

General tendencies of the depositories – participants of the PARTAD’s databases in the second half-year 2006 – first half-year 2007 activity development.

During the analyzed period (since the midst of 2006 till the midst of 2007) about 90 organizations which have the depository license, making up about 11% of their total amount, participated in informational disclosure threw PARTAD database “Russia’s Depositories” (<http://rusdepo.ru>). Representativeness of the sample is confirmed by the fact that depositories which participate in the database render no less than $\frac{3}{4}$ of all depository services on the territory of Russian Federation (see table 1).

Table 1.
Top 30 largest depositories ranked by the market value of depositor’s securities accepted on service MV (dep) on 30.06.2007

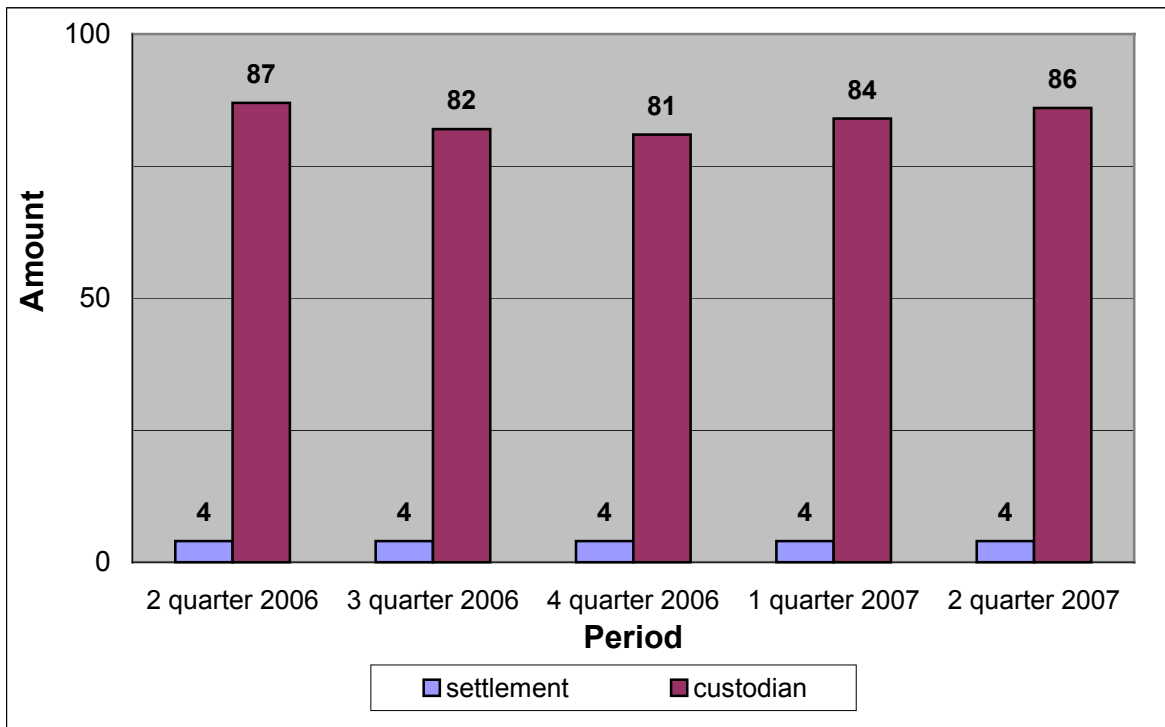
№	Name	City	Status	MV (dep), rub. total	stocks, rub. including	bonds, rub. including	shares, rub. including
1	NATIONAL DEPOSITORY CENTER	Moscow	settlement depository	4 558 007 346 478	1 467 057 716 775	3 081 225 674 423	9 723 955 281
2	ING BANK (EURASIA)	Moscow	credit institution	4 140 885 113 423	4 120 430 465 506	20 454 647 917	-
3	GAZPROMBANK	Moscow	credit institution	4 056 237 908 252	4 052 491 845 675	3 746 062 577	-
4	DEPOSITORY-CLEARING COMPANY	Moscow	settlement depository	2 081 109 052 048	2 032 939 229 262	44 793 243 326	3 376 579 460
5	DEPOSITORY AND CORPORATE TECHNOLOGIES	Moscow	specialized depository	1 104 241 203 098	1 104 241 203 098	-	-
6	SETTLEMENT-DEPOSITORY COMPANY	Moscow	settlement depository	1 043 589 338 473	1 029 289 338 473	14 300 000 000	-
7	VTB BANK	Moscow	credit institution	690 548 880 409	414 084 624 816	276 464 255 593	-
8	ROSBANK	Moscow	credit institution	565 068 377 210	552 586 953 275	12 464 656 001	16 767 934
9	DEUTSCHE BANK	Moscow	credit institution	489 897 324 057	438 967 966 748	50 929 357 309	-
10	VNESHECONOMBANK	Moscow	credit institution	*417 221 365 612	11 076 604 155	406 144 761 457	-
11	SBERBANK OF RUSSIA	Moscow	credit institution	398 213 505 512	394 605 411 200	3 608 094 312	-
12	DEPOSITORY COMPANY URALSIB	Moscow	specialized depository	293 024 853 016	275 582 494 901	9 406 444 684	8 035 913 432
13	SETTLEMENT-STOCK CENTER	Magnitogorsk	investment company	267 281 013 265	265 751 856 265	1 529 157 000	-
14	SPECIALIZED DEPOSITORY	Moscow	specialized depository	241 264 264 443	204 163 612 954	35 624 729 048	1 475 922 441
15	GARANT SDC	Moscow	specialized depository	232 842 630 828	197 177 633 423	35 542 765 951	122 231 454
16	RAIFFAISENBANK AUSTRIA	Moscow	credit institution	141 992 754 210	132 685 375 243	9 307 378 967	-
17	CENTRAL DEPOSITORY OF TATARSTAN REPUBLIC	Kazan	depository-non-combiner	118 894 593 513	118 894 593 513	-	-

18	BANK OF MOSCOW	Moscow	credit institution	96 173 294 758	92 389 943 715	3 768 752 947	14 598 096
19	FIRST SPECIALIZED DEPOSITORY	Moscow	specialized depository	79 925 689 247	66 186 496 699	13 739 192 548	-
20	METALLINVESTBANK	Moscow	credit institution	61 665 871 791	61 517 035 861	147 164 658	1 671 273
21	UNITED DEPOSITORY COMPANY	Moscow	specialized depository	60 831 602 674	23 862 485 208	32 561 226 706	4 407 890 760
22	DEPOSITORY IRKOL	Moscow	specialized depository	53 814 206 312	52 077 293 532	1 683 421 002	53 491 778
23	KIT FINANCE	Saint-Petersburg	investment company	49 576 559 378	35 334 614 437	14 167 793 112	74 151 829
24	TRUST IB	Moscow	credit institution	49 514 120 391	45 467 171 382	4 046 949 009	-
25	INTERNATIONAL MOSCOW BANK	Moscow	credit institution	42 575 536 712	32 274 599 850	10 300 936 862	-
26	ZENIT BANK	Moscow	credit institution	39 983 225 761	34 010 892 125	5 883 019 776	89 313 860
27	NOMOS-BANK	Moscow	credit institution	31 878 458 533	15 642 554 852	16 154 872 914	81 030 767
28	DEPOSITORY-SETTLEMENT UNION	Moscow	settlement depository	29 982 302 933	28 434 589 195	1 547 713 738	-
29	SPECIALIZED DEPOSITORY CENTER	Moscow	specialized depository	29 504 086 384	21 020 857 242	2 299 710 838	6 183 518 304
30	JSCB SOYUZ	Moscow	credit institution	26 327 197 644	22 216 908 500	4 108 263 178	2 025 966

An interesting peculiarity of depository accounting organization structure in Russian Federation is that in the midst of 2007 19,1% and 18,7% of market value of all securities served by participants of the database “Russia’s Depositories”, were accounted by depositories of banks ING Bank (Eurasia) and Gazprombank accordingly.

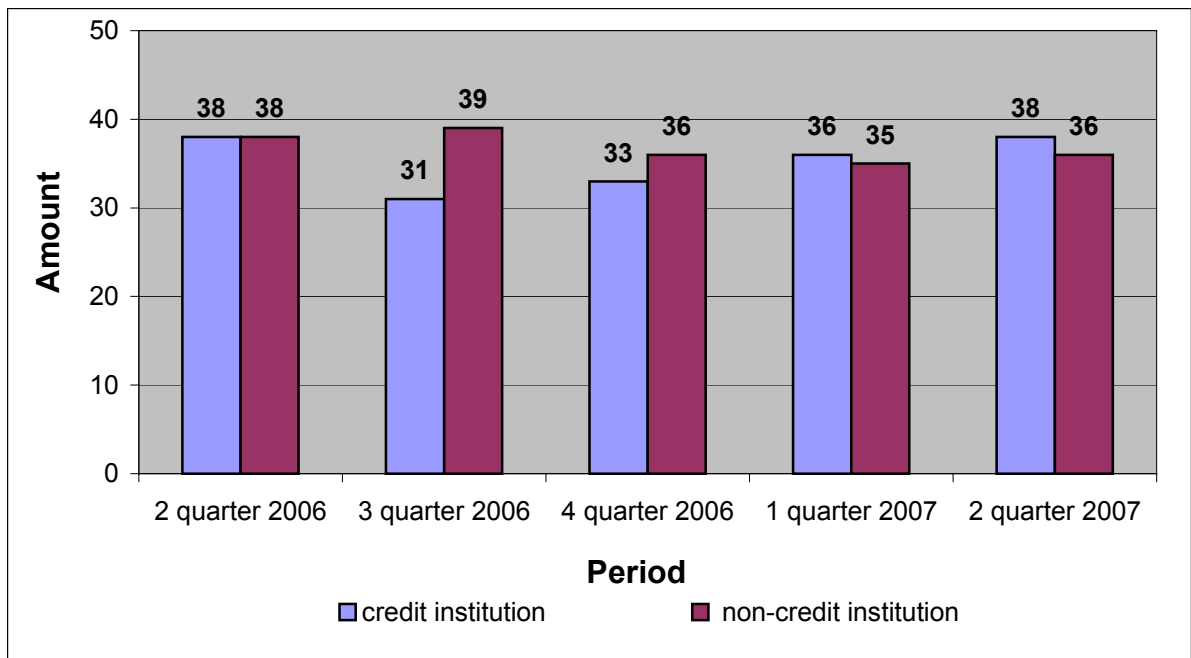
With the aim of identification of basic tendencies of depository activity development, information characterizing it was analyzed both by gross indicators and by calculations per one depository.

Correlation of depositories-participants of the database “Russia’s Depositories” according to types acknowledged in professional environment is shown on pictures 1, 2 and 3. Analysis of corresponding charts allows to state the absence of significant structural changes during the analyzed period, both among PARTAD database participants and on the depository services market in general.



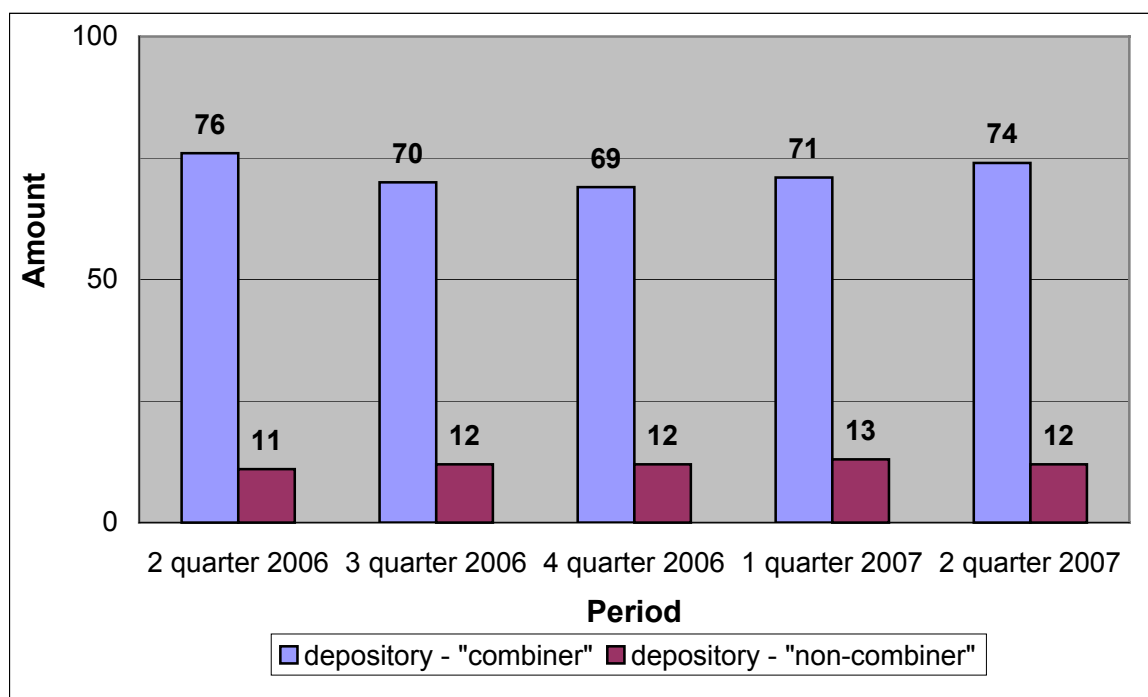
Picture 1. Correlation of settlement and custodian depositories amount

Correlation of depositories depending on whether they combine their activity as accounting institutes with credit institutions activity or not, is shown on picture 2.



Picture 2. Correlation of credit and non-credit institutions amount among depositories – “combiners”

Correlation of custodian depositories according to the sign of whether the depository activity is combined with other kinds of professional activity on the securities market or not i.e. the division on depositories-“combiners” and depositories-“non-combiners” is shown on the picture 3. In this case it is also characterized by comparatively low volatility with significant domination of depositories-“combiners” amount. An average correlation of either type is 14,3% and 85,7% accordingly.



Picture 3. Correlation of depositories – “combiners” and depositories – “non-combiners”

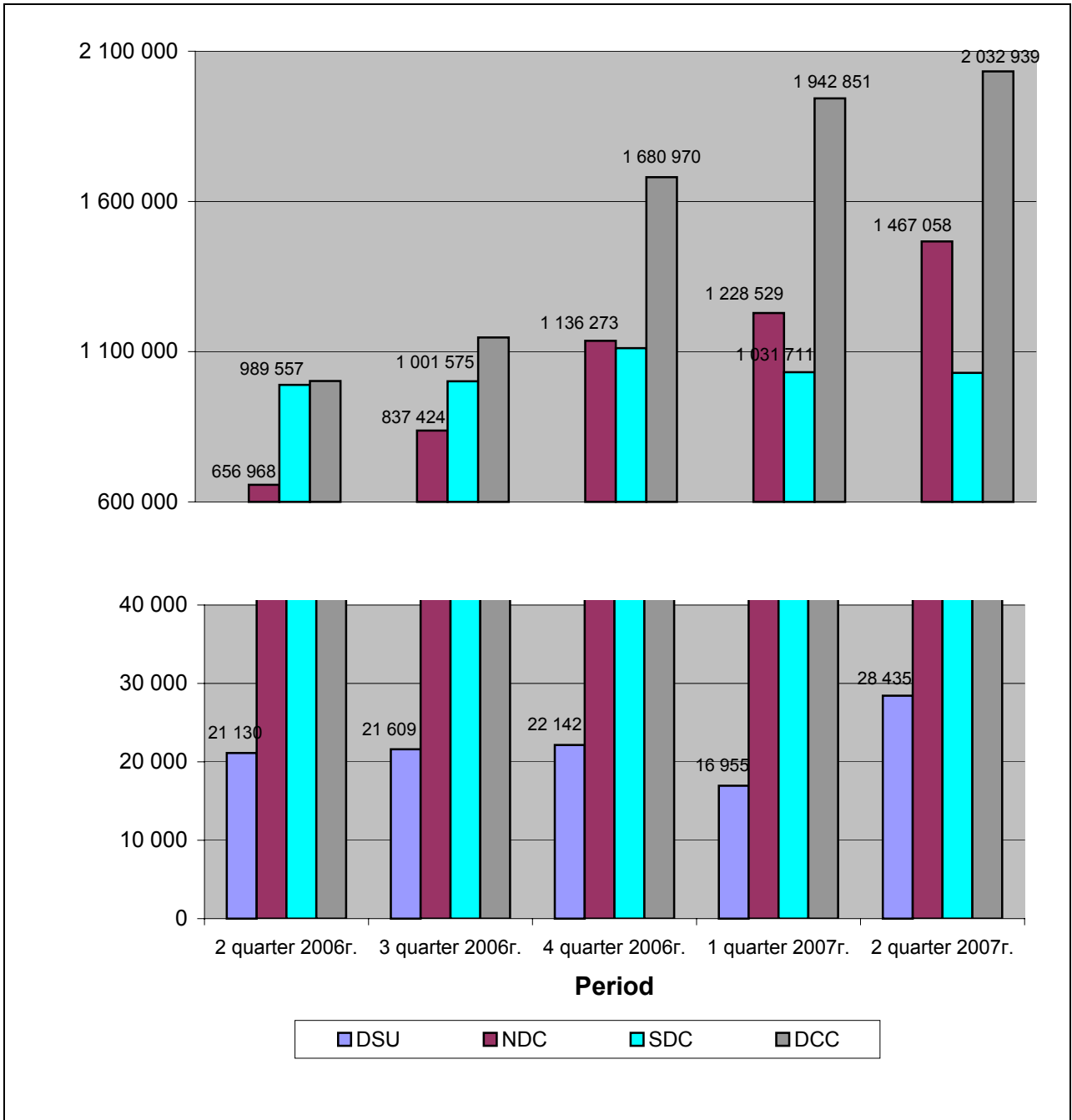
Analysis of market shares correlation of depository services occupied by groups of Russian depositories-participants of TOP-30 rankings, published by INFI/PARTAD for the past 2,5 years (table 2) shows its stability. Certain growth of the specific share of Russian affiliated companies of western custodians at the end of 2006 was significantly compensated because of the inclusion of the VTB Bank depository into the ranking for the first half-year 2007.

Table 2.

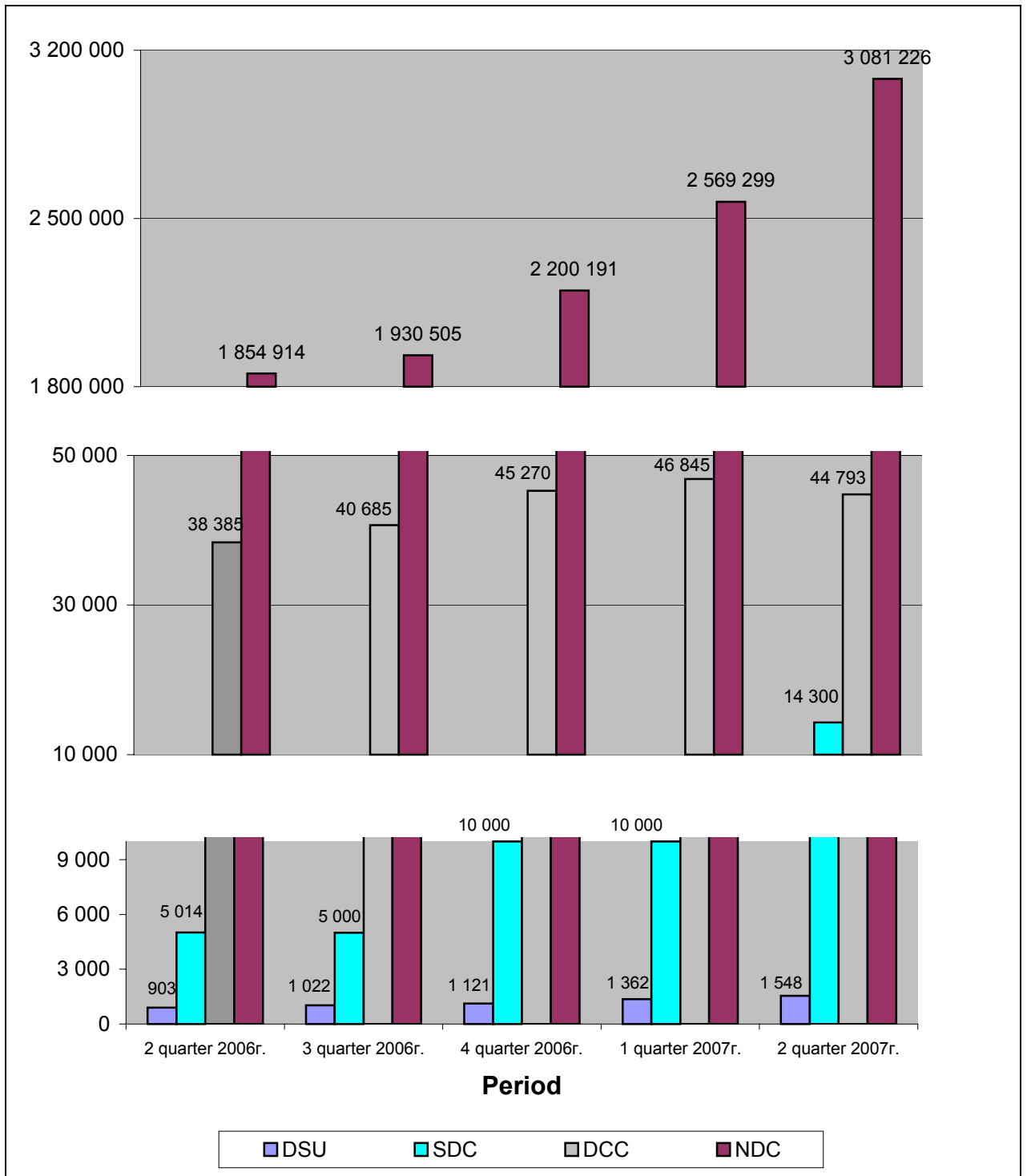
Correlation of depository services market shares, occupied by groups of Russian depositories-participants of TOP-30 rankings according to the value of serviced securities (billions, rub.)

According to rankings sum:	2005	2006	1 half-year 2007
TOP-30 participants, billions, rub. including:	9 106	19 606	21 492
- settlement depositories (SD)	3 209	6 215	7 713
SD share, %	35,2	31,7	35,9
TOP-30 participants without SD, including:	5 897	13 391	13 779
- affiliated companies of "global custodians" (GC);	1 874	5 089	4 815
- other Russian «custodian» depositories (CD).	4 023	8 302	8 964
GC share, %.	31,8	38,0	34,9
CD share, %.	68,2	62,0	65,1

4 of 5 existing in Russian Federation settlement depositories, which occupy different positions depending on the type of serviced securities, are presented in the analyzed ranking. According to the value of serviced stocks the leader among settlement depositories is still DCC, though NDC pursues it closely against the background of slightly reducing share of RDC as the basic settlement center for Gazprom stocks (picture 4). In case of settlement-depository servicing of bonds market, the leading position of NDC which services its major marketplace – MICEX is still incontestable (picture 5).



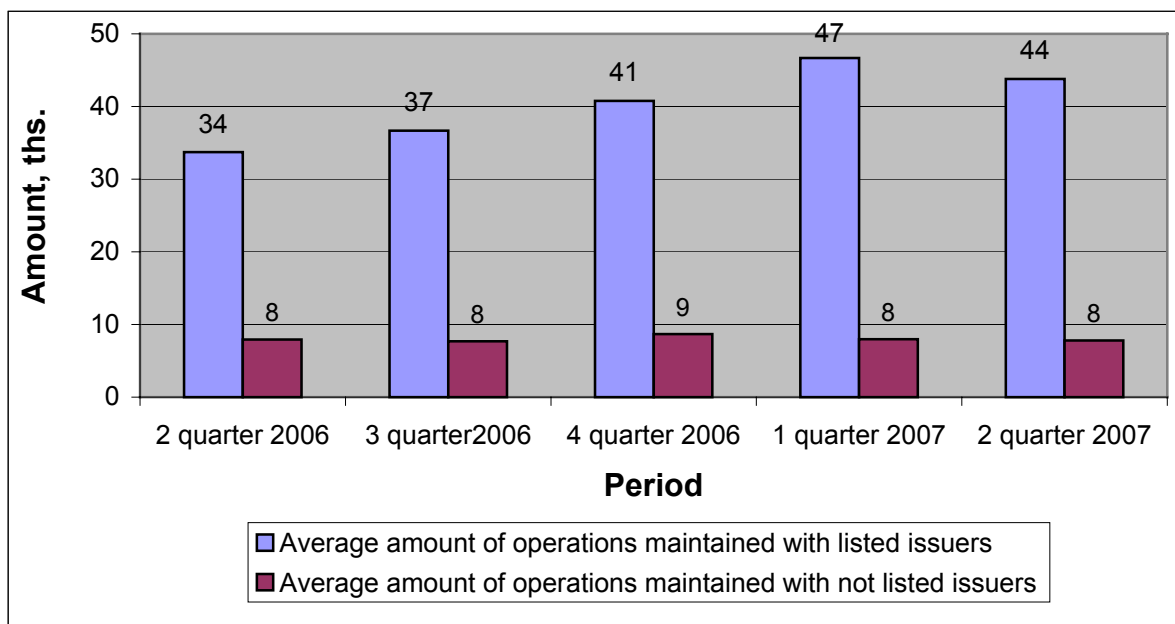
Picture 4. Market value of stocks serviced by settlement depositories



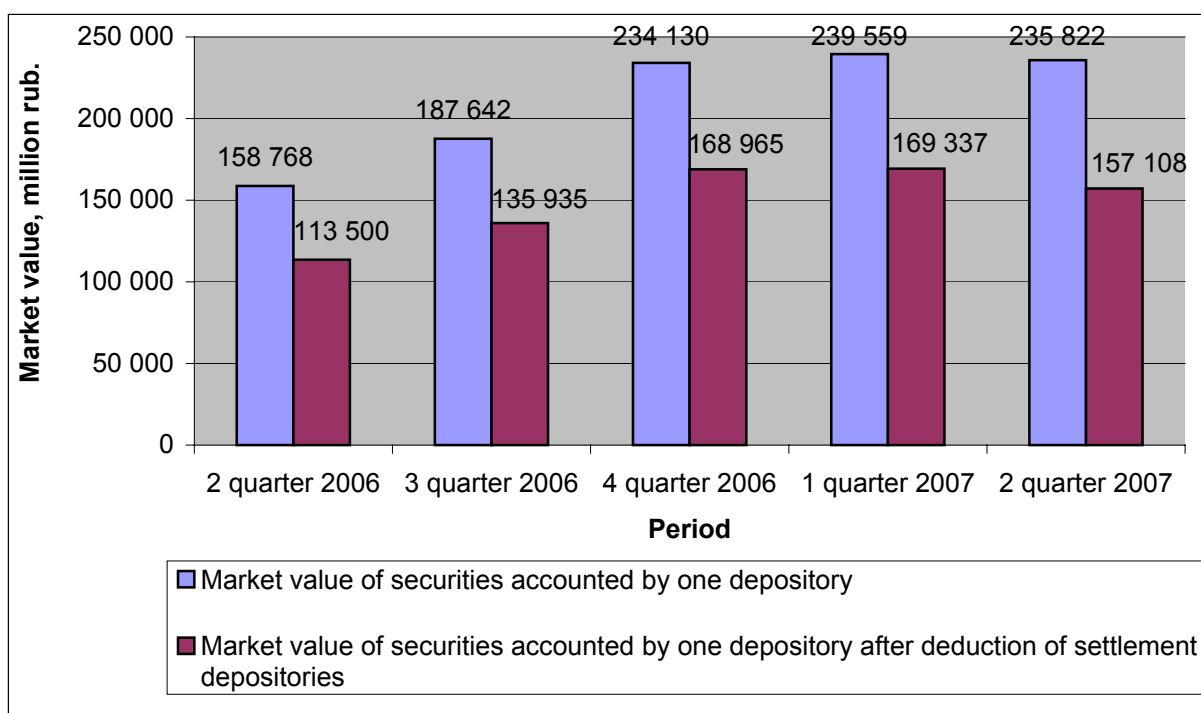
Picture 5. Market value of bonds services by settlement depositories

In a whole during the analyzed period the amount of depository operations on listed issuers increased for 29,4% (picture 6). At the same time the market value of securities counted on average by one depository-participant of PARTAD database “Russia’s Depositories” increased on average for 48,5%. The growth of the average securities value serviced by the client depository was a bit lower and came to 38,4% which shows the

tendency of increasing role of settlement depositories in the accounting system as the share of the organized market in their total turnover increases (picture 7).



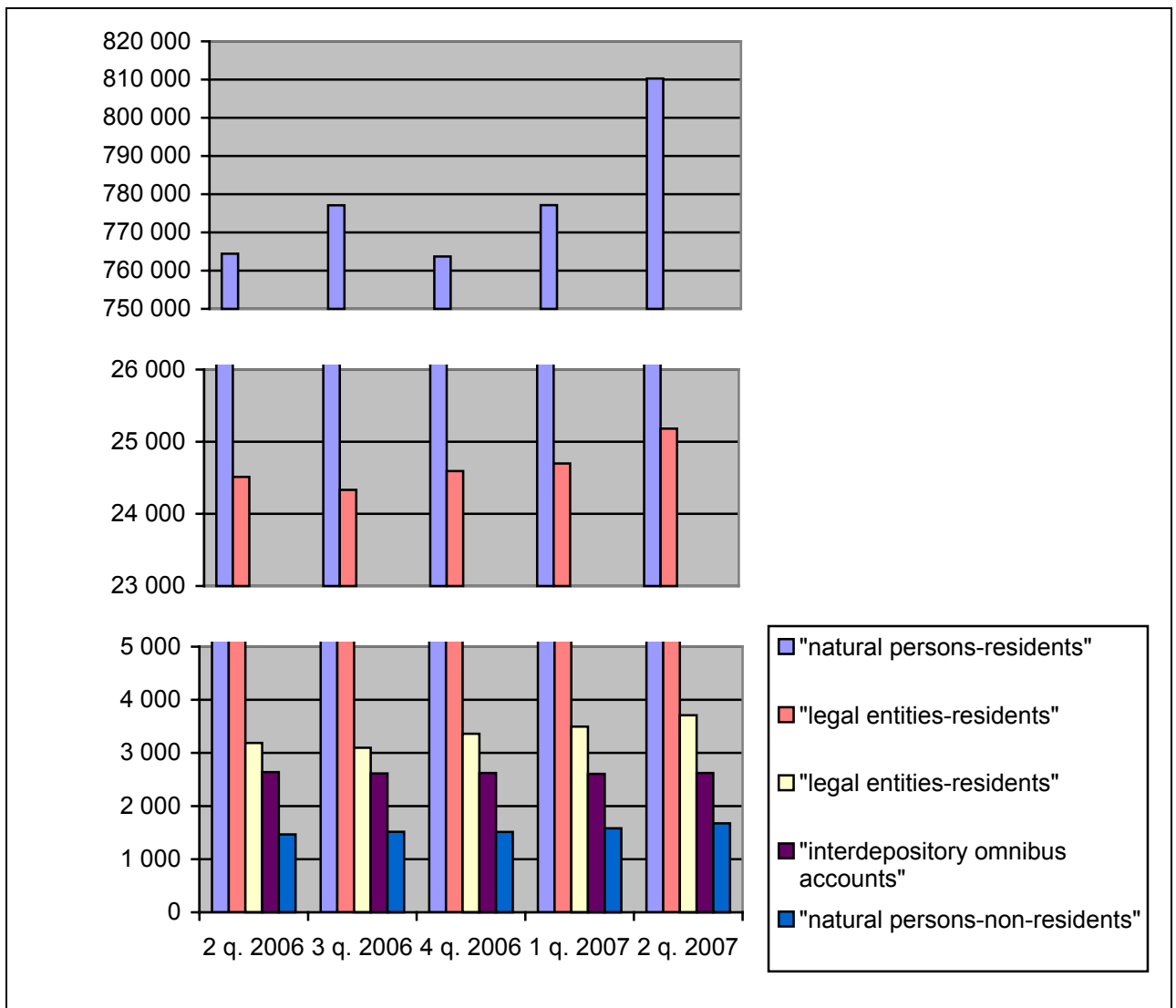
Picture 6. Average amount of operations maintained by one depository with listed and not listed securities



Picture 7. Average market value of securities accounted by one depository, including custodian

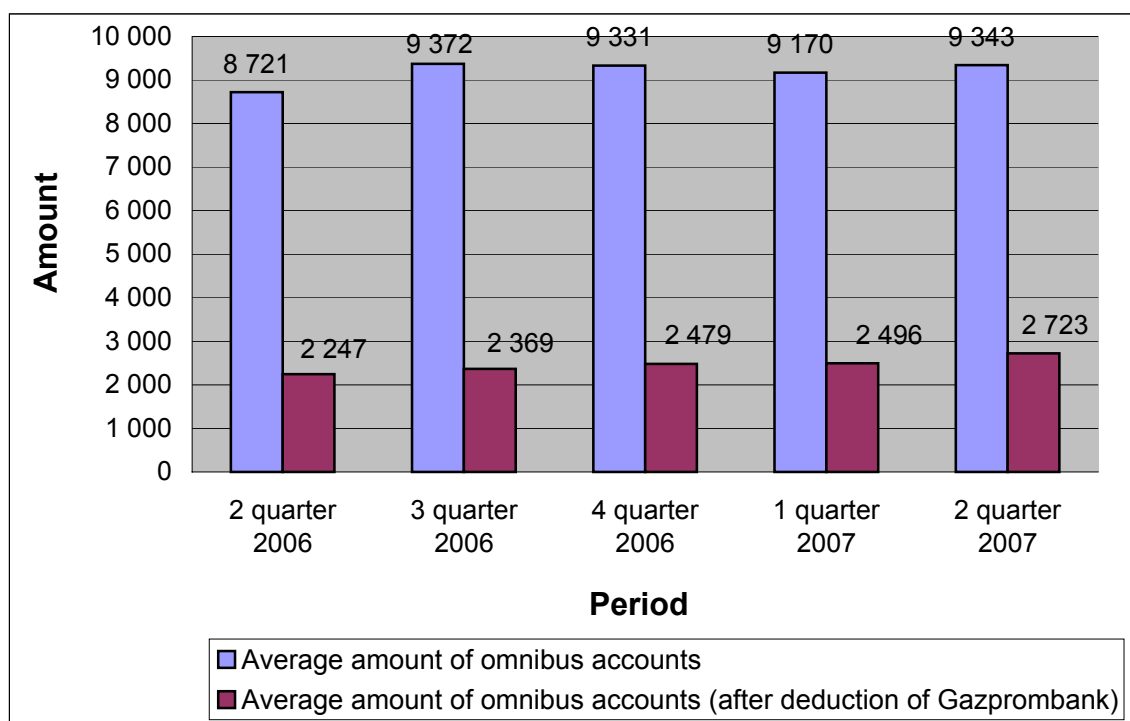
At the same time during the analyzed yearly period the growth of omnibus accounts amount of depositories-participants of PARTAD database almost for all depositor categories occurred (picture 8). The most significant growth of accounts amount fell on “legal entities-non-residents” and “natural persons-non-residents” categories. By the absolute value the growth of omnibus accounts amount of these categories came to 45846 and 669 accordingly.

The analyzed period is also characterized by stabilization of interdepository accounts at the level of 2600.



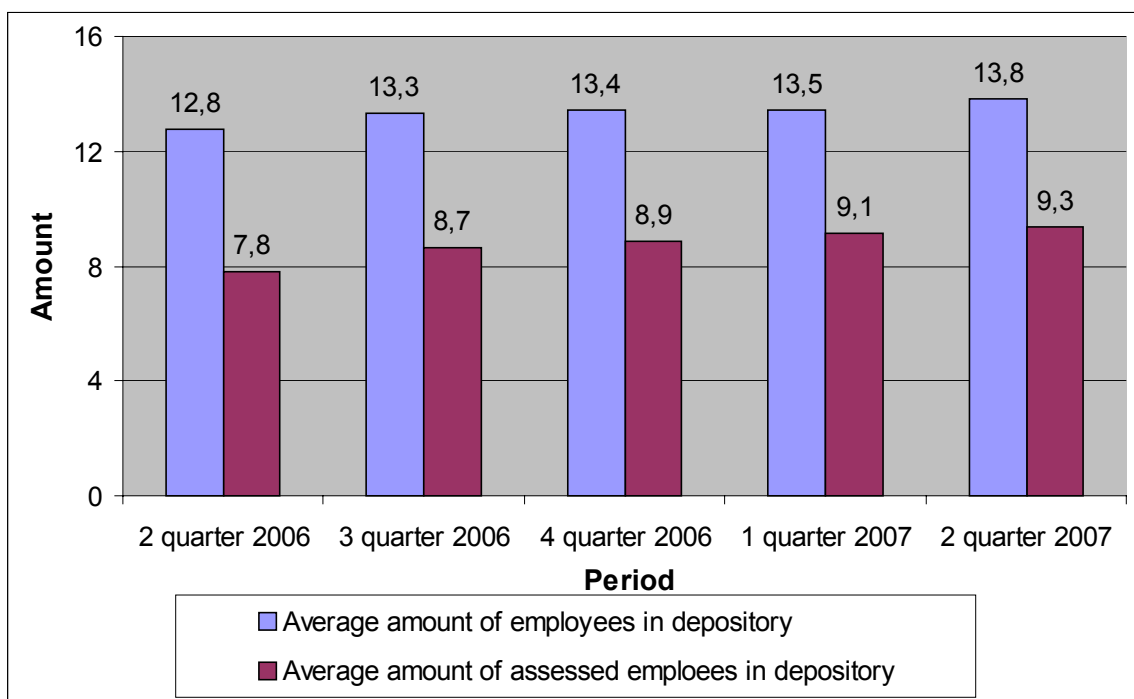
Picture 8. Amount of omnibus accounts according to depositors category

During the analyzed period occurred a stable growth of omnibus accounts amount per one depository. So, if at the second quarter of 2006 the omnibus accounts amount per one depository was 8721 and at the end of the period this indicator was 9343, i.e. the average growth came to 7,1%. Though should be beared in mind that the lion's share of depositories clients consists of Gazprom shareholders (because of known peculiarities of privatization results accounting organization), and Gazprombank depositors accordingly. In picture 9 the dynamics of omnibus accounts amount (on average for one depository) deduction of Gazprombank depositors is shown. It is significant that the average omnibus account amount for the rest depositories has grown at a higher rate during the analyzed period and had increased for 21,2%. Presumably, it happened substantially because of participants of so-called national IPO. It is presumed in prospect to precisely quantitatively evaluate the significance of this factor.



Picture 9. Average amount of omnibus accounts in depository

Though the growth of omnibus accounts amount seems to be an important indicator of depository services sector development. Among the additional indexes characterizing the development of mentioned sector, is the increasing amount of employee number per one depository, including assessed according to the qualification requirements of the FFMS – for 7,8% and 19,2% accordingly (see picture 10).



Picture 10. Average amount of employees (including assessed) in depository.

Peculiarities of the specialized depository-participants of PARTAD database in the second half of 2006 – first half of 2007 activity development.

During the analyzed period 26 specialized depositories on average took part in the informational disclosure threw PARTAD database. This makes up 38% from the total amount of all organizations which have the license of specialized depositories of investment funds, unit investment funds and non-governmental pension funds, and cover 4/5 of specialized depository services market. Leaders of this infrastructure segment are presented on tables 3-5.

Table 3.

TOP 10 of specialized depositories according to the value of controlled assets on 30.06.2007

Rank	Name	Value of controlled assets, rub.	including the value of IF and UIF net wealth, rub.	including funds of pensionary reserves, rub	including funds of pensionary savings, rub
1	UNITED DEPOSITORY COMPANY	377 354 712 673	-	93 967 821 749	*283 386 890 924
2	SPECDEP	351 261 558 591	76 075 349 715	270 398 683 942	4 787 524 934
3	GARANT SDC	**209 159 316 391	165 126 906 370	35 447 228 510	5 325 311 125
4	FIRST SPECIALIZED DEPOSITORY	113 172 493 381	111 844 822 043	1 153 335 581	174 335 756
5	DEPOSITORY IRKOL	108 750 254 413	106 697 068 888	1 977 330 799	75 854 725
6	SPECIALIZED DEPOSITORY CENTER	31 355 518 207	31 355 518 207	-	-
7	ROSBANK	21 980 732 609	21 980 732 609	-	-
8	DEPOSITORY COMPANY URALSIB	18 431 989 789	18 088 801 282	343 188 507	-
9	VTB BANK	12 646 805 198	12 646 805 198	-	-
10	GAZPROMBANK	5 610 117 436	4 908 354 641	701 762 796	-

* including pension savings of PFR at the rate of 274 533 206 346 rub.

** including savings for servicemen housing provision at the rate of 3 259 870 386 rub.

Table 4.

TOP 10 of specialized depositories according to the number of serviced funds on 30.06.2007

Rank	Name	Amount of funds, total	of them IF and UIF	of them NPF
1	FIRST SPECIALIZED DEPOSITORY	302	293	9
2	SPECDEP	132	60	72
3	VTB BANK	101	101	-
4	GARANT SDC	73	61	12
5	DEPOSITORY IRKOL	71	47	24
6	UNITED DEPOSITORY COMPANY	*66	-	65
7	ROSBANK	61	61	-
8	DEUTSCHE BANK	16	16	-
9	REGION DC	13	13	-
10	SBERBANK OF RUSSIA	12	12	-

* including PFR

Table 5.

TOP 10 of specialized depositories-non-combiners according to the total sum of their own funds and insurance covering on 30.06.2007

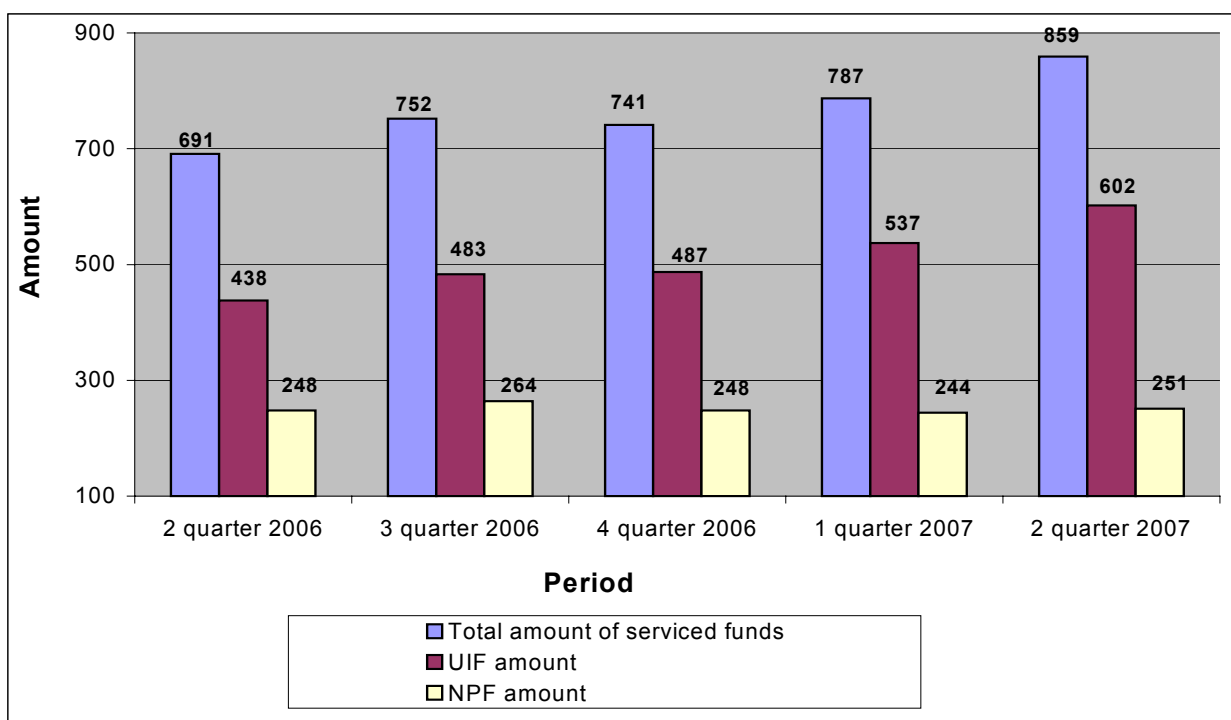
Rank	Name	OF and IC sum, rub.	Own funds (OF), rub.	insurance covering (IC), rub.
1	UNITED DEPOSITORY COMPANY	1 150 597 000	845 597 000	*300 000 000 5 000 000
2	GARANT SDC	884 305 300	845 581 000	38 724 300
3	DEPOSITORY COMPANY URALSIB	523 741 300	485 017 000	38 724 300
4	SPECIALIZED DEPOSITORY CENTER	275 038 860	267 294 000	7 744 860
5	SPECDEP	206 446 000	77 365 000	129 081 000
6	FIRST SPECIALIZED DEPOSITORY	156 891 600	79 443 000	**77 448 600
7	REGION DC	134 474 200	108 658 000	25 816 200
8	PEKO-INVEST	67 142 000	61 142 000	6 000 000
9	DEPOSITORY AND CORPORATE TECHNOLOGIES	66 611 200	40 795 000	25 816 200
10	DEPOSITORY IRKOL	30 426 000	25 426 000	5 000 000

* liability insurance according to the Federal law from 24.07.2002 №111-FL

** insurance contract is not registered by PARTAD

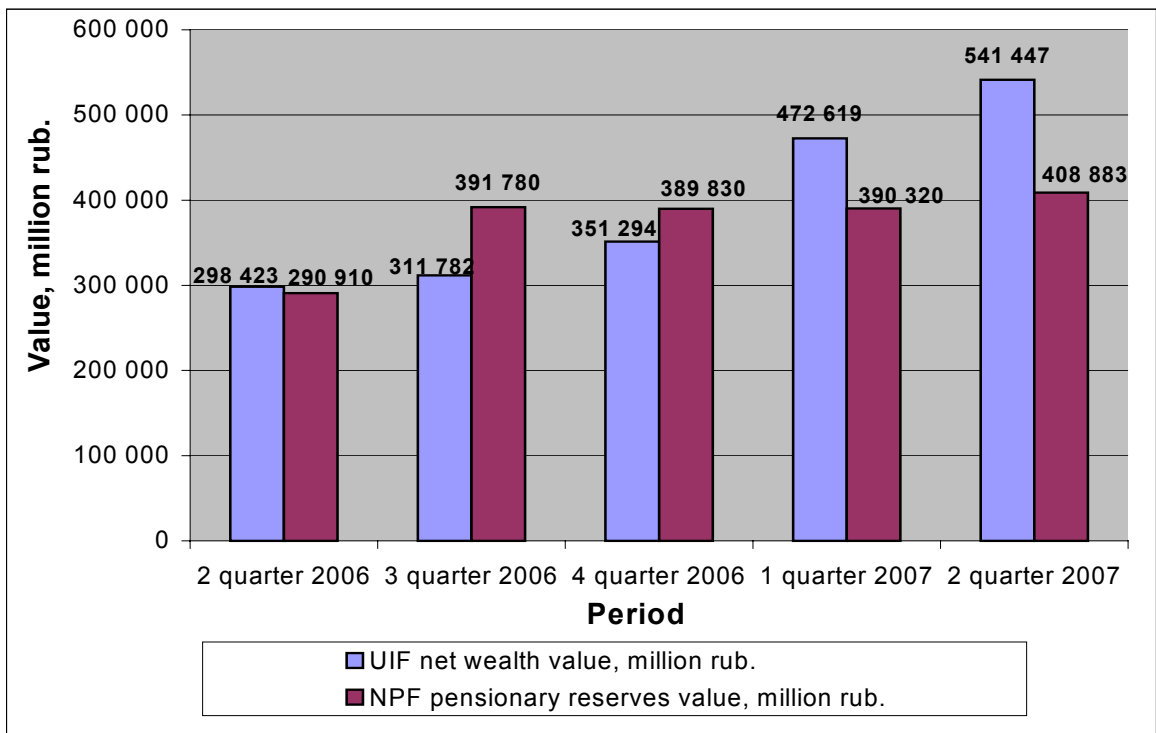
During the analyzed period occurred a growth of almost all indicators, which reflect the volume of services produced by specialized depositories, which is connected with the intensive growth of collective investment market.

So, the total amount of funds serviced by specialized depositories increased for 24,3%, at the same time the most significant growth occurred among unit investment funds (further UIF) and came to 37%, and the amount of non-governmental pension funds serviced by specialized depositories (further – NPF) increased only slightly (for 1,2%), (see picture 11). At the same time the amount of stock investment funds (further – SIF) remained almost permanent and is about few units only.



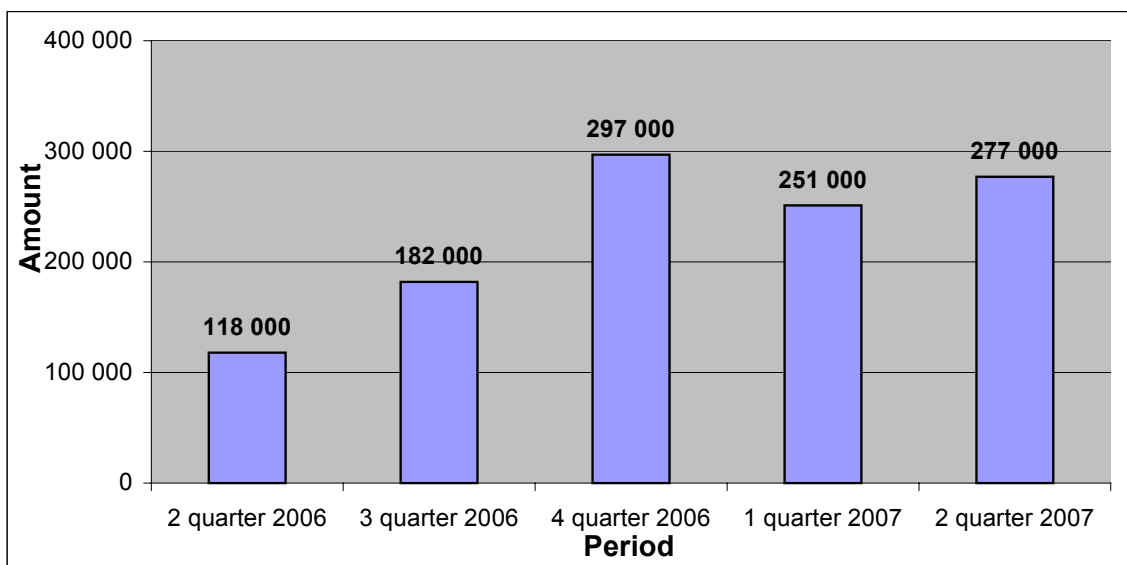
Picture 11. Amount of funds serviced by specialized depositories

Stable growth occurred also in the value of assets controlled by specialized depositories. At the same time if at the year 2006 occurred a significant growth of NPF pension reserves value, on average for 34% during the period, and in 2007 the growing rate of UIF net wealth value already significantly outrun the growing rate of serviced by specialized depositories NPF pension reserves (picture 12).



Picture 12. Value of assets controlled by specialized depositories

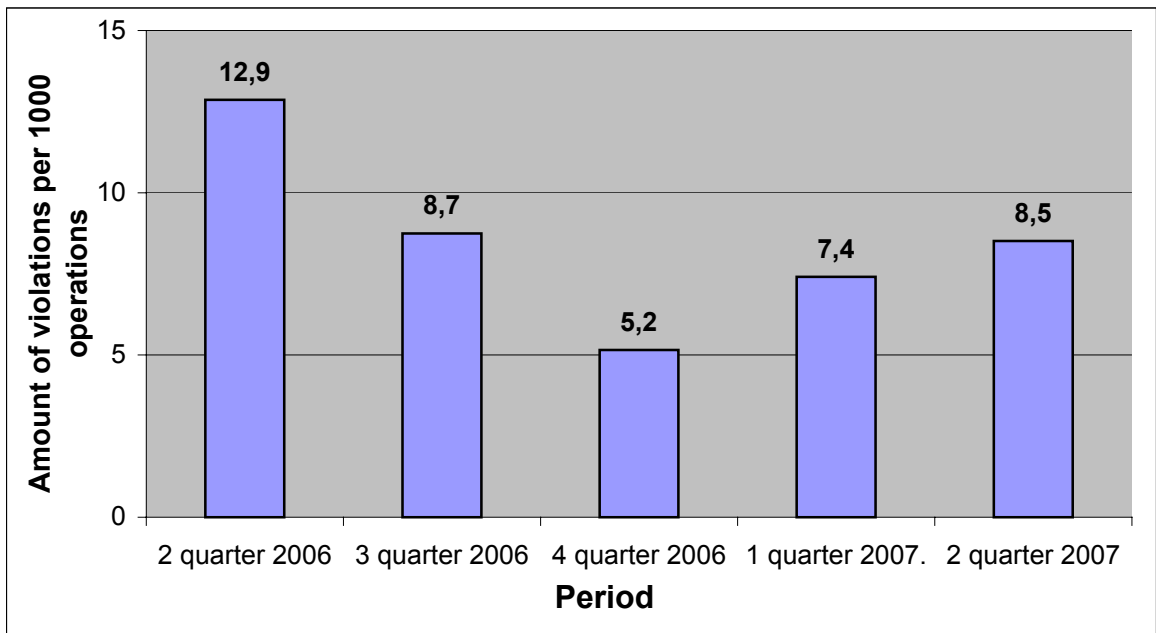
The amount of operations with funds assets controlled by specialized depositories increased during the analyzed period in 2,3 times. The maximum amount of operations occurred in the 4 quarter 2006 and came to 297000 (picture 13).



Picture 13. Amount of operations controlled by specialized depositories

During the analyzed period the amount of revealed by specialized depositories violations per 1000 of controlled operations declined (see picture 14). So, at the second quarter 2006 the amount of revealed violations per 1000 operations was 12,9 and at the end of the period this indicator was 8,5 i.e. the amount of revealed violations decreased for 34,1%. The decrease of revealed by specialized depositories violations amount occurred at the background of significant growth of operations amount controlled by them. It may be explained by difficulties which specialized depositories have while performing their control functions because of significant growth of controlled operations amount. For example, at the 4 quarter 2006 the maximum amount of controlled operations per quarter corresponds to the minimal amount of revealed violations per 1000 operations – 297000 operations and 5,2 violations accordingly. Complexity and entanglement of the regulatory base, absence of requirements for mandatory application of electronic document management in the collective investment market and for unified format of electronic messages, prevent specialized depositories from giving an adequate technological response to the growth of controlled operations amount.

PARTAD experts associate their main hopes of changing of existing condition with the adoption of a new editions of laws “About the investment funds” and “About the non-governmental pension funds”. And also with the own SRO efforts in implementing the electronic document management in the collective investment market.



Picture 14. Amount of revealed by specialized depositories violations per 1000 of controlled operations