469,405
2	GZ	Futures contract on Gazprom OJSC shares	797,852,462,427	31,023,399
3	Si	Futures contract on US dollar	347,660,650,199	13,656,896
4	LK	Futures contract on Oil Company LUKoil shares	267,117,798,378	14,126,560
5	GM	Futures contract on MMC NORILSK NICKEL shares	140,065,369,206	2,510,946
6	SR	Futures contract on Sberbank of Russia ordinary shares	135,495,385,694	22,084,003
7	GD	Refined gold bullion futures contracts	112,519,842,449	5,199,919
8	MI	Futures contract on the ruble overnight credit (deposit) rate MosIBOR (Moscow Inter-Bank Offered Rate)	79,573,636,308	80,846
9	VB	Futures contracts on VTB Bank OJSC ordinary shares	57,355,763,471	7,155,529
10	SN	Futures contract on Surgutneftegaz OJSC shares	41,295,238,216	1,810,109
11	RN	Futures contracts on Oil Company Rosneft OJSC shares	38,102,142,186	1,763,690
12	ES	Futures contract on RAO UES of Russia shares	31,467,692,787	1,190,662
13	UR	Futures contracts on Urals oil	18,849,116,604	701,975
14	MR	Futures contract on the average overnight credit (deposit) MosPrime (Moscow Money Market Prime Offered Rate)	9,811,988,960	10,278
15	BR	Futures contracts on BRENT oil	6,291,631,279	464,277
16	SV	Refined silver bullion futures contracts	5,708,210,323	169,276
17	Ro	Futures contract on RTS Index – Oil & Gas	4,123,938,753	316,255
18	PZ	Futures contract on Polyus Gold OJSC ordinary shares	3,356,493,822	290,005
19	MT	Futures contract on MTS OJSC ordinary shares	2,371,639,992	89,547
20	UI	Futures contract on UralSvyazInform OJSC ordinary shares	2,291,399,673	2,224,540
21	TN	Futures contract on Transneft OJSC preference shares	2,189,043,527	70,646
22	EN	Futures contract on Power Industry Companies shares	1,826,058,459	77,854
23	CH	Futures contract on Severstal OJSC ordinary shares	1,711,137,494	45,760
24	20	Futures contract on Federal loan bonds OFZ-PD No.46020	1,652,022,376	165,118
25	TT	Futures contract on Tatneft OJSC ordinary shares	1,518,245,805	119,176
26	RT	Futures contract on Rostelecom OJSC shares	1,514,898,758	55,214
27	NK	Futures contract on NOVATEK OJSC ordinary shares	1,313,079,466	79,665
28	18	Futures contract on Federal loan bonds OFZ-PD No.46018	992,011,344	91,692
29	Rk	Futures contract on RTS Index – Telecom	919,048,784	73,265
30	SP	Futures contract on Sberbank of Russia OJSC preference shares	740,725,348	183,696
31	MO	Futures contract on 10-Year Moscow City (internal) Bonds	683,143,200	63,438

32	HY	Futures contract on RusHydro OJSC ordinary shares	653,892,276	44,603
33	SU	Futures contract on granulated sugar, produced in accordance with State Standard GOST 21-94	559,541,000	6,684
34	99	Futures contract on Federal loan bonds OFZ-PD No.26199	516,111,865	52,002
35	21	Futures contract on Federal loan bonds OFZ-PD No.46021	467,377,948	47,503
36	SB	Futures contract on Sberbank of Russia OJSC ordinary shares	373,073,168	4,942
37	DZ	Futures contract on diesel fuel L-0.2-62 (GOST 305-82)	272,296,800	1,292
38	61	Futures contract on Federal loan bonds OFZ-PD No.25061	218,585,650	22,020
39	Rc	Contract on RTS Index – Consumer & Retail	129,472,483	9,157
40	MP	Futures contract on the three-month credit rate MosPrime	123,884,975	6,940
41	M6	Futures contract on the Moscow Region Bonds of the 6th issue	99,929,012	10,790
42	G8	Futures contract on Gazprom OJSC bonds of the 8th issue	79,120,565	8,026
43	G9	Futures contract on Gazprom OJSC bonds of the 9th issue	79,101,150	8,060
44	M7	Futures contract on the Moscow Region Bonds of the 7th issue	39,989,933	4,902
45	F4	Futures contract on FSK EES OJSC Bonds of the 4th issue	19,970	2
46	RI	Options on RTS Index futures contract	1,067,143,964,319	11,446,411
47	GZ	Options on Gazprom OJSC shares futures contract	318,815,432,500	10,679,938
48	LK	Options on the futures contract of LUKoil OJSC shares	135,416,481,500	6,526,092
49	SR	Options on Sberbank of Russia OJSC shares	106,655,607,500	13,606,373
50	GM	Options on the futures contract on MMC NORILSK NICKEL shares	83,707,420,000	1,446,722
51	GD	Options on the refined gold bullion futures contract	14,661,477,340	675,707
52	ES	Options on the futures contract on RAO UES of Russia shares	8,518,335,000	322,437
53	Si	Options on the futures contract on US dollar	7,875,219,300	311,990
54	VB	Options on futures contracts on VTB Bank OJSC ordinary shares	7,270,672,250	748,837
55	RT	Options on futures contracts on Rostelecom OJSC shares	5,002,989,000	179,504
56	RN	Options on futures contracts on Oil Company Rosneft OJSC shares	3,590,500,000	138,580
57	MT	Options on futures contracts on MTS OJSC ordinary shares	2,581,131,000	87,272

58	SN	Options on futures contracts on Surgutneftegaz OJSC shares	656,254,000	23,119
59	SV	Options on refined silver bullion futures contracts	314,919,706	8,435
60	EN	Options on futures contract on Power Industry Companies shares	276,403,000	23,027
61	NK	Options on futures contract on NOVATEK OJSC ordinary shares	191,620,000	10,854
62	PZ	Options on futures contract on Polyus Gold OJSC ordinary shares	46,779,000	3,299
63	SB	Options on futures contract on Sberbank of Russia OJSC shares	9,780,000	95
64	TN	Options on futures contract on Transneft OJSC preference shares	271,000	8
65	UI	Options on futures contract on UralSvyazInform OJSC ordinary shares	119,250	404
		TOTAL:	11,157,673,353,435	239,829,668

**Share** – an issued security which grants the owner (shareholder) the right to receive part of the profit of a joint-stock company in the form of dividends, take part in management of a joint-stock company and receive part of the property remaining after its liquidation.

**Exchange** – Open Joint Stock Company “Russian Trading System” Stock Exchange, OJSC RTS, RTS Stock Exchange.

**Non-listed** – a section of the List for securities which are included by the Exchange without prior listing.

**Guarantee Fund** – mandatory contributions made by members of the Settlement Chamber (in monies or securities).

**Delisting** – the process of excluding securities from the quotation lists which is exercised by the Exchange.

**Investment Unit** – a registered security which certifies its owner’s title to property which constitutes the fund.

**Clearing** – a system of mutual non-cash settlement for goods, securities and services based on the calculation of mutual financial claims and obligations.

**Quotation List** – a section of the List for securities which are included by the Exchange after the listing procedure.

**Listing** – the process of including securities by the Exchange into the quotation lists.

**Market Maker** – a trading participant at the Exchange who concludes agreements on fulfilling Market Maker obligations either with the Exchange or with issuers of securities.

**Netting** – the process where the client’s monetary claims are set off against their monetary obligations.

**Bond** – a security for which its issuer undertakes to pay the holder a fixed sum of money at a specified time in the future, or pay revenue to an amount established beforehand in the form of interest for the par value of the bond.

**Option Contract** – an agreement, under which a buyer receives the right (but not the obligation) to buy or sell assets at a fixed price.

**Delivery versus payment** – a principle of settling transactions with securities which ensures the simultaneous transfer of money to the seller and securities to the buyer.

**RDR** – Russian Depository Receipts.

**REPO** – a securities market exchange transaction where securities are sold and transactions are concluded simultaneously on their subsequent repurchase after a specified period and at a higher price.

**List** – A list of securities admitted to trading at RTS (the list of all securities which may be the subject of RTS trades).

**RTS Board List** – a list of securities admitted to Indicative Quotation on RTS Board Information System.

**Trading Participant** – a participant of exchange trading organized by RTS.

**Stock Market** – an organized market for trading securities.

**Futures Contract** – an agreement to deliver a specific commodity in future.

**Securities** – financial instruments issued by companies, financial and state organizations to borrow funds and raise new capital.

**Central Counterparty** – a party to transactions and obligations.

**EAC** – Electronic Agreement Center, this is a system which automates the exchange of electronic documents in order to conclude sale and purchase agreements.

**EDS** – electronic digital signature.

**DMA** – Direct Market Access, direct access to trading securities for broker companies' clients.

**FIA** – Futures Industry Association.

**FISD** – The Financial Information Services Division of the Software & Information Industry Association.

**FORTS** – RTS futures and options market.

**FOW** – Futures & Options World.

**OTC** – Over-the-counter market where transactions with securities are concluded directly between two parties.

**RTS Board** – The RTS Board Information System.

**RTS Global** – Over-the-counter market for foreign securities.

**RTS Start** – a segment of the RTS securities market created for companies with small and medium market capitalization.

**RTS Plaza** – A software system and database installed on the market operator's computer which allows securities transactions to be executed in real-time.

**WFE** – World Federation of Exchanges.