
The current state of the Russian FX and rates market, including future development

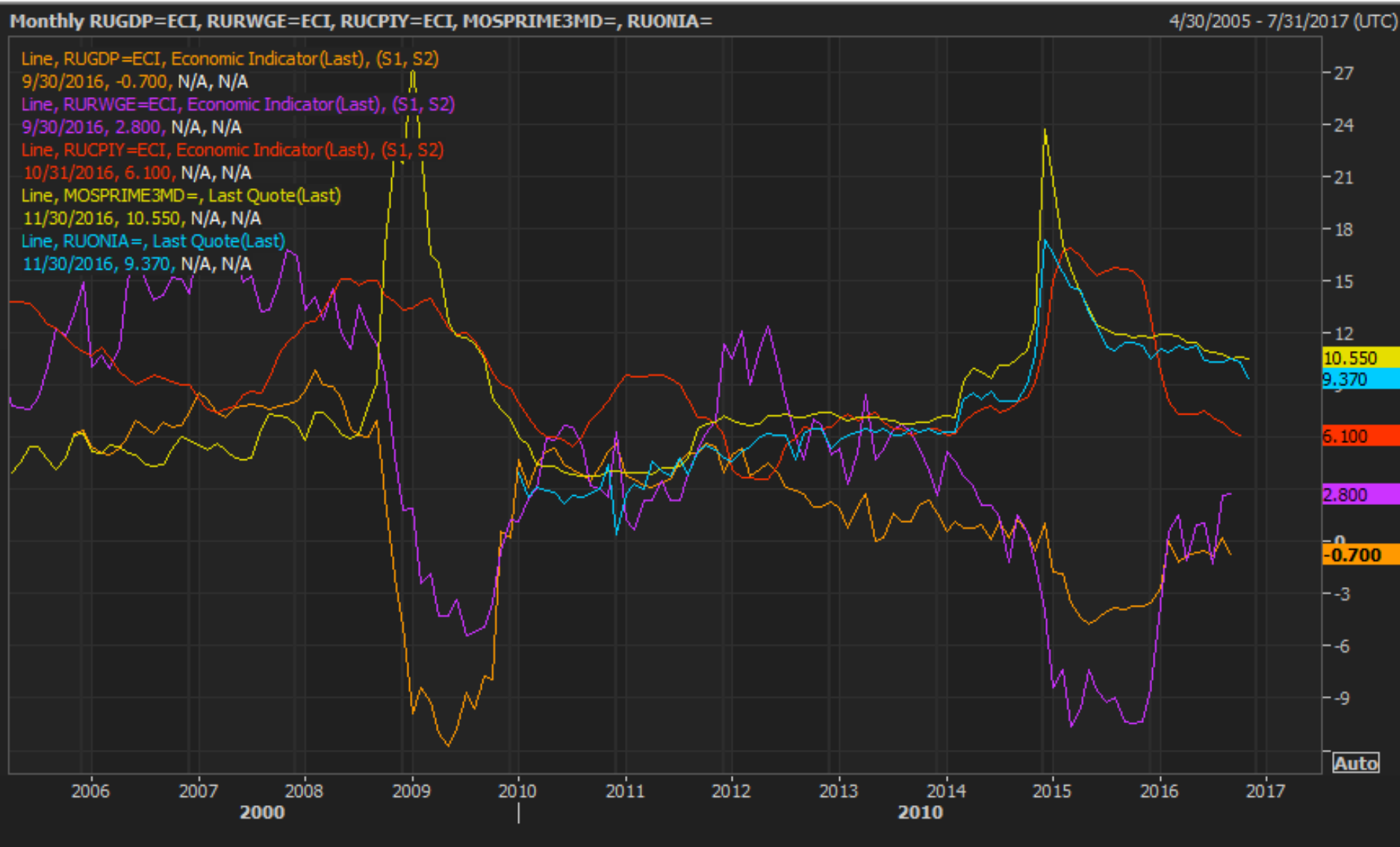
Sergey Romanchuk,

**Head of FX & MM, Metallinvestbank, Moscow
ACI Russia President**

Agenda

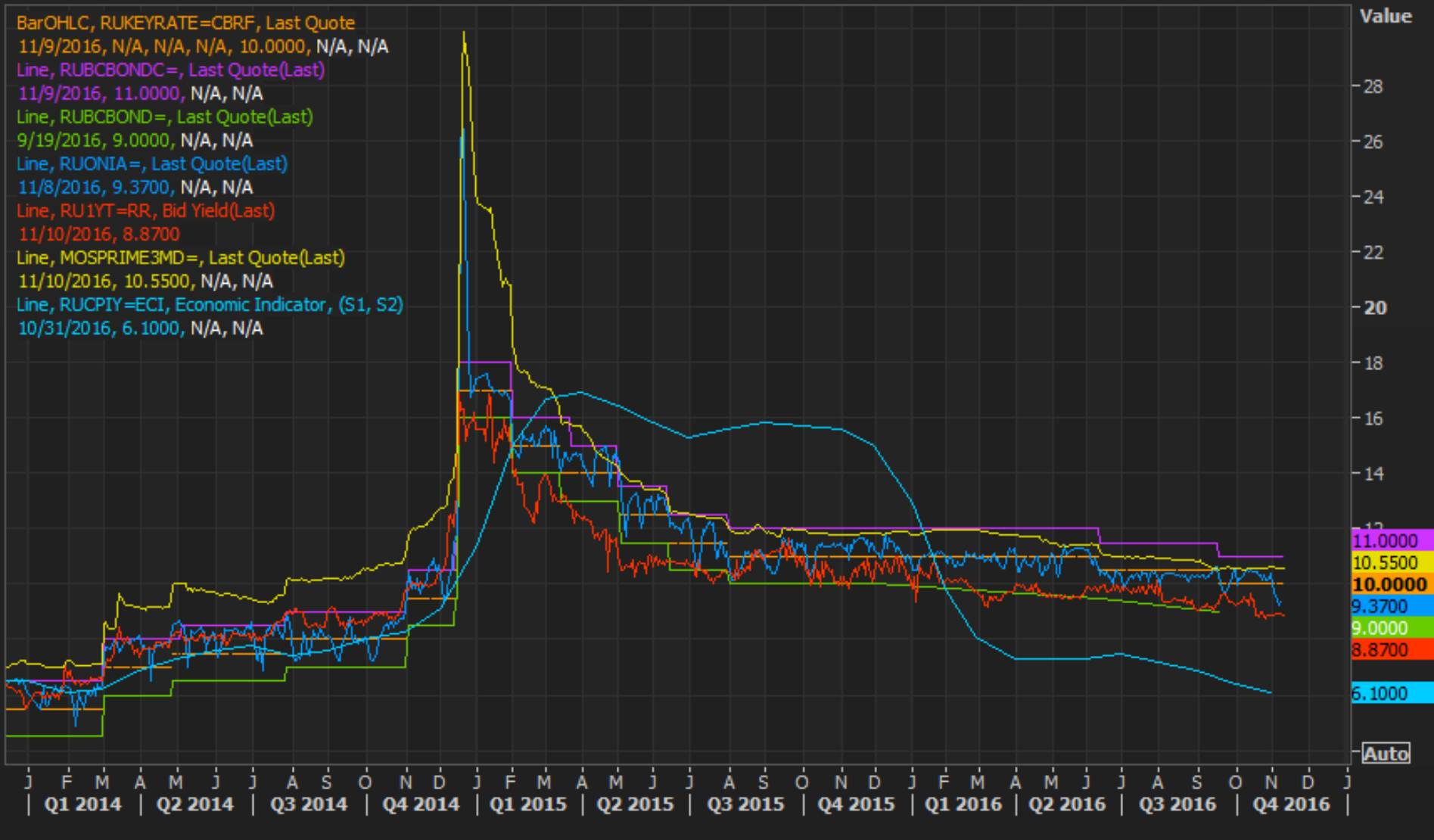
1. Macroeconomic Snapshot: life after death.
2. Monetary policy: survivor will envy the dead.
3. Geopolitics as a moving force on the market.
4. Cross border transactions: grope envelope.
5. Exchange or not Exchange?! Where is the market?
6. Russian regulation in global context: meaningless or merciless?
7. FX market players: to bank or not to bank?
8. Interest rates: any interest?
9. Legal problems: do not judge.

Macroeconomic Snapshot: life after death.



Monetary policy: survivor will envy the dead

Daily RUKEYRATE=CBRF, RUBCBOND=, RUBCBOND=, RUONIA=, RU1YT=RR, MOSPRIME3MD=, RUCPIY=ECI 12/13/2013 - 1/4/2017 (GMT)



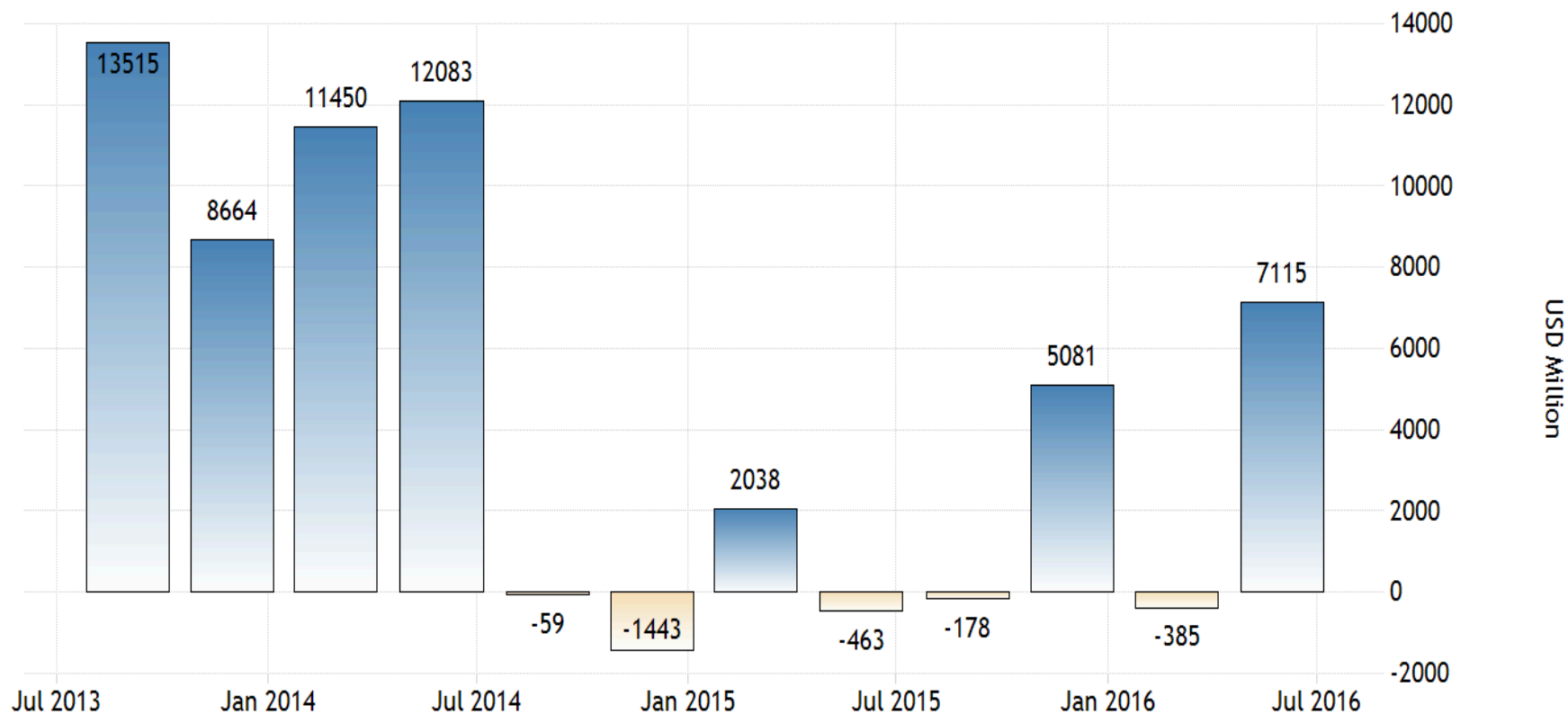
Geopolitics as a moving force on the market.

1. Sectorial sanctions as an initiator of ruble run.
2. Compliance, compliance, compliance.
3. In G20 we trust: the treaty must prevail.
4. MOEX NCC as central counterparty under EMIR – in next life, please.
5. CLS, goodbye for now.

Geopolitics as a moving force on the market.

5. FDI:

RUSSIA FOREIGN DIRECT INVESTMENT - NET FLOWS

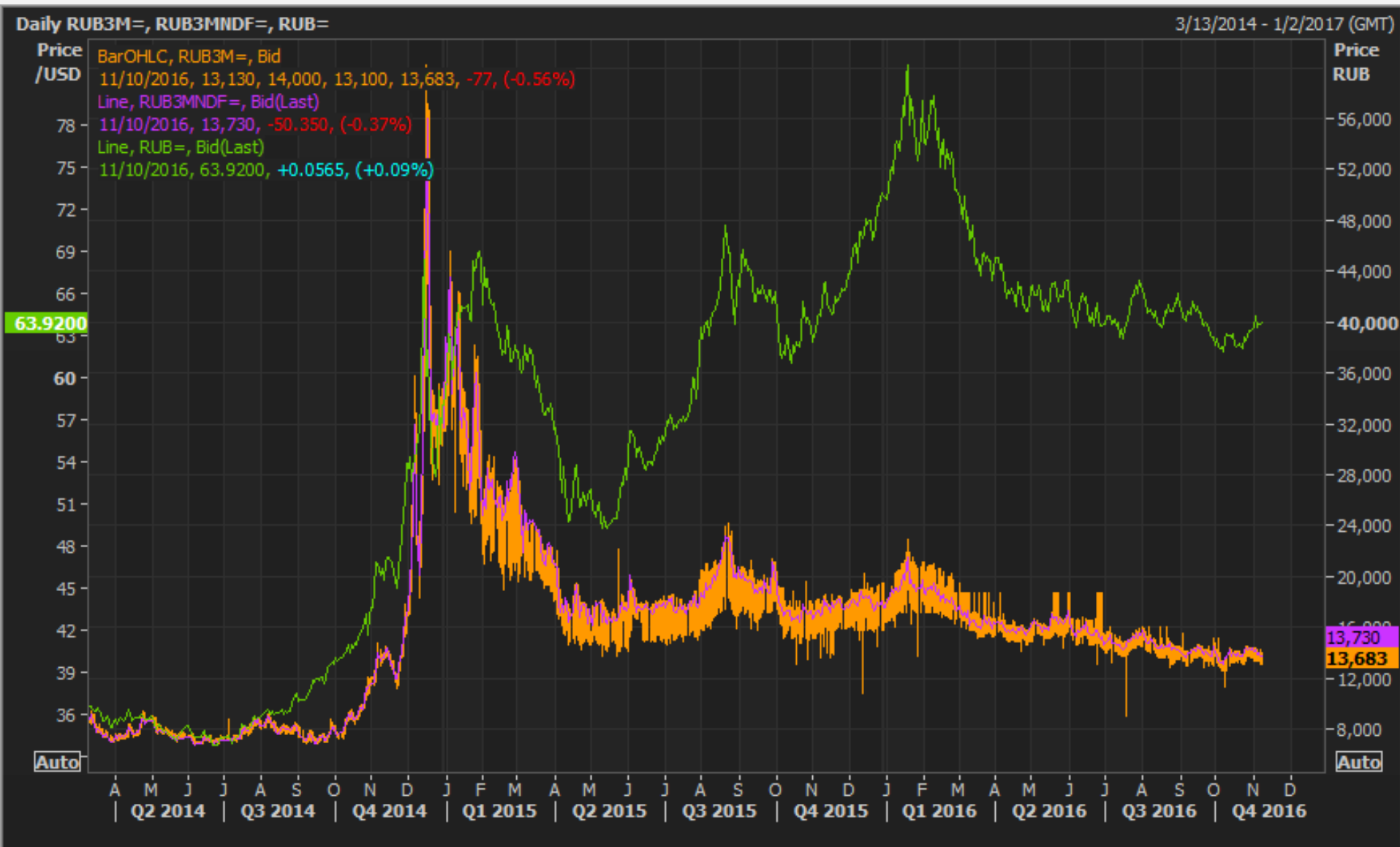


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Cross border transactions: grope envelope

1. Sanctions as onshore and offshore markets separator: FX swaps curves, NFEA pricing methodology unification in 2015.

Cross border transactions: grope envelope. FX swaps curves 2014-2015

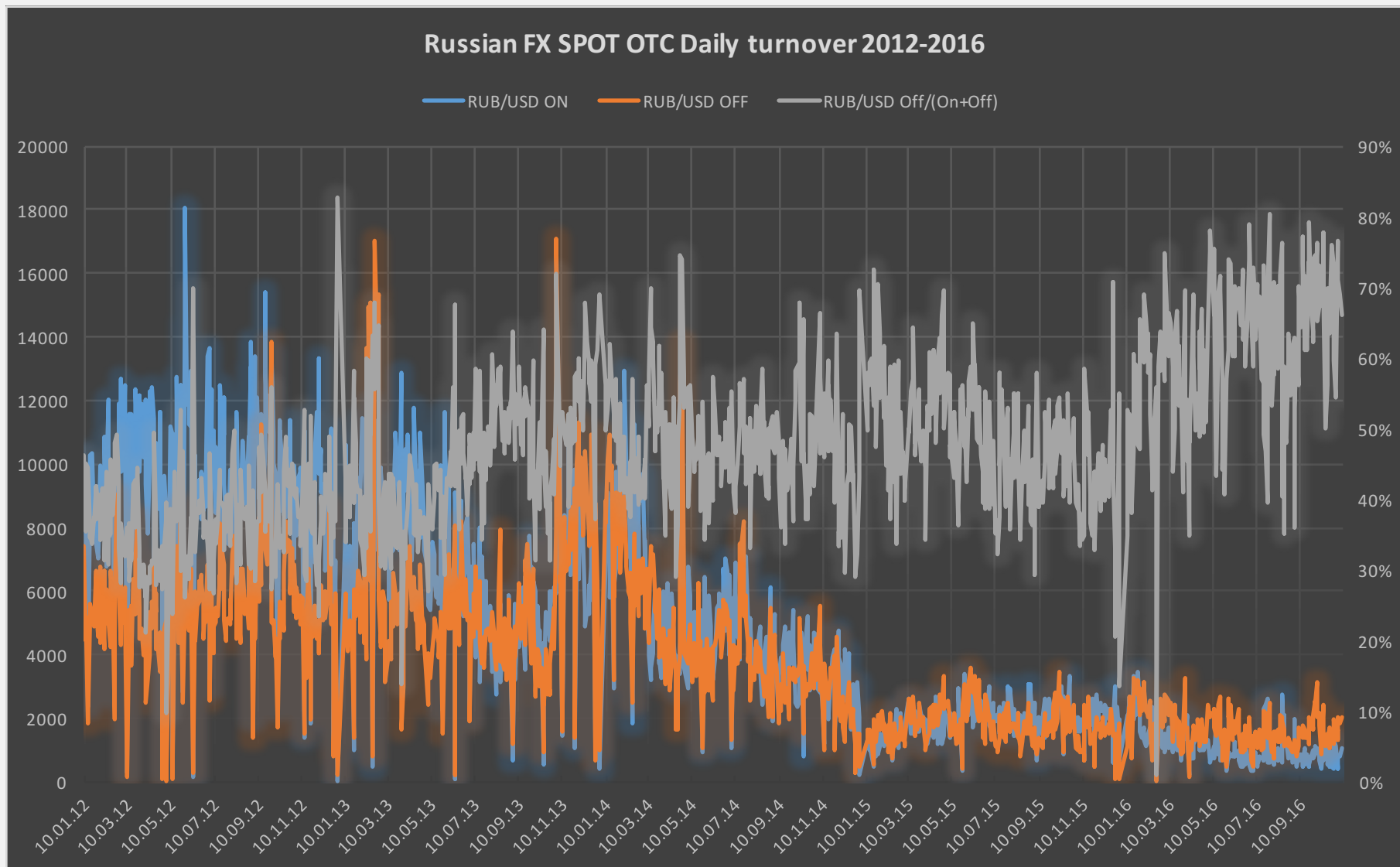


Cross border transactions: grope envelope. NFEA FX SWAP decision 11.11.2016

Having reviewed the state of the indicator NFEA FX SWAP Rate in the current market environment, in which there is a considerable difference of quotations of currency swaps, depending on the jurisdiction of the counterparties involved in the transaction (Russian or foreign), The Expert Committee took the following decisions:

- In order to ensure the homogeneity of quotations currency swaps it was recommended to contributors to pay special attention to the fact that, in accordance with the specification of the indicator, they must provide prices used for transactions between participants in the Russian financial market, i.e. using Russian jurisdiction by both parties to the transaction, or the Russian central counterparty. When making cross-border pay attention contractors that quotes for NFEA FX SWAP Rate does not mean unconditional willingness to conclude transactions between parties with different jurisdiction over declared for the formation of prices indicator.
- In accordance with the requirements of the IOSCO to move towards the use of indicators, which are formed on the basis of real transactions, start monitoring the price fixings of foreign exchange swaps of the Moscow Stock Exchange on compliance with the quotations in the interbank market, used for NFEA FX SWAP Rate indicator for a possible transition to them part of the curve, where necessary liquidity is present. Back to the issue of discussing the possibility of the use of market data to generate the indicator at 6 months.

Exchange or not Exchange?! Where is the market?



Russian regulation in global context: meaningless or merciless?

1. Basel II, III, ...
2. Mandatory Derivatives and REPO trades reporting.
3. Central Clearing of Derivatives.
4. Retail investors Classification and Protection.
5. New brokerage regulation.
6. Retail FX firms legal framework.

FX market players: a bank or not a bank?

1. New instruction on bank's open currency position (options).
2. DMA access for corporates to MOEX FX and MM.
3. HFT regulation on SPOT FX and FX Futures markets (new commissions).
4. Rating of the top currency operators on MOEX.
5. Cross market margin initiatives from MOEX.
6. Is any room for Russian OTC FX Spot Interbank platform?
7. PvP service from NSD as Russian CLS?

Interest rates: any interest?

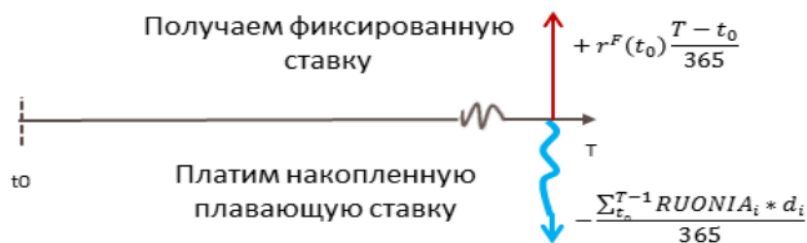
1. Main problem of fixed against floating banks assets and liabilities.
2. New RUONIA Futures on MOEX.
3. OTC Derivatives Clearing via MOEX.
4. Key rate.

New RUONIA Futures on MOEX.

Индикатор	RUONIA (рассчитывается Банком России на основе сделок "overnight" на денежном рынке среди банков с минимальным кредитным риском)
Котировка	100 минус ожидаемая средняя арифметическая ставка RUONIA за месяц
Номинал	1 млн рублей
Срок	1 месяц
Цена исполнения	100 минус средняя ставка RUONIA за месяц
Комиссия за контракт	3.69 руб
Экспирация	последний торговый день месяца контракта (M)
Начало начисления ставки	последний торговый день предыдущего месяца (M-1)
Одновременно обращаются	12 месячных контрактов
Гарантийное обеспечение	0,21%-0,31% от номинала

Платежи по контракту

ПОКУПКА ФЬЮЧЕРСА

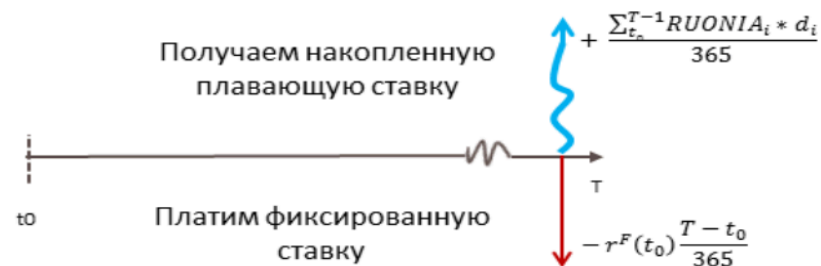


RUONIA



Выгодно при ожиданиях **снижения** ставки

ПРОДАЖА ФЬЮЧЕРСА



RUONIA



Выгодно при ожиданиях **роста** ставки

New RUONIA Futures on MOEX.

Код контракта ▼	Лучшая котировка на продажу	Лучшая котировка на покупку	Цена последней сделки	Изменение	Сделок	Объем торгов		Объем открытых позиций, контрактов
						рублей	контрактов	
MOPR-12.16	-	9,40	-	-	-	-	-	-
MOPR-3.17	-	9,71	-	-	-	-	-	-
RUON-1.17	90,13	89,98	-	-	-	-	-	-
RUON-10.17	90,82	90,67	-	-	-	-	-	-
RUON-11.16	90,16	90,01	-	-	-	-	-	410
RUON-12.16	90,04	89,89	-	-	-	-	-	-
RUON-2.17	90,19	90,04	-	-	-	-	-	-
RUON-3.17	90,28	90,13	-	-	-	-	-	-
RUON-4.17	90,36	90,21	-	-	-	-	-	-
RUON-5.17	90,42	90,27	-	-	-	-	-	-
RUON-6.17	90,48	90,33	-	-	-	-	-	500
RUON-7.17	90,54	90,39	-	-	-	-	-	-
RUON-8.17	90,64	90,49	-	-	-	-	-	-
RUON-9.17	90,74	90,59	-	-	-	-	-	-

Legal problems: do not judge.

1. Bank of Moscow's case.
2. Unicreditbank's case.
3. Maxima's case.
4. **Case?**

Contacts

E-mail: rsa@metib.ru

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